

North Energy ASA

CEO Knut Sæberg

Oslo, 3 September 2015

Pareto Securities Oil & Offshore Conference



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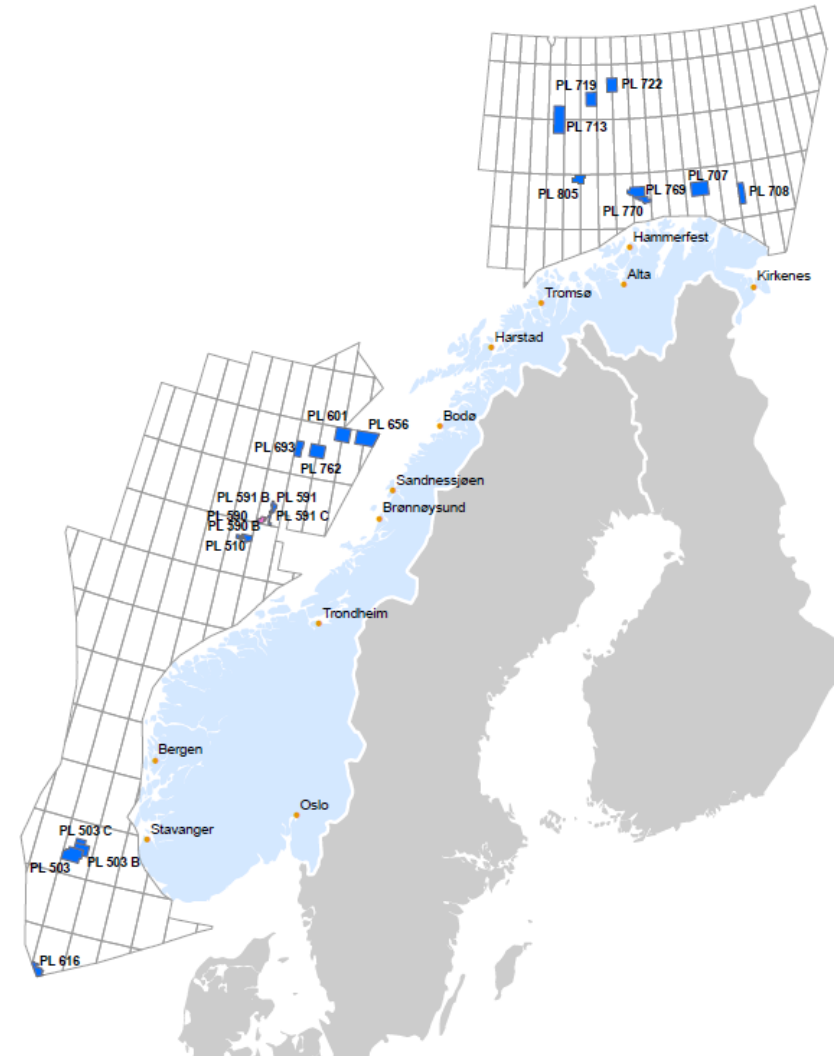
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Agenda

- **North Energy at a glance**
- Revisions to strategy
- Operational and financial update
- Summary and Outlook

North Energy at a glance

- **An NCS exploration company**
 - 22 licences
 - Present in all three basins
- **Partner in two exploration wells in H2 2015**
 - Tvillingen South ongoing
 - Ørnen expected in Q4
- **Funded through 2016 based on current commitments**
 - Net cash of MNOK 261 as of Q2
 - Burn rate significantly slashed following cost cutting measures

