

The logo for MPN, consisting of the letters 'M', 'P', and 'N' in a stylized, white, sans-serif font. The 'M' and 'P' are connected at the top, and the 'N' is separate. The background is a blurred image of an industrial facility with a tall chimney stack, overlaid with several thin, white, overlapping circular lines.

MPN

ANNUAL
REPORT

2012

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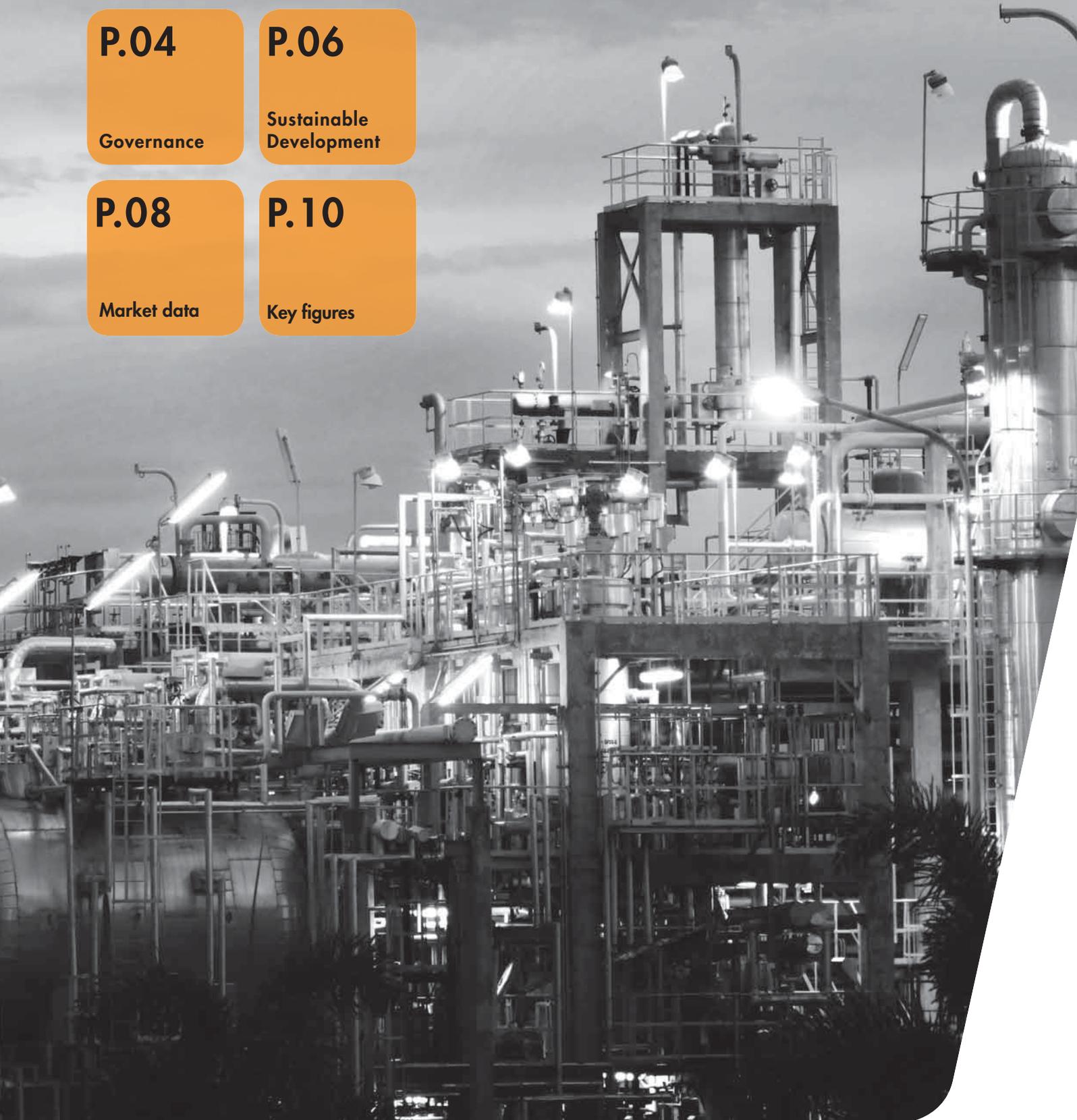
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CHAIRMAN'S MESSAGE

Dear Shareholders,

We have experienced three remarkable years for MP Nigeria and its 45% subsidiary, SEPLAT. Production has risen from 12,500 barrels per day to over 60,000 barrels per day at present, thanks to the performance of the teams set up with the initial support of MP Nigeria. The growth outlook is also excellent, since Seplat's output will continue to increase and exploration is due to begin this year. Developments in the gas market in Nigeria offer possibilities for significantly diversifying and increasing the company's net profits.

Building on the success of the partnership with Seplat, the MP Nigeria Group will make every effort to support Seplat in its international development, including its market listing in Lagos and London.

In parallel to this, with the significant cash it has available, MP Nigeria is working to expand internationally. For this purpose, a joint investment vehicle with Maurel & Prom has been formed in order to take advantage of the opportunities for this Group, which is also listed in Paris and is the parent of your Company.

The interest for the two companies in coming together lies in their complementary features: Maurel & Prom is a recognised operator in the oil industry with the necessary skills and expertise, while MP Nigeria has the cash to invest but does not have its own technical resources. This partnership will provide MP Nigeria with access to a greater number of operations, which will lower the average risk profile of its choices by multiplying the number of opportunities and reducing the amount of per-unit investments.

Pooling our human and financial resources will allow your Company to grow faster than anticipated, particularly by acquiring positions in permits with strong potential.

This strategic focus is a major turning point for the future of our Company, which will continue to seek out investment opportunities in areas with an apparent political or technical risk profile offering genuine possibilities.



Jean-François Hénin
Chairman MP Nigeria



A photograph of industrial machinery, featuring large, cylindrical pipes and tanks, set against a clear blue sky. The image is partially obscured by a large, light-colored diagonal shape that serves as a background for the text.

PROFILE OF THE GROUP

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

MP Nigeria, a public limited company with a Board of Directors under French law, with its registered office **in Paris, has been listed since 15 December 2011**.

At the current date, MP Nigeria holds **45% of Seplat**, a Nigerian hydrocarbon exploration and production company.

Building on Seplat's success in boosting its production and the resulting cash flow, MP Nigeria is ideally positioned to grow rapidly in an industry where its experience and performance are renowned.



GOVERNANCE

The Company can rely on the expertise and skills of its management bodies. The recognised knowledge, experience and expertise of its teams represent a major asset for the future development of the Company.



Mr Jean-François Hénin

Chairman

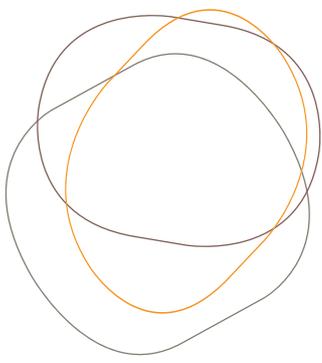
- ▶ Graduate of the IAE Sorbonne Business School (Paris) in Economics.
- ▶ Treasury and Foreign Exchange Director of Lyonnaise de Depots, Treasurer of Thomson CSF, Chief Executive Officer of Altus Finance, Vice-Chairman of the supervisory board of Altus Finance, Chairman and Chief Executive Officer of Electricité et Eaux de Madagascar (EEM).
- ▶ Since March 1996 he has been a manager, then Chairman of the management board, and then Chairman and Chief Executive Officer of Maurel & Prom.



Mr Michel Hochard

Chief Executive Officer

- ▶ Graduate of the ICN Business School (Nancy) and Chartered Accountant.
- ▶ Internal auditor in the Department of Finance of ELF Aquitaine, Head of the Finance Division for Africa & the Middle East, Director of Finance of the SNEAP, then of ELF Aquitaine production and of ELF E&P, delegated head of HR at ELF E&P, Director of Operations of PricewaterhouseCoopers BPO, member of the management committee of GEOS. Chief Financial Officer of Maurel & Prom since September 2007.



SUSTAINABLE DEVELOPMENT

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 through the adoption of the HSE management system;
- ▶ 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.

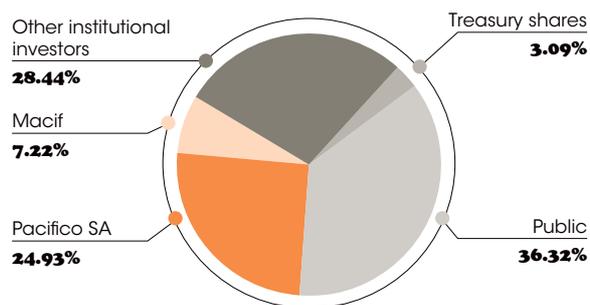


MARKET DATA

Shareholding as at 31 December 2012

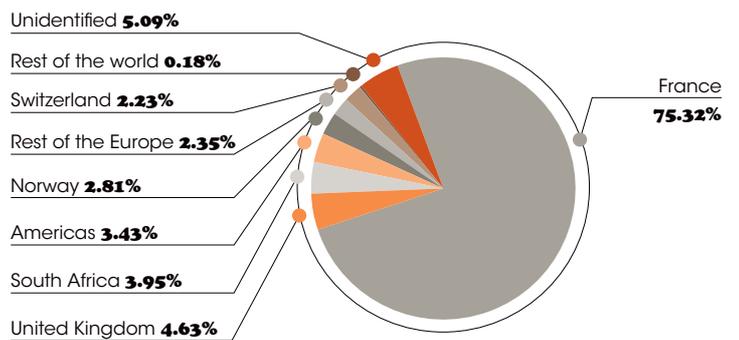
Breakdown by type of holder

(% of capital)



Geographic breakdown

(% of capital)





Stock market

MP Nigeria has been listed the NYSE Euronext regulated market in Paris since 15 December 2011.

Closing Rate

Daily volume



KEY FIGURES



Change in Seplat's Consolidation Method by MP Nigeria

As at 31 December 2012, Seplat is consolidated using the equity method, in accordance with the alternative method under IAS 31 'Interests in Joint Ventures'. These entities were proportionately consolidated until 30 June 2012.

The consolidation of jointly controlled entities using the equity method is common practice in the oil industry, within which the Company operates, which facilitates the comparability and visibility of the financial information published by the Company.

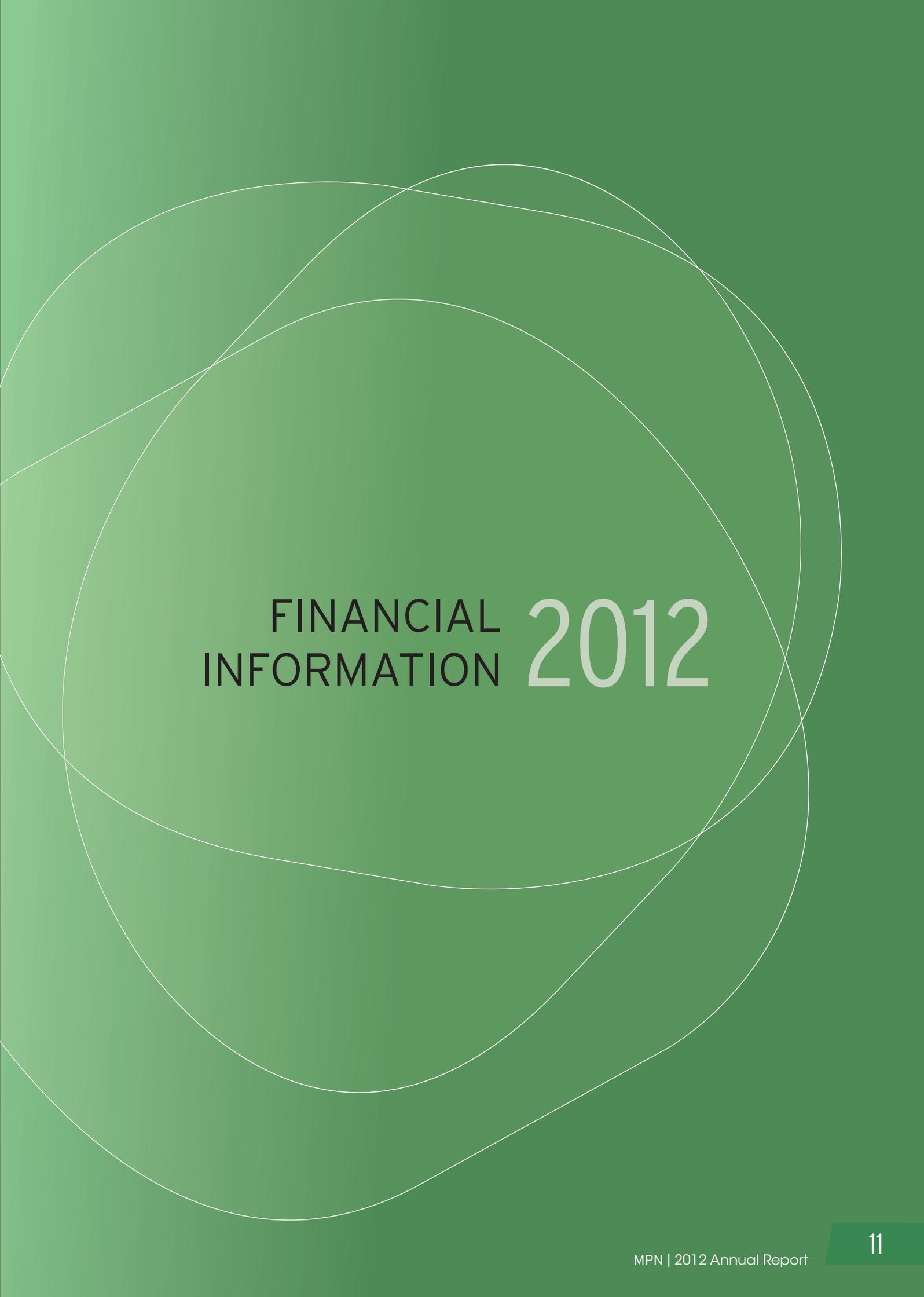
This voluntary change in method increases the reliability and relevance of the financial information published by the Company. The information concerning the interest in SEPLAT provided in the Company's financial statements is simplified, clarified and enhanced. SEPLAT's contribution to the MP Nigeria Group's financial statements is now clearly identified and recognised in the statement of financial position under 'Equity associates' and in the statement of comprehensive income as 'Share of income from equity associates'.

Pursuant to IAS 8 and 31, this change in method has been applied retrospectively by adjusting the MP Nigeria Group's financial statements for the previous period, as if SEPLAT had been consolidated using the equity method from the outset.

<i>(en milliers d'euros)</i>	31/12/2012	31/12/2011 <i>Restated*</i>
Sales	501	320
Operating income	(1,917)	(1,722)
Financial income	5,009	10,287
Income before tax	3,092	8,565
Income tax	(497)	(2,918)
Net income from consolidated companies	2,595	5,647
Net income from equity associates**	48,229	12,467
Net income from continuing activities	50,824	18,114
NET INCOME - COMPANY SHARE	50,824	18,114

* Restated for the change in consolidation method.

** The details of this line represent the share of income from Seplat, in which a 45% stake is held and which is consolidated using the equity method. The key data for Seplat is detailed in the table below in section 1.4.1.3 (b) of this Annual Report.



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Maurel & Prom Nigeria (now called MPI)
A public limited company with capital of €11,533,653.40
Registered office: 51, rue d'Anjou, 75008 Paris
RCS Paris 517 518 247

ANNUAL REPORT 2012



Pursuant to its general regulations, particularly Article 212-13, the *Autorité des marchés financiers* (AMF) registered this Annual Report on July 9, 2013, under number R. 13-037. This document may only be used in support of a financial transaction if it is accompanied by a prospectus duly approved by the *Autorité des marchés financiers*. It has been prepared by Maurel & Prom Nigeria (now called MPI) under the responsibility of its signatories.

The registration, pursuant to the provisions of Article L. 621-8-11 of the French Monetary and Financial Code, was performed after the AMF verified that the document is complete and comprehensible and that the information it contains is consistent. It does not imply that the AMF has verified the accounting and financial elements presented herein.

Pursuant to Article 28 of Commission Regulation (EC) No 809/2004, the following information is included by way of reference in this Annual Report:

- ▶ for fiscal year 2010: the consolidated financial statements for the 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; and
- ▶ for fiscal year 2011: the management report, consolidated and annual financial statements, including the statutory auditors' reports on those statements, are provided on pages 130 and 145 respectively of the Annual Report registered by the *Autorité des marchés financiers* on 8 June 2012 under number R12-026.

Copies of this Annual Report are available free of charge from Maurel & Prom Nigeria (now called MPI) (51, rue d'Anjou – 75008 Paris, France) and on the websites of Maurel & Prom Nigeria (now called MPI) (www.mpnigeria.com) and the *Autorité des marchés financiers* (www.amffrance.org).

Disclaimer

PRELIMINARY REMARKS

In this Annual Report:

- ▶ the term “**Listing**” refers to the listing of Maurel & Prom Nigeria’s shares on the NYSE Euronext regulated market in Paris on 15 December 2011;
- ▶ the term “**APCO**” refers to Abbeycourt Petroleum Company Limited;
- ▶ the term “**Maurel & Prom Group**” refers to the Maurel & Prom Group, i.e. Maurel & Prom and all of the subsidiaries and equity interests held directly or indirectly by Maurel & Prom;
- ▶ the term “**MP Nigeria Group**” refers to the MP Nigeria group, i.e. Maurel & Prom Nigeria and all of the subsidiaries and equity interests held directly or indirectly by Maurel & Prom Nigeria;
- ▶ the term “**Maurel & Prom**” refers to Établissements Maurel & Prom SA, a public limited company (*société anonyme*) with capital of €93,573,357.57, whose registered office is located at 51 rue d’Anjou – 75008 Paris, and which is registered with the Paris Trade and Companies Register under number 457 202 331;
- ▶ the terms “**MP Nigeria**” or “**Company**” refer to Maurel & Prom Nigeria (now called MPI);
- ▶ the term “**MPNATI**” means the Swiss subsidiary of the Company, MPNATI, a public limited company incorporated under Swiss law, with capital of CHF 100,000, whose registered office is located at 47 route des Acacias, 1227 Les Acacias, Switzerland, registered in the Geneva Trade and Companies Register under number CH-660-1603012-2;
- ▶ 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 “**Pacifico**” refers to Compagnie de Participations Commerciales Industrielles et Financières – Pacifico, a public limited company with capital of €1,196,736.48, whose registered office is located at 51 rue d’Anjou - 75008 Paris, and which is registered with the Paris Trade and Companies Register 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; and
- ▶ 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 INFORMATION

This Annual Report contains forward-looking statements concerning the outlook and development strategies of the Company, particularly in section 1.6 of this Annual Report. This information is sometimes identified by the use of the future tense, the conditional tense, or forward-looking terms such as "consider", "plan", "believe", "intend", "expect", "understand", "must", "strive", "estimate", "think", "wish", "can" or, where applicable, the negative form of these same terms or any other similar variant or terminology. Such information is not historical data and should not be interpreted as a guarantee that the data or facts stated 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. This information is provided in various sections of this Annual Report and contains data about

the Company's intentions, estimates and objectives with regard to the market in which it operates, its strategy, growth, results, financial position, cash and forecasts. The forward-looking statements contained herein 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 differ significantly 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 expressed 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 occurs, they may have a significant adverse impact on the Company and its activity, image, financial position, results or ability to achieve its objectives.

1

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1.1 Profile and history

1.1.1 GENERAL PRESENTATION

The Company was created by the Maurel & Prom Group, 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 5.4.2.1 of this Annual Report), in a joint venture with Nigerian partners within the company Seplat. The Company's membership in the Maurel & Prom Group gives it the benefit of the knowledge, experience and expertise developed by Maurel & Prom within the context of its oil operations carried out on several continents.

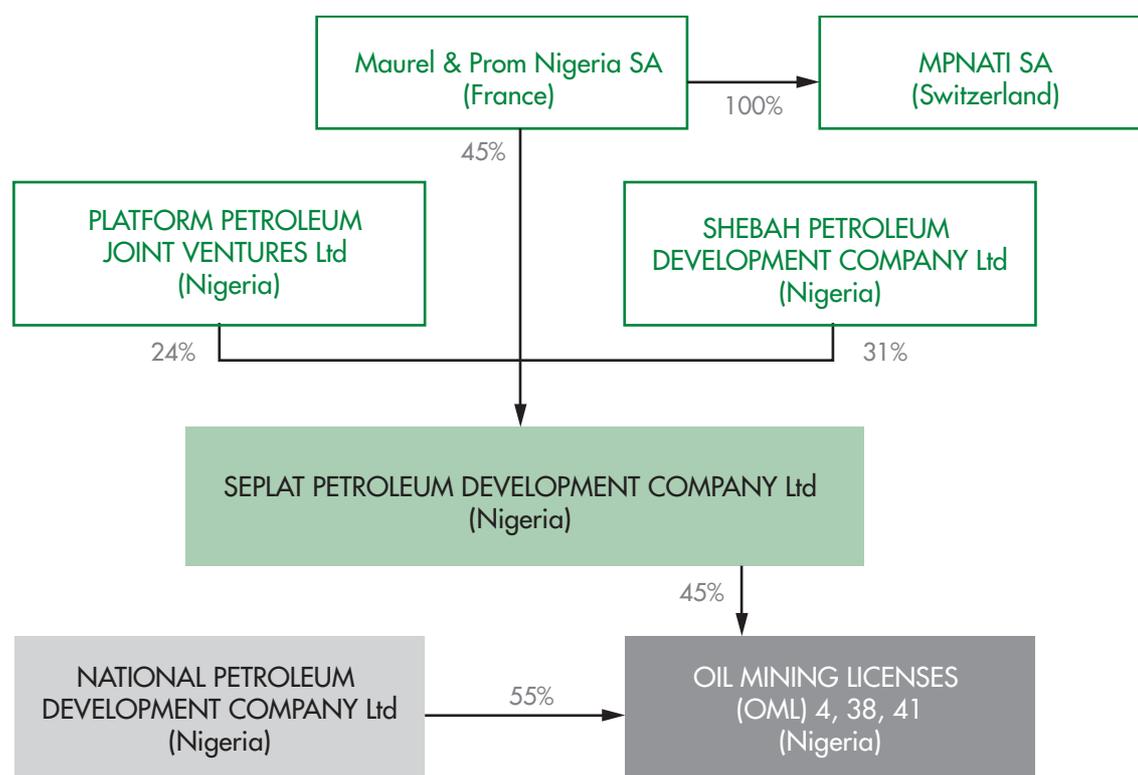
As at the date of this Annual Report, the Company holds a 45% equity interest in Seplat, a stake that was sold by Maurel & Prom on 29 January 2010. On 3 June 2010, the Company subsequently signed an agreement with Seplat, as described in section 5.4.1.1 of this Annual Report.

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

It should be noted that Maurel & Prom's shareholders, meeting at the Ordinary 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 15 December 2011, all of the Company's shares have been listed for trading on the NYSE Euronext regulated market in Paris.

1.1.2 ORGANISATION CHART OF THE MP NIGERIA GROUP AND SEPLAT

As at 31 December 2012, the Company's investments include a 45% equity interest in Seplat with its two Partners, Shebah and Platform (for a detailed profile of Shebah and Platform, see section 5.1.1.2 of this Annual Report):



As at the date of this Annual Report, Shebah holds 31% of the capital of Seplat, while Platform holds 24%. This distribution of capital between the Partners is the result of the sale of

two million Seplat shares made between Shebah and Platform in March 2012 under an agreement governing relations between the Partners.

1.2 Description of the business

As at the date of this Annual Report, the Company, through Seplat, is active in the upstream sector of the oil and gas industry, and, more specifically, 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, SWST, which acquires 100% of the production and is responsible for marketing 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 policies in 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 Portfolio of assets

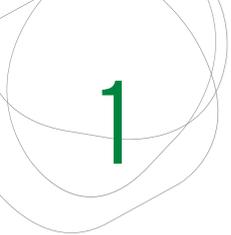
Seplat has operator status for OMLs 4, 38 and 41, which contain four developed fields (Oben, Amukpe, Ovhor and Sapele), nine undeveloped fields and a pipeline 24 inches in diameter with a capacity of 144,000 barrels per day (Amukpe-Rapele section).

Seplat has signed a transportation contract with SPDC to transport the oil to the Forcados terminal (see section 5.4.2.3(a) of this Annual Report) and is studying other, more permanent, solutions to evacuate the oil, including the use of pipelines belonging to other companies operating in the sector in the sector and the construction of a pipeline to the existing processing and storage facility (see section 2.2.4 of this Annual Report).

Seplat has, however, waived exercising the exclusive option for the leasing or acquisition of the "Trinity Spirit" FPSO, a floating production, storage and offloading unit (see section 5.3.3 of this Annual Report), which it held under a memorandum of understanding entered into with Shebah Exploration and Production Company Limited and Alenne British Virgin Islands Limited.

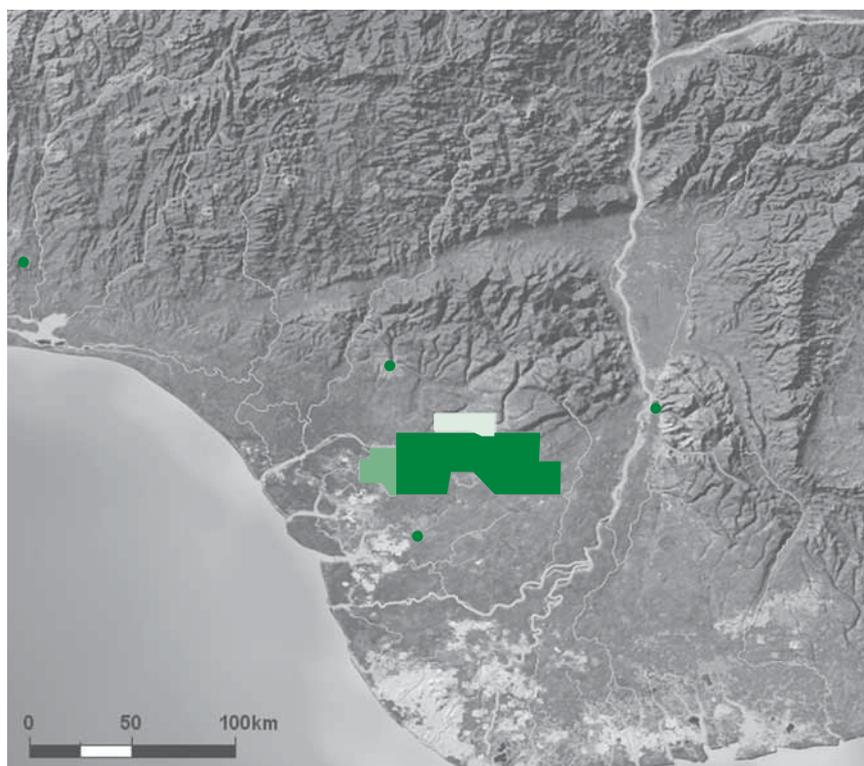
The crude oil produced by Seplat is sold to SWST under the terms of a sales contract signed with this company (see section 5.4.2.3 (b) of this Annual Report).

The location, renewal and characteristics of these OMLs are detailed in this section.



(a) Location of the OMLs

The maps below show the geographic location of OMLs 4, 38 and 41 and their main oil and gas fields:



■ OML 38 ■ OML 4 ■ OML 41

(b) Characteristics of OMLs 4, 38 and 41

As at the date of this Annual Report, Seplat holds the following rights 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 capital 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 the south-west of Nigeria, covers an area of 267 km². The Oben field is the only operating field on OML 4.

The Oben field has all the infrastructures necessary to produce its resources, including a pumping station with a capacity of 60,000 barrels per day and a gas production plant with a capacity of 90 million cubic feet per day. All of these infrastructures are close to one another.

The oil is transported to the Forcados port terminal via the Oben-Amukpe, Amukpe-Rapele and Rapele-Forcados pipelines. In addition, the gas is transported via the Escravos-Lagos pipeline.

(ii) OML 38

OML 38, located in Delta State in the south-west of Nigeria, covers an area of 2,094 km². OML 38 contains the operating fields of Amukpe and Ovhor as well as the discoveries of Mosogar, Okporhuru (which was connected in May 2013), Okwefe and Orogho.

(iii) OML 41

OML 41, located in Delta State in the south-west of 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 Okoporo and Ubaleme. Only 2D seismic data is available for OML 41, unlike OMLs 4 and OMLs 38, for which 3D data is also available.

(c) Transport

As at 31 December 2012, the oil produced was transported to Forcados via the following oil pipeline network:

Oil pipeline	Operator	Diameter (inches)	Rated capacity (Mbbbl/d)
Oben – Amukpe	Seplat	8	10
Sapele – Amukpe	Seplat	10	12
Amukpe – Rapele	Seplat	24	144
Rapele – Forcados	SPDC	28	N/A

* The rated capacity of a pipeline is the number of barrels transported 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 provided that the 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 times that the OMLs granted may be renewed. As a result, OMLs generally contain stipulations making

express provisions 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 OMLs 4, 38 and 41, negotiations may be entered into with Nigeria's Department of Petroleum Resources in order to obtain a second renewal. In practice, the holder of the OML does not have the right to renew an OML, and the renewal is granted at the discretion of the Minister. A renewal may result in changes being made to the terms and conditions of the OMLs, and include the payment of renewal taxes, 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 as Seplat's share net of royalties

The reserves of OMLs 4, 38 and 41 are the reserves that hold 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, depending on the defined conditions, were estimated on as at 31 December 2012 DeGolyer & MacNaughton in its Competent Person's Report on OMLs 4, 38 and 41 dated 6 May 2013.

The contingent resources of OMLs 4, 38 and 41 corresponding to the quantities of oil estimated on a given date as being 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, were estimated for the fields in production and for the contingent resources associated with the undeveloped discoveries of Mosogar, Okwefe, Orogho, Okporhuru, Ovhor and Ubaleme on 31 December 2012 by DeGolyer & MacNaughton in its Competent Person's Report on OMLs 4, 38 and 41 dated 6 May 2013.

The contingent reserves and resources as at 31 December 2012 described below are those given in DeGolyer & MacNaughton's Competent Person's Report on OMLs 4, 37 and 41, presented as Seplat's share, restated for royalties (20% for oils and 7% for gas) and subject to the taxes applicable to the oil exploration-production sector.

1P, 2P and 3P hydrocarbon reserves*, as the Company's share net of royalties at 31 December 2012

P1 PROVEN RESERVES

Net of royalties	Oil + condensates at 31 December 2012 (in Mbbbl)	Gas at 31 December 2012		Total P1 reserves at 31 December 2012 (in Mboe)*	Total P1 reserves at 31 December 2011 (in Mboe)*
		In Bscf	In Mboe		
OML 4	18.5	164.6	27.4	46.0	12.4
OML 38	15.6	12.1	2.0	17.6	5.4
OML 41	15.4	31.4	5.2	20.6	9.8
TOTAL P1	49.5	208.1	34.7	84.2	27.6

* The reserves were estimated by Gaffney, Cline & Associates at 30 June 2011 in its Competent Person's Report dated 1 November 2011, restated for production in the second half of 2011 and royalties.

P1+P2 PROVEN + PROBABLE RESERVES (2P)

Net of royalties	Oil + condensates at 31 December 2012 (in Mbbbl)	Gas at 31 December 2012		Total P1+P2 reserves at 31 December 2012 (in Mboe)*	Total P1+P2 reserves at 31 December 2011 (in Mboe)*
		In Bscf	In Mboe		
OML 4	27.3	329.9	55.0	82.2	81.2
OML 38	22.8	17.1	2.9	25.7	10.4
OML 41	24.1	58.5	9.8	33.9	22.8
TOTAL P1+P2	74.2	405.6	67.6	141.8	114.3

* The reserves were estimated by Gaffney, Cline & Associates at 30 June 2011 in its Competent Person's Report dated 1 November 2011, restated for production in the second half of 2011 and royalties.

P1+P2+P3 PROVEN + PROBABLE + POSSIBLE RESERVES (3P)

Net of royalties	Oil + condensates at 31 December 2012 (in Mbbbl)	Gas at 31 December 2012		Total P1+P2+P3 reserves at 31 December 2012 (in Mboe)*	Total P1+P2+P3 reserves at 31 December 2011 (in Mboe)*
		In Bscf	In Mboe		
OML 4	33.5	390.8	65.1	98.6	90.3
OML 38	28.9	20.8	3.5	32.3	14.0
OML 41	34.9	91.7	15.3	50.2	32.4
TOTAL P1+P2+P3	97.3	503.3	83.9	181.2	136.7

* The reserves were estimated by Gaffney, Cline & Associates at 30 June 2011 in its Competent Person's Report dated 1 November 2011, restated for production in the second half of 2011 and royalties.

As at 31 December 2012, P1+P2 reserves net of royalties totalled 141.8 Mboe, a 24% increase over 31 December 2011. This increase is the result of various work undertaken to improve and manage production and the additional wells drilled on existing fields. The work conducted on the Okporhuru, Ubaleme and Okoporo fields also enabled their resources to be transformed into P1+P2 reserves, and increased P1+P2 reserves net of royalties by 14.5 million barrels. Production began at the Okporhuru field in May 2013.

P1+P2 reserves net of royalties consisted of 52% oil and condensates and 48% gas. The gas potential of OMLs 4, 38 and 41 is significant and promising. Seplat is currently working to increase its gas production and processing capacities, as well as to improve sale prices (see section 1.6.2.1 of this Annual Report).

1C, 2C and 3C contingent hydrocarbon resources, as Seplat's share net of royalties**C1 RESOURCES**

Net of royalties	Oil + condensates at 31 December 2012 (in Mbbbl)	Gas at 31 December 2012		Total C1 resources at 31 December 2012 (in Mboe)*	Total C1 resources at 31 December 2011 (in Mboe)*
		In Bscf	In Mboe		
OML 4	3.5	4.9	0.8	4.3	44.4
OML 38	6.0	13.7	2.3	8.3	6.4
OML 41	6.9	10.5	1.7	8.7	22.2
TOTAL P1+P2+P3	16.4	29.1	4.9	21.2	89.6

* The resources were estimated by Gaffney, Cline & Associates at 30 June 2011 in its Competent Person's Report dated 1 November 2011.

C1 + C2 RESOURCES (2C)

Net of royalties	Oil + condensates at 31 December 2012 (in Mbbbl)	Gas at 31 December 2012		Total C1+C2 resources at 31 December 2012 (in Mboe)*	Total C1+C2 resources at 31 December 2011 (in Mboe)*
		In Bscf	In Mboe		
OML 4	4.6	28.1	4.7	9.3	63.7
OML 38	11.5	55.0	9.2	20.7	7.3
OML 41	40.1	35.5	5.9	46.1	36.1
TOTAL P1+P2+P3	56.2	118.6	19.8	76.0	158.0

* The resources were estimated by Gaffney, Cline & Associates at 30 June 2011 in its Competent Person's Report dated 1 November 2011.

C1+C2+C3 RESOURCES (3C)

Net of royalties	Oil + condensates at 31 December 2012 (in Mbbbl)	Gas at 31 December 2012		Total C1+C2+C3 resources at 31 December 2012 (in Mboe)*	Total C1+C2+C3 resources at 31 December 2011 (in Mboe)*
		In Bscf	In Mboe		
OML 4	5.7	32.7	5.5	11.2	73.5
OML 38	18.6	78.1	13.0	31.6	8.1
OML 41	91.0	102.1	17.0	108.0	36.0
TOTAL P1+P2+P3	115.4	213.0	35.5	150.9	224.6

* The resources were estimated by Gaffney, Cline & Associates at 30 June 2011 in its Competent Person's Report dated 1 November 2011.

The hydrocarbon resources represent the contingent resources of the discovered and undeveloped fields. In 2013, the operator Seplat will continue its efforts to optimise production of the reserves by performing the work necessary to convert the contingent resources into reserves.

In addition to these reserves and resources, there are discovered fields that require further investment to enable the 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 assessed at the end of each fiscal year.

During the fiscal year and as new discoveries are made, the reserves may be adjusted to reflect any new information.

1.2.2 DESCRIPTION OF THE MARKET AND COMPETITIVE POSITION

→ 1.2.2.1 Global oil market

The figures presented in this section are drawn from the *BP Statistical Review of World Energy* of June 2013.

(a) Consumption

Global oil consumption in 2012 averaged 89.77 million barrels per day (4,130.5 million tonnes per year), an increase of 0.9%*

on 2011. In 2012, consumption in the member countries of the Organisation for Economic Co-operation and Development (OECD) was 45.59 million barrels per day (2,072.8 million tonnes per year), a decline of 1.3%* in comparison to 2011, and consumption in other countries rose by 3.3%* to 44.19 million barrels per day (2,057.7 million tonnes per year).

In 2011, oil consumption was geographically distributed as follows:

Global oil consumption	2012 (in Mbbbl/d)	vs 2011 (as a %)*
North America	23,040	-1.8
Central and South America	6,533	+2.0
Europe and Central Asia	18,543	-2.5
Middle East	8,354	+4.5
Africa	3,523	+5.1
Asia-Pacific	29,781	+3.7
TOTAL	89,774	+0.9

* The percentage change in global oil consumption between 2011 and 2012 is calculated from data relating to global oil consumption in 2011 and 2012 expressed in millions of tonnes in the *BP Statistical Review of World Energy* of June 2013.

(b) Production

Oil production rose by 2.2%* in 2012 to 86.15 million barrels per day (4,118.9 million tonnes per year). In 2012, the sharpest increases in production were in Libya (+215.1%*), the United States (+13.9%*) and Equatorial Guinea (+13.4%*). OPEC maintained its production quotas in late December 2012 at 30

million barrels per day, which led, however, to an increase in production of 3.9%* over the course of 2012 to reach 37.40 million barrels per day (1,778.4 million tonnes per year). Excluding OPEC (and excluding the former USSR), production rose by 1.2%* to 35.09 million barrels per day (1,669.6 million tonnes per year).

In 2012, oil production was geographically distributed as follows:

Global oil production	2012 (in Mbb/d)	vs 2011 (as a %)*
North America	15,557	+8.9
Central and South America	7,359	+1.2
Europe and Central Asia	17,211	-1.4
Middle East	28,270	+0.9
Africa	9,442	+7.7
Asia-Pacific	8,313	+0.7
TOTAL	86,152	+2.2

* The percentage change in global oil production between 2011 and 2012 is calculated from data relating to global oil production in 2011 and 2012 expressed in millions of tonnes in the BP Statistical Review of World Energy of June 2013.

(c) Reserves

At the end of 2012, proven oil reserves were geographically distributed as follows, in billions of barrels:

Proven oil reserves	End of 2012
North America	220.2
Central and South America	328.4
Europe and Central Asia	140.8
Middle East	807.7
Africa	130.3
Asia-Pacific	41.5
TOTAL	1,668.9

→ 1.2.2.2 Nigerian oil market

According to the Wood Mackenzie report of January 2013, Nigeria is the leading oil producer in Africa, with a production level of 2.7 million barrels per day. Most of its production comes from the onshore Niger Delta region (75,000 km² of marshy areas) and from offshore zones that extend up to 150 km from the coasts. Nearly all of the oil is high-quality sweet crude oil from the Agbada formation, which dates from the Miocene epoch. The Niger Delta, in addition to being rich in oil, holds large quantities of natural gas (reserves of 46.51 Bscf at 1 January 2013). Most of the oil fields produce associated gas.

The oil exploration/production industry is controlled by the Nigerian Department of Petroleum Resources. According to the French Ministry of Foreign Affairs, the Nigeria economy continues to be dominated by the hydrocarbon sector, which on average represents 36% of its GDP and more than 97% of its exports.

Nigeria has been a member of OPEC since 1971 and is therefore subject to an annual production quota. According to OPEC, the production quota assigned to Nigeria was set at 1.67 million barrels per day.

(a) Oil production

Nigeria is the largest oil producer in Africa. According to the *BP Statistical Review of World Energy* of June 2013, African oil production for 2012 was geographically distributed as follows, in millions of barrels per day:

Production	Oil
Nigeria	2,417
Angola	1,784
Algeria	1,667
Libya	1,509
Egypt	728
Republic of the Congo	296
Other African countries	1,041
TOTAL AFRICA	9,442

(b) Oil reserves

Nigeria has the second largest oil reserves in Africa. According to the *BP Statistical Review of World Energy* of June 2013, proven reserves in Africa for 2012 were geographically distributed as follows, in Gbbl:

Proven reserves	Oil
Libya	48
Nigeria	37.2
Angola	12.7
Algeria	12.2
Egypt	4.3
Other African countries	15.9
TOTAL AFRICA	130.3

→ 1.2.2.3 Competitive position

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

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

In effect, according to the *BP Statistical Review of World Energy* of June 2013, the global oil market in 2012 represented production of 86.15 million barrels of oil per day. In comparison, for the daily oil production from OMLs 4, 38 and 41 (at 100%), 24,124 barrels per day were recognised on average as the entitlement in 2011, and 32,260 barrels per day in 2012 (including the reallocations from SPDC), representing a Company share of an average of 4,885 barrels per day in entitlements in 2011 and 6,533 barrels per day in 2012.

Moreover, according to the *BP Statistical Review of World Energy* of June 2013, proven global oil reserves in 2012 were

1,668.9 billion barrels, while the proven oil reserves of OMLs 4, 38 and 41 as Seplat's share assessed at 31 December 2012 by DeGolyer & MacNaughton in its Competent Person's Report on OMLs 4, 38 and 41 dated 6 May 2013 totalled 49.5 million barrels.

The oil market is dominated by 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 approximately 2.3 million barrels of oil equivalent from hydrocarbons on a daily basis.

Around 150 oil companies have invested in Nigeria, including the majors Royal Dutch/Shell, Chevron, ExxonMobil, Total and Eni, which have been established in the country since the 1960s. BP is the only supermajor absent from Nigeria since it left the country 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 Development potential in Nigeria

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

Seplat owns proven reserves, proven plus probable as well as proven plus probable plus possible reserves of oil and condensates, respectively valued at 31 December 2012, net of royalties, at 49.5 million barrels (P1 reserves), 74.2 million barrels (P1 + P2 reserves) and 97.3 million barrels (P1 + P2 + P3 reserves).

Moreover, with the natural gas, the proven, proven plus probable and the proven plus probable plus possible hydrocarbon reserves were respectively evaluated at 31 December 2012, net of royalties, at 84.2 Mboe (P1 reserves), 141.8 Mboe (P1 + P2 reserves), and 181.2 Mboe (P1 + P2 + P3 reserves).

The estimates of reserves and resources as at 31 December 2012 cited above are those of DeGolyer & MacNaughton, as presented in its Competent Person's Report on OMLs 4, 38 and 41 dated 6 May 2013 restated for royalties.

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

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

As an heir to Maurel & Prom, the Company continues 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 support the Company's independence and development, Maurel & Prom and the Company signed a Transitional Services Agreement, described in section 5.4.1.2 of this Annual Report, for a period of up to 12 months from the listing date, which is renewable once at the Company's request. In accordance with the provisions of the Agreement, on 5 November 2012, the Company asked to renew the Transitional Services Agreement for a further 12-month period beginning on 15 December 2012. Under the terms of this Agreement, Maurel & Prom agrees to perform the technical missions and work which the Company will need for its operations (for the consequences on this agreement of a change of control in Maurel & Prom, 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 executives are recognised within the oil industry for their knowledge, experience and expertise. The knowledge of the oil sector held by the Company's executives constitutes a significant asset for the development prospects of the Company and Seplat.

Lastly, 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, both of which are Nigerian companies that have been working in exploration/production in Nigeria for several years, and which 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 allows the Company to benefit from the knowledge, expertise and analysis of recognised local partners in their market. The quality of the partnership established with these companies has 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 in question by giving it, under the Joint Operating Agreement (see section 5.4.2.2 of this Annual Report), the power to propose programmes to develop OMLs 4, 38 and 41 and their budgets, and general administrative power and control over the implementation of the programmes and operations.

1.3.2 SEPLAT'S DEVELOPMENT OPPORTUNITIES

Opportunities exist to acquire interests in new permits in addition to those that Seplat already holds, particularly when such interests are closely related to Seplat's existing infrastructures and permits. Seplat's objectives to develop its gas activity may guide its plans for the acquisition of a companies or new permits. Seplat's success as an operator makes it a credible partner for the acquisition of interests in significant assets. After setting up the Syndicated Credit Facility (see section 1.4.3.3 of this Annual Report), it has a drawdown capacity devoted to the various investment opportunities that might arise, and Seplat's management will also review other options for increasing its financing capacities. Among the possibilities being studied, Seplat is considering listing its shares on one or more stock

markets relevant to its activities and maintaining its status as a Nigerian company. As at the date of this Annual Report, this work is continuing to allow Seplat to be listed for trading in Nigeria and on another financial market.

To this end, in order to facilitate Seplat's potential access to the financial markets, the Company's Board of Directors decided, at its meeting of 18 December 2012, to give Seplat a non-exclusive mandate so that it can select any potential buyer interested in purchasing a maximum equity interest of 20% of the share capital of Seplat held by the Company (see section 5.3.6 of this Annual Report). This does not in any way negate the Company's desire to maintain a significant equity interest in Seplat.

