

Consolidated results at 30 June 2019

- **Robust production driving rise in EBITDA**
 - H1 2019 operated oil production in Gabon stands at 25,033bopd (20,026 bopd for M&P's working interest), an increase of 16% compared to H1 2018
 - H1 2019 EBITDA of \$137 million, up by 15% vs. H1 2018
- **Strong cash position reinforces a further strengthening of balance sheet**
 - Cash position stands at US\$361 million as of 30 June 2019
 - Resilient cash flow from operating activities stands at US\$173 million, used to fund operating investments of US\$67 million

Main financial aggregates at 30 June 2019:

<i>in US\$ million</i>	H1 2019	H1 2018	<i>Change</i>
Income statement			
Sales	229	237	<i>(9)</i>
EBITDA	137	120	+17
<i>as % of sales</i>	<i>60%</i>	<i>51%</i>	
Operating income	56	64	<i>(8)</i>
Financial expenses	(17)	(10)	<i>(7)</i>
Taxes	(32)	(41)	<i>+9</i>
Share of income/loss of associates	27	11	<i>+16</i>
Consolidated net income	33	24	+9
Cash flows			
Cash flow from operating activities	+173	+93	+80
Operating investments	(67)	(35)	
Financing	(28)	(9)	
Change in cash position	+81	+50	
Closing cash position (including bank overdraft)	361	308	+53

At its meeting of 1st of August 2019, chaired by Aussie B. Gautama, the Board of Directors of the Maurel & Prom Group (“M&P”) closed the consolidated financial statements for the period ending 30 June 2019.

Michel Hochard, Maurel & Prom’s Chief Executive Officer, said: *“Maurel & Prom delivered a sound performance in the first half of 2019, pursuing our efforts to maintain strong levels of production while improving cash position. The completion of the Angola transaction demonstrates M&P commitment to growth. The settlement with the Gabon Oil Company (GOC) confirms our ability to optimise our balance sheet. Our focus for the second half of the year is to drive forward organic and acquisition opportunities in line with the company’s development strategy.”*

H1 2019 Activity

- **Improved operational performance**

In Gabon, operated oil production stood at 25,033 bopd (20,026 bopd for M&P’s working interest) in the first half of 2019, up 16% from the same period in 2018. This increase reflects the progress made on export management, as well as the consolidation of the production potential of the field, thanks to development drilling and continuation of the water injection programme.

This marked increase in production was not reflected in sales due to lifting imbalances. The Group’s consolidated sales for the first half of 2019 stood at US\$229 million, down 4% compared to the first half of 2018. Pricing environment remained in line with 2018 (average sale price of oil US\$68.4/bbl in H1 2019 compared to US\$69.2/bbl in H1 2018 and US\$68.2/bbl in H2 2018).

EBITDA, which is adjusted for lifting imbalances, was up by 15% to US\$137 million, vs. US\$ 120 in the first semester of 2018.

Current operating income stood at US\$66 million in H1 2019 compared to US\$67 million in H1 2018, reflecting the increase in depletion expense, which depends on the volumes produced. Non-recurring items include a US\$9 million non-cash charge following a drilling incident in Gabon. Hence, Group operating income amounted to US\$56 million in H1 2019, vs. US\$64 million in H1 2018.

Seplat, an entity accounted for in equity associates, contributed to the Group net income at US\$27 million (a marked increase vs. US\$11 million in H1 2018). Seplat’s profit before tax remained flat year-on-year at US\$120 million but net income stood at US\$122 million (vs. US\$49 million in H1 2018), thanks to a reduction in corporate tax expenses in H1 2019.

M&P’s consolidated net income stood at US\$33 million for the first semester of 2019, up by US\$9 million compared to the first semester of 2018.m&p

- **Trading activities**

Maurel & Prom now sells oil volumes produced by M&P Gabon through its French subsidiary M&P Trading (100% M&P). Since the first lifting completed by M&P Trading at the Cap Lopez terminal (Gabon) on 31 March 2019, the company has sold 2.2 million barrels over the period. M&P Trading thus replaces TOTSA, the Total group's trading company, as the buyer of the M&P Gabon subsidiary’s crude oil.

- **Significant events**

In June 2019, the Group signed an agreement with GOC, the Group's partner for the Ezanga permit, to end the GOC carry mechanism.

This agreement provides GOC with priority access to 812,000 barrels that will be sold to it in H2 2019, in consideration for a cash payment of US\$45 million at end-June 2019 and an additional payment of US\$7.5 million in H2 2019.

Moreover, US\$43 million were paid by GOC into an escrow account to settle the historical carrying offset receivable (amounts prior to 2018). This amount will be available for release in December 2019 and is therefore not included in M&P's cash position as at 30 June.

