



PETROLIA

Q1 2015

PETROLIA SE ('the Company') first quarter results 2015:

Financial results

- Total comprehensive income of USD -8.8 million in Q1 2015 compared to USD 4.8 million in Q1 2014.
- EBITDAX (EBITDA excluding exploration costs) of USD 0.6 million in Q1 2015 compared to USD 9.9 million in Q1 2014.
- Revenue was USD 16.7 million in Q1 2015 compared to the solid Q1 2014 figures of USD 27.6 million.
- Shareholders' equity as at 31 March 2015 was USD 3.41 per share. Share price was NOK 6.60, or USD 0.82 at an exchange rate of USD/NOK 0.1236.
- Earnings per share was USD -0.25 per share in Q1 2015 compared to USD 0.17 per share in Q1 2014.
- Petrolia SE purchased 30,500,000 bonds of its bond loan ISIN: NO0010683592 "PDR05 PRO". Consideration was 55% of par value + accrued interest, total NOK 17,720,165.

Oil and Gas

- 20 January 2015: awarded three new licenses in the 2014 Awards in Predefined Areas ('APA').
- 14 February 2015: the Zulu exploration well, offshore Norway, was completed as a gas discovery.
- High focus on capital discipline and cost saving initiatives.

OilService

- Challenging market conditions impacting on activity levels in the OilService division.
- High focus on cost saving initiatives.

Drilling and Well Technology

- The drilling rig is currently on a short term 'call out' contract with FORA Energy in Romania.
- Drilling and work-over rigs continue to be marketed in Eastern Europe and parts of the Middle East region.

Key figures

All figures in USD (million)	Q1 2015	Q1 2014
Operating revenues	16.7	27.6
EBITDAX	0.6	9.9
EBITDA	-10.4	8.7
Total comprehensive income for the year	-8.8	4.8
Earnings per share in USD	-0.25	0.17
Equity per share in USD	3.41	3.94

Financial information

Profit and loss for the first three months of 2015 compared to the first three months of 2014

Total revenue was USD 16.7 million compared to USD 27.6 million in the first quarter of 2014. Operating expenses were USD 16.1 million compared to USD 17.7 million in 2014. EBITDAX was USD 0.6 million compared to USD 9.9 million in the first quarter of 2014. Exploration cost was USD 11.1 million compared to USD 1.2 million in 2014. EBITDA was USD -10.4 million compared to USD 8.7 million in 2014.

Depreciation was USD 4.0 million in the first quarter of 2014 compared to USD 4.0 million in the corresponding quarter of 2014. Operating loss was USD 14.4 million compared to a profit of USD 4.8 million in 2014. Result from associated company was a loss of USD 0.0 million compared to a loss of USD 0.1 million in 2014. Net financial cost was USD 1.1 million compared to USD 2.0 million in 2014.

The net result after tax was USD -6.9 million compared to USD 4.7 million in 2014. Total comprehensive income was USD -8.8 million compared to USD 4.8 million in 2014.

Cash flow for the first three months of 2015 compared to the first three months of 2014

Cash flow from operations was USD -6.8 million in the first three months of 2015, compared to USD 3.3 million in 2014. Cash flow from investments in 2015 was USD 3.9 million compared to USD 1.5 million in 2014. Cash flow from financing activities in 2015 was USD -9.9 million compared to USD -4.3 million in 2014.

Free cash as at 31 March 2015 was USD 16.3 million compared to USD 16.5 million as at 31 March 2014.

Statement of financial position

As at 31 March 2015, total assets amounted to USD 147.2 million. Investment in OilService equipment had a book value of USD 52.1 million, investment in land rigs had a book value of USD 3.4 million, investment in listed shares had a book value of USD 0.5 million and total cash was USD 18.2 million. Total tax receivable was USD 18.9 million and primarily relates to exploration expenses on the Norwegian Continental Shelf.

