

TERM SHEET
NOK 75,000,000 NORTH ENERGY ASA CONVERTIBLE LOAN DUE 2014
CONVERTIBLE INTO COMMON SHARES OF NORTH ENERGY ASA
ISIN: [TBA]

Issuer: North Energy ASA ("NORTH")

Lender: Electromagnetic Geoservices ASA ("EMGS")

Principal Amount: NOK 75,000,000.

Loan A loan in the Principal Amount convertible into Shares on the terms of the Loan Agreement.

Issue Price: 100% of par value.

Shares Ordinary shares of the Issuer with a par value of NOK [].

Convertible Bonds and Nominal Value: The Loan shall be issued and registered as Convertible Bond in the VPS and held by the Lender in its designated VPS account. Each Convertible Bond shall have a nominal value of NOK 100,000.

Interest: 6.00% per annum.

EGM: The extraordinary general meeting of NORTH, expected to be held on or about [] February 2014, where, inter alia, the Loan and the Private Placement (as defined below) shall be approved.

General License Agreement: Agreement between NORTH and EMGS for the delivery of and access to EM data which shall be settled by granting of a credit from EMGS to NORTH on such further terms and conditions as set out in the General License Agreement.

Private Placement: The contemplated private placement through issuance of new Shares in NORTH at a subscription price of minimum NOK 4 per Share, with minimum gross proceeds of NOK 225,000,000 and maximum gross proceeds of NOK 300,000,000.

Conditions Precedent: Issuance and Settlement of the Loan is conditional upon:

1. All necessary corporate and shareholder resolutions required to issue the Loan and complete the Private Placement being given;
2. The Board of Directors of NORTH having proposed to the EGM to elect one new board member nominated by EMGS
3. Execution of the Loan Agreement by EMGS and NORTH;
4. Written confirmation to the Issuer from Carnegie AS (the "Manager) of



the Private Placement that commitment and full payment of allocated Shares in the Private Placement has been received by the Manager;

5. Execution of the General License Agreement by EMGS and NORTH.
6. Delivery of the data and thus granting of a credit of NOK 75,000,000 from EMGS to NORTH pursuant to the terms of the General License Agreement being effectuated.

Settlement Date:	On or about Q 2014 as soon as practically possible following fulfilment of the Conditions Precedent
Settlement:	The Loan shall be settled through set-off against the credit provided by EMGS to NORTH under the General License Agreement.
Maturity Date:	The date falling ten (10) Business Days after the end of the Exercise Period, unless the Lender has exercised the Conversion Right within the Exercise Period
Interest Payments:	Interest is paid in cash on the Maturity Date in case of Repayment of the Loan by the Issuer, or in case the Lender has exercised the Conversion Right, on the Conversion Date. Interest shall accrue from and including the Settlement Date until the Conversion Date (or in case of partial conversion the Conversion Date in respect of such partial exercise) or the Maturity Date as the case may be, on the basis of a 360 day year consisting of 12 months of 30 days, with interest in respect of any part of an uncompleted month being determined on the basis of a 30 day month less the remaining number of calendar days in the month.
Status of the Loan:	The Loan is unsecured and shall, unless otherwise agreed by the Lender and any third party creditor, rank pari passu with the claims of all the Issuer's other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law and applicable to companies generally.
Assignment/Transferability:	Neither the Issuer nor the Lender may assign, transfer or otherwise dispose of any of, or any interest in, its respective rights and obligations under the Loan Agreement, the General License Agreement or other agreements, contracts, documents or instruments in connection herewith, thereunder, but not limited through transfer of the Convertible Bonds registered in the VPS except as security for the acquisition of securities in NORTH.
Conversion Price:	The conversion price is NOK 4.15 per Share, subject to adjustment as set out below.
Adjustment of the Conversion Price:	The Conversion Price shall be adjusted in accordance with the terms set out in Appendix 1 hereto.
Exercise Period:	From and including the date falling four (4) months after the Settlement Date to, but not including the Date falling six (6) months after the Settlement Date.
Lender's Conversion Right:	The Lender has the right (but no obligation) to exercise the right to convert the Loan into Shares at the Conversion Price during the Exercise Period. The





Lender may, in its sole discretion, exercise the Loan in up to three tranches during the Exercise Period. Full or partial exercise of the Conversion Right takes place by submission of an exercise notice to the Issuer, stating the amount to be exercised. Upon receipt of the exercise notice the Issuer shall ensure that conversion takes place and the Lender receives Shares on the Conversion Date. If the Lender chooses to exercise the Conversion Right, accrued Interest shall be calculated to and including the Conversion Date and be paid in cash by the Issuer on the Conversion Date. If the Lender exercises the Conversion Right in more than one tranche, interest shall be paid on the Conversion Date in respect of such partial exercise.

