PROSPECTUS

NORWEGIAN ENERGY COMPANY ASA

(A public limited liability company organised under the laws of Norway)

Listing of 652 715 195 New Shares

This prospectus (the "**Prospectus**") relates to, and has been prepared in connection with the listing (the "**Listing**") on Oslo Børs of 652 715 195 new shares, each with a nominal value of NOK 0.10, (the "**New Shares**") in Norwegian Energy Company ASA ("**Noreco**" or the "**Company**", and together with its consolidated subsidiaries, the "**Noreco Group**" or the "**Group**") issued through a conversion of existing bond loans as part of a restructuring of the Company's debt (the "**Restructuring**") which was approved by bondholders meetings on 2 March 2015 and an extraordinary general meeting in the Company on 3 March 2015.

The New Shares were delivered to Nordic Trustee ASA on behalf of bondholders on 24 March 2015 and are expected to be listed and tradable on Oslo Børs on or about 13 May 2015. The New Shares will be tradable under the ticker code "NOR".

The distribution of this Prospectus may in certain jurisdictions be restricted by law. Accordingly, this Prospectus may not be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company and the Managers (as defined below) require persons in possession of this Prospectus, to inform themselves about, and to observe, any such restrictions.

This Prospectus shall be governed by, and construed in accordance with, Norwegian law. The courts of Norway, with Oslo City Court as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of, or in connection with this Prospectus.

Investing in the Company and the Shares involves material risks and uncertainties. See section 2 "Risk Factors" and section 4 "Cautionary Note Regarding Forward-Looking Statements".

This Prospectus relates solely to the listing of already issued New Shares and no offer is being made to purchase or subscribe for any Shares or other securities of the Company.

Managers:

Arctic Securities **Pareto Securities**

The date of this Prospectus is 12 May 2015

IMPORTANT INFORMATION

Please refer to section 19 "Definitions and Glossary of Terms" for definitions of terms used throughout this Prospectus, which also apply to the preceding pages.

This Prospectus has been prepared in order to provide information about the Group and its business in relation to the Listing of the New Shares and to comply with the Norwegian Securities Trading Act of June 29, 2007 no. 75 (the "**Norwegian Securities Trading Act**") and related secondary legislation, including EC Commission Regulation (EC) no. 809/2004 implementing Directive 2003/71/EC (and amendments thereto) regarding information contained in prospectuses (the "**Prospectus Directive**").

The Company has furnished the information in this Prospectus. The Company has engaged Arctic Securities AS and Pareto Securities AS (the "**Managers**") as financial advisors for the Restructuring. Neither the Company nor any of the Managers has authorised any other person to provide investors with any other information related to the Listing and neither the Company nor the Managers will assume any responsibility for any information other persons may provide.

Unless otherwise indicated, the information contained herein is current as of the date hereof and the information is subject to change, completion and amendment without notice. In accordance with Section 7-15 of the Norwegian Securities Trading Act, every significant new factor, material mistake or inaccuracy that is capable of affecting the assessment of the Shares arising after the time of approval of this Prospectus and before the date of listing of the New Shares on Oslo Børs will be published and announced promptly as a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances create any implication that there has been no change in the Group's affairs since the date hereof or that the information herein is correct as of any time since its date. The distribution of this Prospectus may in certain jurisdictions be restricted by law. Accordingly, this Prospectus may not be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company and the Managers require persons in possession of this Prospectus to inform themselves about, and to observe, any such restrictions.

An investment in Noreco involves inherent risks. Potential investors should carefully consider the risk factors set out in section 2 "Risk Factors" in addition to the other information contained herein before making an investment decision. An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of their entire investment.

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult with its own legal adviser, business adviser and tax adviser as to legal, business and tax advice.

In the ordinary course of their respective businesses, the Managers and certain of their respective affiliates have engaged, and will continue to engage, in investment and commercial banking transactions with the Group.

The Shares may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of an investment in the Shares for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Without limiting the manner in which the Company may choose to make any public announcements, and subject to the Company's obligations under applicable law, announcements relating to the matters described in this Prospectus will be considered to have been made once they have been received by Oslo Børs and distributed through its information system.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. The Company and the Managers require persons in possession of this Prospectus to inform themselves about, and to observe, any such restrictions.

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1. SUMMARY

'Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A – Introductions and warnings		
A.1	Introduction and warning	This summary should be read as introduction to the prospectus. Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2.	Use of the prospectus in resales by financial intermediaries	Not applicable. The Prospectus will not be used in subsequent resales by financial intermediaries
Section B** – **Issuer		
B.1	Legal and commercial name	The legal name of the Company is Norwegian Energy Company ASA. The commercial name of the Company is Noreco.
B.2	Domicile, legal form, legislation and country of incorporation	The Company is a public limited liability company registered under the laws of Norway with registration number 987 989 297 and governed by the Norwegian Public Limited Liability Companies Act.

B.3	Nature of current operations and principal activities / products and markets	The Noreco Group’s operations are associated with the exploration for and development and production of oil, gas and NGL, and revenues are derived entirely from the sale of produced oil, gas and NGL (this breakdown of revenue sources has also characterised the Group's operations historically, that is, no new sources of revenue have been introduced for the Group in recent years). Accordingly, the Group considers the risk and return of the business units to be similar and thus comprise one business segment. The Noreco Group currently has activities in Norway, UK and Denmark. Noreco has a portfolio of 24 exploration and production licences, 15 in Norway, 5 in Denmark and 4 in the UK. 1 licence in the Barents Sea, PL490, is expected to be relinquished shortly. The licences are held by Noreco or by its wholly owned direct or indirect subsidiaries. The portfolio consists of seven producing fields, Oselvar and Enoch in Norway, and Nini, Nini East, Cecilie and Lulita in Denmark and Huntington in the UK. The net total production from these fields was 5 499 boed in 2014. Note however, that certain assets including the Nini, Nini East and Cecilie field are expected to be discontinued in 2015.
B.4a	Recent trends	With a completed financial restructuring in place, Noreco is no longer in distress. The Company is in a strong position to maximise the value of its portfolio of exploration licences, discoveries and producing fields. In light of the current challenging market conditions and the significant future debt servicing requirements, the key focus for Noreco in the short term will be to limit future investment commitments, implement cost saving measures and optimise its assets through either continued operations or through divestment efforts. Surplus cash will be used to strengthen the Company’s balance sheet through repayment of debt. There are currently no plans for significant developments of the existing producing fields. Further sale of existing assets may be pursued in order to increase available cash for repayment of bond debt. In this regard, note that certain assets including the Nini and Cecilie licences are expected be discontinued in 2015.
B.5	Group	The Company is a holding company and the parent company of the Noreco Group
B.6	Interests in the issuer's capital or voting rights	The following table sets forth information on shareholders, as registered in the VPS and/or based on disclosure announcements through Oslo Børs' news service, who has a shareholding in the Company which is notifiable under Norwegian securities law, i.e. above 5%. **Name of Noreco Shareholder** / **Number of Noreco Shares** / **Percentage of Noreco Shares** Sparinvest S.A / 103 937 800 / 14.65 Taconic Capital Advisors, UK LLP / 96 585 989 / 13.61

<table>
<tr><td>B.7</td><td>Selected historical key financial information</td><td>
<table>
<tr><th>(NOK mill)</th><th>2014</th><th>2013</th><th>2012</th></tr>
<tr><td>Profit and Loss</td><td></td><td></td><td></td></tr>
<tr><td>Revenue</td><td>1 143</td><td>894</td><td>832</td></tr>
<tr><td>EBITDA</td><td>(448)</td><td>(440)</td><td>(817)</td></tr>
<tr><td>EBIT</td><td>(3 740)</td><td>(1 969)</td><td>(1 508)</td></tr>
<tr><td>Result before tax</td><td>(4 520)</td><td>(1 954)</td><td>(1 994)</td></tr>
<tr><td>Net result</td><td>(2 912)</td><td>(1 008)</td><td>(593)</td></tr>
<tr><td>Net cash flow from operations</td><td>730</td><td>1 476</td><td>905</td></tr>
<tr><td>Balance sheet</td><td></td><td></td><td></td></tr>
<tr><td>Non-current assets</td><td>2 425</td><td>4 797</td><td>5 411</td></tr>
<tr><td>Current assets</td><td>1 209</td><td>1 408</td><td>2 515</td></tr>
<tr><td>Total assets</td><td>3 634</td><td>6 205</td><td>7 926</td></tr>
<tr><td>Equity</td><td>(803)</td><td>1 750</td><td>2 028</td></tr>
<tr><td>Liability</td><td>4 437</td><td>4 455</td><td>5 898</td></tr>
<tr><td>Total equity and liabilities</td><td>3 634</td><td>6 205</td><td>7 926</td></tr>
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<tr><td>B.8</td><td>Selected key pro forma financial information</td><td>Not applicable. The Prospectus does not contain pro forma financial information.</td></tr>
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<tr><td>C.1</td><td>Type and class of security</td><td>New ordinary Shares of the Company. The Shares will have ISIN NO 001 0379266 upon listing.</td></tr>
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C.3	Number of shares and par value	As of the date of this Prospectus, the Company has 709 473 038 outstanding Shares each with a nominal value of NOK 0.10 fully paid and issued in accordance with the Norwegian Public Limited Companies Act.
C.4	Rights attached to the New Shares	The New Shares to be listed are ordinary Shares of the Company with no special rights attached to them.
C.5	Transferability	The New Shares are freely transferable, subject to any local regulatory transfer restrictions.
C.6	Admission to trading	The New Shares are expected to be listed on Oslo Børs on or about 13 May 2015.
C.7	Dividend policy	The Company has not paid any dividends to date, whether in cash or in kind, and the Company does not currently intend to pay dividends in the foreseeable future. The Company currently intends to retain all earnings, if any, and to use these, to finance the further business of the Company and to repay debt.
Section D – Risks		

D.1	Key risks specific to the issuer or its industry	**Ability to obtain economically recoverable oil and gas reserves** For long term sustainability of continued operations, the Noreco Group will be dependent on its ability to find, acquire, appraise, develop and commercially produce oil and gas reserves. There is no assurance that the Noreco Group will discover, acquire or develop further commercial quantities of oil and gas. **Risks relating to the price of oil and gas** Although Noreco historically has attempted to hedge declines in oil prices, the profitability and cash flow of Noreco's operations will be dependent upon the market price of oil and gas. This is known to fluctuate. A sustained material decline in prices from historical average prices could further impair the Noreco Group's debt service ability, which could result in the Noreco Group not being able to service a portion, or all, of its debt, according to the loan agreements. **Production is concentrated in a few number of fields** The Noreco Group's current production of oil and gas is concentrated in a small number of offshore fields. As at the date of this Prospectus, 6 out of a total of 24 licences are producing licences. Historically the Group has been largely dependent on production from the Nini, Nini East and Cecilie fields which are satellites to the Siri platform. Certain assets including the Nini and Cecilie licences are expected to be discontinued in 2015. The Group will thus be largely dependent on production from the Huntington field going forward and any regularity issues would therefore have substantial negative impact on the Group's total production. The Group expected a significant production growth in 2013, driven by commissioning and start-up of the Huntington field in the North Sea. This growth was delayed due to various operational problems at Huntington, whole or partial shut-downs of the CATS gas export system on which Huntington relies for export of gas, and unplanned shutdowns of the Oselvar field and the Siri satellites. Going forward the Huntington field is expected to contribute with approximately 80-85% of Noreco's production and hence the Group's cash position is highly reliant on the field delivering as planned. **Unexpected shutdowns may occur** Mechanical problems, accidents, oil leaks, hazardous weather conditions or other events at the Noreco Group's producing fields or pipelines or subsea infrastructure, such as the CATS system on Huntington, may cause an unexpected production shutdown or production reduction at these fields. Any unplanned production shutdown or reduction of the Noreco Group's facilities could have a material adverse effect on the Noreco Group's business, financial condition and results of operations.
		Risks associated with borrowing and leverage Borrowings create leverage and the Noreco Group is highly leveraged. In addition, the financing structure after restructuring is rather complex with two ring-fenced groups for financing purposes. If outstanding debts were declared due for immediate payment, there would be no assurances that the Noreco Group would be able to meet its obligations, and there are no assurances that the Noreco Group would be able to obtain alternative financing, either on a timely basis or at all. Any breach of existing covenants and undertakings with a subsequent acceleration of all debts outstanding would thus have a material adverse effect on the Noreco Group's financial position and is likely to have a material adverse effect on the value of the Shares, the Noreco Group's operations and future success.

D.3	Key risks specific to the securities	**Volatility of trading prices** An investment in the Shares may decrease in market value as well as increase. **Risks associated with dilution** Shareholders in Norwegian public limited liability companies such as the Company have pre-emptive rights to subscribe for new shares issued against consideration in cash proportionate to the aggregate amount of the shares they hold. Such pre-emptive rights may be set aside by the shareholders meeting, which could result in existing shareholders being diluted as a result of the share issue. Due to regulatory requirements under foreign securities laws or other factors, foreign investors may not be able to participate in a new issuance of Shares or other securities and may face dilution as a result. Any investor that is unable or unwilling to participate in the Company's future share issuances will have their percentage shareholding diluted. Further, if foreign holders of the Shares are not able to receive trade or exercise pre-emptive rights granted in respect of their Shares in any rights offering by the Company, then they may not receive the economic benefit of such rights. In addition, their proportional ownership interests in the Company will be diluted.
Section E – Offer		
E.1	Proceeds and expenses	The estimated expenses relating to the share capital increase amounted to approx. NOK 2 000 000.

E.2a	Reasons for the offer and use of proceeds	In a stock exchange announcement on 1 October 2014, Noreco informed of expected impairments of its Oselvar and Huntington fields. At the same time the Company informed of uncertainty with respect to whether the Company would be able to meet its financial covenants year-end 2014 due to lower production on Huntington. The Company also communicated that the impairments are expected to result in significant negative impact on Noreco's cash-flow in 2015 and beyond. In a new stock exchange announcement on 15 October 2014, Noreco provided further updates, including information about negative developments in the performance of Noreco's producing fields, which further added to the challenge in meeting cash covenants, and made it unlikely that the Company would be able to comply with its cash covenants towards the end of 2014 and through 2015. On 19 November 2014, the Company reported that it, in order to allow necessary time to explore all alternatives to a financial restructuring and with the belief that such alternatives could create or preserve more values for all stakeholders compared to a restructuring, would seek a deferral of payments due on 9 December 2014 under the Bonds. The deferral was required as the Company in light of its financial position and outlook was unable to make such payments without breaching its cash covenants at the end of 2014 and through 2015 and without prejudicing certain groups of creditors. Following discussions with Nordic Trustee ASA as bond trustee (the "**Bond Trustee**") and its legal and financial advisors (together the "**Trustee Advisors**"), who in turn discussed with an ad hoc committee of bondholders representing more than 50% in the NOR06 Bond, NOR10 Bond, NOR11 Bond and NOR12 Bond respectively (the "**Ad Hoc Committee**"), a summons letter was dispatched on 4 December 2014, whereby Bondholders' Meetings in each of the Bonds were called to consider certain waivers and deferrals. On 15 December 2014, Noreco reported that it had been informed by the Huntington field operator that production had been further delayed due to an incident during restart of the CATS riser platform, and that the riser platform would be closed at least until 18 December 2014, probably longer. In a subsequent announcement on this topic on 19 December 2014, it was reported that start up could be delayed to the end of January, possibly even longer. On 15 December 2014, Noreco further reported that its financial situation and outlook had continued to deteriorate due to significant and continued drop in oil prices, increases in projected operating costs and accelerated retention of cash to cover future abandonment costs, and that as a consequence, it would be necessary to also seek a deferral of interest in addition to the amortisation payments that were due on the Bonds on 9 December 2014. Given this, the deferral and waiver terms included in the summons of 4 December 2014 could no longer be met. While continuing to pursue opportunities to best preserve values for all stakeholders, the Company therefore found it necessary to accelerate work on an overall financial restructuring, and presented a proposed restructuring involving full conversion of the bond debt. The proposal was made in order to maintain going concern, and with the aim of creating a sustainable solution where values could be best preserved and underlying values realised for all financial stakeholders.

		After this the Company continued its dialogue with the Bond Trustee, the Trustee Advisors and representatives for the Ad Hoc Committee as well as other stakeholders, with the purpose of arriving at an agreed solution for a financial restructuring and a way forward for Noreco. Despite mitigating actions and the continued discussions, it did not prove possible to reach consensus from sufficient members of all four bond groups represented in the Ad Hoc Committee for a pre-agreed restructuring proposal. In light of the severity of the Company's financial position, including several licence and joint operating agreement defaults in Denmark and in the UK, the Board therefore found it necessary on 4 February 2015 to update the market and present a revised restructuring proposal. The revised proposal was based on the dialogue with Nordic Trustee, the Trustee Advisors and the Ad Hoc Committee representing the four bondholder groups, and entailed that the Company would be converting approx. NOK 1.9 billion of bond debt (plus accrued interest) to equity with approx. NOK 1.2 billion of bond debt remaining on amended terms, including amended maturities, with possible payment-in-kind ("PIK") interests and no fixed amortisations except final maturity in three years, but with "cash sweep" if excess cash should become available. NOR06 would change issuer to Noreco Norway AS without any recourse to the parent company or other parts of the Group. The three bond loans NOR10, NOR11 and NOR12 would be partially converted into share capital and partially converted into a new NOK 600 million senior secured bond loan of Noreco. Following the proposed conversion, the holders of the converted bonds would own 92% of the outstanding shares of the Company.
E.3	Terms and conditions	The completion of the Restructuring was subject to approval by the extraordinary general meeting of the Company held on 3 March 2015 and approval by the relevant bondholders' meetings on 2 March 2015.
E.4	Interest material to the issue/offer	Not applicable. No interest material to the listing.
E.5	Selling shareholders and lock-up	Not applicable. All New Shares are newly issued shares and no subscriber will be subject to lock-up in connection with the Restructuring.
E.6	Dilution	Following the conversion, the New Shares represent 92% of the Shares of the Company.
E.7	Estimated expenses charged to the investor	Not applicable. Expenses related to the Listing will not be charged to the investor by the Company.

2. RISK FACTORS

Prior to any decision to invest in the Company's securities, potential investors should carefully read and assess the following specific risks and the other information contained in this Prospectus. If these risks materialise, individually or together with other circumstances, they may substantially impair the business of the Group and have material adverse effects on the Group's business prospects, financial condition or results of operations and the price of the Company's securities may decline, causing investors to lose all or part of their invested capital. As the assets of the Company are held by various subsidiaries, the risks associated with the Group will also be relevant for the Company. The order in which the individual risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of the severity or significance of individual risks. An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

2.1 Risk factors relating to the Noreco Group and the industry in which it operates

2.1.1 Ability to obtain economically recoverable oil and gas reserves

For long term sustainability of continued operations, the Noreco Group will be dependent on its ability to find, acquire, appraise, develop and commercially produce oil and gas reserves. The Noreco Group must continually locate and develop or acquire new reserves to replace its existing reserves that are being depleted by production. Future increases in the Noreco Group's reserves will depend not only on its ability to explore and develop its existing properties but also on its ability to select and acquire suitable additional properties either through awards at licensing rounds or through acquisitions.

Few prospects that are explored are ultimately developed into producing oil and gas fields. Significant expenditure and time is required to establish the extent of oil and gas reserves through seismic and other surveys and drilling and there can be no certainty that oil and gas reserves will be found, or if found, commercially viable to extract.

There are many reasons why the Noreco Group may not be able to find or acquire oil and gas reserves or develop them for commercially viable production. For example, the Noreco Group may not be awarded licences in licensing rounds, or the Noreco Group may be unable to negotiate commercially reasonable terms for its acquisition, exploration, development or production activities. Further, the Noreco Group is dependent on the competence and judgment of third party operators in relation to the development of reserves where it is not itself the operator. The exploration and development of oil and gas assets may be curtailed, delayed or cancelled by unusual or unexpected geological formation pressures, oceanographic conditions, hazardous weather conditions or other factors. There are numerous risks inherent in drilling and operating wells, many of which are beyond the Company's control. Noreco's operations may be curtailed, delayed or cancelled as a result of environmental hazards, industrial accidents, occupational and health hazards, technical failures, shortage or delays in the delivery of rigs and/or other equipment, labour disputes and having to comply with governmental requirements. Drilling may involve unprofitable efforts, not only with respect to dry wells, but also with respect to wells which, though yielding some petroleum, are not sufficiently productive to justify commercial development or cover operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. Without successful exploration or acquisition activities, the Noreco Group's reserves, production and revenues will decline. There is no assurance that the Noreco Group will discover, acquire or develop further commercial quantities of oil and gas.

2.1.2 Reserves and resources information represent Group estimates which may be inaccurate or incorrect

The proven and probable reserves and resources data included in this Prospectus are based on Noreco Group's internal estimates.

In general, estimates of the quantity and value of economically recoverable oil and gas reserves and the possible future net cash flows are based upon a number of variable factors and assumptions, such as historic production rates, ultimate reserves recovery, interpretation of geological and geophysical data, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, continuity of current fiscal policies and regulatory regimes, future oil and gas prices, operating costs, development and production costs and workover and remedial costs, all of which may vary from actual results. Estimates are also to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. Consequently, the nature of reserve quantification studies means that there can be no guarantee that estimates of quantities and quality of oil and gas disclosed will be available for extraction. Therefore, actual production, revenues, cash flows, royalties and development and operating expenditures may vary from these estimates. Such variances may be material and may have a material adverse effect on the Company's valuation, its ability to raise further financing and its financial position in general.

In 2014 the Company's reserves were written down by 6.4 million boe (net, both Oselvar and Huntington) and there is no certainty that the reserves will not suffer further downward adjustments, due to lower than expected performance of the reservoirs. Currently Noreco's reserve numbers are approximately 1.4 million boe (net) higher than the operator's numbers on Huntington, due to Noreco's assessment of reserves located in the low resistivity zone, the effect of sidetracking an injector and an estimated extended field life. Noreco's reserves numbers for Oselvar are slightly higher than the operator´s due to an estimated extension of field life by one year.

With regards to contingent resources, these may not be considered commercially recoverable by the Noreco Group for a variety of reasons, including the high costs involved in recovering the contingent resources, the price of oil at the time, the availability of the Noreco Group's resources and other development plans that the Noreco Group may have. Prospective resources are those deposits that are estimated, on a given date, to be potentially recoverable from undiscovered accumulations. The Noreco Group's estimates of its contingent and prospective resources are uncertain and can change with time and there can be no guarantee that the Noreco Group will be able to develop these resources commercially.

2.1.3 Substantial investment required

For long term sustainability of continued operations, the Noreco Group may be required to make substantial capital expenditure for the acquisition, exploration, development and production of oil and gas reserves in the future. Such capital expenditures could be covered by cash flows from operations, new equity or by obtaining new debt. If the Noreco Group's revenues decline, or if the Company is unable to attract investors to increase the Company's equity, or if new debt arrangements and/or capital expenditure financings in general are not accessible, or only on unattractive commercial terms, the Noreco Group will experience a limited ability to undertake or complete potential future exploration programs, maintenance of existing fields, development investments and acquisitions. Limited available capital expenditure will also impact the Noreco Group's ability to maintain existing fields as well as undertake R&D initiatives. The Noreco Group's inability to access sufficient capital for its operations could lead to licences being revoked or relinquished or defaulting by the Company under commercial arrangements, including joint venture agreements, and have consequences for future licensing rounds, or could lead to a material adverse effect on the Noreco Group's financial conditions, results of operations or prospects in general.

2.1.4 Risks relating to the price of oil and gas

Although Noreco historically has attempted to hedge declines in oil prices, the profitability and cash flow of Noreco's operations will be dependent upon the market price of oil and gas. This is known to fluctuate. Historically, oil prices have fluctuated widely for many reasons, including global and regional supply and demand, and expectations regarding future supply and demand for oil and petroleum products; geopolitical uncertainty; access to pipelines, tanker ships and other means of transporting oil, gas and petroleum products; prices, availability and government subsidies of alternative fuels; prices and availability of new technologies; the willingness and ability of the members of the Organisation of Petroleum Exporting Countries ("**OPEC**") and other oil-producing nations to set and maintain specified levels of production and prices; political, economic and military developments in oil producing regions, particularly the Middle East; domestic and foreign governmental regulations and actions, including export restrictions, taxes, repatriations and nationalisations; global and regional economic conditions; and weather conditions and natural disasters. It is impossible to predict accurately future oil and gas price movements. The economics of producing from some of the Noreco Group's wells may change as a result of lower prices, which could result in a reduction in the volumes of the Noreco Group's reserves if some are no longer economically viable to develop. The Noreco Group might also elect not to produce from certain wells at current or lower prices. All of these factors could result in a material decrease in the Noreco Group's net production revenue causing a reduction in its oil and gas acquisition, development and exploration activities and financial condition. A sustained material decline in prices from historical average prices could further impair the Noreco Group's debt service ability, which could result in the Noreco Group not being able to service a portion, or all, of its debt, according to the loan agreements.

2.1.5 Political and regulatory risks

Changes in the legislative and fiscal framework governing the activities of the companies engaged within the oil and gas sector may have a material impact on exploration and development activity or directly affect the Group's operations. In particular, changes in political regimes will constitute a material risk factor for the Group's operations in foreign countries.

2.1.6 Tax risks

The Noreco Group is faced with increasingly complex tax laws. The amounts of taxes the Noreco Group pay could increase substantially as a result of changes in, or new interpretations of, these laws, which could have a material adverse effect on its liquidity and results of operations. During periods of high profitability, there are often calls for increased or windfall taxes on oil and gas revenue. Taxes have increased or been imposed in the past and may increase or be imposed again in the future. In addition, taxing authorities could review and question the Noreco Group's tax returns leading to additional taxes and penalties which could be material. In April 2015, Danish tax authorities suggested a reassessment of the Noreco Oil Denmark A/S's taxable income for 2011. If final, such increased tax could in worst case entail an additional payment of USD 10.5 million plus interest. While the Company is of the opinion that the reassessment is incorrect and no final decision has been made by the authorities, no assurances can be made that Noreco Oil Denmark will not be subject to the increased tax payment. Such potential additional payment will have a negative impact on the Group's financial condition. Decommissioning (where relevant) could also have a material tax impact for the Noreco Group's financial position and results of operations. Further, the complexity of tax laws (as well as contractual covenants) may restrict the Noreco Group from an effective utilisation of tax losses within the Company's different subsidiaries, which in turn could have a negative impact on the Noreco Group's financial position.

2.1.7 Risks related to the licences

In order to conduct its operations in compliance with applicable laws and regulations, the Noreco Group must obtain licences from various government authorities. The Noreco Group may incur substantial costs in order to maintain compliance with these existing laws and regulations and additional costs if these laws are revised or if new laws affecting the Noreco Group's operations are passed. Furthermore, there can be no assurance that the Noreco Group will be able to obtain all necessary licences that may be required to carry out exploration, development and production operations on its properties or that the Group is able to comply with license conditions. If the Group is unsuccessful in obtaining necessary licences or complying with licence conditions and obligations this could have a material adverse effect on the Company's business.

2.1.8 Health, Safety and Environmental (HSE) risks

All phases of the oil business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions, EU, and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation, moreover, is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

The Noreco Group's operations and assets are affected by numerous international, EU and national laws and regulations concerning health, safety and environmental ("**HSE**") matters including, but not limited to, those relating to the health and safety of employees, discharges of hazardous substances into the environment and the handling and disposal of waste. The technical requirements of these laws and regulations are becoming increasingly complex, stringently enforced and expensive to comply with and this trend is likely to continue. The failure to comply with current HSE laws and regulations has resulted and may in the future result in regulatory action, the imposition of fines or the payment of compensation to third parties which each could in turn have a material adverse effect on the Noreco Group's business, financial condition and results of operations.

2.1.9 The industry in which the Group operates is highly competitive

The oil and gas industry is highly competitive in all its phases. There is strong competition for the discovery and acquisition of properties considered to have commercial potential. The Noreco Group competes with other exploration and production companies, many of which include major international oil and gas companies which may have greater financial resources, staff and facilities than those of the Noreco Group. These companies have strong market power as a result of several factors, including the diversification and reduction of risk, including geological, price and currency risks; increased financial strength facilitating major capital expenditures; greater integration and the exploitation of economies of scale in technology and organisation; strong technical experience; increased infrastructure and reserves; and strong brand recognition. Due to this competitive environment, the Noreco Group may be unable to acquire attractive suitable properties or prospects on terms that it considers acceptable. As a result, the Noreco Group's revenues may decline over time, thereby materially and adversely affecting its results of operations or financial condition.

2.1.10 Debt arrangements may restrict the Noreco Group’s business

The Noreco Group’s debt arrangements contain several restrictive covenants, including but not limited to restrictions on assets sales and acquisitions, investments, the ability to transfer funds between certain ring-fenced entities within the Group, pay dividends or other capital distributions, and the possibility to raise additional financial indebtedness. Such covenants restrict the Noreco Group in various ways in terms of how the Noreco Group conducts its business, and the Noreco Group may be restricted in responding to changing market conditions or in pursuing favorable business opportunities. Further, the Noreco Group has to dedicate a substantial portion of its cash flow from operations to service debt, which in turn will reduce the amount of cash flow it will have available for capital investment, working capital and other general corporate purposes.

The amended bond loans of the Group will have possible payment-in-kind interest and no fixed amortisations except for final maturity, but with “cash sweep” if cash should become available. The ability of the Noreco Group to service its debt will ultimately be dependent on the performance of the Noreco Groups assets, which could be realised either through continued operations, and/or disposal of some of or all of its assets.

2.1.11 Production is concentrated in a few number of fields

The Noreco Group’s current production of oil and gas is concentrated in a small number of offshore fields. As at the date of this Prospectus, 6 out of a total of 24 licences are producing licences. Historically the Group has been largely dependent on production from the Nini, Nini East and Cecilie fields which are satellites to the Siri platform. Certain assets including the Nini and Cecilie licences are expected be discontinued in 2015, see Section 7.4.4. The Group will thus be largely dependent on production from the Huntington field going forward and any regularity issues would therefore have substantial negative impact on the Group’s total production. The Group expected a significant production growth in 2013, driven by commissioning and start-up of the Huntington field in the North Sea. This growth was delayed due to various operational problems at Huntington, whole or partial shut-downs of the CATS gas export system on which Huntington relies for export of gas, and unplanned shutdowns of the Oselvar field and the Siri satellites. Going forward the Huntington field is expected to contribute with approximately 80-85% of Noreco’s production and hence the Group's cash position is highly reliant on the field delivering as planned.

2.1.12 The Noreco Group relies on third parties

While the Noreco Group operates certain of its assets, it is not the operator of most of its current exploration and none of its production assets. The joint operating agreements with third party operators typically provide for a right of consultation or consent in relation to significant matters and generally impose standards and requirements in relation to the operator's activities. Nevertheless, the Noreco Group generally has limited control of the day-to- day management or operations of those assets and is therefore dependent upon the activities of the third party operator. A third party operator's mismanagement of an asset may result in delays or increased costs to the Noreco Group. While the Noreco Group has purposely acquired interests in assets that are operated by other operators it believes to be reputable, there can be no assurance that the operator will conduct its work in compliance with such standards or requirements.

If a party with an interest in the Noreco Group's assets elects not to participate in certain activities relating to those assets that require that party's consent, the Noreco Group may be unable to undertake such activities alone or together with the other participants at the desired time or at all. Other participants in the Noreco Group's assets may default on their obligations to fund capital or other payments in relation to the assets. In such circumstances, the Noreco Group may be required under the terms of joint operating agreements to contribute all or part of any funding shortfall. Any such delay in or inability to undertake activities or fulfil an obligation to provide further funding could adversely affect the Noreco Group's business, results of operations or prospects.

Handling of parts of or all production of oil, gas and NGL from all of the Noreco Group's production assets are performed at third party processing facilities, for which Noreco does not have any working interest. Noreco is consequently also dependent on stable and continued services from these third party operators. In 2014 and so far in 2015, production at Huntington has been restricted or shut in for several periods as a result from limited or no availability of CATS. While measures to establish stable services from CATS and to limit Huntington's dependency on third party gas handling are being pursued, there can be no assurances that these efforts will be successful or that other operational challenges from third party facilities will not impact the Noreco Group's production assets.

2.1.13 Risk of joint and several liability with its licence partners

The Noreco Group is liable on a joint and several basis together with its licence partners for certain of the liabilities of the specific licence group. Such liability may apply both to licences in their initial term and to producing licences. These liabilities could be derived from legislative and regulatory requirements, and/or from agreements with third parties entered into on behalf of the specific licence group. Failure by a licence partner to fulfil its financial obligations may therefore increase the Noreco Group's exposure related to the licence in question. Any significant increase in costs as a consequence of joint and several liabilities may adversely affect the financial condition of the Noreco Group.

2.1.14 The Noreco Group holds a number of licences in their initial terms

The Noreco Group holds a number of interests in exploration licences or in other licences that are in their initial terms. The early stages or exploration period of a licence are commonly the most risky. These phases of the term of a licence require high levels of relatively speculative capital expenditure without a commensurate degree of certainty of a return on that investment.

2.1.15 Unexpected shutdowns may occur

Mechanical problems, accidents, oil leaks, hazardous weather conditions or other events at the Noreco Group's producing fields or pipelines or subsea infrastructure, such as the CATS system on Huntington, may cause an unexpected production shutdown or production reduction at these fields. Any unplanned production shutdown or reduction of the Noreco Group's facilities could have a material adverse effect on the Noreco Group's business, financial condition and results of operations. See section 5.1 and 10.7.3 for information on how such incidents have previously adversely affected the Group.

2.1.16 Risks associated with future decommissioning liabilities

The Noreco Group, through its licence interests, has in the past assumed certain obligations in respect of the decommissioning of its fields and related infrastructure and may assume additional decommissioning liabilities in respect of its future operations. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and require the Noreco Group to make provision for and/or underwrite the liabilities relating to such decommissioning. The oil and gas industry currently has little experience of decommissioning petroleum exploration and production infrastructure in the North Sea as few such structures have been removed in this region. It is, therefore, difficult to forecast accurately the costs that the Noreco Group will incur in satisfying its decommissioning obligations. When its decommissioning liabilities crystallise, the Noreco Group will be jointly and severally liable for them with other former or current partners in the field. In the event that other partners default on their obligations, the Noreco Group will remain liable and its decommissioning liabilities could be magnified significantly through such default. If a purchaser of a licence interest on the Norwegian Continental shelf defaults on its decommissioning liabilities related to the acquired licence, the seller is under Norwegian law liable towards the other partners of the field and the Norwegian state for the decommissioning costs. The seller's liability is limited to decommissioning liability related to installations, wells and other infrastructure which existed at the completion date. The Noreco Group sold its participating interest (12.2575%) in the Brage Unit to Core Energy AS in 2011, causing a potential statutory liability with respect to Core Energy AS' share of the decommissioning cost related to the Brage installations, wells and other infrastructure which existed at the completion date of that licence sale. The liability materialises if Core Energy AS, as the primary obligor, fails to settle its liability for such decommissioning costs. The Noreco Group could claim recourse from Core Energy AS. Any significant increase in the actual or estimated decommissioning costs that the Noreco Group incurs may adversely affect its financial condition.

In Denmark and the UK there are requirements for licensees to provide guarantees or security to each other in accordance with abandonment or security agreements once certain thresholds of remaining value to estimated abandonment costs have been reached. In Denmark the licensees in the Siri satellites agreed to provide guarantees in 2014 for the abandonment of facilities, and towards this purpose, the Noreco Group set aside DKK 445 million on a restricted bank account for security for its share of estimated future abandonment costs. In this regard, note that certain assets including the Nini and Cecilie licences are expected be discontinued in 2015, see Section 7.4.4. For the Huntington field, the first deposit on a restricted bank account that will serve as security for the future abandonment of this field is expected at the end of 2015.

2.1.17 The Noreco Group is dependent on attracting and retaining personnel

The Noreco Group's success depends, to a large extent, on attracting and retaining key personnel. The loss of the services of any key personnel could have a material adverse effect on the Noreco Group. The Noreco Group does not maintain, nor does it plan to obtain, key person insurance against the loss of any of its key personnel. In addition, the competition for qualified personnel in the oil and gas industry is intense. There can be no assurance that the Noreco Group will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

2.1.18 Risks associated with labour disputes

The Noreco Group's contractors or service providers may be limited in their flexibility in dealing with their staff due to the presence of trade unions among their staff. If there is a material disagreement between contractors or service providers and their staff belonging to trade unions, the Noreco Group's operations could suffer an interruption or shutdown that could have a material adverse effect on its business, results of operations or financial condition.

2.1.19 Risks associated with legal disputes in general

The Noreco Group is currently involved in certain disputes as described in Section 16 “Legal Matters” of this Prospectus, and may from time to time be involved in other legal disputes and legal proceedings related to the Noreco Group’s operations or otherwise. Such disputes and legal proceedings may be expensive and time-consuming, and could divert management’s attention from the Noreco Group’s business. Furthermore, legal proceedings could be ruled against the Noreco Group and the Group could be required to, inter alia, pay damages, halt its operations, stop its expansion projects, etc., which could consequently adversely affect the Noreco Group’s business, prospects, results of operations or financial condition.

2.1.20 Risk of damaged equipment and the Noreco Group’s insurance policies

The Noreco Group’s equipment, including equipment owned by the licences in which the Noreco Group holds interests, may be damaged or in need for replacement. Although the Noreco Group, or the licence in which the Noreco Group has an interest, in general will have insurance coverage for property damage and, currently, in respect of loss of production income, it is not certain that all incidents will be covered or that the sums insured under such coverage will be sufficient to hold the Noreco Group harmless from the loss occurred. Thus, any significant loss or liability for which the Group is not insured or is found not to be covered could have an adverse effect on the Noreco Group’s business, financial condition and results of operation. Further, such damages may lead to the Noreco Group being refused coverage by some insurers or may lead to the Noreco Group’s insurance premiums or the applicable deductibles under the relevant policies being increased. Noreco is pursuing a significant insurance claim related to damages to the Siri platform that were discovered in 2009. The Company remains of the opinion that the damage is covered by insurance, and will continue to pursue the claim until a satisfactory result has been achieved. The exact timing and ultimate recovery is however uncertain.

2.1.21 Dependence on oil field services providers and equipment

The Noreco Group’s oil and gas production and exploration projects may rely on the availability of items such as drilling equipment, drilling services, access to third party owned and operated infrastructure on reasonable commercial terms. Such services may be scarce and may not be readily available at the times and places required. Failure to perform drilling within the expiry date of a production licence may lead to liability towards the authorities, loss of the licence and adversely affect the Noreco Group's standing.

Further, sub-contractors and other service providers may cause losses or third party liability or losses for the Noreco Group by their performance. The Noreco Group may be subject to liability claims due to the inherently hazardous nature of its business or for acts and omissions of sub-contractors and other service providers. Any indemnities the Noreco Group may receive from such parties may be difficult to enforce if such sub-contractors, operators or other service providers lack adequate resources.

2.1.22 Risks related to the option on Noreco Norway AS

As described in section 6.2.2 (under *"Share Purchase Option"*), the bondholders of the Amended and restated NOR06 bond may acquire all the shares (100%) and intra-group loans to Noreco Norway AS for NOK 1 at any time (subject to release of the Company's parent company guarantee for Norwegian operations). Even though, the Company, on certain terms, may repurchase or cancel the option, no assurance can be given that the Company elects or is financially capable of doing this. Therefore, as long as the share purchase option exists, there is a risk that the bondholders may purchase Noreco Norway AS. Since all of the Group's Norwegian exploration activity and licences lies within Noreco Norway AS, the loss of Noreco Norway AS could have a material adverse effect on the Group's business, prospects, results of operations or financial condition

2.2 **Risk factors relating to the Noreco Group's financing**

2.2.1 Risks associated with borrowing and leverage

Borrowings create leverage and the Noreco Group is highly leveraged. In addition, the financing structure after Restructuring is complex with two ring-fenced groups for financing purposes. One secured bond (Amended and restated NOR10) is issued by Norwegian Energy Company ASA in the first ring-fence, and one bond loan and an exploration loan facility with Noreco Norway AS as the borrower in the second ring-fence. The debt arrangements include security interests over major parts of the Group's assets, several covenants and undertakings of a general, financial and technical nature. Failure by the borrowers or other obligors to meet any of the covenants or undertakings could result in all outstanding amounts under the different debt arrangements becoming immediately due for payment. In addition, security rights granted to the lenders could be enforced. If outstanding debts were declared due for immediate payment, there would be no assurances that the Noreco Group would be able to meet its obligations, and there are no assurances that the Noreco Group would be able to obtain alternative financing, either on a timely basis or at all. Any breach of existing covenants and undertakings with a subsequent acceleration of all debts outstanding would thus have a material adverse effect on the Noreco Group's financial position and is likely to have a material adverse effect on the value of the Shares, the Noreco Group's operations and future success.

As for new borrowings, the Noreco Group will seek to borrow only when the directors of the Company believe that such borrowings will benefit the Noreco Group after taking into account considerations such as the need to refinance existing debt, the costs of the borrowing, the repayment schedules and the likely returns on the assets financed with the borrowed monies. However, no assurance can be given that the income will exceed the interests and costs associated with the loans, or be sufficient to repay the loans when due. Further, no assurances can be given that the Noreco Group will be able to refinance on economically attractive terms, or at all.

