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# 2012 RESULTS

## 2012: a year of consolidation

**1/ a strong cash flow generation**

- ⇒ Average production 2012: 15,688 bopd Maurel & Prom share
- ⇒ The 22,000 bopd level was surpassed in Gabon in December 2012 (100%)
- ⇒ Limited production start-up at Sabanero while awaiting the production licence
- ⇒ Sales: €472 million (+26%)
- ⇒ Income from production activities: €255 million (+23%)
- ⇒ Operating income: €201 million (+48% excluding disposals)
- ⇒ Financial income: -€42 million
- ⇒ Net income: €58 million (+93% excluding disposals)
- ⇒ Reserve replacement rate: >300%

**2/ Pursue of exploration activity with a limited risk**

- ⇒ Success on the CPO-17 and Sabanero permits (Colombia)
- ⇒ Failure at Etekamba (Gabon)

**3/ Debt restructuration**

- ⇒ Cash at 31 December 2012: €67 million
- ⇒ Bank borrowing at 31 December 2012:
  - BGFI: €11 million
  - Reserve Based Loan (RBL): US$130 million
- ⇒ OCEANE convertible bonds: €368 million

- ⇒ Cash at 28 February 2013: €231 million
- ⇒ Bank borrowing at 28 February 2013:
  - SSF: US$350 million
- ⇒ OCEANE convertible bonds: €368 million

## 2013: reinforce the strong cash-flow generation and increase reserves

- ⇒ Continuous increase in production in Gabon
- ⇒ Intense exploration activity with limited financial risk
- ⇒ Free cash flow expected
- ⇒ Several investment projects in study

## SIGNIFICANT EVENTS 2012

Activity in fiscal year 2012 focused mainly on exploiting assets in the Group's portfolio through development work, managing production and uncovering potential areas for exploration.

### Development of existing fields

In Gabon, the ramping up of regular production following the start of the water injection programme was interrupted early in the year as a result of an incident at platform 100 on the Omoc-Nord field. The impact of this incident had consequences throughout the year on production levels, which fluctuated between 12,000 and 17,000 bopd in the first six months before surpassing 22,000 bopd at the end of the year, as well as on the pace of development at the field as additional drilling had to be carried out.

However, following development work and improved production management, the water injection programme at the Omko (Kissenda) field has become more effective and similar results are expected at the Omoc-Nord field. At the Omgw (Grès de Base) field, the water injection begun in February 2012 is continuing and is enabling the pressure in the reservoir to be stabilised. At the Onal field, when early water breakouts were observed at some producing wells, the injection rigs responsible were modified to remedy the problem, the consequences of which will affect production at this field in 2013.

On the Mnazi Bay permit in Tanzania, the Group carried out workovers at three gas production wells. Only one of them now remains in limited production in order to supply gas to an electricity plant, generating US$1.3 million in sales for the Group.

### A sustained program of exploration studies in 2012

The Group has undertaken campaigns of seismic acquisition on most of its exploration assets. After interpretation, these campaigns allow Group teams to highlight prospects for drilling. The drillings of fifteen wells are planned during the year 2013. The risk is limited due to the agreements signed for being carried or financed by third parts.

### Asset consolidation in East Africa

Maurel & Prom exercised its pre-emption right on Cove Energy's interests in the Mnazi Bay concession in Tanzania.

The transaction is worth a total of US$18.9 million, paid to Wentworth following the approval of this transaction by the Tanzanian authorities on 26 July 2012. An additional payment of up to US$5.1 million will be made if future gas production exceeds certain thresholds.

After this transaction, the various Mnazi Bay interests are as follows:

| | Production | Exploration |
|---|---|---|
| **M&P (operator)** | **48.06%** | **60.075%** |
| Wentworth | 31.94% | 39.925% |
| TPDC | 20.00% | - |

## Restructuring the line of credit

On 29 May 2009, the Group entered into a US$255 million bank facility (Reserve Based Loan or "RBL"). This RBL was increased to US$330 million in January 2011. The amount drawn down as at 31 December 2012 was US$130 million.

On 8 November 2012, the Group announced that a new line of credit had been set up in the amount of US$350 million (Senior Secured Facility). This was drawn down in full on 25 January 2013. At the same time, the Group repaid the entire outstanding RBL (US$130 million) as well as the BGFI loan (€11 million).

