

**Second quarter 2009**

23 July 2009

# Important information

The information included herein contains certain forward-looking statements that address activities, events or developments that Norwegian Energy Company ASA expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by Norwegian Energy Company ASA, which are beyond its control and are subject to certain additional risks and uncertainties. As a result of these factors, actual events may differ materially from those indicated in or implied by such forward-looking statements.

# Highlights

## ■ Exploration success

- 3 new discoveries at Gita, Gygrid and Grosbeak
- 2nd largest award in 20th licensing round in Norway
- Over 5,500 km<sup>2</sup> seismic surveys acquired
- Builds on solid exploration track record

## ■ Developments progressed towards production

- Nini East platform installed
- Oselvar PDO approved
- Huntington on track

## ■ Production 11,500 barrels per day

- Production realised at 60 \$/barrel - revenues NOK 401 million

## ■ Strengthened financial position

- NOK 214 million equity issue
- NOK 1050 million exploration loan facility

# Q2 2009 results

## Income statement

NOK million	Q2 2009	Q2 2008	2008
<b>Operating revenues</b>	<b>401</b>	<b>639</b>	<b>2 424</b>
Production cost	117	88	415
Exploration cost	139	25	259
Salary & other operating exper	60	60	210
<b>EBITDA</b>	<b>85</b>	<b>466</b>	<b>1 540</b>
Depreciation and amortization	156	161	716
Write-down	126		
<b>EBIT</b>	<b>(197)</b>	<b>305</b>	<b>824</b>
Net financial items	(107)	(171)	(556)
<b>EBT</b>	<b>(304)</b>	<b>134</b>	<b>268</b>
Tax	-203	95	148
<b>Profit / (loss) for the period</b>	<b>(101)</b>	<b>39</b>	<b>120</b>

- NOK 32 million in realized income from put options
- Production cost 17 \$/barrel in Q2 09
- Depreciation 23 \$/barrel in Q2 09
- Exploration cost includes NOK 110 million in seismic surveys

## Balance sheet

NOK million	30.06.2009	30.06.2008	31.12.2008
<b>Assets</b>			
Non-current assets	10 426	10 119	9 909
Current assets	1 785	2 097	2 379
<b>Total assets</b>	<b>12 211</b>	<b>12 216</b>	<b>12 288</b>
<b>Equity and liabilities</b>			
<b>Total equity</b>	<b>2 789</b>	<b>2 315</b>	<b>2 996</b>
Long-term liabilities	7 445	8 702	7 761
Current liabilities	1 977	1 198	1 531
<b>Total liabilities</b>	<b>9 422</b>	<b>9 900</b>	<b>9 292</b>
<b>Equity and liabilities</b>	<b>12 211</b>	<b>12 215</b>	<b>12 288</b>

- Value of oil price put options at 50 and 75 \$/barrel NOK 160 million

# Continued restructuring of capital structure

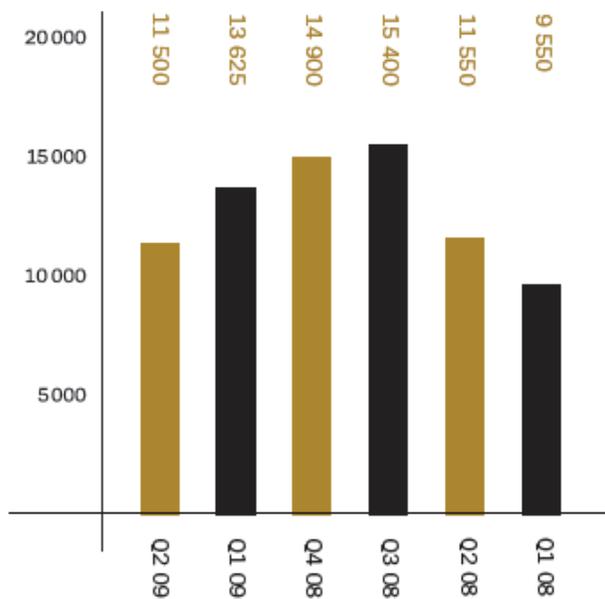
- Increased cash flow through acquisition of Talisman Oil Denmark, related equity issue of NOK 509 mill
- Repayment in full of 130 mill USD 12% Geopard callable bond
- Conversion of NOK 211.5 mill convertible bonds
- New reserve based lending agreement 325 mill USD
- Early redemption of 20% of NOK 2,800 million bond and deletion of market adjusted equity ratio
- Secured long term financing through refinancing of bond
- Equity issue NOK 214 mill
- Extended and increased exploration loan facility of NOK 1050 mill
- Asset sales to further improve cash position and reduce debt



**Noreco has a solid financial capacity and flexibility**

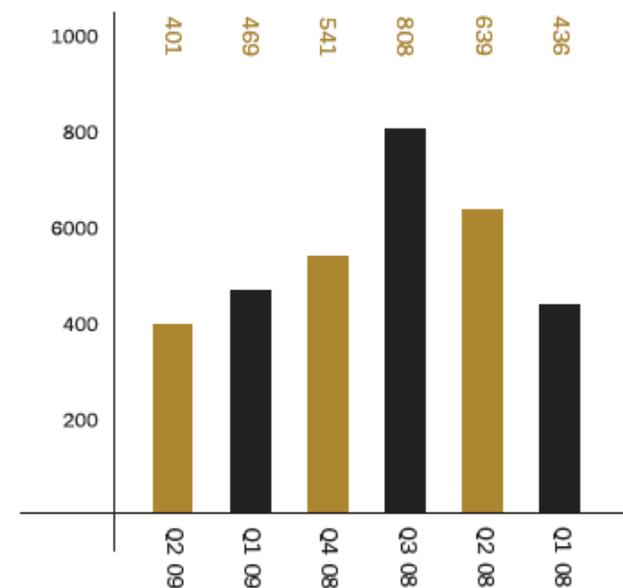
# Production gives strong cash flow and exposure to oil price upside

Production (boed)



- On track to increase production in 2H 2009
- Start up of Nini East in 4Q
- Effect of infill drilling on Nini and Brage

Revenues (NOK million)



- Oil price downside protection through put option program at 50 and 75 US\$/barrel

# Ongoing development projects

- Nini East platform installed
  - Drilling in Q3 09
  - Production on track to start Q4 09
  - +3,000 barrels per day net to Noreco
- Oselvar development plan has been approved
  - Production start 2011
  - +c.3,000 barrels per day net to Noreco
- Huntington development on track
- Nemo approaching development concept selection
- 7 other discoveries under development planning/appraisal, including Gita, Grosbeak, Gygrid/Galtvort
- Key focus is to mature discoveries
  - Strong Noreco team working full time on optimizing the value of developments, focusing on most material developments

Nini East platform



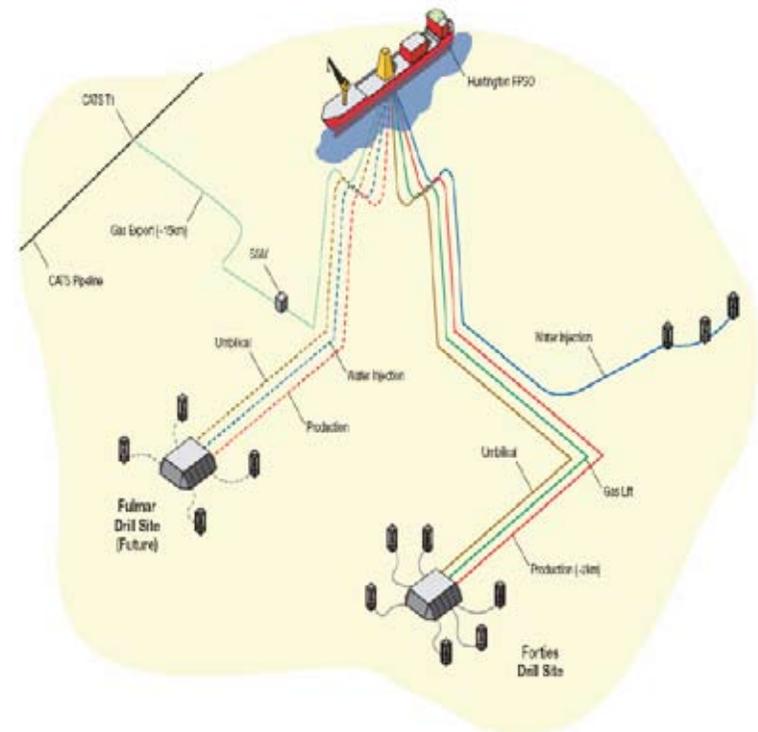
# Huntington development on track

## ■ Operatorship and Licensees

- Transfer of operatorship to E.ON Ruhrgas
- Premier Oil new partner in 22/14b
- Unitization with 22/14a partners ongoing

## ■ Development timeline

- FPSO screening study completed
- Engineering studies are ongoing
- Concept selection and FDP 3Q 09
- Contract awards 4Q 09/1Q 10
- First oil 2011



# Noreco's exploration model

## Access to high quality acreage

- Focus exploration in NW Europe in areas where we have competence or compliment our current portfolio
- Targeting new exploration opportunities with large potential

## Active high grading of portfolio

- Disciplined high grading of portfolio on the basis of thorough geoscience work and economic evaluations
- Sell, farm-out or relinquish licenses that do not compete in the portfolio

## Drill selected exploration wells

- Allocate exploration investments to selected wells
- Focus on exploration wells that have a high value creation potential

# Noreco's exploration track record

## ■ Access to quality acreage

- 2<sup>nd</sup> largest award in 20th round after Statoil
- Proactive acquisition of prospective acreage (e.g. Gita, Galtvort/Gygrid, PL471)

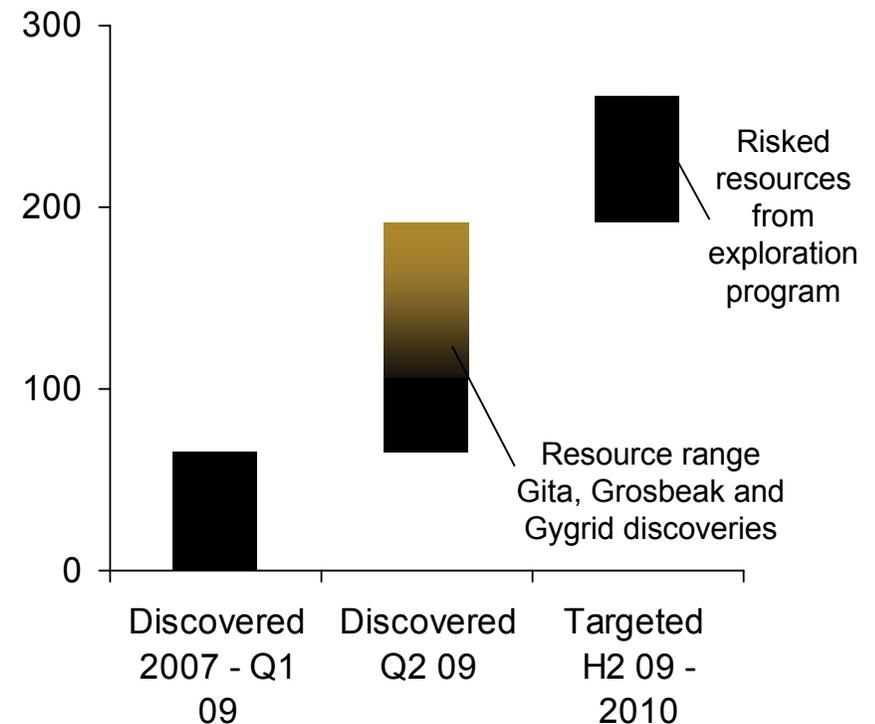
## ■ Active high grading

- Several sales, farm-outs and relinquishments completed (3 in Q2 09, 4 in Q1 09)
- Sale of PL442 in Q2 09

