

NORSK TILLITSMANN

NORWEGIAN TRUSTEE

Denne melding til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst kontakt Norsk Tillitsmann ASA

To the bondholders in:

- **ISIN NO 001 054844.9 –** Norwegian Energy Company ASA Senior Secured Callable Bond Issue 2009/2014
- **ISIN NO 001 059230.6 –** Norwegian Energy Company ASA Senior Unsecured Bond Issue 2010/2013
- **ISIN NO 001 060632.0 –** Norwegian Energy Company ASA Senior Secured Bond Issue 2011/2016
- **ISIN NO 001 060633.8 –** Norwegian Energy Company ASA Senior Secured Bond Issue 2011/2016
- **ISIN NO 001 066139.0 –** Norwegian Energy Company ASA Senior Unsecured Bond Issue 2012/2013
- **ISIN NO 001 067231.4 –** Norwegian Energy Company ASA Senior Unsecured Bond Issue 2013/2016

Oslo, 21 October 2013

Summons to Bondholders' Meetings – Bond Refinancing

Norsk Tillitsmann ASA ("Norsk Tillitsmann") acts as trustee (the "**Bond Trustee**") for the bondholders (together, the "**Bondholders**") in the above bond issues (together the "**Bonds**" / "**Bond Issues**") with Norwegian Energy Company ASA as issuer (the "**Company**", "**Noreco**" or the "**Issuer**" and together with its subsidiaries the "**Group**"). ISIN NO 001 054844.9 (the "**NOR04 Bond**") is a NOK 1,250 million bond issue, ISIN NO 001 059230.6 (the "**NOR05 Bond**") is a NOK 700 million bond issue, ISIN NO 001 060632.0 and ISIN NO 001 060633.8 are two tranches of a NOK 600 million bond issue (the "**NOR06/07 Bond**"), ISIN NO 001 066139.0 is a NOK 300 million bond issue (the "**NOR08 Bond**") and ISIN NO 001 067231.4 is a NOK 300 million bond issue (the "**NOR09 Bond**").

Capitalized terms used herein shall have the meaning assigned to them in the bond agreements (as amended) dated 16 November 2009 (for the NOR04 Bond), 1 December 2010 (for the NOR05 Bond), 15 April 2011 (for the NOR06/07 Bond), 26 October 2012 (for the NOR08 Bond) and 22 February 2013 (for the NOR09 Bond) (each a "**Bond Agreement**" and together, the "**Bond Agreements**"), respectively, unless otherwise stated herein.

The information in this summons regarding the Issuer and market conditions is provided by the Issuer, and the Bond Trustee expressly disclaims all liability whatsoever related to such information.

1 BACKGROUND

1.1 Introduction

The Company has in recent months worked intensively with solutions addressing its financial position and capital structure. Following a string of operational issues and negative circumstances the Company is facing severe liquidity issues in the immediate future related to (i) repayment of the current Borrowing Base Facility held with BNP Paribas as agent and syndicate leader, with an amount of approximately USD 50 million outstanding (the "**RBL Facility**") (ii) the interest payment on the NOR04 Bond due on 20 November 2013 and (iii) final interest payments and maturity instalments on the NOR05 Bond and NOR08 Bond due on 30 December 2013.

NORSK TILLITSMANN

NORWEGIAN TRUSTEE

The main reason for the strained liquidity situation is a production short fall in the magnitude of NOK 600 million compared to business plan for 2013. The background for such short fall has been communicated to the market via regular operational updates and quarterly reporting and includes operational problems on all producing fields as briefly summarised in the following:

- The production ramp-up from the Huntington field on the UK continental shelf has been significantly delayed due to commissioning related issues, and currently production (which is at about 40% of capacity) is constrained by restrictions imposed on the Central Area Transmission System (CATS) pipeline operated by BP.
- The production wells on the Oselvar field on the Norwegian continental shelf have delivered well below expectations and the field has since June this year mostly been shut down due to various issues on the Ula platform, which is part of Oselvar delivery chain.
- The Siri platform on the Danish continental shelf has been shut down since July when a new crack was discovered in the sponson tank. As a consequence the platform is not able to receive oil and gas from the Nini, Nini East and Cecilie fields in which the Group has an interest. Production is expected to resume at the latest July 2014 when the permanent Siri Repair solution should be in place.
- Shutdown on the Danish Lulita field due to an unsuccessful repair of a valve in the Harald gas export pipeline.
- Requirement for provision of security for abandonment costs in Denmark related to the Nini, Nini East and Cecilie fields (the "**Abandonment Costs**"). Unless an agreement is reached with operator Dong and license partner RWE this will take place early 2014 and expected required in the form of a bank guarantee or cash deposit in an amount of up to DKK 500 million (for the Group's share).

In addition the RBL Facility has been reduced significantly following redetermination of the Huntington and Danish producing assets and will become repayable in its entirety in the near future. The RBL Facility is also trapping most of the Group's generated cash making it an unsuitable financing instrument for the Company.

As a result, a refinancing of the Bonds in combination with an equity issue and repayment of the RBL Facility is necessary to create a robust long-term solution for the Company.

1.2 Refinancing Proposal

On the above basis, Noreco is putting forward a request to the Bondholders for a comprehensive refinancing involving all the Bonds and resulting in a fully amended bond structure as further described below in Section 2 (the "**Refinancing Proposal**"). Formally the implementation of the Refinancing Proposal will occur as amendments to the Bond Agreements resolved by the respective Bondholders' Meeting, through termination and replacement of the Bond Agreements for the NOR 04 Bond, NOR05 Bond, NOR08 Bond and NOR09 Bond and an amended and restated Bond Agreement for the NOR 06/07 Bond, which two ISIN's will be merged into one.

In conjunction with the Refinancing Proposal, the Company is requesting waiver of certain interest payments on the NOR04 Bond and NOR05 Bond and standstill undertakings in respect of acceleration of any of the Bonds in the period until the Refinancing Proposal becomes effective, as further described in Section 3 below.

1.3 New equity backing the Refinancing Proposal

The Refinancing Proposal is being launched in combination with an equity issue through a private placement in the amount of NOK 400 – 430 million (the "**Private Placement**") and a subsequent repair offering in an amount of up to NOK 100 million (the "**Subsequent Offering**") (together the "**Equity Issue**"). The Equity Issue is subject to inter alia the due approval of the Equity Issue by the Extraordinary General Meeting of the Company, required resolutions in favour of the Refinancing Proposal to be made by the Bondholders for all Bond Issues, required registrations and confirmation of from the Norwegian tax authorities with respect to the final amount to be received in an expected tax refund, such confirmation anticipated received on or about 29 November 2013.

NORSK TILLITSMANN

NORWEGIAN TRUSTEE

The Company has informed the Bond Trustee that it has together with the Advisers been in dialogue with the two largest shareholders in Noreco, IKM Industri-Invest AS and Sabaro Investments Ltd. They have pre-committed to subscribe and will at least be allocated shares for NOK 100 million and NOK 139 million respectively and will be allocated in aggregate at least NOK 239 million of the Private Placement, subject to approval of the Refinancing Proposal by all bondholder meetings. The pre-commitments are made at a price per share of NOK 0.10. The third largest shareholder, Lyse Energi AS, has informed Noreco that it will support the Equity Issue and the Refinancing Proposal.

1.4 Further information

For further information on the above mentioned issues and other updates, please refer to the Company's stock exchange announcements and the Company's financial reports, latest the interim report for Q2 2013 available on www.newsweb.no.

Please also be informed that the Company has engaged Arctic Securities ASA and Pareto Securities AS as the Company's financial advisers (the "**Advisers**") with respect to the Refinancing Proposal. Accordingly, Bondholders may contact the Advisers as follows for further information:

- Arctic Securities ASA, Fixed Income Sales at + 47 21 01 30 60;
- Pareto Securities AS, Fixed Income Sales at +47 22 87 87 70; or

The Advisers are acting solely for the Company and no other party in connection with the Refinancing Proposal. Only very limited and no formal due diligence investigations (including no third party verifications) of the Company have been conducted by or on behalf of the Advisers and the Advisers expressly disclaim any and all liability whatsoever in connection with the Refinancing Proposal (including but not limited to the information contained herein).

For further information about the Company, please visit the Company's website www.noreco.com.

2 REFINANCING PROPOSAL - TERMINATION AND REPLACEMENT OF THE BOND AGREEMENTS FOR NOR04 BOND, NOR05 BOND, NOR08 BOND AND NOR09 BOND AND AMENDMENT AND RESTAMENT OF THE BOND AGREEMENT FOR THE MERGED NOR06/07 BOND

2.1 Introduction

In accordance with Clause 17.2 of the Bond Agreements for the NOR04 Bond and the NOR09 Bond and Clause 16.2 of the Bond Agreements for the NOR05 Bond, the NOR06/07 Bond and the NOR08 Bond, the Company has approached the Bond Trustee to convene a Bondholders' Meeting for each of the Bonds in order to consider the Company's request to amend through termination and replacement for the NOR 04 Bond, NOR05 Bond, NOR08 Bond and NOR09 Bond and an amendment and restatement for the merged NOR 06/07 Bond of the Bond Agreements, pursuant to the authority given to the Bondholders' Meeting under Clause 17.1 of the Bond Agreements for the NOR04 Bond and the NOR09 Bond, and Clause 16.1 of the Bond Agreements for the NOR05 Bond, the NOR06/07 Bond and the NOR08 Bond.

2.2 The Refinancing Proposal

The main components of the Refinancing Proposal are set out in the following (not exhaustive):

2.2.1 General

- (i) Bond Agreements for the NOR 04 Bond, NOR05 Bond, NOR08 Bond and NOR09 Bond are terminated and all Bonds are made void and unenforceable from the date on which the New Bond Issues (as defined below) become effective and the terms of the merged NOR 06/07 Bond are amended and restated (the "**Settlement Date**");
- (ii) On this basis a new bond structure will be established as follows:
 - (a) NOK 1,400 million Senior Secured Callable Bond Issue 2013/2016 (the "**Huntington and Denmark Bond**");

NORSK TILLITSMANN

NORWEGIAN TRUSTEE

- (b) NOK 600 million Senior Secured Callable Bond Issue 2011/2016 being the merged and amended NOR 06/07 Bond (with new maturity date in 2017) (the "**Oselvar Bond**");
- (c) NOK 736 million Second Lien Callable Bond Issue 2013/2020 (the "**Second Lien Bond**"); and
- (d) NOK 367 million Senior Convertible Bond Issue 2013/2018 (the "**Convertible Bond**");

together referred to as the "**New Bonds**" and "**New Bond Issues**".

- (iii) All New Bond Issues are made by the Issuer through entry into of one bond agreement for each of the New Bond Issues (each a "**New Bond Agreement**" and together the "**New Bond Agreements**"). For the Oselvar Bond, the New Bond Agreement will be an amended and restated version of the current Bond Agreement for the NOR06/07 Bond.
- (iv) The participation interest allocated in the New Bonds for each of the Bonds in the existing Bond Issues is set out in Schedule B to this summons (the "**Participation Interest**").
- (v) The Refinancing Proposal shall be implemented in conjunction with the Equity Issue, encompassing the Private Placement in an amount in the range of NOK 400 - 430 million and the Subsequent Offering in the amount of up to NOK 100 million. The Refinancing Proposal is subject to completion of the Private Placement. The Bondholders shall be entitled to apply for new shares in the Private Placement and are expected to be given preferred allocation after existing shareholders but in priority over new investors. Further details of the Equity Issue are set out in the announcement issued by the Company on 21 October 2013 and made available through the Oslo Børs reporting system. Notice of Extraordinary General Meeting to resolve the Equity Issue is expected dispatched on or about 23 October 2013 and will contain full details.
- (vi) Interest on the Bonds shall accrue to, but excluding, the Settlement Date and be payable to the Bondholders in cash on the Settlement Date. From and including the Settlement Date interest shall accrue on the New Bonds (at rates and specifications as set out below), payable semi-annually every six months after the Settlement Date.
- (vii) Pro rata repayment of the New Bonds, except for the Convertible Bond, upon (a) disposal of certain assets of the Group not secured by the Huntington and Denmark Bond, Oselvar Bond or Second Lien Bond (related to which separate mandatory repayment provisions will apply as set out below), (b) received proceeds from insurance claim related to losses caused by issues with the Siri platform or (c) excess funds in account to be established with deposit for payment of the Abandonment Costs, after satisfaction of or settlement in relation to said Abandonment Costs.
- (viii) All the New Bonds shall be subject to in all material respects the same covenants, as are customary for bonds in the Norwegian high yield bond market, including negative pledge. In addition a general liquidity requirement in the amount of NOK 100 million at Group level shall apply, as well as incurrence based covenants on significant asset disposals and new financial indebtedness, which are only permitted for the Issuer if the Group gearing ratio (net interest-bearing debt to EBITDAX, with the X only relating to exploration activity on the Norwegian continental shelf) is less than 3.5x. In no event can additional security be established over the assets secured by the Huntington and Denmark Bond, Oselvar Bond or Second Lien Bond.
- (ix) Change of control put option included for all New Bonds at 101% of par value.
- (x) The New Bond Agreements shall include standard event of default provisions, as well as cross default provisions relevant for the Issuer and any other Group Company with respect to financial indebtedness in excess of NOK 10 million.

NORSK TILLITSMANN

NORWEGIAN TRUSTEE

(xi) An intercreditor agreement will be established between the Bond Trustee and the relevant Group companies in order to regulate the relationship between the Huntington Denmark Bond, the Oselvar Bond and the Second Lien Bond, all of which will be secured in the same Huntington and Danish assets, the Huntington Denmark Bond with first priority, the Oselvar Bond and the Second Lien Bond with pari passu second priority (the "**Intercreditor Agreement**").

2.2.2 Main terms of Huntington and Denmark Bond

- (i) The Huntington and Denmark Bond shall be subject to an on-demand guarantee from the asset-owning subsidiaries of the Issuer Noreco Oil Denmark A/S, Noreco Oil (UK) Ltd and Noreco Petroleum Denmark A/S (together the "**Huntington Denmark Guarantors**").
- (ii) The coupon rate shall be 6.00% p.a. and the tenor three years.
- (iii) Amortisation schedule (100% of par value) shall be as follows:
 - (a) NOK 500 million one year after Settlement Date;
 - (b) NOK 500 million two years after Settlement Date;
 - (c) NOK 400 million three years after Settlement Date (maturity date).
- (iv) Call-option for the Issuer at 105% of par value in the first year, 103% of par value in the second year and 101% of par value in the third year.
- (v) Security in the assets held by the Huntington Denmark Guarantors in the Huntington (UK), Lulita (DK), Nini (DK), Cecilie (DK) and Nini East (DK) petroleum fields and ancillary rights and assets, including but not limited to share pledges and assignment of intragroup loans.
- (vi) Mandatory repayment of 100% of the Huntington and Denmark Bond upon sale of more than 50% of the rights held in the Huntington field, and proportional repayment upon sale of a smaller part of rights held in the Huntington field or any of the Danish fields. Any remaining funds from such disposal shall be used to repay the Oselvar Bond and the Second Lien Bond on a pro rata basis at 100% of par value.

2.2.3 Main terms of Oselvar Bond

- (i) The Oselvar Bond shall be subject to an on-demand guarantee from the asset-owning subsidiary of the Issuer Noreco Norway AS (together the "**Oselvar Guarantor**").
- (ii) The coupon rate shall be 6.50% p.a. and the tenor four years.
- (iii) Amortisation schedule (100% of par value) shall be as follows:
 - (a) NOK 100 million one year after Settlement Date;
 - (b) NOK 100 million two years after Settlement Date;
 - (c) NOK 150 million three years after Settlement Date; and
 - (d) NOK 250 million four years after Settlement Date (maturity date).
- (iv) Call-option for the Issuer at 105% of par value in the first year, 103.50% of par value in the second year, 102.50% of par value in the third year and 101% of par value in the fourth year.
- (v) Security (a) with first priority in the assets held by the Oselvar Guarantor in the Oselvar (NO) petroleum fields and ancillary rights and assets, including but not limited to share pledge and assignment of intragroup loans, and (b) with second priority in the same assets as the Huntington and Denmark Bond, pari passu with the Second Lien Bond (such security excluding any guarantee from the Huntington Denmark Guarantors until the Huntington and Denmark Security has been discharged).

NORSK TILLITSMANN

NORWEGIAN TRUSTEE

(vi) Mandatory repayment of 100% of the Oselvar Bond upon sale of more than 50% of the rights held in the Oselvar field, and part repayment upon sale of a smaller part. Any surplus after a mandatory repayment of the Huntington and Denmark Bond as set out above in 2.2.2 (vi) shall be used to repay the Oselvar Bonds on a pro rata basis with the Second Lien Bonds.

2.2.4 Main terms of Second Lien Bond

- (i) The coupon rate shall be 6.75% p.a., such interest to be paid in kind (PIK) (by issue of additional Second Lien Bonds) or cash at the Issuer's discretion for 50% of the incurred interest during the first year after the Settlement Date.
- (ii) Tenor of seven years.
- (iii) Amortisation schedule (100% of par value) shall be as follows:
 - (a) NOK 100 million four years after Settlement Date;
 - (b) NOK 200 million five years after Settlement Date;
 - (c) NOK 200 million six years after Settlement Date;
 - (d) NOK 236 million plus any increased amount representing PIK interest, seven years after Settlement Date (maturity date).
- (iv) Call-option for the Issuer at 105% of par value in the third year, 104% of par value in the fourth year, 103% of par value in the fifth year, 102% of par value in the sixth year and 101% of par value in the seventh year.
- (v) Security with second priority in the same assets as the Huntington and Denmark Bond, pari passu with the Oselvar Bond (such security excluding any guarantee from Huntington Denmark Guarantors until the Huntington and Denmark Security has been discharged).
- (vi) Any surplus after a mandatory repayment of the Huntington and Denmark Bond as set out above in 2.2.2 (vi) shall be used to repay the Second Lien Bonds on a pro rata basis with the Oselvar Bonds.

2.2.5 Main terms of Convertible Bond

- (i) The coupon rate shall be 4.00% p.a., such interest to be paid in kind (PIK) (by issue of additional Convertible Bonds) or cash at the Issuer's discretion.
- (ii) Tenor of five years, with all Convertible Bonds outstanding that are falling due on maturity, including any amount representing unpaid PIK interest.
- (iii) The Convertible Bonds are convertible for the holders at any time from three years after Settlement Date into common shares of the Issuer at a price per common share equal to three times (3x) the issue price of the Equity Issue.
- (iv) The Issuer shall have a call option to redeem the Convertible Bonds (in part or in full) if the shares of the Company are trading at a price (20 out of 30 trading days) which is 20% higher than the conversion price.

2.2.6 Refinancing Term Sheet

The above referred changes briefly summarises the key elements of the Refinancing Proposal. For a more detailed overview of the proposed amendments, please see attached as Schedule C an indicative term sheet for the Refinancing Proposal and the issue of the New Bonds (the "**Refinancing Term Sheet**"). The Issuer advises that all Bondholders review carefully the Refinancing Term Sheet and all ancillary documentation provided to the Bondholders, including but not limited to the refinancing presentation attached hereto as Schedule D.

NORSK TILLITSMANN

NORWEGIAN TRUSTEE

In addition to required approval by the Bondholders' Meeting for each of the Bonds, implementation of the Refinancing Proposal is subject to, and will only be effected upon, the successful placing and delivery of the Private Placement, as well as other conditions precedents included in the Refinancing Term Sheet, including inter alia (i) no potential or actual Event of Default existing; (ii) the New Bond Agreements having been duly executed by the parties thereto; (iii) the Intercreditor Agreement duly executed by the parties thereto; (iii) corporate resolutions, (iv) the Security Documents (as defined therein) being executed and perfected, (v) establishment of deposit account with funds to cover the Abandonment Costs, (vi) release of all security under the RBL Facility and (vii) any consents required from Norwegian or Danish authorities to establish the Security having been obtained.

If the conditions precedent are satisfied or waived, the Refinancing Proposal will be sought made effective on the Settlement Date by way of the New Bond Agreements being entered into between the Bond Trustee, on behalf of the Bondholders, such New Bond Agreements to reflect the above and ancillary amendments.

2.3 Anticipated timeline

The Refinancing Proposal is anticipated to follow a timeline as broadly described below:

21 October	Announcement of (i) Refinancing Proposal with summons to Bondholders' Meetings and (ii) Equity Issue with launch of book-building period for the Private Placement;
5 November	Bondholders' Meetings approving the Refinancing Proposal, the Waiver Proposals (as defined below) and the Standstill Undertaking (as defined below);
13 November	Extraordinary General Meeting resolving (i) to reduce the Company's share capital to accommodate for the Equity Issue at a subscription price less than the current nominal value of the Company's shares, and (ii) the Equity Issue;
3 December	Payment date for the Private Placement;
5 December	Registration and delivery of new shares issued in the Private Placement; and
9 December	Settlement Date.

3 REQUEST FOR WAIVERS, DEFERRALS AND STANDSTILL UNDERTAKING

3.1 Waiver Proposals

Due to the immediate cash shortfall, as well as the implementation of the Refinancing Proposal and the timing thereof, there is a need for the Company to obtain a waiver from the Bondholders (i) in the NOR04 Bond with respect to the interest payment falling due on 20 November 2013 and (ii) in the NOR05 Bond with respect to the interest payment falling due on 6 December 2013.

Specifically, the Company proposes the following waivers (the "Waiver Proposals"):

3.1.1 For the NOR04 Bond

The interest payment falling due on 20 November 2013 is deferred until the earlier of (i) the Settlement Date and (ii) 13 December 2013.

3.1.2 For the NOR05 Bond

The interest payment falling due on 6 December 2013 is deferred until the earlier of (i) the Settlement Date and (ii) 13 December 2013.

3.2 Request for Standstill Undertaking

The implementation of the Refinancing Proposal and the timing thereof causes a need for the Company to obtain standstill undertakings from the Bondholders in all the Bonds with respect to certain Events of Defaults.

Specifically, the Company proposes the following standstill undertaking for each of the Bonds (the "Standstill Undertaking"):

During the period until the earlier of (i) the Settlement Date and (ii) 13 December 2013, and provided that the Company is continuing its progress to implement the Refinancing Proposal in all material respects in accordance with the announced anticipated timeline, the Bondholders hereby undertake not to declare any of the Bonds to be in default and due for payment, except in case of any cross acceleration.

4 EVALUATION OF THE REFINANCING PROPOSAL

4.1 The Company's evaluation

In the Issuer's opinion, the Refinancing Proposal represents a fair solution for the Bondholders given the current circumstances. The Refinancing Proposal will enable the Company to service and repay its debt, and significantly improve its financial condition and together with the Equity Issue provide the Company with a robust financing structure for the future. The current equity value is substantially reduced prior to launch of the Refinancing Proposal, however the aggregate principal amount of the Bonds remain unchanged also after the New Bond Issues.

The current RBL Facility will be repaid as part of the Refinancing Proposal, which will give the Company a more simplified financing structure, as well as enabling the Huntington and Denmark Bond to obtain direct security in the licence rights to producing assets in the Huntington field and fields on the Danish continental shelf.

The proposed Refinancing will allow the Company to continue operations as a going concern and focus on a long term strategy to create value for its stakeholders, e.g. through:

- Streamlined portfolio on key target areas;
- Reduced operating costs;
- Maximising the insurance settlement;
- Rapid deleveraging in the coming years; and
- Equity exposure for Bondholders through the Convertible Bond with potential upside e.g. through maintained and focused exploration program.

Further information on the Company's evaluation of the Refinancing Proposal is set out in the presentation attached as Schedule D hereto.

In addition to approval by the Bondholders, implementation of the Refinancing Proposal remains subject to the successful placing of the Equity Issue and fulfilment of the relevant conditions precedent for settlement thereof. The Issuer will notify the Bondholders through the Bond Trustee and/or Stamdata.no once the placement of the Equity Issue is completed.

The Issuer explicitly reserves its rights, in the Issuer's sole discretion, to not move forward with the Refinancing Proposal if the result of the Equity Issue placement is not satisfactory.

The Issuer has informed the Bond Trustee that it prior to the date of this summons has through the Advisers been in touch with several of the Bondholders with the largest ownership interests in the Bonds who have signalled their support to the Refinancing Proposal.

4.2 Non-Reliance

The Refinancing Proposal is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee, and the Bond Trustee emphasizes that each Bondholder should cast its vote in the Bondholders' meeting based on its own evaluation of the Refinancing Proposal. Nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee. The Bondholders must independently evaluate whether the Refinancing Proposal is acceptable and vote accordingly. The Bond Trustee urges each Bondholder to seek advice in order to evaluate the Refinancing Proposal.

