

Second quarter 2012

9 August 2012

Building the company

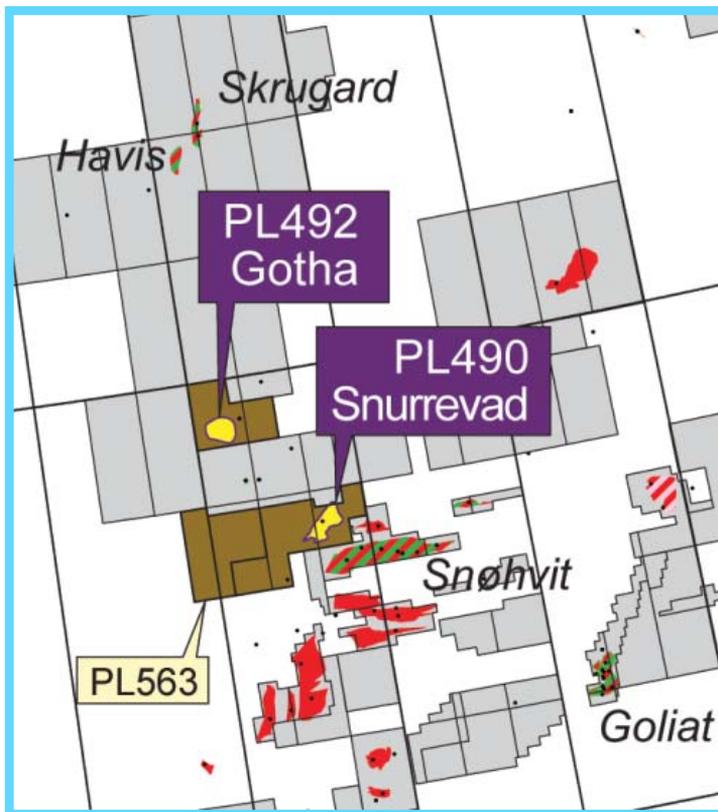
- Executing the strategy and business plan
- 2012 deliverables
 - Create value through exploration
 - Triple production
- Second quarter results
 - EBITDA of NOK (87) mill
 - Net income of NOK (93) mill

Active exploration

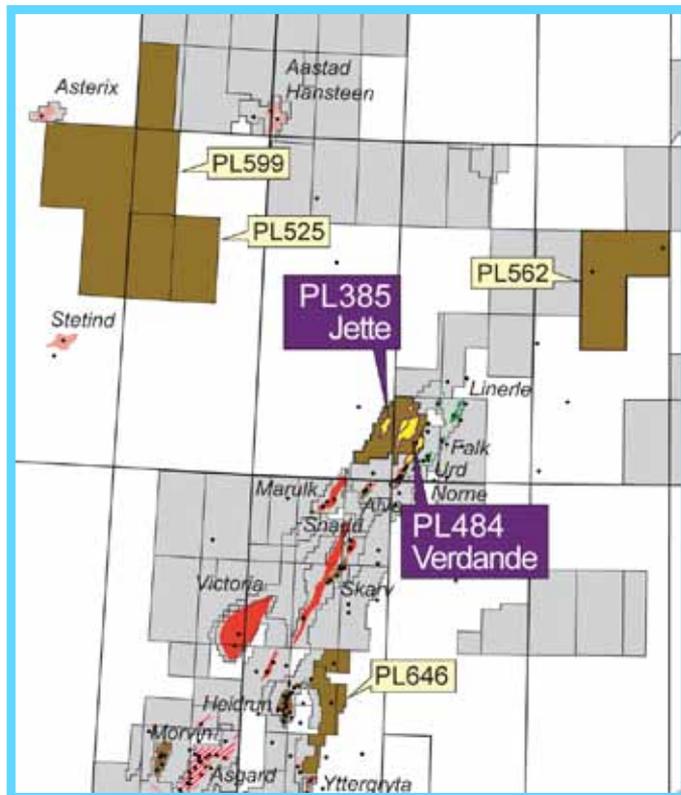
- Well positioned to exploit substantial value creation potential
- Exploration strategy re-focused in 2011
- Active and balanced drilling programme



