

# North Energy at Paretos annual E&P Conference

London, 22 January 2013



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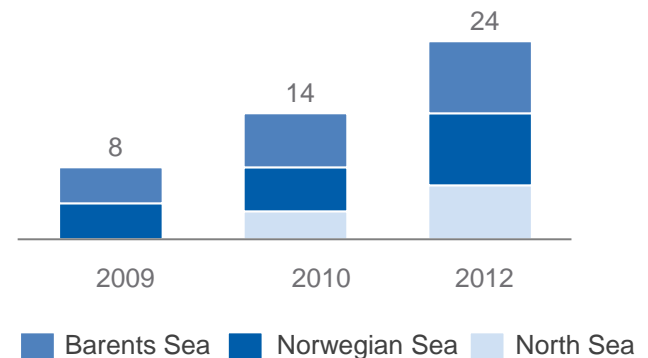
# Agenda

- **North Energy in brief**
- Exploration status
- Taking a northern position

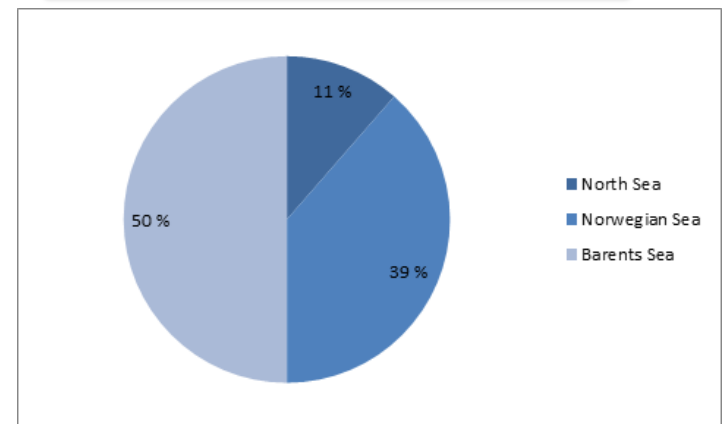
# Introduction to North Energy

- **The most northern oil and gas company. Headquartered in Alta in Finnmark, Northern Norway**
  - Listed on Oslo Axess (ticker: NORTH)
  - Market cap of 30 MUSD
  - 24 licences offshore Norway, incl. 20% in the Norvarg discovery in the Barents Sea
  - 39 employees
- **Two wells within the coming three months**
- **Ambitious 22<sup>nd</sup> licensing round application delivered**

Portfolio development, # of licenses



Net risked resources



# Exploration success in core the Norwegian Sea and the Barents Sea right from the start

- The Fogelberg discovery
  - First exploration well
- The Norvarg discovery
  - Third exploration well
- North Energy has drilled four 'northern' wells to date, finding 67 million boe net\*

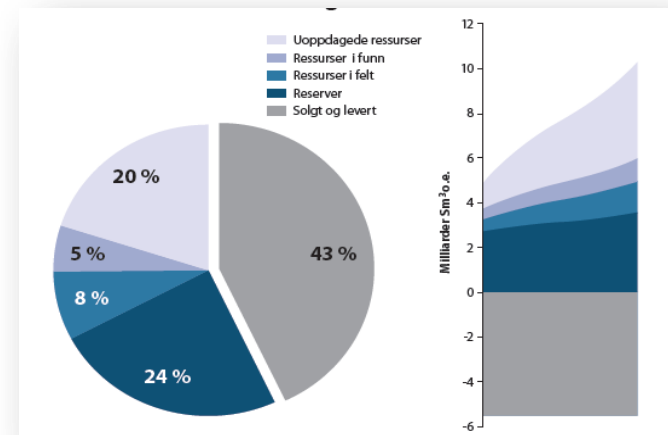
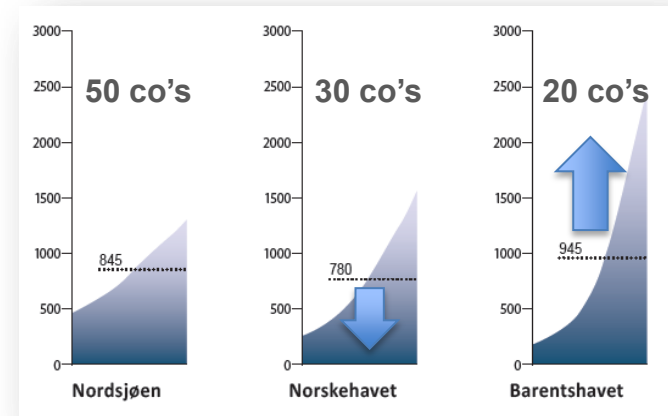
\*P50 updated by North Energy

#	Discovery	Area	Mmboe
1	Norvarg	Barents Sea	290
2	Skrugard	Barents Sea	260*
3	Havis	Barents Sea	252
4	Linnorm	Norwegian Sea	153
5	Maria	Norwegian Sea	141
6	Asterix	Norwegian Sea	113
7	Skuld	Norwegian Sea	92
8	Fogelberg	Norwegian Sea	72
9	Zidane	Norwegian Sea	65

Largest northern discoveries last 10 years  
Source: DnB Markets and NPD

# Competition for resources on the Norwegian Continental Shelf

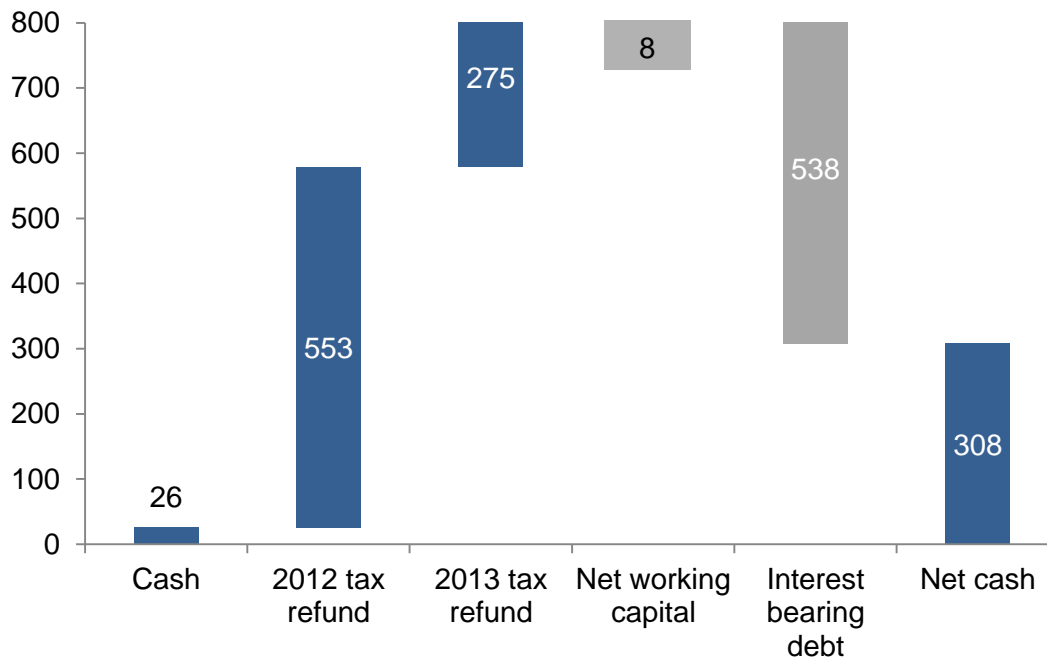
- NCS is maturing. Almost half of the resources are produced and rate of discovery is dropping
- With a most likely outcome, the opened part of the Barents Sea alone has the highest remaining potential
- Results from the latest wells are reducing the risk, and increasing the potential in the North



