

# First quarter 2015

Presentation material

1 June 2015

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# Contents and presenters

- Headlines p. 4-5
- Operations
  - Production p. 6
  - Exploration p. 7-11
- Key financials
  - First quarter p. 12-15
- Concluding remarks Questions & Answers p. 16-17
- Reference material p. 18



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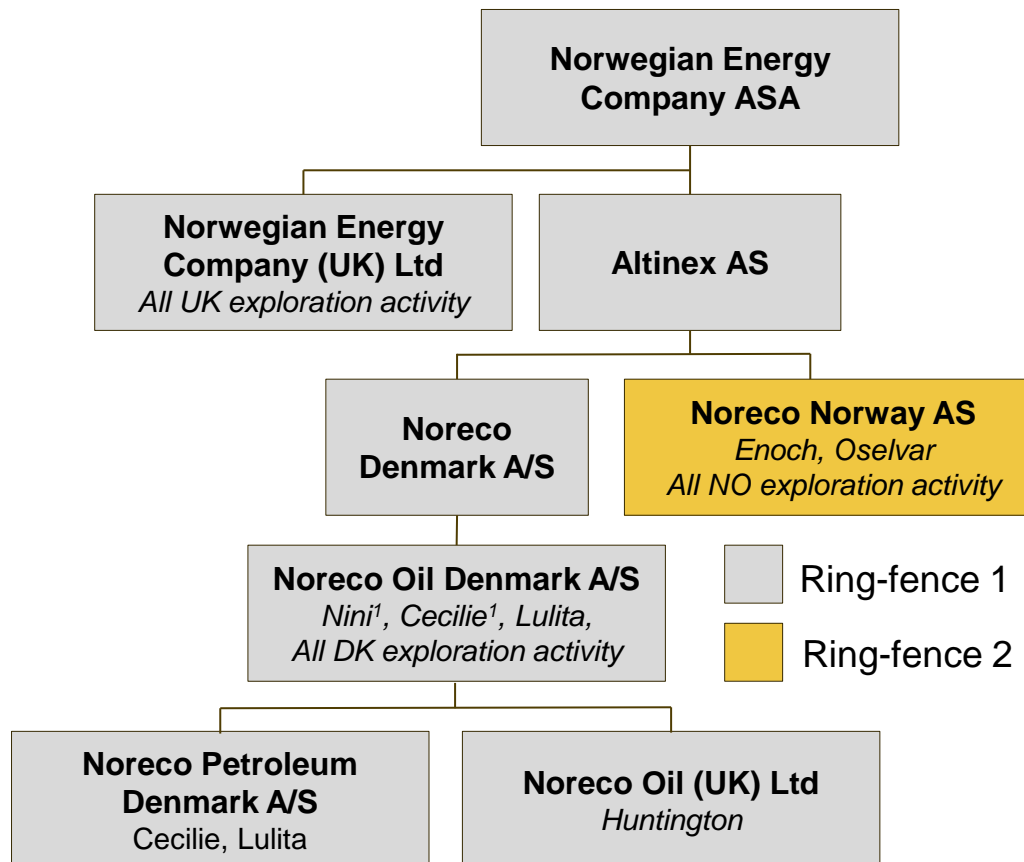
For questions, please email:  
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# First quarter headlines

- Restructuring completed. No longer in distress
  - NOK 2 billion bonds converted to equity, bondholders owning 92 per cent of Noreco post restructuring
  - Significant IFRS accounting effects related to restructuring in Q1, resulting in NOK 1.8 billion net profit after tax
  - New strategy in place: Limit investment commitments, reduce costs and work to repay debt
- Production at 3 236 boepd in Q1
  - Huntington restricted. Nini and Cecilie included until default
- Exploration. Xana well plugged and abandoned
  - Hydrocarbons discovered. Potential commerciality being evaluated

