

North Energy Q1 2010

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Agenda

- **Q1 highlights**
- Main events after Q1
- Next wells
- Financials
- Outlook

Q1 highlights

Three new licenses in APA 2009

- 30% interest in PL 518B in the Barents Sea
- 20% interest in PL 564 in the Barents sea
- 10% interest in PL 562 in the Norwegian Sea

IPO and listing on Oslo Axess

- Equity strengthened by NOK 400 million
- Exploration program of eight wells fully funded
- Listed on Oslo Axess 5 February 2010

Acquisition of 4sea energy completed

Discovery in first well

- Gas/condensate discovery in the Fogelberg well



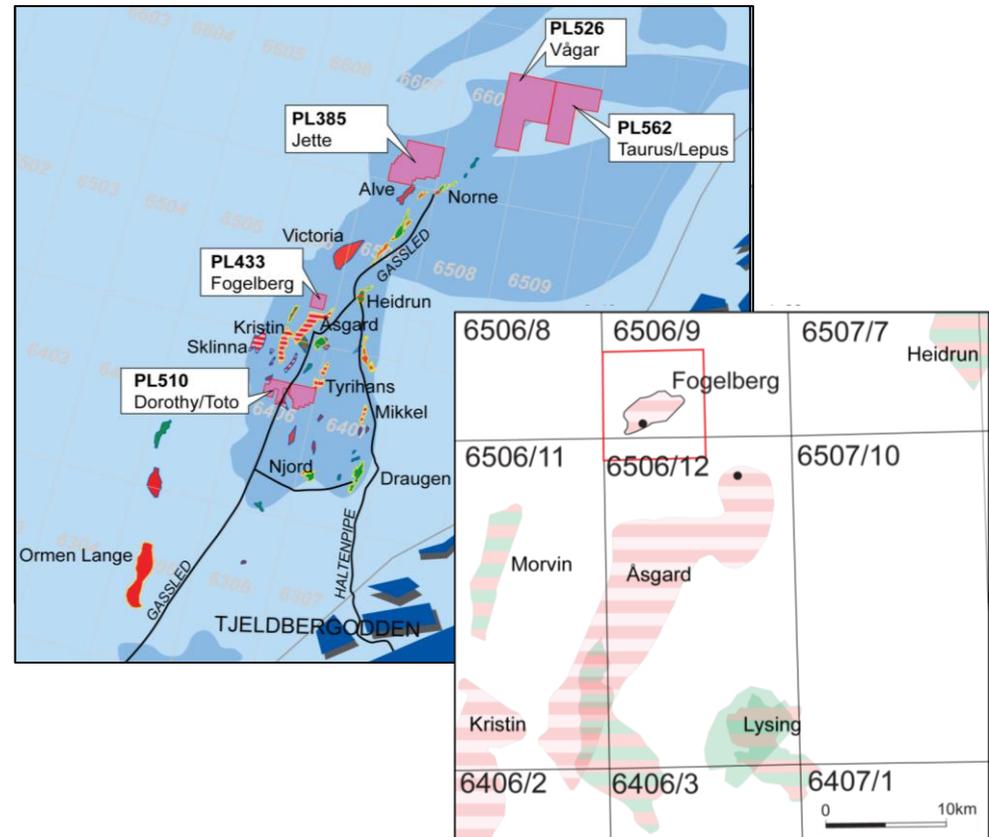
Agenda

- Q1 highlights
- **Main events after Q1**
 - The Fogelberg discovery
 - NPD report on Lofoten and Vesterålen
 - Barents Sea agreement
- Licenses to be drilled
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Fogelberg – Discovery in first well