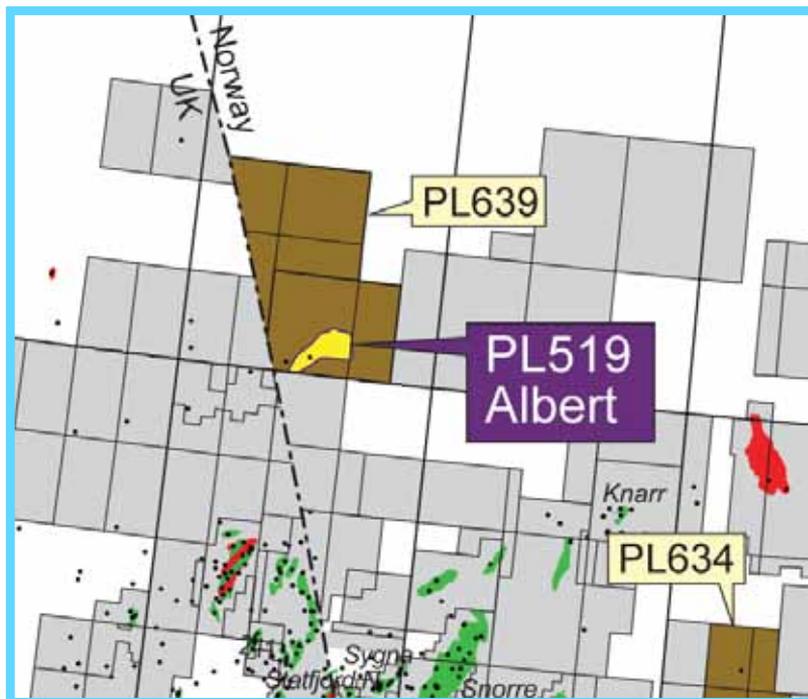
Western Barents Sea



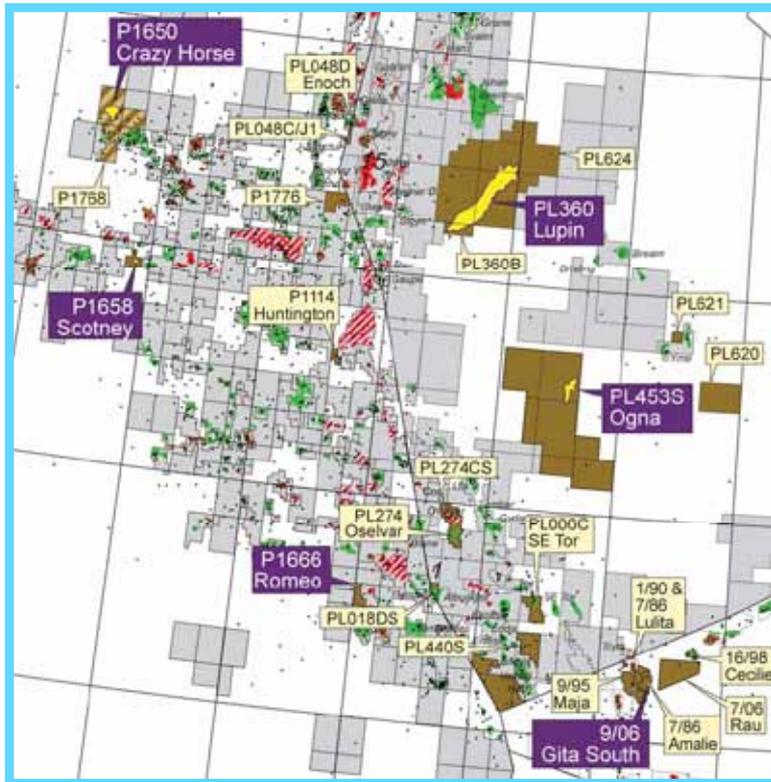
Norwegian Sea



Northern North Sea

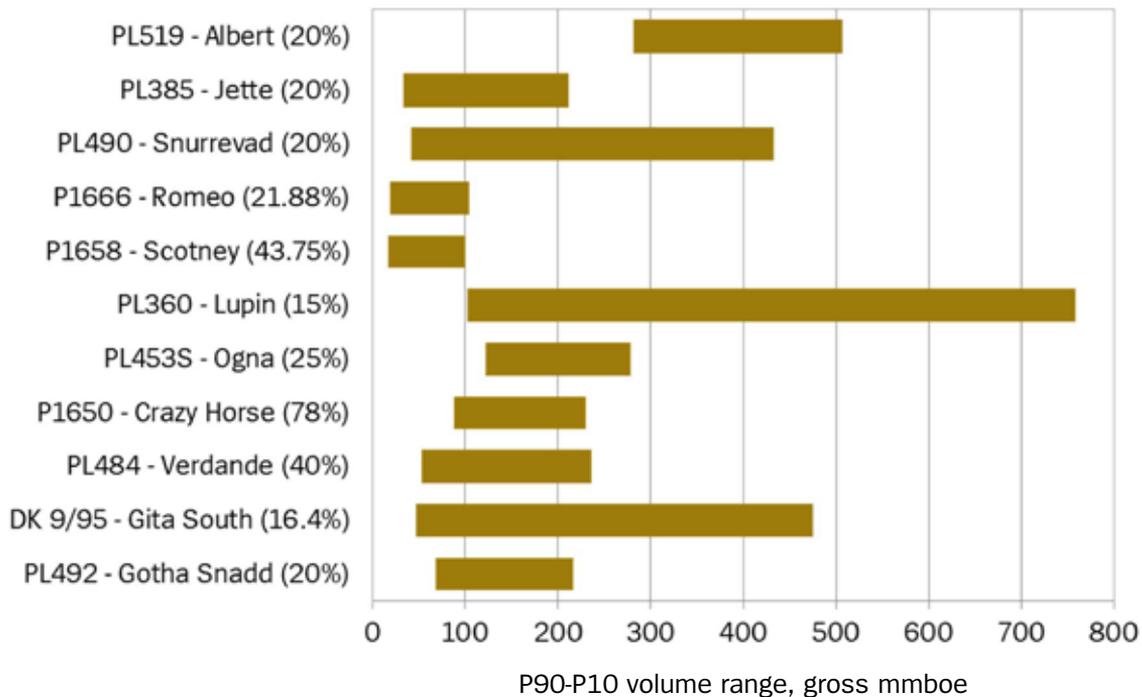


Southern North Sea

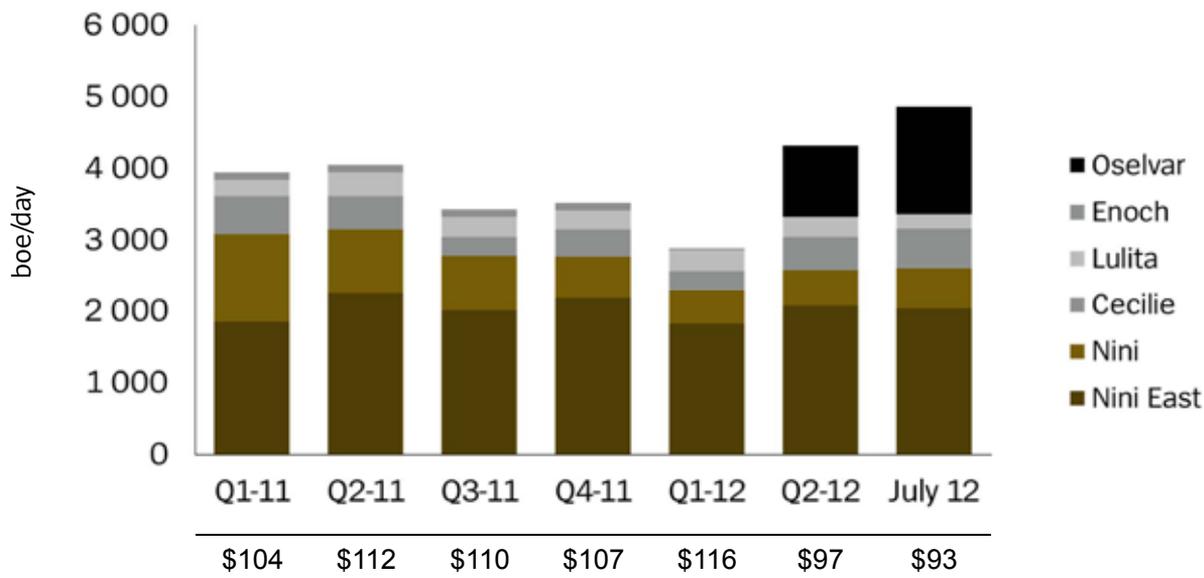


Exploration programme

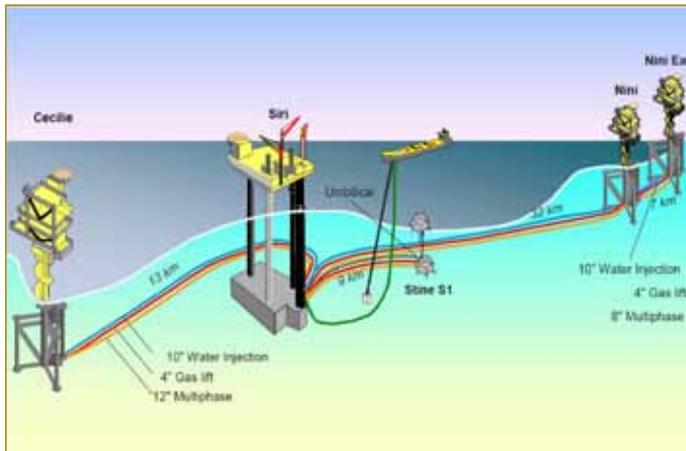
Licence - prospect (Noreco interest)



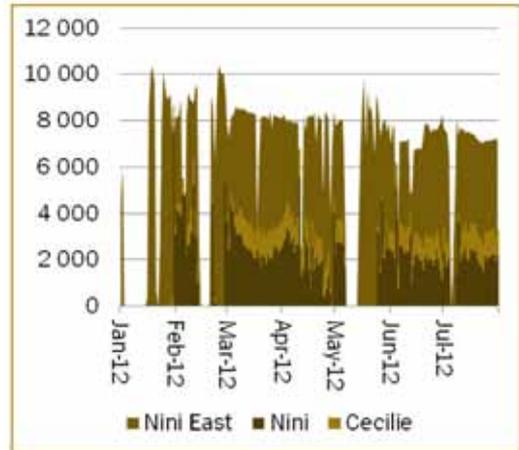
Oil and gas production



Siri area



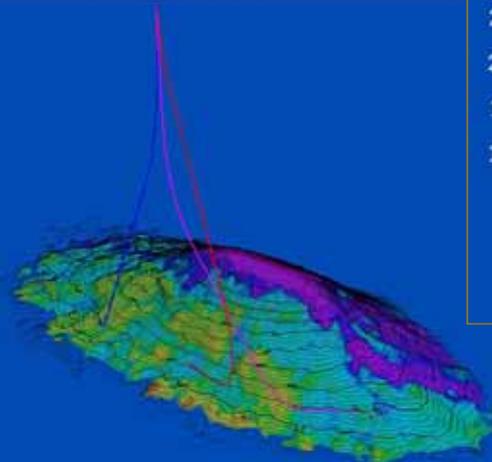
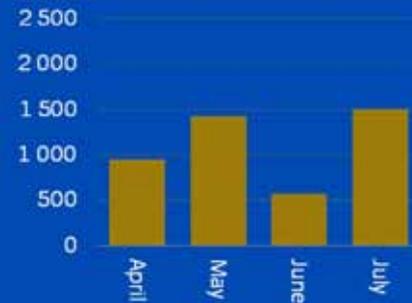
Gross daily production