## ■ Drilling results

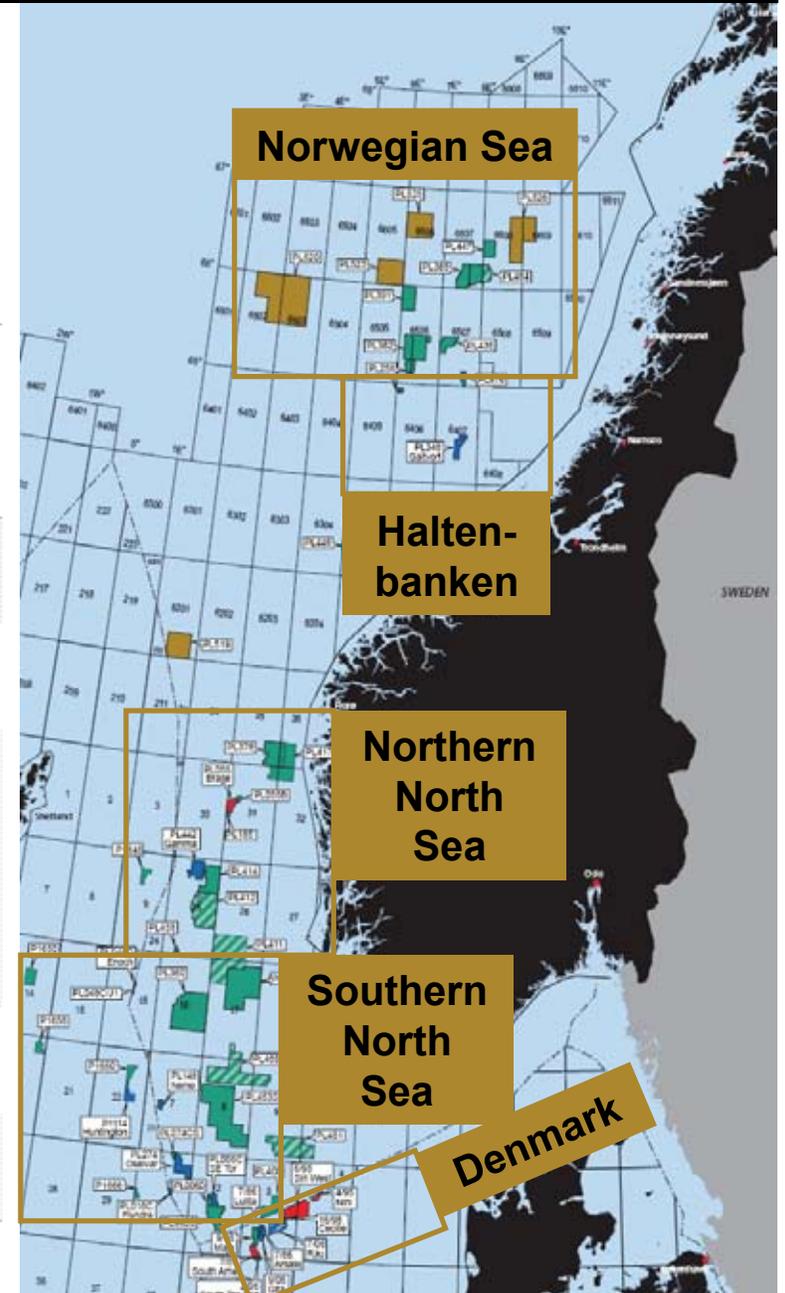
- Better hit rate than expected
- Larger average discovery size than expected

**Discovered volumes**  
(million barrels recoverable, excluding appraisal wells)



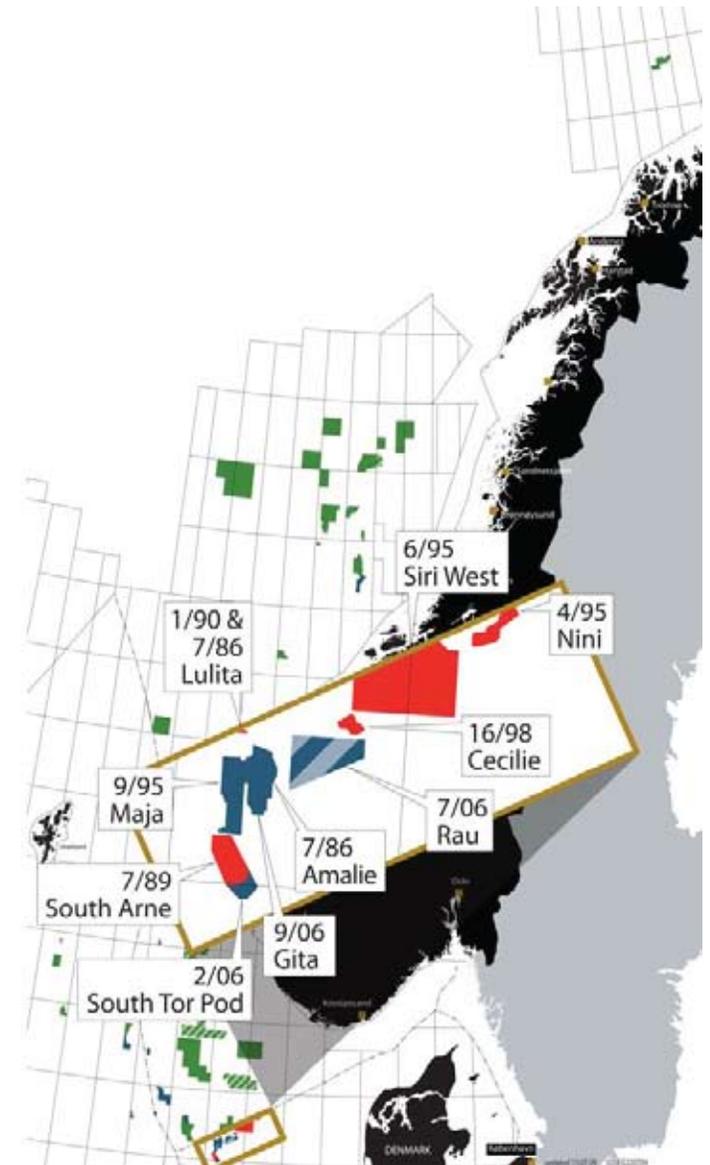
# Exploration areas

Area	Potential to Noreco (net mill barrels)	Activity to date	Activity planned next 18 months
Norwegian Sea	+1000	Seismic	3 wells
Halten-banken	+ 100	2 discoveries	2 wells
Northern North Sea	+ 200	3 discoveries	3+ wells
Southern North Sea	+ 100	2 discoveries	3+ well
Denmark	100	2 discoveries	1-2 wells



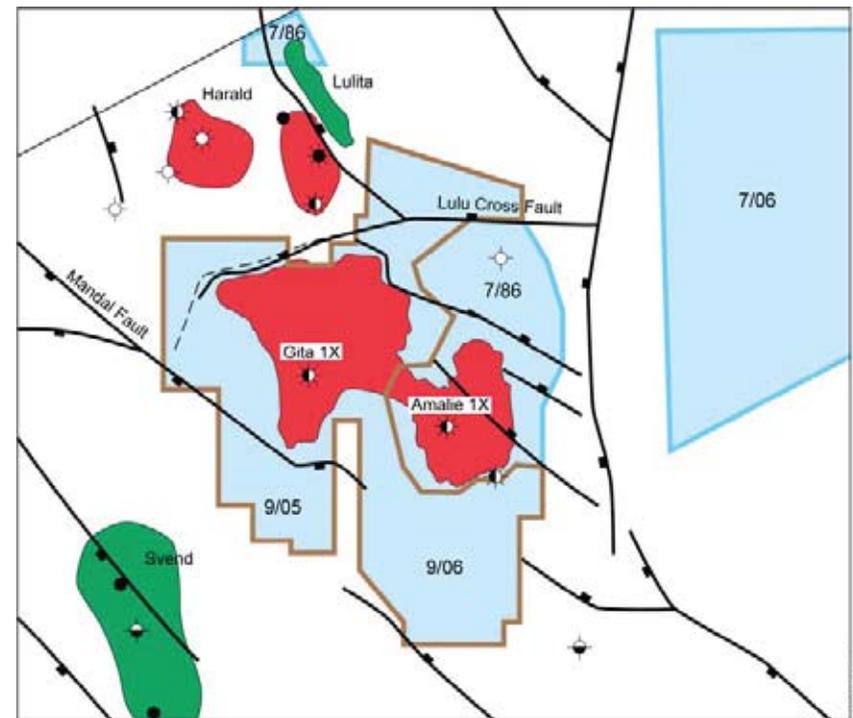
# Denmark

- Substantial opportunity in Gita/Maja/Amalie licenses
- Exploration opportunities around the producing fields
- Total area potential up to 100 million barrels net to Noreco



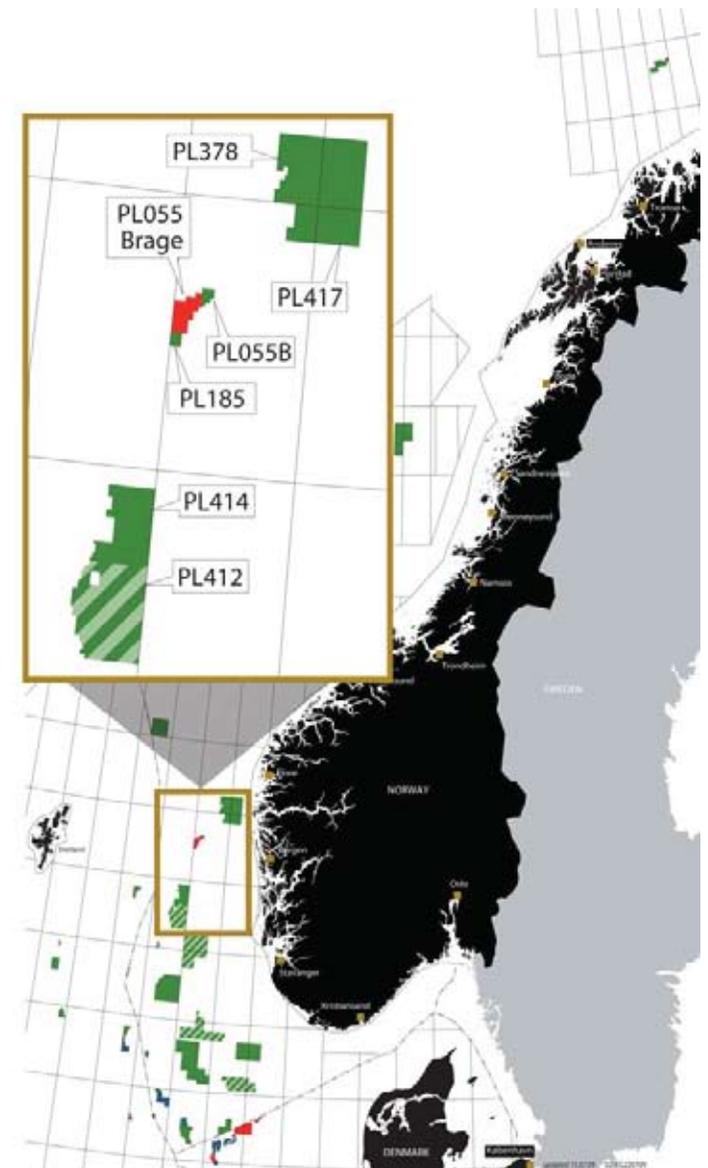
# Gita discovery - status

- Large gas discovery close to European gas market and infrastructure
  - Noreco resource estimate for Gita/Amalie is 250 million barrels of recoverable hydrocarbons
- Further drilling needed to define vertical and lateral extent of Middle Jurassic accumulation
- Significant upside - to be confirmed by further analysis and delineation
  - Middle Jurassic potential up dip
  - Upper Jurassic potential still present
- Considerable subsurface efforts underway for planning upcoming appraisal campaign
  - Appraisal plan to be finalized by year end
  - Noreco's target is to drill 1-2 appraisal wells on Gita in 2010



