Report for the fourth quarter 2009

Norwegian Energy Company ASA

English version

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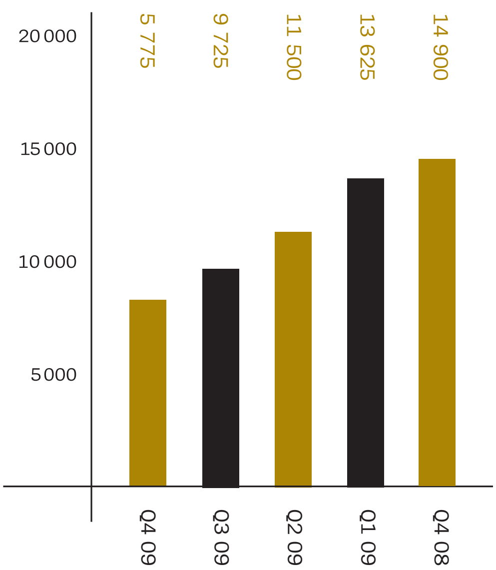
HIGHLIGHTS

- All production on Siri, Nini and Cecilie shut down on 31 August 2009 and for the remainder of the year giving a negative impact on Q4 and 2009 production
- Q4 production 5,775 barrels per day realized at USD 68,5 per barrel
- Low production due to shutdown of Siri and satellites
- Approved as exploration operator in Greenland
- Awarded four licenses in Norwegian APA licencing round
- Operating revenues of NOK 322 million, EBITDA of NOK 134 million and a net result of NOK -87 million
- NOK 1.216 billion equity issue (net) and NOK 2 billion bond refinancing gives the company a solid foundation for future value creation.

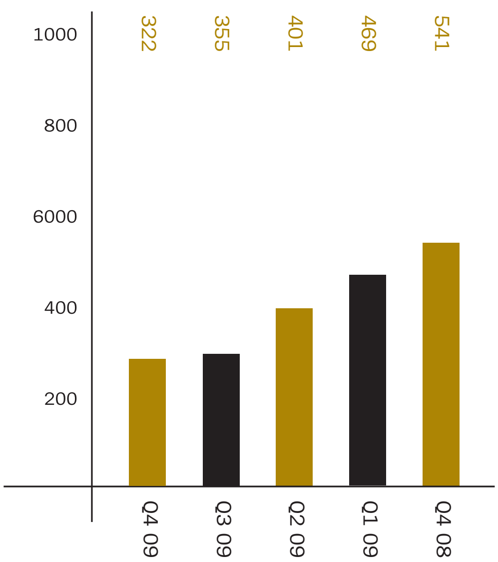
KEY FIGURES

	Q409	Q309	Q209	Q109	Q408
Net realised oil price *(US$/boe)*	68,5	65	60	55	58
EBITDA *(NOK million)*	134	-51	85	116	221
Net results *(NOK million)*	-87	-134	-101	-46	-25
Total assets *(NOK billion)*	11,9	11,8	12,2	11,9	12,3

Production *(boed)*



Operating income *(NOK million)*



GROUP FINANCIALS

The Noreco Group had total revenues of NOK 322 million in Q4 2009, a decrease of 40% compared to Q4 2008. The decrease was primarily driven by reduced production due to the shut down of 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 Q4 2009 was USD 68.5 per barrel of oil equivalent, compared to USD 58 per barrel in Q4 2008.

Other income of NOK 115 million is related mainly to expected insurance coverage for the loss of oil production from the Siri area fields for the period from 1 November until 31 December.

EBITDA earnings before interests, tax, depreciation and amortization for Q4 2009 was NOK 134 million, compared to NOK 221 million in Q4 2008. Depreciation amounted to NOK 71 million. Net result for the period tax was NOK -87 million for the quarter, compared to NOK -25 million in Q4 2008.

Noreco uses oil put options to protect its cash flow against downside risk in the oil price. The company has secured a significant part of its expected production volume against oil prices below USD 75 and USD 50 per barrel. Fair value of these put options as of 31 December 2009 was NOK 58 million, recorded as other current receivables in the balance sheet.