5 SUMMONS FOR BONDHOLDERS' MEETINGS

Each of the Bondholders is hereby summoned to a Bondholders' Meeting in its respective Bond Issues:

Time: 5 November 2013 at 13:00 hours (Oslo time)

Place: The premises of Norsk Tillitsmann ASA,
Haakon VIIIs gt 1, 01061 Oslo - 5th floor

Agenda:

1. Approval of the summons.
2. Approval of the agenda.
3. Election of two persons to co-sign the minutes together with the chairman.
4. Request for adoption of Refinancing Proposal:

It is proposed that the Bondholders' Meeting for the NOR04 Bond resolves the following:

"The Bondholders' Meeting approves the Refinancing Proposal as described in section 2 and the Waiver Proposals and Standstill Undertaking as described in section 3 of the summons for the Bondholders' Meeting.

The Bond Trustee is hereby authorised to complete the negotiation of form, terms, conditions and timing in relation to the Refinancing Proposal, without any obligation to notify the Bondholders as provided for in Clause 17.2 of the Bond Agreement. Further, the Bond Trustee is given power of attorney to prepare, finalise and enter into the necessary agreements in connection with documenting the decisions made by the Bondholders' Meeting as well as to carry out the necessary completion work, including entering into the New Bond Agreement, the relevant security documents and any other ancillary documents in relation thereto."

It is proposed that the Bondholders' Meeting for the NOR05 Bond resolves the following:

"The Bondholders' Meeting approves the Refinancing Proposal as described in section 2 and the Waiver Proposals and Standstill Undertaking as described in section 3 of the summons for the Bondholders' Meeting.

The Bond Trustee is hereby authorised to complete the negotiation of form, terms, conditions and timing in relation to the Refinancing Proposal, without any obligation to notify the Bondholders as provided for in Clause 16.2 of the Bond Agreements. Further, the Bond Trustee is given power of attorney to prepare, finalise and enter into the necessary agreements in connection with documenting the decisions made by the Bondholders' Meeting as well as to carry out the necessary completion work, including entering into the New Bond Agreement, the relevant security documents and any other ancillary documents in relation thereto, as well as subscribing Convertible Bonds on behalf of the Bondholders."

It is proposed that the respective Bondholders' Meetings for each of the NOR06/07 Bond, the NOR08 Bond and the NOR09 Bond resolves the following:

"The Bondholders' Meeting approves the Refinancing Proposal as described in section 2 and the Standstill Undertaking as described in section 3 of the summons for the Bondholders' Meeting.

NORSK TILLITSMANN

NORWEGIAN TRUSTEE

The Bond Trustee is hereby authorised to complete the negotiation of form, terms, conditions and timing in relation to the Refinancing Proposal, without any obligation to notify the Bondholders as provided for in Clause 16.2 or 17.2 (as the case may be) of the Bond Agreement. Further, the Bond Trustee is given power of attorney to prepare, finalise and enter into the necessary agreements in connection with documenting the decisions made by the Bondholders' Meeting as well as to carry out the necessary completion work, including entering into the New Bond Agreement, the relevant security documents and any other ancillary documents in relation thereto, as well as subscribing Convertible Bonds on behalf of the Bondholders."

To approve the above resolutions, Bondholders representing more than 2/3 of the Bonds represented in person or by proxy at each of the Bondholders' Meetings (for each of the Bonds) must vote in favour of the resolution. In order to have a quorum, at least 1/2 of the voting Bonds must be represented at the relevant Bondholders' Meeting. For the avoidance of doubt, the two tranches in the NOR06/07 Bond shall vote in the same Bondholders' Meeting.

* * * * *

Please find attached a Bondholder's Form from the Securities Depository (VPS) as Schedule A hereto, indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the Bondholders' Meeting. (If the bonds are held in custody - i.e. the owner is not registered directly in the VPS - the custodian must confirm; (i) the owner of the bonds, (ii) the aggregate nominal amount of the bonds and (iii) the account number in VPS on which the bonds are registered.)

The individual Bondholder may authorise the Norsk Tillitsmann to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising Norsk Tillitsmann to vote, must then be returned to Norsk Tillitsmann in due time before the meeting is scheduled (by scanned e-mail, telefax or post to post@trustee.no, +47 22 87 94 10, or Norsk Tillitsmann ASA, PO Box 1470 Vika, 0116 Oslo, Norway).

In the event that Bonds have been transferred to a new owner after the Bondholder's Form was made, the new Bondholder must bring to the Bondholders' Meeting or enclose with the proxy, as the case may be, evidence which the Bond Trustee accepts as sufficient proof of the ownership of the Bonds.

For practical purposes, we request those who intend to attend the Bondholders' Meeting, either in person or by proxy other than to Norsk Tillitsmann, to notify Norsk Tillitsmann by telephone or by e-mail (at set out at the first page of this letter) within 16:00 hours (4 pm) (Oslo time) the Banking Day before the meeting takes place.

Yours sincerely
Norsk Tillitsmann ASA


Fredrik Lundberg

Enclosed:

- Schedule A – Bondholder's Form
- Schedule B – Participation Interest
- Schedule C – Refinancing Term Sheet
- Schedule D – Refinancing presentation

Schedule B: Participation Interest

NOKm	Security	Current outstanding	New Secured Bond	New Oselvar bond	New 2 nd lien bond	New CB
NOR04	Pledge in Altinex ASA and Noreco Petroleum (UK) Ltd shares	1,250 (1,220)	1,220	0	0	0
NOR05		700 (699)	98		401	200
NOR06/07	Oselvar	600		600		
NOR08		300 (284)	40		163	81
NOR09		300	42		172	86
Total		3,150 (3,103)	1,400	600	736	367

NOK 3,103m

Note that all numbers are in NOK million and rounded to the nearest million, with numbers in brackets representing the principal amount reduced for repurchased Bonds by Noreco. Noreco will on the Settlement Date cancel Issuer's Bonds of NOK 48m.

Refinancing Term Sheet



Norwegian Energy Company ASA

Settlement Date: Expected to be 9 December 2013

This refinancing term sheet (the "Term Sheet") sets out the main terms for the proposed refinancing of all of the Existing Bonds (as defined below) (the "Refinancing"). The terms set out below are part of an arrangement under which new equity in the amount of at least NOK 400 million and maximum NOK 430 million will also be raised simultaneously and subject to the Refinancing. An additional NOK 100 million may be raised in a subsequent repair issue.

Issuer:	Norwegian Energy Company ASA (org. nr. 987 989 297).
Group:	Means the Issuer and all its (directly or indirectly owned) Subsidiaries from time to time, and a "Group Company" means the Issuer or any of its Subsidiaries.
Existing Bonds:	<p>Means the following bonds currently outstanding, all issued by the Issuer:</p> <ul style="list-style-type: none"> a) the 12.90% Senior Secured Callable Bond Issue 2009/14 with ISIN NO 001054844.9 (NOR04); b) the FRN Senior Unsecured Bond Issue 2010/13 with ISIN NO 001059230.6 (NOR05); c) the 10.25% Senior Secured Callable Bond Issue 2011/16 with ISIN NO 001060632.0 (NOR06); d) the FRN Senior Secured Callable Bond Issue 2011/16 with ISIN NO 001060633.8 (NOR07); e) the 12.90% Senior Unsecured Callable Bond Issue 2012/13 with ISIN NO 001066139.0 (NOR08); and f) the 10.50% Senior Unsecured Callable Bond Issue 2013/16 with ISIN NO 001067231.4 (NOR09); <p>together the "Existing Bonds".</p>
Refinancing Overview:	<p>The principal outstanding amount under the Existing Bonds for NOR 06 and NOR 07 will be merged and continue with ISIN no. NO 001 060632.0 under an amended and restated bond agreement, whereas NOR 04, NOR 05, NOR 08 and NOR 09 will be rolled into new bonds with new ISIN's and new bond agreements and the existing bond agreements will be terminated.</p> <p>On this basis a new bond structure will be established as follows:</p> <ul style="list-style-type: none"> a) a new secured bond in the amount of NOK 1,400 million (the "Huntington and Denmark Bond"); b) an amended and restated secured bond in the amount of NOK 600 million based on a merged NOR 06 and NOR 07 (the "Oselvar Bond"); c) a new 2nd lien bond in the amount of NOK 736 million (the "2nd Lien Bond"); and d) a new convertible bond in the amount of NOK 367 million (the "Convertible Bond"). <p>The Huntington and Denmark Bond, the Oselvar Bond, the 2nd Lien Bond and the Convertible Bond are together referred to as the "Bonds" or the "Bond Issues".</p>

	The participation of each of the Existing Bonds in the new Bonds is set out in Attachment 1 to this Term Sheet (the “ Participation Interest ”).
Equity Issue:	Means the new equity issue in the amount of minimum NOK 400 million and maximum amount of NOK 430 million to be raised by way of a private placement of new shares (the “ Private Placement ”) with a subsequent repair issue in the amount of up to NOK 100 million (the “ Repair Issue ”), subject to the Refinancing.
Settlement Date:	Expected to be on or about [9] December 2013, on which date the amendments to the Existing Bonds described in this Term Sheet becomes effective and the Existing Bonds for NOR 06 and NOR 07 are merged and the bond agreement is amended and restated and NOR 04, NOR 05, NOR 08 and NOR 09 are terminated and replaced with the new Bonds. For the avoidance of doubt, any accrued and unpaid interest on the Existing Bonds up to but not including the Settlement Date shall be paid in cash to the bondholders on the Settlement Date.
Interest Payments:	Interest on the Bonds will start to accrue from and including the Settlement Date and shall be payable semi-annually in arrears on the interest payment day in June and December each year (each an “ Interest Payment Day ”). Day-count fraction for coupon is “30/360”, business day convention is “unadjusted” and business day is “Oslo”.
Nominal Value:	The Bonds will have a nominal value of NOK 1 each.
Purpose of the Bond Issues:	Refinancing of the Existing Bonds in accordance with the Participation Interest.
Insurance Claim:	Means the insurance claim in the amount of approximately USD 400 million in relation to losses suffered due to the structural integrity issues with the caisson support structure of the Siri platform on the Danish continental shelf. The Insurance Claim is disputed and entered with book value of USD 59 million as of 30 June 2013.
Danish Abandonment Amount:	Means the DKK 500 million amount to be set aside as security for the Group's part of abandonment costs in relation to the Nini, Nini East and Cecilie fields (the “ Abandonment Costs ”).
Danish Abandonment Account:	Means the account, to be established by the Issuer, to which the Danish Abandonment Amount shall be transferred as soon as practically possible after receipt of the special tax refund from the Norwegian tax authorities and no later than 1 January 2014.
Licences:	Means all hydrocarbon licenses owned by the Group at any time (each a “ Licence ”).
Project:	Means the development and operation of the Licences as well as the related fields, and any drilling, export and reception facilities associated therewith, including but not limited to the infrastructure required for gaining access to the hydrocarbon reserves, shipment of hydrocarbons and any onshore processing.
Project Proceeds:	Means any income, payments, earnings or receivables of any kind (including insurance proceeds in respect of physical losses) directly or indirectly deriving from the Licences (including proceeds from sale or disposal of ownership interest in any such Licence).
Project Agreements:	Means (i) the Licences; (ii) each present and future contract or policy of insurance in respect of which any Group Company has or may from time to time have an interest; (iii) each joint operating agreement and/or unitization and unit operating agreement, each

	agreement relating to the transportation, processing and/or storage of production from the Project, each agreement for the sale or marketing of production from the Project, each royalty agreement related to the Project, and each other material agreement relating to the Project and/or hydrocarbons produced in relation to the Project; and (iv) any other document designated as such by the Issuer and the Trustee.
Existing RBL:	Means the USD 350 million secured borrowing base facility dated 21 December 2006 as amended thereafter with Noreco Oil Denmark A/S, the Danish Subsidiary (as defined below) and the Huntington Subsidiary (as defined below) as borrowers and BNP Paribas as main agent for the lenders, of which USD 49.9 million has been drawn as of the date of this Term Sheet.
Existing Exploration Facility:	Means the NOK 1,240 million guaranteed exploration financing facility dated 19 March 2013 as amended thereafter with the Oselvar Subsidiary (as defined below) as the borrower and Sparebank 1 SR-Bank as main agent for the lenders, of which NOK 868.5 million has been drawn as of the date of this Term Sheet.

Main Terms of Huntington and Denmark Bond

ISIN [●]

Issuer:	Norwegian Energy Company ASA
Guarantors:	Noreco Oil Denmark A/S (the “ Danish Intermediate Subsidiary ”), Noreco Oil (UK) Ltd (the “ Huntington Subsidiary ”) and Noreco Petroleum Denmark A/S (the “ Danish Subsidiary ”) (each a “ Guarantor ”).
Danish Parent:	Means Noreco Denmark A/S.
Issue Amount:	NOK 1,400 million
Coupon Rate:	6.00% p.a., semi-annual interest payments.
Issue Price:	100% of par value.
Tenor:	3 years
Final Maturity Date:	[9] December 2016 (3 years after Settlement Date).
First Interest Payment Day:	[9] June 2014 (6 months after Settlement Date).
Last Interest Payment Day:	[9] December 2016 (3 years after Settlement Date).
Status of the Huntington and Denmark Bonds:	<p>The Huntington and Denmark Bonds shall constitute senior debt of the Issuer and shall be secured on a first priority basis against certain assets of the Issuer, the Guarantors and certain other Group Companies as set out herein, and otherwise rank at least pari passu with all claims on the Issuer except for obligations which are mandatorily preferred by law.</p> <p>The security granted with respect to the Bonds shall rank in priority and secure any outstanding liabilities and obligations relating to the Bonds ahead of the second-ranking Security granted in favour of the bondholders in respect of the Oselvar Bond and the 2nd Lien Bond as further described in the Intercreditor Agreement (as defined below) and the Bonds shall rank ahead of any subordinated capital.</p>
Amortization:	<p>The Huntington and Denmark Bond shall be repaid by three annual instalments as follows:</p> <p>(i) NOK 500 million at the Interest Payment Day falling 12 months after Settlement Date; (ii) NOK 500 million at the Interest Payment Day falling 24 months after Settlement Date; (iii) NOK 400 million at the Final Maturity Date; (together the “Instalments”).</p> <p>The Instalments shall be repaid at 100% of par value (plus accrued interest on the redeemed amount).</p> <p>Upon a partial early redemption of the Huntington and Denmark Bond, the remaining Instalments shall be adjusted correspondingly.</p>
Call Options (American):	<p>The Issuer may redeem the Huntington and Denmark Bond (in whole or in part) at any time from and including:</p> <p>(i) the Settlement Date to, but not including, the Interest Payment Day falling 12 months</p>

	<p>after Settlement Date at a price equal to 105.00% of par value (plus accrued interest on the redeemed amount);</p> <p>(ii) the Interest Payment Day falling 12 months after Settlement Date to, but not including, the Interest Payment Day falling 24 months after Settlement Date at a price equal to 103.00% of par value (plus accrued interest on the redeemed amount);</p> <p>(iii) the Interest Payment Day falling 24 months after Settlement Date to, but not including, the Final Maturity Date at a price equal to 101.00% of par value (plus accrued interest on the redeemed amount).</p>
Refinancing:	<p>The Issue Amount under the Huntington and Denmark Bond shall not be increased and the Amortization schedule under the Huntington and Denmark Bond shall not be amended during the term of the Bonds, except that the bondholders may, if the Issuer due to its financial conditions is not able to fulfil its obligation to pay an instalment in accordance with the schedule set out in this Term Sheet agreed to extent the due date for the relevant instalment with up to three months from the original due date. Any other waivers or amendments to the Issue Amount and/or the Amortization schedule will require consent from the bondholders in the Huntington and Denmark Bond, the Oselvar Bond and the 2nd Lien Bond.</p> <p>For the avoidance of doubt, the Issuer may refinance the Huntington and Denmark Bond, provided always that the refinanced amount shall not exceed the outstanding amount under the Huntington and Denmark Bond at the time of such refinancing, the refinanced amount shall be subject to the same amortization profile as for the Huntington and Denmark Bond and the relevant finance party providing the refinancing shall accede to the ICA.</p>
Huntington Licence:	Means the Huntington Subsidiary's 20% working interest in the Huntington oil field located in the Central North Sea offshore UK with licence number P.1114 and block number 22/14b.
Danish Licences:	<p>Means the Danish Intermediate Subsidiary's</p> <p>(i) 19.452% working interest in the Lulita field (licence number 1/90);</p> <p>(ii) 30.0% working interest in the Nini field (licence number 4/95);</p> <p>(iii) 37.0% working interest in the Cecilie field (licence number 16/98); and</p> <p>(iv) 30.0% working interest in the Nini East field (licence number 4/95NE);</p> <p>and the Danish Subsidiary's</p> <p>(v) 8.751% working interest in the Lulita field (licence number 1/90); and</p> <p>(vi) 24.0% working interest in the Cecilie field (licence number 16/98).</p>
Huntington and Denmark Bond Security:	<p>All amounts outstanding under the Finance Documents to the Trustee and the bondholders, including but not limited to principal, interest and expenses, shall to the extent permitted by relevant applicable law, be secured by:</p> <p><i>From or procured from the Danish Parent:</i></p> <p>(i) a first priority Danish law pledge granted by the Danish Parent over all (100%) of the shares in the Danish Intermediate Subsidiary (the "Danish Intermediate Subsidiary Share Pledge"), together, <i>inter alia</i>, with executed stock transfer forms and the existing share certificates, subject, to the extent necessary, to consent from the Danish Energy Agency;</p> <p>(ii) a first priority assignment by way of security from the Danish Parent (or another Group Company as the case may be) of all of its rights to and title and interest, whether present or future, under any intra-group loans made by the Danish Parent (or another Group Company as the case may be) as lender to the Danish Intermediate</p>

	<p>Subsidiary as borrower (the "Assignment of Intragroup Loans to Danish Intermediate Subsidiary");</p> <p><i>From or procured from the Danish Intermediate Subsidiary:</i></p> <p>(iii) an unconditional and irrevocable Norwegian law on-demand guarantee issued by the Danish Intermediate Subsidiary (payment by the Guarantor to be made within 10 business days of any demand) (the "Danish Intermediate Subsidiary Guarantee");</p> <p>Pursuant to the Danish Companies Act, the Danish Intermediate Subsidiary Guarantee shall be limited to the amount equivalent to the higher of the equity of the Danish Intermediate Subsidiary (i) on the date of the Bond Agreements; and (ii) at the time or times that payment is requested from it; save that these limitations shall not apply to any obligations and liabilities of the Danish Intermediate Subsidiary in respect of amounts relating to the Huntington and Denmark Bond and placed at the disposal of the Danish Intermediate Subsidiary by the Issuer by way of a loan or otherwise (other than as share capital).</p> <p>(iv) a first priority pledge under English and Danish law respectively granted by the Danish Intermediate Subsidiary over all (100%) of the shares in each of the Huntington Subsidiary and the Danish Subsidiary (the "Huntington and Danish Subsidiaries Share Pledges"), together, <i>inter alia</i>, with executed stock transfer forms and the existing share certificates, with respect to the Danish Subsidiary, subject, to the extent necessary, to consent from the Danish Energy Agency;</p> <p>(v) a first priority assignment by way of security from the Danish Intermediate Subsidiary (or another Group Company as the case may be) of all of its rights to and title and interest, whether present or future, under any intra-group loans made by the Danish Intermediate Subsidiary (or another Group Company as the case may be) as lender to the Huntington Subsidiary or the Danish Subsidiary as borrower (the "Assignment of Intragroup Loans to Huntington or Denmark Subsidiaries");</p> <p>(vi) a first priority Danish law pledge over a duly registered (with first priority) owner's mortgage deed over the Danish Licences owned by the Danish Intermediate Subsidiary (or the relevant working interest therein) based on the same terms and principles as the registered mortgage currently in place over said Danish Licences under the Existing RBL (the "Danish Intermediate Subsidiary Licences Pledge");</p> <p>(vii) a first priority assignment of all rights to and title and interest, whether present or future, of the Danish Intermediate Subsidiary in, to or arising under or in relation to any Project Agreements entered into by it relating to the Danish Licences owned by it (other than the Danish Licences) (the "Danish Intermediate Subsidiary Assignment of Project Agreements");</p> <p>(viii) a first priority Danish law assignment by way of security from the Danish Intermediate Subsidiary of all of its rights to and title and interest, whether present or future, under any intra-group loans made by the Danish Intermediate Subsidiary as lender to the Issuer as borrower (the "Assignment of Intragroup Loans from Danish Intermediate Subsidiary");</p> <p>(ix) a first priority Danish law pledge over the Danish Intermediate Subsidiary Earnings Account (as defined below) and the amount from time to time standing to the credit of the Danish Intermediate Subsidiary in the Danish Intermediate Subsidiary Earnings Account (the "Danish Intermediate Subsidiary Earnings Account Pledge");</p> <p><i>From the Danish Subsidiary:</i></p>
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	<p>(x) an unconditional and irrevocable Norwegian law on-demand guarantee issued by the Danish Subsidiary (payment by the Guarantor to be made within 10 business days of any demand) (the "Danish Guarantee");</p> <p>Pursuant to the Danish Companies Act, the Danish Subsidiary Guarantee shall be limited to the amount equivalent to the higher of the equity of the Danish Subsidiary (i) on the date of the Bond Agreements; and (ii) at the time or times that payment is requested from it; save that these limitations shall not apply to any obligations and liabilities of the Danish Subsidiary in respect of amounts relating to the Huntington and Denmark Bond and placed at the disposal of the Danish Subsidiary by the Issuer by way of a loan or otherwise (other than as share capital).</p> <p>(xi) a first priority Danish law pledge over a duly registered (with first priority) owner's mortgage deed over the Danish Licences owned by the Danish Subsidiary (or the relevant working interest therein) based on the same terms and principles as the registered mortgage currently in place over said Danish Licences under the Existing RBL (the "Danish Subsidiary Licences Pledge");</p> <p>(xii) a first priority assignment of all rights to and title and interest, whether present or future, of the Danish Subsidiary in, to or arising under or in relation to any Project Agreements entered into by it relating to the Danish Licences owned by it (other than the Danish Licences) (the "Danish Subsidiary Assignment of Project Agreements");</p> <p>(xiii) a first priority Danish law assignment by way of security from the Danish Subsidiary of all of its rights to and title and interest, whether present or future, under any intra-group loans made by the Danish Subsidiary as lender to the Issuer as borrower (the "Assignment of Intragroup Loans from Danish Subsidiary");</p> <p>(xiv) a first priority Danish law pledge over the Danish Subsidiary Earnings Account (as defined below) and the amount from time to time standing to the credit of the Danish Subsidiary in the Danish Subsidiary Earnings Account (the "Danish Subsidiary Earnings Account Pledge");</p> <p><i>From the Huntington Subsidiary:</i></p> <p>(xv) an unconditional and irrevocable Norwegian law on-demand guarantee issued by the Huntington Subsidiary (payment by the Guarantor to be made within 10 business days of any demand) (the "Huntington Guarantee");</p> <p>(xvi) a first priority English law debenture (the "Huntington Debenture") granted by the Huntington Subsidiary comprising:</p> <ol style="list-style-type: none"> a first priority assignment of all of the rights to and title and interest, whether present or future, of the Huntington Subsidiary in, to or arising under or in relation to the Project Agreements relating to the Huntington Licence (other than the Huntington Licence) (the "Assignment of Huntington Project Agreements"); a first priority fixed charge over the Huntington Licence and to the extent that such rights cannot be effectively assigned pursuant to the Assignment of Huntington Project Agreements, a first priority fixed charge over the Huntington Project Agreements, and all of the rights to and title and interest whether present or future, of the Huntington Subsidiary in, to or arising under or in relation to the Huntington Project Agreements (the "Huntington Project Agreements Charge"); a first priority fixed charge over all of the Huntington Subsidiary's goodwill
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	<p>and uncalled capital (if applicable) (the "Huntington Subsidiary Goodwill Charge");</p> <p>d. a first priority floating charge over all of the Huntington Subsidiary's property, assets, rights and revenues, present and future, to the extent that such property, assets, rights and revenues are not effectively charged by way of fixed security or assignment (the "Huntington Subsidiary Floating Charge");</p> <p>e. a first priority fixed charge over the Huntington Subsidiary Earnings Account (as defined below) and the amount from time to time standing to the credit of the Huntington Subsidiary in the Earnings Account (the "Huntington Subsidiary Earnings Account Charge");</p> <p>(xvii) a first priority assignment by way of security from the Huntington Subsidiary of all of its rights to and title and interest, whether present or future, under any intra-group loans made by the Huntington Subsidiary as lender to the Issuer as borrower (the "Assignment of Intragroup Loans from Huntington Subsidiary");</p> <p><i>From the Issuer:</i></p> <p>(xviii) a first priority Norwegian law assignment by way of security from the Issuer of all of its rights to and title and interest, whether present or future, under any intra-group loans made by the Issuer as lender to the Danish Intermediate Subsidiary, the Huntington Subsidiary and/or Danish Subsidiary as borrower (the "Assignment of Intragroup Loans from Issuer to Huntington and Danish Subsidiaries");</p> <p>The Huntington and Denmark Bond Security shall be established on or before the Settlement Date as described in more detail under Conditions Precedent below.</p> <p>The Security in (i) – (xviii) to be referred to herein as the "Huntington and Denmark Bond Security Documents". The Huntington and Denmark Bond Security Documents shall rank with first priority, subject only to obligations which are mandatorily preferred by law.</p> <p>The Issuer and any other Group Company providing Security pursuant to this Term Sheet shall be obligated to execute and procure the execution of such further security and related documentation as the Trustee may require in order for the bondholders to at all times maintain the security position envisaged by this Term Sheet.</p> <p>The bondholders under the Oselvar Bond and the 2nd Lien Bond shall benefit from a second-ranking Security over the same assets as and in substantially the same form as the Huntington and Denmark Bond Security in order to secure the Issuer's obligations to such bondholders under the Oselvar Bond and the 2nd Lien Bond, respectively (such Security excluding any guarantee from the Danish Intermediate Subsidiary, Huntington Subsidiary and Danish Subsidiary until the Huntington and Denmark Security has been discharged). The rights of the bondholders under the Oselvar Bond and the 2nd Lien Bond shall be subordinated to the rights of the bondholders in the Huntington and Denmark Bond in security, but not in payment, and shall otherwise rank pari passu, on such terms as further described in the Intercreditor Agreement (as defined below).</p> <p>In the event the Huntington Licence and/or any of the Danish Licences is transferred from its respective Guarantor to another Group Company, such Group Company (or another Group Company as the case may be) shall grant the same Security (including guarantees) as the existing Guarantors on the same terms and principles as described above by no later than 20 business days after such transfer.</p>
Danish	Means the account, to be held by the Danish Intermediate Subsidiary, into which the Project

