

Change of strategy: an improved risk profile

- ⇒ Sustained effort in known regions: Gabon, Tanzania and Colombia
- ⇒ Acquisition of assets in Nigeria
- ⇒ Reinforcement of the Group's financial position: €70 million in OCEANE bonds taken up

Impact on Company accounts: non-recurring exploration expenses

- ⇒ Group sales increase to €346 million (+80%)
- ⇒ Income from oil production and service activities: €111 million
- ⇒ Exploration write-offs €135 million
- ⇒ Provisions €76 million in Tanzania
- ⇒ Operating income: -€109 million
- ⇒ Net income -€139 million

Impact on the valuation of the Group: reserves and production up sharply

- ⇒ Increase in Group production
- ⇒ Significant increase in P1+P2 reserves net of royalties: 288 Mboe
- ⇒ Major resources revealed in discoveries: 419 Mboe
- ⇒ Major natural gas deposits in Tanzania, Nigeria and Sicily highlighted by the impact of recent events in Japan

2010 Activity: a change of strategy

Over the course of 2010 the Group developed and consolidated actions begun in 2009 (restructuring its assets and debt) aimed at balancing risk in its asset portfolio, and focusing on two major growth vectors, Gabon and Nigeria, while maintaining significant activity in Colombia.

Capital investment in Gabon and the acquisition of production assets in Nigeria illustrate the Group's strategic aim to offer its shareholders a more measured risk profile.

Renewed exploration in Colombia focuses on areas that the Group knows well and excludes drilling in too-risky prospects. The Group is actively looking for partners who would want to participate in financing future work.

Its technical and operational results validate the Group's development actions for:

- i. ramping up production in Gabon and searching out satellite fields;
- ii. increasing production in Nigeria, preparations to start producing from already-discovered fields and examining supplementary evacuation solutions;
- iii. confirming the potential of the exploration permit in Colombia highlighted by the discovery at Sabanero and recently at CPO 17;
- iv. East Africa is proving to be a promising new region in terms of natural gas. This interest has been stimulated by a series of recent discoveries which are now galvanising major players in the sector. The new gas production in this region will be able to find a natural outlet in Asia and particularly in Japan which, in light of recent events, is substantially revising its future gas needs.

Key indicators

<i>in millions of euros</i>	2010	2009*
Sales	346	192
<i>Income from oil production and service activities</i>	111	47
<i>Provisions for depreciation of exploration assets</i>	-76	
<i>Exploration expenses</i>	-135	-53
<i>Other</i>	-	-3
<i>Income from oil production, exploration and service activities</i>	-100	-9
Operating income	-109	-20
<i>Financial income</i>	16	-25
<i>Pre-tax income</i>	-93	-45
<i>Net income from continuing activities</i>	-145	-46
<i>Net income from discontinued operations</i>	7	-5
Net income, Group share	-139	-51
Cash at opening	428	189
Net cash flow from operating activity	77	53
Investments	332	439
Nigeria Acquisition	140	-
Seplat guarantee deposit	125	
Cash at closing	95	428

(*) Restated for discontinued operations and change in accounting methods

Exploration and Production

In **Gabon**, the Group has been able to develop the Ombg and Omgw fields virtually immediately and at low cost, thanks to the size of the Onal production centre which was designed from the beginning to accept production from potential nearby fields. Accordingly, the OMGW-102, OMGW-201 and OMGW-103 have been drilled and connected to the production centre. In addition, on 17 December 2010 the Group obtained Exclusive Exploitation Authorisation for the Gwedidi (OMGW) and M'Bigou (OMBG) fields.

The Group undertook development work at the OMOG-North field, discovered in February 2010. Assessment drilling began in late July 2010. The development investment for this field relates to the drilling of wells and setting up collection facilities to link them to the Onal field. The predominantly Base Sandstone wells (OMOG-N-301 and OMOG-N-302) were connected to the evacuation pipeline from the Onal platforms on 15 December 2010. The predominantly Kissenda wells will be connected to the production centre via a new pipeline.

At the same time, the Group is using the OMOG-101 well in southern Onal to assess the OMOG field discovered in March 2009.