Source: Oljedirektoratet

# Drilling program fully funded

## Net cash position Q3 2012



Loan from Lime Plc. NOK 27.5 million not included in interest bearing debt

- Net cash position of NOK 308 million supports exploration of > 1 billion
- Unused exploration loan facility of NOK 410 million
- Exploration drawing facilities covering 2013 – 2014
- Financing of later wells to be established during 2013

# First 5 year plan is fulfilled

- Build up and execution of exploration program
  - Two commercial discoveries
- Northern profile recognized by the authorities
  - Solid awards in all licensing rounds
  - Well-positioned for the upcoming licensing round, which promises to be the best licensing round up to now
- Sound financials
  - All firm commitments are fully financed
  - Exploration drawing facility secured with DNB and SEB
  - Conservative funding strategy

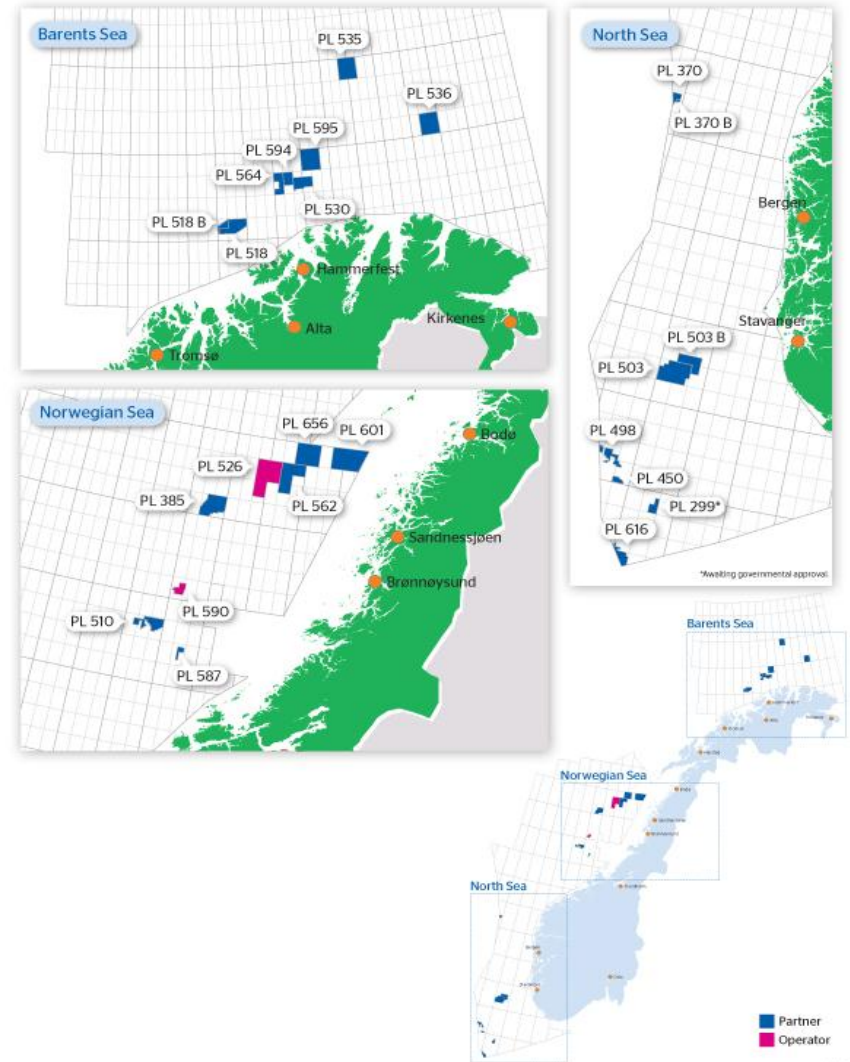


# Agenda

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- **Exploration status**
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# Licence map

- Partner in 24 licences on the Norwegian Continental Shelf
  - 8 in the Barents Sea
  - 8 in the Norwegian Sea
  - 8 in the North Sea
- Operator in two licences (Norwegian Sea)
- License award in Norwegian Sea in latest license round

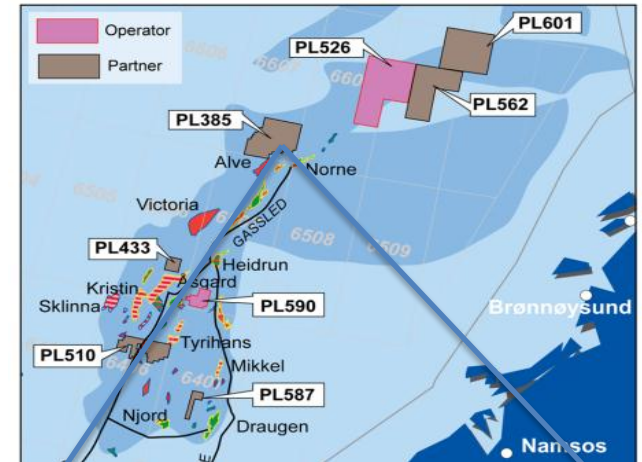


# Two wells drilled in December. One was dry, but Jette is undecided

## Jette. PL 385 in the Norwegian Sea

<b>Acquired</b>	2009	<b>Main prospect</b>	Jette
<b>Operator</b>	Statoil (45%)	<b>Hydrocarbons</b>	Gas Cond.
<b>Partners</b>	DONG (20%) Noreco (20%) North Energy (15%)	<b>Drilled</b>	Q4 2012
		<b>Pre drill POS</b>	36%
		<b>Gross mean unrisks</b>	Not decided
<b>Work program</b>	Drill one well and decide to DoD		