The Fogelberg discovery

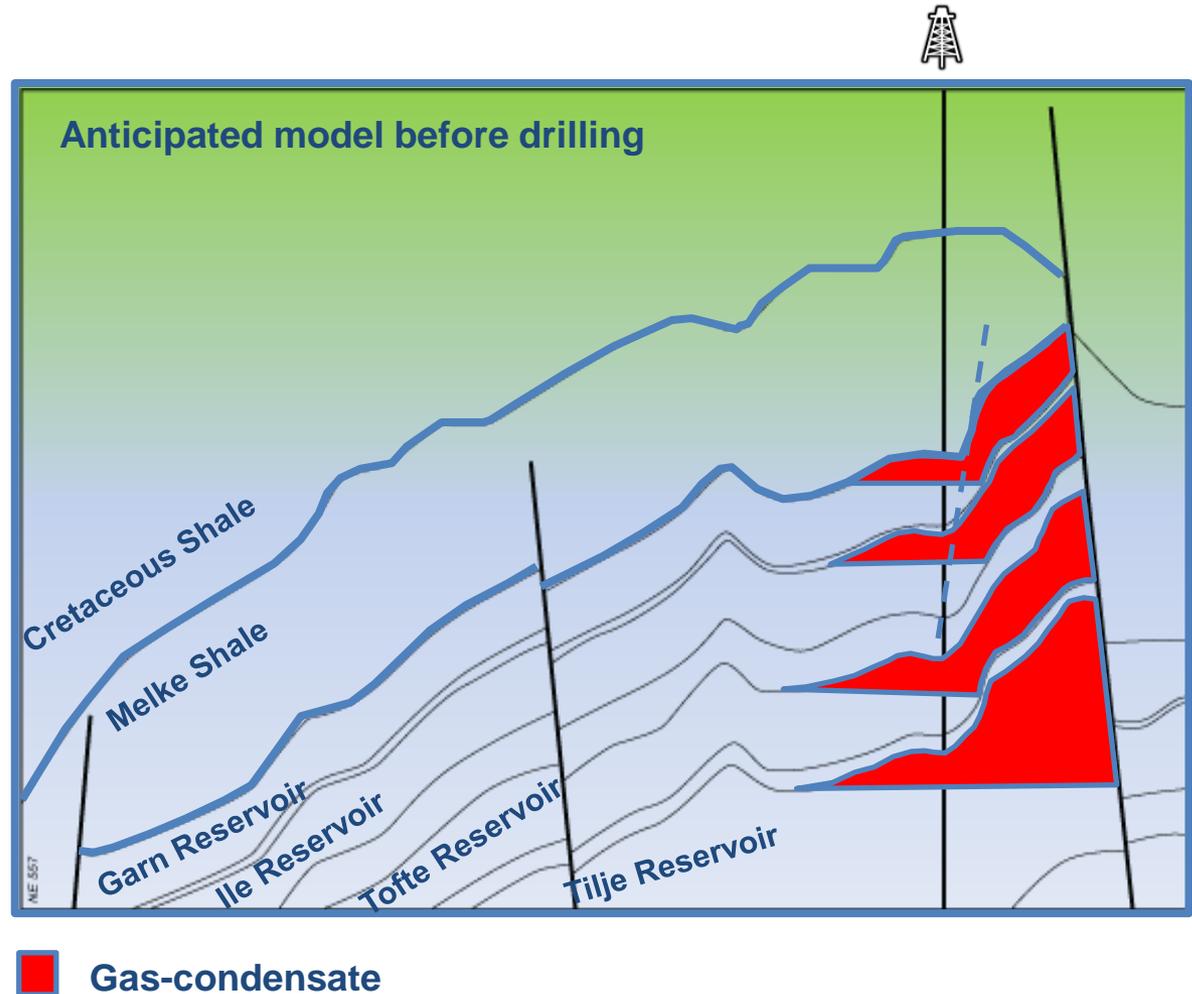
- In March, North Energy struck gas/condensate in PL 433 (12%) in the Norwegian Sea
- Preliminary resource estimate is between 19 and 94 million boe, according to the NPD
- The discovery is within tie-back distance to the Åsgard installations
- Further analysis is required before making a decision on appraisal or development



