

Share purchase agreement signed for the acquisition of Assala

- **Transformational acquisition, anchoring M&P as a leading onshore operator in Gabon**
 - Consolidated Assala working interest production of 40.7 kbopd for the first half of 2023 (67.8 kboepd proforma M&P with 95% operated, of which 56.5 kbopd in Gabon)
 - Acquisition of 97 mmbbls of consolidated working interest 2P reserves as of 31 December 2022 (270 mmboe proforma M&P, with 218 mmbbls proforma in Gabon)
 - Strengthens M&P's partnership with the Gabonese government
- **Value accretive growth with material optimisation potential for the combined business post acquisition**
 - M&P looks forward to integrating the two workforces in Gabon, preserving and leveraging their respective skills and maintaining their employment conditions
 - Substantial operational and financial optimisation opportunities arising from the combination of the two portfolios
 - Provides access to a fully integrated midstream network and strategic Gamba oil export terminal
 - Robust pipeline of organic development opportunities across the integrated portfolio
 - Integration of highly skilled staff and technical centres of excellence
- **Fully financed acquisition supported by low cost debt financing**
 - Transaction consideration to the seller of \$730 million at completion; roll-over of Assala's \$600 million RBL facility
 - Transaction consideration financed via an upsize of M&P's existing bank debt facility (\$183 million) and a one-year acquisition facility (up to \$750 million) secured at favourable terms thanks to the support of M&P's controlling shareholder Pertamina
 - The amount drawn on the acquisition bridge-facility will depend on the Transaction closing date, locked box adjustments, the amounts drawn under the various facilities, and quantum of M&P cash to be used
- **Expected closing between Q4 2023 and Q1 2024, pending customary approvals**
 - Closing of the transaction subject to approvals from the Gabonese government as well as CEMAC authorities

Etablissements Maurel & Prom S.A. (“M&P”, the “Group”) is pleased to announce that, following a bid process, its Board of Directors approved the signature of, and M&P has signed, a Share Purchase Agreement (“SPA”) with Carlyle International Energy Partners (“Carlyle”) for the acquisition of 100% of the shares in Assala Energy Holdings Ltd. and all of its subsidiary entities (“Assala”) holding the Assala group's entire upstream and midstream asset portfolio in Gabon (the “Transaction”).

Olivier de Langavant, Chief Executive Officer of M&P, stated: *“The acquisition of Assala represents a step change for M&P. The combination of our portfolios provides the Group with a large operated base of long-life, low-cost onshore assets offering long-term visibility and substantial development potential in a stable country where M&P has been operating for over fifteen years. Assala’s management has done a great job in turning around the assets acquired from Shell in 2017, and M&P intends to continue building on this success story with the ongoing support of the combined workforce. The support of our controlling shareholder Pertamina allows us to benefit from attractive financing terms for this acquisition, which will further enhance value creation for all our shareholders”.*

Morgan Stanley, Hannam & Partners, and Mandiri Sekuritas acted as financial advisors to M&P on the Transaction. Herbert Smith Freehills Paris LLP acted as legal advisors to M&P on the Transaction, and Bracewell LLP acted as legal advisors to M&P on the financing of the Transaction.

The Transaction remains subject to various approvals, including from the Republic of Gabon and CEMAC (*Communauté Economique et Monétaire de l’Afrique Centrale*) merger control clearance. The closing of the Transaction is expected between Q4 2023 and Q1 2024.

Further announcements will be made in due course.

Transaction overview

Assala’s assets are highly complementary to M&P's existing presence in Gabon and the combination will offer significant operational and financial optimisation opportunities. The acquired assets are strategically located adjacent to M&P’s existing assets in Gabon, with midstream infrastructure to be acquired including the Gamba oil terminal and connected pipelines, which will allow M&P to control the transportation and distribution of all of its production within the country. Both M&P and Assala operate nearly all of their oil production, which provides meaningful leverage to optimise operations and costs across the combined portfolio.

Assala produced 40.7 kbopd on a consolidated working interest basis for the first half of 2023, with consolidated working interest 2P reserves estimated by M&P at 97 mmbbls as of 31 December 2022. The Transaction will enable M&P to reach critical scale with proforma consolidated working interest production for the group of 67.8 kboepd (including 64.4 kboepd of operated production) in the first half of 2023, of which 56.5 kbopd in Gabon.