1.4 Financial information

The Company draws investors' attention to the change in the accounting method adopted by the MP Nigeria Group. With a view to improving and simplifying the financial information communicated to the shareholders of the MP Nigeria Group, Seplat is no longer proportionately consolidated and instead, as from the year ended 31 December 2012, is consolidated using the equity method.

Consequently and in accordance with this method, Seplat's contribution to the MP Nigeria Group's financial statements will now be recorded in the statement of financial position under

"Equity associates", and in the comprehensive income statement under "Share of income from equity associates". The key elements of Seplat's accounts restated in accordance with the standards of the MP Nigeria Group are presented and explained in this section and in a note to the consolidated financial statements of the MP Nigeria Group (see Chapter 6, Note 5 "Equity Associates" of this Annual Report). This change in method has no impact on the Company's control over Seplat, which remains a jointly controlled entity.

1.4.1 REVIEW OF THE FINANCIAL POSITION AND INCOME

→ 1.4.1.1 Accounting method and framework

(a) Change in accounting method

As indicated in the introduction to section 1.4, from fiscal year 2012, the Company decided to consolidate Seplat using the equity method, in accordance with the treatment authorised by IAS 31, and no longer proportionately. The justification for the change in accounting method, described in Note 1 "General information" of the Company's consolidated financial statements inserted in Chapter 6 of this Annual Report, is summarised as follows.

As at 31 December 2012, the jointly controlled entities are consolidated using the equity method, pursuant to the alternative method under IAS 31 "Interests in Joint Ventures". These entities were proportionately consolidated until 30 June 2012. This change affects one entity (Seplat) and is significant in nature (see Note 5 "Equity Associates" to the Company's consolidated financial statements inserted in Chapter 6 of this Annual Report).

The consolidation of jointly controlled entities using the equity method is common practice in the oil and gas industry, within which the Company operates, which facilitates the comparability and readability of the financial information published by the Company.

This voluntary change in method enhances the reliability and relevance of the financial information published by the Company. The information on the equity interest in Seplat provided in the Company's financial statements is simplified, clarified and enhanced as a result. Seplat's contribution to the MP Nigeria Group's financial statements is now clearly identified and recognised in the statement of financial position under 'Equity associates' and in the statement of comprehensive income under 'Share of income from equity associates'. In addition, Note 5 to the consolidated financial statements presents detailed information on Seplat as a whole (balance sheet, income statement, and cash flow statements restated for the standards of the MP Nigeria Group).

Pursuant to IAS 8 and 31, this change in method has been applied retrospectively by restating the MP Nigeria Group's financial statements for the previous periods, as if Seplat had been consolidated using the equity method from the outset.

(b) Framework

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

For the year ended 31 December 2012, the consolidated financial statements of the Company were prepared in accordance with the IAS/IFRS international accounting standards applicable as at 31 December 2012, as approved by the European Union (available at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

For the year ended 31 December 2012, the company 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 2012 and (ii) the provisions of the Allied Matters Act, CAP C20 of 2004.

(c) Historical financial information

Pursuant to Article 28 of Commission Regulation (EC) No 809/2004, the following information is included by way of reference in this Annual Report:

- ▶ for fiscal year 2010: the consolidated financial statements for the 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; and
- ▶ for fiscal year 2011: the management report, consolidated and annual financial statements, including the statutory auditors' reports on those statements, are provided on pages 130 and 145 respectively of the Annual Report registered by the *Autorité des marchés financiers* on 8 June 2012 under number R12-026.

For verifications of historical financial information, please see the Statutory Auditors' reports on the individual company and consolidated financial statements appearing in Chapter 6 this Annual Report and the documents mentioned in this section of the Annual Report. In addition, the Statutory Auditors' reports on the report of the Chairman of the Board of Directors on internal control and regulated agreements can be found in sections 3.4 and 5.5 of the Annual Report respectively.

→ 1.4.1.2 Significant events within Seplat

Production from OMLs 4, 38 and 41 operated by Seplat continued to increase throughout the whole of 2012. As a result, it rose from an average of 24,124 barrels per day in 2011 to 32,260 barrels per day on the average in 2012, after taking the reallocations from SPDC into account (see paragraphs below). Excluding the SPDC reallocations, average production rose from 24,124 barrels per day in 2011 to 25,743 barrels per day in 2012, despite longer than planned production interruptions. During fiscal year 2012, production was halted for 36 days due to the routing system operated by SPDC, compared with 25 days estimated for maintenance of the facilities. In addition, production was reduced for 29 days during the fourth quarter following the incident on the Ovhor site.

The table below shows Seplat's sales and production for fiscal years 2011 and 2012:

		12 months 2011	12 months 2011
Number of days		366	365
Entitlements excluding reallocations		9 422 145	8 805 148
Reallocations		2 384 943	-
Recognised entitlements	<i>bbl</i>	11 807 088	8 805 148
	<i>boepd</i>	32 260	24 124
Seplat share	<i>bbl</i>	5 313 190	3 962 317
	<i>boepd</i>	14 517	10 826
Sale price	<i>US\$/bbl</i>	112,9	113,4
Sales - Oil	<i>USSM</i>	599,5	450,1
Sales - Gas	<i>USSM</i>	26,2	1,8
Other		3,5	-
SEPLAT SALES	<i>USSM</i>	629,3	451,9
For information			
SEPLAT SALES	<i>USSM</i>	489,5	324,6
	<i>\$/€</i>	1,286	1,392

It should be noted that the production volumes (recognised entitlements, production sold) take into account technical adjustments and a fixed discount applied by SPDC. In this respect, Seplat believed in 2011 that the production volumes recognised for Seplat by SPDC after the application of the technical adjustments and the fixed discount did not correspond to Seplat's production data, as the volumes recognised by SPDC were significantly lower than Seplat's estimates, thus generating a substantial shortfall for Seplat. Seplat informed SPDC of this issue and, in order to resolve this dispute over production volumes, in 2011 Seplat installed a fiscal metering unit that was approved by the Nigerian authorities. Negotiations were then entered into with SPDC, particularly in relation to determining the net amount (oil/water percentage) and the reallocations to be given to Seplat. As a result of these negotiations, Seplat and SPDC reached an agreement in principle that provides for the total reallocation of 2,384,943 barrels, which corresponds to the reallocation of the discrepancies between the wellhead production determined by Seplat and the production recognised by SPDC in favour of the parties to the Joint Operating Agreement – Seplat and NPDC – representing 1,055,224 barrels for Seplat in respect of the volumes produced until the end of 2012.

This reallocation consisted of two initial adjustments in favour of the parties to the Joint Operating Agreement, of 297,133 and 440,000 barrels respectively, for activities prior to March 2012, and a third adjustment of 1,647,810 barrels. This third adjustment amounted to 1,207,558 barrels, and the balance of 440,252 barrels will be adjusted by 31 August 2013 at the latest. As a result, Seplat's sales for 2012

totalled US\$629 million, a 39% increase on 2011. These Seplat sales for 2012 also include US\$26 million in gas sales. They correspond to gas sales to the Nigerian Gas Company (NGC) and take into account retroactive rate increases resulting from negotiations conducted with this company, which resulted in an agreement being signed on 14 June 2012.

In addition, it should also be noted that the negotiations conducted with SPDC also reached an agreement in principle regarding the application of a maximum fixed discount of 8% for the calculation of production volumes.

From an operational point of view, Seplat's year-end objective of achieving a well output of 50,000 barrels per day was reached in January 2013. The Okporhuru field, the first field to be developed by Seplat, came on stream in May 2013. Crude oil production reached 60,000 barrels per day in February 2013.

During the year, Seplat implemented a sustained investment programme for the parties to the Joint Operating Agreement, which was necessary in order for it to achieve its objectives. Twelve production and injection wells were drilled over the year ended 31 December 2012 at a cost of US\$185 million. Full stop here Capital («Significant») workovers on nine wells totalling US\$98 million were also completed and, lastly, US\$44 million was allocated for investments relating to processing facilities. These primarily relate to the construction of a water-oil separation unit that is scheduled to become operational during the second quarter of 2013 and which will maximise the capacities for routing the oil produced whilst reducing the processing costs charged by SPDC.

With regard to the financing for Seplat's operations, the syndicated loan under negotiation in late 2011 with Afrexim Export-Import Bank, Skye Bank Plc, UBA and First Bank (see section 1.4.3.3. of this Annual Report) was definitively signed on 12 June 2012 by all parties, and was applied retrospectively with effect from 25 August 2011. This line of credit, which can reach US\$550 million, is repayable over five years through constant depreciation at a variable rate (Libor + margin ranging from 5% to 7.5% depending on the lending institution); it replaces the Bridge Loan (see section 1.4.3.3 of this Annual Report) drawn for US\$258 million in late 2011, US\$100 million of which was a debt repayable on demand.

Finally, on 6 May 2013, Seplat received the results of a new evaluation of its reserves and resources on OMLs 4, 38 and 41 as at 31 December 2012, conducted by DeGolyer & MacNaughton in its Competent Person's Report dated 6 May 2013. The data from this report, restated for royalties, is presented in section 1.2.1.2 of this Annual Report.

→ 1.4.1.3 Analysis of results – Consolidated financial statements

The change in accounting method (move from proportionate consolidation to the equity method) described above in 1.4.1.1 (a) of this Annual Report led to a reconsideration of the relevance of the financial aggregates historically presented. In this respect, sales or gross operating surplus, which are generally key figures in financial communications in that they reflect the Company's activities, are not pertinent in this case for assessing the Company's performance. In fact, the Company performs a holding activity which generates little or no sales or operating income; most of the revenues and income come from the Seplat subsidiary, its sole operational asset, the contribution of which is recognised as income from equity associates. As a result, the key financial data relating to Seplat will be presented in addition to the Company's financial indicators.

(a) Company consolidated financial statements

i) Income statement

The table below presents the Company's key financial data at 31 December 2011 and 31 December 2012:

<i>In thousands of euros</i>	31/12/2012	31/12/2011 Restated*
Sales	501	320
Operating income	(1,917)	(1,722)
Financial income	5,009	10,287
Income before tax	3,092	8,565
Income tax	(497)	(2,918)
Net income from consolidated companies	2,595	5,647
Net income from equity associates**	48,229	12,467
Net income from continuing activities	50,824	18,114
NET INCOME – COMPANY SHARE	50,824	18,114

* Restated for the change in consolidation method.

** The details of this line represent the share of income from Seplat, in which a 45% stake is held and which is consolidated using the equity method. The key data for Seplat is detailed in the table below in section 1.4.1.3 (b) of this Annual Report.

Sales

The Company's consolidated sales for the year ended 31 December 2012 amounted to €0.50 million, in comparison to €0.32 million during the previous year. These sales were primarily generated by the services invoiced by the Company to Seplat under the Services Agreement (see section 5.3.1 of this Annual Report).

Operating income

The Company's consolidated operating income for the year ended 31 December 2012 was a loss of €1.9 million, compared with a loss of €1.7 million for the previous year. This

loss is primarily the result of the Company's operating costs, particularly (i) the amounts invoiced by Maurel & Prom under the Transitional Services Agreement (see section 5.4.1.2 of this Annual Report) and (ii) the costs inherent to a company whose shares are listed for trading on a regulated market (legal audit, financial communication, legal, etc.).

The decline in operating income was primarily driven by the increase in the amounts invoiced by Maurel & Prom to the Company (€0.8 million for the year ended 31 December 2012, up from €0.3 million for the year ended 31 December 2011).

Financial income

Consolidated financial income for the Company was €5.0 million for the year ended 31 December 2012 compared with a profit of €10.3 million for the year ended 31 December 2011.

Financial income corresponds primarily to (i) interest received on cash investments made during fiscal year 2012, i.e. €1.4 million and (ii) revenues related to the remuneration of sums advanced by the Company to Seplat under the Shareholder Loan (of which the balance to be repaid at 31 December 2012 was approximately US\$47 million), or €2.6 million in 2012. In 2011, the interest received on the Shareholder Loan was greater, namely €5.3 million, with the outstanding amount of the Shareholder Loan being higher.

It should also be noted that the currency translation adjustments were much less significant for 2012 (€0.6 million) than for the year ended 31 December 2011 (€4.2 million) because of the very sharp reduction in the Company's foreign exchange risk following the change in operating currency (adoption of the US dollar to replace the euro) made on 1 January 2012 (see Note 1 "General information" to the Company's consolidated financial statements provided in Chapter 6 of this Annual Report).

Consolidated net income

Consolidated net income for the year ended 31 December 2012 was €50.8 million compared to €18.1 million for the year ended 31 December 2011.

Earnings per share

Earnings per share at 31 December 2011 and at 31 December 2012 were as follows:

<i>In thousands of euros</i>	31/12/2012	31/12/2011 Restated*
Net income, Group share	50,824	18,114
Net income from discontinued activities	0	0
Net income from continuing activities	50,824	18,114
Average number of shares outstanding	111,768,202	118,800,643
Average number of diluted shares	115,336,534	120,798,191
Earnings per share (in euros)		
Basic	0.45	0.15
Diluted	0.44	0.15

* Restated for the change in consolidation method.

The Company has no dilutive equity instruments.

Net income from consolidated companies

Given the items described above and the corporation tax expense which was €0.5 million for the year ended 31 December 2012 compared with €2.9 million for the year ended 31 December 2011, net income from consolidated companies was €2.6 million for the year ended 31 December 2012 compared with €5.6 million for the year ended 31 December 2011.

Income from equity associates – Net income from continuing activities

As a result of the change in accounting method described above in section 1.4.1.1 (a) of this Annual Report, and because Seplat is the Company's sole operational asset, most of the Company's income is recognised at this level.

Income from equity associates for the year ended 31 December 2012 amounted to €48.2 million, up from €12.5 million for the year ended 31 December 2011.

Explanations of the details of the line "Total share of net income from equity associates" are provided in the section on the presentation of Seplat's results for the year ended 31 December 2012 provided in section 1.4.1.3 (b) (i) below.

(ii) Summary balance sheet

The tables below present the Company's summary balance sheet at 31 December 2011 and 31 December 2012:

<i>In thousands of euros</i>	31/12/2012	31/12/2011 Restated*
Other non-current financial assets	35,705	20,127
Equity associates	77,780	43,227
Non-current assets	113,485	63,354
Trade receivables and related accounts	588	92
Other current financial assets	74,229	16,630
Other current assets	364	11
Income tax receivable	2,435	0
Cash and cash equivalents	106,334	178,426
Current assets	183,950	195,159
TOTAL ASSETS	297,435	258,513

* Restated for change in consolidation method.

<i>In thousands of euros</i>	31/12/2012	31/12/2011 Restated*
Share capital	11,534	11,534
Additional paid-in capital	226,900	226,900
Consolidated reserves	13,399	1,486
Treasury shares	(6,442)	(3,983)
Income, MP Nigeria Group share	50,824	18,114
Shareholders' equity, MP Nigeria Group share	296,216	254,051
Minority interests	0	0
Shareholders' equity	296,216	254,051
Non-current liabilities	0	0
Other current borrowings and financial debt	-	174
Trade payables and related accounts	794	1,136
Income tax payable	-	2,918
Other creditors and miscellaneous liabilities	425	234
Current liabilities	1,219	4,462
TOTAL LIABILITIES	297,435	258,513

* Restated for change in consolidation method.

The comments on the Company's summary balance sheet as at 31 December 2012 are presented below.

Non-current financial assets

The "Non-current financial assets" item represents the portion due in more than one year of the Shareholder Loan granted by the Company to Seplat (see section 5.3.2 of this Annual Report).

As at the date of this Annual Report, the amount still owed by Seplat in respect of the Shareholder Loan is approximately US\$47 million.

Equity associates

The "Equity associates" item reflects the value under the equity method of the 45% stake which the Company holds in Seplat.

Other current financial assets

With regard to the "Other current financial assets" item, it should be noted that, in the fourth quarter of 2012, the Company granted Seplat a short-term, non-interest-bearing cash advance

of US\$98 million (€74 million) as part of an external growth operation planned in Nigeria. As Seplat's offer was not selected as the "best", Seplat repaid the advance to the Company early in January 2013.

Cash and cash equivalents

The change in "Cash and cash equivalents" is shown in the Company's cash flow statements for the years ended 31 December 2011 and 31 December 2012:

<i>In thousands of euros</i>	31/12/2012	31/12/2011 Restated*
Income before tax	51,322	21,032
Share of income from equity associates	(48,229)	(12,468)
Payment of tax due	(5,933)	-
Other income and expenses	100	(10)
Change in working capital requirements relating to operating activities	(839)	1,028
Net cash flow generated by operating activities	(3,579)	9,582
Net cash flow related to investment activities	(65,842)	67,714
Net cash flow related to financing activities	(2,498)	100,903
Change in net cash	(79,919)	178,199
<i>Net cash at start of period</i>	<i>178,251</i>	<i>52</i>
<i>Net cash and cash equivalents at end of period</i>	<i>106,334</i>	<i>178,251</i>

* Restated for change in consolidation method.

The €72 million reduction in cash since the start of the period is primarily due to the short-term advance granted to Seplat and described in the paragraph above concerning "Other current financial assets".

Shareholders' equity

The increase of €42,164 thousand in the "Shareholders' equity" item between 31 December 2011 and 31 December 2012 results from (i) an increase in 2012 income of €50,824 thousand; (ii) an expense of €6,162 thousand relating to

currency translation adjustments; and (iii) an expense of €2,499 thousand relating to movements on treasury shares.

(iii) Summary financial items presented using proportionate consolidation, the accounting method previously used by the Company

In order to promote better comparability of the Company's consolidated financial statements with the statements presented for the year ended 31 December 2012, the summary financial items using proportionate consolidation are presented in this section.

The table below shows the summary items of the Company's income statement, according to the proportionate consolidation method, as at 31 December 2011 and 31 December 2012:

<i>In thousands of euros</i>	31/12/2012	31/12/2011
Sales	220,310	146,077
Operating income	100,867	58,667
Financial income	(4,635)	1,072
Income tax	(45,407)	(41,625)
NET INCOME	50,824	18,114

The table below shows the Company's summary balance sheet, according to the proportionate consolidation method, as at 31 December 2011 and 31 December 2012:

<i>In thousands of euros</i>	31/12/2012	31/12/2011
Intangible assets	54,429	60,352
Property, plant and equipment	99,475	82,300
Non-current financial assets	34,824	20,127
Non-current assets	188,728	162,779
Inventories	0	3,791
Trade receivables and related accounts	21,024	738
Other current financial assets	118,330	16,618
Other current assets	1,820	1,803
Income tax receivable	2,435	0
Current derivative instruments	0	0
Cash and cash equivalents	144,397	248,601
Current assets	288,006	271,551
TOTAL ASSETS	476,734	494,330

<i>In thousands of euros</i>	31/12/2012	31/12/2011
Share capital	11,534	11,534
Additional paid-in capital	226,900	226,900
Consolidated reserves	13,399	1,486
Treasury shares	(6,442)	(3,983)
Income, MP Nigeria Group share	50,824	18,114
Shareholders' equity	296,216	254,051
Non-current provisions	2,570	2,008
Other non-current borrowings and financial debt	50,652	44,915
Deferred tax liabilities	28,985	2,643
Non-current liabilities	82,207	49,566
Other current borrowings and financial debt	18,503	44,878
Trade payables and related accounts	24,110	10,630
Income tax payable	24,599	36,540
Other creditors and miscellaneous liabilities	31,099	27,237
Current derivative instruments	0	11,428
Current liabilities	98,311	130,713
TOTAL LIABILITIES	476,734	434,330

(b) Seplat**(i) Income statement**

The table below presents Seplat's key financial data from the income statement at 31 December 2011 and 31 December 2012:

	31/12/2012 (100%) <i>(in thousands of US dollars)</i>	31/12/2011 (100%) <i>(in thousands of US dollars)</i>	31/12/2012 (45% – Company share) <i>(in thousands of euros)</i>	31/12/2011 (45% – Company share) <i>(in thousands of euros)</i>
Sales	629,304	451,384	220,310	145,901
Operating income	293,592	186,836	102,782	60,391
Financial income	(27,547)	(28,509)	(9,644)	(9,215)
Income before tax	266,046	158,327	93,139	51,176
Income tax	(128,283)	(119,754)	(44,910)	(38,708)
Net income	137,762	38,573	48,228	12,468

Sales

Seplat's sales for the year ended 31 December 2012 totalled US\$629.3 million, up from US\$451.4 million for the year ended 31 December 2011, an increase of 39% during the period under review.

This sales growth was driven primarily by (i) an increase in oil production from the developed fields of OMLs 4, 38 and 41 (4,239 thousand barrels in 2012 versus 3,880 thousand barrels in 2011) despite an average sale price per barrel that was US\$1.3 lower than in 2011 (US\$112.4 per barrel in 2012 in comparison to US\$113.7 in 2011), (ii) the recognition of 2,384 thousand barrels by SPDC in favour of the parties to the Joint Operating Agreement – Seplat and NPDC – representing 1,055 thousand barrels for Seplat for volumes produced until the end of 2012 (see section 1.4.1.2 of this Annual Report), and (iii) gas sales to the Nigerian Gas Company (NGC) for a total of US\$26.1 million.

Operating income

Seplat's operating income for the year ended 31 December 2012 amounted to US\$293.6 million compared with US\$186.8 million for the year ended 31 December 2011, an increase of 57% during the period under review. The growth in operating income is in line with the increase in production and sales. The margin on operating income rose in 2012 because of (i) the increase in production, allowing better absorption of fixed costs and (ii) the amounts invoiced for the gas supplied.

Financial income

Seplat recorded a financial loss of US\$27.5 million for the year ended 31 December 2012, compared to a loss of US\$28.5 million for the year ended 31 December 2011, due primarily to the interest expense on the Syndicated Credit Facility (see section 1.4.3.3 of this Annual Report) and the Shareholder Loan (see section 1.4.3.3 of this Annual Report).

Income before tax / Income tax

Seplat's income before tax for the year ended 31 December 2012 amounted to US\$266.0 million compared with US\$158.3 million for the year ended 31 December 2011. The tax expense on income for the year ended 31 December 2012 was US\$128.3 million versus US\$119.8 million for the year ended 31 December 2011. The 2012 tax expense was obtained after taking into account US\$35 million resulting from a downward revision of the 2010 and 2011 corporation tax in agreement with the Nigerian tax authorities, who accepted in August 2012 the principle of a tax deduction over five years on the goodwill of US\$121 million recorded at the time of the purchase of the assets from SPDC.

Net income

Based on the items described above, Seplat's net income for the year ended 31 December 2012 was US\$137.8 million compared with US\$38.6 million for the year ended 31 December 2011.

(ii) Summary balance sheet

The tables below present Seplat's summary balance sheet as at 31 December 2011 and 31 December 2012:

<i>In thousands of US dollars</i>	31/12/2012	31/12/2011
Intangible assets	159,584	173,533
Property, plant and equipment	291,663	236,638
Non-current financial assets	44,233	0
Non-current assets	495,480	410,171
Inventories	0	10,903
Trade receivables and related accounts	60,232	1,976
Other current financial assets	227,536	47,527
Other current assets	4,275	5,154
Cash and cash equivalents	111,599	201,778
Current assets	403,642	267,338
TOTAL ASSETS	899,122	677,509

<i>In thousands of US dollars</i>	31/12/2012	31/12/2011
Share capital	690	690
Additional paid-in capital	88,900	88,900
Consolidated reserves	700	(3,874)
Treasury shares	137,763	0
Net income, Group share		38,573
Shareholders' equity	228,053	124,289
Non-current provisions	7,534	5,774
Other non-current borrowings and financial debt	195,622	176,837
Deferred tax liabilities	84,984	7,599
Non-current liabilities	288,140	190,210
Current borrowings		0
Other current borrowings and financial debt	54,250	128,538
Trade payables and related accounts	68,361	27,297
Income tax payable	72,124	96,673
Other creditors and miscellaneous liabilities	188,195	77,643
Current derivative instruments		32,858
Current liabilities	382,930	363,009
TOTAL LIABILITIES	899,122	677,509

The comments on Seplat's summary balance sheet for as at 31 December 2012 are presented below.

Intangible assets

The "Intangible assets" item represents the acquisition cost of OMLs 4, 38 and 41 in 2010 (see section 5.4.2.1 of this Annual Report).

Property, plant and equipment

Production assets reflect a value of US\$219 million (€165 million) for the SPDC assets acquired in 2010 (see section 5.4.2.1 of this Annual Report). The acquisitions made in 2012, which total US\$127 million (€99 million) for Seplat's share, represent in particular (i) the cost of drilling twelve production and injection wells for US\$83.4 million (€63.2 million) and (ii) the construction of an oil-water separation unit scheduled to become operational in the second half of 2013 for US\$20 million (€15 million).

Cash and cash equivalents

The change of US\$90 million in "Cash and cash equivalents" is shown in Seplat's cash flow statement as at 31 December 2012:

<i>In thousands of US dollars</i>	31/12/2012
Cash flow net of tax	267,910
Change in working capital requirements relating to operating activities	(98,081)
Net cash flow generated by operating activities	169,829
Net cash flow related to investment activities	(142,684)
Net cash flow related to financing activities	(117,323)
Change in net cash	(90,178)
<i>Cash at start of period</i>	201,778
<i>Cash and cash equivalents at end of period</i>	111,599

The increase of US\$98 million in working capital requirements was primarily due to the rise in outstanding receivables from the partner NPDC.

Equity, Group share

The change in the "Equity, Group share" item over fiscal year 2012 was due to (i) the income for the year ended 31 December 2012 (US\$137.7 million, equivalent to €107.1 million); (ii) the payment of a dividend of US\$14 million in respect of the years ended 31 December 2010 and 31 December 2011; and (iii) the payment of an interim dividend of US\$20 million on income for the year ended 31 December 2012.

Non-current financial assets

The "Non-current financial assets" item represents (i) a security deposit of US\$17 million made under the Syndicated Credit Facility (see section 1.4.3.3 of this Annual Report) and the remainder reflects (ii) exclusive rights for the use of two drilling rigs over a five-year period.

Trade receivables and related accounts

The "Trade receivables and related accounts" item corresponds to US\$46.9 million (€35.6 million) in sums owed by SWST in respect of oil sales made in December 2012 and US\$13.2 million (€10 million) for the outstanding receivables from NGC for gas supplies.

Other current financial assets

The "Other current financial assets" item primarily reflects Seplat's claim against its partner NPDC for the re-invoicing of 55% of the costs incurred under the Joint Operating Agreement.

Other current borrowings and financial debt

The "Other current borrowings and financial debt" item reflects (i) the portion due in more than one year of the Syndicated Credit Facility (see section 1.4.3.3 of this Annual Report) in the amount of US\$149 million and the remainder represents sums owed by Seplat to the Company in respect of the Shareholder Loan (see section 5.3.2 of this Annual Report).

Other current borrowings and financial debt

The "Other current borrowings and financial debt" item corresponds to the amount of the Syndicated Credit Facility (see section 1.4.3.3 of this Annual Report) to be repaid within 12 months.

Trade payables and related accounts

The "Trade payables and related accounts" item primarily consists of (i) the sums owed to SPDC for the transport, processing and storage of production (see section 5.4.2.3 (a) of this Annual Report) and (ii) amounts to be paid on drilling operations and well workovers carried out at the end of 2012.

Other creditors and miscellaneous liabilities

The "Other creditors and miscellaneous liabilities" item, which amounts to US\$188 million (€141 million), rose significantly in comparison to the year ended 31 December 2011, due primarily to the following:

- ▶ the increase of US\$98 million in the current account debt to the Company resulting from a short-term advance of funds made by the Company to submit a tender offer as part of an external growth transaction planned in Nigeria (sale offer for ConocoPhillips' assets in Nigeria) (see section 1.4.1.4 of this Annual Report);
- ▶ a reduction in the overlift position following the agreement in principle with SPDC, that led to a reallocation of barrels to Seplat (see section 1.4.1.2 of this Annual Report); and
- ▶ the increase in the amount due in respect of production royalties.

→ 1.4.1.4 Analysis of results – Company financial statements

The company financial statements for the year ended 31 December 2012 were marked by three characteristic events:

- ▶ in the last quarter of 2012, the Company granted a current account advance of US\$98 million to Seplat to submit an offer for an external growth operation planned in Nigeria (sale offer of ConocoPhillips' assets in Nigeria). As Seplat's offer was not selected as the "best", Seplat repaid the advance to the Company early in January 2013. As a result, before recognition of the repayment of this advance by Seplat in the Company's cash, its cash at 31 December 2012 amounted to €106 million, down €72 million from

31 December 2011, while the "Other receivables" item increased by €76 million over the reference period;

- ▶ the Company received €11.5 million in dividends from Seplat, which was recorded as financial income. They reflect (i) the distribution of €4.7 million in dividends for fiscal years 2010 and 2011 and (ii) the receipt of an interim dividend for 2012 in the amount of €6.7 million; and
- ▶ in the context of the acquisition of OMLs 4, 38 and 41, on 25 June 2010 the Company granted Seplat a Shareholder Loan of US\$153 million (see section 5.3.2 of this Annual Report). At 31 December 2011, US\$106 million of the Shareholder Loan had been repaid. The balance of the receivable owed by Seplat to the Company in respect of the Shareholder Loan, which was US\$47 million at 31 December 2011, did not change during the year ended 31 December 2012. The financial income from the repayment of the balance of the Shareholder Loan totalled €2.6 million for the year ended 31 December 2012.

The Company recorded sales of €0.7 million for the year ended 31 December 2012 compared with €0.3 million for the year ended 31 December 2011. These sales solely correspond to services and studies provided to Seplat under the Service Agreement (see section 5.3.1 of this Annual Report).

After taking account of the Company's overheads, operating income for the year ended 31 December 2012 was a loss of €2 million in 2012 versus a loss of €1.7 million euros for the previous year.

The Company's financial income for the year ended 31 December 2012 amounted to €12.5 million, up from €10.1 million for the year ended 31 December 2011. It is comprised primarily of the dividends received from Seplat (€11.5 million), interest income generated by the Shareholder Loan and the cash investments made (€4.4 million) as well as currency translation adjustments (€3.4 million). These adjustments are related to the existence of significant currency positions. At the end of fiscal year 2012, the Company held receivables from Seplat (Shareholder Loan of approximately US\$47 million and advances of US\$98 million) and cash in currencies in the amount of US\$136 million.

1.4.2 FINANCING AND FINANCIAL DEBT

The consolidated cash flow statement for the Company as at 31 December 2011 and 31 December 2012 is as follows:

<i>En milliers d'euros</i>	31/12/2012	31/12/2011 Restated*
Consolidated pre-tax income	51,322	21,032
- Net increase (reversals) of amortisation, depreciation and provisions	0	0
- Unrealised gains (losses) due to changes in fair value	0	0
- Other calculated income and expenses	101	(124)
- Gains (losses) on asset disposals	0	0
- Share of income from equity associates	(48,229)	(12,468)
- Other financial items	(1)	114
Cash flow before taxes	3,193	8,554
Payment of tax due	(5,933)	0
Change in working capital requirements for operations	(839)	1,028
- Customers	(509)	(91)
- Suppliers	(330)	1 119
- Inventories	0	0
- Other		
NET CASH FLOW FROM OPERATING ACTIVITIES	(3,579)	9,582
Dividends received (equity associates, non-consolidated securities)	10,990	0
Other cash flows from investment activities	(76,832)	67,714
NET CASH FLOW FROM INVESTMENT ACTIVITIES	(65,842)	67,714
Amounts received from shareholders for capital increases	0	105,000
Proceeds from new loans	0	(16)
Interest paid	1	(114)
Borrowing repayments	0	16
Treasury share acquisitions	(2,499)	(3,983)
NET CASH FLOW FROM FINANCING ACTIVITIES	(2,498)	100,903
Impact of exchange rate fluctuations	0	0
CHANGE IN NET CASH	(71,919)	178,199
Cash at start of period	178,251	52
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	106,334	178,251

* Restated for the change in consolidation method.

The Company posted cash of €106 million for the year ended 31 December 2012 in comparison to €178 million for the year ended 31 December 2011, a decrease of €72 million. This reduction is due primarily to the US\$98 million advance granted by the Company to Seplat at the end of 2012, which Seplat repaid at the start of 2013. Taking into account the advance made to Seplat, cash at the end of the period

totalled €181 million, a slight increase of €3 million in cash in comparison to 2012. The level of cash remains high, and it should allow the Company to expand in Nigeria or in other countries and seize growth opportunities offered by the oil industry.

1.4.3 CONTRACTUAL COMMITMENTS

→ 1.4.3.1 Financial debt

As at the date of this Annual Report, the Company has not set up any financing agreements.

On the other hand, Seplat benefits from a financing agreement established on 12 June 2012 with retroactive effect to 25 August 2011 and described in section 1.4.3.3 below; at the end of May 2013, US\$190 million had been drawn.

→ 1.4.3.2 Property, plant and equipment pledged, mortgaged or offered as collateral

At the close of fiscal year 2012, neither the Company nor Seplat had any property, plant or equipment pledged, mortgaged or offered as collateral other than the Seplat shares held by the Company and its Partners, which had been pledged to lending institutions to secure the financing described in section 1.4.3.3 below.

→ 1.4.3.3 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 the Shareholder Loan granted to Seplat on that same day by the Company for the amount in principal of US\$153 million (see section 5.3.2 of this Annual Report).

During the year ended 31 December 2011, Seplat obtained a Bridge Loan on 29 March 2011 from the African Export-Import Bank and Skye Bank Plc (the "**Bridge Loan**") in the principal amount of US\$200 million, which allowed it to repay the BNP Paribas Loan in full as well as a portion of the Shareholder Loan with the additional amount available. On 22 July 2011, the Bridge Loan was amended by a first amendment to increase the amount to US\$550 million, US\$275 million of which can be drawn down subject to certain contractual conditions.

Negotiations between the parties to 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 line of credit of up to US\$550 million, available for five years from the signing of the contractual documentation and replicating the main contractual conditions of the Bridge Loan. On 12 June 2012, the parties to the Bridge Loan definitively signed the syndicated credit facility effective retroactively to 25 August 2011 (the

"**Syndicated Credit Facility**"). The Syndicated Credit Facility replaces the Bridge Loan, of which US\$258 million had been drawn down at the end of 2011.

The amount of the Syndicated Credit Facility can reach up to US\$550 million. It is to be depreciated on a straight-line basis, with a final repayment on 25 August 2016. All remaining sums due in relation to the line of credit on the maturity date must be repaid on that date. The sums drawn on this line of credit bear interest at the Libor rate plus a percentage ranging from 5% to 7.5% depending on the lending institutions in question.

The remaining balance of the Syndicated Credit Facility amounted to US\$203 million at the end of 2012 and US\$190 million at the end of May 2013.

To secure the Syndicated Credit Facility, the Company and its Partners pledged the shares held in Seplat to the lending institutions. In addition, Seplat agrees under the Syndicated Credit Facility to respect certain financial ratios, including:

- ▶ a debt to equity ratio less than 3; and
- ▶ an amount borrowed that is less than the level of P2 reserves multiplied by US\$70 multiplied by 40%.

At 31 December 2012, Seplat was respecting these ratios.

Furthermore, the balance of the Company's receivable in respect of the Shareholder Loan, which remained unchanged over the year ended 31 December 2012, was approximately US\$47 million.

Lastly, the breakdown of Seplat's financial liabilities by contractual maturity is shown in the summary table provided in section 2.5.3 of this Annual Report.

→ 1.4.3.4 Purchase/lease of property, plant and equipment

As at the date of this Annual Report, the Company has not acquired or leased any property, plant or equipment.

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 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 Trinity Spirit floating production storage and offloading unit (FPSO). Seplat paid Allenne British Virgin Islands Limited US\$15 million as an advance, to be deducted from the price for purchasing, leasing or processing crude oil via the FPSO, to be negotiated between the parties in the event of a final agreement.

This sum had to be repaid, without any financial deduction, by the co-contracting party within seven business days of a request from Seplat if Seplat was to decide not to purchase or lease the FPSO. In 2012, Seplat gave notice that it did not intend to exercise the option to lease or acquire the FPSO and requested

that the advance be repaid. Following this decision, the parties agreed to stagger this repayment which must be made no later than 31 December 2013. Under this agreement, US\$3 million had already repaid by the end of 2012.

1.4.4 CASH FLOW AND FINANCING

Consolidated cash flow and potential funding requirements for the year ended 31 December 2012 are described in section 1.4.2 of this Annual Report.

1.4.5 BORROWING CONDITIONS AND FINANCING STRUCTURE

As at the date of this Annual Report, the Company has not entered into any financing agreements. On the other hand, Seplat's current borrowings are those described in section 1.4.3.3 of this Annual Report.

1.4.6 RESTRICTION 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. Moreover, the restrictions on the use of the capital which Seplat may use are described in section 2.8 of this Annual Report.

1.5 Investments

1.5.1 MAIN INVESTMENTS MADE BY THE COMPANY AND BY 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 financing and refinancing conditions of this investment are described in sections 1.4.3.3, 2.1.2 and 5.3.2 respectively of this Annual Report.

Seplat's acquisition of 45% of the rights in OMLs 4, 38 and 41 was made for a total price of US\$373 million, including the payment of an initial sum of US\$340 million and the payment of a price adjustment of US\$33 million, the conditions for which have been met. This price adjustment was paid in 2012.

During the year ended 31 December 2012, the members of the Joint Operating Agreement implemented a sustained programme of investments necessary to achieve its stated production objectives of 50,000 barrels per day (on a 100% basis) operated per day at the end of 2012. Pursuant to this investment programme, twelve production and injection wells were drilled over the period at a cost of US\$185 million, significant workovers on nine wells were performed for US\$98 million, and US\$44 million was allocated for investments relating to processing facilities.

1.5.2 SEPLAT'S MAIN INVESTMENTS IN PROGRESS

The investments made over 2012 totalled approximately US\$330 million for the members of the Joint Operating Agreement. As indicated in section 1.5.1 of this Annual Report, these investments enabled a significant well drilling programme to be completed in order to ensure the ramping-up of production on all of the fields. This investment programme is continuing

in 2013. In addition, the oil-water separation unit, for which US\$44 million was invested for its construction, is scheduled to become operational in the second quarter of 2013. This unit will optimise the capacity for routing the oil produced whilst reducing the processing costs currently invoiced by SPDC.

1.5.3 MAIN INVESTMENTS PLANNED OR COVERED BY FIRM COMMITMENTS FROM THE MANAGEMENT BODIES OF THE COMPANY AND/OR SEPLAT

The investments budgeted over 2013 total approximately US\$400 million for the parties to the Joint Operating Agreement (see section 5.4.2.2 of this Annual Report). They correspond to the installation of an alternative routing system for production, continued construction work on the oil-water separation unit and certain connection facilities which are scheduled to come into

service in the second half of 2013, an investment package for the expansion of production, processing and transportation capacities for gas, and the continuation of the well drilling programme to ensure an increase in production across all of the fields (60,000 barrels per day on a 100% basis) at the end of 2013.

1.5.4 INVESTMENT FINANCING

Based on the principles agreed upon by the Company and its Partners within the Agreement concerning the financing of Seplat's activities, investments and development, the parties to the Agreement agreed that, as far as possible, this financing must first come from the available cash flow generated by Seplat's activities, and that any additional funds required must first come from third parties, specifically through 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 Seplat, particularly on any investments over US\$5 million) or if Seplat's annual business plan includes investments that justify the decision (the annual business plan must be unanimously

approved 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. In this respect, with regard to the investments provided for in the Seplat annual business plan, the Agreement stipulates 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 moved by the Company in accordance with the conditions defined by the Agreement.

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

1.5.5 REAL ESTATE AND FACILITIES

Seplat's facilities and equipment consist of three production sites located at the Oben, Sapele and Amukpe fields, two gasworks at Oben and Sapele, a barge at the Ovhor field able to process offshore drilling production, a hydrocarbon routing network and the equipment necessary for the operation of the facilities (pumps, compressors, generators, control instruments, etc.).

The consolidation by the equity method takes the valuation of these assets into consideration.

For a description of the environmental issues that may influence Seplat's use of its property, plant and equipment, please refer to Chapter 4 of this Annual Report.

1.6 Information on trends and strategy

1.6.1 INVESTMENT PROGRAMME

The investment programme undertaken in 2012 covered the completion of a significant well drilling programme in order to ramp up production on all of the fields (see section 1.5.1 of this Annual Report). This intensive drilling programme, which is to continue in 2013 and 2014, assumes the use of several drill rigs at full capacity over the duration of the programme.

In 2012, Seplat signed exclusive reservation contracts for two drilling rigs for an initial period of two years from May 2012, which was increased to five years by an agreement dated

17 May 2012. The commitment over the first two years represents US\$90 million in services.

Finally, the members of the Joint Operating Agreement committed US\$44 million for investments relating to processing facilities. These primarily relate to the construction of a water/oil separation unit that is scheduled to become operational during the second half of 2013 and which will maximise the capacities for routing the oil produced whilst reducing the processing costs charged by SPDC.

1.6.2 OBJECTIVE AND STRATEGY

→ 1.6.2.1 Maximise the production, reserves and cash flow 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. Supported by its assets, the Company has set itself the target of reaching a well production level of 60,000 barrels per day (on a 100% basis) in 2013, 80,000 barrels per day (on a 100% basis) in 2014, and 100,000 barrels per day (on a 100% basis) in 2015.

In order to increase Seplat's oil and condensate production capacity, the Company and its Partners are also looking to maximise Seplat's reserves, primarily by performing the work necessary to transfer the contingent resources into reserves, and by preparing the development plans that will allow production to begin. To this end, 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 by using synergies with the existing facilities. In order to achieve the development objective initiated in 2012 and continued in 2013, which is to bring two new fields into production each year, Seplat has made an investment of US\$283 million (drilling production and injection wells, significant well workovers). In 2012, significant work was completed on several fields, some of which will be put into production in 2013.

With respect to gas production, Seplat's target is to supply 130 billion cubic feet by the end of 2013 to meet its obligation to supply gas to the local market, and is working to significantly increase its processing capacities to extract better value from its gas assets, which will require the completion of a multi-year investment programme with an initial sum of US\$90 million.

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

- ▶ continuing the operations required to transform the current contingent resources (C1, C2 and C3) into reserves and by developing an exploration programme to identify new resources; and
- ▶ installing the technical equipment to process water directly on site to optimise the conditions for routing hydrocarbons. The investments made for the processing facilities in 2012 (including the construction of an oil/water separation unit to be used in the second half of 2013) are part of this strategy.

In 2013, the investments planned by Seplat, totalling around US\$400 million, will continue the intensive drilling programme to ensure that the objectives of the MP Nigeria Group are achieved, including the implementation of an alternative routing system for production.

→ 1.6.2.2 Diversification of the asset portfolio

The second strategic focus for the Company and its Partners is to seize any opportunity to diversify its portfolio of assets. For this purpose, Seplat has set up a team whose mission is to look for, identify and study opportunities to acquire permits or companies in Nigeria which may be of interest to Seplat and, therefore to the Company.

At the same time, the Company is examining investment opportunities outside of Nigeria in order to continue its growth in exploration and production operations in regions with high potential. This diversification of the Company's portfolio of assets outside of Nigeria does not conflict in any way with the Company's desire to maintain a significant equity interest in Seplat.

In order to implement this strategy, in addition to a corporate name change that was approved by the Combined Ordinary and Extraordinary Shareholders' Meeting of 20 June 2013 (proposal the adoption, with effect from 20 June 2013, of "MPI" as the new corporate name), on 26 April 2013 the Board of Directors of the Company authorised the establishment of a partnership with Maurel & Prom and defined its guiding principles.

This partnership takes the form of a joint venture, in which one-third of the capital will be held by Maurel & Prom and two-thirds by the Company, whose capital will total €100 million and for whom calls for funds will be made by the partners in accordance with the applicable legal provisions.

The purpose of the joint venture is to support various development projects presented by either of the partners. Within the context of this partnership, future oil exploration and production development projects will be performed jointly by the two companies via the joint venture (with the exception of projects located in the respective historical areas of activity of each company). However, if one of the two partners decided not to take part in development operation, the other partner would be

free to carry out the development operation outside of the joint venture (alone or in association with another partner).

The interest for the two companies in joining forces resides in their complementary characteristics, as Maurel & Prom is a recognised player in the oil sector and has the necessary expertise and skills, while MP Nigeria has the necessary cash to be able to invest (particularly as part of its policy of expanding its asset portfolio), but does not have the specific technical means. Maurel & Prom will also provide human resources to the joint venture under the terms of a services agreement. The partnership will give the Company access to a large number of opportunities while diversifying the risks.

A partners' agreement will be signed in due course to (i) formalise the governance rules for the joint venture (particularly the principle of unanimous consent for major decisions within the joint venture), (ii) define the procedure for presenting projects to the joint venture, and (iii) stipulate certain restrictions on the transfer of securities in the joint venture held by the Company and Maurel & Prom respectively, which includes a reciprocal unilateral purchase option (call), that may be exercised at any time by either party on the shares held by the other party on a decision made by one of the Boards of Directors of the

shareholding companies at a price to be determined by an independent expert.

This partnership will be the subject of a specific resolution to be approved at the Combined Ordinary and Extraordinary General Meeting of Shareholders to be held 20 June 2013.

