

# Q3 2013

**Presentation 6 November 2013**

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# Financial Highlights

	Q3 2013	Q3 2012	% change
Oil sale (bbls)	68 576	6 043	1035 %
Achieved Oil Price (\$/bbl)	101,37	98,14	3 %
Revenues, MUSD	5,133	0,422	1116 %
COGS, MUSD	-2,323	-0,661	251 %
OPEX (other opex and salary), MUSD	-0,799	-0,598	34 %
Other income/expenses*, MUSD	-3,608	-3,157	14 %
EBITDA, MUSD	-1,597	-3,994	-60 %
Depreciation, MUSD	-1,703	-0,693	146 %
Capital expenditure, MUSD	3,960	7,314	-46 %
Cash position (as per 30.09), MUSD	8,046	10,404	-23 %
Book equity (as per 30.09), MUSD	36,631	29,590	24 %

Unaudited

\* Provision of calculated loss compared to MTM value (market to market) on Credit Suisse facility

# Profit & Loss

(MUSD)	Q3 2013	Q3 2012	Comment
Revenues	5,133	0,422	Increase in revenues due to production from additional wells.
Production cost	-2,323	-0,661	Increased activity including a new steam generator and new wells completed for production
Salaries	-0,436	-0,465	
Depreciation	-1,703	-0,693	In Q4 12 implemented a unit of production (UOP) depreciation profile
Other operating expenses	-0,363	-0,133	
Other expenses	-3,608	-3,157	Calculated loss on MTM value on Oil swap agreement Credit Suisse facility
<b>Operating profit / EBIT</b>	<b>-3,301</b>	<b>-4,687</b>	
Net financial items	-1,799	-1,928	Interest on Bond Issue and Credit Suisse facility. Material variations due to change in USD/NOK exchange rate
Taxes	1,122	-0,012	Tax is calculated based on the effective tax rate for 2012.
<b>Net profit/(loss)</b>	<b>-3,978</b>	<b>-6,627</b>	

Unaudited

# Balance Sheet

<b>Assets (MUSD)</b>	<b>30.09.2013</b>	<b>30.09.2012</b>	<b>Comment</b>
Deferred tax assets	2,7	0,0	Deferred tax assets recorded in the Balance Sheet from Q4 12
Fixed Assets	55,6	32,9	Increase due to investments for oil production
Production Rights in oil field	7,2	8,0	
Other non-current assets	5,2	2,3	Third parties' share of investments (10 % owners) Note 6 in interim report
<b>Total non-current assets</b>	<b>70,6</b>	<b>43,2</b>	
Total Current Assets	14,9	12,0	Cash USD 8 mill, Receivables/prepayments USD 6,7 million (receivables on oil sale, prepaid gas, water, water treatment/softning, rig preparing wells for production and steam injection etc.)
<b>Total assets</b>	<b>85,5</b>	<b>55,2</b>	
<b>Equity and Liabilities (MUSD)</b>	<b>30.09.2013</b>	<b>30.09.2012</b>	<b>Comment</b>
Equity	36,6	29,6	
Long Term Liabilities	40,0	22,8	Credit Suisse, bond issue, derivatives and liability to previous owner
Short Term Liabilities	8,9	2,8	Including USD 3.7 million related to accrued interest to Credit Suisse and Bond Issue
<b>Total equity and liabilities</b>	<b>85,5</b>	<b>55,2</b>	

