

North Energy Q3 2010

12 November 2010



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Agenda

- **Highlights Q3**
- Exploration update
- North Energy – a stronger player in the north
- Financials
- Outlook



Highlights Q3

- Expanding and proving up license portfolio
 - APA and 21R applications submitted
 - PL 341 Stirby farm-in approved and drilling commenced
 - Rigs secured on all firm wells
- Strengthening position in Northern Norway
 - Safety and coastal protection projects with Statoil and fishery organizations
 - Cooperation with the University of Tromsø securing access to cutting edge geophysical competence
- Strong financial position
 - Net cash of NOK 452 million


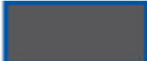
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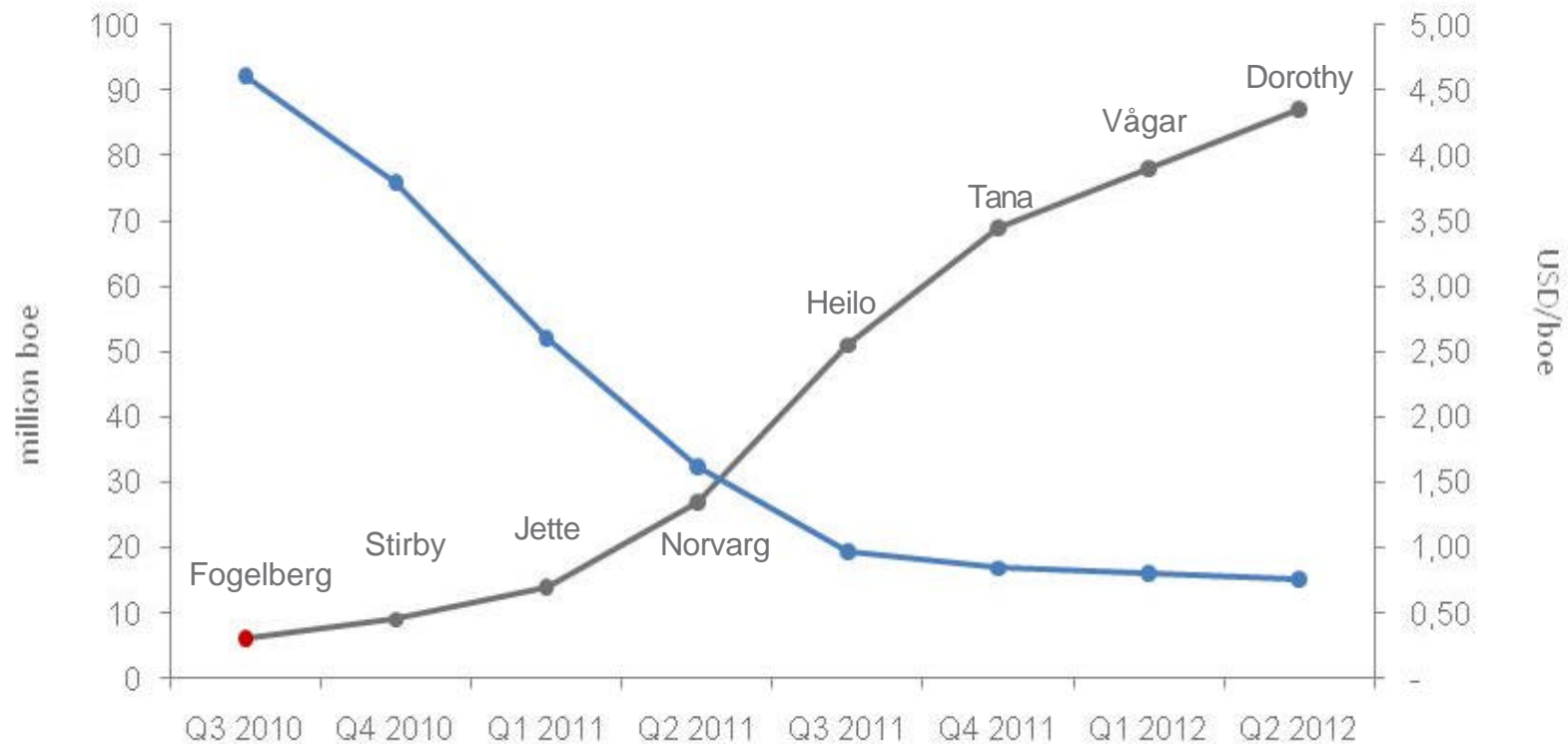
Rigs secured on all firm wells