Once these works are completed, the wells will be connected to the OMOG-North evacuation facilities from the second quarter of 2011.

Average production in Gabon over the full year 2010 was 14,618 b/d.

In **Nigeria**, the Group took a 45% stake in the Nigerian registered company Seplat. On 30 July 2010 this company acquired 45% of the mining rights in OML 4, 38 and 41, of which 55% are owned by the Nigerian National Petroleum Corporation (NNPC). Seplat's other shareholders are the Nigerian operators Platform Petroleum Limited (22%) and Shebah Petroleum Development Company Ltd (33%). Production was integrated progressively during the second half of 2010. Based on the 128 production days in 2010, the fields produced 17,632 b/d of which Maurel & Prom's share was 3,570 b/d.

Oil and gas production in **Venezuela**, after oil taxes in kind of 30%, came to 993 barrels of oil equivalent per day over the full year 2010. Oil accounted for 66% of gross production. This activity is consolidated by the equity method (as an equity associate) and is therefore not recognised in Group sales.

In **Tanzania**, the Kianika-1 exploration well, drilled under the Mandawa exploration permit (Maurel & Prom operator, 90%), was abandoned. The objectives of this well had been achieved, showing good reservoir characteristics and confirming the potential for this theme in this region, but no hydrocarbon indices were detected.

Note that the Group is in the process of farming out the interests it holds in Tanzania.

In **Colombia**, the Cascabel-1 (Tangara) and Bachue-1 (Muisca) exploration wells were abandoned. Three exploration wells had been drilled under the Sabanero exploration permit, showing evidence of oil. After analysing the results, in early 2011 the Group launched a stratigraphic drilling programme.

In the **Congo**, the NGoumba-1D and M'Bafou exploration wells, drilled under the Marine III permit (M&P operator, 75%), were plugged and abandoned. The Tié-Tié-NE-1 well drilled under the La Noumbi permit (M&P operator, 49%) encountered a silty sandstone zone that showed hydrocarbon indices. Measurements at the end of the drilling, however, indicated that production (mainly natural gas) would not be commercially viable because of the distance to any potential market. The well was therefore plugged and abandoned.

In **Syria**, the Al Asi permit area (M&P operator, 75%) is situated along the Mediterranean coast north of the Lebanon-Syria border and covers 8,427km². Based on 890km of 2D seismic data acquired by the Group in 2007 and 2008, two zones of interest had been identified. The Draco prospect was identified in the eastern part. Two (Triassic) Kurrachine formations that had shown hydrocarbon indices during the drilling of the Draco-1 well were each tested in turn. The Kurrachine reservoir characteristics proved to be too degraded to allow hydrocarbon production. Based on the results from this well, the Group intends to focus its efforts on the second zone of interest in the western part of the permit area.

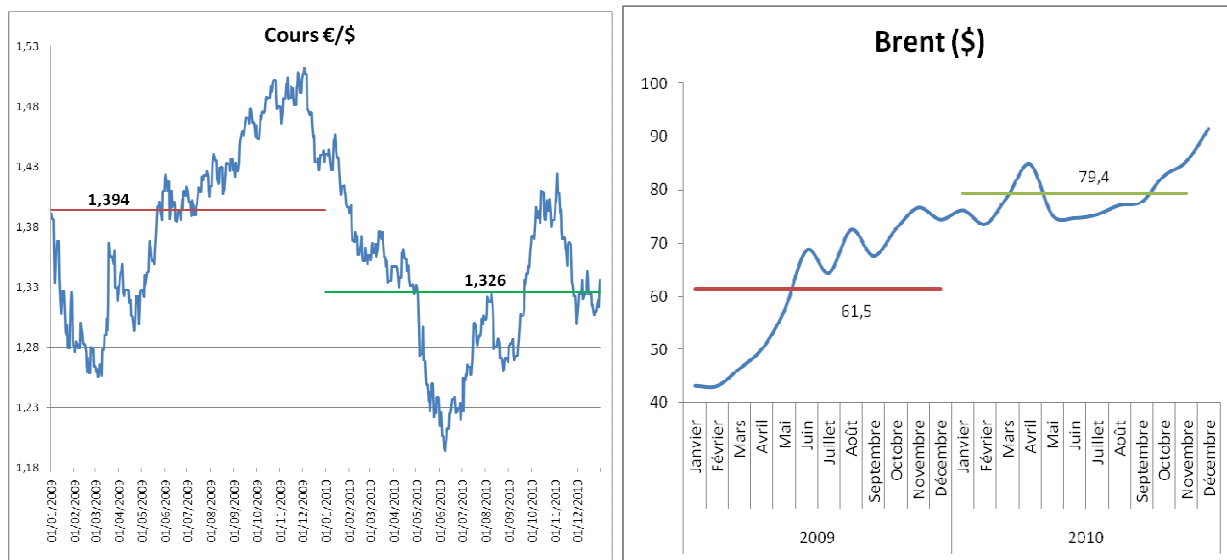
In **France**, the Group took a 25% stake in the Mios exploration permit. Note that the Group has a 25% stake in the adjacent Lavignolle exploration permit.