2.2.2 Risk associated with exchange rate fluctuations

The Noreco Group has operations which generate significant cash flows in a variety of currencies. The Noreco Group also comprises businesses with various functional currencies (USD, GBP and NOK). Although the Noreco Group may undertake limited hedging activities in an attempt to reduce certain currency fluctuation risks, these activities provide only limited protection against currency-related losses.

2.2.3 Financial liquidity risk

The Group's business requires much liquidity and involves significant near term obligations, debt service obligations (interest charge and principal repayment) and capital expenditure and, depending on the evolution of the Company's current producing fields and exploration assets, in certain circumstances it may need to obtain further external debt and equity financing at a future date. There is no assurance that such additional funding, if required, will be available on acceptable terms at the relevant time. Furthermore, any incremental debt financing may involve restrictive covenants, which may further limit the Group's operating flexibility. If additional funds are raised through the issuance of equity or equity-linked instruments, Noreco's shareholders may experience a reduction in their percentage shareholdings. An inability to obtain sufficient funding for its operations, exploration or development plans, may adversely affect the Group's business, results of operations and cash flows.

2.3 Risk factors relating to the Shares

2.3.1 Volatility of trading prices

An investment in the Shares may decrease in market value as well as increase. The market value of the Shares can fluctuate significantly and may not always reflect the underlying asset value. Further, there can be no assurance that an active market can be sustained with respect to the Shares. The market price of the securities could fluctuate widely due to a number of factors, some of which are beyond the Company's control, including, but not limited to, the following:

- actual or anticipated variations in operating results and/or production levels;
- fluctuations in oil prices and reserve levels;
- changes in financial estimates or recommendations by stock market analysts regarding the Company or
- its competitors;
- announcements by the Company or its competitors of significant acquisitions, strategic partnerships,
- joint ventures or capital commitments;
- sales or purchases of substantial blocks of stock;
- additions or departures of key personnel;
- future equity or debt offerings by the Company and its announcements of these offerings; and
- general market and economic conditions.

Moreover, in recent years, the stock market in general has experienced large price and volume fluctuations. These broad market fluctuations may adversely affect the Company's stock price, regardless of its operating results.

Further, the market price of the Shares could decline as a result of sales of a large number of Shares in the market or the perception that these sales could occur, or any sale of Shares by any of the Company's major shareholders or primary insiders from time to time. Such sales, or the possibility that such sales may occur, might also make it more difficult for the Company to issue or sell equity securities in the future at a time and at a price it deems appropriate.

2.3.2 Any future issuances of Shares or other securities could have material adverse effect on the market price of the Shares

Noreco has no current plans for an offering of new Shares. However, it is possible that the Company may decide to offer additional Shares in the future in order to strengthen its capital base or for other reasons. Any additional offering of Shares may be made at a significant discount to the prevailing market price and could have a material adverse effect on the market price of the outstanding Shares.

2.3.3 Risks associated with dilution

Shareholders in Norwegian public limited liability companies such as the Company have pre-emptive rights to subscribe for new shares issued against consideration in cash proportionate to the aggregate amount of the shares they hold. Such pre-emptive rights may be set aside by the shareholders meeting, which could result in existing shareholders being diluted as a result of the share issue. Due to regulatory requirements under foreign securities laws or other factors, foreign investors may not be able to participate in a new issuance of Shares or other securities and may face dilution as a result. Any investor that is unable or unwilling to participate in the Company's future share issuances will have their percentage shareholding diluted. Further, if foreign holders of the Shares are not able to receive trade or exercise pre-emptive rights granted in respect of their Shares in any rights offering by the Company, then they may not receive the economic benefit of such rights. In addition, their proportional ownership interests in the Company will be diluted.

2.3.4 It may be difficult for investors based in the United States to enforce civil liabilities predicated on U.S. securities laws against the Company, its affiliates, directors and officers

The Company is organised under the laws of Norway. The Company's directors and officers reside outside of the United States, and the Company's assets are located outside of the United States. As a result, it may be difficult for investors in the United States to effect service of process within the United States upon the Company or the Company's directors and officers or to enforce judgments obtained in U.S. courts predicated on the civil liability provisions of U.S. federal securities laws against the Company or the Company's directors and officers. In addition, punitive damages in actions brought in the United States or elsewhere may be unenforceable in Norway.

2.3.5 Additional risk for holders of Shares that are registered in a nominee account

Beneficial owners of the Shares that are registered in a nominee account (e.g., through brokers, dealers or third parties) may not be able to vote for such Shares unless their ownership is re-registered in their names with the VPS prior to the Company's general meetings. The Company cannot guarantee that beneficial owners of the Shares will receive the notice for a general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners. For more information, see section 14 "Shares and shareholder matters".

2.3.6 The transfer of securities is subject to restrictions

The Company has not registered any of its securities under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or securities laws of jurisdictions other than Norway and the Company does not expect to do so in the future. The securities may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the U.S. Securities Act ("**Regulation S**") nor may they be offered or sold in any other jurisdiction in which the registration or qualification of the securities is required but has not taken place, unless an exemption from the applicable registration or qualification requirement is available or the offer or sale of the securities occurs in connection with a transaction that is not subject to these provisions. In addition, there can be no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or receive subscription rights in potential future offerings.

2.3.7 Limitations to make claims against the Company

Following the registration of the capital increase relating to any Shares of the Company (including the New Shares) with the Norwegian Register of Business Enterprises, subscribers or recipients of those Shares have very limited recourse against the Company under Norwegian law.

2.3.8 Shareholders outside of Norway are subject to exchange rate risk

The Shares are priced in NOK, and any future payments of dividends on the Shares are expected to be made in NOK. Accordingly, shareholders and investors outside of Norway are subject to adverse movements in NOK against their local currency as the foreign currency equivalent of any dividends paid on the Shares an or received in connection with any sale of the Shares could be adversely affected.

3. RESPONSIBILITY FOR THE PROSPECTUS

The Board of Directors of the Company hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is to the best of our knowledge in accordance with the facts and contains no omissions likely to affect its import.

Stavanger, 12 May 2015

The Board of Directors of Norwegian Energy Company ASA

Silje Augustson Chair	Riulf Rustad Director	Julien Balkany Director
Lotte Kiørboe Director		

4. CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

4.1 Forward-looking statements

This Prospectus includes forward-looking statements, including, without limitation, projections and expectations regarding the Noreco Group's future financial position, business strategy, plans and objectives. When used in this document, the words "projects", "forecasts", "estimates", "expects", "anticipates", "believes", "plans", "intends", "may", "might", "will", "would", "can", "could", "should", "seek to" or, in each case, their negative, or other variations or similar expressions, as they relate to the Company, its subsidiaries or its management, are intended to identify forward-looking statements. These statements appear in sections 5, 6, 9 and 10 of this Prospectus. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company and its subsidiaries, or, as the case may be, the industry, to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company and its subsidiaries will operate. Factors that could cause the Noreco Group's actual results, performance or achievements to materially differ from those in the forward-looking statements include but are not limited to:

- the competitive nature of the markets in which the Noreco Group operates;
- global and regional economic conditions;
- government regulations;
- changes in political events;
- force majeure events;
- exchange rate fluctuations; and
- price of crude oil and natural gas.

Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Noreco Group's actual financial position, operating results and liquidity, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this Prospectus. The Noreco Group cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur. These forward looking statements are subject to risks, uncertainties and assumptions, including those discussed elsewhere in this Prospectus. Forward-looking statements include statements regarding:

- oil and gas reserves quantities;
- Obtaining and retaining licences and title to assets;
- the amount and nature of capital expenditure;
- drilling of wells;
- the timing and amount of future production and operating costs;
- availability of equipment;
- business strategies and plans of management;
- prospect development and property acquisitions;
- acquisition and divestures;
- technological changes; and
- the Company's success in managing the risks of the aforementioned factors.

The Company undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Noreco Group or to persons acting on the Noreco Group's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

4.2 Managers' liability disclaimer

The Managers disclaim, to the fullest extent permissible by applicable law, any and all liability, whether arising in tort or contract or otherwise, which they might otherwise have in respect of this Prospectus or any such statement.

5. THE RESTRUCTURING

5.1 Background

In a stock exchange announcement on 1 October 2014, Noreco informed of expected impairments of its Oselvar and Huntington fields. At the same time the Company informed of uncertainty with respect to whether the Company would be able to meet its financial covenants year-end 2014 due to lower production on Huntington. The Company also communicated that the impairments are expected to result in significant negative impact on Noreco's cash-flow in 2015 and beyond.

In a new stock exchange announcement on 15 October 2014, Noreco provided further updates, including information about negative developments in the performance of Noreco's producing fields, which further added to the challenge in meeting cash covenants, and made it unlikely that the Company would be able to comply with its cash covenants towards the end of 2014 and through 2015.

On 19 November 2014, the Company reported that it, in order to allow necessary time to explore all alternatives to a financial restructuring and with the belief that such alternatives could create or preserve more values for all stakeholders compared to a restructuring, would seek a deferral of payments due on 9 December 2014 under the Bonds. The deferral was required as the Company in light of its financial position and outlook was unable to make such payments without breaching its cash covenants at the end of 2014 and through 2015 and without prejudicing certain groups of creditors. Following discussions with Nordic Trustee ASA as bond trustee (the "**Bond Trustee**") and its legal and financial advisors (together the "**Trustee Advisors**"), who in turn discussed with an ad hoc committee of bondholders representing more than 50% in the NOR06 Bond, NOR10 Bond, NOR11 Bond and NOR12 Bond respectively (the "**Ad Hoc Committee**"), a summons letter was dispatched on 4 December 2014, whereby Bondholders' Meetings in each of the Bonds were called to consider certain waivers and deferrals.

On 15 December 2014, Noreco reported that it had been informed by the Huntington field operator that production had been further delayed due to an incident during restart of the CATS riser platform, and that the riser platform would be closed at least until 18 December 2014, probably longer. In a subsequent announcement on this topic on 19 December 2014, it was reported that start up could be delayed to the end of January, possibly even longer.

On 15 December 2014, Noreco further reported that its financial situation and outlook had continued to deteriorate due to significant and continued drop in oil prices, increases in projected operating costs and accelerated retention of cash to cover future abandonment costs, and that as a consequence, it would be necessary to also seek a deferral of interest in addition to amortisation payments that were due on the Bonds on 9 December 2014. Given this, the deferral and waiver terms included in the summons of 4 December 2014 could no longer be met. While continuing to pursue opportunities to best preserve values for all stakeholders, the Company therefore found it necessary to accelerate work on an overall financial restructuring, and presented a proposed restructuring involving full conversion of the bond debt. The proposal was made in order to maintain going concern, and with the aim of creating a sustainable solution where values could be best preserved and underlying values realised for all financial stakeholders.

After this the Company continued its dialogue with the Bond Trustee, the Trustee Advisors and representatives for the Ad Hoc Committee as well as other stakeholders, with the purpose of arriving at an agreed solution for a financial restructuring and a way forward for Noreco. The Company's objective for the discussions was to create a sustainable solution whereby the Company's operations and asset values could be preserved and realised to the benefit of all financial stakeholders.

Despite mitigating actions and the continued discussions, it did not prove possible to reach consensus from sufficient members of all four bond groups represented in the Ad Hoc Committee for a pre-agreed restructuring proposal. In light of the severity of the Company's financial position, including several licence and joint operating agreement defaults in Denmark and in the UK, the Board therefore found it necessary on 4 February 2015 to present a revised restructuring proposal. The revised proposal was based on the dialogue with the Bond Trustee, the Trustee Advisors and the Ad Hoc Committee, and entailed that the Company would be converting approx. NOK 1.9 billion of bond debt (plus accrued interest) to equity with approx. NOK 1.2 billion of bond debt remaining on amended terms, including amended maturities, with possible payment-in-kind ("**PIK**") interests and no fixed amortisations except final maturity in three years, but with "cash sweep" if excess cash should become available. NOR06 would change issuer to Noreco Norway AS without any recourse to the parent company or other parts of the Group. The three bond loans NOR10, NOR11 and NOR12 would be partially converted into share capital and partially converted into a new NOK 600 million senior secured bond loan of Noreco. Following the proposed conversion, the holders of the converted bonds would own 92% of the outstanding shares of the Company.

The Restructuring proposal required the approval by qualified majorities of bondholders in NOR06, NOR10, NOR11 and NOR12 as well as by a qualified majority of the Company's voting shareholders at the extraordinary general meeting. Such approvals were granted in bondholders| meetings on 2 March 2015 and in an extraordinary general meeting on 3 March 2015 (the "**EGM**").

As part of the Restructuring, the Company also received various interests related to its assets, including a cash offer of USD 4 million for its share in Huntington and an offer of USD 20 million to sell the insurance claim related to the Danish entities, which would also include certain additional pay out rights for Noreco, however both of these offers were declined by the Company.

As part of the negotiations on an overall restructuring for Noreco during winter 2015, a committee of bondholders stated that their consent would require that the costs and cash flows related to Noreco's operations in Denmark had to be improved. Noreco was prevented from making payments for its share of production costs at the Nini and Cecilie fields, and it was consequently in breach of the licence agreements. Since then Noreco and representatives from the bondholders have been in dialogue with the operator and partners in the licences in order to achieve an amicable solution. Noreco is currently in a constructive process with the other licence partners. The Company's ambition is to conclude an agreement, which will result in an orderly transfer of its ownership of the respective licences.

5.2 The terms of the Restructuring

The Restructuring entailed that NOK 1 978 733 354 of the Company's total bond debt (including accrued interest until 5 March 2015) of NOK 3 196 261 229 was converted into the New Shares. The remaining NOK 1 217 527 875 remain as bond debt on amended terms.

With respect to NOR10, NOR 11 and NOR 12, the New Shares and amount principal under the Amended and restated NOR10 Bond were divided on the NOR10 Bonds, NOR11 Bonds and NOR12 Bonds as follows:

Bonds	Principal amount plus interests and default interests to be converted	Number of New Shares received	% of share capital post transaction	Amount of principal in Amended and restated NOR10
NOR 10	1 019 682 628	456 900 636	64.40	NOK 420 million
NOR 11	639 046 682	130 543 039	18.40	NOK 120 million
NOR 12	320 004 044	65 271 520	9.20	NOK 60 million
Sum	**1 978 733 354**	**652 715 195**	**92.00**	**NOK 600 million**

With respect to the NOR06 Bond, the principal amount together with accrued unpaid interest under the NOR06 Bonds will continue on amended terms in the NOR06 Bond as further described in section 6.2.2 below.

6. NEW SHARES AND NEW AND AMENDED BOND LOANS

6.1 The New Shares

6.1.1 Resolution relating to the issue of the New Shares

The issuance of the New Shares was subject to the approval of the by the EGM held on 3 March 2015, and the relevant bondholders' meetings on 2 March 2015.

The EGM made the following resolution to issue the New Shares:

1. *The Company's interim balance as per 31 December 2014 is approved.*

2. *The Company's share capital is reduced by NOK 561 902 645.70 from NOK 567 578 430 to NOK 5 675 784.30 by a reduction in the nominal value of the Company's 56 757 843 ordinary shares from NOK 10 to NOK 0.10. The amount of the reduction shall be applied to cover losses which cannot be covered otherwise. The resolution to reduce the share capital shall immediately be notified to the Register of Business Enterprises in accordance with section 12-4 of the Public Companies Act.*

3. *The share capital is increased by NOK 65 271 519.50 through subscription and issue of 652 715 195 new shares, each with a nominal value of NOK 0.10.*

4. *The subscription price shall be NOK 2.232 per share for the 456 900 636 shares which shall be settled by set off against the ISIN NO 001069703.0 (NOR10) loan. The subscription price shall be NOK 4.895 per Share for the 130 543 039 shares which shall be settled by set off against the ISIN NO 001069704.8 (NOR11) loan. The subscription price shall be NOK 4.903 per share for the 65 271 520 shares which shall be settled by set off against the ISIN NO 001069705.5 (NOR12) loan. The subscription amounts shall be settled by conversion of debt and set off is declared by subscription.*

5. *The shares are subscribed for by Nordic Trustee ASA, reg. no 963 342 624, for, on behalf of and for allocation between the bondholders in the converted bond loans.*

6. *The preferential rights of existing shareholders pursuant to section 10-4 of the Public Companies Act are waived, cf section 10-5.*

7. *Subscription shall be made on a separate subscription form within 31 March 2015. The subscription amount is settled at the same time as subscription by set off to the outstanding nominal amounts and accrued interests on the Company's bond loans ISIN NO 001069703.0 (NOR10), ISIN NO 001069704.8 (NOR11) and ISIN NO 001069705.5 (NOR12), where Nordic Trustee ASA acts as trustee for the bond holders. Set off is declared by Nordic Trustee ASA through subscription of shares.*

8. *The new shares shall carry rights to dividend and have other shareholder rights from the time of registration of the share capital increase with the Register of Business Enterprises.*

9. *The new shares shall be registered in VPS on a separate ISIN pending the Company's publication of a listing prospectus pursuant to the Securities Trading Act chapter 7.*

10. *By the simultaneous completion of the share capital reduction and the share capital increase, section 4 first paragraph of the Articles of Association is amended to read as follows: "The share capital is NOK 70 947 303.80 divided on 709 473 038 ordinary shares, each with a nominal value NOK 0.10."*

11. *The estimated expenses for the share capital increase amounts to approx. NOK 2 000 000."*

The EGM further resolved to complete a reverse split of the Company's shares in the ratio 100:1, so that one hundred shares each with a nominal value of NOK 0.10 will be replaced by one new share with a nominal value of NOK 10. The reverse split is expected to be completed on or about 15 May 2015 following the listing of the New Shares. Following this reverse split and the issuance of the New Shares, the share capital of the Company will be NOK 70 947 303.80 divided on 7 094 730 ordinary shares, each with a nominal value NOK 10.

6.1.2 Payment and delivery

The New Shares were settled by partial set of against the Company's bond loans NOR10, NOR11 and NOR12. The New Shares were subscribed for by Nordic Trustee ASA on behalf of the bondholders and delivered on 24 March 2015 and registered in the VPS on a separate ISIN NO 001 0732928 pending the publication of this Prospectus.

6.1.3 Publication of information in respect of the Restructuring

Information regarding the Restructuring and the Listing has been published through Oslo Børs' electronic information system, www.newsweb.no.

6.1.4 Admission to trading

The New Shares will assume the Company's ordinary ISIN NO 0010379266 and are expected to be admitted to trading on Oslo Børs on or about 13 May 2015, following the publication of this Prospectus.

6.1.5 Managers and advisors

Arctic Securities AS and Pareto Securities AS have acted as financial advisors to the Company in connection with the Restructuring and the Listing. Advokatfirmaet Schjødt AS has been engaged as Norwegian legal advisor to the Company.

6.1.6 Expenses

The estimated expenses relating to the share capital increase amount to approx. NOK 2 000 000.

6.1.7 Dilution

Following the conversion, the New Shares represent 92% of the Shares of the Company.

6.1.8 The rights conferred by the New Shares

The New Shares are issued pursuant to the Norwegian Public Limited Liability Companies Act and are ordinary Shares of the Company with equal shareholder rights as all other Shares. For information on the rights attached to the Shares, see Section 14.

The New Shares have been issued pursuant to Norwegian law.

6.2 Amended Bonds

6.2.1 Main terms of Amended and restated NOR10

Below is an overview of the key terms and details of the Amended and restated NOR 10 Bonds.

NOR10 BOND ISIN NO 001 069703.0	
Issuer	Norwegian Energy Company ASA
Guarantors	Noreco Oil Denmark A/S, Noreco Oil (UK) Ltd and Noreco Petroleum Denmark A/S
Face Value	NOK 1
Issue Amount	NOK 600 000 000
Coupon rate	6.50% p.a., semi-annual interest payments.
Issue Price:	100% of par value.
Yield	The current yield/coupon rate is 6.50%.
Tenor:	3 years
Final Maturity Date:	6 March 2018

First Interest Payment Day:	6 September 2015
Last Interest Payment Day:	6 March 2018
Status:	The Bonds (including any accrued interest thereon) constitute senior debt obligations of the Company. The Bonds rank at least pari passu with all other obligations of the Company, save for such claims which are mandatorily preferred by bankruptcy, insolvency, liquidation or other similar laws of general application. The Bonds rank ahead of any subordinated capital (equity or debt).
Huntington and Denmark Bond Security:	All amounts outstanding under the finance documents to the trustee and the bondholders, including but not limited to principal, interest and expenses, shall to the extent permitted by relevant applicable law, be secured by: *From or procured from the Noreco Denmark A/S:* (i) a first priority Danish law pledge granted by Noreco Denmark A/S over all (100%) of the shares in Noreco Oil Denmark A/S (the "**Danish Intermediate Subsidiary Share Pledge**"), together, inter alia, with executed stock transfer forms and the existing share certificates, subject, to the extent necessary, to consent from the Danish Energy Agency; (ii) a first priority assignment by way of security from Noreco Denmark A/S (or another Group company as the case may be) of all of its rights to and title and interest, whether present or future, under any intra-group loans made by Noreco Denmark A/S (or another Group company as the case may be) as lender to the Noreco Oil Denmark A/S as borrower (the "**Assignment of Intragroup Loans to Danish Intermediate Subsidiary"**); *From or procured from Noreco Oil Denmark A/S:* (iii) an unconditional and irrevocable Norwegian law on-demand guarantee issued by Noreco Oil Denmark A/S (payment by the guarantor to be made within 10 business days of any demand) (the "**Danish Intermediate Subsidiary Guarantee**"); Pursuant to the Danish Companies Act, the Danish Intermediate Subsidiary Guarantee shall be limited to the amount equivalent to the higher of the equity of Noreco Oil Denmark A/S (i) on the date of the bond agreements; and (ii) at the time or times that payment is requested from it; save that these limitations shall not apply to any obligations and liabilities of Noreco Oil Denmark A/S in respect of amounts relating to the Huntington and Denmark Bond and placed at the disposal of the Noreco Oil Denmark A/S by the Company by way of a loan or otherwise (other than as share capital). (iv) a first priority pledge under English and Danish law respectively granted by the Noreco Oil Denmark A/S over all (100%) of the shares in each of Noreco Oil (UK) Ltd) and Noreco Petroleum Denmark A/S (the "**Huntington and Danish Subsidiaries Share Pledges**"), together, inter alia, with executed stock transfer forms and the existing share certificates, with respect to Noreco Petroleum Denmark A/S, subject, to the extent necessary, to consent from the Danish Energy Agency; (v) a first priority assignment by way of security from Noreco Oil Denmark A/S (or another Group company as the case may be) of all of its rights to and title and interest, whether present or future, under any intra-group loans made by Noreco Oil Denmark A/S (or another Group company as the case may be) as lender to Noreco Oil (UK) Ltd or Noreco Petroleum Denmark A/S as borrower (the "**Assignment of Intragroup Loans to Huntington or Denmark Subsidiaries**); (vi) a first priority Danish law pledge over a duly registered (with first priority) owner's mortgage deed over the Danish licences owned by Noreco Oil Denmark A/S (or the relevant working interest therein) based on the same terms and principles as the registered mortgage currently in place over said Danish licences

	under the existing reserve based lending facility (the "**Danish Intermediate Subsidiary Licences Pledge**"); (vii) a first priority assignment of all rights to and title and interest, whether present or future, of Noreco Oil Denmark A/S in, to or arising under or in relation to any project agreements entered into by it relating to the Danish licences owned by it (other than the Danish licences) (the "**Danish Intermediate Subsidiary Assignment of Project Agreements**"); (viii) a first priority Danish law assignment by way of security from Noreco Oil Denmark A/S of all of its rights to and title and interest, whether present or future, under any intra-group loans made by Noreco Oil Denmark A/S as lender to the Company as borrower (the "**Assignment of Intragroup Loans from Danish Intermediate Subsidiary**"); (ix) a first priority Danish law pledge over Noreco Oil Denmark A/S' earnings account and the amount from time to time standing to the credit of Noreco Oil Denmark A/S in the Noreco Oil Denmark A/S' earnings account (the "**Danish Intermediate Subsidiary Earnings Account Pledge**"); *From Noreco Petroleum Denmark A/S:* (x) an unconditional and irrevocable Norwegian law on-demand guarantee issued by Noreco Petroleum Denmark A/S (payment by the guarantor to be made within 10 business days of any demand) (the "**Danish Guarantee**"); Pursuant to the Danish Companies Act, the Danish Subsidiary Guarantee shall be limited to the amount equivalent to the higher of the equity of Noreco Petroleum Denmark A/S (i) on the date of the bond agreements; and (ii) at the time or times that payment is requested from it; save that these limitations shall not apply to any obligations and liabilities of Noreco Petroleum Denmark A/S in respect of amounts relating to the Huntington and Denmark Bond and placed at the disposal of Noreco Petroleum Denmark A/S by the Company by way of a loan or otherwise (other than as share capital). (xi) a first priority Danish law pledge over a duly registered (with first priority) owner's mortgage deed over the Danish licences owned by the Danish Subsidiary (or the relevant working interest therein) based on the same terms and principles as the registered mortgage currently in place over said Danish licences under the existing reserve based lending facility (the "**Danish Subsidiary Licences Pledge**"); (xii) a first priority assignment of all rights to and title and interest, whether present or future, of Noreco Petroleum Denmark A/S in, to or arising under or in relation to any project agreements entered into by it relating to the Danish licences owned by it (other than the Danish licences) (the "**Danish Subsidiary Assignment of Project Agreements**"); (xiii) a first priority Danish law assignment by way of security from Noreco Petroleum Denmark A/S of all of its rights to and title and interest, whether present or future, under any intra-group loans made by Noreco Petroleum Denmark A/S as lender to the Company as borrower (the "**Assignment of Intragroup Loans from Danish Subsidiary**"); (xiv) a first priority Danish law pledge over the Noreco Petroleum Denmark A/S' earnings account and the amount from time to time standing to the credit of Noreco Petroleum Denmark A/S in Noreco Petroleum Denmark A/S' earnings account (the "**Danish Subsidiary Earnings Account Pledge**"); *From Noreco Oil (UK) Ltd:* (xv) an unconditional and irrevocable Norwegian law on-demand guarantee issued by Noreco Oil (UK) Ltd (payment by the guarantor to be made within 10 business days of any demand) (the "**Huntington Guarantee**"); (xvi) a first priority English law debenture (the "**Huntington Debenture**") granted by

	Noreco Oil (UK) Ltd comprising: a. a first priority assignment of all of the rights to and title and interest, whether present or future, of Noreco Oil (UK) Ltd in, to or arising under or in relation to the project agreements relating to the Huntington licence (other than the Huntington licence) (the "**Assignment of Huntington Project Agreements**"); b. a first priority fixed charge over the Huntington licence and to the extent that such rights cannot be effectively assigned pursuant to the Assignment of Huntington Project Agreements, a first priority fixed charge over the Huntington Project Agreements, and all of the rights to and title and interest whether present or future, of Noreco Oil (UK) Ltd in, to or arising under or in relation to the Huntington Project Agreements (the "**Huntington Project Agreements Charge**"); a first priority fixed charge over all of Noreco Oil (UK) Ltd's goodwill and uncalled capital (if applicable) (the "**Huntington Subsidiary Goodwill Charge**"); c. a first priority floating charge over all of Noreco Oil (UK) Ltd's property, assets, rights and revenues, present and future, to the extent that such property, assets, rights and revenues are not effectively charged by way of fixed security or assignment (the "**Huntington Subsidiary Floating Charge**"); d. a first priority fixed charge over Noreco Oil (UK) Ltd earnings account and the amount from time to time standing to the credit of Noreco Oil (UK) Ltd in the earnings account (the "**Huntington Subsidiary Earnings Account Charge**"); (xvii) a first priority assignment by way of security from Noreco Oil (UK) Ltd of all of its rights to and title and interest, whether present or future, under any intra-group loans made by the Noreco Oil (UK) Ltd as lender to the Company as borrower (the "**Assignment of Intragroup Loans from Huntington Subsidiary**"); *From the Company:* (xviii) a first priority Norwegian law assignment by way of security from the Company of all of its rights to and title and interest, whether present or future, under any intra-group loans made by the Company as lender to Noreco Oil Denmark A/S, Noreco Oil (UK) Ltd and/or Noreco Petroleum Denmark A/S as borrower (the "**Assignment of Intragroup Loans from Issuer to Huntington and Danish Subsidiaries**"); (xix) a first priority Norwegian law pledge over the balances standing to the credit of the Company's bank account into which the net proceeds from a realisation of security assets or the insurance claim and any cash sweep amount shall be deposited from time to time; and (xx) a first priority Norwegian law pledge of the balance standing to the credit of the Company's bank account into which all other cash held by the Company shall be deposited from time to time. The security in (i) – (xx) to be referred to herein as the "**Huntington and Denmark Bond Security Documents**". The Huntington and Denmark Bond Security Documents shall rank with first priority, subject only to obligations which are mandatorily preferred by law. In the event the Huntington licence and/or any of the Danish licences is transferred from its respective guarantor to another Group company, such Group company (or another Group company as the case may be) shall grant the same security (including guarantees) as the existing guarantors on the same terms and principles as described above by no later than 20 business days after such transfer. The Guarantors have waived their right to veto amendments to the bond loan

Amortisation:	The bonds shall be repaid in full on the Maturity Date at 100% of par value, subject to cash sweep arrangement as set out in the bond agreement.
Trustee/bondholders representation	The bondholders are represented by Nordic Trustee ASA, Postboks 1470 Vika, 0116 Oslo.
Registration	The Bonds are registered in book entry form in the VPS (Biskop Gunnerus gate 14 A, P.O. Box 4, 0051 Oslo, Norway), under ISIN NO 001 069703.0. Principal and interest accrued will be credited the Bondholders through the VPS. The Company's VPS registrar is DNB Bank ASA, Verdipapirservice, Dronning Eufemias gt 30, N-0191 Oslo, Norway
Governing law	Norwegian law
Withholding tax	The Company is responsible for withholding any withholding tax imposed by applicable law on any payments to the bondholders
Transferability	The bonds are freely transferable
Listing	The bonds are listed on Oslo Børs.

6.2.2 Main terms of the Amended and restated NOR06 Bond

Below is an overview of the key terms and details of the Amended and restated NOR 06 Bonds.

NOR06 is admitted to trading on Oslo Børs and there is no new listing of bonds under this loan in connection with the Restructuring.

NOR06 BOND ISIN NO 001 060632.0	
Issuer	Noreco Norway AS
Face Value	NOK 1
Issue Amount	NOK 617 527 875
Coupon rate	6.50% p.a., semi-annual interest payments.
Issue Price	100% of par value.
Yield	The current yield/coupon rate is 6.50%.
Tenor	3 years
Final Maturity Date	6 March 2018
First Interest Payment Day	6 September 2015
Last Interest Payment Day	6 March 2018
Status of the NOR06 Bonds	The NOR06 Bonds constitutes senior debt of the issuer and shall be secured on a first priority basis against certain assets of the issuer, and otherwise rank at least pari passu with all claims on the issuer except for obligations which are mandatorily preferred by law.
NOR06 Bond Security	All amounts outstanding under the finance documents to the trustee and the bondholders, including but not limited to principal, interest and expenses, shall to the extent permitted by relevant applicable law, be secured by:

	From Altinex AS: (i) a first priority Norwegian law pledge granted by Altinex AS over all (100%) of the shares in Noreco Norway AS (the "**Share Pledge**"); *From Noreco Norway AS:* (ii) a first priority Norwegian law mortgage over the Oselvar licence (the "**Oselvar Licence Mortgage**"), subject, to the extent required, to consent from the Norwegian Ministry of Petroleum and Energy; (iii) first priority pledge over project proceeds relating to the Oselvar licence; (iv) a first priority Norwegian law assignment by way of security of all of its rights to and title and interest, whether present or future, under or in relation to any insurance proceeds directly deriving from any damage to equipment and/or property in respect of the Oselvar licence; (v) a first priority Norwegian law assignment by way of security from Noreco Norway AS of all of its rights to and title and interest, whether present or future, under any intra-group loans made by the Noreco Norway AS as lender to the Issuer as borrower (the "**Assignment of Intragroup Loans from Oselvar Subsidiary**"); (vi) a first priority Norwegian law fixed pledge over the Noreco Norway AS earnings account (as defined below) and the amount from time to time standing to the credit of Noreco Norway AS in the Noreco Norway AS earnings account (the "**Oselvar Subsidiary Earnings Account Pledge**"); *From or procured from the Company or another Group company:* (vii) a first priority assignment by way of security from the Company (or the relevant Group company as the case may be) of all of its rights to and title and interest, whether present or future, under any intra-group loans made by the Company (or the relevant Group company as the case may be) as lender to Noreco Norway AS as borrower (the "**Assignment of Intragroup Loans to Oselvar Subsidiary**");and (viii) a first priority Norwegian law pledge over (i) the balances standing to the credit of the Company's bank account into which the net proceeds from a realisation of security assets or the insurance claim and any cash sweep amount shall be deposited from time to time and (ii) the balance standing to the credit of the Company's bank account into which all other cash held by the Company shall be deposited from time to time. The security in (i) – (viii) to be referred to herein as the "**Oselvar Bond Security Documents**". The Oselvar Bond Security Documents shall rank with first or second priority (as applicable and as described in the term sheet), subject only to obligations which are mandatorily preferred by law.
Amortisation	The bonds shall be repaid in full on the Maturity Date at 100% of par value, subject to cash sweep arrangement as set out in the bond agreement.
Share Purchase Option	The bondholders will have a purchase option to acquire all the shares (100%) and intra-group loans to Noreco Norway AS for NOK 1 at any time (subject to release of the Company's parent company guarantee for Norwegian operations). However, the Company shall always have a right to repurchase the purchase option at any time (all or nothing) at an amount of NOK 30 million or cancel the purchase option by exercising the call option for the entire bond (in each case also in response to the purchase option being exercised)
Trustee/bondholders representation	The bondholders are represented by Nordic Trustee ASA, Postboks 1470 Vika, 0116 Oslo. Furthermore, one director in the Noreco Norway AS board shall be independent to the

	Board of Directors of the Company
Registration	The Bonds are registered in book entry form in the VPS (Biskop Gunnerus gate 14 A, P.O. Box 4, 0051 Oslo, Norway), under ISIN NO 001 0672314. Principal and interest accrued will be credited the Bondholders through the VPS. The Company's VPS registrar is DNB Bank ASA, Verdipapirservice, Dronning Eufemias gt 30, N-0191 Oslo, Norway
Governing law	Norwegian Law
Withholding tax	The Company is responsible for withholding any withholding tax imposed by applicable law on any payments to the bondholders
Transferability	The bonds are freely transferable.
Listing	The bonds are listed on Oslo Børs.

7. FINANCIAL INFORMATION AND OPERATING REVIEW

You should read the following discussion of the financial condition and results of operations in conjunction with the financial statements incorporated hereto by reference, cf. section 18.2 "Incorporation by Reference" of this Prospectus.

7.1 Basis for Preparation

The consolidated financial information herein has been derived from Noreco's annual reports for the years ended 2014, 2013 and 2012.

The annual reports including audited historical financial information and audit reports in respect of 2014, 2013 and 2012, have been incorporated hereto by reference; see section 18.2 "Incorporated by Reference" of this Prospectus. The annual financial statements for 2014, 2013 and 2012 have been audited by KPMG AS.

7.2 Summary of accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

The Company's accounting policies can be found in the annual report for 2014, note 2.

7.3 **Historical Financial information**

7.3.1 Consolidated statement of comprehensive income

All figures in million NOK	**2014**	**2013**	**2012**
Revenue	1 143	894	832
Production expenses	(587)	(430)	(244)
Exploration and evaluation expenses	(837)	(666)	(1 188)
Payroll expenses	(87)	(127)	(134)
Other operating expenses	(104)	(95)	(114)
Other losses/gains	25	(15)	32
Total operating expenses	**(1 591)**	**(1 334)**	**(1 649)**
Operating results before depreciation and write-downs	**(448)**	**(440)**	**(817)**
Depreciation	(407)	(319)	(269)
Write-downs and reversal of write-downs	(2 885)	(1 211)	(421)
Net operating result	**(3 740)**	**(1 969)**	**(1 508)**
Financial income	172	570	76
Financial expenses	(953)	(556)	(562)
Net financial items	(780)	15	(486)
Net result before tax	**(4 520)**	**(1 954)**	**(1 994)**
Income tax benefit	1 609	947	1 401
Net result for the period	**(2 912)**	**(1 008)**	**(593)**
Other comprehensive income (net of tax)			
Items not to be reclassified to profit and loss in subsequent periods			
Remeasurement of defined pension plans	--	0	3
Total	--	0	3
Items to be reclassified to profit and loss in subsequent periods			
Cash flow hedge	--	7	(11)
Discontinued cash flow hedge	--	4	--
Reclassification of currency translation adjustment upon disposal of subsidiary	(28)	--	--
Currency translation adjustment	278	264	(201)
Total	249	275	(212)
Total other comprehensive result for the year (net of tax)	**249**	**275**	**(209)**
Total comprehensive result for the year (net of tax)	**(2 663)**	**(733)**	**(802)**
Earnings per share (NOK 1)			
Basic	(52.0)	(149.3)	(226.0)
Diluted	(52.0)	(149.3)	(226.0)

1) Earnings per share for 2014 and comparable periods have been retrospectively revised due to the reverse split that was completed on 17 September 2014.

7.3.2 Consolidated statement of financial positions

All figures in million NOK	**31.12.2014**	**31.12.2013**	**31.12.2012**
Non-current assets			
License and capitalized exploration expenses	325	743	819
Goodwill	23	174	497
Deferred tax assets	633	293	105
Property, plant and equipment	428	3 087	3 991
Restricted cash	576	500	-
Receivables	440	-	-
Total non-current assets	**2 425**	**4 797**	**5 411**
Current assets			
Tax refund	315	378	1 339
Derivates	28	1	7
Trade receivables and other current assets	189	551	564
Restricted Cash	33	74	20
Bank deposits, cash and cash equivalents	644	403	584
Total current assets	**1 209**	**1 408**	**2 515**
Total assets	**3 634**	**6 205**	**7 926**
Equity			
Share capital	568	466	1 097
Other equity	-1 371	1 284	931
Total equity	**-803**	**1 750**	**2 028**
Non-current liabilities			
Deferred tax	0	953	1 245
Pension liabilities	-	-	7
Asset retirement obligations	612	327	323
Bond loan	-	1 939	-
Other interest bearing debt	-	0	243
Total non-current liabilities	**612**	**3 220**	**1 818**
Current liabilities			
Bond loans	3 051	541	2 779
Other interest bearing debt	284	333	862
Derivates	3	4	11
Tax payable	28	13	51
Trade payables and other current liabilities	458	343	376
Total current liabilities	**3 825**	**1 235**	**4 080**
Total liabilities	**4 437**	**4 455**	**5 898**
Total equity and liabilities	**3 634**	**6 205**	**7 926**

7.3.3 Consolidated statement of changes in equity

Change in equity 2012

The incorporated statement of change in equity for the year ended 31 December 2012 is based on the statement as reported in the annual report for 2013.

All figures in million NOK	Share capital	Currency translation fund	Hedging reserve	Other equity	Total
Equity at 01.01.2012	**756**	**138**	**0**	**1 534**	**2 428**
Retrospective implementation IAS19R	--	--	--	(1)	(1)
Equity at 01.01.2012	**756**	**138**	**0**	**1 533**	**2 427**
Net results 2012	--	--	--	(593)	(593)
Comprehensive income (loss) for the period (net of tax)					
Currency translation adjustments	--	(201)	--	--	(201)
Remeasurement of defined benefit pension plan	--	--	--	3	3
Cash flow hedge	--	--	(11)	--	(11)
Total comprehensive income (loss) for the period	**--**	**(201)**	**(11)**	**(590)**	**(802)**
Transactions with owners					
Proceeds from share issue	341	--	--	66	407
Issue costs	--	--	--	(18)	(18)
Share-based incentive programme	--	--	--	14	14
Total transactions with owners	**341**	**--**	**--**	**62**	**403**
Equity at 31.12.2012	**1 097**	**(64)**	**(11)**	**1 005**	**2 028**

Change in equity 2013

The incorporated statement of change in equity for the year ended 31 December 2013 is based on the statement as reported in the annual report for 2013.

All figures in million NOK	Share capital	Currency translation fund	Hedging reserve	Other equity	Total
Equity at 01.01.2013	**1 097**	**(64)**	**(11)**	**1 005**	**2 028**
Net results for 2013	--	--	--	(1 008)	(1 008)
Comprehensive income (loss) for the period (net of tax)					
Remeasurement of defined benefit pension plan	--	--	--	0	0
Currency translation adjustments	--	264	--	--	264
Cash flow hedge	--	--	7	--	7
Discontinued cash flow hedge	--	--	4	--	4
Total comprehensive income (loss) for the period	**--**	**264**	**11**	**(1 007)**	**(733)**
Transactions with owners					
Proceeds from share issue	437	--	--	2	439
Issue costs	--	--	--	(13)	(13)
Capital reduction	(1 068)	--	--	1 068	--
Equity component of convertible bond	--	--	--	16	16
Share-based incentive programme	--	--	--	13	13
Total transactions with owners	**(631)**	**--**	**--**	**1 086**	**455**
Equity at 31.12.2013	**466**	**200**	**--**	**1 084**	**1 750**

Change in equity 2014

The incorporated statement of change in equity for the year ended 31 December 2014 is based on the statement as reported in the annual report for 2014.

