Report for the third quarter 2009

Norwegian Energy Company ASA

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English version

Noreco interim report Q3 2009

Norwegian Energy Company ASA

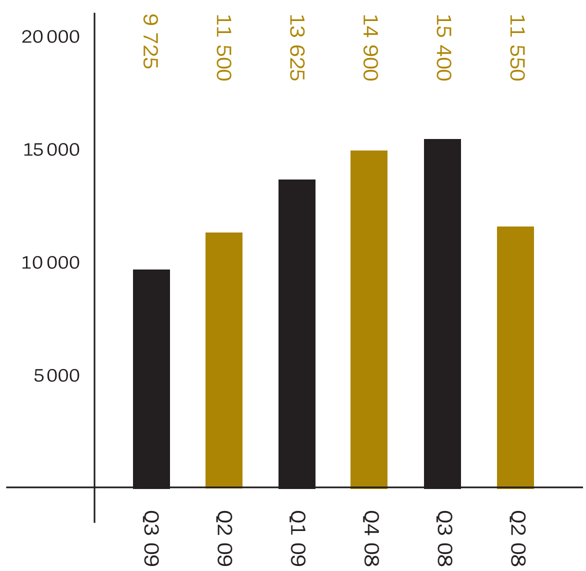
HIGHLIGHTS

- All production on Siri, Nini and Cecilie shut down on 31 August 2009, giving a negative impact on Q3 and 2009 production
- Q3 production 9,725 barrels per day realized at 65 $/barrel
- 2009 production revised to 10,500 - 11,000 barrels per day
- Ongoing developments progressing according to plan – Nini East to start production in Q4 2009, Huntington plan for development underway and Oselvar development underway
- Maturation of Gita, Grossbeak and Gygrid discoveries made in 2009
- Dry exploration well at Tasta – safe execution of first operated exploration well in Norway
- Application for several licenses in APA 2009 license round
- Operating revenues of NOK 355 million, EBITDA of NOK -51 million and a net result of NOK -134 million
- NOK 1.2 billion equity issue and NOK 2 billion bond refinancing gives the company a solid foundation for value creation from the extensive asset portfolio

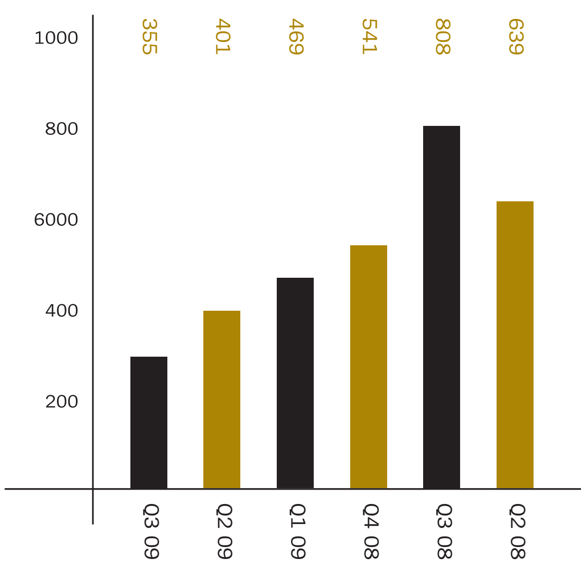
KEY FIGURES

	Q309	Q209	Q109	Q408	Q308	Q208
Net realised oil price *(US$/boe)*	65	60	55	58	104	120
EBITDA *(NOK million)*	-51	85	116	221	580	466
Net results *(NOK million)*	-134	-101	-46	-25	135	39
Total assets *(NOK billion)*	11,8	12.2	11.9	12.3	12.5	12.2

Production *(boed)*



Operating income *(NOK million)*



GROUP FINANCIALS

The Noreco Group had operating revenues of NOK 355 million in Q3 2009, a decrease of 56 % compared to Q3 2008. The decrease was primarily driven by the change in achieved oil price and reduced production due to the temporary shut down on the fields in the Siri area. The achieved oil, gas and NGL prices adjusted for the cost and income from the put options expiring in Q3 2009 was US$ 65 per barrel of oil equivalent, compared to US$ 104 per barrel in Q3 2008. EBITDA earnings before interests, tax, depreciation and amortization for Q3 2009 was NOK -51 million, compared to NOK 580 million in Q3 2008. Net result after finance and tax was NOK -134 million for the quarter, compared to NOK 135 million in Q3 2008. Noreco has oil price put options in place, which secure a significant part of after tax expected production volume against oil prices below USD 75 and USD 50 per barrel. The fair value of these put options as of 30 September 2009 was assessed to NOK 131 million, and is accounted for under other current receivables. The producing assets were depreciated with NOK 120 million in Q3 2009. Production expenses of NOK 120 million includes NOK 7 million related to the shutdown of the Siri field. Expenses related to the shutdown expected to be covered under the insurance policy has been estimated and capitalized under other current assets. Exploration costs were directly expensed with NOK 180 million. This includes expenses of dry well (PL 412) of NOK 74 million. Net financials in Q3 2009 was NOK –156 million, a 14% increase compared to Q3 2008. The main reason for the increase in financial expenses is currency effects on bank deposits in foreign currency and receivables from operators relating to joint venture licenses. Interest costs in Q3 2009 were NOK 92 million, compared to NOK 116 million in Q3 2008. The significant reduction in interest cost is a result of the capital restructuring in the Group over the last 18 months.