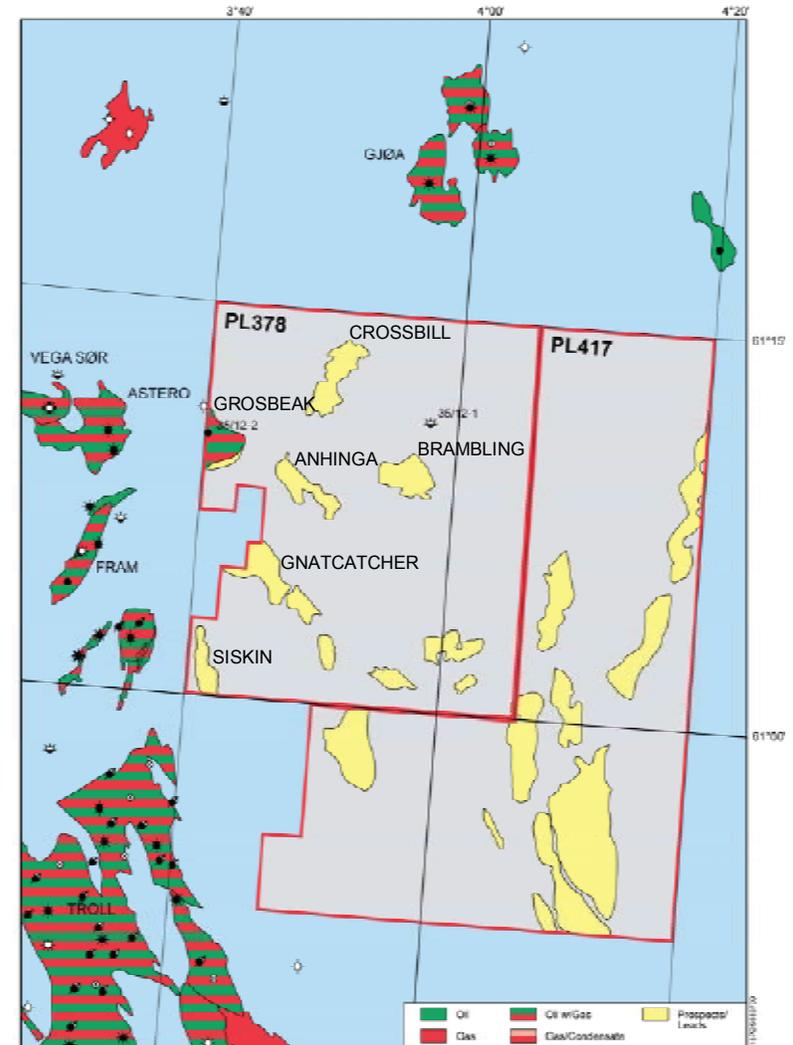
# Northern North Sea

- Successful near field Brage
- Grosbeak discovery unlocks new area with large potential to Noreco
- Tasta well to be drilled in Q3 2009
- Total area potential of over 200 million barrels net to Noreco



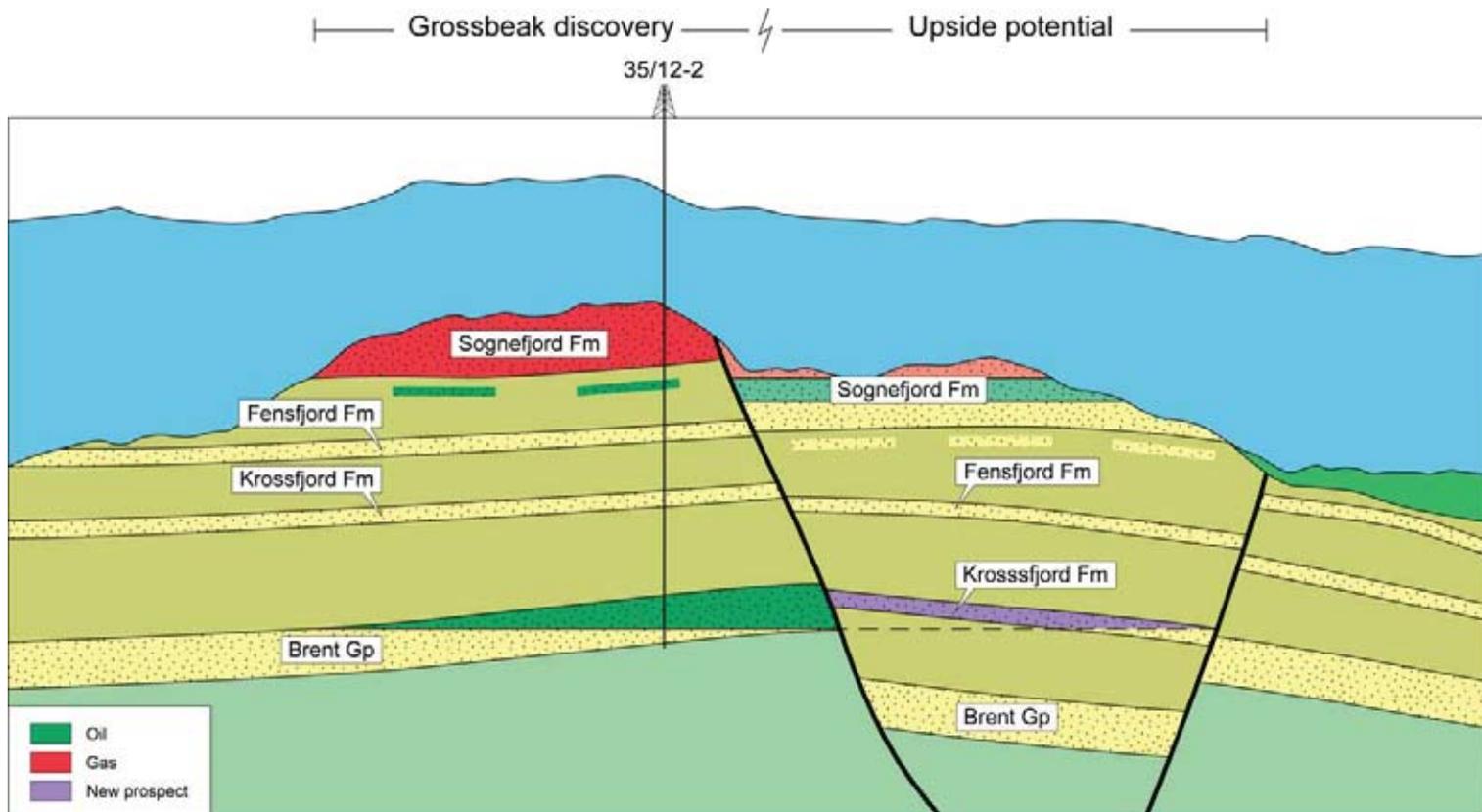
# Grosbeak discovery

- License PL378 Norway, Noreco 20 %
- Drilled with Songa Delta
  - Completed in mid July
- Hydrocarbons found in both targets for the well
  - Oil and gas in primary target Sognefjord
  - Oil in secondary target Brent
- Considerable remaining prospectivity
  - The Grosbeak well results added to and de-risked prospectivity
- Over 100 million barrels potential net to Noreco on the license
- Noreco's target is to drill at least one well in 2010



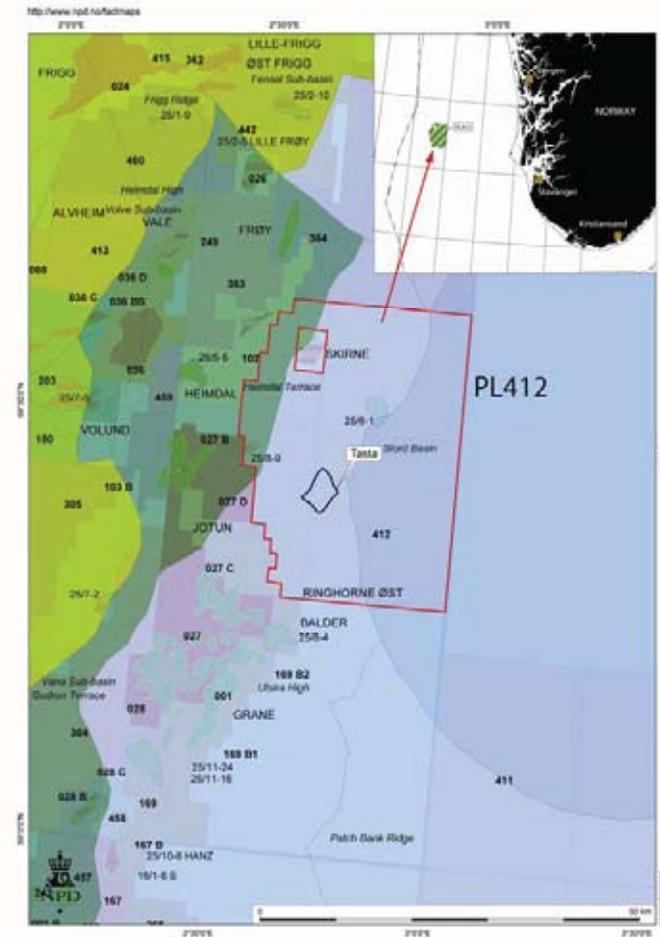
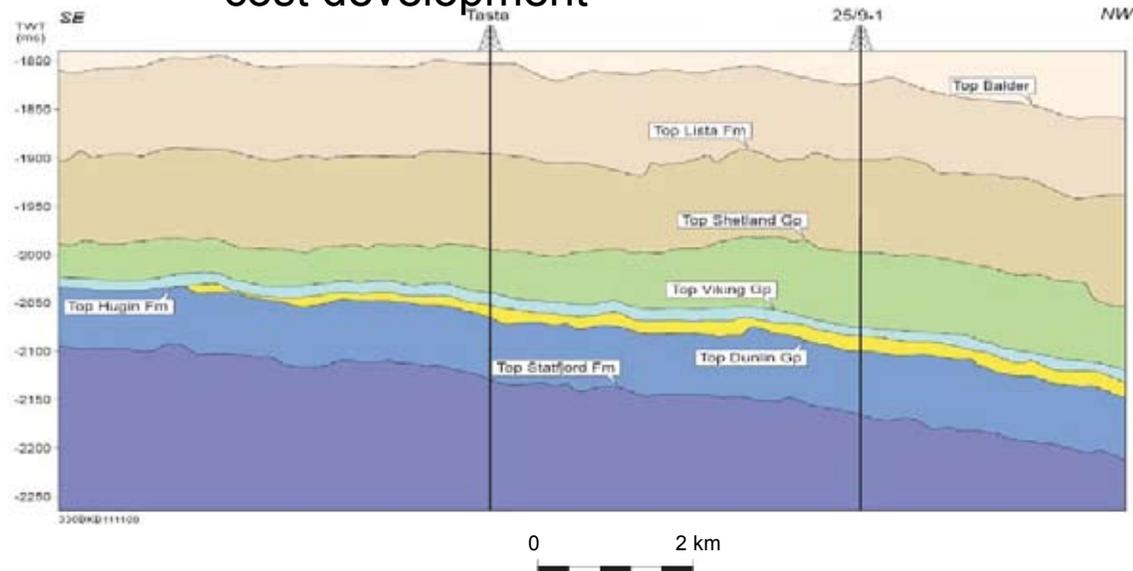
# Grosbeak discovery

- Preliminary resources estimate is 35-190 million barrels recoverable hydrocarbons in total
- Considerable upside potential in neighboring fault block
- De-risked remaining license prospectivity



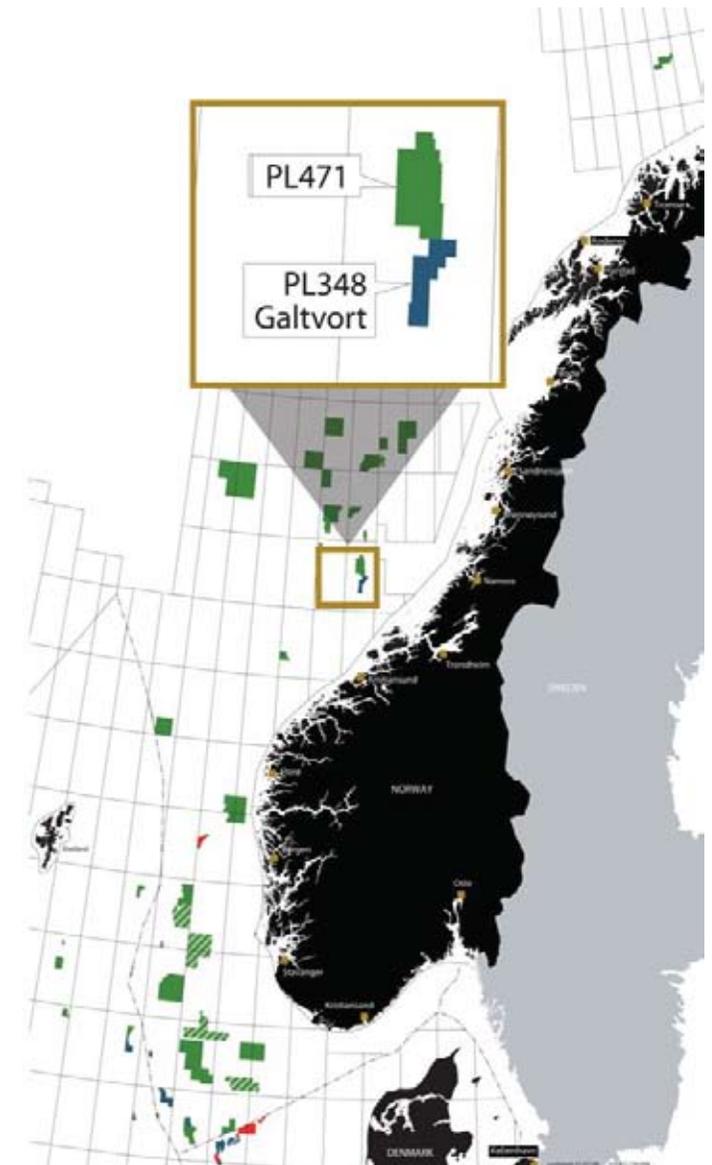
# Noreco approved to drill first operated well