The Transaction will create a leading onshore operator in Gabon, benefiting from:

- Diversified, low-cost onshore production across nine fields, with over 99% of operated production;
- Reserves growth potential thanks to exploration and appraisal opportunities;
- Long-term value creation potential via the possible monetisation of gas resources;
- Independent infrastructure, with access to own pipeline network and oil export terminal;
- Skilled local workforce and talented management with a strong track record of asset development and optimisation; and

- Strong focus on delivery of ESG targets, social investment, waste management and carbon intensity.

Simultaneous to the Transaction and based on the same economic terms as M&P’s acquisition, the Gabonese government will increase its participation in Assala’s subsidiary Assala Gabon from 25% to 27.5%, with an option to increase it by another 12.5% on similar terms over the next 5 years. This demonstrates the strong partnership and the alignment of interest between M&P and the Gabonese government.

Location of the Group’s assets post acquisition:



Summary of the Group's producing assets in Gabon post acquisition:

	Operator	Working interests as of 30 June 2023	Consolidated WI	H1 2023 Consolidated WI production
Atora	Assala Gabon	Assala Gabon 18%, Assala Upstream Gabon 36%, Perenco 40%, Gabonese State 6%	54%	2.7 kbopd
Bende/M'Bassou/Totou	Assala Gabon	Assala Gabon 90%, Gabonese State 10%	90%	7.3 kbopd
Gamba/Ivinga	Assala Gabon	Assala Gabon 100%	100%	
Koula	Assala Gabon	Assala Gabon 40%, Addax 40%, Sinopec 20%	40%	1.8 kbopd
Rabi	Assala Gabon	Assala Gabon 38.63%, Assala Upstream Gabon 51.37%, Gabonese State 10%	90%	20.3 kbopd
Robin	Assala Gabon	Assala Gabon 50%, Assala Upstream Gabon 44.25%, Sinopec 5.75%	94.25%	8.6 kbopd
Toucan	Assala Gabon	Assala Gabon 39.83%, Assala Upstream Gabon 45%, Gabonese State 10%, Sinopec 5.17%	84.83%	
Tsiengui West	Addax	Assala Gabon 7.28%, Addax 79.47%, Sinopec 3.64%, Gabonese State 9.61%	7.28%	0.2 kbopd
Assala				40.7 kbopd
Ezanga	M&P	M&P 80%, GOC 12.5%, Tullow 7.5%	80%	15.8 kbopd
M&P post acquisition				56.5 kbopd

Acquisition consideration and financing

The SPA has an economic effective date of 30 June 2022, with a Transaction consideration to the seller payable by M&P at closing of \$730 million, subject to typical closing adjustments. Assala's existing \$600 million reserve-based lending ("RBL") facility will be rolled over at completion of the Transaction.

The Transaction consideration and associated costs will be funded via the upsizing of M&P's existing bank loan by \$183 million (to a total of \$400 million, as \$217 million is outstanding as of end of June 2023) and an acquisition bridge facility for up to \$750 million. Both facilities are supported by M&P's controlling shareholder Pertamina and benefit from favourable terms. The acquisition bridge facility has a maturity of 12 months from its drawdown date which will be at closing of the transaction.

The upsizing of M&P's existing debt facility is not conditional to the Transaction and will be effective by end of August 2023.

M&P's debt position as of end of August 2023, proforma the acquisition:

	Existing bank loan Amortised tranche	Existing bank loan RCF tranche	Shareholder loan	Acquisition facility	Assala RBL facility
Amount	\$300mm	\$100mm	\$79mm (+\$100mm available)	Up to \$750mm	Up to \$600 million
Interest rate	SOFR + 2.00%	SOFR + 2.25% (0.675% on the undrawn portion)	SOFR + 2.10%	SOFR + 2.00%	SOFR + 5.25%
Repayment	Amortised	Bullet at maturity	Amortised	Bullet at maturity	Amortised
Final maturity	Q3 2027	Q3 2027	Q3 2028	Q1 2025	Q1 2029

Note: Final maturity of bridge and RBL facilities assuming an illustrative closing of the Transaction and drawdown of both facilities in Q1 2024