Production expenses of NOK 101 million includes NOK 13 million related to the shutdown of the Siri field. Other expenses related to the shutdown amount to NOK 111 million. These expenses are expected to be covered by insurance and have been capitalized as other current assets. Exploration costs amounted to NOK 35 million as the company did not participate in any exploration drilling activity during the quarter.

Net financial items amounted to NOK –211 million for the quarter. Interest cost was NOK 161 million, of which NOK 67 million is related to premium paid at redemption of the bond loans NOR01 and NOR02. In addition, remaining capitalized financing cost for these bonds was expensed with NOK 38 million.

Tax for Q4 2009 amounted to NOK -61 million and included an extraordinary income of NOK 75 million from capitalization of the value of a tax deficit in a subsidiary. The low tax rate in the quarter reflects low exploration activity and high financial costs. Net result for Q4 was NOK -87 million.

During the quarter Noreco raised net NOK 1,216 million in new equity by issuing 85,164,829 new shares. The company also completed two new bond issues totalling NOK 2,000 million (NOR03 and NOR04).

Total equity and liabilities as of 31 December 2009 was NOK 11,906 million with equity of NOK 3,722 million. At 31 December 2009, the Group's net interest bearing debt was NOK 3,732 million.

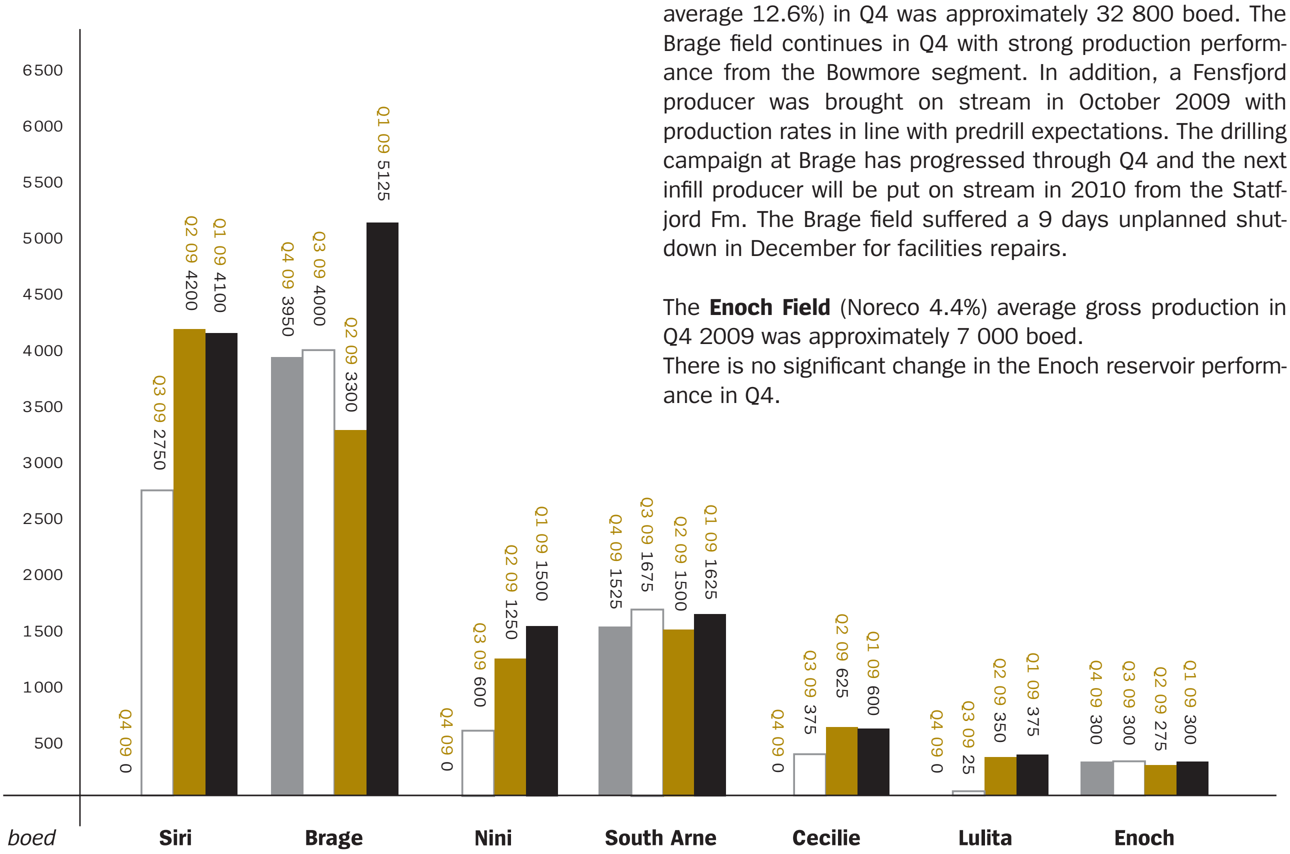
OPERATIONS

Production and Fields

The Noreco Group's production for Q4 2009 was on average 5,775 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** (Noreco average 12.6%) in Q4 was approximately 32 800 boed. The Brage field continues in Q4 with strong production performance from the Bowmore segment. In addition, a Fensfjord producer was brought on stream in October 2009 with production rates in line with predrill expectations. The drilling campaign at Brage has progressed through Q4 and the next infill producer will be put on stream in 2010 from the Statfjord Fm. The Brage field suffered a 9 days unplanned shutdown in December for facilities repairs.

The **Enoch Field** (Noreco 4.4%) average gross production in Q4 2009 was approximately 7 000 boed.
There is no significant change in the Enoch reservoir performance in Q4.



On the **South Arne Field** (Noreco 6.6%) the average gross production was approximately 19,500 boed in Q4 2009. The Danish Energy Agency's approval of the 2009 Field Development Plan (FDP for phase III) was received in October 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. Based on this screening study an updated FDP for Phase III will be submitted to the Danish Energy Agency in the H2 2010. Location and design of the two infill wells to be drilled in first half of 2010 has been agreed by all partners and the drilling started in January 2010.

