



North Energy ASA

Capital raise of NOK 360 million

January, 2014



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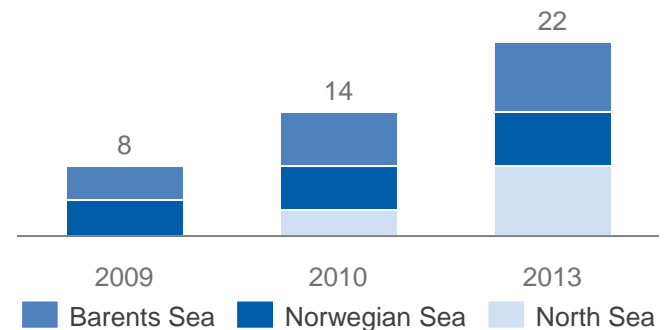
North Energy – Pure exploration exposure to the attractive Norwegian Continental Shelf

- **The northernmost oil and gas company**
 - Headquartered in Alta in Finnmark, northern Norway
 - Listed on Oslo Axess (ticker: NORTH)
 - Market cap of ~NOK 154 million (as of 8 January 2014)
 - 22 licenses offshore Norway
 - 40 employees

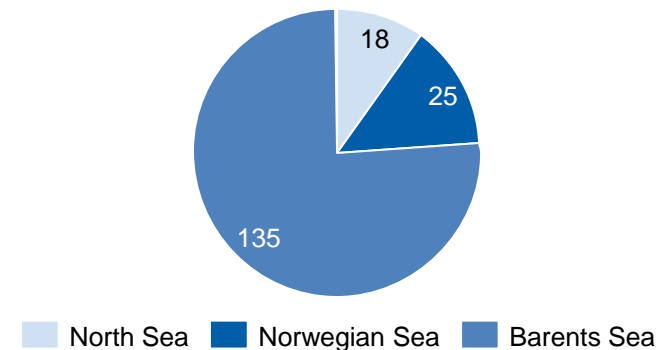
- **Top awards in 22nd licensing round**

- **Expanding drill queue**
 - Pursuing additional wells through farm-ins and licensing rounds
 - Technology arbitrage

Portfolio development (# of licenses)



Net risked resources (Mboe) ⁽¹⁾



(1) Based on aggregated Barents Sea success probability

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North Energy focuses resources towards the Barents Sea

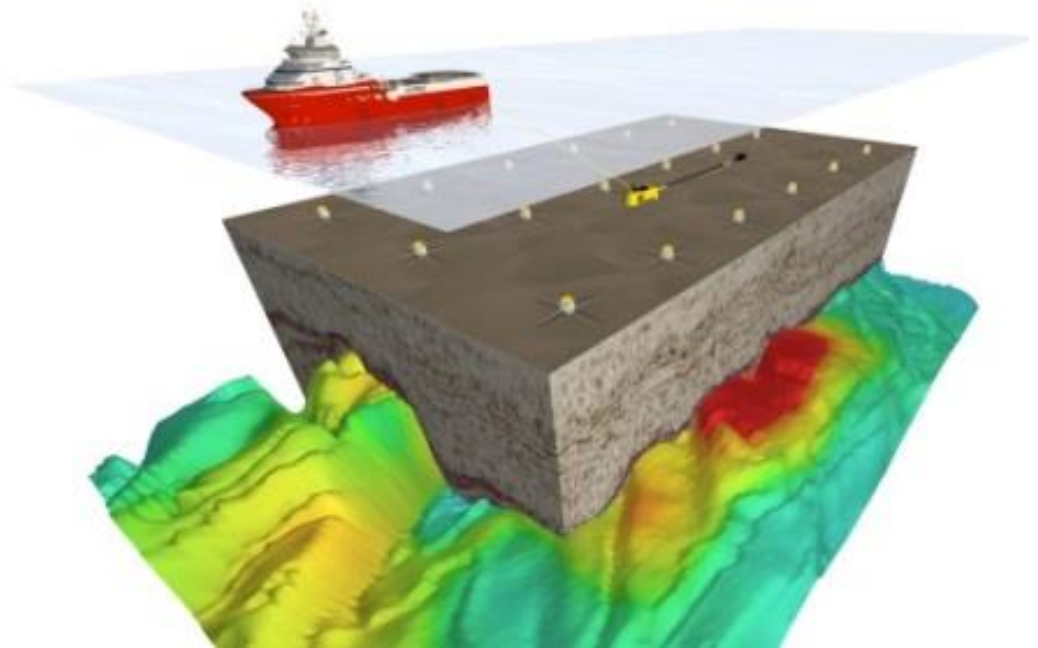
- Strengthen the company strategically, technologically and financially
- Stronger focus on core home market, the Barents Sea
- Positioned for technology arbitrage in Barents region
 - Electromagnetic data (EM)
 - Virtual Drilling (VD)
- Acquisition of EMGS ASA (“EMGS”)’s Barents Sea EM data library
 - EM an integral part of North’s exploration strategy
- NOK 360 million capital raising to become fully funded for 8–12 wells
 - NOK 285 million private placement
 - NOK 75 million convertible loan with EMGS

The transactions in brief

- **North raising NOK 285 million in a private placement**
 - Directed towards large North and EMGS shareholders and close affiliates
 - Subject to approval at North EGM, scheduled for mid February
 - Shares listed upon prospectus approval; expected ultimo February, subject to Norwegian FSA approval process
- **Share issue price of NOK 4 per share**
 - 71.3 million new shares issued in private placement
 - New number of shares 112.1 million, post issue
- **NOK 75 million convertible loan with EMGS**
 - Related to EM data acquisition
 - Convertible between four to six months post issue
 - Strike price at NOK 4.15
 - If converted, fully diluted new number of shares 130.1 million

Technology partnership with EMGS in the Barents Sea

- **Acquisition of EMGS's entire Barents Sea EM data library**
 - Important scanning and de-risking tool
 - Well-suited for Barents Sea, North's core home market
 - EM an integral part of North's exploration strategy
 - Cooperate with EMGS on existing EM data and license portfolio
- **Data and services**
 - EM data for 110 blocks
 - > 30.000 km²
 - 57 open blocks
 - Services
 - Pre-funding of new surveys



Technology arbitrage opportunity in Barents Sea

Technology

Partnership

Barents Sea basin

EM

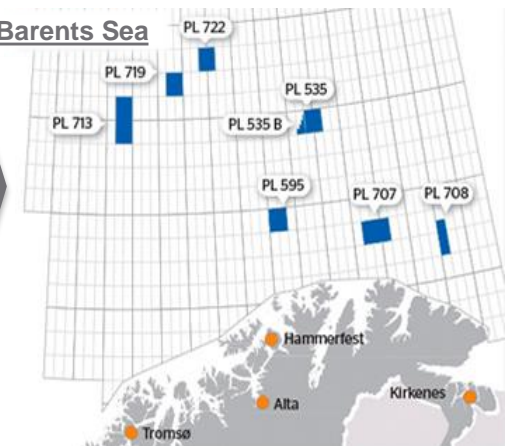
VD

Seismic

G&G



Barents Sea



Unique combination of EM, VD and G&G creates a technology arbitrage opportunity in the Barents Sea