Fogelberg – Pre-drill resource estimate

Stacked reservoir model

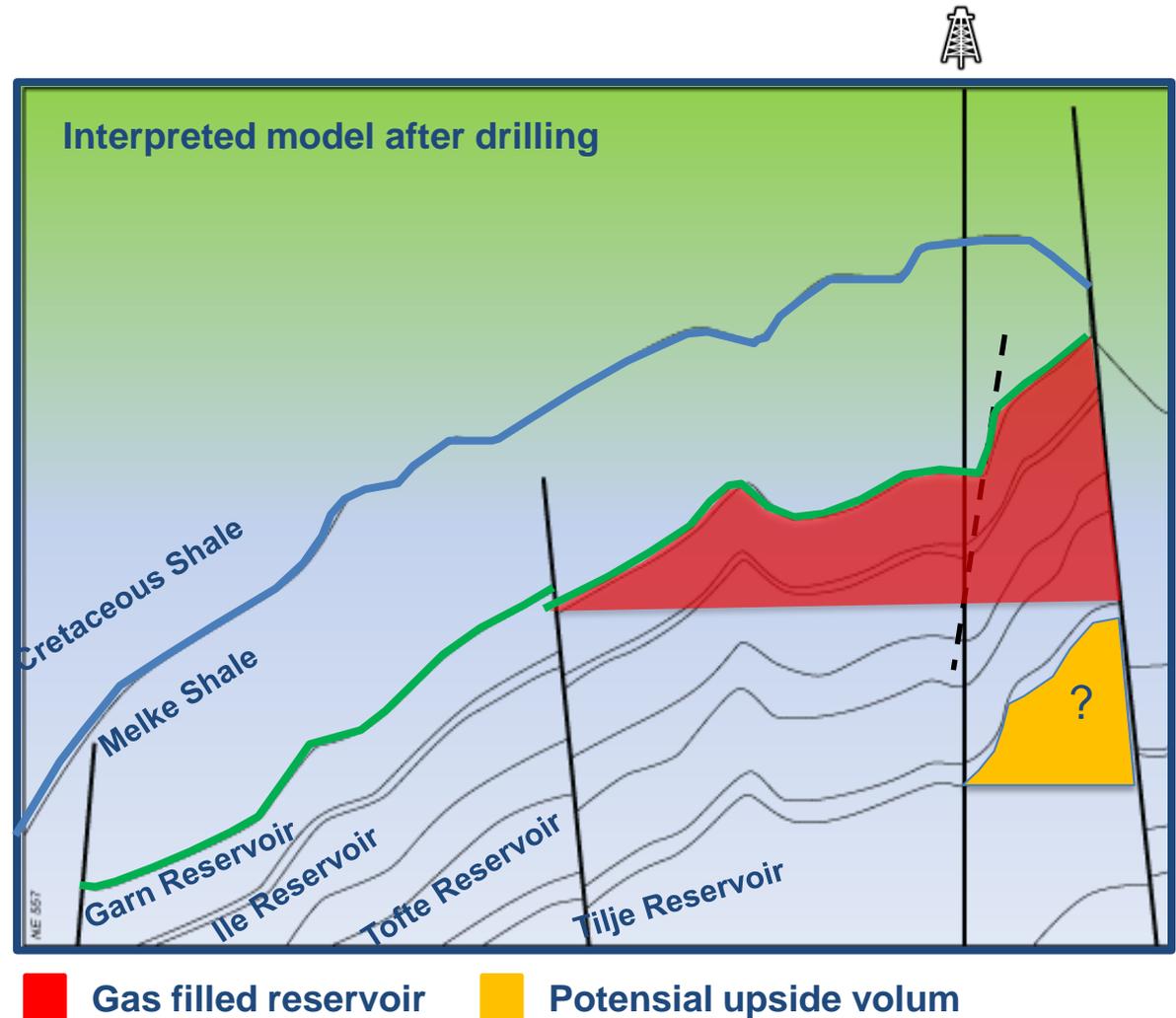
- Stacked reservoirs are common in the area;
 - Morvin
 - Kristin
 - Smørbukk
 - Smørbukk satellites
- Fogelberg was seen as a justified case for stacked reservoirs
- Based on the upside in a stacked reservoir our most likely estimate was 196 million boe