On 4 June 2013, the Company announced that the first project to be conducted through this joint venture had been completed. MP East Asia, a subsidiary of the joint venture, signed an agreement with PetroVietnam to acquire interests in the M2 block, with a surface area of 9,652 km², located off the coast of Myanmar. This agreement is subject to the approval of the Myanmar government. Once the transaction has been completed, MP East Asia will hold 40% of block M2 and the other parties to the Joint Operating Agreement, namely PetroVietnam and Eden Group Company Ltd, will hold 45% and 15% of block M2 respectively. In addition, MP East Asia intends to continue its relationship with PetroVietnam. This is why, after this first partnership, MP East Asia and PetroVietnam will begin talks to reach a cooperation agreement in order to exchange information and undertake new investment projects in Vietnam or in any other country in which the parties may have projects.

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RISK FACTORS

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The Company has conducted a review of the risks that might have a significant adverse effect on its activities, financial position 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 as at the date of this Annual Report, and likely to have a significant negative impact on the Company or Seplat, may or could exist. The occurrence of any one of these risks could have a significant adverse effect 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 RELATED TO THE 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, a Nigerian company registered with the Corporate Affairs Commission of Nigeria under number RC 824838, 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 under 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. In addition, the Company is studying investment opportunities outside of Nigeria to continue its development in exploration and production operations in regions with high potential. For this purpose, the Company has signed a partnership agreement with Maurel & Prom providing for joint investments in oil projects through a joint venture (see section 1.6.2.2 of this Annual Report). The Company holds significant cash for the purposes of its development (see section 1.4.2 of this Annual Report) that will allow it to rapidly seize such opportunities.

2.1.2 RISKS RELATED TO THE LACK OF A CONTROLLING INTEREST IN SEPLAT

The Company is exposed to risks related to the fact that it holds only 45% of the share capital and voting rights of Seplat. The Company is exposed to risks related to the fact that it holds only 45% of the share capital and voting rights of Seplat, its only significant operating asset to date. The Company will reduce this minority interest in Seplat specifically to facilitate access to the latter's financial markets and/or to finance the Company's asset diversification strategy (see section 1.6.2.2 of this Annual Report). For this purpose, the Company has granted Seplat a non-exclusive mandate (see section 5.3.6 of this Annual Report) so that the latter can select any potential buyer interested in the acquisition of a maximum equity interest of 20% of the share capital of Seplat held by the Company, with the Company retaining a significant interest

in Seplat's share capital. Seplat has launched a bidding process and has received expressions of interest which have been passed to the Company, which is currently examining them. The rest of the Seplat's capital is held by Shebah (31%) and Platform (24%), two companies 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 currently 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 5.4.1.1 of this Annual Report, the Company has a veto right 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 operating plans, the choice of major service providers, particularly for drilling, and the distribution of dividends. The rights specified in the Agreement and the accords concluded with Seplat may, however, be amended if the Company's equity interest in Seplat is reduced.

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 million at the date of this Annual Report (see section 5.3.2 of this Annual Report), and (ii) the principal of US\$187 million related to Seplat's acquisition of 45% of the rights in OMLs 4, 38 and 41 (see section 5.4.2.1 of this Annual Report), which was financed via the bank debt described in section 1.4.3.3 of this Annual Report (as refinanced). However, under the Agreement, the approximate sum of US\$47 million still owed by Seplat to the Company as at 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.

The Company is not aware of the precise date on which Seplat will repay the amounts owed under the Shareholder Loan. However, to the best of the Company's knowledge, if Seplat is listed for trading in Nigeria and on another financial market, the amount due in respect of the Shareholder Loan would have to be repaid by Seplat upon the completion of this operation.

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 to OMLs 4, 38 and 41 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 Seplat's 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 adverse effect on its activity and financial position.

Furthermore, as in all joint ventures, there is a risk of disagreements or a blocked vote among Seplat's shareholders that could force 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 between 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 must 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 is 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 an 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 and does not exercise direct operational responsibilities; it has no access or influence over management procedures, internal control, feedback from information on Seplat's activities, etc. as immediate or direct as if held capital control of Seplat or had direct operational responsibilities. 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 the Services Agreement described in section 5.3.1 of this Annual Report. The rights specified in the Agreement and the accords concluded with Seplat may, however, be amended if the Company's equity interest in Seplat is reduced.

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, or even determining effects (the Company's 45% stake in Seplat is its only operational asset as at the date of this Annual Report) on the activities, financial position, 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 SALE OF AN EQUITY INTEREST IN SEPLAT AND THE LISTING OF SEPLAT SHARES ON ONE OR MORE STOCK EXCHANGES

The Company holds 45% of the share capital and voting rights in Seplat, its only operating asset to date. The large equity interest that the Company currently holds in Seplat (45%) has allowed the Company to obtain a significant number of rights, particularly in terms of appointing members of the Board of Directors, appointing the chief financial officer and the chief operating officer, making decisions and having a right of veto over certain major strategic and operational decisions under the Agreement (see section 5.4.1.1 of this Annual Report).

The Company will reduce this equity interest in Seplat mainly to facilitate access to the latter's financial markets and/or to finance the Company's asset diversification strategy (see section 1.6.2.2 of this Annual Report). For this purpose, the Company has granted Seplat a non-exclusive mandate (see section 5.3.6 of this Annual Report) so that the latter can select any potential buyer interested in the acquisition of a maximum equity interest

of 20% of the share capital of Seplat held by the Company, with the Company retaining a significant interest in Seplat's share capital. Seplat has launched a bidding process and has received expressions of interest which have been passed to the Company, which is currently examining them.

Any change to the distribution of Seplat's share capital resulting in particular from the listing of Seplat's shares on one or more stock exchanges and/or the significant reduction of the Company's equity interest in Seplat would have an impact on the distribution of power and balance within Seplat and could lead to a renegotiation of the Agreement that may result in the loss of certain rights currently held by the Company under the Agreement, which may adversely impact the Company's activities, financial position, results and outlook. As at the date of this Annual Report, the Agreement has not been renegotiated.

2.1.4 RISKS RELATED TO THE OPERATION OF THE JOINT OPERATING AGREEMENT BETWEEN SEPLAT AND 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 NPDC under the terms of a Joint Operating Agreement as described in section 5.4.2.2 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, six representatives from NPDC and six from Seplat. In order to be adopted, the decisions of this committee must (i) obtain a *quorum* of two-thirds of the members of the Operating Committee, including a minimum of four members from 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 NPDC could have a lasting 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 DeGolyer & MacNaughton on 31 December 2012 in its Competent Person's Report on OMLs 4, 38 and 41 dated 6 May 2013, based on the economic conditions of the exploration/production permits in question and using existing geological 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 Seplat's resources and reserves 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 THE EXPLORATION AND 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 are obtained 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, in the case of the proven reserves (P1) described in section 1.2.1.2 of this Annual Report, the level of which were valued on 31 December 2012 by DeGolyer & MacNaughton in its report on OMLs 4, 38 and 41 dated 6 May 2013, Seplat has, after two years of operation, sufficient production data to certify a level of reserves that allows it to define the production objectives indicated in this Annual Report. Finally, exploration costs may vary during the exploration period according to different parameters, including the practical difficulties encountered because of the areas/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 of 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 HYDROCARBONS 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, the completion of 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 required and the development costs and additional costs incurred above and beyond 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 range 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 the delivery of equipment or adverse weather conditions (for the risks specific to the environment (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 OF 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 the Company could subject Seplat or the Company to additional costs, delays, or even the abandonment of

projects, which could have a significant adverse effect on the business, 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 for 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 proportion of Seplat's purchases made from the main supplier, Seplat's top five suppliers and top ten suppliers:

Supplier and subcontracting concentration	2012	2011
Top supplier as a percentage of total purchases*	20%	36%
Top 5 suppliers as a percentage of total purchases	46%	49%
Top 10 suppliers as a percentage of total purchases	58%	55%

* 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 2012 and competitive bidding for all major orders reduced the supplier concentration.

More specifically, the transport contract signed with SPDC and described in section 5.4.2.3(a) of this Annual Report, means that this Company, as at the date of this Annual Report, shall provide all transportation of Seplat's hydrocarbons.

It should, however, be noted that the pipeline operator applies technical adjustments and a fixed discount to the production. Seplat believed in 2011 that the production volumes recognised for Seplat by SPDC after the application of the technical adjustments and the fixed discount did not correspond to Seplat's production data, as the volumes recognised by SPDC were significantly lower than Seplat's estimates, thus generating a substantial shortfall for Seplat. Seplat informed SPDC of this issue and, in order to resolve this dispute over production volumes, in 2011 Seplat installed a fiscal metering unit that was approved by the Nigerian authorities. Negotiations were then entered into with SPDC, particularly in relation to determining the net amount (oil/water percentage) and the reallocations to be given to Seplat. Following these negotiations, Seplat and SPDC reached an agreement in principle that provides in particular for the total reallocation of 2,384,943 barrels, which corresponds to the reallocation of the discrepancies between the wellhead production determined by Seplat and the production recognised by SPDC in favour of the parties to the Joint Operating Agreement – Seplat and NPDC – i.e. 1,055,224 barrels for Seplat in respect of the volumes produced until the end of 2012. This reallocation consists of the first two adjustments in favour of the parties to the Joint Operating Agreement, of 297,133 and 440,000 barrels respectively, for activities prior to March 2012, and a third adjustment of 1,647,810 barrels. This third adjustment amounted to 1,207,558 barrels, and the balance of 440,252 barrels will be adjusted by 31 August 2013 at the latest. In addition, it should also be noted that the negotiations conducted with SPDC also reached an agreement in principle regarding the application of a maximum fixed discount of 8% for the calculation of production volumes.

Furthermore, the transport contract should allow Seplat should allow Seplat to transport all of the production from OMLs 4, 38 and 41, on a 100% basis, until the end of 2013 (to the extent that Seplat's well production target is 60,000 barrels per day as at 31 December 2013 for a contractual transportation capacity of 52,000 barrels per day extendible to 62,400 barrels per day). This transport contract stipulates that from 1 January 2013, Seplat must only 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 transportation 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 expiration 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 of 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 to terminate under the transportation 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 possible relations, 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 transportation contract can be continued under the same conditions as currently, notwithstanding the delay mentioned above. To date, no request to terminate the transportation contract has been made to Seplat by SPDC. Finally, the Company believes that if, despite the elements described above, SPDC decided to demand termination of the transportation contract before the installation of the separation equipment in 2013, Seplat would still have the possibility of rapidly connecting to the networks of other partners in order to transport its oil.

With respect to these alternative means of transportation, Seplat, in order to mitigate potential problems under the transportation contract signed with SPDC and in anticipation of its future production volume, is conducting talks with Panocean for the use of the pipeline between Amukpe and the Escravos terminal; construction work on this pipeline has already begun. Finally, Seplat is studying other alternative transportation projects, including one that would use the NAOC pipeline from Kwale to the Brass terminal, and it has also planned investments to build a pipeline between Rapele and the Warri refinery. However, the Company cannot guarantee that the alternative solutions presented above will be available under conditions, and particularly price conditions, equivalent to those which Seplat enjoys today.

2.2.5 RISKS OF 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 intermediary 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 company 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 an average 32,260 bbl/d for fiscal year 2012. These volumes (recognised entitlements, production sold) take into account technical adjustments and a fixed discount applied by SPDC for the reallocation of the discrepancies between the well output determined by Seplat and the production recognised by SPDC.

Seplat believed in 2011 that the production volumes recognised for Seplat by SPDC after the application of the technical adjustments and the fixed discount did not correspond to Seplat's production data, as the volumes recognised by SPDC were significantly lower than Seplat's estimates, thus generating a substantial shortfall for Seplat. Seplat informed SPDC of this issue and, in order to resolve this dispute over production volumes, in 2011 Seplat installed a fiscal metering unit that was approved by the Nigerian authorities. Negotiations were then entered

into with SPDC, particularly in relation to determining the net amount (oil/water percentage) and the reallocations to be given to Seplat. Following these negotiations, Seplat and SPDC reached an agreement in principle that provides in particular for the total reallocation of 2,384,943 barrels, which corresponds to the reallocation of the discrepancies between the wellhead production determined by Seplat and the production recognised by SPDC in favour of the parties to the Joint Operating Agreement – Seplat and NPDC – i.e. 1,055,224 barrels for Seplat in respect of the volumes produced until the end of 2012. This reallocation consists of the first two adjustments in favour of the parties to the Joint Operating Agreement, of 297,133 and 440,000 barrels respectively, for activities prior to March 2012, and a third adjustment of 1,647,810. This third adjustment amounted to 1,207,558 barrels, and the balance of 440,252 barrels will be adjusted by 31 August 2013 at the latest. In addition, it should also be noted that the negotiations conducted with SPDC also reached an agreement in principle regarding the application of a maximum fixed discount of 8% for the calculation of production volumes.

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 oil 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 RISKS RELATED TO COMPETITION

In developing their activities beyond the current 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 company, represent an advantage in terms of functional flexibility and the ability to make decisions more rapidly, and 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 ABSENCE OF HISTORICAL PRODUCTION DATA REGARDING PRODUCTION FROM OMLs 4, 38 AND 41

Seplat does not have detailed historical production data on 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 now operated OMLs 4, 38 and 41 for more than two years, the Company believes that Seplat and the Company have sufficient production data to set reasonable and informed

production objectives without the need to use additional historical production data. Furthermore, 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 related to operating in Nigeria

Seplat's activities are 45% held by the Company (the Company's only 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 similar to those of Nigeria may be subject to risks similar to those described below.

2.3.1 RISKS RELATED TO THE GENERAL ECONOMIC AND POLITICAL CONTEXT 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; and
- ▶ 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, outlook, financial position and results of Seplat and the Company in Nigeria, and it cannot be guaranteed that the permits, licenses 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 stringent or conditions.

In addition, the political and economic instability of Nigeria could increase as a result of 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 operate, 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 ethical and business reputation, 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 commodities, 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, in recent years, deadly assassinations and attacks attributed to the Boko Haram terrorist group have increased significantly. Since 2009, acts of violence blamed on this group have claimed nearly 1,500 lives, 875 of them during the first nine months of 2012.

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, with the exception of the incident in October 2011 on the Forcados pipeline operated by SPDC, which caused a 17-day production interruption, representing a production impact for the month of October 2011 of around 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. In 2012, no production interruptions due to terrorist acts, armed conflicts or criminal activities were identified by Seplat.

→ 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 concerning 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.

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 awards hydrocarbon exploration and production rights under time-limited OMLs, which can be renewed (see the following risk factor). It therefore retains control over the

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 therefore developed a code of good conduct (see section 4.3.4.1 of this Annual Report) which stipulates, in particular, procedures for tenders and for informing Seplat employees and subcontractors about its policy to prevent corruption. In addition, prevention and training programmes have been put in place by Seplat to protect itself against potential attempted corruption or extortion. 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 the 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 disrupt the activities of hydrocarbon producers based in Nigeria.

To resolve 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 related to the inadequacy of infrastructures in Nigeria is limited. However, in the event of prolonged power and water cut-offs, the alternative systems may not be able to offset these insufficiencies, and this could have significant negative consequences on Seplat's activities, outlook, financial position, or results in Nigeria.

exploration and production of hydrocarbon reserves and, in many cases, acquires interests of its own through the state-owned oil company, NNPC (or through one of its subsidiaries, particularly NPDC). 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 5.4.2.2 of this Annual Report, which specifically establishes the conditions for production sharing and the procedures for the 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 exploration/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 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 one reform 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» or "LCA") 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 project operator or developer must limit the number of expatriates in management posts (the current limit is a maximum of 5%). To date, Seplat is in compliance with this legal limit.

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

The LCA 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 LCA 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 lead to the cancellation of the project in which the violation was committed.

Seplat and the Company have anticipated the consequences of this law, which entered into force prior to Seplat's acquisition in July 2010 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 2012 law on the petroleum industry

The proposed 2008 law to significantly reform the Nigerian petroleum industry (known as the "Petroleum Industry Bill" or PIB) has been amended many times since 2008, primarily because of opposition from the international oil companies who believe that this text would create an unfavourable environment for investment in the hydrocarbons sector by (i) changing the economic conditions of existing and future investments and (ii) by establishing a new tax system. As a result, multiple and sometimes conflicting versions of the proposed law have been drawn up and distributed. The existence of different versions of the bill and preparations for the general elections in the second half of 2011 made it impossible for the Nigerian Congress to pass the bill before the last session of the term of office.

Following the plan to deregulate the downstream sector of the industry presented by the government in January 2012, designed to eliminate "subsidies" on fuel sales in Nigeria, fuel prices rose, and resulted in a major strike across the entire country. In order to quell this strike action, the federal government of Nigeria agreed to reform the hydrocarbons sector and created a special committee to present a harmonised version of the draft PIB.

President Goodluck Jonathan then presented a new version of the PIB to the House of Representatives on 18 July 2012. This text, which had a second reading by the House of Representatives in late 2012 and by the Senate on 7 March 2013, is currently being discussed within committees of the House of Representatives and the Senate due to differences of opinion that arose during debates on this bill. The final content of this bill and the possible date for its adoption have been the subject of intense speculation for years, speculation which is often reported on by the Nigerian and international press.

This bill, in its latest version of July 2012, contains a number of provisions intended to reform, update and consolidate oil laws in Nigeria and, more specifically, to (i) restructure or reorganise the existing regulatory and oversight bodies, (ii) establish a specific fund for the local communities within oil operating areas ("petroleum host communities fund"), which will be funded by a tax payable in particular by oil and gas companies conducting onshore operations, (iii) consolidate and update the laws applicable to the upstream sector, (iv) deregulate the downstream segment, (v) ban gas flaring, (vi) create a new tax system for companies conducting production operations in the upstream segment, and (vii) apportion the obligation to supply gas to the local market among permit beneficiaries.

As the bill stands now, with the discussions and uncertainties over the date for the new review of the bill, its adoption and the final content which could differ from what has been presented above, it is difficult to conduct a detailed assessment of the consequences that the changes described 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.

→ 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 could 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 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 of 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, as a function of the reserves of the permit in question. The Department of Petroleum Resources in Nigeria 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:

- ▶ if the fields covered by the authorisation produce at least 10,000 barrels per day;
- ▶ 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 expire again 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 PIB changes the permit renewal procedure. 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 lack 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 between 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 concerning the oil permits held by Seplat. Likewise, these uncertainties means that there is no guarantee that the contracts, *joint ventures*, permits, applications for permits, or any other legal right will not be significantly affected in the future by the conduct of government authorities or shall have force of law and be enforceable in Nigeria, particularly with regard to the Company's rights under the terms of 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 the Partners in Seplat.

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 collapses, and hydrocarbon spills or leaks that generate, in particular, toxic risks and the risk of fire or explosion.

All of these events are capable of damaging or destroying the hydrocarbon wells in production and 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 these usual risks in exploration/production, there are the additional specific risks described below.

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

For more information on the social, environmental and corporate responsibility policy, please refer to Chapter 4 of this Annual Report.

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

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

During the audits conducted by Environmental Resources Management, the auditors of this company verified the validity of the permits for the main pipelines due to it being unable to inspect all of the permits related to the other oil facilities (establishment 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 operating authorisations or other applicable authorisations were still in force and valid for all of its assets. In the event that, after verification, some of these authorisations are missing or no longer valid, Seplat could face administrative penalties, including fines, which could have an adverse 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 issue in this area, believes that any missing authorisations or permits over which there may be doubts, or which are not or no longer valid, should only concern 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.

Moreover, Seplat is seeking to implement alternatives to the existing systems for the evacuation of the hydrocarbons it extracts to meet its production targets. In fact, while the transport contract signed with SPDC on 30 July 2010 should allow Seplat to transport all of its production from OMLs 4, 38 and 41, on a 100% basis, until the end of 2013 (to the extent that Seplat's well output production target is 60,000 barrels per day at 31 December 2013 for a contractual transportation capacity of 52,000 barrels per day, which can be increased to 62,400 barrels per day), Seplat could require additional transportation capacity after that date. This is why Seplat is currently looking into alternative transportation solutions for its production (see section 2.2.4 of this Annual Report).

Pursuant to the regulations applicable in Nigeria, Seplat is conducting 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 use 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. This production is currently primarily intended to meet the obligation to supply gas to the domestic market. A residual volume of the associated gas is, however, currently flared on the Ovhor and Amukpe sites and was flared on different sites in the past.

However, the flaring of associated gas is prohibited in Nigeria unless special authorisation is obtained from the Nigerian oil minister, under certain conditions and with the payment of a royalty. Adoption of the PIB would make the regulations currently in force more stringent.

During the audit by *Environmental Resources Management* in March 2011, Seplat was unable to provide this company with all of the documentation for the authorisations relating to the sites on which the associated gas is flared (Ovhor and Amukpe

at the date of this Annual Report), which prevented this company from ensuring the compliance of some facilities with the legal requirements, and from identifying 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 that flaring be ceased 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, insofar as the quantities of gas in question are small, these possible violations are not expected to have a significant unfavourable effect on Seplat's outlook, financial position and results. In addition, this risk should progressively disappear for the current production because of the facilities planned in 2013 in order to completely end gas flaring on the fields currently 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 areas and on their quality of life.

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 as at the date of this Annual Report) per day of violation and thus of penalties.

Moreover, the residents of neighbouring areas exposed to a high level of noise pollution could file legal actions against Seplat to ensure that corrective measures are implemented, including the installation of noise barriers or the relocation of the most exposed residents away from areas with high noise emissions (provided

that the dwellings in question were built before the facilities in question) or demand that compensation is paid because of the nuisances suffered, which could have an unfavourable impact on the activities, investments and development outlook of Seplat and the Company.

In order to limit this risk, Seplat conducts regular maintenance of its equipment. In addition, night time operations are prohibited, except when absolutely necessary. In that case, adequate measures are taken to reduce the noise level and working hours are limited to the minimum necessary. Seplat is also (i) preparing noise maps for all the existing facilities to demarcate and identify all areas where noise levels are higher in order to inform employees of the location of secure work areas and (ii) it may establish safe distances and buffer zones between the sites and local communities.

2.4.4 RISKS RELATED TO WATER AND SUBSOIL QUALITY

Seplat's oil exploration/production activities could damage water resources and the quality of 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. In fiscal year 2012, Seplat identified seven

accidental hydrocarbon spills for a total volume of 17.67 cubic metres (111.16 barrels) (see section 4.2.2.1 (c) of this Annual Report) and it ensured that the contaminated areas were fully cleaned and restored.

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 holds 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. These studies allow it to examine and evaluate safety risks and the potential environmental impact of the work planned (see section 4.2.5.1 of this Annual Report). 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 works systematically to obtain approval from the relevant ministry for its surface installations, particularly with regard 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 RISKS OF FLUCTUATIONS IN THE PRICE OF HYDROCARBONS

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 consequence, the projected cash flows and results of the Company and Seplat are heavily impacted by changes in the price of hydrocarbons expressed in US dollars.

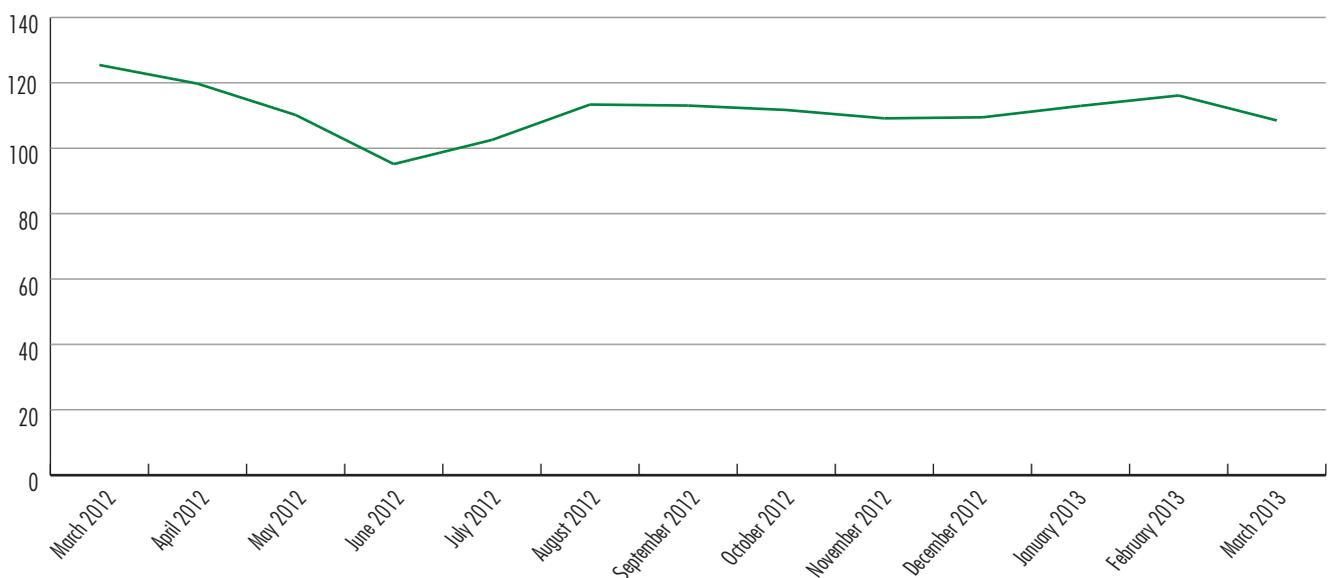
As at the date of this Annual Report, no specific policy to hedge this risk has been implemented by the Company or Seplat, due in particular to the costs of implementation and the related unfavourable tax treatment. However, the Company and Seplat do not rule out the possibility of using hedging instruments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

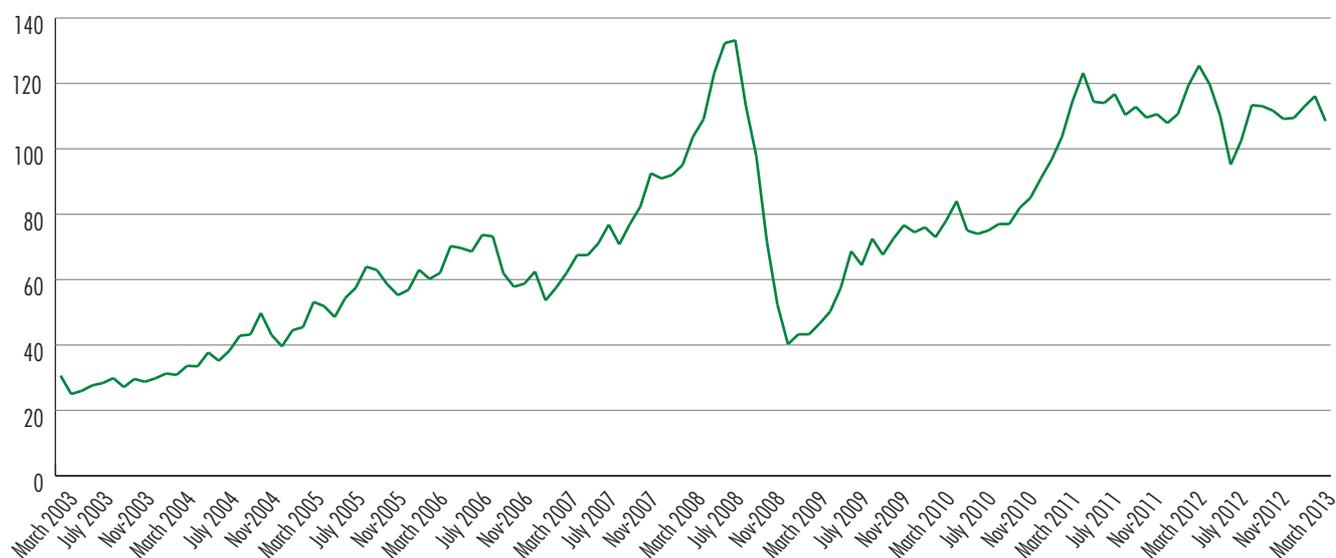
Moreover, under the various financing agreements set up with African Export-Import Bank (lead bank), UBA, First Bank and Skye Bank and the sums drawn under the Syndicated Credit Facility (as this term is defined in section 1.4.3.3 of this Annual Report), Seplat has agreed, at the request of the lending institutions, to enter into a contract to hedge the risk of a decline in the price of oil to below US\$60 per barrel. As at the date of this Annual Report, no request for such a hedge contract has been made, as the price of a barrel of Brent crude oil, which serves as the reference for determining the price of the crude oil sold by the Company, was US\$111.11 on 31 December 2012.

The following table presents an analysis of the sensitivity of the Company's consolidated shareholders' equity and income to fluctuations in the price of hydrocarbons as at 31 December 2012 (in millions of euros):

	Changes in barrel price	
Percentage change	+10%	-10%
Impact on consolidated net income	+5.8	-5.8
Impact on consolidated net equity	+5.8	-5.8

BRENT PRICE OVER 1 YEAR (US\$/BBL)



BRENT PRICE OVER 10 YEARS (US\$/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 its investments are denominated in this currency. Expenses in naira (the Nigerian currency) represent about 30% of total expenses.

This situation leads to a sensitivity in the Company's consolidated financial statements to the €/US\$ exchange rate that is related to the conversion of assets and liabilities into the reporting currency at the closing rate, with the discrepancy resulting from this conversion being recorded directly under equity.

The impact on income before tax, profits and the currency translation adjustment (equity) at 31 December 2012 of a 10% increase or decrease in the €/US\$ exchange rate on that date is presented below (in millions of euros):

	Impact on consolidated income before tax		Impact on currency translation adjustment (equity)	
	10% increase in €/US\$ parity	10% decrease in €/US\$ parity	10% increase in €/US\$ parity	10% decrease in €/US\$ parity
US\$	0.0	0.0	(26.3)	32.1
Other currencies				
TOTAL	0.0	0.0	(26.3)	32.1

In order to limit its exposure to foreign exchange risk, the Company may occasionally employ hedging strategies using derivative instruments (forward currency transactions and currency options). As at the date of this Annual Report, there is no foreign exchange hedging in place.

The foreign exchange risks at 31 December 2012 are detailed in Note 18 "Risks" to the Company's consolidated financial statements as at 31 December 2012, which can be found in Chapter 6 of this Annual Report.

At 31 December 2012, the Company's consolidated foreign exchange position was US\$283 million and can be 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)
Non-current financial assets	47	-	-	47	-	47
Equity associates	100	-	-	100	-	100
Other current assets	0	-	-	0	-	0
Derivative instruments	0	-	-	0	-	0
Other creditors and miscellaneous receivables	0	-	-	0	-	0
Cash and cash equivalents	136	-	-	136	-	136
EXPOSURE	283		0	283	0	283

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

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, and its debt and its ability to repay on the other, in compliance with ratios that are usually considered cautious. Financing options are reviewed and validated by the Company's Board of Directors.

At 31 December 2012 and 31 December 2011, the Company's financial liabilities were not significant. The Company has not entered into any financing agreements, as its operations and investments can be covered by its high cash level. At 31 December 2012, cash and cash equivalents, which are held in sight deposit accounts, amounted to €106.3 million.

The Company has conducted a specific review of its liquidity risk, and believes that it is able to meet its future contractual maturities over the next 12 months. At 31 May 2013, this amount was €167.6 million.

With regard to Seplat, the financing agreements and financing lines available to Seplat are described in section 1.4.3.3 of this Annual Report.

At 31 December 2012, based on Seplat's accounts restated in accordance with the standards of the MP Nigeria Group, Seplat presented the following debt ratios:

- ▶ net consolidated debt/shareholders' equity: 61%; and
- ▶ current assets/liabilities: 105%.

The breakdown of Seplat's financial liabilities by contractual maturity is shown in the table below (in thousands of US dollars):

	December 2012	2013		2014		2015		2016	
		Interests	Nominal	Interests	Nominal	Interests	Nominal	Interests	Nominal
Bonds									
Other borrowings and financial debt (Syndicated Credit Facility)	203,438	12,830	54,250	8,882	54,250	4,934	54,250	1,480	40,688
DERIVATIVE INSTRUMENTS	203,438	12,830	54,250	8,882	54,250	4,934	54,250	1,480	40,688

It should be noted that Seplat holds a receivable against NPDC. Discussions to normalise the flow of payments owed under the Joint Operating Agreement are underway.

2.5.4 INTEREST RATE RISKS

The terms for the borrowings and the financing structure of the Company and Seplat are detailed in section 1.4.3.3 of this Annual Report and in Note 18 "Risks" to the Company's consolidated financial statements at 31 December 2012, which are included in Chapter 6 of this Annual Report.

Although the Company is not directly exposed to interest rate risk insofar as its cash is largely deposited in a fixed-rate deposit account, it does incur residual exposure because of Seplat. Seplat's external debt capacity is US\$550 million, at a variable rate, broken down into two instalments:

- ▶ an initial instalment of US\$275 million, which was drawn down in full in 2011 and is now being repaid. The remaining balance to be repaid amounted to US\$203 million at the end of 2012 and US\$190 million at the end of May 2013; and

- ▶ a second instalment of US\$275 million which may be drawn under certain conditions, primarily to finance an external growth operation.

The interest rate on the sums drawn is capped at 10% per year. On the date of this Annual Report, neither the Company nor Seplat has implemented hedging instruments to protect against an increase in the interest rate of up to 10% on the sums drawn.

Within the limit of this 10% ceiling, a 1% increase in interest rates would result in a decrease in income accounted for by the equity method of €0.25 million over one year.

Seplat must also respect a debt to equity ratio of 3, pursuant to the documentation described in section 1.4.3.3 of this Annual Report. As at 31 December 2012, this ratio was 1.14.

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 (SWST), a member of the internationally renowned Shell Group.

The Company believes 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 issues involving counterparties were encountered during fiscal year 2012.

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, despite it only currently having 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 due to terrorist actions or vandalism, 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 the risks of disputes, neither the Company nor Seplat is involved, on the date of this Annual Report, in any governmental, legal or arbitration proceedings, and there is no other proceeding of this kind, including any pending or threatened proceeding of which the Company is aware which could have or has had in 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 the oil and gas exploration and production sector, 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 said agreements 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 to Seplat and does not necessarily reflect their interpretation 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 5.3 and 5.4 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 the date of Listing, carried out within the Maurel & Prom Group, using an internal system adapted to its status as a publicly traded group, which the Company no longer has 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 transition 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 this purpose, the Maurel & Prom Group has made a commitment, in the context of the Transitional Services Agreement (see section 5.4.1.2 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. On 5 November 2012, the Company decided to renew this agreement, for a further 12-month period beginning on 15 December 2012, which allows it to honour its commitments under the Services Agreement (see section 5.3.1.1 of this Annual Report) under the terms of which it has committed to providing certain services to Seplat.

At 31 December 2012, under the Transitional Services Agreement, the Maurel & Prom Group provided to the Company, before the Company formed its own teams, a team of 16 people, composed of 6 technical experts and 10 people dedicated to the Company's support functions. The technical experts and the support function employees are 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 IS SUBJECT TO MARKET FLUCTUATIONS, CHANGES IN SEPLAT'S VALUATION, AND POTENTIAL CHANGES IN SEPLAT'S 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 the markets. Market fluctuations and the state 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 or the 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 to list Seplat's shares for trading;
- ▶ 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 by competitors or announcements regarding the oil and gas sectors;
- ▶ 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; and
- ▶ political and criminal risks in Nigeria.

2.7.3 RISKS RELATED TO SHAREHOLDERS AND TO THE COMPANY'S MANAGEMENT

As at the date of this Annual Report, Pacifico, the principal shareholder of Maurel & Prom, holds around 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 Company's liquidity and share price.

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 1.6.2.2, 5.3 and 5.4 of this Annual Report, primarily because of the existence of directors in common in Maurel & Prom and the Company, and the appointment of Maurel & Prom's 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 do their very best 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 2014

The publication on 12 May 2011 by the International Accounting Standards Board of IFRS 11 "Joint Arrangements", which will apply to fiscal years beginning on or after 1 January 2014, 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, be recognised using the equity method and no longer proportionately as it was previously. The application of the equity method for the year ended 31 December 2012 means that the consolidated financial information for Seplat, which was previously integrated in the Company's consolidated financial statements at 31 December 2011, no longer appears in the Company's financial statements as from the year ended 31 December 2012. This situation could mean that investors no

longer have the main financial aggregates that they use to make their investment decisions about the Company.

In order to mitigate this risk and so that investors and shareholders in the Company can continue to benefit from financial and accounting information on the Company's activities in Nigeria which is comparable to the information provided by the Company in prior years, the key financial information for Seplat is provided in section 1.4.1.3 (b) and in Note 5 "Equity associates" to the Company's consolidated financial statements, which are included in Chapter 6 of this Annual Report.

In addition, with an equivalent equity interest in Seplat, the Company undertakes to continue to provide, in any future annual report or financial report of the Company, a level of financial information about Seplat similar to that provided in this Annual Report.

2.8 Risks related to debt

With regard to Seplat's debt level, which was US\$203 million at 31 December 2012 (and US\$190 million at the end of May 2013), there is no guarantee, despite its cash level of US\$112 million at 31 December 2012, that it will be able in the future to generate sufficient liquidity to meet its commitments or sufficient earnings to cover its fixed expenses. 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 the 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, which holds significant cash resources in the amount of €106 million at 31 December 2012 (or €182 million including the advance granted to Seplat and repaid in January 2013), would be able, if necessary, to make new shareholder advances to Seplat in order to ensure its financing.

Seplat's ability to meet its obligations under the Syndicated Credit Facility described in section 1.4.3.3 of this Annual Report, or even to refinance or repay the sums drawn down under the Syndicated Credit Facility, 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; 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 Syndicated Credit Facility contains the usual commitments and restrictions for this type of financing, which restrict Seplat's operational freedom. Seplat has committed to:

- ▶ respect a debt/equity ratio of less than or equal to 3;
- ▶ an amount borrowed that is less than the level of the P2 reserves multiplied by US\$70 multiplied by 40%;
- ▶ 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 to 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 being honoured as at 31 December 2012. Failure to meet them would constitute an event of default, which could immediately make all of the sums drawn under the Syndicated Credit Facility payable.

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 meet its commitments, including the ratios stipulated in the Syndicated Credit Facility (see section 1.4.3.3 of this Annual Report), may be affected by events outside of 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 Syndicated Credit Facility 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 Syndicated Credit Facility could lead to disagreements regarding 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:

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

- ▶ public 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
- ▶ general and public liability risks up to a limit of US\$50 million per claim.

The total annual amount of the insurance premiums paid by Seplat is approximately US\$5,205 thousand for the period from 1 August 2011 to 1 August 2012.

The Company believes the coverage obtained under the insurance policies arranged by itself and by Seplat is 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 (such as the performance of maintenance operations or the occurrence of a fire at the facilities, as was the case in 2012), is not covered, as at the date of this Annual Report, by insurance for operating losses.

3

CORPORATE GOVERNANCE

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

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This report was prepared pursuant to Article 225-37 of the French Commercial Code and approved by the Board of Directors on 26 April 2013.

In accordance with the provisions of Article L. 225.37 of the French Commercial Code, the Company refers to the corporate governance code for small and mid-cap companies by Middlednext in December 2009 (see section 3.3.7 of this Annual Report).

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* (public limited 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 5.1.2 of this Annual Report.

Unless indicated otherwise, references to the Articles of Association in this chapter mean the Articles of Association of the Company adopted by the Combined Ordinary and Extraordinary General Meeting of Shareholders of 7 October 2011, as amended by the Board of Directors' meeting of 27 March 2013.

(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 twelve 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.

The bylaws of the Board of the Directors, in its version of 22 September 2011, specifies the criteria listed below that are reviewed by the Appointments and Compensation Committee and the Board in order to qualify an independent director; it is specified that the Board of Directors must have at least two independent directors.

A director is deemed as being "independent" if he has no significant financial, contractual or familial relationship that could impair his independence of judgment, which is in particular a director who:

- ▶ is neither an employee nor a corporate officer of the Company or of a company of the MP Nigeria Group and has not been so in the last three years;
- ▶ is not a significant customer, supplier or bank of the Company or of the MP Nigeria Group, or for which the Company or the MP Nigeria Group represents a significant portion of its activity;
- ▶ is not a major shareholder in the Company, i.e. a shareholder who holds a large stake in a company that gives him significant influence over decision-making;
- ▶ has no close family ties with a corporate officer of the Company or a major shareholder of the Company; and
- ▶ has not been an auditor of the Company during the last three years.

Based on the aforementioned criteria, the Company's Board of Directors, at its meeting of 22 September 2011, noted that four directors in office or to be appointed by the General Shareholders' Meeting of 7 October 2011 were independent. The four directors considered to be independent were:

- ▶ Mr Xavier Blandin;
- ▶ Ms Nathalie Delapalme;
- ▶ MACIF; and
- ▶ Mr Alexandre Vilgrain.

The independence criteria for directors of the Company were revised in 2013. The Appointments and Nominations Committee decided, at its meeting of 25 March 2013, that the four directors considered to be independent on 22 September 2011 were still independent in 2013, which the Board of Directors confirmed at its meeting of 27 March 2013.

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

**Mr Augustine Ojunekwu Avuru, 54,
director**

Address: c/o Maurel & Prom Nigeria – 51, rue d'Anjou – 75008 Paris.

Augustine Ojunekwu Avuru was appointed as a director of the Company by the General Shareholders' Meeting of 7 October 2011 for a term of three years, or until the General 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 postgraduate 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 an engineer. He then worked for ten years as director of exploration and then technical director at Allied Energy Resources, a Nigeria oil production company. Augustine Ojunekwu Avuru was also a member of the ministerial committee for the restructuring of the Directorate of Petroleum Resources and an outside consultant for the Senate Committee on Petroleum Resources. He is a member and former Chairman 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, 62,
independent director**

Address: c/o Maurel & Prom Nigeria – 51, rue d'Anjou – 75008 Paris.

Mr Xavier Blandin has been a director of the Company since 22 September 2011. His term of office was renewed for a period of three years by the Ordinary and Extraordinary Shareholders' Meeting of June 20, 2013, and will expire at the close of the General Meeting called in 2016 to approve the financial statements for fiscal year 2015.

The Combined Ordinary and Extraordinary Shareholders' Meeting of 20 June 2013 will be asked to renew his term of office for a further three years, until the end of the General Meeting of Shareholders called in 2016 to approve the financial statements for the 2015 fiscal year.

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 to the Treasury Department (1989-1991).

From 1991 to the end of December 2010, Xavier 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, 56,
independent director**

Address: c/o Maurel & Prom Nigeria – 51, rue d'Anjou, 75008 Paris.

Nathalie Delapalme was appointed as a director of the Company by the General Meeting of Shareholders of 7 October 2011 for a three-year term, or until the General 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, between 1984 and 1985 and then from 1997 to 2002, primarily as administrator and then as advisor to the Finance, Budget Control and Accounts 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 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.

**Mr Jean-François Hénin, 69,
Chairman of the Board of Directors**

Address: c/o Maurel & Prom Nigeria – 51, rue d'Anjou, 75008 Paris.

Jean-François Hénin has been a director of the Company since 15 November 2010 and Chairman of its Board of Directors since 22 September 2011. His term of office as director was renewed for a period of three years by the Ordinary and Extraordinary General Shareholders' Meeting of 20 June 2013, and will expire at the close of the General Meeting called in 2016 to approve the financial statements for fiscal year 2015. He was also confirmed as Chairman of the Board of Directors at its meeting on 20 June 2013, which was held after the close of this General Meeting.

At its meeting on 15 November 2010, the Board of Directors appointed Mr Hénin 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 Company's management structure, the Board of Directors appointed Jean-François Hénin as Chairman of the Board of Directors of the Company.

The Combined Ordinary and Extraordinary General Meeting of Shareholders of 20 June 2013 will be asked to reappoint him for a new three-year term, until the end of the General Meeting called in 2016 to approve the financial statements for the 2015 fiscal year.

Mr Hénin was Chief Executive Officer of Thomson CSF Finance, then of Altus until May 1993. He was then President and Chief Executive Officer of Électricité et Eaux de Madagascar between 1994 and 2000. Since that date, Mr Hénin has been a manager and partner at Maurel & Prom (a partnership limited by shares until 2004) with the role of Chairman and Chief Executive Officer of Aréopage. He then became Chairman of the Management Board after Maurel & Prom became a public limited company in December 2004. Since the adoption of the status of a public limited company with a Board of Directors in June 2007, he has served as Chairman of the Board of Directors and Chief Executive Officer of Maurel & Prom.

MACIF (*Mutuelle Assurance des Commerçants et Industriels de France*), permanently represented by Mr Olivier Arlès, 45, 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 General Meeting of Shareholders of 7 October 2011 for a three-year term, until the General Meeting called in 2014 to approve the financial statements for the year ended 31 December 2013. Mr Gérard Andreck was appointed as MACIF's permanent representative on 26 October 2011 and resigned from his position on 26 March 2013. He was replaced by Mr Olivier Arlès who was officially appointed as permanent representative on 24 April 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, pension schemes, savings, life insurance and banking.

Mr Olivier Arlès, the permanent representative of MACIF, is a graduate of the Ecole Polytechnique, the Paris School of Economics (ENSAE) and the Centre d'Etudes Actuarielles (Centre for Actuarial Studies – CEA) where he is a member of the Institute of Actuaries. Olivier Arlès began his career with the *Commission de contrôle des assurances, mutuelles et institutions*

de prévoyance (CCAMIP) from 1992 to 2005, where he served successively as insurance commissioner-controller and head of an audit team within the CCAMIP. He then joined the Mornay Group in 2005 where he held the position of Health/Provident Technical Director until 2008. In 2008, he joined MACIF where he successively served as actuarial director and Chief Financial Officer. Since 2012, he has been the Deputy Chief Executive Officer for economic and financial planning at MACIF.