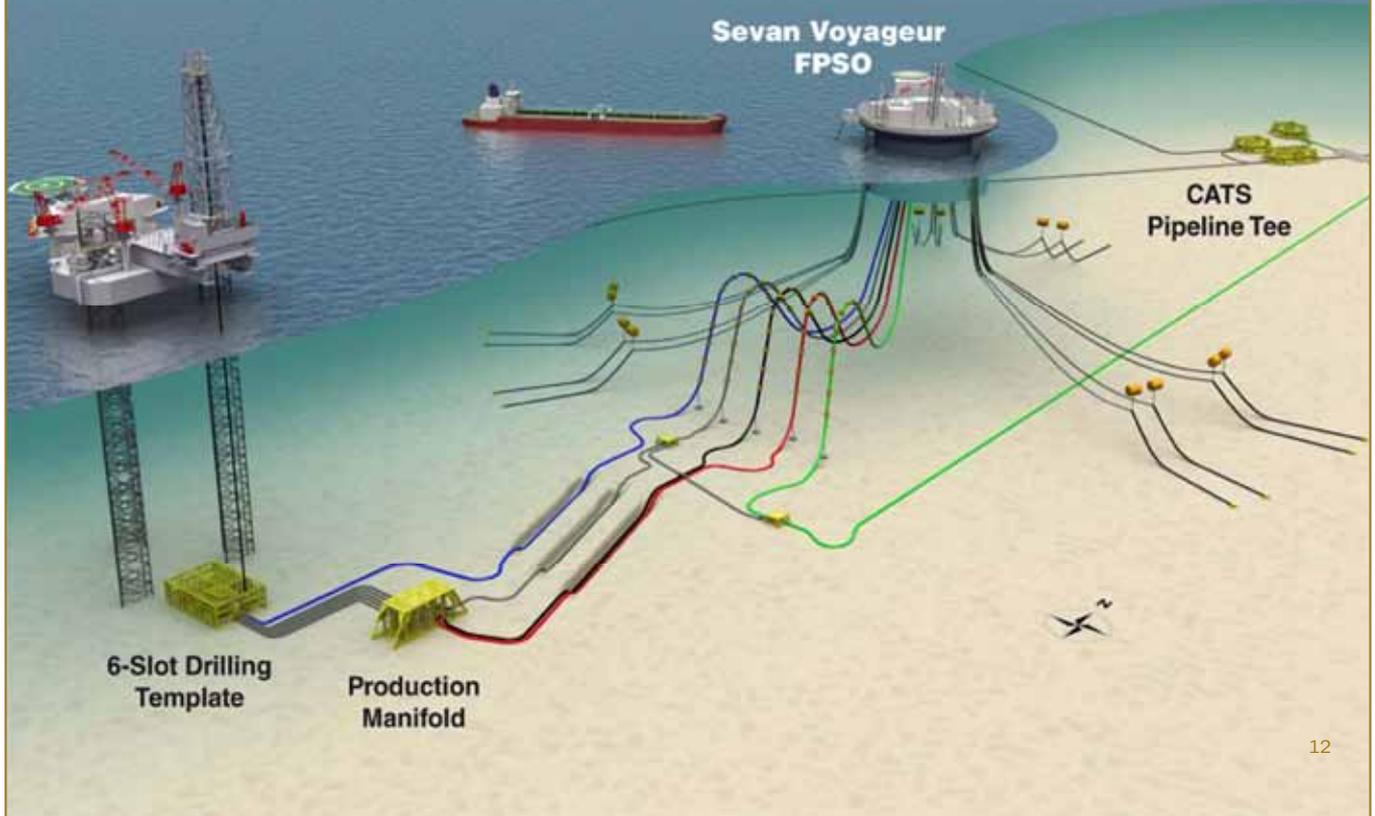
Oselvar on stream



Monthly production
boe/day, Noreco share



Huntington on track



Financial statements

Second quarter 2012

Income statement

Second quarter 2012

NOK million	Q2-12	Q1-12	H1-12	H1-11
Total revenues	248	177	425	444
Production expenses	46	73	119	115
Exploration and evaluation expenses	226	223	449	283
Payroll and other operating expenses	63	67	129	166
EBITDA	(87)	(185)	(272)	(121)
Depreciation	79	53	132	129
Write-downs	108	-	108	-
EBIT	(274)	(238)	(512)	(250)
Net financial items	(107)	(119)	(226)	(223)
EBT	(380)	(357)	(738)	(473)
Tax	(288)	(206)	(494)	(34)
Net result continued operations	(93)	(151)	(244)	(439)
Profit/(loss) discontinued operations	-	-	-	(13)
Net result for the period	(93)	(151)	(244)	(453)

Balance sheet

30 June 2012

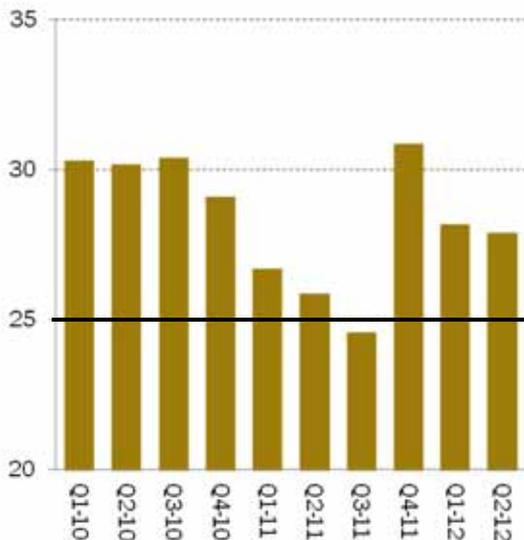
NOK million	30.06.2012	31.03.2012	31.12.2011
Assets			
Non-current assets	8 201	7 591	7 596
Current assets	1 155	1 223	1 367
Cash	608	884	689
Total assets	9 964	9 698	9 652
Equity and liabilities			
Total equity	2 783	2 737	3 015
Long-term liabilities	5 783	5 425	5 110
Current liabilities	1 398	1 537	1 526
Total liabilities	7 181	6 636	6 636
Total equity and liabilities	9 964	9 698	9 652

Financial ratios

30 June 2012

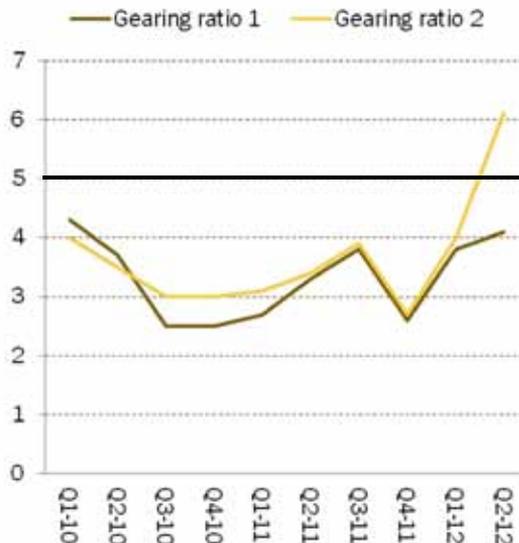
Equity ratio

percent



Gearing ratio

times



Summary

- Building a leading, independent E&P company
 - Strong production growth
 - High exploration activity