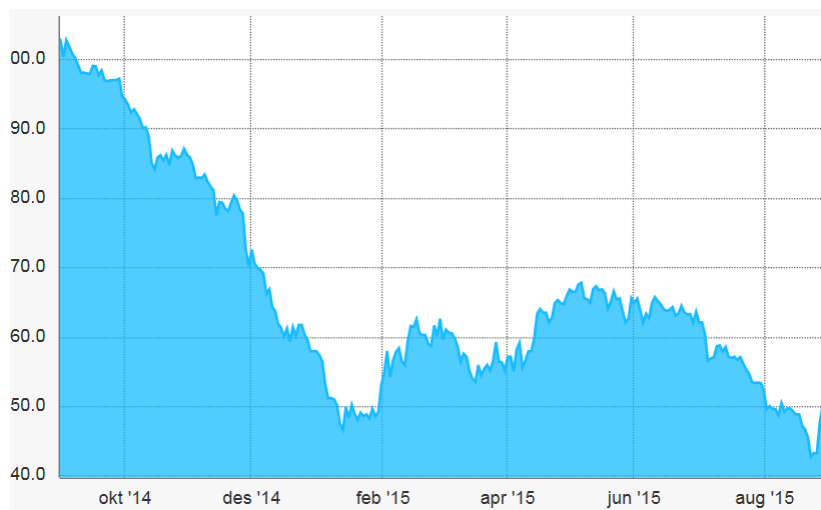


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- North Energy at a glance
- **Revisions to strategy**
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Responding to the challenging market

- Adverse market development forcing North Energy to revisit corporate strategy
- Responsible cost cutting initiatives ongoing, focus number one to protect cash position



Brent, 12 months

Få tåler dagens oljepris

Med en oljepris som har falt rundt 60 prosent siden i fjor sommer, fremstår få norske olje- og gassutbygginger som lønnsomme. Oversikten viser hvilken oljepris ulike prosjekter trenger for å gå i pluss.



Felt	Størrelse (i mill. fat)	Lønnsomhetspris (dollar per fat)	Relativ størrelse
King Lear (gass)	85	95,00	●
Goliat	195	90,00	●
Martin Linge (primært gass)	154	85,00	●
Snorre 2040	247	78,80	●
Brynild	36	78,00	●
Aasta Hansteen (gassfelt)	314	75,00	●
Knarr	83	68,00	●
Alta/Gohta	139	67,20	●
Skarellfjell	139	67,20	●
Johan Castberg	554	67,00	●
Gullfaks sør senfase	23	67,00	●
Ivar Aasen	190	65,00	●
Gullfaks Rinfaksdalen	79	59,70	●
Trestakk	71	59,00	●
Eldfisk II	307	59,00	●
Valemon (primært gass)	228	56,00	●
Gina Krog	300	55,00	●
Edvard Grieg	191	53,00	●
Agard senfase	235	50,00	●
Pil	116	49,00	●
Bøyla	41	44,00	●
Johan Sverdrup*	2.460	41,00	●

Oljeprisen
28. aug.:
48,85 dollar

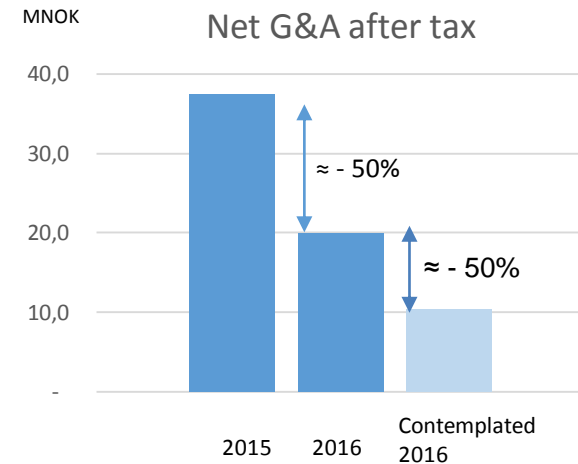
*Inkludert kostnadskutt er Johan Sverdrup-feltet lønnsomt med en oljepris på 30 dollar fatet

2015 IDN grafikk/Kilde: Rystad Energy

Dagens Næringsliv 27 August 2015

North Energy significantly trimmed during 2015

- **Announced cost reduction programme (completed) bringing net G&A after tax estimated down to approx. NOK 20 million in 2016**
 - Down more than 50 per cent versus 2015
 - Staff reductions and office rationalisations
- **Additional measures being implemented as a response to gloomy outlook**
 - Another 50 per cent cut to be expected
 - Effect from 2016
- **Focusing on core areas and prospectivity with clear commercial potential even in low oil price scenario**
 - Raising the hurdle for future commitments
 - High grading licence portfolio, divesting in non-core areas