As at 31 March 2015, net interest bearing bond loans amounted to USD 19.4 million, all of which is recognised as a short term liability due to a breach of covenant as at that date. As of 29 May there is no breach of covenant for USD 16.6 million and the remaining USD 2.8 million will be repaid at maturity on 20 June 2015. The Group holds Borrower's Bonds (bonds owned by the borrower) of USD 22.1 million (total bond loan is USD 41.5 million). In addition there are financial leasing facilities for OilService equipment of USD 5.6 million and for one work-over rig for USD 3.1 million (total USD 8.7 million).

On 26 March 2015, Petrolia SE purchased 30,500,000 bonds of its bond loan ISIN: NO0010683592 "PDR05 PRO". Consideration was 55% of par value plus accrued interest, total NOK 17,720,165.

Total equity was USD 92.8 million as at 31 March 2015, including a minority interest of USD 4.2 million. Book value of equity per share was USD 3.41 as at 31 March 2015, including minority interests of USD 0.15 per share.

Share information

As at 31 March 2015, the total number of shares outstanding in Petrolia SE was 27,235,867, each with a par value of USD 1.00. The company has no outstanding or authorised stock options, warrants or convertible debt. As at 31 March 2015, the company held no treasury shares.

Operational development, market and outlook

Oil & Gas division

Within the Oil & Gas division, Petrolia Norway AS ('Petrolia Norway') is actively developing its licence portfolio. It has established a cost efficient, robust and scalable business model, with the current drilling programme fully funded. Petrolia Norway will actively pursue farm-in opportunities and participate in upcoming APA rounds.

In January 2015, Petrolia Norway was awarded 3 new licenses in the 2014 APA in Norway. Petrolia Norway is pleased to have been awarded 35 per cent of license PL 674CS, 30 per cent of license PL 781 and 30 per cent of license PL 774 in the APA 2014. Following the awards in the APA 2014, Petrolia Norway is a partner in 13 licenses on the Norwegian Continental Shelf.

On 20 January Petrolia Norway AS spudded the exploration well 26/10-1 (ZULU) in PL674BS. The main objective of well 26/10-1 was to test the reservoir properties and hydrocarbon potential of Miocene aged sandstones of the Utsira Formation in the Patch Bank Ridge, located 100 km west of Stavanger on the Norwegian west coast and approximately 30 km northeast of the Johan Sverdrup discovery.

The well was drilled to a total depth of 995 m subsea and was terminated in sediments of presumed Oligocene age Hordaland Group. The well was drilled in a water depth of 140 m on the Patch Bank Ridge.

The well encountered Utsira Formation sand with very good reservoir quality and gas in an upper 24 m sand sequence. Pressure measurements imply a gas column of 36 m at the well. Thorough logging and sampling has

been performed. Fluid data will be analysed and detailed mapping performed for resource potential evaluation. The well is being plugged and abandoned as a gas discovery.

Petrolia Norway will continue to focus on capital discipline through an on-going cost saving programme which is expected to yield positive financial benefits throughout 2015.

OilService division

The continued low oil price levels in the first quarter 2015 contributed to the challenging environment for the oil and gas industry. Over the last six months the industry has experienced a significant reduction in capital expenditure by oil companies, oil service companies and other customers of the OilService Division. This challenging environment impacts on the activity level and the profit margins of this division. The OilService division has excellent customer relationships and is a well-known and respected service and rental equipment company. Consequently, it is in a good position to retain and expand its customer base in this increasingly competitive environment. Precautionary cost cutting measures and business improvement programmes have been implemented in this division, which will continue during 2015.

Overall, the Board expects a reduction in revenue for this division during 2015 as activity is reduced and margins are under increased downward pressure.

Drilling and Well Technology

The Drilling and Well Technology division currently has one active drilling rig and one work-over rig which is idle. Both are located in Romania. The drilling rig has demonstrated excellent operational performance and is being marketed in both Eastern Europe and in parts of the Middle East region where the day rates are expected to be higher. The work-over rig is currently being marketed and will be mobilised once a Letter of Intent ('LOI') is signed. Due to the current market conditions, global rig activity has been reduced and this has had a negative impact on drilling rates.