Mr Emmanuel de Marion de Glatigny, 66, director

Address: c/o Maurel & Prom Nigeria – 51, rue d'Anjou, 75008 Paris.

Emmanuel de Marion de Glatigny was appointed as a member of the Board of Directors of the Company by the General Meeting of Shareholders of 15 November 2010 for a three-year term, until the General Meeting in 2013 called to approve the financial statements for the year ended 31 December 2012.

The Combined Ordinary and Extraordinary General Meeting of Shareholders of 20 June 2013 will be asked to reappoint him for a new three-year term, until the end of the General Meeting called in 2016 to approve the financial statements for the 2015 fiscal year.

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

Mr Ambrosie Bryant Chukwueloka Orjiako, 52, director

Address: c/o Maurel & Prom Nigeria – 51, rue d'Anjou, 75008 Paris.

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

Ambrosie Bryant Chukwueloka Orjiako holds a doctorate in medicine and surgery from the University of Calabar in Nigeria. He held a surgical intern position at the Lagos University Teaching Hospital (LUTH) from 1989 to 1991. In 1996, Ambrosie Bryant Chukwueloka Orjiako founded the Daniel Orjiako Memorial Foundation (DOMF), which funds 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, oil & gas.

**Mr Alexandre Vilgrain, 57,
independent director**

Address: c/o Maurel & Prom Nigeria – 51, rue d'Anjou, 75008 Paris.

Alexandre Vilgrain has been a director of the Company since 15 November 2010. His term of office was renewed for a period of three years by the Ordinary and Extraordinary General Shareholders' Meeting of 20 June 2013, and will expire at the close of the General Meeting called in 2016 to approve the financial statements for fiscal year 2015.

Mr Vilgrain has been Chief Executive of the Somdiaa Group since 1995. Appointed to succeed his father, Jean-Louis Vilgrain, as head of the Group, he now runs all Somdiaa subsidiaries and holds various mandates within other companies (CARE, SIDA Enterprises). With extensive experience of Africa's economic development and as Chief Executive of a leading African food processing group, Mr Vilgrain has been Chairman of the Conseil Français des Investisseurs en Afrique (French Council of Investors in Africa – CIAN) since 2009.

Having joined the family company in 1979 after studying Law at the Paris II Panthéon-Assas University, Mr Vilgrain held various positions within the family business in Africa, Asia and Europe.

In 1985, he founded Délifrance Asia, a French-style café-bakery chain based in a number of countries in Asia. The success of this new concept in the region allowed Mr Vilgrain to have the company listed on the Singapore Stock Exchange in 1996, before leaving this position in 1998 to focus on the Group's activities in Africa.

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

None.

Positions 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*Positions held in French companies*

Mr Blandin was a director of various SOFICA companies in 2008, 2009, and 2010.

Since 2011, Xavier Blandin has been a director of Maurel & Prom and Fideal.

He is the Chairman of Fistra Conseil SAS.

Positions held in foreign companies

None.

Ms Nathalie Delapalme*Positions held in French companies*

Since 2010, Nathalie Delapalme has been a member of the Supervisory Board of CFAO and a director of Maurel & Prom.

Positions held in foreign companies

None.

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

In 2008, 2009, 2010, 2011 and 2012 Monsieur Jean-François Hénin was (i) Chairman and Chief Executive Officer of Maurel & Prom, of the Company (until 22 September 2011) and of Maurel & Prom Volney 5; (ii) Chairman of the management board of Pacifico; (iii) Chairman of the Board of Directors of the Company (since 22 September 2011), (iv) Chairman of Maurel & Prom West Africa; Maurel & Prom Assistance Technique; Caroil SAS (until 2010), Maurel & Prom Volney 2; Maurel & Prom Venezuela (until 1 April 2011), Maurel & Prom Peru Holdings, Maurel & Prom Namibia, Maurel & Prom Volney 6 and Maurel & Prom Volney 4; (v) director of Pacifico Forages and EO2 (until 14 September 2011) and (vi) a member of the Supervisory Board of CIMV.

Positions held in foreign companies

In 2008, 2009, 2010, 2011 and 2012, Jean-François Hénin served as (i) Chairman and Chief Executive Officer of Maurel & Prom Congo (Congo) and Zetah Maurel & Prom Congo (Congo) (liquidated in 2011), (ii) Co-managing director of Maurel & Prom Colombia BV (Netherlands) and Maurel & Prom Latin America BV (Netherlands), (iii) general director of Prestoil Kouilou (Congo) and (iv) a director of Zetah Noubi Ltd (Congo), Maurel & Prom Exploration Production Tanzania Ltd (Tanzania), Panther Eureka S.r.l. (Italy) and a director of Seplat (Nigeria).

Mr Jean-François Hénin was also the representative of Pacifico on the Board of New Gold Mali until October 2012.

Mr Emmanuel de Marion de Glatigny

Positions held in French companies

In 2008 and 2009, Emmanuel de Marion de Glatigny was (i) Chairman of the Supervisory Board of Pacifico; (ii) a director of Maurel & Prom, Pacifico Forages, SEREN and Easydentic and (iii) the managing director of Glatigny Patrimoine SARL.

In 2010, 2011 and 2012, Emmanuel de Marion de Glatigny was Chairman of the Supervisory Board of Pacifico. He served as a director of Maurel & Prom, Pacifico Forages and Safetic (formerly Easydentic) until February 2012. He is also the managing director of Glatigny Patrimoine SARL.

Positions held in foreign companies

None.

MACIF (*Mutuelle Assurance des Commerçants et Industriels de France*), permanently represented by Mr Olivier Arlès

Positions held in French companies by MACIF

In 2012

MACIF served as (i) director of ADI Alternative Investments S.A., Altima Courtage S.A., Avise S.A.S., BPCE Assurances S.A., CEREMH (Association); 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., RIED (*Réseau International Eco Développement*); France Active SIFA. 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; OFI Convertibles; OFI Euro Souverains; OFI Euro Investment Grade; OFI Palmarès Actions Europe; OFI SMIDCAP Opportunité; OFI Tresor ISR; SECTA; SOCRAM Banque; Solaire Direct; QUALIDOM. (ii) Chairman and director of ARDEVIE (iii) member of the Supervisory Board of Altima Assurances; D.A.R.V.A.; DV Holding; G.P.I.M.; Inter Mutuelles Assistance; Mutavie; OFI Investment Solutions; OFIVALMO Partenaires; Rencontres Sociales; (iv) Chairman and member of the strategic committee of IDMACIF, (v) member of the Supervisory Board of OFI MGA (vi) Member of the strategy committee of SIPEMI, (vii) advisor to Foncière Inéa and (viii) full member of the GEMA association.

In 2011

MACIF served as (i) 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., Solaire Direct S.A., (ii) Chairman and director of ARDEVIE, (iii) 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) observer of Foncière Inéa, (v) member of GEMA, (vi) 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) member of the advisory committee of Imagecom S.A.S., (ix) 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) member 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 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., 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 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) member 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 Strategic 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.

Positions held in foreign companies by MACIF

In 2012

MACIF was (i) director/Vice-Chairman of Atlantis Seguros and Atlantis Vida in Spain; (ii) director of: Groupement Mutualiste pour la Prévoyance (Tunisia), Euresa Holding and Euresa Life (Luxembourg); MACIF Zycie (Poland); Société d'Assurance de Prévoyance et de Santé (Algeria) and Vivium (Belgium).

In 2011

MACIF was (i) director/Vice-Chairman of Atlantis Seguros and Atlantis Vida in Spain; (ii) director of Groupement Mutualiste pour la Prévoyance (Tunisia), Euresa Holding (and Secretary) and Euresa Life (Luxembourg); PARTISAGRES (Portugal); Tuw Tuw (Poland); and Vivium (Belgium).

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 Tuw Tuw 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 Tuw Tuw in Poland.

In 2008

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

Offices held in French companies by Olivier Arlès, the permanent representative appointed by MACIF

In 2012

Olivier Arlès served as (i) a director of Compagnie Foncière de la MACIF S.A.S, MACIF Gestion S.A., OFI Asset Management S.A. and OFI Euro Souverains (S.I.C.A.V.); (ii) he served as the permanent representative of Mutavie, as a member of the Board at OFI Smidcap Opportunité (S.I.C.A.V.), OFI Tresor ISR (S.I.C.A.V.) and OFI Holding S.A.; the permanent representative of MACIF, director of OFI Euro Investment Grade (S.I.C.A.V.) and of OFI Palmars Actions Europe (S.I.C.A.V.); permanent representative of MACIF Participations S.A., a director of Foncière de Lutèce; the permanent representative of MACIF, a member of the supervisory board of OFI MGA S.A.S. and OFI Investment Solutions S.A.S; (iii) a member of the management committee of SIEM S.A.S and a member of the management board of Mutavie S.E.; (iv) chief executive officer of MACIF Mutavie Finance G.I.E.; (v) chairman and member of the supervisory board of GPIM and chairman and member of the strategy committee of MACIFIMO; and (vi) observer at OFI Convertibles (S.I.C.A.V.).

In 2011

Olivier Arlès served as (i) director of Compagnie Foncière de la MACIF S.A.S; (ii) the permanent representative of Mutavie, a director of OFI Smidcap Opportunité (S.I.C.A.V.), OFI Tresor ISR (S.I.C.A.V.); (iii) a member of the management committee of SIEM S.A.S.; (iv) chief executive officer of MACIF Mutavie Finance G.I.E.; and (v) observer at OFI Convertibles (S.I.C.A.V.).

In 2008, 2009 and 2010

None.

Offices held in foreign companies by Olivier Arlès, the permanent representative appointed by MACIF

None.

Mr Ambrosie Bryant Chukwueloka Orjiako

Positions held in French companies

Ambrosie Bryant Chukwueloka Orjiako was a member of the Board of Directors of Maurel & Prom from 31 March 2010 until the date his resignation on 26 March 2013.

Positions held in foreign companies

Mr 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 a 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

Positions held in French companies

Alexandre Vilgrain has been a member of the Board of Directors of Maurel & Prom since 14 June 2007.

Mr Alexandre Vilgrain has served as Chairman & Chief Executive Officer of Somdiaa since 2006 (he has also been Somdiaa's permanent representative on the Board of Directors of Sominfor since 2009), of Conetrage and Alexandre Vilgrain Holding since 2009 and of Europe des Pains since May 2012.

He has held the positions of Chairman of the Board of Directors of CIAN (since 2008), of Fromentiers de France (from 2009 to 2011) of which he became Chairman & Chief Executive Officer in 2012, and the Chairman of Fromentiers Magasins (May 2012).

Since 2008, he has been a director of Care France, Secria and Sonopros (until 1 January 2012).

Lastly, from 2009 to 2011, Mr Vilgrain served as the managing director of Fromimo and a member of the Supervisory Board of CFAO.

Positions held in foreign companies

Alexandre Vilgrain has been Chairman & Chief Executive Officer of Saris-Congo since 2009 and of Le Grand Moulin du Cameroun (SGMC) since 2010 (he was previously a director from 2006 until 2010).

From 2006 to 2012, he was a director of the Gabonese company SMAG; of Société Sucrière du Cameroun (SOSUCAM), Compagnie Sucrière du Tchad (C.S.T.), the US company Food Research Corporation and SUCAF Côte d'Ivoire. Since 2012, he has also served as a director of SUCAF Gabon and SUCAF RCA.

(b) Chief Executive Officer

Michel Hochard has been the Chief Executive Officer of the Company since 22 September 2011. His one-year term of office was renewed (i) once by the Board of Directors on 21 June 2012, until the end of the General Meeting called in 2013 to approve the financial statements for the year ended 31 December 2012, and (ii) a second time by the Board of Directors on 20 June 2013, until the end of the General Meeting called in 2014 to approve the financial statements for the year ended 31 December 2013.

Michel Hochard holds a degree from the Institut Commercial de Nancy (ICN). He is a chartered accountant and has served as an internal auditor in the Finance Department of Elf

Aquitaine, head of the Africa-Middle East finance department of this company, Chief Financial Officer of SNEAP and then of Elf Aquitaine Production. He was director of operations for PricewaterhouseCoopers BPO. He has also held the position of Chief Financial Officer of Maurel & Prom since September 2007.

Pursuant to the legislative and statutory provisions, the Chief Executive Officer is vested with the broadest powers to act on behalf of the Company in all circumstances. He exercises these powers within the limit of the corporate purpose and subject to those powers expressly attributed by law to the General Meeting of Shareholders and to the Board of Directors. He 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 constitute such proof.

Positions held in foreign companies

Michel Hochard has been a director of Seplat since 14 December 2009. He has also held the offices of Chairman and director of MPNATI (Switzerland) since June 2012.

Within the Maurel & Prom Group, Michel Hochard has been the Chairman and a director of Maurel & Prom Assistance Technique International (Switzerland) since October 2010, general director of Maurel & Prom Gabon (Gabon) since 30 June 2009 and of Quartier Général Maurel & Prom (Gabon) since 30 June 2010. A director of Maurel & Prom Tanzania Ltd and Maurel & Prom Exploration Production Tanzania Ltd, he has also been the permanent representative of Maurel & Prom on the Board of Directors of Maurel & Prom Congo (Congo) since 2009 and of Maurel & Prom Volney 5 since December 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) of the Elf Group between 1995 and 1999. He has held the office of Chief Executive Officer at TotalFinaElf Norway.

A member of the management board of Maurel & Prom from 24 October 2005 to 14 June 2007, Mr Gozalo held the position of Chief Executive Officer from 30 August 2007 until 19 May 2008. He has been a director of Maurel & Prom since the General Meeting of 12 June 2008; he was reappointed by the Combined Ordinary and Extraordinary General Meeting of 29 June 2011.

(d) Management Boards

As at the date of this Annual Report, the Company has no Deputy Chief Executive Officers.

(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 of the charges against him, and
 - by the disciplinary tribunal of the *Autorité des marchés financiers*, 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 penalised 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 Appointments and Compensation Committee. The members, operating rules and powers of the specialised committees are described in section 3.3.6 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 was initially composed of five members, including two directors representing Shebah, one director representing Platform and two directors representing the Company, as well as a managing director, making a total of six members.

If Seplat's shareholders decided to increase the number of directors, each shareholder would be entitled to appoint additional directors in proportion to 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 Seplat shareholders decided to expand the Board of Directors and, on 23 March 2013, appointed four more members, including three directors and an executive director. These appointments were decided and approved by all of Seplat's shareholders, who waived, for this vote, their right to appoint additional directors in proportion to their equity interest pursuant to the provisions of the Shareholder Agreement (see section 5.4.1.1 of this Annual Report). Since that date, Seplat's

Board of Directors has been composed of eight directors, one managing director and one executive director.

The Board of Directors is chaired by a director from 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 from 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 Alhaji Nasir Ado Bayero, 45, 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 (an oil & gas company) and Hamlet Investment Inc., in Houston and London respectively. He then worked for the President's 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, 69, director

The biography of Mr 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, 63, 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 posts 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.

Ms Ifueko Marina Omoigui Okauru, independent director

Ifueko Marina Omoigui Okauru has been a director of Seplat since 22 March 2013. She holds a Bachelor's degree in Accounting with first class honours and an MSc in Management Science.

Ms Ifueko Marina Omoigui Okauru has over 30 years' experience in the private and public sectors, where she has held various positions on boards of directors and in executive management. She was previously a partner at Arthur Andersen & Co (which became KPMG Professional Services and Accenture), Executive Chairman of the Federal Inland Revenue Service of Nigeria. She is also a member of the Institute of Chartered Accountants of Nigeria and the Chartered Institute of Taxation of Nigeria. She currently is managing director of Compliance Professionals Plc.

Mr Charles Chinedu Okeahalam, 50, independent director

Charles Chinedu Okeahalam has been a director of Seplat since 22 March 2013. He holds a Ph.D in Econometrics from the University of London, England, and a Higher Doctorate (D.Sc) in banking and finance from the University of Exeter, England.

Mr Charles Chinedu Okeahalam is the co-founder and CEO of AGH Capital, a private equity and investment fund in Johannesburg, South Africa. Before founding AGH Capital in 2002, he was the Liberty Life Chair Professor of Finance, Economics and Banking at the University of the Witwatersrand in Johannesburg, South Africa. He has experience in the restructuring of the financial sector, capital market development and infrastructure financing and has served as a non-executive director of a number of large companies. He was a director of Cadiz Holding from 1999 to 2001, ABSA Corporate and Merchant Bank from 2001 to 2006, the Bond Exchange of South Africa from 2003 to 2009, Sun International South Africa from 2003 to 2005, National Discount House in Zimbabwe from 2001 to 2004 and South African Airways (2003-2006), where he also held the posts of Chairman of the Audit Committee and Chairman of the Investment Committee. Mr Charles Chinedu

Okeahalam has just completed a two-year contract under which he was the non-executive chairman of Société Générale Bank Nigeria (SGBN), now known as Heritage Bank.

**Mr Basil Efoise Omiyi,
independent director**

Basil Efoise Omiyi has been a director of Seplat since 22 March 2013. He holds a Bachelor's degree in Chemistry and a postgraduate diploma in Petroleum Technology.

He joined the Shell Group in 1970 as a trainee petroleum engineer, then held various positions in the Shell Group in the petroleum engineering, production, operations and external affairs departments in Nigeria, the Netherlands, and the United Kingdom before being named Chief Executive Officer of Relations and the Environment at SPDC and joining its Board of Directors. In September 2004, he was appointed the first Nigerian Chief Executive Officer of SPDC responsible for Shell's companies in Nigeria. He held these positions until his retirement in December 2009 after 39 years with the Shell Group. He has also served as Chairman of the Oil Producers Trade section with the Chamber of Commerce and Industry of Lagos, Nigeria, since 2006.

**Mr Ambrosie Bryant Chukwueloka Orjiako, 52,
Chairman**

The biography of Ambrosie Bryant Chukwueloka Orjiako can be found in section 3.1.1.1(a)(i) of this Annual Report under positions held in the Company.

(b) Managing director

The Board of Directors meeting on 3 March 2010 appointed Augustine Ojunekwu Avuru as Chief Executive Officer of Seplat.

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

(c) Executive director

Stuart Connal has been executive director of Seplat since 22 March 2013. He joined Seplat in 2010 as Chief Operating Officer to contribute his experience acquired in international greenfield and brownfield development operations.

Stuart Connal is an engineer by training with over 30 years' experience with top engineering companies (Aker Kvaerner, Amec Process and Energy, and Brown and Root and McDermot) and with major oil and gas companies. He has worked in the Shell Group on the implementation of the Group's long-term field development strategy. He then held a number of senior positions, including director of construction and engineering with the Deutag group in Norway, where he worked on the development of new fields for Norsk Hydro, Statoil and Esso Norge. He then joined Centrica Energy where he held different positions over 10 years, including project director for new field development and for the Langeled gas terminal. Over the last four years, he has held the positions of Chief Executive Officer and Country Manager at Centrica Resources in Nigeria. He then joined Seplat as Chief Operating Officer.

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

Under the terms of Articles L. 225-38 and L. 225-40 of the Commercial Code, Jean-François Hénin is party to (i) two service agreements signed entered into between the Company and Seplat and between the Company and Maurel & Prom (see sections 5.3.1 and 5.4.1.2 of this Annual Report), (ii) a mandate given by the Company to Seplat (see section 5.3.6 of this Annual Report) and (iii) a partnership agreement entered into by the Company and Maurel & Prom (see section 1.6.2.2 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 the Company and of Maurel & Prom through Pacifico.

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

Moreover, Xavier Blandin, Nathalie Delapalme, Emmanuel de Marion de Glatigny and Alexandre Vilgrain, directors of the Company and Roman Gozalo, observer, are also directors of Maurel & Prom. Since 26 March 2013, Ambrosie Bryant

Chukwueloka Orjiako has ceased to be a director of Maurel & Prom, as he submitted his resignation to the Board of Maurel & Prom on that date. In addition, since that date, Gérard Andreck, who was a director of Maurel & Prom and the permanent representative of MACIF, a director of the Company, has resigned from his duties as MACIF's permanent representative. He was replaced in this position by Olivier Arlès on 24 April 2013 (see section 3.1.1.1 (a) (i) of this Annual Report).

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, 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, at its meeting of 27 March 2013, on the recommendation of the Appointments and Compensation Committee, noted that at that date, four directors met the criteria of independence stipulated by the recommendations of the Middelnext Corporate Governance Code. Furthermore, directors have an obligation to contribute toward good governance, as defined in the Middelnext Corporate Governance Code (Code of Ethics for members of the Board of Directors).

3.2 Compensation and benefits

3.2.1 COMPENSATION AND BENEFITS OF ALL TYPES GIVEN TO CORPORATE OFFICERS

For the year ended 31 December 2012, with the exception of the Chairman of the Board of Directors and the Chief Executive Officer (see section 3.2.1.2 of this Annual Report), no corporate officer of the Company received compensation from the Company, for any reason, other than the directors' fees allocated each year to members of the Company's Board of Directors (see section 3.2.1.1 of this Annual Report) and paid in 2013.

→ 3.2.1.1 Non-executive corporate officers

The members of the Company's Board of Directors receive attendance fees, which are voted on each year by the

General Shareholders' Meeting. The Board of Directors, on the recommendation of the Appointments and Compensation Committee, distributes the budget for directors' fees according to the following rule:

- ▶ a fixed portion, which represents 50% of the overall budget and is proportionally distributed over the year of the duties; and
- ▶ a variable portion, representing 50% of the overall budget, which is allocated based on attendance and on the functions performed by each member (membership of a specialised committee, performance of the functions of Chairman of the Board of Directors).

The amount of the directors' fees to be distributed among Board members in respect of fiscal year 2012 was set at €200,000 by the Ordinary and Extraordinary Shareholders' Meeting of 21 June 2012 in its fifth resolution.

The Company's Appointments and Compensation Committee, at its meeting of 25 March 2013, recommended that the Board

distributed to the directors, as directors' fees for 2012, a total sum of €150,000 out of a potentially distributable amount of €200,000, in accordance with the distribution indicated in the table below, which the Board of Directors approved at its meeting of 27 March 2013.

The members of the Board of Directors of the Company received the following amounts (indicated in the table below in euros) as directors' fees for fiscal years 2011 and 2012, paid in 2012 and 2013 respectively:

Board member	Fixed fees		Variable fees		Total	
	2012	2011	2012	2011	2012	2011
Mr Avuru	8,333	1,941	4,580	0	12,913	1,941
Mr Blandin	8,333	1,941	11,336	7,031	19,669	8,972
Ms Delapalme	8,333	1,941	11,450	4,688	19,784	6,628
Mr Gozalo	8,333	388	9,160	2,344	17,494	2,732
Mr Hénin	8,333	8,333	10,305	28,125	18,639	36,458
MACIF, represented by Mr Arlès	8,333	1,941	3,435	2,344	11,768	4,284
Mr de Marion de Glatigny	8,333	8,333	12,137	14,063	20,471	22,396
Établissements Maurel & Prom	-	0	-	0	-	0
Mr Orjiako	8,333	1,941	4,580	2,344	12,913	4,284
Mr Vilgrain	8,333	8,333	8,015	14,063	16,349	22,396
TOTAL	75,000	35,092	75,000	75,002	150,000	110,091

* Gérard Andreck was appointed permanent representative of MACIF on 26 October 2011. He resigned from this position on 26 March 2013 and was replaced by Olivier Arlès on 24 April 2013.

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

→ 3.2.1.2 Executive corporate officers

(a) Compensation of the Chairman and Chief Executive Officer

Before the Listing, the Board of Directors was the only body with authority to determine the compensation of the executive corporate officers. Since the Listing, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, sets the compensation of the executive corporate officers.

Before the Listing, the meeting of the Board of Directors of 22 September 2011, in agreement with the Chairman of the Board of Directors and the Chief Executive Officer, initially decided not to compensate the Chairman and the Chief Executive Officer.

Following the Listing and given the resulting additional work, the meeting of the Board of Directors of 29 March 2012 decided, on the recommendation of the Appointments and Compensation Committee, to pay annual gross compensation to the Chairman of the Board of Directors and the CEO of €36,000 and €30,000 respectively.

Based on the Company's development strategy and the resulting work load, the Board at its meeting of 27 March 2013 decided, on the recommendation of the Appointments and Compensation Committee meeting of 25 March 2013, to re-evaluate the compensation paid to these executives and to raise it to a gross annual sum of €50,000 each.

The Chairman and Chief Executive Officer are also directors of Seplat. As such, they received the following for the 2012 fiscal year:

- ▶ US\$55,000 in directors' fees and US\$43,750 as reimbursement of expenses to Jean-François Hénin; and
- ▶ US\$55,000 in directors' fees and US\$30,625 as reimbursement of expenses to Michel Hochard.

The executive corporate officers of the Company receive no benefits in kind.

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.

During the year ended 31 December 2012, no bonus shares or stock options were awarded to executive corporate officers.

In addition, since the Company has not established such plans since it was formed, (i) no option to purchase or subscribe to shares was exercised by an executive corporate officer and (ii) no performance shares were awarded to corporate officers during the year. However, it should be specified that the Board of Directors approved, at its meeting of 27 March 2013 and on the recommendation of the Appointments and Compensation Committee meeting of 25 March 2013, the principle of an allocation of bonus shares subject to performance conditions (see section 3.2.1.3 of this Annual Report).

The tables below present a summary of the compensation of executive corporate officers in respect of their positions within the Company:

	Fiscal year 2012		Fiscal year 2011	
	Amounts due (in euros)	Amounts paid (in euros)	Amounts due (in euros)	Amounts paid (in euros)
Jean-François Hénin, Chairman of the Board of Directors				
Fixed compensation	36,000	36,000	-	-
Variable compensation	-	-	-	-
Non-recurring compensation	-	-	-	-
Attendance fees	18,639	36,458	36,458	-
Benefits in kind	-	-	-	-
TOTAL	54,639	72,458	36,458	-

	Fiscal year 2012		Fiscal year 2011	
	Amounts due (in euros)	Amounts paid (in euros)	Amounts due (in euros)	Amounts paid (in euros)
Michel Hochard, Chief Executive Officer				
Fixed compensation	30,000	30,000	-	-
Variable compensation	-	-	-	-
Non-recurring compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	30,000	30,000	-	-

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

There is no specific supplementary 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 Ordinary and Extraordinary 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 (twenty-first resolution). As this authorisation is valid for 38 months, until 7 December 2014, no new authorisation has been requested by the Board of Directors to at the Ordinary and Extraordinary Shareholders' Meeting of 20 June 2013.

The Board of Directors of the Company, at its meeting on 27 March 2013, on the recommendation of the Appointments and Compensation Committee meeting of 25 March 2013, approved the principle of an allocation of bonus shares subject to performance conditions to the benefit of the Company's Chief Executive Officer. In due course, the Board of Directors will define the number of shares allocated and the performance conditions applicable to this allocation, based on the recommendation of the Appointments and Compensation Committee.

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

As at 31 December 2012 and to the best of the Company's knowledge, the Company's corporate officers hold a total of 37,229,583 shares in the Company, representing 32.28% of its capital and 33.31% 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 applicable in relation to securities transactions which they have information that is not yet public. In addition to the applicable laws and regulations, the Company wishes to ensure prudent management of its securities, in compliance with the regulations in force and, in accordance with the precautionary principle, shall warn the corporate officers and its employees, as well as persons acting on behalf of the MP

Nigeria Group, of the rules associated with certain transactions on any financial instrument, as defined in Article L. 211-1 of the French Monetary and Financial Code, which has been or will be issued by the Company and about the derivatives and other instruments related to these securities. In this respect, the Company's Board of Directors, at its meeting of 22 September 2011, adopted a code of good conduct concerning the prevention of insider trading which entered into force after the listing; a summary of this code is provided in section 3.3.4 of this Annual Report.

To the Company's knowledge, the details of the equity interests held in the Company by the corporate officers at 31 December 2012 are shown in the table below.

Corporate officer	Shares
Augustine Avuru	0
Xavier Blandin	0
Nathalie Delapalme	100
Roman Gozalo	11,566
Jean-François Hénin*	28,749,616
MACIF, represented by Olivier Arlès**	8,324,204
Emmanuel de Marion de Glatigny***	144,097
Ambrosie Bryant Chukwueloka Orjiako	0
Alexandre Vilgrain	0

* Held by Pacifico S.A., of which Mr Hénin and the members of his family have majority control.

** Gérard Andreck was appointed permanent representative of MACIF on 26 October 2011. He resigned from this position on 26 March 2013 and was replaced by Olivier Arlès on 24 April 2013.

*** Mr de Marion de Glatigny directly owns 120,847 shares of the Company and indirectly, through a PEA (company shareholding plan) held in his spouse's name, a further 23,250 shares.

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

* Gérard Andreck was appointed permanent representative of MACIF on 26 October 2011. He resigned from this position on 26 March 2013 and was replaced by Olivier Arlès on 24 April 2013.

3.3.2 DELIBERATIONS OF THE BOARD OF DIRECTORS

During the year ended 31 December 2012, the Board of Directors met six times and the average attendance rate of its members was 81.67%.

The table below shows the attendance rate of directors at meetings of the Board of Directors of the Company held during the year ended 31 December 2012:

Board of Directors Meetings	Attendance rate
29 March 2012	89%
21 June 2012	67%
30 August 2012	89%
14 September 2012	100%
4 December 2012	67%
18 December 2012	78%
AVERAGE ATTENDANCE	81.67%

The Board of Directors meetings of 29 March, 21 June, 30 August, 14 September, 4 December and 18 December 2012 primarily deliberated on the following items on their agenda:

- ▶ 2012 proposed budget; review and approval of the company and consolidated financial statements for the year ended 31 December 2011; Proposed appropriation of income for the year ended 31 December 2011 and dividend distribution;
- ▶ Notice of the Ordinary and Extraordinary General Meeting; setting of the agenda and draft resolutions;
- ▶ Creation of subsidiaries;
- ▶ Activation of the share repurchase plan;
- ▶ Review of the financial statements for the first half of 2012;
- ▶ Approval of the business report on the first half of 2012;
- ▶ Draft press release on the results for the first half of 2012;
- ▶ Investment projects; and
- ▶ Presentation of a year-end estimate for 2012 and the draft budget for 2013.

3.3.3 ASSESSMENT OF THE WORK OF THE BOARD OF DIRECTORS

The Company's bylaws of 22 September 2011 set out, in Article 3, that the Board of Directors conducts, at the invitation of the Chairman of the Board, an assessment of its own operations and the preparation of its work once a year. The assessment of the operation of the Board of Directors is performed in accordance with recommendation 15 of the Corporate Governance Code for small and mid-cap companies published by Middlednext in December 2009 to which the Company adheres (see section 3.3.7 of this Annual Report).

At the initiative of the Chairman of the Board, this first assessment was performed using a questionnaire given to each member of the Board of Directors. This questionnaire contained questions regarding the composition of the Board (number of directors, the number of independent directors, the professional backgrounds of the directors, average age, the number of women on the Board, the representation of foreign nationalities on the Board), the operations of the Board of Directors (frequency of meetings,

duration of meetings, attendance at meetings, quality of the files sent to the directors before each meeting, the quality and quantity of the information provided, the quality of the minutes), the operations of the committees, the efficiency of the Board and the compensation of Board members.

A summary of the responses to the questionnaires was presented to the Board of Directors on 27 March 2013. This self-assessment, which was discussed by the Board of Directors at its meeting of 27 March 2013, shows that the directors are generally satisfied with the composition, operations and efficiency of the Board and the compensation of Board members. The members of the Board of Directors believe, however, that younger members and more foreign and female members on the Board could be considered and that the handling of certain issues could be improved. In addition, although satisfactory, the directors suggested that the questionnaire be improved/supplemented with the completion of a comparative study.

3.3.4 PREVENTION OF INSIDER TRADING

In order to ensure prudent management of its securities, in compliance with the regulations in force and in accordance with the precautionary principle, to alert the directors, the Chairman, the Chief Executive Officer and, if applicable when such positions exist, the Vice-Chairman, the Chief Operating Officer (together the "**Corporate Officers**") of the Company and its employees, as well as persons acting on behalf of the MP Nigeria Group, the Board of Directors of the Company adopted, at its meeting of 22 September 2011, a code of good conduct for the prevention of insider trading and to comply with the provisions of AMF Recommendation No. 2010-07 of 3 November 2010. This code entered into effect on 15 December 2011.

This code sets forth more explicitly the rules of good conduct with regard to transactions in financial instruments, as defined by Article L. 211-1 of the French Monetary and Financial Code, that are or will be issued by the Company and on derivatives and other instruments related to these securities (options, Company Savings Plans (FCPE) units, etc.) (collectively the "**Securities**") executed by the Corporate Officers.

The code of good conduct for the prevention of insider trading restates the regulatory definition of privileged information and gives examples of information that could be considered privileged. This is the case, in particular, for information related to the financial position of the business, the strategy and

development priorities of the Company and/or the MP Nigeria Group and/or Seplat, the operational and commercial activity of the Company and/or the MP Nigeria Group and/or Seplat, and the disputes, investigations or legal proceedings involving the Company and/or the MP Nigeria Group and/or Seplat in the courts or before arbitral or administrative judicial authorities. The code of good conduct for the prevention of insider trading then states which persons may be considered insiders under the regulations in force.

The prevention of insider trading and omissions includes the implementation of specific procedures. The code of good conduct for the prevention of insider trading provides for:

- ▶ obligations of discretion required of insiders, such as general Securities transaction obligations, the general prohibition on disclosing privileged information, specific obligations (holding shares in registered form; percentage of retention of bonus shares allocated or resulting from the exercising of options, the ban on executing transactions considered to be speculative, negative windows, prior consultation with a compliance officer) and the description of the programmed management mandate that allows, under certain conditions, to avoid the simple presumption of use of privileged information resulting from the Spector Photo Group NV, Chris

Van Raemdonck / CBFA ruling of the Court of Justice of the European Union;

- ▶ the preparation, updating and transmission to the AMF of a list of insiders of the MP Nigeria Group, pursuant to the applicable regulations; and
- ▶ a specific obligation for the individual declaration of Securities transactions by insiders, pursuant to the applicable regulations.

The code of good conduct for the prevention of insider trading presents the applicable sanctions in cases of insider trading and a violation of the obligation to refrain from using privileged information. In addition to the disciplinary sanctions that may be decided by the Company, the code of good conduct for the prevention of insider trading notes that:

- ▶ the administrative sanctions decided by the AMF Enforcement Committee Commission may reach €100 million or ten times the amount of any profits realised; and
- ▶ the criminal sanctions decided by the criminal court may range from a penalty of one year in prison and a fine of €150,000 to seven years in prison and a fine of €1.5 million.

3.3.5 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.

3.3.6 COMMITTEES OF THE BOARD OF DIRECTORS

→ 3.3.6.1 Audit Committee

(a) Composition 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 committee to be independent directors. At its meeting of 2 November 2011, the Board of Directors appointed the following members, whose appointment became effective on the Listing date, 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 a term commensurate with their term of office as a member of the Board of Directors (which was decided by the Board of Directors of the Company dated 2 November 2011 for the members above), or for a term set by the Board of Directors. 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 Board 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 permanence of the accounting methods adopted (i) to prepare the company and consolidated financial statements and (ii) for the scope of consolidation;
- ▶ 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, company and consolidated 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 adopted 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; and
- ▶ examining any subject likely to 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 General 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, and at least twice yearly and, in any event, before the meetings of the Board of Directors called 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. In 2012, the Audit Committee met three times, to approve the annual financial statements for 2011, to approve the 2012 interim financial statements, and to review the annual financial statements and the projected budget.

→ 3.3.6.2 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 committee to be independent directors. At its meeting of 2 November 2011, the Board of Directors appointed the following members, whose appointment became effective on the Listing date, 15 December 2011:

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

The Company's executive corporate officers may not be members of the Appointments and Compensation Committee.

Members of the Appointments and Compensation Committee who are also directors are appointed for a term commensurate with their term of office as members of the Board of Directors. Members of the Appointments and Compensation Committee who are not directors are appointed for a term of one year, renewable automatically. They may resign during any meeting of the Board of Directors without reason or advance notice. The Chairman of the Appointments and Compensation Committee is elected by the members of the committee for a period of one year, unless decided otherwise.

(b) Roles of the Appointments and Compensation Committee

(i) Selection and appointment missions

The Chairman of the Company 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 for 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 pension 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 fiscal year for the year in progress. In particular, at the beginning of each year the Appointments and Compensation Committee issues an opinion 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 directors' fees and exceptional compensation

Each year, the Appointments and Compensation Committee is responsible for determining (i) the total amount of directors' fees that will be submitted to the General 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 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 General Shareholders' Meeting of 21 June 2012 set the amount of the directors' fees to be distributed among Board members for 2012 at €200,000. Only €150,000 of this budget was used (see section 3.2.1.1 of this Annual Report). It is noted that the budget for directors' fees has been set at €280,000 for fiscal year 2013.

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 accordance with the provisions of Article L. 225-46 of the French Commercial Code.

The Appointments and Compensation Committee met twice in 2012. It made decisions on the distribution of 2011 directors' fees, the compensation of the Chairman of the Board of Directors and the Chief Executive Officer, the amount of 2012 directors' fees and the self-assessment of the Board of Directors.

→ 3.3.6.3 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, who must be individuals, but not more than four.

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

3.3.7 DECLARATION RELATING TO CORPORATE GOVERNANCE

Pursuant to the provisions of Article L. 225-37 of the French Commercial Code, the Company refers voluntarily to the Corporate Governance Code for small and mid-cap companies published by Middlednext in December 2009. The recommendations set forth in this code, and the Company's position on those recommendations, are described below:

- ▶ Recommendation 1 concerning the combination of an employment and corporate office contract: the Company is in compliance with this recommendation. The Chairman and the Chief Executive Officer do not combine their corporate office with an employment contract within the Company;
- ▶ Recommendation 2 concerning the definition and transparency of the compensation for executive corporate officers: the Company is in compliance with this recommendation. The level of compensation for the Company's executives, which is set by the Board of Directors on the recommendation of the Appointments and Compensation Committee, and the information disclosed on this issue comply with legal and regulatory requirements and are based on the principles of (i) completeness; (ii) balance among the elements of compensation; (iii) benchmarking this compensation in the context of the business, the reference market and the size of the Company; (iv) consistency with the compensation of other executives and/or employees; (v) visibility; (vi) appropriate with, as applicable, a balance between compensation and the allocation of stock options or performance shares; and (vii) and transparency, as the information on compensation is communicated to shareholders in accordance with the applicable regulations;
- ▶ Recommendation 3 concerning severance pay for executives: the Company is in compliance with this recommendation. No severance package has been awarded to Company executives. As a result, their departure from the Company will not give rise to the payment of severance pay (see section 3.2.1.2 (a) of this Annual Report);
- ▶ Recommendation 4 concerning supplementary retirement plans: the Company is in compliance with this recommendation. There is no specific supplementary retirement plan in place for corporate officers (see sections 3.2.1.1 and 3.2.1.2 (b) of this Annual Report);
- ▶ Recommendation 5 concerning stock options and allocations of bonus shares stipulating conditions for their allocation, exercise and vesting: the Company is in compliance with this recommendation. The principle of a bonus allocation of performance shares was approved by the Board of Directors at its meeting on 27 March 2013 (see section 3.2.1.3 of this Annual Report). This allocation, the conditions of which must be proposed by the Appointments and Compensation Committee and then approved by the Company's Board of Directors, will comply with the applicable laws and regulations and with the stipulations of this recommendation;
- ▶ Recommendation 6 concerning the establishment of bylaws for the Board of Directors: the Company is in compliance with this recommendation. In effect, a bylaw dated 22 September 2011 (see section 5.1.2.2 (a) (i) of this Annual Report) describes the role of the Board of Directors, the members of the Board of Directors/the criteria for the independence of members, duties of the members, the functioning of the Board of Directors, and the rules for determining and appointing Board members. This document is available on the Company's website;
- ▶ Recommendation 7 concerning the ethics of the members of the Board of Directors: the Company is in compliance with this recommendation. In fact, the bylaws of the Company include, in Article 4, a charter for directors that sets out the professional ethics of directors of the Company. The bylaws are available on the Company's website;
- ▶ Recommendation 8 concerning the members of the Board of Directors and the presence of independent members on the Board: the Company is in compliance with this recommendation. The information concerning the independence of directors, and the number of independent directors on the Board of Directors, is provided in section 3.1.1.1 (a) (i) of this Annual Report;
- ▶ Recommendation 9 concerning the choice of directors: the Company is in compliance with this recommendation. The Company provides information about the experience and expertise of each director to the General Shareholders' Meeting, both at the time of their appointment and during their term of office. Moreover, each Board member is appointed through a separate resolution as seen, for example, on the agenda of the Combined Ordinary and Extraordinary Shareholders' Meeting of 20 June 2013 for the renewal of the terms of office of certain Company directors;
- ▶ Recommendation 10 covering the terms of office of members of the Board of Directors: the Company is in compliance with this recommendation. The Company believes that the term of office of three years for directors, as defined by the Company's Articles of Association, is appropriate for the performance of this role within the Company;

- ▶ Recommendation 11 concerning information provided to members of the Board of Directors: the Company is in compliance with this recommendation. The bylaws stipulate, notably in Article 2.1, that all documents necessary to provide directors with information about the agenda and the questions to be reviewed by the Board of Directors shall be attached to the notice of meeting or sent to the directors within a reasonable period prior to the meeting. All information necessary between Board meetings is also sent to the directors when warranted by events. Moreover, the directors themselves assess whether the information provided is sufficient, and may ask the Chairman of the Board of Directors for any additional information they deem necessary for the proper performance of their duties, particularly with regard to the agenda of meetings;
- ▶ Recommendation 12 concerning the establishment of committees: the Company is in compliance with this recommendation. The composition and duties of the specialised committees established by the Company, namely an Audit Committee and an Appointments and Compensation Committee, are described in section 3.3.6 of this Annual Report;
- ▶ Recommendation 13 concerning meetings of the Board and the committees: the Company is in compliance with this recommendation. The meetings of the Board of Directors, which result in the preparation of minutes, allow for a detailed review of the topics discussed. During the year ended 31 December 2012, the Board of Directors met six times. The dates of those meetings and the attendance rate of the directors are provided in section 3.3.2 of this Annual Report;
- ▶ Recommendation 14 concerning the compensation of directors: the Company is in compliance with this recommendation. The distribution of directors' fees is determined by the Board of Directors, on the recommendation of the Appointments and Compensation Committee, primarily on the basis of their attendance and the committees on which they serve (see section 3.3.6.2 (b) (ii) of this Annual Report). The amount of the directors' fees due and paid to each director of the Company in 2011 and 2012 is provided in section 3.2.1.1 of this Annual Report;
- ▶ Recommendation 15 concerning the establishment of an assessment of the work of the Board of Directors: the Company is in compliance with this recommendation. The operation and results of this assessment are described in section 3.3.3 of this Annual Report.

3.3.8 INTERNAL CONTROL AND RISK MANAGEMENT

→ 3.3.8.1 Internal control within the Company

(a) Scope of internal control

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 security of assets

and the effectiveness of operations. It cannot, however, provide an absolute guarantee that all risks will be totally eliminated.

(b) Risk management

The Company has a risk identification and management system similar to that in operation within its former parent company, Maurel & Prom. The adoption, implementation, and application of these measures are explained and all the more coherent since it is the teams from Maurel & Prom, under the Transitional Services Agreement (see section 5.4.1.2 of this Annual Report), 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 obtained suitable insurance policies (see section 2.9 of this Annual Report) for the risks incurred in connection with the activities performed.

(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 in charge of monitoring internal control measures, with priority being placed on the accounting and financial areas, without disregarding the other functions. This committee reports to the Board of Directors.

The main duties of the Audit Committee are described in section 3.3.6.1(b) of this Annual Report.

The Audit Committee relies on services rendered 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 taken into consideration in the 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 checks, 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.

→ 3.3.8.2 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 record all operations performed 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 the following areas for improvement:

- ▶ 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, including in particular:

- ▶ a definition of the internal control framework;
- ▶ the circulation of an internal control and procedures manual;
- ▶ the implementation of a communication protocol with management and internal control personnel; and
- ▶ finally, planning 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 the monitoring of internal control procedures.

Seplat's internal control procedures are 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

Dear Shareholders,

As statutory auditors of the company Maurel & Prom Nigeria and pursuant to the provisions of Article L. 225 235 of the French Commercial Code, we hereby 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 2012.

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 certify 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 comments to make 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 hereby confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by Article L. 225-37 of the French Commercial Code.

Paris, 30 April 2013

The Statutory Auditors

INTERNATIONAL AUDIT COMPANY

Daniel de Beaurepaire

François CARREGA

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In accordance with the provisions of the French Commercial Code pursuant to the New Economic Regulations Act of May 2001, as amended by the Law of 12 July 2010 on national commitment to the environment (the "Grenelle" Law), the Law of 22 October 2010 on banking and financial regulation, the Law of 27 January 2011 on the balanced representation of men and women on boards of directors and supervisory boards and on professional equality, the Law of 16 June 2011 on immigration, integration and nationality, and the Law of 22 March 2012 on the simplification of legal and administrative procedures, the Annual Report presents information on the manner in which the Company takes into account the social and environmental consequences of its activities as well as its societal commitments to promote sustainable development, non-discrimination and diversity. This presentation is made in accordance with the terms of the Decree of 24 April 2012 relating to the obligation of corporate transparency in social and environmental matters.

