

North Energy at Pareto Securities' 20th annual Oil & Offshore Conference

Oslo 5 September 2013



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Agenda

- North Energy in brief
- Exploration in focus
- Financial status
- Summary

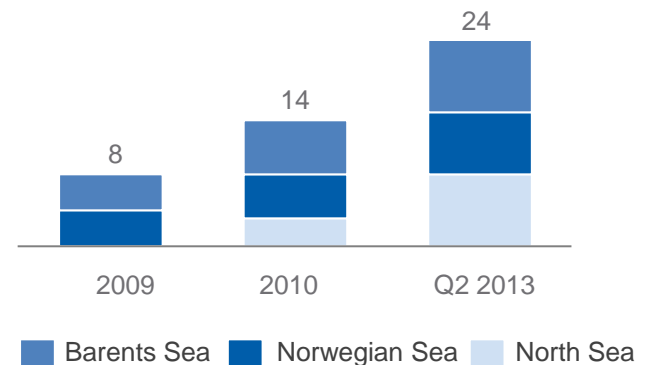
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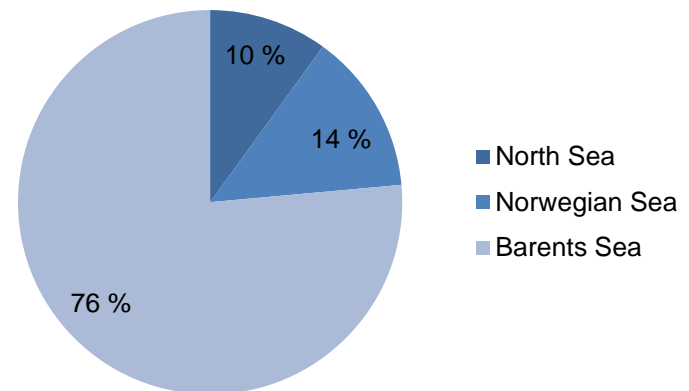
Introduction to North Energy

- **The most northern oil and gas company. Headquartered in Alta in Finnmark, Northern Norway**
 - Listed on Oslo Axess (ticker: NORTH)
 - Market cap of ~USD 35 million
 - 24 licences offshore Norway, incl. 20% in the Norvarg discovery in the Barents Sea
 - 40 employees
- **Top awards in the 22nd licencing round**
- **Expanding drill queue**
 - Pursuing additional wells through farm-ins and licencing rounds with an added filter of new technology

Portfolio development, # of licenses



Net risked resources

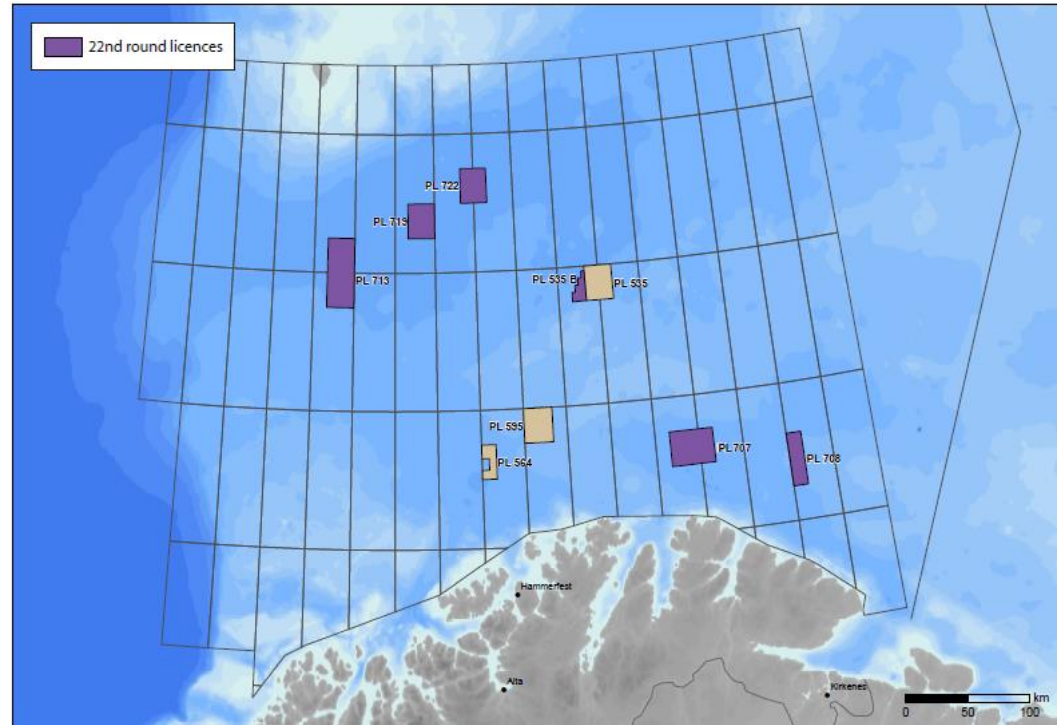


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North Energy defending its position as second to Statoil in the Barents Sea in 22nd Round