# Current company structure

Two structures ring-fenced, separate loan agreements

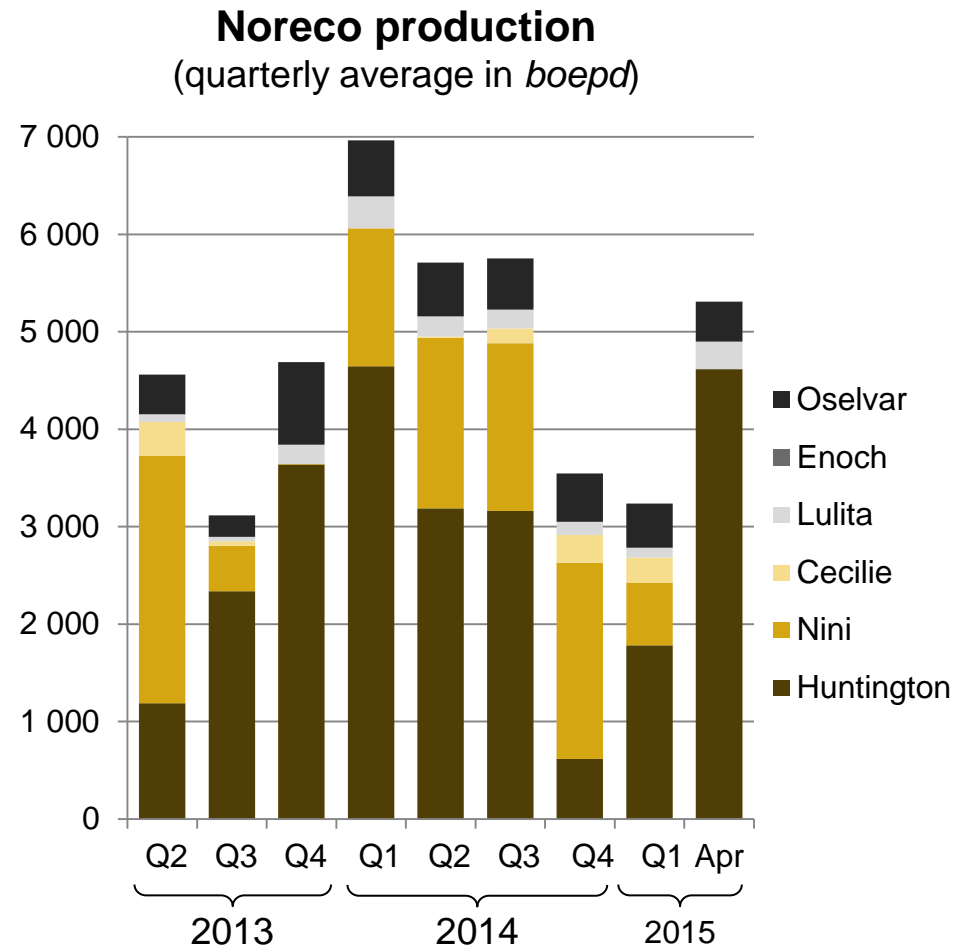


- New group structure involving ring-fence around NOR 06's pledged assets in Noreco Norway (ring-fence 2)
- Noreco ASA issuer of NOK 600 million NOR 10 bond
- Noreco Norway AS issuer of NOK 618 million NOR 06 bond
- No recourse between the ring-fenced groups

<sup>1</sup> Noreco is in breach of licence agreement

# Huntington back on stream, limited contribution from Nini and Cecilie

- **Huntington** restricted through Q1. Back on stream in April
- **Nini** and **Cecilie** production claimed by other licence partners
- **Lulita** affected by technical issues at nearby field
- **Oselvar** fairly stable through the quarter
- **Enoch** delayed again, expected on stream in second half of 2015

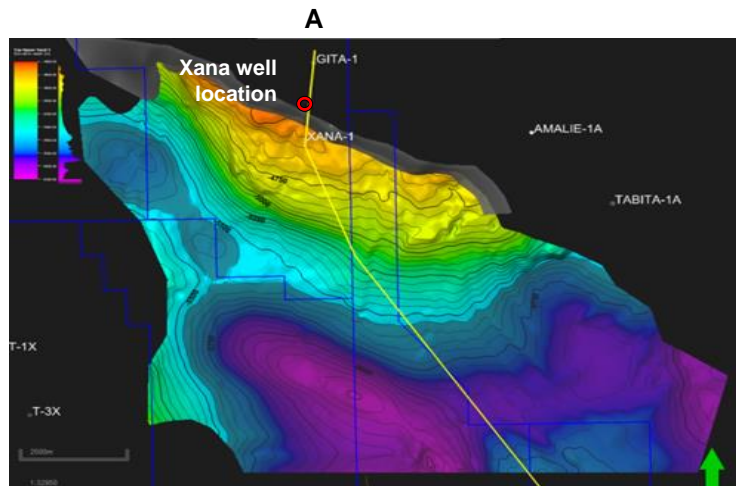
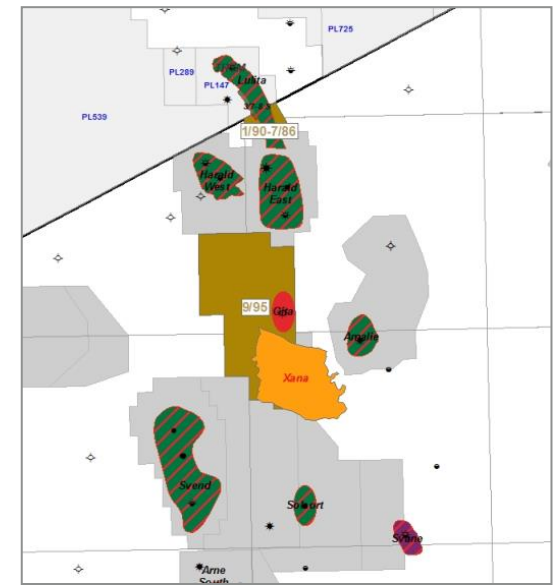