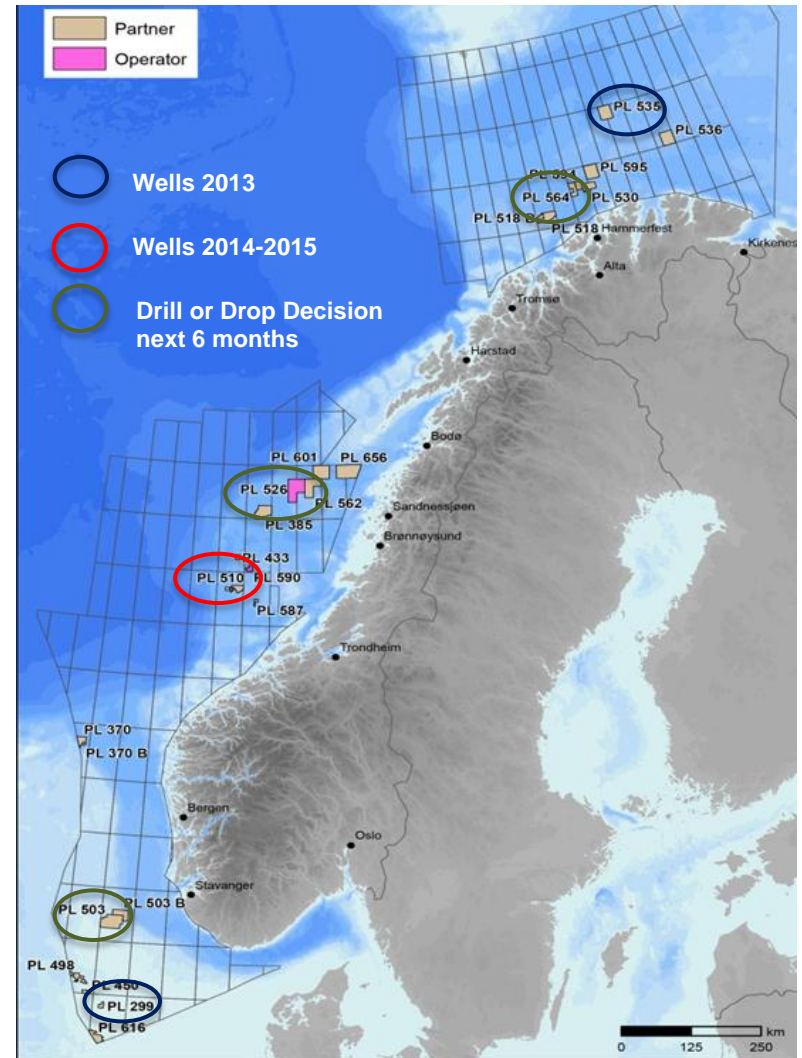
- Discovery in good reservoir with possibly lower HC saturation and higher HC contact than expected
- Main uncertainties not yet resolved:
  - Water sample which will give HC saturation and HC contact is not yet analyzed
- Final evaluation of commerciality is in progress



Semi sub West Alpha on Jette in Norwegian Sea

# Firm and possible wells 2013 - 2015

- Two wells firmed up for 2013
  - PL 535 Norvarg appraisal (20%) operated by Total
  - PL 299 Frode (20%) operated by Talisman
- Drilling of Norwegian Sea well
  - PL 510 will be drilled in 2014-2015
- Three Drill or Drop decisions next six months
  - PL 526 operated by North Energy, DoD decision Q1 2013



# Firm Drilling Programme North Energy

License NE Share Operator Rig				2013												2014 ->
				Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	
PL 299 Frode	20 %	Talisman	Maersk Giant													
PL 535 Norvarg 2	20 %	Total	Leiv Eiriksson													
PL 510 Scarecrow	TBA	TBA	TBA													



Oil



Gas w/possible oil leg



Oil w/ Gas

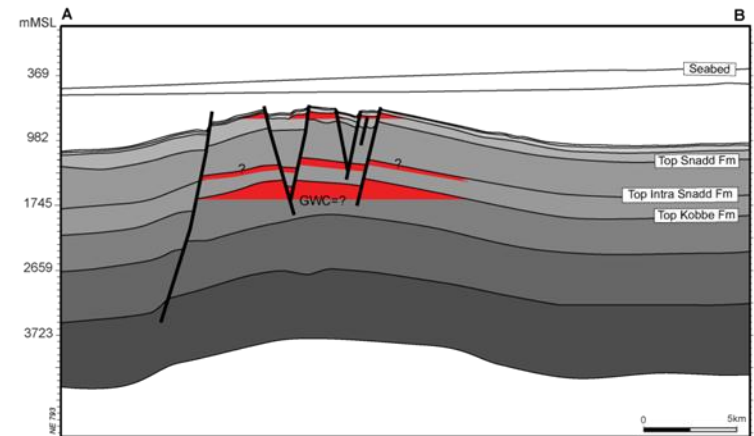


Gas / Condensate

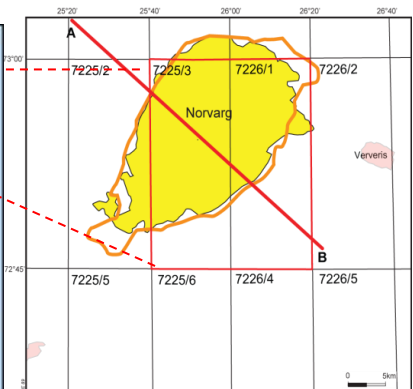
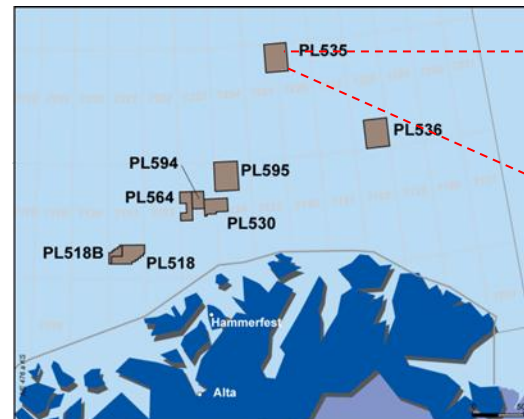
# PL 535 Norvarg – significant gas discovery

## PL 535 in the Barents Sea- pre drill

<b>Awarded</b>	20th round (2009)	<b>Main prospect</b>	Norvarg
<b>Operator</b>	Total (40%)	<b>Hydrocarbons</b>	Gas
<b>Partners</b>	North Energy (20%) Det norske (20%) Valiant (13%) Rocksource (7%)	<b>Gross P50</b>	260 mmboe
<b>Work program</b>	Completed. 3 D acquired and processed One firm well drilled within first 4 years		