- Awarded six licences in the Barents Sea
- Only Statoil got more (7)
- Entry into Skrugard Area and included in upcoming drilling campaign
- Work praised by Minister following awards

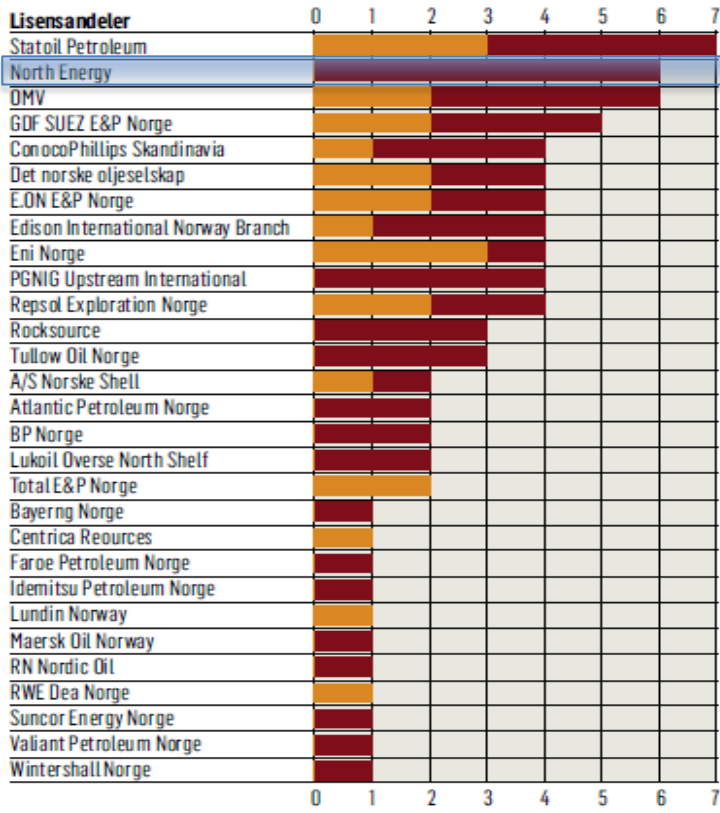


Declared 22R winner by the media following trend from previous rounds in the Barents Sea

Hett i nord

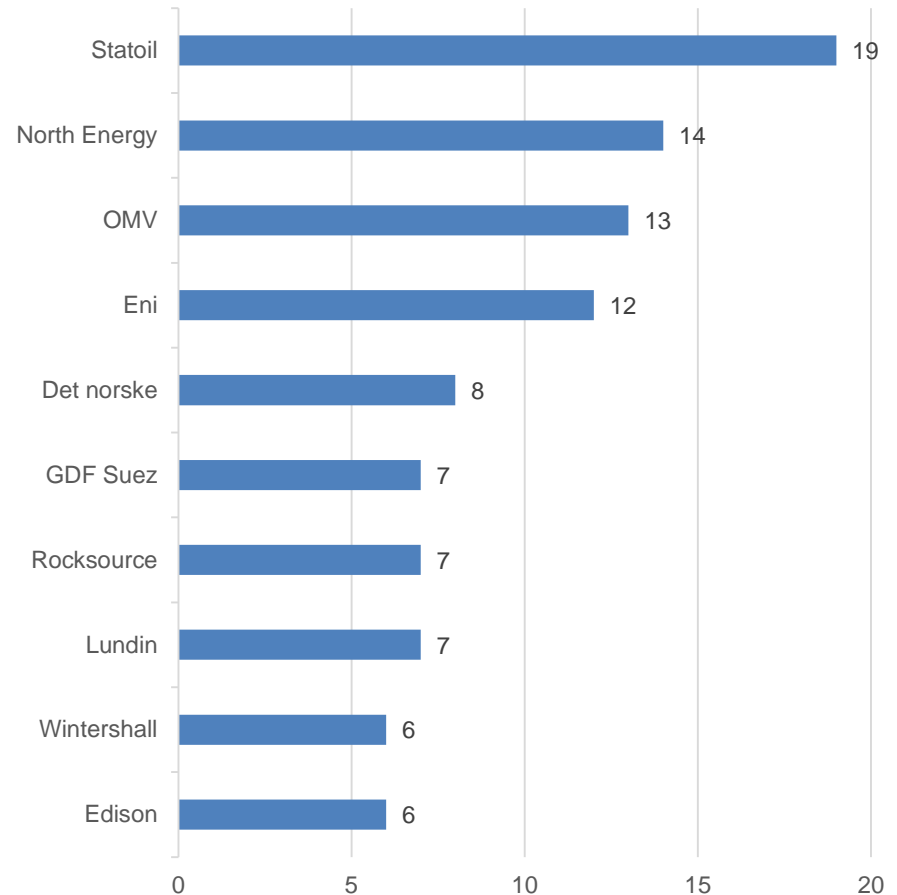
29 selskaper tildeles 24 utvinninglisenser i den 22. konsesjonsrunden på norsk sokkel. Utlysningen skjedde ifjor sommer, og omfattet 86 blokker i Barentshavet og Norskehavet. 36 selskaper søkte i runden.