Corporate

Following the positive outcome of the legal dispute with PetroMENA ASA bankruptcy estate, Oil Tools Supplier AS (formerly Petrolia Services AS), a subsidiary of Petrolia SE, entered into an agreement in January 2015 whereby both parties agreed not to file an appeal. Consequently, the decision from Borgarting Court of Appeal, where the majority ruled in favour of Oil Tools Supplier AS, is final.

Related party transactions

There have been no related party transactions during the quarter.

About the Company

Oil & Gas division:

Petrolia Norway seeks to maximise field potential through innovative exploration in mature areas of the Norwegian Continental Shelf ('NCS'), leveraging on the extensive industry experience of its management team. Petrolia Norway AS currently holds 13 licences on the NCS. The company is wholly owned by Petrolia SE, which has its head office in Limassol, Cyprus, and regional offices in Oslo and Bergen.

Through Petroresources Ltd (47.39 per cent owned) the division has economic interests in licences in Africa.

OilService division:

The Company's involvement in oilfield services began through the acquisition of Independent Oil Tools AS in 2007. Total investment in equipment has subsequently exceeded USD 275 million. The investments were largely financed by Petrolia SE and in addition financial leases of more than USD 40 million were obtained. The division has



developed into a well-respected international equipment rental group with a global presence. This division owns drill pipes, test strings & tubing, handling & auxiliary tools, pressure control equipment for on and offshore activities and other equipment. In addition, the division provides associated services such as tubular running services through Premium Casing Services Pty Ltd in Australia and New Zealand.

The OilService division benefits from an excellent track record of availability, technical compliance, experience and performance. It has a well-established, large, international client base, including a portfolio of contracts in place with numerous major oil service companies, oil companies and drilling contractors.

Drilling and Well Technology:

IO&R Ltd, a subsidiary of Petrolia SE, owns two land rigs which are presently located in Romania. The drilling rig has drilled 21 wells under an 18 month contract. It has also recently completed one work-over operation. The rig has proven to be efficient for both drilling and work-over activities, demonstrating fast and efficient mobilisation and demobilisation between wells. The rig is currently being marketed to a number of potential customers within Eastern Europe and parts of the Middle East.

The work-over land rig is being marketed and will be mobilised once a LOI is signed.

Key risks and uncertainty

The activities and assets of the group are primarily in USD and the Bond Loan is in NOK. There is therefore a currency risk regarding the USD/NOK exchange rate.

The board of PetroMENA ASA, under bankruptcy proceedings, has filed a claim of USD 1.2 billion against Deutsche Bank for various breaches of law and governance.

Board of Directors, Petrolia SE

Limassol, Cyprus 29 May 2015



Financial report first quarter 2015 – preliminary

Consolidated Statement of Comprehensive Income				
All figures in USD (1,000)				
	Q1 2015	YTD 2015	Q1 2014	YTD 2014
Operating revenues	16,681	16,681	27,638	27,638
Operating expenses	16,050	16,050	17,729	17,729
EBITDAX	631	631	9,909	9,909
Exploration expenses	11,071	11,071	1,200	1,200
EBITDA	-10,440	-10,440	8,709	8,709
Depreciation	3,998	3,998	3,951	3,951
Impairment	0	0	0	0
Operating profit (loss-)	-14,438	-14,438	4,758	4,758
Result from associated companies	-21	-21	-146	-146
Interest income	19	19	42	42
Other financial income	1,779	1,779	0	0
Fair value through P&L	-167	-167	-287	-287
Interest cost	-920	-920	-1,333	-1,333
Other financial cost	-16	-16	-251	-251
Currency gain/loss	-1,860	-1,860	-126	-126
Profit / (loss-) before income tax	-15,624	-15,624	2,657	2,657
Tax on result	-8,709	-8,709	-2,038	-2,038
Profit / (loss-) for the year	-6,915	-6,915	4,694	4,694
Other comprehensive income				
Currency translation differences	-1,853	-1,853	144	144
Total other comprehensive income / (loss-)	-1,853	-1,853	144	144
Total comprehensive income / (loss-) for the year	-8,768	-8,768	4,838	4,838
Number of shares	27 235 867	27 235 867	27 235 867	27 235 867
Earnings per share, basic	-0.25	-0.25	0.17	0.17