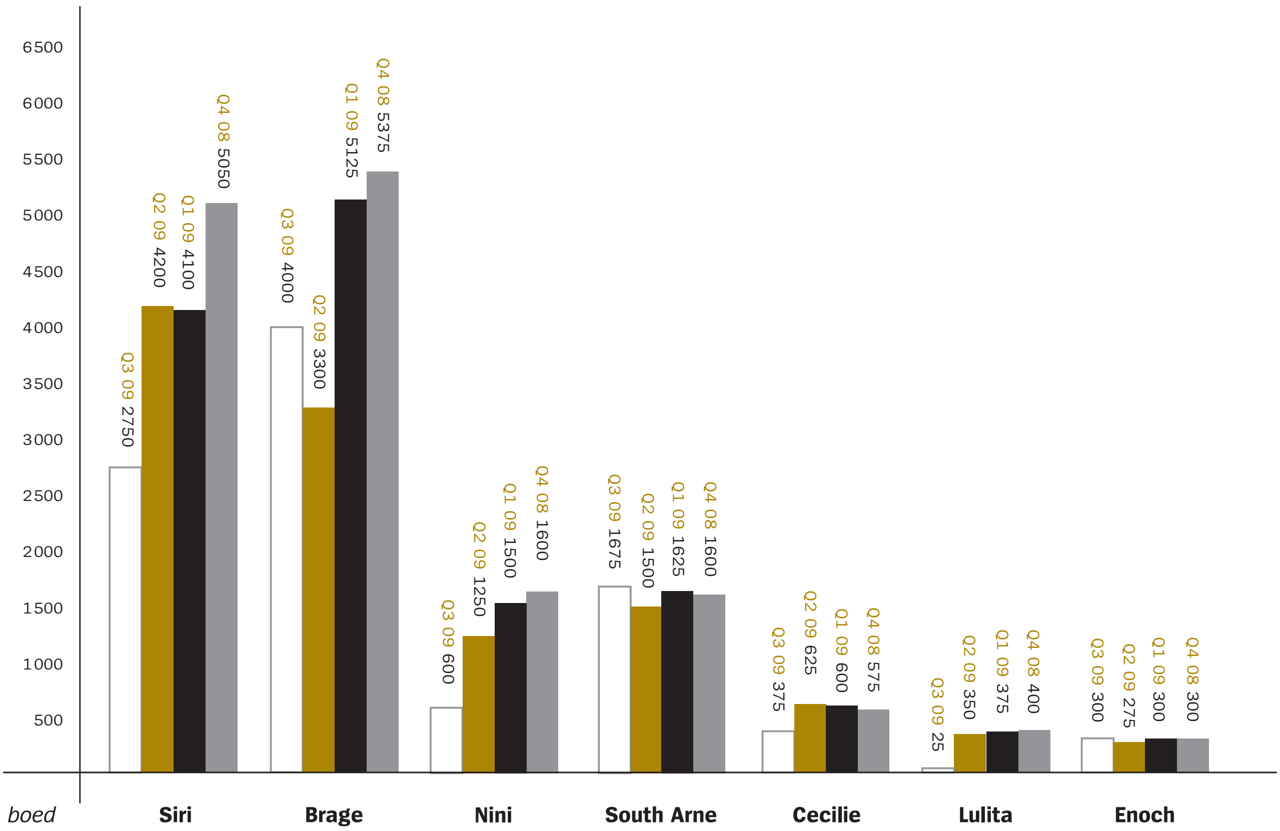
In Q3 2009, Noreco sold its ownership in PL442 (Gamma) as part of its active portfolio management programme. The net impact on the Q3 2009 income statement is approximately NOK -12 million, comprising a loss on sale of licenses of NOK 56 million and a NOK 44 million deferred tax reversal.

Noreco has invested NOK 236 million in wells in the producing fields, and the Oselvar and the Nini East developments.

Total equity and liabilities as of 30 September 2009 was NOK 11,802 million with equity of NOK 2,624 million. At 30 September 2009, the Group's net interest bearing debt was NOK 4,621 million.

Norsk Tillitsmann ASA, trustee for Noreco's convertible bond loan with an outstanding amount of NOK 218.5 million, has questioned whether the conversion price shall be adjusted downwards from the current NOK 22.25 to NOK 16 as a result of a private placement completed in May 2009. No litigation in this respect has been commenced, and Noreco is of the opinion that no such adjustment shall take place.

Noreco announced on 23 September 2009 that a private placement of 80 million new shares in the company had been effected at a price of 15 NOK per share, giving gross



proceeds of NOK 1.2 billion which will be used to finance capital expenditures for the development of certain oil and gas discoveries and for general corporate purposes. The new shares were issued on 16 October 2009.