MAUREL & PROM

## KEY FINANCIAL DATA

| | 2012 | 2011 |
|---|---|---|
| €/US$ rate | 1.286 | 1.392 |
| *In millions of euros* | | |
| **Sales** | **472** | **374** |
| **Income from production activities** | **255** | **208** |
| *as a % of sales* | *54%* | *55%* |
| **Operating income** | **201** | **258** |
| *of which income from disposals* | *0* | *122* |
| *Financial income* | *-42* | *-17* |
| *Income before tax* | *158* | *241* |
| *Net income from consolidated companies* | *63* | *143* |
| *Equity associates* | *-5* | *9* |
| *Net income from discontinued activities* | *0* | *16* |
| **Net income, Group share** | **58** | **165** |
| *of which disposals* | *0* | *135* |
| Cash at opening | 61 | 95 |
| **Cash at closing** | **67** | **61** |

**Disclaimer:** The Group income for fiscal year 2012 are not comparable with that of the previous year; the sale of MP Colombia, the sale of Caroil and the sale of MP Venezuela produced an non recurrent income for the Group in the amount of €135 million for fiscal year 2011.

## Sales

Group consolidated sales were €472 million, up 26% on fiscal year 2011.

This increase was mainly due to higher volumes sold in Gabon, in an environment of steady sale prices (average US$110.6/bbl in 2012 versus US$110.9/bbl in 2011).

Oil hedges had a limited impact over the fiscal year 2012 due to the reduction in volumes hedged in comparison with the previous year. As at the date of this press release, hedges for fiscal year 2013 cover significantly reduced volumes, the impact of which on consolidated sales in fiscal year 2013 will be 500 bopd sold at an average price of US$87. Note the favourable impact of the movement in the US$/€ exchange rate (-8%) in 2012.

In addition, the Group reported oil sales at the Sabanero field in Colombia of €16.8 million (Group share 50.01%) for fiscal year 2012.

## Operating income

Operating income for fiscal year 2012 was €201 million, compared with €258 million in 2011 (which included €122 million from disposals in 2011).

| *In millions of euros* | 31/12/2012 | 31/12/2011 |
|---|---|---|
| Sales | 472 | 374 |
| Gross margin | 382 | 311 |
| Gross operating surplus | 339 | 273 |
| Amortisation and depreciation of depletion and other impairment | (83) | (66) |
| ***Income from production activities*** | ***255*** | ***207*** |
| *as a % of sales* | *54%* | *55%* |
| Depreciation of exploration and production assets | (42) | (37) |
| Income from disposal of assets | 0 | 122 |
| Other operating items | (13) | (35) |
| **Operating income** | **201** | **258** |

The improvement in income from production activities was mainly due to higher volumes sold in Gabon (15,541 bopd versus 14,264 bopd in 2011) in an environment of steady sale prices.

Excluding changes in consolidation scope, operating margins remained stable.

Impairment of exploration and production assets was €42 million for the full year 2012.

## Financial income

Financial income for the period mainly corresponds to Group financing charges via convertible bonds (OCEANE 2014 and 2015), a Reserve Based Loan and a BGFI line of credit.

A new line of credit in the amount of US$350 million (Senior Secured Facility) set up in November 2012 was drawn down in full on 25 January 2013. At the same time, the Group repaid the entire outstanding RBL (US$130 million) as well as the BGFI loan (€11 million).

## Net income

Pre-tax income was €158 million. The tax charge was unchanged from the previous year at €95 million, €29 million of which is payable for this fiscal year.

Net income, Group share, was therefore €58 million versus €165 million for fiscal year 2011, including €135 million from non-recurring disposals.

## Investments

The investments made in 2012 are shown by country in the table below.

| *In €M* | GABON | CONGO | TANZANIA | MOZAMBIQUE | OTHER | SUB-TOTAL | COLOMBIA | TOTAL |
|---|---|---|---|---|---|---|---|---|
| Exploration | 42 | 3 | 12 | 6 | 4 | 67 | 22 | **89** |
| Development | 153 | | 5 | - | | 159 | 47 | **206** |
| **TOTAL** | 195 | 3 | 18 | 6 | 4 | **226** | 69 | **295** |

In Colombia, following the agreement signed in 2011, all the investments made were financed by Pacific Rubiales Energy.

In Gabon, development work mainly related to ramping up production and water injection facilities.

## Cash and net debt

As at 31 December 2012, Maurel & Prom reported net cash of €67 million. Cash fluctuations in fiscal year 2012 were due to the following:

- cash flow generated by operating activities (+€248 million);
- payments related to investments (-€295 million);
- dividend payment in the amount of €46 million;
- additional drawdown of US$50 million (€41 million) of the RBL.