Noreco's vision is to build a leading independent oil and gas company in the North Sea region



ADDITIONAL INFORMATION

Noreco at a glance

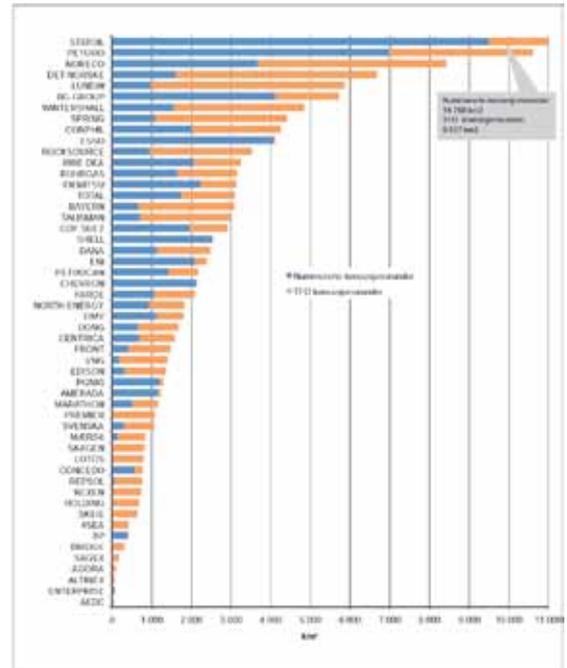
- Exploration-driven E&P company
- 11 exploration wells planned for the coming 18 months
- Production from six fields
 - 2012-Q2: 4,300 boe/day
- Two new fields on stream in 2012
- Significant portfolio of licenses and discoveries
- Listed at Oslo Stock Exchange
 - Ticker: NOR



Exploration strategy

- Active and focused exploration program from a large portfolio
 - Focus on wells with significant value creation potential
 - Clear entry and exit strategy for each license
 - Active risk management and highgrading of portfolio
 - Operatorship when needed to get access/influence

Licensed acreage awarded on NCS last 10 years



Source: Starting White Paper 28 (2010 – 2011)

Exploration schedule

Updated August 2012

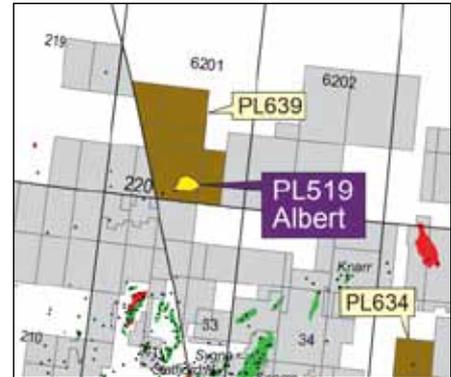
Prospect	License	Noreco share	Chance of success	Volume potential ¹⁾	Drilling start	Operator
Albert	PL519	20%	24%	280-510	Q3-2012	Lundin
Jette	PL385	20%	32%	35-210	Q3-2012	Statoil
Snurrevad	PL490	20%	10%	42-432	Q3-2012	Lundin
Romeo	P1666	22%	24%	19-103	Q3-2012	Suncor
Scotney	P1658	44%	26%	17-100	Q4-2012	Suncor
Lupin	PL360	15%	10%	102-760	Q4-2012	Statoil
Ogna	PL453S	25%	19%	122-278	2013	Lundin
Crazy Horse	P1650	78%	21%	88-230	2013	Noreco
Verdande	PL484	40%	29%	53-236	2013	Noreco
Gita South	DK 9/95	16.4%	27%	47-475	2013	Maersk
Gotha Snadd	PL492	20%	20%	68-217	2013	Lundin

1) Million barrels oil equivalents on 100% basis, P90-P10 interval

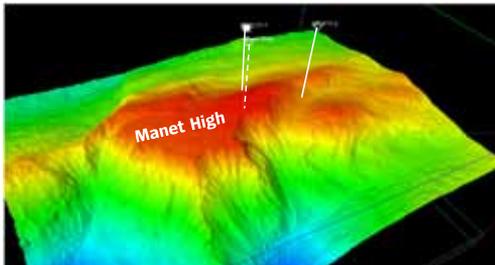
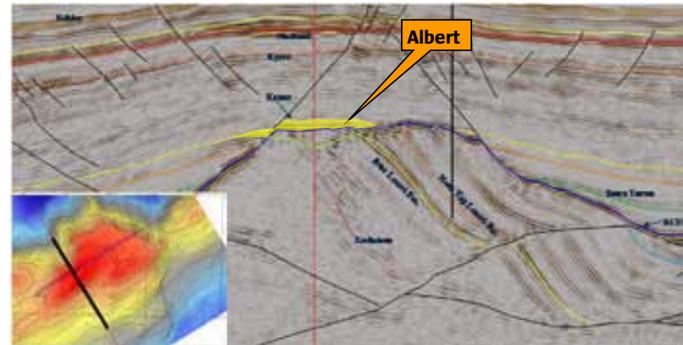
PL519 – Albert

Noreco 20% - Lundin operated

- Well to target major fault bound high with a Lower Cretaceous play north of the Tampen Spur hydrocarbon province (Statfjord, Snorre, etc)
- Robust trap in close vicinity to a discovery (6201/11-1)
- CoS - 24%: Primary risk element – reservoir. Trap is considered to have low risk. Charge is proven by the discovery.
- 280 – 510 mmboe gross, 78 mmboe net P50
- Expected re-spud in August 2012 using Bredford Dolphin



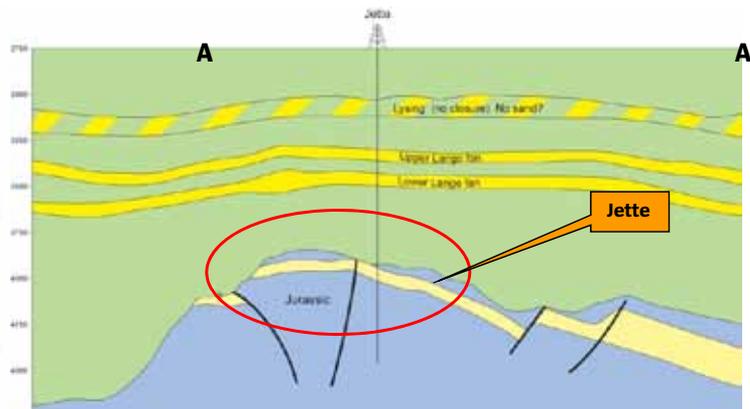
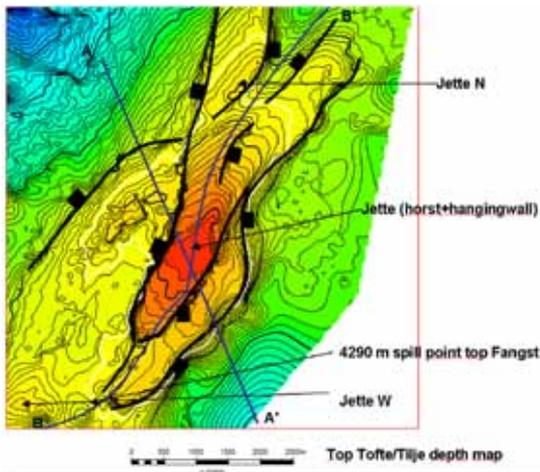
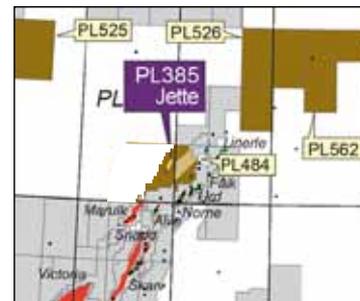
6201/11-1 Discovery



