

North Energy Q4 2010

22 February 2011



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Agenda

- **Highlights Q4**
- APA 2010 awards
- Exploration update
- North Energy – a stronger player in the north
- Financials
- Outlook

Highlights Q4

- Full score in the APA 2010 licensing round
 - Five licenses awarded, including one operated
- Evaluating options to accelerate the Fogelberg project
 - Industry initiatives to increase gas export capacity from the area
- Executing and firming up the eight well exploration program
 - Indications of hydrocarbons in Stirby Deep, however classified as dry
 - Drill decision made on PL 498 Skagen
- Nearing a political decision on Lofoten/Vesterålen
 - North Energy in close dialogue with the local fisheries
- Strong financial position
 - Exploration credit facilities increased to NOK 760 millions
 - Net cash of NOK 397 millions

Agenda

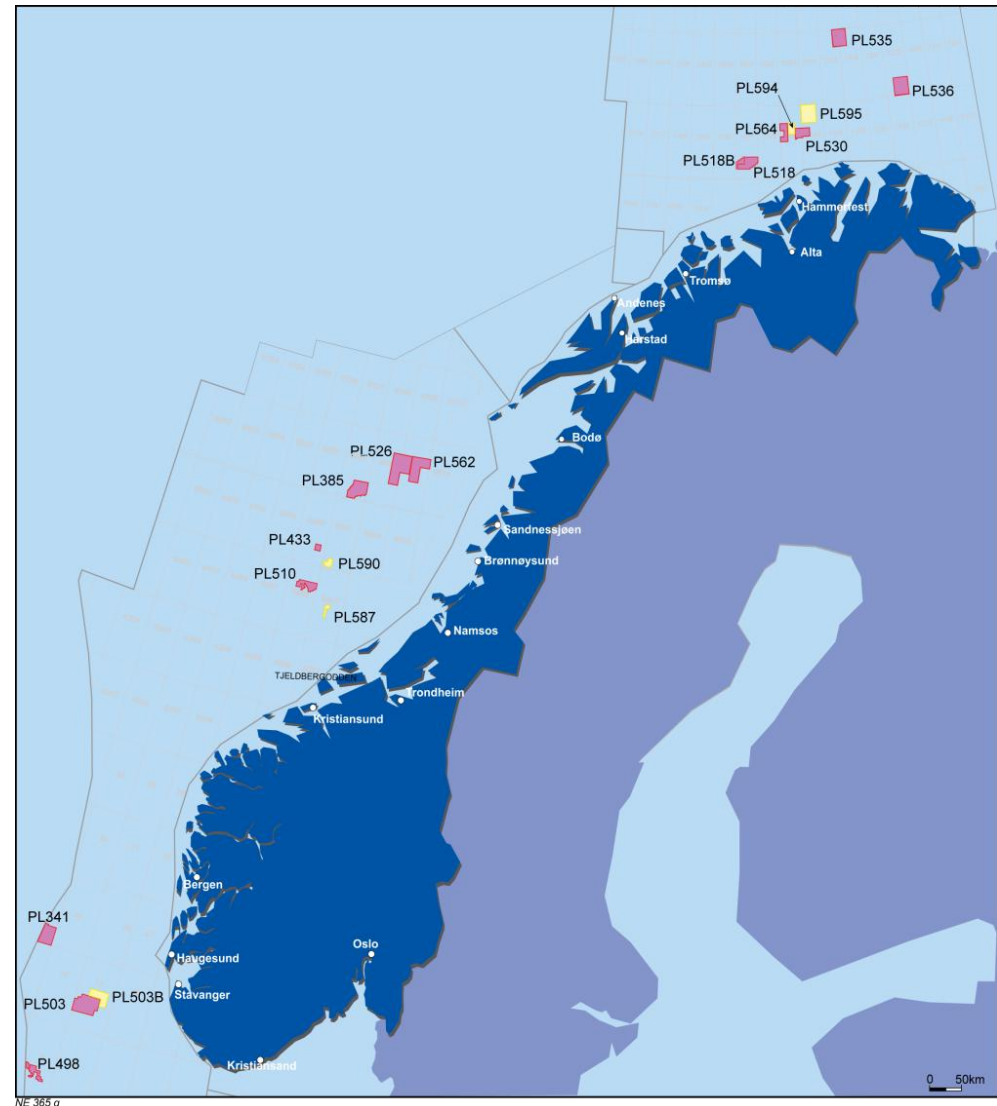
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Full score in the APA 2010 licensing round

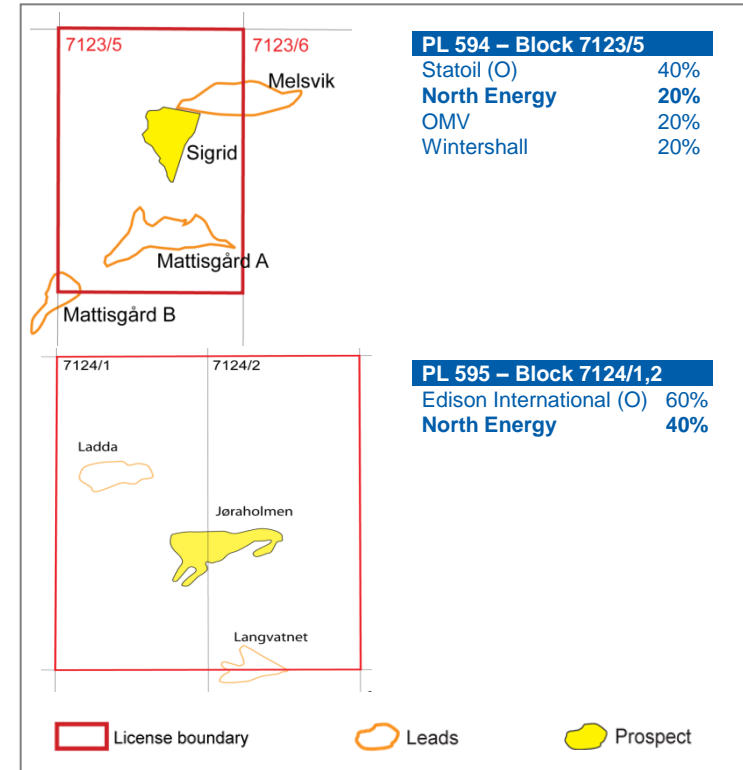
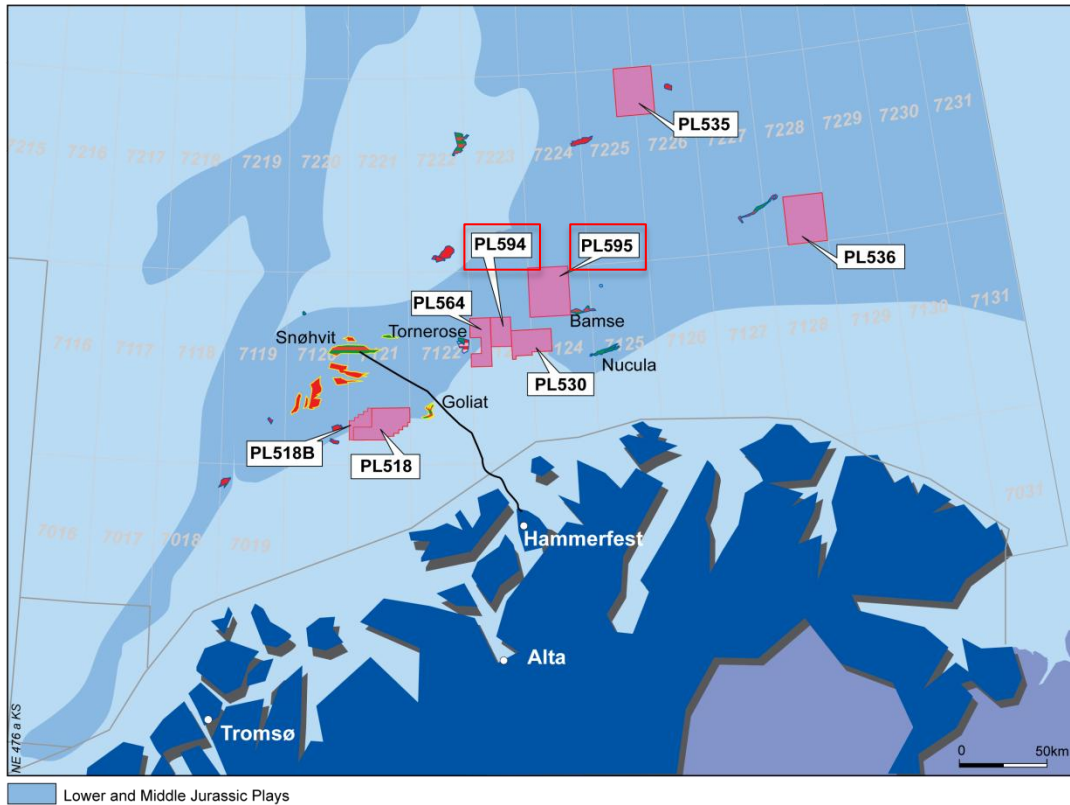
- Full score with five licenses
 - High quality application demonstrating excellent understanding of the prime target areas – the Barents Sea and the Norwegian Sea
- One operated license, PL 590, in the Norwegian Sea
 - Recognition of North Energy's capabilities as operator
- Adding a significant prospective resources to the portfolio
 - Approximately 50 million boe, net risked