Intermediate Subsidiary Earnings Account:	<p>Proceeds payable to the Danish Intermediate Subsidiary shall be paid directly by the relevant contracting party.</p> <p>The Danish Intermediate Subsidiary Earnings Account shall be pledged in favour of the Trustee (on behalf of the bondholders), but not be blocked (unless an Event of Default has occurred and is continuing) pursuant to the Danish Intermediate Subsidiary Earnings Account Pledge.</p>
Huntington Subsidiary Earnings Account:	<p>Means the account, to be held by the Huntington Subsidiary, into which the Project Proceeds payable to the Huntington Subsidiary shall be paid directly by the relevant contracting party.</p> <p>The Huntington Subsidiary Earnings Account shall be charged in favour of the Trustee (on behalf of the bondholders), but not be blocked (unless an Event of Default has occurred and is continuing) pursuant to the Huntington Subsidiary Earnings Account Charge.</p>
Danish Subsidiary Earnings Account:	<p>Means the account, to be held by the Danish Subsidiary, into which the Project Proceeds payable to the Danish Subsidiary shall be paid directly by the relevant contracting party.</p> <p>The Danish Subsidiary Earnings Account shall be pledged in favour of the Trustee (on behalf of the bondholders), but not be blocked (unless an Event of Default has occurred and is continuing) pursuant to the Danish Subsidiary Earnings Account Pledge.</p>
Sale of Huntington Licence:	<p>Upon a sale or disposal of working interest in the Huntington Licence (directly or indirectly), the Issuer shall, on or about the day the proceeds are received by the relevant Group Company following such sale or disposal, redeem the Huntington and Denmark Bond as follows:</p> <p>(i) if more than 50% of the Huntington License is sold or disposed of (directly or indirectly), 100% of the outstanding Huntington and Denmark Bond shall be redeemed; or (ii) if 50% or less of the Huntington Licence is sold or disposed of (directly or indirectly), a corresponding proportion of the outstanding Huntington and Denmark Bond shall be redeemed.</p> <p>The redemptions shall be made at a price of 100% of par value (plus accrued interest on redeemed Bonds).</p> <p>For both (i) and (ii) above, any remaining net proceeds from such disposal (after repayment of the relevant proportion of the Huntington and Denmark Bond) shall be applied to redeem the Oselvar Bond and the 2nd Lien Bond on a pro rata basis at a price of 100% of par value.</p> <p>In the event of a sale or other disposal reducing the Group's working interest in the Huntington Licence, or a sale or disposal of 100% of the shares in the Huntington Subsidiary (or another Group Company holding the Huntington Licence as the case may be), the Trustee shall release and discharge any Security over and relating to such interest or Group Company (including the guarantees).</p>
Sale of Danish Licences:	<p>Upon a sale or disposal of working interest in any of the Danish Licences (directly or indirectly) other than a swap of a Danish Licence into a new Licence, the Issuer shall, on or about the day the proceeds are received by the relevant Group Company following such sale or disposal, use all proceeds, net of transaction costs, to redeem the corresponding amount of the Huntington and Denmark Bond at 100% of par value (plus accrued interest on the redeemed Bonds).</p> <p>Any remaining net proceeds from such disposal (after repayment of the Huntington and Denmark Bond) shall be applied to redeem the Oselvar Bond and the 2nd Lien Bond on a pro rata basis at a price of 100% of par value.</p>

	<p>In the event of a sale or other disposal reducing the Group's working interest in any Danish Licence, or a sale or disposal of 100% of the shares in a Group Company holding working interest in any Danish Licence, the Trustee shall release and discharge any Security over and relating to such interest or Group Company (including the guarantees).</p> <p>In the event a Danish Licence is swapped into a new Licence, such new Licence shall be included in the Huntington and Denmark Bond Security on the same terms and principles as described above.</p>
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Main Terms of Oselvar Bond

ISIN NO 001 060632.0

Issuer:	Norwegian Energy Company ASA
Guarantors:	<p>Noreco Norway AS (org. nr. 987008644) (the "Oselvar Subsidiary").</p> <p>After full repayment of the outstanding amount under the Huntington and Denmark Bond including accrued interest and upon the discharge of the first priority Huntington and Denmark Bond Security, each of the Danish Intermediate Subsidiary, the Huntington Subsidiary and the Danish Subsidiary shall become a guarantor under the Oselvar Bond and the 2nd Lien Bond.</p>
Issue Amount:	NOK 600 million
Coupon Rate:	6.50% p.a., semi-annual interest payments.
Issue Price:	100% of par value.
Tenor:	4 years
Final Maturity Date:	[9] December 2017 (4 years after Settlement Date).
First Interest Payment Day:	[9] June 2014 (6 months after Settlement Date).
Last Interest Payment Day	[9] December 2017 (4 years after Settlement Date).
Status of the Oselvar Bonds:	<p>The Oselvar Bonds shall constitute senior debt of the Issuer and shall be secured on a first and second priority basis (as applicable and as further described in this Term Sheet) against certain assets of the Issuer, the Guarantor and certain other Group Companies as set out herein, and otherwise rank at least pari passu with all claims on the Issuer except for obligations which are mandatorily preferred by law.</p> <p>The Oselvar Bond shall to the extent possible retain the Security established under the Existing Bonds with ISIN NO 001060632.0 (NOR06) and ISIN NO 001060633.8 (NOR07). NOR 06 and NOR 07 shall be merged and the Oselvar Bond shall going forward maintain ISIN NO 001060632.0 for the full amount of the Oselvar Bond.</p>
Amortization:	<p>The Oselvar Bond shall be repaid by four annual instalments as follows:</p> <ul style="list-style-type: none"> (i) NOK 100 million at the Interest Payment Day falling 12 months after Settlement Date; (ii) NOK 100 million at the Interest Payment Day falling 24 months after Settlement Date; (iii) NOK 150 million at the Interest Payment Day falling 36 months after Settlement Date; (iv) NOK 250 million at the Final Maturity Date; <p>(together the "Instalments").</p> <p>The Instalments shall be repaid at 100% of par value (plus accrued interest on the redeemed amount).</p> <p>Upon a partial early redemption of the Oselvar Bond, the remaining Instalments shall be adjusted correspondingly.</p>
Call Options (American):	<p>The Issuer may redeem the Oselvar Bond (in whole or in part) at any time from and including:</p> <ul style="list-style-type: none"> (i) the Settlement Date to, but not including, the Interest Payment Day falling 12 months after Settlement Date at a price equal to 105.00% of par value (plus accrued interest on

	<p>the redeemed amount);</p> <p>(ii) the Interest Payment Day falling 12 months after Settlement Date to, but not including, the Interest Payment Day falling 24 months after Settlement Date at a price equal to 103.50% of par value (plus accrued interest on the redeemed amount);</p> <p>(iii) the Interest Payment Day falling 24 months after Settlement Date to, but not including, the Interest Payment Day falling 36 months after Settlement Date at a price equal to 102.50% of par value (plus accrued interest on the redeemed amount);</p> <p>(iv) the Interest Payment Day falling 36 months after Settlement Date to, but not including, the Final Maturity Date at a price equal to 101.00% of par value (plus accrued interest on the redeemed amount).</p>
Oselvar Licence:	Means the Oselvar Subsidiary's 15% participating interest in Norwegian production licenses 274 and 274 CS.
Oselvar Bond Security:	<p>All amounts outstanding under the Finance Documents to the Trustee and the bondholders, including but not limited to principal, interest and expenses, shall to the extent permitted by relevant applicable law, be secured by:</p> <p><i>From Altinex ASA:</i></p> <p>(i) a first priority Norwegian law pledge granted by Altinex ASA over all (100%) of the shares in the Oselvar Subsidiary (the "Oselvar Subsidiary Share Pledge");</p> <p><i>From the Oselvar Subsidiary:</i></p> <p>(ii) an unconditional and irrevocable Norwegian law on-demand guarantee issued by the Oselvar Subsidiary (payment by the Guarantor to be made within 10 business days of any demand) (the "Oselvar Guarantee");</p> <p>(iii) a first priority Norwegian law mortgage over the Oselvar Licence (the "Oselvar Licence Mortgage"), subject, to the extent required, to consent from the Norwegian Ministry of Petroleum and Energy;</p> <p>(iv) first priority pledge over Project Proceeds relating to the Oselvar Licence;</p> <p>(v) a first priority Norwegian law assignment by way of security of all of its rights to and title and interest, whether present or future, under or in relation to any insurance proceeds directly deriving from any damage to equipment and/or property in respect of the Oselvar Licence;</p> <p>(vi) a first priority Norwegian law assignment by way of security from the Oselvar Subsidiary of all of its rights to and title and interest, whether present or future, under any intra-group loans made by the Oselvar Subsidiary as lender to the Issuer as borrower (the "Assignment of Intragroup Loans from Oselvar Subsidiary");</p> <p>(vii) a first priority Norwegian law fixed pledge over the Oselvar Subsidiary Earnings Account (as defined below) and the amount from time to time standing to the credit of the Oselvar Subsidiary in the Oselvar Subsidiary Earnings Account (the "Oselvar Subsidiary Earnings Account Pledge");</p> <p><i>From or procured from the Issuer or another Group Company:</i></p> <p>(viii) a first priority assignment by way of security from the Issuer (or the relevant Group Company as the case may be) of all of its rights to and title and interest, whether</p>

	<p>present or future, under any intra-group loans made by the Issuer (or the relevant Group Company as the case may be) as lender to the Oselvar Subsidiary as borrower (the "Assignment of Intragroup Loans to Oselvar Subsidiary");</p> <p><i>From or procured from the Danish Parent, the Danish Intermediate Subsidiary, the Huntington Subsidiary and the Danish Subsidiary:</i></p> <p>(ix) a second-ranking security (the "Oselvar Bond Second Priority Security") over the same assets as and in substantially the same form as the Huntington and Denmark Bond Security in order to secure the Issuer's obligations under the Oselvar Bond. For the avoidance of doubt, such security shall not include guarantees from the Danish Intermediate Subsidiary, Huntington Subsidiary and Danish Subsidiary on Settlement Date. However, the Issuer shall procure that such guarantees shall be provided in favour of the bondholders under the Oselvar Bond immediately upon the discharge of the first priority Huntington and Denmark Bond Security, in substantially the same form as the guarantees provided as part of the Huntington and Denmark Bond Security. At the same time similar guarantees will be granted in favour of the bondholders under the 2nd Lien Bond.</p> <p>The Oselvar Bond Security shall be established on or before the Settlement Date as described in more detail under Conditions Precedent below.</p> <p>The Security in (i) – (ix) to be referred to herein as the "Oselvar Bond Security Documents". The Oselvar Bond Security Documents shall rank with first or second priority (as applicable and as described in this Term Sheet), subject only to obligations which are mandatorily preferred by law.</p> <p>The Oselvar Bond shall to the extent possible retain the security established under the Existing Bonds with ISIN NO 001060632.0 (NOR06) and ISIN NO 001060633.8 (NOR07).</p> <p>The Issuer and any other Group Company providing Security pursuant to this Term Sheet shall be obligated to execute and procure the execution of such further security and related documentation as the Trustee may require in order for the bondholders to at all times maintain the security position envisaged by this Term Sheet.</p> <p>The bondholders under the 2nd Lien Bond shall also have a second-ranking Security (the "2nd Lien Bond Second Priority Security") over the same assets as and in substantially the same form as the Huntington and Denmark Bond Security in order to secure the Issuer's obligations under the 2nd Lien Bond. The rights of the bondholders under the Oselvar Bond and the 2nd Lien Bond shall be subordinated to the rights of the bondholders in the Huntington and Denmark Bond in security, but not in payment, and shall otherwise rank pari passu, on such terms as further described in the Intercreditor Agreement (as defined below).</p> <p>In the event the Oselvar Licence, Huntington Licence and/or any of the Danish Licences are transferred from its respective Guarantor to another Group Company, such Group Company (or another Group Company as the case may be) shall grant the same Security (including guarantees) as the existing Guarantor on the same terms and principles as described above by no later than 20 business days after such transfer.</p>
Oselvar Subsidiary Earnings Account:	<p>Means the account, to be held by the Oselvar Subsidiary, into which the Project Proceeds payable to the Oselvar Subsidiary shall be paid directly by the relevant contracting party.</p> <p>The Oselvar Subsidiary Earnings Account shall be pledged in favour of the Trustee (on behalf of the bondholders), but not be blocked (unless an Event of Default has occurred and is continuing) pursuant to the Oselvar Subsidiary Earnings Account Pledge.</p>

Sale of Oselvar Licence:	<p>Upon a sale or disposal of working interest in the Oselvar Licence (directly or indirectly), the Issuer shall, on or about the day the proceeds are received by the relevant Group Company following such sale or disposal, redeem the Oselvar Bond as follows:</p> <ul style="list-style-type: none"> (i) if more than 50% of the Oselvar License is sold or disposed of (directly or indirectly), 100% of the outstanding Oselvar Bond shall be redeemed; or (ii) if 50% or less of the Oselvar Licence is sold or disposed of (directly or indirectly), a corresponding proportion of the outstanding Oselvar Bond shall be redeemed. <p>The redemptions shall be made at a price of 100% of par value (plus accrued interest on redeemed Bonds).</p> <p>In the event of a sale or other disposal reducing the Group's working interest in the Oselvar Licence, or a sale or disposal of 100% of the shares in the Oselvar Subsidiary (or another Group Company holding the Oselvar Licence as the case may be), the Trustee shall release and discharge any Security over and relating to such interest or Group Company (including the guarantees).</p>
Sale of Huntington Licence:	<p>Upon a sale or disposal of working interest in the Huntington Licence (directly or indirectly), the Issuer shall, on or about the day the proceeds are received by the relevant Group Company following such sale or disposal, redeem the Huntington and Denmark Bond as set out in the term sheet for the Huntington and Denmark Bond.</p> <p>Any remaining net proceeds from such disposal (after repayment of the relevant proportion of the Huntington and Denmark Bond) shall be applied to redeem the Oselvar Bond and the 2nd Lien Bond on a pro rata basis at a price of 100% of par value. After a full repayment of the principal amount outstanding under the Huntington and Denmark Bond including accrued interest, all net proceeds from such disposal shall be applied to redeem the Oselvar Bond and the 2nd Lien Bond on a pro rata basis at a price of 100% of par value.</p> <p>In the event of a sale or other disposal reducing the Group's working interest in the Huntington Licence, or a sale or disposal of 100% of the shares in the Huntington Subsidiary (or another Group Company holding the Huntington Licence as the case may be), the Trustee shall release and discharge any Security over and relating to such interest or Group Company (including the guarantees).</p>
Sale of Danish Licences:	<p>Upon a sale or disposal of working interest in any of the Danish Licences (directly or indirectly) other than a swap of a Danish Licence into a new Licence, the Issuer shall, on or about the day the proceeds are received by the relevant Group Company following such sale or disposal, use all proceeds, net of transaction costs, to redeem the corresponding amount of the Huntington and Denmark Bond at 100% of par value (plus accrued interest on the redeemed Bonds).</p> <p>Any remaining net proceeds from such disposal (after repayment of the Huntington and Denmark Bond) shall be applied to redeem the Oselvar Bond and the 2nd Lien Bond on a pro rata basis at a price of 100% of par value. After a full repayment of the principal amount outstanding under the Huntington and Denmark Bond including accrued interest, all net proceeds from such disposal shall be applied to redeem the Oselvar Bond and the 2nd Lien Bond on a pro rata basis at a price of 100% of par value.</p> <p>In the event of a sale or other disposal reducing the Group's working interest in any Danish Licence, or a sale or disposal of 100% of the shares in a Group Company holding working interest in any Danish Licence, the Trustee shall release and discharge any Security over and relating to such interest or Group Company (including the guarantees).</p> <p>In the event a Danish Licence is swapped into a new Licence, such new Licence shall be included in the Oselvar Bond Security on the same terms and principles as described above.</p>

21.10.2013

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Main Terms of 2nd Lien Bond

ISIN [•]

Issuer:	Norwegian Energy Company ASA
Guarantors:	After full repayment of the outstanding amount under the Huntington and Denmark Bond including accrued interest and upon the discharge of the first priority Huntington and Denmark Bond Security, each of the Danish Intermediate Subsidiary, the Huntington Subsidiary and the Danish Subsidiary will become a guarantor under the Oselvar Bond and the 2nd Lien Bond.
Issue Amount:	NOK 736 million
Coupon Rate:	6.75% p.a., semi-annual interest payments. Up to 50% of the interest payments until and including the Interest Payment Day falling 12 months after Settlement Date may be paid in kind ("PIK") at the Issuer's discretion (the remaining part of said interest payments to be made in cash). 2nd Lien Bonds issued as PIK interest shall have the same rights as the original 2nd Lien Bonds. After said 12-month period all interest shall be paid in cash.
Issue Price:	100% of par value.
Tenor:	7 years
Final Maturity Date:	[9] December 2020 (7 years after Settlement Date).
First Interest Payment Day:	[9] June 2014 (6 months after Settlement Date).
Last Interest Payment Day:	[9] December 2020 (7 years after Settlement Date).
Status of the 2nd Lien Bonds:	The 2nd Lien Bonds shall constitute senior debt of the Issuer and shall be secured on a second priority basis against certain assets of the Issuer and certain other Group Companies as set out herein, and otherwise rank at least pari passu with all claims on the Issuer except for obligations which are mandatorily preferred by law.
Amortization:	<p>The 2nd Lien Bond shall be repaid by three instalments as follows:</p> <ul style="list-style-type: none"> (i) NOK 100 million at the Interest Payment Day falling 4 years after Settlement Date; (ii) NOK 200 million at the Interest Payment Day falling 5 years after Settlement Date; (iii) NOK 200 million at the Interest Payment Day falling 6 years after Settlement Date; and (iv) NOK 236 million and any outstanding PIK interest at the Final Maturity Date; (together the "Instalments"). <p>The Instalments shall be repaid at 100% of par value (plus accrued interest on the redeemed amount).</p> <p>Upon a partial early redemption of the 2nd Lien Bond, the remaining Instalments shall be adjusted correspondingly.</p>
Call Options (American):	<p>The Issuer may redeem the 2nd Lien Bond (in whole or in part) at any time from and including:</p> <ul style="list-style-type: none"> (i) the Settlement Date to, but not including, the Interest Payment Day falling 36 months

	<p>after Settlement Date at a price equal to 105.00% of par value (plus accrued interest on the redeemed amount);</p> <ul style="list-style-type: none"> (ii) the Interest Payment Day falling 36 months after Settlement Date to, but not including, the Interest Payment Day falling 48 months after Settlement Date at a price equal to 104.00% of par value (plus accrued interest on the redeemed amount); (iii) the Interest Payment Day falling 48 months after Settlement Date to, but not including, the Interest Payment Day falling 60 months after Settlement Date at a price equal to 103.00% of par value (plus accrued interest on the redeemed amount); (iv) the Interest Payment Day falling 60 months after Settlement Date to, but not including, the Interest Payment Day falling 72 months after Settlement Date at a price equal to 102.00% of par value (plus accrued interest on the redeemed amount); (v) the Interest Payment Day falling 72 months after Settlement Date to, but not including, the Final Maturity Date at a price equal to 101.00% of par value (plus accrued interest on the redeemed amount);
2nd Lien Bond Security:	<p>All amounts outstanding under the Finance Documents to the Trustee and the bondholders, including but not limited to principal, interest and expenses, shall to the extent permitted by relevant applicable law, be secured by a second-ranking Security over the same assets as and in substantially the same form as the Huntington and Denmark Bond Security (such Security to be referred to as the "2nd Lien Bond Security Documents"). For the avoidance of doubt, such security shall not include guarantees from the Danish Intermediate Subsidiary, Huntington Subsidiary and Danish Subsidiary on Settlement Date. However, the Issuer shall procure that such guarantees shall be provided in favour of the bondholders under the 2nd Lien Bond immediately upon the discharge of the first priority Huntington and Denmark Bond Security, in substantially the same form as the guarantees provided as part of the Huntington and Denmark Bond Security. At the same time similar guarantees will be granted in favour of the bondholders under the Oselvar Bond.</p> <p>The 2nd Lien Bond Security shall be established on or before the Settlement Date as described in more detail under Conditions Precedent below.</p> <p>The 2nd Lien Bond Security Documents shall rank with second priority (as applicable and as described in this Term Sheet), subject only to obligations which are mandatorily preferred by law.</p> <p>The Issuer and any other Group Company providing Security pursuant to this Term Sheet shall be obligated to execute and procure the execution of such further Security and related documentation as the Trustee may require in order for the bondholders to at all times maintain the security position envisaged by this Term Sheet.</p> <p>The bondholders under the Oselvar Bond shall also benefit from a second-ranking Security over the same assets as and in substantially the same form as the Huntington and Denmark Bond Security in order to secure the Issuer's obligations to such bondholders under the Oselvar Bond. The rights of the bondholders under the 2nd Lien Bond and the Oselvar Bond shall be subordinated to the rights of the bondholders in the Huntington and Denmark Bond in security, but not in payment, and shall otherwise rank pari passu, on such terms as further described in the Intercreditor Agreement (as defined below).</p> <p>In the event the Huntington License and/or any of the Danish Licences are transferred from its respective Guarantor to another Group Company, such Group Company (or another Group Company as the case may be) shall grant the same Security (including guarantees) as the existing Guarantor on the same terms and principles as described above by no later than 20 business days after such transfer.</p>

Sale of Huntington Licence:	<p>Upon a sale or disposal of working interest in the Huntington Licence (directly or indirectly), the Issuer shall, on or about the day the proceeds are received by the relevant Group Company following such sale or disposal, redeem the Huntington and Denmark Bond as set out in the term sheet for the Huntington and Denmark Bond.</p> <p>Any remaining net proceeds from such disposal (after repayment of the relevant proportion of the Huntington and Denmark Bond) shall be applied to redeem the Oselvar Bond and the 2nd Lien Bond on a pro rata basis at a price of 100% of par value. After a full repayment of the principal amount outstanding under the Huntington and Denmark Bond including accrued interest, all net proceeds from such disposal shall be applied to redeem the Oselvar Bond and the 2nd Lien Bond on a pro rata basis at a price of 100% of par value.</p> <p>In the event of a sale or other disposal reducing the Group's working interest in the Huntington Licence, or a sale or disposal of 100% of the shares in the Huntington Subsidiary (or another Group Company holding the Huntington Licence as the case may be), the Trustee shall release and discharge any Security over and relating to such interest or Group Company (including the guarantees).</p>
Sale of Danish Licences:	<p>Upon a sale or disposal of working interest in any of the Danish Licences (directly or indirectly) other than a swap of a Danish Licence into a new Licence, the Issuer shall, on or about the day the proceeds are received by the relevant Group Company following such sale or disposal, use all proceeds, net of transaction costs, to redeem the corresponding amount of the Huntington and Denmark Bond at 100% of par value (plus accrued interest on the redeemed Bonds).</p> <p>Any remaining net proceeds from such disposal (after repayment of the Huntington and Denmark Bond) shall be applied to redeem the Oselvar Bond and the 2nd Lien Bond on a pro rata basis at a price of 100% of par value. After a full repayment of the principal amount outstanding under the Huntington and Denmark Bond including accrued interest, all net proceeds from such disposal shall be applied to redeem the Oselvar Bond and the 2nd Lien Bond on a pro rata basis at a price of 100% of par value.</p> <p>In the event of a sale or other disposal reducing the Group's working interest in any Danish Licence, or a sale or disposal of 100% of the shares in a Group Company holding working interest in any Danish Licence, the Trustee shall release and discharge any Security over and relating to such interest or Group Company (including the guarantees).</p> <p>In the event a Danish Licence is swapped into a new Licence, such new Licence shall be included in the Oselvar Bond Security on the same terms and principles as described above.</p>

Main Terms of Convertible Bond

ISIN [•]

Issuer:	Norwegian Energy Company ASA
Issue Amount:	NOK 367 million
Coupon Rate:	4.00% p.a., semi-annual interest payments. Such interest payments to be paid in kind ("PIK") or cash interest at the Issuer's discretion. Convertible Bonds issued as PIK interest shall have the same rights as the original Convertible Bonds.
Issue Price:	100% of par value.
Tenor:	5 years
Final Maturity Date:	[9] December 2018 (5 years after Settlement Date).
First Interest Payment Day:	[9] June 2014 (6 months after Settlement Date).
Last Interest Payment Day:	[9] December 2018 (5 years after Settlement Date).
Status of the Convertible Bonds:	The Convertible Bonds shall constitute senior debt obligations of the Issuer. The Convertible Bonds shall rank at least pari passu with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application) and shall rank ahead of subordinated debt. The Convertible Bond is unsecured.
Amortization:	Unless the Convertible Bond is subject to conversion, the entire outstanding amount of the Convertible Bond (including such Convertible Bonds as are issued) shall be repaid on the Final Maturity Date at 100% of par value (plus accrued interest on redeemed amount).
Bondholder's conversion rights:	The Convertible Bonds will be convertible at any time in the period from the day falling 36 months after the Settlement Date until the earlier of (i) five years after the resolution by the Issuer's general meeting or board meeting (as applicable) to issue the Convertible Bonds (unless the general meeting or board meeting (as applicable) later resolve to extend the conversion period until Maturity date) and (ii) the Final Maturity Date (the "Conversion Period"). Bondholders shall, to the extent permitted under applicable law, be entitled to convert Convertible Bonds into common shares of the Issuer at the Conversion Price at any time during the Conversion Period, but if so converted and giving rise to fractional shares, rounded down to the nearest whole common share. Interest accrued since the latest Interest Payment Day but not due on the Conversion Date (as defined below) will not be included in the amount to be converted into common shares, nor will it be payable in cash, but it will fall to the Issuer (should the Conversion Date fall on an Interest Payment Day, the interest due will be included in the amount to be converted). The conversion right cannot be separated from the Convertible Bonds.
Reference Price:	The price paid per common share of the Issuer in the Equity Issue.
Conversion Price:	200% above (equalling 3x) the Reference Price.
New common shares:	The Convertible Bonds will be convertible into new common shares of the Company with par value NOK 0.10, assuming reduction of par value from NOK 3.10 to NOK 0.10.