After the reporting period, Noreco announced on 19 October 2009 that the company had successfully completed two new bond issues totaling NOK 2 billion. The proceeds will be used to refinance the existing bond loans NOR01 and NOR02 totaling NOK 2.24 billion. The transaction further extends Noreco's financial capacity, reduces the borrowing cost for the company and improves flexibility.

OPERATIONS

Production and Fields
The Noreco Group's production for Q3 2009 was on average 9 725 barrels of oil equivalents per day (boed). The graph on page 3 shows the net production to Noreco from each of the seven producing fields in the portfolio.

The average gross production from the **Brage Field** in Q3 was approximately 32 800 boed. The production development on Brage in Q3 has been positive primarily due to production response to water injection in the A-28 Bowmore well and well repair work.

A Fensfjord well has been drilled and completed in Q3, and has been brought on production at rates in line with the pre-drill expectation. The drilling campaign at Brage continues with drilling of additional Statfjord Fm infill wells.

The **Enoch Field** average gross production in Q3 2009 was approximately 6 500 boed. Production was reduced early in the quarter due to low regularity and lack of gas lift to the producer. Through the last half of the quarter the production regularity has been improved. The reservoir performance at Enoch continues to be strong, with very little decline in reservoir pressure and no significant increase in gas or water production.

On the **South Arne Field** the average gross production was approximately 25 300 boed in Q3 2009. The 2009 Field Development Plan (FDP for phase III) has been issued to the Danish Energy Authorities, and final approval is anticipated in early Q4 2009. The FDP contains firm plans to drilling two infill wells during 2010 and to conduct screening studies on the further development of the South Arne Field including the northern segments as well as further infill drilling in the Tor and Ekofisk Chalk formations in the main producing area. Location and design of the two infill wells to be drilled in first half of 2010 has been agreed by all partners.

On the **Lulita Field** production has been closed in during the main part of Q3 due to planned maintenance work on the processing and off-take platform Harald. Production is anticipated restored in October. The average production in Q3 2009 was therefore reduced to approximately 100 boed gross.

The production from the **Siri area Fields** (**Siri, Nini and Cecilie**) has been shut in since 31 August as a routine inspection revealed cracks in steel plates on a subsea water buffer tank connected to the main storage tank. The shut in has an adverse impact on the production volume for both the third quarter and the full year 2009. No discharge of oil or other pollution has been detected as a result of the cracks. Through extensive inspection and analysis of the Siri facilities a good understanding of the cause and impact of the cracks has been developed. Based on this understanding a plan has been established to restart production from the Siri, Nini and Cecilie Fields. The plan includes support from a jack-up rig for a limited period and fabrication and installation of some additional equipment on Siri so the rig can be released. Noreco expects production to restart in November, with timing depending mainly on operational risk related to fabrication and installation of the additional equipment on Siri and weather conditions.

On the **Siri Field** the average gross production was 5 476 boed. The production performance prior to the shut in was stable and above guiding. Due to the Nini water injection pipeline replacement work there was no water injection into Stine Segment 1 in August and September. The excess water injection capacity was used on Siri Main and Segment 2 and is believed to have influenced Siri production positively in the first 2 months in the quarter.

On the **Nini Field** the average gross production in Q3 2009 was 1 940 boed and is affected by the shut in of the Siri Field and a 7 day unplanned shutdown in August due to a malfunction of a gaslift valve in connection with the rig move from Nini to Nini East. The rig move marked the ending of the 2 well drilling campaign on Nini. Due to the Nini water injection pipeline replacement work there was no water injection into Nini in August and September. The production from Nini continues to be dominated by a good underlying performance from the NA-8 well to the Ty formation. Once water injection becomes available NA-8 will be supported by the newly drilled water injector NA-9, and production from this formation will further be strengthened from another production well NA-10.

On the **Cecilie Field** the gross average production was 612 boed in Q3 2009 and is affected by the shut in of the Siri Field.

DEVELOPMENTS

The **Nini East Development**, where Noreco owns 30%, is progressing according to plan. Platform and pipelines are installed and development drilling commenced the 19th August. The first well was completed in October and two more wells are underway. Production is expected to start when production starts on Siri. Nini East is developed with an unmanned satellite platform, like the Nini and Cecilie platforms, and the oil will be sent via Nini to the Siri platform for further treatment and shipping.

Noreco is a 20% partner in the **Huntington Development** in UK. The field is operated by E.On Ruhrgas UK. The partnership´s target is to complete concept select in Q4 2009, followed by filing of a field development plan for authority sanction in Q1 2010. The activities in Q3 2009 have been focused on preparing the necessary technical basis for a selection of preferred development concept. This includes engineering, subsurface and commercial activities. The main development concept continues to be subsea tieback to host facilities in the area, or alternatively an FPSO development solution. Final development concept and timing of first oil will depend on the offered development solutions and when these can be available. Based on current information, production startup is expected in a time window from late 2011 to mid 2012.

