QUARTERLY REVIEW – Q2 2014

CRUDE OIL OVERVIEW

The second quarter started with lowering crude oil prices which quickly rebounded due to the on-going diplomatic dispute between Russia and neighbouring Ukraine.

Prices eased again slightly in early May on lower consumption outlook in Asia (Brent). Moreover, prices were further relaxed on expectations that WTI stockpiles would rise after figures from the U.S. Energy Information Administration showed that the daily domestic crude production reached 8,428 million barrels during the week ending May 9th. That was the highest level since October 1986.

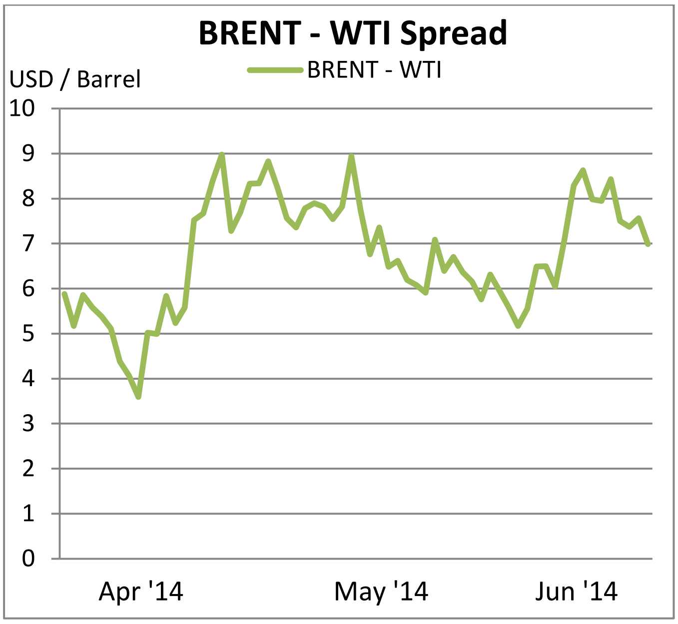
In June, prices rebounded on actually reduced WTI inventories but even more, influenced by the burst of violence in Iraq between extremists and government forces. Iraq is the second largest oil producer in OPEC.

Finally, signs that the U.S. started relaxing its oil export rules further assisted the price of WTI.

	Q2 Closing Price	YoY	YTD	QoQ
BRENT	$112.36	9.98%	1.41%	4.27%
WTI	$105.37	9.12%	7.06%	3.73%
GASOIL	$915.00	3.59%	-3.10%	2.35%

Brent continued to trade at elevated prices throughout the remaining quarter with only a mild easing during early May with no price supporting news. In June the breakout of civil conflict in Iraq, initiated by local extremists and the takeover of the oil wells in the north of the country by separatist Curds, pushed the price of Brent intraday to over $115 during multiple sessions.

Brent was still in backwardation at the end of June, trading at a $4.28 premium against the one year forward contract.



The Brent premium to WTI closed at $ 6.99 at the end of June.

BRENT

Brent started the second quarter lower on weakening economic data from China, trading its lowest on April 2nd when it closed at $104.79. It quickly rebounded later in April on renewed worries that the Russia-Ukraine conflict will continue to impact oil prices for many months to come, based on a report from the International Energy Agency.

WTI

WTI started the quarter lower on estimates that the U.S. crude supplies would expand for an 11th week, closing at its lowest, $97.62 on April 2nd . Nevertheless, it continued to converge to the price of Brent, closing on April 11th at its narrowest

(WTI Cont.)

spread for the year at $3.59, before widening the gap again to almost $9 before the month was over.

The geopolitical tensions in Russia/Ukraine and Iraq and actual improving inventory data pushed the price of WTI to new yearly highs in mid-June, where it traded at over $107.50 intraday at the ICE.

The price was additionally supported by the news that the U.S .Commerce Department gave *Pioneer Natural Resources Co* and *Enterprise Products Partners* permission to ship a type of lightly refined crude oil known as Condensates. This gave rise to speculation that a 40 year old ban on U.S. oil exports could be eventually lifted. The U.S. government was quick to dismiss it by stating that there is no change in policy.

WTI was in backwardation at the end of June, trading at a $7.63 premium against the one year forward contract.

GASOIL

Gasoil continued to trade in close correlation to Brent crude. Nevertheless, the development of the price differential of Gasoil to its forward contracts continued in the same direction as the previous quarter and contrary to the crudes it turned from trading in Backwardation to Contango.

Gasoil traded at the end of June at a $7.75 discount to the January'15 contract.