Conversion Date:	The Conversion Date is the 10th banking day after the account manager has received a conversion notice from the relevant Bondholder.
Issuer's Soft Call Option:	<p>The Issuer may, on or after the date falling 3 years after the Settlement Date, with a twenty (20) Banking Days notice period, call all or some of the remaining Convertible Bonds at par value plus accrued interest, provided that the Parity Value on each of at least twenty (20) trading days within a period of thirty (30) consecutive trading days have exceeded NOK 1.2.</p> <p>"Parity Value" shall be calculated as below:</p> $PV = N \times VWAP$ <p>where</p> $PV = \text{the Parity Value}$ <p>N = the number of shares determined by dividing NOK [1.0] by the Conversion Price.</p> <p>VWAP = the Volume Weighted Average Price of a share on such dealing day (provided that if on any such dealing day the shares shall have been quoted cum-dividend or cum-any other entitlement, the closing price on such dealing day shall be deemed to be the amount thereof reduced by an amount equal to the fair market value of any such dividend or entitlement per share as at the date of first public announcement of such dividend or entitlement (or, if that is not a dealing day, the immediately preceding dealing day)).</p> <p>For the sake of clarity; the Convertible Bonds may be converted into shares during the notice period.</p>
Change of Control:	<p>Upon a Change of Control Event (as defined below), the Bondholders will for the following period of 30 days have the right to:</p> <p>(i) have the Convertible Bonds redeemed by the Issuer ("put option") at 101% of their principal amount together with accrued interest, or</p> <p>(ii) convert the Convertible Bonds at a conversion price per common share of the Issuer ("NCP") calculated in accordance with the following formula:</p> $NCP = \frac{[RP \times (N - n)] + [(OCP \times n)]}{N}$ <p>where: "OCP" means the Conversion Price; "RP" is the Reference Price; "n" means the number of days from and including Settlement Date to (but excluding) the date the Change of Control takes place; and "N" means the number of days from (and including) Settlement Date to but excluding the Maturity Date.</p>
Clean-up Call:	The Issuer may at any time during the term of the Convertible Bonds, provided that 90% or more of the original issued Convertible Bonds shall have been redeemed or converted into

21.10.2013

	common shares of the Issuer, call the remaining part of the Convertible Bonds at par value plus accrued interest with 20 banking days notice. For the sake of clarity, the Convertible Bonds may be converted into shares during the notice period.
Anti-dilution:	Standard Euromarket provisions

Other Terms Applicable to all Bond Issues

Conditions Precedent:	<p>The amendments to the Existing Bonds and issue of the new Bonds as described in this Term Sheet will only become effective subject to certain conditions precedents as are customary in the Norwegian high yield bond market, including but not limited to the Trustee having received the following documents in form and substance satisfactory to it:</p> <ul style="list-style-type: none"> a) the Bond Agreements duly executed; b) confirmation from the Issuer that no potential or actual Event of Default has occurred or is likely to occur as a result of the issuance of the Bonds; c) an agreement between the Trustee and the Issuer related to fees and expenses duly executed; d) the Intercreditor Agreement duly executed by all parties; e) certified copies of necessary corporate resolutions of the Issuer, the Guarantors and certain other Group Companies to execute the Bond Agreements and the Security Documents (as defined below); f) shareholder resolutions made by the general meeting of the Issuer as required to perform the Equity Issue and otherwise in accordance with this Term Sheet; g) necessary bondholder approval in bondholder meetings of the Existing Bonds; h) any necessary governmental approvals to issue the Bonds; i) any statement or legal opinions reasonably requested by the Trustee; j) the Issuer's most recent financial statements; k) satisfactory documentation evidencing that the Huntington Subsidiary Earnings Account, the Danish Subsidiary Earnings Account and the Oselvar Subsidiary Earnings Account (together the "Earnings Accounts") are opened and pledged as set out herein; l) satisfactory documentation evidencing that the Danish Abandonment Account is opened and that such account is blocked for withdrawals other than (i) withdrawals to pay for the Group's part of the Abandonment Costs, or (ii) repayment of Bonds according to the Prepayment Offer as set out in this Term Sheet; m) satisfactory evidence that the Danish Abandonment Amount is transferred to the Danish Abandonment Account; n) satisfactory evidence that the lenders under the Existing RBL have released any outstanding Security granted to secure the Existing RBL (or will release such Security immediately upon the discharge of all obligations thereunder); o) the Huntington and Denmark Bond Security Documents, the Oselvar Bond Security Documents and the 2nd Lien Bond Security Documents being duly executed and perfected (or will promptly be perfected upon release of Security from the Existing RBL); p) to the extent required consent/approval from the Norwegian Ministry of Petroleum and Energy (<i>No: Olje- og Energidepartementet</i>) to execute and perfect the Oselvar Licence Mortgage; q) necessary consent/approval from the Danish Energy Agency to execute and perfect the Danish Intermediate Subsidiary Share Pledge and the Danish Subsidiary Share Pledge; r) confirmation from the Issuer that no Financial Indebtedness, Security or Financial Support exist within the Group (other than as permitted pursuant to this Term Sheet); and s) the Private Placement being completed and fully paid in; <p>The Trustee may waive or postpone the delivery of certain conditions precedent at its sole discretion.</p>
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Issuer's General Undertakings:	<p>During the term of the Bonds, the Issuer shall (unless the Trustee or the bondholders' meeting (as the case may be) in writing has agreed to otherwise) comply with, inter alia, the following general undertakings:</p> <ul style="list-style-type: none"> a) Mergers: The Issuer shall not, and shall ensure that no other Group Company shall, carry out any merger or other business combination or corporate reorganization involving consolidating the assets and obligations of the Issuer or such Group Company with any other company or entity not being a member of the Group if such transaction would have a Material Adverse Effect. b) De-mergers: The Issuer shall not, and shall ensure that no other Group Company shall, carry out any de-merger or other corporate reorganization involving splitting the Issuer or such Group Company into two or more separate companies or entities, if such transaction would have a Material Adverse Effect. c) Continuation of business: The Issuer shall not cease to carry on its business. Furthermore, the Issuer shall ensure that no other Group Company shall cease to carry on its business if such cessation would have a Material Adverse Effect. The Issuer shall procure that no material change is made to the general nature or scope of the business of the Group and/or the Issuer from that carried on at the date of the Bond Agreement, save for Permitted Restructuring (as defined below). d) Insurances: The Issuer shall, and shall ensure that each other Group Company will, maintain with financially sound and reputable insurance companies, funds or underwriters adequate insurance or captive arrangements with respect to its assets, equipment and business against such liabilities, casualties and contingencies and of such types and in such amounts as would normally be maintained by owners and/or operators owning similar assets to those owned by the relevant Group Company, acting in accordance with good industry practice in their relevant jurisdiction. e) Arm's length transactions: The Issuer shall not engage in, or permit any other Group Company to engage in, directly or indirectly, any transaction with any related third party (excluding, for the avoidance of doubt, other Group Companies) (without limitation, the purchase, sale or exchange of assets or the rendering of any service), except in the ordinary course of business and pursuant to the reasonable requirement of the Issuer's or such other Group Company's business and upon fair and reasonable arm's length terms. f) Reporting: The Issuer shall of its own accord make unconsolidated and consolidated management and financial reports (quarterly, written in English) available to the Trustee and on its web pages for public distribution not later than 120 days after the end of the financial year and not later than 60 days after the end of the relevant interim period (each a "Reporting Date"). Such financial reports shall be prepared in accordance IFRS and include a profit and loss account, balance sheet, cash flow statement and management commentary or report from the Board of Directors. g) Subsidiaries' distributions: The Issuer shall ensure that no Subsidiary creates or permits to exist any contractual obligation (or encumbrance) restricting the right of any Subsidiary to pay dividends or make other distributions to its shareholders.
Issuer's Special Covenants:	<p>During the term of the Bonds, the Issuer shall (unless the Trustee or the bondholders' meeting (as the case may be) in writing has agreed to otherwise) comply with, inter alia, the following special covenants:</p> <ul style="list-style-type: none"> a) Dividend restrictions: The Issuer shall not declare or make any dividend payment, repurchase of shares or make any loans or other distributions or payments to its shareholders (including servicing of shareholder loans) of any kind.

	<p>b) Disposal of assets/business: The Issuer shall not, and shall ensure that no other Group Company shall, sell or otherwise dispose of all or a substantial part of the Group's assets or operations unless</p> <ul style="list-style-type: none"> (i) the transaction is carried out at fair market value, on terms and conditions customary for such transactions; and (ii) such transaction does not have or could not reasonably be expected to have a Material Adverse Effect; and (iii) the Issuer is in compliance with the Incurrence Test (as defined below); and (iv) the Bonds are redeemed in accordance with the provisions of this Term Sheet (if applicable). <p>c) No additional financial indebtedness for Subsidiaries: The Issuer shall ensure that no Subsidiary of the Issuer shall incur, create or permit to subsist any Financial Indebtedness (including guarantees) from any third party not being a Group Company, other than (i) the Existing Exploration Facility and (ii) any Financial Indebtedness arising in the ordinary course of business.</p> <p>d) Debt limitations at the Issuer level: The Issuer shall not incur, create or permit to subsist any Financial Indebtedness (including guarantees) from any third party not being a Group Company, other than:</p> <ul style="list-style-type: none"> (i) Financial Indebtedness arising under the Bond Issues (plus interest, premium and expenses); (ii) any other Financial Indebtedness, provided that the Issuer is in compliance with the Incurrence Test; (iii) the Existing Exploration Facility; (iv) any Future Exploration Facilities (as defined below); and (v) any Financial Indebtedness arising in the ordinary course of business. <p>e) Negative pledge: The Issuer shall not, and shall ensure that no other Group Company shall, create, permit to subsist or allow to exist any mortgage, pledge, lien or any other encumbrance or security interest over any of its present or future respective assets (including shares in Subsidiaries) or revenues or enter into arrangements having similar effect, other than:</p> <ul style="list-style-type: none"> (i) the Security granted in relation to the Bond Issues; (ii) any Security granted in connection with Financial Indebtedness allowed under clause d) "<i>Debt limitations at the Issuer level</i>" (ii) above; (iii) any Security arising by operation of law; and (iv) any Security arising under any group account system (No: <i>konsernkontosystem</i>) of the Group. <p>f) No additional security: Notwithstanding the aforementioned, the Issuer shall not, and shall ensure that no other Group Company shall, create, permit to subsist or allow to exist any mortgage, pledge, lien or any other encumbrance or security interest over any of its present or future assets or its revenues which are subject to the Security created by the Huntington and Denmark Bond Security Documents, Oselvar Bond Security Documents and the 2nd Lien Bond Security Documents from time to time. For the avoidance of doubt, the Convertible Bond shall not be granted any Security under the Huntington and Denmark Bond Security Documents, the Oselvar Bond Security Documents and the 2nd Lien Bond Security Documents.</p> <p>Further, the Issuer shall not, and shall ensure that no other Group Company shall, create, permit to subsist or allow to exist any mortgage, pledge, lien or any other encumbrance or security interest over the Danish Abandonment Account, other than</p>
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	<p>any security granted in relation to the Abandonment Costs in favour of Dong as the operator of the relevant Danish Licences, the relevant operating committee upon binding resolution, Danish authorities or in accordance with applicable law.</p> <p>g) Financial support restrictions: The Issuer shall not, and shall ensure that no other Group Company shall, grant any loans, guarantees or other financial assistance (including, but not limited to granting of Security) ("Financial Support") to or for the benefit of any third party or other Group Company, other than:</p> <ul style="list-style-type: none"> (i) the Security granted in relation to the Bond Issues; (ii) intra-group loans from a Group Company to another Group Company, provided that such intra-group loans are assigned as Security for the relevant Bond Issues if applicable; (iii) any guarantees issued in the ordinary course of business; and (iv) any such Financial Support arising under any group account system of the Group. <p>The Bond Agreement shall include other standard covenants as are customary in the Norwegian high-yield bond market.</p>
Incurrence Test:	<p>The Issuer is in compliance with the Incurrence Test if the Gearing Ratio (as defined below) is below 3.5x proforma for any asset disposal to be made or any additional Financial Indebtedness to be incurred. The Incurrence Test shall be tested (i) with effect immediately after such asset sale, and (ii) with effect both prior to and immediately after such incurrence of Financial Indebtedness.</p>
Financial Covenants:	<p>The Issuer undertakes to comply with the following financial covenant during the term of the Bond Issues:</p> <p>Liquidity: The Group shall maintain a Liquidity of minimum NOK 100 million.</p> <p>The Issuer undertakes to comply with the above Financial Covenant at all times, such compliance to be measured on each Quarter Date and certified by the Issuer with each annual financial statement and quarterly financial statement on the respective Reporting Date. The Financial Covenant shall be calculated on a consolidated basis for the Group during the lifetime of the Bonds.</p>
Permitted Restructuring:	<p>The Group shall not be restricted in performing a sale, liquidation, intra-group merger or other disposal of any of the shares in Altinex ASA, Noreco Petroleum (UK) Ltd and/or Norwegian Energy Company (UK) Ltd, or the assets therein, subject to being in compliance with the conditions set out under Issuer's Special Covenants <i>b) Disposal of assets/business</i> above.</p>

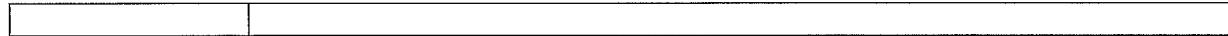
Definitions:	<p>“Cash and Cash Equivalent” means, on any date, the aggregate of the equivalent in NOK on such date of the then current market value of:</p> <ul style="list-style-type: none"> (a) cash in hand or amounts standing to the credit of any current and/or on deposit accounts with an acceptable bank; and (b) time deposits with acceptable banks and certificates of deposit issued, and bills of exchange accepted, by an acceptable bank; <p>in each case to which any Group Company is beneficially entitled at the time and to which any Group Company has free and unrestricted access and which is not subject to Security, other than the charges/pledges over the Earnings Accounts. An “acceptable bank” for this purpose is:</p> <ul style="list-style-type: none"> (a) a commercial bank, savings bank and trust company which has a rating of A or higher from Standard & Poor’s or A2 or higher from Moody’s or a comparable rating from a nationally recognized credit rating agency for its long term debt obligations; or (b) a bank or financial institution which is authorised to carry on banking business in Norway. <p>“Decisive Influence” means a person having, as a result of an agreement, understanding and/or other arrangement and/or through the direct and/or indirect ownership of shares and/or other ownership interests in another person:</p> <ul style="list-style-type: none"> (a) a majority of the voting rights in that other person; or (b) a right to elect or remove a majority of the members of the board of directors of that other person. <p>“EBITDAX” means the Group’s aggregate earnings before financial items (incl. interest), taxes, depreciation, amortization and exploration costs on the Norwegian Continental Shelf (used as calculation base for the Future Exploration Facilities) (to be calculated on a 12-month rolling basis).</p> <p>“Exploration Licence” means any Licence relating to prospective, non-discovered hydrocarbon resources.</p> <p>“Finance Document” means</p> <ul style="list-style-type: none"> (i) the Bond Agreements with ancillary transaction agreement(s) that may be required in order to achieve the roll-over of the Existing Bonds into the Bonds on the terms set out herein; (ii) the Huntington and Denmark Bond Security Documents, the Oselvar Bond Security Documents and the 2nd Lien Bond Security Documents (together the “Security Documents”); (iii) the Intercreditor Agreement; (iv) the fee agreement between the Issuer and the Trustee; and (v) any other document the Issuer and the Trustee designate as a Finance Document. <p>“Financial Indebtedness” means any indebtedness for or in respect of:</p> <ul style="list-style-type: none"> a) moneys borrowed; b) any amount raised by acceptance under any acceptance credit facility or dematerialized equivalent; c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument; d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS applicable at the Settlement Date, be treated as finance or capital lease; e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); f) any amount raised under any other transaction (including any forward sale or purchase
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	<p>agreement) having the commercial effect of a borrowing;</p> <p>g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account); and</p> <p>h) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (g) above.</p> <p>"Future Exploration Facilities" means any exploration financing facilities obtained by any of the Group Companies for financing of exploration activity on the Norwegian continental shelf based on the Norwegian tax refund regime.</p> <p>"Gearing Ratio" means the ratio of consolidated Net Interest-Bearing Debt to EBITDAX for the Group.</p> <p>"IFRS" means International Financial Reporting Standards, and guidelines and interpretations issued thereto by the International Accounting Standards Board, in force from time to time.</p> <p>"Intercreditor Agreement" means an intercreditor agreement entered into on the basis of the main terms set out in Attachment 2 to this Term Sheet, duly executed by the Issuer, the Danish Parent, the Danish Intermediate Subsidiary, the Huntington Subsidiary and the Danish Subsidiary and the Trustee on behalf of the bondholders in each of the Huntington and Denmark Bond, the Oselvar Bond and the 2nd Lien Bond.</p> <p>"Liquidity" means the aggregate book value of the Group's Cash and Cash Equivalents, including any funds standing to credit of the Group in the Earnings Accounts, but excluding any funds in the Danish Abandonment Account.</p> <p>"Net Interest-Bearing Debt" means the book value of the Group's interest-bearing Financial Indebtedness <i>less</i> the Group's Cash and Cash Equivalents.</p> <p>"Outstanding Bonds" means the aggregate value of the total number of Bonds not redeemed or otherwise discharged.</p> <p>"Quarter Date" means each 31 March, 30 June, 30 September and 31 December.</p> <p>"Security" means any encumbrance, mortgage, charge, pledge, lien or other encumbrance or security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.</p> <p>"Subsidiary" means an entity over which another entity or person has a Decisive Influence.</p> <p>"Total Assets" means the aggregate book value of the Group's total assets treated as assets in accordance IFRS.</p>
Unpledged Licences:	Means all existing Licences other than the Huntington Licence, the Oselvar Licence and the Danish Licences (or any such future Licence to accede as Security for any Danish Licence(s)).
Prepayment Offer Events:	Means if <ul style="list-style-type: none"> (i) any proceeds is received from the Insurance Claim; (ii) any proceeds is received from a sale or disposal of working interest (directly or indirectly) in any of the Unpledged Licences (other than (a) a sale or disposal of Exploration Licences or (b) a swap of Unpledged Licences); (iii) any excess funds in the Danish Abandonment Account is transferred to the Issuer after settlement of the Danish Abandonment Amount and/or termination of such account.

	For the avoidance of doubt, a sale or disposal of the Huntington Licence, the Oselvar Licence and/or any of the Danish Licences shall be governed by mandatory prepayment clauses elsewhere in this Term Sheet.
Prepayment Offer:	Upon a Prepayment Offer Event occurring, the Issuer shall, on or about the day the proceeds are received by the relevant Group Company following the Prepayment Offer Event, offer to use all proceeds, net of transaction costs and any applicable taxes, to redeem the Huntington and Denmark Bond, the Oselvar Bond and the 2nd Lien Bond at 100% of par value on a pro-rata basis. The offer will last for 60 banking days, after which the Issuer is free to use the (remaining) proceeds for general corporate purposes.
Material Adverse Effect:	Means a material adverse effect on: (a) the business, financial condition or operations of the Group taken as a whole, (b) the Issuer's or any Guarantor's ability to perform and comply with its obligations under the Bond Agreement; or (c) the validity or enforceability of any Finance Document.
Change of Control Event:	Means: <ul style="list-style-type: none"> (i) if any person, or group of persons under the same Decisive Influence, or two or more persons acting in concert obtains Decisive Influence over the Issuer; or (ii) a de-listing of the Issuer's shares from Oslo Børs.
Change of Control Clause:	Upon a Change of Control Event occurring, each bondholder (except bondholders in the Convertible Bond) shall have a right of pre-payment (a "Put Option") of the Bonds at a price of 101% of par value (plus accrued interest) during a period of 60 calendar days following the notice of a Change of Control Event. The rights of the bondholders in the Convertible Bond upon a Change of Control Event are governed by the Change of Control clause under Main Terms of Convertible Bond.
Event of Default:	The Bond Agreements shall include standard event of default provisions, as well as cross default provisions for the Issuer and any other Group Company on any single Financial Indebtedness in excess of NOK 10 million. The Finance Documents will contain waterfall provisions in case of partial payments, i.e. first to cover costs, fees and expenses of the Trustee (the "Trustee Expenses") and thereafter any other outstanding amounts under the Finance Documents. In case the Issuer does not pay the Trustee for incurred fees, then the Trustee may seek funding of the Trustee Expenses from other sources, in which case the parties representing such other sources will be subrogated into the position of the Trustee, but subordinate to any further Trustee Expenses.
Issuer's Ownership of Bonds:	The Issuer has the right to acquire and own Bonds. Such Bonds may at the Issuer's discretion be retained by the Issuer, sold or discharged.
Joint Lead Managers:	<ul style="list-style-type: none"> • Arctic Securities ASA, Haakon VII's gt 5, NO-0123 Oslo, Norway; • Pareto Securities AS, Dronning Mauds gt. 3, NO-0115 Oslo, Norway.
Trustee:	Norsk Tillitsmann ASA, Postboks NO-1470 Vika, 0116 Oslo.
Registration:	The Norwegian Central Securities Depository ("VPS"). Principal and interest accrued will be credited the bondholders through VPS.
Paying Agent:	DNB Bank ASA.
Listing of Bonds:	An application will be made for all the Bonds to be listed on the Oslo Stock Exchange (Oslo Børs).