Attractive portfolio

- In total, 19 licenses post APA 2010
 - 8 licenses in the Barents Sea
 - A major player in the area
 - 7 in the Norwegian Sea
 - Of which, two operated
 - 4 licenses in the North Sea
- Possible drilling in 2013 as operator



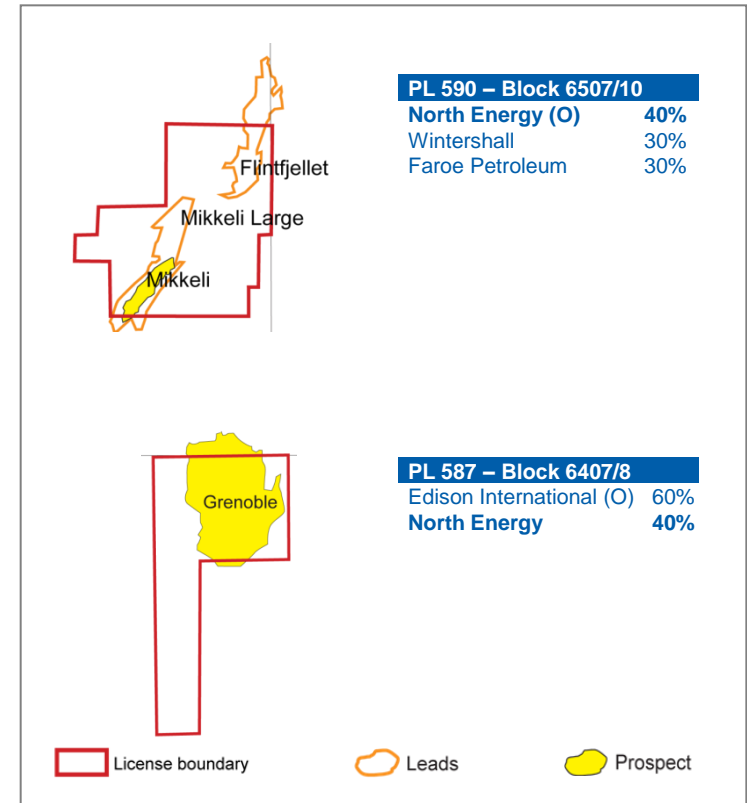
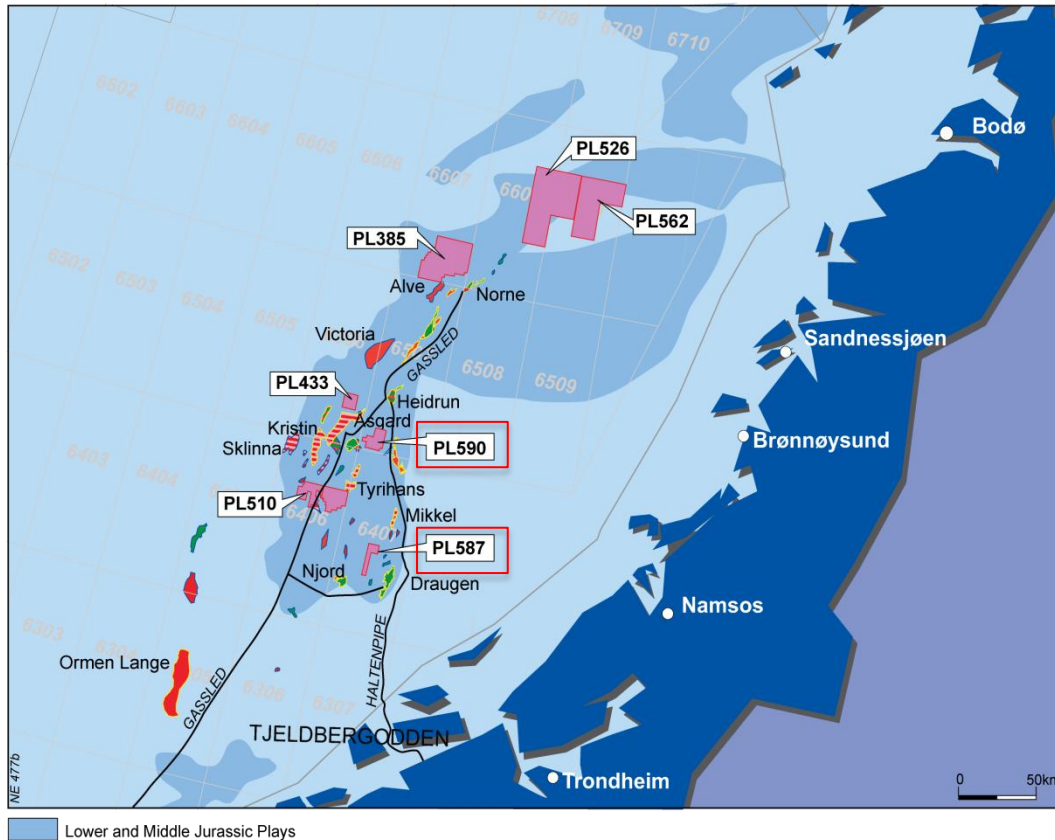
Two new licenses in the Barents Sea