All figures in million NOK	Share capital	Currency translation fund	Hedging reserve	Other equity	Total
Equity at 01.01.2014	**466**	**200**	**--**	**1 084**	**1 750**
Net results for 2014				(2 912)	(2 912)
Comprehensive income (loss) for the period					
Reclassification of currency adjustment upon disposal of subsidiary		(28)	--	--	(28)
Currency translation adjustments	--	278	--	--	278
Total comprehensive income (loss) for the period	**--**	**249**	**--**	**(2 912)**	**(2 662)**
Transactions with owners					
Proceeds from share issue	102	--	--	3	105
Issue costs	--	--	--	(4)	(4)
Share-based incentive programme	--	--	--	7	7
Total transactions with owners	**102**	**--**	**--**	**7**	**109**
Equity at 31.12.2014	**568**	**449**	**--**	**(1 820)**	**(803)**

7.3.4 Consolidated statement of cash flow

All figures in million NOK	31.12.2014	31.12.2013	31.12.2012
Net result for the year	(2 912)	(1 008)	(593)
Income tax benefit	(1 609)	(947)	(1 401)
Adjustments to reconcile net income before tax to net cash flows provided by operating activities:			
Tax paid	0	(64)	(166)
Tax refunded	378	1 351	516
Depreciation	407	319	269
Write-downs and reversal of write-downs	2 885	1 211	421
Expensed exploration expenditures previously capitalized	758	556	995
Share based payments expenses	7	13	14
(Gain)/Loss on sale of licenses	--	0	(54)
Impact from termination of defined benefit pension plan	--	(7)	--
Loss related to discontinued cash flow hedge	--	4	--
Unrealised loss (gain) related to financial instruments	(28)	5	20
Gain on extinguishment of debt		(569)	
Paid/received interests and borowing costs - net	92	431	384
Interests received	23	28	24
Effect of changes in exchange rates (net foreign exchange loss)	(91)	13	7
Loss on repurchase of bonds	--	3	--
Amortisation of borrowing costs incl. impact from change in amortisation plan	633	82	48
Accretion expense related to asset retirement obligations	34	25	27
Reclassification of currency translation adjustment upon disposal of subsidiary	(28)	--	--
Changes in working capital			
Changes in trade receivables	20	33	39
Changes in trade payables	3	20	3
Changes in other current balance sheet items	156	(24)	352
Net cash flow from operations	**730**	**1 476**	**905**
Cash flows used in investing activities			
Purchase of tangible assets	(12)	(49)	(486)
Purchase of intangible assets	(307)	(412)	(649)
Establishment of security account for abandonment obligation in Denmark	--	(570)	--
Net cash flow used in investing activities	**(319)**	**(1 031)**	**(1 136)**
Cash flows from (used in) financing activities			
Issue of share capital	105	439	407
Paid issue costs	(12)	(4)	(18)
Proceeds from issuance of bonds	--	300	500
Proceeds from utilisation of exploration facility	291	345	597
Proceeds from utilisation of reserve based facility	--	--	456
Repayment of bonds	(53)	--	(649)
Repayment of exploration facility	(352)	(573)	(454)
Repayment of reserve based facility / other	--	(581)	(228)
Repurchase own bonds	--	(50)	--
Paid borrowing costs	(35)	(61)	(62)
Interests paid	(115)	(440)	(407)
Net cash flow from (used in) financing activities	**(170)**	**(625)**	**143**
Net change in cash and cash equivalents	**241**	**(181)**	**(87)**
Cash and cash equivalents at the beginning of the year	403	584	671
Cash and cash equivalents at end of the year	**644**	**403**	**584**

7.4 Information on financial condition and operating results

7.4.1 Introduction

Below is an overview of the financial condition and operating results for Noreco for the full years 2014 compared to 2013 and 2013 compared to 2012.

All comments relates to the statements of financial information as presented in section 7.1 through 7.3.

7.4.2 Developments in the year ended 31 December 2014 compared to the full year 2013

All amounts regarding consolidated statement of comprehensive income, consolidated statement of change in equity and consolidated statement of cash flows for 2014 and 2013 are to be found in the annual report 2014 (ref. section 7.3).

All amounts regarding consolidated statement of financial positions as of 31 December 2014 and 31 December 2013 are to be found in the annual report 2014 (ref. section 7.3).

The Noreco Group had revenues of NOK 1 143 million in 2014, an increase of 27.9% compared to 2013. Production increased from 4 099 barrels of oil equivalents per day (boepd) in 2013 to 5 499 boepd in 2014, while the realised oil price was reduced from USD 102 per boe in 2013 to USD 92 per boe in 2014.

At the end of 2014, Noreco had an interest in the following seven producing fields: Oselvar in Norway, Nini (Nini and Nini East), Cecilie and Lulita in Denmark, Huntington in the UK and the Enoch field, which straddles the Norwegian/UK border. Noreco does not expect that it will hold any interests in the Nini and Cecilie fields, see section 7.4.4. The average production from the Huntington field was 2 892 boepd in 2014, compared to 1 802 boepd in 2013. Regularity on Huntington has been lower in 2014 than expected. The field has been on stream since April 2013, and has been exposed to several challenges since production commenced. In 2013 the field had challenges related to commissioning of the production facilities, ventilation of cargo tanks and gas export restrictions. Production issues have continued through 2014, including technical challenges on the production vessel Voyageur Spirit, an incident and maintenance on the Central Area Transmission system (CATS) Riser Platform and periods of gas export restrictions. The operator is currently evaluating measures to establish stable services from CATS and to limit Huntington's dependency on third party gas handling.

The Oselvar production has been fairly stable in 2014, with an average production of 537 boepd for the year. Production was 592 boepd in 2013, and was somewhat marked by low regularity and unplanned shutdowns on the host platform Ula in some periods of 2013 and until 1 October 2013, after which stable production was established.

The Nini (comprising of Nini and Nini East) production was 1 749 boepd in 2014 (1 386 in 2013), while Cecilie produced 114 boepd in 2014 (178 in 2013). The fields were shut in on 18 July 2013 after a crack inside the sponson tank (supporting structure for risers connected to storage tank) on the Siri-platform was found. Since then, the operator prepared, applied for and was granted approval from the Danish Authorities for a temporary solution which entailed that production from Nini, Nini East and Cecilie could start up again by direct loading of the produced oil to a tanker. Production from Nini resumed on 1 February 2014, and Cecilie resumed production at the end of the June 2014. The repair-work was successfully completed, and the temporary solution decommissioned at the end of September 2014. By the end of 2014, final approval from the Danish Authorities to resume ordinary operations was granted, with only some further documentation and removal of temporary equipment remaining.

The Lulita field produced 207 boepd in 2014, compared to 141 in 2013. Production was fairly stable in 2014, with some unplanned interruptions due to water treatment issues. In 2013, Lulita was shut in between 28 April to 7 September 2013, and had somewhat irregular production after that in 2013.

The Enoch field remained shut-in for the entire 2013 and 2014, awaiting maintenance work on the well and thereafter final hook-up of the pipeline.

Production expenses were NOK 587 million in 2014, up from NOK 430 million in 2013. Operating expenses at Huntington increased from NOK 130 million in 2013 to NOK 242 million in 2014. Lower production costs in 2013 were primarily due to the commencement of the Huntington field in April 2013, and FPSO lease on the Huntington field was included starting in September 2013. Production costs on the Danish Nini and Cecilie fields were NOK 303 million combined in 2014, while the corresponding costs in 2013 amounted to NOK 239 million. Approximately NOK 40 million included in the 2014 production costs were related to a non-recurring write-off of a receivable that had arisen when payments were made on behalf of a licence partner. The Nini and Cecilie production costs in 2014 were also impacted by a higher proportion of allocated operating expenditures in the Siri area, as a consequence of the increased share of total production handled through the Siri-platform in 2014.

Exploration and evaluation expenses were NOK 837 million in 2014, up from NOK 666 million in 2013. Exploration and evaluation expenses in 2014 included write-off of the Huntington Fulmar discovery and amounted to NOK 600 million. The PL484 Verdande well was written off as a dry well in 2014, and amounted to NOK 158 million. For 2013, an expense of previously capitalised suspended wells (Amalie) of NOK 255 million was recognised, in addition to other dry and sub commercial exploration wells.

Payroll expenses were NOK 87 million in 2014, down from NOK 127 million in 2013. This represented a reduction of NOK 40 million which was due to a lower number of employees (the average number of employees was reduced from 65 in 2013 to 52 in 2014), as well as a reduction in employee bonuses and increased charge of personnel expenses to operated licences.

Other operating expenses amounted to NOK 104 million in 2014, up from NOK 95 million in 2013. Operating costs in 2014 include NOK 7 million in a non-recurring cost related to the scale-down of premises in Stavanger. Noreco also incurred NOK 27 million in fees to financial and legal advisors relating to the financial restructuring process, included in the operating expenses for 2014.

Other (losses)/gains were NOK 25 million in 2014, while the corresponding amount for 2013 was negative NOK 15 million. The change was primarily related to increased value on oil put options with a strike of USD 70 per barrel.

EBITDA (operating result before depreciation and write-downs) in 2014 was negative by NOK 448 in 2014, compared to a negative EBITDA at NOK 440 million in 2013. While production and revenue increased in 2014 compared to 2013, the production costs also increased and the exploration and evaluation expenses were higher in 2014.

Depreciation amounted to NOK 407 million in 2014, up from NOK 319 million in 2013. The increase is due to higher production in 2014. Although the production was higher, depreciation in 2014 was also impacted by write-downs that reduced the basis for future depreciations.

Write-downs amounted to NOK 2 885 million in 2014, up from NOK 1 211 million in 2013. For the Huntington cash generating unit, which comprised UK goodwill, Huntington Forties and Huntington Fulmar (prior to being written off in the third quarter 2014), total write-downs amounted to NOK 2 112 million. The write-downs were due to significantly lower production projections for 2015 and onwards for Huntington Forties, as well as effects from materially reduced oil price expectations, increased operating costs including mitigating measures and increased estimates for future abandonment costs. The Oselvar field incurred write-downs of NOK 396 million after which the book value was zero, as a result of lower reserves and thus a shorter economic lifetime, as well as increased estimates for future abandonment costs. The Siri Fairway cash generating unit, comprising the Nini and Cecilie fields was written down by NOK 327 million in 2014, after which the book values were zero. The impairment was mainly due to lower oil price expectations and increased estimates for future abandonment costs. Goodwill related to the Danish business was written down by NOK 29 million in 2014, and Enoch was written down by NOK 21 million. Following the write-downs in 2014, only Huntington, Lulita and associated Goodwill have remaining book values on 31 December 2014.

For the year ended 31 December 2014, the write-downs amount to NOK 2 885 million. See specification of these below:

Write-downs 2014

Asset	Q1	Q2	Q3	Q4	Twelve months 2014
Goodwill - Norway	-	-	-	-	-
Goodwill - UK	(28)	(2)	(104)	-	(134)
Goodwill - Denmark	-	-	-	(29)	(29)
Oselvar	(34)	-	(337)	(25)	(396)
Enoch	(10)	-	-	(11)	(21)
Siri Fairway	40	56	(35)	(389)	(327)
Huntington	-	-	(1 343)	(635)	(1 978)
Total	(32)	54	(1 818)	(1 089)	(2 885)

Financial income amounted to NOK 172 million in 2014, down from NOK 570 million last year. Financial income in 2013 included a gain on extinguishment of debt of NOK 523 million that was related to the bond restructuring that was completed on 9 December 2013. Interest income was stable, with NOK 23 million in 2014 and NOK 24 million in 2013, while currency translation income increased to NOK 149 million in 2014 from NOK 22 million in 2013.

Financial expenses were NOK 953 million in 2014, compared to NOK 556 million in 2013. Interest expenses on bond loans increased from NOK 407 million in 2013 to NOK 820 million in 2014. The increase is mainly driven by increased amortisation including recognition of the remaining difference between book values and principal amounts at the end of 2014. Amortisation amounted in total to NOK 634 million in 2014, while the corresponding amount for 2013 was NOK 82 million.

Taxes amounted to an income of NOK 1 609 million in 2014, up from NOK 947 million in 2013. This corresponds to an average tax rate of 35.6%. Noreco operates in three countries and thus under multiple tax regimes. The tax rate represents the weighted results from the different subsidiaries. The tax rate in 2014 was lower than for the same period in 2013 (48.4%) primarily due to de-recognition of deferred tax assets in Denmark and the UK as a consequence to impairment of assets and thus lower expectations to future taxable income in these jurisdictions. The tax rate in 2014 was also impacted by the interest expenses including amortisation in Norwegian Energy Company ASA, which contributed to significant pre-tax losses, but had no tax impact since deferred tax assets are not recognised in this entity.

Net result for the full year 2014 was a loss of NOK 2 912 million, compared to a loss of NOK 1 008 million in 2013. The main reasons for the significant losses in 2014 were the write-downs of Huntington, Oselvar, Siri Fairway (Nini and Cecilie) and goodwill, write-off of the Huntington Fulmar discovery, interest expenses and derecognition of deferred tax assets.

The book value of licences and capitalised exploration expenditures at the end of 2014 amounted to NOK 325 million, with deferred tax of NOK 220 million. This primarily consisted of the Gohta discovery in the Barents Sea on the Norwegian Continental Shelf with a book value of NOK 254 million and the Xana well on the Danish Continental Shelf with a book value of NOK 60 million. Net of deferred tax, the book values for Gohta and Xana were NOK 56 million and NOK 45 million, respectively. Licences and capitalised exploration expenditures amounted to NOK 743 million at the end of 2013. The reduction in 2014 was mainly related to write-off of the Huntington Fulmar discovery that was performed in 2014.

Non-current receivables amounted to NOK 440 million at the end of 2014, which is related to an insurance claim. A final court hearing has been scheduled for the second half of 2016. Since commencement of the legal proceedings, underwriters have produced their statement of defence and Noreco its reply. Underwriters have at the end of January 2015 submitted its rejoinder which formally marked the end of the exchange of written pleadings. Underwriters have requested the appointment of a technical expert to review and pronounce upon the technical evidence. This process is expected to last through most of 2015 and possibly the early part of 2016. The group did not have any non-current receivables at the end of 2013. The insurance claim was classified as a current receivable in 2013 and amounted to NOK 359 million.

At the end of 2014 Noreco had a total of restricted cash, cash and cash equivalents of NOK 1 254 million, of which NOK 609 million was restricted. Of this NOK 546 million is in escrow as security for abandonment obligations related to the company's producing fields Nini and Cecilie in Denmark. Free cash at the end of 2014 amounted to NOK 644 million as the bond payments due on 9 December 2014 were not met. Total restricted cash, cash and cash equivalents at the end of 2013 amounted to NOK 978 million, of which NOK 574 million was restricted and NOK 403 million was unrestricted.

Asset retirement obligations amounted to NOK 612 million at the end of 2014, compared to NOK 327 million at the end of 2013. Due to revised estimates on future abandonment costs at Huntington, the recognised asset retirement obligation has been increased with NOK 27 million in 2014. The asset retirement obligations associated with Siri Fairway and Oselvar field have been increased by NOK 85 million and NOK 52 million in 2014 respectively, due to revised estimates on future abandonment costs as well as reduced economic lifetimes and thereby less time until the estimated time for abandonment. Asset retirement obligation associated with the Enoch field has been adjusted by MNOK 3 million.

Interest-bearing debt, excluding exploration loans, had a book value of NOK 3 051 million (equal to principal amount) on 31 December 2014, compared to NOK 2 480 million (principal amount NOK 3 102 million) on 31 December 2013. The group's exploration loan amounted to NOK 284 million at the end of 2014, compared to NOK 333 million at the end of 2013. Total interest-bearing debt at year end 2014 had a book value of NOK 3 335 million, of which all was classified as a current liability.

Equity was negative at NOK 803 million at the end of 2014, compared to positive equity of NOK 1 750 million at the end of 2013. The reduction in equity was mainly caused by a significant negative total comprehensive income in 2014. A restructuring, which involved partial conversion of bond debt to equity was completed in March 2015, which improved the equity of the group. See section 8.2 and 8.4 for further information about the funding structure of the group and effects from the refinancing.

7.4.3 Developments in the year ended 31 December 2013 compared to full year 2012

Total revenues for 2013 amounted to NOK 894 million, up from NOK 832 million in 2012. Noreco's production in 2013 averaged 4 099 boepd. This was significantly lower than expected, mainly due to a delayed production start at the Huntington field and the shutdown of the Siri production facilities in summer 2013. The Nini and Cecilie fields on the Danish continental shelf recorded good productivity during the first half of 2013. However, in periods of adverse weather conditions, operational restrictions impacted regularity at the host platform. In July 2013, cracks were discovered in the caisson on the Siri platform which led to a complete production shut down and de-manning of the platform for the remainder of 2013. The Oselvar field came on stream in April 2012, and production was considerably lower than anticipated in the plan for development and operation. In November 2013, the operator submitted a revised plan for further development of the field. It was concluded that the risk attached to a new well was too high and that it was not possible to achieve the previously expected output levels. New reserve estimates for the field were calculated on this basis. The reserve estimates on 31 December 2012 were 7.7 million boe (2p). Revised reserve estimates per 30 September 2013 were 3.23 million boe. At the Huntington field, significant delays occurred in connection with upgrading the floating production and storage platform ("FPSO") Voyageur Spirit. As a result of the delays, installation was postponed into the winter season which caused further delays due to weather conditions. On 12 April 2013, production eventually started, but output was considerably lower than planned. Reduced output continued through 2013 due to challenges with the processing facilities on the FPSO, gas export restrictions, and poor weather conditions.

Exploration and evaluation expenses were NOK 666 million, down from NOK 1 188 million in 2012. For 2013, an expense of previously capitalised suspended wells (Amalie) of NOK 255 million was recognised. Included in 2012, an expense of previously capitalised suspended wells of NOK 397 million was recognised.

Write-downs amounted to NOK 1 211 million in 2013 compared to NOK 421 million in 2012. The write-downs in 2013 were partly related to the Oselvar field which had not produced as expected since it came on-stream in the second quarter 2012 and the reserve estimates had been significantly reduced compared to prior estimates. As a consequence, total write-downs of NOK 388 million were recorded in 2013. Further, the fields in Denmark were shut down for the entire second half of 2013. Due to the production challenges, an expected increase in future production expenses and the lower estimated production regularity, write-downs of NOK 484 million were recognised during 2013. In addition, goodwill was written down by NOK 350 million, of which NOK 218 million relates to activities in the UK and NOK 116 million relates to activities in Denmark. Write-downs of goodwill related to the UK are due to updated expectations for regularity and revised estimates for the production costs of operating the Huntington field. The goodwill related to the UK is also supported by the

Fulmar section of the Huntington licence. As a consequence of updated market values for comparable non-developed discoveries on the UK continental shelf, an adjustment to the valuation of the Fulmar section contributed to a portion of the goodwill write-down. The write-down in Denmark was due to the issues at the Siri platform, and the updated estimates for future operational costs related to Danish production. Write-downs of goodwill amounted to NOK 118 million in 2012.

The net operating result (EBIT) for 2013 was a loss of NOK 1 969 million, compared to a loss of NOK 1 508 million in 2012.

Net financial items was a gain of NOK 15 million in 2013, compared to a loss of NOK 486 million in 2012. A gain of NOK 523 million relating to the restructuring of the bonds has been included in net financial items for 2013. The restructuring was accounted for as an extinguishment of debt in accordance with IFRS as the terms of the new bond agreements were substantially different from the terms of the old bond agreements. The new loans are recognised in the balance sheet at market value at the time of the agreements. As a consequence, a gain on settlement of the old debt was recognised. The gain is net of transaction costs related to the restructuring of the old bonds amounting to NOK 47 million. See further information in note 23.

The Company's ordinary result before tax (EBT) was a loss of NOK 1 954 million, compared to a loss of NOK 1 994 million in 2012.

Tax income for 2013 was NOK 947 million compared to NOK 1 401 million in 2012. The tax income in 2012 was higher than 2013 as a consequence of high exploration activity in Norway and the capitalisation of tax assets in the UK. Going forward, income from the Huntington production is expected to utilise the company's overall UK tax asset over the next couple of years. The effective tax rate for 2013 was 48% compared to 70% for 2012. The reduction is mainly due to write-downs of goodwill which have no tax impact and write-downs of the Danish assets where the tax rate is 25%.

The net result for 2013 was a loss of NOK 1 008 million, compared to a loss of NOK 593 million in 2012.

Interest bearing debt, excluding exploration loans, had a book value of NOK 2 480 million (principal amount of NOK 3 102 million) at the end of 2013, compared to NOK 3 311 million (principal amount of NOK 3 401 million) at the end of 2012. The book value of the Group's exploration loan amounted to NOK 333 million at the end of 2013, compared to NOK 573 million at the end of 2012. Total interest bearing debt had a book value of 2 813 million, of which NOK 874 million is classified as current liabilities. See further information in note 23 to the group accounts.

Total cash and cash equivalents was NOK 403 million at the end of 2013, compared to NOK 584 million at the end of 2012. Undrawn availability under the company's overdraft facility in Noreco Oil Denmark A/S amounted to NOK 18 million.

On 31 December 2013, Norwegian Energy Company ASA had restricted cash of NOK 570 million set aside as security for covering the abandonment obligation in Denmark or repayment to bondholders. At the end of 2012, Noreco did not have such restricted cash set aside for abandonment obligations.

7.4.4 Significant events since 31 December 2014

On 15 January 2015 Noreco reported that as part of a multi-lateral agreement, Noreco reduced its ownership in licence 9/95 on the Danish continental shelf, which included the Xana well from 20.1% to 16%. The ownership was transferred to Nordsøfonden, which is the Danish State's oil and gas company. The transfer of ownership was approved by the Danish authorities and was effective from January 2015.

On 4 February 2015 a revised restructuring proposal was issued by the board. The restructuring involved:

- Portions of the existing bonds NOR10, NOR11 and NOR12 to be rolled over in a new NOK 600 million senior secured bond at amended terms including possible payment-in-kind interests and no fixed amortisations, but with "cash sweep" if cash should become available

- The holders of NOR10, NOR11 and NOR12 to convert their remaining outstanding balances to equity. Following such conversion, these holders would own 92% of the outstanding shares of the company, while existing shareholders would hold the remaining 8%.

- The NOR06 bond to change borrower to Noreco Norway AS without any recourse to the parent company or other parts of the group, also at amended terms similar to the new bond

On 2 March 2015 the bondholders' meetings for all outstanding bonds were held. The refinancing was approved for each loan.

On 3 March 2015 an extraordinary general meeting was held in the company, where the restructuring proposal was approved by the shareholders.

On 24 March 2015, Noreco reported the completion of the restructuring through the issuance of 652 715 195 new shares against conversion of NOR10, NOR11 and NOR12, execution of amended bond agreements for the new NOR06 and new NOR10 bonds, and conversion of remaining NOR11 and NOR12 bonds to amended NOR10 bonds.

As part of the negotiations on an overall restructuring for Noreco during winter 2015, a committee of bondholders stated that their consent would require that the costs and cash flows related to Noreco's operations in Denmark had to be improved. Noreco was prevented from making payments for its share of production costs at the Nini and Cecilie fields, and it was consequently in breach of the licence agreements. Since then Noreco and representatives from the bondholders have been in a dialogue with the operators and partners in the licences in order to achieve an amicable solution. Noreco is currently in a constructive process with the other licence partners. The Company's ambition is to conclude an agreement, which will result in an orderly transfer of its ownership of the respective licences.

In May 2015, Danish tax authorities suggested a reassessment of the Noreco Oil Denmark A/S's taxable income for 2011. If final, such increased tax could in worst case entail an additional payment of USD 10.5 million plus interest. The Company is of the opinion that the reassessment is incorrect and no final decision has yet been made by the authorities.

On 12 May 2015, Noreco announced that hydrocarbons had been discovered in the exploration well Xana-1X on the Danish licence 9/95 and that the partnership would evaluate if it was a sufficient volume of hydrocarbons for commerciality.

Except as set out above, in section 8.4 ("Capitalisation and indebtedness") or otherwise disclosed in this Prospectus, there have been no significant changes in the financial or trading position of the Group since the date of its latest financial information included in this Prospectus.

7.4.5 Significant transactions

There have not been any significant acquisitions or divestments during 2012, 2013 or 2014. Note however that certain assets including the Nini and Cecilie licences are expected to be discontinued in 2015, see Section 7.4.4 above.

7.4.6 Past performance review

Assessment of the Company's past performance for the review period

The Company's strategy expressed in the 2011 annual report was to:

- Create value through exploration
- Monetise value through development and sale of assets
- Optimise value creation from producing assets

The following is an assessment of the Company's operational performance in the period from 2012 to 2014 relative to the stated strategies.

Exploration

During the financial review period the Company drilled 13 exploration wildcat wells, of which five wells discovered oil and/or gas. Of the discoveries, three have been concluded non-commercial, whereas the Albert well (PL519) in 2012 and the Gohta well (PL492) in 2013 are still under evaluation. For the Albert discovery work is ongoing to determine the merit in further appraisal drilling. On the Gohta discovery the first appraisal well was drilled in 2014 and a second appraisal well is planned for 2016.

In order to increase its exploration licence portfolio the Company has participated in several licence rounds both in Norway and in the UK during the period, which has resulted seven Norwegian licences from the APA 2012 and APA 2013 licence rounds and six UK licences in 2013 from the 27th UK round. Noreco was not awarded any new licences in the Norwegian APA 2014 licencing round.

The Company acquired the 20% interest in the PL492 licence in 2012 for a consideration of NOK 5 million.

Developments, sale and acquisition of assets

Development of assets

During the period the Company developed the Oselvar field in Norway and the Huntington field in the UK.

The Oselvar field accomplished first production in April 2012. The Plan for Development and Operation (PDO) estimated first production in November 2011. The project delay was due to longer than estimated duration of the development drilling and weather related issues during installation of the subsea template in the winter 2011/2012. Despite the delay the capital expenditures for the development increased by only 5% versus the PDO estimate of NOK 642 million net (NOK 4 280 million gross).

The Huntington field accomplished first oil in April 2013. In the Field Development Plan (FDP) first oil was estimated to November 2011. The reasons for the delay were mainly driven by issues related to the completion of the contracted leased Floating Production, Storage and Offtake vessel (FPSO). The issues were related to completing the necessary upgrade of the FPSO by the contractor, in addition to unforeseen financial difficulties experienced by the same contractor. As a result the capital expenditures for completing the project increased by 8% from the FDP estimate of GBP 64 million net (GBP 321 million gross).

Sale and acquisitions of assets

During the period from 2012 to Q1 2015 the Company has been involved in transactions related to exploration licences as part of normal portfolio optimisation. The table below provides an overview of these transactions.

Licence	Transaction	Year	Consideration
P.1666 Romeo	Divestment of 10% to Trap Oil	2013	0
PL492 Gohta	Acquistion of 20% from Det norske oljeselskap and Lundin	2012	NOK 5 million
P.1666 Romeo	Divestment of 11.876% to Total UK	2012	GBP 2.4 million

Producing assets

The Company's reported production for the period 2012 to 2014 is shown in the below table:

	2014				2013				2012			
boe/d	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Oselvar	497	528	550	574	849	221	407	897	431	984	893	-
Enoch	-	-	-	-	-	-	-	-	-	-	5	28
Lulita	134	192	172	330	196	45	79	246	251	162	280	293
Nini, Nini East	1 974	1 722	1 839	1 415	-	469	2 541	2 565	2 285	2 761	2 588	2 301
Cecilie	264	152	15	-	-	46	347	333	144	477	459	275
Huntington	630	3 160	3 187	4 646	3 637	2 336	1 188	-	-	-	-	-
Total	**3 500**	**5 755**	**5 763**	**6 964**	**4 682**	**3 117**	**4 561**	**4 042**	**3 112**	**4 384**	**4 225**	**2 898**

The Oselvar field started production in April 2012. The PDO estimate for full production was expected to be about 2 500 boepd net. Actual production since start up has been lower than expected due to the reservoir not performing as expected. The field has also experienced several unplanned shut downs at the Ula host platform.

Since the start-up of the Huntington field in April 2013, the field has struggled to reach full production. From September 2013 onwards, the Huntington production has been restricted due to quality problems in the CATS export pipeline. The field also experienced shut downs in the ramp up period as a result of issues with the FPSO cargo venting system operation. At the date of this prospectus Huntington is producing at reduced rate due to repair work at the CATS riser platform.

Production at the Nini East, Nini and Cecilie fields has been stable since the Siri platform was finally repaired in the summer of 2014. In this regard, note that certain assets including the Nini and Cecilie licences are expected to be discontinued in 2015, see Section 7.4.4.

Financial Performance

The financial performance of the Company is covered by the consolidated financial information provided in this section. For risk factors, reference is made to section 2 in the prospectus.

7.4.7 Segment information

The Group's activities are entirely related to exploration and development of oil, gas and NLG. The Group's activities are considered to have a homogeneous risk and rate of return before tax and are therefore considered as one operating segment.

Noreco has activities in Norway, Denmark and UK, see note 5 in the 2014 annual report and note 5 in the 2013 annual report. The table shows revenues for each of these markets for the three last financial years.

Amounts in NOK million	**2014**	**2013**	**2012**
Norway	101	106	116
Denmark	431	384	715
UK	610	404	-
Group	1 143	894	832

7.4.8 Relevant trend information

With a completed financial restructuring in place, Noreco is no longer in distress. The Company is in a strong position to maximise the value of its portfolio of exploration licences, discoveries and producing fields.

In light of the current challenging market conditions and the significant future debt servicing requirements, the key focus for Noreco in the short term will be to limit future investment commitments, implement cost saving measures and optimise its assets through either continued operations or through divestment efforts. Surplus cash will be used to strengthen the Company's balance sheet through repayment of debt. There are currently no plans for significant developments of the existing producing fields. Further sale of existing assets may be pursued in order to increase available cash for repayment of bond debt. In this regard, note that certain assets including the Nini and Cecilie licences are expected be discontinued in 2015.

For information about the oil price development, please see section 9.3 "The oil price".

7.4.9 Independent auditor

The English language version of the Company's audited consolidated financial statements as of 31 December 2014 included in the annual report for 2014, and the Norwegian language version of the Company's audited consolidated financial statements as of 31 December, 2013 and 2012 included in the annual reports for 2013 and 2012, as incorporated hereto by reference (see section 18.2) and available at www.noreco.com, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements of the Norwegian Accounting Act. An English language version of the Company's audited consolidated financial statements as of 31 December 2013 and 2012 and annual reports for 2013 and 2012 have also been made available on www.noreco.com; however, these English language consolidated financial statements, annual reports, and translation of the audit opinions therein are provided for informational purposes only, and the translation of these documents has not been verified by KPMG AS.

The above mentioned audited financial statements include Norwegian statutory audit reports that are addressed to the annual general meeting of the Company in accordance with standard practice in Norway covering the financial statements above.

The Noreco Group's parent and consolidated financial statements have been audited by KPMG AS, Sørkedalsveien 6, P.O. Box 7000, Majorstuen, N-0306, Oslo, Norway, independent auditors, as stated in their independent auditors reports included herein. KPMG AS is a member of the Norwegian Institute of Public Auditors (*Norwegian:* "Den Norske Revisorforening"). The ordinary auditor's report was issued on 30 April 2015.

8. CAPITAL RESOURCES

8.1 The primary short and long term sources of cash flow

Cash flow information as of year-end 2014

Net cash flow from operations in 2014 amounted to NOK 730 million, down from NOK 1 476 million in 2013. The difference between cash flow from operations and the result before tax was mainly caused by significant write-downs, ordinary depreciation, bond amortisation effects and expensed exploration expenditures which were previously capitalised and classified as investment activity in the cash flow statement. The reduction in net cash flow from operations in 2014 compared to 2013 was principally related to lower tax refunds in 2014.

Net cash flow used in investing activities was NOK 319 million in 2014, compared to NOK 1 031 million in 2013. These cash flows in 2014 were mainly related to exploration and appraisal wells. The cash flows used for exploration and evaluation wells in 2013 were NOK 412 million, while investments in tangible assets amounted to NOK 49 million. Investment activities in 2013 also included NOK 570 million for establishment of a restricted bank account to serve as security for abandonment obligations in Denmark.

Cash flow from financing activities in 2014 was a net cash outflow of NOK 170 million, compared to a cash outflow of NOK 626 million in 2013. The main cash inflows from financing activities in 2014 were related to utilisation of the exploration facility and issue of share capital, while the significant cash outflows were related to repayment of exploration loan, repayment of bond loans and paid interests. In 2013, Noreco raised more cash compared to 2014 through issuance of new shares and bond loans and utilisation of the exploration facility, while also repaying more debt and interests, including settling its reserve based lending facility. For a specification of cash inflows and outflows related to financing activities in 2013, please refer to Section 7.3.4.

Total cash and cash equivalents at the end of 2014 were NOK 644 million, compared to NOK 403 million at the end of 2013.

Total cash and cash equivalents at the end of the first quarter 2015 amounted to NOK 685 million. Cash flow from operations amounted to NOK 94 million in the first quarter 2015 and was mainly related to changes in working capital. Cash flow used in investing activities amounted to NOK 48 million, principally related to investments at the Xana well in Denmark. The cash flow used in financing activities was NOK 6 million in the first quarter 2015.

8.2 Funding structure and restrictions on use of capital resources

As at 31 December 2013, the Company held NOK 1 235 million of current debt (of which NOK 974 million was interest bearing) and NOK 3 220 million non-current debt (of which NOK 1 939 million was interest bearing). Equity as of 31 December 2013 was NOK 1 750 million.

As per 31 December 2014 the Noreco Group had total liabilities of NOK 4 437 million, of which bond debt amounted to NOK 3 051 million (all current, excluding accrued interests), and exploration loan amounted to NOK 284 million (all current). Remaining debt of NOK 1 101 million consisted of NOK 612 million in asset retirement obligations (non-current), trade payables and other current liabilities of NOK 458 million (current), tax payable of NOK 28 million (current) and derivatives of NOK 3 million (current). Equity was negative at NOK 803 million at the end of 2014. For 2014, both the interest cover ratio and the debt/equity ratio were negative.

Further information regarding the Company's funding and treasury policies are found in notes 2, 3, 24 and 27 to the 2014 Financial Statements incorporated hereto by reference, see section 18.2.

After the restructuring, NOK 1 979 million of the outstanding bond debt at the effective date 23 March 2015 has been converted to equity. Even with the significant conversion of bond debt to equity after the restructuring, total debt level for Noreco is still high giving corresponding high financial risk. Principal amounts on outstanding bond debt after the restructuring are NOK 618 million on the Amended and restated NOR06 bond and NOK 600 million on the Amended and restated NOR10 bond. Terms on both outstanding bonds include possible payment-in-kind interests and no fixed amortisations except final maturity in three years, but with "cash sweep" if cash should become available.

By the Restructuring, the Company will have a debt structure more aligned with its very limited debt servicing ability under the current market conditions. Cash sweep provisions for accelerated repayment could be triggered if positive cash flow developments within the operations occur, or if agreements for sale of any of the Noreco Group's assets are reached and proceeds from such transactions are received. However, if the financial performance of the Group proves weak in the period until final maturity, no payments on bond loans will be required in order to preserve liquidity.

The ability to service the Amended and restated NOR10 bond depends mainly on the outcome of an insurance claim within the Danish entities as well as the performance of Huntington, and the oil price. With regards to the insurance claim, the total claim exceeds NOK 2 billion, of which NOK 440 million (USD 59 million) is recognised. Based on technical documentation containing third party evaluations and the insurance agreements, the company remains firm that the claim is covered and at a minimum the booked amounts will be awarded. The entities could also implement actions to preserve its existing cash, through cost reductions and disposal of operations that are marginal/uneconomical under current market conditions, or work on selling other assets to raise cash and/or limit future exploration commitments. In this regard, note that certain assets including the Nini and Cecilie licences are expected be discontinued in 2015, see Section 7.4.4.

The principal security in the restructured and ring-fenced amended and restated NOR06 bond will be Oselvar and associated tax balances, and the loss carry forwards in Noreco Norway AS. In order to achieve full repayment of the bond, Noreco Norway AS will either be dependent on creating and monetising sufficient value through its funded exploration commitments, or on selling and/or liquidating its petroleum business and subsequently claiming an "exit-refund" for the loss carry-forwards within the company.

Noreco Norway AS maintains an exploration loan facility as described in Section 8.5.2. No other available sources of capital exist within the Noreco Group. Noreco currently has no plans to raise further capital through either issuance of new shares or bond debt, or be granted other significant borrowing facilities. Such options are also considered to be either unavailable for the group, or at unattractive terms. Thus, the Company is expected to be required to rely on preserving its existing cash reserves, cash flows from operations, exploration loans with subsequent tax refunds and/or proceeds from divestments.

Noreco is exposed for both currency and oil price fluctuation. There are no current plans for implementing any hedging programs going forward neither to oil price nor currency exchange rates. Plans for such hedging programs may be reconsidered in the future. See note 3 to the annual report for 2014 for further information about the Noreco Group's financial risk management.

8.3 Working capital statement

In the opinion of the Company, the Group has sufficient working capital for its present requirements, that is, for at least the 12 months following that date of publication of this Prospectus.

8.4 Capitalisation and indebtedness

The following tables set forth the Company's consolidated capitalisation and indebtedness prepared in accordance with IFRS as of 31 December, 2014 in the column to the left. The middle column shows any significant changes to the Company's capitalisation and indebtedness since 31 December 2014. The last column shows the effect of the Bond Refinancing. This table should be read in conjunction with the consolidated financial statements for 2014 combined with relevant information in the Directors Report and notes in the 2014 Annual Report. Except as set out in the table, there have been no material changes to the Company's capitalisation and indebtedness subsequent to 31 December 2014.

Amounts in NOK million	31.12.2014	Effect of downpayment of old bonds (1)	Effect of amended and restated bonds (2)	Share capital reduction (3)	Conversion of remaining outstanding amount NOR10, NOR11 and NOR12 (4)	Partial repayment exploration loan (5)	Total effect of refinancing (sum 1-5)	Total after change
Current debt								
Guaranteed	-	-	-	-	-	-	-	-
Secured	(2 958)	2 674	-	-	-	2	2 676	(282)
Unguaranteed/unsecured	(377)	377	-	-	-	-	377	-
Other current debt (non-interest bearing)	(489)	113	-	-	-	-	113	(376)
Total current debt	**(3 824)**	**3 164**	**-**	**-**	**-**	**2**	3 166	**(658)**
Non-current debt								
Guaranteed	-	-	-	-	-	-	-	-
Secured	-	-	(676)	-	-	-	(676)	(676)
Unguaranteed/unsecured	-	-	-	-	-	-	-	-
Other non-current debt (non-interest bearing)	(612)	-	-	-	-	-	-	(612)
Total non-current debt	**(612)**	**-**	**(676)**	**-**	**-**	**-**	**(676)**	**(1 288)**
Equity								
Share capital	(568)	-	-	562	(65)	-	497	(71)
Legal reserve	-	-	-	-	-	-	-	-
Other reserves	1 371	-	(508)	(562)	(1 826)	-	(2 896)	(1 525)
Total equity	**803**	**-**	**(508)**	**-**	**(1 891)**	**-**	**(2 399)**	**(1 596)**

Total current interest bearing debt after the refinancing was NOK 282 million. This is the book value of the exploration loan due on 20 December 2015.

The total interest bearing debt in this overview amounts to NOK 958 million after bond debt refinancing. In section 8.5 the total outstanding loans amounts to NOK 1 500 as of 31 March 2015. The difference between these numbers is the difference between the book value for accounting purposes. See specification of the difference below.

Loans (NOK million	**Principal amount**	**Book value/Fair value estimate***	**Difference**
Amended and restated NOR06	618	340	278
Amended and restated NOR10	600	336	264
Exploration loan	282	282	0
Outstanding as of 31 March 2015	**1500**	**958**	**542**

* based on observed market values of Noreco's amended and restated bonds

The secured debt consists of the exploration facility and the two amended and restated bonds. All producing assets are pledged as security for the bond loans. In addition, the shares in the subsidiaries owning the assets are pledged in favour of the bonds, and the subsidiaries have issued guarantees in this regard. See Sections 6.2.1 and 6.2.2 for an overview of terms of the loans, including specifications of pledged items. The tax refund receivable is pledged as security for the exploration facility. Further information on the terms of the exploration facility, refer to Section 8.5.2.

Amounts in NOK million	31.12.2014	Effect of downpayment of old bonds (1)	Effect of amended and restated bonds (2)	Partial repayment exploration loan (3)	Total effect of refinancing (sum 1-3)	Total after change
A Cash	644	-	(90)	(2)	(92)	552
B Cash equivalents	-	-	-	-	-	-
C Trading securities	-	-	-	-	-	-
D Liquidity (A + B + C)	**644**	**-**	**(90)**	**(2)**	**(92)**	**552**
E Current financial receivables	**238**	**-**	**-**	**-**	**-**	**238**
F Current bank debt	(284)	-	-	2	2	(282)
G Current portion of non-current debt	(3 051)	3 051	-	-	3 051	-
H Other current financal debt	(489)	113	-	-	113	(376)
I Current financial debt (F + G + H)	**(3 824)**	**3 164**	**-**	**2**	**3 166**	**(658)**
J Net current financial indebtness (D + E + I)	**(2 942)**	**3 164**	**(90)**	**-**	**3 074**	**132**
K Non-current bank loan	-	-	-	-	-	-
L Bonds issued	-	-	(676)	-	(676)	(676)
M Other non-current loans	-	-	-	-	-	-
N Non-current financial debt (K + L + M)	**-**	**-**	**(676)**	**-**	**(676)**	**(676)**
O Net financial indebtness (J + N)	**(2 942)**	**3 164**	**(766)**	**-**	**2 398**	**(544)**

1) Old bonds were refinanced on 23 March 2015.

