

Third quarter 2012

22 November 2012

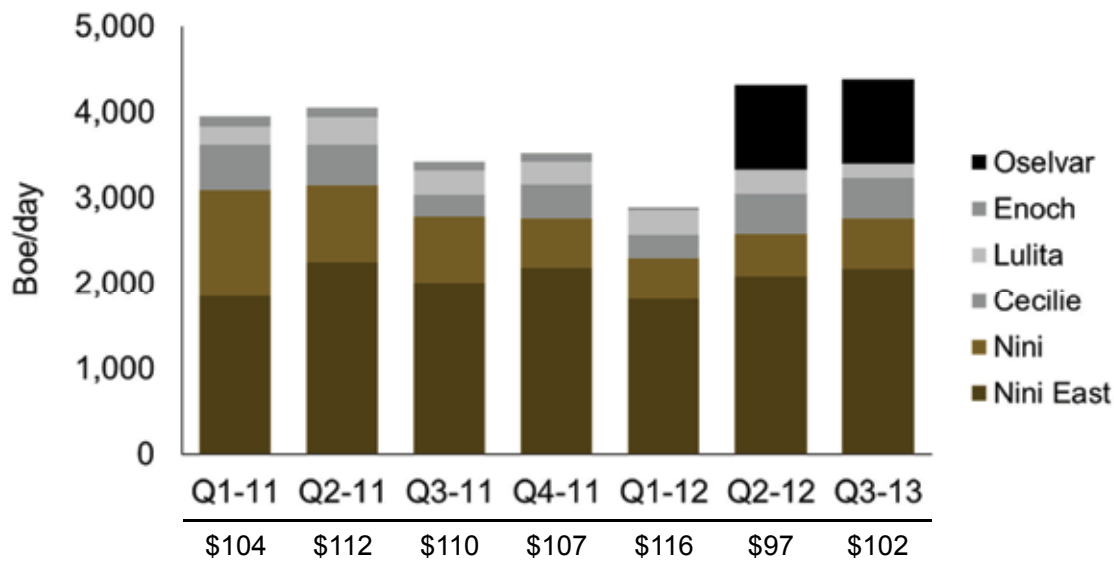
Highlights

- Third quarter 2012 results: Net loss of NOK 243 million
- Progress on Huntington, first oil expected in Q1 2013
- Weak performance on Oselvar
- Focused exploration programme with significant value potential
- Strengthened financial position after equity issue and new bond

Financial review

CFO Ørjan Gjerde

Q3-12 production



Oselvar was shut down 12 September due to shutdown of Ula host platform

Income statement

Third quarter 2012

NOK million	Q3-12	Q2-12	Q1-12
Total revenues	239	248	177
Production expenses	63	46	73
Exploration and evaluation expenses	162	226	223
Payroll and other operating expenses	46	63	67
EBITDA	(32)	(87)	(185)
Depreciation	80	79	53
Write-downs	323	108	-
EBIT	(435)	(274)	(238)
Net financial items	(126)	(107)	(119)
EBT	(561)	(380)	(357)
Tax	(318)	(288)	(206)
Net result continued operations	(243)	(93)	(151)

- High exploration activity, Albert well cost expensed
- Low production Oselvar, impairment of NOK 220 mill (NOK 48 mill after tax)

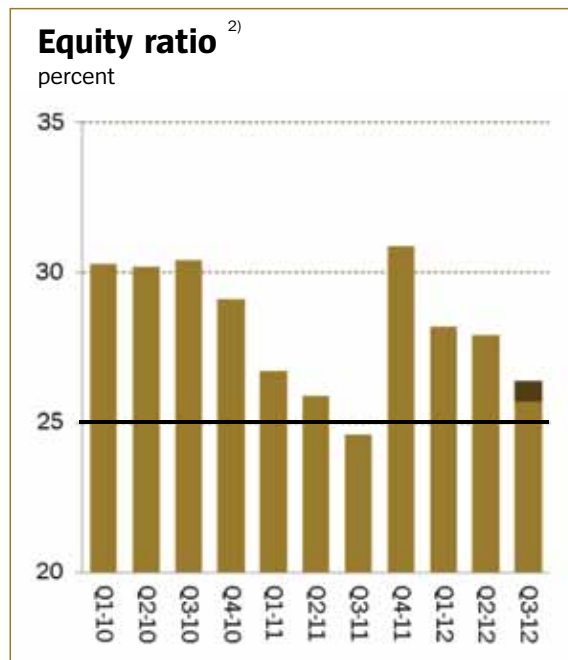
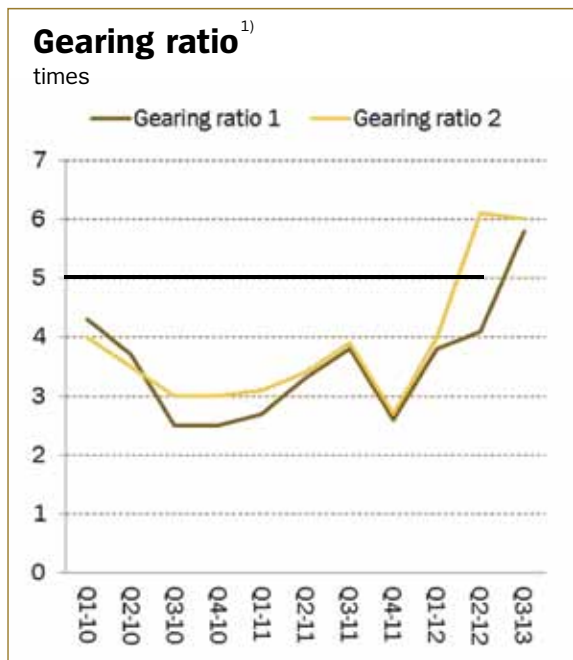
Balance sheet

30 September 2012

NOK million	30.09.12	30.06.12	31.12.11
Assets			
Non-current assets	7 717	8 201	7 596
Current assets	1 028	1 155	1 367
Cash	444	608	689
Total assets	9 188	9 964	9 652
Equity and liabilities			
Total equity	2 363	2 783	3 015
Long-term liabilities	5 465	5 783	5 110
Current liabilities	1 361	1 398	1 526
Total equity and liabilities	9 188	8 864	9 652
Net interest-bearing debt	2 894	2 829	2 566