# Exploration

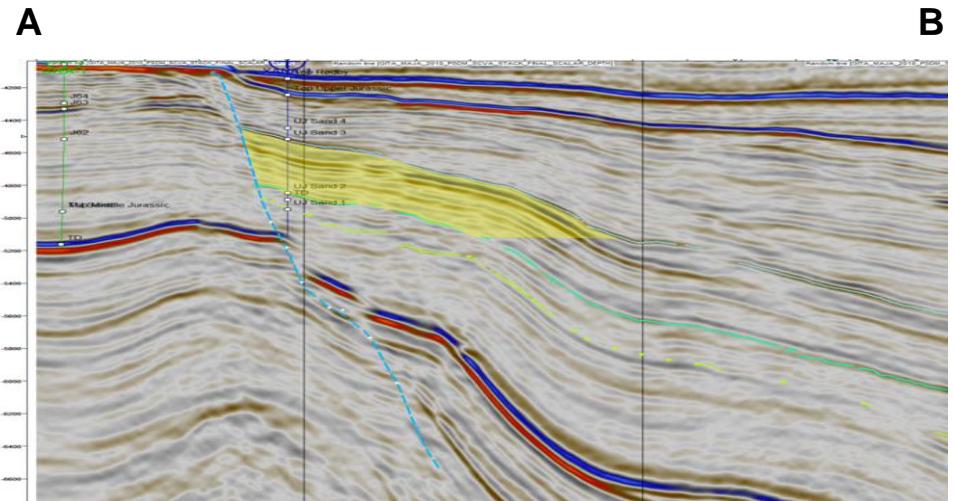
# DK 09/95 – Xana Discovery

## Noreco 16% - Maersk operated

- Well encountered light oil and gas bearing sands in Upper Jurassic interval, trapped by up-dip fault
- Well drilled with Noble Sam Turner rig to total depth of 5124 meters sub sea
- Well completed successfully and all data acquired. Well was not tested although fluid samples were recovered
- Resources and potential commerciality currently being evaluated



**B**



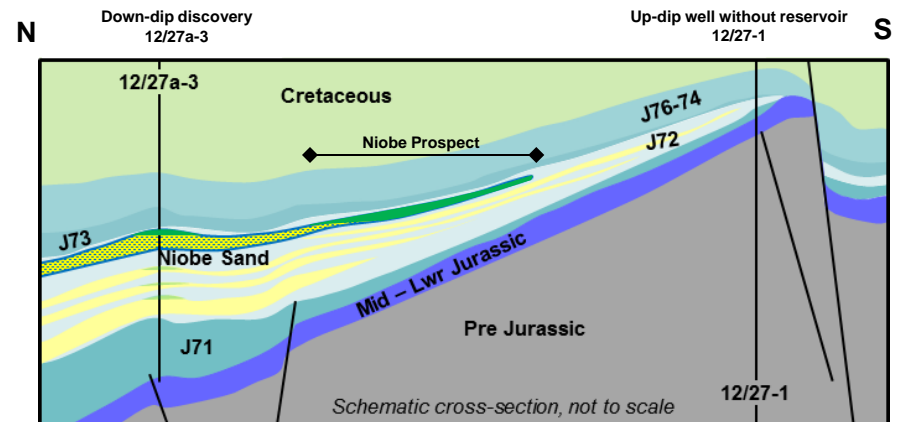
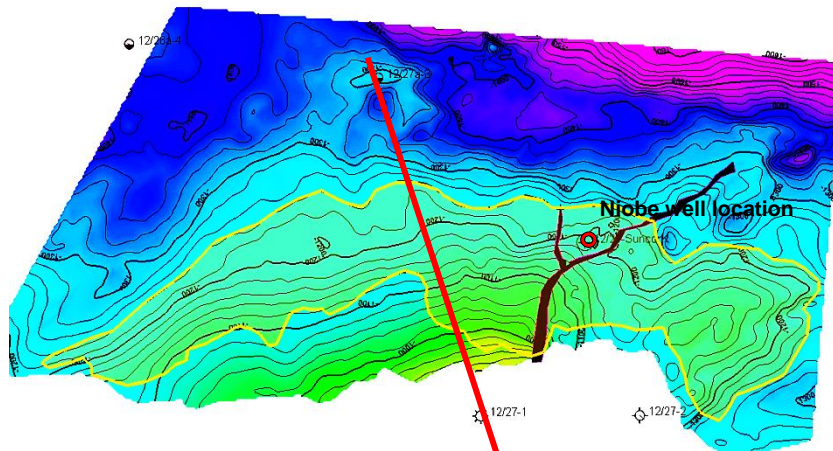
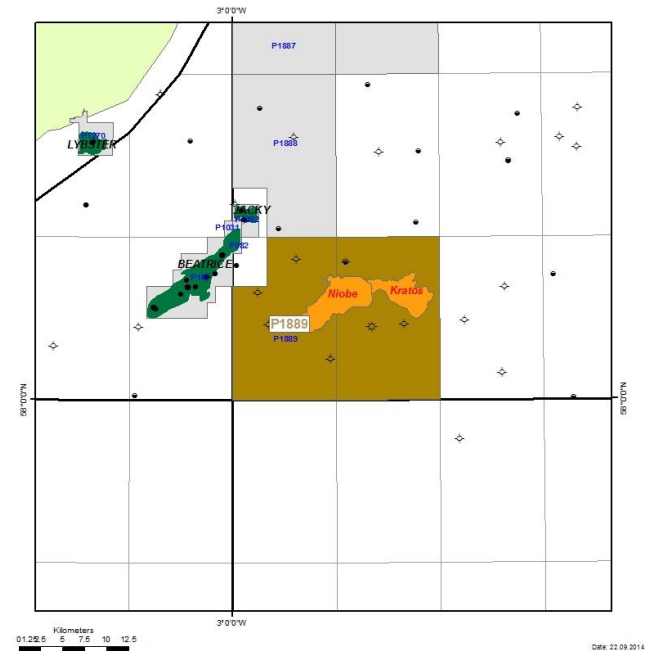
**B**