Unaudited

# Cash Flow

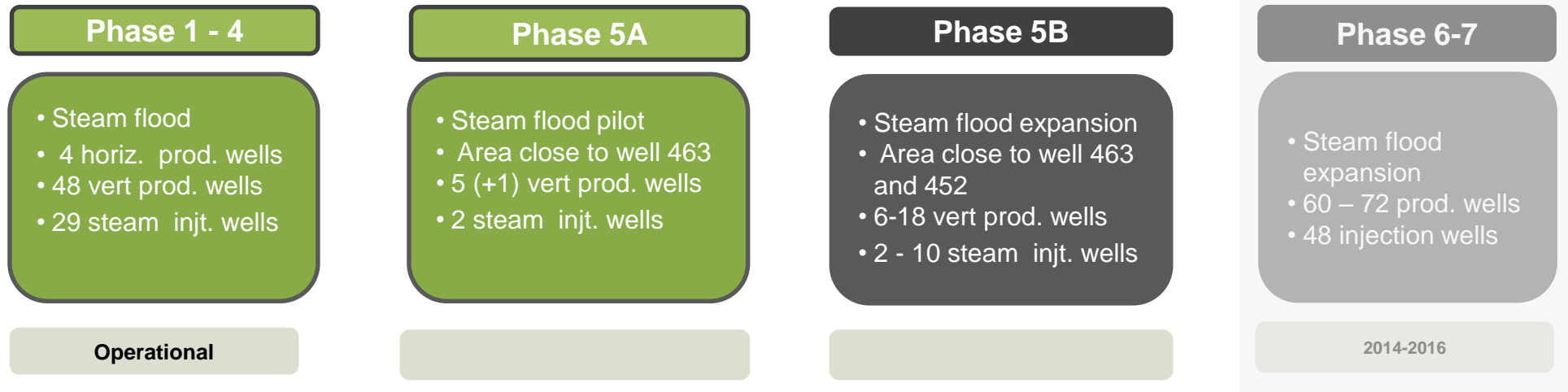
	<u>30.09.2013</u>	<u>30.09.2012</u>
<b>Cash flow from operating activities</b>		
Cash flow from operations	0,176	-2,373
Interest paid	-3,849	-0,020
Taxes paid	0	0
<b>Net cash from operating activities</b>	<b>-3,673</b>	<b>-2,406</b>
<b>Cash flow from investing activities</b>		
Purchase of tangible fixed assets	-10,813	-17,766
Loans to third parties	-0,965	-1,998
<b>Net cash flow from investing activities</b>	<b>-11,778</b>	<b>-19,763</b>
<b>Cash flow from financing activities</b>		
Issue of ordinary shares	11,536	0
Bond Issue	4,835	3,685
Credit Suisse facility	-3,600	15,000
<b>Net cash from financing activities</b>	<b>12,771</b>	<b>18,685</b>
<b>Net change in cash, cash equivalents and bank ov</b>	<b>-2,679</b>	<b>-3,485</b>
Cash, cash equivalents and bank overdrafts as of 1 Jan	10,876	14,757
Exchange rate gain-/loss on cash, cash equivalents and	-0,150	-0,869
<b>Cash, cash equivalents and bank overdrafts at end</b>	<b>8,046</b>	<b>10,404</b>

Unaudited

# Q3 activity

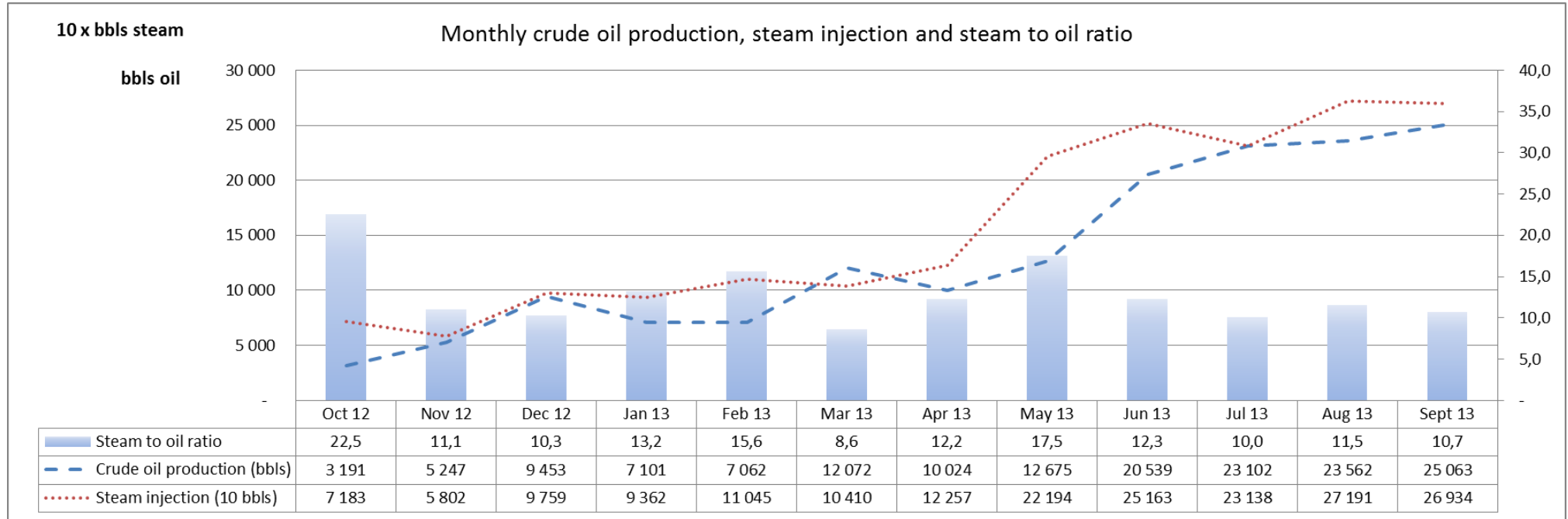
A 7-phased development plan is currently in place