- Negative FX effect on equity of NOK 167 mill
- Siri insurance claim of NOK 336 mill included in Current assets
- Net interest bearing debt stable
- Equity Ratio 25.7%

Covenant ratios



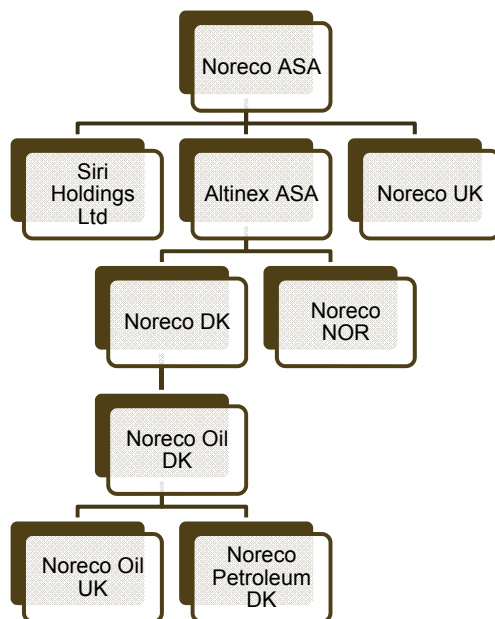
1) Gearing ratio waiver obtained for Q3 and Q4 2012.

2) Waiver allows for up to NOK 600 mill net after tax reversal of write-downs of goodwill and suspended wells.

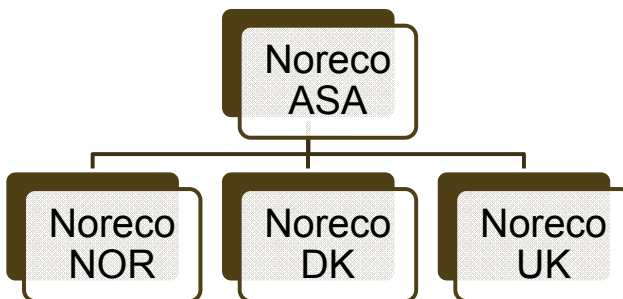
Reorganisation of group structure

Release of tax value of NOK 650-700 million in December 2013

Current group structure



Targeted group structure



Strengthening financial position

- New equity and bond refinancing
 - NOK 400 mill equity issue
 - NOK 300 mill bond issue
- Waivers secured for bond covenants
 - Gearing ratio waived until Q4 2012
 - Add back of write-downs of goodwill and suspended wells up to NOK 600 mill after tax when calculating equity ratio
- Tax refund of NOK 650-700 million in December 2013
- Increasing cash from operations – limited capex commitments
- Set for deleveraging and reduced financial cost

Operational review

CFO Einar Gjelsvik

Huntington on its way

Noreco 20 percent – operated by E.ON Ruhrgas UK E&P

- Hook-up and completion of FPSO Voyageur Spirit ongoing
- First oil moved to Q1-2013
- Will add production of around 6,000 boe/day net to Noreco

Oselvar below plan

Noreco 15 percent – operated by DONG Energy

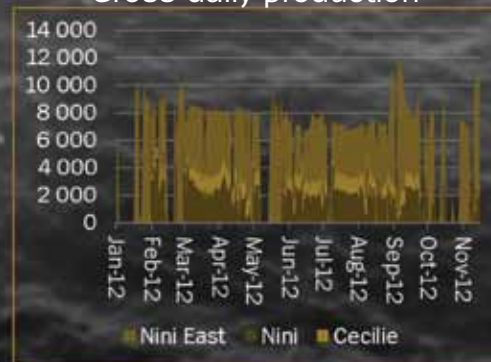
- All three wells available for production
- Production below plan – reason still uncertain
- Production shut down since 12 Sep due to shutdown of Ula host platform



Siri area production as expected

Noreco 30+ percent – operated by DONG Energy

Gross daily production



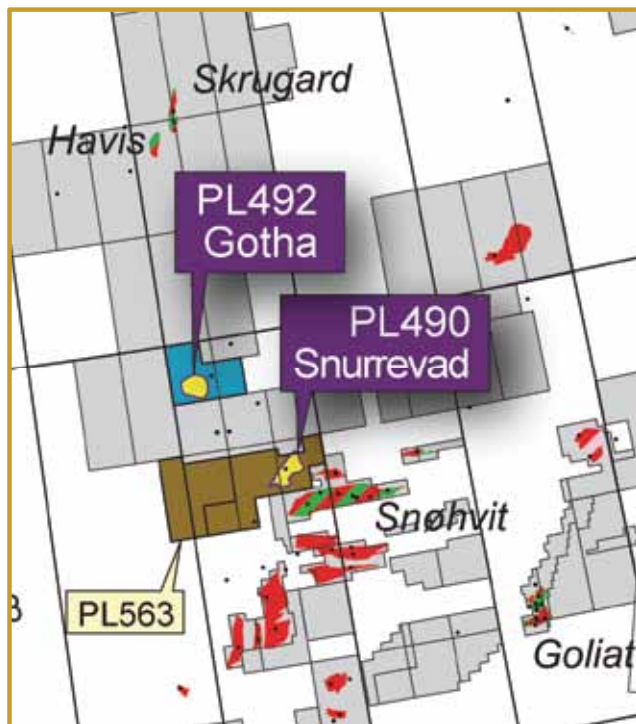
Focused exploration strategy

- Well positioned to create value
- 4 key geographical areas
- 16 new licenses in line with refocused strategy added in 2012
- Active and balanced drilling programme
 - 2 currently drilling
 - 2 coming up