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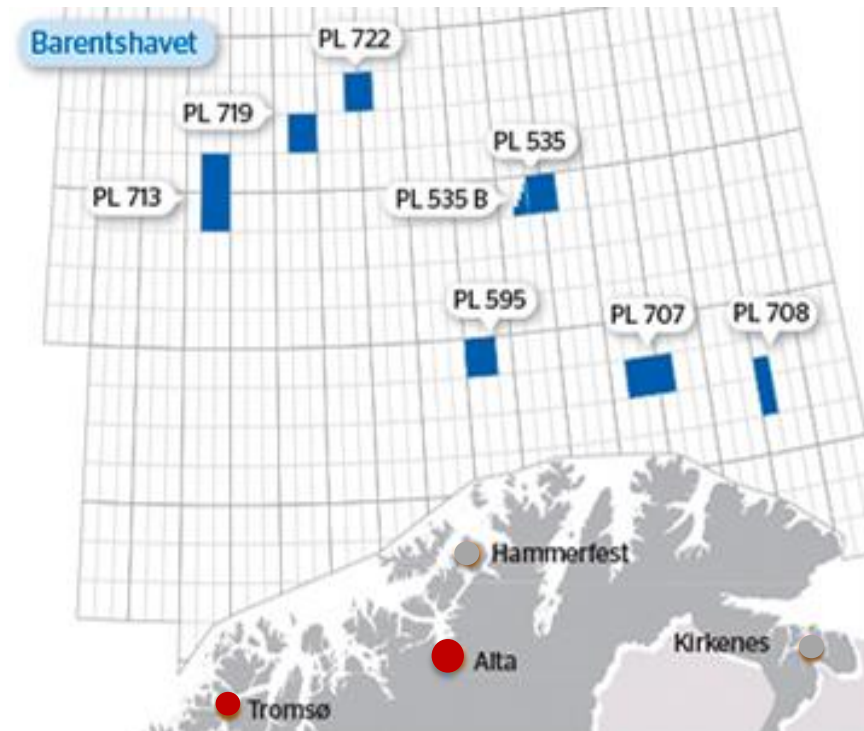
Increasing Barents Sea focus with enhanced technology and recapitalized balance sheet

- Focus on North's primary exploration region; the Barents Sea
- Build on strengths in region to add additional wells through farm-ins and licensing rounds
- Strengthened technical analysis of prospects through adaptation of EM and VD
- Conventional G&G coupled with EM and VD screening expected to yield lower finding cost and commercial oil discoveries
- Maintain strict cost control

Explore – find – and monetize discoveries in the best possible way for shareholders

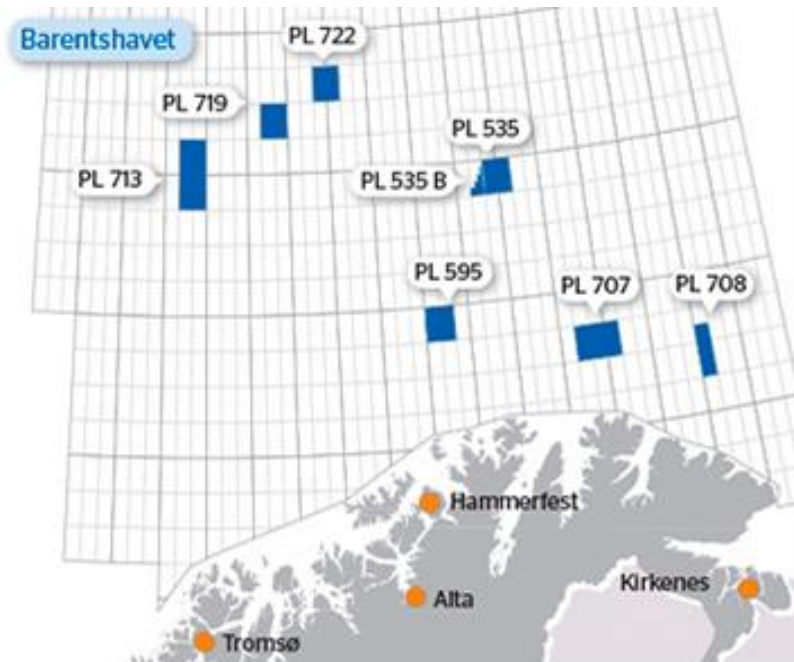
North Energy with attractive and unique position in the Barents Sea

- Strong northern Norwegian identity
- Strong local presence, area knowledge and focus on coastal protection
- Contribute to industrial value creation in northern Norway
- Headquartered in Alta with regional office in Tromsø
- North's primary exploration region since 2007