- Tasta prospect in license 412 Norway, Noreco 40%
- Stratigraphic trap with prospect resources of 34-91 million barrels recoverable hydrocarbons
- 26% chance of success
- Close vicinity to infrastructure enables low cost development



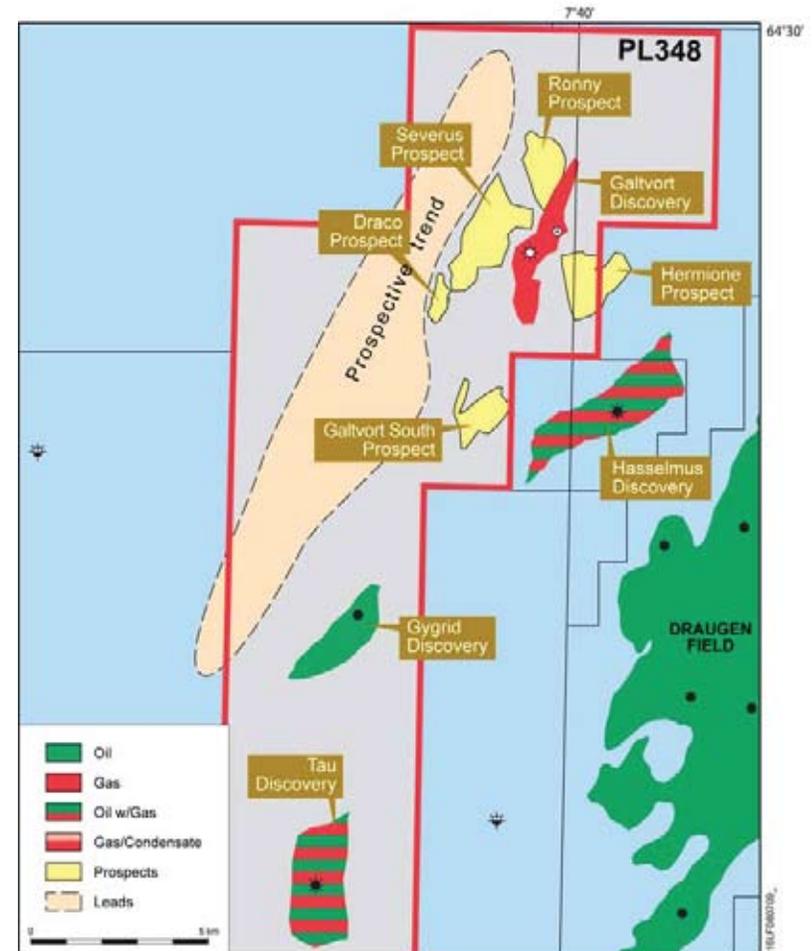
# Haltenbanken

- Noreco acquired 17.5% in PL348 in 2006, and has since made two discoveries; Galtvort and Gygrid
- Noreco acquired 30% in PL471 in July 2009
- Area potential of over 100 million barrels net to Noreco



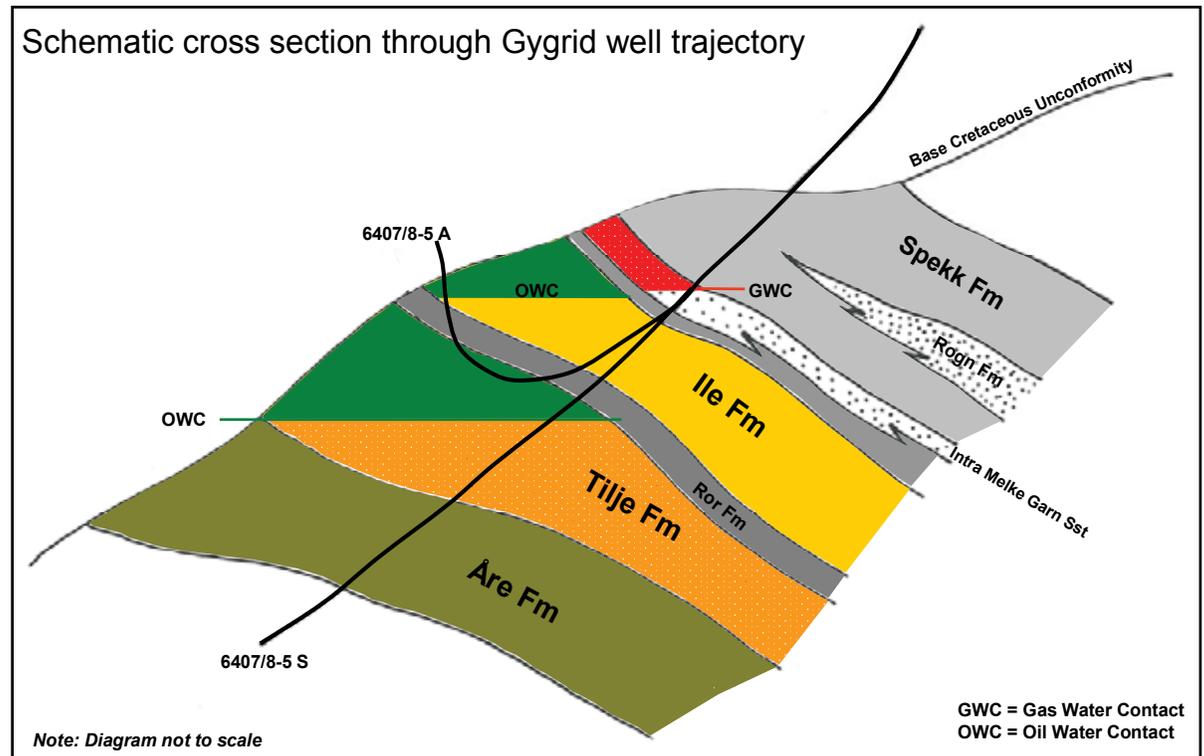
# Three discoveries in PL348

- License 348 Norway, Noreco 17.5 %
- Gygrid well discovered light oil in Tilje and Ile Formations
  - Resource estimate 19-31 million barrels recoverable hydrocarbons, with additional upside
- Galtvort gas discovery in 2008 of 25 million barrels recoverable hydrocarbons
- There is remaining prospectivity in the play, and the total resource potential in the license is 150 million barrels gross
  - Defined prospects
  - Prospective trend with several additional leads
- Forward plan:
  - Assess development options
  - Mature remaining prospectivity
  - Noreco's target is to drill at least one well in 2010



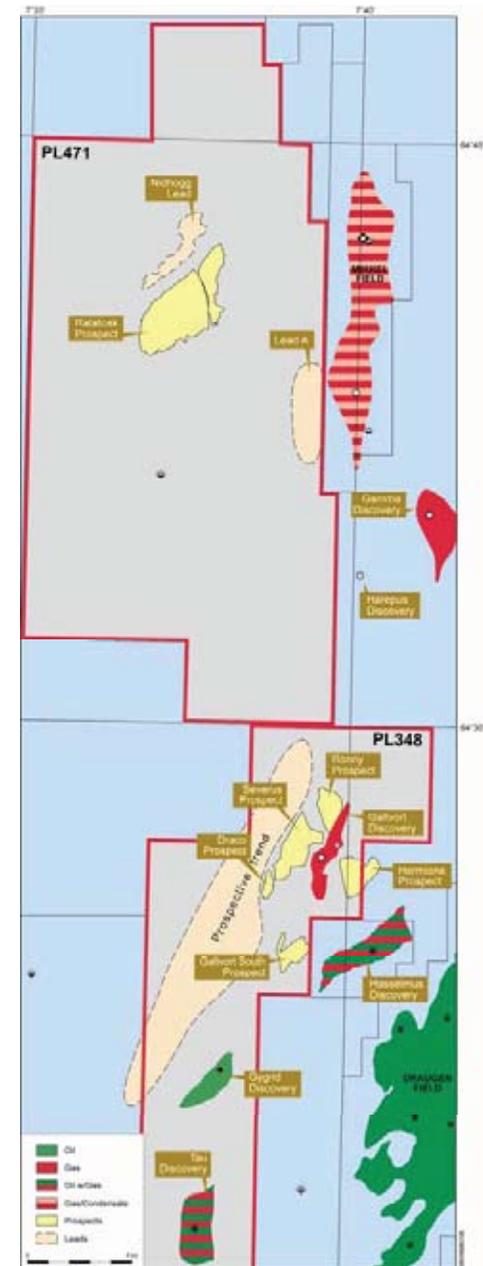
# PL348 Gygrid discovery

- Original well on the flank of the Tilje accumulation
- Sidetrack confirmed the Tilje discovery and found additional volumes in the Ile Formation



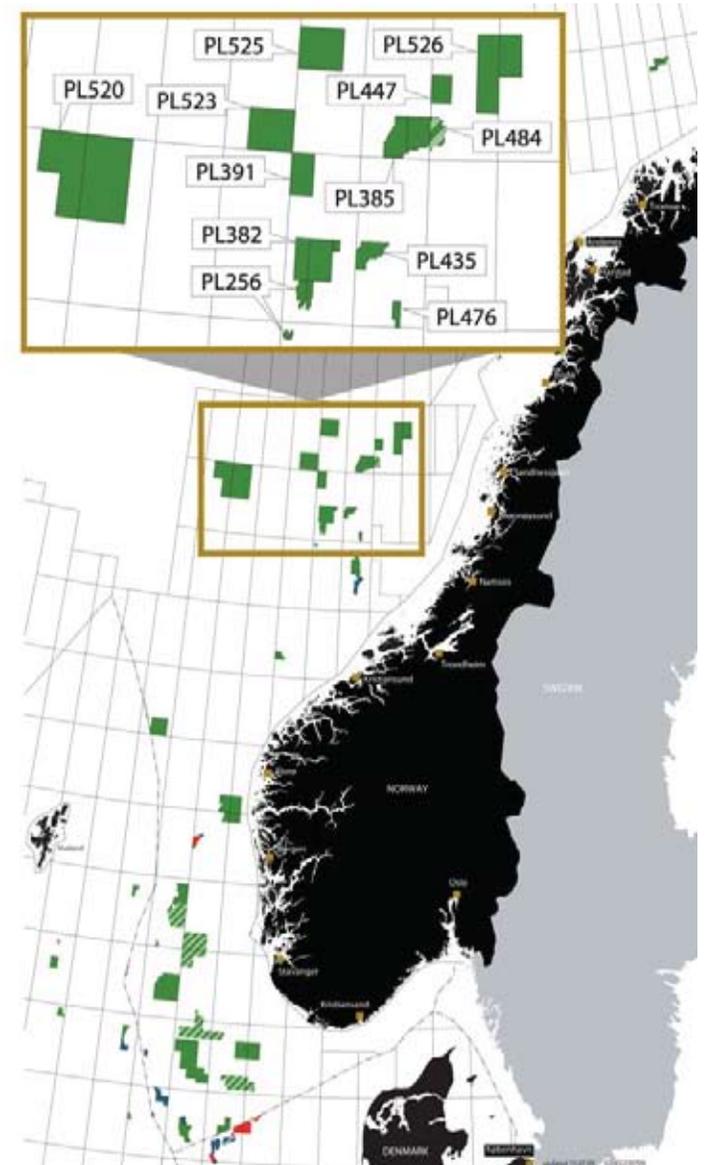
# PL471 acquisition

- Noreco acquired a 30% interest in PL471 in Norway from Sagex in June
- Prospectivity in Cretaceous and Middle Jurassic along trend from Galtvort/Gygrid
- Gross unrisked potential of more than 300 million barrels
  - Adds 25 million barrels risked resources to Noreco's portfolio
- Infrastructure nearby
  - Draugen, Njord, Åsgard