On the **Lulita Field** (Noreco 28,2%) production has been closed in since July 2009 due to planned maintenance work on the processing and off-take platform Harald. Production was resumed early February 2010. The average production in Q4 2009 was therefore nil.

The production from the **Siri area Fields** (Siri (Noreco 50%), Nini (30%) and Cecilie (61%)) 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 had an adverse impact on the production volume for both Q4 and full year 2009. No discharge of oil or other pollution has been detected as a result of the cracks. Noreco expected production to restart in December 2009, but due to the prevailing weather conditions, the installation was delayed. Production was restarted on January 24th, 2010. The fields are in early February 2010, producing in excess of 20,000 boed from the Siri, Nini and Cecilie fields. The production performance is in excess of the expectation mainly due to strong performance from new wells at Nini as well as flush production from the reservoirs.

DEVELOPMENTS AND DISCOVERIES

The **Nini East Development**, where Noreco owns 30%, is completed. Platform and pipelines are installed and development drilling and completion of 3 wells were finalized in Q4 2009 according to schedule. Now that the Siri field complex has been restarted production from Nini East will start in February 2010. Nini East is developed with an unmanned satellite platform, similar to the Nini and Cecilie platforms, and the oil will be via Nini to the Siri platform for further treatment and shipping.

Noreco is a 20% partner in the **Huntington Development** in the UK. The field is operated by E.On Ruhrgas UK. The activities in Q4 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. The partnership is currently in the process of selecting the concept, which will be followed by submission of a field development plan to UK authorities later in 2010. Production start-up is expected in 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 is well into the execution phase, and the project is progressing according to schedule. Production start-up is expected in 2012.

Following a successful appraisal well at the **Nemo Discovery** in PL148 in 2008, the partners are currently evaluating alternative development concepts and export routes. This includes feasibility evaluation as well as negotiations of the commercial framework for specific tieback solutions. Assuming these evaluations can be concluded successfully, concept selection is planned for H1 2010 followed by PDO submission in H2 2010. Production start-up is expected in 2012. Noreco holds 20% of the field, Lundin Norway is the operator.