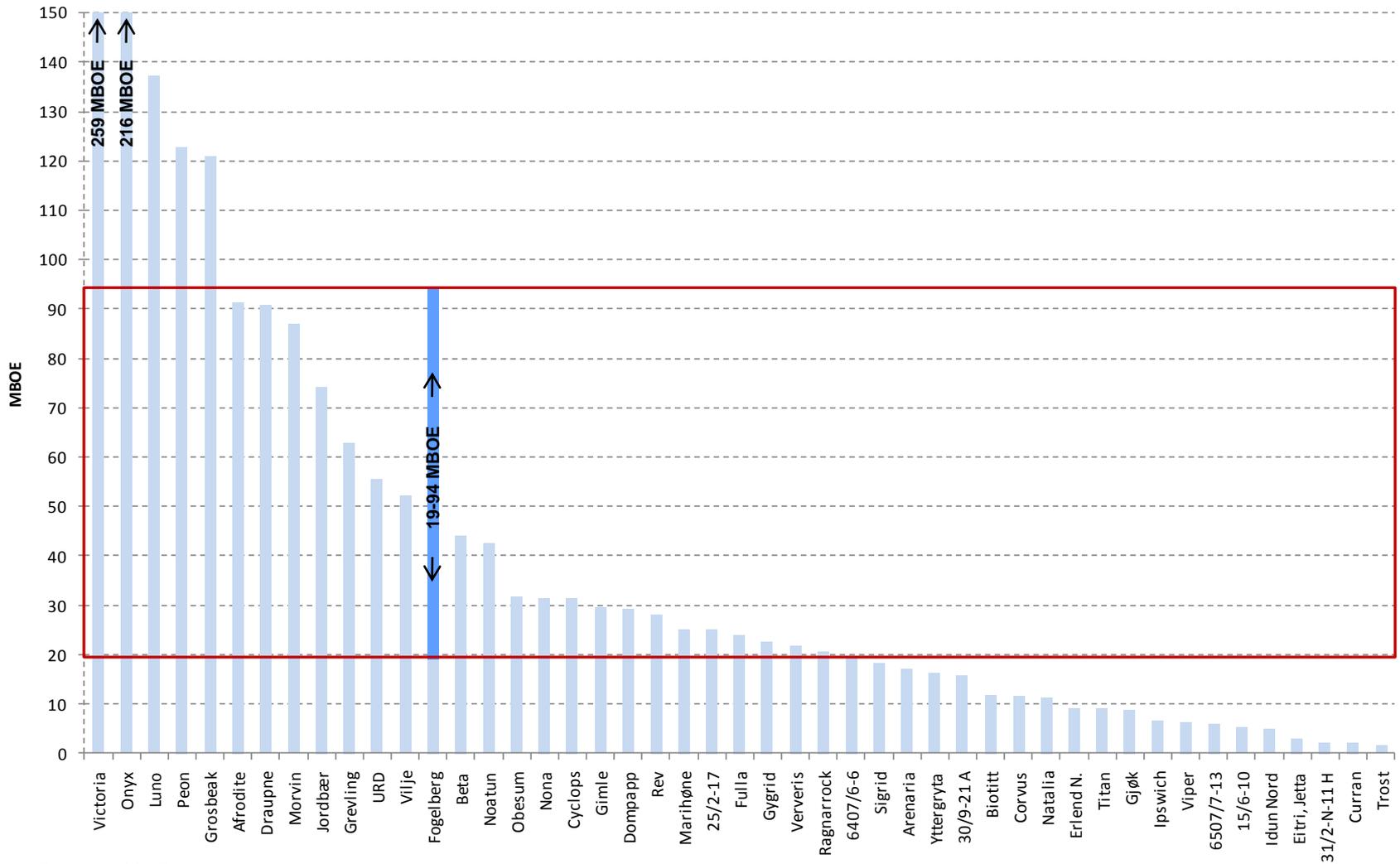
Fogelberg – Post-drill resource estimate

Tank reservoir model

- Based on well data, the discovery is interpreted to be a tank reservoir
- North Energy's own analysis based on Fogelberg being a tank reservoir supports the NPD estimate:
 - P90: 19 mmboe
 - P10: 94 mmboe
- Additional upside in deeper reservoirs



Discoveries in mature areas last 10 years



Source: NPD / Centrica

Fogelberg – key findings and next steps

Preliminary conclusions

- Discovery of hydrocarbons, most probably gas and condensate
- Location and size point to a potential commercial discovery