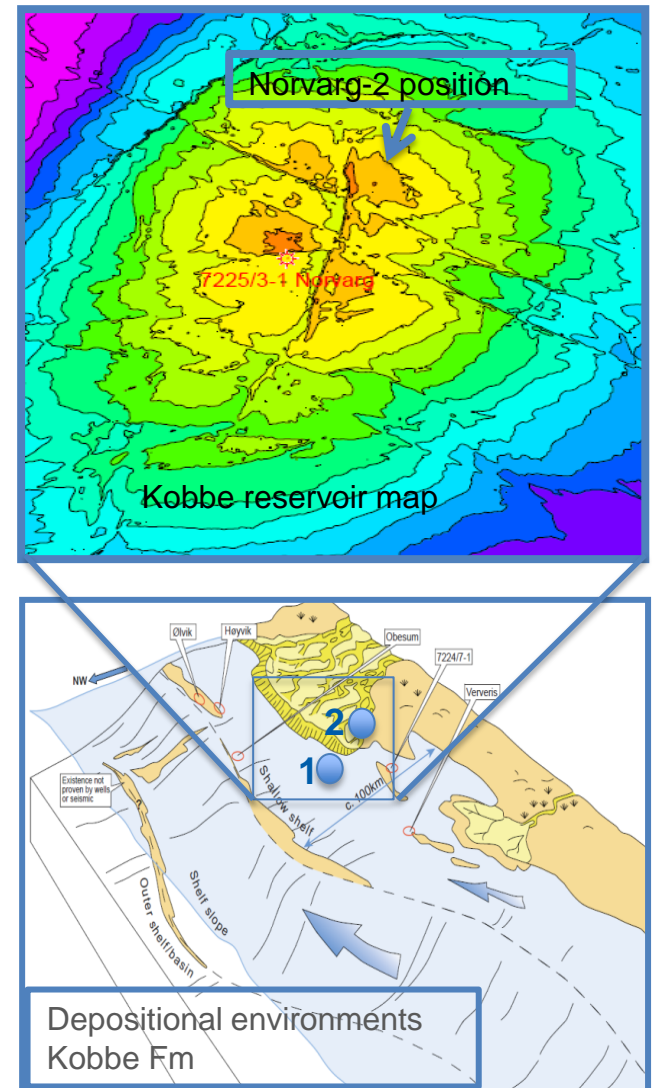
- 2011 discovery, movable gas encountered in three levels
- Successful production test, rates of 180.000 Sm<sup>3</sup>/d from one vertical well
- North Energy present P<sub>mean</sub> estimate 290 mmboe





# Well Norvarg-2 planned for spring 2013

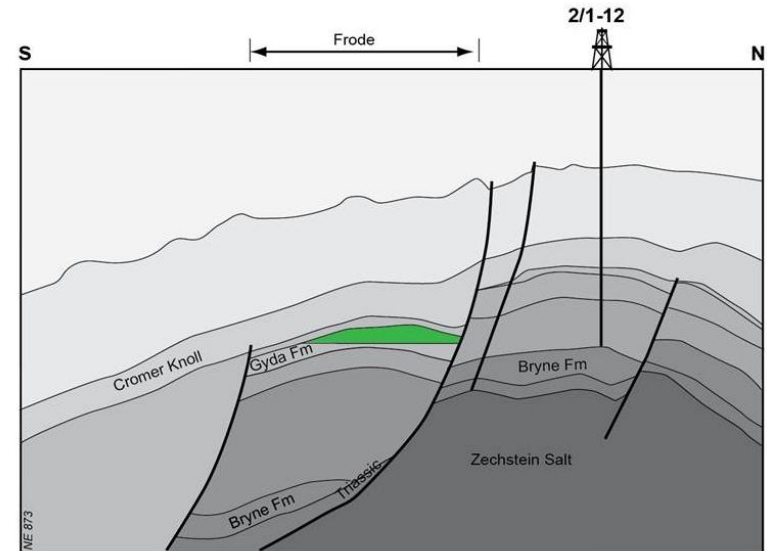
- Spud expected March-April 2013 with Leiv Eriksson rig
- Norvarg-2 will test geological model and provide further information on
  - Reservoir productivity, especially channel development
  - Fluid contacts
  - Field extension
- A third well is likely prior to development decision



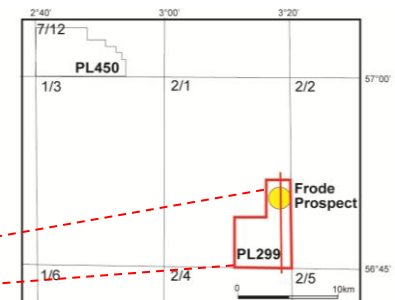
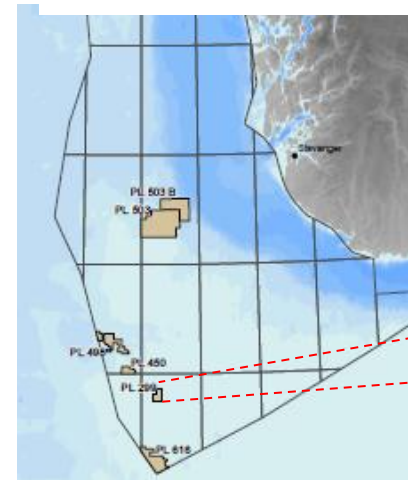
# PL 299 Frode - oil in the North Sea

## PL 299 Frode in the North Sea

<b>Acquired</b>	2012	<b>Main prospect</b>	Frode
<b>Operator</b>	Talisman (31.5%)	<b>Hydrocarbons</b>	Oil
<b>Partners</b>	Dong (20%) Agora (28.5%) North Energy (20%)	<b>Expected drilling</b>	Q22013
		<b>Prob. of success</b>	19 %
		<b>Gross mean unrisked</b>	86 mmboe
		<b>Net mean risked</b>	3 Mmboe
<b>Work program</b>	Fulfilled Drill one well in 2012		



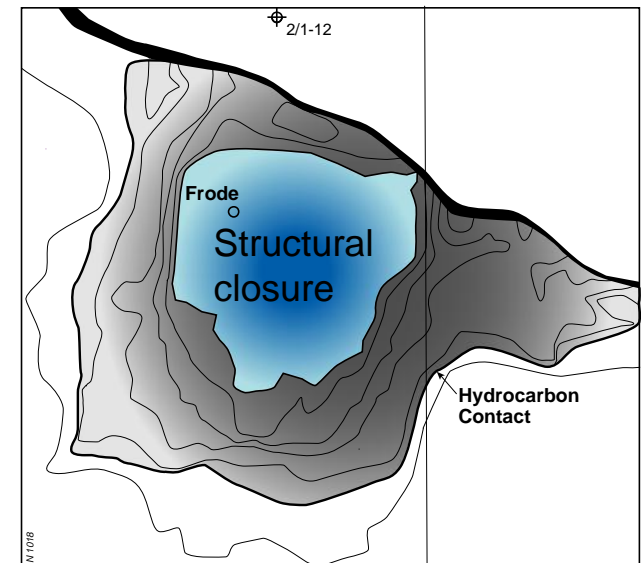
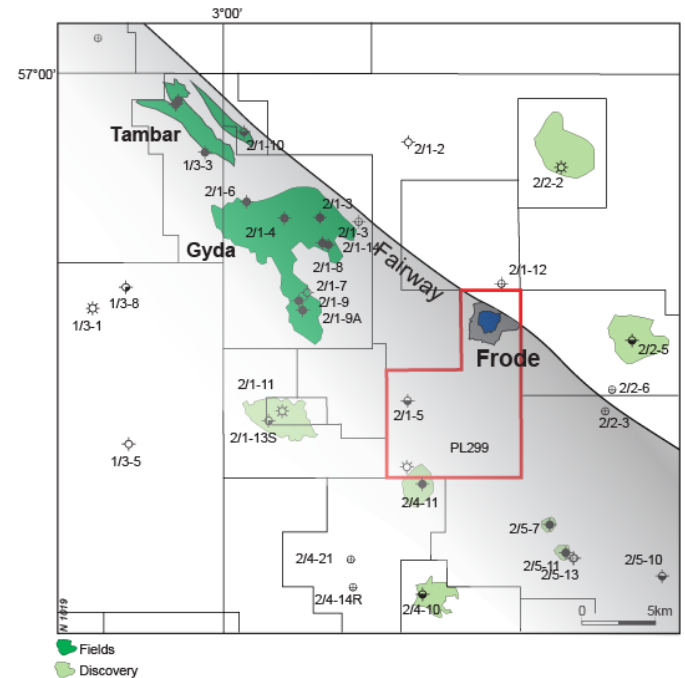
- Located 15 km south east of the Gyda field
- Spud expected in Q2 2013
- Fast track PDO possible in case of discovery
- Upside within the Frode prospect