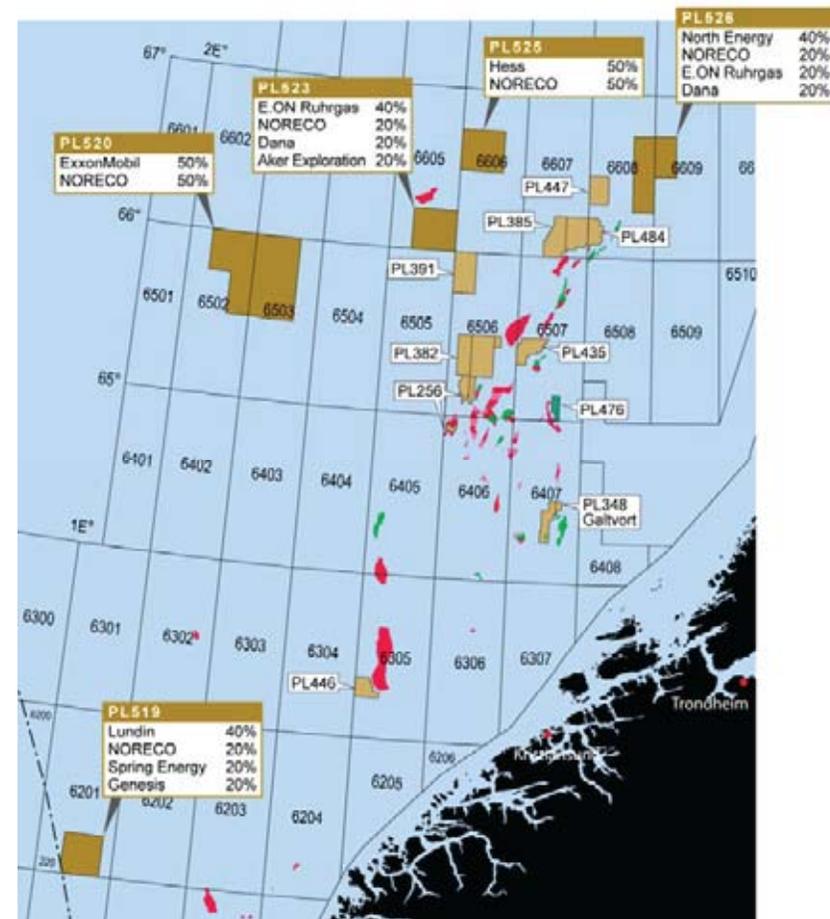
# Norwegian Sea

- Large structures with substantial potential
- Noreco has built a portfolio through license rounds and acquisitions
  - Several new, unexplored licenses
  - 5 license awards in 20th licensing round
- Area potential > 1 billion barrels net to Noreco



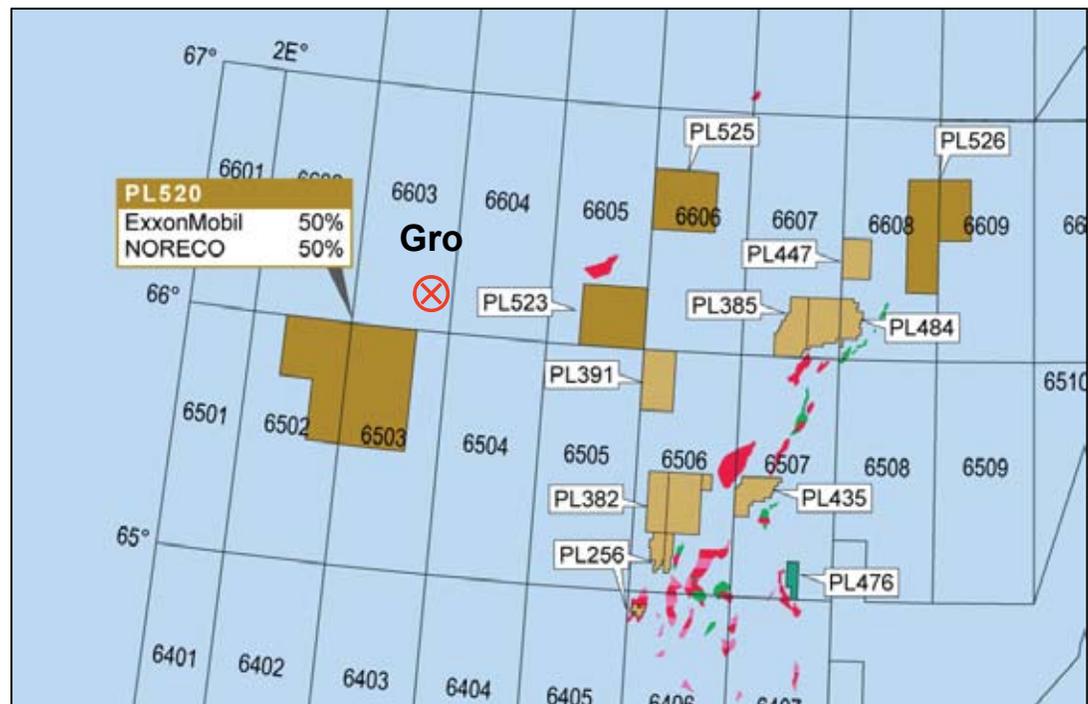
# 20th round awards

- Noreco 2<sup>nd</sup> largest awards
- PL520 & PL525 – 50% equity partner with operators ExxonMobil and Hess
- Adds substantial exploration opportunities to portfolio
- More than 200 million barrels risked prospective resources
- Seismic campaign ongoing on PL523
- Planning seismic acquisitions in other licenses in 2009 or 2010



# PL520 - a substantial opportunity

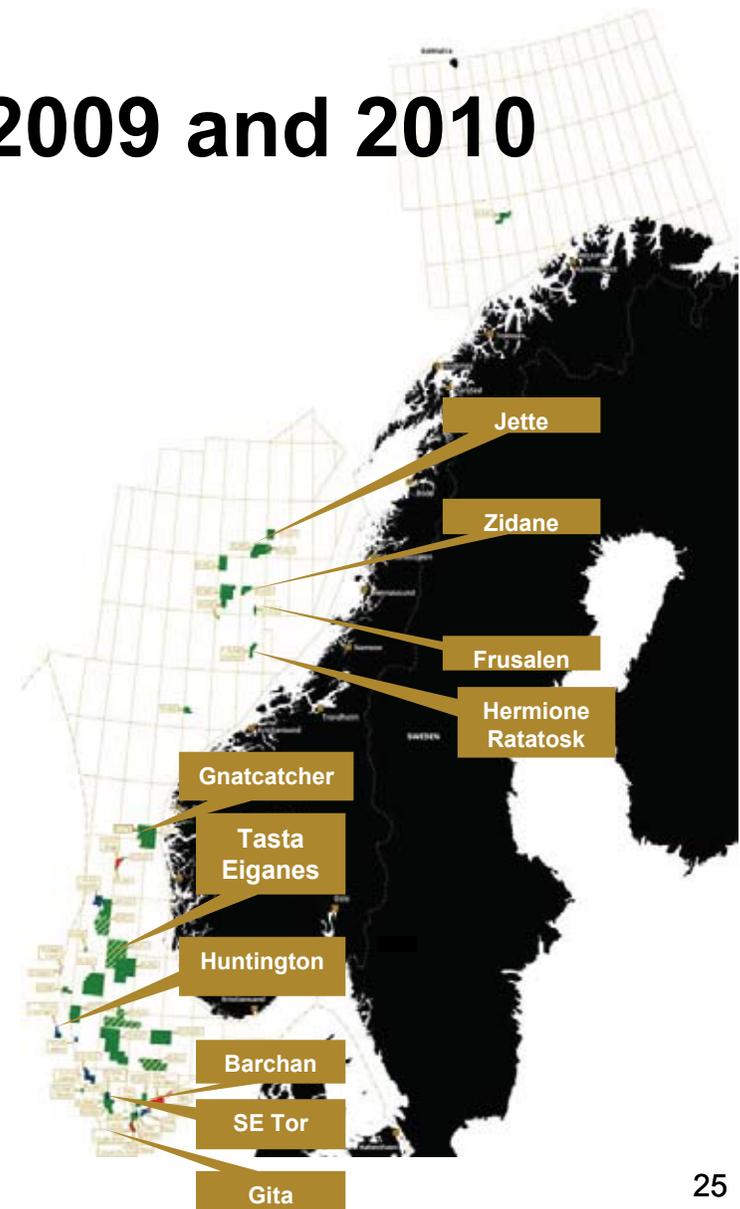
- ExxonMobil (op) 50%  
Noreco 50%
- Located in the outer Vøring Basin
- Substantial structures mapped
- Gro discovery in neighboring block has de-risked PL520 prospectivity
- Forward plan:
  - Acquire and process 3D seismic
  - Reprocess 2D seismic
  - Exploration drilling



# High impact drilling in 2009 and 2010

Well	License	Pre-drill gross volume (mill barrels)	Chance of success
Tasta	PL412	34 - 91	26%
Barchan	PL400	50 - 325	18%
Jette	PL385	24 - 97	33%
Gnat-catcher	PL378	65 - 193	28%
Hermione	PL348	56 - 67	39%
Eiganes	PL412	61 - 155	32%
Zidane	PL435	101 - 155	50%
Ratatosk	PL471	20 - 133	26%
Frusalen	PL476	14 - 96	36%

- In addition, appraisal wells at Gita, Huntington and South East Tor are planned



# Outlook

## Increased production and cash flow

- On track to deliver increased production in 2H 2009
- Nini East production start up
- Effect of infill wells Nini and Brage

## Developments progressing

- Execution of Oselvar development plan
- Plan for development Huntington
- Development concept for Nemo
- Forward drilling plans on 2009 discoveries, incl. Gita