Concerning the **Flyndre Development**, the PL018C license (Noreco 13.3%) 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 H2 2010.

The **Gita Discovery** in Denmark was made in 2009. The Gita 1-X well encountered a 190 meter thick Middle Jurassic reservoir column, with no water encountered in the reservoir zone. The Gita well indicates significant potential, and is closely correlated with reservoir proven and tested in the Amalie well. The discovery is believed to cover three licenses: Gita (9/95, Noreco 12%), Maja (9/06, 12%) and Amalie (7/86, 29.9%) Noreco's resource estimate for the discovery is 250 million barrels gross recoverable oil equivalents with a substantial upside. Noreco's subsurface team has done substantial work in 2009, including reservoir description and reviewing appraisal targets. The work supports Noreco's resource estimate and upside potential. Further drilling is needed to define vertical and lateral extent of the accumulation, both of which can be significant. A seismic re-processing campaign is planned for 2010 involving four different surveys and aiming at pre-stack depth migration to improve depth imaging. This will reduce depth uncertainty and give a better foundation for placing appraisal wells. Noreco's target is to continue planning appraisal wells and drill at least one appraisal well in 2011.

License PL348 (Noreco 17.5%) in the Norwegian Sea covers the fault-zone between the Halten Terrace and the Trøndelag Platform and has a string of prospects reaching northwards from the Njord Field. Three discoveries have been made to date – the Tau oil and gas discovery, the **Galtvort** gas/condensate discovery in 2008 and the **Gygrid** oil discovery in 2009. The recoverable volume in Gygrid is preliminary estimated to be 19-31 million barrels recoverable oil equivalents with additional upside. There are several additional prospects and leads identified in the license, and the total potential is estimated by Noreco to around 25 million barrels of oil equivalents net to Noreco. Seismic re-processing is under way to improve reservoir mapping and to prepare for development planning of primarily the Gygrid light oil discovery. Currently the license is looking at possible tie-backs for this discovery. In addition, Noreco will also work towards maturing the gas potential in the license, as seen in the Galtvort discovery and the remaining prospectivity.

Well 35/12-2 discovered oil and gas in the **Grosbeak** prospect in PL378, North of the Troll Field. Noreco holds a 20% interest in PL378, which is operated by Wintershall. The well found hydrocarbons in two targets, oil and gas in the Sognefjord Formation and oil in the Brent Group. The preliminary volume estimate for the discovery is between 35 and 190 million barrels gross. The successful result from the Grosbeak well has increased the likelihood of additional discoveries on the license. In addition to Grosbeak, there are 4 main prospects and 7 smaller prospects in the license. The volume potential in the remaining 4 other main prospects is substantial and estimated to be up to 375 million barrels of oil equivalents gross. The total resources in the license could be over 100 million barrels net to Noreco. The license is close to existing infrastructure. Noreco also holds a 20% interest in the neighboring license PL417 and is well positioned in this prospective area. In 2010 two wells are planned on this license, an appraisal well on Grosbeak and an exploration well on Gnatcatcher. Given success in this drilling program, the next phase in this license will be to accelerate development planning.

EXPLORATION

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 represented a good balance of near infrastructure short to mid term prospects, play extensions, 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 was subsequently awarded four new licenses including two operatorships. The awarded licenses are close to existing Noreco acreage:

- PL540 in block 3/6 is geologically in the Siri Fairway with its Paleocene reservoirs, from which Noreco has significant production on the Danish side (Noreco 50%).
- PL545 in blocks 17/2, 3, 5, 6 are adjacent to Noreco's PL411 and the main targets are in the same play, namely Middle Jurassic reservoirs, faulted structural traps, and Upper Jurassic or deeper source rocks (Noreco 50%).
- PL562 in blocks 6609/5, 6, 8 are east of Noreco's PL526, and the main targets are in Middle to Upper Triassic reservoirs, but other plays are also being considered (Noreco 20%).
- PL563 in blocks 7119/6 and 7120/4 is extension acreage to Noreco's PL490, where the main target is in Lower Cretaceous reservoirs (Noreco 20%).

