



PETROLIA

Q3 2015

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

Financial results

- Total comprehensive income of USD -12.5 million in Q3 2015 compared to USD -4.6 million in Q3 2014.
- EBITDAX (EBITDA excluding exploration costs) of USD -0.2 million in Q3 2015 compared to USD 6.7 million in Q3 2014.
- Revenue was USD 14.6 million in Q3 2015 compared to the solid Q3 2014 figures of USD 29.8 million.
- Shareholders' equity as at 30 September 2015 was USD 2.55 per share. Share price was NOK 4.85, or USD 0.57 at an exchange rate of USD/NOK 0.1176.
- Earnings per share was USD -0.52 per share in Q3 2015 compared to USD -0.03 per share in Q3 2014.
- Petrolia Norway AS raised NOK 50 million in a share issue directed towards the 20 largest shareholders of Petrolia SE. Petrolia SE now owns 49.9% of the shares in Petrolia Norway AS.

Oil and Gas

- No new licenses acquired in the third quarter.
- High focus on capital discipline and cost saving initiatives.
- Petrolia Norway AS is consolidated from January to August, but from September the investment is reported as an investment in associates.

OilService

- Challenging market conditions continue to impact negatively on activity levels in the OilService division.
- High focus on cost saving initiative and on maintaining market share.

Drilling and Well Technology

- 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)	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Operating revenues	14.6	29.8	47.0	85.8
EBITDAX	-0.2	6.7	-4.7	23.6
EBITDA	-1.1	6.4	-18.0	21.5
Total comprehensive income for the year	-12.5	-4.6	-32.1	2.5
Earnings per share in USD	-0.52	-0.03	-1.17	0.22
Equity per share in USD	2.55	3.86	2.55	3.86

Financial information

Profit and loss for the third quarter of 2015 compared to the third quarter of 2014

Total revenue was USD 14.6 million compared to USD 29.8 million in the third quarter of 2014. Operating expenses were USD 14.7 million compared to USD 23.2 million in 2014. EBITDAX was USD -0.2 million compared to USD 6.7 million in the third quarter of 2014. Exploration cost was USD 1.0 million compared to USD 0.3 million in 2014. EBITDA was USD -1.1 million compared to USD 6.4 million in 2014.

Depreciation was USD 4.1 million in the third quarter of 2015 compared to USD 5.0 million in the corresponding quarter in 2014. Impairment was USD 8.0 million in the third quarter of 2015 compared to USD 1.0 million in 2014. Operating loss was USD 13.3 million compared to a profit of USD 0.3 million in 2014. Result from associated company was a loss of USD 0.98 million compared to a loss of USD 0.03 million in 2014. Net financial cost was USD 0.9 million compared to USD 4.7 million in 2014.

The net result after tax was USD -14.1 million compared to USD -0.7 million in 2014. Total comprehensive income was USD -12.5 million compared to USD -4.6 million in 2014.

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

Total revenue was USD 47.0 million compared to USD 85.8 million in 2014. Operating expenses were USD 47.3 million compared to USD 62.3 million in 2014. EBITDAX was USD -4.7 million compared to USD 23.6 million in the first nine months of 2014. Exploration cost was USD 13.3 million compared to USD 2.1 million in 2014. EBITDA was USD -18.0 million compared to USD 21.5 million in 2014.

Depreciation was USD 12.0 million in the first nine months of 2015 compared to USD 13.1 million in the corresponding period in 2014. Impairment was USD 8.0 million in the first nine months of 2015 compared to USD 1.0 million in 2014. Operating loss was USD 38.1 million compared to a profit of USD 7.4 million in 2014. Result from associated company was a loss of USD 1.04 million compared to a loss of USD 0.20 million in 2014. Net financial cost was USD 2.5 million compared to USD 8.2 million in 2014.

The net result after tax was USD -31.9 million compared to USD 5.9 million in 2014. Total comprehensive income was USD -32.1 million compared to USD 2.5 million in 2014.

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

Cash flow from operations was USD -13.0 million in the first nine months of 2015, compared to USD 13.9 million in 2014. Cash flow from investments in 2015 was USD 2.2 million compared to USD -11.8 million in 2014. Cash flow from financing activities in the first nine months of 2015 was USD -12.3 million compared to USD -1.0 million in the corresponding period in 2014.

Free cash as at 30 September 2015 was USD 5.9 million compared to USD 17.4 million as at 30 September 2014.

Statement of financial position

As at 30 September 2015, total assets amounted to USD 117.3 million. Investment in OilService equipment had a book value of USD 48.1 million, investment in land rigs had a book value of USD 0.5 million, investment in listed shares had a book value of USD 0.4 million and total cash was USD 6.7 million. Other financial fixed assets amounted to USD 23.3 million.