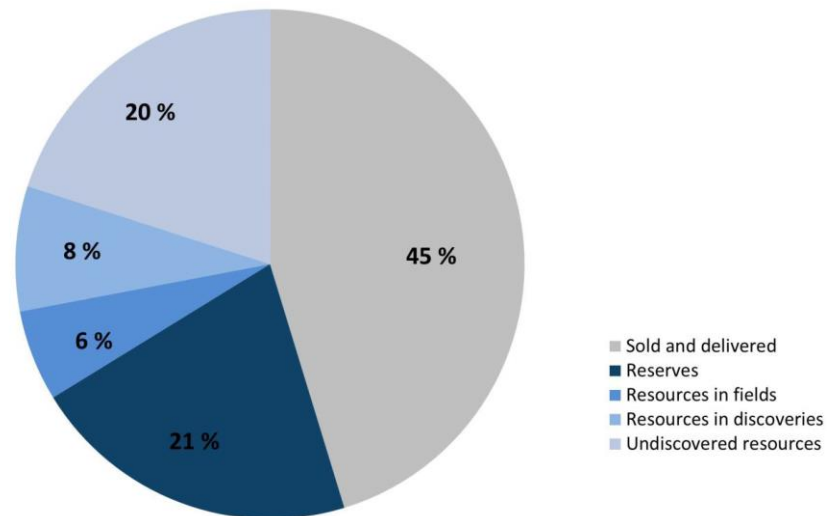


Investigating strategic options

- **Launched by the Board of Directors, currently ongoing**
 - Board response to unsatisfactory share price development
 - Currently trading at historical lows, at approx. 50 per cent discount to net cash
- **Market development highlighting need for more robust entities**
 - Consolidation needed amongst small cap E&Ps
 - North Energy investigating opportunities in the market
- **Goal: Unlock inherent values in North Energy**

Why NCS remains an attractive place to be

- Stable and predictable regime
- Attractive tax system for explorers
- Significant yet to be found resource base – even in mature areas
- Cost levels coming down



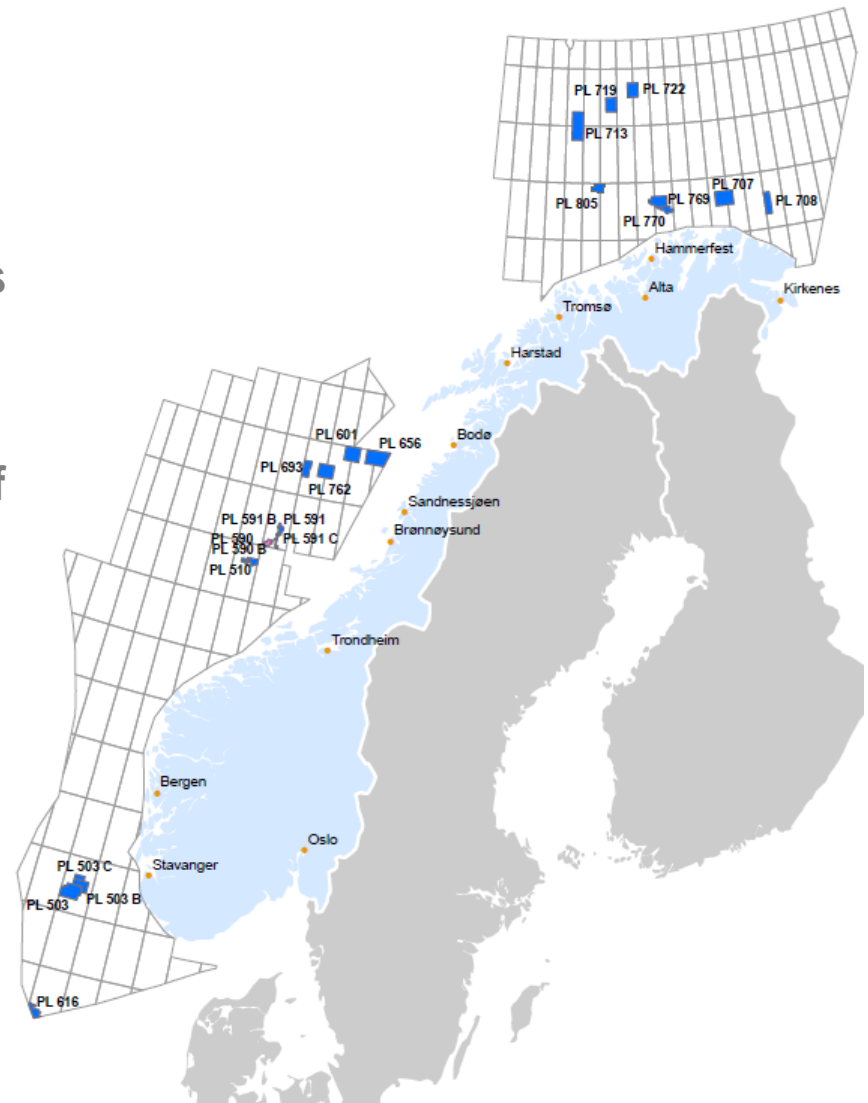
Resources on the Norwegian Continental Shelf. Source NPD

