

Appendix 4

The proposal under item 3 on the agenda has been adopted by the Board of Directors on the basis of a contemplated restructuring of the Company and the outsourcing of certain management functions by the Company as are described in section 1 of this appendix and is based on such legal requirements as are described in section 2 of the appendix.

1 RESTRUCTURING OF THE COMPANY AND OUTSOURCING OF CERTAIN MANAGEMENT FUNCTIONS**1.1 Background**

In order to strengthen the Company's business, the Board of Directors proposes to introduce a new corporate and management structure for the Company. The proposal is based on conclusions from the Company's strategic review, which has been on-going since December 2014.

The Board of Directors believes that, as a small exploration focused company, the Company faces significant strategic challenges in the current market climate on the NCS and that a broader commercial platform will contribute to creating value for the Company and its shareholders. The acquisition of 100 % of the shares in Explora Petroleum AS, now renamed North E&P AS ("**North E&P**"), was a first step on the way of implementing such strategy with the aim of creating a new and stronger Norwegian Continental Shelf petroleum business. The Company and North E&P will actively seek new strategic opportunities, which may include consolidation opportunities relating to E&P assets or producing assets and cooperation schemes with financial partners or joint ventures with industry players within the oil & gas business, always with the goal of maximizing the value of the Company's business for the benefit of the shareholders.

Further, in line with the recent amendments to the Company's articles of association, the Company will seek to develop new investment opportunities outside of its core business activities related to oil & gas exploration on the Norwegian Continental Shelf. Such new investment opportunities will preferably be within petroleum related industries, allowing the Company to utilize synergies and knowhow based on its existing position within the oil & gas industry. The Company will pursue an active ownership model and generally seek substantial influence and control in its investments.

As part of the implementation of its renewed strategy, the Board of Directors intends to organize the Company's various business areas in separate wholly owned subsidiaries. Further, as a prerequisite for successfully implementing the new strategy, the Board of Directors intends to significantly strengthen the Company's management resources and sharpen its commercial focus.

The new management structure includes the outsourcing of certain management functions related to strategic, financial and commercial advisory services to North Advisors AS ("**North Advisors**"), a management company owned by Anders Onarheim, Rachid Bendriss and Didrik Leikvang (the "**Management Team**") and which services will be based primarily on the industry knowledge and advisory capacity of this core team, see section 1.3 and 1.4 below for further details. The Board of Directors believes that the extensive experience and knowledge of the Management Team as regards the oil & gas industry, business development and capital markets will be a vital and necessary part of the future development of the Company.

The new corporate and management structure will include transfer of the Company's entire business, including its shareholding in North E&P, to a new intermediate holding company to be named North

Energy Capital AS ("**NE Capital**") against settlement in preference shares and ordinary shares in NE Capital, see section 1.2 below. The business of NE Capital will be managed by North Advisors and supervised by the board of directors of NE Capital.

The Management Team is currently related to the Company in their capacity as external consultants, as shareholders, and for Onarheim through his board representation. For the purpose of creating even stronger incentives for the Management Team and to ensure appropriate alignment of interest between such team and the Company, the Board of Directors will offer the Management Team, through North Advisors, the opportunity to hold ownership interests in NE Capital.

The Board of Directors has negotiated a set of agreements with the Management Team governing the establishment and operation of the new corporate and management structure for the Company. All agreements have been negotiated on arms-length terms and in accordance with prevailing market standards. The completion of such agreements and arrangements are subject to approval by the general meeting of the Company pursuant to Section 3-8 of the Public Limited Liability Companies Act (and also subject to necessary regulatory approvals being obtained see section 1.7 and 1.8 below). The agreements and the corporate restructuring will be completed as soon as possible after such approvals have been obtained and after all other conditions are fulfilled. The relevant agreements are:

- (i) a Transaction Agreement between the Company and North Advisors governing the establishment and capitalization of NE Capital, including such key terms as are further discussed in section 1.2 and 1.5 below;
- (ii) a Shareholders' Agreement for NE Capital between the Company and North Advisors governing the operation of and shareholders' rights and obligations in respect of NE Capital, including such key terms as are further discussed in section 1.6 below; and
- (iii) an Advisory Agreement between the Company, NE Capital and North Advisors governing the delivery of management services to the Company and NE Capital by North Advisors, including such key terms as are further discussed in section 1.3 below.