Market Making:	No market-maker agreement has been made for this Bond Issue.
Taxation:	The Issuer shall pay any stamp duty and other public fees accruing in connection with issuance of the Bonds or the Security Documents, but not in respect of trading of the Bonds in the secondary market (except to the extent required by applicable laws), and the Issuer shall deduct before payment to the bondholders at source any applicable withholding tax payable pursuant to law.
Bond Agreements:	<p>Bond Agreements will be entered into for each of the Bond Issues by the Issuer and the Trustee acting as the bondholders' representative, and they shall be based on Norwegian standard.</p> <p>The Bond Agreements shall regulate the bondholders' rights and obligations with respect to the relevant Bonds. If any discrepancy should occur between this Term Sheet and any of the Bond Agreements, then the relevant Bond Agreement shall prevail.</p> <p>Each of the holders of Existing Bonds shall upon sufficient vote in the relevant bondholder meeting (2/3 majority) be deemed to have accepted the Bond Issues and the relevant Participation Interests as set out in this Term Sheet. Each such holder of Existing Bonds is thereby also deemed to have granted authority to the Trustee to finalize the Bond Agreements and the other Finance Documents. Although minor adjustments to the structure described in this Term Sheet may occur, the provisions in the Bond Agreements will be substantially consistent with those set forth in this Term Sheet.</p> <p>The Joint Lead Managers have appointed Wikborg Rein and Gorrisen as its external counsel to draft and/or review the Finance Documents. Upon appointment by the Trustee, such external counsel will be acting upon instruction of the Trustee.</p>
Terms of Implementation:	<p>Each of the holders of Existing Bonds specifically authorizes the Trustee to execute and deliver the Bond Agreements on its behalf. On this basis, the Issuer and the Trustee will execute and deliver the Bond Agreements and the latter's execution and delivery is on behalf of all of the holders of Existing Bonds, such that they thereby will become bound by the Bond Agreements. Each of the Bond Agreements specifies that by virtue of being registered as a bondholder (directly or indirectly) with the Securities Depository, the bondholders are bound by the terms of said Bond Agreement and any other Finance Document, without any further action required to be taken or formalities to be complied with.</p> <p>Each of the Bond Agreements shall specify that it shall be made available to the general public for inspection purposes and may, until redemption in full of the relevant Bonds, be obtained on request by the Trustee or the Issuer.</p>
Transfer Restrictions:	Bondholders will not be permitted to transfer the Bonds except (a) subject to an effective registration statement under the Securities Act, (b) to a person that the bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in reliance on Rule 144A, (c) an offshore transaction in accordance with Regulation S under the Securities Act, including, in a transaction on Oslo Børs, and (d) pursuant to any other exemption from registration under the Securities Act, including Rule 144 there under (if available). The Bonds may not, subject to applicable Canadian laws, be traded in Canada or to a purchaser in Canada for a period of four months and a day from the Settlement Date. These Canadian resale restrictions may in some circumstances apply to resale transactions made outside of Canada.
Subject to:	The issue of Bonds shall be subject to finalized loan documentation and approval of loan documentation by the Issuer and the Trustee.

21.10.2013



Stavanger/Oslo, 21 October 2013

Norwegian Energy Company ASA

As Issuer

Arctic Securities ASA

As Joint Lead Manager

Pareto Securities AS

As Joint Lead Manager

Attachment 1: Overview of Participation Interest

NOKm	Security	Current outstanding	New Secured Bond	New Oselvar bond	New 2 nd lien bond	New GB
NOR04	Pledge in Altinex ASA and Noreco Petroleum (UK) Ltd shares	1,250 (1,220)	1,220	0	0	0
NOR05		700 (699)	98		401	200
NOR06/07	Oselvar	600		600		
NOR08		300 (284)	40		163	81
NOR09		300	42		172	86
Total		3,150 (3,103)	1,400	600	736	367

NOK 3,103m

Note that all numbers are in NOK million and rounded to the nearest million, with numbers in brackets representing the principal amount reduced for repurchased Existing Bonds by the Issuer. The Issuer will on the Settlement Date cancel own bonds of NOK 48m.

Attachment 2: Summary of the Intercreditor Agreement

An Intercreditor Agreement shall be entered into *inter alia* by the Trustee on behalf of the bondholders under the Huntington and Denmark Bond (the "**First Trustee**"), the Trustee on behalf of the bondholders under the Oselvar Bond (the "**Second Trustee**") and the Trustee on behalf of the bondholders under the 2nd Lien Bond (the "**Third Trustee**"). The Intercreditor Agreement shall in addition to the main terms summarised below be entered into on terms satisfactory to the Trustee. (Terms defined in the term sheet shall have the same meaning when used herein.)

Any security which is jointly granted for the Huntington and Denmark Bond, the Oselvar Bond and the 2nd Lien Bond under the Bond Agreements shall rank as follows:

- (i) firstly, the security granted in respect of the Huntington and Denmark Bond; and
- (ii) secondly, the security granted in respect of the Oselvar Bond and the security granted in respect of the 2nd Lien Bond, which between themselves rank on a *pari passu* basis.

The Intercreditor Agreement will allow the First Trustee to at any time in its absolute discretion take any enforcement action under the security documents provided under the Huntington and Denmark Bond, subject to such enforcement action being taken in accordance with the terms of the Intercreditor Agreement.

The bondholders under the Oselvar Bond or the 2nd Lien Bond will be provided with an option to pay all monies secured by the security documents under the Huntington and Denmark Bond against an assignment and transfer of the said security documents to and at the expense of the Second Trustee or the Third Trustee within 30 days from the First Trustee giving notice to the Second Trustee or Third Trustee that it intends to exercise any of its rights or powers of enforcement under the security documents provided under the Huntington and Denmark Bond.

The Intercreditor Agreement shall contain provisions preventing enforcement of any security interest created under the Oselvar Bond and/or the 2nd Lien Bond following an acceleration of any of the Oselvar Bond and/or the 2nd Lien Bond (prior to repayment of the entire indebtedness under the Huntington and Denmark Bond) in a standstill period of 270 days from the Final Maturity Date under the Huntington and Denmark Bond (the "**Standstill Period**"), after which the Second Trustee and/or the Third Trustee may take actions to enforce the security interest created under the Oselvar Bond and/or the 2nd Lien Bond provided always that recognized investment banks or KPMG, PwC, EY or Deloitte (appointed by each of the First Trustee and the Second Trustee and/or the Third Trustee) have advised that it is likely that the outstanding indebtedness under the Huntington and Denmark Bond will be satisfied when the security is enforced in accordance with a Fair Value and Bidding Process. The Standstill Period will be extended if (i) the First Trustee is diligently pursuing an enforcement action or (ii) the First Trustee has taken action to consult with the Second Trustee and the Third Trustee with a view to restructuring the indebtedness in question and such proposals have not been fully and finally rejected by the Second Trustee or the Third Trustee.

Following the repayment of the entire indebtedness under the Huntington and Denmark Bond, the Second Trustee and the Third Trustee may take any enforcement action in respect of the security under the Oselvar Bond or the security under the 2nd Lien Bond if:

- (i) the Second Trustee or the Third Trustee has given notice (an "**Enforcement Notice**") to the Second Trustee (in the event of an enforcement action by the Third Trustee) or the Third Trustee (in the case of an enforcement action by the Second Trustee) specifying that an event of default under the Oselvar Bond Agreement or the 2nd Lien Bond Agreement has occurred and is continuing;
- (ii) a period (a "**Second Standstill Period**") of not less than 30 days has elapsed from the date on which an Enforcement Notice was given in accordance with paragraph (i) above; and
- (iii) that event of default is continuing at the end of the Second Standstill Period.

Following the repayment of the entire indebtedness under the Huntington and Denmark Bond and the 2nd Lien Bond, the Second Trustee shall be entitled to take any enforcement action to enforce the security documents under the Oselvar Bond in accordance with their respective terms regardless of the provisions of the Intercreditor Agreement.

Following the repayment of the entire indebtedness under the Huntington and Denmark Bond and the Oselvar Bond, the Third Trustee shall be entitled to take any enforcement action to enforce the security documents under the 2nd Lien Bond in accordance with their respective terms regardless of the provisions of the Intercreditor Agreement.

The Intercreditor Agreement shall contain caps on the maximum principal amount from time to time secured by the security documents provided under the respective bond issues as follows;

- (i) a maximum principal amount of NOK 1,400 million plus interest, costs and expenses secured under the security documents provided in respect of the Huntington and Denmark Bond, and also provided that the amount of indebtedness under the Huntington and Denmark Bond may not be increased (other than through accrual of interest and expenses) following a down payment of the indebtedness under the Huntington and Denmark Bond;
- (ii) a maximum principal amount of NOK 600 million plus interest, costs and expenses secured under the security documents provided in respect of the Oselvar Bond, and also provided that the amount of indebtedness under the Oselvar Bond may not be increased (other than through accrual of interest and expenses) following a down payment of the indebtedness under the Oselvar Bond; and
- (iii) a maximum principal amount of NOK 736 million plus interest, costs and expenses secured under the security documents provided in respect of the 2nd Lien Bond, and also provided that the amount of indebtedness under the 2nd Lien Bond may not be increased (other than through accrual of interest and expenses) following a down payment of the indebtedness under the 2nd Lien Bond.

The First Trustee (on behalf of the bondholders under the Huntington and Denmark Bond) may, if the Issuer due to its financial condition is not able to fulfill its obligations to pay an installment in accordance with the payment schedule as set out in the term sheet for the Huntington and Denmark Bond, agree to extend the due date of the relevant installment with up to three (3) months from the original due date of such installment as set out in the term sheet for the Huntington and Denmark Bond.

The Intercreditor Agreement will further contain an obligation on the relevant party taking any enforcement action in respect of the securities under any of the Huntington and Denmark Bond, the Oselvar Bond and/or the 2nd Lien Bond to take such enforcement action pursuant to a public auction, pre-agreed valuation process, court sanctioned process or other competitive bid process with a view of obtaining a fair market value in the circumstances having regard to the prevailing market conditions (a "Fair Value and Bidding Process").

Application of Proceeds:

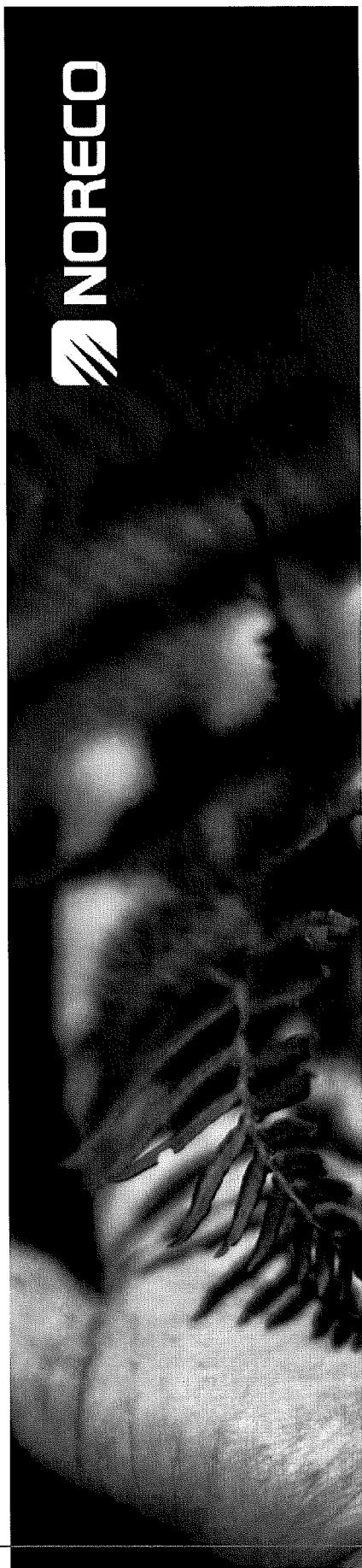
- (i) Any sale or enforcement proceeds received by any party following any enforcement action in accordance with the Intercreditor Agreement prior to repayment of the entire indebtedness under the Huntington and Denmark Bond shall be applied as follows:
 - (a) firstly, in respect of all costs and expenses incurred by the First Trustee or any receiver or any of its agents in connection with such sale or enforcement;
 - (b) secondly, in or towards satisfaction of all claims having priority prior to the loan under the Huntington and Denmark Bond under any relevant applicable law;
 - (c) thirdly, in or towards payment of all sums secured by the security documents in respect of the Huntington and Denmark Bond (insofar as they are secured);
 - (d) fourthly, in or towards all sums secured in favour of (i) the Second Trustee under the security documents in respect of the Oselvar Bond (insofar they are secured) and (ii) the Third Trustee under the security documents in respect of the 2nd Lien Bond (insofar they are secured), on a pro rata basis; and
 - (e) fifthly, the balance, if any, shall be paid to the Issuer or whomsoever shall be entitled thereto.
- (ii) Any sale or enforcement proceeds received by any party following any enforcement action in accordance with the Intercreditor Agreement after the repayment of the entire indebtedness under the Huntington and Denmark Bond shall be applied as follows:
 - (a) firstly, in respect of all costs and expenses incurred by the Second Trustee and Third Trustee or any receiver or any of its agents in connection with such sale or enforcement;
 - (b) secondly, in or towards satisfaction of all claims having priority prior to the loans under the Oselvar Bond or the 2nd Lien Bond under any relevant applicable law;
 - (c) thirdly, in or towards all sums secured in favour of (i) the Second Trustee under the security documents in respect of the Oselvar Bond (insofar they are secured) and (ii) the Third Trustee

21.10.2013

under the security documents in respect of the 2nd Lien Bond (insofar they are secured), on a pro rata basis; and

(d) fifthly, the balance, if any, shall be paid to the Issuer or whomsoever shall be entitled thereto.

The Intercreditor Agreement will be governed by Norwegian law, with dispute resolution before the courts of Norway.



Company Presentation

Equity issue and debt refinancing

21 October 2013

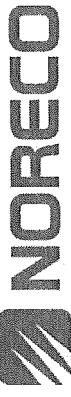
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Contents

	Page
• Transaction Summary	4
• Investment Case	15
• Asset Overview	22
• Key Financials	27
• Appendix	30
A: Key risk factors	35
B: Indicative Term Sheets	41
C: Exploration prospects	51
D: Management and Board of Directors	54
E: Additional Information	



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Transaction Summary

Summary

- Borrowing base amount under the existing RBL has been reduced from USD 70m to USD 25m with effect from 15 October. Noreco has paid down USD 20m, but due to cash shortage Noreco is not able to repay the remaining USD 25m and has been granted a week-by-week extension on maturity subject to progress of the on-going refinancing
- Company will not be able to pay NOR04 interests in November unless waivers from RBL banks are obtained and the Refinancing Proposal is approved
- Further, Noreco is not in position to repay its debt maturities in December due to continued production shortfalls
- The Noreco Group will in the near future have to provide security for abandonment costs in Denmark. Unless an agreement is reached with operator Dong and license partner RWE this will take place early 2014 and may need to be in the form of a bank guarantee or cash deposit in an amount of up to DKK 500m (for the Noreco Group's share). Noreco currently does not have funds to comply with this requirement
- As a result, a refinancing of bonds and an equity issue is necessary to create a robust long-term solution for the Company
- Asset values best preserved through continued business

Background for refinancing

Postponed revenue and cash flow has weakened cash position

- Production shortfalls have deferred funds in magnitude of NOK 600m compared to business plan for 2013
 - This is due to operational problems on all fields
 - Huntington ramp-up significantly delayed due to commissioning related issues. Currently production is constrained by the BP operated CATS pipeline
 - Osevar has been shut down due to various issues on the Ula platform and the field is delivering below expectations
 - Siri Fairway is shut down due to crack detected on Siri platform and timing of start-up uncertain
 - Lulit shutdown from April to September due to an unsuccessful repair of a valve in the Harald gas export pipeline

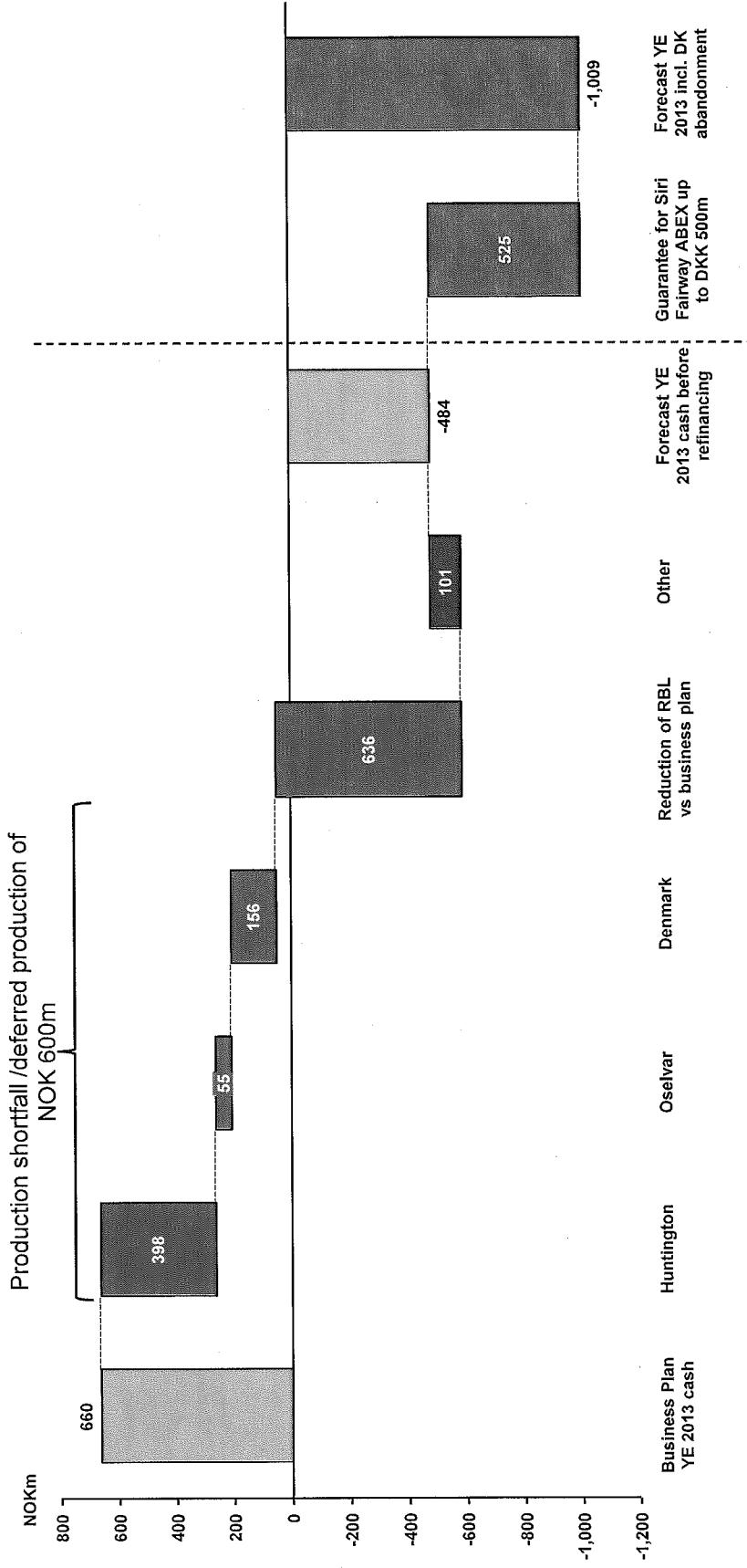
Production shortfall and bond maturity profile hampers RBL negotiations

- The operational issues and bond maturity profile has made it difficult to renew current RBL facility or establish a new one
 - Slow Huntingdon ramp-up has delayed reclassification of the field to a “producing” asset in accordance with RBL agreement
 - Shutdown of Danish assets and increased opex has reduced RBL borrowing base
 - Uncertainty regarding Siri Fairway abandonment commitments
 - Current RBL facility reduced significantly from USD 70m to USD 25m due to the production shortfall
 - Not possible to establish an RBL with large bond maturities within the RBL loan period
 - Noreco will not be able to meet bond maturities based on current cash flow forecasts, even when including the additional tax refund of NOK 723m to be released around 20 December 2013
 - Potential cash shortfall expected to be bridged if refinancing proposal is successful

Refinancing and equity issue creates a robust capital structure and a way forward

- The contemplated NOK 400-430m private placement and up to NOK 100m subsequent offering combined with a full refinancing of the existing bonds will provide the Company with a robust capital structure going forward
 - Company can continue operations as a going concern, preserving values for bond and shareholders
 - Company can maintain an exploration program providing upside for shareholders
 - Unsecured and Osevar bondholders will have equity exposure through a newly issued convertible bond

Breakdown of budgeted vs updated forecast cash position 2013e (before refinancing)



Deviation from business plan is mainly due to delayed start-up, ramp-up and unplanned shutdowns



Bondholders and shareholders both have to contribute in order to reach a financing solution

Important elements for new equity

- Long term robust capital structure
- Maturity profile more in line with operational cash flow
- Reduced interest costs
- Flexibility to pursue new opportunities
- Flexibility to manoeuvre within reasonable covenants

Important elements for current bondholders

- Substantial equity injection into the Company
- Current equity value is substantially reduced before refinancing
- Establish a maturity profile which enables repayment of outstanding debt
- Disciplined use of funds
- Cash flow from producing fields used for repayment of debt
- No reduction in principal amounts

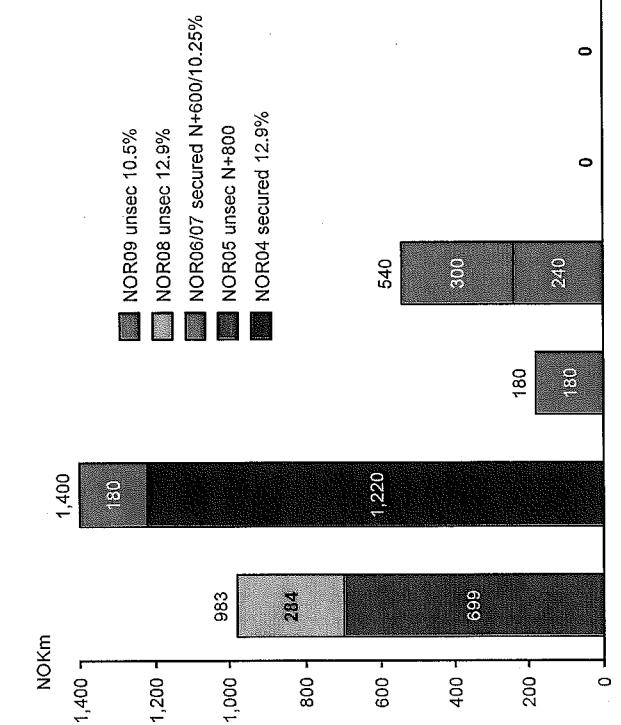
Summary terms for new equity and bonds refinancing

NOK 400-530m equity issue	<ul style="list-style-type: none"> • Private placement of NOK 400-430m to existing and new investors • Subsequent offering of up to NOK 100m at same terms • Equity issue is subject to refinancing of bonds and confirmed amount of tax receivables • Have substantial backing from key shareholders for the proposed refinancing proposal
NOK 1,400m 3 year 1st lien Secured Huntington and Denmark Bond	<ul style="list-style-type: none"> • 3 year bond • Fixed semi-annual coupon of 6.00% p.a. • 1st lien security in Huntington and Danish producing assets • NOK 500m amortization in years 1 and 2, NOK 400m in year 3 • Minimum cash restrictions • Proceeds from insurance settlement used to pro rata debt repayment @ par
NOK 600m 4 year 1st lien Secured Oselvar Bond	<ul style="list-style-type: none"> • 4 year bond • Fixed semi-annual coupon of 6.50% p.a. • 1st lien security in Oselvar, 2nd lien security in Huntington and Danish producing assets • NOK 100m amortization in years 1 and 2, NOK 150m in year 3 and NOK 250m in year 4 • Minimum cash restrictions • Proceeds from insurance settlement used to pro rata debt repayment @ par
NOK 736m 7 year 2nd Lien Bond (Huntington and Denmark)	<ul style="list-style-type: none"> • 7 year bond • Fixed semi-annual coupon of 6.75% p.a., up to 50% PIK interest in the first year • 2nd lien security in Huntington and Danish producing assets • NOK 100m in year 4, NOK 200m annual amortization in years 5 and 6, remainder at maturity • Proceeds from insurance settlement used to pro rata debt repayment @ par
NOK 367m 5 year Unsecured Convertible Bond	<ul style="list-style-type: none"> • 5 year convertible bond (convertible in year 4 and 5) • Fixed coupon of 4.00% p.a., PIK interest or cash at issuer's discretion • Unsecured • Bullet maturity • 200% strike premium above new issue price • Soft call at 100% in year 4 and 5, subject to 120% parity check based on 20/30 last trading days