- Conversion Date:** The day falling five (5) Business Days after the Lender has served the Exercise Notice to the Issuer (within the Exercise Period) or in case of partial exercise during the Exercise Period five (5) Business Days after the relevant Exercise Notice
- Repayment:** Unless the Lender has used its Exercise Right during the Exercise Period the Issuer shall repay the principal amount of the Loan and all accrued Interest on the Maturity Date.
- Taxation:** The Issuer shall pay any stamp duty and other public fees accruing in connection with the Loan, but not in respect of trading in the secondary market (except to the extent required by applicable laws), and shall gross up any applicable withholding tax payable pursuant to law.
- Governing Law:** The Loan Agreement is governed by Norwegian law. Disputes arising out of or in connection with the Loan Agreement which are not resolved amicably shall be resolved by arbitration in Oslo in accordance with the Arbitration Act.
- VPS:** The Norwegian Central Securities Depository.
- Loan Agreement:** The Loan shall be subject to the regulation of the Loan Agreement which shall be negotiated in good faith on the basis of this Term Sheet. Regulation regarding Events of Default, Covenants and Representations and Warranties shall be substantially similar to the regulation set out in NORTH's existing convertible loan agreements dated 28 February 2013 with TGS Nopec Geophysical Company ASA and Rex Technologies Management Ltd, respectively. This Term Sheet shall be replaced in its entirety by the Loan Agreement upon its valid execution.

Oslo, 20 January 2014

NORTH ENERGY ASA

20. January 2014


EMGS ASA



APPENDIX 1

ADJUSTMENT OF THE CONVERSION PRICE

A Definitions

"**Bonus Issue**" means an issue of new shares to shareholders against no consideration.

"**Market Place**" means a recognized stock exchange or regulated market providing material trading activity and liquidity for the Shares, always including Oslo Stock Exchange and Oslo Axess, while always excluding OTC trading or other trades via similar dealer networks.

B Adjustment of the Conversion Price

B.1 In the event of a new issue of Shares in which shareholders have preferential rights to subscribe for the new shares, shall

(i) if the Shares are listed at a Market Place, a new Conversion Price be calculated as follows:

$$\text{New Exercise Price} = \frac{(\text{share price} \times \text{number of shares before share issue}) + (\text{share issue price} \times \text{number of new shares})}{\text{number of shares before share issue} + \text{number of new shares}} \times \text{old Exercise Price}$$

The share price is the average of the weighted average of official daily trading price on the Market Place the last three days the shares are quoted including rights.

(ii) if the Shares are not listed, each Bondholder shall have the same subscription right as the shareholders, as if the Bondholder already had exercised his conversion right.

B.2 In the event of an issue of financial instruments in accordance with Chapter 11 of the Norwegian Companies Act in which existing shareholders of the Borrower have preferential rights to subscribe for such financial instruments (the "**Subscription Rights**"),

(i) if the Shares are listed on a Market Place, a new Exercise Price shall be calculated as follows:

$$\text{New Exercise Price} = \frac{\text{Average Subscription Period Price}}{\text{Average Subscription Period Price plus the Average Subscription Rights Price}} \times \text{old Exercise Price}$$

where: (a) "**Average Subscription Period Price**" means the average of the weighted average of official daily trading price of such Shares on the Market Place, measured during the period when the Subscription Rights may be exercised, and (b) "**Average Subscription Rights Price**" means either (1) if the Borrower has listed the Subscription Rights on a Market Place, the average of the weighted average of official daily trading price of such Subscription Rights on the Market Place, measured during the period when the Subscription Rights may be exercised, or (2) if the Borrower has not listed the Subscription Rights on a market palce, the average of the trading price of the Subscription Rights calculated by a broker agreed upon by the Borrower and the Bond Trustee, measured during the period when the Subscription Rights may be exercised. Days without trading are not included in the aforesaid calculations.