2) According to IFRS the amended and restated bonds with total principal amounts of NOK 1 218 million are to be reported at fair value upon initial recognition. Based on observed market values of the amended and restated bonds as of in the period following shortly after trading was resumed, the fair value is estimated to NOK 676 million and included in the schedule above. The entire outstanding amounts on the bond loans are classified as non-current, consistent with the terms of the loan agreements, which stipulate a term of three years with no amortisations until final maturity. “Cash sweep” events could occur that would trigger early repayment of parts of or all of the outstanding amounts, however, until such an event occurs, the issuer has an unconditional right to defer amortisations for at least twelve months. Broker fees and other advisor services related to the restructuring are estimated to NOK 90 million in cash payments, of which NOK 34 million has been allocated to the amended and restated bonds, and the remaining amount to the equity issue by conversion of debt.

3) During the ordinary course of business, NOK 2 million of the outstanding exploration loan has been repaid in the period between 31 December 2014 and 31 March 2015.

4) After the refinancing on 23 March 2015 total interest bearing debt was NOK 958 million. This amount consists of NOK 676 million of bonds at fair value and NOK 282 million in Exploration Loan.

Other than as shown in the table above, there have been no significant changes in the Company’s capitalisation and indebtedness since 31 December 2014.

As of 31 December 2014 the equity ratio was negative. After the refinancing, it is approximately 45%. It is the objective of the Group to maintain a cash buffer at approximately NOK 100 million, and the exploration loan facility will be the primary source of additional capital. Both bonds carry fixed interest, and the interest on the exploration loan facility is a NIBOR plus margin interest. All borrowings of the Group are denominated in Norwegian kroner (NOK).

8.5 Borrowings

8.5.1 *Overview*

As at 31 December 2014 the Group’s total debt amounted to NOK 4 437 million. Gross interest bearing debt amounted to NOK 3 335 million, while net interest bearing debt amounted to NOK 2 691 million, of which NOK 644 million was cash. As described in section 5, the bond loans have subsequently been refinanced. On 31 March 2015 the overview of the Group's loan and bond agreements were as follows:

Details / Loan	Amended and restated NOR10	Amended and restated NOR06	Exploration loan Noreco Norway AS	Total
Principal amount (NOK million)	600	618	850	2 068
Outstanding 31 March 2015 (NOK million)	600	618	282	1500
Tenor	3 year	3 year	4 year	
Issue date	6 March 2015	6 March 2015	19 March 2013	
Final maturity date	6 March 2018	6 March 2018	31 December 2016	
Interest	Fixed 6.5%	Fixed 6.5%	Nibor 3M + 2.5%	
Interest payments	Semi-annual or payment in kind*	Semi-annual or payment in kind*	Quarterly	
Repayment schedule (NOK million)	Full repayment in 2018**	Full repayment in 2018**	Full repayment in December the year after the drawdown	
Main security	1st lien in the fields Huntington, Cecilie, Nini, Nini East og Lulita	1st lien in Oselvar, tax positions	Tax refund for Norwegian exploration activity, and all norwegian exploration licenses	

* Semi-annual if sufficient cash available, otherwise payment in kind by issuance of new bonds.

** The repayment schedule could be amended if "cash sweep" is triggered. This implies that all, or parts of the outstanding amounts may be repaid before the final maturity date

The paragraphs below set out the composition of the borrowings as of 31 March 2015. The Group has no financial leasing and operating leasing of maximum NOK 118 million per year including Noreco's share of the FPSO leasing within the Huntington licence, see note 30 in the Annual Report 2014 for further information. As of 31 March 2015 the Group was in compliance with all its covenants set out in its current and new borrowing agreements.

On 31 March 2015, total debt amounted to NOK 2 120 million. Non-current debt of NOK 1 350 million comprised bond loans of NOK 676 million and asset retirement obligations of NOK 675 million. Current debt of NOK 770 included NOK 282 in exploration loan and NOK 487 million in derivatives, payables and other current liabilities. Unrestricted cash on 31 March 2015 amounted to NOK 685 million.

After the refinancing, the current interest bearing debt was NOK 282 million. This is the book value of the exploration loan due on 20 December 2015 (NOK 282 million). In addition Noreco has trade payables and other current liabilities. The trade payables on 31 March 2015 amounted to NOK 45 million. Most of this is due within 30 days. See notes 24 and 25 to the annual financial statements for payment structure of interest bearing debt and aging analysis of trade payables and other payables.

8.5.2 NOK 850 000 000 Exploration Financing Facility Agreement

NOK 850 000 000 EXPLORATION FINANCING FACILITY AGREEMENT	
Borrowers	Noreco Norway SA
Agent	Sparebank 1 SR-Bank
Lenders	Sparebank 1 SR-Bank, DNB Bank ASA, BNP Paribas, ABN Amro Bank N.V., Oslo Branch, Merchant Banking and Skandinaviska Enskilda Banken AB (publ).
Guarantor	Norwegian Energy Company ASA
Date	19 March 2013
Principal amount/ commitment	NOK 850 000 000
Amount outstanding	NOK 282 000 000

Interest rate	NIBOR + 2.5% per annum
Maturity	Full repayment in December the year after the drawdown
Break costs	Customary break cost on interests, no extraordinary break fees
Termination/pre-payment/reduction	Mandatory reductions in case of certain changes in (economical) circumstances; reduction of corporate tax or petroleum tax rate, that certain eligible costs may not be refunded pursuant to the Petroleum Tax Act, reduce of such refunds etc.
Change of control	Change of control of Noreco and delisting leads to mandatory prepayment
Other undertakings/covenants	-Budgets shall include inter alia obligations in relation to Licences. -Auditor's report shall confirm inter alia eligible costs (costs eligible for tax refund) in accordance with the Petroleum Tax Act. -Information undertakings relating to exploration program; any event that in the borrower's reasonable opinion may influence the refunds (refunds related to eligible costs). -Financial covenant relate to available funds, which shall cover cap ex and operating costs next 12 months. -Restrictions on inter alia further granting of security, sale, transfer or any dispose of secured assets. -Restrictions on dividends, reduction of share capital etc. -Restrictions on merger, demerger, amalgamation of any kind for the borrower. -The borrower shall ensure that refunds are higher than the costs used as basis for the utilisation of the facility for relevant year. -The Agent should be notified of any material correspondence with the tax authorities, and may request copies thereof.
Events of default	Customary events of default, hereunder material adverse change, and in addition fail to claim refund that the borrower is entitled to under the Petroleum Tax Act relating to exploration costs financed under the agreement.
Cross-default	Cross-default for Noreco , threshold NOK 5 million
Assignment provision	No assignment by the borrower
Governing law/jurisdiction	Norwegian law/Norwegian courts
Majority or all lenders consent	All lenders consent inter alia if "a change to the company", release of or change in the scope of any security.

Noreco’s exploration activity in Norway is for the time being dependent on having an exploration borrowing facility available. Certain amendments to the exploration loan facility agreement are currently being finalised and is expected to be executed shortly, upon which availability of the exploration loan facility will be continued. The amended agreement will include a reduction in the borrowing limit from NOK 850 million to NOK 500 million. In addition, the cross default clause will be limited to borrowings within Noreco Norway and the previously issued parent company guarantee issued by Norwegian Energy Company ASA will be cancelled.

8.6 Other Guarantees

Noreco has issued parent company guarantees on behalf of its subsidiaries Norwegian Energy Company UK Ltd and Noreco Oil (UK) Limited. Noreco guarantees that, if any sums become payable by Norwegian Energy Company UK Ltd or by Noreco Oil (UK) Limited to the UK Secretary of State under the terms of the licence and the company does not repay those sums on first demand, Noreco shall pay to the UK Secretary of State on demand an amount equal to all such sums.

On 6 December, 2007, Noreco issued a parent company guarantee to the Danish Ministry of Climate, Energy and Building on behalf of its subsidiary Noreco Oil Denmark A/S and Noreco Petroleum Denmark A/S.

On 22 January 2008, Noreco extended a parent company guarantee in favour of A.P. Moller Maersk A/S and Maersk Olie og Gas A/S on behalf of its subsidiary Noreco Oil Denmark A/S for the 9/95 Maja and 9/06 Gita licences.

On 31 December 2012, Noreco issued a parent company guarantee on behalf of its subsidiary Noreco Norway AS. Noreco guarantees that, if any sums become payable by Noreco Norway AS to the Norwegian Secretary of State under the terms of the licences and the company does not repay those sums on first demand, Noreco shall pay to the Norwegian Secretary of State on demand an amount equal to all such sums.

On 26 October 2011 the Company issued a parent company guarantee in connection with the sale by its Danish subsidiary, Noreco Oil Denmark A/S, of the South Arne field in Denmark in favor of Dong, Hess and Danoil guaranteeing as primary obligor (in Danish: *som selvskyldnerkautionist*) and not only as surety the fulfilment of any of the seller's obligations under the agreement. Bearing in mind that any claim under the representations and warranties made by seller pursuant to the South Arne sale and purchase agreement shall be made no later than at the expiry of 24 months following completion (occurred 26 October 2011) it is reasonable to believe that no claims can be made any more against the guarantee.

As a part of the transfer agreement signed 22 July 2011 for the sale of the Siri Field to DONG E&P A/S Norwegian Energy Company ASA issued a parent company guarantee pursuant to Article 17.2 of the transfer agreement in favour of Dong guaranteeing as primary obligor (in Danish: *som selvskyldnerkautionist*) and not only as surety the fulfilment of any of the seller's obligations under the agreement. It is reasonable to believe that there will be no claims made against the guarantee although formally there is no limitation period which means that usual 3 year prescription period as applicable under Danish law will apply.

On 11 July 2011 the Company issued a parent company guarantee in connection with establishment of a USD 3 million overdraft facility in Nordea. The debtor is Noreco Oil Denmark A/S, and this facility is currently not effective.

On 19 March 2013 the Company issued a parent company guarantee in connection with establishment of a NOK 1 240 million exploration loan facility in SR-Bank. The debtor is Noreco Norway AS. The borrowing limit was reduced from NOK 1 240 million to NOK 850 million in 2014. See Section 8.5.2 for further information regarding certain changes to the exploration loan facility that are expected to be completed in 2015.

8.7 **Investments**

8.7.1 Historical investments

Since start-up, Noreco’s principal investments have been investing in exploration licences through licence rounds and through acquisitions on the Danish, British and the Norwegian Continental Shelf.

The table below shows the investments in exploration (Geology & Geophysics work, studies, acquisition of seismic data and interpretation, well planning and drilling of exploration wells) and development (development of discoveries to producing fields and investments in producing fields by upgrading and drilling of infield wells) for the years 2012-2014 and the first quarter 2015.

Exploration Investments

All figures in NOK Million	Q1 2015	2014	2013	2012
Exploration	**65**	**386**	**522**	**842**
Specification				
Norway	18	332	387	702
Denmark	43	38	16	68
United Kingdom	4	16	118	72
Total	**65**	**386**	**522**	**842**

Development & Production Facilities

All figures in NOK Million	Q1 2015	2 014	2 013	2 012
Development	-	-	36	355
Production Facilities	2	12	14	131
Total	**2**	**12**	**49**	**486**
Specification				
Huntington	-	1	35	254
Oselvar	-0	0	1	212
Nini	1	9	12	17
Other	1	1	2	3
Total	**2**	**12**	**49**	**486**

The financing of these investments, exploration, development and other acquisitions has been made through cash on hand, cash flow from operations, equity issues and debt.

Noreco holds no other significant tangible fixed assets than the share of production facilities held through the ownership share in various producing oil and gas assets.

8.7.2 Committed and ongoing investments

The Company's committed expenditures for the years 2015 – 2017 in exploration and further development of producing fields are shown in the table below (The figures are present budgets and estimates for Noreco share of the committed projects expenditures).

NOK million	**2015**	**2016**	**2017**
Exploration	317	133	-
Total	**317**	**133**	-

There are no major investments in producing fields planned. Exploration expenditures relates mainly to drilling activities on the Norwegian, Danish and British Continental Shelf. See specification of committed exploration wells, and potential future exploration wells below. The potential wells are not committed before there has been taken a 'drill or drop' decision in the licence. Noreco has the possibility to vote for a 'drop' and therefor these wells are not a commitment before a 'drill' decision is taken.

Well	Q1 '15	Q2 '15	Q3 '15	Q4 '15	2016
DK 9/95 Xana					
P1889 Niobe/Kratos					
PL616 Haribo					
PL 492 Gohta 2. appraisal					
PL519 Albert appraisal					

 Firm

 Contingent

The majority of exploration licenses will, or have passed through a key milestone, when a final decision is made by the Licensees to, either relinquish the license or alternatively commit to the drilling of an exploration well. The following licenses have such Drill or Drop (DoD) milestones.

License	Country	Area	Acquired Through	Drill or Drop Date
P1889*	United Kingdom	North Sea	UK 26th Round	09.01.2015
P1934*	United Kingdom	North Sea	UK 27th Round	01.01.2019
P1989*	United Kingdom	North Sea	UK 27th Round	01.01.2017
PL701	Norway	Mid Norway	APA 2012	18.02.2016
PL744S	Norway	North Sea	APA 2013	02.07.2017
PL748	Norway	North Sea	APA 2013	02.07.2017
PL755	Norway	Mid Norway	APA 2013	07.02.2016
PL761	Norway	Mid Norway	APA 2013	07.02.2016
PL762	Norway	Mid Norway	APA 2013	07.02.2017

*Drill by date

See budget details regarding the committed expenditures for such programme (all amounts are net Noreco share):

Specification of committed exploration expenditures per country per year

NOK million	2015	2016	2017
Norway			
Wells			
Haribo	80		
Gohta*	16	133	
Other exploration, studies and area fees	67		
Total Norway	**163**	**133**	**0**
Denmark			
Wells			
Xana	58		
Other exploration, studies and area fees	8		
Total Denmark	**66**	**0**	**0**
United Kingdom			
Wells			
Niobe	45		
Other exploration, studies and area fees	43		
Total United Kingdom	**88**	**0**	**0**
Grand Total	**317**	**133**	**0**

NOK million	2015	2016	2017
Exploration	317	133	-
Total	**317**	**133**	-

* Second appraisal well committed in 2015 budget, this is however unlikely to be drilled in 2015 and may be rescheduled for 2016. A decision to drill the well in 2016 will have to be decided in the Gohta licence. Thus, an appraisal well in 2016 is contingent.

The Albert discovery is currently under re-evaluation and no firm appraisal wells are planned for 2015, although a contingent appraisal well may be drilled in 2016 depending on the results of the ongoing technical studies.

The estimated commitments are based on the licence budgets proposed by the operators. The budgets are approved by the partners in the licence. For all wells an Authorisation for Expenditure ("AFE") is prepared and approved. In the event that the final cost of the well exceeds the AFE amount by 10% a supplement AFE has to be approved by the licence partners.

Total cost for a well varies significantly, and the risk of budget deviations is high due to high cost per day and challenging time estimates per well. The budgeted expenditures for each of the committed exploration wells are as shown in the table above: (Noreco share - pre-tax); Haribo NOK 80 million (2015), Gohta appraisal NOK 149 million (2015-2016) in Norway, Xana NOK 58 million in Denmark and Niobe NOK 45 million (2015) in the UK. In addition to estimated exploration expenditures of NOK 58 million related to Xana for 2015, exploration expenditures of NOK 37 were incurred in 2014. On 31 December 2014, total capitalised exploration expenditures related to Xana amounted to NOK 60 million. Of the NOK 317 million total committed exploration expenditures in 2015, NOK 199 million relates to the committed exploration wells. The remaining NOK 118 million relates to other committed exploration expenses in the Company’s licence portfolio in 2015.

In addition to the existing cash within the Noreco Group, the expenditures will be funded by a combination of cash from operations and utilisation of the exploration loan facility. Expenditures in each licence joint venture are paid to the licence operator by monthly cash calls. Approximately 70% of all exploration expenditures in Norway will be funded with utilisation of the exploration loan facility as these expenditures incur. Exploration expenditures in Norway are subject to 78% cash tax refund in December the year after the expenses and investments have incurred, to the extent that the Company has negative net taxable income. The tax refund is pledged to the benefit of the banks in the Exploration Loan Facility. In Denmark and United Kingdom there are no such refunds of tax losses related to exploration expenditures. All cash calls must therefore be financed by available cash or other credit lines. The Danish and UK exploration expenditures are deductible from taxable income, and therefor tax related to the drilling of an exploration well in these countries will only impact the cash flow if the Company is in a tax paying position in the country it is operating. In other words, exploration expenses can be deducted against operational profits from production. The relevant UK tax rate is currently 62%, and in Denmark the relevant rate for Noreco is 25%.

As such, the pre-tax committed expenditures of NOK 317 million in 2015 will be funded with NOK 115 million in exploration loan (that is 70% of the Norwegian exploration expenditures of NOK 163 million), and the rest of the expenditures amounting to NOK 154 million will be financed with existing cash together with cash from the sale of oil and gas.

With regard to further investments in the Gohta discovery in Norway, the Company has not yet made any assessments concerning development and as such it is not possible to provide an investment amount. It is not yet known if or when the field can be developed. The Company has so far approved an appraisal well in 2015 at gross cost of approximately NOK 600 million (As included above at net level (20% share) of NOK 133 million, which is 20% of the gross budget including additional contingencies of NOK 13 million). The well was approved in the 2015 licence budget, but is currently expected to be scheduled for 2016. A decision to drill the well in 2016 will have to be decided in the Gohta licence.

8.7.3 Principal future investments

Noreco, by the nature of its business, is involved in capital-intensive exploration projects. Post the financial restructuring, the Company is no longer engaging in acquiring new commitments as such. The funding of current commitments is considered satisfactory and the group is working to further reduce these through asset disposals and farm outs of licences. Thus, in addition to the committed investments shown above, further non-committed activities and investments are expected to be very limited. For 2015 the Company expects to invest the estimated commitment of NOK 317 million. Additional investments could be needed in the event of successful exploration drilling, if the Company considers keeping and further maturing the discoveries in a best possible manor, and has the necessary funding available. On the other hand, the Company could also decide to initiate farm-out or other sales processes, in order to reduce its capital requirements.

With a revised and refocused strategy following the completed financial restructuring that was completed in March 2015, the exploration activity going forward is expected to be significantly reduced as outlined above. The previous target was to have exploration and appraisal investments of about NOK 100 million after tax per year, normally equating to three to five exploration wells pear year when the majority of activity is in Norway. The pre-tax amount would vary between approximately NOK 450 million to NOK 100 million (committed and non-committed) depending on which country and tax regime the wells were to be drilled.

For further development of the existing producing fields, there are currently no significant investment plans in the period ranging from 2015 to 2017. No significant development investments are currently committed.

Future investments, if any, may be financed the same way as the 2015 commitments. Approximately 70% of the exploration expenditures in Norway can be funded with utilization of the exploration loan facility, and the remaining part of the investments must be funded with free cash generated from sale of oil and gas, or free cash received as consideration for sale of new or current discoveries.

Investments in Denmark will be done through the wholly-owned subsidiary Noreco Oil Denmark A/S which is a guarantor in the Amended and restated NOR10 loan.

Investments in the UK are expected to be limited as the Huntington Development was completed in 2013 and the only current exploration commitment is related to the Niobe well in 2015.

8.8 Fixed Assets

Tangible fixed assets include production plants, plants under construction, fixtures, etc. Tangible fixed assets are measured at cost, less accumulated depreciation and impairment losses. Facilities under construction are not depreciated until the asset is put into operation. The cost price of facilities under construction comprises the purchase price plus costs directly attributable to the acquisition incurred until the time the asset is ready to be put into operation. For assets where decommissioning and dismantling liabilities arise, and these liabilities are recognised as such, the liabilities will be added to the acquisition cost of the relevant asset. In case the economic life of the different parts of an asset is different, the cost price of that asset is divided into the separate parts which are depreciated individually.

Costs incurred after the tangible fixed asset has been put into operation, as repair and maintenance costs, are normally expensed. If it can be demonstrated that the repair/maintenance has led to increased earnings, the costs will be capitalised as additions to property, plant and equipment.

When assets are sold, disposed of or replaced, the cost price and accumulated depreciations are reversed, and any losses or gains from the removal recognised in profit or loss.

Production facilities comprise investments in facilities and infrastructure used in the production of hydrocarbons. The cost price of production facilities, and any capitalised amounts resulting from provisions for decommissioning and removal, are depreciated in accordance with the units of production method. Depreciation is carried out in line with the production of hydrocarbons in relation to the estimated recoverable reserves in each field. Capitalised costs which can be ascribed to and used during the field's entire lifespan are depreciated in relation to total proved reserves. Costs related to developed reserves are depreciated in relation to total developed reserves.

The cost of other property and equipment is depreciated over the economic life of the asset, using the straight line method.

The depreciation periods used are as follows:

• Fixtures and other equipment 3-5 years

The depreciation period and method is reviewed annually to ensure that the method and period used corresponds with the asset's actual economic situation. The same also applies to the asset's scrap value.

The Group each year assesses whether there is an indication that the production plants have been impaired. Factors which are relevant to the individual asset are emphasised. Both external factors, such as the market price of hydrocarbons and technological developments, and internal factors, such as the Group's intentions for continued use, cost of use, and wear etc., are considered. If there are indications that an asset is impaired, an assessment is made of the asset's residual value. If the carrying amount of an asset exceeds its residual value, an impairment loss is recognised.

Write-downs which have been recognised in previous accounting periods are reversed when it becomes apparent that the circumstances prompting the write-down no longer exist or have decreased. The reversal is recognised in profit or loss or recorded as an increase in previously impaired values. However, a reversal is not carried out if the increased carrying amount of an asset attributable to a reversal of an impairment loss exceeds the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Reference is made to note 13 in the annual financial statements for 2014 for further information about the Group's fixed assets.

8.8.1 Property and Operational assets

Property Norway

The Group leases office and storage premises located in Stavanger in Norway.

The offices are leased from Badehusgata 33-39 AS, a legal entity subsidiary to the company Norwegian Property ASA, and there are 69 months left of the first 78 month lease period. The Group holds options to extend the period by two more periods of 2 years each at nil cost. The size of the offices is 1 768 m2 gross. The office space is purely used for office staff and related activities and contains normal office furniture, IT equipment and supplies.

A storage room of 30 m^2 gross is leased from the same company for an undefined period at a cost of NOK 22 500 per year. The space is used for storing documents and office supplies.

Property Denmark

The Group also leases office premises in a modern building of high standard in Lyngby.

Parallelvej 14, 2800 Lyngby: The offices are leased from Regus Management Aps. The initial contract was for 24 months from 1 March 2012 until 28 February 2014. The lease has been extended, where Noreco has a right but no obligation to lease the property until 28 February 2017. Noreco Group holds options to further extend this contract. The size of the offices is 211 m^2. The lease can at any given time be terminated with 4 months' notice. The office space is purely used for office staff and related activities and contains normal office furniture, IT equipment and supplies.

Operational assets

For a description of the Group's operational assets, we refer to section 10.7 "Overview of the licences", where each of the licences are described and also the operation assets related to the licenses if such assets exists or are planned. The utilisation of the Group's operational assets depends on the production at the relevant fields where the Group has licences.

The daily operation and management of the operational assets related to the Company's participating interest in producing oil field are materially impacted by environmental considerations, as offshore production of hydrocarbons generally is associated with carbon emissions and concerns around local pollution. The Company is not aware of any environmental issues that would restrict or limit the Group's current use of its operational assets. All the Group's activities are carried out in compliance with the environmental requirements of its jurisdictions. For more information regarding environmental requirements and regulations, please refer to section 10.11 "Environmental issues" of this Prospectus.

Future minimum payments under non-cancellable lease agreements

(NOK million)	Office premises*	Operational assets**
2014	19.8	107.5
2015	3.4	107.5
2016	2.8	115.1
2017	2.8	110.7
2018	2.9	110.9
>2018	5.9	28.9

* Total minimum under lease agreement. ** Primarily associated with Huntington.

9. THE MARKET

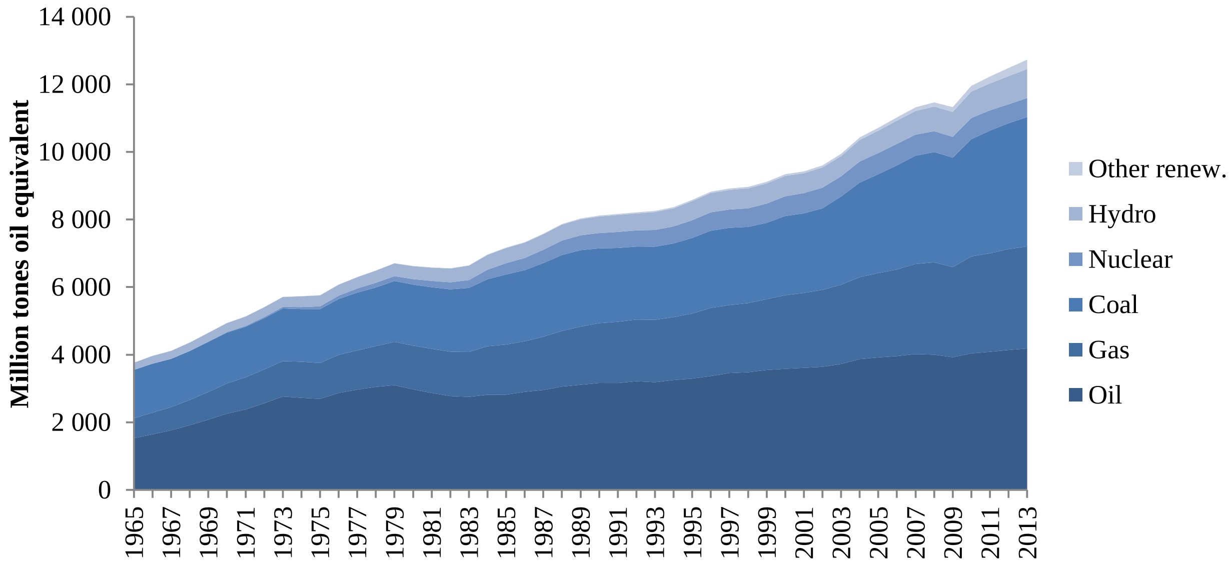
The following discussion and the discussion appearing under section 9 of this Prospectus contain information sourced from third parties. The Company confirms that this information has been accurately reproduced and that, as far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

9.1 The global energy market

The world energy consumption has seen a steady increase since the industrial revolution, and is expected to continue to do so in the years to come. Fossil fuels continue to supply more than 86% of the world's energy of which 33% is oil, according to BP Statistical Review of World Energy June 2014.

The world consumption of primary energy – including oil, natural gas, coal, nuclear, hydro power and other renewable energy – increased by 2.0% in 2013, according to BP Statistical Review of World Energy June 2014. Global oil consumption increased by 1.4 million barrels per day or 1.4% in 2013, and is by the International Energy Agency (as of February 2015) reported to have increased by 0.7% in 2014.

Figure: World Energy Consumption



Source: BP Statistical Review of World Energy June 2014

9.2 The oil market

Oil is a common description for hydrocarbons in liquid form. Crude oil produced from different oil fields varies greatly in composition, and the composition and distribution of hydrocarbon components determines the weight of the oil, with light crude oil having a higher percentage of light hydrocarbons than heavier oil. Light oil requires less refinement to be usable, and is therefore more valuable than the heavy oil.

Oil is well suited for storage and transportation, and is transported over long distances in large crude oil tankers or pipelines. Because of this, oil is a commodity with a well-developed world market. The prices are determined on the world's leading commodities exchanges, with NYMEX in New York and the ICE in London as the most important markets for the determination of world oil prices. Relative oil price differentials are primarily determined by the weight of the oil and its sulphur content, with WTI, the main benchmark for NYMEX, as the lightest and sweetest (less sulphur) of the main benchmarks in oil pricing. Brent crude, the main benchmark for ICE is slightly heavier.

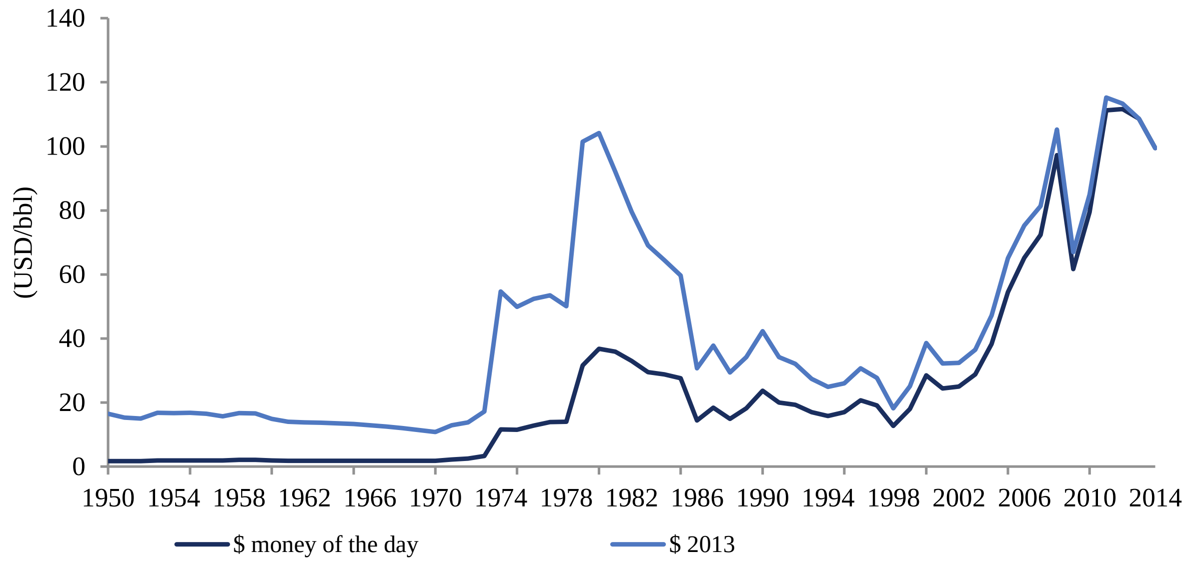
Crude oil is used for a variety of purposes, the most important being the production of energy rich fuels, with 76% of the hydrocarbons being used for gasoline, diesel, jet fuel and other fuel oils[1]. The remaining hydrocarbons are used as raw material for many chemical products, including pharmaceuticals, solvents, fertilisers, pesticides, and plastics.

9.3 The oil price

Oil prices traded at all-time high levels (in terms of annual average) for the most of 2011, 2012, 2013 and the first half of 2014, and the Brent oil price largely was in a USD 100-125/bbl range. Since the summer 2014 however, oil prices have declined steeply and Brent reached USD 47/bbl in mid January 2015. The price decline has been a result of an oversupplied market driven by weaker than expected global oil demand growth in the second half of 2014, strong growth in US oil production and recovering Libyan oil production. At the same time, the near term supply demand outlook (first half of 2015) has been weak and OPEC has shown no willingness to curtail production in order to support the oil price. Since January, the Brent price has recovered somewhat and was fairly stable around USD 60/bbl in the first week of March.

As evidenced by the recent decline, the oil price is highly dependent on the current and expected future supply and demand of oil, and is as such influenced by global macroeconomic conditions and may experience material fluctuations on the basis of economic indicators, material economic events and geopolitical events. Historically, oil prices have also been heavily influenced by organizational and national policies, most significantly the implementation of OPEC and subsequent production policies announced by the organization. The figures below show the historical oil price development from 1950 to 2014, as well as the development in Brent prices from 2011 until today.

Figure: Historical oil price, annual average



Source: BP Statistical Review of World Energy June 2014; Bloomberg

[1] Source: Annual Energy Review 2007, Energy Information Administration

Figure: Brent oil price, daily from 1 Jan 2011 to 6 Mar 2015

Source: Bloomberg

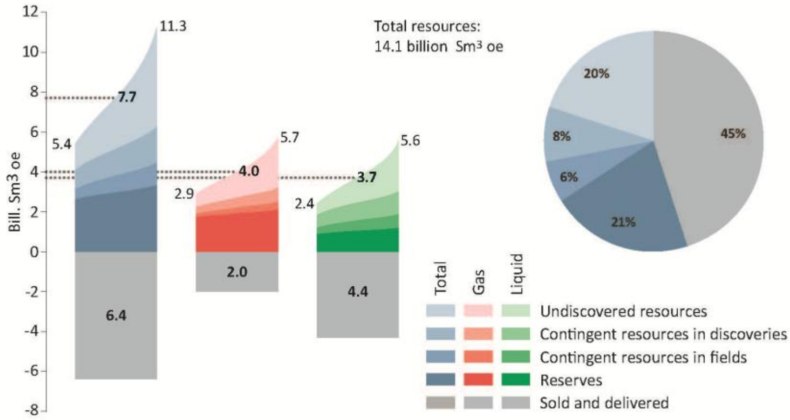
9.4 The Norwegian Continental Shelf

The Norwegian Continental Shelf ("NCS") is the continental shelf over which Norway exercises sovereign rights as defined by the United Nations Convention on the Law of the Sea and the Norwegian Petroleum Act. Its major parts are the shelves of the North Sea, Norwegian Sea and Barents Sea. The area of the shelf is four times the area of Norway's mainland and constitutes about one-third of the European continental shelf.

According to the Norwegian Petroleum Directorate ("NPD"), Norway was ranked as the world's 15th largest oil producer and 6th largest gas producer in 2013. In 2014, 216.7 million saleable Sm^3 of oil equivalents were produced, about half of which was gas. This is 18% lower than peak production in 2004, but 1.4% higher than production in 2013. As of January 2015, a total of 79 fields are in production on the Norwegian shelf. In the period 2015-2019, the NPD estimates total oil production on the NCS to 422 million Sm^3, approximately 9% lower than the previous five-year period. Production that has already been approved accounts for 94% of the estimated production volume.

As of January 2015, the NPD estimates the discovered and undiscovered petroleum resources on the NCS to approximately 14.1 bn Sm^3 of oil equivalents. Of this, a total of 6.4 bn Sm^3 of oil equivalents have been sold and delivered, corresponding to 45% of the total resources. Discovered and undiscovered reserves amount to 4.9bn and 2.8bn Sm^3 of oil equivalents respectively.

Figure: Resources on the Norwegian Continental Shelf as of 2014



Source: Norwegian Petroleum Directorate, Norwegian shelf in numbers, maps and figures

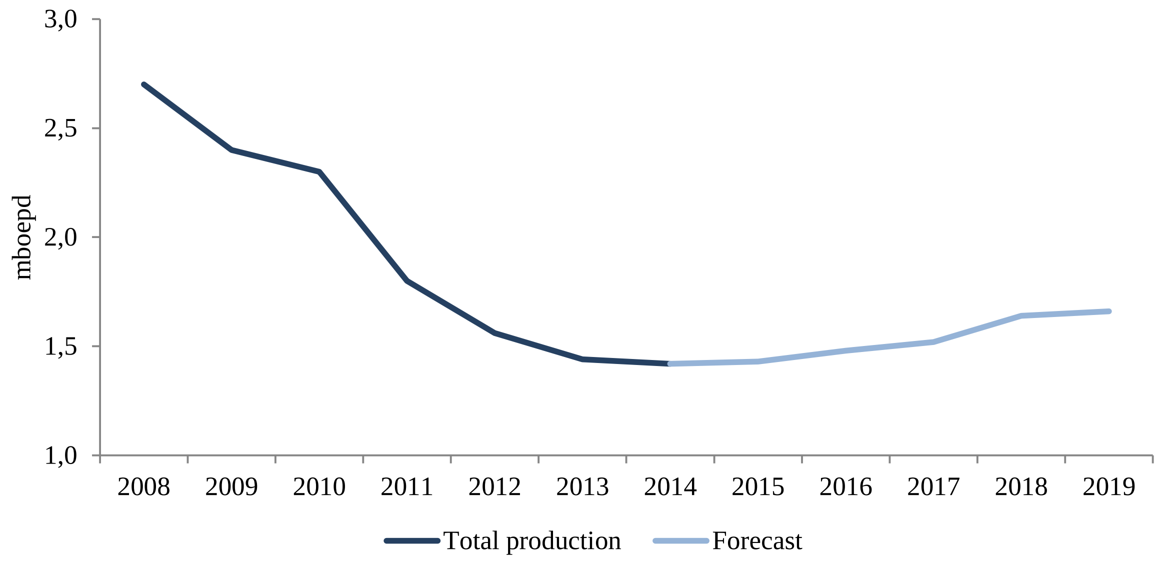
There are two systems for awarding licences on the NCS. Through Awards in Pre-defined Areas ("APA"), companies can apply for licences in areas close to existing and planned infrastructures. In the APA 2014, 54 new production licences on the NCS were issued to 43 companies. In addition to the APA-system, there is a system of ordinary concession rounds held normally every second year. These rounds focus on frontier areas on the shelf where the potential for petroleum is less explored.

Exploration on the NCS is incentivized by the Norwegian tax system, allowing companies to recoup up to 78% of their exploration costs. In recent years, new entrants have been awarded an increasing number of new licences and the major existing players have also increased their activity. In 2014, 56 wells were drilled and 22 new discoveries were made. The resources in these new discoveries amount to between 40-110 million Sm^3 of oil/condensate and 25-75 billion Sm^3 of recoverable gas. Exploration activities in the North Sea has been somewhat reduced after the Johan Sverdrup discovery was finally delineated. However, exploration activity in the Barents Sea has been high. Due to the drop in oil price, the NPD expects exploration costs to be lower in 2015.

9.5 The United Kingdom Continental Shelf

According to the Economic Report 2013 by Oil & Gas UK ("OGUK"), the UK was the third largest gas and second largest oil producer in Europe, and the 25^{th} and 22^{nd} largest in the world for oil and gas in 2013 respectively. According to OGUK's Activity Survey 2015, UK production of oil and gas was 1.42 million boe per day in 2014, a decline of around 1% from the 1.44 million boe per day produced in 2013. Over the last decade, both oil and gas production has declined steadily. In 2015, OGUK expects production from the UK Continental Shelf ("UKCS") to increase for the first time in 15 years. Further into the future, OGUK sees more uncertainty with regards to production. However, as there still are a number of significant ongoing developments yet to produce first oil or gas in the coming years, production estimates indicate an upturn in production by 2017.

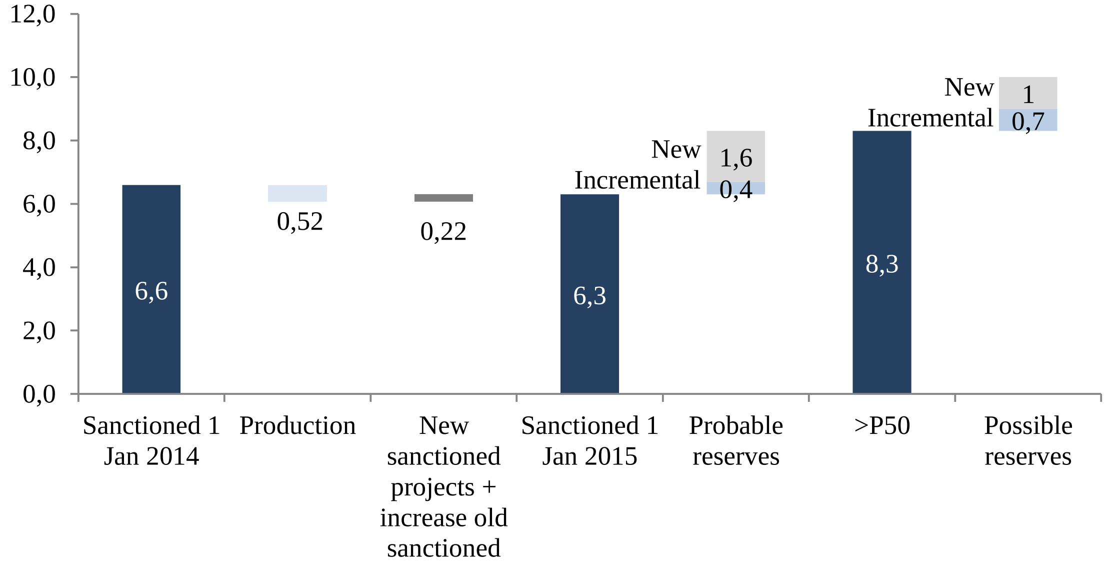
Figure: Production forecast for the UK Continental Shelf



Source: Oil & Gas UK, "Activity Report 2015"

A total of approximately 44 billion boe has so far been recovered from the UKCS. In the Activity Survey 2015, a total of 10 billion boe is reported as potentially recoverable resources over the upcoming 40 years. Compared to 2014, sanctioned reserves in production or under development have fallen from 6.6 billion boe to 6.3 billion boe. Furthermore, there are around 3.7 billion boe that could potentially attract investment, down from 4 billion boe reported in 2014. Of the 3.7 billion boe of potential investment opportunities, less than 2.0 billion boe are likely to be developed based on intentions as of 4th quarter 2014. OGUK expects a further reduction in this number.