Therefore, this Corporate social responsibility chapter of the MP Nigeria Group's 2012 Annual Report presents the corporate information on the workforce, compensation, organisation of work, labour relations and accidents in the workplace and occupational illnesses, as well as the promotion and respect of the fundamental conventions of the International Labour Organisation, for the Company and for its subsidiary MPNATI on the one hand, and for Seplat on the other.

In addition, to the extent that in 2012, the only operational activities of the MP Nigeria Group are the operations conducted by Seplat in Nigeria, the information on hygiene, health, safety, the environment and commitments to sustainable development presented below, are the reflection of the corporate policy and activities of Seplat. This information was collected by the Company from Seplat through a questionnaire intended to transcribe the objectives of the Decree of 24 April 2012.

4.1 Corporate information

4.1.1 EMPLOYMENT

→ 4.1.1.1 Total workforce and breakdown by gender, age and geographic region

As at 31 December 2012, the Company had one employee and MPNATI, the subsidiary of the Company that carries the Company's international staff, had two employees. On the same date, Seplat had 264 employees.

Since the Listing, the Company has benefited from the expertise and assistance of Maurel & Prom in the exploration and production of hydrocarbon fields under the terms of the Transitional Services Agreement (see section 5.4.1.2

of this Annual Report) signed with Maurel & Prom on 2 November 2011, for a term of 12 months, which may be renewable once for the same period at the Company's request. Under this agreement, Maurel & Prom agreed to perform the technical missions and work which the Company will need. This Agreement, which took effect on 15 December 2011, was renewed for a further one-year period on 5 November 2012.

The tables below indicate, as at 31 December 2012, the respective distribution of the employees of the Company, MPNATI and Seplat according to the following criteria: position, age group, geographic region and gender.

Position	2012	
	Company + MPNATI	Seplat
Engineers/geoscientists	1	112
Technicians	0	22
Support staff	2	130
TOTAL	3	264

Distribution by age group	2012	
	Company + MPNATI	Seplat
< 25 years	0	3
25 to 34 years	1	69
35 to 44 years	0	114
45 to 54 years	0	44
> 55 years	2	34
TOTAL	3	264

Geographic distribution (employees recorded, all types of employment contract) by gender	2012			
	Company + MPNATI		Seplat	
	Men	Women	Men	Women
Africa (Nigeria)	2	0	205	59
Europe	1	0	0	0
Subtotal	3	0	205	59
TOTAL	3		264	

→ 4.1.1.2 Recruitment and dismissals

The transition period during which the Company benefits from the Transitional Services Agreement (see section 5.4.1.2 of this Annual Report) allows the Company to organise its recruitment

process in order to obtain quality employees that have the expertise required in exploration/production.

In Nigeria, the recruitment policy has been established as part of the development of Seplat's production operations.

The table below shows the new employees hired with the Company, MPNATI and Seplat during fiscal year 2012:

Recruitment	2012		
	Permanent	Temporary	Total
Company + MPNATI	4	0	4
Seplat	60	20	80

The table below shows departures, excluding retirees, role changes and early retirement:

	2012	
	Company + MPNATI	Seplat
Departures excluding retirees/role changes/early retirement	0	8
Voluntary departures (resignations, negotiated departures, termination of contract)	1	6
Dismissals	0	1
Deaths	0	1
TOTAL DEPARTURES / TOTAL WORKFORCE	0.25	0.03

→ 4.1.1.3 Compensation and changes in compensation

For the Company, MPNATI and Seplat, the payroll covering salaries, social security contributions and employer's contributions was as follows (in thousands of euros):

	2012	
	Company + MPNATI	Seplat
Payroll	560.99	26,112.49

(a) Profit-sharing

In order to attract quality employees and make them partners in the performance of the Company, MP Nigeria has set up a profit-sharing plan and a company savings plan.

Profit-sharing plan

On 26 June 2012, the Company established a three-year profit-sharing plan, covering 2012, 2013 and 2014. Under the terms of this plan, any employee affiliated with the Company by an employment contract, who has worked for MP Nigeria for three months, will be able to benefit from the incentive even if he/she is no longer an employee when the year ends.

The method for calculating the incentive is based on (i) the level of equity interests held by the Company, (ii) the level of dividend distribution by the equity interests held by the Company, (iii) the increase in the market value of the Company in relation to the CAC Mid & Small and (iv) the increase in hydrocarbon reserves within the equity interests held by the Company.

Payments will be allocated among the employees of the Company in proportion to their basic salary for the year. This choice is motivated by a dual goal: to increase employee solidarity in order to stimulate the group productive dynamic, and to respect the contribution of each person to the effort to increase productivity and improve the organisation of the work.

Company savings plan

On 23 November 2012, the Company established an employee savings policy offering all MP Nigeria employees the benefit of a

company savings plan ("*plan épargne entreprise*" or "**PEE**"). This PEE has an indefinite term. Under the terms of the PEE, any employee who has been part of the Company for three months will be eligible for the company savings plan.

The PEE is funded through (i) scheduled or periodic voluntary contributions made by each beneficiary, (ii) additional payments from the Company, (iii) all or some of the incentive bonuses, (iv) all or some of the profit-sharing, (v) the transfer of sums from another employee savings plan with an identical term, and (vi) the transfer of sums and rights from a time savings account. It is, however, specified, that the annual voluntary payments from a beneficiary (including profit-sharing) may not exceed 25% of his/her annual compensation or professional income subject to income tax for the previous year.

If it wishes, the Company can fund the PEE by supplementing the payments of the beneficiaries participating in the PEE with a maximum employer's contribution equal to 300% of their payments. The annual contribution paid by the Company for each employee is limited to the statutory limit, which is 8% of the annual social security ceiling (for information, this was €2,909.76 for the 2012 calendar year).

Pension plan and other benefits

The Company has joined a supplementary retirement plan which is a group insurance agreement from Generali. This affiliation covers current and future personnel of the Company, and the rates of employer contributions are 8% on tranches A, B and C. The amounts paid by the Company for this plan total was €4,332.

4.1.2 ORGANISATION OF WORK

→ 4.1.2.1 Organisation of working time

Organisation of working time within the Company

In France, the Company has applied the collective agreement of the oil industry since 15 June 2012.

Hours

During the year ended 31 December 2012, the Company established a system of a fixed number of days for (i) managers who have independence in the use of their time and (ii) self-employed workers. This system counts the working time of the people concerned in days and not in hours. An annual limit is set by collective agreement at a maximum of 218 days, but an employee may legally work beyond this limit up to 282 days.

To date, given the number of employees in the Company, no protocol for the adjustment and reduction of working time has been adopted by the Company.

Use of overtime

Insofar as an employee employed with "fixed days" can work beyond 218 days, thus recovering the additional days worked, the Company does not use overtime hours.

4.1.3 INDUSTRIAL RELATIONS

→ 4.1.3.1 Organisation of social dialogue, notably procedures for employee information, consultation and negotiation

Because of the current structure of the MP Nigeria Group, social dialogue within the Company and its subsidiary MPNATI is established directly between the managements of these companies and their employees on issues related in particular to working time, organisation of working time and compensation.

In Nigeria, the Company has a works council known as the "joint consultative committee", which is composed of executives and employee representatives. The works council, within which social dialogue at Seplat is conducted, has information and consultation prerogatives and meets frequently to discuss Seplat's social issues.

→ 4.1.2.2 Absenteeism

For the year ended 31 December 2012, the rates of total absenteeism and absenteeism due to illness for the Company and MPNATI were zero.

Over the same period, the total rate of absenteeism for Seplat was 0.49% and the rate of absenteeism due to illness was 0.04%.

The following calculation method is used:

- ▶ Total absenteeism: $B / (A+B)$
- ▶ Absenteeism due to illness: $C / (A+B)$

Where:

- (A) corresponds to the number of days effectively worked by all contractual employees, training days included;
- (B) corresponds to the number of days of absence (due to sickness, occupational illness, maternity, workplace accident including work-related travel accident, or any other absence not provided for contractually); and
- (C) is the number of sick days (excluding occupational illness, maternity, workplace accident or work-related travel accident, etc.).

The meetings of the works council allow Seplat to take into consideration and listen to the opinions of the employees on issues within its remit. These exchanges, during which the executives and employees express their views, may therefore influence the Company's decision-making. Seplat's employees have no union representatives.

→ 4.1.3.2 Overview of collective agreements

Given the current number of employees in the Company and MPNATI, no collective agreement has been signed to date with the employees of these entities.

In addition, Seplat declares that it has not any signed collective agreements.

4.1.4 HEALTH AND SAFETY

The management of Seplat's health and safety risks for its employees is formalised in its environmental, health, safety and community relations policy of August 2010 (the "HSE policy").

Seplat's HSE management system is based on the principles of the International Oil and Gas Producers Association ("OGP"). It defines the instructions and procedures for operational managers and site managers so that they can implement working methods that ensure the safety of the employees at work. The HSE performance is part of the company's overall performance.

Seplat's HSE management system is based on the following seven elements:

- ▶ Leadership and commitment: total commitment to the health, safety and environment culture;
- ▶ Policy and objectives: corporate policy and values;
- ▶ Organisation, responsibility and resources: organisation and responsibilities of persons; availability of the resources necessary to achieve the desired level of safety;
- ▶ Risk management: identification and assessment of the HSE risks; reduction, control and elimination of those risks;
- ▶ Planning: action plans for the operational activities and emergency plans;
- ▶ Implementation and control: performance and monitoring of the activities and correction plans for the deficiencies found; and
- ▶ Audit and review: periodic assessment, improvement in performance and the HSE management system.

→ 4.1.4.1 Occupational health and safety conditions

Seplat strives to respect the best practices of the industry with regards to health and safety in the workplace. In this respect, Seplat makes sure that all contractors respect its HSE policy and communicates to them the HSE obligations to be met before the signature of the contract. The employees of Seplat and of its contractors are trained in the HSE policy and in its HSE management system.

Seplat also uses a system to identify risks and check for potential hazards (hazard identification and control scheme, "SHICS"). This system is the cornerstone of its HSE management system. Preparing the employees to recognise, identify, control and eliminate the dangers and risks in their working environment, empowering and motivating them, is Seplat's strategy for preventing and eliminating hazards. After finding that most accidents were the result of dangerous conditions and acts of negligence, Seplat decided to encourage employees to

identify and report the dangerous situations, which they encounter. An emphasis is placed on these principles, particularly during safety meetings.

→ 4.1.4.2 Overview of collective agreements on occupational health and safety signed with trade unions or employee representatives with respect to health and safety in the workplace

No agreement regarding health and safety in the workplace has been signed by Seplat with its employees.

→ 4.1.4.3 Workplace accidents and occupational illness

In 2012, there were no accidents at work among employees of the Company and MPNATI.

For Seplat, the indicators of workplace accident frequency for the year 2012 are provided in the table below:

2012	Seplat
Frequency of injuries requiring work stoppage (LTIF)*	0
Frequency of reported injuries (TRIR)**	0

* The Lost Time Injury Frequency (LTIF) rate is the total number of deaths and injuries or illnesses resulting from the work that prevent the person from working on the day following the accident (Lost Time Injuries – LTI), per 1 million hours worked.

** The Total Recordable Injury Rate (TRIR) is the total number of (i) deaths plus (ii) injuries or illnesses resulting from work that prevent the person from working on the day following the accident (LTI), (iii) Restricted Work Day Cases (RWDC) corresponding to an injury causing medically certified incapacity provided it is not caused by death or injury with work stoppage, plus (iv) cases requiring medical treatment (Medical Treatment Cases – MTC) defined as an injury requiring treatment by a doctor or nurse, per 1 million hours worked.

For Seplat, the severity rate representing the average duration of work stoppage per accident is 0 days.

The Company and MPNATI did not declare any occupational illnesses in 2012. In addition, the Company is not aware of any occupational illnesses that might be declared by Seplat pursuant to the applicable regulations in Nigeria.

4.1.5 TRAINING

→ 4.1.5.1 Training policies implemented

Seplat values and encourages the implementation of training measures insofar as such measures improve the efficiency and performance of employees and ensure the performance of its operations under satisfactory safety conditions.

→ 4.1.5.2 Number of hours of training

The table below shows the number of training hours, and the related costs, given to Seplat employees in fiscal year 2012:

	Number of hours of training	Cost
Seplat employees	7,431	US\$1,311,166

4.1.6 EQUALITY OF TREATMENT

→ 4.1.6.1 Measures taken to promote the equality of men and women

Seplat does not discriminate between men and women when hiring to fill vacancies. At 31 December 2012, women represented 22.1% of the Seplat's workforce and 26.6% of the hires over the year. On that same date, the positions of geosciences engineer, project manager, IT and telecoms manager, and manager for relations with authorities were all held by women.

→ 4.1.6.2 Measures taken to encourage the employment and integration of people with disabilities

Seplat's general policy establishes the principle of equal opportunity in recruitment, compensation, benefits, promotion and access to learning and development opportunities.

→ 4.1.6.3 Anti-discrimination policy

Seplat's general policy establishes the principle of equal opportunity in recruitment, compensation, benefits, promotion and access to learning and development opportunities.

4.1.7 PROMOTION OF AND COMPLIANCE WITH THE INTERNATIONAL LABOUR ORGANISATION'S FUNDAMENTAL CONVENTIONS

→ 4.1.7.1 Freedom of association and the right to collective bargaining / Elimination of discrimination in respect of employment and occupation / Elimination of forced and compulsory labour / Effective abolition of child labour

The general policy of the Company and MPNATI complies with the general principles of international law (OECD, ILO, community law) and with national laws that exclude any form of discrimination, harassment, any use of forced labour and child labour.

4.2 Environmental information

Seplat's operations may have consequences for the environment and natural resources which must be measured, controlled and reduced as much as possible. Furthermore, any potential environmental disturbance or damage could expose Seplat to various risks, which could generate additional costs and also

undermine Seplat's 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.

4.2.1 GENERAL ENVIRONMENTAL POLICY

Aware of its legal obligations with regard to environmental protection, Seplat has been committed, since the start of its activity, to respect the principles of sustainable development. The general environmental policy is formalised in the HSE Policy. It stipulates that Seplat must take the protection of the environment and compliance with local regulations, international instructions and codes of good practice into consideration when conducting its activities.

→ 4.2.1.1 Seplat's arrangements to address environmental issues and, where necessary, environmental assessment and certification initiatives

Seplat's consideration for environmental issues is integrated into its HSE management system. Seplat has developed and established its own organisation: a general manager is responsible for the administration of the HSE policy. He is backed by a senior coordinator (who is in charge of five HSE officers), a Training & Compliance Monitoring Coordinator and an Environmental Compliance & Studies Coordinator.

Seplat identifies all of the environmental impacts of its operations and activities in a register of hazards and their effects on the environment. Each step in the process to perform the operations may have potentially negative effects on

the environment, whether on the marine ecosystem, the coastal zones or earth and can produce contamination or potential pollution.

An annual HSE plan is prepared, published and its enforcement is monitored. The provisions of the plan include monitoring environmental compliance, environmental impact studies, and the inspection and auditing of facilities, etc.

The results of the recommendations made during the performance of inspections and audits, including on the management of environmental resources, are monitored. Periodic facilities and operations inspections are also conducted.

With respect to the efforts deployed by Seplat to set up this HSE structure and the dedicated resources needed, Seplat has the necessary resources to conduct internal assessments.

→ 4.2.1.2 Employee training and information actions for the protection of the environment

Seplat's strategy for the protection of the environment includes constant awareness of its employees and its contractors. Seplat also raises awareness among local communities of environmental problems.

→ 4.2.1.3 Resources dedicated to the prevention of environmental risks and pollution

The table below shows the budget allocated to the protection of the environment and the prevention of pollution for Seplat (on a 100% basis) for 2012:

Description of actions/activities	Resources (in US dollars)
Activities to clean up spills / Restoration of polluted surfaces / Compensation for pollution caused	1,833,000
Waste management	102,000
Protection of the environment	887,000
Pollution control equipment / Facilities	527,000
TOTAL	3,349,000

→ 4.2.1.4 Amount of provisions and guarantees for environmental risks

At 31 December 2012, the amount of Seplat's provisions and guarantees for environmental risks was zero.

4.2.2 POLLUTION AND WASTE MANAGEMENT

In order to take issues related to pollution and waste management into consideration, Seplat has developed procedures and instructions and, in particular, has set up an oil spill contingency plan, a waste management plan, an environmental monitoring plan, audits and inspection plans.

→ 4.2.2.1 Measures to prevent, reduce or remedy releases into the air, water and soil that seriously affect the environment

(a) Air

Because of the nature of its activities, the facilities and equipment used by Seplat generate atmospheric emissions (see section 2.4.2 of this Annual Report for flaring at pumping stations). Seplat uses all practical methods and instruments available to control, prevent and reduce atmospheric emissions and releases of pollutants.

In order to comply with legal and regulatory obligations, Seplat ensures the correct operation of the motors of its equipment and

vehicles and prohibits excessive burning of materials resulting from wood and brush cutting and combustible materials.

Seplat measures air quality to check its level of emissions. Each week, air quality analyses are conducted and a report is drafted. A report presenting the results of these analyses is then sent each year to the regulator (Department of Petroleum Resources of Nigeria and the Federal Ministry for the Environment), the analysis of the air quality reports for 2012 indicate that Seplat is in compliance with the defined regulatory limits.

(b) Water

Seplat has established a procedure to prevent the pollution of surface and underground water at its sites.

Aqueous effluents and wastewater are treated in compliance with the limits set by the regulations in force before being released into the environment. Seplat conducts weekly samplings and a monthly report is sent to the regulators (Department of Petroleum Resources of Nigeria and Federal Ministry for the Environment). In 2012, the analysis of measurements of effluent parameters indicates that Seplat is in full compliance with the defined regulatory limits.

(c) Soil

The risks of soil contamination related to Seplat's activities arise essentially from accidental oil spills (see section 2.4.4 of this Annual Report), waste (see section 4.2.2.2 of this Annual Report) and the construction of facilities and equipment.

In accordance with the oil spill contingency plan, which takes into account the specific nature of the sensitive environment in which Seplat operates, appropriate strategies and equipment are put in place to contain, clean and restore contaminated sites.

The table below shows the number and total volume of hydrocarbon spills that reached the environment during the year ended 31 December 2012 (Seplat, 100% basis):

	2012
Number of hydrocarbon spills reaching the environment	7
Total volume of hydrocarbons spills reaching the environment, in m ³	17.67

→ 4.2.2.2 Measures to prevent, recycle and eliminate waste

Seplat takes all measures necessary and practical to minimise the generation of liquid and solid waste to ensure the management and elimination of waste in accordance with the applicable regulations and to ensure the monitoring and traceability of the entire waste chain.

In 2012, 8,958 tonnes of hazardous waste were generated, primarily from drilling excavation and oily debris. These waste products were evacuated to approved waste treatment facilities and treated/eliminated using approved methods (thermal desorption unit and high-temperature incinerator).

The handling, storage and elimination of the waste generated by Seplat's activities comply with the provisions of its waste management plan. In order to increase the awareness of its employees and contractors working on its projects in waste prevention, recycling and elimination measures, Seplat has drafted several instructions on issues like the emission and discharge of pollutants, exhaust gases or fugitive gases, spills or discharges of effluents into the soil, the elimination of solid waste (hazardous and non-hazardous) and noise and vibration generation.

All waste products are managed in accordance with the principle of prioritised management, which involves the following actions:

- ▶ reduction: reduction of the quantity of waste through efficient processes;
- ▶ reuse: use of materials or products that can be reused in their initial form;

In the event of pollution, the plan must be rapidly deployed. In any event, this plan is implemented every year in collaboration with the Department of Petroleum Resources of Nigeria and the National Oil Spill Detection and Regulatory Agency. Moreover, Seplat periodically conducts in-house tests to assess the reactivity of its personnel and the installation of equipment.

- ▶ recovery: extraction of the energy or materials from waste;
- ▶ recycling: transformation of waste into usable materials; and
- ▶ responsible elimination: elimination of waste using appropriate methods.

This principle is intended to minimize the risks for the environment and for personnel related to the handling, storage and elimination of waste.

→ 4.2.2.3 Consideration of noise and any other form of pollution specific to an activity

In order to limit the noise from its sites, Seplat has established provisions for the regular maintenance of its equipment. In addition, night-time operations are prohibited, except when absolutely necessary. In this case, adequate measures are taken to reduce the noise level and working hours are limited to the minimum necessary. Hearing protection is provided to workers and visitors near the operations or equipment that generates high noise levels. In order to reduce the impact of high noise levels from its facilities, Seplat may decide to establish safety zones and buffer zones between the sites and local communities. Noise maps of all of the facilities exist to demarcate and identify all zones where noise is high, specifically in order to inform employees of the location of secure work areas.

4.2.3 SUSTAINABLE USE OF RESOURCES

→ 4.2.3.1 Water consumption and water supply based on local constraints

Seplat uses fresh water for domestic uses (consumption on base camps), but also water for industrial purposes taken from the subsoil.

In 2012, Seplat's [fresh] water consumption was 1,976,400 litres, with 1,464,000 litres used for domestic purposes and 512,400 litres used for industrial purposes.

→ 4.2.3.2 Consumption of raw materials and measures taken to improve efficiency of use

The primary raw materials consumed in Seplat's activities are water and energy. The measures taken to improve the energy efficiency of facilities are based on the recovery and use of energy from the associated gas.

→ 4.2.3.3 Energy consumption, measures taken to improve energy efficiency, and use of renewable energy

Seplat uses various energy sources to conduct its operations (fuel and diesel). Seplat has not declared that it uses renewable energy sources.

→ 4.2.3.4 Land use

Nigerian legislation supports the use of land to conduct activities in the hydrocarbon sector. However, certain principles are defined to supervise this activity:

- ▶ adequate compensation must be paid to individuals, property owners, communities and families before the use of their land for operational purposes;
- ▶ the reason using the land, and the benefits and impacts of the project on local communities must be explained to them; and
- ▶ the culture of local communities must be respected.

Applying these principles, Seplat conducts discussions with landowners and signs agreements stipulating compensation, the amount of which is agreed on by the parties, to be paid to the owners and to the community in which the land is located.

In addition, Seplat has built a close relationship with its neighbouring communities and has formalised the obligations of each party in a memorandum of understanding described in section 5.4.2.4 of this Annual Report. With their agreement, Seplat makes every effort to conserve this previous resource, not only by restricting the use of the land, but also by using only the areas necessary to conduct its activities.

4.2.4 CLIMATE CHANGE

→ 4.2.4.1 Greenhouse gas (GHG) emissions

In oil and gas exploration and production, flaring represents a significant source of GHG emissions. The quantity of gas flared may depend, in practice, on the implementation or not of gas reinjection processes and gas processing infrastructures, internal gas consumption, the commercial markets for the hydrocarbons extracted, and the type of hydrocarbons extracted.

Seplat has established a programme to eliminate gas flaring to comply with the provisions of the "zero flaring" directive from

the Nigerian federal government. This programme began at the Amukpe pumping station and will be replicated in the other facilities.

→ 4.2.4.2 Adapting to the consequences of climate change

A large number of specific impacts of climate change are highly uncertain. In this context, for the oil and gas sector, adaptation to climate change means, first, improving the reliability and flexibility

of the infrastructures and, second, boosting the “adaptation capacity” of the sector, the host countries and their people.

The adaptation strategy necessitates the inclusion of the impact of climate change in the risk management system at the sector level and over the entire value chain. It means planning responses and technical solutions to alleviate these risks, and share this knowledge with the countries and communities in order to assist them in planning the adaptation to climate change, such as, for example, preparing for emergency situations.

Moreover, it should be noted that the existing surface facilities operated by Seplat are not subject to a risk of submersion. In fact, they are located in the far north of the Niger Delta (and not at the heart of the Niger Delta), more than 26 kilometres from the sea, on non-constructed flat lands surrounded by stretches of river. The sharp seasonal contrasts, including a significant rainy season, have never had any impact on the operations or the security of the facilities, as the water is drained by the waterways or absorbed by the land.

4.2.5 PROTECTION OF BIODIVERSITY

→ 4.2.5.1 Measures taken to preserve or develop biodiversity

Because of the nature of Seplat’s activities, the exploration-production operations it performs are likely to have impacts on biodiversity.

In order to prevent any damage to the environment and biodiversity, Seplat identifies the foreseeable environmental impact of its projects by completing environmental impact studies. These impact studies are a key tool for the industry as a whole, to ensure that the projects comply with the principles of sustainable development. In particular, these studies are used to identify, predict, assess and mitigate the biophysical, social and other effects before the implementation and construction of the projects.

The environmental management plan extends this impact study throughout the life of the project by planning environmental monitoring and audits of the activities.

Since the start of its operations in 2010, Seplat has conducted:

- ▶ environmental impact studies for OMLs 4, 38 and 41;
- ▶ environmental impact studies for various activities (drilling, wells, drilling site preparation, liquid processing facility, pipeline construction) on nine fields, primarily located on OML 38 and on OML 41;
- ▶ an environmental management plan covering the planning, control, and audit/inspection of the operations for various projects;

- ▶ an environmental mapping of OMLs 4, 38 and 41 to demarcate the concession into classified areas based on their environmental sensitivities in order to develop relevant contingency plans and improve the response in the event of spills.

In addition, in order to ensure that the diversity of the zones in which Seplat operates is not threatened, Seplat:

- ▶ identifies and characterises the biodiversity at the site in question in order to adopt adapted management for important species;
- ▶ ensures that only the areas used for the project are cleared. Areas that have been excessively cleared are replanted;
- ▶ ensures that the removal and excavation of the plant layer is strictly limited to the areas acquired for the operations;
- ▶ implements ongoing control during site preparation so that multiple points of entry are not created in the forest;
- ▶ adequately replants all other areas with indigenous species and the forest after the activity;
- ▶ stabilises soils at the well locations by using compactors to reduce erosion; and
- ▶ ensures, through controls performed during the activity, that no removal or excavations of land or waste products are thrown into the water.

4.3 Information on corporate commitments to promote sustainable development

Seplat's societal policy is marked by the basic principle that the development of relations with its stakeholders, considered as a partnership, contributes to the success of the company.

4.3.1 TERRITORIAL, ECONOMIC AND SOCIAL IMPACT OF SEPLAT'S ACTIVITIES

→ 4.3.1.1 Seplat's territorial, economic and social impact on employment and regional development

Seplat's acquisition of OMLs 4, 38 and 41 previously held by SPDC has had significant effect on the local economy. Thus, Seplat's workforce is almost exclusively made up of Nigerian employees. In addition, for certain contracts and based on defined criteria, Seplat gives priority to the use of local subcontractors (see section 4.3.3 of this Annual Report).

→ 4.3.1.2 Seplat's territorial, economic and social impact on local or neighbouring populations

In order to strengthen its ties with local communities, on 1 January 2011 Seplat signed a memorandum of understanding with the communities living near to the production zones of Amukpe, Oben, Sapele and Ugborhen described in section 5.4.2.4 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.

Seplat's objective is that the CSR principles be integrated at all stages of its operations in order to create long-term value for the company and for its stakeholders. The CSR budget is reviewed each year and approved by management and the Board of Directors. The CSR report prepared at the end of each fiscal year presents the details of its social responsibility programmes, initiatives, and the impacts on the communities located in the areas in which Seplat operates.

At the local level, Seplat is working to improve the health and well-being of people living in the host communities. In 2011, Seplat launched a "maternity without risk" programme. Continuing this approach, on 4 March 2012 Seplat decided to launch a new programme for people with vision problems, called "eye can see". The purpose of this programme is to provide surgical care and assistance to around 2,000 people in the local communities who are suffering from vision problems. This programme, which has received the support of experienced opticians and ophthalmologists, will be continued in 2013.

4.3.2 RELATIONS BETWEEN PERSONS OR ORGANISATIONS WITH AN INTEREST IN SEPLAT'S ACTIVITIES

→ 4.3.2.1 Conditions for dialogue with these individuals or organisations

Dialogue with local communities is organised as follows:

- ▶ regular consultative meetings held at least once a month with each of the local communities;
- ▶ *ad hoc* meetings if necessary between members of the local communities and Seplat's team responsible for local

community relations and also with other concerned parties. These meetings are often chaired by the director of local community relations or the site manager;

- ▶ a meeting at the town hall every quarter. Seplat's director of local community relations chairs the meeting, which is open to everyone in the local community, including the leaders of the local community;

- ▶ meetings open to everyone are held twice a year. Government representatives may attend, but most of the time they are held with the host communities; and
- ▶ fund allocation meetings are held every quarter to analyse the performance of projects in the field. The NPDC and the Nigerian Department of Petroleum Resources are invited to these meetings.

→ 4.3.2.2 Partnership or sponsorship actions

Seplat is developing specific partnership approaches at the local level with civil society, residents' associations and non-governmental organisations throughout the life of the projects. In addition, sponsorship projects are also conducted by Seplat in relation to (i) the health of local communities with the development of the "eye can see" programme, (ii) increased awareness of environmental protection, and (iii) education. In 2013, Seplat plans to spend US\$7.26 million on partnership and sponsorship programmes.

4.3.3 SUBCONTRACTORS AND SUPPLIERS

→ 4.3.3.1 Consideration of societal and environmental challenges in the procurement policy

Seplat's consideration of societal and environmental issues in its purchasing policy primarily consists of giving priority to bids from local communities for non-technical work.

→ 4.3.3.2 Importance of subcontracting and consideration of their social and environmental responsibility in relations with suppliers and subcontractors

Supplier relations are framed by an internal policy and standards that specifically describe the procedures to be followed. Under

this policy, Seplat encourages transparency and competition during a tender process. The bids are then evaluated by the relevant teams at Seplat with different levels of delegation that may involve management and the partner (when the transactions involve amounts greater than US\$500,000). Sometimes, a single application may be authorised, subject to the required documentation and authorisations. The candidate chosen is generally the "lowest bidder" except when the pre-approved purchasing strategy requires otherwise, for example in the case of a short time frame or when environmental or community considerations are crucial. Preference is given to contractors from the local communities, even when their prices are higher than the "lowest bid", within a range of 10%.

4.3.4 FAIR PRACTICES

→ 4.3.4.1 Anti-corruption measures

In order to prevent corruption, Seplat has drafted a code of good business conduct for its employees and suppliers. This code sets out Seplat's commitment to conduct its activities with integrity and maintain high ethical standards.

Seplat's code of business conduct prohibits the payment of funds by Seplat to a political party or to any person who holds a public office or who is a candidate for public office, with the exception

of cases where such a contribution is permitted by law and has first been authorised by the Board of Directors. Political donations must be declared in the Annual Report. Charitable donations are authorised, but must be approved by the Board.

Pursuant to the code of good conduct, Seplat does not approve, excuse or authorise any payment made by its employees or subcontractors to a third party or the receipt of a sum of money paid by a third party (bribe) to Seplat employees or subcontractors in order to obtain a contract, work, benefit

or anything else from Seplat. In particular, it is expressly forbidden to accept benefits, bribes, or discounts with monetary or non-monetary value which would have the effect of giving a partner an unjustified advantage of any kind, including before, during or after a tender process. Gifts and payments of any kind made to a government official, a political party, or a candidate for public office in order to influence them in the performance of their duties are specifically and strictly prohibited. Any payment that could be considered a benefit, bribe or kick-back could be a violation of the law and lead to criminal sanctions (fines and/or imprisonment).

→ 4.3.4.2 Measures taken to promote consumer health and safety

Seplat sells its production to companies and not directly to consumers. Moreover, Seplat does not refine or distribute hydrocarbons and is therefore not in contact with consumers. Therefore, it is not relevant, given Seplat's activity, to plan or adopt measures in favour of the health and safety of consumers.

4.3.5 OTHER ACTIONS UNDERTAKEN TO PROMOTE HUMAN RIGHTS

Seplat has not undertaken any other actions to promote human rights

4.4 Report of the independent third-party body on the verification of CSR data

MP NIGERIA, year ended 31 December 2012

REPORT OF THE THIRD-PARTY AUDITORS ON SOCIAL, ENVIRONMENTAL AND SOCIETAL DATA

Following the request made to us, and pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code and the Decree of 24 April 2012, we have conducted a review in order to certify the presence of all required social, environmental and societal data (the "Data") and to issue an opinion on the fairness of the Data selected by MP Nigeria and presented in its 2012 management report, which will be included in the 2012 Annual Report.

This Data was collected under the responsibility of Michel Hochard, Chief Executive Officer of MP Nigeria, in accordance with the procedures of MP Nigeria.

It is our responsibility, on the basis of our work, to express an opinion on this Data. The conclusions below relate only to the information required by the Decree of 24 April 2012 (Chapter 4: Corporate, social and environmental responsibility) and not the 2012 management report as a whole.

NATURE AND SCOPE OF THE WORK

SOCOTEC completed its work by conducting:

- ▶ a strategic analysis with the objective of understanding the activities and structure of MP Nigeria;
- ▶ a risk assessment to establish an audit plan specific to the activities undertaken and the Data reported;
- ▶ the implementation of the audit plan;
- ▶ the drafting of a provisional opinion submitted for the approval of MP Nigeria;
- ▶ the drafting of a final opinion (declaration of presence and opinion on the Data).

Based on a documentary audit (28 March-23 May 2013) and an on-site audit (9-10 April 2013) involving interviews with several members of the management, our work consisted of performing the audit work outlined below.

We implemented the following procedures to obtain assurance that the selected Data does not contain any material misstatement:

- ▶ We assessed the MP Nigeria procedures in terms of their relevance, reliability, comprehensiveness and completeness (drafting of a CSR questionnaire sent to the management of the subsidiary Seplat, 45% owned by MP Nigeria, collection of qualitative and quantitative data from Seplat, additional requests from the MP Nigeria CSR steering committee and retranscription in MP Nigeria's 2012 management report).
- ▶ Within MP Nigeria, we conducted interviews with the persons responsible for environmental and social reporting in order to check compliance with internal procedures. At this level we conducted an analytical review and, via the use of surveys, verified the calculations and coherence of the Data included within MP Nigeria's 2012 management report.
- ▶ For Seplat, the sole production subsidiary, we verified the understanding and correct application of the CSR reporting procedures of MP Nigeria in detail (reliability of the questionnaire, retranscription of the responses to the questionnaire in MP Nigeria's 2012 management report), and we verified, on the basis of detailed tests, the calculations made and the reconciliation of the Data with the supporting documents for the quantitative information (the employment data for MP Nigeria covers a workforce of three people).

In addition, the information provided by Seplat, the completeness and consistency of which we verified, was certified as accurate by Seplat on 11 April 2013.

- ▶ We reviewed the documents cited in the declared items in order to assess the fairness of the qualitative information.

Being a first audit, there was no comparison with previous years.

We believe that our audit of the identified Data provides a reasonable basis for the conclusion and comments expressed hereafter.

CONCLUSION

→ Declaration of presence

We confirm the presence in the MP Nigeria 2012 management report, which will be included in the MP Nigeria 2012 Annual Report, of all of the information stipulated in the Decree of 24 April 2012 (expanded list of listed companies), with the exception of:

- ▶ the quantitative data relating to greenhouse gas emissions and energy consumption;
- ▶ the information on the measures taken to protect the health and safety of consumers; we believe that the explanation given about the lack of its relevance for the activities of MP Nigeria and its customers appears to be satisfactory.

→ Opinion on the Data

Based on our work, we did not identify any material misstatements that could call into question:

- ▶ the preparation and compilation of the Data drawn up in accordance with the procedures of MP Nigeria and the information gathered;
- ▶ the fair presentation of the Data provided.

For SOCOTEC, the Auditors
Patrick ARMANDO and Jean-Michel PRIOLEAU
24 May 2013

5

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5.1 Information about the Company

5.1.1 INFORMATION REGARDING THE COMPANY AND SEPLAT

→ 5.1.1.1 Maurel & Prom Nigeria

(a) Corporate name

At 31 December 2012, this corporate name was changed by the Ordinary and Extraordinary General Meeting of Shareholders of 20 June 2013, which adopted the corporate name of "MPI" (see section 1.6.2.2. of this Annual Report).

(b) Trade 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 51 rue d'Anjou – 75008 Paris, France. The Board of Directors of the Company, at its meeting of 27 March 2013, decided, pursuant to the applicable laws and Articles of Association, to transfer the registered office of the Company from 12 rue Volney – 75002 Paris to 51 rue d'Anjou – 75008 Paris. This decision will be submitted for the approval of the Company's Ordinary and Extraordinary Shareholders' Meeting of 20 June 2013.

Telephone: +33 (0)1 53 83 16 00

The ICB sector code⁽¹⁾ of the Company 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 formed by Maurel & Prom, a group specialising in hydrocarbon exploration and production, with the aim of acquiring, in a joint venture with Nigerian partners within Seplat, rights to OMLs 4, 38 and 41 in Nigeria. The

fact that the Company belongs to the Maurel & Prom Group has 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 the date of this Annual Report, the Company holds a 45% equity interest in Seplat, which was acquired from Maurel & Prom on 29 January 2010. The Company then signed the Shareholder Agreement (see section 5.4.1.1 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) presenting a balanced combination of fields in production, fields to be developed and exploration opportunities. Through this interest, it also enjoys strong local involvement.

→ 5.1.1.2 Seplat

(a) Corporate name

The corporate name of this company is Seplat Petroleum Development Company Limited.

(b) Trade 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 the Company

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.

(1) The unique ICB "Industry Classification Benchmark" nomenclature, introduced in January 2005 by FTSE Group and Dow Jones Indexes, allows investors and analysts to identify stocks according to the ICB hierarchy in ten industries, 18 supersectors, 39 sectors and 104 sub-sectors. The ICB Code allows analyses and sector comparisons to be made from one country to another.

(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. Shebah is wholly owned by Shebah Petroleum Development Company Limited, a company that specialises in hydrocarbons and a subsidiary of Shebah Exploration and Production Company Limited (“**Sepcol**”), the registered office of which is located in Lagos, Nigeria. Sepcol holds 40% of the rights in Nigerian OMLs 108 (offshore Ukpokiti field), acquired in 2004 from ConocoPhillips, and is the operator of this OML. At the date of this Annual Report, Ambrosie Bryant Chukwueloka Orjiako is Chairman of Sepcol, Chairman of Seplat (see section 3.1.1.2 (a) of this Annual Report) and also a director of the Company (see section 3.1.1.1 (a) (i) of this Annual Report).

The two directors representing Shebah on the Board of Directors of Seplat are presented in section 3.1.1.2 (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 in which 70% of the share capital is held by Platform Petroleum Limited, the registered office of which is located 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, is active throughout the oil and gas development, production and marketing cycle. It has the status of operator of the Asuokpu/Umutu marginal oil and gas fields located in the Niger Delta. At the date of this Annual Report, Augustine Ojunekwu Avuru is advisor to 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) (i) of this Annual Report).

The director-representing Platform on the Board of Directors of Seplat is presented in section 3.1.1.2(a) of this Annual Report.

(iii) Distribution of Seplat’s capital

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
Company	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 5.4.1.1 of this Annual Report.

Seplat is managed by a Board of Directors and a managing director, equivalent to the Chief Executive Officer of a *société*

anonyme (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.

The conditions for Seplat’s investment in OMLs 4, 38 and 41 are described in sections 1.5.1 and 5.4.2 of this Annual Report.

5.1.2 CHARTER AND ARTICLES OF ASSOCIATION

The references to the Articles of Association in this section are references to the Articles of Association adopted by the Company's General Shareholders' Meeting of 7 October 2011, as amended by the Board of Directors of the Company on 27 March 2013.

→ 5.1.2.1 Form – Corporate purpose – Registered office – Term

(a) Corporate form

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 the 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, management or sale of any buildings;
- ▶ trading in any products and commodities;
- ▶ the issuance of any guarantees, first demand guarantees, collateral and other sureties, particularly to the benefit of any group, undertaking or company in which it holds an interest, in the context of its activities, and the financing or refinancing of its activities; and
- ▶ generally speaking, the Company's direct or indirect participation in all commercial, industrial, real estate, agricultural and financial transactions, in France or other countries, either by the formation of new companies or by the contribution, subscription or purchase of shares or membership rights, merger, joint venture or otherwise, and generally all transactions of any kind whatsoever directly

or indirectly related to these activities and likely to facilitate development or management.

(c) Registered office

The registered office is located at 51 rue d'Anjou – 75008 Paris, France.

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 beginning on 13 October 2009, i.e. until 12 October 2108.

→ 5.1.2.2 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, which were adopted by the Company's Board of Directors on 22 September 2011, came into effect on 15 December 2011. This document is available on the Company's website.

(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 the event of a merger.

A legal entity may be appointed as a director, but that person must, in accordance with the conditions provided for by law, appoint an individual 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 in accordance with 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 activities and ensures their implementation. Subject to the powers expressly given to the Shareholders' Meetings and within the limits of the corporate purpose, it addresses all questions relating 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 of 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 mandates 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) Notices of meeting and deliberations

The Board of Directors meets as often as required by the interests 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 half of its members are 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 accordance with the law.

Copies or excerpts of these minutes are issued and certified in accordance with the law.

(vi) Bureau of the Board of Directors

The Board of Directors appoints a Chairman from among its members, who should be an individual, 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 terminate such positions at any time.

The age limit for holding the position of Chairman of the Board of Directors is set at seventy (70) years of age. In this respect, it is noted that the Board of Directors has decided to recommend to the Ordinary and Extraordinary Shareholders' Meeting of 20 June 2013 that it raise the age limit for serving as Chairman of the Board to seventy-five (75).

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 directors' 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, who must be individuals, and 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 the proposals submitted to them, if they deem it appropriate. They must be invited 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 sit on committees created by the Board of Directors. The observers shall have access to the same documents and information as those provided 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 allocated to it by the General Shareholders' Meeting, and may authorise the reimbursement of expenses incurred by the observers 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 individual appointed by the Board of Directors and holding the title of Chief Executive Officer.

The choice between these two methods of exercising the 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 methods of exercising the executive management is taken on the basis of a majority vote by the directors present or represented.

A change in the manner of exercising the 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 an individual 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, sets 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 individuals 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 and 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.

→ 5.1.2.3 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 transferable securities.

(b) Payment for 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 the 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 the shareholders 15 days prior to the date set for payment by a notice published in a newspaper authorised to carry legal notices 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 entail the payment of 6% interest to the Company without the need for a court order, but without prejudice to the personal action that may be brought by the Company against the defaulting shareholder and forced execution measures provided for by law.

(c) Form of shares

Fully paid-up shares may be registered or bearer shares, at the shareholder's discretion.

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 account for the issuing of its shares 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 individual or legal entity, 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 conferring entitlement to the Company capital that it owns, by registered mail with acknowledgement of receipt sent to the registered office within a period of four trading days from the date on which the aforementioned 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 shall be penalised, with respect to the shares exceeding the percentage that should have been declared, by the withdrawal of the right to vote at any General Shareholders' Meeting that may be held until the end of a two-year period following the date on which the notification was formally recorded.

The same duty of information applies, with the same timescale and under the same conditions, each time the fraction of share 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 securities, 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 assets 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 allocation of shares or as a consequence of a capital increase or reduction, merger or other transactions, the owners of single shares or those owning a smaller number than that required may not exercise these rights unless they personally decide to group together such shares or buy or sell the necessary shares or allocation 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 usufructuary 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 registration 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 the 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 with this right.

Any share converted to bearer form or whose ownership 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, a transfer through inheritance, liquidation of marital property between spouses, or an inter-vivos donation to a spouse

or relative entitled to inherit does not lose the right acquired and does not interrupt the aforementioned four-year period. The merger or demerger of the Company has no effect on the double voting right which may be exercised within the beneficiary companies if the Articles of Association of those companies have constituted it.

(f) Transfer of shares

Shares may be freely transferred, by way of an inter-account transfer under the conditions provided for by the laws and regulations.

→ 5.1.2.4 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 shareholding certificates, 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 website set up by the Shareholders' Meeting's clearing 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 section IV of Article R. 225-85 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 calls the Meeting.

However, one or more shareholders, or the works council, if it exists, have 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 tellers who constitute, with the Chairman, the meeting officers. The roles of tellers 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 upon 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 makes all decisions other than those stipulated in Articles L. 225-96 and L. 225-97 of the French Commercial Code concerning the competence of Extraordinary General Meetings.

The Ordinary General Shareholders' Meeting is convened each year within six months of the end of the fiscal year by the Board of Directors.

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.

→ 5.1.2.5 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.

→ 5.1.2.6 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.

5.2 Information about capital

5.2.1 GENERAL INFORMATION REGARDING CAPITAL

→ 5.2.1.1 Amount of capital

The Company's capital at 31 December 2012 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.

→ 5.2.1.2 Shares held by the Company or on its behalf

(a) Share repurchase plan authorised by the Sixth Resolution of the Ordinary and Extraordinary General Shareholders' Meeting of 21 June 2012

(i) Legal framework

The Ordinary and Extraordinary General Shareholders' Meeting of the Company of 21 June 2012, in its sixth resolution, authorised the Board of Directors, with the option to sub-delegate, to acquire, sell or transfer, on one or more occasions at the times it shall determine, shares of the Company up to a maximum of 10% of the share capital as it exists on the date of the said Meeting (it being specified that when the shares are purchased to stimulate the market under a liquidity agreement, the number of shares used to calculate this 10% limit corresponds to the number of shares purchased, minus the number of shares resold during the authorisation period) or 5% if they are shares acquired to be retained and subsequently remitted in payment or exchange in external growth transactions.