Condensed Consolidated Statement of Financial Position

All figures in USD (1,000)

Assets	31.03.2015	Audited 31.12.2014
Deferred tax assets	10,518	10,545
Exploration costs and licences	0	983
Land rigs	8,249	8,400
OilService and other equipment	52,143	54,221
Land and buildings	3,409	3,563
Investments in associates	323	344
Other financial fixed assets	2,746	4,173
Restricted cash	110	352
Total non-current assets	77,498	82,581
Inventory	963	927
Tax receivables	18,889	9,639
Accounts receivable	26,961	32,047
Other current assets	4,241	5,792
Financial asset at fair value through P&L	543	6,516
Free cash	16,282	29,975
Restricted cash	1,814	3,990
Total current assets	69,693	88,886
Total assets	147,191	171,467
Equity and liabilities	31.03.2015	31.12.2014
Share capital	27 236	27 236
Treasury shares	0	0
Other equity	61,352	70,081
Majority interest	88,588	97,317
Minority interest	4,188	4,227
Total equity	92,776	101,544
Bond loan	0	0
Deferred tax liability	5,425	5,425
Other long-term liabilities	6,054	5,422
Total non-current liabilities	11,479	10,847
Short-term portion of non-current liabilities	22,387	29,225
Accounts payable	15,847	16,684
Provisions	0	0
Bank loan	21	4,390
Other current liabilities	4,681	8,777
Total current liabilities	42,936	59,076
Total liabilities	54,415	69,923
Total equity and liabilities	147,191	171,467
Book equity per share (end of period shares)	3.41	3.73
Equity (majority) ratio	60%	57 %



Condensed Consolidated Statement of changes in Equity

All figures in USD (1,000)

	YTD 2015	YTD 2014
Equity period start 01.01	101,544	102,467
Total equity from shareholders in the period	0	0
Total comprehensive income/loss (-) for the period	-8,768	4,838
Total change of equity in the period	-8,768	4,838
Equity at period end	92,776	107,305

Condensed Consolidated Cash Flow Statement

All figures in USD (1,000)

	Q1 2015	YTD 2015	Q1 2014	YTD 2014
Net cash flow from operating activities	-6,848	-6,848	3,345	3,345
Net cash flow from investing activities	3,937	3,937	1,516	1,516
Net cash flow from financing activities	-9,861	-9,861	-4,290	-4,290
Net change in cash and cash equivalents	-12,772	-12,772	571	571
Free cash and cash equivalents at beginning of period	29,975	29,975	15,813	15,813
Exchange gain/loss (-) on cash and cash equivalents	-921	-921	156	156
Free cash and cash equivalents at period end	16,282	16,282	16,540	16,540

Notes to the unaudited condensed consolidated figures:

Note 1 Applied accounting principles

This first quarter report is prepared according to the International Financial Reporting Standards (IFRS as adopted by the EU) and the appurtenant standard for quarterly reporting (IAS 34). The quarterly accounts are based on the current IFRS standards and interpretations and were approved by the Board on 29 May 2015.

This first quarter report is prepared according to the same principles as the most recent annual financial statements, but does not include all the information and disclosures required in the annual financial statements. Consequently, this report should be read in conjunction with the latest annual report for the Company (2014). Changes in standards and interpretations may result in other figures.

The same accounting principles and methods for calculation, which were applied in the latest annual report (2014), have been applied in the preparation of this interim report. The Company's accounting principles are described in detail in its annual report for 2014 which is available on the Company's website www.petrolia.eu.

The consolidated accounts are based on historical cost, with the exception of items required to be reported at fair value.