On the **Oselvar Development** the plan for development and operation (PDO) was approved by the Norwegian authorities in June 2009. Noreco has a 15% interest in Oselvar. The development concept is three subsea wells tied back to the Ula processing platform where gas will be used for re-injection on Ula. Produced oil and excess gas will be exported via Ekofisk to the market. The Oselvar development project team has been established and the development activities are well underway, including fabrication of subsea equipment, detailed planning of Ula modifications and license approval of the main agreements for the development.

Following a successful appraisal well at the **Nemo Discovery** in PL148 in 2008, the partners are currently evaluating alternative development concepts and export routes, and plans to determine the preferred development concept in Q4 2009. Noreco holds 20% of the field, Lundin Norway operates the discovery.

Noreco, as operator for the Danish license 7/06, is evaluating the development of the **Rau Field**, where an oil discovery was made in May 2007. The discovery is located just 9 km south west of the Cecilie production platform.

Concerning the **Flyndre Development**, the PL018C license under the operatorship of Mærsk is in the process of finalizing a Joint Study agreement with the UK Licenses P255 and P079. The Flyndre Paleocene Discovery straddles all three licenses. This study aims at clarifying the commercial potential of Flyndre and the preferred development scenario. Mærsk aims to submit a Field Development Plan to the UK authorities during 2H 2010.

On the **Gita**/**Maja**/**Amalie** discovery in Denmark, Noreco´s subsurface and development teams are working together with the partnership towards an appraisal plan, an initial screening of development options and an extension of the Maja license (9/95). Further seismic processing is required to define the development case, and the plan is to start the appraisal drilling within the next 12-18 months.

In PL348 the three discoveries, **Tau**, **Galtvort**, and **Gygrid** drilled in Q2 2009 are forming an excellent basis for further maturation of the license. An upcoming reprocessing of seismic data will be integrated into the development studies of these discoveries and the continued exploitation of the remaining prospectivity, which is substantial.

The **Grosbeak** discovery in PL378 is the first in a license with considerable prospectivity remaining. Both appraisal and exploration drilling is under planning in this license, and the Grosbeak discovery has led to added prospectivity and significantly de-risked of the remaining prospectivity.

EXPLORATION

Noreco runs a selective exploration program, with focus on exploration wells that have a high value creation potential. In 2009, Noreco will be involved in six exploration wells, already resulting in three discoveries announced in Q2 2009.

In Q3 2009 Noreco, as operator for PL412 and with 40% interest, has completed the drilling of the exploration well 25/9-3 (Tasta). The well was drilled 15 km east of the Jotun Field. The objective of the well was to prove hydrocarbons in the Middle Jurassic reservoir rocks. No hydrocarbons were found. Reservoir rocks of predicted thickness and quality were encountered. This is the first well in PL412, which was awarded in February 2007 (APA 2006). The well was drilled to a vertical depth of 2249 m below sea level, and was completed in the Statfjord Formation. Tasta was Noreco's first operated exploration well in Norway, and the well was safely executed, with no HSE incidents. The well was drilled in 22 days, which was 9 days ahead of plan and well within budget. In the PL412 license a Paleocene prospect, Eiganes, remains, and work is ongoing to evaluate and mature this target.

Noreco filed several applications in the APA 2009 round, both in the North Sea and in Mid Norway. The company participated in several AMI's, and the applications represent a good balance of near infrastructure short to mid term prospects, play extensions, and high impact play openers and play de-risking opportunities. This is in line with the company's commitment to generate and maintain a balanced exploration portfolio.

Noreco has also filed an application for pre-qualification as operator to the Greenland Bureau of Minerals and Petroleum. The application asks for approval to be an arctic operator for the upcoming Baffin Bay licensing round in 2010. Feedback is expected in Q4 this year.

Noreco is working to firm up the exploration drilling program for the next 12-15 months, and to start planning the next wells beyond 2010. Nine drill or drop decisions are to be made by end of 2010. The next well to be drilled is the Frusalen well on PL476, where Noreco holds a 30.00% interest. This license was awarded in APA 2007 and is located on the prolific Haltenbanken, just east of the Midgard gas Field. Operator is Det norske. Prospectivity is in the Middle Jurassic Fangst Gp., and in addition to the main prospect Frusalen there is a smaller prospect called Trolltind. The area holds several discoveries and fields in the same play. The Frusalen well is currently expected to be spudded in December this year. The Frusalen prospect is located on a horst block and has a small independent closure. Main geologic risk is migration of hydrocarbons into the prospect. The upside volume is dependent upon a hanging wall fault seal against a structurally higher horst block. A tie-back to Midgard gives access to the Åsgard processing and transportation facilities.