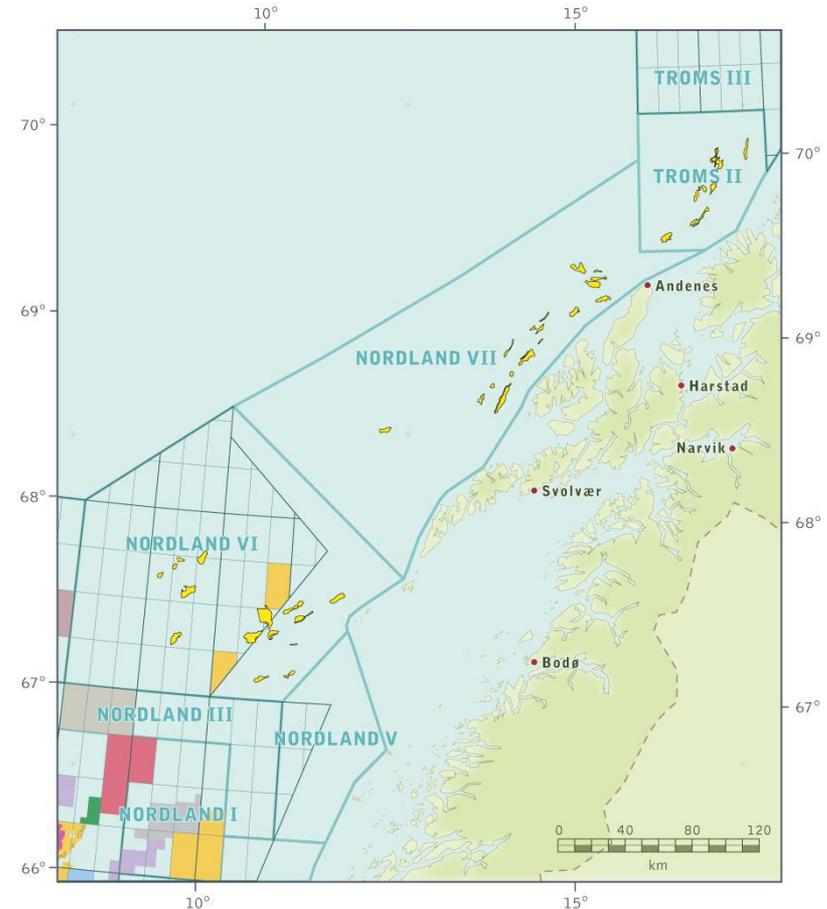
Key uncertainties and next steps

- Uncertainties expected to be clarified in ongoing lab analysis:
 - Gas/liquids (condensate) ratio
 - Production capabilities (permeability)
 - CO₂-content
- Uncertainties requiring further work/appraisal well:
 - HWC identified? Could be deeper
 - Reservoir quality and volume not fully proven by well
- Following final results from the lab, the Fogelberg partnership will decide on next steps

Lofoten – Study confirming upside

NPD resource estimate

- Based on seismic acquired outside Lofoten and Vesterålen, the NPD has made a resource estimate for the area:
 - 1,3 billion boe with an uncertainty span from 0,5 to 2.4 billion boe
 - 64% oil and 36%
 - 50 prospects identified
- Nordland VI is the most promising area with 43% of total estimated resources
- The study confirms North Energy's view on Nordland VI



Source: NPD

Barents Sea – Boundary agreement with Russia

- In April this year, Norway and Russia agreed on the boundary line in the Barents Sea
- The disputed zone is split in two approximately equally large parts
 - Norway's original claim was based on the midline principle, whereas Russia made its claim based on the sector line principle
- The agreement paves the way for E&P activities in this large and promising part of the Barents Sea
 - The combined area (in Russia and Norway) covers some 175,000 km²

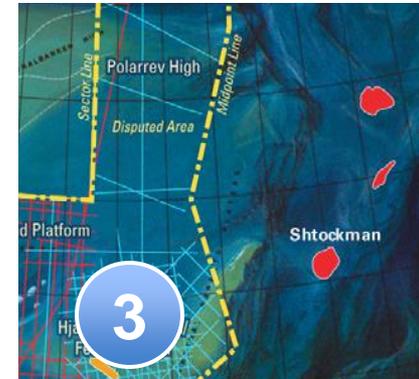
Barents Sea – Implications for North Energy