- Two new licenses in the Hammerfest Basin with high possibility of finding oil

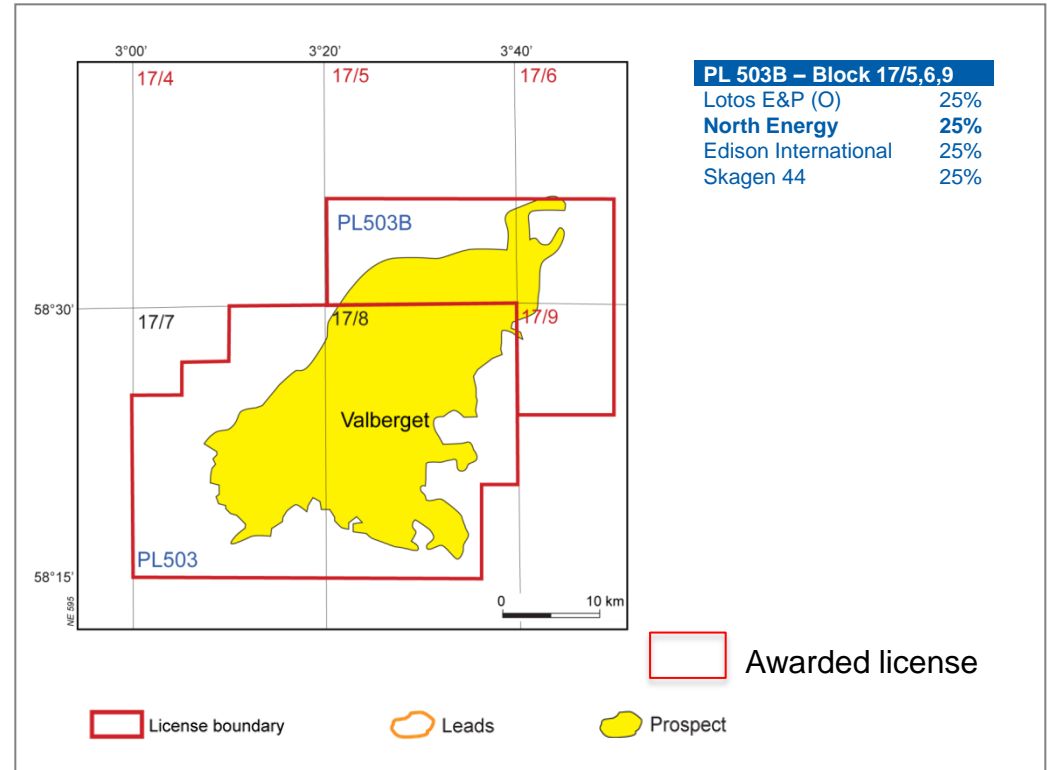
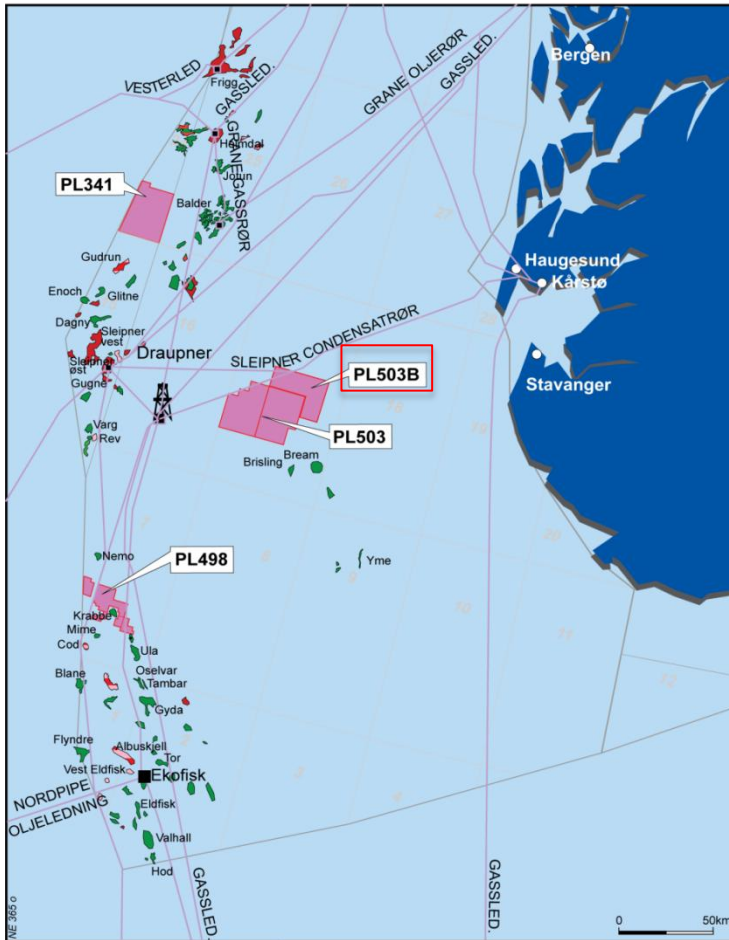
 Awarded license

One new operated position in the Norwegian Sea



- Operator for an interesting oil prospect close to infrastructure
- Partner in sizeable oil and gas prospect

North Sea – additional acreage



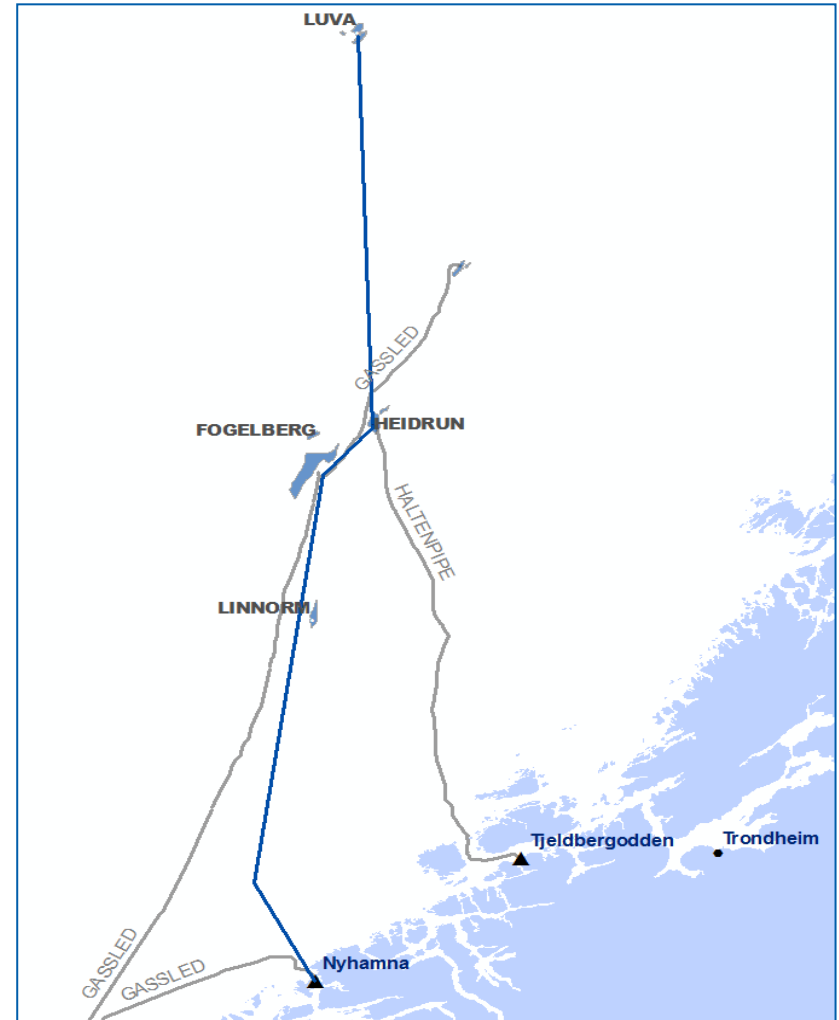
- Securing acreage for possible future drilling of a large prospect