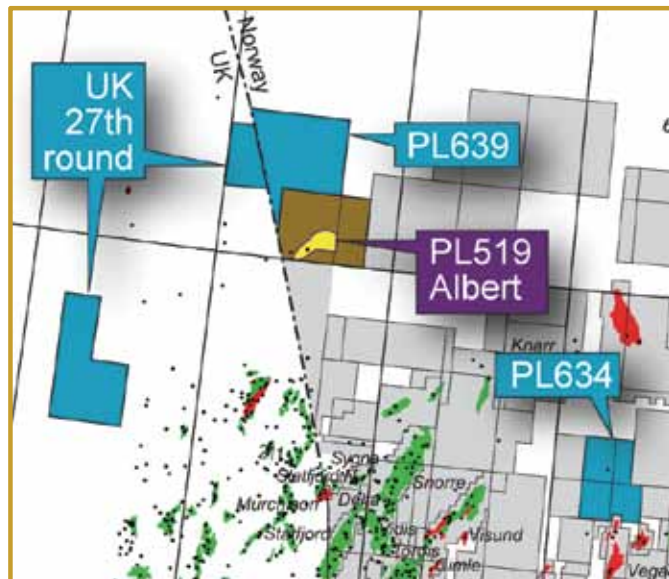
Snurrevad

Western Barents Sea



Albert

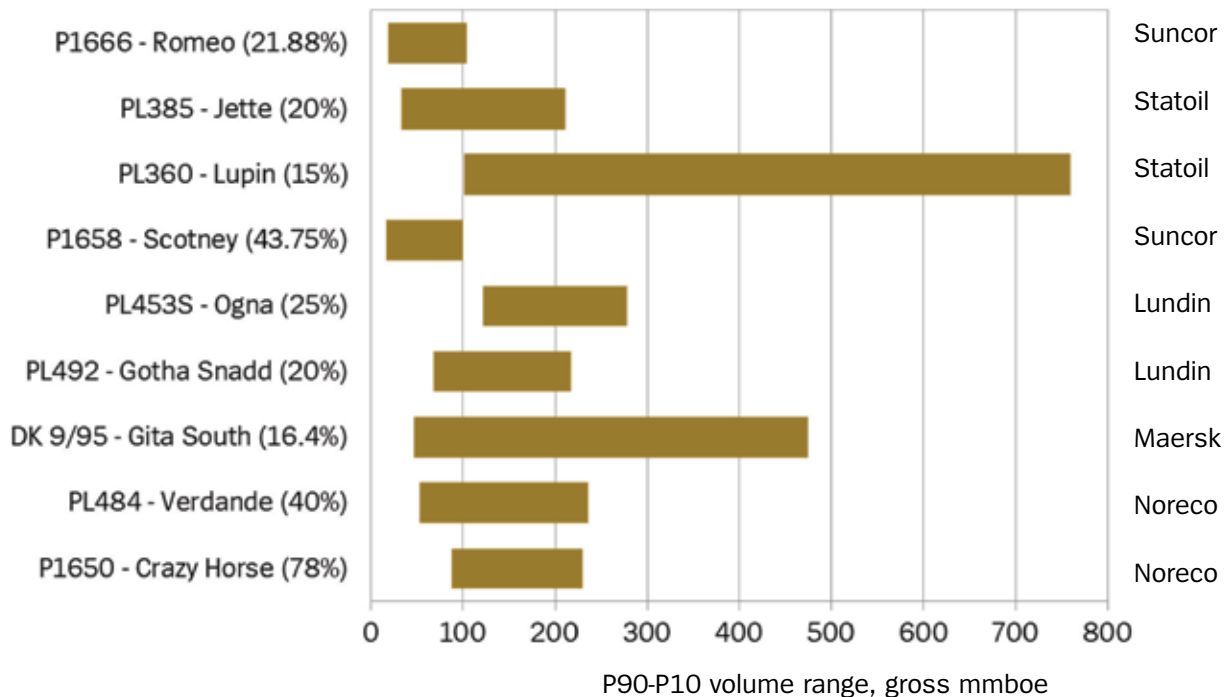
Northern North Sea



Exploration programme

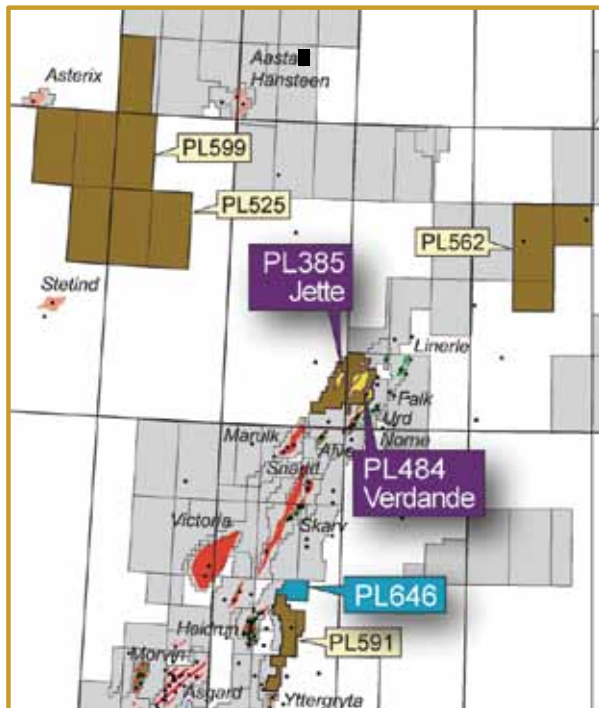
Licence - prospect (Noreco interest):

Operator:



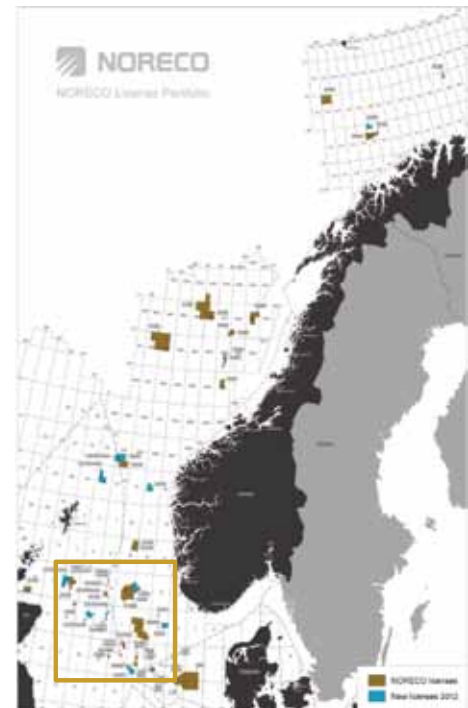
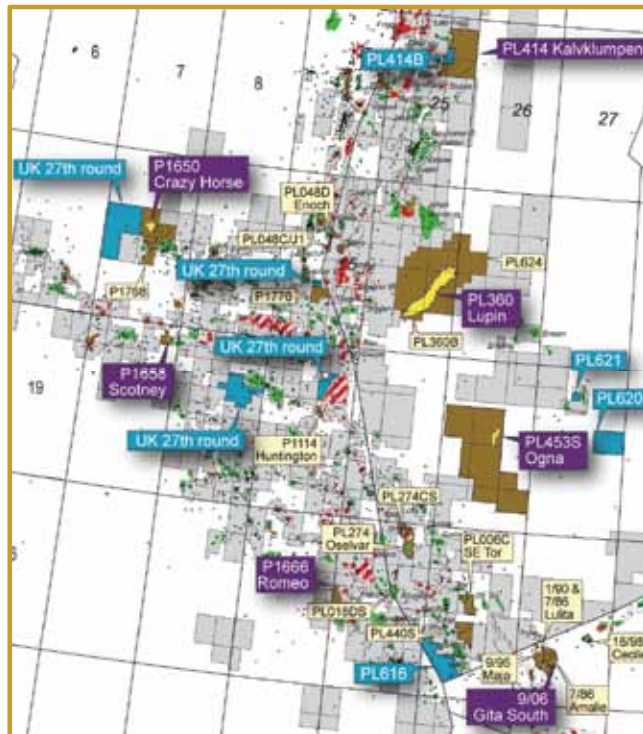
Norwegian Sea

Jette results expected in December



Southern North Sea

Romeo currently drilling, Lupin and Scotney coming up



Set for delivery

- Strengthened financial position
- Production increase
- Focused exploration



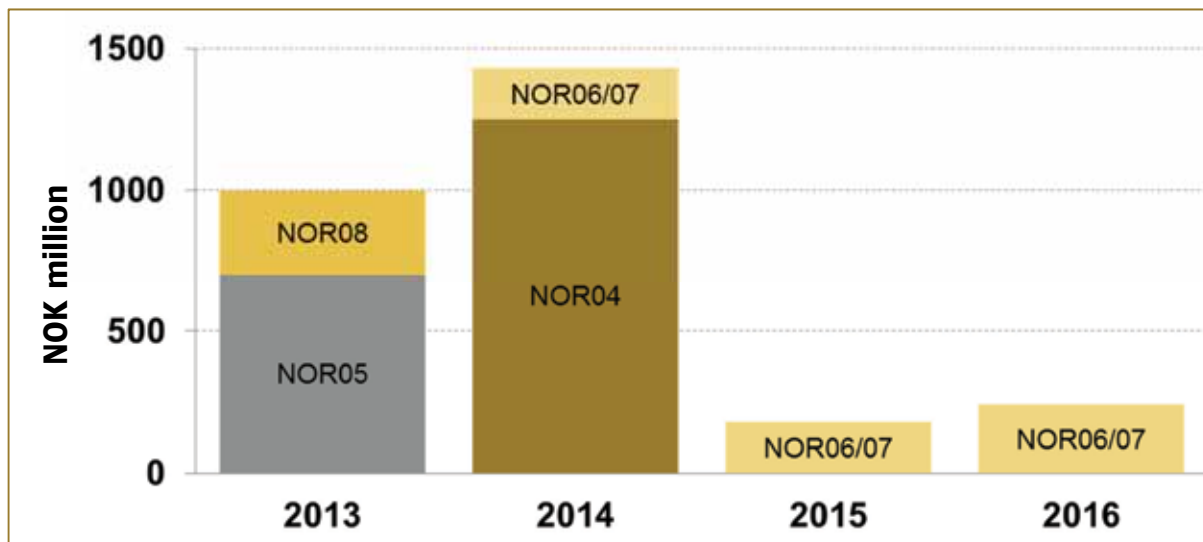
ADDITIONAL INFORMATION

Noreco at a glance

- Exploration-driven E&P company
- 9 exploration wells planned for the coming 18 months
- Production from six fields
 - 2012-Q3: 4,400 boe/day
- Two new fields on stream in 2012/13
- Significant portfolio of licenses and discoveries
- Listed at Oslo Stock Exchange
 - Ticker: NOR



Noreco's bond structure



Bond	Outstanding	Due	Terms
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
NOR08	NOK 300 mill	30 Dec 2013	12.9% fixed, unsecured

Interest bearing debt & equity

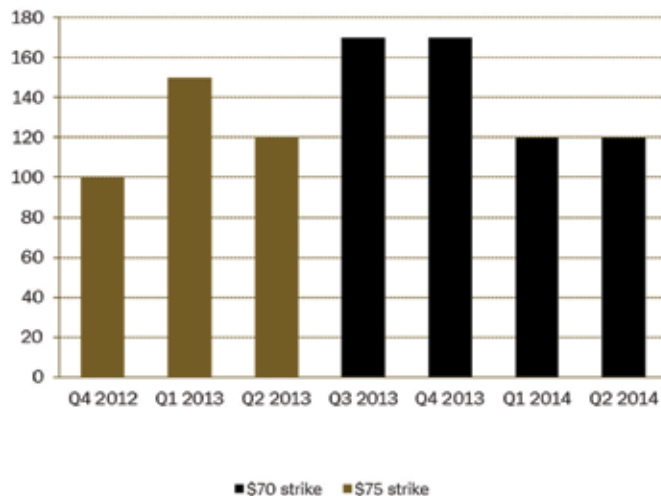
NOK million	Q3-2012	Q2-2012	Q1-2012	Q4-2011	Q3-2011
Bonds NOR03, NOR04, NOR05, NOR06, NOR07	2,994	2,989	2,794	2,791	2,993
Reserve Based Loan	343	447	594	293	1,006
Convertible bond	-	-	172	171	213
Equity Adj. equity ratio* (NOR04/05/06/07/08)	2,363 26.4%	2,783 27.9%	2,737 28.2%	3,015 31.2%	2,884 24.6%
Gearing ratio 1 NIBD / adj. EBITDAx (NOR04)	5.8	4.1	3.8	2.6	3.8
Gearing ratio 2 NIBD / adj. EBITDAx (NOR05/06/07)	6.0	6.1	4.0	2.7	3.9