In order to ensure a stable management structure for the Company, the Advisory Agreement will be effective for a period of minimum three years from completion of the restructuring (the "**Initial Period**").

1.2 Establishment of North Energy Capital AS (Transfer of business to North E&P and NE Capital)

The acquisition of North E&P was completed on 11 February 2016. For strategic reasons and in line with conditions set out for the Ministry of Petroleum and Energy's approval of such acquisition, the Company is in the process of transferring its entire E&P business to North E&P. This business transfer will be structured as a credit sale with deferred settlement of the full amount of the agreed purchase price (the "**Seller Credit**"). The transferred business will include, but not be limited to, all assets rights and obligations related to the Company's petroleum license interests, all rights and obligations relating to the employees of the Company save for rights and obligations relating to the CEO (which will remain in his position with the Company), all office equipment and other fixed assets, all contractual rights and obligations including office leases and seismic data, all working capital items save for bank deposits, and all tax balances relating to losses carried forward (save for refundable tax balances relating to exploration costs incurred in 2015). In addition to the rights and obligations relating to the CEO and the tax refundable exploration costs for 2015, the Company will among other

things retain the debtor position under the Exploration Finance Facility with DNB (to be settled upon receipt of tax refunds in December 2016) and the debtor position under convertible loans, and will retain all bank deposits and all shares in 4Sea Energy AS and minority ownership interests/financial investments in other companies (such share interests hereinafter jointly referred to as the "**Financial Investments**").

Following the business transfer to North E&P, the Company will transfer all shares in North E&P alongside the creditor position under the Seller Credit and the Financial Investments to NE Capital by way of share contribution in kind. The agreed value of the assets transferred is NOK 136,800,000 of which NOK 136,000,000 shall be allocated to preference shares (the "**First Tranche Preference Capital**") and NOK 800,000 shall be allocated to ordinary shares. Additionally, the Company will undertake to contribute new equity capital of NOK 75,000,000 against preference shares in NE Capital during Q1 2017 (the "**Second Tranche Preference Capital**" and together with the First Tranche Preference Capital the "**Preference Capital**"). The Second Tranche Preference Capital will be settled in cash after receipt by the Company of tax refund for exploration costs incurred in 2015. In total, the Company will contribute NOK 211,800,000 to NE Capital and hold 100% of the preference shares and 80% of the ordinary shares of this company. North Advisors will hold 20% of the ordinary shares of NE Capital against contribution of 20 % of the ordinary share capital.

1.3 Advisory Agreement with North Advisors AS

North Advisors will provide strategic, financial and commercial advisory services related to the existing and future business of the Company. The services to be offered under the Advisory Agreement will include amongst other things the following services:

- Develop and prepare business plans and strategic analysis and provide strategic advice in relation thereto;
- Develop and prepare financing plans and provide assistance in relation to equity and debt financing;
- Search out, identify and evaluate potential strategic partners and business opportunities and assist in negotiations, execution of transactions and subsequent business integration processes;
- Evaluate and advise in relation to business development and operations of the operative business of the Company, including assist in relation to negotiations of commercial contracts and transactions, human relation matters and incentive schemes; and
- assist the Company in connection with capital market transactions, investor relations, dividend policy and other stock exchange related matters.

The objective of the Advisory Agreement is to create return to the shareholders through dividend and increase in North Energy ASA' s market cap. While the main function of North Advisors will be to provide strategic and financial advisory services, the Advisory Agreement will also include commercial advisory services subject to further instructions from the board of North Energy ASA. The board will after consultation with the management of the Company, further specify the services to be provided by North Advisors, including the guidelines for interaction between the management of the Company and North Advisors. The functions of North Advisors shall not extend to the making of any decisions by North Advisor on behalf of the Company, NE Capital or any other group company in respect of the advisory services. Engagement of third party advisers is subject to consent from

the board of North Energy ASA. The Management team of the Advisor shall devote a substantial majority of their business time to provide the Services to the Companies.

As remuneration for the management services, the Company will pay an annual fee to North Advisors equalling 2% of the book value of the North Energy Group (calculated on the basis of North Energy Group 's consolidated accounts). The fee shall be calculated and payable quarterly. After the Initial Period, each party will be entitled to terminate the Advisory Agreement with 6 months prior notice.