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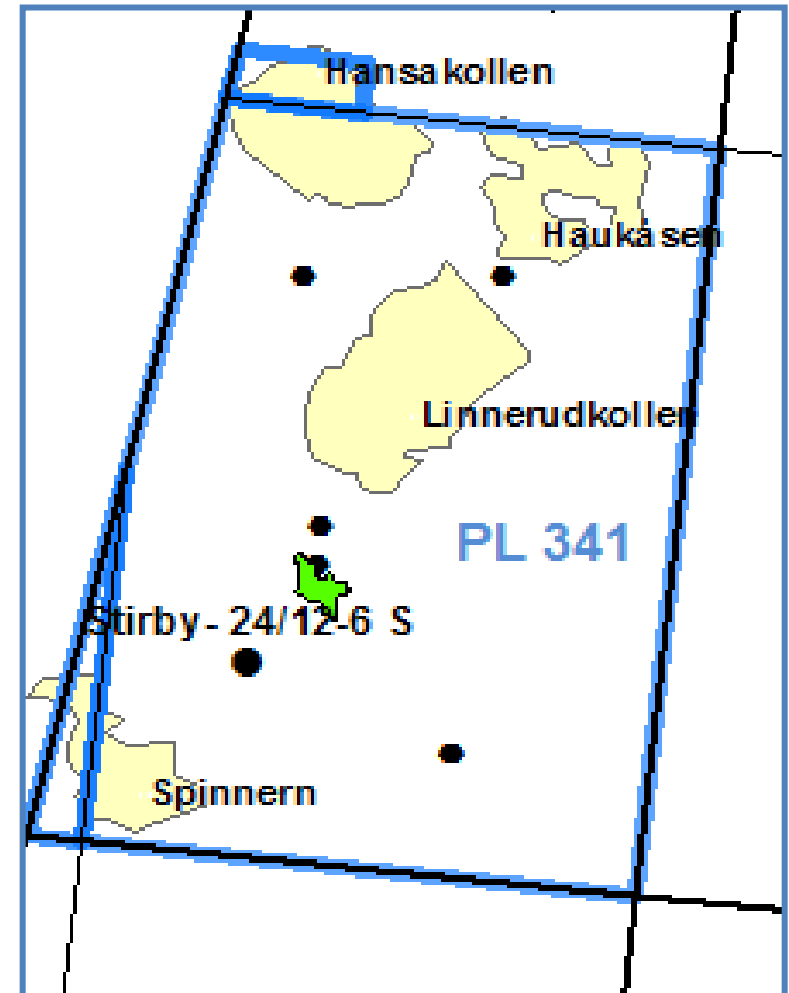
PL 433 Fogelberg – maturing a promising discovery

- Gas/condensate discovery close to infrastructure
 - Discovered in the spring of 2010
 - Several export options
 - LLN via Heidrun moving up (2017) as result of recent wells on Ormen Lange
- Volume estimates indicate commercial discovery
 - Mean recoverable volume of 52 mmboe (90 mmboe in the high case)
 - Break-even case of 30 mmboe proves robust economics
- Maturing towards PDO in 2013
 - Subsurface modelling and appraisal decision in 2011
 - Commercial work ongoing for tie-in options



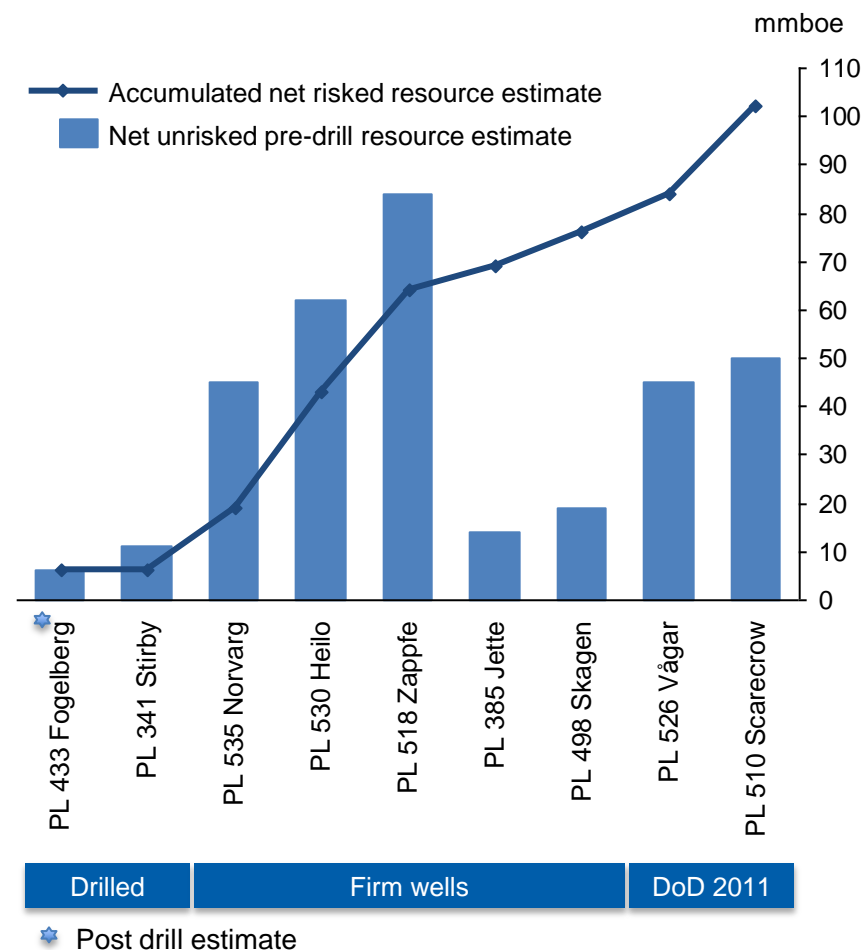
PL 341 Stirby – evaluating well results and remaining resource potential

- Stirby Upper
 - Penetration outside main reservoir extent
 - Prospects under evaluation in the license group
- Stirby Deep
 - 100 meter gas column
 - Porosity between 8 – 10%
 - Low permeability
 - Declared sub-commercial by the license partnership



Drilling program set to test more than 300 mmboe net to North Energy over the next 18 months

- **High-impact exploration program coming up**
 - Five firm wells in place
 - Two drill-or-drop decisions to be made in 2011
- **Commercially focused exploration strategy targeting prospects;**
 - With high probability of success
 - Close to infrastructure - limiting financial exposure
 - Short lead time to production