Summary terms for new equity and bond refinancing

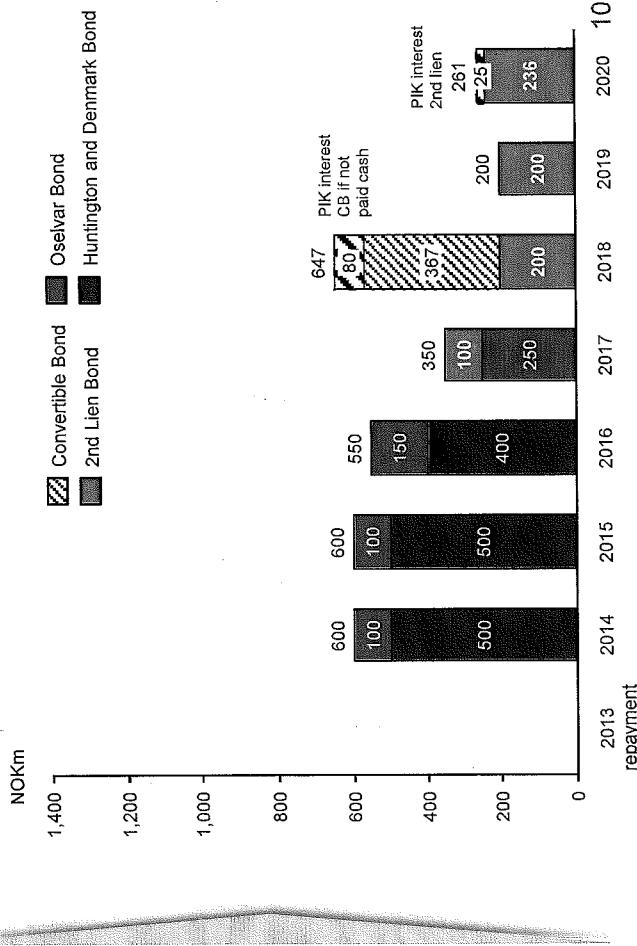
Current maturity profile

- Refinancing is required since the Company cannot meet its debt obligations in 2013 and 2014 based on current liquidity forecasts
- Interest costs too high in relation to cash generation capabilities
- Maturity profile poorly matched with production profile



Maturity profile after refinancing

- Robust maturity profile post refinancing and well matched with production profile
- New maturity profile provides the Company time to cut costs and to create value through the exploration program



Overview of proposed long-term refinancing solution

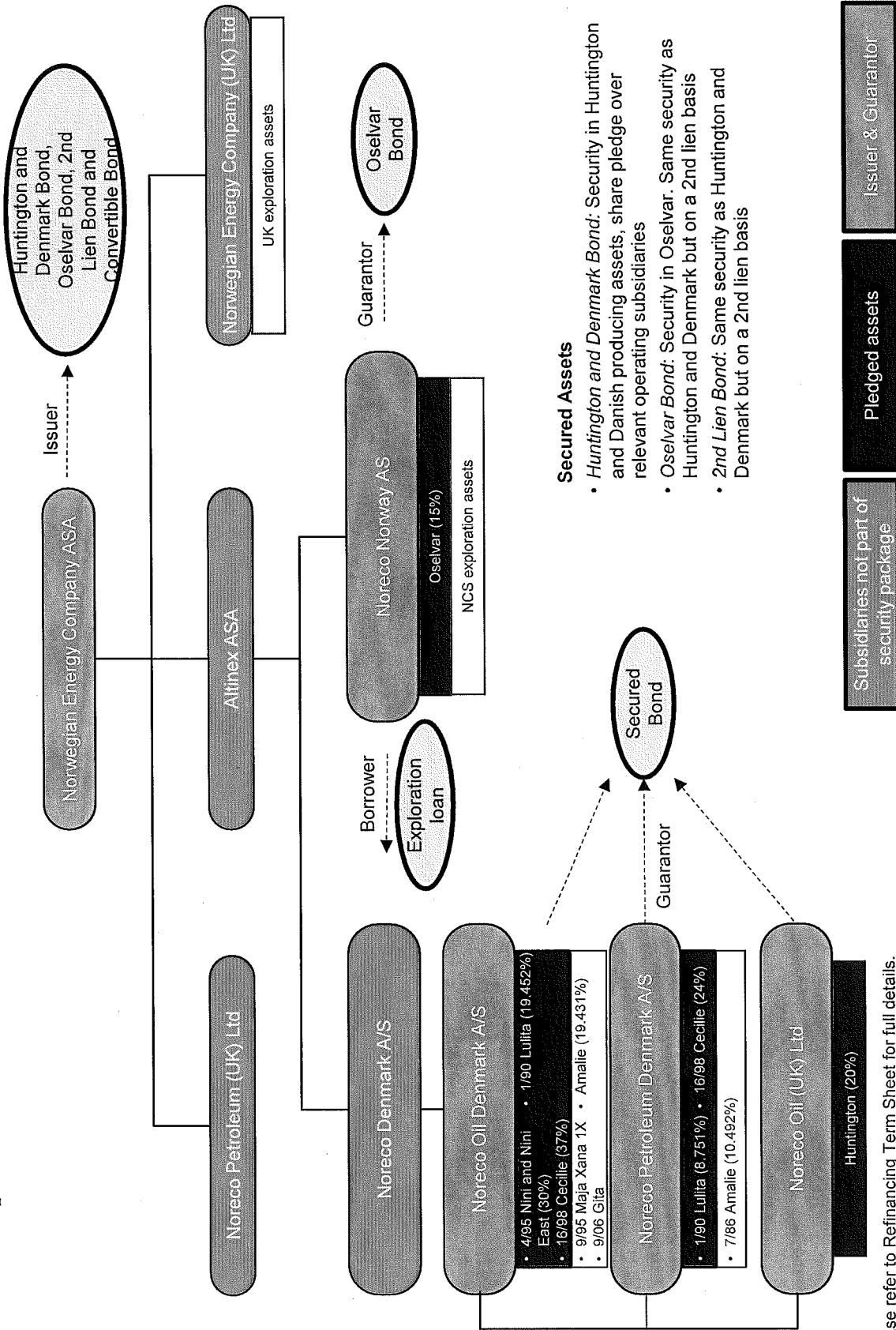
- New equity of NOK 400-430m from existing shareholders and new investors through a private placement
 - Smaller shareholders can participate at same terms in a subsequent offering of up to NOK 100m
- Bondholders are asked to contribute to a long term sustainable solution by means of
 - Extended maturity profile
 - Reduced interests
 - Covenant changes
 - New convertible bond with conversion option in years 4 and 5
- Bondholders will not take a reduction in principal amounts
- RBL will be repaid and first and second priority security to be established for the new bonds (excluding the CB)

NOKm (Rounded)	Security	Current outstanding	New Secured Bond	New Oselvar bond	New 2 nd lien bond	New CB
NOR04	Pledge in Altinex ASA and Noreco Petroleum (UK) Ltd shares	1,250 (1,220)	1,220	0	0	0
NOR05		700 (699)	98		401	200
NOR06/07	Oselvar	600		600		
NOR08		300 (284)	40		163	81
NOR09		300	42		172	86
Total	3,150 (3,103)	1,400	600	736	367	

Number in brackets are the principal amount reduced for repurchased bonds by Noreco.
Noreco will cancel own bonds of NOK 48m

NOK 3,103m

Corporate structure – after refinancing



Tentative key dates for refinancing proposal

	Equity Issue	Bond refinancing
Start of bookbuilding	21 Oct 2013	Call for bondholder meetings
Close of bookbuilding	23 Oct 2013	Bondholder meetings
Call for EGM	23 Oct 2013	Settlement date of refinancing proposal and new bonds
Allocation	24 Oct 2013	
EGM	13 Nov 2013	
Payment	03 Dec 2013	
Delivery of shares	05 Dec 2013	
Conversion of temporary class of shares (A-shares)	27 Dec 2013	
Subsequent offering	Dec 2013	
Settlement subsequent offering	Early 2014	

The timeline is tentative and may be subject to change

Values are best preserved in going concern

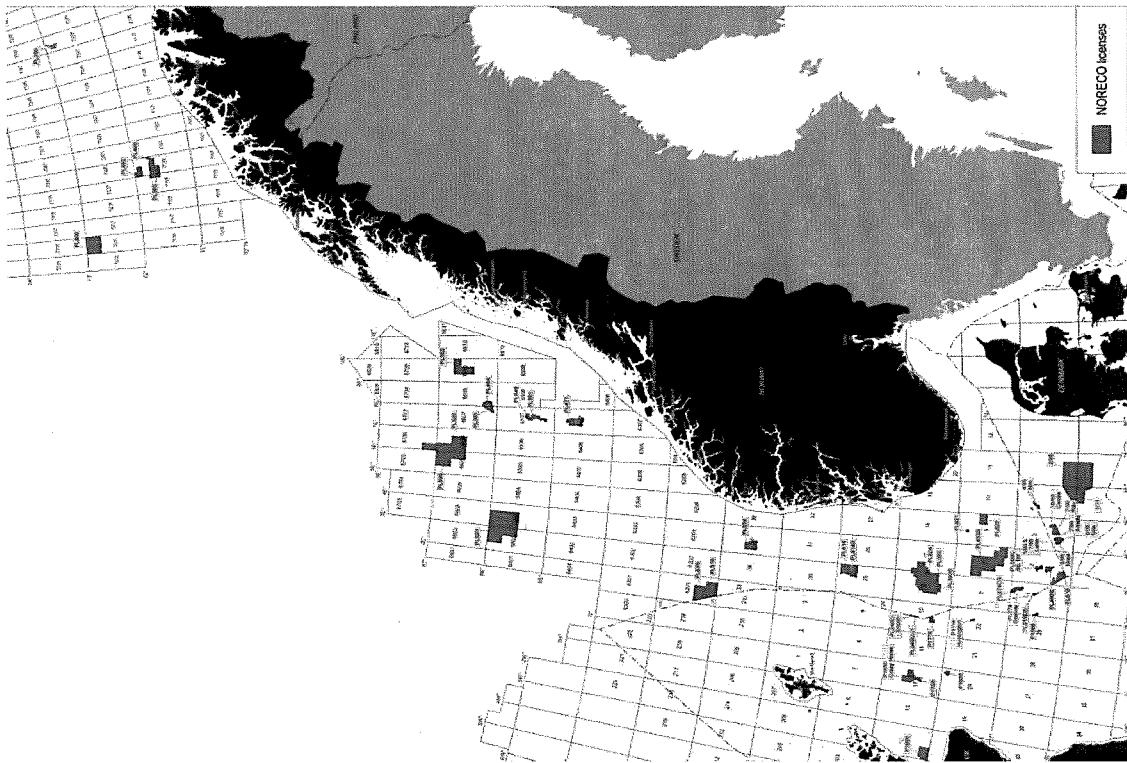
- The proposed transaction will allow Noreco to focus on a long term strategy to create value for stakeholders
 - Streamlined portfolio on key target areas
 - Reduce operating costs
 - Focused exploration program
 - Maximizing the Danish insurance settlement
- Rapid deleveraging in the coming years
 - RBL is repaid as part of the refinancing and bond debt will become the only debt class (apart from exploration facility)
 - Aggregate principal repayment of NOK 1,750m in the coming three years
- Bondholders maintain full principal amounts with ability to have full recovery



Investment Case

Investment Case

- Feasible and more sustainable cost structure
 - Reduced interest cost and SG&A
- Debt maturity profile that matches the Company's production profile
 - A stronger balance sheet will make the Company a more attractive consolidation candidate
- Exploration strategy revitalised
 - Large license holder on the NCS, and solid presence in the UK and Denmark
 - Good basis to mature drillable prospects from current North Sea portfolio
 - Focused approach in coming license rounds
- 20% interest in the Gohta discovery in the Barents Sea
 - One of the largest discoveries last 3 years, after Johan Sverdrup and Johan Castberg
- Maintain equity upside from producing fields
 - Substantial upside in Huntington
 - Size and life expectations
 - Potential tie-ins
- Maintain upside from insurance claim

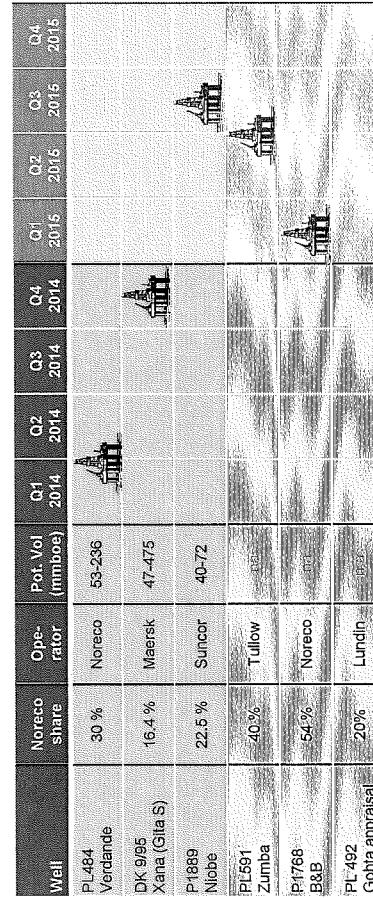


Exploration Strategy

- Noreco has a large exploration portfolio focused on Norway
 - Tax incentive for exploration in Norway
 - In addition, exposure to the UK and DK
- Portfolio approach designed to make a commercial discovery each year
 - Targeting 3-5 exploration and appraisal wells per year
 - Prospect size large enough to make an impact
 - Working interest in licenses ~20%
 - Approx. 1-in-3 to 1-in-4 probability of success
 - Commercial and technical criteria of equal importance in selection of wells
 - Adequate financing to deliver the short-to-medium term exploration program

Focused exploration strategy

- Three areas are being targeted for additional near-term wells
 - North Sea North
 - Utsira High South
 - North Sea South
- High potential, risk and reward well balanced
 - Farm-out or drop if working interest is too high
- Application for APA2013 submitted
- Details about prospects in Appendix C

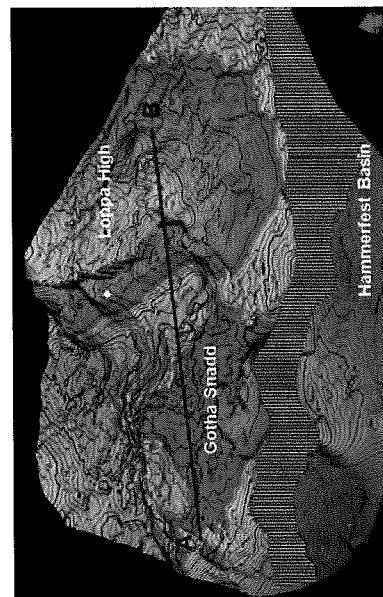
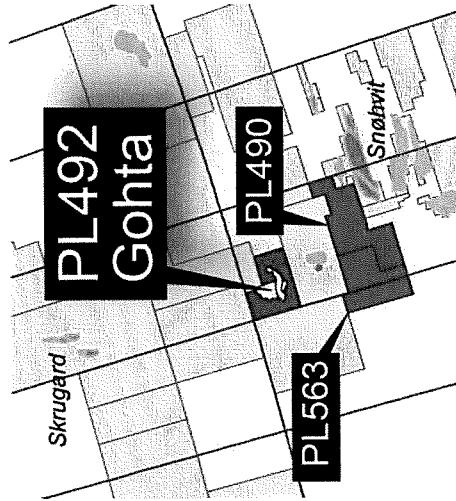


■ Committed well ■ Potential wells (Drill or Drill)

Note: Farm-out in PL 484 from 40% to 30% interest subject to authority approval

Gohta – exciting new discovery and play in the Barents Sea

- PL492 – Gohta
Noreco 20% – Lundin operated
- Gohta is situated 35km north west of the Snøhvit field and on the fairway from Johan Castberg offering development synergy potential
- In the Permian target the well encountered a gross 75m oil column beneath a gross 25m gas/condensate cap
- A production test showed excellent production characteristics in the limestone and dolomite reservoir. This is the first successful test in Permian carbonates on the Norwegian continental shelf
- Initial volume estimates indicate 113-239 mmboe of recoverable resources (10-23 MSm3 oil and 8-15 GSm3 gas)
- Appraisal well(s) needed to test full potential



Substantial cost savings initiatives

- Cost reduction initiatives to be implemented in 2014 to reach an annual run rate of NOK 60m after tax, which represents a 33% reduction from current level
 - Staff reductions
 - Office costs
- The proposed refinancing lowers interest costs to sustainable levels
 - Cash interest cost on bonds in the first year post refinancing is ~NOK 150m, comparable interest amount with current terms is NOK 347m
 - Rapid deleveraging reduces financing costs further
- Limited exploration commitments going forward with only 2 firm wells planned for 2014
- Company will target lower working interests in exploration wells and avoid high cost and risk wells. Company would like to invest around NOK 100m after tax on exploration activities annually given access to the right prospects
 - Farm-out initiatives on-going in several licenses, e.g. 10% in PL 484 Verdale agreed subject to authority approval
 - Crazy Horse license will be relinquished

Upcoming cash sources

Special tax refund

- In 2012, Noreco reorganized to achieve more efficient operations and corporate structure. Key objective was to transform Noreco to a pure holding company, with operational activities continued in a reduced number of subsidiaries.
- The reorganization lead to the group parent discontinuing its direct petroleum activities, and Noreco being in a position to claim reimbursed the tax value of losses carried forward in Norwegian Energy Company ASA.
- Tax value of NOK 723 million to be released on or about 20 December 2013

Zidane

- In November 2011 Noreco sold its 20% interest in PL 435 for NOK 180m
- Under the agreement Noreco is entitled to a volume-dependent consideration payable upon approval of a Plan for Development and Operations (PDO) which includes Zidane-2
- The consideration is expected in 2014 and is estimated to NOK 0-90m

Insurance Claim

- Book value of insurance claim NOK 356m (per 30.06.2013)
- Actual claim is in excess of NOK 2.0bn and final documentation will be submitted in October 2013
- The best estimate of the management is that this case will be solved within the next twelve months.
- Due to the uncertain outcome and timing of the case, the related cash-inflow is excluded from the cash balance estimates

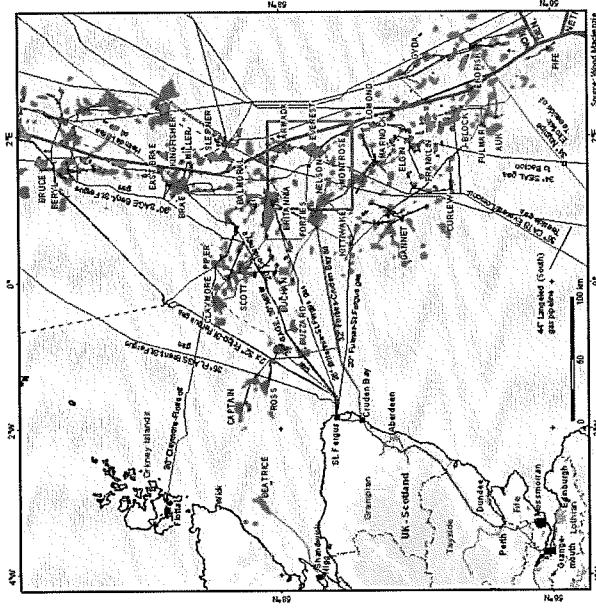


Asset overview

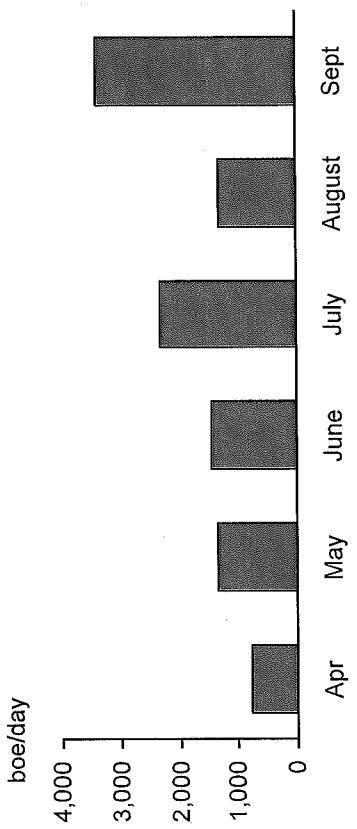
Huntington

Noreco 20% – operated by E.ON

- High quality asset which commenced production April 2013
- Nameplate production capacity of 6,400 boe/day net to Noreco
- All four production wells have delivered above expected rate and debottlenecking could potentially increase production above nameplate
- Potential tie-back prospects which could reduce unit cost and prolong field life
- Remaining net 2P reserves of ~8.0 mmboe
- Huntington Fulmar represents a potential upside of 4 mmboe 2P net to Noreco. Reservoir assessment is on-going
- No tax payments on Huntington expected until H2 2015 due to unused tax loss pool in the UK
- Currently certain restrictions on the gas export capability through CATS pipeline pending confirmation on ongoing analyses. The Huntington and CATS operators cooperate to resolve the situation and the work is given top priority



Monthly production (boe/day), Noreco share

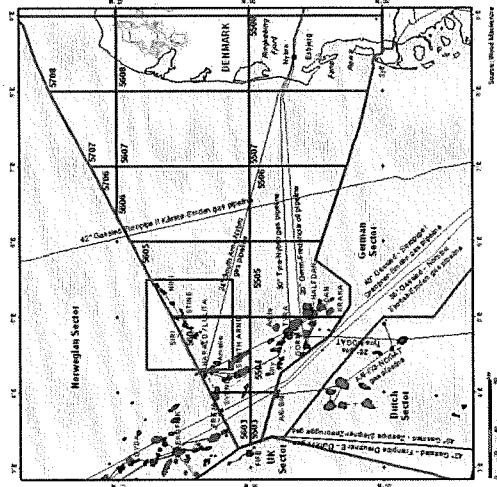


Siri Fairway fields

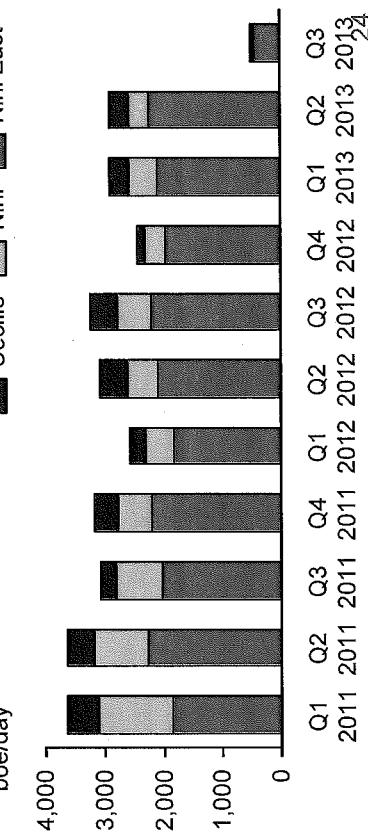
Noreco Nini and Nini Ea

Noreco Nini and Nini East 30%, Cecillie 61% – operated by Dong

- Nini, Nini East and Cecilie production halted in mid-July due to integrity issues on Siri platform
- Production expected to resume at the latest July 2014 when the permanent Siri repair solution is in place
- With the permanent repair solution production is expected to continue at least until 2019 or beyond if licence extension is approved
- Licence decision to establish security for abandonment costs for the Nini, Nini East and Cecilie fields by 1 January 2014. Noreco's part of these costs is estimated to be up to DKK 500m. Discussions are on-going about form, initial amount and build-up of such guarantees



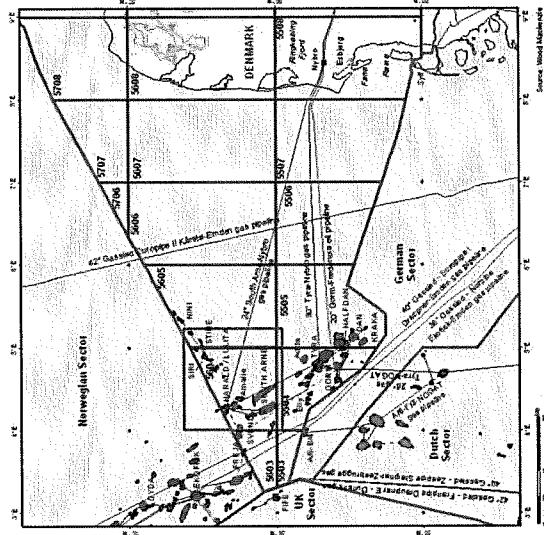
Quarterly production (boe/day), Noreco share



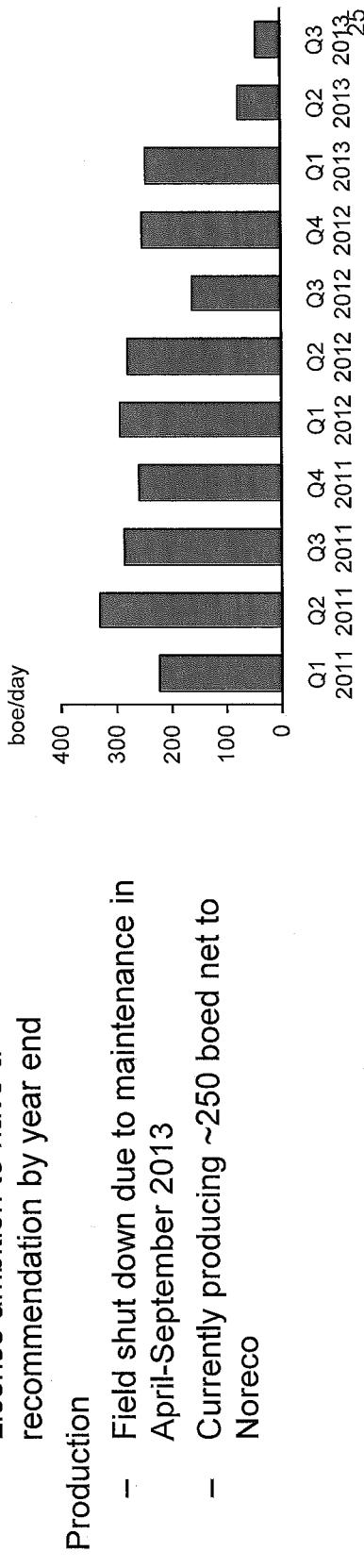
Lulita

Noreco 28.20% - operated by Maersk

- Developed from the Harald platform with two conventional wells
- Reservoir
 - Jurassic Sandstone
 - Gravity segregated oil with gas cap and active aquifer
 - 2P reserves net Noreco: 0.5 mmboe
- On-going work
 - Interpreting seismic data
 - Evaluation of future opportunities: gas lift, redrill of Lulita1, drill nearby prospect
 - License ambition to have a recommendation by year end
- Production
 - Field shut down due to maintenance in April-September 2013
 - Currently producing ~250 boed net to Noreco