Growth through investments in extra production wells

- Phase 1-4 with 44 production wells and 27 steam injection wells operational.
- Average steam injection of 8,397 BSPD in Q3 (6,551 BSPD in Q2)
- Phase 5A has 3 new production wells (4 in total) drilled in the new area around well 463.
- Phase 5A wells have not been hooked up

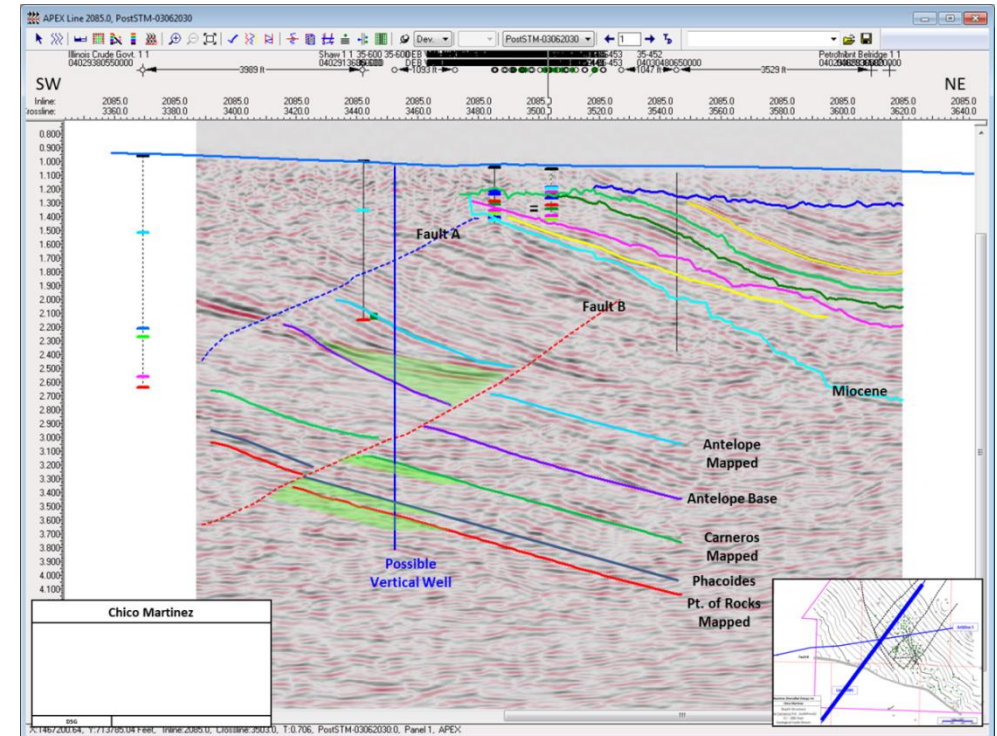
# Production Q3



- Steam flood is developing, initially in the shallow sands with higher permeability
- Clear signs that lower sands with less permeability are starting to contribute
- 13 cased hole frac wells are contributing significantly less than 33 open hole gravel pack wells
- Future production growth to come from expansion of steam flood, solving problems with the cased hole frac wells and hook up of wells in 463 area

# Exploration

- Environmental survey required for drilling permit for Monterey and Carneros targets is complete
- Post 30.09.13: Final environmental report submitted in late October.





# Summary

1

## Production

- Production increase as steam flood takes effect
- Tighter sands are contributing
- Issues with productivity on cased hole frac well completions (13 wells of 46)

2

## Long term potential

- Results from the open hole frac wells (33 of 46 wells) in the Phase 1-4 development demonstrates that the Company has a working business model for the Chico Martinez Field.
- The area to be developed in Phase 5A and 5B has significantly better production capabilities than the area developed for Phase 1-4.
- Interesting exploration targets in the Monterey formation (around 6,000 ft) and the Carneros/ Point of Rocks formation (12-14,000 ft)

3

## Post 30.09.2013

- The Board to consider both short and long term financing capitalization requirements to strengthen the Company's financial position and support its business plans