The authorisation granted by the Company's Ordinary and Extraordinary General Shareholders' Meeting of 21 June 2012 ended with immediate effect and replaced the authority granted by the General Meeting of 7 October 2011. This authority is valid for a period of 18 months from 21 June 2012.

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 Autorité des marchés financiers [French Financial Markets Authority], as well as any other legal and regulatory provisions that could apply.

(ii) Objectives of the share repurchase plan

Share repurchases may be made with a view to:

- ▶ honour obligations under stock option plans, allocations of bonus shares or other share allocations or sales to employees and/or corporate officers of the Company, specifically as part of company profit-sharing or any share purchase plan or bonus share allocation for employees;
- ▶ honour 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);
- ▶ ensure 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;
- ▶ hold shares for subsequent use as exchange or payment in a potential external growth transaction; and
- ▶ cancel all or some of the shares thus repurchased as part of a capital reduction decided or authorised by the General Shareholders' Meeting pursuant to the Seventh Resolution of the General Shareholders' Meeting of 21 June 2012 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.

(iii) Principal characteristics and procedures of the plan

The maximum number of shares that can 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 of 21 June 2012, 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 may not exceed €6 per share, it being specified that the maximum amount of the funds that the Company can allocate to its share repurchase plan may not exceed €69,201,920.

The acquisitions made by the Company under the authorisation granted by the Sixth Resolution of the Ordinary and Extraordinary General Shareholders' Meeting of 21 June 2012 may not, under any circumstances, lead the Company to hold, directly or indirectly, at any time, more than 10% of the shares comprising the share capital on the date in question.

The shares may be purchased, sold or transferred, including during a public offering of Company shares, under the conditions set out in the applicable legislative and regulatory provisions, by any means; specifically, on regulated markets, multinational trading platforms or over-the-counter systems, including when purchased or sold in blocks, or through derivative financial instruments or transferable securities conferring access to the Company's capital, in accordance with the law and regulations applicable on the date of the transactions concerned and subject to the time periods estimated by the Board of Directors.

(iv) Number of shares held directly and indirectly by the Company and distribution of the shares held by the Company by objectives

As at 31 December 2012, the Company held 3,568,332 of its own shares representing 3.09% of its share capital, distributed as follows:

- ▶ 971,582 shares under a liquidity agreement; and
- ▶ 2,596,750 treasury shares. They are held for subsequent exchange or settlement in potential external growth operations.

(b) Description of the new share repurchase plan submitted to the General Shareholders' Meeting of 20 June 2013

(i) Date of the General Shareholders' Meeting called to authorise the Company's new share repurchase plan

The Ordinary and Extraordinary Shareholders' Meeting of 20 June 2013 authorised, under the terms of its twelfth resolution, the Board of Directors, with the option to sub-delegate, to acquire, sell or transfer, on one or more occasions at the times it shall determine, shares of the Company up to a maximum of 10% of the Company's share capital as it exists on the date of the said Meeting (it being specified that when the shares are purchased to stimulate the market under a liquidity agreement, the number of shares used to calculate this 10% limit is the number of shares purchased, minus the number of shares resold during the authorisation period) or 5% if they are shares

acquired to be retained and subsequently remitted in payment or exchange in 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 Markets Authority, as well as any other legal and regulatory provisions that could apply.

(ii) Distribution of the shares held by the Company by objective

The distribution of the shares held by the Company by objective is indicated in section 5.2.1.2 (a) (iv) of this Annual Report.

(iii) Objectives of the new share repurchase plan

Repurchases of shares may be made for any purpose permitted by law or the applicable regulations; the purposes of this share repurchase plan are to:

- ▶ honour obligations under stock option-plans, bonus share allocations or other share allocations or sales to employees and/or corporate officers of the Company and its subsidiaries, specifically as part of Company profit-sharing or any share purchase plan or bonus share plan;
- ▶ honour obligations relating to transferable securities conferring access to Company shares, by any means, immediately or as futures (including any hedging transactions by virtue of the Company's obligations relating to such transferable securities);
- ▶ ensure the liquidity of Company shares through an investment services provider under a liquidity agreement in accordance with the ethics charter of the French Association of Financial Markets (AMAFI) recognised by the French Financial Markets Authority (AMF);
- ▶ hold shares for subsequent use as exchange or payment in a possible external growth operation; and
- ▶ cancel 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-First Resolution 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.

(iv) Maximum share of capital, maximum number and characteristics of the securities and maximum purchase price

Pursuant to the terms of the Twelfth Resolution that was approved by to the Company's Ordinary and Extraordinary Shareholders' Meeting of 20 June 2013, the Board of Directors is authorised to purchase or arrange for the purchase of shares of the Company (ISIN code: FR0011120914, listed on the NYSE Euronext regulated market in Paris, compartment B), up to a maximum of 10% of the share capital (it being specified that when the shares are purchased to stimulate the market under a liquidity agreement, the number of shares used to calculate this 10% limit corresponds to the number of shares purchased, minus the number of shares resold during the authorisation period) or 5% if they are shares acquired to be retained and subsequently

remitted in payment or exchange in external growth transactions. By way of indication, as at the date of this Annual Report, 5% of the Company's capital corresponds to 5,766,826 shares and 10% of the Company's capital corresponds to 11,533,653 shares.

The maximum purchase price must not exceed €6 per share, which a maximum amount that may be allocated to the share repurchase plan of €69,201,918.

→ 5.2.1.3 Other securities conferring rights to capital

As at the date of this Annual Report, there are no securities in existence that confer access to the Company's capital.

→ 5.2.1.4 Authorised capital not issued

The delegations and authorisations to issue shares and other securities or to reduce the capital approved by the Ordinary and Extraordinary General Shareholders' Meetings of 7 October 2011 and 21 June 2012 are summarised in the table below.

Date of the General Shareholders' Meeting

Resolution	Type of delegation or authorisation	Ceiling in euros	Period of validity
7 October 2011 12 th	Delegation of authority to the Board of Directors to issue Company shares or other securities conferring access to the Company's capital or one of its subsidiaries, maintaining shareholders' preemptive subscription rights ⁽¹⁾	Maximum nominal amount of capital increases of €15 million applicable against an overall ceiling for capital increases of €15 million Maximum nominal amount for debt security issues applicable against an overall ceiling for debt security issues of €300 million	26 months, until 7 December 2013
7 October 2011 13 th	Delegation of authority to the Board of Directors to issue Company shares or transferable securities conferring access to the capital of the Company or of one of its subsidiaries, with removal of shareholders' preemptive subscription rights as part of a public offering ⁽¹⁾	Total nominal amount of capital increases: €7.5 million ⁽²⁾ Total nominal amount of debt securities that may be issued: €150 million ⁽³⁾	26 months, until 7 December 2013
7 October 2011 14 th	Delegation of authority to the Board of Directors to issue Company shares or transferable securities conferring access to the capital of the Company or of one of its subsidiaries, with removal of shareholders' preemptive subscription rights by private investment governed by Article L. 4211-2 section II of the French Monetary and Financial Code ⁽¹⁾	Total nominal amount of capital increases: €7.5 million ⁽²⁾ Total nominal amount of debt securities that may be issued: €150 million ⁽³⁾ Limit: 20% per year of the Company's share capital as calculated as at the date of the Board of Directors' decision to use the delegation.	26 months, until 7 December 2013

Date of the General Shareholders' Meeting	Resolution	Type of delegation or authorisation	Ceiling in euros	Period of validity
7 October 2011	15 th	Authorisation given to the Board of Directors to set the issue price under the conditions defined by the Meeting in the case of an issue with removal of the preemptive subscription rights of shareholders or the holders of securities conferring access to the capital ⁽¹⁾	Total nominal amount of capital increases: 10% of the Company's share capital (as existing at the date of decision of the Board of Directors) per 12-month period ⁽²⁾⁽³⁾ Applies to each of the issues decided under the Thirteenth and Fourteenth Resolutions adopted by the General Shareholders' Meeting of 7 October 2011 subject to the ceiling stipulated in the resolution governing the issue	26 months, until 7 December 2013
7 October 2011	16 th	Authorisation to the Board of Directors, in the event of a capital increase with or without the removal of shareholders' preemptive subscription rights, to increase the number of securities to be issued ⁽¹⁾	Increase to be performed as of this date within thirty days of the closing of the initial subscription period, up to a limit of 15% of the initial issue ⁽²⁾⁽³⁾ Concerns each of the issues decided under the Twelfth, Thirteenth, Fourteenth and Fifteenth Resolutions adopted by the General Shareholders' Meeting of 7 October 2011 In the event of a capital increase in which preemptive subscription rights are maintained, this authorisation may be used solely to service requests for excess shares made by shareholders and/or sellers of preemptive subscription rights	26 months, until 7 December 2013
7 October 2011	17 th	Delegation of authority to the Board of Directors to issue shares and transferable securities conferring access to capital in the event of a public exchange offer initiated by the Company ⁽¹⁾	Total nominal amount of capital increases: €7.5 million ⁽²⁾ Total nominal amount of debt securities that may be issued: €150 million ⁽³⁾	26 months, until 7 December 2013
7 October 2011	18 th	Authorisation to the Board of Directors to issue shares and transferable securities conferring access to capital, with a view to compensating in-kind contributions granted to the Company in the form of shares or transferable securities conferring access to capital ⁽¹⁾	Maximum nominal amount of the capital increases: 10% of the Company's share capital (on the date of the Board of Directors' decision) ⁽²⁾ Total nominal amount of debt securities that may be issued: €150 million ⁽³⁾	26 months, until 7 December 2013
7 October 2011	19 th	Delegation of authority to the Board of Directors to increase the Company's capital through the capitalisation of reserves, profits, premiums or other sums which may be capitalised	Maximum nominal value equal to the total sums that may be incorporated into the capital pursuant to the regulations in force	26 months, until 7 December 2013

Date of the General Shareholders' Meeting

Date of the General Shareholders' Meeting	Resolution	Type of delegation or authorisation	Ceiling in euros	Period of validity
7 October 2011	20 th	Delegation of authority to the Board to issue transferable securities giving rise to the allocation of debt securities	Maximum nominal amount: €300 million	26 months, until 7 December 2013
7 October 2011	21 st	Authorisation to the Board of Directors to freely allocate Company shares to employees and/or corporate officers of the Company and its subsidiaries	The total number of bonus shares awarded free of charge may not represent more than 1% of the Company's capital (on the date of the Board of Directors' decision to allocate them); it is specified that the awarding of bonus shares to the Chairman of the Board of Directors, the Chief Executive Officer and any Deputy CEOs is subject to performance conditions, and may not exceed 0.5% of the Company's capital (on the date of the Board of Directors' decision to award them)	38 months, until 7 December 2014
7 October 2011	22 nd	Delegation of authority to the Board of Directors to execute capital increases reserved for employees who are members of the company savings plan	Maximum nominal amount of the capital increases: €1 million	26 months, until 7 December 2013
21 June 2012	6 th	Authorisation to be granted to the Board of Directors to purchase, retain or transfer Company shares	10% of the share capital on the date of the General Shareholders' Meeting or 5% in the case of acquisitions with a view to retaining them or their subsequent delivery in payment or exchange as part of an external growth transaction Impossibility of crossing the threshold of 10% of the share capital on the date in question due to the use of the authorisation Maximum purchase price of €6 per share Maximum amount of the share repurchase plan set at €69,201,920	18 months, until 7 December 2013
21 June 2012	7 th	Authorisation to the Board to reduce the capital by cancelling shares	10% of the capital per 24-month period	18 months, until 7 December 2013

(1) Applied to the €15 million total ceiling on capital increases and the €300 million total ceiling on debt securities.

(2) €7.5 million ceiling on the nominal amount of capital increases applicable to all resolutions referenced in this footnote.

(3) €150 million ceiling on the nominal amount of debt securities applicable to all resolutions referenced in this footnote.

→ 5.2.1.5 History of the share capital over the last three fiscal years

The table below shows the change in the Company's share capital since its incorporation:

Date	Nature of operation	Capital before operation	Issue premium	Shares created	Nominal value	Total number of shares	Capital after operation, in euros
13/10/2009	Incorporation	N/A	N/A	37,000	1	37,000	37,000
15/11/2010	Capital increase by incorporation of debt underwritten by Maurel & Prom	37,000	N/A	N/A	1.10	37,000	40,700
15/11/2010	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
02/12/2011	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
02/12/2011	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
02/12/2011	Capital increase retaining preemptive subscription rights	9,728,660.20	103,289,167.10	17,108,329	0.10	114,394,931	11,439,493.10
14/12/2011	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

5.2.2 MAJOR SHAREHOLDERS

→ 5.2.2.1 Major shareholders

At 31 December 2012, the share capital and voting rights were distributed as follows:

31/12/2012	Number of shares	% of capital	Number of voting rights exercisable	% of voting rights exercisable	% of theoretical voting rights*
				s/111,768,202	s/115,336,534
Institutional bearer shareholders	50,810,043	44.06	50,810,043	45.46	44.06
Pacifico**	10,644,326	9.23	10,644,326	9.52	9.23
Macif	8,324,204	7.22	8,324,204	7.45	7.22
Other	31,841,513	27.61	31,841,513	28.49	27.61
Registered shareholders	20,481,701	17.76	20,481,701	18.33	17.76
Pacifico**	18,105,290	15.70	18,105,290	16.20	15.70
Other institutional shareholders	962,584	0.83	962,584	0.86	0.83
Individuals	1,413,827	1.23	1,413,827	1.27	1.23
Treasury shares	3,568,332	3.09	0	0	0
Public	40,476,458	35.09	40,476,458	36.21	35.09
TOTAL	115,336,534	100%	111,768,202	100%	96.91%

* Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares without voting rights.

** At 31 December 2012, Pacifico held a total of 28,749,616 shares, representing 24.93% of the capital and exercisable voting rights (and 25.72% of theoretical voting rights).

At 31 December 2011, the 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**	10,644,326	9.23	10,644,326	9.39	9.23
Macif	8,324,204	7.22	8,324,204	7.34	7.22
Other	38,800,526	33.64	38,800,526	34.24	33.64
Registered shareholders	20,744,977	17.99%	20,744,977	18.30%	17.99%
Pacifico**	18,105,290	15.70	18,105,290	15.97	15.70
Other institutional shareholders	1,264,038	1.10	1,264,038	1.12	1.10
Individuals	1,375,649	1.19	1,375,650	1.21	1.19
Treasury shares	1,997,548	1.73%	0	0	0
Public	34,824,953	30.19%	34,824,953	30.73%	30.19%
TOTAL	115,336,534	100%	113,338,986	100%	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 held a total of 28,749,616 shares, representing 25.36% of the share capital and 24.19% of exercisable voting rights (and 24.93% of theoretical voting rights).

At 31 December 2010, the Company's capital was composed of 121,303,213 shares held by seven shareholders, with six individuals each holding one share and Maurel & Prom holding the rest of the share capital, i.e. 121,303,207 shares.

To the Company's knowledge, none of its shareholders has offered any shares as pledges.

It should be noted that 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 the Listing, 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 in the future, 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; and
- ▶ not to attempt to carry out any of the operations described in the paragraphs above;

Based on the understanding that the following were 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's shares may be granted by Pacifico.

This agreement expired in December 2012.

→ 5.2.2.2 Majors' voting rights

The voting rights attached to capital or dividend shares are proportional to the portion of the 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.

→ 5.2.2.3 Shareholders with more than 5% of the capital

To the best of the Company's knowledge, only Pacifico and Macif each directly or indirectly hold more than 5% of the capital and/or voting rights of the Company. As at 31 December 2012, Pacifico and Macif respectively held 24.93% of the capital and exercisable voting rights of the Company and 7.22% of the capital and 7.45% of the exercisable voting rights of the Company.

Pacifico is a company in which more than 99% of the capital and voting rights are held by Jean-François Hénin, Chairman of the Board of Directors of the Company, and his family (Jean-François Hénin personally holds approximately 10% of Pacifico's capital and voting rights).

→ 5.2.2.4 Control over the issuer exercised by one or more shareholders

As at 31 December 2012, Pacifico held 24.93% of the capital and exercisable voting rights of the Company.

It should be noted that the presence of Macif, another major shareholder which held 7.22% of the capital and 7.45% of the exercisable voting rights of the Company at 31 December 2012, the organisation and operating procedures of the Board of Directors and its specialised committees; the number of independent directors (forming half of the Board which ensures the prevention of conflicts of interest and regularly conducts its assessment, two-thirds of the Audit Committee and two-thirds of the Appointments and Compensation Committee, it being stated that no executive corporate officer is a member of one of those committees); the separation of the offices of Chairman and Chief Executive Officer; compliance with the bylaws, with the code of conduct to prevent insider trading and the corporate governance code for small and mid-cap companies published by Middledex in December 2009, all contribute to the absence of control by any one shareholder of the Company.

→ 5.2.2.5 Agreement that could result in a change of 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.

→ 5.2.2.6 Elements likely to have an impact in the event of a public offering

As at 31 December 2012, the elements that could have an impact in the event of a public offering are indicated below:

- ▶ structure of the Company's capital: see section 5.2.2.1 of this Annual Report;
- ▶ statutory restrictions on the exercise of voting rights and transfers of shares or clauses of the conventions brought to the attention of the Company pursuant to Article L. 233-11 of the French Commercial Code: none;
- ▶ direct or indirect interests in the capital of which it is aware pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code: see section 5.2.2 of this Annual Report;
- ▶ list of holders of any security carrying special control rights and a description of those rights: none;
- ▶ control mechanisms provided in a possible employee shareholding system when the controlling rights are not exercised by these shareholders: none;
- ▶ agreements among shareholders of which the Company is aware and which can result in restrictions on the transfer of shares and the exercise of voting rights: none;
- ▶ rules applicable to the appointment and replacement of members of the Board of Directors and amendments to the Company's Articles of Association: see section 5.1.2 of this Annual Report;
- ▶ powers of the Board of Directors, in particular the issue and repurchase of shares: see sections 5.2.1.2 and 5.2.1.4 of this Annual Report;
- ▶ agreements signed by the Company which are modified or end in the event of a change of control of the Company, unless this disclosure, excluding cases with a legal disclosure obligation, would seriously harm its interests: none; and
- ▶ agreements providing for indemnities for members of the Board of Directors or employees, if they resign or are dismissed without real or serious cause, or if their employment ends because of a public offering: none.

5.2.3 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 and future production sources. In this respect, it decided not to distribute dividends for fiscal years 2010 and 2011. However, the Company indicated that it was considering the possibility,

based on its cash needs and investment projects, of distributing dividends in future years.

Based on the Company's consolidated income for the year ended 31 December 2012, the Board of Directors recommended to the Ordinary and Extraordinary Shareholder's Meeting of 20 June 2013 that a dividend of €0.08 per share be paid in respect of fiscal year 2012. This resolution was approved by the Ordinary and Extraordinary Shareholders' Meeting of 20 June 2013.

5.3 Related-party transactions

Seplat has entered into the agreements described below with its direct and indirect shareholders. 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 comply with this obligation constitutes a violation and the executive may be ordered to pay a fine of 100 Nigerian nairas (less than US\$1).

To the Company's knowledge, there are six related-party agreements, one of which ended during the fiscal year ended 31 December 2012, which are described below.

5.3.1 SERVICE AGREEMENTS

→ 5.3.1.1 General presentation

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 operation of OMLs 4, 38 and 41. In an amendment formalised on 26 September 2011, the Company replaced Maurel & Prom as Seplat's contractor under the terms of the Services Agreement as from the Listing date for the Company's shares, i.e. 15 December 2011. (Mr Jean-François Hénin is a director of both Seplat and the Company and Michel Hochard is a director of Seplat and Chief Executive Officer of the Company).

→ 5.3.1.2 Services provided and compensation

(a) 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 the management contract; 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.

(b) 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 include:

- ▶ petroleum engineering and exploration;
- ▶ production 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 daily rate, the amount of which varies according to the skills and number of people involved in providing the services.

In fiscal year 2012, the amount of the services invoiced by the Company to Seplat under the Services Agreement amounted to €0.7 million excluding taxes.

(c) 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.

(d) Progress reports relating to services

At Seplat's request, the Company prepares and sends progress reports to Seplat 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.

(e) 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 a sum corresponding to 100% of the amounts invoiced in respect of the services provided.

→ 5.3.1.3 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.

→ 5.3.1.4 End of the agreement

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.

5.3.2 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% equity interest 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 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 flow 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 flow is 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 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.

5.3.3 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 Alenne 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 Alenne British Virgin Islands 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 had to be repaid, without any financial deduction, by the co-contracting party within seven business days of a request made by Seplat, particularly if Seplat decided not to purchase or lease the FPSO. In 2012, Seplat gave notice that it did not intend to exercise the option to lease or acquire the FPSO and requested that the advance be repaid. Following this decision, the parties agreed to defer this repayment, which must be made no later than 31 December 2013. Under this agreement, US\$3 million had already been repaid at the end of 2012.

5.3.4 MEMORANDUM OF UNDERSTANDING FOR THE IDENTIFICATION, STRUCTURING AND NEGOTIATION OF POTENTIAL INVESTMENTS IN EXPLOITATION RIGHTS FOR OIL AND GAS PERMITS IN NIGERIA AND WEST 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 West Africa and an indirect shareholder of Seplat through Shebah, for identifying, structuring and negotiating potential investments in exploitation rights under oil and gas permits in Nigeria and West 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 of the funds had been allocated and the APCO mission, which continued in 2012, ended during the same year.

5.3.5 LOCAL CONTENT SERVICES FRAMEWORK 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 local content services framework 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. 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 provide it with support services as independent sub-contractors only.

The framework agreement stipulates 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 liability.

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, and to the best of the Company's knowledge, Shebah Petroleum Development Company Limited and Platform Petroleum Limited have not issued any invoices to Seplat under this agreement.

5.3.6 MANDATE GIVEN TO SEPLAT

In order to facilitate Seplat's potential access to the financial markets, the Company's Board of Directors decided, at its meeting of 18 December 2012, to give Seplat a non-exclusive mandate so that it can select any potential buyer interested in the acquisition of a maximum equity interest of 20% of the share capital of Seplat held by the Company, whilst maintaining a significant equity interest in Seplat's capital.

Under the terms of this agreement, Seplat is establishing and organising a bidding process. Any potential interested buyer must submit a non-binding offer to Seplat indicating the price proposed to acquire the equity interest, the related financial guarantees and other legal and operational conditions. Seplat, after receiving and selecting the offers, will transmit the offers to the Company; it is specified that the terms of these reviewed

offers will be assessed and approved by the Company's Board of Directors.

In the event of a sale above a floor price, Seplat will receive an incentive on the price paid above the aforementioned floor price. The floor price, set by the Board of Directors, is representative of the minimum current value from which the Company would consider selling part of its equity interest in Seplat.

This agreement, governed by French law, has been entered into for an indefinite term.

To implement this mandate, Seplat has launched a bidding process. To date, Seplat has received expressions of interest which have been passed to the Company, which is currently examining them.

5.4 Large contracts

The Company believes that all the large contracts entered into by it since its registration on 13 October 2009, as well as, to the best of its knowledge, all the large 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.

5.4.1 CONTRACTS CONCLUDED BY THE COMPANY

→ 5.4.1.1 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 the application of a stipulation of the Agreement which states that when the transferee ceases to belong to the transferring shareholder's group, the shares transferred to the transferee by the transferring shareholder are

returned to the transferring shareholder. In this same document, they also waived enforcing the confidentiality clause appearing in Article 16 of the Agreement, for the 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 on a pro rata basis 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 important decisions require an 80% majority of the votes, but only for as long as the following have not been repaid in full: (i) the principal of US\$187 million related to Seplat's acquisition of 45% of the rights in OMLs 4, 38 and 41 (see section 5.4.2.1 of this Annual Report), which was financed via the bank debt described in section 1.4.3.3 of this Annual Report (which has been refinanced), and (ii) the Shareholder Loan granted by the Company to Seplat. 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 above for the Board of Directors.

The Company therefore has a right of veto over these issues for as long as the following have not been repaid in full: (i) the principal of US\$187 million related to Seplat's acquisition of 45% of the rights in OMLs 4, 38 and 41 (see section 5.4.2.1 of this Annual Report), which was financed via the bank debt described in section 1.4.3.3 of this Annual Report (which has been refinanced), and (ii) the Shareholder Loan granted by the Company to Seplat. The Company will no longer have a right of veto.

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 restructuring of its capital;
- (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's 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 any 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 award 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 4.1.3.3 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 5.4.2.1 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 closing date of the fiscal year;
- (xv) the modification or authorisation to substantially modify the accounting standards adopted by Seplat for the preparation of its certified financial statements, with the exception of modifications required in order to ensure conformity with the applicable and relevant accounting standards;
- (xvi) the major operational decisions relating to the OMLs, are 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 elements resulting therefrom,
 - 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 as defined by 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, and
 - 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. Under this clause, 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, at the earliest possible opportunity, that best preserves the interests of Seplat.

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 replaced 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 US\$153 million and US\$187 million respectively, in accordance with the conditions of the Agreement and as these loans are described in sections 1.4.3.3 and 5.3.2 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 1.4.3.3 of this Annual Report).

Furthermore, the Shareholder Loan granted to Seplat by the Company was subject to the partial repayments described in section 5.3.2 using new bank financing arrangements obtained by Seplat since the conclusion of this Shareholder Loan. The

maturity date of this loan must not exceed five years from the date of the Agreement.

With regard to 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 flow is 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 default on the repayment obligations stipulated therein.

The Net Cash Flow balance must be distributed to Seplat's shareholders on a pro rata basis 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

With regard to 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 taken 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 being made by Shebah and/or Platform vis-à-vis the payment of the price adjustment relating to

Seplat's acquisition of 45% of the rights in OMLs 4, 38 and 41, if this becomes payable.

In addition, any sum paid to Seplat by the Company for its own contributions to the said operational and investment expenses will be added to the amounts owed by Seplat to the Company in respect of the Shareholder Loan made by the Company to Seplat for the acquisition of its rights to OMLs 4, 38 and 41.

Provisions regarding the transfer 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 related to the shares held by Shebah and Platform (except those created in respect of the financial obligations stipulated in the Agreement), (iii) the creation of a trust or granting of interests or options, and (iv) any agreement to hold 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 a commitment from the purchaser to sign and issue to the other parties the deed of adherence appended to the Agreement on the date of the transfer, 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 Seplat's 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 5.4.2.1 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 interest in Seplat to less than 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 preemption

Seplat shareholders have a right of preemption 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 preemption may be applied and if none of the shareholders in question exercises its right of preemption, the selling shareholder may (subject, where necessary, to obtaining all of 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 preemption 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 – situations 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 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 of the Seplat shares that it (or its affiliates) holds to the one or more non-defaulting shareholders (or their affiliates) on a pro rata basis 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 are to 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 of a reasonable nature.

Seplat is also obliged to provide its 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 on a pro rata basis 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 on 31 July 2010, as modified by an amendment concluded between Maurel & Prom, Seplat and the Company on 26 September 2011 (see section 5.3.1 of this Annual Report).

Moreover, the 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 for 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 5.3.5 of this Annual Report).

Stock market listing

The Agreement stipulates that, if Seplat's initial public offering is decided by the parties to the Agreement, they will be entitled to

participate in proportion to their equity interest in Seplat's capital 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 dissolve Seplat, or if a liquidator is appointed.

→ 5.4.1.2 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, in particular those services described below, for an initial 12-month period as from the Listing date (15 December 2011), which is renewable once at the Company's request. In accordance with the contractual stipulations allowing the Company to request the renewal of the Transitional Services Agreement for a further 12-month period, the Company decided on 5 November 2012 to request the renewal of this agreement with effect from 15 December 2012.

(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 organisation;
- ▶ management of intellectual and industrial property rights;
- ▶ the supply of moveable and real estate assets;
- ▶ the implementation of major operating agreements;
- ▶ the establishment of intra-group agreements; and
- ▶ the management of administrative, legal and social functions.

(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 stipulated in the Services Agreement (i.e. consultancy, technical services and additional services), as described in section 5.3.1 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%.

In fiscal year 2012, the amount of the services invoiced by Maurel & Prom to the Company under the Transitional Services Agreement totalled €0.8 million excluding taxes.

(v) Term of the Agreement

The Transitional Services Agreement was signed for a term of 12 months and entered into effect on the Listing date, i.e. 15 December 2011. Under the Agreement, it was renewed by the Company on 5 November 2012 for a further 12-month period, to begin on 15 December 2012.

The Transitional Services Agreement may be terminated at any time by the Company subject to 30 days’ advance notice.

→ 5.4.1.3 Other agreements

- ▶ Seplat share pledge signed by the Company, Shebah, Platform and African Export-Import Bank (see section 1.4.3.2 of this Annual Report).
- ▶ Mandate given to Seplat (see section 5.3.6 of this Annual Report); and
- ▶ Partnership agreement with Maurel & Prom authorised by the Company’s Board of Directors on 26 April 2013 (see section 1.6.2 of this Annual Report).

5.4.2 CONTRACTS CONCLUDED BY SEPLAT**→ 5.4.2.1 Agreement for Assignment of 45% of OMLs 4, 38 and 41 to Seplat**

In 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 Nigerian Agip Oil Company Limited (the “**Agreement for Assignment**”), Seplat acquired 45% of the rights held by SPDC, Total and Agip (collectively, the “**Assignors**”) in OMLs 4, 38 and 41. The remaining rights (55%) in OMLs 4, 38 and 41 are held by the NNPC, which was 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 acquired 45% of the rights to OMLs 4, 38 and 41 for a maximum total price of US\$373 million, including the

payment of an initial sum of US\$340 million and, under certain conditions, a price adjustment of US\$33 million. The conditions for the payment of the price adjustment (Brent barrel price equal to or greater than an average price of US\$80 calculated over a period of 731 consecutive calendar days) were met, and this US\$33 million payment was made in 2012 to the Assignors by Seplat.

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) a novation deed 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 SPDC and intended to ensure, for a transitional period, the operation of OMLs 4, 38 and 41 to the benefit of Seplat following the transfer. 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 adverse 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 the relinquishment 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 acquisition 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 (specifically including restoration costs) arising before, during or after the date of completion of the assignment, i.e. 30 July 2010.

→ 5.4.2.2 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 to 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 limitations 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 (i) hiring and assigning employees, (ii) preparing the financial statements, (iii) managing joint bank accounts with NPDC, (iv) obtaining ownership rights or leasing the land necessary to conduct the operations, and (v) the acquisition of surface and easement rights necessary to conduct the operations. Under the terms of the Joint Operating Agreement, the operator represents the parties to the Agreement in disputes and transactions relating to OMLs 4, 38 and 41 in accordance with the strategy decided by the operating committee. The operator must also keep the NPDC informed of the operations it has carried out, in particular by providing it with certain technical information (monthly report on drilling and production activities, annual report 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 conduct the joint operations in good faith, in a diligent manner and in compliance with (i) current standard practices in force in the oil industry and (ii) the applicable regulations. The operator incurs no liability for losses and damages, except in the event of gross negligence by one of its representatives or employees. Furthermore, the operator is not liable to the NPDC for damages or reservoir pollution and all related losses and damages.

Termination of functions as operator

The Joint Operating Agreement stipulates that the functions of the operator may be revoked particularly in the event of (i) transfer of its powers and responsibilities to another person 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 a court decision, (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 of six months' notice.

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) should be examined and approved beforehand by the Operating Committee.

The Operating Committee is made up of twelve members, six appointed by Seplat and six appointed by NPDC. The Chairman of the committee 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 remove 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 representatives of Seplat and four representatives of the NPDC 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 on a pro rata basis 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, recorded 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 on a pro rata basis 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, if necessary, the emergency convening of the Operating Committee in order to review the situation. Following the Operating Committee meeting on possible solutions to this non-payment, the non-payment may be remedied by a non-defaulting party on a pro rata basis 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 non-payment. 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 action 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 not to 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 therefore 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 interest 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 entities 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 pursuant to the regulations in force. If the parties choose to represent themselves before the government entities, they will inform the operator of any correspondence, with the exception of confidential communications between the NPDC and the government entities.

Training of NPDC personnel

The operator must provide the necessary facilities for training NPDC personnel in the joint operations, in accordance with the training plans approved by the parties, and must approve any reasonable proposal for the secondment of NPDC personnel.

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 on a pro rata basis 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 or 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.

In contrast, the transfer to an affiliated company may be made freely, after notification is made to the other parties and, where necessary, any government authorisations that may be required are obtained. 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 competence 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 this Agreement until the actual transfer date. The transferee must meet sufficient financial soundness and competence criteria in terms of meeting its obligations under the terms of this Agreement.

The other parties will also benefit from a right of preemption in the event of plans by one party to transfer its rights to a third party.

Lastly, 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.

→ 5.4.2.3 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 that it produces, 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 52,000 barrels per day (i.e. 62,400 barrels per day), to Forcados, from where it will be exported after being processed. However, SPDC reserves the right to reduce this volume to 100% of the production capacity reserved for Seplat, i.e. 52,000 barrels per day, by restricting the quantity of crude oil mixed. This agreement should allow Seplat to guarantee the transport of all production from OMLs 4, 38 and 41, on a 100% basis, until the end of 2013 (as Seplat's wellhead production target is 60,000 barrels per day at 31 december 2013 with a contractual transport capacity of 52,000 barrels per day, extendible to 62,400 barrels per day).

The crude handling agreement also stipulates that from 1 January 2013, Seplat may no longer inject wet crude (oil and water) into 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 through 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 at 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 costs of the installation, maintenance and operation of the measuring devices at the entry point and the sampling devices.

In consideration for the services provided by SPDC, Seplat agrees 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 oil pipeline to Forcados and (iii) the production costs for

the use of SPDC's terminal and the pipeline, which are revised annually on the basis of changes in the consumer price index established by the U.S. Bureau of Labor Statistics. Seplat pays 80% of these costs 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 to SPDC for any loss of crude oil other than the crude oil produced by Seplat, the costs associated with pollution control and clean-up operations and the damage caused to SPDC property if it is 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 the other party being notified 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 permits or any other permit 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 non-defaulting party. 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. Receipt 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 expiry 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 "export" quality crude oil production 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 sale 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 Official Selling Price for Forcados crude oil, as published monthly by NNPC. However, for each shipment and under certain conditions, particularly within the limits of a volume that may not exceed 90% of the total shipment volume, the parties may agree on a fixed selling price. The transfer of ownership and risks relating to the oil sold within the context of this agreement takes place at the moment the shipment 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 three months' notice being given 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 in the country 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.

→ 5.4.2.4 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 of financing, through a trust, various projects benefiting the Community. This financing takes the form of payment of an allocation of 250 million nairas (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 regulations applicable to the oil sector.

Seplat is also committed to promoting the hiring of local skilled and unskilled workers, and to notifying the Community of job vacancies.

Lastly, a Community Development Committee, composed of seven members of each of the four communities making up the Community and two representatives of Seplat, acts as an interface between Seplat and the Community.

→ 5.4.2.5 Other agreements

- ▶ Agreement relating to Seplat (see section 5.4.1.1 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 5.4.1.1 of this Annual Report);
- ▶ Investment prospecting agreement signed by Seplat and APCO on 22 March 2010 (see section 5.3.4 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 5.3.3 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 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 1.4.3.3 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 5.3.5 of this Annual Report); and
- ▶ Services Agreement signed between Seplat and Maurel & Prom on 31 July 2010 (see section 5.3.1 of this Annual Report).

5.5 Special Statutory Auditors' Report on regulated agreements and commitments

General Meeting of Shareholders called to approve the financial statements for the year ended 31 December 2012

To the Shareholders,

As the statutory auditors of your company, we hereby present 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 identified during our assignment, without having to express an opinion on their usefulness or justification or search for the existence of other agreements and commitments. It is your responsibility, under the terms of Article R. 225-31 of the French Commercial Code, to assess the interest in the execution of these agreements and commitments in order to approve them.

In addition, it is our responsibility, as applicable, to inform you of the information stipulated in Article R. 225-31 of the French Commercial Code concerning the execution during the past year of the agreements and commitments already approved by the General Meeting of Shareholders.

We have 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 consisted of verifying the consistency of the information provided to us with the documents from which the information was obtained.

AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE GENERAL MEETING OF SHAREHOLDERS

→ Agreements and commitments authorised during the past year

Pursuant to Article 225-40 of the French Commercial Code, we have been advised of the following agreements and commitments, which have received the prior authorisation of your Board of Directors.

→ Mandate given to Seplat

Persons concerned

Mr Jean-François Hénin, Chairman of your company and a director of Seplat, and Mr Ambrosie Bryant Chukwueloka Orjiako, a director of your company and Chairman of Seplat.

Nature and purpose

In order to facilitate Seplat's potential access to the financial markets, your Board of Directors decided at its meeting of 18 December 2012 to give Seplat a non-exclusive mandate so that it can select any potential buyer interested in purchasing a portion of the share capital of Seplat held by your company.

Conditions

Under the terms of this agreement, Seplat is establishing and organising a bidding process. Any potential interested buyer must submit a non-binding offer to Seplat indicating the price proposed to purchase the equity interest, the related financial guarantees and other legal and operational conditions. Seplat, after receiving and selecting the bids, shall transmit them to your company; it is specified that the terms of these bids will be reviewed and approved by your Board of Directors.

In the event of a sale above a floor price set by your Board of Directors, Seplat will receive an incentive on the price paid above the floor price.

Your company believes that the principal terms and conditions of the mandate (maximum amount of the interest, floor price and percentage of remuneration) are business secrets insofar as public disclosure of this information could have a significant impact on the transaction and the market price of the share.

AGREEMENTS AND COMMITMENTS AUTHORISED SINCE THE CLOSING DATE

We have been advised of the following agreements and commitments, which have been authorised since the closing date of the previous fiscal year and which have received the prior approval of your Board of Directors.

→ Partnership agreement with Etablissements Maurel & Prom

Persons concerned

Messrs. Jean-François Hénin, Xavier Blandin, Alexandre Vilgrain, Emmanuel Marion de Glatigny and Ms Nathalie Delapalme, directors of both your company and Etablissements Maurel & Prom.

Nature and purpose

On 26 April 2013, your Board of Directors authorised the establishment of a partnership with Etablissements Maurel & Prom and approved its guiding principles. This partnership will take the form of a joint venture, the purpose of which will be to carry various development projects presented by either of the partners. In the context of this partnership, the future development projects for oil exploration and production will be jointly performed by the two companies through the joint venture (with the exception of projects located in the respective historical zones of each of the companies). However, if one of the two partners decided not to take part in a development operation, the other partner would be free to carry out the development operation outside the joint venture (alone or in association with another partner).

Conditions

The joint venture has a share capital of €100 million, one-third of which will be held by Etablissements Maurel & Prom and two-thirds by your company. This capital will be paid up pursuant to the applicable legal and regulatory provisions.

This new company would thus combine the acknowledged technical expertise of Etablissements Maurel & Prom and the financial resources of your company. Human resources will also be provided to the joint venture by Etablissements Maurel & Prom, under the terms of a service agreement.

A partners' agreement will be signed in due course in order to (i) formalise the governance rules for the joint venture (particularly the principle of unanimous consent to major decisions within the joint venture), (ii) define the conditions for submitting projects to the joint venture, and (iii) stipulate certain restrictions on the transfer of the shares in the joint venture respectively held by your company and by Etablissements Maurel & Prom (with, in particular, a reciprocal unilateral sale option (call) that may be exercised at any time by either party on the shares held by the other party on a decision made by one of the boards of directors of the shareholding companies), at a price to be determined by an independent expert.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS

Pursuant to 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 Meeting of Shareholders in previous years, continued during the past year.

→ 1. With Etablissements Maurel & Prom

a. Nature and purpose

During the General Meeting of Shareholders of 28 June 2011 and because of the plans to float your company on the securities market, you authorised the conclusion of a transitional services agreement (the "Transitional Services Agreement") between your company and Etablissements Maurel & Prom. The purpose of this agreement is to secure the material and technical resources necessary (i) for its day-

to-day operations, particularly with regard to administration and accounting, and (ii) to provide Seplat with the services required under the technical services agreement entered into with this company on 31 July 2010.

Conditions

Under the terms of this agreement concluded on 2 November 2011, Etablissements Maurel & Prom provides services to your company to ensure its day-to-day administrative and accounting management and to honour its commitments to Seplat.

This agreement entered into effect on 15 December 2011 for a period of twelve months and may be renewed. It was renewed for a new twelve-month period beginning on 15 December 2012.

The amount of €821,832 excluding taxes was paid by your company during fiscal year 2012 in respect of this agreement.

b. Nature and purpose

On 31 July 2010, Etablissements Maurel & Prom and Seplat signed a technical services agreement governed by English law, under the terms of which Etablissements Maurel & Prom undertakes to provide services enabling Seplat to fulfil its obligations as operator under the Joint Operating Agreement relating to the operation of the OML 4, 38 and 41 permits.

During the General Meeting of Shareholders of 28 June 2011, you authorised the signature of a Deed of Novation, under the terms of which your company would replace Etablissements Maurel & Prom in the technical services agreement signed on 31 July 2010, in the event of the plans to distribute the company's shares becoming a reality.

The executive management then amended two points of the Deed of Novation: (i) first, the new proposal is no longer in 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 act under English law, and (ii) second, the agreement will take effect on the date the company's shares are listed for trading on the NYSE Euronext regulated market in Paris (instead and in place of the signature date as stated in the previous version of the proposal).

Conditions

By virtue of the amendment signed on 26 September 2011, your company replaced Etablissements Maurel & Prom as Seplat's contractor under the terms of the service agreement, effective as from the date your company's shares were listed for trading on the NYSE Euronext regulated market in Paris, i.e. 15 December 2011.

The amount invoiced by your company to Seplat for fiscal year 2012 was €697,900 exclusive of tax.

→ 2. With Seplat and Abbeycourt Petroleum Company Ltd.

Nature and purpose

Seplat's objective is to increase its mining operations, and the company is therefore searching for investment opportunities in new projects.

In order to implement this growth objective, and in order to identify and negotiate the best opportunities, Seplat signed a memorandum of understanding on 22 March 2010 for a term of two years with Abbeycourt Petroleum Company Ltd. ("APCO"), a company specialising in oil and gas in Africa.

Conditions

Within the context 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 committed for this task. As part of its work to identify, structure and negotiate the strategic investments entrusted to it, APCO acts as Seplat's "Agent".

During 2011, Seplat's Board of Directors noted the use of the whole of this US\$25 million advance by APCO under this memorandum. APCO's mission, which continued in 2012, ended during the same year.

→ 3. With Seplat, Shebah Exploration and Production Company Ltd. and Allenne British Virgin Islands Ltd.

Nature and purpose

In Nigeria, Seplat's hydrocarbon production is evacuated under the terms of an agreement signed with Shell Petroleum Development Company (SPDC). In order to mitigate the risk of dependence on a single evacuation transport resource 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 for 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 an alternative 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 repaid by the contracting party at the request of Seplat if (i) Seplat decides not to buy the FPSO; (ii) Seplat decides not to lease the FPSO; or (iii) Seplat does not use the transport, processing and delivery services of the FPSO for its oil production.

In 2012, Seplat gave notice that it did not intend to exercise the option to lease or acquire the FPSO and requested that the advance be repaid. Following this decision, the parties agreed to defer this repayment, which must be made no later than 31 December 2013. Under this agreement, US\$3 million had already been repaid at the end of 2012.

Paris, 29 May 2013
The Statutory Auditors

INTERNATIONAL AUDIT COMPANY
Daniel de Beaurepaire

François CARREGA

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6.1 Consolidated financial statements for the year ended 31 December 2012

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I – STATEMENT OF FINANCIAL POSITION

→ Assets

<i>In thousands of euros</i>	Note	31/12/2012	31/12/2011 Restated*	31/12/2010 Restated*
Intangible assets		0	0	0
Property, plant and equipment		0	0	0
Non-current financial assets	4	35,705	20,127	34,942
Equity associates	5	77,780	43,227	28,897
Non-current derivative instruments		0	0	0
Deferred tax assets		0	0	0
Non-current assets		113,485	63,354	63,840
Inventories		0	0	0
Trade receivables and related accounts	6	588	92	0
Other current financial assets	6	74,229	16,630	81,884
Other current assets	6	364	11	18
Income tax receivable		2,435	0	0
Cash and cash equivalents	9	106,334	178,426	52
Current assets		183,950	195,159	81,954
TOTAL ASSETS		297,435	258,513	145,793

* Restated for the change in consolidation method.

→ Liabilities

<i>In thousands of euros</i>	Note	31/12/2012	31/12/2011 Restated*	31/12/2010 Restated*
Share capital		11,534	11,534	133,434
Additional paid-in capital		226,900	226,900	0
Consolidated reserves		13,399	1,486	(1,696)
Treasury shares		(6,442)	(3,983)	0
Net income, Group share		50,824	18,114	1,445
Equity, Group share		296,216	254,051	133,183
Non-controlling interests		0	0	0
Total equity		296,216	254,051	133,183
Deferred tax liabilities		0	0	0
Non-current liabilities		0	0	0
Other current borrowings and financial debt		0	174	
Trade payables and related accounts	11	794	1,136	17
Income tax payable		0	2,918	0
Other creditors and miscellaneous liabilities	11	425	234	12,594
Current derivative instruments		0	0	0
Current liabilities		1,219	4,462	12,611
TOTAL LIABILITIES		297,435	258,513	145,793

* Restated for the change in consolidation method.