Well Prospect	Licence	Interest	2010	2011	2012
1 Fogelberg	PL433	12%	February 2010	Rig: West Alpha	
2 Stirby	PL341	11%	Q3 2010	Rig: Songa Delta	
3 Jette	PL385	15%		Q1/2 2011	Rig: Scarabeo 8
4 Nordvarg	PL535	20%		Q2 2011	Rig: West Phoenix
5 Heilo	PL530	20%		Q3 2011	Rig: Aker Barents
6 Tana	PL518	30%		Q4 2011	Rig: Aker Barents
7 Vågar	PL526	40%			
8 Dorothy	PL510	20%			

 Firm well
 Likely well (drill-or-drop)

NE 246

Targeting average finding cost of less than one USD/boe



- Accumulated net, risked resources drilled (million boe) - left axis
- Accumulated costs per boe drilled (USD/boe) after tax - right axis

PL 341 Stirby

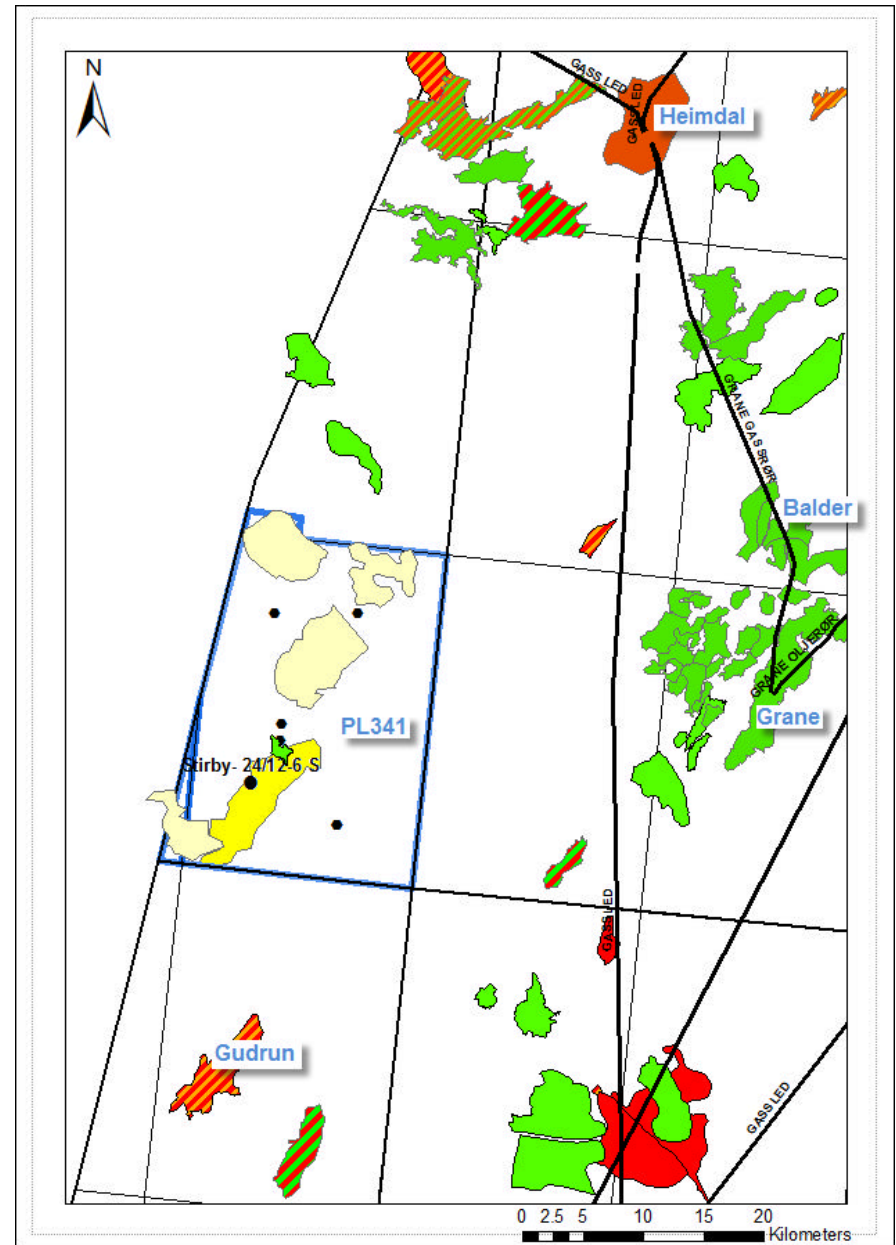
PL 341 in the North Sea			
Acquired	2010 – approved as partner 29 October	Main prospect	Upper Stirby
License Expiry	December 2012	Hydrocarbon type	Gas condensate
Operator	Detnorske (30%)	Drilling	Ongoing
Partners	Wintershall (20%)	POS	30%
	Marathon (12%)	Gross resources unrisked	97 mmboe
	North Energy (11%)		
	Bayergas (10%)		
	GDF Suez (10%)		
Talisman (7%)	Net mean unrisked	11 mmboe	
Work Program	One exploration well		

