



Glori Energy Inc. and Subsidiaries
Condensed Consolidated Financial Statements
For the Twelve Months Ended December 31, 2016
(unaudited)

**Glori Energy Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
*(in thousands )*

	December 31, 2015	December 31, 2016
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 8,380	\$ 520
Accounts receivable	1,456	596
Commodity derivatives	3,411	-
Prepaid expenses and other current assets	314	79
Total current assets	<u>13,561</u>	<u>1,195</u>
Property and equipment:		
Proved oil and gas properties - successful efforts	48,454	49,805
Other property and equipment	6,439	6,525
	54,893	56,330
Less: accumulated DD&A		
Total property and equipment, net	<u>(47,578)</u>	<u>(50,019)</u>
	<u>7,315</u>	<u>6,311</u>
Deferred tax asset	1,161	-
Total assets	<u>\$ 22,037</u>	<u>\$ 7,506</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,430	\$ 1,000
Accrued expenses	1,180	933
Current portion of long-term debt, net of unamortized deferred loan costs	289	9,865
Deferred tax liability	1,161	-
Total current liabilities	<u>4,060</u>	<u>11,798</u>
Long-term liabilities:		
Long-term debt, less current portion shown net of unamortized deferred loan costs	10,009	33
Asset retirement obligation	1,457	1,514
Total long-term liabilities	<u>11,466</u>	<u>1,547</u>
Total liabilities	<u>15,526</u>	<u>13,345</u>
Stockholders' equity:		
Preferred stock, \$.0001 par value, 5,000,000 shares authorized, no shares issued and outstanding as of December 31, 2015 and 2016	-	-
Common stock, \$.0001 par value, 100,000,000 shares authorized, 31,861,357 and 31,115,998 shares issued and outstanding as of December 31, 2015 and 2016, respectively	3	3
Additional paid-in capital	106,934	107,508
Accumulated deficit	(100,426)	(113,350)
Total stockholders' equity	<u>6,511</u>	<u>(5,839)</u>
Total liabilities and stockholders' equity	<u>\$ 22,037</u>	<u>\$ 7,506</u>

**Glori Energy Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operations**  
*(in thousands)*

	Year Ended December 31,	
	2015	2016
	(unaudited)	
Oil and gas sales	\$ 7,397	\$ 4,251
Service revenue	1,605	246
	<u>9,002</u>	<u>4,497</u>
Operating expenses		
Service operations	1,771	921
Oil and gas operations	9,974	6,024
Science and technology	1,940	1,188
Selling, general and administrative	5,884	4,416
Impairment of oil and gas properties	22,600	866
Depreciation, depletion and amortization	5,507	1,880
Total operating expenses	<u>47,676</u>	<u>15,295</u>
Income (loss) from operations	(38,674)	(10,798)
Unrealized gain (loss) on change in fair value of commodity swaps	-	(3,461)
Realized gain (loss) on commodity swaps settlements	3,961	3,275
Interest expense and other	(1,724)	(1,945)
Net income (loss) before taxes on income	(36,437)	(12,929)
Income tax benefit	182	6
Net income (loss)	<u>\$ (36,255)</u>	<u>\$ (12,923)</u>

**Glori Energy Inc. and Subsidiaries**  
**Condensed Consolidated Statement of Cash Flows**  
*(in thousands )*

	Years Ended December 31,	
	2015	2016
	(unaudited)	
Net income (loss)	\$ (36,255)	\$ (12,924)
Depreciation, depletion and amortization	5,507	1,879
Exploration expenses	102	-
Loss on disposal of property and equipment	75	138
Gain on sale of Etzold	(422)	-
Stock-based compensation	1,412	574
Bad debt expense	56	-
Amortization of deferred loan costs and other	326	181
Accretion of end-of-term charge	40	-
Change in fair value of swap	(340)	3,411
Accretion of discount on long-term debt	28	-
Settlement of asset retirement obligations	(44)	(26)
Non-cash increase in debt (PIK)	-	154
Impairment of oil and gas property	22,600	866
<b>Change in operating assets and liabilities</b>		
Accounts receivable	(141)	860
Prepaid expenses	(70)	235
Accounts payable	(1,126)	(430)
Deferred revenues	(653)	-
Accrued expenses	(806)	(381)
<b>Net cash used in operating activities</b>	<u>(9,711)</u>	<u>(5,463)</u>
<b>Cash flows from investing activities</b>		
Purchase of proved oil and gas property	(5,220)	(1,382)
Purchase of other property and equipment	(588)	(240)
Proceeds from the sale of assets	75	11
Proceeds from the sale of long-term commodity derivatives	2,725	-
Asset Retirement Obligation revisions & additions (non-cash)	-	(51)
<b>Net cash used in investing activities</b>	<u>(3,008)</u>	<u>(1,662)</u>
<b>Cash flows from financing activities</b>		
Payments on long-term debt	(8,780)	(735)
Proceeds from the issuance of long-term debt	52	-
Proceeds from exercise of warrants and stock options	139	-
Payments for deferred offering costs	(63)	-
<b>Net cash used by financing activity</b>	<u>(8,652)</u>	<u>(735)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(21,371)</u>	<u>(7,860)</u>
<b>Cash and cash equivalents, beginning of period</b>	29,751	8,380
<b>Cash and cash equivalents, end of period</b>	<u>\$ 8,380</u>	<u>\$ 520</u>