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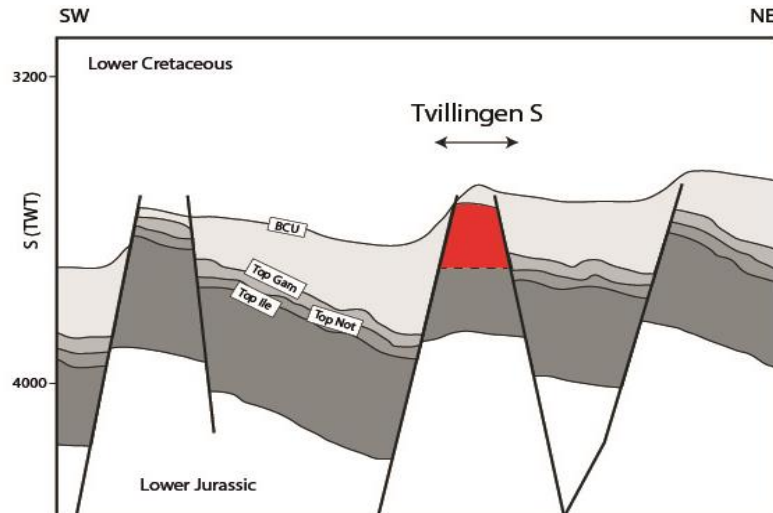
North Energy – the licence portfolio

- 22 licences
- 2 wells to be drilled in H2 2015
- Several future drilling candidates identified
- Drill or drop decision in eleven licences within second quarter of 2016