GROWTH AND BUSINESS DEVELOPMENT

The active high grading of the exploration portfolio continues to be a key part of Noreco's strategy. Noreco's view is that to run a successful exploration program, it is important to select carefully which wells to drill and which opportunities not to pursue. This high grading is made on the basis of thorough geo-science work and economic evaluations. Noreco has completed two license transactions:

- Noreco entered in July 2009 into an agreement to acquire a 30% interest in license PL471 in Norway from Sagex Petroleum Norge AS. The license is located just north of license PL348 where Noreco recently announced the Gygrid oil Discovery; the third discovery on that license. There is significant prospectivity in Cretaceous and Middle Jurassic sandstones in license PL471, and the license has a potential of over 300 million barrels of recoverable hydrocarbons. An exploration well is planned to be drilled on the license in 2010 or 2011.
- Noreco entered in July 2009 into an agreement to sell a 20% interest in PL442 in Norway to Svenska Petroleum Exploration AS.

Noreco believes that significant value can be generated through inorganic activity, and plans to continue its active approach to acquisitions, mergers and divestitures. Transactions will be considered provided that they support the strategic direction and create value for the company's shareholders.

HEALTH, SAFETY AND ENVIRONMENT

There were no incidents in Noreco operated activities in Q3 2009. There were four lost time accident occurred on installations where Noreco is a partner. These incidents have been appropriately followed up by the operator.

The first Noreco operated well in Norway was conducted during Q3 2009 and extensive verification activities took place. Necessary approvals to drill the well were granted by the Norwegian Petroleum Safety Authority. During this operation Noreco's internal emergency response organization and the internal emergency centre were operative. The operation was conducted in a safe way and in accordance with Noreco's HSE Goals and Policy.

HUMAN RESOURCES

Noreco has 77 employees where of 30% are female. Noreco has staff members from nine different nations.

Results of the annual work environment survey show that Noreco employees are proud of being a part of the organization and feel they are influencing the projects and value creation in Noreco. The detailed results from the survey have been shared with employees in the organization. The organization has been engaged in giving input of actions to continue to strengthen our work environment.

Absence due to illness continues to be very low with an average less than 1% year to date.

Income statement
Consolidated

All figures in NOK 1000	Note	Q3 - 09	Q3- 08	YTD 2009	YTD 2008	2008
Revenues	1	355 085	807 687	1 224 557	1 882 942	2 423 531
Production expenses	2	120 282	128 294	351 039	296 981	414 893
Exploration and evaluation costs	3	179 578	59 232	490 402	114 388	258 664
Payroll expenses		22 129	24 990	95 148	88 465	114 135
Other operating expenses		28 049	15 200	81 826	63 951	95 480
Loss on sale of licenses		55 594	0	55 594	0	0
Operating results before depreciation and amortization (EBITDA)		**-50 547**	**579 971**	**150 548**	**1 319 157**	**1 540 359**
Depreciation and amortization	6	119 965	211 018	443 030	503 762	716 799
Write-downs	5	0	0	125 700	0	0
Operating result (EBIT)		-170 512	368 953	-418 182	815 395	823 560
Net financial items	4	-155 872	-136 475	-369 856	-445 673	-555 593
Ordinary result before tax (EBT)		**-326 384**	**232 478**	**-788 038**	**369 722**	**267 967**
Tax		-192 250	97 391	-506 866	224 122	147 754
Net result for the period		-134 134	135 087	-281 172	145 600	120 213

Net result for the period		-134 134	135 087	-281 172	145 600	120 213
Other comprehensive income:						
Valuedjustment financial instruments		13 922	2 127	-240 418	-770	388 516
Currency translation difference		-896	12 987	-67 894	24 941	18 889
Total comprehensive income for the period		**-121 108**	**150 201**	**-589 484**	**169 771**	**527 618**
Earnings per share						
Basic		-0,85	0,95	-1,87	1,16	0,92
Diluted		-0,85	0,91	-1,87	1,14	0,93

Balance sheet

Consolidated

All figures in NOK 1000	Note	30.09.09	31.12.08	30.09.08
Non-current assets				
License and capitalised exploration expenses	5	4 327 577	4 595 387	4 784 936
Deferred tax assets		308 476	230 421	189 092
Goodwill	5	1 540 798	1 540 798	1 558 047
Production facilities	6	3 651 062	3 538 789	3 464 147
Machinery and equipment	6	1 251	3 594	4 356
Tax refund		571 963	0	387 905
Total non-current assets		**10 401 127**	**9 908 989**	**10 388 483**
Current assets				
Accounts receivables		115 884	219 488	277 067
Tax refund		542 644	542 644	265 866
Other current receivables	7	306 474	749 312	466 822
Bank deposits, cash in hand, etc.		436 065	867 349	1 057 515
Total current assets		**1 401 067**	**2 378 793**	**2 067 270**
Total assets		**11 802 194**	**12 287 781**	**12 455 753**
Equity				
Share capital		487 534	444 428	442 970
Other equity		2 136 403	2 552 058	2 303 236
Total equity		**2 623 937**	**2 996 486**	**2 746 206**
Provisions and other long-term liabilities				
Deferred tax		2 567 103	2 725 879	2 653 937
Provisions for other liabilities and charges		774 920	852 851	1 050 982
Convertible bond loan	8	194 186	187 127	184 737
Bond loan	8	1 511 157	2 530 982	3 103 622
Other interest bearing debt	8	1 651 408	1 463 722	1 487 624
Total provisions and other long-term liabilities		**6 698 774**	**7 760 561**	**8 480 902**
Current liabilities				
Other interest bearing debt	**8**	1 700 029	533 371	238 598
Trade payables		12 843	138 058	69 632
Current tax payable		420 007	564 911	521 608
Public duties payable		30 794	29 365	50 711
Other current liabilities	9	315 809	265 029	348 095
Total current liabilities		**2 479 482**	**1 530 734**	**1 228 643**
Total liabilities		**9 178 256**	**9 291 295**	**9 709 545**
Total equity and liabilities		**11 802 194**	**12 287 781**	**12 455 752**