# UK PL1889 – Niobe Prospect

## Noreco 22.5%\* - Suncor operated

- Upper Jurassic stratigraphic pinch-out trap, up dip of small oil discovery
- Located in Inner Moray Firth in proven oil province east of Beatrice Field
- 30% CoS – Primary risk element: Trap
- 7 – 157 mmboe (gross)
- Expected spud beginning of June with the rig Ensco 100

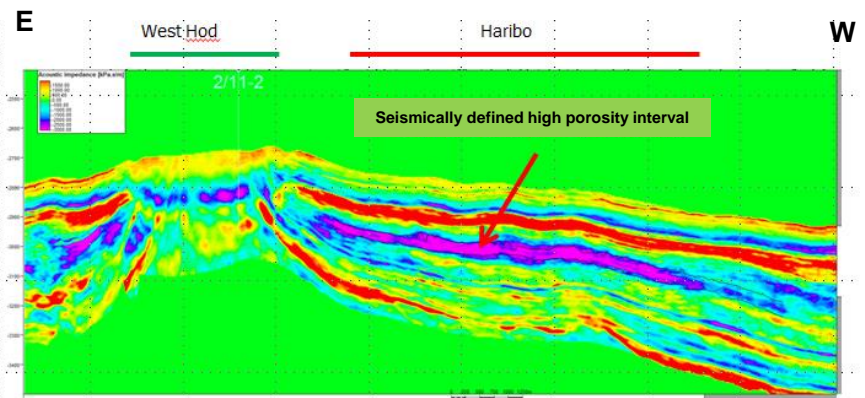
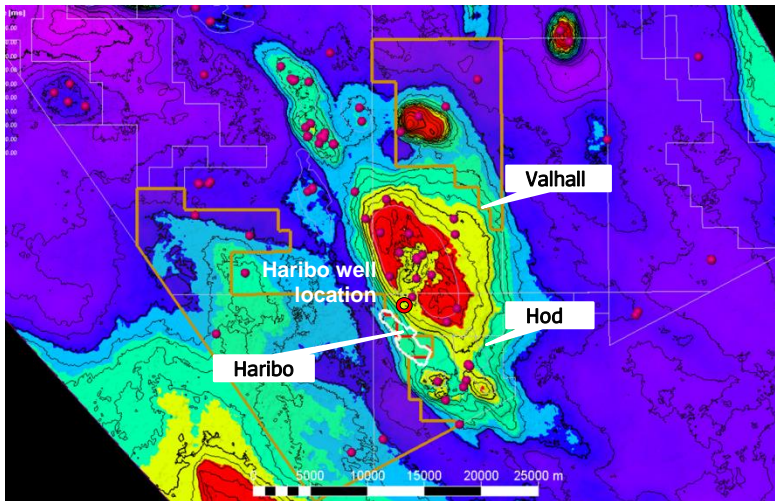
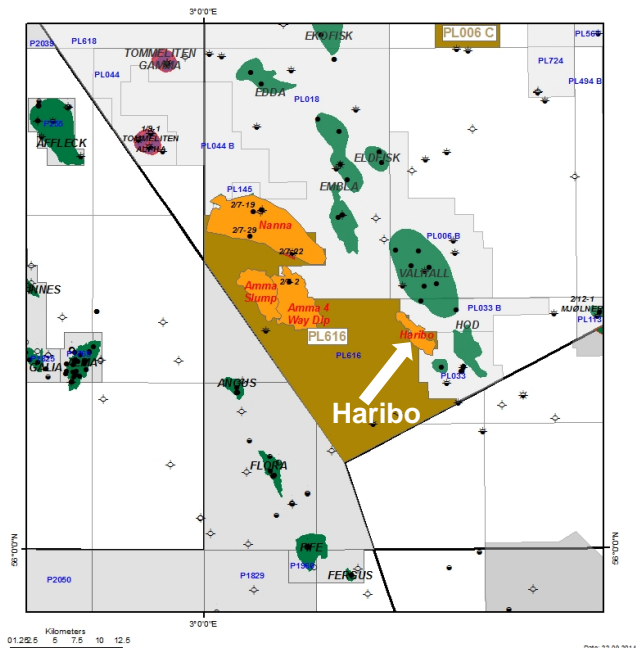