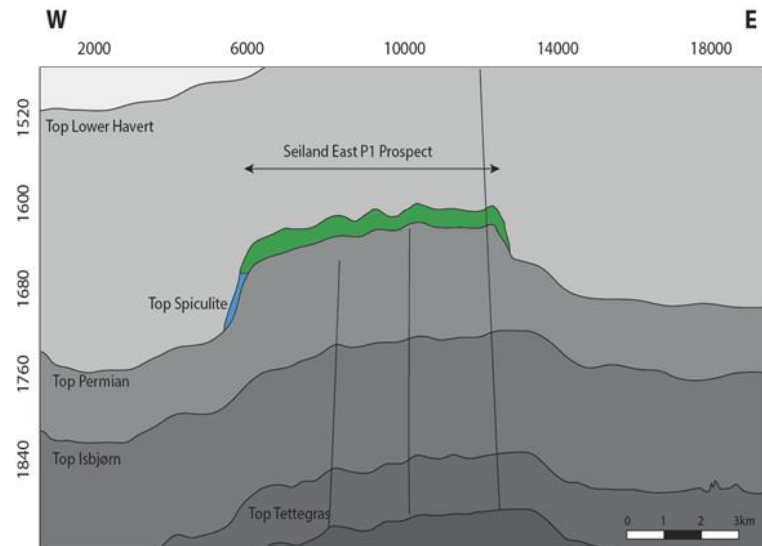
Ongoing and upcoming wells

Jurassic target – Norwegian Sea



PL 510 Tvillingen South in the Norwegian Sea

Permian / Carboniferous target - Barents Sea



PL 708 Ørnen in the Barents Sea

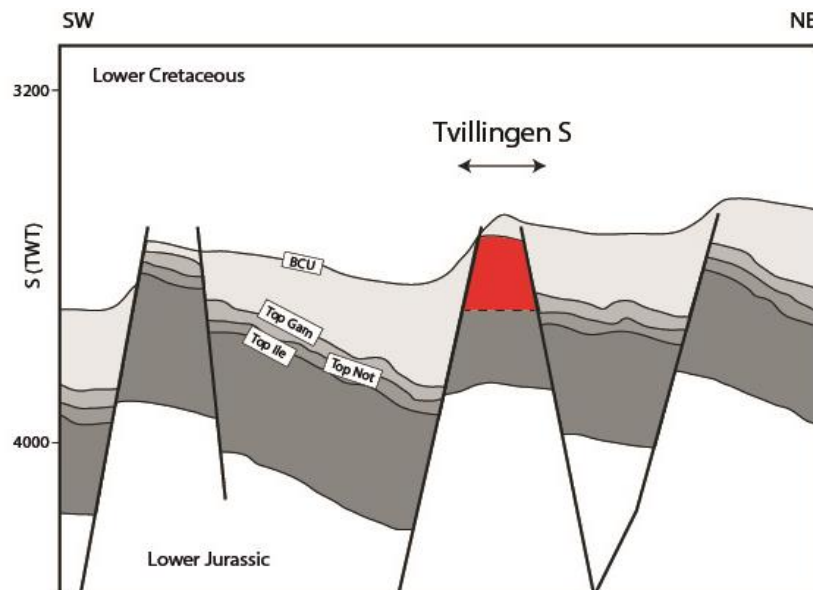
License	Prospect	Interest	Operator	Location	Rig	Timing 2015
PL 510	Tvilling Sør	20%	Maersk	Norwegian Sea	Leiv Eriksson	Ongoing
PL708	Ørnen	10%	Lundin	Barents Sea	Transocean Arctic	Q4

Tvillingen South – a potential tie-back to Kristin

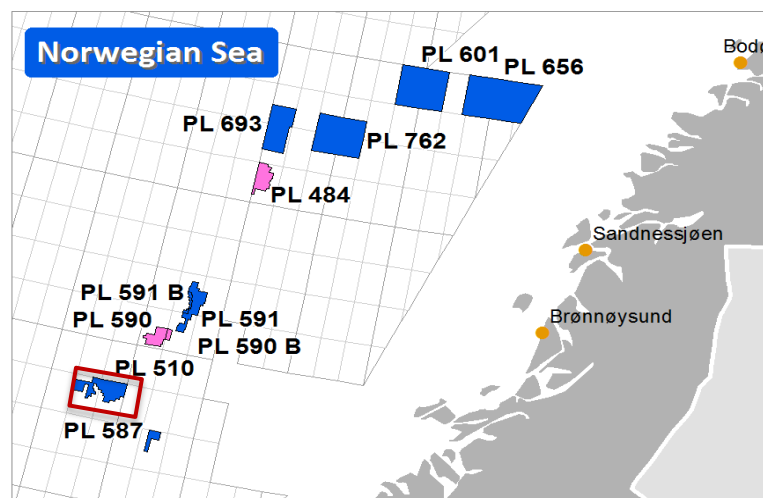
PL 510 in the Norwegian Sea

Awarded	APA 2008	Main prospect	Tvillingen South
Operator	Maersk (50%)	Hydrocarbons	Gas Condensate
Partners	North Energy (20%) Edison (30%)	Expected drilling	Ongoing
		Reservoir	Lower to Middle Jurassic
		Prob. of success	Medium
		Gross mean unrisked	109 mmboe
		Net mean risked	9 mmboe