Operatørskap Andeler



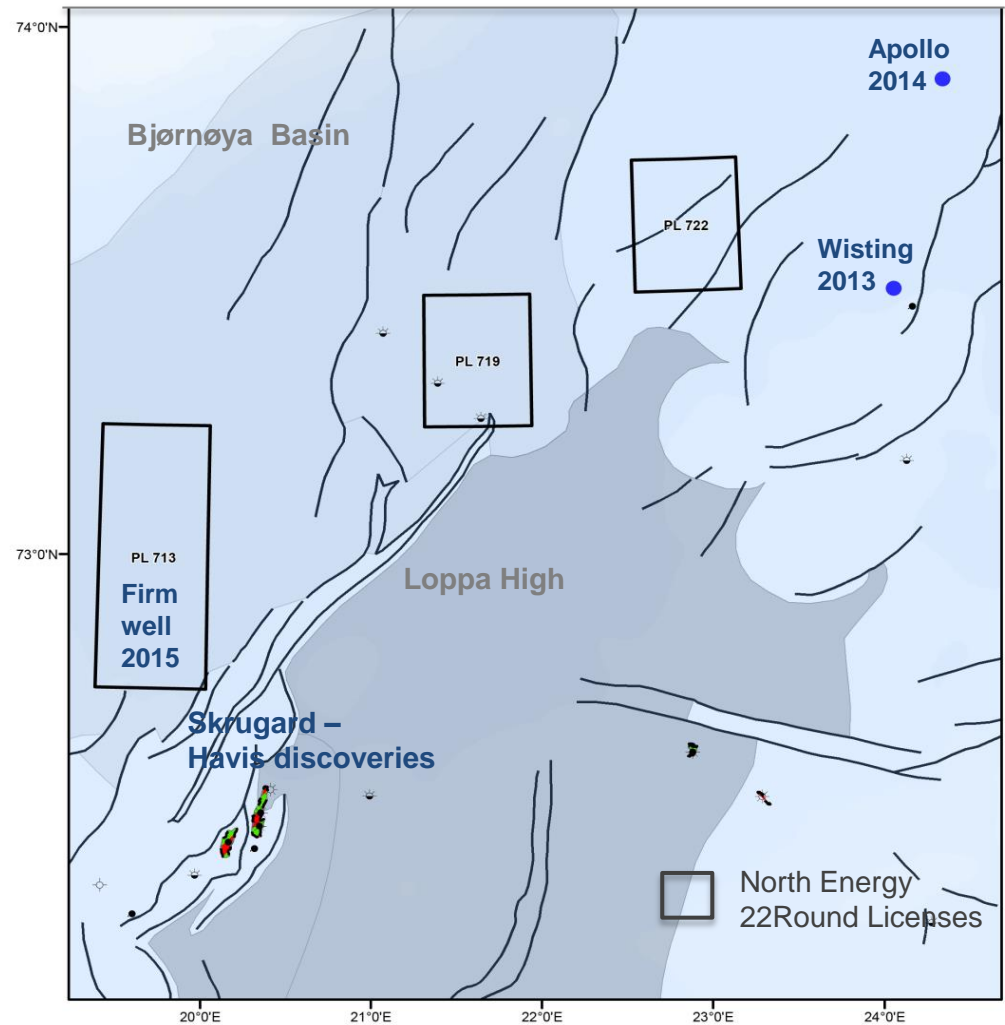
2013 Dagens Næringsliv/Infografikk/Kilde: Olje- og energidepartementet