Oil services

During the period, **Caroil** extended its activity in Cameroon and the Democratic Republic of Congo. By redeploying part of its fleet to these new countries, the company has succeeded in keeping the usage rate of its commercial fleet high (88% in 2010 versus 85% in 2009). Its stock of rigs remained steady in 2010 with 15 rigs.

Financial summary 2010: Impact of change of strategy

Economic environment



The activity of the Group as described above, as well as the economic and financial environment, are reflected in the financial statements in the following items. The financial statements were approved by the Board of Directors on 30 March 2010.

Sales

Sales in 2010 increased sharply to €345.8 million, up 80% on 2009. This improvement reflects the ramping up of production from the Gabon fields and the entry into consolidation of OML 4, 38 and 41 in Nigeria with two extractions in the fourth quarter of 2010.

In early 2009, at the conclusion of the Reserve Based Loan (RBL), the Group put in place financial instruments to hedge operational cash flow based on the price of oil. The average hedge price in the 12 months of 2010 for 6,750 b/d was US\$60.4/b, while the average price of Brent was US\$79.4/b. This produced a negative adjustment of €37.9 million.

Excluding the impact of hedges, 74% of sales in 2010 came from oil production in Gabon and in Nigeria and 26% from the drilling activity of the wholly owned M&P subsidiary Caroil.

Operating income

The contribution to operating income by production activities was up sharply as a result of growth in hydrocarbon sales.

The corresponding contribution of petroleum services was in line with the previous year.

Operating income from production and petroleum services takes into account depreciation for Caroil drilling rigs in the amount of €16.5 million, as well as €45 million impairment for asset depletion in Gabon fields and €4 million asset depletion in Nigerian fields.

Amortisation of asset depletion was up sharply (€49 million in 2010 versus €19 million in 2009) linked directly to increased production. Operating income from production and petroleum services was €111 million compared to €47 million in 2009, a rise of 135%.

Steady exploration activity in recent years is reflected in significant expenses and provisions of €211 million.

In Tanzania, Maurel & Prom is continuing its efforts to capitalise on the significant investments undertaken to date. With respect to the Bigwa-Rufiji and Mafia (BRM) permit, the contractual exploration phase ends in 2015. An as-yet unamortised €144 million, representing exploration investment undertaken in this BRM region, has been recognised in the Group's accounts. Studies in the amount of €19 million, as well as €21 million work that led to the M'Kurunga discovery will be recognised at their full value for the duration of the exploration phase. An amount in the region of €104 million corresponds essentially to work carried out on the Mafia-Deep well. The local volume of gas related to this well was evaluated by Schlumberger to be between 1.97 and 4.15 Tcf (1.0 and 2.2 Tcf as Group share net of royalties). Additional studies will need to be carried out to determine what proportion of these resources are commercially viable. Maurel & Prom has no plans to fund such studies and is looking for a partner to do so. The assessment costs will be lower if they can be carried out at the initially drilled well. The Group estimates that the value of re-using the Mafia-Deep drilling works is €26 million, which suggests a required provision of €76 million.

Operating income for fiscal 2010 was a negative -€109 million.