\*12.5% given potential farm down – see Q1 financial report






# NO PL616 – Haribo Prospect



## Noreco 20 % - Edison operated

- Cretaceous “chalk porosity pod” prospect separated from Valhall by impermeable tight chalk
- Located in Central North Sea, on south western flank of Valhall Field, and west of Hod Field
- 42% CoS – Primary risk element: Trap
- 69 – 192 mmboe (gross on license PL616)
- Expected spud mid-late June with the rig Transocean Searcher



# Exploration and appraisal Drilling programme

Well	Noreco share	Operator	Pot. vol. <sup>1</sup>	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
DK 9/95 Xana (Gita S)	16 %	Maersk	under review		Plugged and abandoned						
P1889 Niobe	22.5 % <sup>3</sup>	Suncor	7 – 157								
PL616 Haribo	20 %	Edison	69-192 <sup>2</sup>								
PL492 Gohta (appr)	20 %	Lundin	111-232								
PL519 Albert	20 %	Lundin	na								

-  Committed wells
-  Potential wells

<sup>1</sup> In mmboe <sup>2</sup> On licence

<sup>3</sup> 12.5% given potential farm down – see Q1 financial report

FIRST QUARTER  
2015

# Key financials

2015

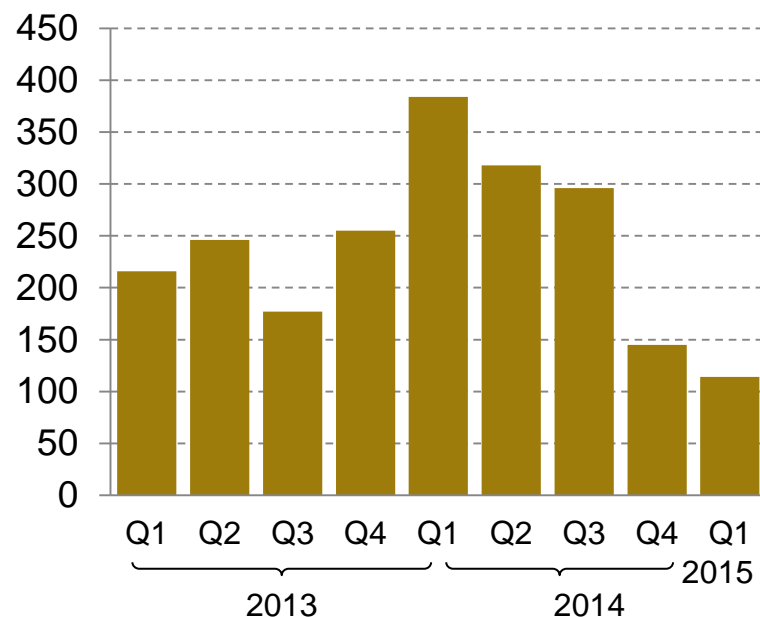
# Income statement

NOK million	Q1 '15 Segments	Q1 '15 IFRS	Q4 '14 IFRS	FY 14 IFRS
<b>Total revenues</b>	<b>114</b>	<b>114</b>	<b>145</b>	<b>1 143</b>
Production expenses	(139)	(139)	(140)	(587)
Exploration expenses	(129)	(129)	(9)	(837)
Payroll	(22)	(22)	(11)	(87)
Other op. expenses	6	6	(40)	(104)
Other gain/(loss)	16	16	26	25
<b>EBITDA</b>	<b>(154)</b>	<b>(154)</b>	<b>(28)</b>	<b>(448)</b>
Depreciation	(17)	(17)	(42)	(407)
Write-downs	(47)	(47)	(1 089)	(2 885)
<b>EBIT</b>	<b>(218)</b>	<b>(218)</b>	<b>(1 159)</b>	<b>(3 740)</b>
Bond Restructuring effects	1 633	2 176	(510)	(622)
Net other financial items	(49)	(49)	(17)	(158)
<b>EBT</b>	<b>1 366</b>	<b>1 909</b>	<b>(1 686)</b>	<b>(4 520)</b>
Tax	(41)	(116)	(60)	1 609
<b>Net result</b>	<b>1 326</b>	<b>1 794</b>	<b>(1 746)</b>	<b>(2 912)</b>