## Successful exploration

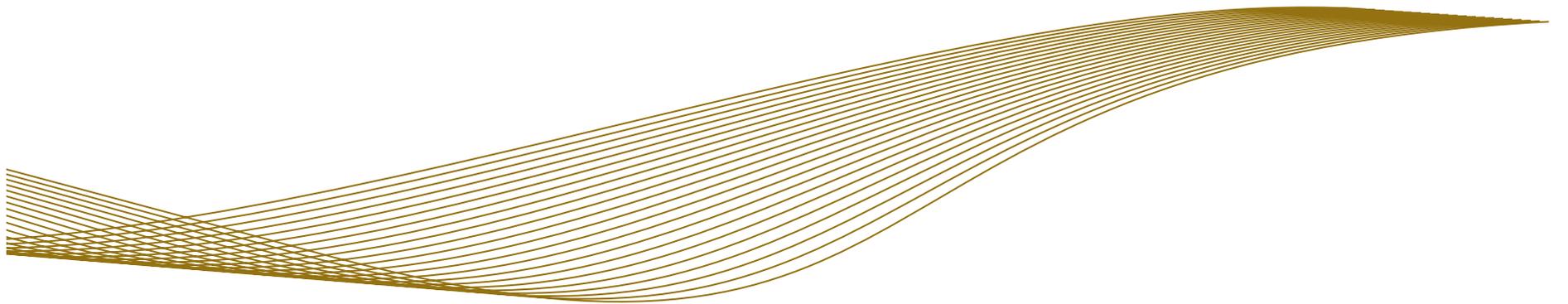
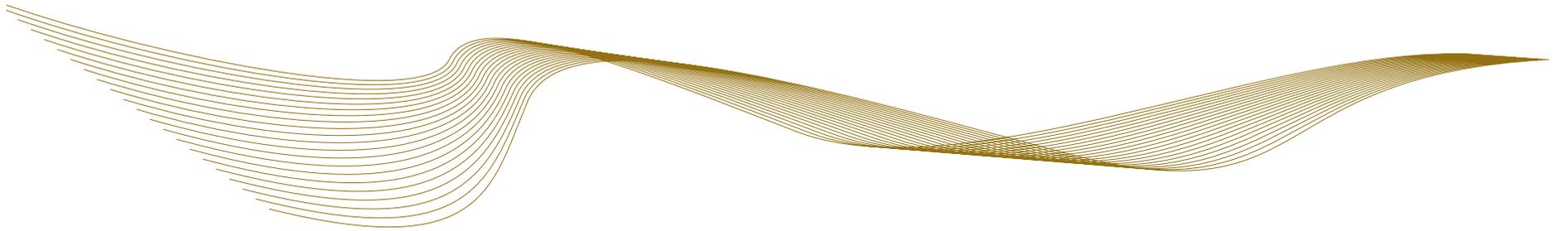
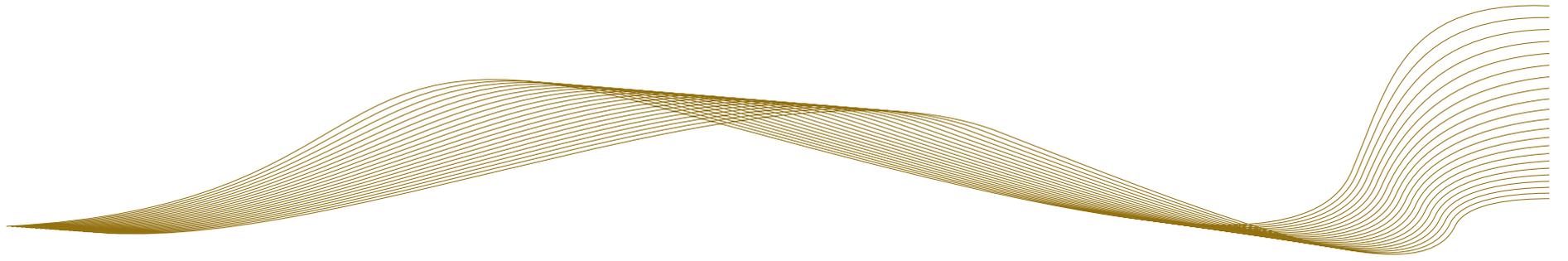
- Tasta well in 3Q
- Plans for 20<sup>th</sup> round licenses
- Active high grading of portfolio

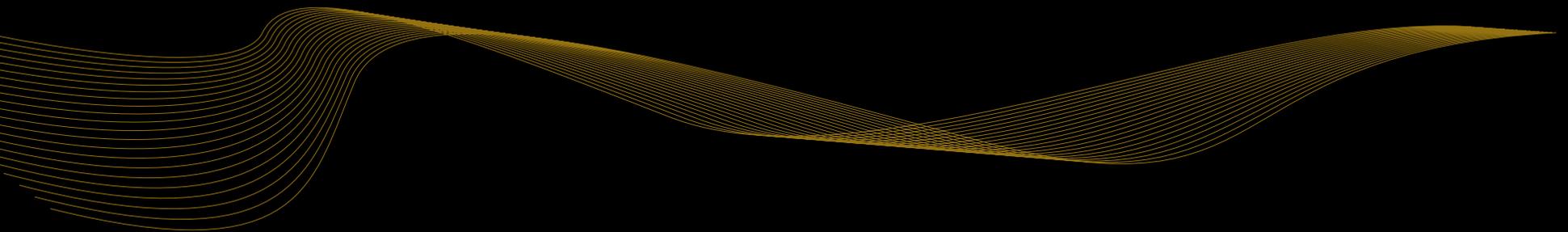
## Active approach to asset and M&A market

- Maximize shareholder value
- Companies with a exploration/production opportunities
- Active portfolio management

## Proactive management of capital structure

- Asset sales are planned for debt repayment
- Continue to optimise capital structure





# **Supplementary information**

# Noreco has established a strong North Sea position in 4 years

- Noreco is a fast growing, independent oil and gas company focusing on the North Sea
- Balanced asset portfolio
  - 7 fields in production
  - 20 discoveries
  - 50+ exploration licenses
- Extensive exploration and appraisal program
- 75 oil and gas professionals in Stavanger (main office), Oslo and Copenhagen



# Strategy

- Strategic direction of the company is unchanged
- We remain bullish on long term oil prices
- Balance of exploration and production is needed to sustain the E&P model

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

## Grow through license rounds and acquisitions

- Focus exploration in offshore NW Europe
- Explore in areas where we have competence or compliment our current portfolio
- Acquisitions must be material, or in area where we want to increase presence

## Progress Resources from Prospect to Production

- Extensive drilling program
- Progress discoveries to deliver value growth
- Focus on material discoveries

## Optimize Production

- Maximize value creation from production assets
- Accelerate ability to reinvest in exploration and developments

# Shareholders

Investor	Number of shares	% of top 20	% of total	Type	Country
GOLDMAN SACHS INT. - EQUITY -	24,198,681	22.46%	15.39%	Nom.	GBR
LYSE ENERGI AS	20,314,127	18.86%	12.92%	Comp.	NOR
IKM INDUSTRI-INVEST AS	9,980,937	9.27%	6.35%	Comp.	NOR
UBS AG, LONDON BRANCH	9,914,646	9.20%	6.30%	Nom.	GBR
MORGAN STANLEY & CO INC. NEW YORK	7,147,448	6.64%	4.54%	Nom.	USA
NORDEA BANK NORGE ASA MARKETS MARKET- MAKING DERIVATER	6,669,500	6.19%	4.24%	Comp.	NOR
FOLKETRYGDFONDET	6,500,000	6.03%	4.13%	Comp.	NOR
AWILCO INVEST AS	3,979,000	3.69%	2.53%	Comp.	NOR
KLP LK AKSJER	2,124,000	1.97%	1.35%	Comp.	NOR
TEIGEN FRODE	2,000,000	1.86%	1.27%	Priv.	NOR
SKANDINAVISKA ENSKILDA BANKEN	1,769,243	1.64%	1.12%	Nom.	FIN
DNB NOR SMB VPF	1,696,500	1.57%	1.08%	Comp.	NOR
OM HOLDING AS	1,586,368	1.47%	1.01%	Comp.	NOR
JP MORGAN CHASE BANK	1,569,993	1.46%	1.00%	Nom.	GBR
TAKLA ENERGY AS	1,461,436	1.36%	0.93%	Comp.	NOR
THE NORTHERN TRUST CO.	1,459,290	1.35%	0.93%	Nom.	GBR
CITIBANK N.A. (LONDON BRANCH)	1,363,695	1.27%	0.87%	Nom.	IRL
SKAGEN VEKST	1,354,000	1.26%	0.86%	Comp.	NOR
MØBELMAGASINET TVEDT AS	1,318,997	1.22%	0.84%	Comp.	NOR
POHJOLA BANK PLC	1,314,011	1.22%	0.84%	Nom.	FIN
<b>Total number owned by top 20</b>	<b>107,721,872</b>	<b>100%</b>	<b>68.50%</b>		
<b>Total number of shares</b>	<b>157,268,937</b>		<b>100%</b>		

Last updated 20.07.2009

# Noreco portfolio

## 7 Producing fields

- Brage (N) 12.6%
- Enoch (N) 4.3%
- Siri (DK) 50%
- South Arne (DK) 6.6%
- Nini (DK) 30%
- Lulita 28.2%
- Cecilie 61%

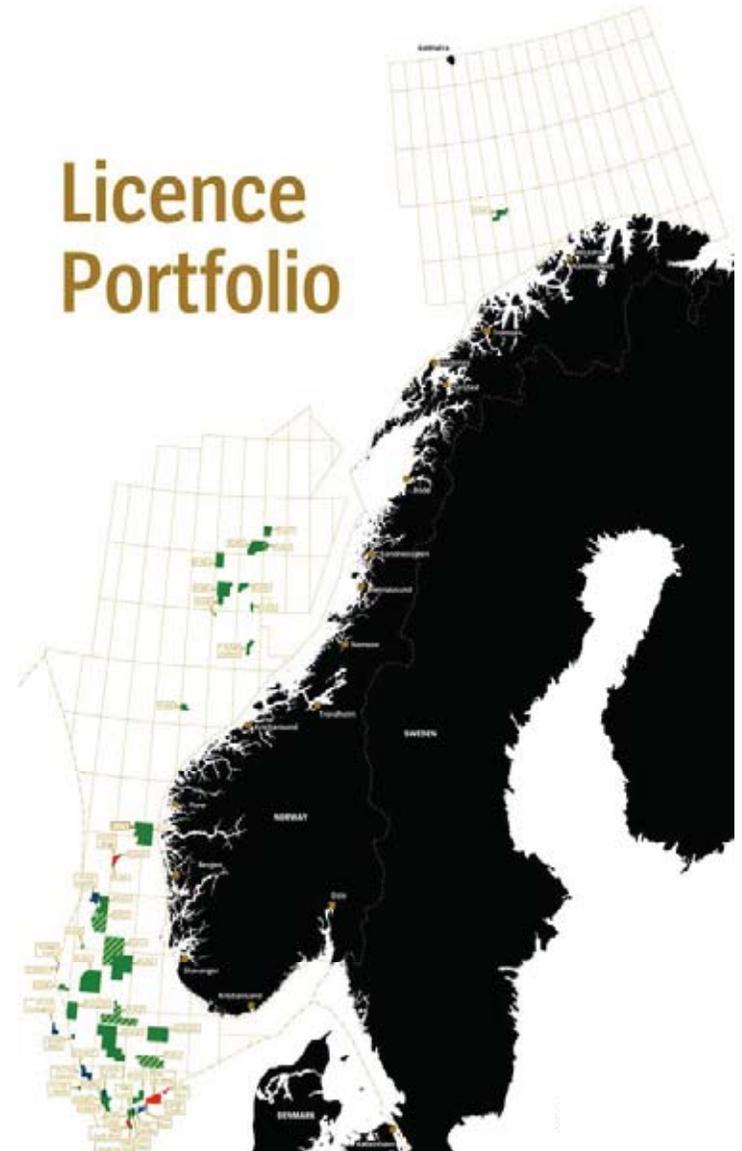
## Exploration

- 50+ licenses
- Extensive drilling programme ongoing

## 20 Discoveries

- Gita (DK) 12%
- Grosbeak (N) 20%
- Huntington (UK) 20%
- Galtvort (N) 17.5%
- Gygrid (N) 17.5%
- Oselvar (N) 15%
- Ipswich (N) 15%
- Nemo (N) 20%
- SE Tor (N) 15%
- Rau (DK) 40%
- Amalie (DK) 29.9%
- South Tor Pod (DK) 6.6%
- Flyndre (N) 13.3%
- J1 (N) 21.8%
- Sklinna (N) 10%
- Tau (N) 17.5%
- Connie (DK) 61%
- Sofie (DK) 20%
- Brage flank (N) 12.6%
- 25/6-1 (N) 40%