* Adjusted with reversal of NOK 88 million write-down of goodwill in Q3-2012

Hedging programme

Put options

1,000 barrels



- 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

Exploration schedule

Updated 22 November 2012

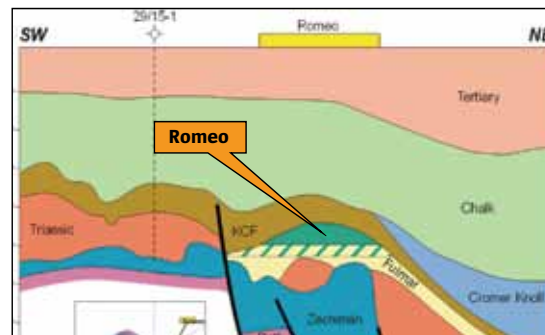
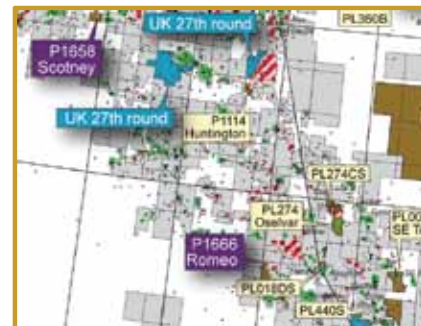
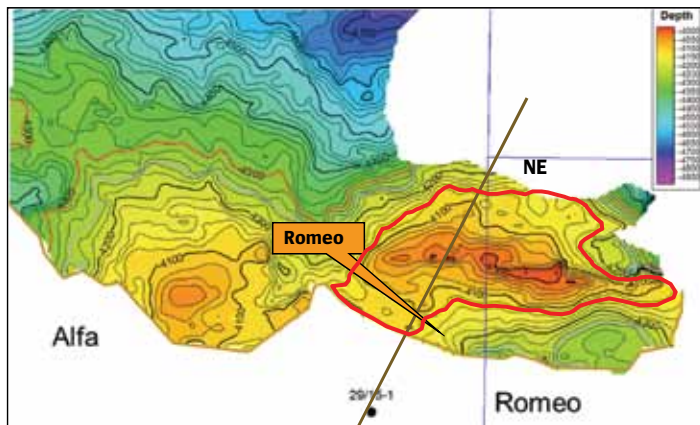
Prospect	License	Noreco share	Chance of success	Volume ¹⁾ potential	Drilling start	Operator
Romeo	P1666	22%	24%	19-103	Ongoing	Suncor
Jette	PL385	20%	32%	35-210	Ongoing	Statoil
Lupin	PL360	15%	10%	102-760	Q4-2012	Statoil
Scotney	P1658	44%	26%	17-100	2012/13	Suncor
Ogna	PL453S	25%	19%	122-278	2013	Lundin
Gotha Snadd	PL492	20%	20%	68-217	2013	Lundin
Gita South	DK 9/95	16.4%	27%	47-475	2013/14	Maersk
Verdande	PL484	40%	29%	53-236	2014	Noreco
Crazy Horse	P1650	78%	21%	88-230	2013/14	Noreco

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

P1666 – Romeo

Noreco 22% - Suncor operated

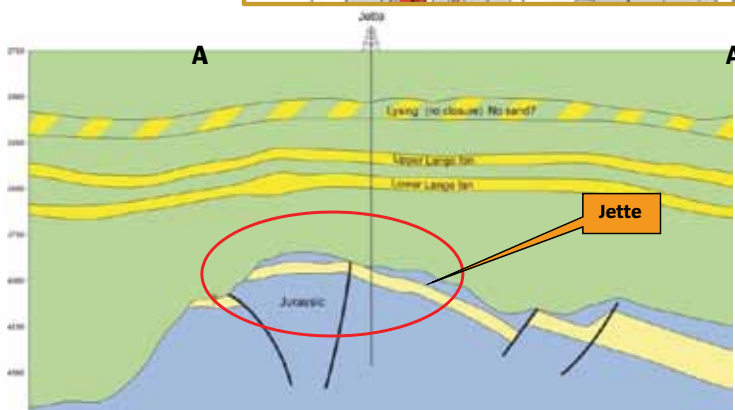
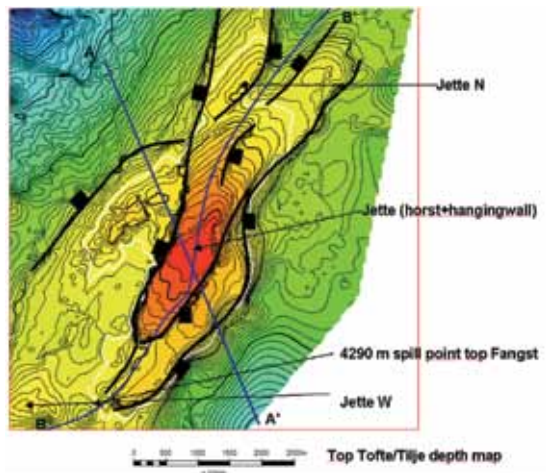
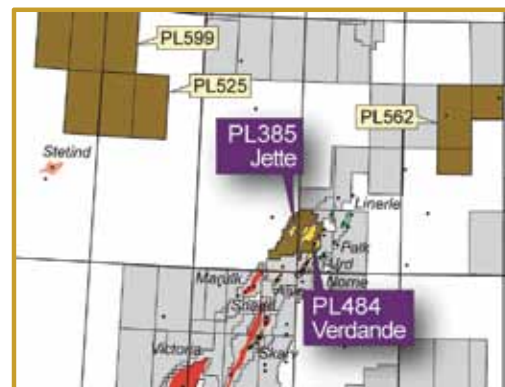
- Robust fault bound dip closure in proven Upper Jurassic play. Considerable upside potential to west of license (Alpha prospect)
- CoS - 24%: Primary risk element - trap geometry
- 19 – 103 mmboe gross on license, 11 mmboe net P50
- Currently being drilled using WilHunter