1.4 Management Team

Anders Onarheim has extensive knowledge of management, business development and capital markets after serving as chief executive of Carnegie, a leading Nordic investment bank, for more than 16 years. He previously worked internationally with Goldman Sachs and Merrill Lynch, and has held several directorships at various investment firms. Mr. Onarheim holds an MBA from Washington University in St Louis. He currently has directorships and senior management positions at AB Investment AS, Spitsbergen AS, Reach Subsea ASA, Solstad Offshore ASA and BW LPG Ltd. Mr. Onarheim is a Norwegian citizen resident in Bærum. Mr. Onarheim was elected to the board of the Company 13 February 2014 and was elected chairman 3 November 2014.

Rachid Bendriss has extensive experience from investment banking and capital markets. Most recently, he worked as a private investor and advisor in a number of investment projects, including Reach Subsea ASA and Norwegian Crystals AS, where he supported the companies in developing and executing business plans and raising growth capital. He was previously Head of Securities at Carnegie ASA from 2007 to 2011 and before that Head of Equity Research and Head of Nordic Energy research since 1999. Following graduation from Norwegian School of Management (BI) in 1994, he joined Morgan Stanley in London where he over the following years advised on European M&A transactions.

Didrik Leikvang has extensive experience with financial analysis and investment management. Since 2012 Leikvang has worked for Spitsbergen AS, a private Norwegian investment firm focused on energy investments. Previously he worked for Carnegie ASA within debt capital markets and high yield credit research generally focusing on energy, shipping and oil services. Mr. Leikvang was previously with UBS Investment Bank in London. He has recently been involved as an advisor for North Energy ASA and serves of the Board of Directors of North E&P. Mr. Leikvang holds a B.Sc. in Economics and Business Administration from the Norwegian School of Economics (NHH).

1.5 Terms of the preference capital in NE Capital

The preference shares in NE Capital (to be issued exclusively to the Company) shall not have voting rights, but shall carry a preferred return at such levels as are set out below and shall have dividend and liquidation preferential rights. The preference shares shall otherwise have equal rights as the ordinary shares of NE Capital.

The Preference Capital shall yield the following return in the following periods:

- (i) The First Tranche Preference Capital shall yield a return of 8% for the period starting on the date of contribution of such capital to NE Capital and ending on the date falling 12 months thereafter (the "**First Return Period**");

- (ii) The Second Tranche Preference Capital shall yield a return of 7.1¹% for the entire First Return Period, regardless of when such funds are contributed to NE Capital;
- (iii) The Preference Capital shall yield a return of 10% for the period starting at the last date of the First Return Period and ending on the date falling 12 months thereafter (the "**Second Return Period**"); and
- (iv) The Preference Capital shall yield a return of 12% for the period starting at the last date of the Second Return Period and ending on the date falling 12 months thereafter (the "**Third Return Period**").

The Preference Capital and return yielded thereon shall be distributed to the Company by way of dividend payments according to the following schedule:

- (i) NOK 25,000,000 on the last day of the First Return Period;
- (ii) NOK 75,000,000 on the last day of the Second Return Period; and
- (iii) NOK 111,000,000 plus all accrued preference return on the last day of the Third Return Period.

The preference return shall be compounded annually.

Any excess capital of NE Capital after the distribution of the Preference Capital and preference returns will be retained by NE Capital or distributed to the holders of ordinary shares in accordance with the ordinary principles of the Private Limited Liability Companies Act and subject to decision by the Board of Directors of NE Capital.

If the Preference Capital, including all accrued preference return, is not repaid in accordance with the schedule set out above, the Company may purchase North Advisors' shares in NE Capital (call option) at the greater of fair value and cost price of the shares. The call option price may be settled by way of issuance of shares in North Energy ASA or in cash.