- The industry believes that the area hides vast volumes of hydrocarbons – most likely gas
 - Huge structures have been identified
 - However, significant geological risk
- North Energy is an arctic player positioned to participate in this area once opened by the authorities
 - Head office in Alta
 - Geoscientists with experience from the Russian side

Barents Sea – The formerly disputed area is part of our long term strategy

Phase 1

- Acreage positions in known play models close to infrastructure in the Norwegian Sea and the Barents Sea
 - High rate of discovery
 - Short lead time to production
 - Low financial exposure



Phase 2

- Secure acreage in first round in Lofoten and Vesterålen through preferred partner alliance

Phase 3

- Build on in-house expertise on the border zone with Russia to secure attractive positions



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Exploration program

Operational targets

- North Energy is fully funded to drill an eight well exploration program in the period 2010-2012
- As of today one well has been drilled with another four firm wells lined up this year and next year
- Currently, North Energy is working to secure a third well in 2010
- In its current portfolio of 13 licenses, North Energy has an estimated total net risked mean resource base of 201 mmboe

North Energy's exploration program

Well	Prospect	Licence	Interest	2010	2011	2012
1	Fogelberg	PL 433	12 %	February 2010		
2	Farm-in X	n/a	n/a			
3	Jette	PL 385	15 %	Q4 2010		
4	Heilo	PL 530	20 %			
5	Tana	PL 518	30 %			
6	Norvarg	PL 535	20 %			
7	Vågar	PL 526	40 %			
8	Award Y	n/a	n/a			

	Firm well
	Future farm-in with firm well
	Likely well (drill-or-drop)

Trap models in the North Energy license portfolio

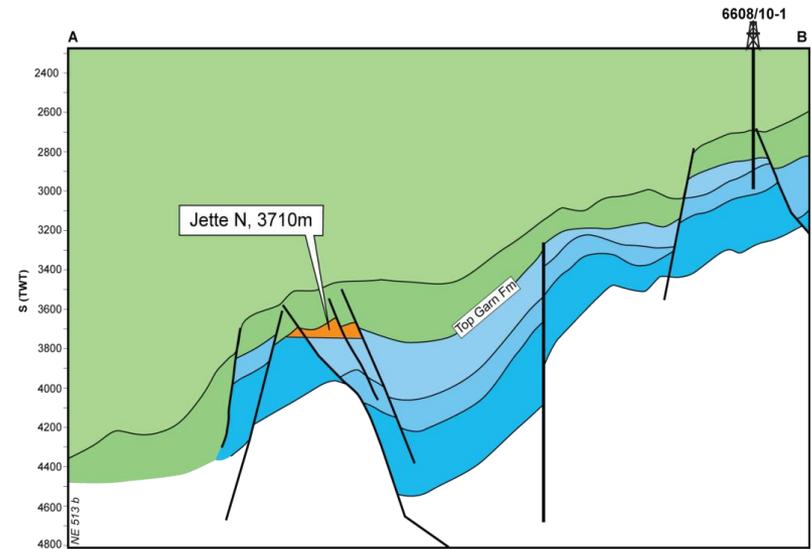
License	Equity	Prospect/lead	Trap model	Reservoirs
PL 385	15 %	Jette	Stacked	4
PL 498	25 %	Skagen	Tank	1
PL 503	25 %	Valberget	Tank	1
PL 510	20 %	Toto/Dorothy	Stacked	4
PL 518	30 %	Tana	Tank	1
PL 518B	30 %	Omega W	Lead	1
PL 526	40 %	Vågar	Tank	1
PL 530	20 %	Heilo	Tank	2
PL 535	20 %	Norvarg	Tank	1
PL 536	20 %	Elbrus	Tank	2
PL 562	10 %	Lepus	Tank	1
PL 564	20 %	Kvitungen	Tank	2