# Frode in the «fairway» of discoveries

- The volume is decided by the sealing fault
- Dry well just on other side of fault indicates that the fault seals
- If fault does not seal, still sufficient oil to give commercial accumulation in the independent structure
- In the fairway of Frode a number of fields and discoveries are found

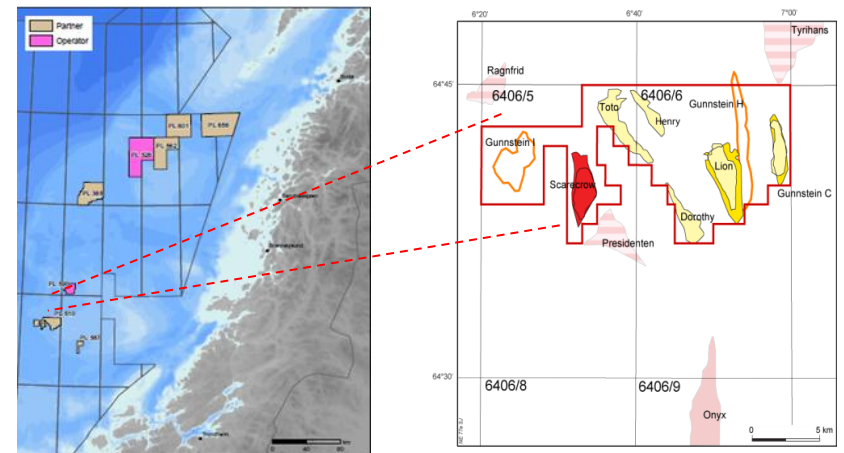
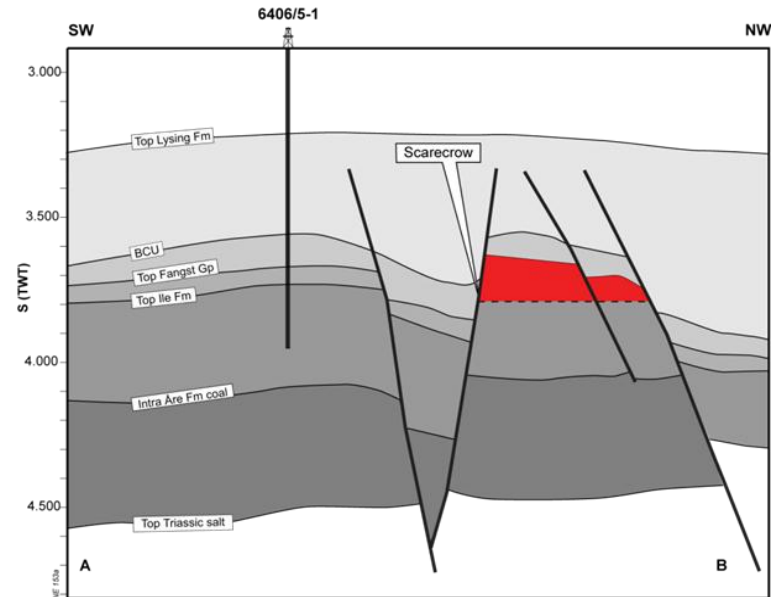


# PL 510 Scarecrow – new partnership has decided to drill a well in 2014

## PL 510 in the Norwegian Sea

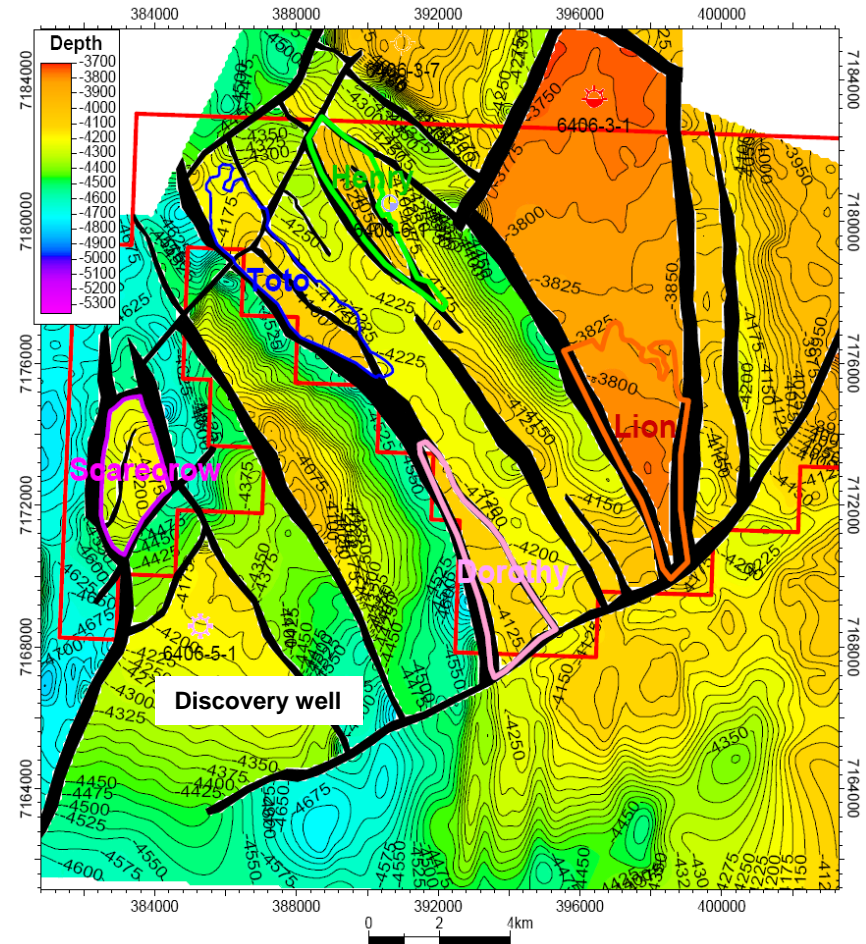
<b>Awarded</b>	APA 2008	<b>Main prospect</b>	Scarecrow
<b>North Energy</b>	100%	<b>Hydrocarbons</b>	Gas Cond.
		<b>Expected drilling</b>	2014
		<b>Prob. of success</b>	40%
		<b>Gross mean unrisks</b>	104 mmboe
		<b>Net mean risked</b>	8 mmboe
<b>Work program</b>	3D seismic is reprocessed Drill decision taken (2012)		