PL385 – Jette

Noreco 20% - Statoil operated

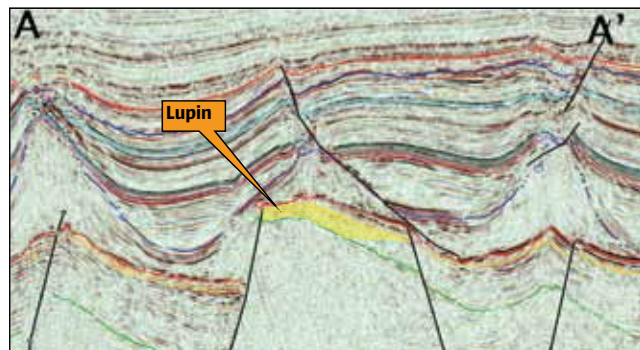
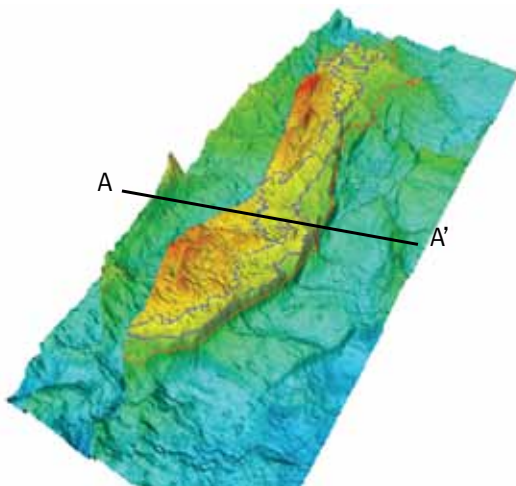
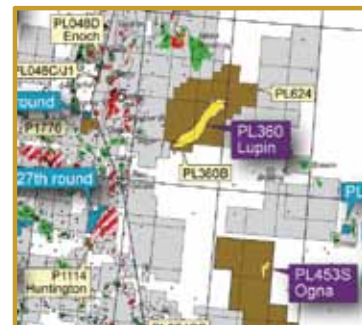
- Middle Jurassic target in conventional play in a prolific area
- CoS - 32%: Primary risk element - trap
- 35 – 210 mmboe gross, 25 mmboe net P50
- Currently being drilled using West Alpha



PL360 – Lupin

Noreco 15% - Statoil operated

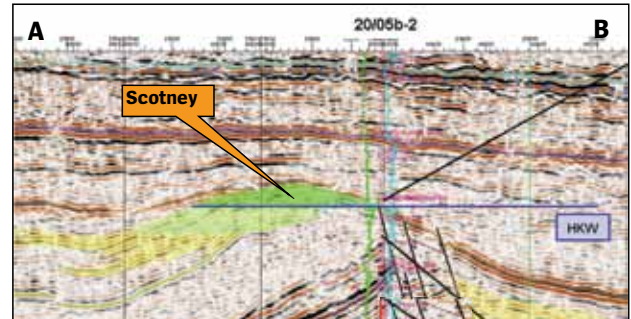
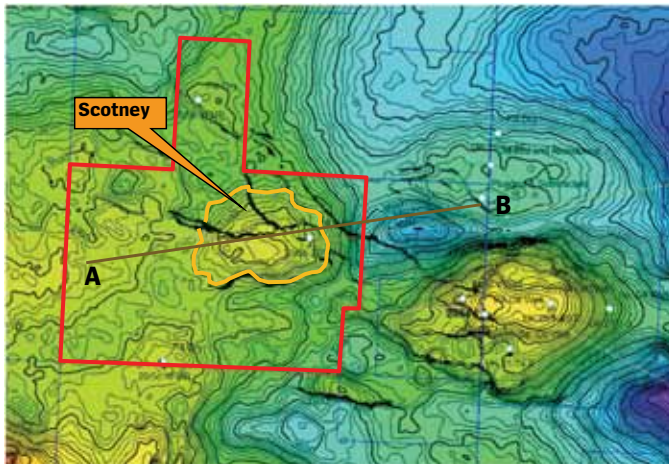
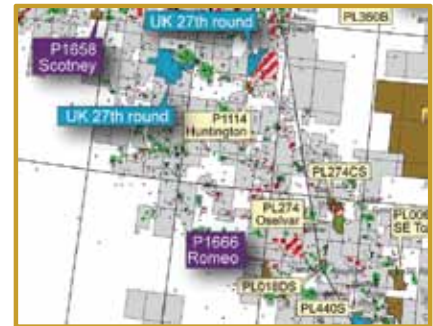
- Large fault bound structure in Ling Graben, gas prospect, target reservoir is the Rotliegende sands, few wells in North Sea have targeted this play hence new play opener
- CoS - 10%: Primary risk element – charge. Reservoir is also considered a high risk (properties), whereas trap is considered to 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

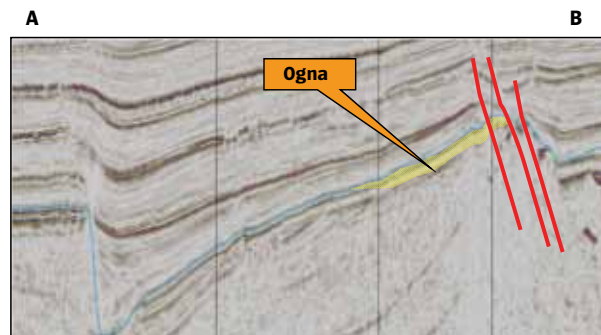
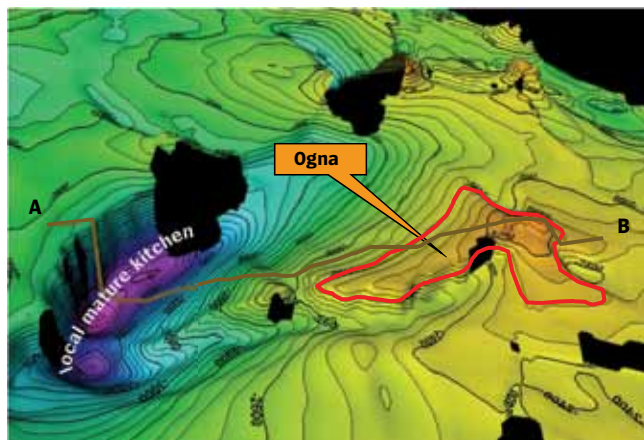
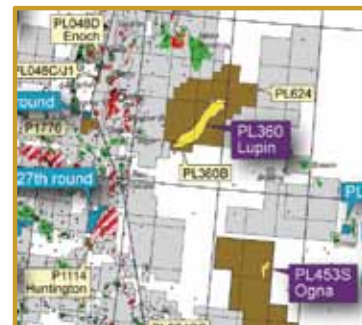
- Robust 4-way dip closure in proven Upper Jurassic play, in close vicinity to existing infrastructure
- CoS – 26%: Primary risk element – reservoir presence
- 17-100 mmboe gross, 19 mmboe net P50
- To be drilled directly after Romeo using WilHunter