Barents Sea awards since North Energy start-up



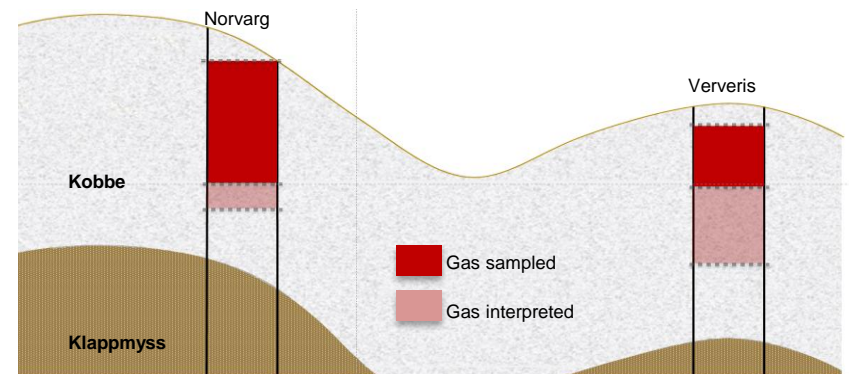
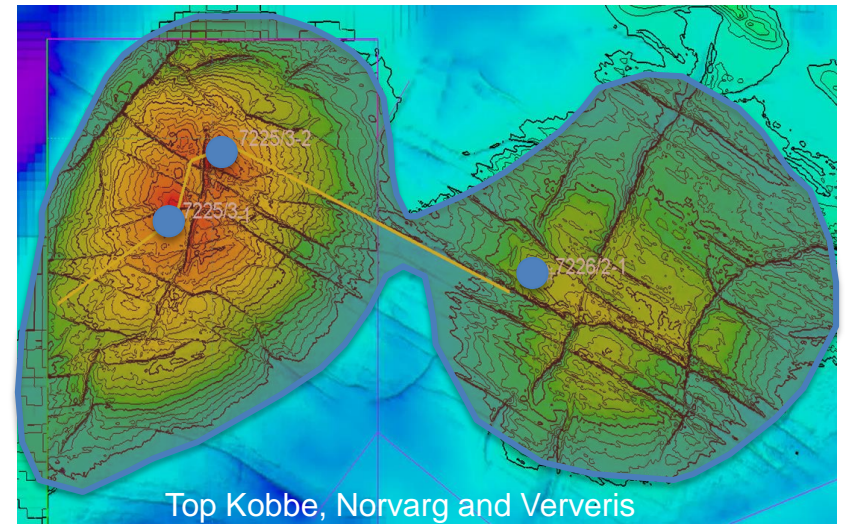
North Energy taking part in adding resources on the Skrugard trend

- Three attractive licences along the Skrugard trend with proven oil
- Firm well on PL 713 with Statoil as operator and Rosneft and Edison as partners
- Increasing commercial value of portfolio with each new discovery in the area



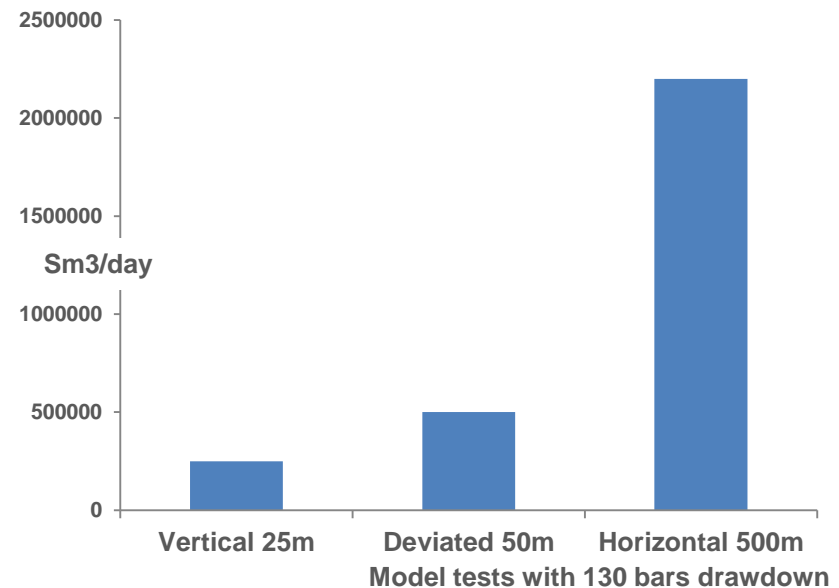
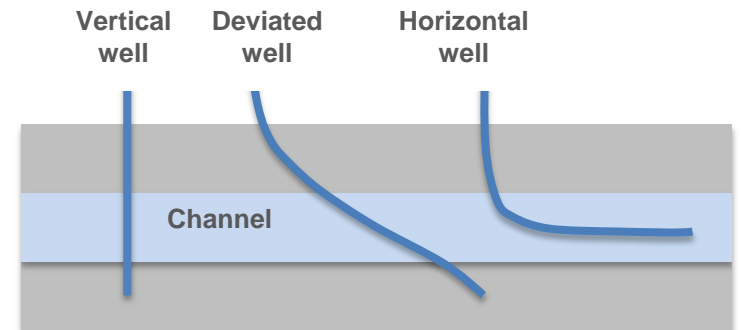
Second well on Norvarg structure