→ Changes in shareholders' equity

<i>In thousands of euros</i>	Capital	Treasury shares	Premiums	Other reserves	Currency translation adjustment	Income for the fiscal year	Net equity, Group share	Non-controlling interests	Total equity
1 January 2011	133,434			(2)	(1,694)	1,445	133,183		133,183
Net income						18,114	18,114		18,114
Other comprehensive income					1,862		1,862		1,862
Total comprehensive income					1,862	18,114	19,976		19,976
Appropriation of 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)
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	254,052		254,052
1 January 2012	11,534	(3,983)	226,900	1,318	168	18,114	254,052		254,052
Net income						50,824	50,824		50,824
Other comprehensive income					(6,162)		(6,162)		(6,162)
Total comprehensive income					(6,162)	50,824	44,662		44,662
Appropriation of income – Dividends				18,114		(18,114)			
Increase/decrease in capital									
Movements on treasury shares		(2,459)		(40)			(2,499)		(2,499)
Total transactions with shareholders		(2,459)		18,074		(18,114)	(2,499)		(2,499)
31 DECEMBER 2012	11,534	(6,442)	226,900	19,392	(5,994)	50,824	296,216		296,216

II – CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

→ Net income for the period

<i>In thousands of euros</i>	Note	31/12/2012	31/12/2011 Restated*	31/12/2010 Restated*
Sales		501	320	0
Other income		0	0	0
Purchases and change in inventories		0	(1)	0
Other purchases and operating expenses		(1,613)	(1,779)	(28)
Tax expense		(51)	(112)	0
Personnel expense		(628)	0	0
Amortisation charges		0	0	0
Gain (loss) on asset disposals		0	0	0
Other expenses		(126)	(150)	(3)
OPERATING INCOME	12	(1,917)	(1,722)	(31)
Gross cost of financial debt		1	0	(2,701)
Income from cash		0	813	0
Net gains and losses on derivative instruments		0	0	0
Net cost of financial debt		0	813	(2,701)
Other financial income and expenses		5,009	9,474	7,444
FINANCIAL INCOME	13	5,009	10,287	4,742
Income before tax		3,092	8,565	4,711
Income tax		(497)	(2,918)	(1,988)
NET INCOME FROM CONSOLIDATED COMPANIES		2,595	5,647	2,722
Net income from equity associates	5	48,229	12,467	(1,278)
NET INCOME FROM CONTINUING ACTIVITIES		50,824	18,114	1,445
Net income from discontinued activities		0	0	0
CONSOLIDATED NET INCOME		50,824	18,114	1,445
<i>Net income, Group share</i>		<i>50,824</i>	<i>18,114</i>	<i>1,445</i>
<i>Non-controlling interests</i>		<i>0</i>	<i>0</i>	<i>0</i>
Earnings per share (in euros)	14			
Basic		0.45	0.15	0.09
Diluted		0.44	0.15	0.09

* Restated for the change in consolidation method.

→ Total income for the period

<i>In thousands of euros</i>	31/12/2012	31/12/2011	31/12/2010
Net income for the period	50,824	18,114	1,445
Other comprehensive income			
Currency translation adjustment	(5,327)	1,862	(1,694)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	45,497	19,976	(249)
▶ Group share	45,497	19,796	(249)
▶ Non-controlling interests	0	0	0

III – CASH FLOW STATEMENT

<i>In thousands of euros</i>	31/12/2012	31/12/2011 Restated*	31/12/2010 Restated*
Consolidated pre-tax income	51,322	21,032	4,712
▶ Net increase (reversals) of amortisation, depreciation and provisions	0	0	0
▶ Unrealised gains (losses) due to changes in fair value	0	0	0
▶ Other calculated income and expenses	101	(124)	0
▶ Gains (losses) on asset disposals	0	0	0
▶ Share of income from equity associates	(48,229)	(12,468)	(1,278)
▶ Other financial items	(1)	114	2,701
Cash flow before taxes	3,193	8,554	7,413
Payment of tax due	(5,933)	0	(1,988)
Change in working capital requirements for operations	(839)	1,028	16
▶ Customers	(509)	(91)	0
▶ Suppliers	(330)	1,119	16
▶ Inventories	0	0	0
▶ Other			
NET CASH FLOW FROM OPERATING ACTIVITIES	(3,579)	9,582	5,441
Dividends received (equity associates, non-consolidated securities)	10,990	0	0
Other cash flows from investment activities	(76,832)	67,714	(104,251)
NET CASH FLOW FROM INVESTMENT ACTIVITIES	(65,842)	67,714	(104,251)
Amounts received from shareholders for capital increases	0	105,000	101,528
Proceeds from new loans	0	(16)	0
Interest paid	1	(114)	(2,700)
Borrowing repayments	0	16	0
Treasury share acquisitions	(2,499)	(3,983)	0
NET CASH FLOW FROM FINANCING ACTIVITIES	(2,498)	100,903	98,828
Impact of exchange rate fluctuations	0	0	0
CHANGE IN NET CASH	(71,919)	178,199	16
Cash at start of period	178,251	52	37
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	106,334	178,251	52

* Restated for the change in consolidation method.

→ Note 1 General information

Formed in 2009, the MP Nigeria Group is composed primarily of the parent company – the Company – and a company incorporated under Nigerian law in which a 45% equity interest is held, Seplat.

On 30 July 2010, Seplat acquired 45% of the mining rights for oil mining licences (“**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 agreement with the NNPC (which subsequently transferred its rights to these assets to the Nigerian Petroleum Development Company (“**NPDC**”).

Change in Seplat’s consolidation method

Nature of the control exercised over Seplat by MPN

Seplat is controlled jointly by its three shareholders: the Company (which holds 45% of the capital and voting rights), and its two Nigerian partners, Shebah and Platform, which hold 31% and 24% of the capital respectively.

The joint control results mainly from the agreement governing relations among the Seplat shareholders, which requires the prior formal consent of the Company for all decisions (i) made in the normal course of business (such as bond issues, dividend distribution, purchases or sales of assets, capital increases and issuances of guarantees or sureties, etc.), and (ii) other major decisions also made in the normal course of business (such as approval of work programmes, budgets and plans, selection of drilling and oil services providers, appointments to key positions, definition of insurance policies, litigation management, designation of members to represent the Company in the joint venture, etc.).

The Company will hold this right of veto for as long as the shareholder loan granted by the Company to Seplat on 25 June 2010 has not been repaid in full; the balance on the loan at 31 December 2012 was US\$46.9 million (equivalent to €35.6 million at the closing €/US\$ rate of 1.3194).

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 has been repaid in full.

Consolidation of Seplat by the equity method instead of proportionate consolidation

As at 31 December 2012, the jointly controlled entities are consolidated using the equity method, in accordance with the alternative method under IAS 31 “Interests in Joint Ventures”. These entities were proportionately consolidated until 30 June 2012. This change concerns an entity (Seplat) and is significant in nature (see Note 5 to the consolidated financial statements).

The consolidation of jointly controlled entities using the equity method is common practice in the oil industry, within which the Company operates, which facilitates the comparability and readability of the financial information published by the Company.

This voluntary change in method enhances the reliability and relevance of the financial information published by the Company. The information on the equity interest in Seplat provided in the Company’s financial statements is simplified, clarified and enhanced as a result. Seplat’s contribution to the MP Nigeria Group’s financial statements is now clearly identified and recognised in the statement of financial position under ‘Equity associates’ and in the statement of comprehensive income under ‘Share of income from equity associates’. In addition, Note 5 to the consolidated financial statements presents detailed information on the Seplat as a whole (balance sheet, income statement, and cash flow statement restated for the standards of the MP Nigeria Group).

Pursuant to IAS 8 and 31, this change in method has been applied retrospectively by adjusting the MP Nigeria Group’s financial statements for the previous periods, as if Seplat had been consolidated using the equity method from the outset.

Change in the Company’s operating currency

When first founded, MP Nigeria was an intermediate holding company of the Maurel & Prom Group, entirely financed in euros, the sole asset of which was a 45% equity interest in Seplat, which had no activity at that time. Based on these elements, the euro was selected as the Company’s operating currency.

The spin-off operation on 15 December 2011 and the Company’s decision in the following days to convert most of its cash into US dollars led the Company to review this choice and adopt the US dollar as its operating currency. This change in currency, effective as from 1 January 2012, sharply reduced

the Company's exposure to foreign exchange risk on its financial income. This risk now relates to the Company's positions in euros, which are not significant.

The currency of presentation for the MP Nigeria Group's financial statements remains the euro, due to its listing on the NYSE Euronext market in Paris. The financial statements of the Company and Seplat are converted into euros using the closing price method, under which:

- ▶ income and expenses are converted at the average rate for the period;

- ▶ assets and liabilities, including goodwill on foreign subsidiaries, are converted at the exchange rate in effect on the reporting date; and
- ▶ exchange gains and losses are recorded as shareholders' equity under the item "currency translation adjustments".

The amount of the currency translation adjustments recorded at 31 December under shareholders' equity due to the conversion into euros, the currency of expression of the financial statements for the MP Nigeria Group, was -€5.1 million.

→ 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 Regulation (EC) No 1606/2002 of 19 July 2002 on international standards, the consolidated financial statements of the MP Nigeria Group for the year ended 31 December 2012 have been prepared in accordance with IAS/IFRS international accounting standards applicable at 31 December 2012, as approved by the European Union and available at http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

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 2012 have been taken into account. They do not have a significant impact on the consolidated financial statements as at 31 December 2012. They are:

- ▶ Amendment to IFRS 7 "Disclosures – Transfers of Financial Assets".

The MP Nigeria Group has chosen not to apply the standards and interpretations which were not mandatory on 1 January 2012, including:

- ▶ IAS 1 "Presentation of Items of Other Comprehensive Income" (applicable to reporting periods starting on 1 July 2012);
- ▶ Amendment to IAS 19 "Employee Benefits" (applicable to reporting periods starting on 1 January 2013);

- ▶ IFRS 13 "Fair Value Measurement" (applicable to reporting periods starting on 1 January 2013);
- ▶ IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (applicable to reporting periods starting on 1 January 2013);
- ▶ IAS 12 "Recovery of Underlying Assets" (applicable to reporting periods starting on 1 January 2013);
- ▶ Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for Firsttime Adopters" (applicable to reporting periods starting on 1 January 2013);
- ▶ IFRS 10 "Consolidated financial statements" (applicable to reporting periods starting on 1 January 2014);
- ▶ IFRS 11 "Joint Arrangements" (applicable to reporting periods starting on 1 January 2014);
- ▶ IFRS 12 "Disclosure of Interests in Other Entities" (applicable to reporting periods starting on 1 January 2014);
- ▶ IAS 27R "Separate Financial Statements" (applicable to reporting periods starting on 1 January 2013);
- ▶ IAS 28R "Investments in Associates and Joint Ventures" (applicable to reporting periods starting on 1 January 2013);
- ▶ Amendments to IFRS 7 "Disclosures in notes": offsetting financial assets and liabilities (applicable to reporting periods starting on or after 1 January 2013);
- ▶ Amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities" (applicable to reporting periods starting on 1 January 2014).

Moreover, these principles do not differ from the IFRS as published by the IASB insofar as the application of the following standards or interpretations, mandatory for periods starting on or after 1 January 2012 and not yet ratified by the European Union, has no impact on the MP Nigeria Group's financial statements:

- ▶ Annual improvements to various standards (2009-2011 cycle applicable to periods starting on 1 January 2013);
- ▶ Amendments to IFRS 12 "Disclosure of Interests in Other Entities" (methods of application for first adopters applicable to reporting periods starting on 1 January 2013) (exception to consolidating particular subsidiaries of an investment entity applicable to reporting periods starting on 1 January 2014);
- ▶ Amendments to IFRS 11 "Joint Arrangements" (methods of application for first adopters applicable to reporting periods starting on 1 January 2013) (exception to consolidating particular subsidiaries of an investment entity applicable to reporting periods starting on 1 January 2014);
- ▶ Amendments to IFRS 10 "Consolidated Financial Statements" (methods of application for first adopters applicable to reporting periods starting on 1 January 2013) (exception to consolidating particular subsidiaries of an investment entity applicable to reporting periods starting on 1 January 2014);
- ▶ Amendments to IFRS 1 "Public Subsidiaries" (applicable to reporting periods starting on 1 January 2013);
- ▶ IFRS 9 "Financial Instruments" (applicable to reporting periods starting on 1 January 2015).

IFRS standards have been applied by the MP Nigeria Group consistently for all of the periods presented.

The preparation of consolidated financial statements under IFRS requires the MP Nigeria 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 income and expenses during the period. Changes in facts and circumstances may lead the MP Nigeria Group to review such estimates.

The results obtained may differ significantly from such estimates when different circumstances or assumptions are applied.

In addition, when a specific transaction is not treated by any standard or interpretation, the MP Nigeria Group's management uses its own discretion to define and apply the accounting methods that will provide relevant, reliable information. The financial statements provide a faithful representation of the MP Nigeria 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.

The main estimates made by the management of the MP Nigeria Group in establishing the financial statements relate to tests of the recoverable value of Seplat securities under the equity method.

The main estimates used by Seplat's management in preparing financial statements relate primarily to:

- ▶ impairment tests on oil and financial assets;
- ▶ provisions for site restoration;
- ▶ recognition of oil carry transactions;
- ▶ accounting treatment of derivative instruments subscribed by the MP Nigeria Group;
- ▶ recognition of deferred tax assets; and
- ▶ assessment of the investments required to develop undeveloped proven reserves included in asset depletion calculations.

2.1 Consolidation methods

The accounting rules and methods described below concern both the accounts of the Company (the holding company) and the accounts of Seplat, restated in accordance with the standards of the MP Nigeria Group for the purposes of consolidation.

Seplat, which is controlled jointly by the Company, is consolidated using the equity method as a joint venture.

The use of the equity method means that the share of Seplat's equity and income attributable to the Company is recognised under equity associates in the statement of financial position, and that the share of income for the period attributable to the Company is recognised in the comprehensive income statement on a separate line.

The Company's receivables and debts in relation to Seplat are not eliminated. The income from transactions between the two companies is only recognised in the MP Nigeria Group's financial statements in the amount of the partners' interests 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 assessed at their fair value in accordance with IFRS guidelines.

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 equals the ratio of the field's hydrocarbon production during the year to the proven hydrocarbon reserves and 50% of the probable reserves at the beginning of the same year, re-estimated based on an independent appraisal.

Exploration costs

The MP Nigeria 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, at the time that it is decided to totally 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 carrying value of the expenses incurred does not exceed the recoverable amount; this test is performed at least once per year.

In addition to indicators of loss of value concerning operating expenses, impairment tests are carried out once the MP Nigeria Group has enough data (based on the outcome of appraisal wells or seismic study 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 into 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.

Assets not completed at fiscal year-end are entered as assets under construction.

Completed 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 ratio (proven)/(proven+probable) reserves for that field, if it appears that they are sufficient to cover all of the proven and probable reserves of the field concerned. The amortisation rate equals the ratio of the field's hydrocarbon production during the year to the proven reserves at the beginning of the same year, 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 undeveloped proven reserves.

The reserves taken into account are the reserves determined on the basis of analyses conducted by independent organisations, to the extent that the said analyses are available on the reporting date.

In accordance with IAS 23R, the application of which has been mandatory since 1 January 2009, borrowing costs directly chargeable to the acquisition of an eligible asset are capitalised when the conditions set 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 MP Nigeria Group has an obligation to dismantle and restore sites.

The adjusted site restoration cost 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 value of other property, plant and equipment 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 property, plant and equipment, which are predominantly as follows:

- ▶ fixtures and fittings: five years;
- ▶ transportation equipment: four years;
- ▶ office and computer equipment: three years;
- ▶ office furniture: five years.

2.5 Asset depreciation

When events indicate a risk of impairment of intangible assets and property, plant and equipment, and in any case at least once a year, these are subject to a detailed analysis in order to determine whether their net carrying value is lower than their recoverable value, with the latter being 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 value. A CGU is a homogeneous set of assets in which ongoing utilisation generates cash inflows that are largely independent of the cash inflows from other groups of assets. The three oil mining licences ("**OML**") acquired correspond to a single and unique CGU. The treatment and routing facilities that comprise most of the property, plant and equipment 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 keeping with 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 geographical location.

If the recoverable amount is lower than the net carrying value, an impairment is recognised for the difference between these two amounts.

This impairment may be reversed according to the net carrying 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 the subject of an impairment if there is an objective indication of impairment. This impairment, carried through profit and loss, may later be reversed under income if the conditions that led to the 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 year-end, they are impaired if there is a proven risk of non-recoverability.

2.9 Foreign currency transactions

Expenses and income in foreign currencies are posted at their equivalent in the functional currency for the entity concerned at the transaction date. Debts, external financing, receivables and liquid assets in foreign currencies are reported in the balance sheet at their equivalent value in the functional currency for the entity concerned based on the closing rate. 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 the annual financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries for which the functional currency is not the euro are converted into euros using the closing price method.

Assets and liabilities, including goodwill on foreign subsidiaries, are converted at the exchange rate in effect on the reporting date. Income and expenses are converted at the average rate for the period.

The currency translation adjustments recorded, both on the initial balance sheet as well as on the income statement, are entered, for the share due to the consolidating company, in its net equity under "currency translation adjustments".

2.11 Derivative instruments

When acquiring the Nigerian assets, the MP Nigeria Group recognised a derivative instrument corresponding to the conditional price adjustment. This transaction is recognised as follows:

- ▶ the financial instrument is initially recognised at its fair value, in consideration for the asset; and
- ▶ at year-end, the change in fair value is recorded under income.

The fair value of the instruments taken out by the MP Nigeria 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 expenses are calculated on the basis of a loan's effective interest rate (i.e. the actuarial rate taking issue costs into account).

2.14 Fair value

Fair value hierarchy

IFRS 7 – "Financial instruments: Disclosures", as amended in 2009, establishes a hierarchy for measuring fair value based on three levels:

- ▶ Level 1: the quoted prices for assets and liabilities identical (to those being measured), available on the valuation date in an active market to which the entity has access;
- ▶ Level 2: inputs are observable data, but do not correspond to the prices quoted for identical assets or liabilities; and
- ▶ Level 3: inputs are not based on observable market data (for example, the data resulting from 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 their level, in Note 7 to the consolidated financial statements.

For the purposes of presentation in accordance with IFRS 7:

- ▶ the fair value of loans and receivables is determined by discounting expected cash flows at the market rate in effect on the reporting date; for receivables with a term of less than six months, the balance sheet amount represents a reliable approximation of their fair value; and

- ▶ 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 a 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 MP Nigeria Group has an obligation at year-end to a third party resulting from a past event, the settlement of which should result in an outflow of resources constituting 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

Sales figures corresponding to the sale of production from the deposits operated by the Company includes royalties paid.

Income is recognised as sales 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 the oil terminals.

2.18 Income tax

The tax expense 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 carrying values of assets and liabilities and their tax bases. Deferred taxes are not updated. Deferred tax assets and liabilities are measured 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 likely.

To ascertain the MP Nigeria 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 create taxable amounts on which unused losses for tax purposes 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 per share and diluted earnings per share. 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 net income, MP Nigeria Group share, 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 MP Nigeria Group

Company	Registered office	Consolidation method	% of control	
			31/12/2012	31/12/2011
MP Nigeria	Paris, France	Consolidating company	Consolidating company	Consolidating company
Oil and gas activities				
Seplat	Lagos, Nigeria	Equity method	45.00%	45.00%
Other activities				
MPNATI S.A.	Geneva, Switzerland	Fully consolidated	100.00%	

Following the change in method during the year, Seplat, which is jointly controlled, is consolidated using the equity method (see above: Note 1: General information).

The company MPNATI S.A., founded in 2012 and which provides support for expatriate personnel, was consolidated within the Group as from this year.

→ Note 4 Other non-current financial assets

<i>In thousands of euros</i>	Financial assets available for sale	Loans and receivables	Total
Value at 01/01/2011	0	34,942	34,942
Changes in consolidation scope	0	0	0
Increase	0	0	0
Decrease	0	(14,815)	(14,815)
Impairment	0	0	0
Fair value	0	0	0
Impairment reversals	0	0	0
Currency translation adjustments	0	0	0
Transfers	0	0	0
Value at 31/12/2011	0	20,127	20,127
Changes in consolidation scope	0	16,468	16,468
Increase	0	0	0
Decrease	0	(188)	(188)
Impairment	0	0	0
Fair value	0	0	0
Impairment reversals	0	0	0
Currency translation adjustments	0	(702)	(702)
Transfers	0	0	0
VALUE AT 31/12/2012	0	35,705	35,705

This item is composed of the portion due in more than one year of the advance granted by MP Nigeria to Seplat.

Amounting to US\$46.9 million (€35.6 million), it is repaid at the rate of 7.125%. It is expected to be repaid within two to four years, depending on the cash flow generated by business activities.

→ **Note 5** Equity associates**AT 31/12/2011**

<i>In thousands of euros</i>	Share of equity	Goodwill	Balance sheet value	Share of income in the fiscal year
Seplat	43,227	0	43,227	12,467
TOTAL	43,227	0	43,227	12,467

AT 31/12/2012

<i>In thousands of euros</i>	Share of equity	Goodwill	Balance sheet value	Share of income in the fiscal year
Seplat	77,780	0	77,780	48,229
TOTAL	77,780	0	77,780	48,229

Comments on the Seplat financial statements restated in accordance with the standards of the MP Nigeria Group:

The data presented are given in full in thousands of US dollars. They are consolidated using the equity method in the financial statements of the Company on the basis of an ownership rate of 45%:

Seplat Balance Sheet (at 100%) in US dollars

<i>In thousands of US dollars</i>	Note	31/12/2012	31/12/2011
Intangible assets		159,584	173,533
Property, plant and equipment		291,663	236,638
Non-current financial assets		44,233	0
Non-current assets		495,480	410,171
Inventories		0	10,903
Trade receivables and related accounts		60,232	1,976
Other current financial assets		227,536	47,527
Other current assets		4,275	5,154
Cash and cash equivalents		111,599	201,778
Current assets		403,642	267,338
TOTAL ASSETS		899,122	677,509

<i>In thousands of US dollars</i>	Note	31/12/2012	31/12/2011
Share capital		690	690
Additional paid-in capital		88,900	88,900
Consolidated reserves		700	(3,874)
Net income, Group share		137,763	38,573
Equity, Group share		228,053	124,289
Minority interests		0	0
Total equity		228,053	124,289
Non-current provisions		7,534	5,774
Other non-current borrowings and financial debt		195,622	176,837
Deferred tax liabilities		84,984	7,599
Non-current liabilities		288,140	190,210
Other current borrowings and financial debt		54,250	128,538
Trade payables and related accounts		68,361	27,297
Income tax payable		72,124	96,673
Other creditors and miscellaneous liabilities		188,195	77,643
Current derivative instruments		0	32,858
Current liabilities		382,930	363,009
TOTAL LIABILITIES		899,122	677,509

Seplat Income (at 100%) in US dollars

<i>In thousands of US dollars</i>	31/12/2012	31/12/2011
Sales	629,304	451,384
Operating income	293,592	186,836
Financial income	(27,547)	(28,509)
Income tax	(128,283)	(119,754)
NET INCOME	137,763	38,573

Seplat cash flow statements (at 100%) in US dollars

<i>In thousands of euros</i>	31/12/2012	31/12/2011
Consolidated pre-tax income	266,046	158,326
▶ Net increase (reversals) of amortisation, depreciation and provisions	48,913	54,948
▶ Unrealised gains (losses) due to changes in fair value		8,618
▶ Other financial items	28,398	19,117
Cash flow before taxes	343,357	241,009
Payment of tax due	(75,447)	(31,445)
Change in working capital requirements for operations	(98,081)	(7,025)
▶ Customers	(58,257)	40,793
▶ Suppliers	41,064	6,936
▶ Inventories	10,903	(10,903)
▶ Other	(91,791)	(43,851)
NET CASH FLOW FROM OPERATING ACTIVITIES	169,829	202,539
Disbursements associated with acquisitions of property, plant and equipment and intangible assets	(98,451)	(58,222)
Change in loans and advances granted	(44,233)	
NET CASH FLOW FROM INVESTMENT ACTIVITIES	(142,684)	(58,222)
Dividends paid	(34,000)	
Proceeds from new loans	202,763	275,046
Interest paid	(28,398)	(19,117)
Borrowing repayments	(257,688)	(228,840)
NET CASH FLOW FROM FINANCING ACTIVITIES	(117,323)	27,089
Impact of exchange rate fluctuations	0	0
CHANGE IN NET CASH	(90,178)	171,406
Cash at start of period	201,778	30,373
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	111,599	201,778

Seplat's activity over the period**Production and sales**

		12 months/2012
Number of days	d	366
Entitlements excluding reallocations		9,422,145
Reallocations		2,384,943
Recognised entitlements	bbl	11,807,088
	bbl/d	32,260
Seplat share	bbl	5,313,190
	bbl/d	14,517
Sale price	US\$/bbl	112.9
Sales – Oil	US\$M	599.5
Sales – Gas	M\$	26.2
Other		3.5
SEPLAT SALES	M\$	629.3
For information		
SEPLAT SALES	€M	489.5
	US\$/€	1.286

Oil production totalled an average of 32,260 boepd over 2012, taking into account the reallocations of volumes not initially recognised by Shell Petroleum Development Company ("SPDC").

During fiscal year 2012, SPDC made two adjustments in favour of the partnership for a total of 737,133 barrels in respect of activities prior to March 2012. The subsequent negotiations with SPDC to define the definitive conditions for additional adjustments led to the signature of an agreement in principle in early 2013, under the terms of which 1,647,810 barrels should be reallocated to Seplat in respect of the volumes produced until the end of 2012.

Excluding reallocations, 2012 production was up 9% in relation to the previous year, despite longer than planned production interruptions. Production was halted for 65 days in 2012 compared to Seplat's estimated interruptions of 25 days for maintenance of routing facilities.

Seplat's year-end objective of achieving a well output of 50,000 boepd was accomplished in January 2013.

The Okporhuru field, the first field to be developed by Seplat, is expected to be connected during the first half of 2013 and thus enable crude oil production to exceed 60,000 boepd by the end of the year (well output).

Oil sales for the fields (Seplat share) amounted to US\$599.5 million, corresponding to 5,187,409 barrels of oil sold at an average price of US\$113 per barrel (plus an additional sale amount of US\$14 million related to changes to entitlements).

Gas sales amounted to US\$26.3 million. This item corresponds to sales of gas to the Nigerian Gas Company ("NGC") and to adjustments resulting from negotiations entered into with this company.

Operating income is improving in line with production and sales increases.

The financial income loss arises from interest expenses on debt comprising a line of credit and the shareholder loan granted by the Company.

The tax expense includes corporation tax income in the amount of US\$35 million (€27 million) as a result of the Nigerian tax administration's agreement to recalculate the corporation tax for 2010 and 2011 by deducting, for tax purposes over five years, search and exploitation rights in the amount of US\$121 million recognised at the time the assets were purchased from SPDC.

After taking the above-mentioned items into account, net income was US\$137.7 million (€107.1 million).

Implementation of a sustained work programme

During the year, Seplat's joint venture pursued a significant investment programme required in order for it to meet its production objective of 50,000 barrels per day by the end of 2012 (65,000 by the end of 2013). A total of 12 production and injection wells were drilled during the year at a cost of US\$185 million, major workovers were completed on 9 wells for US\$98 million, and US\$44 million of commitments were signed for investments for treatment facilities. These primarily relate to

the construction of a water-oil separation unit that is scheduled to become operational during the second quarter of 2013 and which will maximise the capacities for routing the oil produced whilst reducing the processing costs charged by SPDC.

Establishment of a five-year US\$550 million line of credit for Seplat

The syndicated credit under negotiation in late 2011 with Afrexim, Skye Bank, UBA and FBN was definitively signed on 12 June 2012 by all of the parties and was applied retrospectively as from 25 August 2011. This line of credit, which can reach US\$550 million and is repayable over five years through constant depreciation and repaid at a variable rate (Libor + margin ranging from 5% to 7.5%, depending on the lending institution), replaces the bridge loan drawn for US\$258 million in late 2011, US\$100 million of which was a debt repayable on demand.

Exploration investments

Oil search and exploitation rights corresponding to the acquisition cost of oil reserves in 2010.

No investment of this nature was made during the period.

Impairment tests

The tests performed by the Group confirmed the absence of impairment on intangible assets (see "Property, plant and equipment").

Other current financial assets

This item breaks down as follows (in millions of US dollars):

	2012	2011
Receivable from partner NPDC*	204.1	32.5
Receivable on FPSO**	12.4	15.0
Other	11.0	
TOTAL	227.5	47.5

* 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.

** The first repayment of the advance for US\$15 million (€11 million) paid by Seplat in 2010 to lease or acquire a floating production, storage and offloading (FPSO) unit was made in 2012 in the amount of US\$3 million (€2.3 million). The parties agreed that it will be repaid in full before the end of 2013 (cf. note on Related Parties).

Property, plant and equipment

A total of US\$219 million (€165 million) in production assets represents the value of the SPDC assets acquired in 2010. Acquisitions for the period, which amounted to US\$127 million (€99 million) as Seplat's share, primarily concern US\$83.4 million (€63.2 million) for the cost of drilling 12 production and injection wells, and US\$20 million (€15 million) for the construction of an oil-water separation unit that is expected to come on line in the second quarter of 2013.

Non-current financial assets

This item consists of:

- ▶ a deposit of US\$17 million (€12.9 million) made by Seplat representing the equivalent of two repayment instalments on the current loan pursuant to the contract; and
- ▶ the remainder is made up of advances made to Caroil Drilling to ensure exclusive use of two rigs over a five-year period. These advances will be repaid in five years by offsetting the cost of the drilling services that will be performed by Caroil Drilling for Seplat.

Customers

The "Customers" item corresponds to US\$46.9 million (€35.6 million) in sums owed by SPDC on the oil sales made in December and US\$13.2 million (€10 million) for the outstanding receivables from NGC for gas supplies.

Cash and cash equivalents

At 31 December 2012, Seplat had net cash of US\$111.6 million; the decrease of US\$90.2 million over the period is detailed in the cash flow statement presented above in this note.

Shareholders' equity

The change in shareholders' equity over 2012 is due to the net income for the period (US\$137.7 million, equivalent to €107.1 million), the payment of a dividend of US\$14 million approved by the General Shareholders' Meeting in respect of fiscal years 2010 and 2011 and the payment of an interim dividend of US\$20 million in relation to net income for 2012.

Provisions

The provision for site restoration, the amount of which was estimated using a valuation provided by the firm Gaffney, Cline & Associates, accounts for most of this item.

Non-current borrowings and financial debt

This item corresponds primarily to the non-current portion of the US\$550 million line of credit, of which US\$203 million (€154 million) was drawn down at the end of 2012, in accordance with the amortisation and depreciation plan. It should be noted that the amount drawn from Afrexim (US\$100 million) in 2011 was a bridge loan repayable on demand, and was classified as a current liability; the agreement on converting it into a loan repayable over five years was still being discussed at that time.

At 31 December 2012, the contractual flows (principal and interest) on the outstanding amount of financial liabilities, by maturity date, were as follows:

	Balance 2012	Flow 2013	Flow 2014	Flow 2015	Flow 2016	Not scheduled
Line of credit	203,438	67,080	63,132	63,132	59,184	
MPN shareholder loan*	46,908	3,342	3,342	3,342	3,342	46,908

* The shareholder loan will be repaid within two to four years as of this date, depending on the cash generated by Seplat. For this reason, the repayment of the principal has not been analysed by year. The amounts indicated in the table above for the years 2012 to 2016 correspond to interest at the rate of 7.125% on the outstanding debt at 31 December 2012.

Suppliers and other creditors and miscellaneous liabilities

Trade payables primarily consist of the sums owed to Shell for the transport, processing and storage of the output, and the amounts to be paid on the drilling operations and workovers performed at the end of the year.

The "Other creditors" item, which amounts to US\$188 million (€141 million) rose significantly in comparison to last year, due primarily to the following:

- ▶ the US\$98 million increase in the current account debt to the Company following a short-term advance of funds made

by the Company as part of an external growth operation planned acquisition in Nigeria in the fourth quarter. This debt was repaid by Seplat in January 2013 (see Note 6 below);

- ▶ the decrease in the over-entitlement position following the agreement signed with SPDC, which led to a reallocation of barrels in Seplat's favour; and
- ▶ the increase in the amount due for production royalties.

→ Note 6 Trade receivables and other current assets

<i>In thousands of euros</i>	31/12/2012	31/12/2011
Trade receivables – oil and gas activities	588	92
TOTAL	588	92
Write-down to be deducted	0	0
NET VALUE	588	92

This item consists of receivables for the technical services invoiced by the Company to Seplat under the assistance contract in force between the two companies.

Other current financial and non-financial assets consist of the following items:

OTHER CURRENT FINANCIAL ASSETS

<i>In thousands of euros</i>	31/12/2012	31/12/2011
Receivables on equity interests and joint ventures	74,124	16,468
Miscellaneous receivables	105	162
Gross value	74,229	16,630
Write-down to be deducted	0	0
NET VALUE	74,229	16,630

OTHER CURRENT ASSETS

<i>In thousands of euros</i>	31/12/2012	31/12/2011
Advances and down payments	0	0
Prepaid expenses	81	3
Tax and social security receivables (excluding income tax)	193	8
Gross value	363	11
Write-down to be deducted	0	0
NET VALUE	363	11

Receivables on equity interests and joint ventures

In the fourth quarter of 2012, the Company granted Seplat a short-term, non-interest-bearing cash advance of US\$98 million (€74 million) as part of an external growth operation planned in

Nigeria. Since Seplat's bid was not selected as the "best", Seplat repaid the advance to the Company in early January 2013.

→ Note 7 Fair value

Financial assets and fair value

The various categories of financial assets as at 31 December 2012 are shown in the tables below:

<i>In thousands of euros</i>	31/12/2012				
	Financial assets available for sale	Loans and receivables	Financial assets at fair value through profit or loss	Balance Sheet Total	Fair value
Other non-current financial assets	0	35,705	0	35,705	35,705
Trade receivables and related accounts	0	588	0	588	588
Other current financial assets	0	74,229	0	74,229	74,229
Cash and cash equivalents	0	106,334	0	106,334	106,334
TOTAL BALANCE SHEET VALUE	0	216,856	0	216,856	216,856
TOTAL FAIR VALUE	0	216,856	0	216,856	216,856

<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	Balance Sheet Total	Fair value
Other non-current financial assets	0	20,127	0	20,127	20,127
Trade receivables and related accounts	0	92	0	92	92
Other current financial assets	0	16,630	0	16,630	16,630
Cash and cash equivalents	0	108,768	0	108,768	108,768
TOTAL BALANCE SHEET VALUE	0	145,617	0	145,617	145,617
TOTAL FAIR VALUE	0	145,617	0	145,617	145,617

Financial liabilities (excluding derivatives) and fair value

The various categories of financial liabilities as at 31 December 2012 are as follows:

<i>In thousands of euros</i>	31/12/2012			
	Current	Non-current	Balance Sheet Total	Fair value
Other borrowings and financial debt	0	0	0	0
Trade payables	794	0	794	794
Other creditors and sundry financial liabilities	425	0	425	425
TOTAL	1,218	0	1,218	1,218

<i>In thousands of euros</i>	31/12/2011			
	Current	Non-current	Balance Sheet Total	Fair value
Other borrowings and financial debt	174	0	174	174
Trade payables	1,136	0	1,136	1,136
Other creditors and sundry financial liabilities	234	0	234	234
TOTAL	1,544	0	1,544	1,544

Assumptions made

Financial assets totalling €216.9 million correspond to €106.3 million in cash, €74.2 million (US\$98 million) for a Seplat receivable repaid in early January, and the balance of €35.7 million for the shareholder loan repaid at the rate of 7.125%.

Current financial liabilities correspond to trade payables and corporation tax, the carrying value of which represents the fair value.

Consequently, the balance-sheet values do not differ from the fair value assessed on the various items concerned.

→ Note 8 Change in accounting method

As detailed in Note 1, as at 31 December 2012 Seplat is consolidated using the equity method in accordance with the alternative method under IAS 31 "Interests in Joint Ventures". Seplat was proportionately consolidated until 30 June 2012.

Pursuant to IAS 8 and 31, this change in method has been applied retrospectively by restating the MP Nigeria Group's financial statements for the previous periods, as if Seplat had been consolidated using the equity method from the outset.

The tables below show the transition of the financial statements published at 31 December 2011 (Seplat proportionately consolidated) to the statements dated 31 December 2011 restated to reflect this change in accounting method (Seplat consolidated using the equity method).

In the context of the MP Nigeria Group, these restatements consist of not presenting the Company's share in the financial statements of the Seplat subsidiary on a single line on the balance sheet (Equity associates line), in the income statement (Share of net income from equity associates line) and in the cash flow statement (Share of income from equity associates line).

BALANCE SHEET

<i>In thousands of euros</i>	31/12/2011 Restated	Restatement	31/12/2011 Published
Intangible assets	0	(60,352)	60,352
Property, plant and equipment	0	(82,300)	82,300
Non-current financial assets	20,127		20,127
Equity associates	43,227	43,227	0
Non-current derivative instruments	0		0
Deferred tax assets	0		0
Non-current assets	63,354	(99,425)	162,779
Inventories	0	(3,791)	3,791
Trade receivables and related accounts	92	(646)	738
Other current financial assets	16,630	12	16,618
Other current assets	11	(1,792)	1,803
Income tax receivable	0		0
Cash and cash equivalents	178,426	(70,175)	248,601
Current assets	195,159	(76,392)	271,551
TOTAL ASSETS	258,513	(175,817)	434,330

<i>In thousands of euros</i>	31/12/2011 Restated	Restatement	31/12/2011 Published
Share capital	11,534		11,534
Additional paid-in capital	226,900		226,900
Consolidated reserves	1,486		1,486
Treasury shares	(3,983)		(3,983)
Net income, Group share	18,114		18,114
Equity, Group share	254,051	0	254,051
Minority interests	0		0
Total equity	254,051	0	254,051
Non-current provisions	0	(2,008)	2,008
Other non-current borrowings and financial debt	0	(44,915)	44,915
Deferred tax liabilities	0	(2,643)	2,643
Non-current liabilities	0	(49,566)	49,566
Other current borrowings and financial debt	174	(44,704)	44,878
Trade payables and related accounts	1,136	(9,494)	10,630
Income tax payable	2,918	(33,622)	36,540
Other creditors and miscellaneous liabilities	234	(27,003)	27,237
Current derivative instruments	0	(11,428)	11,428
Current liabilities	4,462	(126,251)	130,713
TOTAL LIABILITIES	258,513	(175,817)	434,330

INCOME STATEMENT

<i>In thousands of euros</i>	31/12/2011 Restated	Restatement	31/12/2011 Published
Sales	320	(145,757)	146,077
Other income	0	0	0
Purchases and change in inventories	(1)	(1,002)	1,001
Other purchases and operating expenses	(1,779)	35,466	(37,245)
Tax expense	(112)	30,802	(30,914)
Personnel expense	0	2,341	(2,341)
Amortisation charges	0	17,653	(17,653)
Gain (loss) on asset disposals	0	2	(2)
OTHER EXPENSES	(150)	106	(256)
Operating income	(1,722)	(60,389)	58,667
Gross cost of financial debt	0	3,718	(3,718)
Income from cash	813	0	813
Net gains and losses on derivative instruments	0	2,786	(2,786)
Net cost of financial debt	813	6,504	(5,691)
Other financial income and expenses	9,474	2,711	6,763
FINANCIAL INCOME	10,287	9,215	1,072
Income before tax	8,565	(51,174)	59,739
Income tax	(2,918)	38,707	(41,625)
NET INCOME FROM CONSOLIDATED COMPANIES	5,647	(12,467)	18,114
Net income from equity associates	12,467	12,467	0
NET INCOME FROM CONTINUING ACTIVITIES	18,114	0	18,114
Net income from discontinued activities	0	0	0
CONSOLIDATED NET INCOME	18,114	0	18,114
Net income, Group share	18,114	0	18,114

CASH FLOW STATEMENT

<i>In thousands of euros</i>	31/12/2011 Restated	Restatement	31/12/2011 Published
Consolidated pre-tax income	21,032	(38,707)	59,739
▶ Net increase (reversals) of amortisation, depreciation and provisions	0	(17,761)	17,761
▶ Unrealised gains (losses) due to changes in fair value	0	(2,786)	2,786
▶ Other calculated income and expenses	(124)	0	(124)
▶ Gains (losses) on asset disposals	0	0	
▶ Share of income from equity associates	(12,468)	(12,468)	0
▶ Other financial items	114	(3,718)	3,832
Cash flow before taxes	8,554	(75,440)	83,994
Payment of tax due	0	10,164	(10,164)
Change in working capital requirements for operations	68,742	2,272	66,470
▶ Customers	(91)	(13,225)	13,134
▶ Suppliers	1,119	(2,242)	3,361
▶ Inventories	0	3,524	(3,524)
▶ Other	67,714	14,215	53,499
NET CASH FLOW FROM OPERATING ACTIVITIES	77,296	(63,004)	140,300
Disbursements associated with acquisitions of property, plant and equipment and intangible assets	0	18,819	(18,819)
Proceeds from acquisitions of property, plant and equipment and intangible assets	0	0	
Disbursements for acquisitions of financial assets (unconsolidated securities)	0	0	
Impact of changes in consolidation scope	0	0	
Dividends received (equity associates, non-consolidated securities)	0	0	0
Other cash flows from investment activities	0	0	
NET CASH FLOW FROM INVESTMENT ACTIVITIES	0	18,819	(18,819)
Amounts received from shareholders for capital increases	105,000	0	105,000
Proceeds from new loans	(16)	(88,904)	88,888
Interest paid	(114)	3,718	(3,832)
Borrowing repayments	16	73,968	(73,952)
Treasury share acquisitions	(3,983)	0	(3,983)
NET CASH FLOW FROM FINANCING ACTIVITIES	100,903	(11,218)	112,121
Impact of exchange rate fluctuations	0	(4,546)	4,546
CHANGE IN NET CASH	178,199	(59,949)	238,148
Cash at start of period	52	(10,227)	10,279
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	178,251	(70,176)	248,427

→ Note 9 Cash and cash equivalents

<i>In thousands of euros</i>	31/12/2012	31/12/2011
Liquid assets, banks and savings banks	18,121	178,426
Short-term bank deposits	88,213	0
Total	106,334	178,426
Bank loans	0	174
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	106,334	178,252

At 31 December 2012, MP Nigeria held cash of €106 million, down -€72 million over the period due primarily to a US\$98 million cash advance paid to Seplat at the end of 2012 and repaid at the beginning of 2013.

→ Note 10 Shareholders' equity

The share capital did not change in 2012. It totalled €11,534 thousand, representing 115,336,534 shares with a nominal value of €0.10.

Share repurchase plan

Following the approval by the General Shareholders' Meeting of 7 October 2011 for a term 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 and conditions: 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.

The General Shareholders' Meeting of 21 June 2012 cancelled and replaced the authorisation previously given by the General Shareholders' Meeting of 7 October 2011 with a new

authorisation for the same purpose. This new authorisation, given for a period of 18 months, allows the Board of Directors to purchase the Company's shares up to a maximum of 10% of the share capital amount, under the following conditions: maximum purchase price of €6 per share and the maximum amount of funds that the Company can devote to this repurchase plan is €69,201,920.

As part of this repurchase plan, 2,675,333 shares were purchased in 2012. Purchases relating to the liquidity contract over the same period represent 6,754,213 shares bought, and 6,858,762 shares sold.

At 31 December 2012, the Company held 3,568,332 treasury shares (3.1% of share capital for a gross value of €6,441.5 thousand at the end of 2012), including 971,582 shares under the liquidity contract.

→ Note 11 Trade payables – other creditors and miscellaneous financial liabilities

<i>In thousands of euros</i>	31/12/2012			31/12/2011		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Suppliers	794	0	794	1,136	0	1,136
Suppliers	326	0	326	525	0	525
Accrued expenses	468	0	468	611	0	611
Other creditors and liabilities	425	0	425	234	0	234
Social security liability	110	0	110	0	0	0
Tax liability	2	0	2	0	0	0
Fixed asset suppliers	0	0	0	0	0	0
Miscellaneous creditors	313	0	313	234	0	234

→ Note 12 Operating income

The operating income was a loss of €1,917 thousand after taking the company's operating costs into account, particularly (i) the amounts invoiced by Établissements Maurel & Prom under the transitional services agreement signed by the two companies, and (ii) the costs incurred by a listed company (statutory audit, financial and legal disclosures, etc.).

→ Note 13 Financial income

<i>In thousands of euros</i>	31/12/2012	31/12/2011
Interest on other borrowings	0	0
Gross cost of debt	0	0
Income from cash	0	813
Net gains and losses on derivative instruments	0	0
Net cost of debt	0	813
Other net financial income and expenses	5,009	9,473
Net foreign exchange differences	571	4,241
Other financial income	4,437	5,232
FINANCIAL INCOME	5,009	10,287

Other financial income (€4.4 million) reflects €2.6 million in remuneration on the shareholder advance at 7.125%, with the remaining amount corresponding to the interest received on the cash investments made over the period.