Figure: Build-up of the UKCS reserves base



Source: Oil & Gas UK, "Activity Survey 2015"

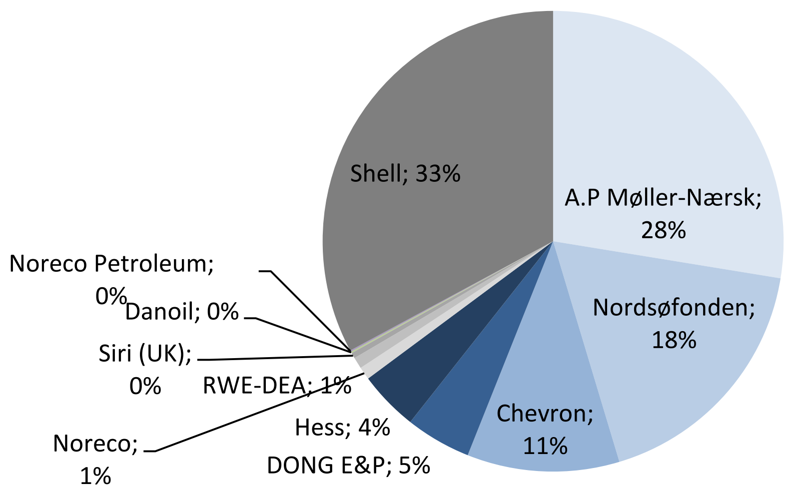
The UK government has traditionally awarded licences via periodic (now annual) licensing rounds. Blocks are awarded on the basis of the work program bid by the participants. The UK government has actively solicited new entrants to the United Kingdom Continental Shelf (UKCS) via “Promote” licensing rounds, with less demanding terms, and the fallow acreage initiative, where non-active licences have to be relinquished.

9.6 The Danish Continental Shelf

According to the Danish Energy Agency (“DEA”), overall the Danish Continental Shelf (the “DCS”) contains in total 19 producing fields of varying size. A total of eleven companies had working interests in the producing fields in 2013, and three of these are operators responsible for the production: DONG E&P A/S, Hess Denmark ApS and Mærsk Olie og Gas A/S. In 2013 a large number of planned and unplanned shutdowns took place, which meant that only 12 out of 19 fields were actually in production during the last five months of 2013. Total production of oil amounted to 10.2 million m^3, a decline of 13.2% compared to 2012. Natural gas production was 4.7 billion Nm^3, of which 85% was exported ashore as sales gas. This represents an 18.2% decrease compared to 2012.

For 2014, DEA expects production to total 9.9 million m^3 of oil, equal to about 171,000 barrels of oil per day, and 4.5 billion Nm^3 of sales gas, equal to a combined total of about 253,000 barrels of oil equivalents per day. In the period 2014-2018 a general decline in production is expected. However, the production level is expected to stabilize in 2016 and 2017, mainly due to the startup of production from the Hejre field.

Figure: Breakdown of oil production by company

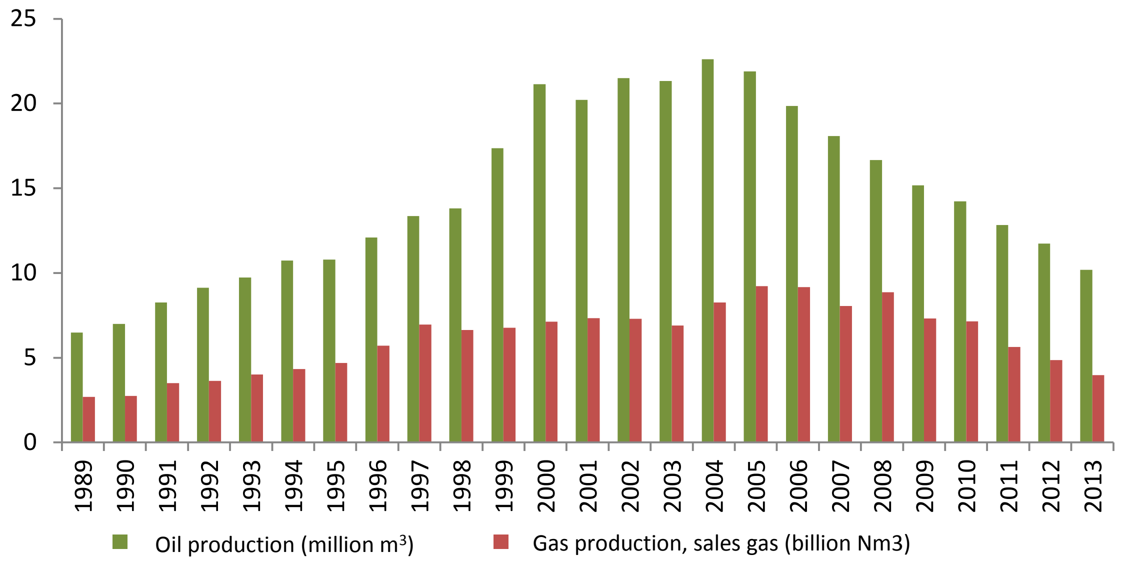


Source: Danish Energy Agency, “Oil and Gas Production in Denmark 2013”

As of January 1 2014, DEA estimates oil reserves on the DCS to 107 million m^3 and sales reserves of sales gas to 37 billion Nm^3. The reserves estimate has been revised downwards compared to the previous assessment in 2012, mainly attributable to production in 2012 and 2013.

Since 1983, areas in the Danish North Sea have been offered to interested oil companies in a system of rounds. Six Licensing Rounds have been held and the 7th Licensing Round is currently at its final stages. The Danish Energy Agency has received 25 applications in its 7th Licensing Round, and licences are expected to be issued in the first half of 2015. Going forward, the DEA intends to launch new Licensing Rounds approximately one year after completion of the previous round. The DEA aims to initiate the 8th Licensing Round in mid-2016. In addition to the Licensing Rounds, Denmark also has an Open Door procedure for applying for licences in some unlicensed areas. A “first come first served” policy applies according to the licence conditions. To date, no commercial oil or gas discoveries have been made in the Open Door area, and these applications are therefore subject to more lenient work program requirements than in the western part of the North Sea, where applications are granted through Licensing Rounds.

Figure: Development of oil and gas production on the DCS



Source: Danish Energy Agency, " Yearly production, injection, flare, fuel and export in SI units 1972-2013"

10. THE COMPANY'S BUSINESS

10.1 General

Norwegian Energy Company ASA (commercial name: Noreco) was incorporated on 28 January 2005 and registered in the Norwegian Register of Business Enterprises on 12 March 2005, with registration number 987 989 297. The Company is incorporated in Norway and organised as a public limited liability company in accordance with the Norwegian Public Limited Companies Act. Noreco is listed on Oslo Børs and holds the ticker code "NOR" and ISIN NO 0010379266.

Noreco's registered address is Badehusgata 37, N-4014 Stavanger, Norway. The Company's telephone number is + 47 99 28 39 00, and its web address is www.noreco.com.

According to Section 3 of the Articles of Association**,** the purpose of Noreco is exploration, production and purchasing within the oil and gas industry. It is also stated that the Company will seek ownership in production licences by participating in new rounds of licensing and purchasing ownership interests of existing licences.

10.2 History – selected events

Noreco was founded on 28 January 2005 by Takla Energy AS (registration number 987 756 306), Kongsgårdbakken 1, N-4001 Stavanger, Norway; Melberg Invest AS (registration number 980 109 151) Kongsgårdbakken 1, N-4001 Stavanger, Norway; IKM Gruppen AS (registration number 965 138 498) Ljosheimveien 3, N-4050 Sola, Norway and Melberg Partners AS (registration number 989 551 434) Kongsgårdbakken 1, N-4001 Stavanger, Norway.

In October 2005, Lyse Energi, Hitec Vision, 3i and Noreco's founders agreed to raise up to NOK 550 million in new equity in the Company, and they remained the primary owners of Noreco until May 2007, when the Company raised NOK 880 million in new capital from Norwegian and international institutional investors and was transformed to a Norwegian public limited liability company.

In May 2007, Noreco started acquiring shares in Altinex ASA (now Altinex AS), a Norwegian oil company listed on Oslo Børs.

On 11 May 2007, Noreco issued a NOK 440 000 000 senior unsecured convertible bond loan, and effective as of 9 July 2007 the Company issued two senior secured callable bond loans totalling NOK 2 800 000 000, both in order to finance the acquisition of Altinex.

On 23 July 2007, Noreco put forward a mandatory offer for the remaining shares in Altinex ASA to an offer price of NOK 22 per Altinex share, and increased its holdings to a total of 192,146,106 shares representing 97.14% of the share capital in Altinex after the expiry of the acceptance period. Due to the high acceptance level, Noreco decided to carry out a compulsory acquisition of the remaining shares in Altinex at the same price as in the mandatory offer. As a consequence, on 29 August 2007 Noreco gained 100% ownership of Altinex.

On 3 September 2007, the extraordinary general meeting of Altinex resolved to apply for a delisting of its shares from Oslo Børs. The shares were de-listed on October 13, 2007.

On 10 October 2007, the extraordinary general meeting of the Company resolved, inter alia, to split the face value of the Shares into 4, creating a new face value of NOK 3.10 per Share.

On 19 October 2007, Noreco completed a private placement of shares totalling NOK 550 million in gross proceeds.

On 26 and 31 October 2007, Noreco announced its sale of Altinex Services AS and Altinex Reservoir Technology AS respectively, to IKM Testing AS.

On 9 November 2007, Noreco was listed on Oslo Stock Exchange with the ticker code "NOR".

On 25 April 2008, Noreco announced its agreement to acquire all the shares in Talisman Oil Denmark Limited for a consideration of USD 83 million. In order to partly finance the transaction and to increase the equity for general corporate purposes, Noreco completed on 28 April 2008 a private placement totalling approximately NOK 450 million.

On 3 June 2008, Noreco repaid in full its 130 million USD 12.00% Geopard A/S Callable Bond Issue 2006/2012 (the “Geopard Bond”), at a total cost of 142 million USD, which includes accrued interest, a premium to the bondholders and a gain on the currency hedging related to the bond.

On 3 November 2008, Noreco received approval from the NOK 2 800 million bondholders to redeem NOK 560 million of bonds at par value and remove the covenant related to the market adjusted equity ratio in the loan agreement.

On 20 March 2009, Noreco received approval from the bondholders for a refinancing of the existing NOK 2 240 million bond (OSE: NOR01 and NOR02). The refinancing entailed a new amortisation profile and extension of parts of the loan, which enhanced Noreco's financial position.

On 4 May 2009, Noreco was awarded five of the total of 21 licences awarded in the 20th licensing round, second only to StatoilHydro in terms of number of licences. The licences Noreco were offered were all in the Norwegian Sea.

In May 2009, Noreco completed a private placement for a total of 13 400 000 new shares at NOK 16 per share, with gross proceeds of approximately NOK 214 million. The proceeds from the private placement were used to fund an expected increase in capital expenditure related to the recent exploration success and general corporate purposes.

On 29 June 2009, Noreco entered into a NOK 1 050 million loan facility agreement with Sparebank 1 SR-Bank (lead), DnB NOR and BNP Paribas which would partly finance Noreco's exploration and appraisal activities in Norway in 2009 and 2010.

On 23 September, Noreco completed a private placement for a total of 80 000 000 new shares at NOK 15 per share, raising gross proceeds of NOK 1 200 million and to be used to strengthen the Company’s financial position and finance capital expenditures related to development of certain oil and gas discoveries and for general corporate purposes.

On 29 October 2009, Noreco completed a subsequent offering of a total of 5 164 829 new shares at NOK 15 per share, raising gross proceeds of NOK 77.5 million.

On 30 November 2009, Noreco completed refinancing of NOR01 and the NOR02 bonds and completed the issue of two bonds totalling NOK 2 000 million.

On 30 November 2009, Noreco announced that the Company completed the early repayment of all outstanding bonds in NOR01 and NOR02. NOR01 totalling NOK 400 million and NOR02 totalling NOK 1 840 million were called according to the loan agreement at 103% of par value.

On 19 July 2010, Noreco announced that the Company had entered into an agreement to sell its 20% interest in PL378 to Talisman Energy Norge AS for a consideration of USD 43 million. The licence contained the Grosbeak oil discovery.

On 17 September 2010, Noreco announced a restatement and amendment to the reserve based loan facility of USD 350 million, of which USD 320 million was committed. The loan was secured by pledge in Noreco’s producing assets in Denmark and United Kingdom and subsidiaries in Denmark. The bank consortium consisted of eight banks and was led by BNP Paribas. The interest terms were LIBOR plus 2.5- 3.5%. Final maturity date was been extended by one year to 31.12.2014.

On 17 September 2010, Noreco announced that the exploration loan facility was increased with NOK 500 million to NOK 1 550 million. The consortium for this facility consisted of four banks and was led by Sparebank 1 SR-Bank. Interest rate terms were NIBOR plus 3%.

On 23 November 2010, Noreco announced the result of arbitration announced on 22 March 2010 concerning a disagreement related to an agreement between Noreco and Norsk Tillitsmann ASA. The issue at stake was the conversion price in Noreco’s NOK 218.5 million convertible bond loan with ISIN NO 001036883.0. The conclusion was in accordance with Noreco’s contentions.

On 3 March 2011, Noreco announced that Marubeni Corporation, the buyer of Noreco's shares in the Norwegian oil fields Oselvar and Enoch, had not yet fulfilled the requirements applicable to a licensee on the Norwegian Continental Shelf.

On 23 March 2011, Noreco announced that it would remain independent. The conclusion was drawn after a thorough investigation of the Company's strategic review of alternatives in order to enhance shareholders' value. It was also announced that the Board of Directors had appointed a new CEO, Mr Einar Gjelsvik.

On 29 March 2011, Noreco announced that the Board of Directors and management had chosen to terminate the agreement to sell Noreco's interests in the Oselvar and Enoch fields to Marubeni Corporation (Marubeni).

On 1 April 2011, Noreco announced the successful completion of a new 5 year senior secured bond issue of maximum NOK 600 million. On 4 April it was notified that the two tranches of the bond issue were allocated NOK 275 million to the fixed tranche and NOK 325 million to the floating rate tranche.

On 24 May 2011, Noreco signed an agreement to sell its shares in the Brage oil field and licence PL348 including the Hyme discovery to Core Energy for a consideration of USD 85 million net of tax with effective date 1 January 2011. The transaction was completed on 28 July 2011.

On 25 July 2011, Noreco announced it had entered into an agreement to sell its interests in the Siri field in Denmark to DONG Energy. The agreement involved Noreco's 50% interest in licence 6/95 in Denmark, and the price was USD 13 million with effective date 1 July 2011. Noreco's ownership in Siri's satellite fields Nini East, Nini and Cecilie remained unchanged and unaffected. As part of the agreement Noreco would not carry any historical or future costs related to the permanent repair solution for the Siri field. These costs were at the time estimated to be DKK 2 billion in total. Noreco also retained all existing and future insurance claims relating to the damage to the caisson support structure of the Siri platform, as well as certain tax balances in Altinex Oil Denmark. The transaction was completed in December 2011.

On 11 August 2011, Noreco announced it had entered into an agreement to sell its interests in the South Arne oil field in Denmark to Hess Denmark ApS for a consideration of USD 200 million.

On 21 October 2011, Noreco announced it had entered into an agreement to sell its 20% share of licence PL435 on Haltenbanken to OMV (Norge) AS. Licence PL435 contained the gas discovery Zidane-1 which was made in 2010. The agreed consideration was NOK 180 million. The transaction was completed late December 2011. As part of the agreement, Noreco was also entitled to a volume-dependent consideration if a discovery was made in the next well in the licence on the Zidane-2 prospect. Such conditional amount would be payable upon approval of a PDO which included Zidane-2. The well was completed in April 2012 as a discovery.

In March 2012, Noreco completed the drilling of its first operated exploration well in Denmark, the Luna-1X well. The operation was performed without any incidents related to health, safety or environment. The well did not encounter hydrocarbons.

In April 2012, Noreco completed the drilling of its first operated exploration well in the Barents Sea, the Eik well in licence PL396. The operation was performed without any incidents related to health, safety or environment. The well did not encounter hydrocarbons.

On 4 July 2012, Noreco announced it had entered into an agreement with Lundin Petroleum and Det norske oljeselskap to acquire a 20% share in licence PL492 in the Barents Sea.

On 1 October 2012, Noreco announced that it raised NOK 400 million in gross proceeds through a private placement, conditional on, among other factors, on raising NOK 300 million in a new bond issue that was successfully completed on 2 October 2012.

On 26 October 2012, Noreco announced that it had been offered six licences including four operatorships in the 27th Seaward Licensing Round in the United Kingdom. The majority of the new licences were located close to Noreco's existing acreage, including licences close to the Huntington field.

On 26 November 2012, Noreco announced that its fully owned subsidiary Noreco UK Ltd had entered into an agreement to sell 11.9% of the UK licence PL1666. After the transaction, Noreco would retain a 10% interest in the licence. The sales consideration consisted of GBP 2.4 million in cash, plus a carry of drilling costs for Noreco’s retained interest of up to GBP 2 million.

On 26 November 2012, Noreco announced that production from the Oselvar field, where the Company has held a 15% interest, was restarted after being shut down since 12 September, 2012, following incidents on the host platform Ula.

On 14 December 2012, Noreco announced that drilling was completed on the Jette prospect in licence PL385. Although the well encountered gas, the preliminary calculations indicated that the discovery was non-commercial.

On 2 January 2013, Noreco announced that it had completed the reorganization of the Noreco Group structure, transferring all production licences and operatorships from the parent company Norwegian Energy Company ASA (which discontinued its direct petroleum activities) to its subsidiary Noreco Norway AS. The reorganization was completed in order to provide for more efficient operations.

On 9 January 2013, Noreco announced that drilling on the Romeo prospect in UK licence PL1666 was completed. The well encountered oil, but the reservoir quality was poor and further studies were required for the discovery to be sufficiently evaluated.

On 13 February 2013, Noreco announced that it has successfully completed a new unsecured bond issue of NOK 300 million with maturity in February 2016 (NOR09).

On 28 February 2013, drilling on the Ogna prospect in licence PL453S in the North Sea was completed. The well was dry.

On 20 March 2013, Noreco announced that it had through its subsidiary Noreco Norway AS renewed its bank facility for funding exploration activities in Norway. The facility amounted to NOK 1 240 million and is valid through 2016.

On 22 March 2013, Noreco announced that an extraordinary general meeting was held and that a proposal for new board members was approved. After this, the board of directors consisted of the following members elected by the shareholders: Ståle Kyllingstad (Chairperson), Hilde Drønen, Eimund Nygaard, Erik Henriksen and Marika Svärdström.

On 12 April 2013, Noreco announced that the drilling on the Scotney prospect in UK licence P1658 was about to be completed and that the well was dry.

On 22 April 2013, Noreco announced that the drilling on the Lupin prospect in licence PL360 in the Norwegian part of the North Seas was completed and that the well did not encounter hydrocarbons.

On 13 May 2013, Noreco announced that Svein Arild Killingland was appointed as new CEO, replacing Einar Gjelsvik. Killingland (57) was previously employed as Senior Partner in HitecVision (2010-12), and has past experience from positions in Statoil, Revus Energy and Wintershall, predominantly within upstream oil and gas business development.

On 8 July 2013, Noreco announced that a bondholder meeting was held and that certain waivers and amendments to the NOR05 bond were approved.

On 9 August 2013, Noreco announced that production from the Oselvar field was shut down due to a defect gas compressor at the host platform Ula, after only five days of production following an extended shut down in June and July due to planned maintenance work. Noreco later announced that production from Oselvar resumed on September 7, 2013.

On 22 August 2013, Noreco announced that the production had resumed on the Huntington field after being shut in since 8 August 2013, due to concerns with the cargo tank venting activities during low wind conditions. The same day, Noreco also announced that directors Erik Henriksen and Marika Svärdström gave notice of resignation from the board of directors.

On 10 September 2013, Noreco announced that oil was discovered at the Gohta prospect in licence PL492 in the Barents Sea, where Noreco holds a 20% interest. On 2 October 2013, Noreco announced that testing of the well was successfully completed with the reservoir showing good production characteristics and that it was the first successful test in Permian carbonates on the NCS.

On 21 October 2013, Noreco announced a refinancing of outstanding bonds totalling NOK 3.1 billion and the launch of a private placement of new equity. The private placement was successfully completed on 23 October 2013, raising NOK 430 million at NOK 0.10 per share, while the refinancing of outstanding bonds was approved at a bondholders meeting on 5 November 2013, following several amendments to the proposed terms.

Due to troubled and deferred production, withdrawal of credit from the reserve based lending facility banks and a claim for warranty for abandonment expenditures for the Danish fields Nini, Nini East and Cecilie such refinancing became essential for Noreco to be able to continue as a going concern.

On 5 November 2013, bondholder meetings for all outstanding bonds were held. The refinancing proposal was approved for each loan.

On 5 November 2013 Noreco received a loan commitment for a short term bridge facility from Swedbank amounting to NOK 40 million. The loan agreement was formally signed on 15 November 2013. The loan carries an interest of three month NIBOR plus a 4.4% margin and any drawn amount was to be repaid before 9 December 2013 after the new equity is paid to the Company.

On 15 November 2013, the board considered the Amalie report received from the operator which suggests relinquishing the licence. The board decided to concur with the operator recommendation.

On 15 November 2013, an extraordinary general meeting was held for the Company where the entire refinancing proposal was approved by the shareholders.

On 3 December 2013, Noreco announced that it had received a final confirmation from the Norwegian tax authorities regarding the Company's special tax refund in the amount of NOK 723 million (plus interest).

On 9 December 2013, Noreco announced that the Noreco Group had repaid the entire reserve based lending facility (RBL) it held with a consortium of banks led by BNP Paribas, as well as all incurred interest on the previous bonds.

On 19 December 2013, Noreco announced that it had entered into an agreement to sell 35% of UK licence P2032 to Total E&P UK. Total will compensate Noreco by carrying its share of the seismic costs, as well as cover drilling costs for Noreco in the event that the licence partnership decides to drill the licence. After the transaction, Noreco will keep a 15% interest in the licence. The agreement is effective from 1 December 2013.

On 21 January 2014, Noreco announced that it had been awarded five new licences through the 2013 APA in Norway. Noreco was offered Operatorship in two of the licences.

On 8 April 2014, Noreco announced the start of drilling the Verdande well (6608/10-16) in the Noreco operated licence PL484, block 6608/10.

On 23 May 2014, Noreco announced the commencement of the drilling of an appraisal well on the Lundin operated Gohta discovery in licence PL492 in the Barents Sea.

On 2 June 2014, Noreco announced the completion of the drilling of the Noreco operated Verdande well in PL484. The well encountered hydrocarbons in two different sections; however the well was abandoned without testing.

On 21 July 2014, Noreco announced the preliminary results of the Gohta appraisal well. The appraisal well was drilled to a total depth of 2 490 meters below the sea surface. As expected a reservoir was encountered with gas above oil in Permian carbonates. The reservoir is in younger rocks than that in the discovery well. Data from the appraisal well indicates that there is contact between the two wells and that the gas/oil and oil/water contact are at the same level across the entire structure.

On 24 November 2014: The Board of Norwegian Energy Company ASA appointed Tommy Sundt as CEO following the departure of Svein Arild Killingland. On the same date, Odd Arne Slettebø was appointed as Chief Financial Officer (CFO).

On 9 December 2014, Noreco announced the commencement of the drilling of the Xana-1 well in Danish licence 9/95.

On 15 January 2015, Noreco announced that as part of a multi-lateral agreement, it had reduced its ownership in the Danish licence 9/95 from 20.1% to 16%.

On 19 January 2015, Noreco announced that Noreco's ownership and operatorship in the PL484 licence will be transferred to North Energy ASA. Noreco has however maintained the right to re-enter the licence with a reduced equity share in the future should they wish to do so.

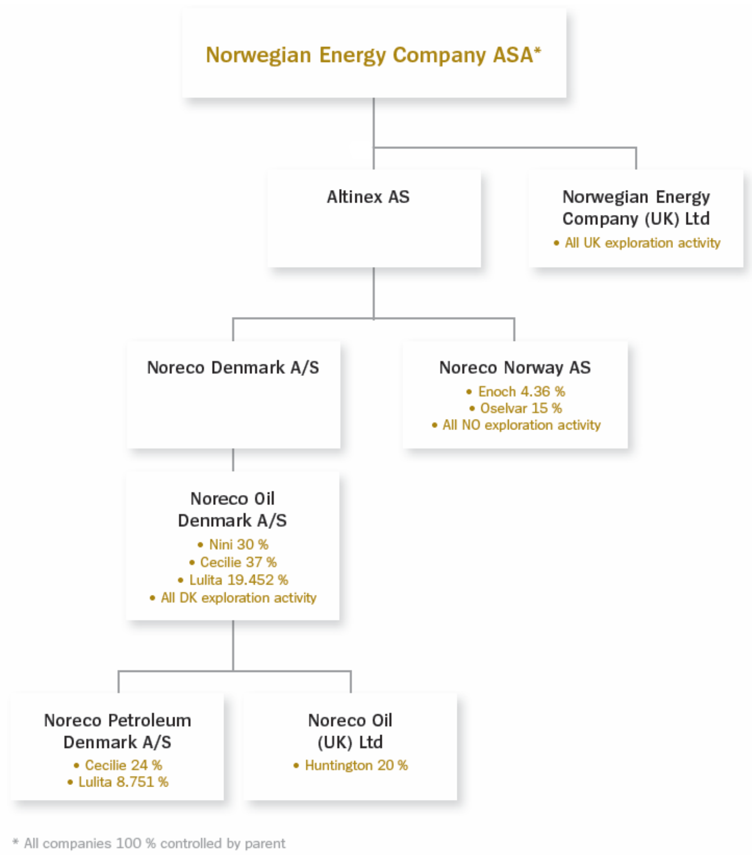
On 2 March, 2015, the bondholders of Noreco approved a restructuring proposal involving a debt to equity conversion of approx. NOK 1 979 million (including accrued interest), amended amortisation profile and changed security packages. See section 5.

On 3 March, 2015, the shareholders of the Company approved the restructuring proposal. See section 5.

On 12 May 2015, Noreco announced that hydrocarbons had been discovered in the exploration well Xana-1X on the Danish licence 9/95 and that the partnership would evaluate if it was a sufficient volume of hydrocarbons for commerciality.

10.3 Legal structure

Below is the legal structure of Noreco as per the date of the Prospectus. Noreco is a holding company and holds the shares of the subsidiaries as illustrated below. All subsidiaries are 100% owned. Note that certain assets including the Nini and Cecilie licences are expected to be discontinued in 2015, see Section 7.4.4 above.



10.4 Description of the companies in the Group

The companies within the Group are inter-related in relation to both financial and operational issues. In financing the Noreco Group, borrowings constitute a part of the strategy. The current financing structure includes several bonds having been issued by Noreco and also bank loan facilities held by the Noreco Group. The debt arrangements include security interests over major parts of the Noreco Group's assets, several covenants and undertakings of a general, financial and technical nature and in some of the debt arrangements contain intra-group cross-default provisions. Failure by the borrowers or other obligors to meet any of the covenants or undertakings could result in all outstanding amounts under the different debt arrangements becoming immediately due for payment. In addition, security rights granted to the lenders could be enforced. In addition to the above, there are inter-company's loans within the Noreco Group. Due to the abovementioned arrangement and the fact that a substantial portion of the Group's assets are held by the Company's subsidiaries, the Company is dependent on these subsidiaries.

10.4.1 Norwegian Energy Company ASA

Noreco is the parent company in the Noreco Group. Noreco was established in January 2005. The Company is incorporated in Norway and has its registered business address in Stavanger, Norway. From 31 December 2012 all employees in Norwegian Energy Company ASA were transferred to the subsidiaries Noreco Norway AS. The parent company is thus a holding company with no employees. Noreco Norway AS and Noreco Oil Denmark AS have 36 and 11 employees, respectively.

The purpose of the company is direct and indirect ownership and participation in companies within exploration, production and sale of oil and gas, and other activities related to this.

10.4.2 Norwegian Energy Company UK Limited

Norwegian Energy Company UK Limited was incorporated on 23 January 2007. The business address is in Aberdeen, Scotland. The company holds exploration licences in UK. The company has no employees. Pursuant to the company's articles of association and incorporation documents, the purpose of the company is inter alia the searching for and extraction of oil and gas.

10.4.3 Altinex AS

Altinex was acquired by Noreco on 29 August 2007 when Noreco acquired the remaining shares in Altinex not previously owned by Noreco by way of a compulsory acquisition pursuant to the Norwegian Public Limited Companies Act. Altinex was established in 1987 and was listed on Oslo Børs from 1997 until 13 October 2007 when the shares of Altinex were de-listed from Oslo Børs. Altinex is the parent company in the Altinex Group of companies. Altinex AS is incorporated in Norway and has no employees. Altinex International AS was merged with Altinex in 2009**.**

The purpose of the company is to own and participate in industry, offshore and trade activities and related business, and to own property, as well as marketing and sale of services and products to the oil and energy industry. The purpose includes investment in other companies.

10.4.4 Noreco Norway AS

The company is a private limited liability company (reg. no in the Norwegian Register of Business Enterprises, 987 008 644) organised under the laws of Norway. The company was established 26 May 2004 and has registered address of Badehusgata 37, 4014 Stavanger, Norway and telephone number + 47 99 28 39 00. Noreco Norway AS holds all of the Group's Norwegian licences, including the Oselvar and Enoch producing assets. Noreco Norway has 36 employees.

Pursuant to the company's articles of association and incorporation documents, the purpose of the company is to explore for and produce petroleum resources, and to participate in industry and trade related to such business, including participation in other companies within similar business areas.

For information on the share purchase option related to Noreco Norway AS, see section 6.2.2 (under "*Share Purchase Option*").

10.4.5 Noreco Denmark A/S

The company was established in 2006 by Altinex International AS with the sole purpose of acquiring and holding the shares of Noreco Oil Denmark A/S (formerly Altinex Oil Denmark A/S and DENERCO OIL A/S). The company is incorporated in Denmark and has no employees.

10.4.6 Noreco Oil Denmark A/S

The company was incorporated on 15 February 1985 and is a limited liability company (reg. no in the Danish Business Register, 78342714) organised under the laws of Denmark and has a registered address of Paralellvej 14, 2800 Kgs. Lyngby, Denmark and telephone number + 47 99 28 39 00. The company holds the title to a number of assets in Denmark, including the producing Nini, Nini East, Lulita and Cecilie assets, together with an exploration asset in the North Sea. Noreco Oil Denmark employs 11 persons. Note however, that certain assets including the Nini, Nini East, and Cecilie field are expected to be discontinued in 2015, see section 7.4.4.

Pursuant to the company's articles of association and incorporation documents, the purpose of the company is exploration and production of hydro carbons in Denmark and abroad.

10.4.7 Noreco Oil (UK) Ltd

Noreco Oil (UK) Ltd was incorporated on 4 September 1998 and is a private limited company (reg no. in the Companies House, 03629582) organised under the laws of the United Kingdom and has a registered address of 15 Appold Street, London EC2A 2HB, United Kingdom and telephone number + 47 99 28 39 00. Noreco Oil (UK) Ltd holds one asset, a 20 percentage interest in the Huntington field located in UK licence PL1114. The company has no employees.

Pursuant to the company's articles of association and incorporation documents, the purpose of the company is inter alia the searching for and extraction of oil and gas.

10.4.8 Noreco Petroleum Denmark A/S

Noreco Petroleum Denmark A/S was incorporated on 2 November 1987 and is a limited liability company (reg. no. in the Danish Business Register, 11729894) organised under the laws of Denmark and has a registered address of Paralellvej 14, 2800 Kgs. Lyngby, Denmark and telephone number + 47 99 28 39 00. The company is a holder of licences in Denmark, such as the Cecilie and Lulita fields. Note however, that certain assets including the Nini, Nini East and Cecilie field are expected to be discontinued in 2015, see section 7.4.4.

The company has no employees.

Pursuant to the company's articles of association and incorporation documents, the purpose of the company is exploration and production of petroleum in Denmark and abroad.

10.5 Business objectives and strategy

Noreco's strategy is to maximise shareholder values, while at the same time ensuring full repayment of its debt. With a completed financial restructuring in place, Noreco is in a strong position to maximise stakeholder values, through completing endeavours and processes that ensure repayment of its debt and maximise further upside for its shareholders. The financial situation of the Company post restructuring entails that the company is no longer in distress and the board will seek to maximise prices for its stakeholders, within a reasonable timeframe. Whilst the divestment processes continue, Noreco will work to further reduce investment commitments, implement cost saving measures and optimise its assets.

10.6 Overview of Noreco

As of the date of this Prospectus the Group employs 47 oil and gas professionals in its offices in Stavanger, Norway and Lyngby, Denmark and in addition has 5 consultants.

The Noreco Group's operations are associated with the exploration for and development and production of oil, gas and NGL, and revenues are derived entirely from the sale of produced oil, gas and NGL (this breakdown of revenue sources has also characterised the Group's operations historically, that is, no new sources of revenue have been introduced for the Group in recent years). Accordingly, the Group considers the risk and return of the business units to be similar and thus comprise one business segment. The Noreco Group currently has activities in Norway, UK and Denmark.

Noreco has a portfolio of 24 exploration and production licences, 15 in Norway, 5 in Denmark and 4 in the UK (see table below). 1 licence in the Barents Sea, PL490, is expected to be relinquished shortly. The licences are held by Noreco or by its wholly owned direct or indirect subsidiaries. The Company's revenues from the sale of oil, gas and NGL are concentrated to few customers, which mainly comprise multinational oil companies such as Shell, BP and Exxon. See Note 6 in the Annual Report 2014.

The portfolio consists of seven producing fields, Oselvar and Enoch in Norway, and Nini, Nini East, Cecilie and Lulita in Denmark and Huntington in the UK. The net total production from these fields was 5 499 boed in 2014. A description of the producing fields is included in section 10.7.3 "Production Licences". Note however, that certain assets including the Nini, Nini East and Cecilie field are expected to be discontinued in 2015, see section 7.4.4.

There are a total of 11 discoveries (contingent resources) in the portfolio which will not be relinquished, 8 of which are in Norway, 1 in Denmark and 2 in the UK. A description of certain of these discoveries and developments is included in section 10.7.4 "Licences with discoveries".

For a full survey of all the licences held by Noreco, please see tables below in section 10.7.1 "The licences".

The Company is not dependent on any patents. The Company's business is generally dependent on having necessary exploration and production licences as a primary requisite for conducting its business and in particular the P1114 license (Huntington), see also section 2.1.11. The Company is not dependent on any particular industrial or commercial agreement: However the Company is dependent on having such agreements in general and in aggregate as a means to conduct its business.

In terms of a general overview of the most important agreements (commercial or relating to ownership), this will comprise:

- Exploration & production licences (giving the Company the right to explore or produce from a given delineated area)

- Joint operating agreements between the companies which hold the licence jointly (regulating rights and obligations between such companies, including the appointment of an operator to conduct licence operations)

- Tie-in and processing agreements / transportation agreements / contracts of affreightment / FPSO charter agreement in respect the Huntington licence / sales agency agreements enabling the production, processing, transportation/shipping and sales of hydrocarbons

- Insurance agreements (mandatory) to cover inter alia the company's exposure to third party liability, including pollution, and the Company's property, such as ownership shares of production infrastructure.

The Company's main producing asset, the Huntington field, produces/processes hydrocarbons via a floating production, storage and offloading unit (the "Voyager Spirit") chartered under an extendable 5-year charter contract held by the Operator E.on. Crude produced is offshore loaded on to vessels and shipped under contracts of affreightment with Knutsen whereas associated gas is pipeline shipped under a standard agreement with CATS ("Central Area Transmission System"). Please refer to Sections 2.1.11 and 2.1.12 for further information regarding risks associated with these contracts.

10.7 Overview of the licences

10.7.1 The licences

Production licences

Country	Licence (name)	Key asset	Noreco equity (%)	Operator	Expiry date	Water depth (m)	Geographic location	Current status	License origin	Book value per 31.12. 2014	Book value per 31.12. 2013
Denmark	1/90	Lulita Field	28,203	Maersk	31.12. 2026	65	DK Central Graben	Under production	Altinex acquisition	37	37
Denmark	16/98	Cecilie Field**	61	Dong	01.01. 2032	60	DK Central Graben	Under production	Altinex acquisition	0	0
Denmark	4/95	Nini & Nini East Fields**	30	Dong	01.01. 2032	55	DK Central Graben	Under production	Altinex acquisition	0	263
United Kingdom	P1114	Huntington Field	20	E.ON Ruhrgas	29.07. 2017	90	Central Graben	Under production	Altinex acquisition	390	2 405
Norway	PL048 D	Enoch Field	21,8	Statoil	18.02. 2018	112	South Viking Graben	Under production	Altinex acquisition	0	18
Norway	PL274	Oselvar Field	15	Dong	15.09. 2039	72	South Viking Graben	Under production	Revus farm in	0	364

Exploration licences with discoveries

Country	Licence (name)	Key asset	Noreco equity (%)	Operator	Expiry date	Water depth (m)	Geographic location	Current status	License origin	Book value per 31.12. 2014	Book value per 31.12. 2013
Denmark	9/95 - Maja	Gita Discovery	16	Maersk	22.11. 2015	61	DK Central Graben	Xana-1 well operational	Acquisition of Chevron DK	0	2
Norway	PL006 C	SE Tor Discovery	15	Lundin	31.12. 2028	66	Central Graben	Dormant - No plans	Talisman farm-in	0	0
Norway	PL018 DS	Flyndre Discovery	13.338	Maersk	31.12. 2028	70	Central Graben	Dormant - No plans	Carve out of PL018C	0	0
Norway	PL490	Juksa Discovery	20	Lundin	29.05. 2016	322	Hammerfest Basin	Undergoing relinquishment	TFO 2007	0	0
Norway	PL492	Gohta Discovery	20	Lundin	28.08. 2016	336	Barents Sea	Awaiting appraisal	Lundin/DetNor Farm in	254	134
Norway	PL519	Albert & Albert Chalk Discoveries	20	Lundin	15.05. 2016	380	Møre Basin	Awaiting appraisal	20th Round	0	0
Norway	PL616	Nanna & Amma Discoveries	20	Edison	03.08. 2019	69	Central Graben	Haribo well operation	TFO 2011	0	0

Exploration licences

Country	Licence (name)	Key asset	Noreco equity (%)	Operator	Expiry date	Water depth (m)	Geographic location	Current status	License origin	Book value per 31.12. 2014	Book value per 31.12. 2013
Denmark	9/95 - Maja	Xana Prospect	16	Maersk	22.11. 2015	61	DK Central Graben	Xana-1 well operational	Acquisition of Chevron DK	60	17
United Kingdom	P1889	Niobe Prospect	22.5	Suncor	01.02. 2016	38	Outer Moray Firth	Niobe spud June 2015	UK 26th Round	6	0
United Kingdom	P1934	Ida Prospect	100	Noreco	01.01. 2019	200	Møre Basin	Maturing prospectivity	UK 27th Round	0	0
United Kingdom	P1989	Homer/Olive Prospects	50	Noreco	01.01. 2017	77	Outer Moray Firth	Awaiting new seismic data	UK 27th Round	0	0
Norway	PL490 *	Finnhval Prospect	20	Lundin	29.05. 2016	322	Hammerfest Basin	Undergoing relinquishment	TFO 2007	0	0
Norway	PL616	Haribo Prospect	20	Edison	03.08. 2019	69	Central Graben	Haribo well operation	TFO 2011	4	0
Norway	PL701	Afroze Prospect	40	Noreco	18.02. 2019	330	Halten Terrace	Maturing prospectivity	TFO 2012	0	0
Norway	PL744 S	Rigel Prospect	20	Tullow	02.07. 2021	180	North Viking Graben	Awaiting new seismic data	TFO 2013	0	0
Norway	PL748	Rufus Prospect	20	Det norske	02.07. 2020	390	North Viking Graben	Awaiting new seismic data	TFO 2013	0	0
Norway	PL755	Tango Prospect	20	Statoil	07.02. 2020	320	Dønna Terrace	Maturing prospectivity	TFO 2013	0	0
Norway	PL761	Geilo Prospect	40	Noreco	07.02. 2020	350	Dønna Terrace	Reprocessing seismic	TFO 2013	0	0
Norway	PL762	Vågar Prospect	20	Noreco	07.02. 2022	250	Dønna Terrace	Maturing prospectivity	TFO 2013	0	0

** Also included in "Exploration Licences with Discoveries" List*
*** Note that certain assets including the Nini and Cecilie licences are expected to be discontinued in 2015, see Section 7.4.4.*
Book value amounts are in NOK million.

10.7.2 Noreco's units of accounting

For accounting purposes Noreco use each "asset" as unit of accounting. As such, transactions directly related to the assets are recognized by each asset in the balance sheet and in the income statement. The principles applied here are used to identify the units of accounting.

Each field and discovery is treated as a separate unit of accounting. For licences in the exploration phase, each prospect is the unit of accounting. As the prospect mature, and a well proves a discovery, the unit of accounting will be the discovery.

For immature exploration licences, where the decision of which prospect (if any) that will be drilled, the entire licence is applied as the unit of accounting.

In some cases, a well is drilled with target in two or more prospects. In such cases the transactions can be treated as one unit of accounting.

For goodwill the unit of account is the cash generating unit the goodwill was allocated to in the historical purchase price allocation (PPA)

The presentation of the information in sections 10.7.3 "Production Licenses", 10.7.4 "Licenses with discoveries" and 10.7.5 "Exploration Licences and Assets" and of this prospectus uses the same principles by presenting the description of the assets based on the units of accounting.

10.7.3 Production Licenses

Production

At the end of 2014, Noreco had a portfolio of seven producing fields, which produced 5 499 boepd on average to Noreco in 2014. If the dialogue regarding an agreement for the disposal of Noreco's working interest in certain assets including Nini and Cecilie field as described in section 7.4.4 is successful, Noreco will have a portfolio of four producing fields going forward.

There are no firm capital commitments in these fields, except for necessary maintenance, which are decided in each licence.