PL385 – Jette

Noreco 20% - Statoil operated

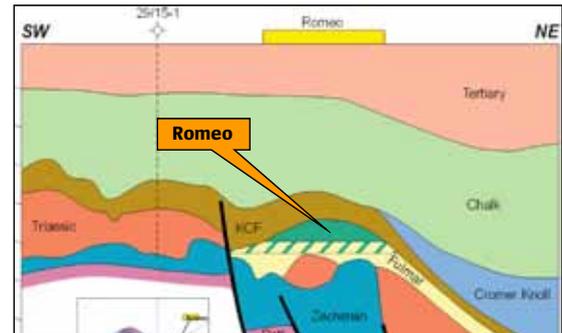
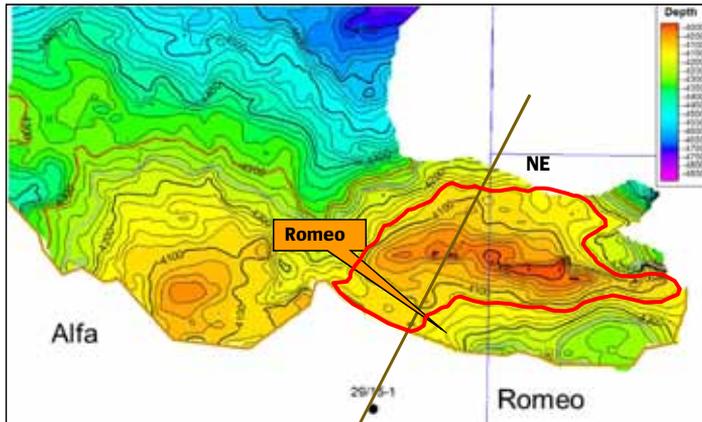
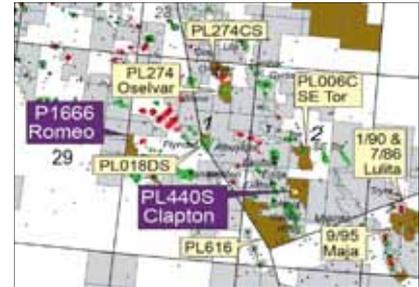
- Middle Jurassic target in conventional play in a prolific area
- CoS - 32%: Primary risk element - trap
- 35 – 210 mmboe gross, 25 mmboe net P50
- Expected spud Sep 2012 using West Alpha



P1666 – Romeo

Noreco 22% - Suncor operated

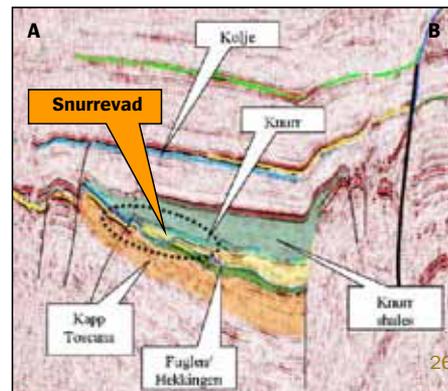
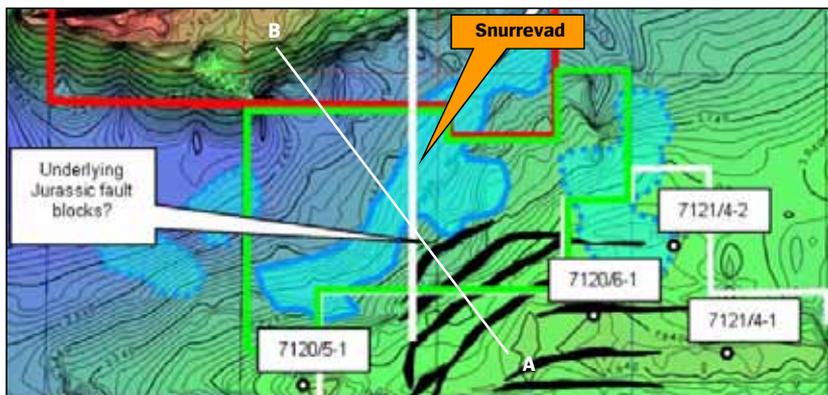
- Robust fault bound dip closure in proven Upper Jurassic play. Considerable upside potential to west of license (Alfa prospect)
- CoS - 24%: Primary risk element - trap geometry
- 19 – 103 mmboc gross on license, 11 mmboc net P50
- Expected spud in Sep 2012 using WilHunter



PL490 – Snurrevad

Noreco 20% - Lundin operated

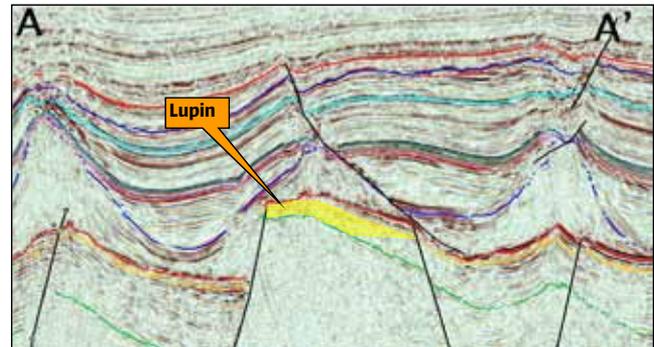
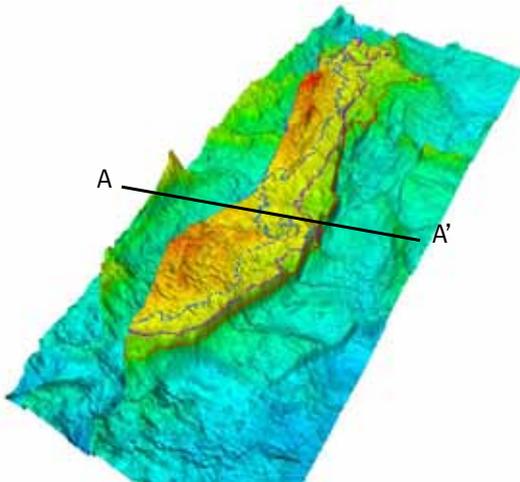
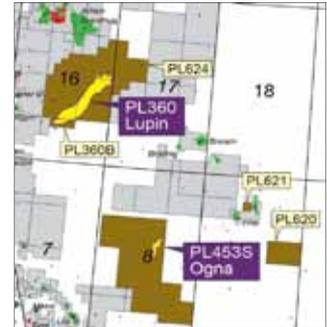
- Lower Cretaceous stratigraphic trap south of Loppa High in Barents sea, with significant additional high risk plays that will be de-risked by the well
- CoS – 10%: Primary risk element – trap, lateral pinch out of sands
- 42 – 432 mmboe gross, 44 mmboe net P50
- Expected spud in Sep 2012 using Transocean Arctic