(ii) if the Shares are not listed, each Bondholder shall have the same subscription right as the shareholders, as if the Bondholder already had exercised his conversion right.

B.3 In the event of a capital write-down of the Borrower's share capital and subsequent repayment to shareholders, shall,

(i) if the Shares are listed at a Market Place, a new Conversion Price be calculated as follows:

$$\text{New conversion price} = \frac{\text{share price less amount repaid per share}}{\text{share price}} \times \text{old conversion price}$$

The share price is the average of the weighted average of official daily trading price on the Market Place the last three days shares are quoted including rights.

(ii) if the Shares are not listed, the Conversion Price be reduced with an amount equal to the amount repaid per share.

Reduction of the share capital without repayment to the shareholders shall have no influence on the Conversion Price.

B.4 In the event of a Bonus Issue of new Shares (with the exception of shares issued in settlement of a merger offer), split or consolidation, the new Conversion Price shall be fixed as follows:

$$\text{New conversion price} = \frac{\text{number of shares prior to bonus issue, split or consolidation}}{\text{number of shares after bonus issue, split or consolidation}} \times \text{old conversion price}$$

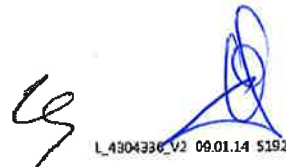
In the event that the shares are split into more than one class of shares, the conversion right shall be adjusted so that Bondholders' interest in the separate share classes remains unchanged, regardless of whether the Bondholder elects to convert prior to, or after the date on which the shares are quoted post split.

A bonus issue writing up the par value of the shares in the Borrower shall have no influence of the Conversion Price.

B.5 Should the Borrower make a dividend payment to shareholders of the Borrower, the Conversion Price shall be adjusted according to the principles of Clause B.3.

B.6 If changes are made in the share capital other than those mentioned in Clauses C.1- B.5 above, which are unfavourable to the Bondholders compared to the shareholders, the Bond Trustee and the Borrower shall agree on a new Conversion Price. This also applies to other transactions, which are unfavourable to the Bondholders. The principles expressed in Clauses B.1 to Clause B.5 above shall always be the basis for any adjustments pursuant to this Clause.

C Merger and de-merger



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- C.1 If the Borrower prior to the expiry of the Conversion Period decides on a statutory merger (in accordance with prevailing legislation from time to time) in which the Borrower is the acquired company, each Bondholder has the right to demand the Bonds to be redeemed at par plus accrued interest.

The Borrower shall give the Bondholders written notification through the Securities Depository at the latest 5 – five – Banking Days after notification of the merger. The notification shall refer to the regulations and deadlines of Clause C.2.

- C.2 Request for redemption takes place by the Bondholder notifying his paying agent in the Securities Register at the latest two (2) months after notification of the merger. The Bondholder's paying agent shall then promptly forward the request to the Paying Agent.

Redemption shall take place 5 – five- Banking Days after the acquiring company has notified that the merger shall be effective.

- C.3 If a Bondholder does not use the right to request redemption according to Clause C.2, the conversion right shall be transferred to a right to convert to shares in the acquiring company on terms that are adjusted to reflect the exchange ratio of the merger.

- C.4 If the Borrower decides on a merger in which the Borrower is the acquiring company, and the shareholders of the acquired company receive settlement in the form of shares only, no adjustment will be made to the Conversion Price. If the shareholders of the acquired company receive settlement in any other form, in full or partly, the Conversion Price shall be adjusted according to Clause B.

- C.5 In the event of a de-merger, a split-up, a spin-off, split-off or if any other event occurs which in the opinion of the Bond Trustee has the same effect as a de-merger, the Borrower and the Bond Trustee shall agree on appropriate adjustments to the Conversion Right and the Conversion Price, which shall be made pursuant to the principles as set out in Clause B.

- C.6 The provisions in this Clause C have no limitation on the creditor's right of objection to the merger or de-merger.