## Licence Portfolio



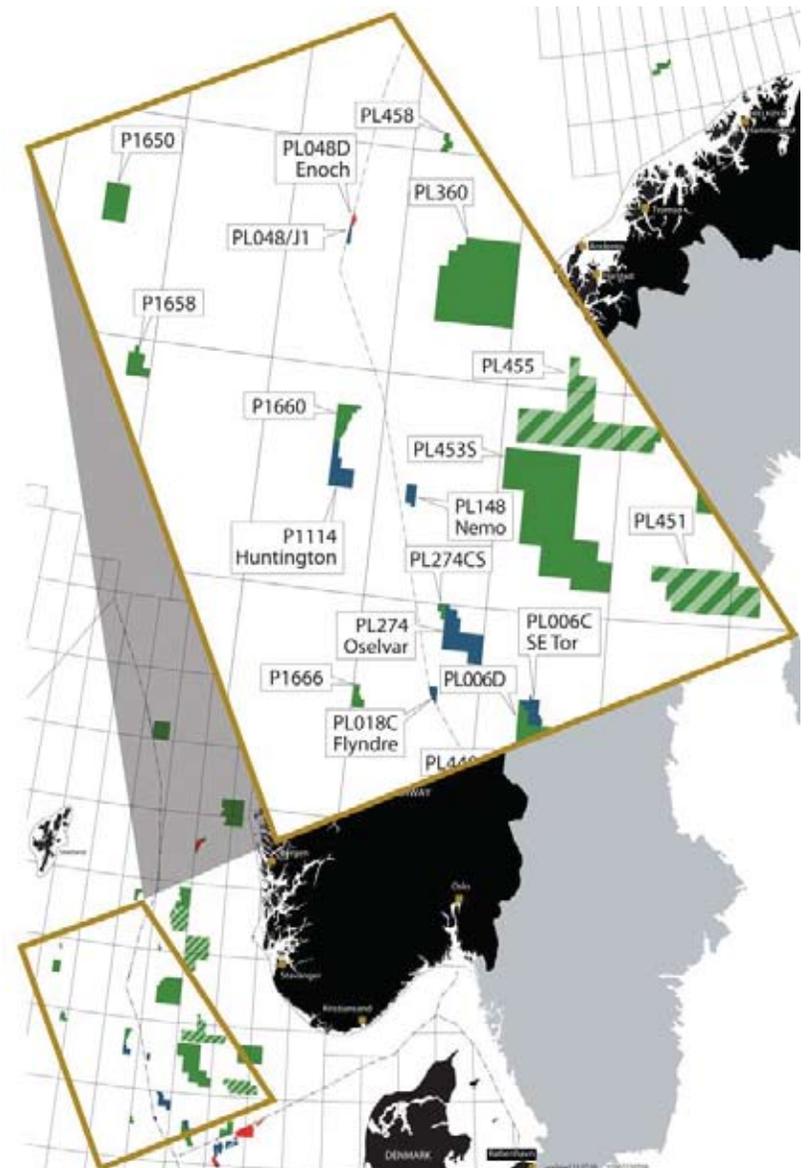
# Exploration and appraisal drilling program 2009 and 2010

Well	Category	Equity	Risk	Gross Un-Risked <sup>*</sup>
PL412 - Tasta	Explo	40 %	26 %	34-77
PL400 - Barchan	Explo	30 %	18 %	50 - 325
PL378 - Gnatcatcher	Explo	20 %	28 %	65 - 193
PL385 - Jette N H/W	Explo	20 %	33 %	24-97
9/95 9/06 - Gita M Jura	App	12 %		
PL006C - S.E Tor	App	15 %		
P1114 - Huntington Jurassic	App	20 %		
PL348 - Hermione	Explo	18 %	39 %	56 - 67
PL412 - Eiganes	Explo	40 %	32 %	61-155
PL435 - Zidane 1	Explo	20 %	50 %	101 - 155
PL476 - Frusalen	Explo	30 %	36 %	14 - 96
PL471 - Ratatosk	Explo	30 %	26 %	20 - 133

\*Gross unrisked, recoverable resources on Noreco license

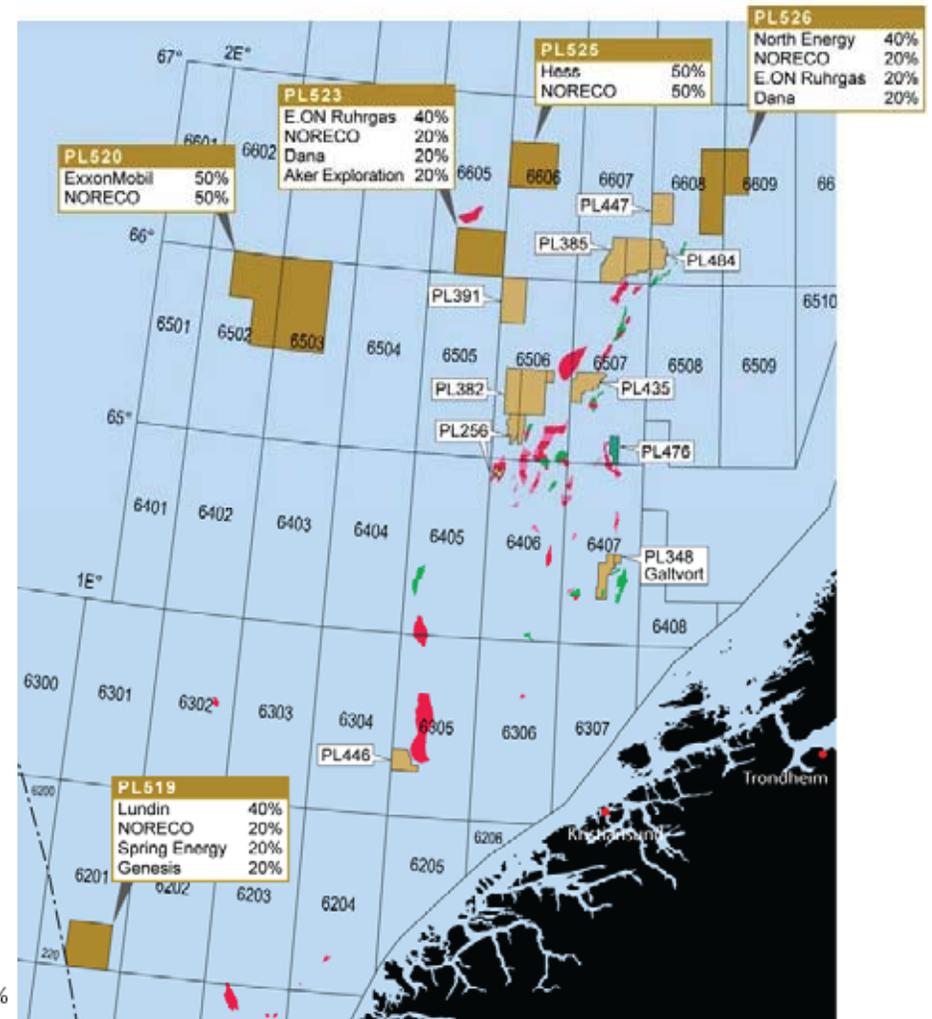
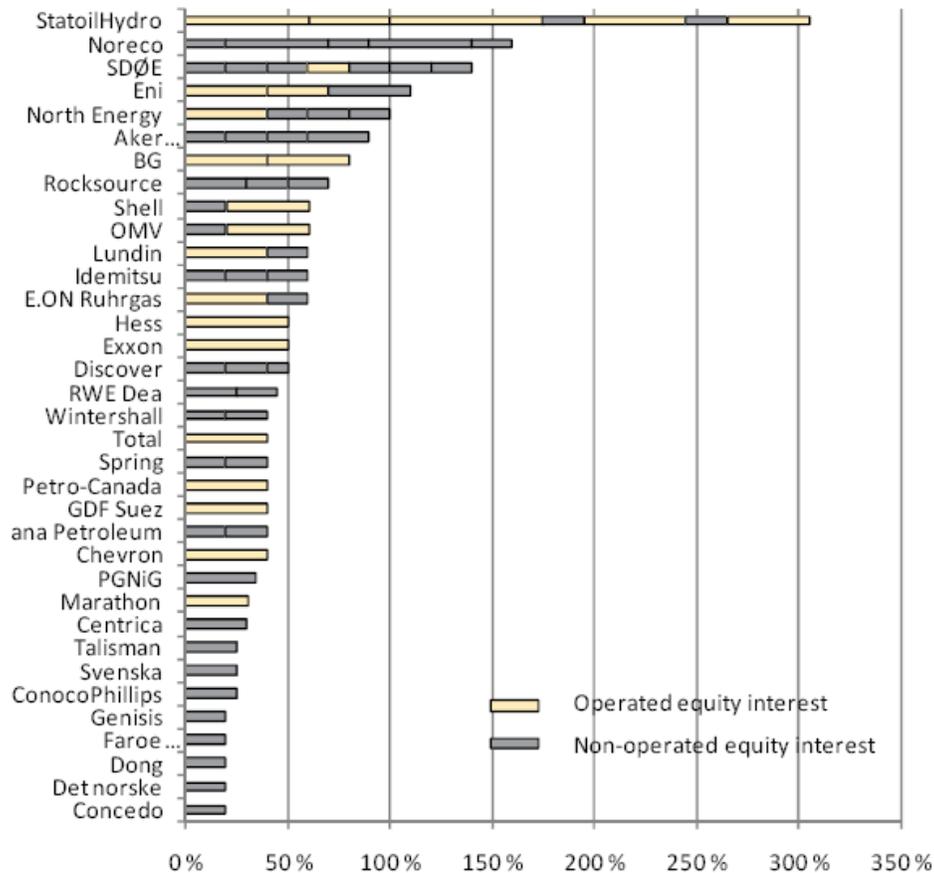
# Southern North Sea

- Discoveries and successful appraisal made on Huntington, Oselvar/Ipswich
- Significant exploration opportunities in this area, where Noreco has a strong position
- Total area potential of over 100 million barrels net to Noreco



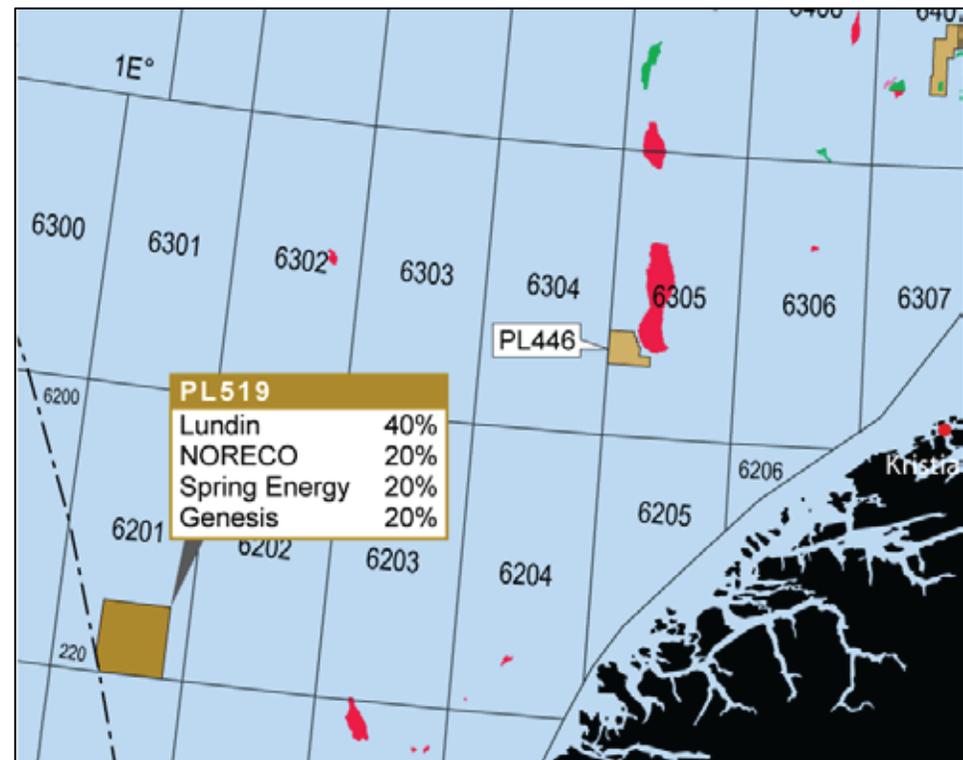
# 20th round awards to Noreco

Aggregated equity stakes in awarded licenses



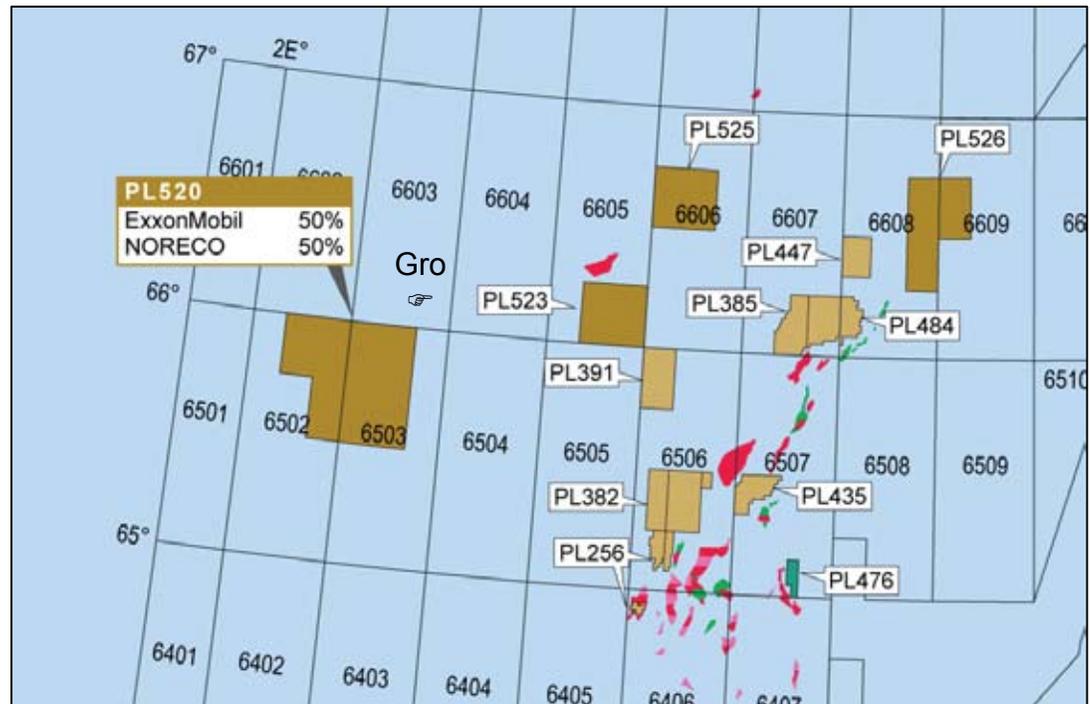
# PL519, blocks 6201/11,12

- Lundin (op) 40%
- Genesis 20%
- Spring 20%
- Noreco 20%
- Located on the Manet Ridge in the southern Møre Basin
- Initial period until 15.05.2013
- Drill 1 well into Triassic