PL453S – Oгна

Noreco 25% - Lundin operated

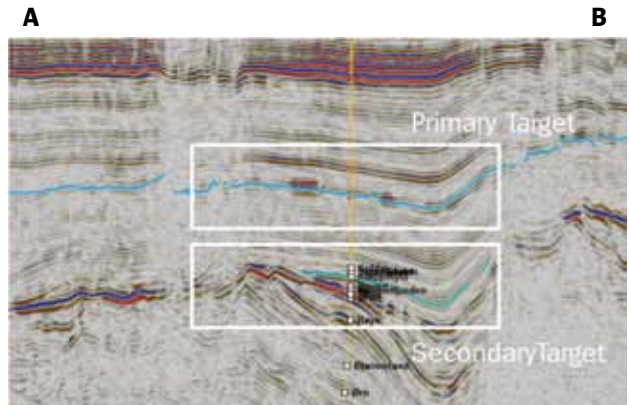
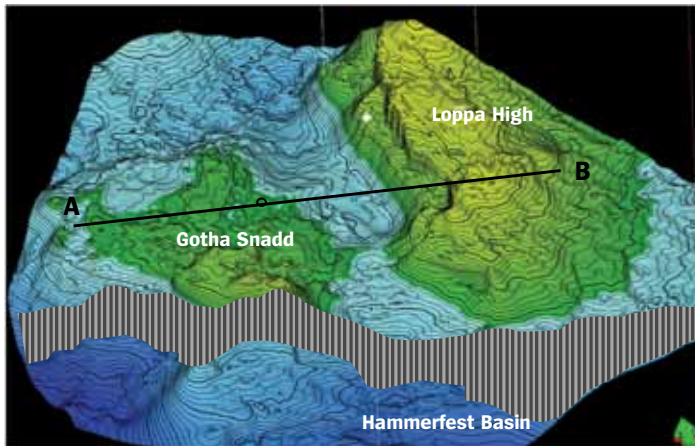
- Simple fault bound 4-way dip closure in an Upper Jurassic play, in close vicinity to local kitchen, analogue to Bream discovery
- CoS – 19%: Primary risk element – presence of local mature source rock
- 122-278 mmboe gross, 53 mmboe net P50
- Expected spud in 2013 using Mærsk Guardian



PL492 – Gotha Snadd

Noreco 20% - Lundin operated

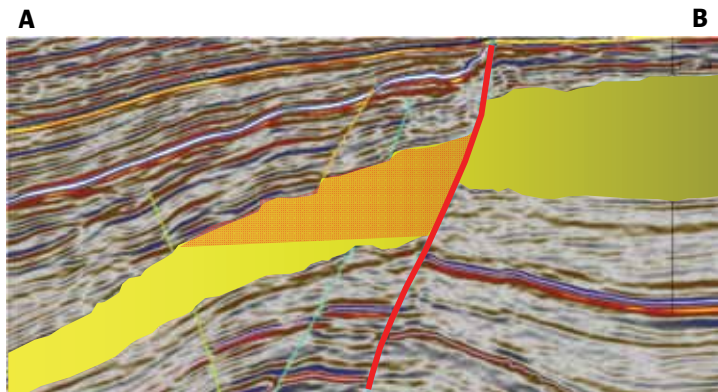
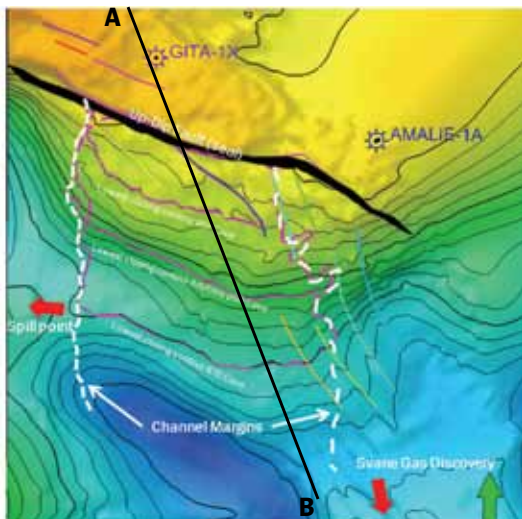
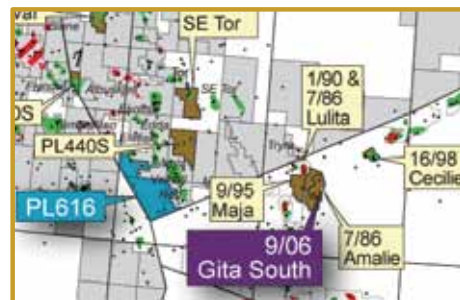
- Triassic target in Western Barents Sea – Emerging play
- With additional secondary target in Permian Frontier Play
- CoS (oil) – 10%: CoS (HC) – 20%: Primary risk element – Charge
- 68-217 mmboe gross (oil), 25 mmboe net P50, with considerable additional dependant prospectivity given success
- Expected spud 2013