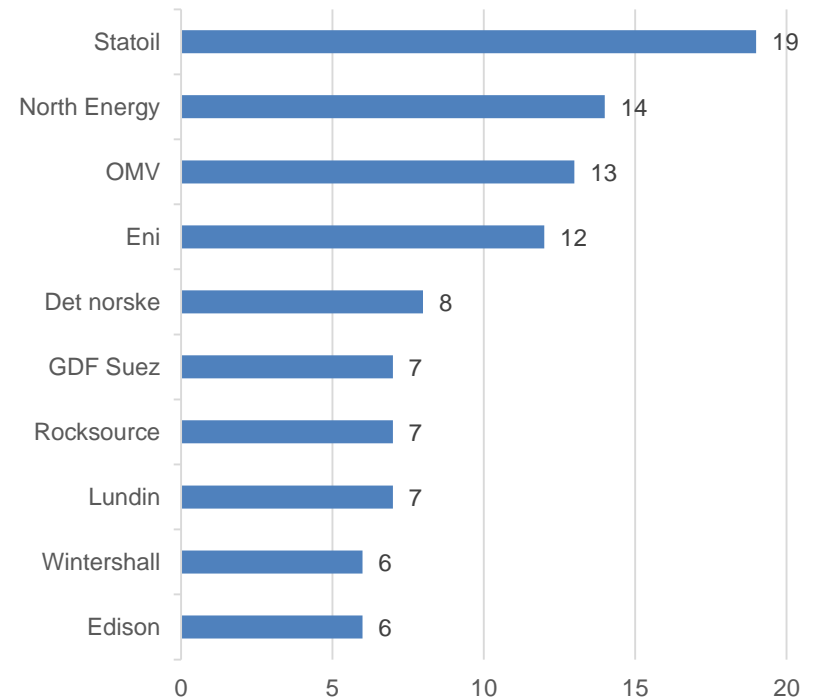


Strategic position in northern Norway demonstrated in recent licensing rounds

2013 22nd round awards



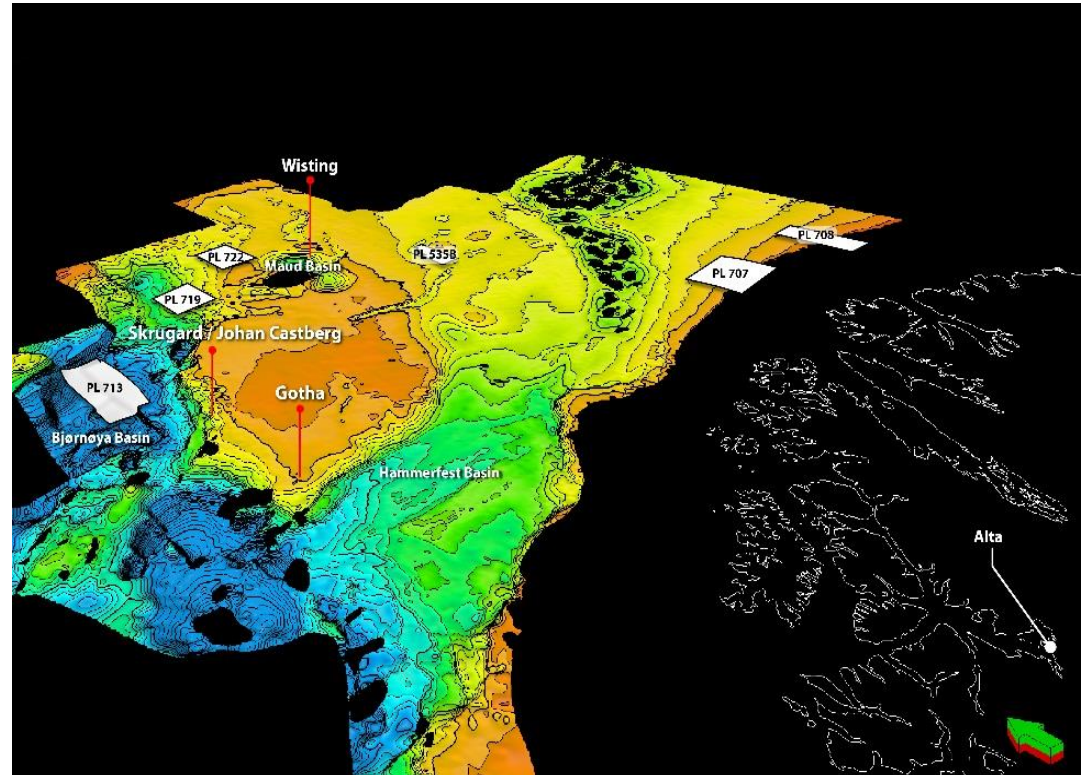
Barents Sea awards since start-up



- Six Barents Sea license awards in the 22nd round, second only to Statoil
- Three attractive license awards in the Hoop Fault complex

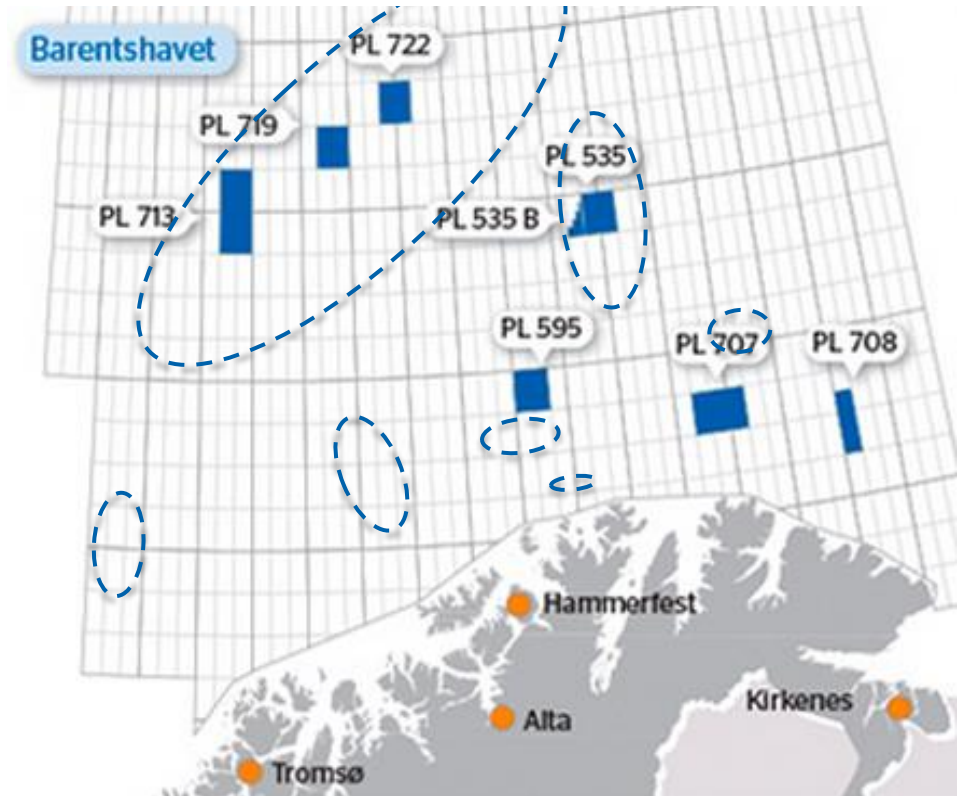
North's recent Barents Sea awards close to discoveries

- Well positioned with the license awards in the 22nd round
- At least three wells expected within next two years
- Several oil indications in new licenses



The EMGS library gives North a competitive edge in the Barents Sea

- 110 blocks covered
 - > 30.000 km²
- 57 open blocks
- Strong technology track record
 - EM results in Barents Sea substantiate a significant increase in drilling success rates
- Five North licenses covered by EMGS' EM library