Drilling program

Prospect	Licence	Interest	Operator	Location	Net mean risked	Rig secured	Timing	
							2011	2012
Norvarg	PL 535	20%	Total	Barents Sea	13 mmboe	West Phoenix	Q2	
Heilo	PL 530	20%	GdF Suez	Barents Sea	24 mmboe	Aker Barents	Q3	
Heilo sidestep*	PL 530	20%	GdF Suez	Barents Sea	N/A	Aker Barents	Q3	
Zappfe	PL 518	30%	DONG	Barents Sea	21 mmboe	Aker Barents	Q4	
Zappfe sidestep*	PL 518	30%	DONG	Barents Sea	N/A	Aker Barents		Q4/Q1
Jette	PL 385	15%	Statoil	Norwegian Sea	5 mmboe	Transocean Leader		Q4/Q1
Skagen	PL 498	25%	Lotos	North Sea	7 mmboe	N/A		
Vågar	PL 526	40%	North Energy	Norwegian Sea	8 mmboe	N/A		
Scarecrow	PL 510	40%**	Centrica	Norwegian Sea	18 mmboe	N/A		

*) Planned sidestep wells (in case of discovery)

**) Under negotiation

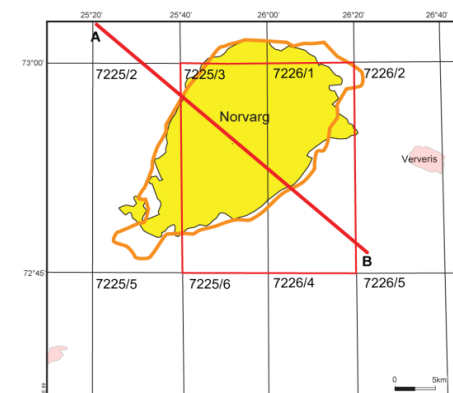
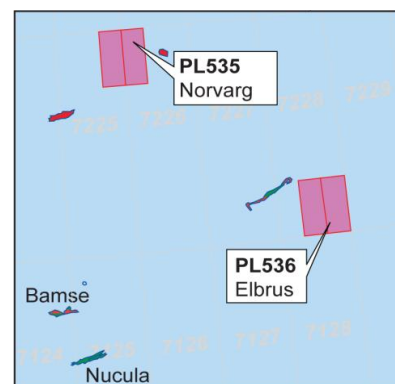
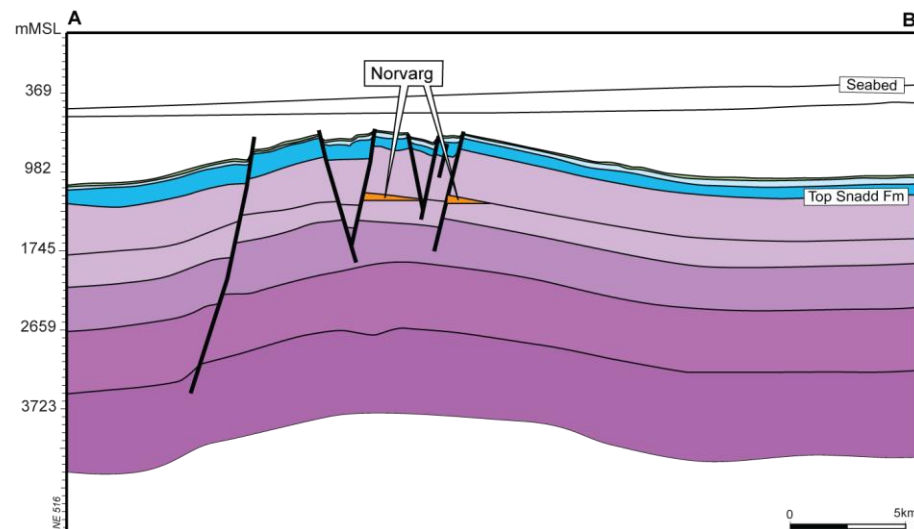
	Firm well		Planned appraisal		Drill or drop decision
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PL 535 Norvarg – first high impact well in 2011

PL 535 in the Barents Sea

Awarded	20th round (2009)	Main prospect	Norvarg
Operator	Total (40%)	Hydrocarbons	Gas
Partners	North Energy (20%)	Expected drilling	Q2 2011
	Det norske (20%)	Prob. of success	29%
	Rocksource (20%)	Gross mean unrisked	226 mmboe
		Net mean risked	13 mmboe
Work program	A 3 D has been acquired and processed One firm well within four years		

- Located between the Ververis and Arenaria gas discoveries
- Several development options where development as a part of Train 2 on Snøhvit is one
- Deep oil upside not included

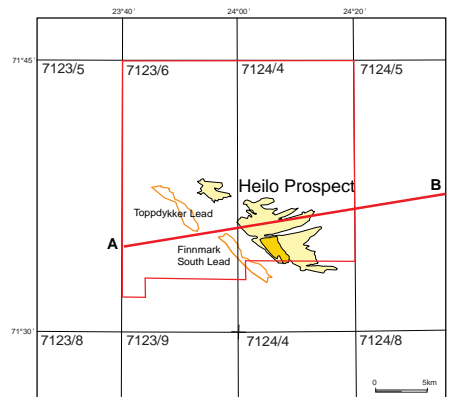
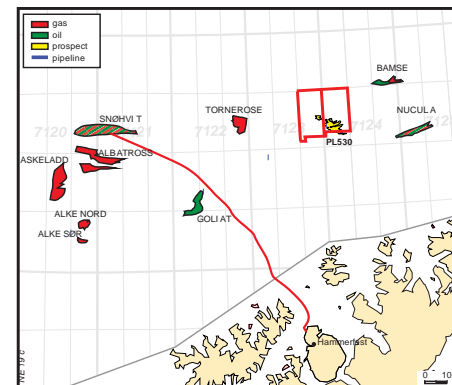
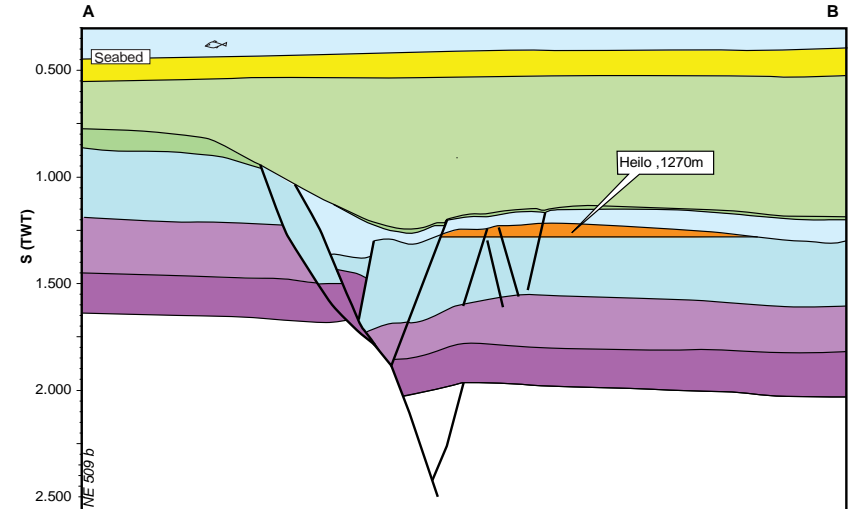