PL360 – Lupin

Noreco 15% - Statoil operated

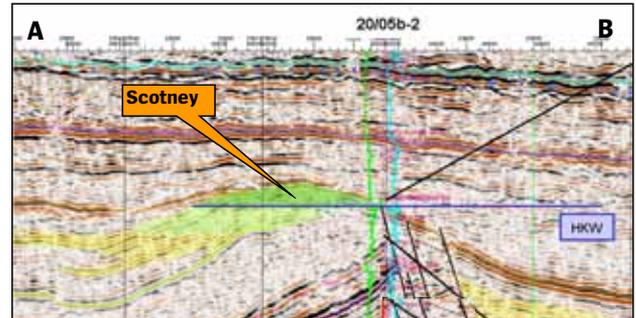
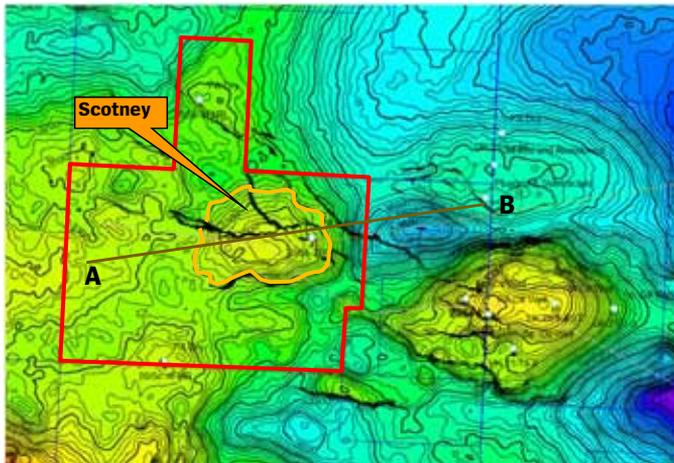
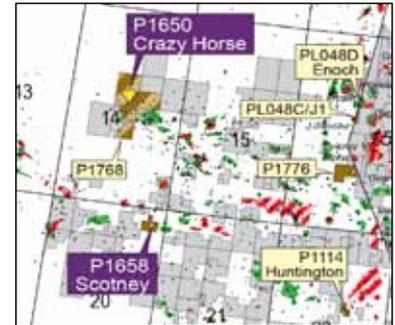
- Large fault bound structure in Ling Graben, gas prospect, target reservoir is the Rotliegende sands, few wells in North Sea have targeted this play hence new play opener
- CoS - 10%: Primary risk element – charge. Reservoir is also considered a high risk (properties), whereas trap is considered to have a low risk.
- 102 – 760 mmboe, 45 mmboe net P50
- Expected spud in Q4-2012 using Songa Trym



P1658 – Scotney

Noreco 44% - Suncor operated

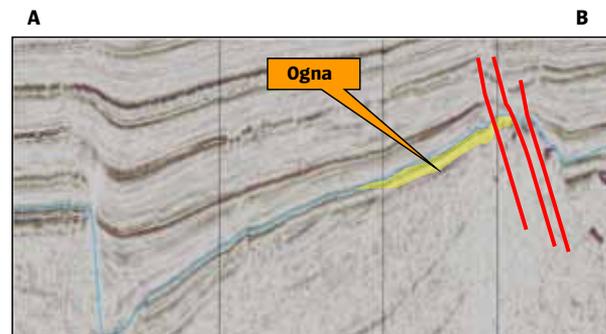
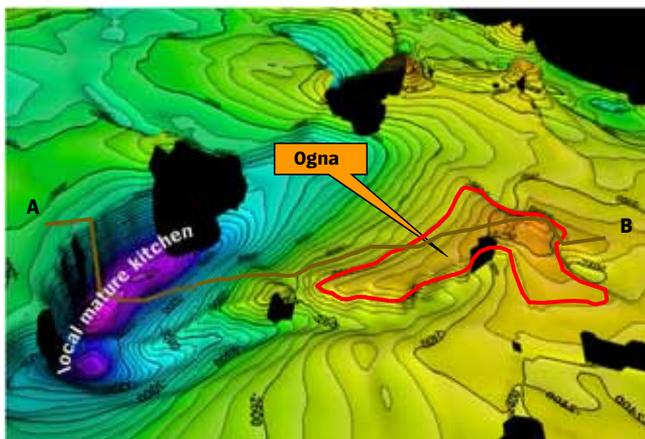
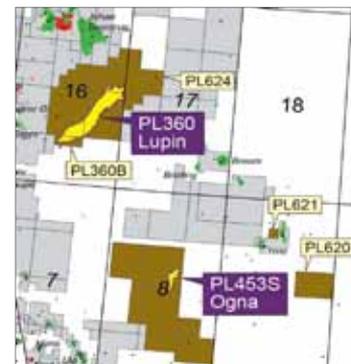
- Robust 4-way dip closure in proven Upper Jurassic play, in close vicinity to existing infrastructure
- CoS – 26%: Primary risk element – reservoir presence
- 17 – 100 mmboe gross, 19 mmboe net P50
- Expected spud Q4-2012 using WilHunter



PL453S – Oгна

Noreco 25% - Lundin operated

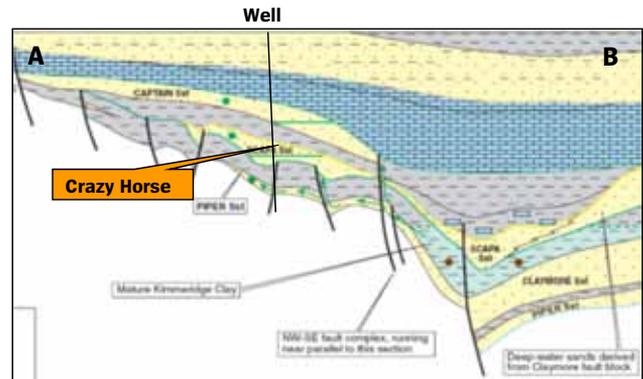
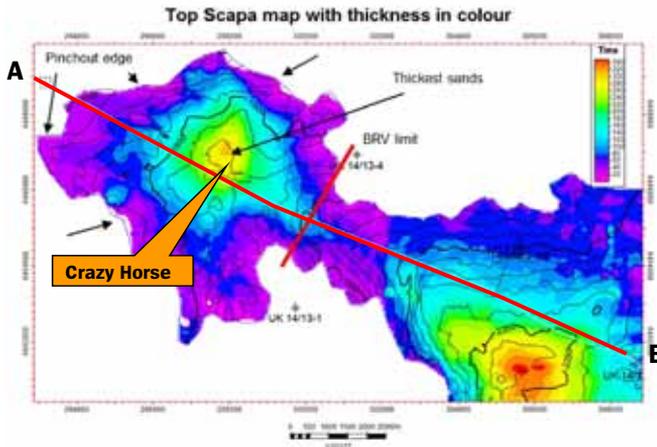
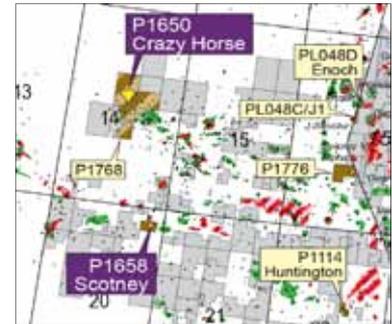
- Simple fault bound 4-way dip closure in an Upper Jurassic play, in close vicinity to local kitchen, analogue to Bream discovery
- CoS – 19%: Primary risk element – presence of local mature source rock
- 122 – 278 mmboe gross, 53 mmboe net P50
- Expected spud in Q4-2012 using Mærsk Guardian



