

Second quarter 2015

Presentation material
27 August 2015

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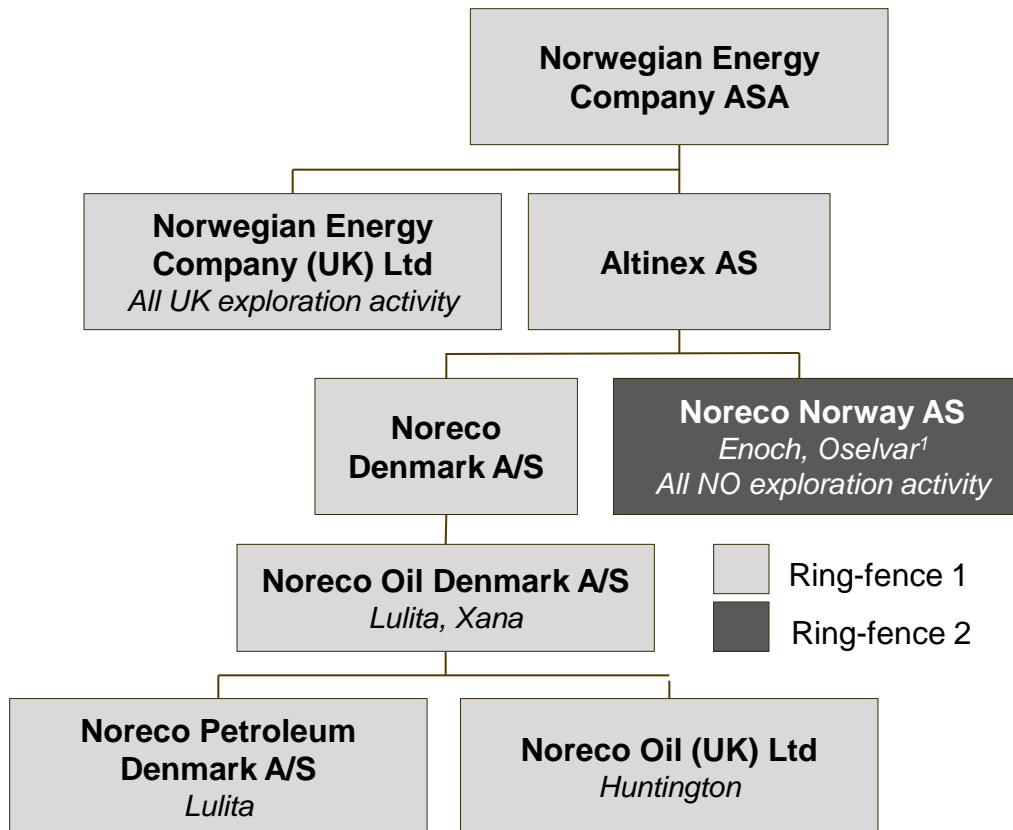
Second quarter summary

- Financial restructuring completed, started to deliver on revised strategy. Some important steps:
 - Participation in Nini and Cecilie (Denmark) licences terminated, settlement for liabilities and abandonment costs agreed
 - Agreement to sell Oselvar (Norway) interest for NOK 201 million
 - Partial repayment of debt completed (NOR10 bond) and planned (NOR06 bond)
 - Capacity adjustments ongoing. Headcount reduced from 47 to 34¹. Further reductions underway
- Operations
 - Huntington field (UK) performing well. No material impact from CATS summer maintenance
 - Niobe (UK) and Haribo (Norway) wells drilled, plugged and abandoned and declared dry. Xana (Denmark) discovery still being evaluated

¹ Including 30 employees in Noreco Norway.

Current company structure

Two structures ring-fenced, separate loan agreements



- New group structure involving ring-fence around NOR06's pledged assets in Noreco Norway (Ring-fence 2)
- Noreco ASA issuer of NOK 600 million NOR10 bond²
- Noreco Norway AS issuer of NOK 618 million NOR06 bond³
- No recourse between the ring-fenced groups