- **Revenues** - Low output from Huntington due to restrictions. Lapse of production due to default on Danish licences
- **Bond restructuring effects**  
Financial items marked by a one-off effect of NOK 2 176 mill related to the restructuring. NOK 543 mill of this expected to be reversed towards maturity of the bonds

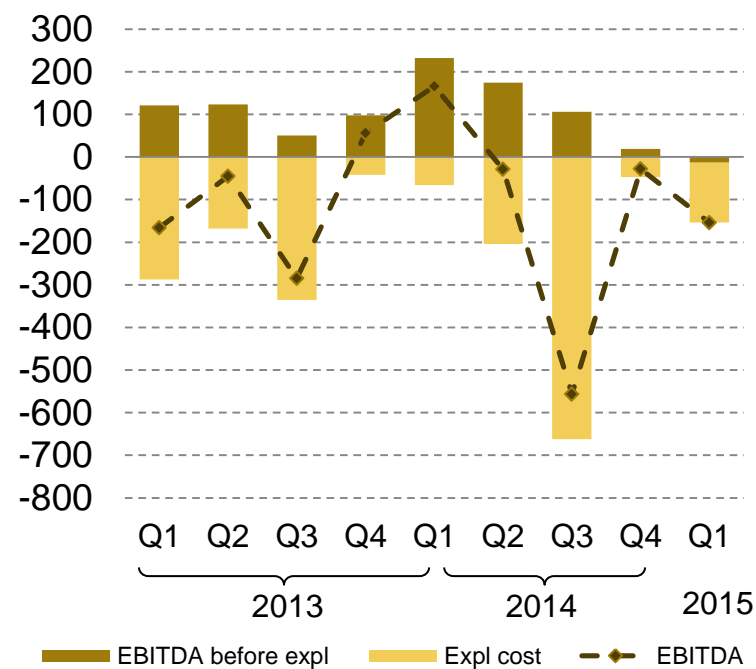
# Revenue & EBITDA (NOK mill)

## Revenues



Q1 revenues marked by restrictions to production from the Nini and Cecilie fields and low output from the Huntington field due to restrictions in the CATS gas handling system

## EBITDA / Exploration expenses



Slightly negative EBITDA before exploration cost<sup>1</sup>

<sup>1</sup> Exploration cost includes exploration expenses and G&A related to the exploration department

# Balance sheet

NOK million	31.03.15	31.03.15	31.12.14	30.09.14
	Segments	IFRS	IFRS	IFRS
<b>Assets</b>				
Non-current assets	1 750	1 675	2 425	3 532
Current assets	1 036	1 036	565	608
Cash (non-restricted)	685	685	644	736
<b>Total assets</b>	<b>3 471</b>	<b>3 396</b>	<b>3 634</b>	<b>4 876</b>
<b>Equity and liabilities</b>				
Total equity	809	1 276	(803)	763
Long-term liabilities	1 480	938	612	2 798
Current liabilities	1 183	1 183	3 825	1 315
<b>Total liabilities</b>	<b>2 663</b>	<b>2 120</b>	<b>4 437</b>	<b>4 113</b>
<b>Total equity and liabilities</b>	<b>3 471</b>	<b>3 396</b>	<b>3 634</b>	<b>4 876</b>

## Equity impacted by restructuring

- Increase due to conversion of bond debt to equity
- IFRS effect related to use of executed trades for valuation of bonds
- Equity amounts to NOK 809 mill if the bonds are recorded to principal amounts

# Concluding remarks



# Strategy and priorities

- Towards an amicable solution in Denmark
- Disciplined approach to operation
  - Continue to work with operators to secure cost efficient production
  - Carefully deliver on existing commitments, including Niobe and Haribo wells
  - Limit additional investment and exploration commitments
- Optimising asset values, repaying debt
  - DK insurance claim, Huntington and Norway assets
  - Short term potential value triggers in Niobe and Haribo