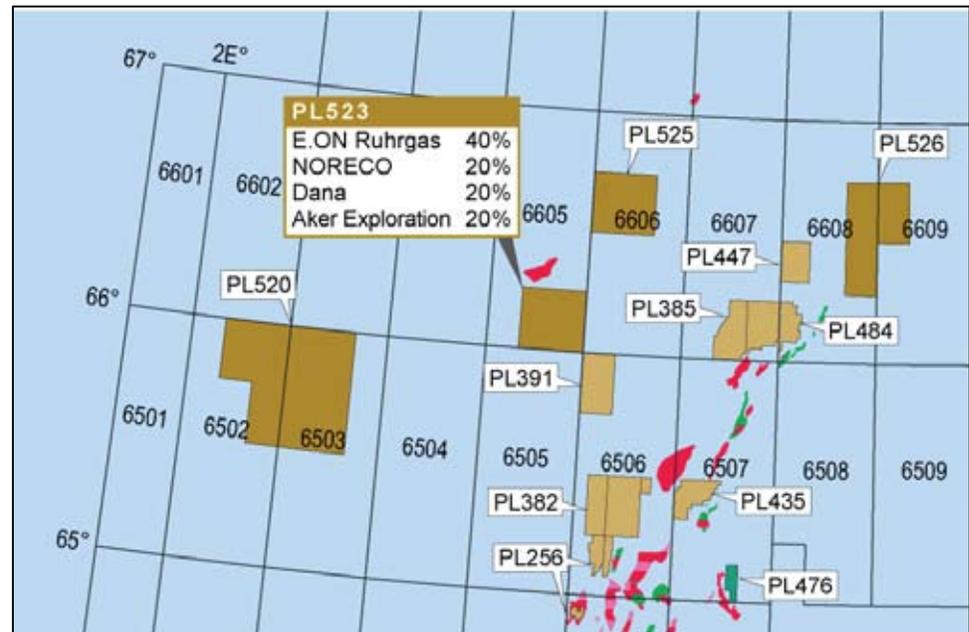
# PL520, blocks 6502/2,3,6 6503/1,2,4,5

- Exxon (op) 50%
- Noreco 50%
- Located in the outer Vøring Basin
- Initial period until 15.05.2017
- Acquire and process 1200 km<sup>2</sup> of 3D seismic
- Reprocess 2D seismic
- Drill 2–2 wells
- Gro discovery has de-risked PL520 prospectivity



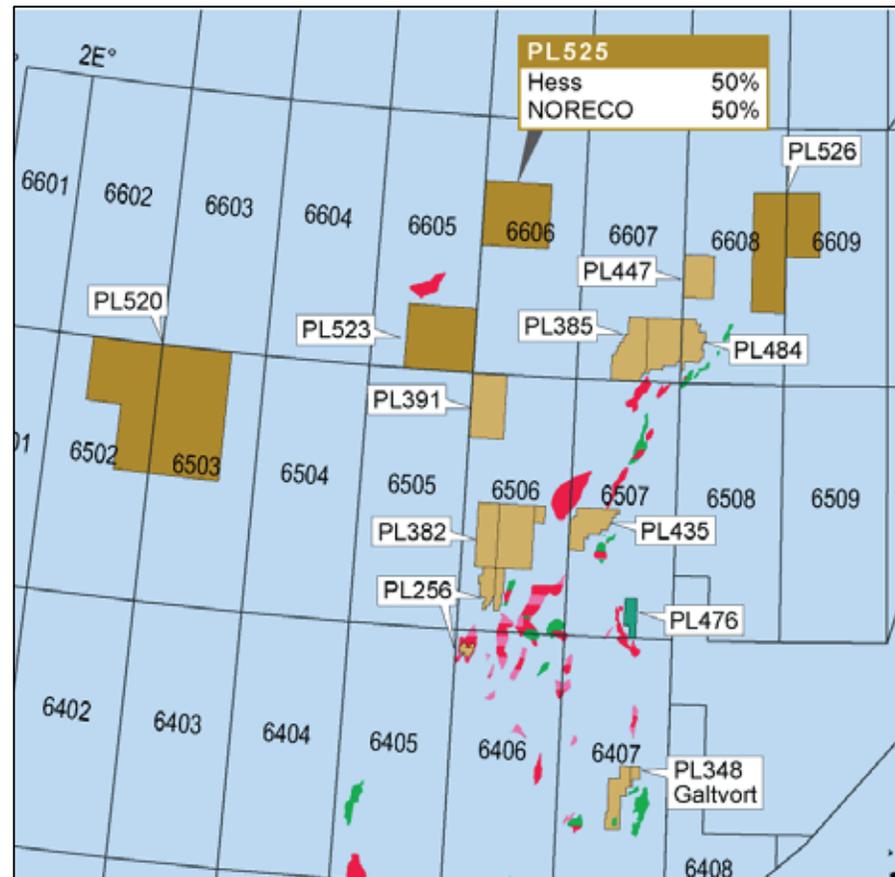
# PL523, blocks 6605/11,12

- Eon (op) 40%
- Dana 20%
- Noreco 20%
- Aker Exploration 20%
- Located in the Rås Basin south of the Stetind discovery
- Initial period until 15.05.2015
- Acquire and process 450 km<sup>2</sup> of 3D seismic
- Reprocess 3D seismic
- 3 year drill or drop



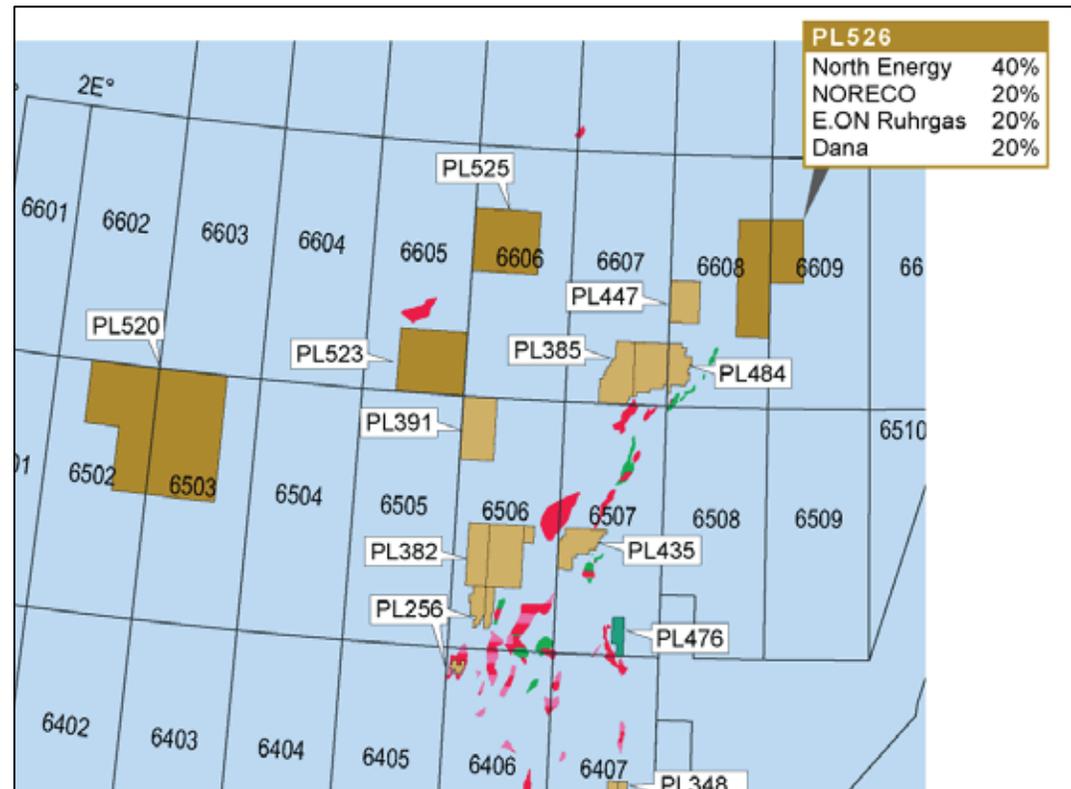
# PL525, blocks 6606/4 & 5

- Hess (op) 50%
- Noreco 50%
- Located approximately 20 km NE of the Stetind discovery
- Initial period until 15.05.2015
- Acquire and process 500 km<sup>2</sup> of 3D seismic
- 3 year drill or drop



# PL526, blocks 6608/6,9 6609/4

- North (op) 40%
- Dana 20%
- Eon 20%
- Noreco 20%
- Located in the Revfallet Fault Complex near the Rødøy High
- Initial period until 15.05.2014
- Reprocess 3D seismic
- 2 year drill or drop



# Noreco production per field

Field	Noreco ownership	Q2 2009 (barrels/day)	FY 2008 (barrels/day)
Brage	12.26/13.2%	4,200	4,450
Siri	20% until 18 June 2008 50% from 19 June 2008	3,300	3,850
South Arne	6.56%	1,500	1,500
Nini	30%	1,250	1,825
Cecilie	61%	625	675
Lulita	28.2%	350	375
Enoch	4.36%	275	275
<b>Total</b>		<b>11,500</b>	<b>12,950</b>

# Key development projects

Field	Reserves (gross million barrels)	Capex (gross NOK billion)	Production start
Nini East	17	2.1	2009
Huntington Forties	59-94	2.5 - 3.0	2011
Oselvar	58	4	2011
Nemo	21	4	2012

# P&L analysis

	Q2 09	Q1 09	Q4 08	Q3 08
Production (boe/day)	11500	13 625	14 900	15 400
Realised price (\$/boe)	60	55	58	104
Realised price (NOK/boe)	390	380	395	570
Production cost (\$/boe)	17.2	13.5	12.7	16.5
Depreciation and amortisation (\$/boe)	22.9	19.8	23.0	27.0

# Exploration and investment activity

NOK million	Q2 09	Q1 09	Q4 08	Q3 08
Exploration expenses	139	172	144	59
Exploration capitalized	145	58	3	66
Investments in fields	335	135	141	59
Acquisitions	0	0	0	0
Total	619	365	288	184

# Interest bearing debt & equity

NOK million	Q2 09	Q1 09	Q4 08	Q3 08
Bonds	2 539	2 536	2 534	3 104
Reserve Based Lending	1499 (\$235)	1 432 (\$220m)	1 505 (\$215m)	1 189 (\$210m)
Convertible bonds	192	187	187	185
Equity	2789	2 853	2 996	2 746
Book equity/Total asset	22.8%	23.9%	24.3%	22.0 %

Note: Exploration financing and receivables not included