The investments financed by Pacific Rubiales Energy are recognised partly under assets and partly under "Other creditors and miscellaneous liabilities".

## RESERVES AT 1 JANUARY 2013

### Oil reserves (M&P share net of royalties)

As at 1 January 2013, the Group's P1+P2 oil reserves amounted to 198 mmbls, up 7% on the figure for the same date the previous year. These amounts are shown as the Group's share, net of royalties.

| | | | 2012 | 2013 | | | |
|---|---|---|---|---|---|---|---|
| | | | **P1+P2** | ***P1*** | ***P2*** | **P1+P2** | ***P3*** |
| **OMOUEYI** | *85%* | *mmbls* | **176.8** | *53.8* | *140.5* | **194.4** | *94.5* |
| **BANIO** | *100%* | *mmbls* | **0.4** | *0.3* | *0.1* | **0.4** | *0.2* |
| **GABON** | | *mmbls* | **177.2** | **54.2** | **140.6** | **194.8** | **94.7** |
| **SABANERO** | *50%* | *mmbls* | **7.8** | *2.1* | *1.3* | **3.4** | *3.6* |
| **COLOMBIA** | | *mmbls* | **7.8** | **2.1** | **1.3** | **3.4** | **3.6** |
| **TOTAL** | | *mmbls* | **185.0** | **56.3** | **141.9** | **198.2** | **98.4** |

### Gas resources (M&P share net of royalties)

Group C1+C2 resources at the Mnazi Bay field were 294 Bscf, or 52.5 Mboe.

C3 resources at this Mnazi Bay field were 433 Bscf, or 77 Mboe. A 3D seismic campaign is under way regarding the possible extension of this offshore deposit in order to refine our understanding of this region prolific in gas.

To this, the potential linked to the drilling of the Mafia Deep well, must be added. The volume of local natural gas for this well was evaluated by Schlumberger to be between 1.97 and 4.15 Tscf (the Group share net of royalties would be between 1.0 and 2.2 Tscf).

### Additional resources (M&P share net of royalties)

The hydrocarbon volumes shown in the table below correspond to an evaluation of resources (net of royalties) linked to discoveries or to wells that have revealed the presence of hydrocarbons, but which have not yet been assessed.

| | | | Type of hydrocarbon | 2013 |
|---|---|---|---|---|
| **COLOMBIA** | CPO-17 | *25.00%* | Oil | 41 Mbls |
| **SICILY** | Fiume Tellaro | *100.00%* | Gas | 1.8 Tscf |

Indications from the one Godric field discovered in December 2012 allowed the Group to report additional resources of 13.3 mmbls (Group share net of royalties).

### Additional exploration potential

The resources mentioned above do not take into account the potential linked to the intensive exploration which began this year in the form of seismic campaigns and well drilling.

## EVENTS OCCURRING AFTER CLOSING

### Restructuring the line of credit

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### Exploration results in Colombia (Chaman-1)

On the Sabanero permit in Tanzania, the Group began drilling the Chaman prospect in December 2012. This drilling revealed a new oil discovery in the C7 formation (12° API).

On the SSJN-9 permit, after abandoning the SantaFe-1 well, the Group decided to free up this permit in northern Colombia.

## TUSCANY

### Exercise of Tuscany warrants

On 19 March 2012, Maurel & Prom informed its shareholders of the exercising of the Tuscany ordinary-share warrants, held since the sale of Caroil, with a view to acquiring 27,500,000 ordinary shares in the capital of Tuscany without consideration.

### Equity associates

Financial information published by Tuscany and the book value of this participation led Maurel & Prom to adjust the value of equity for €8m.

## 2013 OUTLOOK

In Gabon, the connection of new wells and the development of production processes, along with the improved performance of water injection, should allow the Group to increase its production to more than 27,500 bopd by the end of 2013.

In parallel, an intense exploration program has begun under two ways:
- New plays with significant potential (Peru, Mozambique, Namibia);
- Already studied plays but with interesting potential (Tanzania, Gabon, Colombia).

The Group still examines new investment projects.

## FINANCIAL STATEMENTS AT 31 DECEMBER 2012

The consolidated financial statements have been audited. The certification report is in the process of being issued. The consolidated financial statements, approved by the Board of Directors on 27 March 2013, are available on the Company's website: www.maureletprom.fr.

**To attend audiocast of 2012 annual results presentation of the Group please click on the following link from 11: pm : http://www.media-server.com/m/p/2sdt76sj/lan/en**

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