Cash flow statement

Consolidated

All figures in NOK 1000	YTD 2009	YTD 2008
Ordinary result before tax	-788 035	369 722
Taxes paid	-282 154	-137 577
Depreciation	443 029	503 761
Write-downs	125 700	0
Loss on sale of licenses	55 594	0
Effect of changes in exchange rates	-469 165	83 992
Amortisation of borrowing expenses	416 113	3 746
Financial instruments at fair value	49 709	47 187
Calculated interest on abandonment provision	51 465	28 873
Other items with no cash impact	3 000	61 863
Changes in accounts receivable	103 604	-187 221
Changes in trade payables	-125 215	649
Changes in other current balance sheet items	442 679	113 032
Net cash flow from operations	26 324	888 026
Cash flow from investments activities		
Proceeds from sale of intangible assets	27 272	0
Purchase of tangible assets	-705 644	-277 088
Purchase of intangible assets	-189 255	-376 849
Purchase of investment in shares	0	-434 151
Net cash flow from investments activities	**-867 627**	**-1 088 088**
Cash flow from financing activities		
Issue of share capital	211 040	491 351
Proceeds from issuance of long term debt	616 615	1 145 573
Repayment of long term debt	0	-883 379
Proceeds from issuance of short term debt	0	16 598
Repayment of short term debt	-52 374	0
Interest paid	-341 983	-505 395
Net cash flow from financing activities	**433 298**	**264 748**
Net change in cash and cash equivalents	**-408 005**	**64 686**
Cash and cash equivalents at start of the quarter	**867 349**	**973 661**
Effects of changes in exchange rates on cash and cash equivalents	-23 280	19 167
Cash and cash equivalents at end of the quarter	**436 065**	**1 057 515**

Statement of equity

Consolidated

All figures in NOK 1000	YTD 2009	31.12.08	YTD 2008
Equity at the beginning of period	2 996 486	1 784 257	1 784 257
Issue of share capital	211 040	710 737	702 851
Transferred from convertible bonds	0	-27 088	-27 106
Value of share-based incentive plans	5 894	963	1 500
Value adjustment financial instruments	-240 418	388 516	41 507
Currency translation differences	-67 894	18 889	97 598
Net results for the period	-281 172	120 211	145 600
Equity at the end of period	**2 623 937**	**2 996 486**	**2 746 207**

Notes

to the quarterly consolidated financial statements

ACCOUNTING PRINCIPLES

Basis for preparation
The consolidated interim financial statements for the third quarter of 2009 comprises Norwegian Energy Company ASA (NORECO) and its subsidiaries.
These consolidated interim financial statements have been prepared in accordance with IAS 34 and The Norwegian Securities Trading Act § 5 – 6.

The interim financial statements do not include all information required for annual financial statements and should for this reason be read in conjunction with Norecos's 2008 annual report. The accounting principles applied are prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union and interpretations by the International Accounting Standard Board (IASB).

Share capital/equity
The Groups equity as per 30.09.2009 is mNok 487,5 unchanged from 30.06.2009.

Exploration and development costs for oil and gas assets
Exploration costs are accounted for in accordance with the successful effort method. This means that all exploration costs including pre-operating costs (seismic acquisitions, seismic studies, internal man hours, etc.) are expensed as incurred. Exceptions are costs related to acquisition of licenses and drilling of exploration wells. These costs are temporarily capitalized pending an evaluation of the economics of the exploration drilling findings. If hydrocarbons are discovered, the costs remain capitalized. If no hydrocarbons are found or if the discoveries are not commercially profitable, the drilling costs are expensed. All costs of developing oil and gas fields are capitalized.

Depreciation and amortization
Depreciation of production equipment is calculated in accordance with the unit of production method. The excess value allocated to producing fields arising from recent acquisitions will be amortized in accordance with the unit of production method.

Taxes
Income tax expenses for the period are calculated based on the tax rate applicable to the expected total annual earnings. The ordinary income tax is 25% in Denmark and 28 % in Norway and United Kingdom. In addition, there is an extra petroleum tax of 50% related to exploration and production on the Norwegian Continental Shelf. In Denmark there is a petroleum tax of 70%, but at current oil price levels the Danish subsidiary will not be in a position where they have to pay the extra petroleum tax.