Note 2 Tangible fixed assets

The table below outlines the development of tangible fixed assets as of 31 March 2015:

All figures in USD (1,000)	Drilling- and other equipment	Land rigs	Exploration cost & licences	Land and buildings	Total
Balance at 1 Jan 2015	54,221	8,400	983	3,563	67,167
Acquisition cost:					
Acquisition cost at 1 Jan 2015	304,019	14,243	983	3,632	322,877
Purchased tangibles in 2015	3,761	0	0	-150	3,611
Disposal in 2015	-103	0	-983	0	-1,086
Translation differences	-1,963	0	0	9	-1,954
Acquisition cost at 31 March 2015	305,714	14,243	0	3,491	323,448
Depreciation/impairment:					
Balance depreciation at 1 January 2015	231,049	1,991	0	69	233,109
Balance impairment at 1 January 2015	18,749	3,852	0	0	22,601
Depreciation in 2015	3,834	151	0	13	3,998
Impairment in 2015	0	0	0	0	0
Disposal of depreciation in 2015	-61	0	0	0	-61
Disposal of impairment in 2015	0	0	0	0	0
Depreciation/impairment as at 31 March 2015	253,571	5,994	0	82	259,647
Carrying amount:					
Balance at 31 March 2015	52,143	8,249	0	3,409	63,801
Residual value					

Note 3 Investments in associates

All figures in USD (1,000)	Petroresources Ltd
Investments in associates	
Shareholding	47.39%
Business address	Limassol, Cyprus
Balance 1 January 2015	344
Investments	0
Share of result	-21
Balance at 31 March 2015	323

Note 4 Segment Information

All figures in USD (1,000)	Oil & Gas	OilService	Other	Total
Revenue	0	16,310	371	16,681
EBITDAX	-1,140	3,555	-1,784	631
EBITDA	-12,211	3,555	-1,784	-10,440
Rental equipment, land rigs, licences	153	60,239	0	60,392
Property	0	3,409	0	3,409

Oil & Gas

Petrolia Norway was awarded three new licenses in the 2014 APA and the Zulu exploration well, offshore Norway, was completed as a gas discovery on the 14 February 2015. After the APA awards Petrolia Norway AS holds 13 licences on the NCS.

OilService

In the first quarter of 2015, the OilService division has continued the ongoing business improvement programme with emphasis on cost savings, equipment utilisation and equipment lifetime optimisation.

Drilling & Well Technology

The Drilling and Well Technology division is now reported as a part of OilService. The division currently has one drilling and one work-over rig in Romania. The drilling rig is currently on a short term contract on a call out basis. The drilling rig has demonstrated a solid operational performance and is being marketed in other regions where the day rates are expected to be higher. The work-over rig is currently being marketed and will be mobilised once a LOI is signed.

Note 5 Legal disputes

The board of PetroMENA ASA, under bankruptcy proceedings, has filed a claim of USD 1.2 billion against Deutsche Bank for various breaches of law and governance.

Note 6 Events after the balance sheet date

On 5 May 2015 the bondholders of "12.00 % Petrolia SE Senior Unsecured Bond Issue 2013/2015 with call options" ISIN: NO 0010683592 (ticker "PDR05 PRO" on Nordic ABM) approved a proposal to simplify the financial covenant. After the change the bond is no longer in breach of its covenant since the equity ratio is well above the 40% required.

Glossary

APA	Awards in Predefined Areas
BOEPD	Barrels of oil equivalent per day
BOE	Barrels of oil equivalents
BOPD	Barrels of oil per day
EBIT	Earnings before Interest and taxes
EBITDAX	Earnings before interest, taxes and explorations costs
EPS	Earnings per share
Exploration	A general term referring to all efforts made in the search for new deposits of oil and gas
Exploration well	A well drilled in the initial phase in petroleum exploration
Farm out	A contractual agreement with an owner who holds a working interest in an area to assign all or parts of that interest to other parties
MMbbl	Million barrels (oil reserves)
LOI	Letter of intent
NOK	Norwegian crowns
Oil field	An accumulation of hydrocarbons in the subsurface
Prospect	An area of exploration in which hydrocarbons have been predicted to exist
Spud	To start drilling a well
USD	United States Dollars