Probability of well: Ongoing



- PL 510 is located on the Halten Terrace in the vicinity of several producing fields
- Recent oil-discovery in PL 589
- First attempt to drill the well in 510 failed, due to technical problems.
- If successful, a discovery could be tied back to the Kristin field with first gas in 2018/2019



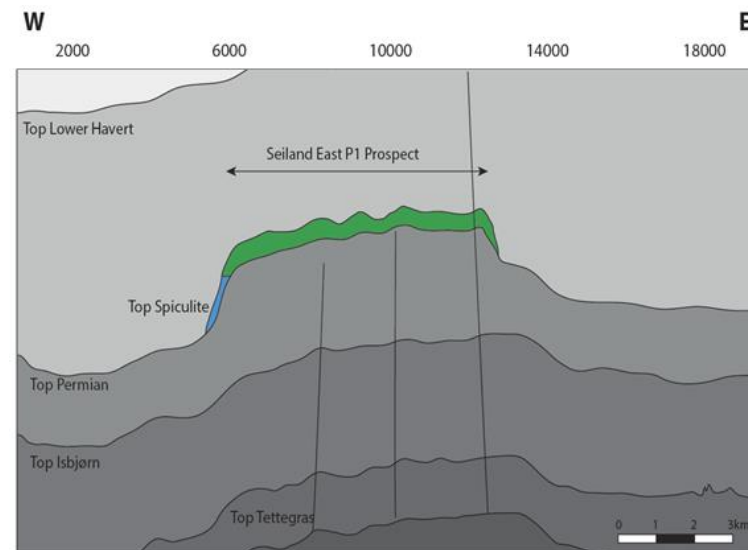
Ørnen – a robust Barents oil prospect

PL 708 in the Barents Sea

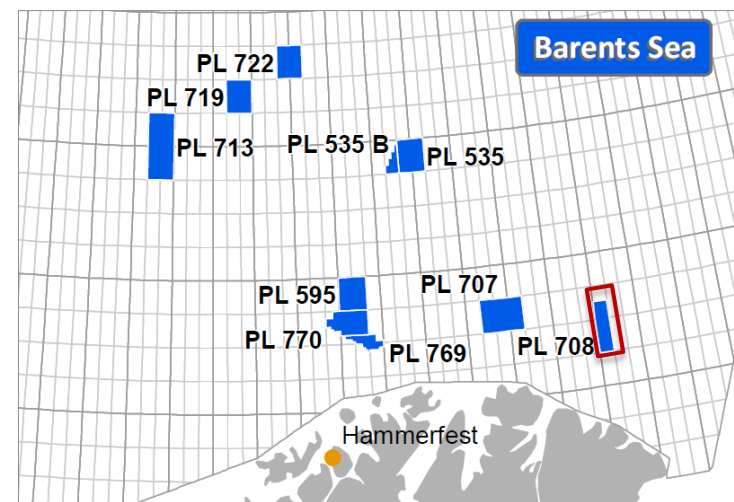
Awarded	22. round	Main prospect	Ørnen
Operator	Lundin (40%)	Hydrocarbons	Oil
Partners	North Energy (10%)	Expected drilling	Q4 2015
	Edison (20%)	Reservoir	Upper Permian
	Lukoil (20%)	Prob. of success	Medium
	Lime (10%)	Gross mean unrisks	301 mmboe
		Net mean risked	8 mmboe