As at 30 September 2015, net interest bearing bond loans amounted to USD 15.7 million. The Group holds Borrower's Bonds (bonds owned by the borrower) of USD 18.2 million (total bond loan is USD 33.9 million). In addition there are financial leasing facilities for OilService equipment of USD 5.1 million and for one work-over rig for USD 2.5 million (total USD 7.6 million).

Total equity was USD 69.4 million as at 30 September 2015, including a minority interest of USD 2.6 million. Total equity is 59% of total assets compared to the 40% requirement in the financial covenant of the Bond loan. Book value of equity per share was USD 2.55 as at 30 September 2015, including minority interests of USD 0.10 per share.

Share information

As at 30 September 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 30 September 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, but has

not acquired any licenses during the third quarter of 2015. 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.

In July, following a strategic review, Petrolia Norway announced that it had commenced the preparation process to become pre-qualified as an operator on the Norwegian Continental Shelf. In parallel, Petrolia Norway raised NOK 50 million in new equity through a share issue offered to the 20 largest shareholders in Petrolia SE. Petrolia SE wanted to allow wider ownership of Petrolia Norway and as a result it did not subscribe to new shares in this issue. There is no plan to list the shares. With a larger investor base, Petrolia Norway AS will be better positioned to pursue the attractive opportunities that are expected to emerge in the present market of lower oil prices.

The transaction was completed 18 August 2015. Following the share issue, Petrolia SE owns 49.9% of the shares of Petrolia Norway AS and it is accounted for as an associated company.

OilService division

The rise in oil prices at the end of the second quarter proved a false dawn and the fall in the third quarter led to a further round of industry cost-cutting. As a consequence since the end of 2014, 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 has impacted on the activity levels and profit margins of this division, which has excellent customer relationships and is a well-known and respected service and rental equipment company. Consequently, it is well positioned to retain and expand its customer base in this increasingly competitive environment. Costs have been cut substantially in 2015 whilst at the same time there has been a higher focus on business development in order to maintain or even increase market share.

Overall, the Board expects a reduction in revenue for this division during 2015 as activity is reduced and margins reflect more cost conscious buyers of service.

Drilling and Well Technology

The Drilling and Well Technology division has one drilling rig and one work-over rig in Romania. The drilling rig is currently on a short term "call out" contract. Both rigs are being marketed in both Eastern Europe and in parts of the Middle East region where the day rates are expected to be higher. The Drilling and Well Technology division has been reported as part of the OilService division from 1 August 2015.

Related party transactions

In September 2015 the Company's investment in Petroresources Ltd was sold to Independent Oil & Resources PLC ("IOTA"). IOTA owns 49.13% of Petrolia SE.



About the Company

Oil & Gas division:

Petrolia Norway (Associate Company):

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 6 licences on the NCS., Petrolia SE, holds 49.9% of the share capital of Petrolia Norway and is the main shareholder.

Petroresources Ltd (Associate Company):

The Company's investment in Petroresources Ltd, representing 47.39% of the share capital, has been exited through a sale to Independent Oil & Resources PLC.

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 and 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.

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.

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 (51% owned by Petrolia SE), 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 30 November 2015



Financial report third quarter 2015 – preliminary

Consolidated Statement of Comprehensive Income				
All figures in USD (1,000)				
	Q3 2015	YTD 2015	Q3 2014	YTD 2014
Operating revenues	14,582	47,039	29,844	85,830
Impairment current assets	27	4,405	-30	0
Operating expenses	14,735	47,342	23,224	62,250
EBITDAX	-180	-4,708	6,650	23,580
Exploration expenses	965	13,328	265	2,089
EBITDA	-1,145	-18,036	6,385	21,491
Depreciation	4,131	12,030	5,039	13,130
Impairment	8,036	8,036	1,003	1,003
Operating profit (loss-)	-13,312	-38,102	343	7,358
Result from associated companies	-975	-1,035	-31	-199
Impairment other financial fixed assets	-3	-2,053	0	0
Interest income	13	52	39	122
Other financial income	0	1,749	0	68
Fair value through P&L	-108	-245	-2,153	-2,138
Interest cost	-613	-2,266	-1,406	-4,054
Other financial cost	-206	-308	177	-299
Currency gain/loss	-11	-1,509	-1,379	-1,945
Profit / (loss-) before income tax	-15,215	-43,717	-4,410	-1,087
Tax on result	-1,120	-11,823	-3,669	-6,972
Profit / (loss-) for the year	-14,095	-31,894	-741	5,885
Other comprehensive income				
Currency translation differences	1,641	-232	-3,859	-3,350
Total other comprehensive income / (loss-)	1,641	-232	-3,859	-3,350
Total comprehensive income / (loss-) for the year	-12,454	-32,126	-4,600	2,535
Number of shares	27 235 867	27 235 867	27 235 867	27 235 867
Earnings per share, basic	-0.52	-1.17	-0.03	0.22