¹ Divestment of Oselvar interest agreed with effect from 1 January 2015

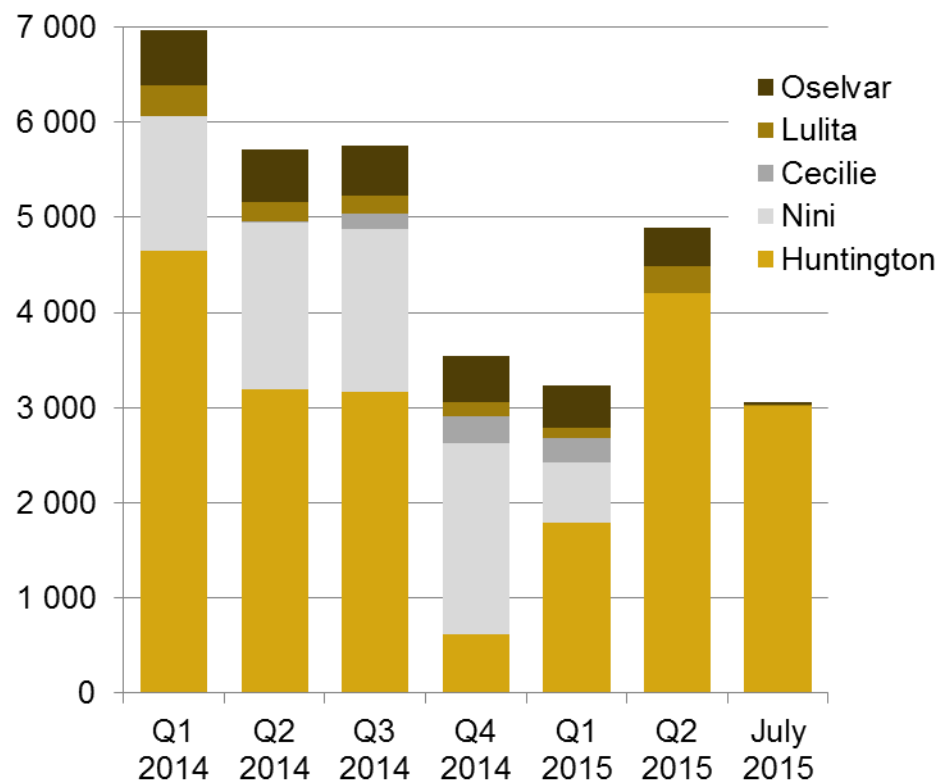
² NOK 357 million outstanding principal after partial repayment in August 2015

³ Partial repayment of NOR06 bond when Oselvar divestment is completed in second half 2015

Huntington back on stream

- **Huntington** back on stream in April. No impact from CATS summer maintenance
- **Nini** and **Cecilie** participation terminated
- **Lulita**¹ stable in Q2, affected by technical issues in July
- **Oselvar**² fairly stable through the quarter

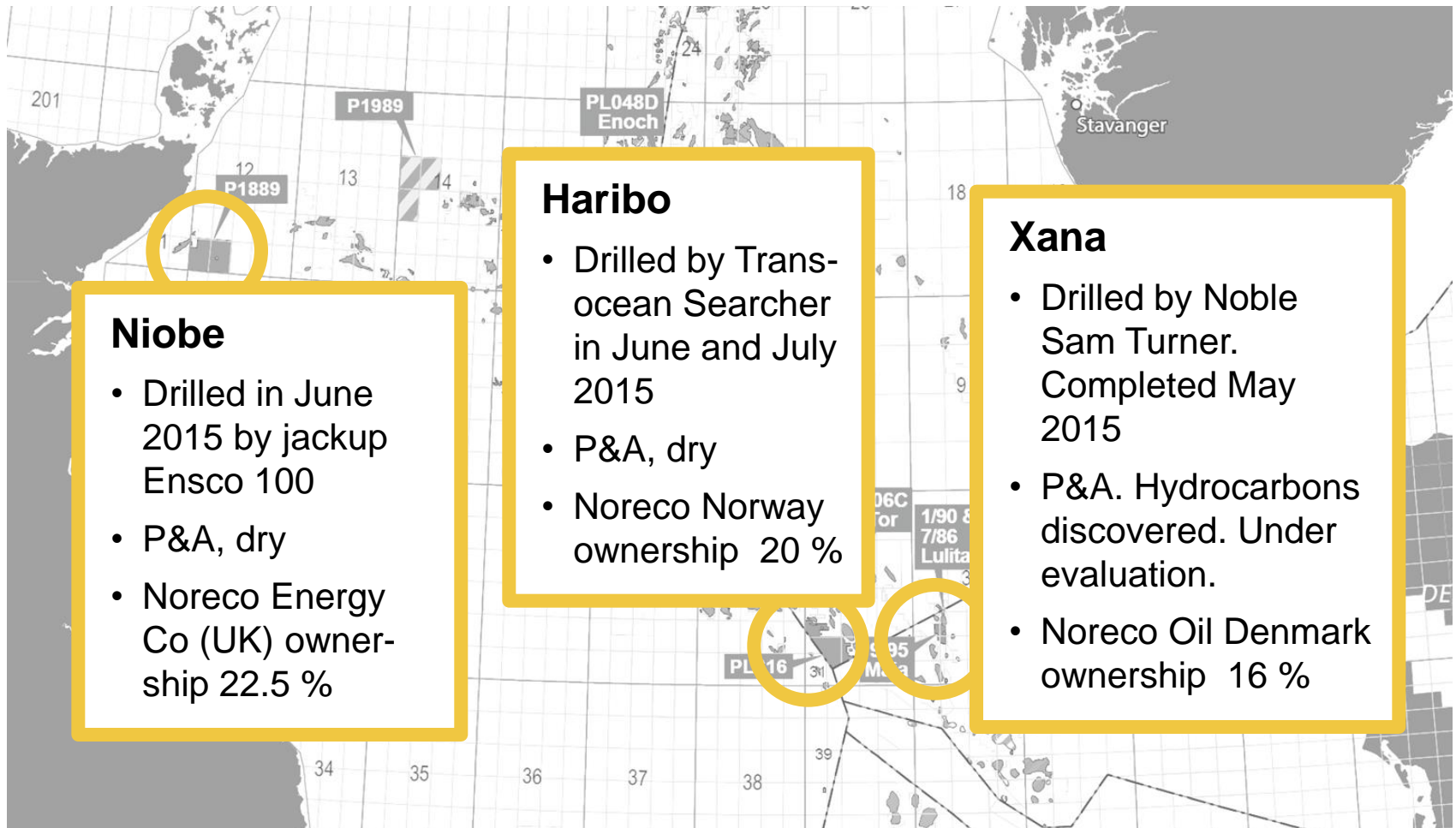
Noreco production
(quarterly average in *boepd*)