In October 2009, Noreco filed an application for pre-qualification as operator to the Greenland Bureau of Minerals and Petroleum for the upcoming Baffin Bay licensing round in 2010, and in November Noreco pre-qualified as an exploration operator for this licensing round.

Greenland's Baffin Bay basin is considered one of the world's largest remaining hydrocarbon provinces and the USGS has estimated technically recoverable hydrocarbons to around 18 billion barrels of oil equivalents in the region. The potential remains to be confirmed as there has not yet been any drilling activity in the area.

The 2010 Baffin Bay Licensing Round covers about 151,000 km2. The area has been divided into 14 blocks varying in size between about 8,000 km2 and 15,000 km2. The deadline for applications is 1 May 2010, and only consortia which include a pre-qualified operator can apply. In total 13 oil companies have applied for pre-qualification.
An important part of Noreco's strategy is to create value through exploration. The geographical focus area is North West Europe. Greenland shares many of the same characteristics both with regards to geology and business conditions, and is therefore considered to represent a good strategic fit which in the longer term could give the company access to new high-impact exploration opportunities.

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. On February 9, 2010, Noreco announced a dry well on the Frusalen prospect on Haltenbanken (PL476). The next well on the programme is Barchan (PL400).

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 continued these efforts in Q4 2009. In 2009 Noreco has relinquished or divested six licenses in Norway: PL271/302, PL398S, PL361, PL408, PL442 and PL446.

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

In the Siri, Nini and Cecilie licenses an agreement regarding "Volatile Organic Compounds" (VOC) has been entered into. Under this agreement all ships loading crude oil off the Siri platform are committed to have VOC system installed. This system reduces the emissions of oil vapour from crude oil with up to 80%.

There were no incidents in Noreco operated activities in Q4 2009.

On 15 November 2009 a fatality occurred on the drilling rig Maersk Resolute, that was operated by Dong to drill development wells at Nini East. The fatality has been investigated by the operator, the rig owner and Danish authorities. Actions are now being followed up by the operator.

HUMAN RESOURCES

Noreco has 82 employees where of 30% are female. Noreco has staff members from nine different nations.

As part of building competence and capacity in the organization, continued growth in the number of employees is expected in 2010.

Income statement

Consolidated

All figures in NOK 1000	Note	Q4 - 09	Q4 - 08	2009	2008
Revenues	1	206 646	540 589	1 431 204	2 423 531
Other revenues	1	115 313	0	115 313	0
Total revenues	**1**	**321 959**	**540 589**	**1 546 516**	**2 423 531**
Production expenses	2	100 941	117 912	451 981	414 893
Exploration and evaluation costs	3	34 653	144 276	525 054	258 664
Payroll expenses		30 540	25 670	125 687	114 135
Other operating expenses		21 746	31 529	103 572	95 480
Loss on sale of licenses		0	0	55 594	0
Total operating expenses		**187 880**	**319 387**	**1 261 888**	**883 172**
Operating results before depreciation and amortization (EBITDA)		**134 079**	**221 202**	**284 628**	**1 540 359**
Depreciation	6	70 997	213 037	514 026	716 799
Write-downs	5	0	0	125 700	0
Operating result (EBIT)		**63 082**	**8 165**	**-355 098**	**823 560**
Net financial items	4	-210 918	-109 920	-580 774	-555 593
Ordinary result before tax (EBT)		**-147 836**	**-101 755**	**-935 872**	**267 967**
Tax		-61 017	-76 368	-567 883	147 754
Net result for the period		**-86 819**	**-25 387**	**-367 989**	**120 213**
Net result for the period		-86 819	-25 387	-367 989	120 213
Other comprehensive income:					
Valueadjusted financial instruments		-52 558	388 586	-292 976	388 516
Currency translation difference		19 452	-6 052	-48 442	18 889
Total comprehensive income for the period		-119 925	357 147	-709 407	527 618
Earnings per share					
Basic		-0,38	-0,18	-2,17	0,92
Diluted		-0,38	-0,18	-2,17	0,93