The deferred tax liabilities and tax assets are based on the difference between book value and tax value of assets and liabilities.

Goodwill – Deferred tax liabilities
The acquisitions of Altinex ASA and Talisman Oil Denmark AS has been treated in accordance with IFRS 3 – Business Combinations. The acquisition prices are allocated to assets and liabilities at the estimated fair values at the acquisition dates. The tax base of the acquired assets and liabilities is not affected by the acquisitions.
As all acquisitions are treated as Business Combinations, the difference between new fair values and booked values prior to the acquisitions result in a change in the deferred tax liability. The change in deferred tax liability in turn affects Goodwill. Goodwill is, according to IFRS, not amortized, but will be subject to impairment testing.

Subsequent events
In connection with Extraordinary General Meeting held on 14 October the company's proposal for a private placement has been approved. The capital increase concern a total of 80,000,000 shares at a market price of NOK 15,00. A total of NOK 1,200,000,000 has been paid in. The new share capital is NOK 735,533,704.70 split on 237,268,937 shares. The capital increase has been registered in the Register of Business Enterprise.

Noreco announced on 19 October 2009 that the company had successfully completed two new bond issues totalling NOK 2 billion. The proceeds will be used to refinance the existing bond loans NOR01 and NOR02 totalling NOK 2.24 billion. The company will exercise its call option according to the loan agreement at 103% of par value. In addition will remaining amortization cost regarding NOR 01 and NOR 02 on a total of 37,6 million NOK be expensed in 4th quarter.

1 Revenue

(NOK 1 000)	Q3 - 09	Q3 - 08	YTD 2009	YTD 2008
Sales of oil	336 865	783 812	1 048 301	1 823 095
Sales of gas and NGL	12 315	32 657	49 928	80 667
Revenue from oil price hedging	12 329	0	148 479	0
Costs from oil price hedging	-6 424	-8 783	-22 150	-20 821
Total revenue	**355 085**	**807 687**	**1 224 557**	**1 882 942**

Part of the group's oil sales are hedged against price reductions with the use of options. Costs relating to hedging are recognised as a reduction to revenue, hedging gains are recognised as revenue.

2 Production cost

(NOK 1 000)	Q3 - 09	Q3 - 08	YTD 2009	YTD 2008
Direct production expenses	97 564	80 212	272 797	186 486
Duties, tariffs, royalties	14 983	41 415	52 480	95 959
Other costs	7 735	6 668	25 763	14 537
Total production costs	**120 282**	**128 294**	**351 039**	**296 981**

3 Exploration and evaluation costs

(NOK 1 000)

Financial income	Q3 - 09	Q3 - 08	YTD 2009	YTD 2008
Acquisition of seismic data, analysis and general G&G costs	148 392	48 097	438 687	98 140
Exploration wells capitalised in previous years	6 537	0	6 537	0
Other exploration and evaluation costs	24 649	11 136	45 179	16 249
Total exploration and evaluation costs	**179 578**	**59 232**	**490 402**	**114 388**

Specification of cash flow concerning exploration and evaluation activities

(NOK 1 000)	Q3 - 09	Q3 - 08	YTD 2009	YTD 2008
Exploration and evaluation costs capitalised as intangible assets this period	-14 505	65 514	189 255	376 849
Exploration and evaluation costs directly expensed this period	173 042	59 232	483 866	114 388
Amount invested in exploration and evaluation this period	**158 537**	**124 746**	**673 122**	**491 237**

4 Financial income and expenses

(NOK 1 000)

Financial income	Q3 - 09	Q3 - 08	YTD 2009	YTD 2008
Interest income	2 729	15 950	8 333	34 301
Other financial income	30 272	8 241	105 326	49 678
Total financial income	**33 002**	**24 191**	**113 660**	**83 979**

Financial expenses	Q3 - 09	Q3 - 08	YTD 2009	YTD 2008
Interest expenses from bond loan	67 606	87 692	203 452	329 049
Interest expenses from convertible loan	3 278	17 475	9 833	30 518
Interest expenses from other non-current liabilities	12 848	15 841	38 783	29 727
Interest expenses from exploration loan	8 746	10 593	20 994	22 761
Amortisation from loan costs	19 095	10 735	49 709	47 187
Imputed interest from abandonment provisions	16 389	11 810	51 465	28 873
Interest expenses current liabilities	283	1 894	1 459	2 641
Other financial expenses	60 629	4 626	107 823	38 896
Total financial expenses	**188 874**	**160 666**	**483 517**	**529 652**
Net financial items	**-155 872**	**-136 475**	**-369 856**	**-445 673**