The Annual General Meeting held on 13 June 2019 has decided the payment of a dividend of €0.04 per share (equivalent to c.US\$8.8 million).

Outlook

- **Exploration activities**

In France, the positive exploration result for the Caudos-Nord-2D (CDN-2D) well announced during the first-half 2019 results led the Group to continue its drilling campaign with the completion of the Caudos-Nord-3D (CDN-3D) well. Drilling at this second well began in mid-April and came to a positive conclusion at the end of May, confirming the results of CDN-2D. However, this discovery is expected to remain modest in size, with estimated total tradeable oil volume in the region of one million barrels.

Civil engineering works to prepare the exploration drilling on the Kari permit in South Gabon began at the end of May 2019. Half of the access channel to the drilling areas has been completed and work remains underway. The actual start-up of drilling is expected during the last quarter of 2019.

In Namibia, seismic analysis on PEL-44 has led to the recommendation to drill 1 or 2 wells in 2020.

In Sicily, preparation for the campaign to acquire seismic data has begun.

- **Venezuela**

Following sanctions by the US Office of Foreign Assets Control ("OFAC") on 28 January 2019 against Petroleos de Venezuela ("PDVSA"), which also apply to companies more than 50%-owned by PDVSA (therefore to Petroregional Del Lago ("PRDL") 40%-owned by Maurel & Prom Iberoamerica S.L. (formerly Maurel & Prom Venezuela S.L.), the Group's Spanish subsidiary), the operations that have been carried out locally until now by the Group's Venezuelan subsidiary, M&P Servicios Integrados U.W., have been strictly limited to maintenance operations relating to asset security, employee safety and environmental protection. Against this backdrop, the Group could not finalise the consolidation of its share in PRDL. As such, the share of PRDL's income included in the M&P Group's income statement for H1 2019 was nil.

An agreement was signed on 17 July 2019 with Sucre Energy Latam B.V. ("Sucre Energy") under which Sucre Energy took a 20% equity stake in Maurel & Prom's Spanish subsidiary, Maurel & Prom Iberoamerica S.L.. On 24 July 2019, Sucre Energy also acquired 20% of the share capital of Venezuelan services company M&P Servicios Integrados U.W..

- **Angola**

On 4 June 2019, the Angolan government published the decree recognising the transfer of 20% of blocks 3/05 and 3/05A previously owned by Angola Japan Oil Co., Ltd. ("AJOCO") to Maurel & Prom. On 31 July 2019, all preconditions for this transfer were satisfied.

As per the sales and purchase agreement, the purchase consideration of US\$80 million (less a deposit of US\$2 million paid at the announcement of the transaction) has been adjusted by US\$43 million for working capital and cash flows received and disbursed by AJOCO on behalf of M&P since 1 January 2018 contractual economic effective date.

As a result, the net cash amount paid to AJOCO by M&P on completion of the transaction is US\$35 million, funded by M&P's existing cash resources.

The consolidation of these assets in M&P's production and financial reporting will start from Q3 2019. For illustration, H1 2019 production estimated by M&P for the 20% working interest was c.4,600 bopd.

- **Possible offer for Amerisur Resources Plc**

On 18 July 2019, M&P made an initial proposal to the Board of Directors of Amerisur Resources Plc ("Amerisur") regarding a potential acquisition, in exchange for cash and M&P shares, of the entire issued and to be issued share capital of Amerisur. The public announcement by M&P on 22 July of this potential acquisition followed the decision announced by Amerisur on 19 July to conduct a formal sale process for the company. M&P is a participant in the formal sale process. Further information is available on the Company's website at <https://www.maureletprom.fr>. M&P will make further announcements in due course.

French		English	
pieds cubes	pc	cf	cubic feet
pieds cubes par jour	pc/j	cfpd	cubic feet per day
milliers de pieds cubes	kpc	Mcf	1,000 cubic feet
millions de pieds cubes	Mpc	MMcf	1,000 Mcf = million cubic feet
milliards de pieds cubes	Gpc	Bcf	billion cubic feet
baril	b	bbbl	barrel
barils d'huile par jour	b/j	bopd	barrels of oil per day
milliers de barils	kb	Mbbl	1,000 barrels
millions de barils	Mb	MMbbl	1,000 Mbbl = million barrels
barils équivalent pétrole	bep	boe	barrels of oil equivalent
barils équivalent pétrole par jour	bep/j	boepd	barrels of oil equivalent per day
milliers de barils équivalent pétrole	kbep	Mboe	1,000 barrels of oil equivalent
millions de barils équivalent pétrole	Mbep	MMboe	1,000 Mbbl = million barrels of oil equivalent

For more information, visit www.maureletprom.fr

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