¹ Lulita ownership share reduced from 28.2 to 10 per cent as part of the Nini and Cecilie termination. Graph shows original ownership

² Noreco will continue to report Oselvar production until agreed sale of interest has been completed

Exploration: Niobe and Haribo dry, Xana under evaluation



Niobe

- Drilled in June 2015 by jackup Ensco 100
- P&A, dry
- Noreco Energy Co (UK) ownership 22.5 %

Haribo

- Drilled by Trans-ocean Searcher in June and July 2015
- P&A, dry
- Noreco Norway ownership 20 %

Xana

- Drilled by Noble Sam Turner. Completed May 2015
- P&A. Hydrocarbons discovered. Under evaluation.
- Noreco Oil Denmark ownership 16 %

NORWEGIAN ENERGY COMPANY ASA
SECOND QUARTER
2015

Key financials

2015

Income statement

NOK million	Q2 '15 Segm ¹	Q2 '15 IFRS	Q1 '15 Segm ¹	Q1 '15 IFRS	YTD '15 IFRS
Total revenues	193	193	114	114	308
Production expenses	(19)	(19)	(139)	(139)	(157)
Exploration expenses	(151)	(151)	(129)	(129)	(281)
Payroll	(19)	(19)	(22)	(22)	(42)
Other op. expenses	(18)	(18)	6	6	(12)
Other gain/(loss)	(3)	(3)	16	16	13
EBITDA	(17)	(17)	(154)	(154)	(171)
Depreciation	(31)	(31)	(17)	(17)	(48)
Write-downs	(17)	(17)	(47)	(47)	(65)
EBIT	(66)	(66)	(218)	(218)	(284)
Bond Restructuring/ Revaluation to fair value	-	(277)	1 633	2 176	1 899
Net other financial items	(27)	(27)	(49)	(49)	(75)
EBT	(92)	(369)	1 366	1 909	1 540
Tax	(122)	(90)	(41)	(116)	(206)
Net result	(214)	(459)	1 326	1 794	1 334

- Low production expenses due to reversion of accrued cost on Nini/Cecilie in Q1 and insurance proceeds related to Enoch
- Revaluation of bonds to fair value as of 30 June resulting in an financial expense of NOK 277 mill before tax
- Tax balance in Norway recorded with nominal figures impaired due to sale of Oselvar (NOK 91 mill)

¹ In the figures for the segments, the bond loans are recognised at principal amounts, hence no revaluation impact

Balance sheet

NOK million	30.06.15	30.06.15	31.03.15
	Segments	IFRS	IFRS
Assets			
Non-current assets	1 856	1 812	1 675
Current assets	692	692	1 036
Cash (non-restricted)	616	616	685
Total assets	3 164	3 121	3 396
Equity and liabilities			
Total equity	587	810	1 276
Long-term liabilities	1 566	1 391	938
Current liabilities	1 010	920	1 183
Total liabilities	2 577	2 311	2 120
Total equity and liabilities	3 164	3 121	3 396