1.6 Shareholders' agreement relating to NE Capital – key terms

In order to provide for transparent and stable governance principles for NE Capital and the new management structure, the Company and North Advisors will enter into a shareholders' agreement governing their joint ownership positions in NE Capital. In addition to the terms and conditions relating to the Preference Capital, cf. section 1.5 above, the key terms of the proposed shareholders' agreement are:

Governance:

North Advisors will have a right to appoint one out of four shareholder elected members of the board of directors of NE Capital. During the Initial Period, certain material decisions by the board of directors and the general meeting will be subject to consent by North Advisors, provided that North Advisors continue to hold at least 20% of the ordinary shares. The consent requirements relate, inter alia, to changes in the business

¹ An interest to be stipulated by the Ministry of Finance (MFI) will accrue on the outstanding refundable tax balance for 2016. For 2015 the interest rate was 0.9% p.a. The preferred return of the Second Tranche Preference Capital for the First Return Period is reduced accordingly based on the interest rate of 0.9% for 2015.

plan, acquisitions, divestures and investments, additional funding, distributions to the shareholders, and changes in the articles of association. North Advisors shall have the same right to board representation and veto rights in subsidiaries of NE Capital.

- Lock Up:** No party may transfer shares during the Initial Period.
- Exit (Drag Along):** Following the Initial Period, the Company may at any time, unilaterally initiate an exit process, including require that North Advisors participate in a sale of 100% of the shares in NE Capital to a third party.
- Minority protection (Mgmt Put Option):** If, following the Initial Period, North Advisors' ownership interest falls below 20% of the ordinary shares of NE Capital (or if North Advisors' right to distributions is diminished as a result of an additional funding of the HoldCo), North Advisors shall have the right to sell its shares to the Company (put option) at fair value, to be settled by way of issuance of shares in North Energy ASA (or at the option of the Company, in cash).
- Expert opinion:** If the parties are unable to agree on the fair value of shares, the fair value shall be determined by an independent expert.

1.7 Regulatory matters

The transfer of the Company's operating business to North E&P and the subsequent transfer of all shares in North E&P to NE Capital will be subject to approval by the Ministry of Petroleum and Energy. Such approvals are expected to be granted on acceptable conditions for the Company and its subsidiaries. The completion of the various transactions envisaged will be subject to all formal approvals having been granted.

1.8 Tax

The transfer of the Company's operating business to North E&P is subject to approval requirements under Section 10 of the Petroleum Taxation Act. However, such transfer is pre-approved and may be carried out on an "after tax basis" pursuant to the Regulations to Section 10, subject to the fulfilment of certain conditions. The business transfer have been structured to fulfil such conditions, meaning that the transfer is tax neutral and that North E&P may continue the business unchanged from a tax perspective and meaning that the Company will not be taxed for any gain from the business transfer. The subsequent transfer of shares in North E&P to NE Capital will be subject to the participant exemption rules and, thus, be tax neutral.

2 APPROVAL OF AGREEMENTS, CF. THE PUBLIC LIMITED LIABILITY COMPANIES ACT SECTION 3-8

Section § 3-8 of the Public Limited Liability Companies Act sets out that an agreement between the company on the one hand, and a shareholder, a director or a general manager, or an affiliate of any of the foregoing, on the other hand, shall not be binding on the company unless the general meeting has approved the agreement if the consideration from the company has a real value greater than one twentieths of the share capital at the time of the agreement.

Since the Transaction Agreement and the underlying agreements mentioned in this appendix are entered into with affiliates of shareholders of the Company and partly with affiliates of the Chairman of the Board of Directors of the Company, and the value of the consideration provided by the Company exceeds one twentieths of the share capital, such arrangements shall be approved in accordance with the procedures set out in Section 3-8 of the Public Limited Liability Companies Act.

The Board of Directors has received a statement by Kjelstrup & Wiggen Consulting AS in respect of the agreements to be entered into by the Company, in accordance with the provisions of section § 2-6 of the Public Limited Liability Companies Act. The Statement is attached to this notice as Appendix 5 and will be registered in the Register of Business Enterprises (*Nw: Foretaksregisteret*). In connection with the preparation of the statement by Kjelstrup & Wiggen Consulting AS the Company has obtained a valuation assessment from Pareto Securities AS.

The Board of Directors proposes that the general meeting adopts the following resolution:

The General Meeting approves the restructuring of the Company and the establishment of a new management structure, including the entering into by the Company of the following agreements on substantially such terms as have been presented to the General Meeting and otherwise in accordance with market terms:

- (i) a Transaction Agreement governing the establishment and capitalization of North Energy Capital AS;*
- (ii) a Shareholders' Agreement for North Energy Capital AS; and*
- (iii) an Advisory Agreement with North Advisors AS.*