Main prospect is Upper Stirby in the Upper Jurassic

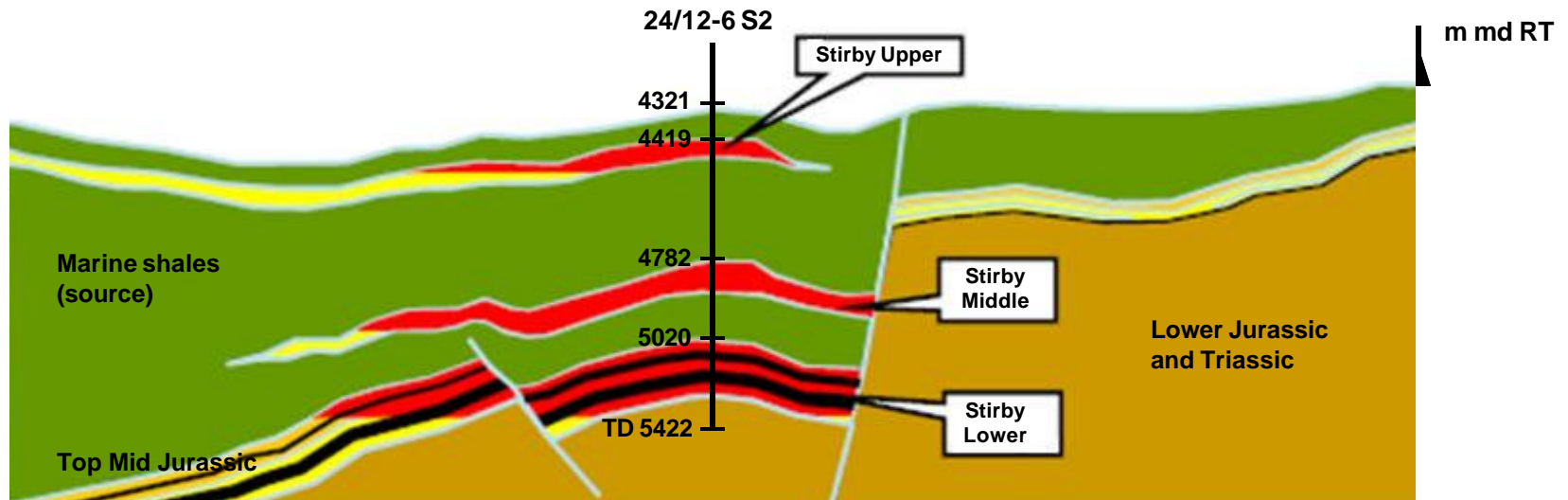
- Large upsides in deeper targets (in ongoing well and other PL 341 prospects)

Several tie-in alternatives

- Located about 25 km north of the Gudrun field (PDO approved August 2010)



PL 341 Stirby – currently drilling



Well 24/12-6 S2

- Drilling commenced on 16 August with semisubmersible rig Songa Delta
 - Expecting to enter the Stirby Upper reservoir within one week (operator's estimate)
- Targeting multiple reservoir zones
 - Upper Stirby; main target and the only one evaluated by North Energy
 - Lower Stirby
 - Potential for hydrocarbon bearing zones between main targets