- PL 510 is located on the Halten Terrace in the vicinity of several producing fields
- If successful, a discovery could be tied back to the Kristin field with first gas in 2018/2019
- Change of ownership ongoing



# PL 510 Scarecrow - new firm well for North

- New licence group:
  - Approved by authorities
  - Soon to be announced
- 5 prospects – with potential cluster development:
  - Scarecrow
  - Toto
  - Dorothy
  - Henry
  - Lion
- Wet gas expected
- Transport via ÅTS or new pipeline (Polarled)
- First well in 2014

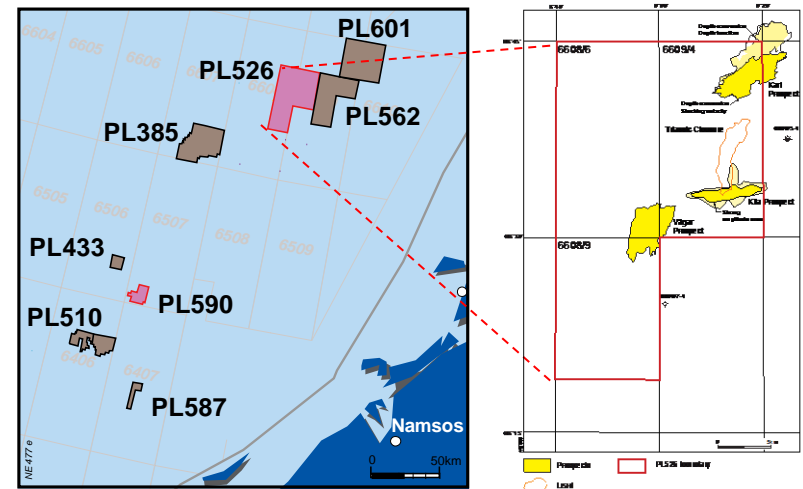
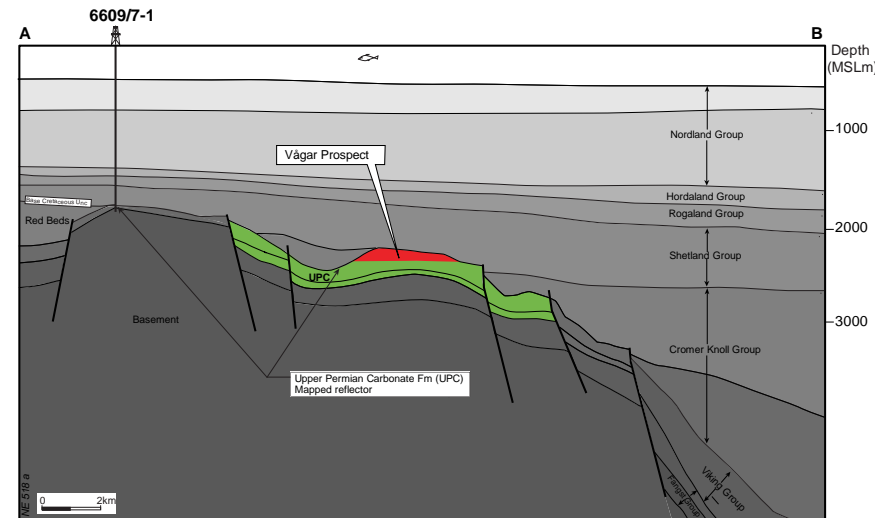


# PL 526 Vågar – Drill or drop in spring of 2012

## PL 526 in the Norwegian Sea

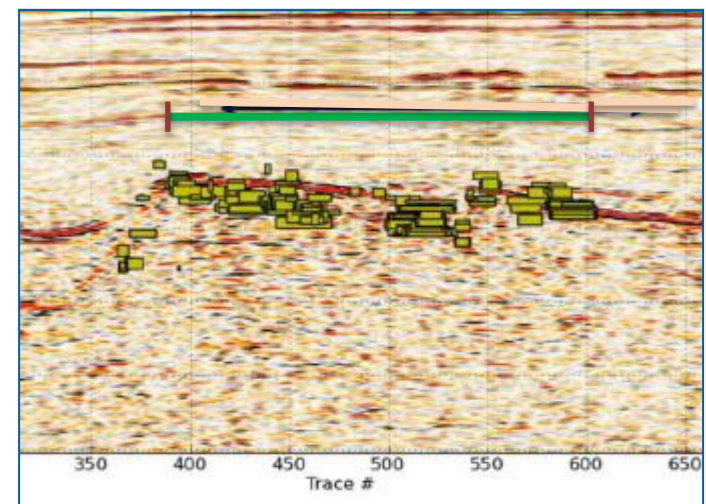
<b>Awarded</b>	20th round (2009)	<b>Main prospect</b>	Vågar
<b>Operator</b>	North Energy (66,67%)*	<b>Hydrocarbons</b>	Oil
<b>Partners</b>	E.ON Ruhrgas (33,33%)	<b>Expected drilling</b>	2014
	Lime partner upon pre-qualification	<b>Prob. of success</b>	To be decided
		<b>Gross mean unrisked</b>	To be decided
		<b>Net mean risked</b>	Coming
<b>Work program</b>	3D seismic is reprocessed Drill-or-drop decision extended to 2012		

- PL 526 is located northeast of the Norne field
- North Energy has increased the share to 66,67% (from previous 40%)



# PL 526 Vågar – evaluated with new technology is likely first drill decision in DoD licenses.

- Vågar prospect - a big prospect with possible oil and gas cap on the doorstep to Lofoten area
- Well 6609/7-1 indicate presence of gas and carbonate reservoir
- New technology indicate significant upside oil potential in carbonate reservoir down flank
- Technology by Rex Oil and Gas uses existing seismic data. Tests by North Energy last year with impressing results in carbonates
- Well to be decided during next two months





# First possible addition to Drilling Programme from operated DoD license

License NE Share Operator Rig				2013												2014
				Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	
PL 299 Frode	20 %	Talisman	Maersk Giant													
PL 535 Norvarg 2	20 %	Total	Leiv Eiriksson													
PL 510 Scarecrow	<b>TBA</b>	TBA	TBA													
PL 526 Vågar	66,7 %	North Energy	DoD Q1 2013													