 Prospects with firm wells

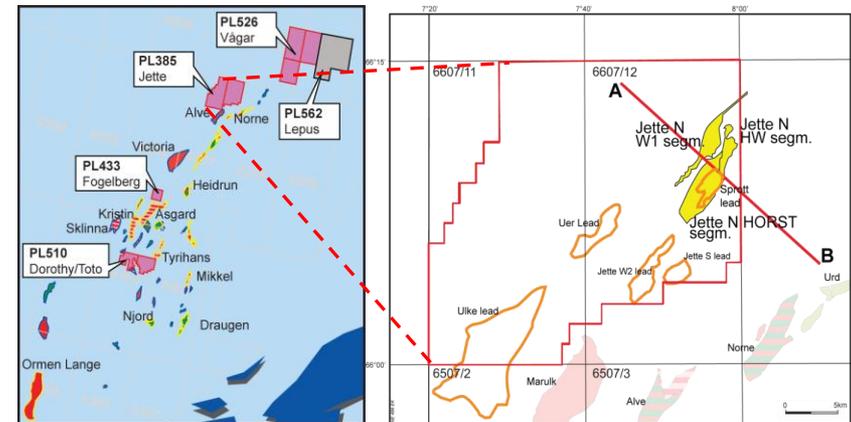


Jette – second firm well in 2010

PL 385 in the Norwegian Sea			
Acquired	2009	Main prospect	Jette
Operator	Statoil (45%)	Hydrocarbons	Gas Cond.
Partners	North Energy (15%)	Expected drilling	Q4 2010
	Wintershall (20%)	Prob. of success	37%
	Noreco (20%)	Gross mean unrisks	95 mmboc
		Net mean unrisks	14 mmboc
Work program	Drill one firm well		



- PL 385 is located on the Halten Terrace within 20 km of the Norne FPSO
- In addition to the Jette prospect with its multiple targets, the license also contains a series of leads
- According to Statoil, the operator of both Norne and PL 385, spare capacity will be available in 2014 for tie-ins to Norne; high liquid (gas/condensate) discoveries given priority



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Profit & loss

MNOK	1Q 2010	4Q 2009	1Q 2009	Year 2009	
Payroll	17,4	17,7	11,5	62,4	No increase in many years vs 4Q/2009
Depreciation	0,9	1,9	0,5	3,4	
Exploration expenses	13,5	24,1	11,4	113,1	Drilling costs PL433 capitalised
Other operating expenses	12,1	7,9	8,5	28,8	Increase due to listing process
Operating loss	43,9	51,5	32,0	207,6	
Finance income	1,1	3,3	0,3	-4,3	
Finance costs	-0,7	-1,1	-1,8	5,1	
Net financial items	0,4	2,1	-1,5	0,8	
Loss before tax	43,5	49,4	33,5	208,4	
Income tax	47,9	41,1	21,7	-144,0	Reflects increased expl activities
Profit for the period	4,3	-8,3	-11,8	64,4	

Not audited

Balance sheet

MNOK	31.mar 2010	31.mar 2009	31.des 2009	
Assets				
Fixed Assets	161,3	43,0	32,6	Capitalised drilling PL433 of 52 MNOK
Receivables	182,3	79,2	164,0	Acc tax receivables of 233 MNOK
Cash and cash equivalents	289,1	63,1	45,7	
Total Assets	632,7	185,3	242,3	
Equity and liabilities				
Total equity	545,8	131,1	152,9	Capital increase in Q1/2010
Total long-term liabilities	23,1	1,8	6,1	
Total current liabilities	63,8	52,4	83,3	No interest bearing debt
Total equity and liabilities	632,7	185,3	242,3	

Not audited

Solid financial situation

- Cash balance of NOK 289 million
- Expected tax reimbursement of NOK 233 million
- No interest bearing debt
 - NOK 300 million exploration loan facility with SEB available
- Net cash position of NOK 522 million

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Outlook

- Near term
 - Preparing license applications for the 21st round and APA 2009
 - Pursuing farm-in opportunities to secure third well in 2010
 - Evaluating results from the Fogelberg discovery to determine next steps
 - Preparing for the Statoil operated Jette well to be drilled in Q4 2010
 - 14 million boe net unrisks mean
- Longer term
 - Positioning for the opening of Lofoten and Vesterålen
 - Positioning for the opening of new acreage in the Barents Sea