P1650 – Crazy Horse

Noreco 78% - Noreco operated

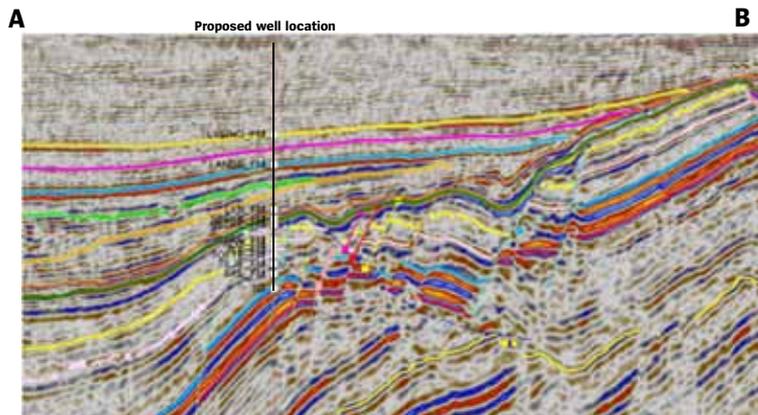
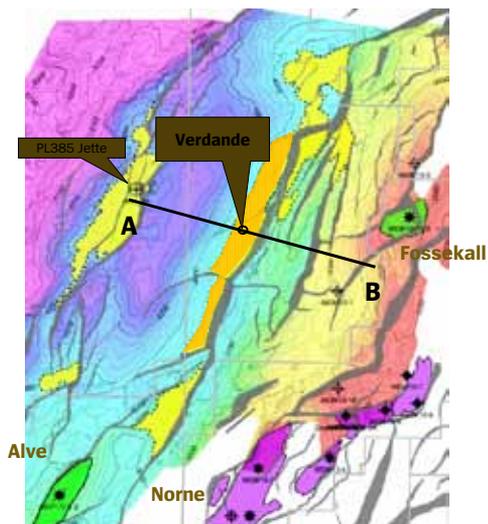
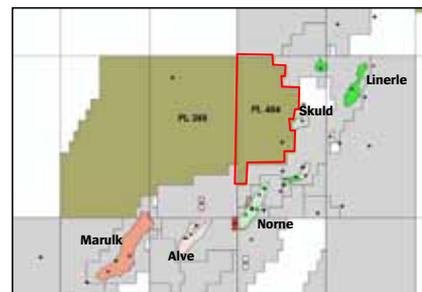
- Stratigraphic trap in Outer Moray Firth (UK) north of Claymore Field. Proven Lower Cretaceous Scapa Sands (reservoir) in nearby wells.
- Well will test both the Scapa sands (primary target) and Lower Cretaceous Captain Sands
- CoS - 21%: Primary risk element – charge (migration). Reservoir and trap have moderate risk.
- 88 – 230 mmboe gross in Scapa Sands only, 118 mmboe net P50
- Expected spud in 2013 using Ocean Nomad



PL484 – Verdande

Noreco 40% - Noreco operated

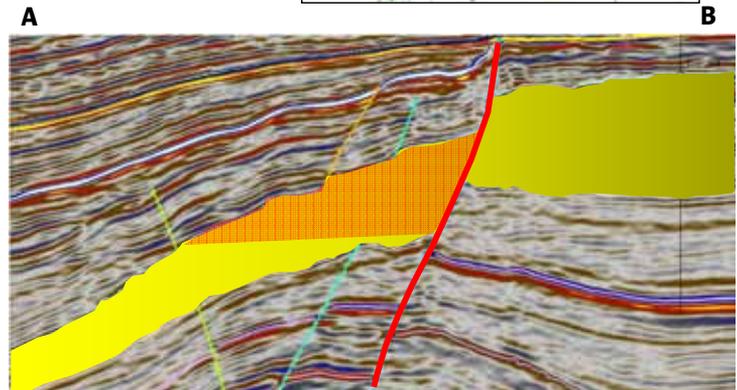
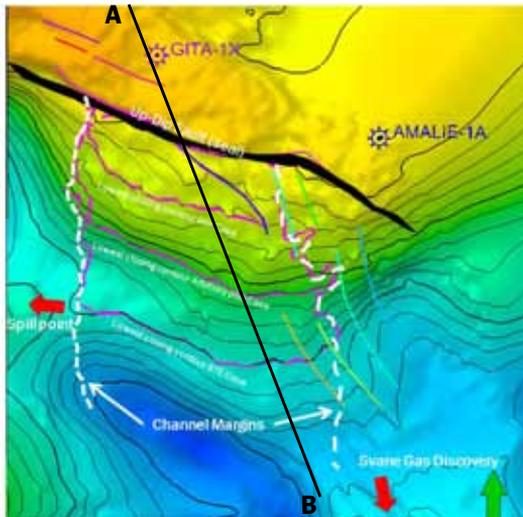
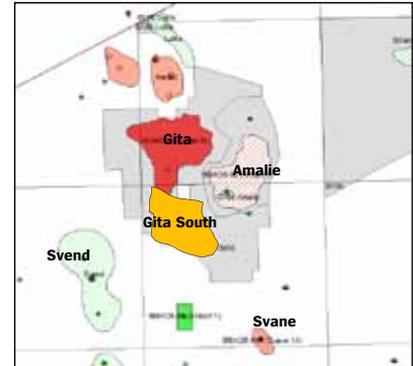
- Middle Jurassic target in well proven play northwest of Norne.
- CoS – 29%: Primary risk element – Trap
- 53 – 236 mmmboe gross (gas and oil), 39 mmmboe net P50, with considerable additional dependant prospectivity given success
- Expected spud 2013 – rig not allocated



DK 09/95 – Gita South

Noreco 16.4% - Maersk operated

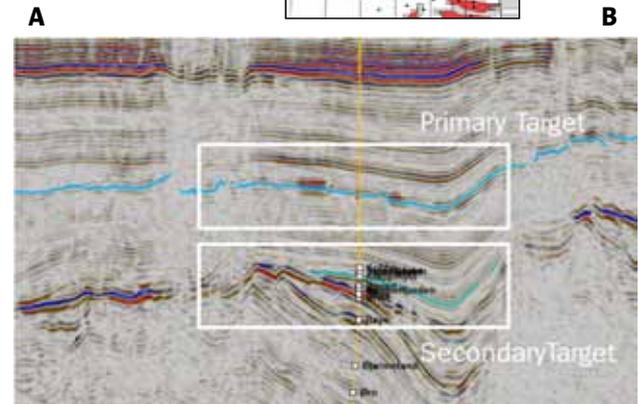
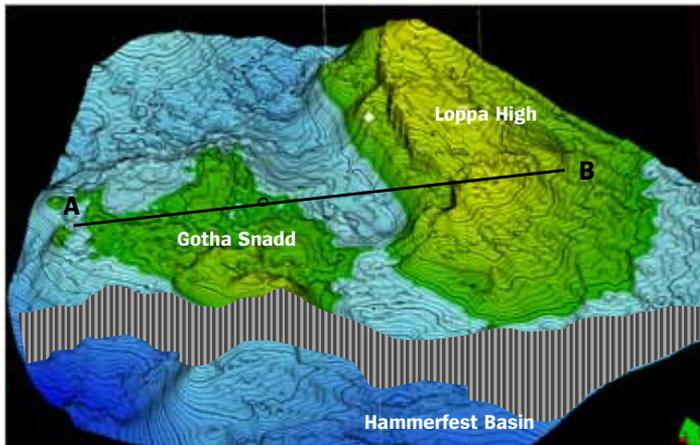
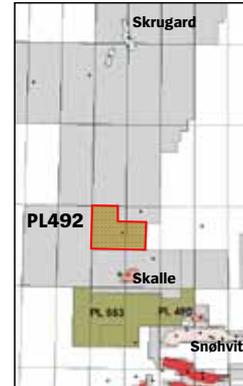
- Upper Jurassic target in close vicinity (up-dip) to the Svane gas discovery
- CoS – 27%: Primary risk element – Trap
- 47 – 475 mmboe gross (gas), 28 mmboe net P50
- Expected spud 2013/14 – rig not allocated