Oil



Gas w/possible oil leg



Oil w/ Gas



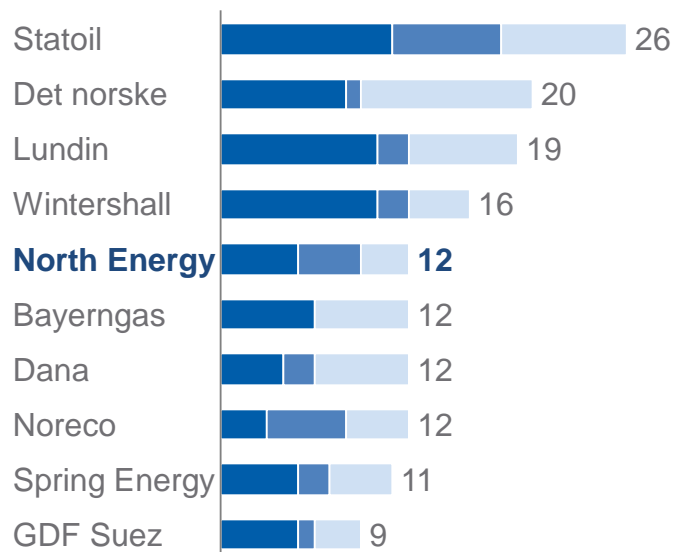
Gas / Condensate

# Agenda

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- **Taking a northern position**

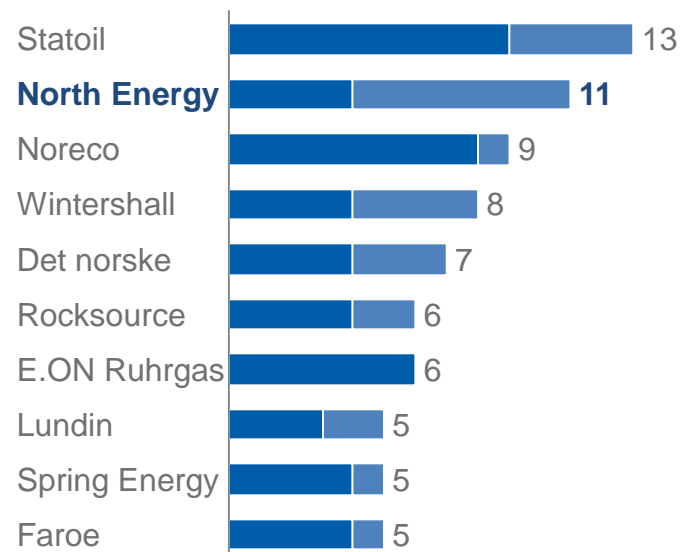
# Recognized by the authorities – solid awards in recent licensing rounds

## Top 10 in recent licensing rounds...



■ APA 2010 ■ 20th licensing round ■ APA 2009

## ...and runner-up in the north

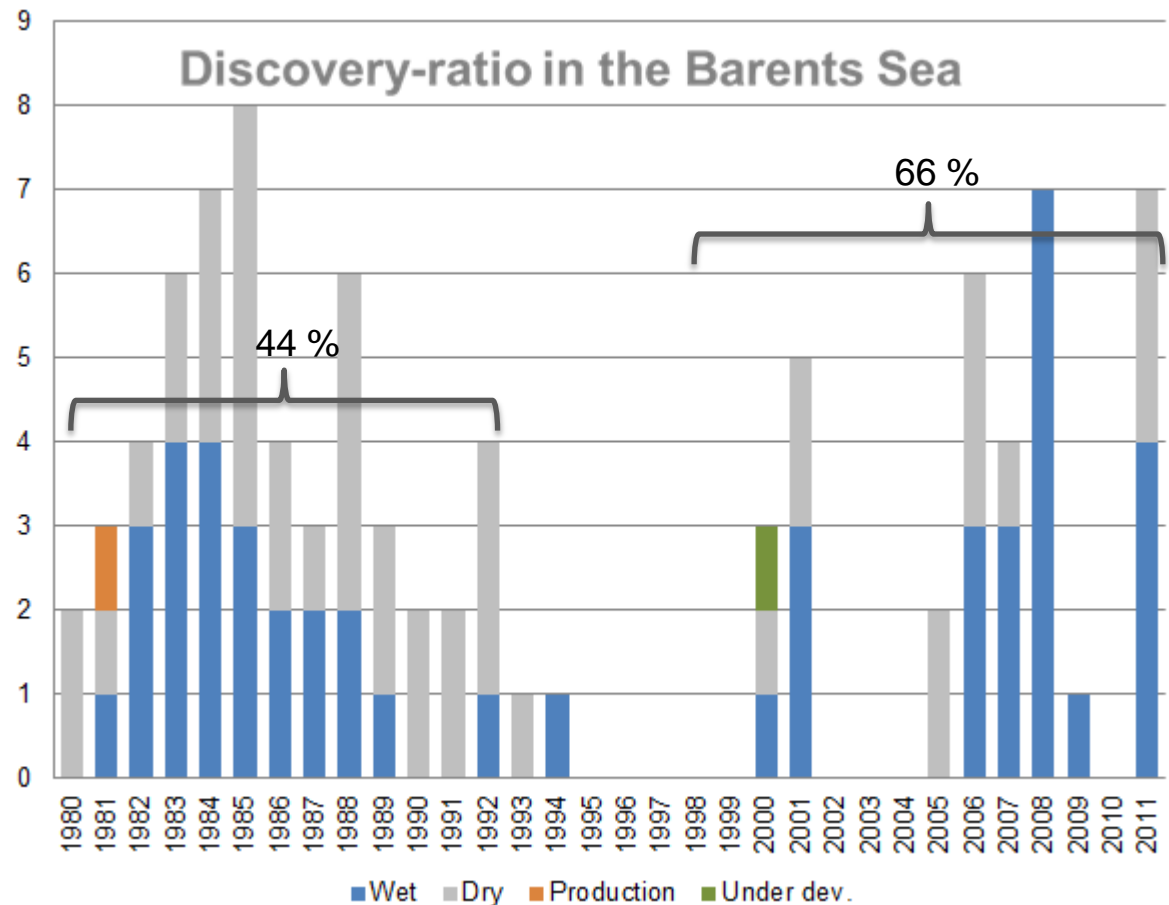


■ Norwegian Sea ■ Barents Sea

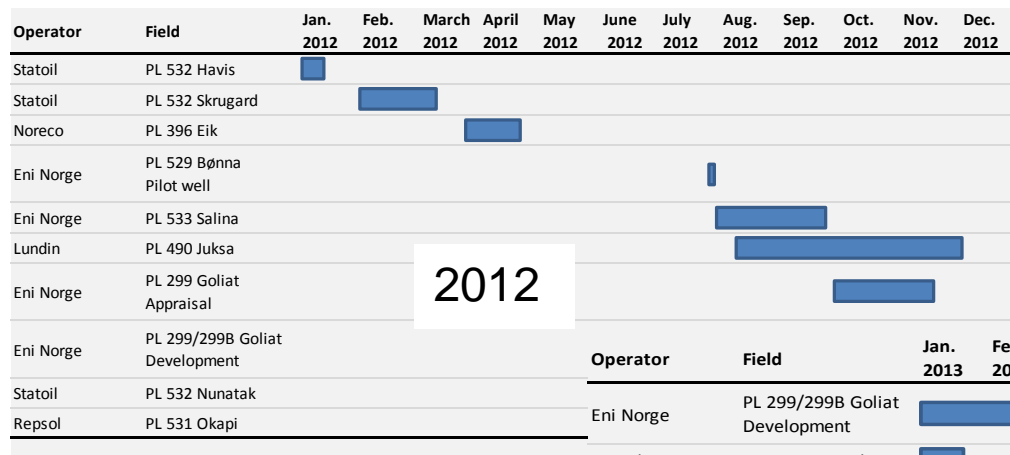


# Exploration in the Barents Sea picking up

- Learning geology from wells increases hitrate
- Increasing hitrate, increases number of wells
- Record number of wells expected in 2013, 14 and 15
- Has the timing been right?