5 Intangible fixed assets

(NOK 1000)	Capitalised exploration & evaluation cost	Other patents & licenses	Goodwill	Total
Acquisition cost at 01.01.09	4 539 073	56 314	1 540 798	6 136 185
Additions	189 255	0	0	189 255
Disposals	-154 216	-42 513	0	-196 729
Transfered to production facilities under construction	-82 866	0	0	-82 866
Currency translations	-51 770	0	0	-51 770
Acquisition cost at 30.09.09	**4 439 476**	**13 801**	**1 540 798**	**5 994 075**
Accumulated depreciation				
Accumulated depreciation at 01.01.09	0	0	0	0
Depreciations	0	0	0	0
Write-downs	125 700	0	0	125 700
Accumulated depreciation at 30.09.09	**125 700**	**0**	**0**	**125 700**
Book value at 30.09.09	**4 313 776**	**13 801**	**1 540 798**	**5 868 375**

6 Tangible non-current assets

(NOK 1000)	Production facilities under construction	Production facilities	Office equipment	Total
Acquisition cost at 01.01.09	176 666	4 564 679	10 160	4 751 505
Additions	283 929	421 715	0	705 644
Transferred from capitalised exploration	196 729	0	0	196 729
Currency translations	-54 078	-437 676	-110	-491 864
Acquisition cost at 30.09.09	**603 246**	**4 548 718**	**10 050**	**5 162 014**
Accumulated depreciation				
Accumulated depreciation at 01.01.09	0	1 202 557	6 561	1 209 118
Depreciation	0	440 794	2 235	443 030
Currency translations	0	-142 449	3	-142 447
Accumulated depreciation at 30.09.09	**0**	**1 500 902**	**8 799**	**1 509 701**
Book value at 30.09.09	**603 246**	**3 047 816**	**1 251**	**3 652 313**

7 Other current receivables

(NOK 1 000)	Q3 - 09	Q3 - 08
Receivables from operators relating to joint venture licenses	83 433	247 631
Underlift of oil/NGL	41 868	78 487
Financial instruments	130 557	78 897
Other receivables	50 616	61 807
Total other current receivables	**306 474**	**466 822**

8 Interest bearing debt

Long-term interest bearing debt	Nominal value	Book value at 30.09.09
Bond loan Noreco ASA	1 020 000	996 648
Bond loan Noreco ASA	220 000	216 629
Convertible bond loan Noreco ASA	218 500	194 186
Exploration loan Noreco ASA	486 174	472 966
Bond loan Altinex Oil Norway AS	300 000	297 880
Reserve-based loan Altinex Oil Denmark A/S	1 207 428	1 178 441
Total long-term interest bearing debt	**3 452 102**	**3 356 751**

Short-term interest bearing debt	Nominal value	Book value at 30.09.09
Bond loan Noreco ASA	820 000	812 503
Bond loan Noreco ASA	180 000	176 665
Exploration loan Noreco ASA	481 798	481 798
Bond loan Altinex Oil Norway AS	50 000	49 891
Reserve-based loan Altinex Oil Denmark A/S	179 172	179 172
Total short-term interest bearing debt	**1 710 970**	**1 700 029**

9 Other current liabilities

(NOK 1 000)	Q3 - 09	Q3 - 08
Liabilities from operators relating to joint venture licenses	149 412	198 988
Overlift of oil	12 468	22 465
Accrued interests	80 580	92 962
Other current liabilities	73 350	33 680
Total other current liabilities	**315 809**	**348 095**

10 Other current liabilities

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 homogenious risk and rate of return before tax, and are therefore considered as one operating segment. This segment is considered concurrent to the Group's consolidated income statement, balance sheet and statement of cash flows.

The Group's geographical segment is consisting of Norway, Denmark and Great Britain. In each of these countries, the Group has established subsidiaries.

Transactions between the geographical segments are carried out at ordinary conditions, which would have been equivalent for independent parties.

Segment assets and liabilities are principally reflecting balance sheet items to the Group entities in respectively countries.

Excess value is allocated to the units expected to gain advantages by the acquisition. Investments in subsidiaries, loans, receivables and payables between the companies are included in segment assets and liabilities. These are eliminated in the consolidated balance sheet.

Geographically distribution as of 30.09.2009

(NOK 1000)	Norway	Denmark	England	Other/ elimination	Group
Total revenue	433 324	577 938	213 295		1 224 557
Operating result	(570 679)	136 734	15 764		(418 182)
Net financial items					(369 856)
Profit before tax					(788 038)
Tax					(506 866)
Net result for the period					(281 172)
Assets	4 742 153	4 893 157	3 727 341	(1 560 458)	11 802 194
Liabilities	5 802 332	3 095 186	1 841 197	(1 560 458)	9 178 256
Capital expenditures	251 208	597 784	45 907	-	894 899
Depreciations and write-downs	235 739	238 655	94 337	-	568 730

Stavanger, 21 October 2009
The Board of Directors and Chief Executive Officer
Norwegian Energy Company ASA

Lars Takla
Chairman

Rebekka Herlofsen	*Therese Log Bergjord*	*John Hogan*	*Aasulv Tvetereid*	*Søren Poulsen*
Board Member	*Board Member*	*Board Member*	*Board Member*	*Board Member*

Scott Kerr
CEO