The Huntington licence will spend some extraordinary operational expenditures to evaluate and mitigate the following issues, flowline upheaval remediation, further evaluation of gas deficiency, conversion of power generation system to fuel gas usage and scale squeeze of wells.

Noreco is using Petroleum Resources Management System (**PRMS**) for definition of reserves. This among other items includes assessment of future economics (investments and operating expenses), market considerations and availability of production and transportation facility for the length of the production period. The lifetime of a field is defined as technical lifetime (availability of facility) or if it occurs sooner the economical limit. The economical limit is defined as the production rate beyond which the net operating cash flows from a project, which may be an individual well, lease, or entire field, are negative.

Nini and Nini East, Noreco 30% (licence 4/95)

The Nini oil field is located in the Danish part of the North Sea. It is operated by DONG Energy.

Nini and Nini East are developed with unmanned wellhead platforms which are tied back to the Siri platform.

The Nini platform was installed in 2003 and the Nini East platform was installed in July 2009.

The Nini field produced an average of almost 5 800 boepd gross in 2014. Since cracks in 2009 were discovered on the Siri Platform, through which the Nini oil is processed, the Siri Platform has been operating under certain restriction in relation to a.o. wave heights. In July 2014 Siri permanent repair was finalised and production from the Siri Field and all satellites was resumed.

The updated reserves estimate was done in Q4 2014, and the remaining reserves estimated to net 1.6 million boe at end of 2014.

The license period expires in 2032. The expected lifetime is up to 2020.

Note however, that certain assets including the Nini, Nini East and Cecilie field are expected to be discontinued in 2015, see section 7.4.4.

Cecilie, Noreco 61% (licence 16/98)

The Cecilie oil field is located in the Danish part of the North Sea, and was discovered in 2000 at a water depth of 60 metres. Production commenced in 2003, with DONG Energy as the operator.

The Cecilie field is developed with an unmanned platform as a satellite to the Siri platform.

Since cracks in 2009 were discovered on the Siri Platform, through which the Cecilie oil is processed, the Siri Platform has been operating under certain restriction in relation to a.o. wave heights. In July 2014 Siri permanent repair was finalised and production from the Siri Field and all satellites was resumed.

The updated reserves estimate was done in Q4 2014, and the remaining reserves are estimated to close to nil million boe at end of 2014.

The license period expires in 2032. The expected lifetime is up to 2020.

Note however, that certain assets including the Nini, Nini East and Cecilie field are expected to be discontinued in 2015, see section 7.4.4.

Lulita, Noreco 28.2% (license 1/90)

The Lulita oil and gas field is located in the Danish part of the North Sea, and was discovered in 1992. The field is located at a water depth of 65 metres.

The Lulita Field is a structural fault trap with a Middle Jurassic sandstone reservoir. The accumulation consists of oil with a gasp cap. The Field has been developed with two extended reach wells from the Harald platform. Following processing on Harald, oil/condensate is transported to Gorm via Tyra East. The gas is exported to Tyra East via a separate pipeline. The operator is Maersk Oil & Gas AS.

The Lulita field produced an average of 725 boepd gross in 2014.A multi-client seismic acquisition was conducted across Lulita during 2011 and work is ongoing to interpret the seismic data to evaluate further opportunities on the field, with the aim of having a clear recommended strategy for further work, if any, by year-end 2015.

The updated reserves estimate was done in Q4 2014, and the remaining reserves are estimated to net 0.4 million boe at end of 2014.

The licence period expires in 2026. The expected lifetime is up to 2020.

Oselvar, Noreco 15% (licence PL274)

The Oselvar oil and gas field was discovered by Elf in 1991, and is located in the southern part of the Norwegian North Sea in proximity to producing oil fields such as Ula, Gyda and Blane, at a water depth of approximately 72 metres. The operator is Dong Energy.

The Oselvar reservoir lies at a depth of 2 900 – 3 250 metres in Paleocene sandstones in the Forties Formation. The reservoir contains oil with an overlying gas cap.

The Plan for Development and Operations for the Oselvar field was approved by Norwegian authorities in June 2009, and production started in April 2012. The field is developed with three production wells drilled from a four-slot subsea template tied back with a multiphase pipeline to the Ula platform for processing. The oil is exported through the Ula platform, Ekofisk and Nordpipe to Teesside, while the gas is sold to the Ula JV where it is injected into the Ula reservoir to enhance recovery.

Following production of around 1 000 boepd on average in the second and third quarter of 2012, production from Oselvar has since been below expectations. Production in 2013 was unstable due to unplanned shutdowns on the Ula platform, in addition to two production wells delivering poorly (making the field largely dependent on the production from one well). A planned shutdown of the Ula platform, that commenced May 2013, was extended due to delays caused by a defect compressor and production from the Oselvar field resumed as planned in September 2013 (following a short period of unstable production in August). Oselvar resumed stable production 1 October 2013. Production from Oselvar has been relative stable throughout 2014 and the overall system production efficiency has met expectations.

In the licence there was ongoing work with rebuilding a reservoir model to assess what can be done to improve the production from the field. Based on preliminary results from this work, the operator communicated an updated reserve estimate in 2013, which is significantly lower than the previous estimate. The 2013 reserves revision resulted in a reduction of the remaining reserve estimate from 7.7 to 3.4 million boe net to Noreco. In 2014 the operator continued the further develop the reservoir model to reflect the performance of the reservoir, the result from the work and the production performance led to a further downward revision of the reserves estimate.

The next planned shutdown will commence in June 2015 and last up to 36 days. The effect of this has been reflected in the Oselvar production estimates.

The remaining reserves were reduced from 3.4 million boe at end of 2013 to 0.9 million boe at end of 2014.

The licence period expires in 2039. The expected lifetime is up to 2025.

Enoch, Noreco 4.36% (licence PL048D)

The Enoch oil field is located in the central part of the Norwegian North Sea and came on stream in May 2007, at a water depth of 112 metres.

The reservoir contains oil in Paleocene sandstones at a depth of approximately 2 100 metres.

The field straddles the Norwegian/UK border and Talisman is operator for the unitised field. Enoch is developed as a single well subsea tie-back to the Brae A platform on the UKCS. Produced oil is transported in the Forties pipeline system to Cruden Bay in Scotland, and gas is delivered and sold at the Brae platform.

The Enoch field produced an average of 2 443 boepd gross in 2011; however since February 2012 the production has been halted pending repair work on the production well. Production is estimated to be resumed in Q2 2015.

The updated reserves estimate was done in Q4 2014, and the remaining reserves estimated to close to nil million boe at end of 2014.

The licence period expires in 2018. The expected lifetime is up to 2017.

Huntington, Noreco 20% (licence P1114)

The Huntington oil and gas field is located in the central part of the UK North Sea, with E.ON Ruhrgas as operator, at a water depth of 90 metres. Three discoveries in three horizons have been made in the licence; the Forties formation, the Jurassic Fulmar formation and the Triassic Skagerrak formation. Production from the Huntington field commenced in 2013, from the Forties formation.

The Voyageur Spirit FPSO (formerly Sevan Voyageur) is leased from Teekay Coorporation, for an initial period of five years for this development (with the option of extending to a maximum of 10 years). The operator of the Huntington field (EON E&P UK) is the leaseholder on behalf of the Huntington JV, and Noreco is liable for a 20% share. The FPSO was transported to the Huntington location at the beginning of October 2012, and production commenced 12 April 2013.

The Voyageur Spirit was built in 2008, but has gone through an extensive upgrade the last years to accommodate the Huntington field requirements, including gas compression and water injection facilities. The FPSO is a processing facility, with an oil production capacity of 30 000 bopd and a crude storage capacity of about 240 000 bbl. The subsea production wells are connected to the FPSO, where the oil is processed, stabilised and stored. Produced water together with sea water is injected into the reservoir for pressure support. The oil is exported from the field with shuttle tankers, while the gas is exported through the CATS pipeline system to Teesside.

Production from the Huntington field commenced in April 2013, due to commissioning related issues, the ramp-up of the field has been slower than anticipated. Since early September 2013 issues related to the BP operated CATS gas export pipeline system has more than halved the production of both oil and gas. On 12 December, 2013, Noreco announced that the production from the Huntington field averaged 5 000 boepd net to Noreco during the first days of December and that the production ramp-up was planned to continue through December towards the expected plateau level of 6 400 boepd net to Noreco. The production in 2014 was impacted by several unplanned shutdowns of the Huntington FPSO. Production in the first months of the year was restricted due to harsh weather restricting off-loading of oil from the FPSO and there was a 14 days production shutdown in April due to a gas leak in the inert gas system. The production has also been impacted by planned shutdowns of CATS (two weeks in August and four weeks in November). In the process of returning the gas transportation system to service after the November shutdown a gas leak in the emergency shutdown valve on the CATS riser platform was discovered, consequently production from Huntington was closed in. The riser platform repair was completed at the end of March 2015. As of 16 April 2015, Noreco, production at Huntington went back on stream at full capacity, yielding 5 600 boepd net to Noreco. Production history has shown the water being injected into the Huntington reservoir does not give the desired effect of pressure support. The licence is working on several mitigating actions to improve the situation, and these include well intervention and side tracking of existing wells.

The Huntington licence has not yet completed the process which led to firm service in CATS pipeline the implication of which is that Huntington may have no or reduced capacity if the system is constrained. The partnership is working with the operator of the CATS pipeline to resolve this issue. The CATS onshore terminal at Teesside will in June and July 2015 reduce the processing capacity to 50% and there is a substantial risk that Huntington production will be impacted during this period. Worst case is that Huntington will have zero export capacity during June and July 2015. The partnership is working to mitigate this risk by evaluating short term gas injection of the produced gas into the reservoir; the current plan is to test this during Q2 2015. If the test is successful this will be a low cost mitigation activity against CATS capacity reduction in June and July and also against future capacity restrictions. A longer term initiative that is being evaluated is to install a NGL recovery system to enable production of leaner gas during periods where the CATS system is rich gas restricted, this option will require approval from DECC to flare the recovered heavy gas (propane). The current view in the partnership is that plant modification required to enable production of leaner gas is unlikely to secure sufficient benefit to justify the capital expenditure, project parked.

The lack of pressure support from the water injection and historic reservoir performance led the partnership to reduce the reserves estimate.

The updated reserves estimate was done in Q4 2014 and were reduced from 7.8 million boe at end of 2013 to 4.9 million boe at end of 2014. The assumptions for the reserves as of 31.12.2014 are as follows: (i) The economic production cut-off is end 2019, (ii) water injection mitigation and (iii) some contribution from the low resistivity zone in the reservoir. The Huntington partnership is at the date of this prospectus evaluating reservoir characteristics, production profiles and potential mitigating actions, and future decommissioning costs. The result of this work is uncertain and might impact the Company's estimated reserves on Huntington.

The Huntington licence also includes discoveries in reservoirs of Jurassic and Triassic age. Linking additional resources to the FPSO would enable extended production life and increased recovery from the Huntington Forties.

The licence period expires in 2029.

10.7.4 Licences with discoveries

Noreco's portfolio contains 11 discoveries in Norway, Denmark and UK, most of which are described below. In addition, there are discoveries around the producing fields and in the exploration licences areas.

At the date of this prospectus Noreco has no discoveries that have a firm plan for development to a producing oil or gas field.

Gohta, Noreco 20% (licence PL492)

The Gohta oil discovery is located in licence PL492 in the Barents Sea, 45 kilometres northwest of the Snøhvit field and 65 kilometres south of the Johan Castberg development. The exploration well 7120/1-3, which was completed in September 2013, drilled two separate targets in the Triassic sandstones and a third in the Permian carbonates where a 75 metre oil column and 30 m gas column were encountered. Preliminary calculations of the size of the discovery indicate between 113 and 232 mmboe gross. Moreover, the Gohta is the first successful exploration well with reservoir of Permian carbonates on the NCS. An appraisal well was drilled in 2014 and confirmed the lateral extent of the hydrocarbons over the northern portion of the structure. The appraisal well was tested and flowed both oil and gas. Due to technical issues the oil test was non-conclusive although the gas test was positive with production rates corresponding to 700 000 Sm^3 gas per day. Further appraisal drilling is under consideration, although at present no firm well planning has been initiated.

South East Tor, Noreco 15% (license PL006C)

Licence PL006C (Noreco 15%) is located in the Norwegian Southern North Sea, where chalk reservoirs are proven in several giant oil fields such as Ekofisk and Valhall. The discovery is located in a structural anticline, similar to the equivalent discoveries and fields in the area. A total of four wells have been drilled on the structure; the 2/5-3 and the 2/5-5 in 1972, 2/5-8 in 1988, and 2/5-14S in 2008. The most recent 2/5-14 S well was drilled on the Hyme prospect on the west flank of the South-East Tor oil discovery in the southern North Sea. The objectives were to prove commercial amounts of oil in a stratigraphic trap in the Tor and Ekofisk Formations, and to improve the understanding of chalk porosity and fluid properties related to seismic signature. Still, the evaluation of these four exploration/appraisal wells have not given sufficient reservoir understanding to conclude on the performance potential and the resource base and hence, a further appraisal drilling campaign is required to delineate the reservoir and to narrow down uncertainties. The licence owners do not at this time have any firm plans to drill an appraisal well on the structure, subsurface technical work is still ongoing and commercial options related to possible offtake solutions for the oil and gas are continuously being monitored.

Flyndre Chalk, Noreco 13.34% (licence PL018DS/PL018C)

Flyndre Chalk is located in licence PL018DS, which is a stratigraphic unit of the original PL018C licence, which applies to levels between top of the Ekofisk formation and down to the base of the Hidra formation. The stratigraphic unit Flyndre was discovered in the Norwegian sector by well 1/5-2, which tested 3 154 boepd of oil (42º API, 1960GOR, 307bw/d) from Upper Cretaceous limestones.

Flyndre Chalk was carved out into a separate licence in 2011, after Noreco sold its share of the Flyndre Paleocene discovery to Maersk. Further work is required to determine the commerciality of Flyndre Chalk, in terms of appraisal drilling and development opportunities.

Noreco is considering doing internal work, and pending the results the follow up will be discussed with the partners and the operator, in order to establish work plans and budget for next year. According to the JoA, a work program and budget should be decided by the partnership.

Nanna, Noreco 20% (licence PL616)

The Nanna discovery was made by the 2/7-29 well which encountered an oil bearing Upper Jurassic sands, the well was drilled by previous licence holders in 1993. At the time it was believed to be sub-commercial and the license was relinquished before being re-awarded as PL616. Noreco is currently conducting seismic mapping and geological studies to evaluate the ultimate resource potential and to clarify whether an appraisal well can be justified.

Amma, Noreco 20% (licence PL616)

The Amma discovery is a four-way-dip closure discovered by the 2/7-2 well which was drilled in 1990 and encountered a nine meter thick oil bearing chalk interval. At the time of discovery it was deemed sub-commercial, and the technical work being conducted in PL616 includes a full re-evaluation of the Amma discovery in conjunction with the above-mentioned Nanna discovery.

Juksa, Noreco 20% (licence PL490)

In 2012 the 7120/6-3 well was drilled to test the Juksa, and Snurrevad prospects, while no hydrocarbons were encountered in the Snurravad prospect, a thin oil leg was encountered in the overlying Juksa prospects. Current resource estimates suggest the discovery is sub-commercial, and ongoing technical studies are being conducted to identify if additional prospectivity or upside exists in the licenses. The licence group has subsequently decided to relinquish the licences, final government approval is pending.

Albert Cretaceous. Noreco 20% (licence PL519)

In 2012 the 6201/11-3 well was drilled to test the Albert prospect and the well encountered a thin oil leg in Cretaceous chalks. While the oil bearing interval was thin, the well was drilled high on the structure and preliminary technical studies indicated the possibility that the reservoir interval thickens away from the well. The areal extent of the discovery can be substantial and a second appraisal well will be required to adequately delineate the discovery and ascertain commerciality.

Albert Triassic, Noreco 20% (licence Pl519)

The PL519 licence area was originally part of the PL130 licence. In 1987 the 6201/11-1 was drilled and encountered oil in Triassic sandstones. The reservoir interval was of poor quality and at the time the discovery was deemed sub-commercial. In the event that the above mentioned Albert Cretaceous discovery is appraised and found to be commercial, the resources present in the older Triassic discovery may be included in a development solution.

Huntington, Noreco 20% (licence P1114)

The current development of the Huntington field targets the Paleocene Forties reservoir. In addition to the Forties Formation discovery, well 22/14b-5 also made a discovery in the Upper Jurassic Fulmar Formation and found oil shows in the Triassic Skagerrak Formation. The well was production tested in a 30 meter thick Fulmar reservoir interval and showed a maximum flow rate of 4 600 barrels of oil per day (stb/d) plus gas (GOR = 370 scf/stb). The appraisal well 22/14b-8 drilled early 2008 targeted the deeper Fulmar Formation and encountered a possible hydrocarbon column of 55 ft in the Fulmar Formation.

The Fulmar Formation is a shoreface sand deposit on the flanks of Triassic structural highs and the trap is controlled by a stratigraphic pinchout of the Fulmar Formation sands against these.

The evaluation of the Fulmar reservoir to date has been primarily focused on understanding the oil in place potential as well as reservoir quality trends. There is considerable uncertainty associated with the mapping of the Fulmar reservoir. This uncertainty is reflected in a wide spread of oil-in-place volumes. Part of the Huntington licence outside the Huntington Forties development area was relinquished in late 2011. This led to a reduction in Fulmar Formation volumes by about 20%.

Linking additional resources to the Huntington FPSO could extend production life and increase recovery from the Huntington Forties in addition to assuring lower threshold development costs for Fulmar as well as shared operational costs.

The P1114 partnership currently has no plans for developing the Fulmar discovery, the main reason being the large uncertainty in the oil in-place volume and the relative short field life of Huntington.

Gita, Noreco 16% (licence 9/95)

The Gita-1 well was drilled in 2009 and encountered gas bearing Middle Jurassic sands, the reservoir interval was however tight at the well location. Detailed technical studies have identified the possibility of better developed reservoir updip of the Gita-1 well location, the real extent may be substantial and significant gas resources may be present. At present there are no firm plans to drill an appraisal well; however exploration drilling in the area will give important technical information that may in time give support to an eventual appraisal of the Gita discovery.

10.7.5 Exploration Licences and Assets

Noreco's portfolio consists of a total of 24 exploration and production licences. Of these, 12 contain undrilled exploration prospects. Noreco continuously upgrades the licence portfolio through detailed technical evaluation, high quality seismic data and geological studies with an aim to mature prospects to drilling targets. At the moment, the Company has committed to three exploration wells:

- *DK 9/95 – Xana, Noreco 16%:* The Xana prospect is located in the Danish Central Graben, approximately 5 km. south of the Gita discovery, and its target is Upper Jurassic sandstone at a depth of 4 400 metres below sea bed in close vicinity (up-dip) to the Svane gas discovery. The Xana prospect may extend into the Gita licence 9/06. The well was spudded on the 9 December 2014. See section 7.4.4 for preliminary well results.

- *P1889 – Niobe, Noreco 22.5%:* The Niobe prospect is located in the UK North Sea, east of the Beatrice field in licence P1889. The well will target a Jurassic stratigraphic pinc-out trap, up-dip of a proven oil discovery. The well is expected to spud during Q2 2015.

- *PL616 – Haribo, Noreco 20%.* The Haribo prospect is located in the southern Norwegian North Sea, approximately 10 km southwest of the BP operated Valhall facilities in block 2/11. The well will target Upper Cretaceous chalks of the Hod Formation, where oil is believed to be stratigraphically trapped in high porosity Hod Formation chalks, similar to the reservoirs of the Valhall Field.

Noreco is in the process of relinquishing licence PL490 in the Barents Sea.

Noreco's exploration portfolio currently consists of 22 identified prospects, in addition to immature leads that are being actively assessed and will, in time be further matured to Prospects. The majority of the portfolio is held within Mature Plays where risks and uncertainties are lower.

The exploration will be funded by a combination of cash from operations, and utilisation of the exploration loan facility.

Since 2012 exploration wells have been drilled on the following licences, and the next step is to complete ongoing evaluations of the Gohta discovery subsequent to the appraisal well drilled in 2014, and the Albert discovery which will be re-mapped with new seismic to identify further appraisal objectives. All other licenses where dry wells (or non-commercial discoveries) and have subsequently been relinquished. An overview of the licences is provided below:

- 2012: PL414 – Kalvklumpen, dry
- 2012: DK 1/11 – Luna, dry
- 2012: PL396 - Eik, dry
- 2012: PL440S - Clapton, dry
- 2012: PL519 - Albert, oil (pending apprasisal)
- 2012: PL490 - Juksa, non-commercial oil
- 2012: UK P1666 - Romeo, non-commercial oil
- 2012: PL385 - Jette, non-commercial gas
- 2013: PL453S - Ogna, dry
- 2013: PL1658 - Scotney, dry
- 2013: PL360 - Lupin, dry
- 2013: PL492 – Gohta, oil and gas (Exploration well in 2013, appraisal well in 2014)
- 2014: PL484 – Verdande, non-commercial oil

All remaining exploration licences are in a less mature state, seismic acquisition, processing and/or interpretation is needed to de-risk the prospect to a level that can justify the drilling of an exploration well. This includes prospects in the 9/95-Maja licence, which will be matured and evaluated further in light of the Xana well results. The same applies to the PL616 licence after the Haribo well and the P1889 licence after the Niobe well.

The licences that are dry, decided not to be de-risked or are not to be drilled will be returned at the first possible opportunity.

10.7.6 Exploration approach

Noreco's main focus is to create value through exploration of oil and gas in North Sea region. Noreco runs a selective exploration program, with focus on exploration wells that have a high value creation potential for the Company. Employment of highly skilled staff and access to relevant data is viewed as a key factor for a successful exploration effort. Through merging and enhancing the quality of available 3D seismic data Noreco has an extensive coverage of the main hydrocarbon basins.

Noreco focuses on having an exploration portfolio that is balanced with respect to exploration risk, potential resources and timing of development possibilities. Discoveries and exploration acreage are located both in the North Sea, the Norwegian Sea and the Barents Sea. The North Sea offers opportunities for rapid developments through existing infrastructure while the Norwegian Sea comprises larger prospects requiring longer lead time to development because of limited infrastructure. Noreco has also developed a balanced portfolio with respect to exploration play and basin composition which offers portfolio protection through diversification of various types of risk.

10.7.7 Drilling program

The main focus for most oil and gas companies is to replace and increase the volumes for production, to mature prospects to discoveries and discoveries to development and production. The maturing of the resources starts with exploration and appraisal drilling. Since 2007, Noreco has drilled 34 exploration wells of which 16 have discovered movable hydrocarbons. As of the fourth quarter 2014, Noreco's exploration portfolio consists of 22 prospects with a total Net Risk potential of 246 mmboe.

Noreco has exploration commitments of approximately NOK 450 million NOK before tax.

10.7.8 Seismic data acquisition and processing activity

Noreco consistently updates its portfolio of seismic data through acquisition of new surveys and reprocessing of previously acquired surveys in order to improve data quality and coverage for de-risking exploration prospects.

10.7.9 Economic terms for exploration and production licenses

Description License system Norway, UK and DK

Entitlement

Common for Norway, UK and DK are that the licence conditions, among other, specify the Entitlement for each of the licence partners. The Entitlement entails that each partner has an obligation to pay its share of the costs but at the same time have a right to its share of the hydrocarbons found and or produced (see also Annual Report 2014 Note 2.24).

Norway:

Exploration licenses are awarded through the yearly APA (Awards in pre-defined Areas) or through licensing rounds, normally every second year.

Production licences are normally awarded for an initial exploration period, which is typically six years, but which can be shorter. The maximum period is ten years. During this exploration period, the licensees must meet a specified work obligation set out in the licence. The work obligation will typically include seismic surveying and/or exploration drilling. If the licensees fulfil the obligations set out in the production licence, they are entitled to require that the licence shall be prolonged for a period specified at the time when the licence is awarded, typically 30 years. As a rule, the right to prolong a licence does not apply to the enitre geographical area covered by the initial licence, but only to a percentage of the area (typically 50%). The size of the area that must be relinquished is determined at the time the licence is awarded. In special cases, the Ministry of Petroleum and Energy may extend the duration of a production licence.

Licences awarded through the APA typically have a lighter work program that has to be completed within two or three years before a decision is made to drill or drop the license.

UK:

The UK system is similar to the Norwegian. There are two different types of license rounds (Seaward Production Licenses and (landward) Petroleum Exploration and Development Licenses) where the level of commitment and the license terms are the main difference

Seaward Production Licences, and Petroleum Exploration and Development Licences, are valid for a sequence of periods, called terms. These are designed to comprise the typical life cycle of a field: exploration, appraisal, production. Each licence will expire automatically at the end of each term, unless the licensee has sufficiently progressed the work program to warrant a chance to move into the next term.

The initial term is usually an exploration period. For Seaward Production Licences this is usually set at 4 years, although it can be longer for ‘frontier’ licences. For Petroleum Exploration and Development Licences, the initial term is set at 5 years and carries a work programme of exploration activity agreed between the licensee and the Oil & Gas Authority as part of the application process. This licence will expire at the end of the initial term unless the licensee has completed the work programme. At this time the licensee must also relinquish a fixed amount of acreage (usually 50%).

The second term is intended for appraisal and development. It is 4 years for Seaward Production Licences and five for Petroleum Exploration and Development Licences. Both licences will expire at the end of the second term unless the Secretary of State has approved a development plan.

The third term is intended for production. It is 18 years for Seaward Production Licences and 20 for Petroleum Exploration and Development Licences. The Secretary of State has the discretion to extend the term if production is continuing, but the Oil & Gas Authority reserves the right to reconsider the provisions of the licence before doing so – especially the acreage and rentals.

DK:

The licensing system in Denmark is a mixture of formal rounds and an Open Door system. There have been 7 formal licensing rounds to date offering exploration acreage. The Open Door procedure was introduced in 1997 and covers applications for acreage in all areas, onshore and offshore. The acreage is open for applications annually between 2 January and 30 September. The license awards are associated with a certain work program as in Norway and the UK. Exploration licenses are typically awarded for an initial period of exploration of 6 years which may upon application to the Danish Energy Authority be extended for periods of 2 years at a time up to a maximum period of 10 years. In the event of a commercial discovery, the licence will upon application and the submission of a plan for development and operation be extended for a further 30 years.

Area fee:

Norway:

Area fee is due after the initial period of the license has been completed. Payments will be made based on the following terms:

- First year: NOK 34 000 per km^2
- Second year: NOK 68 000 per km^2
- Subsequent years: NOK 137 000 per km^2 per year.

UK:

Each licence carries an annual charge, called a rental. Rentals are due each year on the licence anniversary (except pre-20th Round Seaward Production Licences, which were only due in their initial year). Rentals are charged at an escalating rate on each square kilometer the licence covers at that date. The terms vary somewhat, but are generally:

- First period, usually four years: GBP 150 per km^2
- Second period: GBP 300 per km^2 in the first year, then the fee is raised yearly until it in the 13^{th} licence year is at its maximum of GBP 7500 per km^2

DK:

In Denmark there are no area fees but a one-off fee, currently set at DKK 100,000, is payable upon the award of a licence.

10.8 Future licence acquisition activity

Noreco has been active and successful in all but one of the Norwegian licensing rounds since the formation of the Company in 2005. The success is considered a result of innovative geological ideas, experienced and knowledgeable subsurface staff, an extensive database and value adding networking and co-operation. The oil companies operating the majority of Noreco's portfolio are reputable and competent E&P companies. Noreco has also co-operated successfully with several companies in Areas of Mutual Interest (AMI), which are arrangements to combine strengths with other E&P companies to compete for new licenses.

Post the financial restructuring, the Company is no longer engaging in acquiring new licences.

Please also refer to section 10.5 for description of the Company's business strategy in general.

10.9 Reserves and Resources

	Net Reserves as per 31.12.2014 (mmboe)	Net Contingent Resources as per 31.12.14 (mmboe)	Net Undiscovered Resources as per 31.1214 (mmboe)

Country	License	Operator	Key Asset	Noreco Equity (%)	Resource Category	2P	2C	P50
Denmark	1/90	Maersk	Lulita Field	28.2	Reserves in Fields In Production	0.4		
	16/98	Dong	Cecilie Field**	61	Reserves in Fields In Production	0.0		
	4/95	Dong	Nini Field**	30	Reserves in Fields In Production	0.4		
		Dong	Nini East Field**	30	Reserves in Fields In Production	1.2		
		Dong	Nini East Triangle Development**	30	Reserves Justified for Development	0.3		
	9/95 - Maja	Maersk	Xana	16	Undiscovered Prospective Resource			9.6
United Kingdom	P1114	E.ON Ruhrgas	Huntington Forties Field	20	Reserves in Fields In Production	4.0		
		E.ON Ruhrgas	Maxwell Discovery	20	Discovered Contigent Resource		4.0	
	P1889	Suncor	Niobe Prospect	22.5	Undiscovered Prospective Resource			2.6
	P1934	Noreco	Ida Prospect	100	Undiscovered Prospective Resource			124.7
	P1989	Noreco	Misc Exploration Prospects	50	Undiscovered Prospective Resource			11.2
Norway	PL006C	Lundin	SE Tor Discovery	15	Discovered Contigent Resource		5.5	
	PL018DS	Maersk	Flyndre Chalk Discovery	13.338	Discovered Contigent Resource		3.5	
	PL048D	Statoil	Enoch Field	21.8	Reserves in Fields In Production	0.0		
	PL274	Dong	Oselvar Field	15	Reserves in Fields In Production	0.9		
	PL490*	Lundin	Juksa Discovery	20	Discovered Contigent Resource		2.4	
		Lundin	Misc Exploration Prospects	20	Undiscovered Lead			14.8
	PL492	Lundin	Gohta Discovery	20	Discovered Contigent Resource		40.6	

	PL519	Lundin	Albert Discovery	20	Discovered Contigent Resource		15.1	
		Lundin	Albert Triassic Discovery	20	Discovered Contigent Resource		7.4	
	PL616	Edison	Nanna Discovery	20	Discovered Contigent Resource		8.2	
		Edison	Amma 4-Way Discovery	20	Discovered Contigent Resource		7.8	
		Edison	Misc Exploration Prospects	20	Undiscovered Prospective Resource			13.5
	PL701	Noreco	Misc Exploration Prospects	40	Undiscovered Prospective Resource			16.1
	PL744 S	Tullow	Misc Exploration Prospects	20	Undiscovered Prospective Resource			6.6
	PL748	Det norske	Misc Exploration Prospects	20	Undiscovered Prospective Resource			4.8
	PL755	Statoil	Misc Exploration Prospects	20	Undiscovered Prospective Resource			7.8
	PL761	Noreco	Misc Exploration Prospects	40	Undiscovered Prospective Resource			7.8
	PL762	Noreco	Misc Exploration Prospects	20	Undiscovered Prospective Resource			15.6
					TOTAL	**7.2**	**94.5**	**235.1**

** Relinquishment Imminent*

** Note that certain assets including the Nini and Cecilie licences are expected to be discontinued in 2015, see Section 7.4.4 above.

Noreco's classification of reserves follows the SPE/WPC/AAPG/SPEE Petroleum Resources Management System (SPE-PRMS) published in 2007. The system is a recognized resource classification system in accordance with Oslo Børs' Circular 9/2009 "Listing and disclosure requirements for oil and natural gas companies". The SPE-PRMS uses "reserves", "contingent resources" and "prospective resources" to classify hydrocarbon resource of varying technical maturity. The maturity within each class is also described to help guide classification of a given asset. Further details of the SPE-PRMS can be found at: http://www.spe.org/industry/reserves/prms.php. Noreco uses the external company DeGolyer and MacNaughton, one of the world's leading independent consulting firms focused on the petroleum industry, to perform an independent reserves analysis. A report by Degolyer and MacNaughton is attached to the Company's listing prospectus, dated 1 November 2007. The report can be found at: http://www.noreco.no/PageFiles/13322/Prospectus%201%20Nov%202007.pdf. DeGolyer and MacNaughton have its business address at 5001 Spring Valley Road, Suite 800 East, Dallas, Texas 75244, USA. DeGolyer and MacNaughton has no ownership or material interests in the Group. Both the in-house and the independent reserves estimation follow SPE-PRMS. DeGolyer and MacNaughton have almost 80 years of experience and provides services to several of the world's largest petroleum companies[2]. Further information regarding DeGolyer and MacNaughton and their experience and qualifications may be found at http://www.demac.com/index.php/.

[2] http://www.demac.com/index.php/services/overview/ and http://www.demac.com/index.php/services/reserves-assessments-and-appraisals/

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.

1P reserves are proven reserves. Proved reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations.

2P reserves are proved (1P as above) plus probable reserves. Probable reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proven Reserves (1P).

Noreco's contingent resources are from discoveries in various stages of maturation towards development on the Norwegian, Danish and UK continental shelves. In accordance with guidelines from Oslo Stock Exchange, Noreco does not quantify contingent resources in the annual statement of reserves. Contingent resources and undiscovered exploration resources are based on Noreco's internal technical evaluation. The estimates are made by senior staff with extensive experience in reserves estimation. Quality control of the methodology and results is part of the Company's internal reserves estimation procedures. Economic limit tests have been performed based on a market forward oil price as of end 2014 as well as the Company's best assumptions of future operating costs.

10.9.1 Production in 2014

Production Field	**Production (boepd)**
Cecilie	114
Lulita	207
Nini	220
Nini East	1 529
Total producing Denmark	**2 070**
Oselvar	537
Enoch	0
Total Producing Norway	**537**
Huntington	2 892
Total Producing United Kingdom	**2 892**
Total	5 499

10.9.2 Reserves Portfolio

As per 31 December, 2014, Noreco Group has reserves from a total of 7 fields. More general information on the fields is available on Noreco's homepage www.noreco.com and in the Company's annual reports.

More information on the fields is also available in section 10.7.3 "Production Licences" in this Prospectus and in the Company's most recent Annual Statement of reserves for 2014 (please go to section 18.2 "Incorporation by reference" to find the reference). The table below shows the net reserves numbers to Noreco as of 31 December 2014 as stated in the Annual Reserve Statement for 2014. The Noreco total 1P reserves as of 31 December 2014 were 3.4 mmboe. The 2P reserves estimate at the end of 2014 was 7.2 mmboe.

	1P					2P				
	Liquids (mill bbl)	Gas (bscf)	mill boe	Interest %	Net mill boe	Liquids (mill bbl)	Gas (bscf)	mill boe	Interst %	Net mill boe
Nini	0.2	0.0	0.2	30.0	0.1	1.5	0.0	1.5	30.0	0.4
Nini East	0.8	0.0	0.8	30.0	0.2	5.0	0.0	5.0	30.0	1.5

Cecilie	0.0	0.0	0.0	61.0	0.0	0.0	0.0	0.0	61.0	0.0
Lulita	0.5	2.2	0.9	28.2	0.3	0.7	2.9	1.3	28.2	0.4
Enoch	0.0	0.0	0.0	4.4	0.0	0.1	0.0	0.1	4.4	0.0
Oselvar	0.7	2.8	1.2	15.0	0.2	3.1	14.8	5.8	15.0	0.9
Huntington	11.4	8.0	13.3	20.0	2.7	17.9	9.7	20.1	20.0	4.0
Total					**3.4**					**7.2**

Source: Noreco 2014 Annual Report

For conversion between gas volumes (scf) and oil equivalents (boe), Noreco has used 5600 scf equals 1 boe for Danish and Norwegian fields. For Huntington Noreco has used 4400 scf equals 1 boe to accommodate for the rich Huntington gas.

10.9.3 Contingent resources

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies.

2C resources are contingent resources that are quantities of petroleum estimated to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.

Noreco's contingent resources are from discoveries in various stages of maturation towards development on the Norwegian Continental Shelf (NCS), Danish Continental Shelf (DCS) and UK Continental Shelf (UKCS).

In accordance with guidelines from Oslo Børs, Noreco does not quantify contingent resources in the Annual Reserve Statement for 2014.

A description of the key discoveries is provided in Section 10.7.4 "Licences with discoveries" of this Prospectus and in the Annual Reserve Statement for 2014.

10.9.4 Prospective resources

Prospective resources are those quantities of petroleum which are estimated, on a given date to be potentially recoverable from undiscovered accumulations by application of future development projects. Noreco`s estimated prospective resources as of the date of this Prospectus is approximately 446 mmboe. Prospective resource estimates are calculated probabilistically and P50 estimates are used.

10.10 Research and development

Noreco is not involved in any research and development activities, apart from general industry sponsored projects.

10.11 Environmental issues

The Company is not obliged to carry out environmental protection measures that would be significant to the business or financial situation. However, all phases of the oil business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities.

Elements of the Group's activities, products or services that can interact with the environment are produced formation water including chemicals, emission of greenhouse gases and the risk of acute oil discharges including loss of well control. The Group's licence portfolio includes investment in a number of production licences, the activities within which may be classified as exploration, discovery or production. Noreco defines their status in each of these licence blocks as either operator (licensee and field operator) or partner. To the extent Noreco can control and influence the environmental aspects in each production licence area is dependent on its status as operator or partner and is fundamental to the practical application of the Noreco Group's environmental management system.

10.11.1 Operator Licences

For petroleum licence areas where Noreco is the operator, the Company holds the primary responsibility for the management of the exploration, development and production activities. There are no material differences between the legal frameworks applicable to the Norwegian, Danish or UK Continental Shelf in this respect.

The requirements related to environmental matters on the Norwegian Continental Shelf follow primarily from the Norwegian Petroleum Act, the Norwegian Pollution Act and the Norwegian Maritime Act and the regulations made in lieu of these acts. However a number of other rules and regulations are relevant given the scope of services involved in the wide range of operations conducted during petroleum activities. Emission permits and CO_2 permission are necessary for the operation of petroleum activities. More information on the operators' responsibilities in relation to environmental matters on the Norwegian Continental Shelf can be found on the Ministry of Petroleum and Energy ("**MPE**")'s webpage; www.oed.dep.no; and the Norwegian Petroleum Directorate (NPD)'s webpage; www.npd.no.

More information regarding on the operators' responsibilities in relation to environmental matters on the UK Continental Shelf may be found at the webpage of the United Kingdom Department of Energy and Climate Change; www.og.decc.gov.uk. The Petroleum Act 1998 provides the overarching regulation of petroleum activities on the UK Continental Shelf.

More information regarding the operators' responsibilities in relation to environmental matters on the Danish Continental Shelf may be found at the webpage of the Danish Energy Agency; www.ens.dk. The environmental requirements to be met on an offshore installation are laid down pursuant to the Subsoil Act (Consolidated Act No. 960 of 13 September 2011 on the Use of the Danish Subsoil), as well as the Marine Environment Protection Act (Consolidated Act No. 925 of 28 September 2005 on the Protection of the Marine Environment).

It is recognised that the physical undertaking of work in these licence blocks is primarily performed by specialist companies contracted to the Company, such as seismic survey and drilling contractors. These contractors are primarily responsible, or are the duty holders, for the management of the environmental aspects and impacts of the services they provide. Noreco, as the field operator, are required to ensure these contractors comply with legal and other requirements and with their vision, values and policies with respect to environmental management. As such in operator licences, the emphasis of the environmental management system will be placed on business processes used by Noreco to select competent contractors and manage its environmental performance.

10.11.2 Partner Licences

Where Noreco is a partner in a licence, the primary responsibility for the environmental management of the activities within the licence area rests with the designated operator. However, as Noreco holds joint and shared liability in connection with any environmental damage from activities undertaken in the licence block, it is in the Company’s best interest from a risk management perspective to ensure that the operator has environmental management provisions that are consistent with its environmental standards. As such, in partner licences, Noreco assesses and aligns its environmental management provisions with those of the operator.

Noreco is committed to identify all its aspects and impacts, shall assess their significance, and ensure that appropriate operational controls are in place for those considered to be significant.

Noreco applies a broad definition of ‘environmental aspects’ and considers that, in addition to the physical activities that could lead to an environmental impact, the selection of other operators with whom Noreco chooses to invest (as a partner) in a licence group is also an aspect which can influence the occurrence and/or extent of potential environmental impacts. Similarly Noreco’s selection of contractors to undertake activities on its behalf where it is the operator is also an aspect that can influence the extent of potential environmental impacts.

There are no material differences between the legal frameworks applicable to the Norwegian, Danish or UK Continental Shelf in this respect.

10.11.3 Aspects and impacts register

Noreco recognises its licence portfolio changes as investment in licence blocks are acquired and disposed of, as operatorship of licence blocks change, and as activities in licence blocks move through the exploration, development and monetisation stages.

To manage this fluctuation, Noreco has developed a master environmental aspects and impacts register that includes a list of generic aspects and impacts from across each lifecycle stage (exploration, development and monetisation), and covers each operatorship model (operator licence, partner licence, plus corporate and office functions).

The significant aspects and impacts identified in the master register shall provide the basis for setting environmental objectives and targets and operational controls. These shall be reviewed on a case-by-case basis and applied as appropriate within different licence blocks throughout Noreco's portfolio.

Noreco is committed to conducting all its activities with great respect for people and environment, and will at all times have a strong focus on health, safety, environment and quality ("**HSEQ**"), recognising that Noreco's people represent the cornerstone of delivering the Company's vision and strategy.

10.12 Legal framework for the petroleum business

Noreco operates on the continental shelves of Norway, Denmark and UK. The public regulators of the three jurisdictions keep a strict regulatory regime with regard to the oil and gas activity in all its phases. A common characteristic is that the government is strongly involved in the industry as a regulator and requires all companies entitled to explore, develop, produce and transport oil-related products to hold licenses.