Financial income

The cost of net financial debt was €38 million, including:

- Interest expense on OCEANE 2014 and OCEANE 2015 in the amount of €28 million and on other borrowings in the amount of €7.7 million (including Reserve Based Loan);
- Income from cash in the amount of €4 million of which €3 million was payment of a deposit guaranteeing the €140 million loan to Seplat;
- Losses on derivative instruments in the amount of €6 million (unrealised profit).

Taking into account €59 million realised capital gains, €50 million of which arises from the revaluation upwards of the €/US\$ exchange rate at fiscal year-end (€/US\$ closing rate 1.44 at 31 December 2009 and 1.336 at 31 December 2010), net financial income was a positive €16 million.

Net consolidated income

Tax expense was €57 million. This includes €29 million for the fiscal year in review (Caroil €6 million, €17 million in Gabon as tax for cost oil and €6 million in Nigeria) and €27 million deferred tax.

The consolidation on an equity basis of the Group's stake in the joint venture Lagopetrol was essentially the main contributor to €4.5 million consolidated income, and the net proceeds from disposals of activities contributed a further €6.7 million (from earn-out clauses related to Colombian/Hocol assets).

The net consolidated income of the Maurel & Prom Group was -€139 million

Balance sheet

The balance sheet total at 31 December 2010 was €1,849 million. The Group's share of equity capital was €835 million versus €940 million at 31 December 2009, down €105 million due to its income underperformance.

Investments

The total amount of investments made in 2010 was €472 million, and breaks down as follows:

in millions of euros	COLOMBIA	GABON	CONGO	TANZANIA	SYRIA	PERU	OTHER \$	TOTAL	NIGERIA ACQUISITION	GROUP TOTAL
EXPLORATION	52.8	110.8	27.5	40.8	9.4	2.8	2.0	246.2	64.0	310.2
DEVELOPMENT	0.1	61.7	0.1	0.5	-	0.0	0.2	62.5	76.0	138.5
DRILLING	7.8	4.3	9.6	0.4	-	-	1.4	23.4	-	23.4
TOTAL	60.7	176.7	37.1	41.7	9.4	2.8	3.6	332.0	140.0	472.0

Cash flow

At 31 December 2010, Maurel & Prom had treasury assets of €220 million, of which €95 million was in the form of cash or cash equivalents. The Group's cash position was impacted by the following factors:

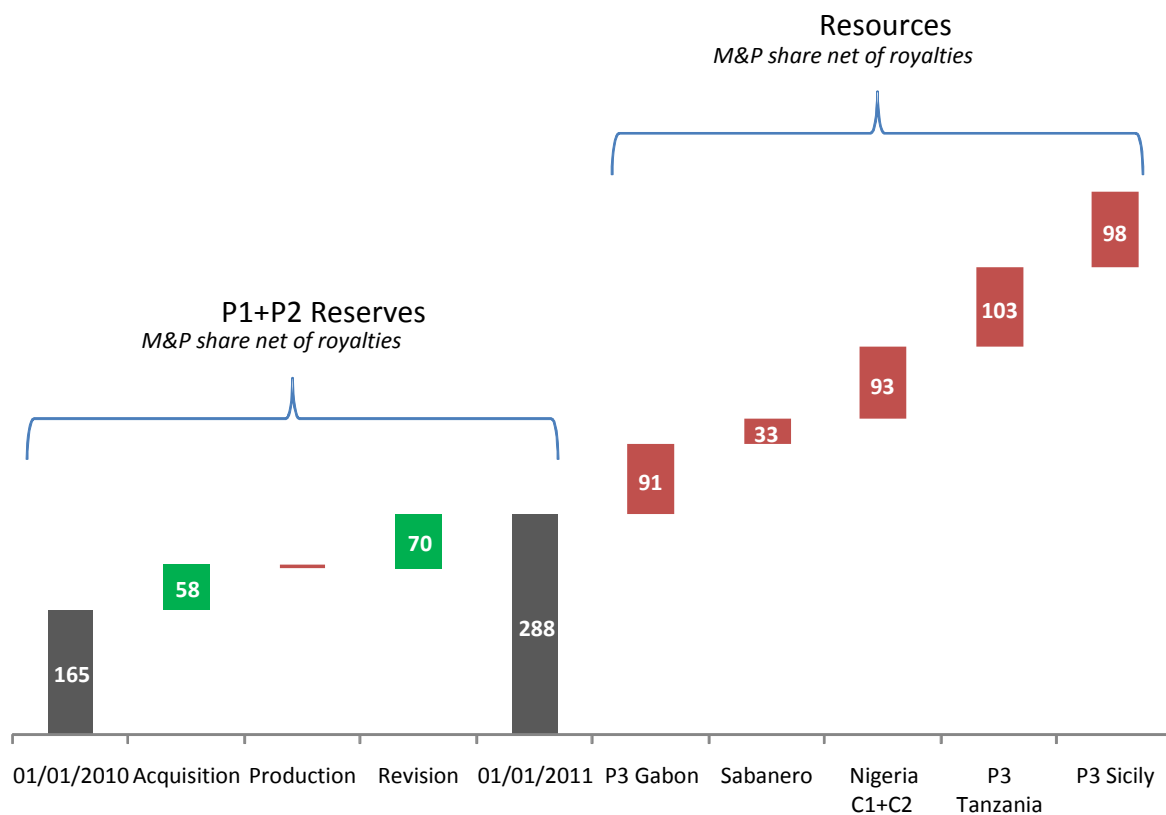
- redemption on 1 January 2010 of OCEANE 2010 in the amount of €183 million of which €6.2 million was interest, and the payment of €22.6 million interest for OCEANE 2014 on 31 July 2010;
- a sustained investment effort for all Group operations: exploration in the amount of €246 million, including the assessment of the Omoc-North field and well as development, mainly in Gabon, in the amount of €63 million linked to the development of Caroil activity (€23 million);
- purchase of assets in Nigeria for €140 million;
- cash flow generated by operating activities (€77 million);
- transfer of the earn-out clause related to Colombian assets in the amount of €45 million;
- realised financing:
 - Reserve Based Loan in the amount of €224 million;
 - a new OCEANE bond issue in the amount of €70 million;
 - €37 million facility agreed by Standard Bank, exercisable until 31 March 2011;
 - €71 million participation in a loan agreement in Nigeria;
- foreign exchange impact (-€41 million);
- €125 million paid to guarantee the acquisition of assets in Nigeria.

P1+P2 reserves net of royalties 288 Mboe

As at 1 January 2011, the Group's reserves (oil + gas) came to 288 Mboe, up 74% compared with 1/1/2010 (see press release of 28 March 2011).

The table below shows the sharp increase in Group reserves due mainly to the success of the exploration-assessment programme under the Omoueyi permit in Gabon (Onal + satellites) and the incorporation of reserves from the acquisition of assets in Nigeria by Seplat (M&P 45%).

The chart below shows the evaluation of resources that are linked to a discovery, or to a well revealing the existence of hydrocarbons, that have not yet been assessed.



The size of the resources (419 Mboe, excluding Mafia Deep) allows the Group to envisage a significant rise in reserves over the next few years.

Book income for 2010 incorporates substantial exploration-related expenses that produced no discovery. Accounting standards require oil companies to immediately post to expenses the corresponding amount of exploration infrastructure works. Any increase in reserves is reflected in future cash flow.

None of these resources take into account the potential from future exploration activity, which the Group intends to pursue in these countries.

Outlook 2011

In 2011, the Group will focus its efforts on two distinct growth vectors: Gabon, where the Group's experience plays a strategic role, and Nigeria, which seems to have massive hydrocarbon resources. At the same time, it will be carrying out assessment work in Colombia where the Group has just teamed up with a strategic partner who has renowned experience in heavy-oil production.

In Gabon, the emphasis will be on developing the OMOC-North and OMOC fields in the south-west of Onal. A programme of works has been implemented with the drilling of at least three exploration wells and the acquisition of seismic lines.

Production levels should remain steady until the OMOC-North field starts production, scheduled to begin once work is completed to connect to the ONAL production centre.

In Nigeria, Seplat (M&P 45%) has begun operations to maximise production and delineate the resource. A programme is under way to ramp up drilling and assessment wells over the course of the year and achieve between 30,000 b/d and 35,000 b/d of production at 100% (6,000 to 7,000 b/d M&P share).