Probability of well: 100% - positive DoD in early Aug

Status: Well decided Q4 2015

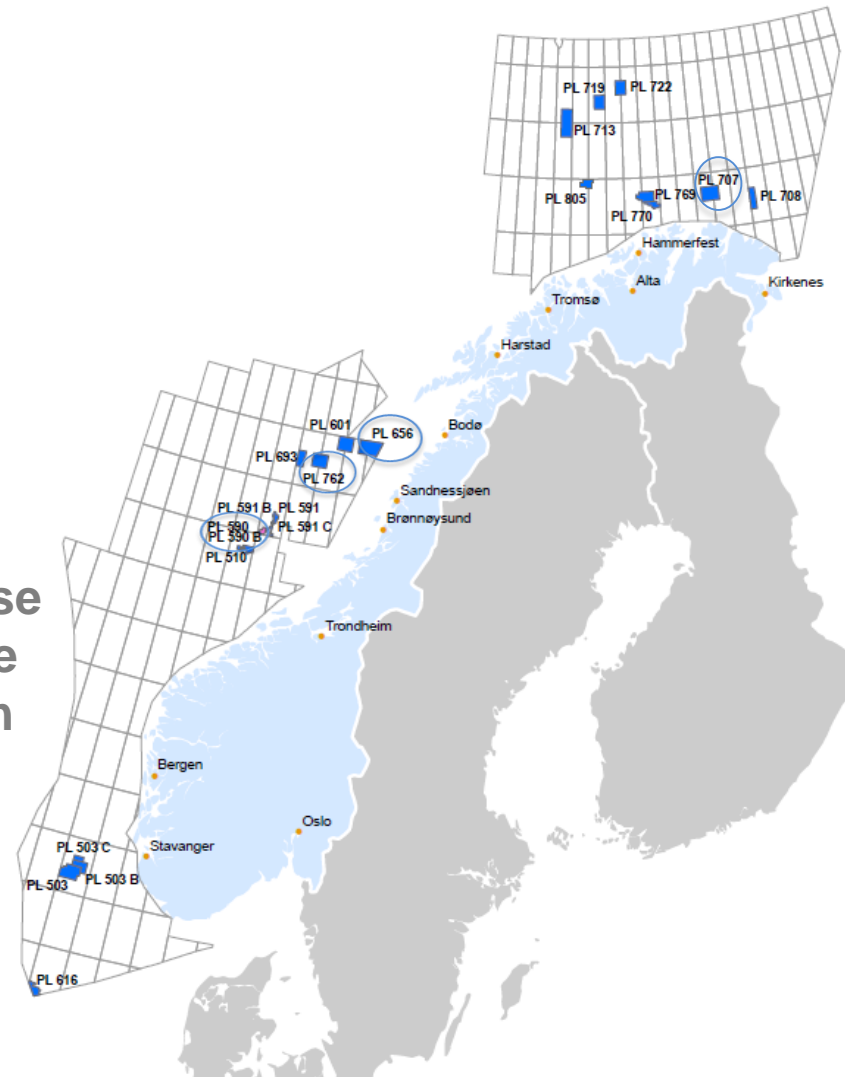


- Located on the Finnmark Platform
- Upper Permian Spiculite play
- The discovery well 7128/4-1 found oil and gas in the Upper Permian Røye formation 70km west of the license



Potential future drilling candidates

- Several future drilling candidates identified:
 - PL 590, Norwegian Sea
 - PL 762, Norwegian Sea
 - PL 656, Norwegian Sea
 - PL 707, Barents Sea
- However, given the current adverse market conditions and outlook the Company will be very selective on future commitments