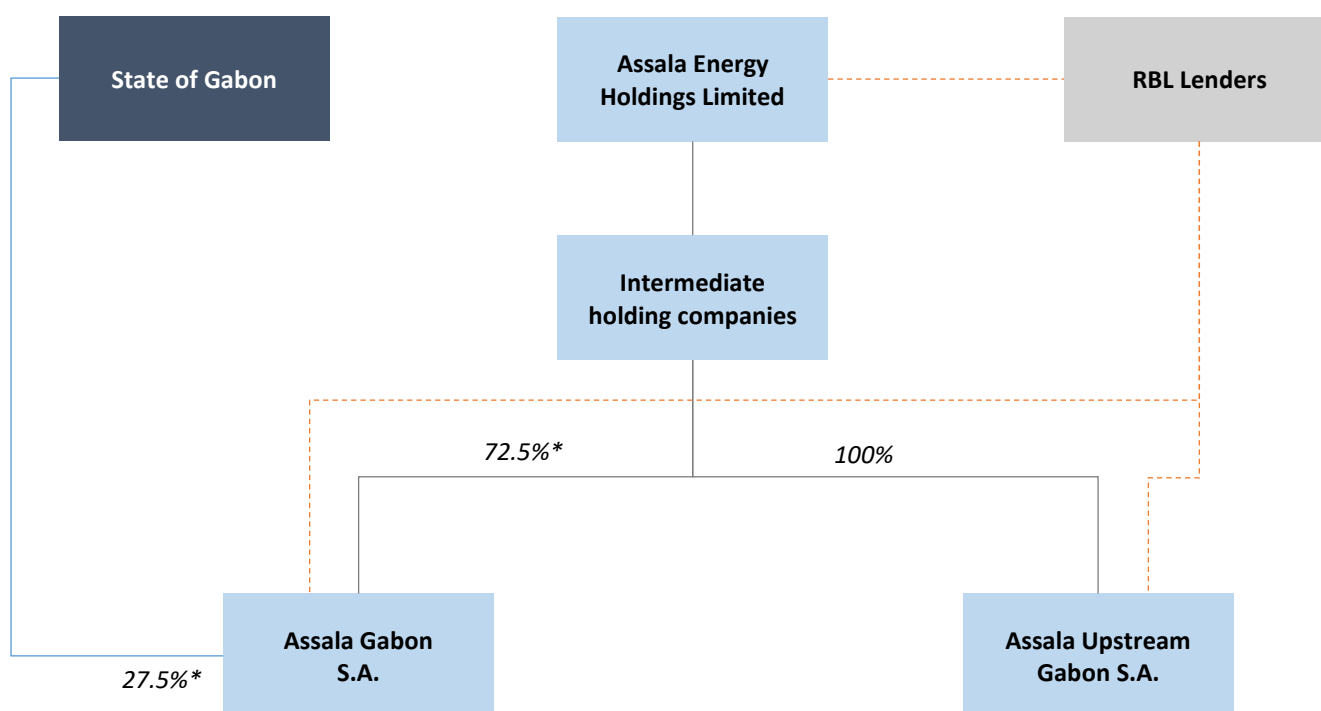
Further information

Consolidated financial information for the Assala group:

	2021	2022
Consolidated WI production	41.3 kbopd	45.1 kbopd
Brent average price	\$71/bbl	\$99/bbl
Operating cash flow	\$33/bbl	\$44/bbl
Free cash flow	\$21/bbl	\$30/bbl

Note: These consolidated figures are inclusive of the Gabonese government's 25% stake in Assala Gabon

Organisational structure of the Assala group:



Note: The structure reflects the State of Gabon's purchase of 2.5% incremental stake in Assala Gabon S.A., where the incremental 12.5% purchase can be implemented as detailed above

Français		English	
pieds cubes	pc	cf	cubic feet
millions de pieds cubes par jour	Mpc/j	mmcfd	million cubic feet per day
milliards de pieds cubes	Gpc	bcf	billion cubic feet
baril	B	bbl	barrel
barils d'huile par jour	b/j	bopd	barrels of oil per day
millions de barils	Mb	mmbbls	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
millions de barils équivalent pétrole	Mbep	mmboe	million barrels of oil equivalent

For more information, please visit www.maureletprom.fr/en/

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