PL 530 Heilo – second high impact well in 2011

PL 530 in the Barents Sea

Awarded	20th round (2009)	Main prospect	Heilo
Operator	GDF Suez (40%)	Hydrocarbons	Oil w/gas cap
Partners	North Energy (20%)	Expected drilling	Q3 2011
	Front Exploration (20%)	Prob. of success	39%
	Rocksource (20%)	Gross mean unrisked	308 mmboe
		Net mean risked	24 mmboe
Work program	One firm well within two years and one contingent well		

- Located along the southern flank of the Hammerfest Basin between the Goliat and Nucula discoveries
- If discovery a sidestep is planned to the northern segment

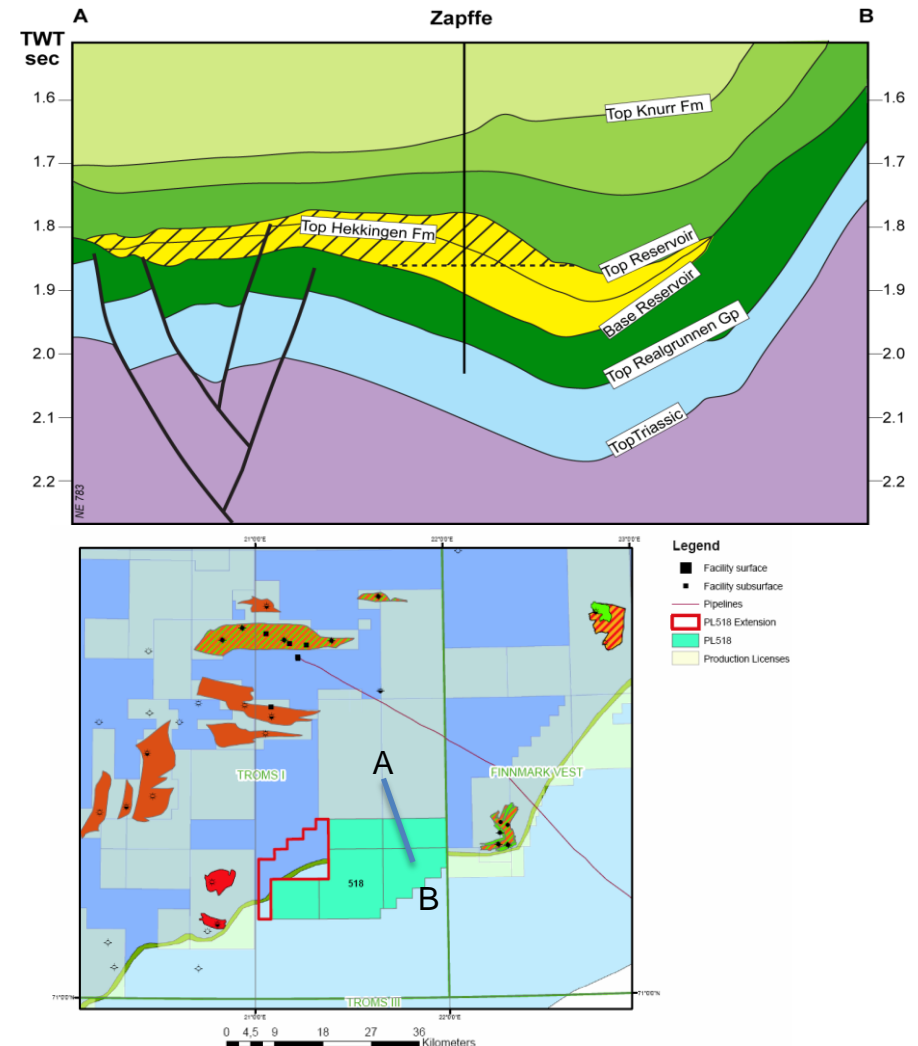


PL 518 Zapffe - well late in 2011

PL 518 and PL 518B in the Barents Sea

Awarded	APA 2008	Main prospect	Zapffe
Operator	DONG (40%)	Hydrocarbons	Oil
Partners	North Energy (30%)	Expected drilling	Q4 2011
	Front Exploration (20%)	Prob. of success	25 %
	Sagex (10%)	Gross mean unrisked	280 mmboe
		Net mean risked	21,5 mmboe
Work program	3D seismic acquired, reprocessed and interpreted One firm well within two years and one contingent well		

- Located close to the Goliat field (under development)
- The license contains the Zapffe prospect (combination of Tau East and Ypsilon) as well as many leads. Tau East is not reported before
- If discovery a sidestep is planned to appraise the discovery

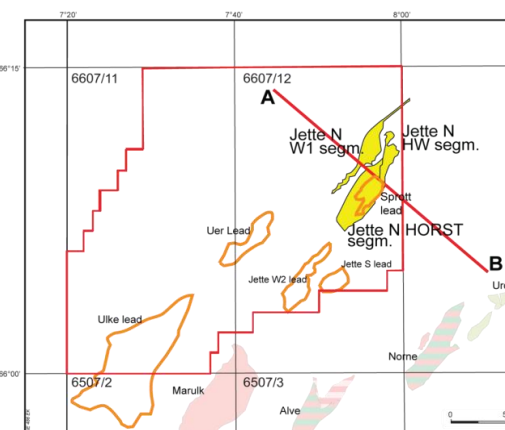
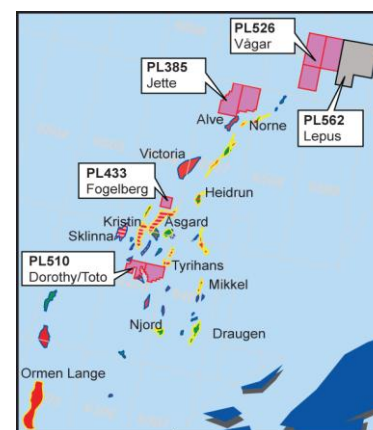
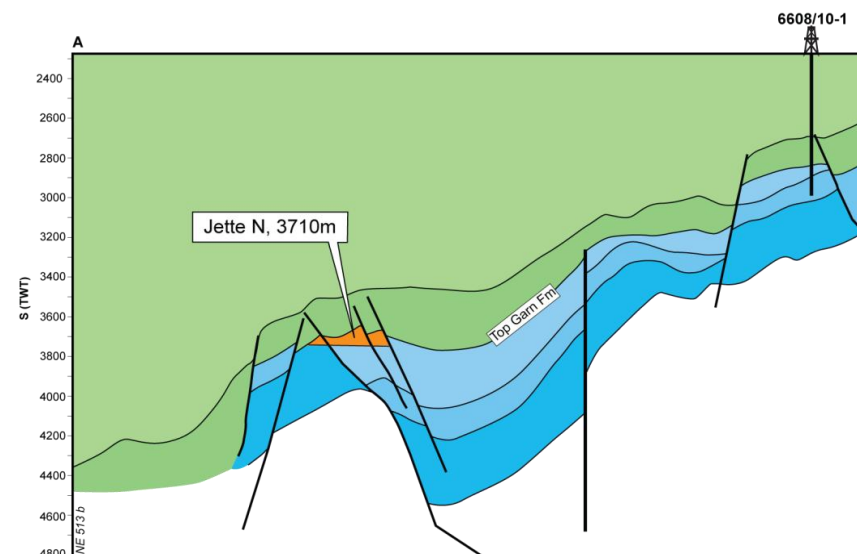