Seplat (M&P 45%) has entered into a US\$200 million refinancing agreement allowing it to repay the \$187 million bridge loan by BNP Paribas (first payment US\$20 million at end 2010, final payment US\$167 million on 31 March 2011). At the same time, the US\$167 million residual guarantee was unblocked in favour of Maurel & Prom. In addition, Seplat (M&P 45%) will use the available component of some US\$30 million to partially repay the shareholder advance agreed by Maurel & Prom when buying out OML 4, 38 and 41.

In Colombia, the Group's agreements with Pacific Rubiales Energy specify that it will finance all operations to delineate, develop and start production at the Sabanero discovery, as well as any voluntary exploration programme.

The Group announces the sale, to a subsidiary of the Argentinean group INTEGRAL, of Maurel & Prom Venezuela, which holds 26.35% of Lagopetrol. The payment will be gradual and will recover the full book value of the asset.

The Board of Directors will propose to the General Meeting of 12 May 2011 a dividend of €0.25 per share (for payment 27 May 2011).

All the work completed in 2010 and undertaken in 2011 should allow the Group to significantly increase its production over the next few years while the alliance with Pacific Rubiales allows it to largely disengage from exploration risks while retaining a large part of the potential should it prove successful.

Consolidated Financial Statements for fiscal year 2010

Assets

<i>In thousands of euros</i>	31/12/2010	31/12/2009
Intangible assets	520,625	457,731
Property, plant and equipment	722,845	547,432
Non-current financial assets	62,226	21,030
Investments accounted under the equity method	39,991	32,508
Non-current derivative instruments	0	37,912
Deferred tax assets	12,505	10,647
Non-current assets	1,358,192	1,107,260
Inventories	14,948	4,095
Trade receivables and related accounts	71,084	33,434
Other current financial assets	260,422	31,671
Other current assets	44,169	39,432
Income tax receivable	350	1,518
Current derivative instruments	3,931	162
Cash and cash equivalents	95,423	427,576
Current assets	490,327	537,888
Total Assets	1,848,519	1,645,148

Liabilities

<i>In thousands of euros</i>	31/12/2010	31/12/2009
Share capital	93,405	93,364
Additional paid-in capital	221,483	221,607
Consolidated reserves	740,179	753,972
Treasury shares	(81,501)	(78,664)
Net income, Group share	(138,776)	(50,650)
Equity, Group share	834,790	939,629
Non-controlling interests	1	1
Total net equity	834,791	939,630
Non-current provisions	5,687	15,346
Non-current bonds	329,586	260,770
Other non-current borrowing and financial debt	210,574	0
Other creditors and sundry non-current liabilities	271	
Non-current derivative instruments	14,395	14,976
Deferred tax liabilities	58,986	27,339
Non-current liabilities	619,499	318,431
Current bond borrowing	13,346	195,682
Other current borrowing and financial debt	125,307	53
Trade payables and related accounts	70,842	89,165
Income tax payable	16,128	3,849
Other creditors and miscellaneous liabilities	120,988	45,277
Current derivative instruments	30,031	40,395
Current provisions	17,587	12,666
Current liabilities	394,229	387,087
Total Liabilities	1,848,519	1,645,148