The basic agreement for a petroleum joint venture (JV) is the joint operating agreement (JOA). The JOA is usually negotiated following the award of a petroleum licence (PL) to joint licensees. The JOA performs the same role as a partnership agreement or a memorandum and articles of association of a company. A JOA is a contract between two or more parties creating a contractual framework for a JV between them under which they will conduct petroleum operations. One party is given responsibility for day-to-day operations, generally charging back expenses to the other participants in the JOA. It is normally the same company that is given the task of being Operator for development and production. The JOA sets out the structure of the JV, the allocation of risks and costs and the method for sharing production and profit. Petroleum operations are hardly ever conducted by a single party. This is because the risk, expense and investment required for such operations are too great for one company to shoulder alone. Oil exploration is a capital intensive and risky enterprise with heavy upfront costs albeit one which offers high rewards to successful parties. By entering into a JV oil companies can mitigate these high risks and share in the costs required for capital intensive exploration, development and production activities. The JV will also enable cost savings and economies of scale. The operations can be handled with fewer employees and equipment thereby promoting greater efficiency.

10.12.1 The regulatory framework for the Norwegian continental shelf

The Petroleum Act (Act of 29 November 1996 No. 72) contains the general legal basis for the licensing system governing Norwegian petroleum activities. According to the Act and appurtenant regulations, licenses can be awarded for exploration for, and production and transport of, petroleum. The Petroleum Act confirms that the property right to the petroleum deposits on the Norwegian continental shelf ("**NCS**") is vested in the State.

Production licenses are awarded through licensing rounds, where the government announces a certain number of blocks that are available for award. The Government invites companies to apply, individually or in groups, for exclusive rights to petroleum activities in the designated blocks. Based on the applications submitted, the MPE awards production licenses to groups of companies. The license gives the licensees an exclusive right to exploration, drilling and production of petroleum within the block(s) covered by the license.

There are two types of licensing rounds. Awards in Predefined Areas (APA) is the annual licensing round for award of licenses in mature areas on the NCS. Together with the numbered rounds (normally carried out every second year), which focus on frontier areas, the APA ensures that companies maintain focus on all open areas on the NCS.

The production license itself is the core document of the licensing system, setting out main conditions like the names of the licensees, the nominated operator (selected to carry out the license work on behalf of the licensees, on a no gain no loss-basis), mandatory work commitment (which may consist of i.a. processing seismic or drilling of wells), initial period of validity (exploration period – can last for up to ten years) and special miscellaneous conditions, like restrictions in areas with distinct environmental challenges. The production licence regulates the rights and obligations of the licensees vis-à-vis the Norwegian State.

In addition, the licensees have to conclude an agreement concerning petroleum activities consisting of a standard Joint Operating Agreement and Accounting Agreement (mandatory text prepared by the MPE) and the special conditions, setting out e.g. voting rules. The agreement governs the relationship between the licensees, and sets out detailed regulations regarding the day-to-day management of the petroleum activities, including the rights and duties of the operator, the decision making process, allocation of costs etc. For the JOAs that Noreco are party to in Norway, there are no deviations from the MPE standard. As a main principle, a licensee is the owner of his proportionate share of the petroleum produced, as well as he is responsible for his proportionate share of the costs for the work carried out in the license. The supreme body of the partnership is the management committee, where all the licensees are represented.

Official approvals and permits are necessary in all phases of the petroleum activities, from license awards, in connection with acquisition of seismic data and exploration drilling, to plans for development and operation, and plans for field cessation. The Petroleum Safety Authority supervises that HSE issues are properly safeguarded on all levels of the petroleum activities, and must give their prior approval of i.a. drilling operations (for every well). Permits from the Norwegian Climate and Pollution Agency must also be obtained if the discharge of pollutants is relevant. To develop discoveries, the MPE (and the King in Council/the Parliament, depending on the size of the estimated investment) must approve a detailed plan for development and operation to be prepared by the licensees. If the production phase is reached, a production permit allowing for production of defined volumes of petroleum must be obtained by the MPE. With regards to cessation of the activities, as a main rule, the Petroleum Act requires licensees to submit a cessation plan to the MPE two to five years before the licence expires or is relinquished, or use of a facility ceases.

A production license may be revoked by the MPE in the event of a material breach of the petroleum legislation, the terms of the production license, or the terms of valid instructions from the authorities.

More information on the Norwegian regulatory system may be found at the following internet link: http://npd.no/en/Publications/Facts/Facts-2013/.

10.12.2 The regulatory framework for the Danish continental shelf

Act No. 293 of 10 June 1981 as revised by Consolidated Act No. 960 of 13 September 2011 on the Use of the Danish Subsoil (the "**Subsoil Act**") lays down the basic framework for oil and gas exploration and production. The Danish Energy Agency ("**DEA**") administers and supervises exploration for and production of oil and gas, salt production, geothermal energy and storage according to the Subsoil Act. In addition, the DEA administers a number of other Acts: the Offshore Safety Act, the Pipelines Act and the Act on the Continental Shelf.

Companies are required to have a licence to explore for hydrocarbons. At the granting of a licence one or more companies are given the right to explore and produce within a defined area. The Danish North Fund is the state participant in new licences for the exploration for and production of hydrocarbons in Denmark and is given an automatic 20% in each licence awarded.

Licences are granted through licensing rounds and via the Open Door procedure. In Denmark six licensing rounds have been held, the latest in 2014. The latest licensing rounds comprised all non-licenced areas west of 6°15' eastern longitude. In 1997 an Open Door procedure was introduced, with an annual open period from 2 January to 30 September. The Open Door procedure covers all non-licenced areas east of 6°15’ eastern longitude.

Licences are granted for an initial exploration period of six years against a work programme that may consist of seismic or the drilling of a well. The licence is extendable by periods of two years, however, the total exploration term can only under special circumstances exceed 10 years. In the event commercial volumes of hydrocarbons have been encountered, an extension of the licence for the purpose of production may be applied for. The term of a production licence is 30 years.

In order to develop a petroleum discovery, the licence partners must submit a field development plan to the authorities. This plan must be approved by the DEA. Not later than two years before the expiry of the Licence, or two years before the time when one or more installations, etc. are expected to be abandoned or disused, the licensee shall submit a plan for discontinuing the use of all installations (decommissioning plan) for the approval of the DEA.

A production licence may be revoked by the DEA in the event of a material breach of the petroleum legislation, the terms of the production licence (including non-fulfillment of work obligations), or the terms of valid instructions from the authorities to the operator.

More information may be found at the website of the DEA, www.ens.dk.

10.12.3 The regulatory framework for the UK continental shelf

The Petroleum Act 1998 provides the legal basis in relation to all rights to the UK petroleum resources. The UK also grants licences providing a standard format of the petroleum producing activity on the UK continental shelf. The granting of licences is as a main rule conducted in order to ensure a maximum exploitation of the reserves and resources, but considerations with regard to the protection of the environment and other interests are also taken into account.

Each of these licences confers such rights over a limited area and for a limited period. Most licences follow a standard format, but the UK Department for Energy and Climate Change ("**DECC**") is flexible in this and ready to consider adapting new licences to suit special scenarios. Licences can be held by a single company or by several working together. All the companies on a Licence share joint and several liabilities for operations conducted under it.

Seaward production licences and petroleum exploration and development licences are valid for a sequence of periods, called terms. These terms are designed to follow the typical lifecycle of a field: exploration, appraisal, production. Each licence expires automatically at the end of each term, unless the licensee has made enough progress to earn the chance to move into the next term.

The initial term is usually an exploration period, and is usually set at 4 years for the Seaward production licence and 6 years for the petroleum exploration and development licences. Petroleum exploration and development licences also carries a work programme of exploration activity, for instance drilling of wells, that DECC and the licensee will have agreed as part of the application process. The second term is intended for appraisal and development and set at 4 years for the Seaward production licence and 5 years for the petroleum exploration and development licences.

The third term, intended for production, lasts for 18 years for Seaward production licences and 20 for petroleum exploration intended for production.

When several companies are party to a licence, they usually make an agreement among themselves governing future operations. Such an agreement is commonly called a Joint Operating Agreement ("**JOA**"). Creating or amending a JOA commonly entails that apportionment of at least some of the rights granted by a Petroleum Act 1998 licence. As such, it requires the consent of the Secretary of State.

In order to develop a petroleum discovery, the licence partners must submit a field development plan to the authorities. This plan must be approved by the Secretary. In order to construct and operate pipelines and facilities for the transportation and/or processing of petroleum, a plan for installation and operation must also be submitted to the Secretary for approval.

Decommissioning of offshore oil and gas installations and pipelines is regulated by DECC utilizing the legislation under the Petroleum Act 1998. The Act requires companies to prepare a decommissioning programme. A production licence may be revoked by the DECC in the event of a material breach of the petroleum legislation, the terms of the production licence (including non-fulfilment of work obligations), or the terms of valid instructions from the authorities to the operator. More information may be found at the website of the UK Department of Energy and Climate Change; www.og.decc.gov.uk.

11. RELATED PARTY TRANSACTIONS

11.1 General

Except as described below, there have been no significant transactions with closely related parties in the period from 2012 until the date of this Prospectus.

If the Noreco Group should enter into a not immaterial transaction with any of its associated parties within the Company or with companies in which a Director or leading employee of Noreco or close associates of these have a direct or indirect vested interest, those concerned shall immediately notify the Board. Any such transaction must be approved by the CEO and the Board, and where required also as soon as possible publicly disclosed to the market. If a transaction, which is not immaterial, is entered into between the Noreco Group and shareholders, a shareholder's parent company, member of the Board, member of the executive management or close associates of such parties, or related companies with minority shareholders, the Board will, where deemed necessary, seek to arrange an independent valuation to be obtained from an independent third party, unless the General Meeting shall consider the matter pursuant to the provisions of the Public Limited Liability Companies Act.

11.1 Associated companies

The Company has carried out transactions with its subsidiaries in the form of cost sharing without mark-up and interests on current accounts and loans based on Noreco's average borrowing cost. Guarantee fees have also been charged within the group. On 23 March 2015, as part of the bond restructuring, the amended and restated NOR06 loan was transferred from the Company to Noreco Norway AS. For more detailed information regarding related party transactions, please see note 4 for "Related-party transactions" of the Company's statutory annual financial statements for 2014 incorporated hereto by reference (see section 18.2) and available at www.noreco.com.

11.2 Key Management Compensation etc.

Group Management and Board of Directors' compensation, ownership of Company shares and options and loan agreements are shown in note 9 of the Company's consolidated annual financial statements for 2014 incorporated hereto by reference (see section 18.2) and available at www.noreco.com.

12. THE COMPANY'S BOARD AND MANAGEMENT

12.1 Overview

The Company's management is vested in its Board of Directors and its Chief Executive Officer. In accordance with Norwegian law, the Company's Board of Directors is responsible for, among other things:

- supervising the general and day-to-day management of the Company;
- ensuring proper organization of the Company's business;
- preparing plans and budgets for the Company's activities;
- ensuring that the Company's activities, accounts and asset management are subject to adequate controls; and
- undertaking investigations necessary to perform its duties.

The Company's Chief Executive Officer ("CEO") is responsible for its day-to-day management in accordance with the instructions, policies and operating guidelines set out by its Board of Directors. Among other things, the CEO of a Norwegian public company is obligated to ensure that the company's accounts are kept in accordance with existing Norwegian legislation and regulations and that the assets of the company are managed responsibly. In addition, at least once a month, the CEO of a Norwegian public company must brief the board of directors about the company's activities, position and operating results.

12.2 Board of Directors

In accordance with Norwegian law, the Board of Directors is responsible for administering the Company's affairs and for ensuring that the Company's operations are organised in a satisfactory manner. The Company's business address serves as c/o address in relation to the Board members in the Company. The Board of Directors has four voting members and one alternate member. Below is an overview of the members of the current Board of Directors, including shares and options held at the date of this Prospectus. The ordinary board members are elected at the annual general meeting for a period up until the annual general meeting the following year. The employee representative is elected for a two year period. Election of board members among the employees was conducted in October 2012.

Name	Position	Served since	Shares held*	Options held
Silje Augustson	Chair	27 October 2014	-	-
Riulf Rustad	Director	27 March 2015	3 020 528	-
Julien Balkany	Director	27 March 2015	-	-
Lotte Kiørboe	Employee representative	21 November 2014	2 661	33 177
Andreas Greve-Isdahl	Alternate	27 March 2015	-	-

* Includes shareholding through companies.

Silje Augustson, *Chair.*
Silje Augustson has significant experience from the capital markets and the financial services industries mainly based out of London. Her experience spans from roles within equity sales and research in investment banking, to business development, strategy and investor capital fundraising in the alternative asset management industry. Ms. Augustson has held positions with JP Morgan, The Brunswick Group, Theorema Asset Management, Belay Asset Management. Currently she works with Xynteo, a strategic advisory firm based in Oslo and London, with clients in the Oil and Gas industry. Augustson is a Non-Executive Director of Panoro Energy ASA, and serves on the board of the Storm Nordic Fund, the Storm Bond Fund, SurfSide Holding AS and Mikrofinans Norge AS. She holds a Deug in Economics from the University of Toulouse UT1 (1996), and a Master in European Management/Diplome de Grande Ecole from ESCP-EAP (1999).

Ms. Augustson currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Panoro Energy ASA – 05/2012 – present

- Surfside Holding AS – 11/2012 – present
- Storm fund – 12/2012- present
- Storm Fund II – 12/2012 – present
- Mikrofinans Norge AS 05/2014 –present
- Strategic advisor for Xynteo

Save for the above mentioned. Ms. Augustson has during the last five years held the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

Directorships:
Antarctica: until 31/12/2011

- ANTARCTICA GLOBAL EQUITIES FUND
- ANTARCTICA MARKET NEUTRAL FUND
- ANTARCTICA CREDIT AND DISTRESSED FUND
- ANTARCTICA CFO
- AMUNDSEN SECTOR SPECULARE PRIVATE EQUITY FUND

Management:

- Belay Management Suisse – General manager – 12/2009 -09/2010

Riulf Rustad, Board member.
Rustad is a Norwegian citizen residing in Norway. He has been investment director with Storebrand and has since 2000 been an investor with investments in various sectors such as oil & gas and oil services. Rustad holds various board positions including companies quoted on Oslo Børs.

Mr. Rustad currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Ousdal AS, 2000-present

Save for the above mentioned. Mr. Rustad has during the last five years held the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Alfred Berg Norway, Partner, Head of equities 1987-1992
- Optimum Fund Management, Founding partner 1992-1994
- Storebrand ASA, Head of investments, member of Group executive committee, 1994-1997.
- Kistefos AS, CEO 1997-2000
- Technor ASA, Chairman
- Simrad Optronics , Chairman
- Cecon ASA, Chairman
- Atea ASA, Chairman
- Waterfront Shipping ASA Chairman
- Provida ASA, board member
- Zoncolan ASA, Chairman
- Trio AB, Chairman
- Rever Offshore AS, Chairman
- Zenit Asset management AB, board member
- On & Offshore services, Chairman

Julien Balkany, Board member
Balkany is a French citizen residing in London. He has been managing director of Nanes Delorme Capital Management LLC and has since October 2014 been a non-executive Chairman of Panoro Energy which is publicly listed on Oslo Børs. He holds various other positions in the oil and gas sector.
Mr. Balkany currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

Managing partner and chief investment officer of:

- Nanes Balkany Partners LLC,

- Nanes Balkany Management LLC,
- Nanes Balkany Partner I LP,
- Nanes Balkany International Partners LP
- Balkany Investments LLC

Save for the above mentioned. Mr. Balkany has during the last five years not held any other directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries).

Lotte Kiørboe, Employee representative

Kiørboe joined Noreco in 2008. She has a Masters degree in geology from Copenhagen, and a PhD from Aaahus University. She began her ca Kiørboe joined Noreco in 2008. She has a Masters degree in geology from Copenhagen, and a PhD from Aaahus University. She began her career in 1988 with GEUS, where she worked with oil-related tasks including continental appraisal by the Faroe Islands and Greenland. From 1997 until 2008, Kiørboe was employed with Maersk Oil in exploration in West Africa, Brazil and Norway. Kiørboe currently holds the position of Exploration Manager in Denmark. Kiørboe currently holds the position of Exploration Manager in Denmark.

Andreas Greve-Isdahl, Alternate board member.

Andreas Greve-Isdahl holds an MBA from Hult, Shanghai and a bachelor in Innovation & Entrepreneurship from OMH, Oslo. Greve-Isdahl has extensive international business expertise after living/working in: U.K, China, UAE, USA, Vietnam and Norway. Previous roles include founder/ entrepreneur, consultant and most recently as advisor to Sabaro Investment Limited, where he is involved in all parts of Sabaro's operations, from investments and portfolio management to exit.

Mr. Greve-Isdahl currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Lead Asset Manager for Sabaro Investments Limited.
- CEO for the Aqua Nirvana Foundation.
- Board member Clarity Water Treatment Systems

Save for the above mentioned. Mr. Greve-Isdahl has during the last five years not held any other directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries).

12.2.1 Independence of the Board of Directors

All the members of the Board of Directors are independent of the Company's major shareholders. Furthermore, in the Company's opinion, all members of the Board of Directors are independent of the Company's management and main business relations. Finally, there are no family relations between any persons in the management and Board of Directors. The Board of Directors thus satisfies the requirements for independence set out in the Norwegian Code of Practice for Corporate Governance.

12.3 Management

The executive management is responsible for the daily management and the operations of the Company.

The table below sets forth the Company's current executive management, including shares and options held as of the date of this Prospectus. For information about shares and options held at 31 December 2014, please see the Company's 2014 Annual Report which is incorporated hereto by reference, see section 18.2 "Incorporated by reference".

Name	**Position**	**Served since**	**Shares held**	**Options held**
Tommy Sundt	CEO	24 November 2014	0	0
Odd Arne Slettebø	CFO	24 November 2014	2 282	25 780
Øyvind Sørbø	VP Commercial	1 October, 2013	13 542	79 226
Lars Fosvold	VP, Exploration and Operation	1 April, 2009	22 912	92 282

The Company's business address serves as c/o address in relation to the management of the Company. The executive management consists of the following persons:

Tommy Sundt, CEO.
Tommy Sundt joined Noreco in September 2014. Until recently and for ten years Sundt was CFO in Rocksource ASA, an oil and gas company listed on the Oslo Stock Exchange. Sundt has previously held positions in companies dealing with business development, entrepreneurial activities and investments. Early in his career he was an auditor. Sundt holds an M.Sc. in Economics and Business Administration from the Norwegian School of Economics (NHH).

Mr. Sundt currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries).

- Owner and chairman Tomsun Invest AS

Mr. Sundt has during the last five years held the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- CFO Rocksource and Director in subsidiaries,
- Director TKT Eiendom AS
- Director Løpsklinikken Fredrikstad AS

Odd Arne Slettebø, CFO.
Odd Arne Slettebø joined Noreco in 2012 as Finance Manager for group accounting, and from 1 January 2014 until November 2014 he has been the company's Group Finance Manager. Before this Mr. Slettebø came from the position as Audit Manager in PwC (PricewaterhouseCoopers AS) where he had worked five years with audit of large and medium sized clients in the oil & gas and oil service industry. Having had the responsibility for reporting of external accounts, Slettebø has worked closely with previous CFOs in connection with execution and communication of a series of complex restructuring and refinancing processes in the company. Slettebø is a state authorised public accountant and holds a master degree in Accounting and Auditing from Norwegian School of Economics and Business administration, in addition to a Bachelor degree in Business administration from Bergen University College.

Mr. Slettebø holds no directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

Mr. Slettebø has during the last five years not held any directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

Lars Fosvold, Vice President Exploration and Operation.
Mr. Fosvold joined Noreco in December 2005. He has worked in the oil and gas industry since 1986 in Norway and internationally. He has held various specialist and leading geoscience positions in the total value chain from exploration to development and production with several major oil companies. Mr. Fosvold holds a BSc (Honours) in Applied Geology from the University of Strathclyde in Scotland.

Mr. Fosvold currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- CEO and Chairman of the Board of Opus Holding AS

Save for the above mentioned. Mr. Fosvold has not held any directorships, supervisory or leading management positions during the last five years (other than positions in the Company and/or its subsidiaries).

Øyvind Sørbø, Vice President Commercial.
Mr. Sørbø joined Noreco in September 2006. He has worked in the oil and gas industry since 1993, and held positions in Amoco and BP within finance, economic analysis, commercial operations and business development. During his time at BP, he held several commercial responsibilities, including the role of Commercial Advisor for their producing assets. In Noreco, Sørbø has held positions as Sr. Commercial Advisor and Business Development Manager. Øyvind Sørbø holds a BA (Hons) degree in Economics and Finance from the University of Strathclyde Scotland.

Mr. Sørbø holds no directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries). Mr. Sørbø has not held any directorships, supervisory or leading management positions during the last five years (other than positions in the Company and/or its subsidiaries).

12.4 Conflict of Interest etc.

There are no potential conflicts of interest between any duties to the Company and of the members of the administrative, management of supervisory bodies of these companies, and their private interests and/or other duties.

During the last five years preceding the date of this Prospectus, no member of the Board of Directors and no member of the executive management have:

- been subject to any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in its capacity as a founder, director or senior manager of a company.

12.5 Remuneration and Benefits

12.5.1 Remuneration and benefits to the Management

The below table sets out the remuneration and benefits to the management for the year 2014 (all numbers in TNOK). For further information, please see note 9 in the Company's 2014 Annual Report that is incorporated hereto by reference, see Section 18 "Documents on Display and incorporated by reference".

Name	**Position**	**Salary**	**Bonus**	**Pension premiums**	**Other remun.**	**Total**
Tommy Sundt	CEO	913	0	29	143	1 085
Odd Arne Slettebø	CFO	1 250	118	69	114	1 550
Øyvind Sørbø	VP Commercial	1 872	454	73	850	3 249
Lars Fosvold	VP, Exploration	2 134	594	74	1 398	4 199
Svein Arild Killingland	Former CEO	3 380	1 708	74	692	5 853
Ørjan Gjerde	Former CFO	1 708	823	54	235	2 820

Due to the change in the company's strategy and structure following the completed financial restructuring in March 2015, the current remuneration scheme is under review. An expected revised scheme will seek to better reflect and align management and employees with the new strategic direction and refocus of the business both operationally and geographically.

The column "Total" comprises all considerations/benefits that are regarded as taxable income salary, including base salary, holiday pay, bonuses for the year 2014, compensation for lapse of pension agreement exceeding 12G, the value of benefits such as free car and phone. Holiday pay pursuant to the Norwegian Annual Paid Holiday Act is not included in base salary, however included in the total salary.

The Company currently has the same bonus arrangement for all employees in the Company where the level of the annual bonus is determined by the Board based on the Company's performance. The criteria for measurement of the Company's performance are defined in an annual performance contract which is approved by the Board as part of the annual planning process. The criteria are linked to the key success factors of the company, including HSE performance, organisational development, production volume, degree of success in the exploration activities, operational efficiency, project control and cost discipline. The annual bonus has a maximum payment of 30% of the base salary (up to 100% for the CEO) and a possibility for adjustment in exceptional cases in order to reflect individual performance.

Provided that the Board has received the necessary authorisation from the Annual General Meeting to issue shares in connection with employee incentive schemes, all employees have the opportunity to purchase Noreco shares equal to a maximum of 50% of the gross bonus at the time of the bonus payment (deferred bonus). Employees who retain such shares for two years, and are still employed by Noreco at that time, will be eligible for an award of additional matching shares on a one-for-one basis. The Company has no outstanding loans or guarantees to any member of the management. Should the Company, in connection with a merger, de-listing or takeover of substantially all the assets, request that a member of the Noreco management resigns from his/her position and leave the Company or that the employee takes up a substantially different position in the Company or a Group Company, and the employee declines such a request and leaves the company, the employee will be entitled to a severance payment equal to 12 months basic salary. No severance payment will be conducted if the employment is terminated due to the employee's breach of the employment agreement, cf. Section 15-7 no. 1, last alternative and Section 15-14 of the Norwegian Working Environment Act. The severance payment provision only applies to the current members of the Noreco management. With the exception of this severance pay provision, no member of the management is a party to any contracts with the Company or the Company's subsidiaries providing for benefits upon termination of service.

12.5.2 Remuneration and benefits to the Board of Directors

The remuneration of directors of the Board of Directors shall be determined on an annual basis by the Company’s shareholders in the Company’s annual general meeting. The directors may also be reimbursed for, inter alia, travelling, hotel and other expenses incurred by them in attending meetings of the Board of Directors or in connection with the business of the Company.

For the year 2014, the remuneration for the Board of Directors was NOK 2 101 000, whereof the chairman of the Board of Directors received NOK 500 000 per year, and each board member received between NOK 150 000 and 400 000 annually. Please see table below for further details.

In 2015, certain board members have been engaged to perform special tasks for the Company that fall outside of ordinary board duties and may receive remuneration based on results.

No member of the Board of Directors is a party to any contracts with the Company or the Company's subsidiaries providing for benefits upon termination of service.
The below table sets out the remuneration and benefits to the Board of Directors for the year 2014 (all numbers in NOK). As follows from the table, there have been several changes to the board composition and the board members have only been remunerated for their respective service period, which means that some have received a lower amount than the annual rate as described above. For further information on the board members' service periods and remuneration, please see note 9 in the Company’s 2014 Annual Report that is incorporated hereto by reference, see Section 18.2 “Incorporated by reference”.

Name	**Position**	**Director's fees**
Silje Christine Augustson	Chair	70 000
Erik Henriksen	Former Chair/Member	350 000
Ståle Kyllingstad	Former Chair	28 000
Morten Garman	Former Chair	328 000
Hilde Drønen	Former Chair/Member	338 000
Tone Bjørnov	Former Deputy Chair	14 000
Andreas Alnæs Greve-Isdahl	Member	70 000
John-Kaare FløystadAune	Member	0
Ariane Foisy	Member	0
Eimund Nygaard	Former member	19 000
Trygve Pedersen	Former member	202 000
Ingrid Marika Svärdström	Former member	292 000
David Gair	Former member	90 000
Bård Arve Lærum	Former employee rep	150 000
Liselotte Vibeke Kiørboe	Employee representative	16 000
Hilde Alexandersen	Former employee rep	134 000

12.5.3 Bonus and Incentive Program

Noreco is a Norwegian E&P company, and its activities have been spread across North-West Europe (mainly Norway, Denmark and United Kingdom). Noreco's employment base is international. The total compensation package for the CEO and other executive officers has therefore sought to be competitive both within the Norwegian labour market and internationally. The current remuneration package for the CEO and other executive officers includes fixed elements and variable elements. The variable elements consist of an annual bonus scheme, a deferred bonus and participation in a share option program. The level of the annual cash bonus is determined based on the Company's performance. The annual cash bonus has a maximum payment of 30% of the salary.

The annual cash bonus for the CEO is approved by the Board of Directors in a meeting, based on recommendations from the Remuneration Committee, and the annual cash and share bonuses of the other executive officers are reviewed and approved by the Remuneration Committee based on the CEO's recommendation. The Board of Directors will use this system for determining the level of annual cash and share bonus in the coming fiscal year. Remuneration of the CEO and other executive officers will be evaluated regularly by the Remuneration Committee and the Board of Directors to ensure that salaries and other benefits are kept, at all times, within the above guidelines and principles.

The total bonus costs for the Company for 2014 was NOK 4 082 171. For more detailed information related to bonus costs, please refer to section 12.5.1 above.

12.5.4 Pensions and other obligations

The underlying calculations are linked to the Contractual Early Retirement schemes effective for all employees. The Company has not established any separate pension schemes for the management or the members of the Board of Directors. Hence, no obligations in respect of the management or any board members are set aside or accrued in the balance sheet.

The total pension costs for the Company for 2014 was NOK 1 452 015, of which NOK 372 192 related to management.

12.5.5 Share option program

At the Company's extraordinary general meeting held on 14 January 2008, the Board of Directors' proposal of establishing an option scheme was endorsed. The scheme applies to everyone who was employed with the Company at the end of 2007. The options may be exercised during a period from 3 to 5 years from the date of grant.

In 2014, the Board decided that 157 221 829 options was to be granted. The options were awarded in March 2014. The strike price for these options was NOK 0.16, which represents the volume weighed average trading price of the Noreco shares five trading days after the presentation of the Q4 2013 results 20 February 2014. Of these options, the CEO was granted options equal to 100% of the base salary, other members of management were granted options equal to 80%, members of the extended management committee were granted options equal to 60% of the base salary and other employees was granted options equal to 40% of base salary. A corresponding granting of options was made in 2013. 29 September 2014 Noreco performed a reverse share split at a ratio of 100 to 1. The strike prices of outstanding options were subsequently recalculated.

The options are not transferable and have a three year vesting period. The strike price for the options is different based on which year they were granted:

Year	Strike price	Expiry
2010	NOK 1 700	3 March 2014
2011	NOK 1 485	2 March 2015
2012	NOK 804	4 April 2016
2013	NOK 411	8 March 2017
2014	NOK 16	7 March 2018

12.6 Employees

As of the date of the Prospectus, the Group has 47 employees and 5 consultants. The table below illustrates the development in number of employees over the last three years, as per the end of each calendar year.

	2015	2014	2013	2012
Norway	36	38	43	58
Denmark	11	11	11	11
Total	47	49	54	69

As of the date of the Prospectus the Group has 77% of the employees working in Norway (Stavanger) and 23% at the office in Lyngby, Denmark.

12.7 Board Sub-Committees

The Board of Directors has decided to implement two sub-committees; one Audit Committee and a Remuneration Committee.

12.7.1 The Audit Committee

The Audit Committee Charter states, inter alia, that the Audit Committee shall:

- act as preparatory body in connection with the supervisory role of the Board of Directors with respect to financial control and review and external audit of the Company's financial statements;
- consist of at least two members independent of the Company's management and to be elected by the Board of Directors;
- fulfil the requirements as to independency (as set out in the Norwegian Code of Practice for Corporate Governance (the "Code") issued by the Norwegian Corporate Governance Board on 4 December 2007); and
- consider and propose to the Board of Directors, for presentation and election by the annual general meeting, the independent auditors of the Company.

The member of the Audit Committee is Silje Augustson with alternate board member Andreas Greve-Isdahl as regular attendee.

12.7.2 Remuneration Committee

The Remuneration Committee Charter states, inter alia, that the Remuneration Committee shall:

- act as preparatory body in connection with the supervisory role of the Board of Directors with respect to remuneration compensation and other benefits of the Company's CEO and other senior executives;
- consist of at least two members independent of the Company's management and to be elected by the Board of Directors;
- fulfil the requirements as to independency as set out in the Code; and
- make proposals for long-term incentive schemes applicable to the Company's CEO and other senior executives.

The members of the Remuneration Committee are Julien Balkany and Riulf Rustad.

12.7.3 Nomination Committee

The Articles of Association states, inter alia, that the Nomination Committee shall prepare a motion for the annual general meeting relating to:

- Election of members of the Board of Directors and the chairperson of the Board of Directors;
- Election of the members of the Nomination Committee and the chairperson of the Committee;
- The remuneration of the Directors and the members of the Nomination Committee; and
- Any amendments of the Nomination Committee's mandate and charter.

The members of the Nomination Committee are Richard Sjøqvist (Chair), Kristian Utkilen and Lars Purlund.

12.8 **Corporate Governance**

12.8.1 General

The Board of Directors seeks to provide effective governance of business and affairs to ensure long-term benefits of Noreco's stakeholders, and puts emphasis on transparency and equal treatment of its shareholders. Approved and implemented Corporate Governance principles are built on a set of rules and procedures, which, along with the charters and key practices of the Board Committees, provide the framework for the governance in Noreco. The Board will annually review the Corporate Governance policy.

Noreco endorses the Norwegian Code of Practice for Corporate Governance (the "**Code of Practice**") issued by the Norwegian Corporate Governance Board, most recently revised 30 October, 2014. The Board of Directors has adopted a report on corporate governance for 2014 in accordance with the Code of Practice. The report is included in the Company's 2014 consolidated annual report, incorporated hereto by reference (see section 18.2) and available at www.noreco.com.

The Company's objective is to create long-term values for its shareholders. The Company believes sound business must be based on value-based management and clear ethical guidelines. The Company's mission is smart energy for a cleaner future. To enable the Company to carry out the mission, the Board has adopted a common set of core values: Responsibility, enthusiasm, commitment, innovation and drive. These values have been introduced to all employees, and the Company has implemented various programs in order to maintain focus on and live the values.

12.8.2 Deviations from the Code of Practice

- General meetings: Not all members of the Board, all members of the Nomination Committee or the auditor will normally attend the general meeting. The deviation is due to the number of Board members, and in order to carry out the General Meetings in an efficient manner. It is the Company's aim that at least one of the Board members are present at the General Meetings, that one of the members of the nomination committee are present in the event that an election is on the agenda, and that the auditor is present when the General Meetings discusses the annual accounts, or other matters in which the auditor's presence may be useful.

- Certain board members have been engaged to perform special tasks for the Company that fall outside of ordinary board duties and may receive remuneration based on results. The Company believes that, in the present environment, director's with an active role in securing value and prosperity is in the best interest of the Company and its stakeholders.

The Board believes that the current practice provides adequate and competent expertise and experience. However, the Board will consider this matter annually as a part of its ongoing governance review. Other than as set out above, the Company is in compliance with the Code of Practice.

13. MAJOR SHAREHOLDERS

The following table sets forth information on shareholders, as registered in the VPS and/or based on disclosure announcements through Oslo Børs' news service, who has a shareholding in the Company which is notifiable under Norwegian securities law, i.e. above 5%.

Name of Noreco Shareholder	Number of Noreco Shares	Percentage of Noreco Shares
Sparinvest S.A	103 937 800	14.65
Taconic Capital Advisors, UK LLP	96 585 989	13.61

Except as set out above, the Company is not aware of any persons or entities that, directly or indirectly, have an interest of 5% or more of the Shares as of the date of the Prospectus. The Company is not aware of any shareholder directly or indirectly controlling the Company. The Company's major shareholders do not have voting rights different from those of other holders of the Company's Shares. The Shares are equal in all respects and there are no different voting rights or classes of shares. Each Share in the Company carries one vote.

14. SHARES AND SHAREHOLDER MATTERS

The following description includes certain information concerning the Company's share capital, a brief description of certain provisions contained in the Articles of Association as they are in effect at the date of this Prospectus and a brief description of certain aspects of Norwegian law, including the Norwegian Public Limited Companies Act. The summary does not purport to be complete and is qualified in its entirety by the Articles of Association and Norwegian law. Any change in the Articles of Association is subject to approval by a general meeting of shareholders.

14.1 Share capital and shares

As of the date of this Prospectus, the Company's registered share capital is NOK 70 947 304 consisting of 709 473 038 ordinary Shares each with a nominal value of NOK 0.10 fully paid and issued in accordance with the Norwegian Public Limited Companies Act. A reverse share split will be completed following the listing of the New Shares, see section 5.1.

All issued Shares in the Company are vested with equal shareholder rights in all respects. There is only one class of shares and all Shares are freely transferable.

The Shares have been created under the Norwegian Private and Public Limited Companies Acts, and are registered in book-entry form in the VPS under the international securities identification number (ISIN) NO 001 0379266 (except for the New Shares who will assume the ordinary ISIN of the Company following the publication of this Prospectus) . The Company's VPS registrar is DNB Bank ASA, Verdipapirservice, P.O. Box 1600 Sentrum, N-0021 Oslo, Norway. The Company has since 9 November 2007 been listed on Oslo Børs with the ticker code "NOR".

14.2 Outstanding Authorisations

14.2.1 Authorisation to issue shares

The Board has as of the date of the Prospectus one outstanding authorisation to increase the share capital of the Company.

The Company's annual general meeting on 25 April 2014 authorised the Board to increase the share capital with up to NOK 16 000 000 (1 600 000 Shares given that the nominal value is NOK 10) in connection with the employee incentive program. The authorisation expires on 1 June 2016.

14.3 Warrants and Options etc.

The Group has an option program established in January 2008. The principles in this program were approved by the extraordinary general meeting in January 2008. The purpose of the program is to establish a long-term incentive program for employees. Share options are granted annually by the Board. The options will be fully vested after three years and expire after five years. The options will according to plan be settled when the shares are issued. Please refer to section 12.5.5 above for further information on granted options.

In addition, the Group has an agreement where employees have an option to purchase shares equivalent to up to 50% of their bonus at the payment date. Employees who retain these shares for two years, and are still employed in Noreco by the expiration of the two-year period, will be granted an option to receive additional shares at a one-to-one basis. If the Board does not have the authorisation to issue shares, the additional shares will be paid as cash remuneration instead of the employees receiving shares. The cost is classified as a salary expense in the income statement, as well as a current liability in the balance sheet.

In 2011 there was a change in the general bonus scheme stating that from 2012 and onwards employees need to be employed and in a non-resignation period at the time of the bonus payment, therefore in order to have the option to purchase shares equivalent to up to 50% of their bonus employees need to be employed and in a non-resignation period.

Fair value of the option is calculated by external advisors using the Black and Scholes Merton option pricing model. Inputs to the option pricing model are a.o. grant date, exercise price, expected exercise date, volatility and risk free rate. Historic volatility in the Noreco shares has been used to estimate volatility. The share price for the first 12 months after listing on the stock exchange has been left out of the estimation, as the share price usually has an abnormal volatility in the initial phase, before stabilizing. Fair value of the options is measured at the grant date and is expensed linearly over the contribution time. The cost is booked in the company of the employee.

Except for the above, the Company has not issued any options, convertible securities, exchangeable securities or securities with warrants giving any one the right to acquire Shares through utilisation of such rights.

14.4 Historical development in Share capital and number of Shares

Below is a table showing the development of the Company's share capital from 2011 to the date of the Prospectus:

Date of registration	***Event***	***No. of shares after change***	***Par value (NOK)***	***Subscription price***	***Share capital after change***
1 January 2011	*Beginning of year*	*243 038 047*	*3.10*	*-*	*753 417 945.70*
18 January 2011	*Capital increase*	*243 842 914*	*3.10*	*17.89*	*755 913 033.40*
30 October 2012	*Capital increase*	*351 951 022*	*3.10*	*3.70*	*1 091 048 168.20*
15 November 2012	*Capital increase*	*352 793 101*	*3.10*	*3.70*	*1 093 658 613.10*
21 November 2012	*Capital increase*	*353 831 111*	*3.10*	*3,62*	*1 096 876 444.10*
14 January 2013	*Capital increase*	*355 645 317*	*3.10*	*3,82*	*1 102 500 482.70*
18 March 2013	*Capital increase*	*356 094 095*	*3.10*	*4.11*	*110 389 694.50*
18 November 2013	*Capital decrease*	*356 094 095*	*0.10*	*-*	35 609 409.50
4 December 2013	*Capital increase*	*356 094 095 ordinary shares and 138 709 677 A-shares*	*0.10/3.10*	*0.10*	*1 533 981 693.20*
2 January 2014	*Split and conversion of A-shares and completion of nominal value reduction*	*4 656 094 082*	*0.10*	*-*	*465 609 408.20*
20 January 2014	*Capital increase*	*5 656 094 082*	*0.10*	*0.10*	*565 609 408.20*
17 February 2014	*Capital increase*	*5 658 485 084*	*0.10*	*0.14403*	*565 848 508.40*
29 September 2014	*Capital increase*	*5 658 485 100*	*0.10*	*-*	*565 848 510*
29 September 2014	*Reverse split*	*56 584 851*	*10*	*-*	*565 848 510*
23 October 2014	*Capital increase*	*56 757 843*	*10*	*-*	*567 578 430*
24 March 2015	*Reduction of nominal value*	*56 757 843*	*0.10*	*-*	*5 675 784.30*
24 March 2015	*Capital increase*	*709 473 038*	*0.10*	*-*	*70 947 304*

As of 1 January 2013 the Company had issued 353 831 111 Shares each with a nominal value of NOK 3.10, and as of 31 December 2013 the Company had issued 356 094 095 ordinary shares (nominal value 0.10) and 138 709 677 A-shares (nominal value 3.10).

None of the capital increases resulted in any changes in the voting rights.

For further details on the certain of the capital increases mentioned above, please refer to section 10.2 of this Prospectus.

14.5 Ownership structure in Norwegian Energy Company ASA

As of 23 April 2015 the Company had a total of 5 588 shareholders registered in the VPS, of which 5 400 were Norwegian and 188 were foreign owners.

The table below shows the 20 largest shareholders in the Company as registered in the VPS on 24 April 2015. Shareholders owning 5% or more of the Company have an interest in the Company's share capital which is notifiable pursuant to the Norwegian securities law:

Name	Shareholding	Ownership share
EUROCLEAR BANK S.A./N.V.	226 471 806	31,92 %
MP PENSJON PK	33 861 248	4,77 %
STATE STREET BANK & TRUST COMPANY	31 072 503	4,38 %
SPARINV: HIGH YI VAL BONDS UDB	29 456 451	4,15 %
JPMORGAN CLEARING CORP.	27 029 926	3,81 %
CITIBANK, N.A.	19 529 333	2,75 %
CLEARSTREAM BANKING S.A.	18 417 029	2,60 %
WENAASGRUPPEN AS	17 739 657	2,50 %
DANSKE BANK A/S	15 961 294	2,25 %
SABARO INVESTMENT LT	15 547 675	2,19 %
J.P. MORGAN BANK LUXEMBOURG SA	10 094 492	1,42 %
TRONDHEIM KOMMUNALE PENSJONSKASSE	9 927 313	1,40 %
EU ACTIVE ENERGY TECHNOLOGY INVEST	9 236 253	1,30 %
ARCTIC FUNDS PLC	8 157 408	1,15 %
IKM INDUSTRI-INVEST AS	7 748 040	1,09 %
STØLE SVEIN	7 002 695	0,99 %
SPAREBANK 1 SR-BANK ASA	6 489 073	0,91 %
NORTURA KONSERNPENSJONSKASSE	4 785 227	0,67 %
RBC INVESTOR SERVICE	4 760 128	0,67 %
DIRECTMARKETING INVEST AS	4 724 442	0,67 %
Total	**508 011 993**	**71,6 %**
Other owners (ownership <0,67%)	**201 461 045**	**28,4 %**
Total number of shares at 23 April 2015	**709 473 038**	**100 %**

It should be noted that certain registered shareholdings (such as Euroclear Bank S.A./N.V.) have several underlying beneficial owners. Please refer to section 13, where information about shareholders holding above 5% of the shares is included.