# Additional information

## Table of contents

Noreco at a glance 19

### Production

Production per field 20

Revenue per field 21

Production expenses per field 22

### Balance sheet specifications

Producing assets 23

Intangible assets 24

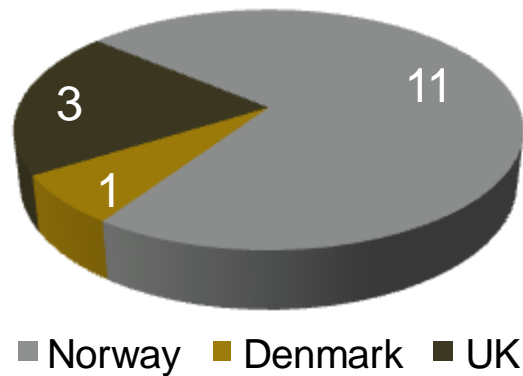
Siri insurance claim 25

Largest shareholders 26

# Noreco at a glance

## Exploration

(number of licences<sup>1</sup>)

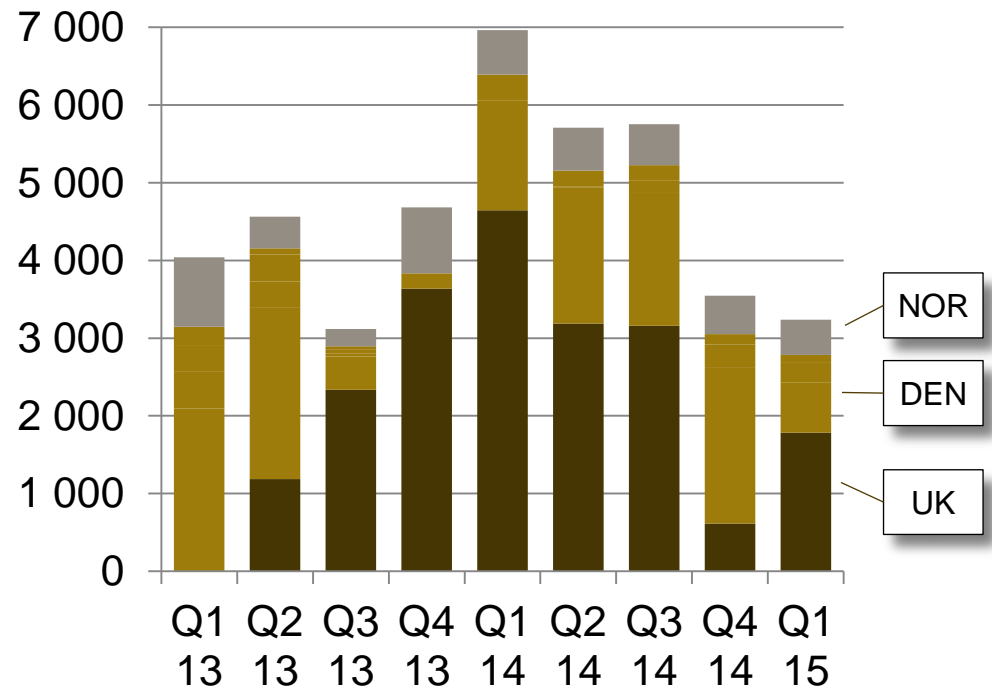


Year	2012	2013	2014	15E
Wells <sup>1</sup>	8	4	2	3

<sup>1</sup> Exploration licences and exploration and appraisal wells only

## Production

(in boepd)



# Production per field

(boepd)

Field	Noreco share	Q1 15	Q4 14	Q3 14	Q2 14	Q1 14	Q4 13
Oselvar	15 %	454	497	528	550	574	850
Enoch	4.36 %	0	0	0	0	0	0
Lulita	28.2 %	101	136	192	172	330	196
Nini <sup>1</sup>	30 %	644	2 012	1 722	1 839	1 415	0
Cecilie <sup>1</sup>	61 %	255	286	152	15	0	0
Huntington	20 %	1 783	616	3 160	3 187	4 646	3 637
<b>Total</b>		<b>3 236</b>	<b>3 548</b>	<b>5 755</b>	<b>5 763</b>	<b>6 964</b>	<b>4 682</b>

<sup>1</sup> Noreco is in breach of licence agreement

# Revenue per field

(NOK million)

Field	Noreco share	Q1 15	Q4 14	Q3 14	Q2 14	Q1 14	Q4 13
Oselvar	15 %	16	19	25	25	30	40
Enoch	4.36 %	0	2	0	0	0	0
Lulita	28.2 %	3	5	9	8	15	10
Nini <sup>1</sup>	30 %	23	85	95	113	82	0
Cecilie <sup>1</sup>	61 %	9	10	9	1	0	0
Huntington	20 %	64	23	158	172	257	206
<b>Total</b>		<b>114</b>	<b>145</b>	<b>296</b>	<b>318</b>	<b>384</b>	<b>255</b>

<sup>1</sup> Noreco is in breach of licence agreement

# Production expenses per field

(NOK million)

Field	Noreco share	Q1 15	Q4 14	Q3 14	Q2 14	Q1 14	Q4 13
Oselvar	15 %	5	11	7	6	6	14
Enoch	4.36 %	1	1	0	0	2	15
Lulita	28.2 %	1	2	1	2	3	4
Nini*	30 %	46	54	95	55	48	38
Cecilie*	61 %	18	16	14	7	14	7
Huntington	20 %	66	55	59	62	66	60
<b>Total</b>		<b>139</b>	<b>140</b>	<b>177</b>	<b>132</b>	<b>138</b>	<b>139</b>

Production expenses (OPEX) are to a great extent independent of production. In average approximately 85 percent of the production expenses year to date Q1 2015 are independent of production.