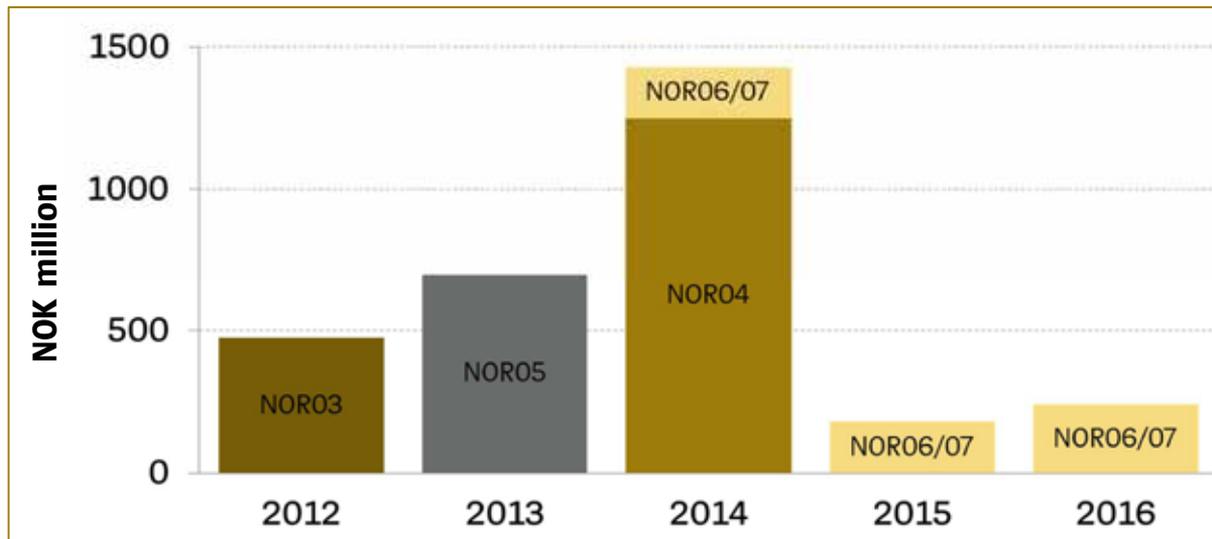
PL492 – Gotha Snadd

Noreco 20% - Lundin operated

- Triassic target in Western Barents Sea – Emerging play
- With additional secondary target in Permian Frontier Play
- CoS (oil) – 10%: CoS (HC) – 20%: Primary risk element – Charge
- 68 – 217 mmboe gross (oil), 25 mmboe net P50, with considerable additional dependant prospectivity given success
- Expected spud 2013/14 – rig not allocated



Noreco bonds



Bond	Outstanding	Due	Terms
NOR03	NOK 475.5 mill	20 Nov 2012	3m NIBOR + 7.9 %, pledge in shares in subsidiaries
NOR04	NOK 1,250 mill	20 Nov 2014	12.9 % fixed, pledge in shares in subsidiaries
NOR05	NOK 700 mill	6 Dec 2013	3m NIBOR + 8 %, unsecured
NOR06/07	NOK 600 mill	27 April 2016	10.25 % fixed / 3m NIBOR + 6 %, pledge in Oselvar field

Interest bearing debt & equity

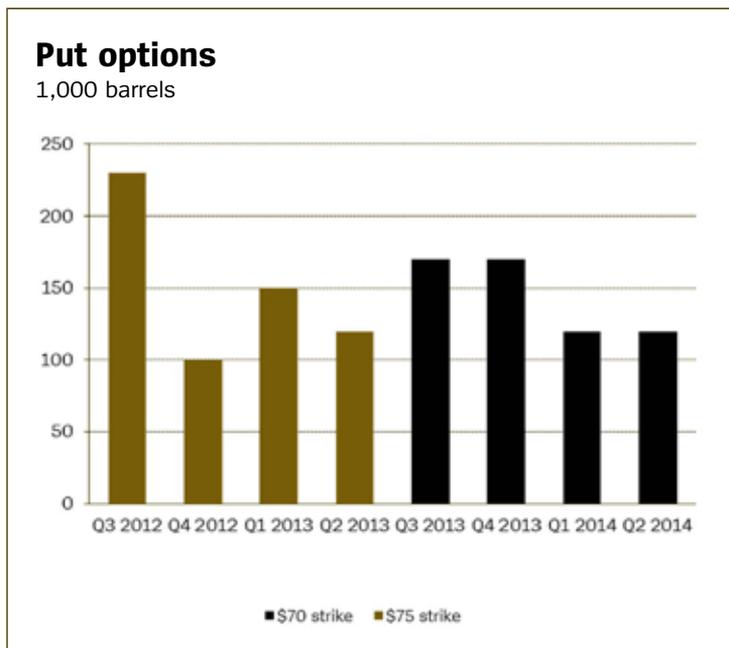
NOK million	Q2-2012	Q1-2012	Q4-2011	Q3-2011	Q2-2011
Bonds NOR03, NOR04, NOR05, NOR06, NOR07	2,989	2,794	2,791	2,993	3,253
Reserve Based Loan	447 \$79	594 \$109	293 \$54	1,006 \$177	1,025 \$190
Convertible bond	-	172	171	213	211
Equity Book equity/Total assets	2,783 27.9%	2,737 28.2%	3,015 31.2%	2,884 24.6%	3,165 25.9%
Gearing ratio 1 NIBD / adj. EBITDax (NOR03/04)	4.1	3.8	2.6	3.8	3.3
Gearing ratio 2 NIBD / adj. EBITDax (NOR05/06/07)	6.1	4.0	2.7	3.9	3.4

Note: Exploration financing and receivables not included

Exploration and investment activity

NOK million	Q2-2012	Q1-2012	Q4-2011	Q3-2011	Q2-2011
Exploration expenses	219	170	32	103	86
Exploration capitalized	52	13	10	132	14
Investments in fields	203	161	170	274	249
Total	474	344	212	509	349

Hedging programme



- Noreco is using put options to protect cash flow from oil price downside
- 24 months rolling forward programme
- Asian type puts based on monthly average Brent oil price

Shareholders

Top 20 shareholders as of 8 August 2012

Shareholder	Shares	% of total
IKM INDUSTRI-INVEST AS	23 673 998	9,7 %
LYSE ENERGI AS	23 647 460	9,7 %
OM HOLDING AS	12 685 484	5,2 %
GOLDMAN SACHS INT. - EQUITY -	10 693 267	4,4 %
UBS AG, LONDON BRANCH	7 589 752	3,1 %
DNB NOR SMB VPF	7 100 000	2,9 %
FOLKETRYGDFONDET	6 035 894	2,5 %
SABARO INVESTMENTS LTD	5 950 000	2,4 %
KONTRARI AS	5 600 000	2,3 %
SKAGEN VEKST	5 127 513	2,1 %
ODIN OFFSHORE	5 000 000	2,1 %
SKANDINAVISKA ENSKILDA BANKEN	4 414 950	1,8 %
CITIBANK NA NEW YORK BRANCH	3 433 099	1,4 %
JPMORGAN CHASE BANK	3 286 972	1,3 %
FONDSFINANS SPAR	3 000 000	1,2 %
AWILCO INVEST AS	2 750 000	1,1 %
SKANDINAVISKA ENSKILDA BANKEN AB	2 531 075	1,0 %
BD TRADING AS	2 518 873	1,0 %
STOREBRAND VEKST	2 261 831	0,9 %
NORDEA BANK NORGE ASA MARKETS MARKET-MAKING DE	2 158 413	0,9 %
Total number owned by top 20	139 458 581	57,2 %
Total numbers of shares	243 842 914	

Important information

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