Balance sheet
Consolidated

All figures in NOK 1000	Note	31.12.09	31.12.08
Non-current assets			
License and capitalised exploration expenses	5	3 849 233	4 595 387
Deferred tax assets		487 717	230 421
Goodwill	5	1 540 798	1 540 798
Production facilities	6	4 099 058	3 538 789
Machinery and equipment	6	650	3 594
Total non-current assets		**9 977 456**	**9 908 989**
Current assets			
Accounts receivables		133 619	219 488
Tax refund		631 261	542 644
Other current receivables	7	504 247	749 312
Bank deposits, cash in hand, etc.		659 812	867 349
Total current assets		**1 928 939**	**2 378 793**
Total assets		**11 906 395**	**12 287 781**
Equity			
Share capital		751 545	444 428
Other equity		2 970 678	2 552 058
Total equity		**3 722 223**	**2 996 486**
Provisions and other long-term liabilities			
Deferred tax		2 553 428	2 725 879
Provisions for other liabilities and charges		739 202	852 851
Convertible bond loan	8	196 539	187 127
Bond loan	8	2 261 391	2 530 982
Other interest bearing debt	8	1 026 595	1 463 722
Total provisions and other long-term liabilities		**6 777 155**	**7 760 561**
Current liabilities			
Other interest bearing debt	8	906 957	533 371
Trade payables		35 943	138 058
Current tax payable		208 543	564 911
Public duties payable		34 285	29 365
Other current liabilities	9	221 288	265 029
Total current liabilities		**1 407 016**	**1 530 734**
Total liabilities		**8 184 171**	**9 291 295**
Total equity and liabilities		**11 906 395**	**12 287 781**

Cash flow statement

Consolidated

All figures in NOK 1000	2009	2008
Ordinary result before tax	-935 871	267 965
Taxes paid	-121 615	675
Depreciation	514 026	716 799
Write-downs	125 700	0
Loss on sale of licenses	55 594	0
Effect of changes in exchange rates/other effects equity	-519 931	570 557
Financial instruments at fair value	488 443	-495 927
Amortisation of borrowing expenses	95 512	61 077
Calculated interest on abandonment provision	66 997	43 782
Other items with no cash impact	3 548	58 963
Changes in accounts receivable	85 869	-129 642
Changes in trade payables	-102 115	69 075
Changes in other current balance sheet items	262 250	214 728
Net cash flow from operations	**18 407**	**1 378 052**
Cash flow from investments activities		
Proceeds from sale of intangible assets	27 272	0
Purchase of tangible assets	-799 645	-414 996
Purchase of intangible assets	-189 683	-380 258
Purchase of investment in shares	0	-403 298
Net cash flow from investments activities	**-962 056**	**-1 198 552**
Cash flow from financing activities		
Issue of share capital	1 427 268	499 262
Proceeds from issuance of long term debt	2 109 160	633 412
Repayment of long term debt	-2 240 000	-1 241 000
Proceeds from issuance of short term debt	519 104	531 771
Repayment of short term debt	-534 971	-222 000
Interest paid	-521 154	-564 725
Net cash flow from financing activities	**759 407**	**-363 280**
Net change in cash and cash equivalents	**-184 242**	**-183 780**
Cash and cash equivalents at start of the year	867 349	973 661
Effects of changes in exchange rates on cash and cash equivalents	-23 295	77 467
Cash and cash equivalents at end of the quarter	**659 812**	**867 349**

Statement of equity

Consolidated

All figures in NOK 1000	2009	2008
Equity at the beginning of period	2 996 486	1 784 257
Issue of share capital	1 427 268	710 737
Transferred from convertible bonds	0	-27 088
Value of share-based incentive plans	7 855	963
Value adjustment financial instruments	-292 976	388 516
Currency translation differences	-48 422	18 889
Net results for the period	-367 989	120 211
Equity at the end of period	**3 722 223**	**2 996 486**

Notes

to the quarterly consolidated financial statements

ACCOUNTING PRINCIPLES

Basis for preparation
The consolidated interim financial statements for the fourth 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 Noreco'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
There has been two capital increases during fourth quarter. As a result of this, 85 164 829 new shares were issued and the share capital has thereby been raised from NOK 487.5 million as per 30.09.2009 to NOK 751.6 million as per 31.12.2009.