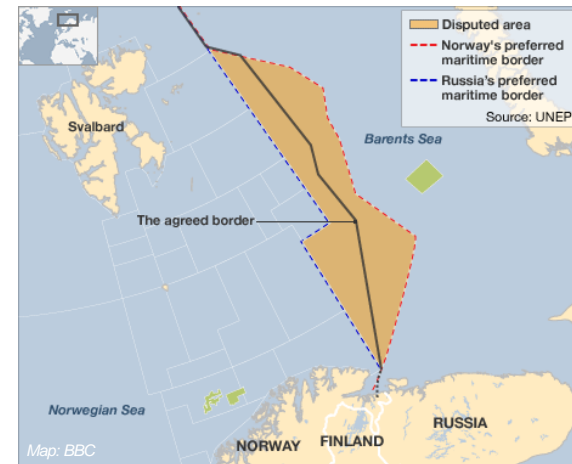
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Strengthening position in core areas – the Norwegian Sea and the Barents Sea

- Preparing for opening of new areas
 - Active player in the political debate – also locally
 - Acquisition of seismic data
 - Evaluating strategic partnerships



- Participating in safety and coastal protection projects
 - In cooperation with Statoil and fishery organizations
- Entering into cooperation with the University of Tromsø
 - Secures access to local, cutting edge geophysical competence

Strong focus on value creation

- Actively pursuing attractive business development opportunities on the NCS
 - Including high quality farm-ins in the North Sea
 - Balance upside, risk and financial exposure
- Dedicated strategic and commercial management
 - Vigdis Wiik Jacobsen appointed Portfolio Manager
 - Tore Guldbrandsøy appointed Business Development Manager
- Key objective
 - Prove up commercial resources at minimum cost – targeting an average finding cost of less than 1 USD/boe (post tax)

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North Energy ASA – Profit & Loss

MNOK	3Q 2010	2Q 2010	3Q 2009	Year 2009	
Payroll	16,0	12,6	17,6	62,4	
Depreciation	1,1	1,1	0,5	3,4	
Exploration expenses	29,2	17,8	42,5	113,1	Increase seismic reprocessing
Other operating expenses	7,8	13,1	9,9	28,8	Less activity during summer months
Operating loss	54,0	44,7	70,5	207,6	
Finance income	1,6	2,6	0,4	-4,3	
Finance costs	0,0	-2,6	-1,3	5,1	
Net financial items	1,6	0,0	-0,8	0,8	
Loss before tax	52,4	44,7	71,3	208,4	
Income tax	-41,5	-34,1	-40,2	-144,0	
Loss for the period	10,9	10,6	31,1	64,4	

North Energy ASA - Balance sheet

MNOK	3Q 2010	3Q 2009	Year end 2009	
Assets				
Fixed Assets	133,6	15,2	22,8	Capitalised drilling PL433 of 103 MNOK
Receivables	393,2	223,2	173,8	Acc tax receivables of 345 MNOK
Cash and cash equivalents	107,1	40,7	45,7	
Total Assets	633,9	279,1	242,3	
Equity and liabilities				
Total equity	524,3	151,0	152,9	Capital increase in Q1/2010
Total long-term liabilities	58,1	2,4	6,1	
Total current liabilities	51,5	125,7	83,3	No interest bearing debt
Total equity and liabilities	633,9	279,1	242,3	

Solid financial situation

Liquidity as of
Q3 2010

- Cash balance of NOK 107 million
- Expected tax reimbursement of NOK 345 million
- No interest bearing debt
- **Net cash position of NOK 452 million**
- NOK 300 million exploration loan facility with SEB fully available
- Exploration loan facility to cover drilling program 2011 – 2012 currently on tender

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Outlook

- 6 months outlook
 - Announcement of results from Stirby well
 - Jette exploration well in the Norwegian Sea
 - Further work and maturing of plans on Fogelberg
 - Results from APA 2010 and 21R licensing rounds
 - Increase of exploration loan facility
 - Drilling decision on Vågar
- 12 months outlook
 - Three well drilling campaign in the Barents Sea
 - Decision on opening of the formerly disputed area on the Russian border

Thank you for your attention!

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