PL 385 Jette – firm well late in 2011/early 2012

PL 385 in the Norwegian Sea

Acquired	2009	Main prospect	Jette
Operator	Statoil (45%)	Hydrocarbons	Gas Cond.
Partners	North Energy (15%)	Expected drilling	Q4 2011
	Wintershall (20%)	Prob. of success	37%
	Noreco (20%)	Gross mean unrisked	95 mmboe
		Net mean risked	5 mmboe
Work program	Drill one firm well		

- Located on the Halten Terrace within 20 km of the Norne FPSO
- Spare capacity for possible tie-in at Norne in 2014

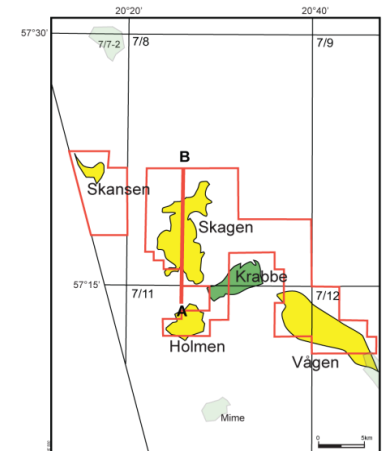
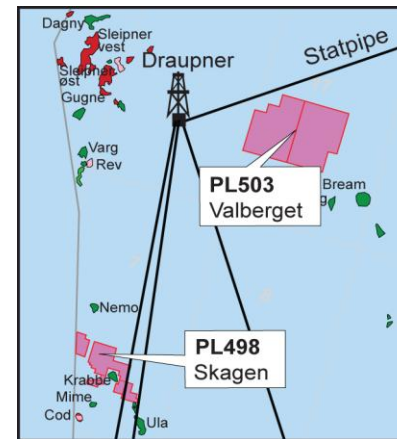
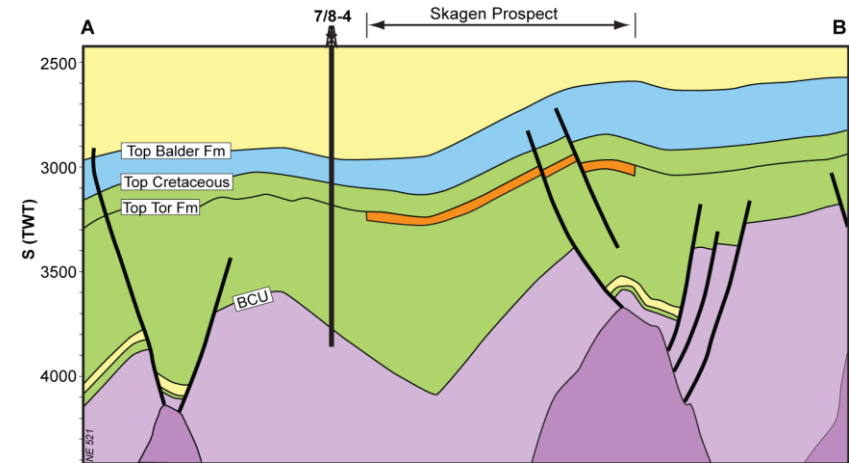


PL 498 Skagen – drill decision taken

PL 498 in the North Sea

Acquired	2009	Main prospect	Skagen
Operator	Lotos (25%)	Hydrocarbons	Oil
Partners	North Energy (25%)	Expected drilling	2012
	Edison Int. (25%)	Prob. of success	36%
	Skagen 44 (25%)	Gross mean unrisked	75 mmboe
		Net mean risked	7 mmboe
Work program	Drill one firm well		

- Located in an oil producing area close to the Ula and Gyda
- A discovery on Skagen is assumed developed with an unmanned wellhead platform as a satellite to the Ula field



Agenda

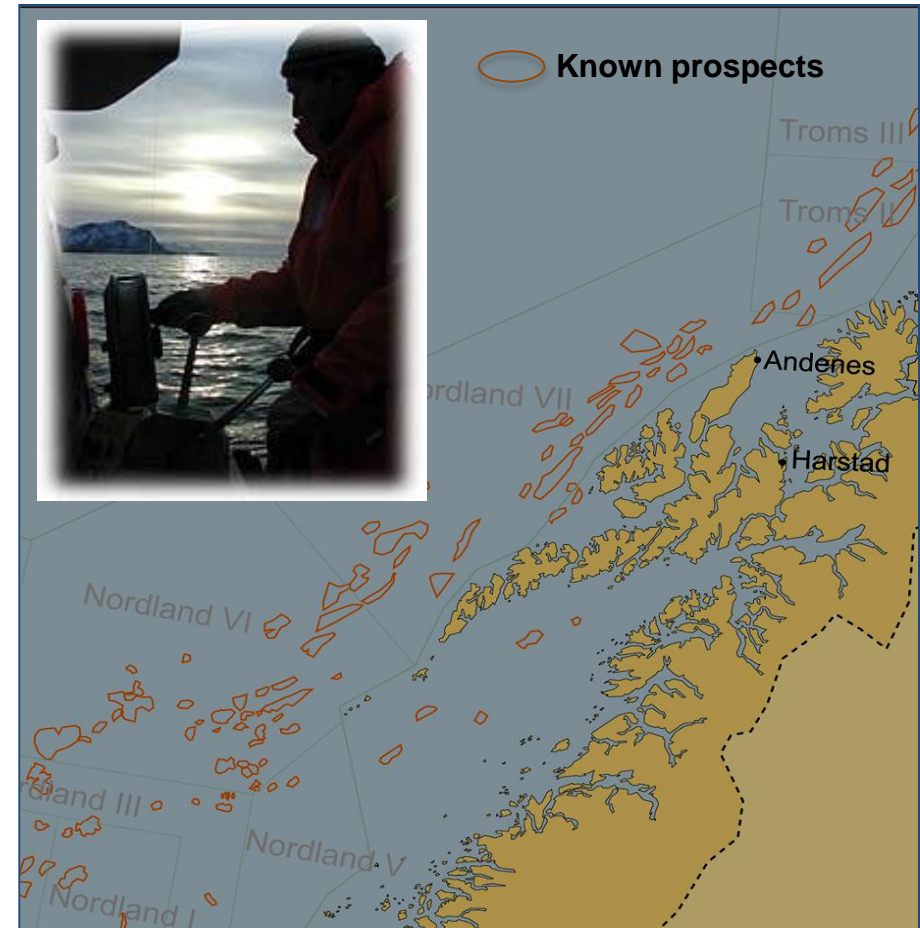
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North Energy's strategic platform

- Fully financed exploration portfolio into 2012:
 - High probability of success (PoS) prospects
 - Close to infrastructure
 - Low financial exposure
 - Optimize through active business development
- Strategic positioning in relation to
 - Core areas in the north
 - Opening of new areas
- Ambitions to grow into full value chain