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
Pursuant to the incentive scheme for the employees in Noreco, a capital increase of 604 281 shares at a market price of NOK 19.65 was carried out in January 2010. A total of NOK 11 874 121.65 was paid in. The new share capital is NOK 753 417 945.70 split on 243 038 047 shares. The capital increase has been registered in the Register of Business Enterprise.

In February 2010, the exploration well Frusalen was completed. The well was dry. Noreco has a 30% interest in the license.

1 Revenue

(NOK 1 000)	Q4 - 09	Q4 - 08	2009	2008
Sales of oil	199 558	469 771	1 247 859	2 292 866
Sales of gas and NGL	11 897	23 263	61 825	103 930
Revenue from oil price hedging	1 687	58 485	150 166	58 485
Costs from oil price hedging 1)	-6 496	-10 929	-28 646	-31 750
Other revenues 2)	115 313	0	115 313	0
Total revenue	**321 959**	**540 589**	**1 546 516**	**2 423 531**

1) 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) Other revenues is related to expected insurance coverage for the loss of oil production from the Siri area fields for the period from 1 November until 31 Decemer 2009.

2 Production cost

(NOK 1 000)	Q4 - 09	Q4 - 08	2009	2008
Direct production expenses	89 732	81 943	362 529	268 429
Duties, tariffs, royalties	7 625	29 288	60 105	125 247
Other costs	3 585	6 680	29 348	21 217
Total production costs	**100 941**	**117 911**	**451 981**	**414 893**

3 Exploration and evaluation costs

(NOK 1 000)

Financial income	Q4 - 09	Q4 - 08	2009	2008
Acquisition of seismic data, analysis and general G&G costs	10 480	58 350	449 166	156 490
Exploration wells capitalised in previous years	0	23 821	6 537	23 821
Dry exploration wells this year	0	40 889	0	40 889
Other exploration and evaluation costs	24 173	21 216	69 352	37 465
Total exploration and evaluation costs	**34 653**	**144 275**	**525 054**	**258 664**

Specification of cash flow concerning exploration and evaluation activities

(NOK 1 000)	Q4 - 09	Q4 - 08	2009	2008
Exploration and evaluation costs capitalised as intangible assets this period	703	3 410	189 958	380 259
Exploration and evaluation costs directly expensed this period	34 653	120 455	518 519	234 843
Amount invested in exploration and evaluation this period	**35 356**	**123 865**	**708 478**	**615 103**

4 Financial income and expenses

(NOK 1 000)

Financial income	Q4 - 09	Q4 - 08	2009	2008
Interest income	19 976	32 010	28 309	66 311
Other financial income	18 236	45 691	123 562	95 369
Total financial income	**38 212**	**77 701**	**151 872**	**161 680**

Financial expenses	Q4 - 09	Q4 - 08	2009	2008
Interest expenses from bond loan 1)	136 357	83 243	339 809	412 292
Interest expenses from convertible loan	3 277	3 253	13 110	33 771
Interest expenses from other non-current liabilities	9 279	18 918	48 062	48 646
Interest expenses from exploration loan	11 592	10 321	32 586	33 082
Amortisation from loan costs 2)	45 803	13 890	95 512	61 077
Imputed interest from abandonment provisions	15 533	14 909	66 998	43 782
Interest expenses current liabilities	11 131	6 892	12 590	9 533
Other financial expenses	16 155	36 196	123 979	75 091
Total financial expenses	**249 128**	**187 621**	**732 645**	**717 274**
Net financial items	**-210 918**	**-109 920**	**-580 774**	**-555 593**

1) figures for Q4-2009 includes NOK 67,2 million in call premium regarding redemption of the bondloan NOR 01 and NOR at 103% of par.