Currency translation adjustments were much less significant in 2012 than in 2011 because of the Company's very substantial reduction of its exposure to foreign exchange risk since the change in operating currency (adoption of the US dollar to replace the euro, see Note 1) made on 1 January 2012.

→ Note 14 Earnings per share

<i>In euros</i>	31/12/2012	31/12/2011
Net income, Group share	50,824	18,114
Net income from discontinued activities	0	0
Net income from continuing activities	50,824	18,114
Average number of shares outstanding	111,768,202	118,800,643
Average number of diluted shares	115,336,534	120,798,191
Earnings per share		
Basic	0.45	0.15
Diluted	0.44	0.15

In accordance with IAS 33, diluted earnings per share are equal to the income attributable to ordinary shareholders arising from the parent company divided by the weighted average number of outstanding ordinary shares at the price for the period, after adjusting the numerator and denominator for the impact of any potentially dilutive ordinary shares.

In accordance with IAS 33, potential ordinary shares are treated as dilutive if, and only if, their conversion to ordinary shares has the effect of reducing earnings per share from the activities undertaken.

→ Note 15 Related parties

COMMERCIAL AND FINANCIAL TRANSACTIONS (IN THOUSANDS OF EUROS)

31/12/2012	Income	Expenses	Amounts due from related parties (net)	Amounts due to related parties
Joint ventures				
▶ Seplat	3,152		110,172	90
Other related parties				
▶ Établissements Maurel & Prom		0	0	0

31/12/2011	Income	Expenses	Amounts due from related parties (net)	Amounts due to related parties
Joint ventures				
▶ Seplat	5,660		36,849	0
Other related parties				
▶ Établissements Maurel & Prom		0	0	0

Agreements between the Company and Seplat

Shareholder Loan

In 2010, the Company granted a shareholder loan to Seplat in the amount of US\$153 million repaid at a rate of 7.125%. Two repayment instalments were made on this loan in March and September 2011 for a total of US\$107 million. As no payment was made in 2012, the amount of the receivable remains unchanged at US\$47 million. The amount of the interest invoiced over the year totalled €2.6 million.

Current account advance

In the fourth quarter of 2012, the Company granted Seplat a short-term, non-interest-bearing cash advance of US\$98 million as part of an external growth operation planned in Nigeria. As Seplat's offer was not selected as the "best", Seplat repaid the advance to the Company early in January 2013.

Support services

The Company provides technical and general support services to Seplat under normal competitive market terms. In 2012, invoices for such services amounted to €0.7 million.

Seplat – Shebah Exploration and Production Company Ltd – Allenne British Virgin Islands Limited Memorandum of Understanding

Seplat's hydrocarbon production is extracted under the agreement concluded with 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 for 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 SPDC's Nigerian pipeline.

In accordance with this agreement, in 2010 Seplat paid Allenne British Virgin Islands Limited an advance of US\$15 million. In late 2012, Seplat finally decided not to purchase, lease or use this FPSO and requested that this advance be repaid. The parties agreed to schedule this repayment, which must be made no later than 31 December 2013. Pursuant to this agreement, US\$3 million had already been repaid at the end of 2012.

Mr Ambrosie Bryant Chukwueloka Orjiako, a Company director and Chairman of Shebah Exploration and Production Company Ltd, is a stakeholder in this agreement.

Financing the acquisition of drilling rigs

Seplat has defined an intensive three-year drilling programme in order to enable it to achieve its stated objective of increasing production from the current level of 50,000 boepd to 100,000 boepd by 2015. The achievement of this programme entails the use of several drilling rigs working at full capacity over the duration of the programme.

In order to ensure its independence from the drilling companies, Seplat decided in 2011 to acquire rigs that would be booked as assets of a Nigerian company formed specifically for this purpose: Caroil Drilling.

As a result, Seplat paid US\$45 million during the course of 2011 to the American rig manufacturer BHP Billiton to finance the acquisition of two new drilling rigs by Caroil Drilling. This company obtained bank financing of US\$30 million in 2012 which allowed it to repay a portion of the advance it had received. At the end of 2012, the balance of the advances made by Seplat to Caroil Drilling totalled US\$25 million. This receivable will be repaid by offsetting the cost of the drilling services that will be performed by Caroil Drilling for Seplat over a one-year period in the amount of US\$5 million.

In 2012, Seplat and Caroil Drilling signed contracts to exclusively reserve two rigs for a two-year period beginning in May 2012, which was increased to five years by an agreement signed on 17 May 2012. The commitment for the first two years represents US\$90 million in services.

Jean-François Hénin, a member of the Seplat Board of Directors, is also a member of the Board of Directors of Caroil Drilling and therefore has an interest in this agreement.

Caroil Drilling, for which current shareholders are the Shebah and Platform companies, will in time have the same shareholding structure as Seplat; the Company is to acquire 40% of the capital over 2013.

Compensation of senior executives

"Senior executives" refers to the Chairman and directors of Seplat on the one hand, and to members of the Board of Directors of the Company on the other.

With regard to Seplat, the compensation of senior executives amounted to US\$3,885 thousand over fiscal year 2012, compared with US\$2,853 thousand in fiscal year 2011. These sums, which constitute short-term benefits, were paid by Seplat.

The compensation for the Company's Board of Directors amounted to €200,000 over fiscal year 2012.

→ Note 16 Off-balance-sheet commitments

Commitments given

Guarantees made on borrowings

Seplat's securities have been pledged to the lending institutions as collateral for the syndicated line of credit set up by the subsidiary last year. Of this line of credit, which may reach up to US\$550 million, US\$203 million had been drawn at the end of 2012.

Under these financing agreements, Seplat must meet the following two covenants:

- ▶ debt to equity ratio of less than 3; and
- ▶ amount borrowed < P2 reserves * US\$70 * 40%.

These ratios were being respected as at 31 December 2012.

Firm reservation commitment for two drilling rigs

This point is described in Note 16 on "Related parties", paragraph "Financing the acquisition of drilling rigs".

Commitments received

None

→ Note 17 Operating segments

In compliance with IFRS 8, segment information is reported according to the same principles as internal reporting, reproducing the internal segment information defined to manage and measure the MP Nigeria Group's performance.

The MP Nigeria Group has only one operating segment, its hydrocarbon production activity in Nigeria carried out by Seplat. Detailed information about this company is provided above in Note 5: "Equity associates".

→ Note 18 Risks

Credit risk

The receivables and loans booked as Company assets relate to Seplat. This primarily relates to a long-term loan in the amount of €35.7 million and a short-term advance of €74 million, which was repaid in January 2013. Given the level of Seplat's activity and the creditworthiness of its customers (Shell Group and National Gas Company) and partners (NPDC), the MP Nigeria Group does not consider there to be a counterparty risk.

Liquidity risk

In common with all economic players, the MP Nigeria Group is exposed to a risk of insufficient liquidity or a risk that its financing strategy will be inadequate.

To deal with this risk, the MP Nigeria Group maintains a balance between its debt and shareholders' equity on the one hand, and between 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 the Company's Board of Directors.

The MP Nigeria Group's liquidity is detailed in the consolidated cash flow statements drawn up weekly and sent to the executive management. Monthly, quarterly and year-end forecasts are drawn up at the same time. The MP Nigeria Group's cash position is monitored by the cash manager at Établissements Maurel & Prom's registered 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.

As at 31 December 2012 and 31 December 2011, the financial liabilities of the MP Nigeria Group were not significant.

The MP Nigeria Group's liquid assets, which amounted to €106.3 million at the reporting date, are held in sight deposit accounts.

Market risk

The MP Nigeria Group's accounts are sensitive to fluctuations in the price of hydrocarbons. The foreign exchange risk is negligible following the Company's adoption of the US dollar as its operating currency. This point is covered above in the note entitled "General Information".

Exposure to hydrocarbon risk

The economy, and more specifically the profitability of the oil and gas industry, is very sensitive to the price of hydrocarbons expressed in US dollars. As a result, the cash flow and projected results of Seplat, and consequently the Company, 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 use of 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.

Foreign exchange risk

Although the MP Nigeria Group's reporting currency is the euro, the operating currency of the Company and Seplat is the US dollar since sales, the vast majority of operating expenses and a significant portion of investments are denominated in this currency. Expenses in naira (the Nigerian currency) represent about 30% of total expenses.

This situation results in a sensitivity of the MP Nigeria Group's consolidated accounts to the €/US\$ exchange rate which is linked to the conversion of assets and liabilities into the reporting currency at the closing rate. The resulting exchange gain or loss is recorded directly in shareholders' equity.

The impact on consolidated equity at 31 December 2012 of a 10% fluctuation in the €/US\$ exchange rate on that date is presented below (in millions of euros):

	Impact on income before tax		Impact on currency translation adjustments (shareholders' equity)	
	10% rise in €/US\$ rate	10% fall in €/US\$ rate	10% rise in €/US\$ rate	10% fall in €/US\$ rate
US\$	0.0	0.0	-26.3	32.1
Other currencies				
TOTAL	0.0	0.0	-26.3	32.1

The MP Nigeria Group has not set up any specific hedges to limit its exposure to foreign exchange risk.

At 31 December 2012, the Company's consolidated foreign exchange position was US\$283 million, which breaks down as follows:

	Assets and liabilities	Foreign currency commitments (c)	Net position before hedging (d) = (a)-(b)+/--(c)	Hedging financial instruments (e)	Net position after hedging (f) = (d) - (e)
Non-current financial assets	47	0	47	0	47
Equity associates	100	0	100	0	100
Other current assets	0	0	0	0	0
Derivative instruments	0	0	0	0	0
Other creditors and miscellaneous liabilities	0	0	0	0	0
Cash and cash equivalents	136	0	136	0	136
US\$ exposure	283	0	283	0	283

Interest rate risk

The Group is not directly exposed to interest rate risk as most of its cash is deposited in an account with a fixed rate of return.

Seplat borrows at a variable rate capped at 10%, which results in a residual exposure to the Company's interest rate risk. Within the limit of this 10% cap, a 1% increase in interest rates would result in a decrease in income accounted for by the equity method of €0.2 million.

Equity risk

Exposure to equity risk and management

The financial assets of the MP Nigeria Group are not exposed to equity risk.

→ Note 19 Post-balance-sheet events

No notable events to report.

→ Note 20 Audit fees

<i>In thousands of euros</i>	François Carrega		IAC	
	Amount		Amount	
	2012	2011	2012	2011
Audit				
▶ Statutory auditor, certification, examination of individual and consolidated financial statements	190	336	80	152
▶ Other measures and services directly related to the duties of the statutory auditor	0	0	0	0
Subtotal	190	336	80	152
Other services rendered via the networks to fully consolidated subsidiaries	0	0	0	0
▶ Legal, tax, corporate	0	0	0	0
▶ Other (specify if > 10% of audit fees)	0	0	0	0
Subtotal	0	0	0	0
TOTAL	190	336	80	152

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Dear Shareholders,

In the performance of the mission entrusted to us by the General Shareholders' Meeting and your Articles of Association, we hereby present our report on the year ended 31 December 2012, on:

- ▶ the audit of the consolidated financial statements of MP Nigeria, as attached to this report;
- ▶ the justification of our assessments;
- ▶ the specific verification required by law.

The consolidated financial statements were prepared by the Board of Directors. It is our responsibility, based on our audit, to express an opinion on the 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 that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. 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 includes evaluating the appropriateness of the accounting policies used and the reasonableness of the estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have gathered is a sufficient and appropriate basis on which to form our opinion.

We hereby certify that the consolidated financial statements for the period give a true and fair view of the assets, financial position and income of the Group, in accordance with International Financial Reporting Standards as adopted by the European Union.

In due respect of the opinion expressed above, we draw your attention to the following points:

- ▶ Note 1 "General information" which presents the change in the method of consolidation of the subsidiary Seplat, which is now consolidated under the equity method;
- ▶ Note 5 "Equity associates – Production and sales" relating to the signature of an agreement with Shell Petroleum Development Company (SPDC) in early 2013, which led to the recognition of an adjustment of 2012 sales in Seplat's financial statements.

→ II. Justification of our assessments

In accordance with the provisions of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring the following matters to your attention:

- ▶ As indicated in Notes 2.3 "Oil activity assets", 2.5 "Asset depreciation" and 5 "Equity associates", your group amortises its assets and recognises, where applicable, additional impairments based on the economic value of the recoverable oil reserves.

Our assessment of the reasonable nature of the data and assumptions used in valuing the aforementioned assets is based on the findings of the independent expert appointed by your company to assess the reserves.

These resulting assessments form part of our audit of the consolidated financial statements as a whole, and have therefore contributed to the formation of our opinion expressed in the first part of this report.

→ III. Specific verification

In accordance with the professional standards applicable in France, we have also carried out the specific verification required by law on the information presented in the Group's management report.

We have no observations to make on its fair presentation and consistency with the consolidated financial statements.

Paris, 30 April 2013

The Statutory Auditor

INTERNATIONAL AUDIT COMPANY

Daniel de Beaurepaire

François CARREGA

6.2 Company financial statements for the year ended 31 December 2012

→ Assets

<i>In euros</i>	Note	31/12/2012	31/12/2011
Concessions, patents, permits			
Other intangible assets			
Intangible assets	3.1	-	-
Technical facilities			
Other property, plant and equipment			
Assets under construction			
Property, plant and equipment	3.1	-	-
Equity investments		31,952,889	31,869,437
Other financial assets			
Financial assets	3.2	31,952,889	31,869,437
Fixed assets		31,952,889	31,869,437
Inventories			
Trade receivables and related accounts	3.4	503,223	91,635
Other receivables	3.3/4	112,664,133	36,765,383
Treasury shares and other investment securities	3.5/6	6,441,549	3,895,219
Cash instruments	3.5		
Liquid assets	3.5	106,222,162	178,425,560
Current assets		225,831,067	219,177,797
Prepaid expenses		81,966	4,792
Expenses to be allocated			
Currency translation assets	3.10	793,338	5,097,840
ASSETS		258,659,260	256,149,866

→ Liabilities

<i>In euros</i>	Note	31/12/2012	31/12/2011
Capital		11,533,653	11,533,653
Additional paid-in capital		226,899,881	226,899,881
Legal reserve		407,259	
Other reserves			
Retained earnings		7,737,915	2,720,198
Profit (loss) for the period		10,128,554	5,424,976
Shareholders' equity	3.6	256,707,262	246,578,708
Provisions for risks and contingencies	3.7	811,870	5,097,840
Convertible bond borrowing			
Bank borrowings and debt	3.8/9	-	174,400
Sundry borrowings and financial debt			
Trade payables and related accounts	3.9	837,234	1,136,926
Tax and social security liabilities	3.9	102,894	2,918,487
Debts on assets and related accounts			
Other debts	3.9	200,000	233,647
Cash instruments	3.7		
Debts		1,140,128	4,463,460
Currency translation liabilities	3.10	-	9,858
LIABILITIES		258,659,260	256,149,866

→ Income statement

<i>In euros</i>	Note	31/12/2012	31/12/2011
Sales	3.11	697,900	320,200
Stored production			
Reversals on provisions, transfers of expenses			
Other income		2	
Operating income		697,902	320,200
Purchase costs and external expenses		(2,118,271)	(1,780,033)
Duties, taxes and similar payments		(155,935)	(112,515)
Salaries and social security contributions		(231,644)	
Amortisation allowances and provisions	3.7	(18,532)	
Other expenses		(163,092)	(150,028)
Operating expenses		(2,687,474)	(2,042,576)
Operating income		(1,989,572)	(1,722,376)
Financial expenses and income		2,987,562	6,038,658
Dividends		11,530,381	
Allowances and reversals of provisions		4,392,608	(2,822,598)
Exchange differences		(7,823,358)	6,967,260
Other		1,398,769	(117,481)
Net non-recurring financial charges			
Financial income	3.12	12,485,962	10,065,839
EBIT		10,496,390	8,343,463
Non-recurring income		686,364	
Non-recurring expenses		(588,908)	
Non-recurring income	3.13	97,456	0
Corporation tax	3.14	(465,292)	(2,918,487)
NET INCOME		10,128,554	5,424,976

NOTES TO THE COMPANY FINANCIAL STATEMENTS

→ 1 Significant events during the fiscal year

1.1 Short-term advance of US\$98 million to the subsidiary Seplat, repaid in early January

In the fourth quarter of 2012, the Company granted a current account advance to its subsidiary Seplat as part of an external growth transaction planned in Nigeria. Ultimately, this project was not completed and the funds were repaid to the Company by Seplat at the beginning of January 2013. This explains why cash and cash equivalents, which totalled €106 million at the end of 2012, were down €72 million from the previous year and why the "other receivables" items increased by €76 million at the same time.

1.2 Dividends received

Dividends received from Seplat amounted to €11.5 million, which was recognised as financial income. They correspond to €4.7 million for the distribution of 2010 and 2011 earnings, and €6.7 million for collection of interim dividends for 2012.

1.3 Shareholder Loan

In 2010, the Company granted a loan of US\$153 million to its subsidiary Seplat, repaid at the rate of 7.125%, in order to finance the development of Seplat's activities. A total of US\$106 million of this loan was repaid during 2011. The balance of the receivable, which totalled US\$47 million at 31 December 2011, did not change in 2012. The financial income related to the repayment of this loan amounted to €3 million over 2012.

→ 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 *Comité de la Réglementation Comptable* [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 investment securities

Equity interests are shown on the balance sheet at their acquisition cost.

A provision is created when the net asset value is less than the acquisition cost. The net asset value is calculated according to shareholders' equity and the earnings outlook for the companies concerned.

When the earnings outlook is uncertain, the receivables on subsidiaries and equity interests are written down by the amount of their shareholders' equity. When losses exceed receivables, a provision for risks is recorded for the corresponding amount.

Other investment 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 Marketable securities

Marketable securities 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 in foreign currencies are recorded at their equivalent value in euros as at the transaction date.

Debts, financing and receivables in foreign currencies appear on the balance sheet at their equivalent value in euros at the closing price. Any difference arising from the translation of foreign-

currency debts and receivables at this closing rate are recognised on the balance sheet under "Currency translation adjustments". A provision for risks is established on any unrealised losses that are not offset.

Liquid assets in foreign currencies are converted 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 risks of loss on foreign exchange transactions.

→ 3 Additional information on the balance sheet and income statement

3.1 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>	31/12/2011	Increase	Decrease	31/12/2012
Equity investments	31,869	84		31,953
To be deducted: provisions	-			-
Net value	31,869	84		31,953
Other financial assets				
To be deducted: provisions				
Net value	-			-
TOTAL GROSS VALUE	31,869	84		31,953
To be deducted: provisions				
NET VALUE	31,869	84		31,953

Equity investments

The Company holds a 45% equity interest in the Nigerian company Seplat (valued at €31,869,437), which, on 30 July 2010, acquired 45% of the mining rights for OMLs 4, 38 and 41 located in the Niger Delta.

The remaining 55% interest is held by the Nigerian Petroleum Development Company (NPDC). Seplat's other shareholders are the Nigerian operators Platform Petroleum Ltd (24%) and Shebah Petroleum Development Company Ltd (31%).

The Company also holds all of the securities that comprise MPNATI, a Swiss company (valued at €83,451, the equivalent of 100,000 Swiss francs) formed in Geneva on 22 June 2012.

Other financial assets

None.

3.3 Other receivables

<i>In thousands of euros</i>	31/12/2012	31/12/2011
Advances to Group subsidiaries	109,914	36,595
Expenses to be invoiced		
Down payments to suppliers and debit notes to subsidiaries	105	142
Sundry receivables	2,645	8
Total (gross)	36,765	36,765
Impairment		
TOTAL (NET)	112,664	36,765

When it was formed, the Company received substantial equity to ensure that it would be able to finance investments and its subsidiary's operations. The balance of the advances granted to the subsidiary Seplat rose significantly from last year (+€73.3 million) because of a new one-off advance of US\$98 million for a specific project; this amount was repaid in January 2013.

In addition, the Company pays certain expenses on Seplat's behalf which are then invoiced to Seplat in the form of debit notes.

Sundry receivables primarily correspond to the balance of the instalments on corporation tax paid (€2,453 thousand).

3.4 Statement of maturities on 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	503	503	0	0
Other receivables	112,664	112,664	0	0
TOTAL	113,167	113,167	0	0

3.5 Treasury shares, liquid assets and cash instruments

	Thousands of euros	Thousands of US dollars
Treasury shares	6,442	
SICAVs and mutual funds (a)	-	-
Equity securities	6,442	
Short-term interest-bearing deposits	88,213	116,388
Bank current accounts and others	18,009	20,556
Liquid assets (b)	106,222	136,944
SICAVS AND LIQUID ASSETS (a+b)	112,664	136,944

As at 31 December 2012, the Company held 3,568,332 treasury shares with a gross value of €6,442 thousand.

Cash (equity securities, cash and cash equivalents and treasury shares) was down by €73.9 million on the previous year, due primarily to the following factors:

- ▶ New advance specific to Seplat -€73.3 million
- ▶ Operating expenses -€2.0 million

- ▶ Payment of corporation tax -€5.8 million
- ▶ Dividends received from Seplat €11.5 million
- ▶ Treasury share buybacks -€2.4 million
- ▶ Other -€1.9 million
- ▶ Change in cash -€73.9 million

3.6 Shareholders' equity

<i>In thousands of euros</i>	2011	Appropriation of income	Income for the fiscal year	Capital reduction	Capital increase	2012
Capital	11,534					11,534
Premiums	226,900					226,900
Legal reserve		407				407
Other reserves						
Retained earnings	2,720	5,018				7,738
Income	5,425	(5,425)	10,129			10,129
TOTAL	246,579	-	10,129			256,707

As at 31 December 2012, the share capital was comprised of 115,336,534 shares with a nominal value of €0.10, corresponding to total capital of €11,533,653.40.

The table below shows the change in the Company's capital since it was formed:

Date	Type of operation	Capital before operation	Issue premium	Shares created	Nominal value	Total number of shares	Capital after operation in euros
13/10/2009	Incorporation	N/A	N/A	37,000	1	37,000	37,000
15/11/2010	Capital increase by incorporation of receivable subscribed in full by Maurel & Prom	37,000	N/A	N/A	1,10	37,000	40,700
15/11/2010	Capital increase by incorporation of receivable subscribed in full by Maurel & Prom	40,700	N/A	121,266,213	1,10	121,303,213	133,433,534.30
02/12/2011	Capital reduction by reducing the total number of shares	133,433,534.30	26,418,272.10	N/A	1,10	97,286,602	107,015,262.20
02/12/2011	Capital reduction by reducing the nominal value of shares	107,015,262.20	97,286,602	N/A	0,10	97,286,602	9,728,660.20
02/12/2011	Capital increase maintaining preferential subscription right	9,728,660.20	103,289,167.10	17,108,329	0,10	114,394,931	11,439,493.10
14/12/2011	Capital increase by drawing 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 Shareholders' Meeting of 7 October 2011 for a term 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 and conditions: 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.

The General Shareholders' Meeting of 21 June 2012 cancelled and replaced the authorisation previously given by the General Shareholders' Meeting of 7 October 2011 with a new authorisation for the same purpose. This new authorisation, given for a period of 18 months, allows the Board of Directors to purchase the Company's shares up to a maximum of 10% of the share capital amount, under the following conditions: maximum purchase price of €6 per share and the maximum amount of

funds that the Company can devote to this repurchase plan is €69,201,920.

As part of this repurchase plan, 2,675,333 shares were purchased in 2012. Purchases relating to the liquidity contract over the same period represent 6,754,213 shares bought, and 6,858,762 shares sold.

At 31 December 2012, the Company held 3,568,332 treasury shares (3.1% of share capital for a gross value of €6,441.5 thousand at the end of 2012), including 971,582 shares under the liquidity contract.

Summary of capital movements

As at 31 December 2012, 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 31/12/2011	115,336,534	1,997,548
▶ Capital operations (increase and decrease)		
▶ Repurchase of treasury shares		1,570,784
AT 31/12/2012	115,336,534	3,568,332

Distribution

None.

3.7 Provisions for risks and contingencies

Provisions for risks and contingencies changed as follows:

<i>In thousands of euros</i>	2011	Provision for the fiscal year	Reversal for the fiscal year (provision used)	Reversal for the fiscal year (provision unused)	2012
Foreign exchange risk	5,098	793		(5,098)	793
Litigation					
Other		19			19
TOTAL PROVISIONS	5,098	812	0	(5,098)	812
Operating income		19	0		
Financial income		793	0	(5,098)	
Non-recurring income		0	0		

The revaluation at the closing rate of debts and receivables in foreign currencies led to a provision being established for foreign exchange loss in the amount of €793 million.

3.8 Bank borrowings

<i>In thousands of euros</i>	2012	2011
Accrued interest	0	0.1
Creditor banks	0	174.3
TOTAL	0	174.4

3.9 Statement of debt maturities

<i>In thousands of euros</i>	Gross amount	≤ 1 year	> 1 year	> 5 years
Bank borrowings				
Sundry borrowings and financial debt				
Trade payables and related accounts	837	837		
Tax and social security liabilities	103	103		
Debts on assets and related accounts				
Other debts	200	200		
TOTAL	1,140	1,140		

3.10 Currency translation adjustments

Exchange gains/losses, for both assets and liabilities, correspond to the revaluation at the closing price of debts and receivables in foreign currencies (mainly on current accounts and loans with the subsidiary).

The unrealised exchange loss of €0.8 million (2011: €5.1 million) is fully provisioned.

3.11 Sales

<i>In thousands of euros</i>	2012	2011
Services	698	320
TOTAL	698	320

Sales correspond exclusively to services and studies provided to the subsidiary Seplat under the service agreement concluded by the two companies.

3.12 Financial income

Financial income for 2011 is presented in the table below:

<i>In thousands of euros</i>	2012	2011
Interest on subsidiaries' current accounts	2,987	6,038*
Net cash income (expense)	1,399	(117)
Financial expenses and income	4,386	5,921
Dividends	11,530	0
Exchange differences	7,823	6,967**
Provision for foreign exchange loss	4,393	(2,823)**
TOTAL	12,486	10,065

* This item breaks down as follows (in thousands of euros):

	2012	2011
Interest on current accounts with Seplat ^(a)	2,987	5,340
Interest on current accounts with Établissements Maurel & Prom		698
TOTAL	2,987	6,038

(a) Interest on advance payments granted to Seplat at the rate of 7.125%. The sharp decrease in 2012 from the previous year is due to the reduction in the average outstanding amount of the advances.

** Exchange differences result from the significant changes in the US dollar in 2012 and the size of the currency positions at the end of the period because of the current account advances paid to Seplat (US\$ 145 million) and cash in US dollars (US\$ 137 million).

3.13 Non-recurring income

Non-recurring income only represents the premiums/losses on the transactions resulting from the management of treasury shares. The balance of all of the transactions for the fiscal year corresponds to a net income of €97 thousand.

3.14 Corporation tax

Following its listing on the NYSE Euronext Paris stock exchange, the Company is no longer consolidated for tax purposes by Établissements Maurel & Prom and is now taxed separately.

3.15 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 risks are the price of hydrocarbons expressed in US dollars and the €/US\$ exchange rate. However, it should be noted that the MP Nigeria Group's operating currency is the US dollar since its sales, a large proportion of its operating expenses and a significant portion of its investments are denominated in that currency.

Risk relating to the hydrocarbon market

In the absence of specific hedging to protect a portion of future production 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 affect the Company's income when liquid assets and receivables held in that currency are revalued at the balance sheet date.

The Company has not implemented any specific hedges in respect of this risk.

Interest rate and liquid asset risks

Liquid assets, which amounted to €106.3 million at the reporting date, are all held in 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

At 31 December 2012, the Company held 3,568,332 treasury shares for a book value of €6,441.5 thousand.

The Company does not consider itself to be exposed to equity risk and therefore does not use any specific hedging instruments.

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 and production.

3.16 Off-balance-sheet commitments

To the best of the Company's knowledge, there are no exceptional events, disputes, risks or off-balance-sheet commitments that could call into question the MP Nigeria Group's financial position, assets, income or activities.

Commitments given

Seplat's securities have been pledged to the lending establishments (Afrexim, UBA, First Bank and Skye Bank) as collateral for the financing granted to it.

3.17 Litigation

None.

3.18 Environment

Due to its activities, which are currently oil and gas, the MP Nigeria Group ensures that it complies with the regulatory

constraints of the countries in which it is present and in particular carries out 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 the Company. This is covered by *ad hoc* insurance policies.

Due to the nature of its activity, the MP Nigeria Group will bear the costs of restoring its operating sites and routing facilities. If appropriate, a provision is established for such site restoration costs in the financial statements.

3.19 Workforce

The Company has employed one part-time executive since June 2012.

On 2 November 2011, Établissements Maurel & Prom and the Company entered into a transitional services agreement, under the terms of which Établissements Maurel & Prom undertakes, for a period of 12 months from the date on which the Company's shares were listed for trading on the NYSE Euronext regulated market in Paris, i.e. 15 December 2011, to provide the Company with temporary services to allow it to operate independently. This agreement may be renewed once at the Company's request. A request to renew the contract for an additional 12 months was made by the Company to Établissements Maurel & Prom on 5 November 2012.

3.20 Compensation for Executive Management and members of the Board of Directors

<i>In thousands of euros</i>	2012	2011
Compensation for Executive Management	66	-
Board of Directors (attendance fees)*	200	150
TOTAL	266	150

* This is the sum allocated by decision of the Combined Ordinary and Extraordinary General Shareholders' Meeting of 21 June 2012; no amount was actually paid over the fiscal year.

3.21 Related party disclosures

<i>In thousands of euros</i>	2012	2011
Assets		
Equity interests	31,953	31,869
Trade receivables	503	92
Other receivables	110,019	36,737
Liabilities		
Financial debt		
Trade payables		
Other debts		
Income statement		
Financial income	2,987	5,340
Dividends	11,530	
Sales	698	320
Financial expenses		

3.22 Consolidation

The Company consolidated Seplat, in which it holds a 45% stake, using the equity method. The scope of consolidation is limited to these two entities plus MPNATI, which was formed in 2012.

3.23 Post-balance sheet events

None.

3.24 Cash flow statement

Estimates – In euros	31/12/2012	31/12/2011
Cash flow linked to activity:		
Company net income	10,128,553	5,424,976
Elimination of the expenses and income with no impact on cash or not related to activity:		
▶ Amortisation, depreciation and provisions	811,870	5,185,945
▶ Reversals of amortisation, depreciation and provisions	(5,185,945)	(2,363,347)
▶ Gains from disposals, net of taxes	0	0
▶ Subsidy transferred to the income statement	0	0
Cash flow from consolidated companies	5,754,478	8,247,574
Change in working capital requirements relating to operating activities	(6,217,002)	4,008,490
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES	(462,524)	12,256,064
Cash flow related to investment activities:		
Acquisitions of assets	0	0
Asset disposals, net of taxes	0	0
Net increase in Group current accounts	(73,319,442)	78,760,950
Acquisitions and disposals of financial assets	(83,451)	0
CASH FLOW RELATED TO INVESTMENT ACTIVITIES	(73,402,893)	78,760,950
Cash flow related to financing activities:		
Dividends paid	0	0
Change in current accounts	0	0
Capital increases or contributions		105,000,000
Proceeds from borrowings	0	0
Borrowing repayments	0	(11,108,625)
NET CASH FLOW FROM FINANCING ACTIVITIES	0	93,891,375
Change in cash	(73,865,417)	184,908,389
Cash at start of period (1)	182,234,484	51,820
Impact of change in currency prices (3)	4,294,644	(2,725,725)
Cash at period end (2)	112,663,711	182,234,484
CHANGE IN CASH = (2) – (1) – (3)	(73,865,417)	184,908,389

3.25 Table of subsidiaries and equity interests

Amounts expressed in monetary units

Companies 2012	Currency	% held	Capital (in local currency)	Shareholders' equity other than share capital (in local currency)	Gross carrying value of securities held (€)	Net carrying value of securities held (€)	Gross loans and advances granted (€)	Gua- rantees and sureties given	Dividends received	Sales for the previous fiscal year (in local currency)	Income for the previous fiscal year (in local currency)	Note
France												
International												
Seplat	US\$ (thousands)	45%	689	219,414	31,869	31,869	109,825		11,530	629,304	129,813	
MPNATI	CHF (thousands)	100%	100		83	83	89					

STATUTORY AUDITORS' REPORT ON THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Dear Shareholders,

In the performance of the mission entrusted to us by the General Shareholders' Meeting and your Articles of Association, we hereby present our report on the year ended 31 December 2012, on:

- ▶ the audit of the annual financial statements of MP Nigeria, as attached to this report;
- ▶ the justification of our assessments;
- ▶ the specific checks and information required by law.

The annual financial statements were prepared by the Board of Directors. It is our responsibility, based on our audit, to express an opinion on the 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 that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatement. 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 includes evaluating the appropriateness of the accounting policies used and the reasonableness of the estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have gathered is a sufficient and appropriate basis on which to form our opinion.

We hereby certify that the annual financial statements are, with regard to French accounting principles and regulations, consistent and fair and give a true and fair view of the income from operations over the past year, as well as the financial position and assets of the company at the end of this fiscal year.

→ II. Justification of our assessments

In accordance with the provisions of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring the following matters to your attention:

As stated in Notes 1.3 "Shareholder loan", 3.2 "Financial assets" and 3.3 "Other receivables" of the notes to the financial statements, your company holds a 45% equity interest in the Nigerian company Seplat and was involved in the financing of the latter by granting it an advance. Our assessment of the reasonable nature of the data and assumptions used in valuing the aforementioned assets is based on the findings of the independent expert appointed by your company to assess Seplat's hydrocarbon reserves.

The resulting assessments form part of our audit of the annual financial statements, taken as a whole, and therefore contributed to the formation of 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 have also carried out the specific checks required by law.

We have no observations to make on the fair presentation and consistency with the annual financial statements of the information provided in the Board of Directors' management report 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 hereby certify the accuracy and fair presentation of this information.

As required by 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, 30 April 2013

The Statutory Auditors

INTERNATIONAL AUDIT COMPANY

Daniel de Beaurepaire

François CARREGA

6.3 Company income in the last five fiscal years

Estimates – In euros	2012	2011	2010	2009
I – FINANCIAL POSITION AT THE END OF THE FISCAL YEAR				
a) Share capital	11,533,653	11,533,653	133,433,534	37
b) Number of shares issued	115,336,534	115,336,534	121,303,213	37
II – TOTAL INCOME FROM OPERATING ACTIVITIES				
a) Sales (excluding taxes)	697,9	320,2	0	0
b) Income before tax, amortisation, depreciation and provisions	6,219,750	11,166,061	7,073,849	-2,109
c) Income tax	465,292	2,918,487	1,988,195	0
d) Income after tax, amortisation and provisions	10,128,533	5,424,976	2,722,307	-2,109
e) Distributed profits	0	0	0	0
III – EARNINGS PER SHARE				
a) Income after tax, but before amortisation, depreciation and provisions	0.050	0.072	0.042	-0.057
b) Income after tax, amortisation, depreciation and provisions	0.088	0.047	0.022	-0.057
c) Net dividend per share	0.08*	0	0	0
IV – PERSONNEL				
a) Number of employees	1	0	0	0
b) Total payroll	112,379	0	0	0
c) Sums paid for employee benefits (social security, welfare schemes, etc.)	119,265	0	0	0

* Subject to the approval of the General Meeting of Shareholders of 20 June 2013 and excluding treasury shares.

6.4 Q1 2013 Sales

Pursuant to IFRS 11, the method for consolidating Seplat has been changed from proportionate consolidation to the equity method. Consequently, MP Nigeria will not be posting sales figures in 2013 as it is a holding company.

MAIN SALES DATA FOR Q1 2013 AND COMPARISON WITH Q1 2012

		Q1 2013	Q1 2012	Change
Number of days	<i>d</i>	90	91	
Recognised entitlements (100%)	<i>bbl</i>	3,454,031	2,434,386	+ 42%
	<i>boepd</i>	38,378	26,751	
Seplat share (45%)	<i>bbl</i>	1,554,314	1,095,474	+ 42%
	<i>boepd</i>	17,270	12,038	
Production sold (Seplat share)	<i>bbl</i>	1,141,123	1,095,474	+ 4%
Sale price	<i>US dollars/bbl</i>	113.0	119.5	-5%
Oil sales	<i>In millions of US dollars</i>	129.0	129.3	0%
Gas sales	<i>In millions of US dollars</i>	3.1	0.5	+ 491%
Sales	<i>In millions of US dollars</i>	132.1	129.8	+ 2%
Inventory at end of period	<i>bbl</i>	413,191	-	

→ Activity for the period

The production retained on the fields of OMLs 4, 38 and 41 was up +42%. It thus totalled an average of 38,378 barrels per day over the first three months of 2013, compared with 26,751 barrels per day for the same period in 2012.

Oil sales for the fields (Seplat share) amounted to US\$129 million, corresponding to 1,141,123 barrels of oil sold at an average price of US\$113 per barrel. The planned entitlements for the period did not allow the entire recognised production to be sold to Seplat. As a result, an inventory of 413,191 barrels was recorded at 31 March 2013. For the record, no barrels were stored as at 31 March 2012.

Gas sales amounted to US\$3.1 million, corresponding to sales of gas to the Nigerian Gas Company.

→ Production targets

Seplat's year-end well output target of 60,000 boepd is confirmed. The Okporhuru field, a new field developed by Seplat, came on stream in May 2013.

7

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.

7.2 Publicly available documents

The Company's press releases, its historical financial information and this Annual Report are available on the Company's website at www.mpienergy.com and a copy may be obtained at the Company's registered office, 51 rue d'Anjou – 75008 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 5.1.1.2 this Annual Report.

7.4 Provisional calendar

13 August 2013: H1 sales

30 August 2013: Half-year earnings

14 November 2012: Q3 sales

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 DECLARATION 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 Chapter 6 of the said document.

This Annual Report includes by way of reference:

- for fiscal year 2010: the consolidated financial statements for the 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.

In the company financial statements for the year ended 31 December 2010, the statutory auditors report that, "in due respect of 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 year ended 31 December 2010, the statutory auditors report that, "in due respect of our opinion expressed above, we draw your attention to Note 23 «Post-balance-sheet events,» which discloses the refinancing conditions of your equity interest in the Nigerian subsidiary Seplat."

- for fiscal year 2011: the management report, consolidated financial statements and annual financial statements, including the statutory auditors' reports on these statements, appear respectively on pages 130 and 145 of the Annual Report registered by the Autorité des marchés financiers on 8 June 2012 under number R12-026.

The report on the consolidated financial statements for the year ended 31 December 2011 contains the following observations: 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 fiscal year 2011 are based on the production volumes (recognised entitlements, production sold) determined after applying the technical adjustments and fixed discount applied by Shell Petroleum Development Company (SPDC), the only customer 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.

The report on the consolidated financial statements for the year ended 31 December 2012 contains the following observations: In due respect of the opinion expressed above, we draw your attention to: Note 1 «General information» which presents the change in the method of consolidation of the subsidiary Seplat, which now consolidated under the equity method; Note 5 «Equity associates – Production and sales» describing the signature of an agreement with Shell Petroleum Development Company (SPDC) at the start of 2013, which led to the recording of an adjustment in respect of sales for 2012 in Seplat's financial statements.

The report on the company financial statements for year ended 31 December 2012 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, France

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 year ended 31 December 2014.

International Audit Company, represented by Mr Daniel de Beaurepaire

46, rue du Général Foy, 75008 Paris, France

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 20 "Audit fees" to the consolidated financial statements of the Company, inserted in Chapter 6 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.
Associated gas	Gas present in solution in oil and separated during oil extraction.
Appraisal	All operations performed after a discovery in order to determine the limits or the extent of a hydrocarbon deposit, evaluate its reserves and its production potential.
Barrel	Unit of volumetric measurement for crude oil, equivalent to 159 litres (42 US gallons). One tone of oil contains approximately 7.5 barrels.
Brent	Class of North Sea oil.
Company share/own share	Operated share less the Partners' share.
Condensate	Fractions of natural gas that exist, either in a gaseous phase or in solution, in the 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, on a given date, to be potentially recoverable from known concentrations, but for which recovery projects are not yet considered to be sufficiently mature for commercial development due to one or more risk factors.
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	<i>Floating Production, Storage and Offloading</i> : a floating unit combining the equipment needed for producing, processing and storing hydrocarbons and transferring directly to a tanker at sea.
Heavy oil	Oil with an API gravity of less than 10°, also known as bitumen.
Hydrocarbons	Mixture of molecules composed primarily of carbon and hydrogen atoms. They may be solid like asphalt, liquid like crude oil or gaseous like natural gas. They may include components with sulphur, nitrogen, metals, etc.
Joint Operating Agreement	A contract governing relations between the parties in the exploration, development and exploitation of oil permits (and designating the operating company in particular).
Light oil	Oil with an API gravity of more than 31.1°, also known as light crude.
Mboe	Millions of barrels of oil equivalent.
Non-associated gas	Non-associated gas is natural gas found in reservoirs that do not contain significant quantities of crude oil, where the volume is too low and where the production of such gas does not have a significant consequence on crude oil recovery.
OPEC	Organisation of the Petroleum Exporting Countries.
Operated production	Total quantity of hydrocarbons produced on the fields.
Operator	The company in charge of operations on an oil field.
OML	<i>Oil Mining Licence</i> refers to the oil deposit exploitation contracts that give the right to exploit and sell crude oil in Nigeria.
P1 reserves (proven)	Oil and gas reserves which, after analysis of the geo-scientific and technical data, may be considered with reasonable certainty to be commercially recoverable, starting from a given data and for the future, from known reservoirs, by using current techniques, under current economic conditions and according to current regulations.
P2 reserves (probable)	Gas and oil reserves which constitute additional oil and gas 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).

Term	Definition
P3 reserves (possible)	Hydrocarbon reserves that constitute additional oil and gas 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	<i>Petroleum Industry Bill</i> (Nigerian bill on the oil industry).
Pipeline	Pipeline for transporting fluids.
Production profile	Change over time in 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), then progressively declines.
Production Sharing Contract – PSC	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 <i>profit oil</i> (remuneration).
PIB	<i>Petroleum Industry Bill</i> (Nigerian bill on the oil industry).
Pipeline	Pipeline for transporting fluids.
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 technicians 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.
1C contingent resources (low estimates)	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 contingent resources (best estimates)	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 contingent resources (high estimates)	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. They may be in 2 or 3 dimensions.

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, position of the Company during the previous fiscal year (Art. L. 225-100 and L. 232-1 of the French Commercial Code)	1.4	28-42
Analysis of the change in the business, earnings and financial position of the Group, position of the Group during the previous fiscal year (Art. L. 225-100-2 and L. 233-26 of the French Commercial Code)	1.4	28-42
Earnings of subsidiaries and controlled companies by area of activity (Art. L. 233-6 of the French Commercial Code)	1.4	28-42
Foreseeable change (Art. L. 232-1 and L. 233-26 of the French Commercial Code)	1.6	44-46
Significant events occurring after the close of the fiscal year (Art. L. 232-1 and L. 233-26 of the French Commercial Code)	1.4.1.2, 1.6.2.2, Chapter 6, Note 19	29-31, 45-46, 188
Research and development activities (Art. L. 232-1 and L. 233-26 of the French Commercial Code)	none	none
Equity interests or control acquired in companies headquartered in France (Art. L. 233-6 of the French Commercial Code)	none	none
Information regarding environmental issues and the environmental consequences of the activity (Art. L. 225-100 and L. 225-102-1 of the French Commercial Code)	Chapter 4	99-115
Corporate, social and environmental information regarding activities (Art. L. 225-100 and L. 225-102-1 of the French Commercial Code)	Chapter 4	99-115
Description of the main risks and uncertainties (Art. L. 225-100 and L. 225-100-2 of the French Commercial Code)	Chapter 2	47-72
Group policy on managing financial risks (Art. L. 225-100 and L. 225-100-2 of the French Commercial Code)	2.5	64-67
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	64-67
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 those delegations during the fiscal year (Art. L. 225-100 of the French Commercial Code)	5.2.1.4	129-131
Elements likely to have an impact in the event of a public offer (Art. L. 225-100-3 of the French Commercial Code)	5.2.2.6	135
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)	5.2.2.3	134

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
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	87
Total compensation and benefits of any kind paid to each corporate officer (Art. L. 225-102-1 of the French Commercial Code)	3.2	84-87
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)	77-80, 80
Information on treasury share repurchases (Art. L. 225-211 of the French Commercial Code)	5.2.1.2	127-129
Dividend amounts distributed over three fiscal years (Art. 243 bis of the French General Tax Code)	5.2.3	135
Changes made in the presentation of the financial statements (Art. L. 232-6 of the French Commercial Code)	1.4.1.1 (a), Chapter 6, Note 1	28-29, 163

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.

Title	Corresponding sections of this Annual Report	Corresponding Pages of this Annual Report
1. Responsible persons	7.5	213
2. Statutory auditors	7.6	214
3. Selected financial information	Introduction, 1.4	10, 28-42
4. Risk factors	Chapter 2	47-72
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Maurel & Prom Nigeria

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