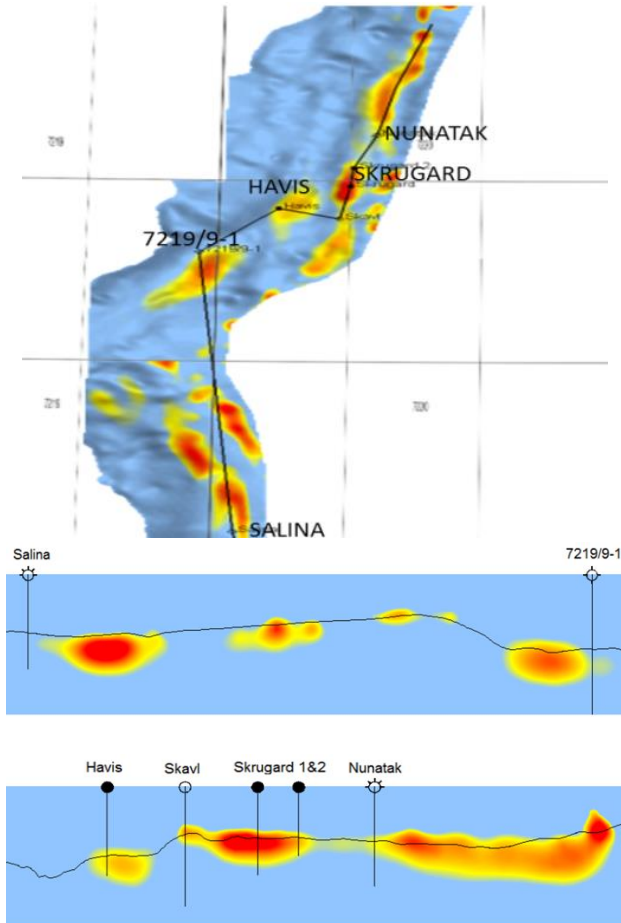


 EMGS EM library

Note: EM library indicated for illustrative purposes and not to scale

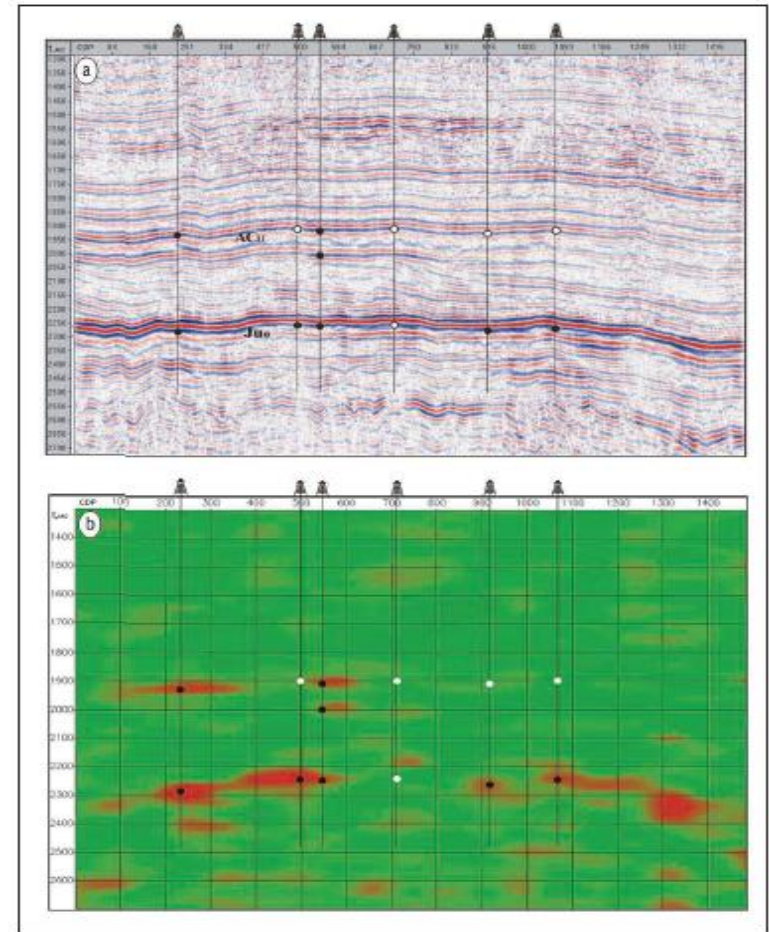
EM data - an effective exploration tool in the Barents Sea

- Powerful exploration tool in shallow hydrocarbon basins such as the Barents Sea
 - To be integrated into North's exploration strategy
- Accurate volume indication
- Effective in combination with conventional seismic and VD
- Technology proven effective in the Barents Sea
 - Shown in the Wisting Central wildcat well



VD - a powerful seismic data processing tool

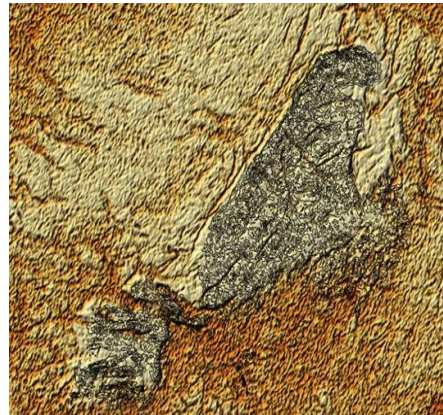
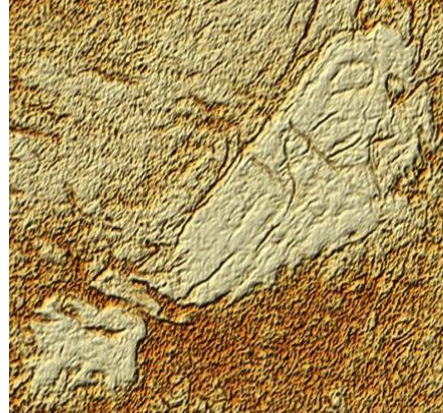
- Searches for «resonance» in conventional seismic data
 - Used on 2D and 3D data
- Analysis of 500 km²/week
- Direct indicator of source, migration and accumulation of oil
- Calculates frequency of oil from existing seismic data
- Two years of dry well indication using VD proven highly accurate
- No acquisition cost



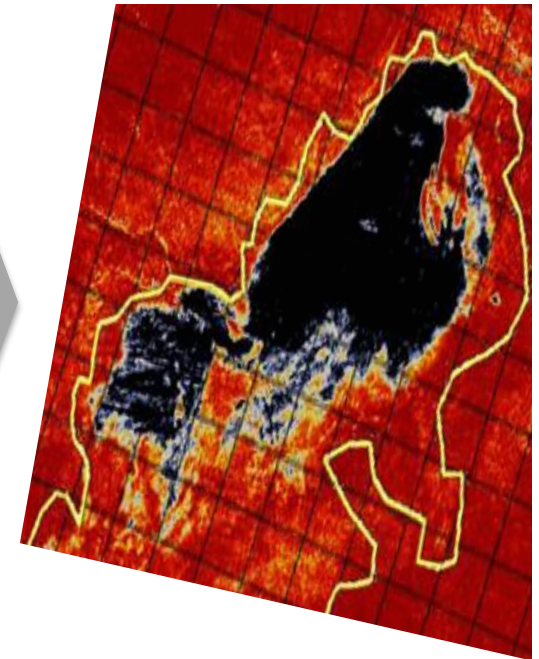
Russian 2D from Siberia.

VD predictive power

- Auto-picked seismic horizon compared to suggested oil saturation by VD
- VD clearly indicating location of oil in reservoir
- Detects oil only, not gas
- No indication means no oil