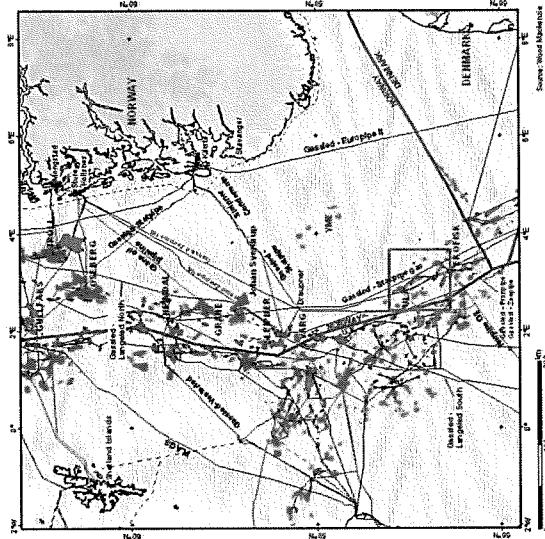
Quarterly production (boe/day), Noreco share



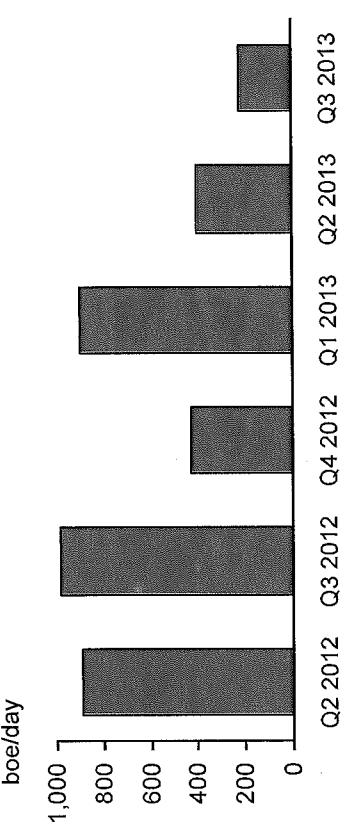
Oselvar

Noreco 15% - operated by Dong

- Developed with a subsea template which is tied back to the BP operated Ula field, located 23km from Oselvar
- The oil from Oselvar is transported via Ekofisk to Teesside where it is sold, while the gas is re-injected into the Ula reservoir
- Unstable production in 2013 due to planned and unplanned shutdowns on Ula
- Two production wells are delivering poorly and the field is currently largely dependent on one well



Quarterly production (boe/day), Noreco share



- Planned new production well in 2016 is currently not expected to be drilled
- The Oselvar reserves will be written down from current net 2P reserves of ~ 7.6 mmboe to ~4 mmboe following formal decision in the license group



Key Financials

Income statement and balance sheet

	2Q13	1Q13	4Q12	2012	NOK million	30.06.13	31.03.13	31.12.12
Total revenues	246	216	177	832				
Production expenses	(108)	(74)	(63)	(244)				
Exploration expenses	(119)	(243)	(508)	(1 188)				
Payroll	(38)	(37)	(40)	(134)				
Other operating expenses	(28)	(22)	(33)	(114)				
Other gain/(loss)	1	(5)	14	32				
EBITDA	(45)	(165)	(452)	(817)				
Depreciation	(89)	(61)	(56)	(269)				
Write-downs	(497)	(160)	(153)	(421)				
EBIT	(631)	(387)	(662)	(1 508)				
Net financial items	(119)	(121)	(134)	(486)				
Total equity and liabilities	7 519	7 890	7 926					
Net interest-bearing debt	3 036	3 062	2 707					
EBT	(750)	(507)	(796)	(1 994)				
Tax	246	234	602	1401				
Net result	(504)	(273)	(194)	(593)				

Expected Q3 2013 balance sheet events

- Oselvar
 - Operator Dong has updated its reservoir model
 - Noreco will reduce its reserves to ~4 mmboe resulting in an impairment of around NOK 306m before tax and NOK 82m after tax
 - Planned new production well in 2016 is currently not expected to be drilled
- Amalie
 - License partners may conclude not to pursue development and Noreco will in that case reduce book value with NOK 256m before tax, NOK 192m after tax
- Nini, Nini East and Cecilie
 - An impairment of NOK 256m pre-tax, NOK 192m after tax is expected due to postponed production and increased operating expenses
- P1650 Crazy Horse
 - The planned relinquishment of P1650 is expected to result in an exploration write-off of NOK -18m before tax, NOK 7m after tax
- Total P&L /equity impact is estimated to approx. NOK 475m



Appendix A

Key Risk Factors

Key Risk Factors

Introduction

To be invested in securities issued by the Company involves inherent risks. Prospective and existing investors should carefully consider, among other things, the risk factors set out below and elsewhere in this Presentation before making a decision on whether to participate in the proposed equity and/or bond refinancing as set out herein. This section is not intended to be exhaustive – additional risks and uncertainties e.g. as are not presently known to the Company, or that it currently deems immaterial, may also impair the Noreco Group's business operations or the value of securities issued by the Company. The Company cannot assure investors that any of the events discussed in the risk factors below will not materialize. If they do, the Noreco Group's business, financial condition, results of operations and cash flows could be materially adversely affected. In such case, the trading price of securities issued by the Company could decline, and an investor may lose all or part of its investment. An investment in securities issued by the Company is suitable only for investors understanding the risks associated with this type of investment and who can afford a loss of all or part of the investment.

Risks related to the Group and the industry it operates within

- *Ability to obtain economically recoverable oil and gas reserves.* The Noreco Group is dependent on its ability to find, acquire, appraise, develop and commercially produce oil and gas reserves. The Noreco Group must continually locate and develop or acquire new reserves that are being depleted by production. Future increases in the Noreco Group's reserves will depend not only on its ability to explore and develop its existing properties but also on its ability to select and acquire suitable additional properties either through awards at licensing rounds or through acquisitions. Reserves and resources information represent Company estimates which may be inaccurate or incorrect.
- *Substantial investment required.* The Noreco Group will be required to make substantial capital expenditure for the acquisition, exploration, development and production of oil and gas reserves in the future. Any inability to access sufficient capital for its operations could lead to licenses being revoked or relinquished or defaulting under commercial arrangements, including joint venture agreements, or could lead to a material adverse effect on the Noreco Group's financial conditions, results of operations or prospects in general.
- *Risks relating to the price of oil and gas.* Although the Noreco Group attempts to hedge declines in oil prices, the profitability and cash flow of the Noreco Group's operations will be dependent upon the market price of oil and gas. This is known to fluctuate. The economics of producing from some of the Noreco Group's wells may change as a result of lower prices, which could result in a reduction in the volumes of the Noreco Group's reserves if some are no longer economically viable to develop. The Noreco Group might also elect not to produce from certain wells at current or lower prices.
- *Political and regulatory risks.* Changes in the legislative and fiscal framework governing the activities of the companies engaged within the oil and gas sector may have a material impact on exploration and development activity or directly affect the Noreco Group's operations. In particular, changes in political regimes will constitute a material risk factor for the Noreco Group's operations in foreign countries. Further, the Noreco Group is faced with increasingly complex tax laws. The amounts of taxes the Noreco Group pays, or the ability to claim tax refunds, could change substantially as a result of amendments in, or new interpretations of, these laws, which could have a material adverse effect on its liquidity and results of operations.

Key Risk Factors



- *Health, Safety and Environmental (HSE) risks.* All phases of the oil business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions, EU, and state and municipal laws and regulations. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. The failure to comply with current HSE laws and regulations has resulted and may in the future result in regulatory action, the imposition of fines or the payment of compensation to third parties which each could in turn have a material adverse effect on the Noreco Group's business, financial condition and results of operations.
- *The industry in which the Group operates is highly competitive.* The Noreco Group competes with other exploration and production companies, many of which include major international oil and gas companies which may have greater financial resources, staff and facilities than those of the Noreco Group. Due to this competitive environment, the Noreco Group may be unable to acquire attractive suitable properties or prospects on terms that it considers acceptable. As a result, the Noreco Group's revenues may decline over time, thereby materially and adversely affecting its results of operations or financial condition.
- *Debt arrangements may restrict the Noreco Group's business.* The Noreco Group's debt arrangements contain several restrictive covenants, including but not limited to restrictions on assets sales and acquisitions, investments, the ability to pay dividends or other capital distributions, and the possibility to raise additional financial indebtedness. In addition, several financial covenants are imposed on the Company and the Noreco Group. Such covenants restrict the Noreco Group in various ways in terms of how the Noreco Group conducts its business, and the Noreco Group may be restricted in responding to changing market conditions or in pursuing favorable business opportunities. Further, the Noreco Group has to dedicate a substantial portion of its cash flow from operations to service debt, which in turn will reduce the amount of cash flow it will have available for capital investment, working capital and other general corporate purposes.
- *Production is concentrated in a few number of fields.* The Noreco Group's current production of oil and gas is concentrated in a small number of offshore fields. The Noreco Group has experienced various challenges related to production ability in a large proportion of its production licences, in particular in Denmark and in the Huntington licence on the UKCS. There is a risk that the production from these and other fields will remain unstable, causing material adverse effects on the Noreco Group's income and financial position, and thus ability to service its bond and other debts.
- *The Noreco Group relies on third parties.* While the Noreco Group operates certain of its assets, it is not the operator of most of its current development and none of its production assets. The operating agreements with third party operators typically provide for a right of consultation or consent in relation to significant matters and generally impose standards and requirements in relation to the operator's activities. Nevertheless, the Noreco Group generally has limited control over the day-to-day management or operations of those assets and is therefore dependent upon the activities of the third party operator.

Key Risk Factors

- *Risk of joint and several liability with its license partners.* The Noreco Group is liable on a joint and several basis together with its license partners for certain of the liabilities of the specific license group. Such liability may apply both to licenses in their initial term and to producing licenses.
- *The Noreco Group holds a number of licenses in their initial terms.* The Noreco Group holds a number of interests in exploration licenses or in other licenses that are in their initial terms. The early stages or exploration period of a license are commonly the most risky. These phases of the term of a license require high levels of relatively speculative capital expenditure without a commensurate degree of certainty of a return on that investment.
- *Unexpected shutdowns may occur.* Mechanical problems, accidents, oil leaks, hazardous weather conditions or other events at the Noreco Group's producing fields or its pipelines or subsea infrastructure may cause an unexpected production shutdown or other negative effects at these fields.
- *Risks associated with future decommissioning liabilities.* The Noreco Group, through its license interests, has in the past assumed certain obligations in respect of the decommissioning of its fields and related infrastructure and is expected to assume additional decommissioning liabilities in respect of its future operations. Recently the Noreco Group has been met with certain requirements from the operators of Danish licences (Dong and RWE) to establish security (e.g. bank guarantee or cash deposit) in an amount of up to DKK 500 million by early 2014. The requirement is being negotiated among the parties, but will have a significant impact on the Noreco Group.
- *The Noreco Group is dependent on attracting and retaining personnel.* The Noreco Group's success depends, to a large extent, on attracting and retaining key personnel. The loss of the services of any key personnel could have a material adverse affect on the Noreco Group.
- *Risks associated with labour disputes.* The Noreco Group's contractors or service providers may be limited in their flexibility in dealing with their staff due to the presence of trade unions among their staff. If there is a material disagreement between contractors or service providers and their staff belonging to trade unions, the Noreco Group's operations could suffer an interruption or shutdown.
- *Risks associated with legal disputes in general.* The Noreco Group may from time to time be involved in legal disputes and legal proceedings related to the Noreco Group's operations or otherwise. Such disputes and legal proceedings may be expensive and time-consuming, and could divert management's attention from the Noreco Group's business. Furthermore, legal proceedings could be ruled against the Noreco Group and the Group could be required to, *inter alia*, pay damages, halt its operations, stop its expansion projects, etc.
- *Risk of damaged equipment and the Noreco Group's insurance policies.* The Noreco Group's equipment, including equipment owned by the licenses in which the Noreco Group holds interests, may be damaged or in need for replacement.

Key Risk Factors



- *Dependence on oil field services providers and equipment.* The Noreco Group's oil and gas production and development projects may rely on the availability of items such drilling equipment, drilling services, access to third party owned and operated infrastructure on reasonable commercial terms. Such services may be scarce and may not be readily available at the times and places required. In particular the prevailing market conditions leads to a strong competition for drilling rigs.
- *It may be difficult for investors based in the United States to enforce civil liabilities predicated on U.S. securities laws against the Company, its affiliates, directors and officers.* It may be difficult for investors in the United States to effect service of process within the United States upon the Company or the Company's directors and officers or to enforce judgments obtained in U.S. courts predicated on the civil liability provisions of U.S. federal securities laws against the Company or the Company's directors and officers. In addition, punitive damages in actions brought in the United States or elsewhere may be unenforceable in Norway.

Risks related to the Group's financial position and liquidity

- *Risks associated with borrowing and leverage.* Borrowings create leverage and the Noreco Group is highly leveraged. In addition, the current and contemplated future financing structures are rather complex with several bonds issued by the Company and bank loan facilities in place with different entities within the Noreco Group as the borrower. The debt arrangements include security interests over major parts of the Noreco Group's assets, several covenants and undertakings of a general, financial and technical nature and several of the debt arrangements contain cross-default provisions. Failure by the borrowers or other obligors to meet any of the covenants or undertakings could result in all outstanding amounts under the different debt arrangements becoming immediately due for payment.
- *Risk associated with exchange rate fluctuations.* The Noreco Group has operations which generate significant cash flows in a variety of currencies. The Noreco Group also comprises businesses with various functional currencies (USD and NOK). Although the Noreco Group may undertake limited hedging activities in an attempt to reduce certain currency fluctuation risks, these activities provide only limited protection against currency-related losses.
- *Financial liquidity risk.* The Noreco Group's business requires significant liquidity and involves significant near term obligations, debt service obligations (interest charge and principal repayment) and capital expenditure and, e.g. depending on the evolution and stability of the production fields, the outcome of various claims (e.g. insurance claims, timing of required cash deposit to secure decommissioning obligations on the Danish shelf etc) in certain circumstances it may experience need to obtain further external debt and equity financing at a future date. There is no assurance that such additional funding, if required, will be available on acceptable terms at the relevant time. This risk is exacerbated by the recent developments, affecting e.g. the amount available under the existing reserve based lending facility (RBL), which following the latest redetermination has been reduced and is subject to further accelerated repayment as set out herein, with significant liquidity effects for the Noreco Group. Furthermore, in light of the liquidity position, there is a risk that the Noreco Group may suffer continued liquidity shortfalls pending completion of the refinancing and equity issues. Should such liquidity shortfalls occur, Noreco will seek to take mitigating actions including through potential interim bridge funding arrangements.
- *Risk related to reduction in nominal value.* As part of the Private Placement, the nominal value of the Company's shares need to be reduced. The reduction in the nominal value cannot be completed until the Company has settled or otherwise clarified any objections to the reduction in nominal value made by relevant creditors during the six weeks notice period.



35

Appendix B

Indicative Term Sheets

Bond refinancing overview

Proposed new bond structure		Comments	
New secured bond			
	% of Nom	Nominal	NOKm
NOR04	100.0 %	1 220	1220
NOR05	14.0 %	699	98
NOR08	14.0 %	284	40
NOR09	14.0 %	300	42
New secured bond			
			1400
Oselvar bond			
	% of Nom	Nominal	NOKm
NOR06/07	100.0 %	600	600
New unsecured bond			
	% of Nom	Nominal	NOKm
NOR04	0.0 %	1 220	0
NOR05	57.4 %	699	401
NOR06/07	0.0 %	600	0
NOR08	57.4 %	284	163
NOR09	57.4 %	300	172
New unsecured bond			
			736
New convertible bond			
	% of Nom	Nominal	NOKm
NOR04	0.0 %	1 220	0
NOR05	28.6 %	699	200
NOR06/07	0.0 %	600	0
NOR08	28.6 %	284	81
NOR09	28.6 %	300	86
New convertible bond			
			367
Total bonds			3103

Terms for the Huntington and Denmark Bond

Issuer:	Norwegian Energy Company ASA	
Status:	1 st lien Secured	
Loan amount:	NOK 1,400 million	
Currency:	NOK	
Tenor:	3 years	
Coupon:	Fixed 6.00% p.a., semi-annual payments	
Use of Proceeds:	Refinance NOR04 in full and partially other existing bonds	
Status of the Bond:	Senior secured	
Security:	<ul style="list-style-type: none"> Pledge over Huntington and Danish producing assets Share pledge in Noreco Oil Denmark A/S, Noreco Petroleum Denmark A/S and Noreco Oil (UK) Ltd Guarantees from group companies owning Huntington and Danish Producing Assets Pledge over Earnings Account, assignment over intercompany loans to relevant subs 	
Amortization:	<p>NOK 500m in year 1, NOK 500m in year 2, NOK 400m in year 3, annual installments</p> <p>Proceeds from insurance settlement used for pro rata debt repayment @ 100% of par (based on amount outstanding)</p>	
Issuer's Call Options:	At 105% year 1, 103% year 2 and 101% year 3	
Covenants:	<ul style="list-style-type: none"> No dividends Incurrence tests upon additional debt and asset sale (NIBD/EBITDAX of max 3.5. X to be Norwegian exploration only). All new debt to be at Issuer level. Negative pledge on secured assets Minimum cash of NOK 100m Mandatory Prepayment upon sale of Huntington and Denmark producing assets. Priorata Prepayment Offer upon sale of other Discoveries Other standard high yield covenants 	
Undertakings:	DKK 500m to be placed on a Danish Abandonment Account	
Change of control:	Investor put option at 101% of par	
Listing:	Yes	
Documentation:	Norwegian law	

Terms for refinanced Oselvar Bond

Issuer:	Norwegian Energy Company ASA	
Status:	1 st Lien Secured	
Loan amount:	NOK 600 million	
Currency:	NOK	
Tenor:	4 years	
Coupon:	Fixed 6.50% p.a., semi-annual payments	
Use of Proceeds:	Refinance existing NOR06/07 bond (ISIN to remain the same)	
Status of the Bond:	Senior secured	
Security:	<ul style="list-style-type: none"> Pledge over Oselvar Share pledge in Noreco Norway AS Guarantees from Noreco Norway AS (and the 1st lien Guarantors from the day 1st lien is repaid) Pledge over Earnings Account, pledge over Project Proceeds and insurance proceeds directly deriving from any damage to equipment and/or property in respect of the Oselvar Licence, assignment over intercompany loans to relevant sub Same security package as the Huntington and Denmark Bond (such security excluding any guarantee from the Danish Intermediate Subsidiary, Huntington Subsidiary and Danish Subsidiary until the Huntington and Denmark Security has been discharged) (see page #37) on a 2nd lien basis together with the new 2nd lien bond 	
Amortization:	<p>NOK 100m in years 1 and 2, NOK 150m in year 3 and NOK 250m in year 4, annual installments</p> <p>Proceeds from insurance settlement used for pro rata debt repayment @ 100% of par (based on amount outstanding)</p>	
Issuer's Call Options:	At 105% year 1, 103.5% year 2, 102.5% year 3 and 101% year 4	
Covenants:	<ul style="list-style-type: none"> No dividends Incurrence tests upon additional debt and asset sale (NIBD/EBITDAX of max 3.5 X to be Norwegian exploration only). All new debt to be at Issuer level. Negative pledge on secured assets Minimum cash of NOK 100m Mandatory Prepayment upon sale of Oselvar. Mandatory Prepayment upon sale of Huntington and Denmark producing assets, subject to the 1st lien Huntington bond having been paid in full. Prorata Prepayment Offer upon sale of other Discoveries Other standard high yield covenants 	
Undertakings:	DKK 500m to be placed on a Danish Abandonment Account	
Change of control:	Investor put option at 101% of par	
Listing:	Yes	
Documentation:	Norwegian law	

Terms for the new 2nd lien bond

Issuer:	Norwegian Energy Company ASA
Status:	2 nd Lien Secured
Loan amount:	NOK 736 million
Currency:	NOK
Tenor:	7 years
Coupon:	Fixed 6.75% p.a., semi-annual payments. Up to 50% PIK interest at company's discretion in the first 12 months, cash thereafter.
Use of Proceeds:	Refinance existing bonds
Status of the Bond:	Senior secured
Security	<ul style="list-style-type: none"> Same security package as the Huntington and Denmark Bond (such security excluding any guarantee from the Danish Intermediate Subsidiary, Huntington Subsidiary and Danish Subsidiary until the Huntington and Denmark Security has been discharged) (see page # 37) on a 2nd lien basis together with the Oselvar Bond Guarantees from the 1st lien Guarantors from the day the 1st lien is repaid
Amortization:	<p>NOK 100m in year 4, NOK 200m in year 5 and 6, NOK 236m (plus any unpaid PIK interest) in year 7, annual installments</p> <p>Proceeds from insurance settlement used for pro rata debt repayment @ par (based on amount outstanding)</p>
Issuer's Call Options:	At 105% until year 3, 104% year 4, 103% year 5, 102% year 6 and 101% year 7
Covenants:	<ul style="list-style-type: none"> No dividends Incurrence tests upon additional debt and asset sale (NIBD/EBITDAX of max 3.5. X to be Norwegian exploration only). All new debt to be at Issuer level. Minimum cash of NOK 100m Mandatory Prepayment upon sale of Huntington and Denmark producing assets, subject to the 1st lien Huntington bond having been paid in full. Prorata Repayment Offer upon sale of other Discoveries Other standard high yield covenants
Undertakings:	DKK 500m to be placed on a Danish Abandonment Account
Change of control:	Investor put option at 101% of par
Listing:	Yes
Documentation:	Norwegian law