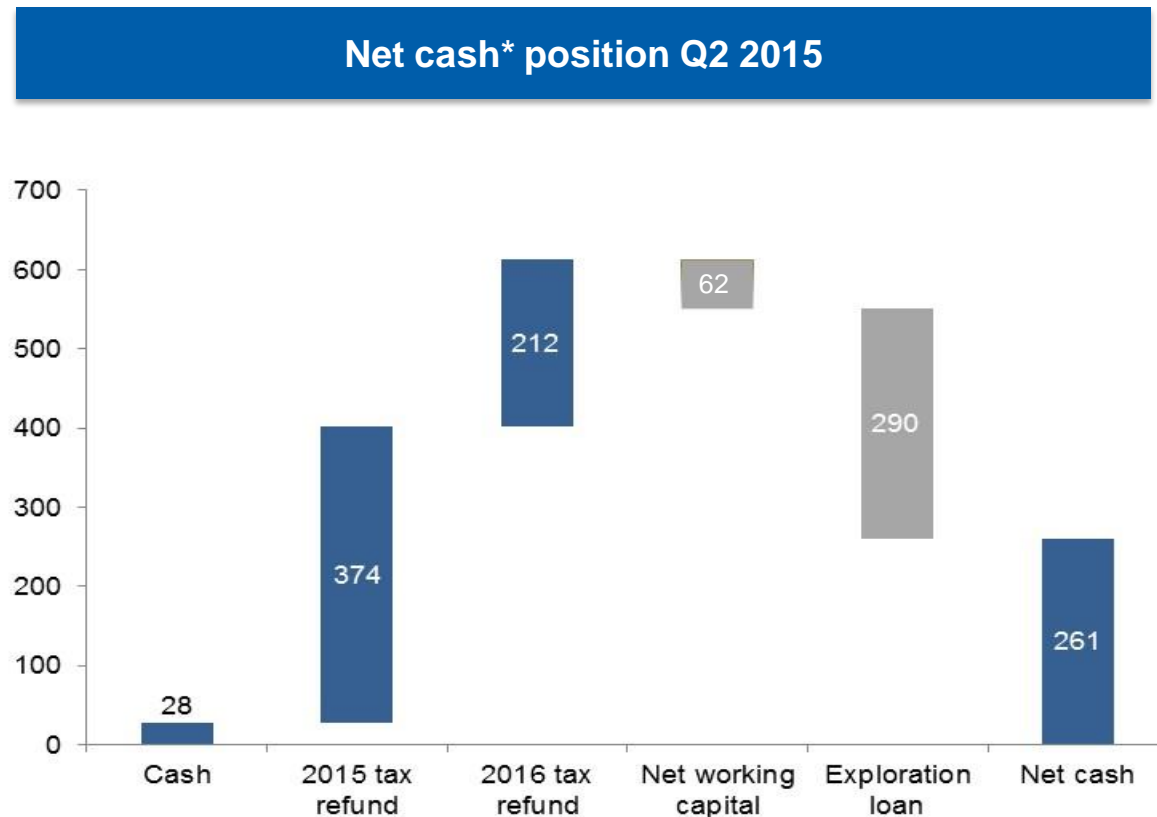
Fully funded through 2016*

NOK Million	30.06.2015	31.03.2015	31.12.2014	
Assets				
Fixed assets	7,5	8,6	9,9	
Capitalized drilling cost	5,2	17,0	11,5	PL 510/PL708
Deferred tax asset	146,1	131,2	131,7	Incl. tax loss carried forward MNOK 141
Long term receivables	215,3	119,3	4,4	Mainly tax receivables Dec. 2016
Short term receivables	440,2	477,8	414,0	Mainly tax receivables Dec. 2015
Cash	27,6	19,2	25,7	
Total assets	841,9	773,0	597,3	
Equity and liabilities				
Total equity	370,5	404,5	440,1	Equity share of 44 percent
Long term liabilities	52,6	50,1	42,0	Convertible loan and pension liabilities
Short term liabilities	418,8	318,3	115,2	Borrowings and other curr. liabilities
Total equity and liabilities	841,9	773,0	597,3	

* Based on current commitments. No funding need in current challenging market

Q2 2015 net cash position of NOK 261 million

- Q2 2015 net cash position of NOK 261 million – a reduction from NOK 294 million Q1 2015
- Unused exploration loan facility NOK 660 million
 - Extended until 2017
 - Accordion option up to MNOK 1,150



* Excluding convertible long term loan balance of NOK 40,8 millions towards TGS and Rex. Tax refunds to be received December 2015 and 2016.

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Summary and outlook

- **Two wells expected during H2**
 - Tvillingen Sør ongoing, Ørnen expected to spud in Q4
 - Faced with 11 drill-or-drops over the next year
- **Adverse market conditions effecting short term strategy**
 - Very selective on future commitments, including applications in licensing rounds
 - Aggressive cost cutting measures being implemented
- **Key priority to unlock inherent values in North Energy**
 - Strategic process continues, all options being considered
 - Safeguarding cash – a critical asset in a strategic process

Q & A