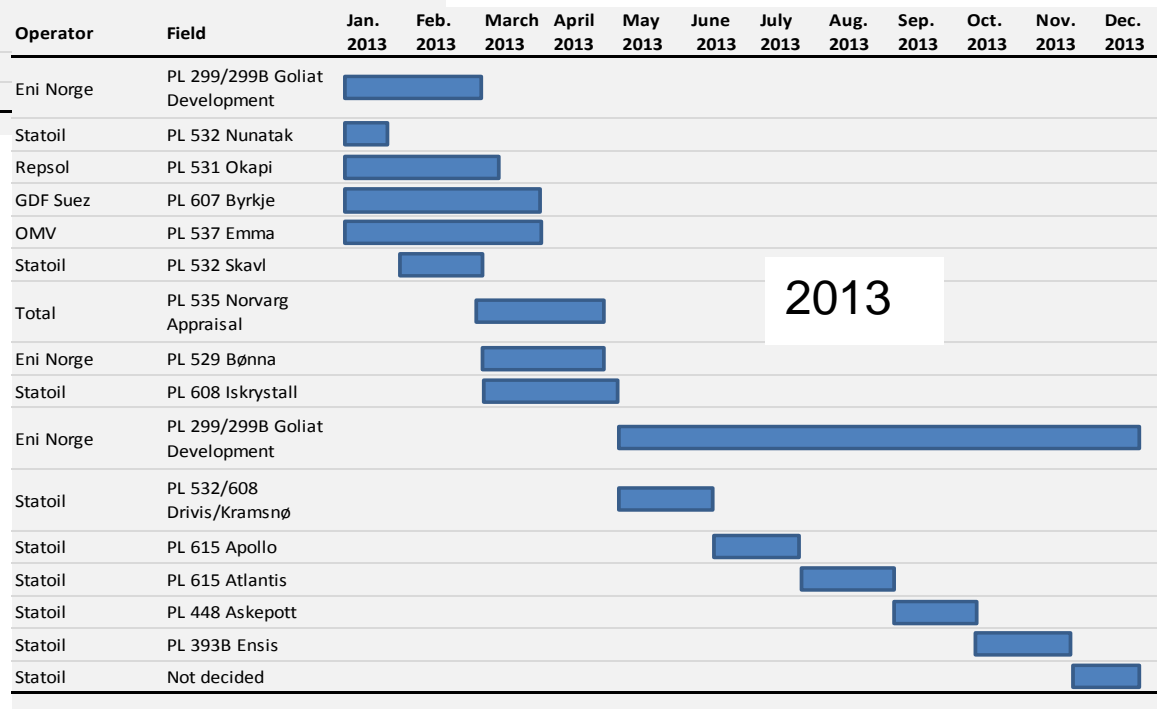


# Record high drilling activity in Barents Sea in 2012. Real break through in 2013



2012

Source: Petroarctic.no September 2012



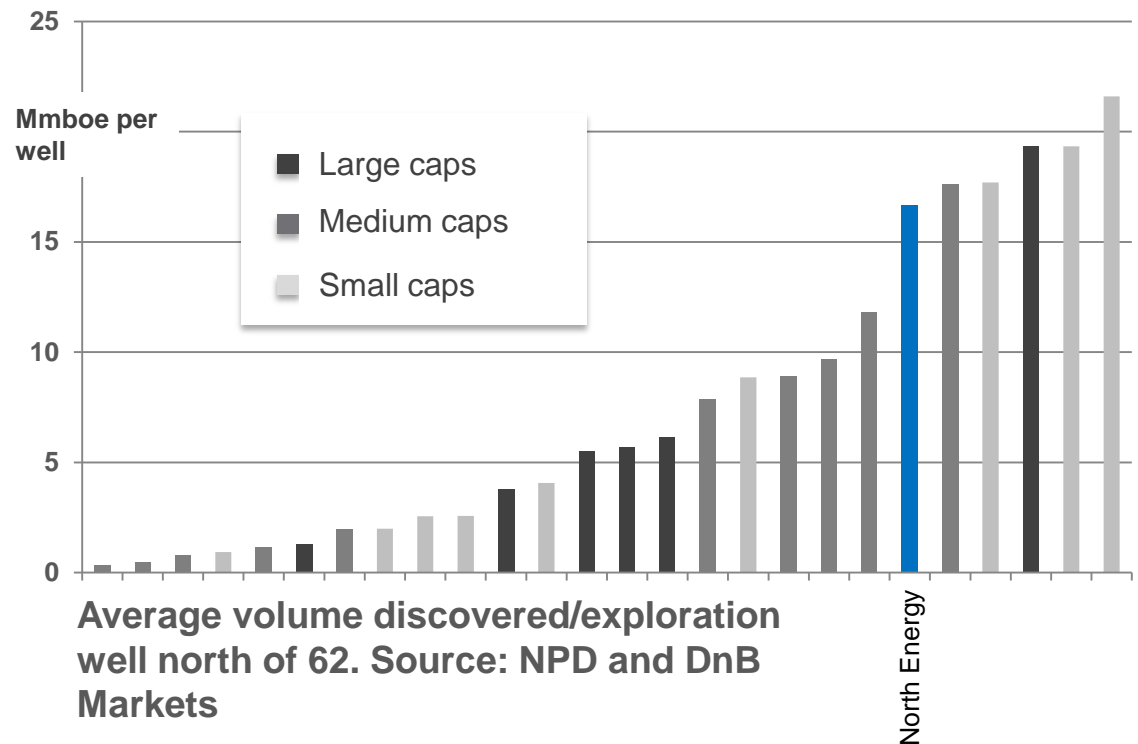
2013

# Norvarg development options among more than 70 other prospects in the North



# There is room for small, but competent companies, also in the North

- 40 oil companies have drilled 62 exploration wells north of 62 deg.
- 14 companies did not discover. (4 super majors left, and may be coming back)
- North Energy is among top six (volume/well)
  - Together with three small, one mid-cap and one major





# Summary

- Acquisition and exploration success in long term projects in the North
- Working to prove supporting short term strategy in the North Sea
- New, and recently tested, technology could be a competitive edge when going for oil in the North Sea