- Repayment of NOR06 and NOR10 classified as current
- NOK 250 mill paid to NOR10 bondholders in August
- IFRS equity impacted by increased valuation of bonds due to Oselvar divestment and settlement in Denmark
- Equity amounts to NOK 587 mill if the bonds are recorded to principal amounts
- Valuation of assets highly sensitive to change in oil price

Concluding remarks

Strategy and priorities

- Implementation of new strategy, which was approved earlier this year, is well underway and will continue
- Disciplined approach to operation
 - Carefully deliver on existing commitments
 - Continue to work with operators to secure cost efficient production
 - Limit additional investment and exploration commitments
 - Capacity adjustment of the organisation continues
 - In line with this strategy, Noreco will not file APA 2015 applications
- Optimising asset values, repaying debt
 - DK insurance claim, Huntington and Norway assets

Production per field

(boepd)

Field	Noreco share	Q2 15	Q1 15	Q4 14	Q3 14	Q2 14	Q1 14
Oselvar	15 %	411	454	497	528	550	574
Enoch	4.36 %	0	0	0	0	0	0
Lulita	28.2 % ¹	282	101	136	192	172	330
Nini ²	30 %	0	644	2 012	1 722	1 839	1 415
Cecilie ²	61 %	0	255	286	152	15	0
Huntington	20 %	4 200	1 783	616	3 160	3 187	4 646
Total		4 894	3 236	3 548	5 755	5 763	6 964

¹ Lulita ownership share reduced from 28.2 to 10 per cent from 1 July 2015 (Effective date 14 April)

² Interest in the Nini and Cecilie licences were discontinued during Q2 2015

Additional information

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Revenue per field

(NOK million)

Field	Noreco share	Q2 15	Q1 15	Q4 14	Q3 14	Q2 14	Q1 14
Oselvar	15 %	15	16	19	25	25	30
Enoch	4.36 %	10	0	2	0	0	0
Lulita	28.2 % ¹	9	3	5	9	8	15
Nini ²	30 %	-9	23	85	95	113	82
Cecilie ²	61 %	-1	9	10	9	1	0
Huntington	20 %	169	64	23	158	172	257
Total		193	114	145	296	318	384

¹ Lulita ownership share reduced from 28.2 to 10 per cent from 1 July 2015 (Effective date 14 April)

² Interest in the Nini and Cecilie licences were discontinued during Q2 2015

Production expenses per field

(NOK million)

Field	Noreco share	Q2 15	Q1 15	Q4 14	Q3 14	Q2 14	Q1 14
Oselvar	15 %	6	5	11	7	6	6
Enoch ¹	4.36 %	-18	1	1	0	0	2
Lulita	28.2 % ²	2	1	2	1	2	3
Nini ³	30 %	-30	46	54	95	55	48
Cecilie ³	61 %	-7	18	16	14	7	14
Huntington	20 %	66	66	55	59	62	66
Total		19	139	140	177	132	138

¹ Production expenses in the second quarter 2015 were impacted by part of Enoch insurance proceeds being recorded as reduced opex

² Lulita ownership share reduced from 28.2 to 10 per cent from 1 July 2015 (Effective date 14 April)

³ Interest in the Nini and Cecilie licences were discontinued during Q2 2015. Provision for incurred cost in Q1 2015 have been reversed in Q2 2015

Producing assets

Asset (NOK million)	Gross book value	Asset retirement obligation	Deferred tax (-asset)	Net book value
Oselvar	0	67	-269	202
Enoch	0	8	-7	-2
Lulita	13	5	3	5
Nini and Cecilie ¹	0	530	0	-530
Huntington	291	170	-45	166
Total producing assets	304	780	-317	-159
Classified as held for sale	0	-67	-269	-202
Total producing assets	304	713	-48	-361

¹ Funds set aside on a secured escrow account related to the asset retirement obligation of the Nini and Cecilie field are not included in the table. The escrow account amounts to DKK 445 million plus interests and equals the recognised provision.

Intangible assets

Asset (NOK million)	Gross book value	Deferred tax (-asset)	Net book value
Goodwill Denmark (Lulita)	5	0	5
Total Goodwill	5	0	5
Gohta	254	198	56
Other licences	0	0	0
Total licence and capitalised exploration expenditures	254	198	56

Siri insurance claim

Status

- No change since Q1
- Gross book value at the end of Q2 is NOK 465 mill
 - NOK 407 mill net of deferred 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 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