\*Nini and Cecilie production expenses in Q3 2014 includes one-off, non-cash expenses of NOK 36 mill and NOK 4 mill, respectively. Noreco is in breach of licence agreement

# Balance sheet specifications

## Producing assets (NOK million)

Asset	Gross book value	Asset retirement obligation	Deferred tax (-asset)*	Net book value
Oselvar	0	66	-340	274
Enoch	0	8	-6	-2
Lulita	40	13	6	20
Nini and Cecilie	2	405	-120	-283
Huntington Forties	366	183	-58	241
<b>Total producing assets</b>	<b>408</b>	<b>675</b>	<b>-518</b>	<b>251</b>
Classified as held for sale	28	413	-117	-268
<b>Total producing assets</b>	<b>380</b>	<b>262</b>	<b>-401</b>	<b>519</b>

\*Table shows technical deferred tax liabilities/-assets. Deferred tax assets related to the Danish and UK entities have partially or entirely been derecognised in Q4 2014, in total NOK 618 mill.

# Balance sheet specifications

Intangible assets (NOK million)

Asset	Gross book value	Deferred tax (-asset)	Net book value
Goodwill Denmark	7	0	7
<b>Total Goodwill</b>	<b>7</b>	<b>0</b>	<b>7</b>
Gohta	253	197	56
Xana	0	0	0
Niobe	9	0	9
Other licences	5	4	1
<b>Total licence and capitalised exploration expenditures</b>	<b>267</b>	<b>201</b>	<b>66</b>



# Siri insurance claim

## Status

- Gross book value at the end of Q1 is NOK 479 mill, NOK 419 mill after tax
  - USD amount unchanged at 59 mill
  - Total claim is ~ USD 400 mill plus interests
- Continues to progress the claim towards final court hearings
- Written pleadings now concluded
- Underwriters requested appointment of a technical expert to review and pronounce upon the technical evidence
- Ruling from the court expected late 2016
- Noreco's view on its legal position in this case has not changed

# Largest shareholders

Investor	Number of shares	% of top 20	% of total	Type	Country
EUROCLEAR BANK S.A./N.V. ('BA')	1,164,424	25.49%	16.41%	Nom.	BEL
GOLDMAN SACHS & CO EQUITY SEGREGAT	965,864	21.14%	13.61%	Nom.	USA
MP PENSJON PK	337,612	7.39%	4.76%	Comp.	NOR
STATE STREET BANK & TRUST COMPANY	310,725	6.80%	4.38%	Nom.	USA
SPARINV: HIGH YI VAL BONDS UDB	294,565	6.45%	4.15%	Comp.	DNK
JP MORGAN CLEARING CORP.	270,299	5.92%	3.81%	Nom.	USA
SABARO INVESTMENT LTD	155,477	3.40%	2.19%	Comp.	MCO
CLEARSTREAM BANKING S.A.	109,364	2.39%	1.54%	Nom.	LUX
TRONDHEIM KOMMUNALE PENSJONSKASS	99,273	2.17%	1.40%	Comp.	NOR
IKM INDUSTRI-INVEST AS	92,677	2.03%	1.31%	Comp.	NOR
EU ACTIVE ENERGY TECHNOLOGY INVEST	92,363	2.02%	1.30%	Comp.	DNK
ANKO INVEST AS	90,295	1.98%	1.27%	Comp.	NOR
DANSKE BANK A/S	82,930	1.82%	1.17%	Nom.	DNK
ARCTIC FUNDS PLC	81,574	1.79%	1.15%	Comp.	IRL
DANSKE BANK	81,371	1.78%	1.15%	Nom.	DNK
CITIBANK, N.A.	76,322	1.67%	1.08%	Nom.	SWE
SIX SIS AG	71,622	1.57%	1.01%	Nom.	CHE
ALTO HOLDING AS	70,386	1.54%	0.99%	Comp.	NOR
STØLE SVEIN	70,027	1.53%	0.99%	Priv.	NOR
J.P. MORGAN BANK LUXEMBOURG SA	50,900	1.11%	0.72%	Nom.	LUX
<b>Total number owned by top 20</b>	<b>4,568,070</b>	<b>100%</b>	<b>64.39%</b>		
<b>Total number of shares</b>	<b>7,094,730</b>		<b>100%</b>		

Updated 26 May 2015