- Tests proved deep contact, huge structure and drilled poorly developed channels
 - Higher porosity than in well 1
 - Gas sampled and interpreted on logs deeper than before
 - New unknown geology and channels inside new larger area
- Good well rates were expected, based on first well
 - Two production tests produced some 175,000 Sm³/d dry gas



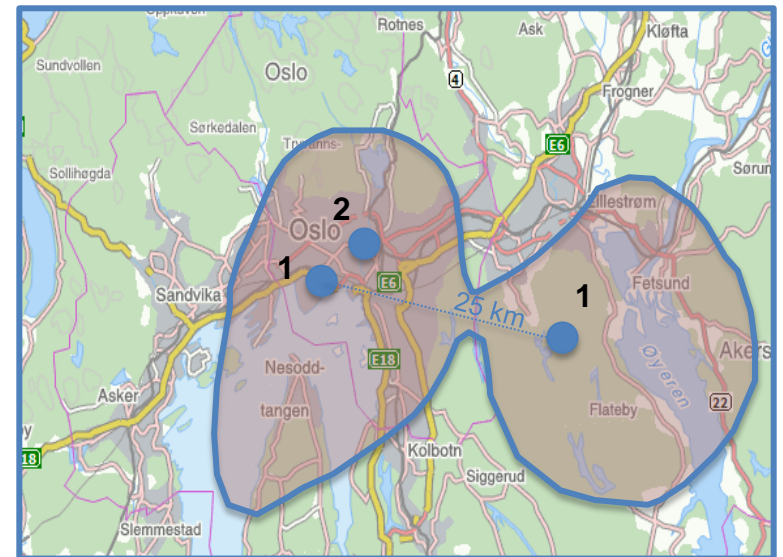
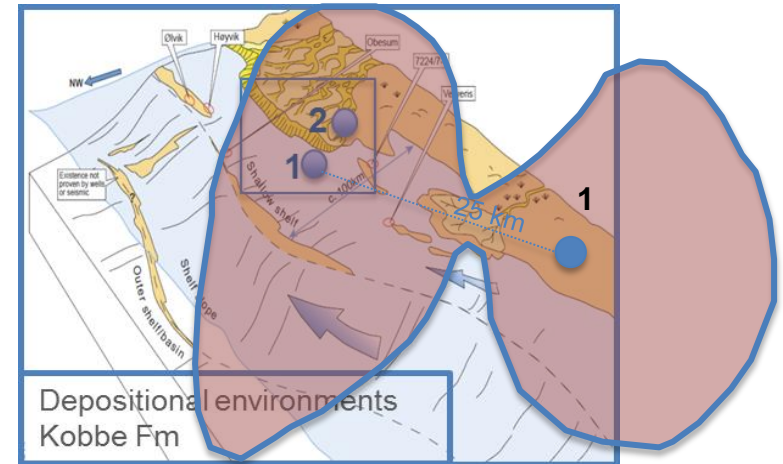
Test results from appraisal well not to be compared to rates from production wells

- **Damage done by the well to reduce production rates is not known**
 - Kristin Field gave 10 x improvement of rates after penetrating damaged zone
- **Stimulation**
 - Chiswick gas field (UK) developed purely by fracturing and improved 3-4 times with poorer permeability than Norvarg well 1. Now 1,6 mill. Sm³/day
- **Horizontal wells**
 - Tighter fields than Norvarg 1 well are presently producing 1,5 mill. Sm³/day through horizontal wells in Holland