Consolidated Income Statement

<i>In thousands of euros</i>	31/12/2010	31/12/2009*
Sales	345,805	191,851
Other income	293	848
Purchases and change in inventories	(33,147)	(26,439)
Other operating purchases and expenses	(82,975)	(56,801)
Tax expense	(24,147)	(6,620)
Personnel expense	(26,870)	(20,297)
Amortisation charges	(67,870)	(35,258)
Depreciation of exploration and production assets	(211,478)	(56,472)
Provisions and impairment of current assets	(6,432)	(7,738)
Reversals of operating provisions	2,933	3,913
Gain (loss) on asset disposals	1	3,068
Other expenses	(5,422)	(9,708)
Operating income	(109,309)	(19,653)
Gross cost of debt	(35,838)	(35,669)
Income from cash	4,048	1,922
Net gains (loss) on derivative instruments	(5,997)	36,200
Net cost of debt	(37,787)	2,453
Other financial income and financial expenses	53,749	(27,419)
Financial income	15,962	(24,966)
Income before tax	(93,347)	(44,619)
Income tax	(56,569)	(11,508)
Net income from consolidated companies	(149,916)	(56,127)
Net income from equity associates	4,487	10,121
Net income from continuing operations	(145,429)	(46,006)
Net income from discontinued operations	6,653	(4,644)
Net consolidated income	(138,776)	(50,650)
<i>Net income, Group share</i>	<i>(138,776)</i>	<i>(50,650)</i>
<i>Non-controlling interests</i>	<i>0</i>	<i>0</i>
Earnings per share		
Basic	-1.21	-0.44
Diluted	-0.91	-0.44
Earnings per share from discontinued operations		
Basic	0.06	0.04
Diluted	0.05	0.04
Earnings per share from continuing operations		
Basic	-1.27	-0.40
Diluted	-0.96	-0.40

(*) Restated for discontinued operations and change in accounting methods

Cash Flow Statement

In thousands of euros	31/12/2010	31/12/2009*
Consolidated net income from continuing operations	(145,429)	(46,006)
Tax expense for continuing operations	56,569	11,508
Consolidated income from continuing operations before tax	(88,860)	(34,498)
- Net increase (reversals) of amortisation, depreciation and provisions	72,093	10,450
- Unrealised gains (losses) due to changes in fair value	41,242	(471)
- Past exploration charge and write-off charge	135,126	53,823
- Calculated expenses and income related to stock options and similar benefits	2,017	2,060
- Other calculated income and expenses	17,151	(547)
- Gains (losses) on asset disposals	(1)	167
- Income (loss) from equity associates	(4,487)	(10,121)
- Other financial items	7,124	778
Cash flow before taxes	181,405	21,641
Payment of tax due	(15,866)	(13,264)
Change in working capital requirements for operations	(88,122)	44,965
- Customers	(33,754)	(19,318)
- Suppliers	(24,251)	39,553
- Inventories	(8,950)	(988)
- Other	(21,167)	25,718
NET CASH FLOW FROM OPERATING ACTIVITIES	77,417	53,343
Disbursements for acquisitions of tangible and intangible assets	(473,147)	(384,556)
Proceeds from disposals of intangible and tangible assets	4,887	77,739
Disbursements for acquisitions of financial assets (unconsolidated securities)	(4,440)	(15,135)
Proceeds from disposal of financial assets (unconsolidated securities)	10,321	(399)
Acquisition of subsidiaries	0	(13,933)
Increased interest in equity associates	0	6,861
Change in loans and advances granted	(137,269)	840
Other cash flows from investing activities	0	573
Net proceeds from operations sold	44,565	457,240
NET CASH FLOW FROM INVESTING ACTIVITIES	(555,083)	129,230
Amounts received from shareholders as part of capital increases	(2,910)	6,222
Dividends paid	(11,532)	(40,045)
Proceeds from new loans	416,766	285,829
Interest paid	(7,124)	(778)
Borrowing repayments	(205,711)	(211,176)
Treasury share acquisitions	(2,836)	7,352
NET CASH FLOW FROM FINANCING ACTIVITIES	186,653	47,404
Impact of exchange rate movements	(41,158)	8,872
CHANGE IN NET CASH	(332,171)	238,849
Cash and cash equivalents at start of period	427,544	188,695
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	95,375	427,544

(*) Restated for discontinued operations and change in accounting methods

The Group's consolidated financial statements have been duly audited. The auditor's report is being prepared. The pending financial statements are available on the Company's website:

www.maureletprom.fr

For more information: www.maureletprom.fr

Communication:

INFLUENCES

☎ : +33 (0)1 42 72 46 76

✉ : communication@agence-influences.fr

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

Maurel & Prom is listed on Euronext Paris – Compartment A - CAC mid 100 Index
ISINFR0000051070 / Bloomberg MAU.FP / Reuters MAUP.PA

Next meeting:

1/4/2011

12/5/2011

Analyst presentation (10 am)

General Meeting (10 am)