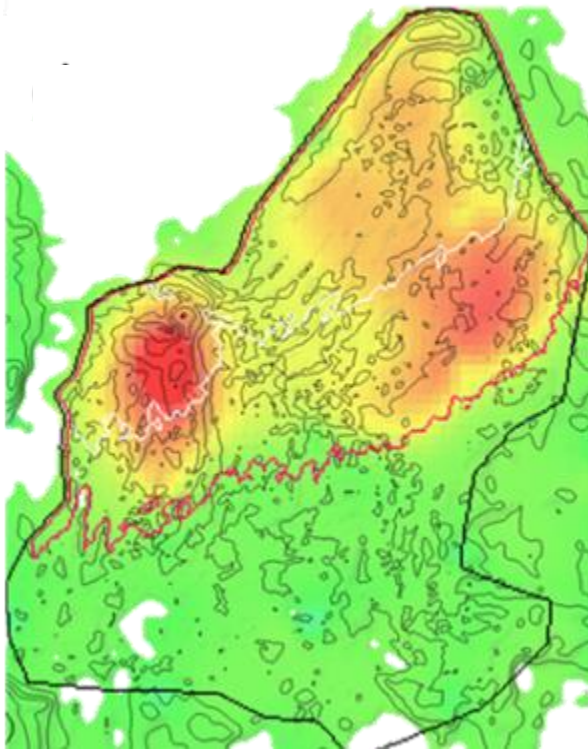


VD oil saturation indication

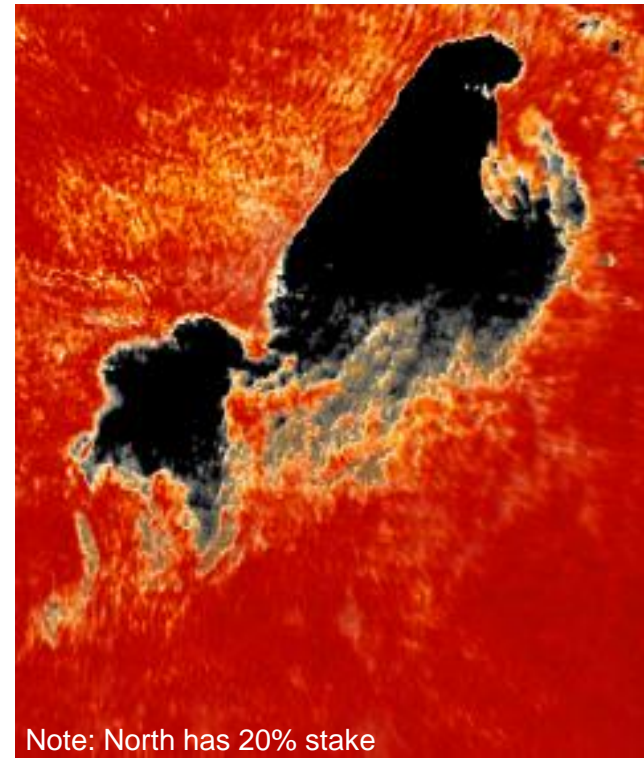


Comparison of VD and EM on well to be drilled in August

EM anomaly



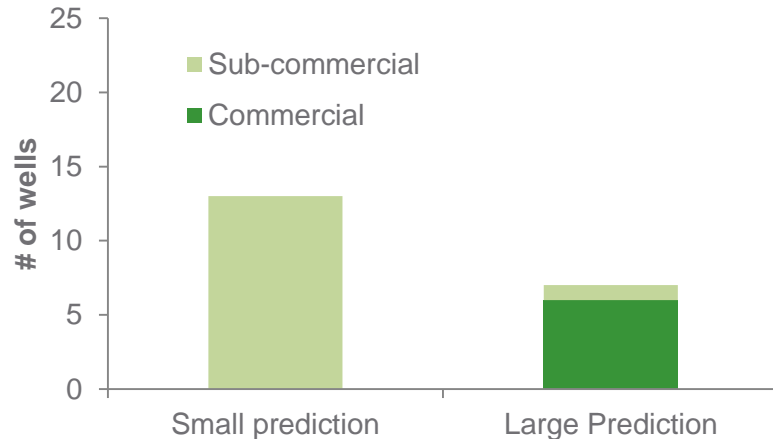
VD anomaly



EM anomaly clearly indicating large volumes of oil or gas; VD indicating location and frequency of oil in reservoir

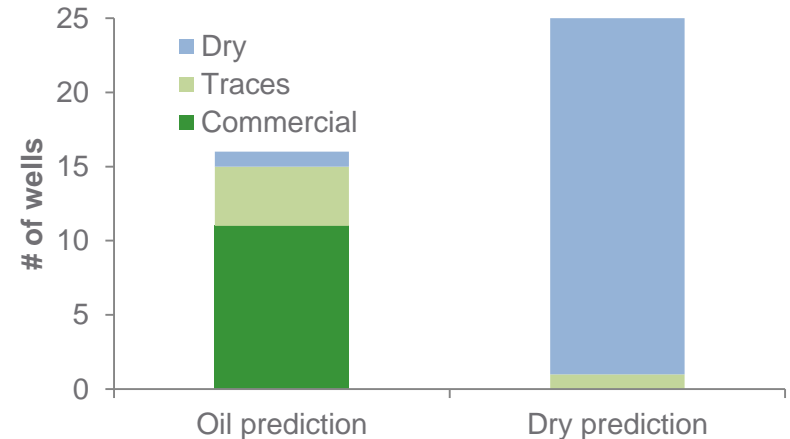
Predictive power of two independent geophysical tools

EM Barents Sea



- **Matching results in 20 of 20 wells in the Barents region**
- **13 predicted “small or missing”**
 - All sub commercial
- **7 predicted “sizeable”**
 - All had significant volumes

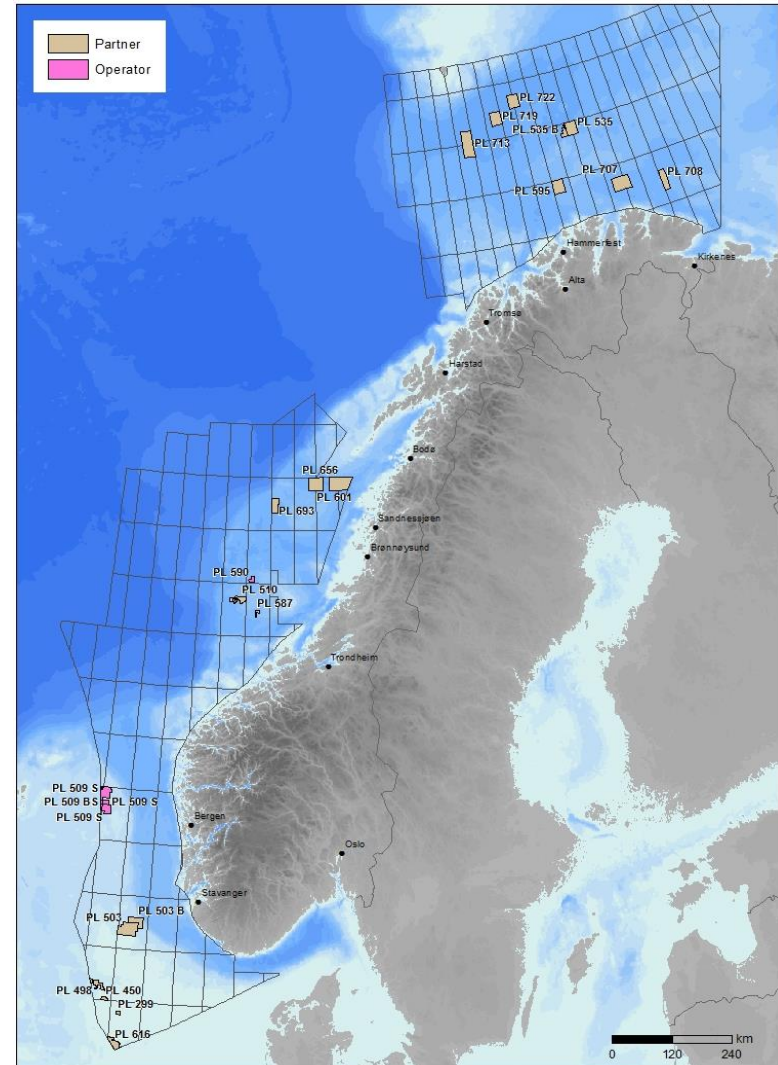
VD NCS



- **59 prospects; 41 drilled**
- **16 predicted positive**
 - 11 Drilled with commercial oil
 - 5 failures had weak anomalies
- **25 predicted negative**
 - 24 of 25 were dry (96%)