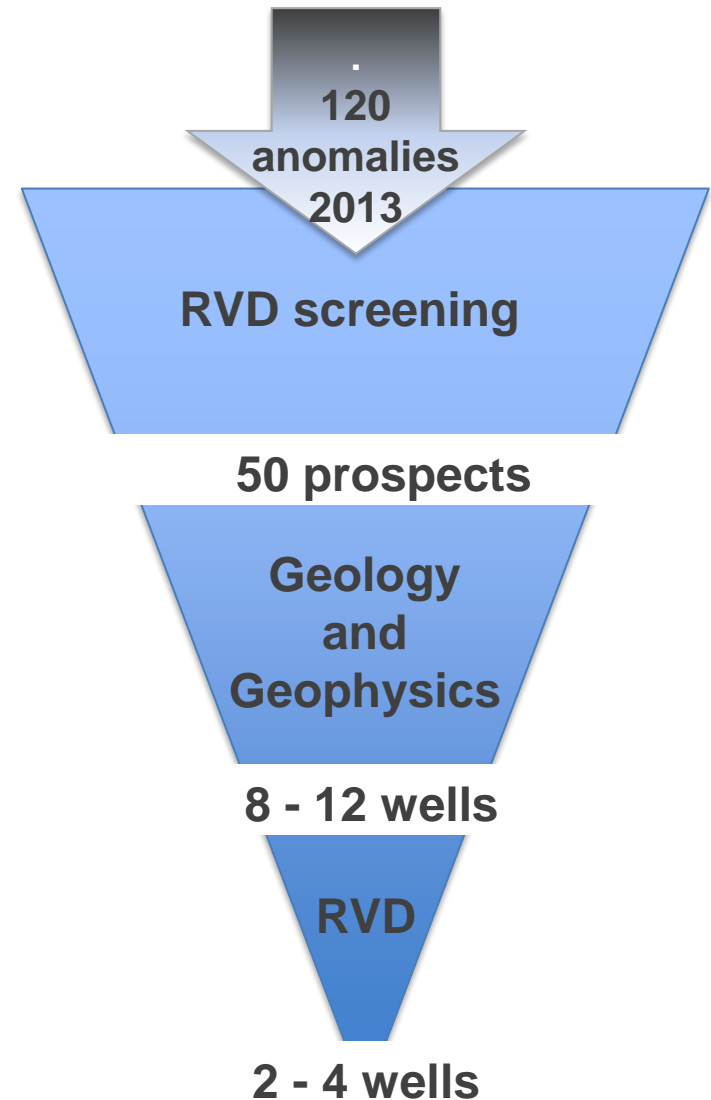
New and unmapped geology filled with gas gives new potential for production rates

- Gas in every well on Bjarmeland platform, except for Eik
- Norvarg-Ververis structures likely to contain largest gas accumulation in the Barents Sea
- 25 km with unknown geology between Norvarg 1 and Ververis 1
- New tailor made seismic data required to separate poor from good channels with higher production rates



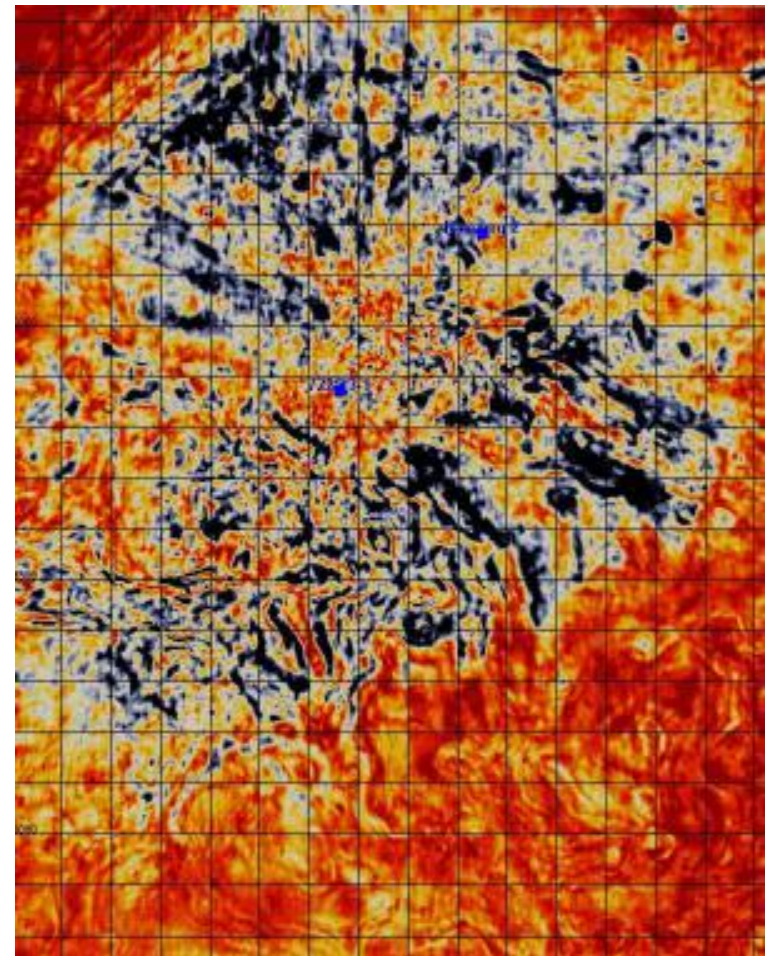
Rex Virtual Drilling (RVD) reduces number of dry wells