Neither the Company nor any of its subsidiaries own any treasury shares in the Company.

14.6 Stock Exchange Listing

The Shares were admitted to trading on Oslo Børs on 9 November 2007. The Shares are not listed on any other stock exchange or regulated market, and no such application has been made.

14.7 Other Financial Instruments

There are no outstanding options, warrants, convertible loans or other instruments which would entitle the holder of any such securities to require that the Company issue any Shares.

14.8 Shareholder Rights

Under Norwegian law, all shares shall provide equal rights in a company. However, Norwegian law permits a company's articles of association to provide for different types of shares (e.g., several classes of shares). In such case, a company's articles of association must specify the different rights, preferences and privileges of the classes of shares and the total nominal value of each class of shares. The Company's Articles of Association provide for a single class of shares with equal rights.

14.9 Limitations on the Right to Own and Transfer Shares

There are no restrictions affecting the right of Norwegian or non-Norwegian residents or citizens to own the Shares. The Articles of Association do not contain any provisions restricting the transferability of Shares.

14.10 General Meetings

Under Norwegian law, a company's shareholders exercise supreme authority in the company through the general meeting.

A shareholder may attend the general meeting either in person or by proxy. Although Norwegian law does not require the Company to distribute proxy forms to its shareholders for general meetings, the Company has a history of doing so as a listed company and intends to continue this practice also in the future.

In accordance with Section 5-6 of the Norwegian Public Limited Companies Act, the annual general meeting is required to be held within six months from the end of each financial year (i.e. on or prior to June 30). The following business must be transacted and decided at the annual general meeting:

- approval of the annual accounts and annual report, including the distribution of any dividend; and
- any other business to be transacted at the general meeting by law or in accordance with the Company's Articles of Association.

Pursuant to Section 5-6 of the Norwegian Public Limited Companies Act, the annual general meeting of shareholders shall also deal with the Board of Directors' declaration concerning the determination of salaries and other remuneration to senior executive officers pursuant to Section 6-16a of said Act.

Norwegian law requires that written notice of general meetings be sent to all shareholders whose addresses are known at least three weeks prior to the date of the meeting, unless the company's articles of association stipulate a longer period. The Company's Articles of Association do not include any provision on this subject. A shareholder is entitled to have an issue discussed at a general meeting if such shareholder provides the Board of Directors with notice of the issue so that it can be included in the written notice of the general meeting. Pursuant to the Articles of Association section 9, shareholders that wish to attend the general meetings must notify the Company of this within the deadline set in the notice, which may not be earlier than two business days prior to the general meeting.

In addition to the annual general meeting, extraordinary general meetings of shareholders may be held if deemed necessary by the Company's Board of Directors. An extraordinary general meeting must also be convened for the consideration of specific matters at the written request of the Company's auditors or shareholders representing a total of at least 5% of the share capital. The provisions set out above concerning notice and attendance notification are the same in relation to an extraordinary general meeting as for ordinary/annual general meetings.

14.11 Voting Rights

Each Share in the Company carries one vote.

As a general rule, resolutions that shareholders are entitled to make pursuant to Norwegian law or the Company's Articles of Association require approval by a simple majority of the votes cast. In the case of election of directors to the board of directors, the persons who obtain the most votes cast are deemed elected to fill the positions up for election. However, as required under Norwegian law, certain decisions, including, but not limited to, resolutions to waive preferential rights, if applicable, in connection with any share issue, to approve a merger or demerger, to amend the Company's Articles of Association, to authorize an increase or reduction in the share capital, to authorize an issuance of convertible loans or warrants or to authorize the Board of Directors to purchase the Company's Shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at the general meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval of the holders of such shares or class of shares as well as the majority required for amendments to the Company's Articles of Association. Decisions that (i) would reduce any shareholder's right in respect of dividend payments or other rights to the assets of the Company or (ii) restrict the transferability of the shares already issued, require a majority vote of at least 90% of the share capital represented at the general meeting in question as well as the majority required for amendments to the Company's Articles of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amendments to the Company's Articles of Association.

All shareholders who are registered in the register of shareholders maintained by the VPS as of the date of the general meeting, or otherwise have reported and proved their ownership of Shares, are entitled to admission without any requirement for pre-registration. It should, however, be noted that there are varying opinions as to the interpretation of Norwegian law in respect of the right to vote for nominee-registered shares. For example, Oslo Børs has in a statement of 21 November 2003 held that in its opinion "nominee-shareholders" may vote in general meetings if they prove their actual shareholding prior to the general meeting.

14.12 Amendments to the Company's Articles of Association, including Variation of Rights

Pursuant to the provisions of the Norwegian Public Limited Companies Act, the affirmative vote of two-thirds of the votes cast at a general meeting, as well as at least two-thirds of the share capital represented at the meeting, is required to amend the Company's Articles of Association. Certain types of changes in the rights of the Company's shareholders require the consent of all shareholders or 90% of the votes cast at a general meeting. The Company's Articles of Association does not contain provisions regarding amendments to the shareholders rights that are stricter than the provisions pursuant to the Norwegian Public Limited Companies Act.

14.13 Additional Issuances and Preferential Rights

If the Company issues any new Shares, including bonus share issues (representing the issuance of new Shares by a transfer from funds that the Company is allowed to use to distribute dividend), the Company's Articles of Association must be amended, which requires a two-thirds majority of the votes cast at a general meeting of shareholders. In connection with an increase in the Company's share capital by a subscription for Shares against cash contributions, Norwegian law provides the Company's shareholders with a preferential right to subscribe to the new Shares on a pro rata basis in accordance with their then-current shareholdings in the Company.

The preferential rights to subscribe to an issue may be waived by a resolution in a general meeting passed by a two-thirds majority of the votes cast at a general meeting of shareholders required to approve amendments to the Company's Articles of Association.

The general meeting may, with a vote as described above, authorize the Board of Directors to issue new Shares. Such authorization may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the nominal share capital as at the time the authorization was granted. The preferential right to subscribe for Shares against consideration in cash may be set aside by the Board of Directors only if the authorization includes such authority for the Board of Directors.

In order to issue Shares to holders of the Company's Shares who are citizens or residents of the United States upon the exercise of preferential rights, the Company may be required to file a registration statement in the United States under U.S. securities laws. If the Company decides not to file a registration statement, these holders may not be able to exercise their preferential rights.

Under Norwegian law, bonus shares may be issued, subject to shareholder approval and provided, amongst other requirements, that the transfer is made from funds that the Company is allowed to use to distribute dividend. Any bonus issues may be effected either by issuing Shares or by increasing the nominal value of the Shares outstanding. If the increase in share capital is to take place by new shares being issued, these new Shares must be allotted to the shareholders of the Company in proportion to their current shareholdings in the Company.

14.14 Related Party Transactions

Under Norwegian law, an agreement between the company and a shareholder, or connected person of such shareholder (*e.g.* a company controlled by a shareholder or its spouse, partner or other family members), which involves consideration from the company in excess of 5% of the company's share capital at the time of such acquisition is not binding on the company unless the agreement has been approved by the shareholders at a general meeting. Agreements entered into in the normal course of the company's business containing pricing and other terms and conditions which are normal for such agreements, the purchase of securities at a price that is in accordance with the official quotation, as well as certain other transactions, do not require such approval. Any performance of an agreement that is not binding on the company must be reversed.

14.15 Minority Rights

Norwegian law contains a number of protections for minority shareholders against oppression by the majority, including but not limited to those described in this and preceding paragraphs. Any shareholder may petition the courts to have a decision of the Company's Board of Directors or general meeting declared invalid on the grounds that it unreasonably favors certain shareholders or third parties to the detriment of other shareholders or the Company itself. In certain grave circumstances, shareholders may require the courts to dissolve the company as a result of such decisions. Shareholders holding in aggregate 5% or more of the Company's share capital have a right to demand that the Company holds an extraordinary general meeting to discuss or resolve specific matters. In addition, any shareholder may demand that the Company places an item on the agenda for any general meeting if the Company is notified in time for such item to be included in the notice of the meeting.

14.16 Transfers and Other Changes in Ownership of the Company's Securities by Directors and Officers

Under Norwegian law, the individual members of the Company's Board of Directors, the President and Chief Executive Officer, and other key employees and the Company's auditor must immediately notify the Board of Directors of both their own and their personal connected persons' sale or acquisition of the Company's Shares or other securities. Such sale or acquisition must also be reported to Oslo Børs, which will promptly publish the notice through its information system.

14.17 Rights of Redemption and Repurchase of Shares

The Company has not issued redeemable shares (i.e., shares redeemable without the shareholder's consent). The Company's share capital may be reduced by reducing the nominal value of the Shares. Such a decision requires the approval of two-thirds of the votes cast at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

A Norwegian company may purchase its own shares if an authorization for the board of directors of the company to do so has been given by the shareholders at a general meeting with the approval of at least two-thirds of the aggregate number of votes cast at the meeting. The aggregate nominal value of treasury shares so acquired and held by the company is not permitted to exceed 10% of the company's share capital, and treasury shares may only be acquired if the company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorization by the shareholders at the general meeting cannot be given for a period exceeding 18 months.

14.18 Shareholder Vote on Certain Reorganizations

A decision to merge with another company or to demerge requires a resolution of the Company's shareholders at a general meeting passed by two-thirds of the aggregate votes cast, as well as two-thirds of the aggregate share capital represented, at the general meeting. A merger plan or demerger plan signed by the Company's Board of Directors, along with certain other required documentation, would have to be sent to all shareholders at least one month prior to the general meeting.

14.19 Liability of Directors

The Company's Board of Directors and the President and Chief Executive Officer owe a fiduciary duty to the Company and thereby its shareholders. Such fiduciary duty requires that the Board members and the President and Chief Executive Officer act in the Company's best interests when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Members of the Company's Board of Directors and the Chief Executive Officer may each be held liable for any damage they negligently or willfully cause the Company. Norwegian law permits the general meeting to exempt any such person from liability, but the exemption is not binding if substantially correct and complete information was not provided at the general meeting when the decision was taken. If a resolution to grant such exemption from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than required to amend the Company's Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders at the relevant point in time, more than 10% of the total number of shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility, but can be recovered from any proceeds the Company receives as a result of the action. If the decision to grant an exemption from liability or not to pursue claims is made by such a majority as is necessary to amend the Articles of Association, or if a settlement has been reached, the minority shareholders cannot pursue the claim in the Company's name. A resolution by the general meeting to exempt the directors from liability does not protect the directors from a claim or a lawsuit filed by a third party other than a shareholder, for example a creditor.

14.20 Indemnification of Directors and Officers

Neither Norwegian law nor the Company's Articles of Association contain any provision concerning indemnification by the Company of the Company's Board of Directors. The Company is permitted to purchase, and has purchased, insurance to cover the members of its Board of Directors against certain liabilities that they may incur in their capacity as such.

14.21 Distribution of Assets on Liquidation

Under Chapter 16 of the Norwegian Public Limited Companies Act, a company may be wound-up by a resolution of the company's shareholders in a general meeting passed by the same vote as required with respect to amendments to the articles of association. The shares rank equally in the event of a return on capital by the company upon a winding-up or otherwise.

14.22 Summary of the Company's Articles of Association

The following is a summary of provisions of the Company's Articles of Association, some of which have not been addressed in the preceding discussion. The Company's Articles of Association have been incorporated hereto by reference (see section 18.2) and are available at www.noreco.com.

In accordance with the Articles of Association Section 3, the Company's objectives are "*exploration, production and sale related to oil and gas activities. The Company will obtain participating interests in production licences by participating in licence rounds and through acquisition of participating interests"*.

The Board of Directors of the Company shall consist of three to seven board members, and the Company is represented by (i) the joint signature of two Board members, or (ii) by the CEO and one Board member jointly.

According to the Articles of Association Section 10, the annual general meeting of shareholders shall resolve the following issues (in addition to election of ordinary Board members):

1. Election of the Chairman of the Board
2. Approval to the Annual Accounts and Annual Report, including distribution of dividend
3. Election of the members and the chairperson of the Nomination Committee and amendments of the Nomination Committee's Mandate and Charter.
4. Such other matters as, according to law, fall within the duties of the General Meeting.

The annual general meeting shall also deal with the statement from the Board of Directors relating to the determination of salary and other benefits to the leading employees according to Section 6-16a of the Norwegian Public Limited Companies Act. There shall be a consultative vote regarding the principles relating to determining the salary of the leading employees set by the Board of Directors. The principles regarding benefits according to Section 6-16 a first paragraph, third period, no 3 of the Norwegian Public Limited Companies Act, shall be approved by the general meeting.

14.23 Mandatory Bid Requirement

Pursuant to Chapter 6 of the Norwegian Securities Trading Act, any person, entity or a consolidated group that becomes the owner of shares representing more than 1/3 of the voting rights of a Norwegian company whose shares are quoted on a Norwegian regulated market, is obliged to within four weeks make an unconditional general offer to acquire the whole of the outstanding share capital of that company. The mandatory bid obligation ceases to apply, however, if the person, entity or a consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory bid obligation was triggered. When a mandatory offer obligation is triggered, the person subject to such obligation shall immediately notify Oslo Børs and the company accordingly. The notification shall state whether a bid will be made to acquire the remaining shares in the company or whether a sale will take place. The offer and the offer document required are subject to approval by Oslo Børs before submission of the offer to the shareholders is made or published.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror in the six-month period prior to the date the threshold was exceeded. If it is clear that the market price was higher when the mandatory offer obligation was triggered, however, the bid price shall be at least as high as the market price. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate his bid at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or sell the portion of the shares that exceeds the relevant threshold within four weeks. Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, an acquirer who fails to make an offer may not, as long as the mandatory bid obligation remains in force, exercise rights in the company, such as voting on the general meeting of shareholders, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise the right to dividend and pre-emption rights in the event of a share capital increase. If the shareholder neglects his duties to make a mandatory offer, Oslo Børs may impose a cumulative daily fine which runs until the circumstance has been rectified.

A shareholder or consolidated group that owns shares representing more than 1/3 of the votes in a listed company, and which has not previously made an offer for the purchase of the remaining shares in the company in accordance with the provisions concerning mandatory offers, is, as a main rule, obliged to make a mandatory offer in the case of a subsequent acquisition of shares. There are, however, exceptions from this rule, including for a shareholder or a consolidated group, which, upon admission of the company to listing on a stock exchange, owed more than 1/3 of the shares in the company.

Pursuant to Section 6-6 of the Norwegian Securities Trading Act, a shareholder who represents more than 1/3 of the votes of a listed company is obliged to make an offer to purchase the remaining shares of the company (repeated bid obligation) where the shareholder through acquisition exceeds an ownership of 40% of the votes in the company. The same applies correspondingly where the shareholder through acquisition exceeds an ownership of 50% or more of the votes in the company. The mandatory bid obligation ceases to apply if the person, entity or a consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory bid obligation was triggered.

Pursuant to the provisions of the Norwegian Securities Trading Act and the Norwegian Securities Regulation, the above mentioned rules also apply in part or in whole to purchases of shares of certain companies other than Norwegian companies whose shares are quoted on a Norwegian regulated market.

14.24 Compulsory Acquisition

Pursuant to Section 4-25 of the Norwegian Public Limited Companies Act, a shareholder who, directly or indirectly via subsidiaries, acquires shares representing 90% or more of the total number of issued shares in the company, as well as 90% or more of the total voting rights of a company, has the right (and each remaining minority shareholder of that company would have the right to require the majority shareholder) to effect a compulsory acquisition for cash of any shares not already owned by the majority shareholder. Such compulsory acquisition would imply that the majority shareholder becomes the owner of all shares held by minority shareholders with immediate effect.

Upon effecting the compulsory acquisition, the majority shareholder shall offer the minority shareholders a specific price per share, the determination of which would be at the discretion of the majority shareholder.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline not to be of less than two months' duration, object to the pricing being offered. Absent such request or other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the two months deadline. If an objection is made, and absent amicable settlement, each of the majority shareholders and the objecting minority shareholders may request that the price be determined by the Norwegian courts. The cost of such court procedure would, as a general rule, be for the account of the majority shareholder, and the courts would have full discretion in respect of the valuation of the shares as per the effectuation of the compulsory acquisition.

Pursuant to Section 6-22 of the Norwegian Securities Trading Act, where the offeror, after making a mandatory or voluntary bid, has acquired 90% or more of the voting shares of the offeree company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the

Norwegian Public Limited Companies Act completes a forced transfer of the remaining shares within three months after the expiry of the period of the bid, the redemption price shall be fixed on the basis of the bid price, absent specific reasons indicating another price. Furthermore, if a shareholder through a voluntary offer in accordance with the Norwegian Securities Trading Act acquires shares representing 90% or more of the total number of issued shares, as well as 90% or more of the total voting rights, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorized to provide such guarantees in Norway.

14.25 **Restriction on Ownership of Shares**

The Articles of Association of the Company contain no provisions restricting foreign ownership of Shares.

There are no limitations under Norwegian law on the rights of non-residents or foreign owners to hold or vote the Shares.

15. DIVIDENDS AND DIVIDEND POLICY

15.1 Dividends

15.1.1 Procedure for Declaration of Dividends

Dividends in respect of a fiscal year, if any, will be declared at the Company's annual general meeting in the following year. Under Norwegian law, dividends may be paid in respect of a fiscal year for which audited financial statements have been approved by a majority vote at the annual general meeting, and any proposal to pay a dividend must be recommended by the Company's Board of Directors and approved by its shareholders at a general meeting. The shareholders at the Company's annual general meeting may vote to reduce, but may not adopt a resolution to increase, the dividend proposed by the Company's Board of Directors. Dividends declared and approved in this manner accrue to those shareholders who were shareholders at the time the resolution was adopted, unless otherwise stated in the resolution.

15.1.2 Legal Constraints on the Distribution of Dividends

Dividends may be paid in cash or in some instances in kind. The Norwegian Public Limited Companies Act provides several constraints on the distribution of dividends:

- Pursuant to section 8-1 of the Norwegian Public Limited Liability Companies Act the Company may only distribute dividend to the extent that the Company's net assets following the distribution covers (i) the Company's share capital, (ii) the reserve for valuation differences and (iii) the reserve for unrealized gains. In the amount that may be distributed, a deduction shall be made for the aggregate nominal value of treasury shares that the Company has purchased for ownership or as security before the balance day. A deduction for credit and collateral etc. shall also be made according to sections 8-7 to 8-10 from before the balance day which after these provisions shall lie within the scope of the funds the company may distribute as dividend. A deduction shall however not be made for credit and collateral etc. that is reimbursed or settled before the time of decision, or credit to a shareholder to the extent that the credit is settled by a netting in the dividend.
- The calculation of the distributable equity shall be made on the basis of the balance sheet in the approved annual accounts for the last fiscal year, however so that the registered share capital as of the date of the resolution to distribute dividend shall apply. Following the approval of the annual accounts for the last fiscal year, the General Meeting may also authorise the Board of Directors to declare dividend on the basis of the Company's annual accounts.
- Dividend may also be distributed by the General Meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date not further into the past than six months before the date of the General Meeting's resolution.
- Dividend may only be distributed to the extent that the Company after the distribution has a sound equity and liquidity.
- The amount of dividends the Company can distribute is calculated on the basis of the parent Company's financial statements.

According to the Norwegian Public Limited Companies Act, there is no time limit after which entitlement to dividends lapses, however if dividend is declared this is considered to be an ordinary obligation and subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. Further, the Norwegian Public Limited Companies Act contains no dividend restrictions or specific procedures for non-Norwegian resident shareholders. For a description of withholding tax on dividends that is applicable to non-Norwegian residents, see section 17.3.1.

Under Norwegian foreign exchange controls currently in effect, transfers of capital to and from Norway are not subject to prior government approval. However, all payments to and from Norway shall be registered with the Norwegian Currency Registry. Such registration is made by the entity performing the transaction. Further, each physical transfer of payments in currency shall be notified to the Norwegian customs. Consequently, a non-Norwegian resident may receive dividend payments without Norwegian exchange control consent if such payment is made through a licensed bank.

As part of the restructuring of the bank facilities, the Company has agreed to continue certain restrictions with respect to dividends and other distributions made by the Company to its shareholders.

15.2 Dividend Policy

The Company has not paid any dividends to date, whether in cash or in kind, and the Company does not currently intend to pay dividends in the foreseeable future. The Company currently intends to retain all earnings, if any, and to use these, to finance the further business of the Company and to repay debt. Net proceeds in the case of any major divestment will trigger a “cash-sweep” for repayment of outstanding bond debt within the two ring-fenced structures. Reference is made to section 8.2 for an outline of the Noreco Group’s funding structure.

Please, see the Company’s corporate governance guidelines referenced in the 2014 Annual Report and published on www.noreco.com for further information on dividend policy.

16. LEGAL MATTERS

16.1 Disputes

From time to time the Company and/or the Group may become engaged in litigation or regulatory proceedings incidental to their business.

Other than the potential disputes set out below, neither the Company and/or the Group is, or has been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), as of the date of this Prospectus, and for the preceding 12 months, which may have, or have had in recent past significant negative effects on the Company's and/or the Group's financial position or profitability.

In connection with the Company's participation in the Huntington licence on the UKCS Licence (P. 1114), the operator of the Central Area Transmission System (CATS), offtaking gas from amongst others the Huntington field has indicated that Huntington has released off-spec gas into the CATS system. This allegation has not been documented or followed up but could, if substantiated, lead to exposure to a liability under the CATS system. As there is no information on losses and their value, the exposure cannot be quantified except to the extent that liability under the CATS agreement is capped at GBP 20 million for the Huntington licence as such (100%). The risk of the realization of any such exposure is not deemed to be high.

17. NORWEGIAN TAXATION

17.1 General

The statements herein regarding taxation are unless otherwise stated based on Norwegian laws, rules and regulations in force in Norway as of the date of this Prospectus, and are subject to any changes in law occurring after such date. Such changes could be made on a retrospective basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, own or dispose of the Shares. The summary is intended to serve as a general guideline and does not provide a complete description of all relevant issues (e.g., for investors for whom special laws, rules or regulations may be applicable). Furthermore, the summary only focuses on the shareholder categories explicitly mentioned below (personal shareholders and limited liability companies). The statements only apply to shareholders who are beneficial owners of the shares.

Shareholders are advised to consult with and rely upon their own tax advisers concerning the overall and individual tax consequences of their ownership of Shares.

Please note that for the purpose of the summary below, a reference to a Norwegian or foreign shareholder refers to the tax residency rather than the nationality of the shareholder.

17.2 Shareholders resident in Norway for tax purposes

17.2.1 Taxation of dividends

(a) Personal shareholders

Dividends distributed to shareholders who are individuals resident in Norway for tax purposes ("Norwegian personal shareholders") are taxable as ordinary income for such shareholders at a rate of 27%. However, Norwegian personal shareholders are entitled to deduct a calculated allowance when calculating their taxable dividend income. The allowance is calculated on a share-by-share basis, and the allowance for each Share is equal to the cost price of the Share multiplied by a determined risk free interest rate based on the effective rate after tax of interest on treasury bills (*Norwegian: "statskasseveksler")* with three months maturity. The risk-free interest rate is calculated and announced by the Norwegian Tax Directorate in January in the year after the income year; i.e. the risk-free interest rate for 2014 was decided January 2015. For the income year 2014, the risk-free interest rate is set to 0.9%.

The risk-free interest rate is calculated and announced by the Norwegian Tax Directorate in January in the year after the income year; i.e. the risk-free interest rate for 2014 was decided January 2015. For the income year 2014, the risk-free interest rate is set to 0.9%.

(b) Corporate shareholders (limited liability companies)

Norwegian corporate shareholders (i.e. limited liability companies and similar entities resident in Norway for tax purposes) are generally exempt from tax on dividends received on shares in Norwegian limited liability companies and similar entities. However, Norwegian corporate shareholders are subject to tax on 3% of dividends derived from shares comprised by the participation exemption method each fiscal year. Such income is taxed as ordinary income at a rate of 27% i.e. dividends are taxed at an effective rate of 0.81%. However, 3% should not be entered as ordinary income if the dividend is received by a Norwegian Corporate Shareholder which is a group company and the parent company owns 90% or more of the affiliated company and has 90% or more of the votes that can be submitted on the general meeting.

17.2.2 Taxation on realization of Shares

(c) Personal shareholders

Sale, redemption or other disposal of Shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian personal shareholder through a disposal of Shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for the computation of ordinary income in the year of disposal. The ordinary income is taxable at a rate of 27%. The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of Shares disposed of.

The taxable gain or deductable loss is calculated per share, as the difference between the sales price and the cost price of the Share (including costs related to the acquisition and disposal of the Share). From this capital gain, Norwegian personal shareholders are entitled to deduct a calculated allowance, provided that such allowance has not already been used to reduce taxable dividend income. The allowance for each Share is equal to the total of allowance amounts calculated for the Share for previous years (see Section 17.2.1 “Taxation of dividends” above) less dividends distributed on the share. The calculated allowance may only be deducted in order to reduce a taxable gain calculated upon the realization of the share, and may not be deducted in order to produce or increase a loss for tax purposes. Furthermore, unused allowance may not be set of against gains from realization of other shares.

If the shareholder owns Shares acquired at different points in time, the Shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

A Norwegian personal shareholder, who moves abroad and ceases to be tax resident in Norway, will be deemed taxable in Norway for any potential gain of NOK 500 000 or more, on shares held at the time the tax residency ceased, as if the shares were realized at that time. Gains of NOK 500 000 or less are though not taxable. The tax payment may be postponed if adequate security is provided. If the personal shareholder moves to a jurisdiction within the EEA, a deferral of the payment of the taxes is granted without such guarantee, provided that Norway, pursuant to a treaty, can request information from the other jurisdiction regarding the person’s income- and wealth, and assistance in relation to the collection of taxes. Losses on shares held at the time tax residency ceases will, be tax deductible to the same extent as a gain would be taxable, if the personal shareholder moves to a jurisdiction within the EEA. In such case the loss is determined in the year of the emigration, but the taxation (loss deduction) will occur at the time the shares are actually sold or otherwise disposed of. The tax liability calculated under these provisions may be reduced if the value of the shares at the time of the realization is less than the value at the time of the emigration, or if the gain is regarded taxable in another jurisdiction. If the shares are not realized within five years after the shareholder ceased to be resident in Norway for tax purposes, the tax liability described above will not apply. Any tax treaty in force between Norway and the state to which the shareholder has moved may influence the application of these rules.

(d) Corporate shareholders (Limited Liability Companies)

Norwegian corporate shareholders are generally exempt from tax on capital gains upon the realization of shares in Norwegian limited liability companies and similar entities. Losses incurred upon realization of such shares are not tax deductible.

Special rules apply for Norwegian Corporate Shareholders that cease to be tax-resident in Norway.

17.2.3 Taxation of bonds

(a) Norwegian personal bond holders

Interests from the bonds are taxable as ordinary income at a rate of 27%.

Sale, redemption or other disposal of the bonds is considered as a realization for Norwegian tax purposes. Capital gains or losses are taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for the computation of ordinary income of the year of disposal. The ordinary income is taxable at a rate of 27%.

(b) Norwegian corporate bond holders

Interest and capital gain on the bonds are taxed in the same manner for Norwegian corporate bond holders as for Norwegian personal bonds holders (see section 17.2.3 (a) above).

17.2.4 Net wealth tax

The value of Shares is included in the basis for the computation of wealth tax imposed on Norwegian personal shareholders. Norwegian corporate shareholders are not subject to wealth tax. Currently, the marginal wealth tax rate is 0.85% of the value assessed. The value for assessment purposes for Shares listed on Oslo Børs is equal to the listed value as of January 1 in the assessment year, i.e. the year following the income year.

Bonds are subject to net wealth tax and taxable at rate of 0.85% for Norwegian personal bond holders. The net wealth tax is calculated to the market value of the bonds. Norwegian corporations are not exempt from net wealth taxation.

17.3 Shareholders not resident in Norway for tax purposes

This section summarizes Norwegian tax rules relevant to shareholders who are not resident in Norway for tax purposes ("Non-resident shareholders"). Non-resident shareholders' tax liabilities in their home country or other countries will depend on applicable tax rules in the relevant country.

Companies registered and resident for tax purposes abroad will normally not be tax liable to Norway. Tax residency is decided on the basis of the place of effective management of the company. If the company is effectively managed from Norway, through board decisions etc., there is a risk that questions regarding tax residency will arise.

Companies conducting parts of their business in Norway may also be tax liable to Norway through a permanent establishment in Norway.

Tax liability to Norway according to the rules mentioned above is affected by the way the companies operate, and is therefore subject to the companies' own control.

17.3.1 Taxation of dividends

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes ("Non-resident personal shareholders"), are as a general rule subject to withholding tax at a rate of 25%, unless the withholding tax rate of 25% is reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends.

Non-resident personal shareholders resident within the EEA are subject to withholding tax on dividends received from Norwegian limited liability companies at the general rate or at a reduced rate according to an applicable tax treaty. However, such shareholders may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share, see "Personal shareholders" in section 17.2.2 above.

If a Non-resident personal shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Personal Shareholder, as described above.

Dividends distributed to shareholders who are limited liability companies not resident in Norway for tax purposes ("Non-resident corporate shareholders"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. Dividends distributed to Non-resident corporate shareholders resident within the EEA for tax purposes are exempt from Norwegian withholding tax, provided that the Non-resident corporate shareholder is the beneficial owner of the shares and that the Non-resident corporate shareholder is genuinely established and performs genuine economic business activities in the relevant EEA Member State.

Nominee registered Shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Norwegian Tax Directorate for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authority including all beneficial owners that are subject to lower withholding tax.

Non-resident shareholders that have suffered a higher withholding tax than set out by an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

17.3.2 Taxation on realization of Shares

Gains from the sale or other disposal of Shares by a Non-resident personal shareholder will not be subject to Norwegian taxation unless the Non-resident personal shareholder holds the Shares in connection with the conduct of a trade or business in Norway.

Non-resident corporate shareholders are not subject to taxation in Norway on realization of Shares.

17.3.3 Net wealth tax

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax, unless it is a Non-resident personal shareholder and the Shares are effectively connected to the conduct of a trade or business in Norway.

Bond holders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax, unless it is a Non-resident personal bond holder and the bonds are effectively connected to the conduct of a trade or business in Norway.

17.4 Duties on the transfer of Shares

No stamp duties VAT or similar duties/taxes are currently imposed in Norway on the transfer of Shares whether on acquisition or disposal.

17.5 Inheritance tax

As of 1 January 2014, the inheritance tax ceased in Norway. Hence, transfer of shares is not subject to inheritance tax. However the receiver of the shares is taxed in the same manner as transferor on disposal of shares.

18. DOCUMENTS ON DISPLAY AND INCORPORATION BY REFERENCE

18.1 Documents on display

For twelve months from the date of this Prospectus, the following documents (or copies thereof) may be physically inspected at the principal office of the Company at Badehusgata 37, N-4014 Stavanger, Norway (telephone number +47 99 28 39 00):

- The Company’s Articles of Association;
- The Company's memorandum of incorporation
- The Company’s 2012, 2013 and 2014 consolidated annual reports, including the auditor’s report;
- Annual statement of reserves
- Other reports, letters and other documents mentioned in this Prospectus

18.2 Incorporation by reference

The following documents have been incorporated hereto by reference. (Certain of these documents have been issued in Norwegian. English language translations have been made available on the Company's website for informational purposes only):

Reference	Section in Prospectus	Incorporated by reference	Website
The Company’s annual report for 2014, including the audited annual accounts, an overview of the Company’s accounting policy, explanatory notes, annual statement of reserves and auditor’s report.	7	The Company’s annual report for 2014, including the audited annual accounts, an overview of the Company’s accounting policy, explanatory notes, annual statement of reserves and auditor’s report (Norwegian).	http://noreco.no/Global/Annual_report_2014.pdf
The Company’s annual report for 2013, including the audited annual accounts, an overview of the Company’s accounting policy, explanatory notes, report on corporate governance, and auditor’s report.	7	The Company’s annual report for 2013, including the audited annual accounts, an overview of the Company’s accounting policy, explanatory notes, report on corporate governance, and auditor’s report (Norwegian).	http://www.noreco.com/Documents/FInancial%20reports%20NO/Noreco_2013_NO.pdf
The Company’s annual report for 2012, including the audited annual accounts, an overview of the Company’s accounting policy, explanatory notes, report on corporate governance, and auditor’s report.	7	The Company’s annual report for 2012, including the audited annual accounts, an overview of the Company’s accounting policy, explanatory notes, report on corporate governance, and auditor’s report (Norwegian).	http://www.noreco.com/Documents/FInancial%20reports%20NO/Noreco_%c3%a5rsrapport2012_no%20(3).pdf
Articles of Association	13, 15	Articles of Association.	http://noreco.no/en/About-us/Articles-of-association1/
Annual statement of reserves	10.9	The Company’s annual statement of reserves in the annual statement of reserves for 2007-2013	http://noreco.no/en/Our-business/Annual-statement-of-reserves//
Expert reports on oil reserves	10.9	Expert Report attached to the Company's listing prospectus, dated 1 November, 2007	http://www.noreco.no/PageFiles/13322/Prospectus%201%20Nov%20200

The above documents are also available at the address stated under section 18.1 above.

18.3 Confirmation regarding sources

This Prospectus also contains information sourced from third parties. The information in this Prospectus that has been sourced from third parties has been accurately reproduced and as far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used. This Prospectus contains market data, industry forecasts and other information published by third parties, including information related to the sizes of markets in which the Noreco Group operates. The information has been extracted from a number of sources. The Company has in section 9 estimated certain market share statistics using both its internal data and industry data from other sources. Although the Company regards these sources as reliable, the information contained in them has not been independently verified. This Prospectus also contains assessments of market data and information derived therefrom that could not be obtained from any independent sources. Such information is based on the Company's own internal assessments and may therefore deviate from the assessments of competitors of the Company or future statistics by independent sources.

19. DEFINITIONS AND GLOSSARY OF TERMS

19.1 Definitions

In the Prospectus, the following definitions have the meanings indicated below.

AFE	Authorisation for Expenditure
APA	Awards in Predefined Areas
API	American Petroleum Institute
Articles of Association	The articles of association of the Company in force as at the date of this Prospectus
Board or Board of Directors	The Board of Directors of the Company
Boe	Barrels of oil equivalent
Boepd	Barrels of oil equivalent per day
Bonds	The bond loans of the Company prior to the refinancing
Bw/d	Barrels of water per day
CAGR	Compound Annual Growth Rate
CATS	Central Area Transmission System
CEO	Chief Executive Officer
CET	Central European Time
CFO	Chief Financial Officer
Code of Practice	The Norwegian Code of Practice for Corporate Governance
Company	Norwegian Energy Company ASA, a public limited liability company duly incorporated under the laws of Norway, having its registered office at Badehusgata 37, N-4014 Stavanger, Norway
DCS	The Danish Continental Shelf
DEA	The Danish Energy Agency
DECC	The United Kingdom Department of Energy and Climate Change
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EBT	Earnings Before Tax
EEA	European Economic Area
Emerging Plays	Areas with proven hydrocarbon systems and, without current production or facilities, depending on the exact location and size of discoveries made in these areas, they

	may be developed as tie-backs to planned production facilities, although commerciality and timing will depend on the maturity and type of the potential host. Where potential host facilities are not present or are immature, discoveries will have to be large enough to be developed as standalone developments.
EU	European Union
EUR	Euro, the lawful currency currently shared by 16 of the European Union's member states
Forward-looking statements	Statements relating to, without limitation, projections and expectations regarding the Group's future financial position, business strategy, plans and objectives
FPSO	Floating production storage and offloading
Frontier Plays	Area with few well presentation, limited knowledge and no production or facilities. Discoveries in these area will have to be big enough to carry development and infrastructure investments in order to be commercial viable
GOR	Gas/oil ratio
Group	The Company and its consolidated subsidiaries
Group Company..	Each company being part of the Group
HSE	Health, safety and environment
HSEQ	Health, safety, environment and quality
IEA	International Energy Agency
JOA	Joint Operating Agreement
Managers	Arctic Securities AS and Pareto Securities AS
Mature Plays	Areas with known hydrocarbon systems, existing production and facilities. Discoveries made in these areas will likely be developed by means of tie-backs to existing infrastructure.
Mmboe	Million barrels of oil equivalent
MPE	The Ministry of Petroleum and Energy
NCS	The Norwegian Continental Shelf
Amended and restated NOR06 Bond	6.50% NOK 617 527 875 senior secured callable bond issue 2015/2018 issued by Noreco Norway AS with ISIN NO 001 060632.0 (being an amended and restated NOR06 Bond).
Amended and restated NOR10 Bond	6.50% NOK 600,000,000 senior secured callable bond issue 2015/2018 issued by the Company with ISIN NO 001 069703.0 (and replacing the NOR10 Bond, NOR11 Bond and NOR12 Bond).
New Shares	The 652 715 195 new shares of the Company to be listed on Oslo Børs

NGL...	Natural gas liquids
Nm^3...	Normal cubic metre
NOC...	National Oil Company
NOK	Norwegian kroner, the lawful currency of Norway
NOR06 Bond…………………………………..	The 6.50% NOK 600 000 000 senior secured callable bond issue 2013/2017 issued by the Company with ISIN NO 001 060632.0
NOR10 Bond…………………………………..	6.00% NOK 1 399 050 000 senior secured callable bond issue 2013/2016 with ISIN NO 001 069703.0.
NOR11 Bond…………………………………..	The 6.75% NOK 736 155 000 second lien callable bond issue 2013/2020 with ISIN NO 001 069704.
NOR12 Bond…………………………………..	The 4.00% PIK NOK 366 795 000 senior convertible bond issue 2013/2018 issued by the Company with ISIN NO 001 069705.5
Noreco	The Company
Noreco Group	The Company and its consolidated subsidiaries
Noreco Norway	Noreco Norway AS
Norwegian Public Limited Companies Act......	Norwegian Act no. 45 of June 13, 1997 on public limited liability companies
Norwegian Securities Trading Act....................	Norwegian Act no. 75 of June 29, 2007 on securities trading
NPD	The Norwegian Petroleum Directorate
OECD...	Organisation for Economic Co-operation and Development
OGUK	Oil & Gas UK
OPEC	Organisation of Petroleum Exporting Countries
Open Door	A “first come first served” licensing system used by Danish authorities.
P50	Probable reserves with 50% certainty of being produced
PDO	Plan for Development and Operation
PPA	Purchase price allocation
Prospectus..	This prospectus, dated 12 May 2015
Prospectus Directive	Directive 2003/71/EC
PRMS	Petroleum Resources Management System
PRT	Petroleum Revenue Tax in UK
Regulation S...	Regulation S under the U.S. Securities Act

RRR	Reserve Replacement Ratio
Shareholders	Persons or legal entities registered in the VPS as owner of an interest in a Share
Share(s)	Ordinary shares in the Company each having a nominal value of NOK 10, and "Share" means any one of them
Sm^3	Standard cubic metre
Scf/stb	Standard cubic feet per stock tank barrel
Stb/d	Standard barrel per day
Subsoil Act	Act No. 293 of 10 June 1981 as revised by Consolidated Act No. 960 of 13 September 2011 on the Use of the Danish Subsoil
toe	Tonne Oil Equivalent
UK	United Kingdom
UKCS	The United Kingdom Continental Shelf
USD or U.S. Dollar	United States Dollar, the lawful currency of the United States of America
U.S. Securities Act	The United States Securities Act of 1933, as amended
VPS	VPS Holding ASA (the Norwegian Central Securities Depository) Biskop Gunnerus gate 14 A, P.O. box 4, N-0051 Oslo, Norway
VPS account	An account held with the VPS to register ownership of securities
VPS Registrar	DNB Bank ASA, Verdipapirservice, P.O. Box 1600 Sentrum, N-0021 Oslo, Norway

Registered Office
Norwegian Energy Company ASA
Badehusgata 37
P.O. Box 550 Sentrum
N-4003 Stavanger, Norway

Managers

Arctic Securities AS
P.O. Box 1833 Vika
0123 Oslo, Norway

Pareto Securities AS
P.O. Box 1411 Vika
0115 Oslo, Norway

Legal Advisor to the Company
(as to Norwegian law)
Advokatfirmaet Schjødt AS
Ruseløkkveien 14
P.O. Box 2444 Solli
0201 Oslo, Norway

Auditor
KPMG AS
Sørkedalsveien 6
P.O. Box 7000 Majorstuen
0306 Oslo, Norway

Registrar
DNB Bank ASA
Registrars Department
P.O. Box 1600 Sentrum
0021 Oslo, Norway.