DK 09/95 – Gita South

Noreco 16.4% - Maersk operated

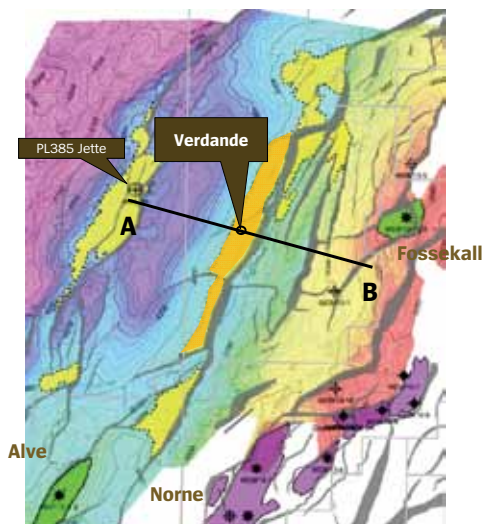
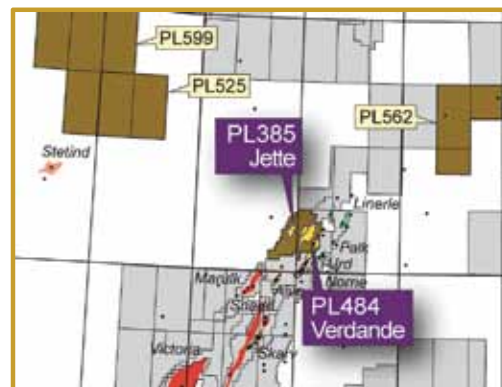
- Upper Jurassic target in close vicinity (up-dip) to the Svane gas discovery
- CoS – 27%: Primary risk element – Trap
- 47-475 mmboe gross (gas), 28 mmboe net P50
- Expected spud 2013/14 – rig not allocated



PL484 – Verdande

Noreco 40% - Noreco operated

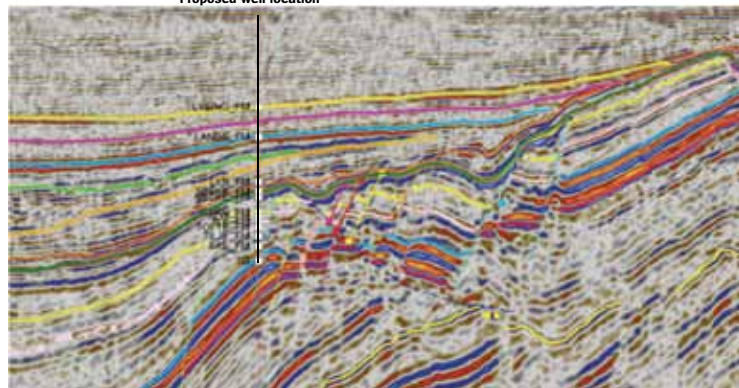
- Middle Jurassic target in well proven play northwest of Norne.
- CoS – 29%: Primary risk element – Trap
- 53-236 mmboe gross (gas and oil), 39 mmboe net P50, with considerable additional dependant prospectivity given success
- Expected spud 2014 using Bredford Dolphin



A

Proposed well location

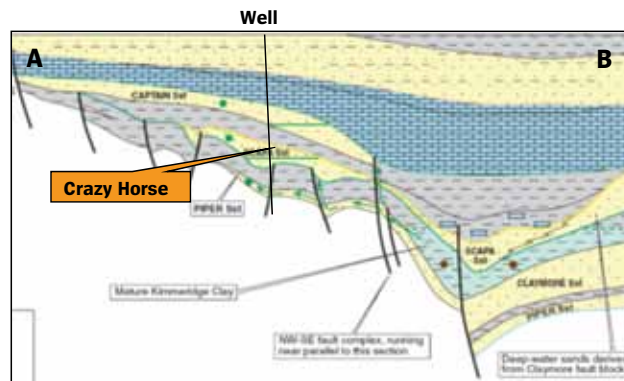
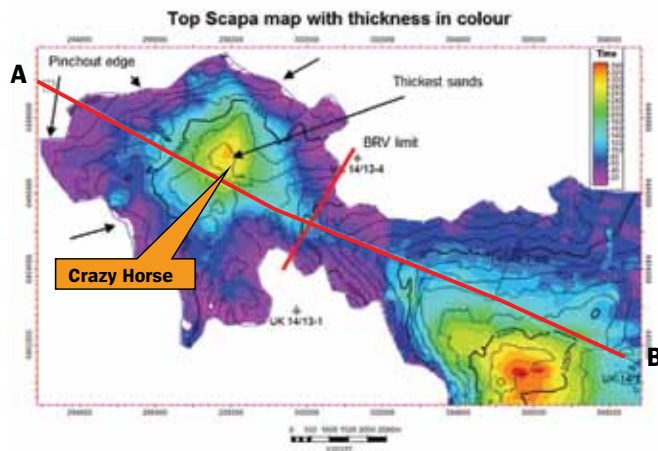
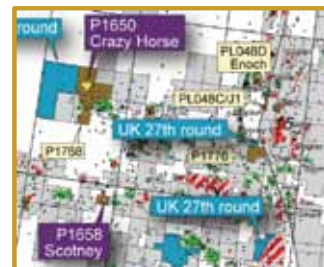
B



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



Shareholders

Top 20 shareholders as of 19 November 2012

Shareholder	Shares	% of total
IKM INDUSTRI-INVEST AS	34 484 809	9,8 %
LYSE ENERGI AS	27 701 514	7,9 %
UBS AG, LONDON BRANCH	14 898 630	4,2 %
OM HOLDING AS	12 685 484	3,6 %
GOLDMAN SACHS INT. - EQUITY -	12 121 696	3,4 %
SABARO INVESTMENTS LTD	9 950 000	2,8 %
FONDSFINANS SPAR	8 000 000	2,3 %
AWILCO INVEST AS	7 871 622	2,2 %
ODIN OFFSHORE	7 400 000	2,1 %
KONTRARI AS	7 232 875	2,1 %
VERDIPAPIRFONDET DNB SMB	6 355 555	1,8 %
VARMA MUTUAL PENSION INSURANCE	6 000 000	1,7 %
SKAGEN VEKST	5 127 513	1,5 %
STOREBRAND VEKST	4 081 356	1,2 %
JPMORGAN CHASE BANK	4 063 522	1,2 %
BD TRADING AS	3 018 873	0,9 %
HOLBERG NORGE VERDIPAPIRFONDET	3 000 000	0,9 %
SPESIALF KLP ALFA GLOBAL ENERGI	3 000 000	0,9 %
CITIBANK NA NEW YORK BRANCH	2 975 162	0,8 %
SKANDINAVISKA ENSKILDA BANKEN AB	2 876 828	0,8 %
Total number owned by top 20	182 845 439	51,8 %
Total numbers of shares	352 793 101	

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