- The theory at the base of Rex Virtual Drilling (RVD) is known as resonance frequency
- Calculates the frequency of oil in a certain reservoir from existing seismic data
- No acquisition cost
- Statistics from North after two years of exploration using RVD indicates that 96% of dry oil wells may be predicted



Implementing Rex Virtual Drilling (VD) in 2013 to improve success rate

- Testing VD on 59 prospects over 2 years (41 drilled)
- 16 predicted positive
 - 11 Drilled with commercial oil (69%)
 - 5 failures had weak anomalies
- 25 predicted negative
 - 24 of 25 were dry (96%)
 - Savings in 2012/13
 - Full effect in 2014
- 18 positives not drilled yet
 - 6 in 3rd party acreage
 - 5 in North Energy acreage
 - 7 in open acreage



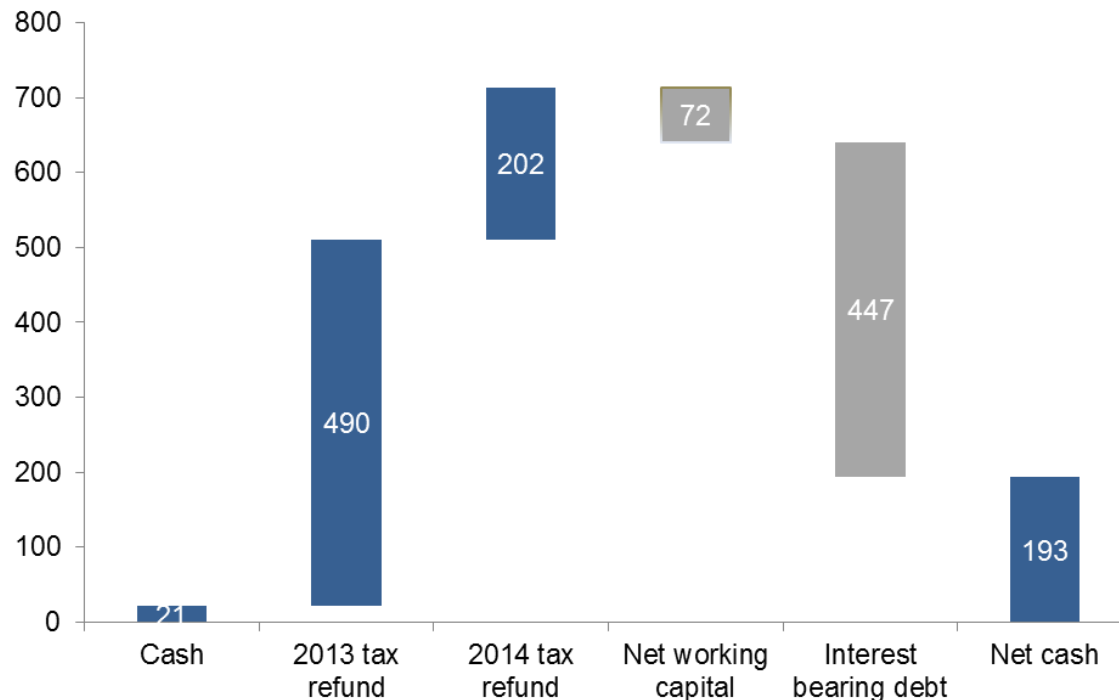
Virtual drilling image

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Financed through 2014

Net cash* position Q2 2013

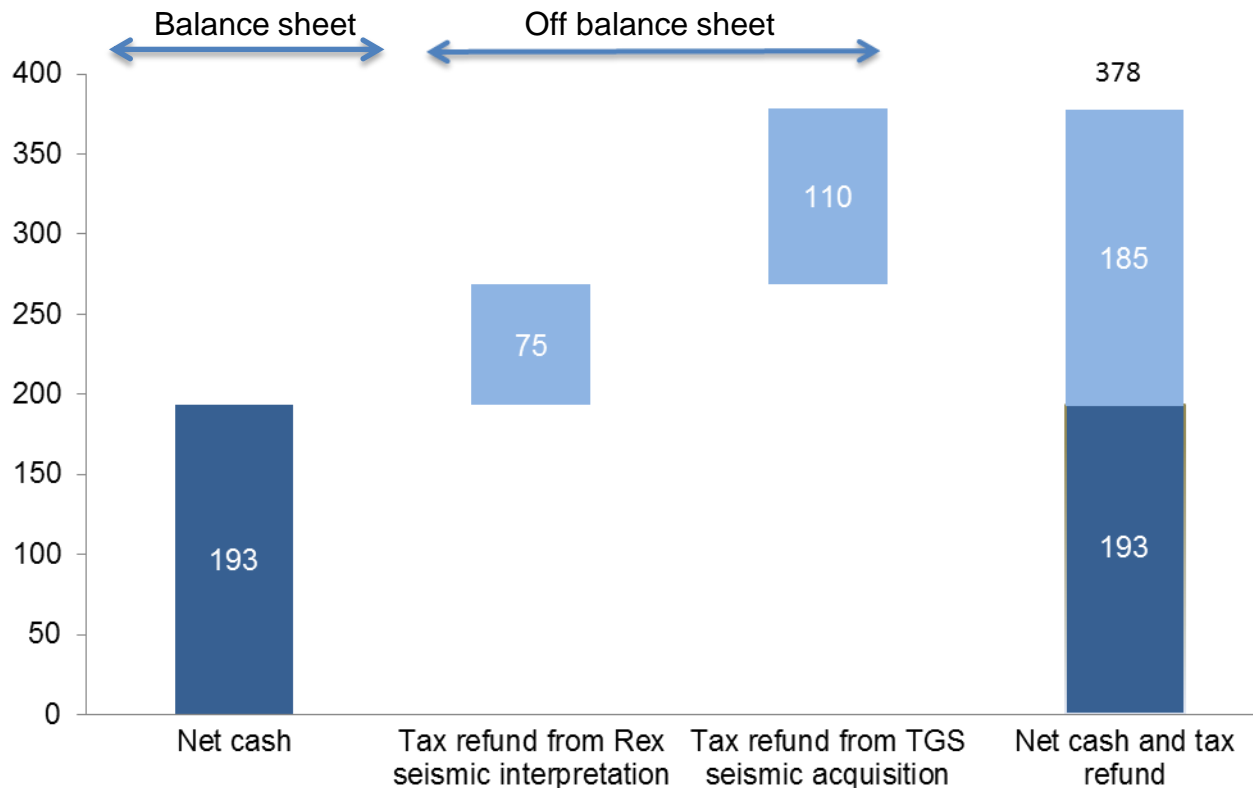


- Net cash position of NOK 193 million
- Unused exploration loan facility of NOK 503 million

* Excluding 1) loan of NOK 27,5 million and sale proceeds of NOK 28,2 million to Lime Petroleum Plc. and 2) convertible loan balance of NOK 16,9 million towards TGS Nopec and Rex Technologies Management

Capacity for several new wells

TGS and Rex purchases eligible for 78% exploration tax refund



- Net cash position of NOK 193 million
- Rex convertible loan provides a free cash potential of NOK 75 million
- TGS convertible loan provides a free cash potential of NOK 110 million
- Unused exploration loan facility of NOK 503 million

Rex and TGS tax refunds amounts are subject purchase of seismic and services eligible for 78% exploration tax refund, and reflects the total tax refund throughout the four year convertible loan contracts. Interest expenses are included.

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New tools and technology strengthens existing strategy

- **Commercially based exploration**
 - Aiming mainly for oil
 - High PoS* prospects
 - Close to infrastructure – low capex yields high asset values
 - Tougher screening of prospects using traditional G&G and Rex Virtual Drilling
- **Strong Northern Norwegian identity**
 - Strong local presence, area knowledge and focus on coastal protection
- **Building on positive momentum**
 - Barents Sea – building on 22R awards and a larger area around Norvarg



Vision of North Energy:

- North Energy aims to become a profitable and leading oil and gas company that actively contributes to increasing the industrial assets of Northern Norway

* Probability of Success

Q & A