North Energy Licenses

PL	Name	Operator	NE share
299*	Frode	Talisman	10 %
450*	Storebjørn	Det Norske	20 %
498*	Skagen	Lotos	20 %
503 & 503 B	Valberget	Lotos	12,5 %
509 S & 509 BS	Albatross	North Energy	40%
510	Tvilling sør	Maersk	20 %
535 & 535 B	Norvarg	Total	20 %
587	Grenoble	Edison	40 %
590	Sierra	North Energy	30 %
595	Jaktfalk	Edison	40 %
601	Nupen	Wintershall	20 %
616	Skagastøl	Edison	15 %
656	Selsbane	E. ON	10 %
693	Havørn	OMV	15 %
707	Seiland vest	Edison	10 %
708	Seiland øst	Lundin	10 %
713	Halddi	Statoil	20 %
719	Sandia	Centrica	20 %
722	Skaidi	GDF	20 %



* Relinquishment pending government approval

Management team



Erik Karlstrøm

CEO

Key experience:

- 20 years of exploration with the RWE-Group as deputy CEO in Egypt and portfolio manager
- Before this, Mr. Karlstrøm worked for six years with Mobil both in USA and Stavanger. He was also head of the Exploration committee of Oljeindustriens Landsforening (OLF)



Knut Sæberg

CFO

Key experience:

- Started as CFO in 2009
- Previously worked as CFO in the Optimera Group and in NMD ASA
- From 1984-1995, Mr. Sæberg held various positions with Shell

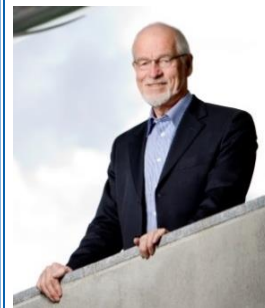


Kristen Berli

VP Exploration and Business development

Key experience:

- Former VP Business development in PGS
- Previously held positions as exploration manager at Hydro (Tampen area) and Saga Petroleum (UK and Ireland) as well as at the Norwegian Petroleum Directorate



Johan Petter Barlindhaug

Chairman of the Board

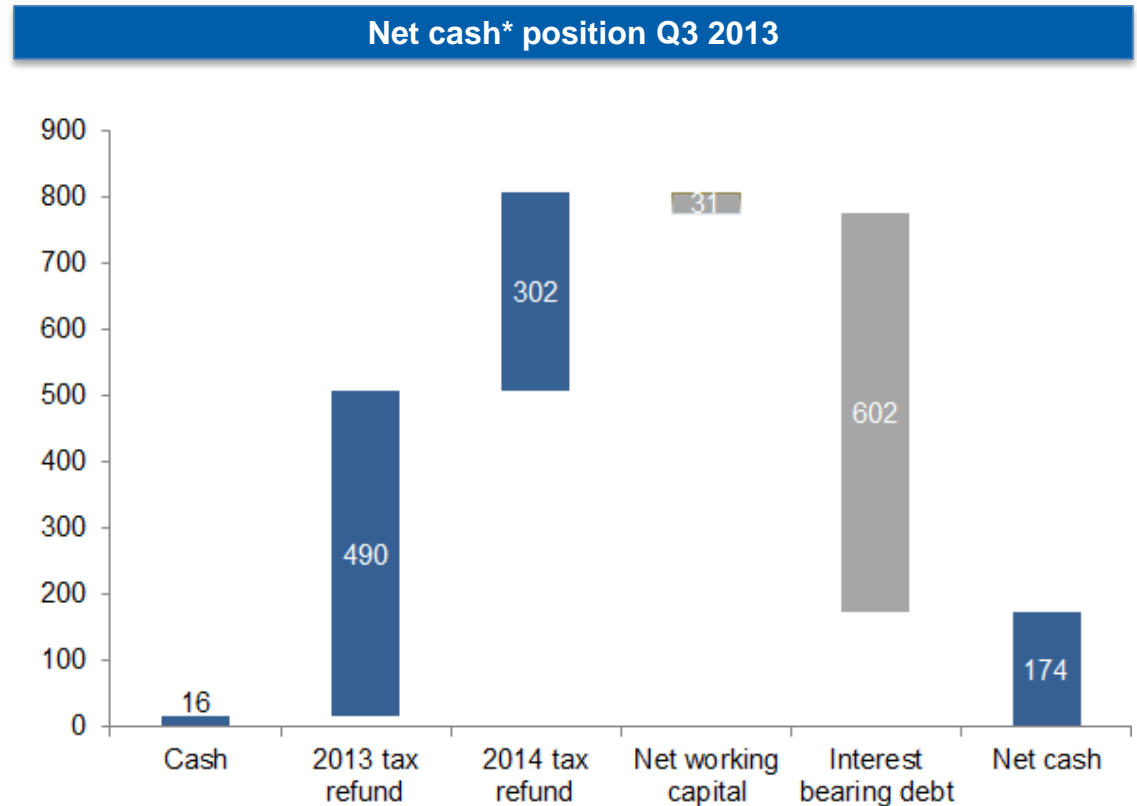
Key experience:

- Established the largest combined consulting, development and engineering company in northern Norway, and several smaller industrial firms in the region
- National expert on the northern regions and responsible for several impact assessment studies into the overlap between fishery, sea transport and oil and gas

- **Management team with many years of experience coupled with more than 40 competent employees**
- **Critical in winning licensing rounds as well as for being a preferred partner in connection with attractive farm-ins**

Q3 net cash position pre-transaction

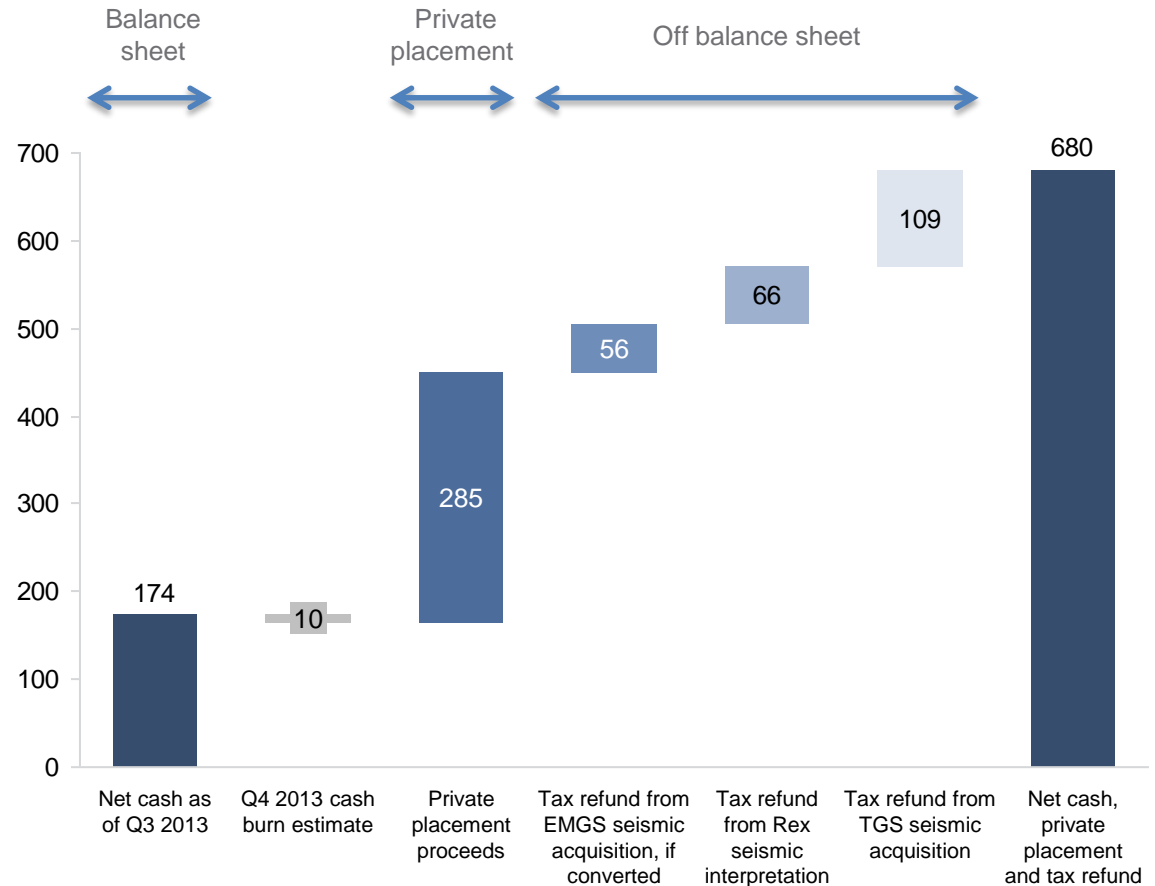
- Q3 net cash position of NOK 174 million (pre-transactions)
- Unused exploration loan facility of NOK 348 million
- Unused convertible loan facility of NOK 271 million