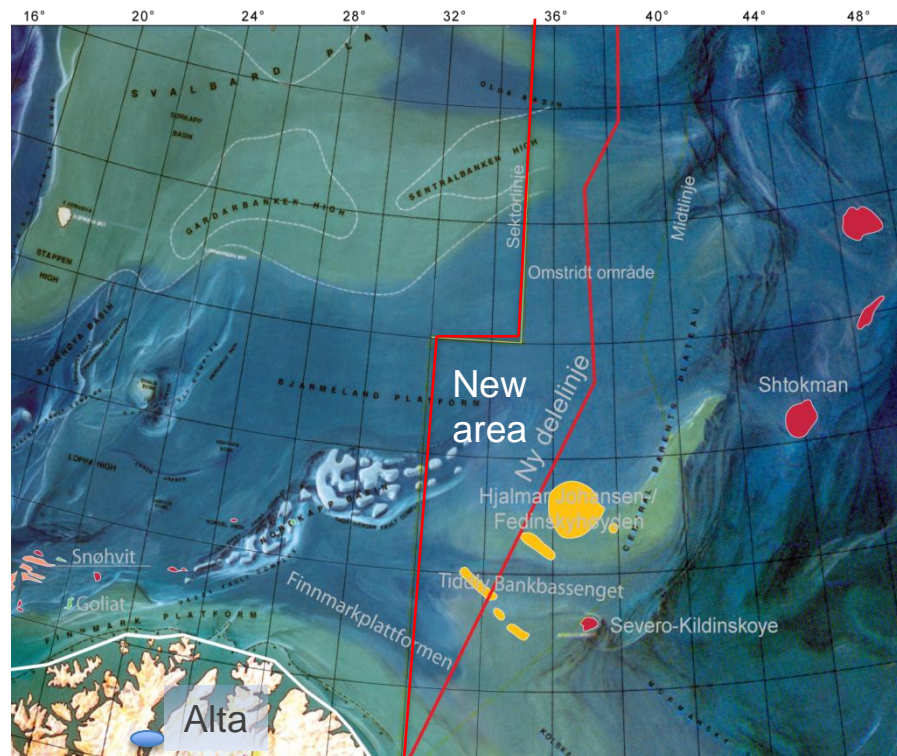
Positioning to participate as a strong, local player in the promising area outside Lofoten/Vesterålen


- Fisheries have been main obstacle in the past
- Fishery organizations recently opened door to impact study and chose North Energy as negotiating partner due to:
 - Location
 - Area knowledge
 - Coastal protection initiative
- Political decision regarding environmental impact study drawing closer





The previously disputed area to the East could be opened in the next big (22nd) licensing round

- North Energy's location ideal for targeting the border plays
 - Active player in the political debate, centrally and locally
 - Russian employees with experience from Russia
 - Presently evaluating strategic partnerships
 - Chasing oil in new area



 New area
size of Norway
North Sea

 Known prospect
 Gas discovery

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North Energy ASA – Profit & Loss

MNOK	4Q 2010	4Q 2009	Year 2010	Year 2009	
Payroll	16,1	17,6	62,1	62,4	
Depreciation	1,5	1,9	4,6	3,4	
Exploration expenses	118,6	24,1	179,0	113,1	PL 341 Stirby expensed Q4 2010
Other operating expenses	10,4	7,9	43,5	28,8	Incl. 4sea, increased activity
Operating loss	146,6	51,5	289,2	207,6	
Finance income	5,1	3,2	9,5	4,3	
Finance costs	-1,3	-1,1	-4,7	-5,1	
Net financial items	3,8	2,1	4,8	-0,8	Interest on deposits and tax refund
Loss before tax	142,8	49,4	284,5	208,4	
Income tax	-98,2	-41,1	-221,7	-144,0	Increased tax refundable activity
Loss for the period	45,6	8,3	62,8	64,4	

Not audited

North Energy ASA - Balance sheet

MNOK	Year end 2010	Year end 2009	
Assets			
Fixed Assets	161.9	32.6	Capitalised drilling PL433 of 110 MNOK
Receivables	385.5	164.0	Acc tax receivables of 348 MNOK
Cash and cash equivalents	90.7	45.7	
Total Assets	638.1	242.3	
Equity and liabilities			
Total equity	480.2	152.9	Capital increase in Q1/2010
Total long-term liabilities	61.1	6.1	
Total current liabilities	96.8	83.3	No interest bearing debt
Total equity and liabilities	638.1	242.3	

Not audited

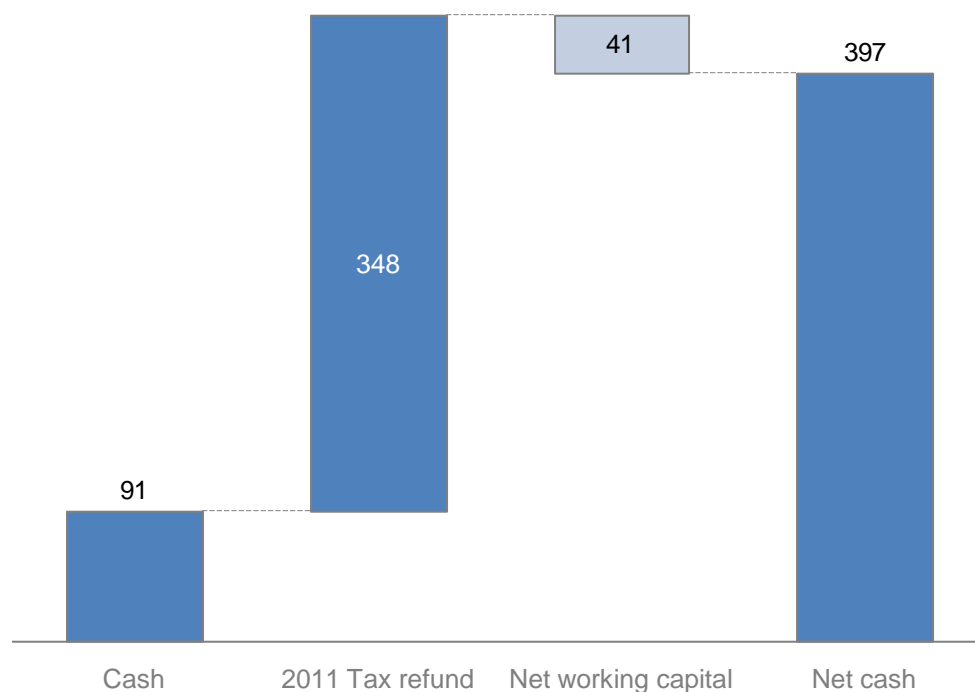
Solid financial situation

Liquidity as of
Q4 2010

- Cash balance of NOK 91 million
- Expected tax reimbursement of NOK 348 million
- No interest bearing debt
- Net cash position of NOK 397 million
- Exploration loan facility of MNOK 760 to cover drilling program 2011 – 2012 negotiated with DnBNOR and SEB

Net cash according to plan

“Net cash” position Q4 2010



- Net cash position of NOK 397 million
- No interest bearing debt
- Unused exploration loan facility of NOK 760 million
- Developing in line with funding plans at the IPO

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Outlook

- 6 months outlook
 - Results from 21st ordinary licensing rounds
 - Norvarg exploration well in the Barents Sea
 - Heilo exploration well in the Barents Sea + possible sidestep
 - Further work towards PDO on Fogelberg
 - Drilling decision on PL 510 Scarecrow
- 12 months outlook
 - In total, drilling four wildcat wells
 - Drilling decision on Vågar
- Active business development

Thank you for your attention!