2) figures for Q4-2009 includes NOK 37,6 million in amortization of capitalized borrowing expenses regarding redemption of bondloan NOR 01 and NOR 02.

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	185 683	4 000	0	189 683
Disposals	-82 866	-42 513	0	-125 379
Transfered to production facilities under construction	-630 797	0	0	-630 797
Currency translations	-53 960	0	0	-53 960
Acquisition cost at 31.12.09	**3 957 132**	**17 801**	**1 540 798**	**5 515 731**
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 31.12.09	**125 700**	**0**	**0**	**125 700**
Book value at 31.12.09	**3 831 432**	**17 801**	**1 540 798**	**5 390 031**

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	434 733	364 912	0	799 645
Transferred from capitalised exploration	673 310	0	0	673 310
Disposals	0	-51 201	0	-51 201
Currency translations	-52 486	-440 207	-111	-492 804
Acquisition cost at 31.12.09	**1 232 223**	**4 438 183**	**10 049**	**5 680 455**
Accumulated depreciation				
Accumulated depreciation at 01.01.09	0	1 202 557	6 561	1 209 118
Depreciation	0	511 193	2 833	514 026
Currency translations	0	-142 402	5	-142 398
Accumulated depreciation at 31.12.09	**0**	**1 571 348**	**9 399**	**1 580 746**
Book value at 31.12.09	**1 232 223**	**2 866 835**	**650**	**4 099 708**

7 Other current receivables

(NOK 1 000)	31.12.09	31.12.08
Receivables from operators relating to joint venture licenses	186 186	124 148
Underlift of oil/NGL	21 171	60 992
Financial instruments	58 227	546 670
Other receivables 1)	238 664	17 502
Total other current receivables	**504 247**	**749 312**

1) NOK 210 million - estimated compensation from the shut down of the Siri area fields.

8 Interest bearing debt

(NOK 1 000) **Long-term interest bearing debt**	Nominal value	Book value at 31.12.09
Bond loan Noreco ASA	1 250 000	1 226 820
Bond loan Noreco ASA	750 000	736 303
Convertible bond loan Noreco ASA	218 500	196 539
Bond loan Altinex Oil Norway AS	300 000	298 269
Reserve-based loan Altinex Oil Denmark A/S	1 053 866	1 026 595
Total long-term interest bearing debt	**3 572 366**	**3 484 525**

Short-term interest bearing debt	Nominal value	Book value at 31.12.09
Exploration loan Noreco ASA	535 245	524 484
Bond loan Altinex Oil Norway AS	50 000	49 931
Reserve-based loan Altinex Oil Denmark A/S	332 542	332 542
Total short-term interest bearing debt	**917 787**	**906 957**

9 Other current liabilities

(NOK 1 000)	31.12.09	31.12.08
Liabilities from operators relating to joint venture licenses	88 461	77 637
Overlift of oil	17 458	-
Accrued interests	61 301	148 249
Other current liabilities	54 070	39 143
Total other current liabilities	**221 289**	**265 029**

10 Segment reporting

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.

In each of the geographical segments, Norway, Denmark and UK, 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.

Geographical distribution as of 31.12.2009

(NOK 1000)	Norway	Denmark	UK	Other/ elimination	Group
Total revenue	595 366	951 150	-		1 546 516
Operating result	(560 128)	219 320	(14 291)		(355 098)
Net financial items					(580 774)
Profit before tax					(935 872)
Tax					(567 883)
Net result for the period					(367 989)
Assets	4 427 685	5 325 815	3 123 303	(970 408)	11 906 395
Liabilities	4 606 316	2 860 389	1 687 875	(970 408)	8 184 171
Capital expenditures	323 049	639 153	27 125	-	989 328
Depreciations and write-downs	286 841	352 886	-	-	639 726

Stavanger, 17 February 2010
The Board of Directors and Chief Executive Officer
Norwegian Energy Company ASA

Lars Takla
Chairman

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

Scott Kerr
CEO