* Excluding convertible loan balance of NOK 29.1 million towards TGS Nopec and Rex Technologies Management

Fully funded for 8 – 12 wells post-transaction

- Q3 2013 net cash position of NOK 174 million
- Private placement of NOK 285 million
- EMGS, Rex and TGS convertible loans provides a free cash potential of approx. NOK 56-, 66- and 109 million, respectively
- Available financing of approx. NOK 680 million



Tax refunds subject to purchase of seismic and services eligible for 78% tax refund throughout the convertible loan agreement. Interest expenses are excluded.

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- **Strengthen the company strategically, technologically and financially**
- **Positioned for technology arbitrage in Barents region**
 - Electromagnetic data (EM)
 - Virtual Drilling (VD)
- **NOK 360 million capital raising to become fully funded for 8–12 wells**
- **Subject to shareholder's approval in the upcoming extraordinary general meeting**

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Profit & Loss Q3 2013

NOK Million	Q3 2013	Q2 2013	Q3 2012	2012	
Profit	32,0	66,1	46,9	46,9	Sale of licenses
Exploration expenses	(36,5)	(163,9)	(92,7)	(540,1)	No drilling activity in Q3 2013
Payroll	(11,8)	(12,2)	(16,6)	(56,8)	
Other operating expenses	(8,4)	(8,3)	(8,6)	(41,1)	
EBITDA	(24,7)	(120,4)	71,0	(601,2)	
Depreciation	(2,0)	(2,1)	(2,6)	(10,2)	
EBIT	(26,7)	(122,5)	68,4	(611,4)	
Net financial items	(7,9)	(5,3)	(2,9)	(21,9)	
EBT	(34,6)	(127,8)	65,5	(633,4)	
Tax	45,2	93,4	93,4	511,7	
Net result	10,6	(32,4)	16,9	(111,5)	

Balance sheet 30 September 2013

NOK Million	30.09.2013	31.12.2012	31.12.2011	
Assets				
Fixed Assets	447,8	304,2	418,6	Capitalized drilling cost
Long term receivables	319,1	0,0	0,0	Tax receivable refund - Dec 2014
Short term receivables	548,0	540,6	608,4	Tax receivable refund - Dec 2013
Cash	15,7	28,5	34,2	
Total Assets	1 330,6	873,3	1 061,2	
Equity and liabilities				
Total equity	372,5	409,9	369,8	Equity share of 28%
Long term liabilities	272,9	125,1	221,0	Deferred tax
Short term liabilities	685,2	338,3	470,4	Exploration loan
Total equity and liabilities	1 330,6	873,3	1 061,2	

Credit facility with Rex

- Covering seismic interpretation over the next four years using Virtual Drilling technology
- Credit facility of MNOK 100
- No commitments or obligations
- 8% interest payable
- No installments, but with full repayment option
- 12 months net debt convertible at three specific dates during the four-year period
- Conversion at NOK 8 per share, but conversion cap if share price is above NOK 16 per share

Credit facility with TGS

- Covering purchase of seismic data and services over four years
- Cash payment of 35%
- Credit facility of MNOK 200
- No commitments or obligations
- 8% interest payable
- No installments, but with full repayment option
- 12 months net debt convertible at three specific dates during the four-year period
- Conversion rate of NOK 8 per share, but conversion cap if share price is above NOK 16 per share

EMGS convertible bond

- Covering acquisition of EMGS's Barents Sea EM data library
- Six months duration
- Convertible between four to six months post issue
- Conversion price of NOK 4.15 per share
- Interest of 6.0 % p.a.

Risk factors

SUMMARY OF RISK FACTORS

Investing in north energy involves inherent risks. In the following a high level overview of risk factors is provided. A prospective investor should consider carefully the factors set out below and investigate further if the indicated risks may be relevant to the investment in the company.

RISK FACTORS RELATING TO NORTH ENERGY, THE GENERAL MARKET AND THE INDUSTRY

North Energy's success depends on its ability to appraise, find, acquire, develop and produce oil and gas reserves that are economically recoverable. There is no assurance that North Energy will discover, acquire or develop any commercial quantities of oil and gas. Without successful exploration or acquisition activities, North Energy's reserves, production and revenues will decline, which may have a material adverse effect on North Energy's business, financial condition, operating results and/or cash flow.

Report of prospective resources. North Energy applies the standards applied by the Society of Petroleum Engineers ("SPE") are applied with respect to reserves. Probable reserves are more difficult to determine than proven reserves and involve a greater risk that they are not actually recovered. There is a greater risk that probable reserves will not actually be recovered as compared to proved reserves. Under SPE standards, contingent resources are those deposits that are estimated, on a given date, to be potentially recoverable from known accumulations but that are not currently considered commercially recoverable. Estimates of contingent and prospective resources are uncertain and can change with time and there can be no guarantee that it is possible to develop these resources commercially, which may have a material adverse effect on North Energy's business, financial condition, operating results and/or cash flow. North is currently waiting for the operators release of complete well data for the PL535 Norvarg appraisal. Three of the license partners have decided to expense their cost share of initial exploration well and the appraisal well due to their expectation of non-commerciality. The license is expected to take a decision on commerciality in first quarter 2014.

North Energy's operations depend on political, economic and administrative policies adopted by the Norwegian State. The Norwegian State plays an active role in the management of the petroleum resources on the Norwegian continental shelf the ("NCS"). There can be no assurance that North Energy will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and production operations on its properties.

Exploration projects do not necessarily result in a profit on the investment or the recovery of costs. Exploration activities are capital intensive and inherently uncertain in their outcome. North Energy's future oil and gas exploration projects may involve unprofitable efforts, either from dry wells or from wells that are productive but do not produce sufficient net revenues to return a profit after development, operating and other costs.