Condensed Consolidated Statement of Financial Position

All figures in USD (1,000)

Assets	30.09.2015	Audited 31.12.2014
Deferred tax assets	9,050	10,545
Exploration costs and licences	0	983
Land rigs	500	8,400
OilService and other equipment	48,138	54,221
Land and buildings	3,878	3,563
Investments in associates	1,662	344
Other financial fixed assets	23,267	4,173
Restricted cash	19	352
Total non-current assets	86,514	82,581
Inventory	1,141	927
Tax receivables	1,178	9,639
Accounts receivable	18,862	32,047
Other current assets	2,474	5,792
Financial asset at fair value through P&L	441	6,516
Free cash	5,939	29,975
Restricted cash	702	3,990
Total current assets	30,737	88,886
Total assets	117,251	171,467
Equity and liabilities	30.09.2015	31.12.2014
Share capital	27,236	27 236
Treasury shares	0	0
Other equity	39,551	70,081
Majority interest	66,787	97,317
Minority interest	2,631	4,227
Total equity	69,418	101,544
Bond loan	15,749	0
Deferred tax liability	5,425	5,425
Other long-term liabilities	3,825	5,422
Total non-current liabilities	24,999	10,847
Short-term portion of non-current liabilities	4,057	29,225
Accounts payable	11,049	16,684
Provisions	0	0
Bank loan	9	4,390
Other current liabilities	7,719	8,777
Total current liabilities	22,834	59,076
Total liabilities	47,833	69,923
Total equity and liabilities	117,251	171,467
Book equity per share (end of period shares)	2.55	3.73
Equity (majority) ratio	57%	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	-32,126	2,535
Total change of equity in the period	-32,126	2,535
Equity at period end	69,418	105,002

Condensed Consolidated Cash Flow Statement

All figures in USD (1,000)

	Q3 2015	YTD 2015	Q3 2014	YTD 2014
Net cash flow from operating activities	-4,322	-12,982	9,138	13,925
Net cash flow from investing activities	-447	2,163	-7,253	-11,764
Net cash flow from financing activities	1,062	-12,296	-11,242	-1,018
Net change in cash and cash equivalents	-3,707	-23,115	-9,357	1,143
Free cash and cash equivalents at beginning of period	9,646	29,975	26,313	15,813
Exchange gain/loss (-) on cash and cash equivalents	0	-921	442	442
Free cash and cash equivalents at period end	5,939	5,939	17,398	17,398

Notes to the unaudited condensed consolidated figures:

Note 1 Applied accounting principles

This third 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 30 November 2015.

This third 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 30 September 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	8,723	0	0	-112	8,611
Disposal in 2015	-1,389	0	-983	0	-2,372
Translation differences	-2,385	0	0	467	-1,918
Acquisition cost at 30 September 2015	308,968	14,243	0	3,987	327,198
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	11,425	542	0	40	12,007
Impairment in 2015	678	7,358	0	0	8,036
Disposal of depreciation in 2015	-1,071	0	0	0	-1,071
Disposal of impairment in 2015	0	0	0	0	0
Depreciation/impairment as at 30 September 2015	260,830	13,743	0	109	274,682
Carrying amount:					
Balance at 30 September 2015	48,138	500		3,878	52,516
Residual value					

Note 3 Investments in associates

All figures in USD (1,000)	Petroresources Ltd	Petrolia Norway AS	Total
Investments in associates			
Shareholding	0%	49.90%	
Business address	Limassol, Cyprus	Bergen, Norway	
Balance 1 January 2015	344	0	344
Investments	24	2,420	2,444
Share of result	-189	-758	-947
Divestment	-88	0	-88
Balance at 30 September 2015	0	1,662	1,662

Note 4 Segment Information

All figures in USD (1,000)	Oil & Gas	OilService	Total
Revenue	0	47,039	47,039
EBITDAX	-2,967	-1,741	-4,708
EBITDA	-16,295	-1,741	-18,036
Rental equipment, land rigs, licences	0	48,638	48,638
Property	0	3,878	3,878

Oil & Gas

In July, the Petrolia Norway announced the preparation process of becoming pre-qualified as an operator at the Norwegian Continental Shelf. In parallel, the company raised NOK 50 million in new equity through a share issue towards the 20 largest shareholders in Petrolia SE. Petrolia SE wished to let other investors take direct ownership in Petrolia Norway and did not subscribe new shares at this issue. There is no plan to list the shares. With a larger investor base, Petrolia Norway AS will be better positioned to pursue attractive opportunities expected to emerge in the present market of lower oil price.

The transaction was completed 18 August 2015. Following the share issue, Petrolia SE owns 49.9% of the shares of Petrolia Norway AS.

OilService

In the third 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 reported as part of the OilService as of 1 August 2015. 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.

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

There have been no significant events after the balance sheet date.

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