Resources information represents the Company's estimates which may be inaccurate or incorrect. The process of estimating oil and gas reserves and the cash flows that may be derived from them is very complex. Estimates of proved, probable and possible reserves that may be developed and produced in the future are often not based on actual production history but on volumetric calculations and analogies to similar types of reserves. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based on production history and production practices may result in variations in the estimated reserves and these variations could be material, which may have a material adverse effect on North Energy's business, financial condition, operating results and/or cash flow.

North Energy may miss out on exploration opportunities if it is unable to successfully co-ordinate its exploration projects. If North Energy fails to successfully co-ordinate the timely delivery or completion, as the case may be, of any of these activities, it may miss out on exploration opportunities or may be required to make additional expenditure, which may have a material adverse effect on North Energy's business, financial condition, operating results and/or cash flow.

Risk factors cont'd

North Energy cannot accurately predict its future decommissioning liabilities. North Energy, through its license interests, is expected to assume additional decommissioning liabilities in respect of its future operations. It is difficult to forecast accurately the costs that North Energy will incur in satisfying its decommissioning obligations. When its decommissioning liabilities crystallize, North Energy will be jointly and severally liable for them with other former or current partners in the field. In the event that other partners default on their obligations, North Energy will remain liable and its decommissioning liabilities could be magnified significantly through such default. Any significant increase in the actual or estimated decommissioning costs that North Energy incurs may have a material adverse effect on North Energy's business, financial condition, operating results and/or cash flow.

Substantial investment required. North Energy will be required to make substantial capital expenditure for the acquisition, exploration, development and production of oil and gas reserves in the future. Such capital expenditures could be covered by revenues, new equity or by obtaining new debt. North Energy's inability to access sufficient capital for its operations could lead to licenses being revoked, by the MPE, or relinquished, by the Company, or defaulting by the Company under commercial arrangements, including joint venture agreements, which may have a material adverse effect on North Energy's business, financial condition, operating results and/or cash flow.

Risks relating to the price of oil and gas. A sustained material decline in prices from historical average prices could reduce North Energy's borrowing base, thereby reducing the bank credit available to North Energy which could result in North Energy having to repay a portion, or all, of its bank debt, which may have a material adverse effect on North Energy's business, financial condition, operating results and/or cash flow.

Exchange rate risks. Currency exchange rate fluctuations and currency devaluations could have a material adverse effect on the Company's results of operations from time to time. To date, the Company has not generated any revenues. The revenue within the market in which the Company operates is mostly generated in US dollars, but it may predominantly incur operating expenses in Norwegian kroner.

Political and regulatory risks related to the fiscal regime for petroleum. Changes in the legislative and fiscal framework governing the activities of the companies engaged within the oil and gas sector may have a material impact on exploration and development activity or directly affect the Company's operations.

Health, Safety and Environmental (HSE) risks. All phases of the oil business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions, EU and national laws and regulations. The failure to comply with current HSE laws and regulations has resulted and may in the future result in regulatory action, the imposition of fines or the payment of compensation to third parties which each could in turn have a material adverse effect on North Energy's business, financial condition, operating results and/or cash flow. Certain HSE laws that apply to the North Energy provide for strict, joint and several liability without regard to negligence or fault for natural resource damages, health and safety, remediation and clean-up costs of spills and other releases of hazardous substances, and such laws may impose liability for personal injury or property damage as a result of exposure to hazardous substances. The failure to comply with such HSE laws or regulations could result in substantial costs and/or liabilities to third parties or government entities, which could have a material adverse effect on North Energy's business, financial condition, operating results and/or cash flow.

The industry in which the Company operates is highly competitive. Due to the competitive environment, North Energy may be unable to acquire attractive suitable properties or prospects on terms that it considers acceptable. As a result, North Energy's revenues may decline over time, which may have a material adverse effect on North Energy's business, financial condition, operating results and/or cash flow.

North Energy relies on third parties. The Company is not the operator of most of its current assets. A third party operator's mismanagement of an asset may result in delays or increased costs to North Energy.

Risk of joint and several liabilities with its license partners. Failure by a license partner to fulfil its financial obligations may increase North Energy's exposure related to the license in question.

Risk factors cont'd

North Energy holds a number of licenses in their initial terms. These phases of the term of a license require high levels of relatively speculative capital expenditure without a commensurate degree of certainty of a return on such investment, which may have a material adverse effect on North Energy's business, financial condition, operating results and/or cash flow.

North Energy is dependent on attracting and retaining key personnel. There can be no assurance that North Energy will be able to continue to attract and retain all key personnel necessary for the development and operation of its business.

Risks associated with labor disputes. If there is a material disagreement between contractors or service providers and their staff belonging to trade unions, North Energy's operations could suffer an interruption or shutdown.

Risk of damaged equipment and insurance policies. Oil and gas exploration, development and production operations are inherently risky and hazardous. Risks typically associated with these operations include unexpected formations or pressures, premature decline of reservoirs and the intrusion of water into producing formations. Hazards typically associated with offshore oil and gas exploration, development and production operations include fires, explosions, blowouts, marine perils, including severe storms and other adverse weather conditions, vessel collisions, gas leaks and oil spills, each of which could result in substantial damage to oil and gas wells, production facilities, other property and the environment or in personal injury. Oil and gas installations are also known to be likely objects, and targets, of military operations and terrorism. Although North Energy obtains, and will obtain in the future, insurance prior to drilling in accordance with industry standards to cover certain of these risks and hazards, insurance is subject to limitations on liability and, as a result, may not be sufficient to cover all of North Energy's losses. In addition, the risks or hazards associated with North Energy's offshore operations may not in all circumstances be insurable or, in certain circumstances, North Energy may elect not to obtain insurance to deal with specific events due to the high premiums associated with such insurance or for other reasons.

Dependence on oil field service providers. North Energy may be subject to liability claims due to the inherently hazardous nature of its business or for act and omissions of sub-contractors and other service providers. Any indemnities North Energy may receive from such parties may be difficult to enforce if such sub-contractors, operators or other service providers lack adequate resources.

Risk associated with the global financial crisis. North Energy is influenced in general by the economic situation in the markets where North Energy operates. The global financial markets are volatile, and several large financial institutions and sovereign states are experiencing serious financial challenges. A continued decrease in the global economy and problems relating to governmental treasuries, equity- and debt markets, the access to and cost of capital, the general confidence by consumers, increased unemployment, inflation and interest rates may have a grave and substantial effect on North Energy's business, revenues, financial position and equity.

RISK FACTORS RELATING TO NORTH ENERGY'S FINANCING

Financial liquidity risk. North Energy's business requires substantial liquidity and involves significant near term obligations, debt service obligations (interest charge and principal repayment) and capital expenditure and, depending on the evolution of the field, in certain circumstances it may need to obtain further external debt and equity financing at a future date. There is no assurance that such additional funding, if required, will be available on acceptable terms at the relevant time.

Interest rate risks. The Company is exposed to interest rate risks as the Company's loan has a floating rate.

Risk attached with financing of exploration costs. North Energy is not in a tax position and annually claims a refund from the State equal to the tax value of its direct and indirect costs incurred in exploration for petroleum resources. If the arrangement with tax refunds from the State lapses or is restricted, the capital need of the Company is likely to increase. At worst, such restrictions may reduce the Company's exploration activities.