Terms for a new convertible bond

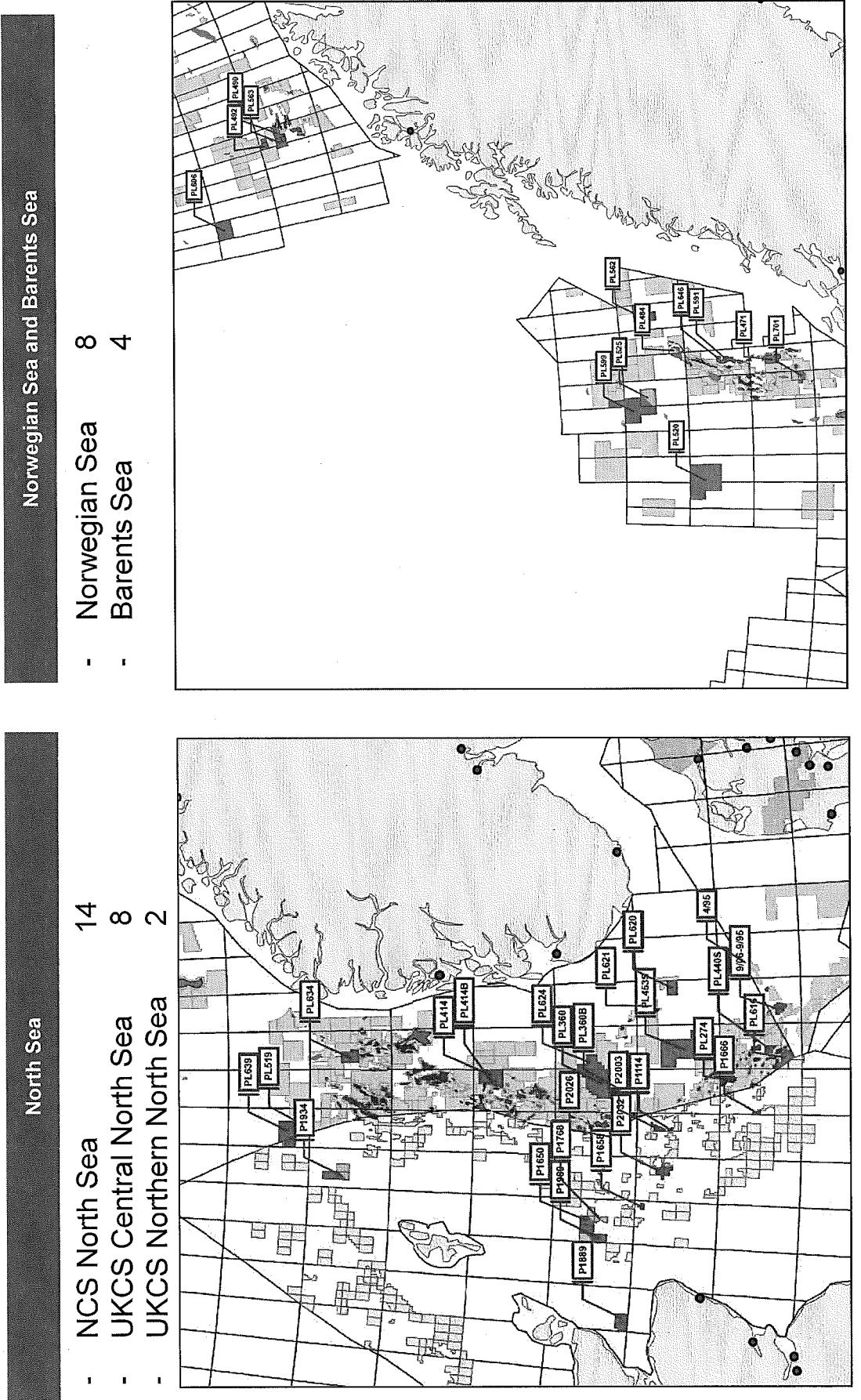
Issuer:	Norwegian Energy Company ASA	
Status:	Senior Unsecured	
Loan amount:	NOK 367 million	
Currency:	NOK	
Tenor:	5 years	
Coupon:	Fixed 4.00% p.a., semi-annual payments PIK/cash interest at company's discretion	
Use of Proceeds:	Refinance existing bonds	
Status of the Bond:	Senior unsecured	
Amortization:	Bullet	
Reference Price:	New equity issue price	
Strike price:	200% (3x) above Reference Price	
Issuer's Soft Call Option:	Soft call at 100% in year 4 and 5, subject to 120% parity check based on 20/30 last trading days	
Change of control:	Standard CoC adjustment provisions for convertible bonds	
Covenants:	<ul style="list-style-type: none"> • No dividends • Incurrence tests upon additional debt and asset sale (NIBD/EBITDAX of max 3.5. X to be Norwegian exploration only). All new debt to be at issuer level. <ul style="list-style-type: none"> • Minimum cash of NOK 100m • Other standard high yield covenants 	
Anti dilution:	Standard Euromarket provisions	
Listing:	Yes	
Documentation:	Norwegian law	



Appendix C

Exploration program

Licence Portfolio of 36 licences
Good basis to mature drillable prospects f



Exploration programme

Next 18 months

Well	Noreco Share	Oper- ator	Pot. Vol (mmboe)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
PL484 Verdande	30 %	Noreco	53-236								
DK 9/95 Xana (Gita S)	16.4 %	Maersk	47-475								
P1889 Niobe	22.5 %	Suncor	40-72								
PL591 Zumba	40 %	Tullow									
P1768 B&B	54 %	Noreco									
PL 492 Golha appraisal	20%	Lundin									

Committed well
Potential wells (Drill or Drop)

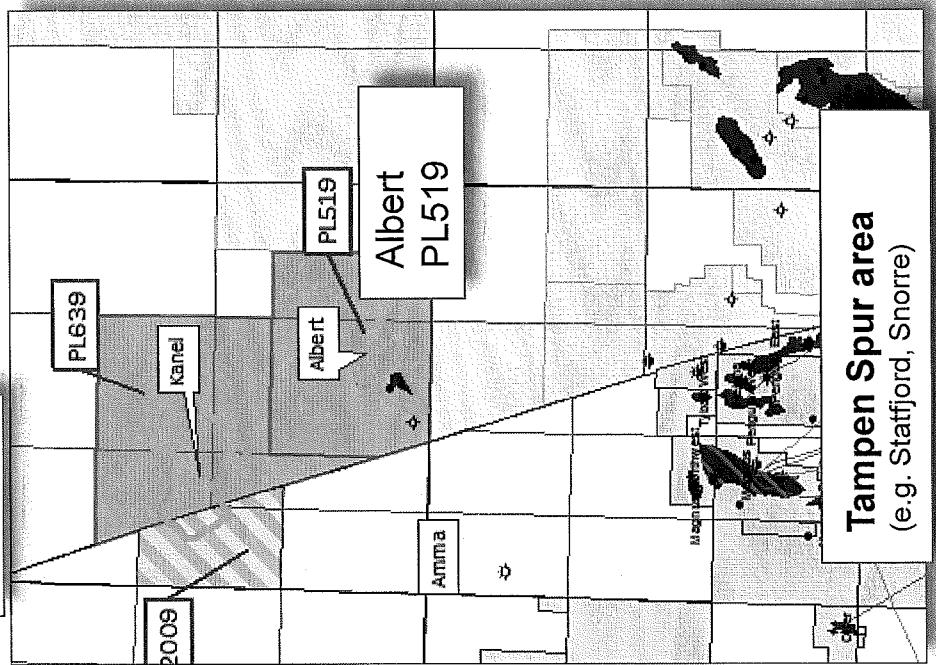
Note: Farm-out from 40% to 30% in PL 584 subject to authority approval

North Sea North

- Albert well (2012) discovered oil at several levels
- Appraisal well is being considered for Albert Chalk in 2015
- Albert Paleocene has no commercial value, but oil discovery positive for our Kanel prospects
- Combined resource potential very large



Kanel
PL639
P2009

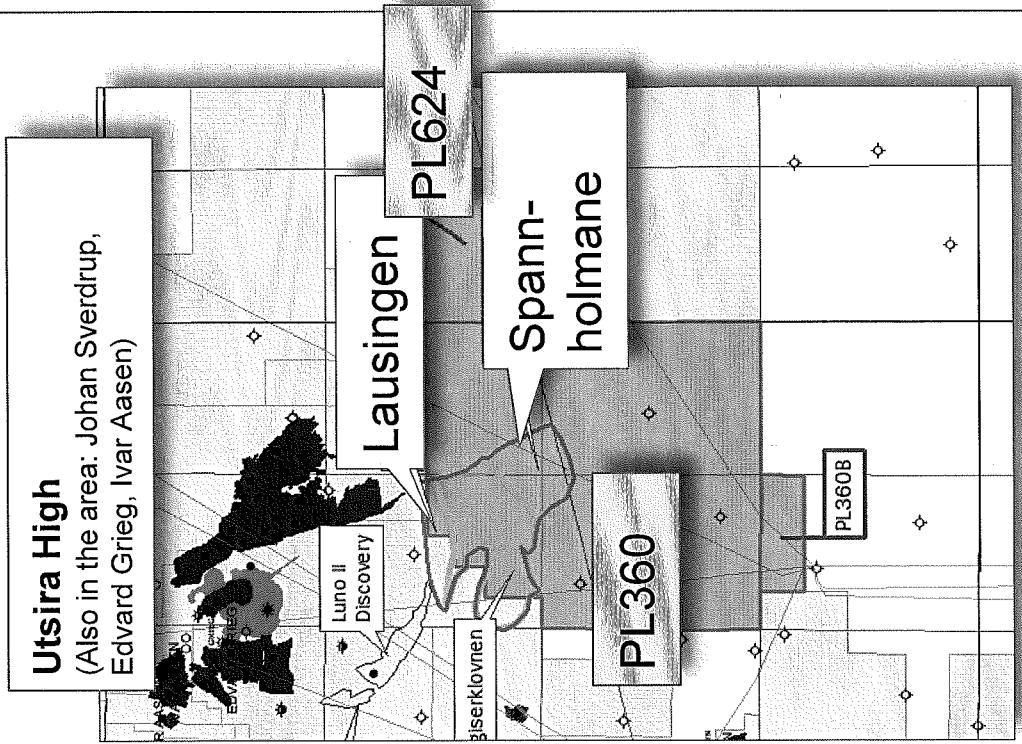


	Albert PL519	Kanel PL639	Kanel P2009	
Noreco	20 %	15 %	100 %	
Operator	Lundin	Tullow	Noreco	
Tentative drilling	2Q15	4Q15		

South of Utsira High

Utsira High

(Also in the area: Johan Sverdrup,
Edvard Grieg, Ivar Aasen)



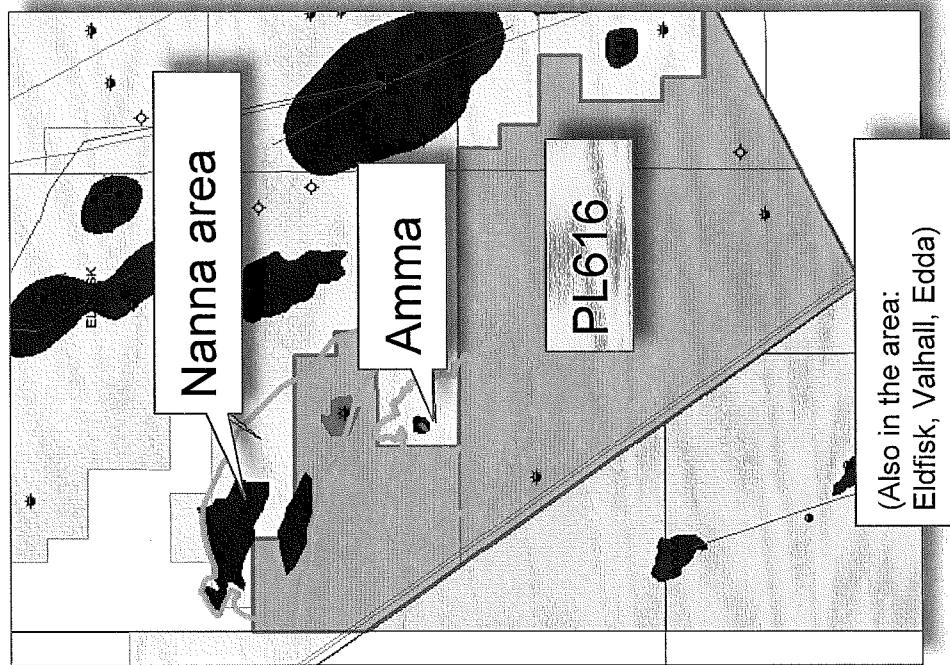
- Noreco holds 15 per cent interest in Statoil operated PL 360 and PL 624
- Recent Luno II discovery has reduced geological risk in the area
- Several prospects; interesting resource potential

	Lausingen	Spannholmane	Portugiser-kloven
Noreco		15 %	
Operator		na	na
Tentative drilling	1Q15		

North Sea South

- PL 616 shows significant potential in several old oil and gas discoveries in Upper Jurassic and Tor Chalk layers
- Additional prospectivity in Paleozoic (older) sediments
- Combined resource potential large

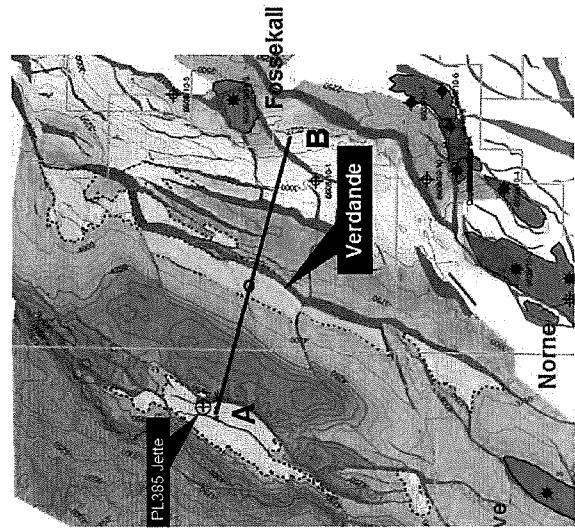
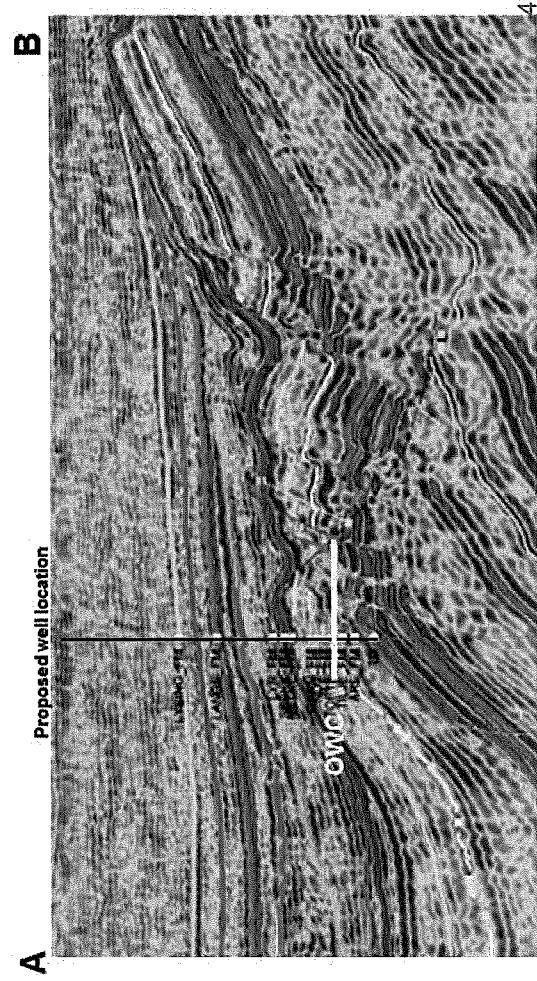
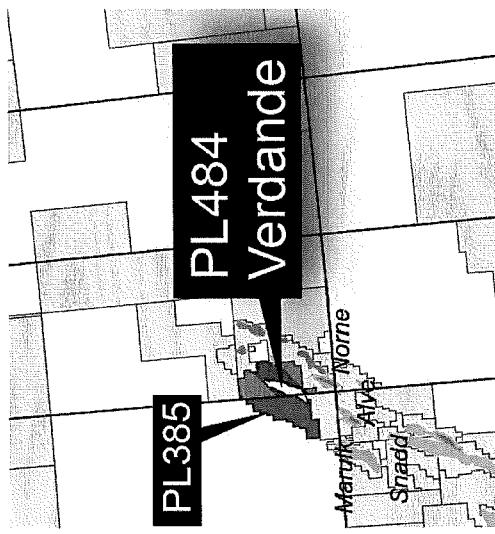
	Nanna area PL616	Amma PL616	
Noreco		20 %	
Operator		Edison	
Tentative drilling	2-3Q15	na	



PL484 – Verdande

Noreco 30% (reduced from 40% subject to authority approval) – Noreco operated

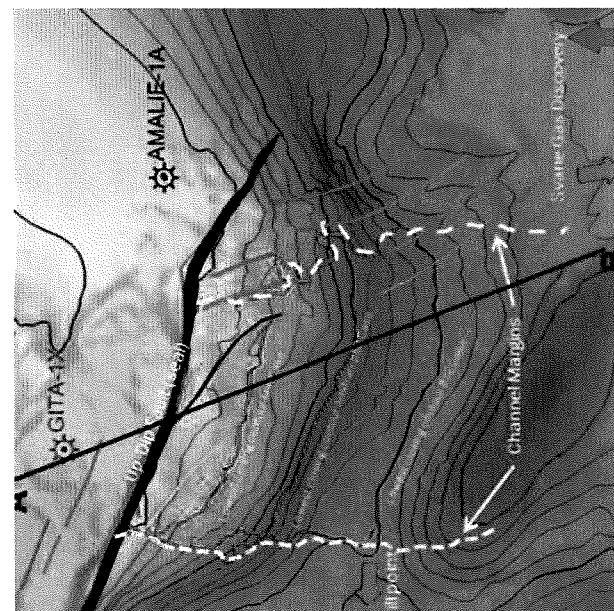
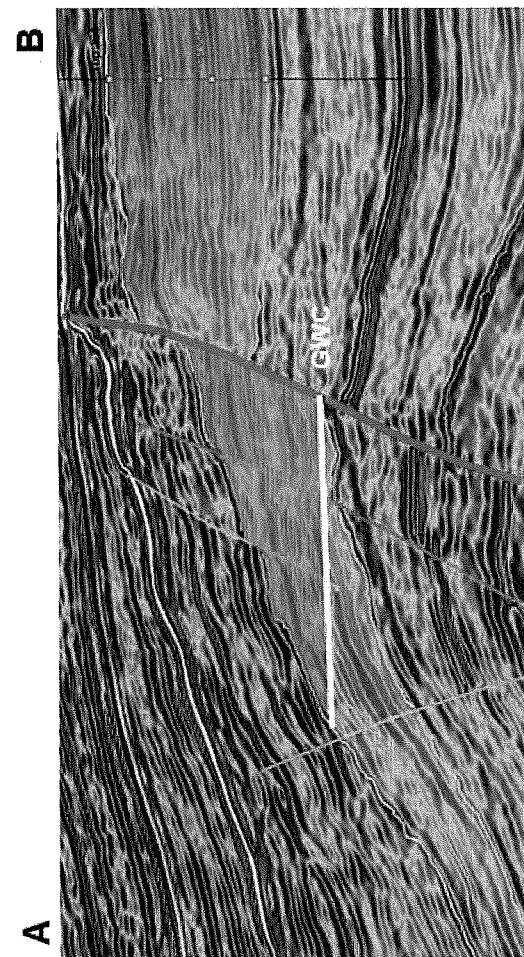
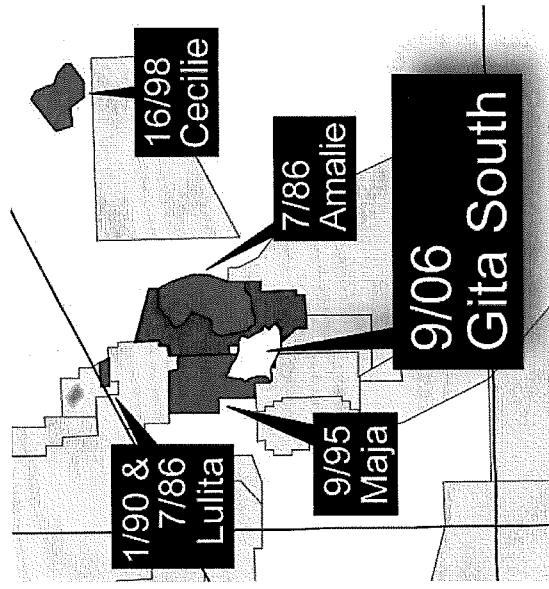
- Middle Jurassic target in well proven play northwest of Norne
- CoS: 29% – Primary risk element: Trap
- 53 – 236 mmboe gross (gas and oil), 39 mmboe net P50, with considerable additional dependant prospectivity given success
- Expected spud 1Q/2Q 2014



DK 09/95 – Gita South

Noreco 16.4% – Maersk operated

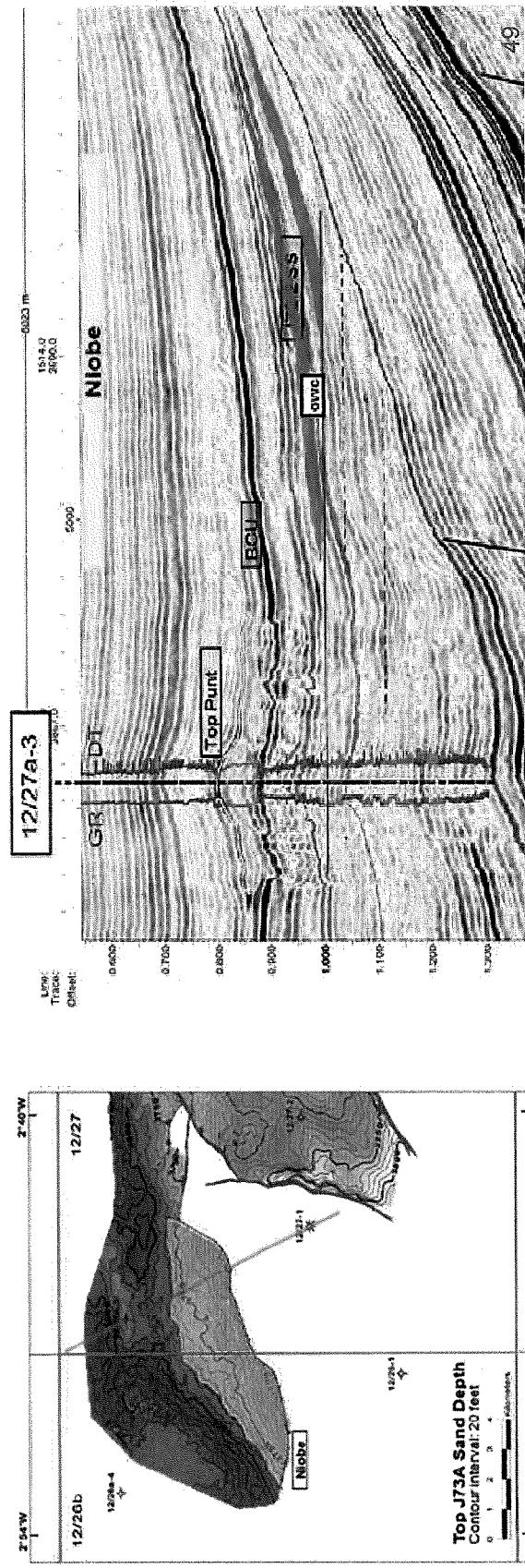
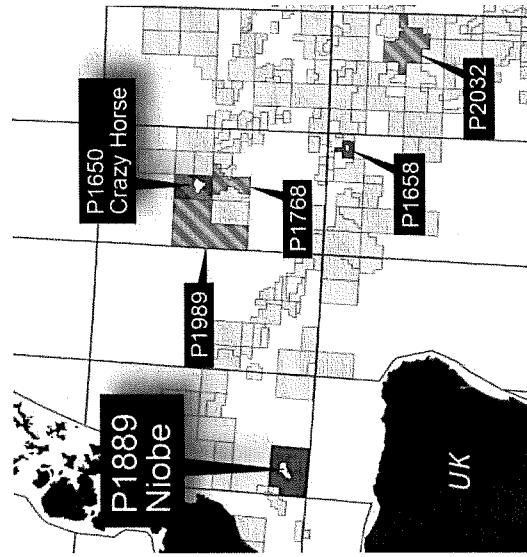
- Upper Jurassic target in close vicinity (up-dip) to the Svane gas discovery and south of Gita discovery
- CoS: 27% – Primary risk element: Trap
- 47 – 475 mmboe gross (gas), 28 mmboe net P50
- Expected spud 4Q 2014



UK P1889 – Niobe

Noreco 22.5% – Suncor operated

- Jurassic stratigraphic pinch-out trap, up-dip of proven oil discovery
- Located in Inner Moray Firth in proven play east of Beatrice Field, de-risking additional prospects given success
- CoS: 42% – Primary risk element: Trap
- 40 – 72 mmboe
- Expected spud 2015





Appendix D

Management and Board of Directors

Key Management



Svein Arild Killingland, CEO

- Joined Noreco in May 2013
- Killingland (57) was until recently employed as Senior Partner in HitecVision (2010-12)
- Killingland has previously held positions in Statoil, Revus Energy and Wintershall, predominantly within upstream oil and gas business development



Øyvind Sørbø, VP Commercial

- Joined Noreco in September 2006
- Has worked in the oil and gas industry since 1993, and held positions in Amoco and BP within finance, economic analysis, commercial operations and business development



Ørjan Gjerde, CFO

- Ørjan Gjerde joined Noreco in March 2012
- More than 15 years of experience as a CFO from companies like IKM Gruppen AS, Prosev Group AS and Skanem AS



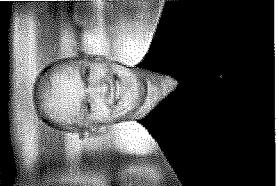
Lars Fossvold, VP Exploration

- Joined Noreco in December 2005
- Has worked in the oil and gas industry since 1986 in Norway and internationally
- Has held various specialist and leading geoscience positions with several major oil companies



Board of Directors

Ståle Kyllingstad, Chairman



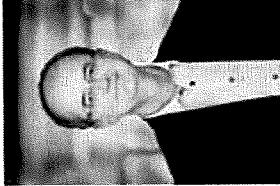
- Kyllingstad is the founder and CEO of IKM Group.
- He is a petroleum engineer, and after a short period as Department Manager at University of Stavanger, he started in Hydrotech AS.
- In 1989 he founded what would later be known as IKM by buying the calibration laboratory and established Hydrotech Laboratorium AS, later called IKM Laboratorium AS. This company was the first of numerous companies known as IKM.
- Kyllingstad is chairman of the board of Norsk Industri, Oil and Gas.

Bård Arve Lærum, Employee elected board representative



- Lærum has more than 15 years experience from the industry. He joined Noreco in 2007.
- He worked 11 years in various positions within subsurface, projects and commercial in BP prior to joining Noreco.
- He holds a Master of Science degree in Petroleum Technology from University of Stavanger, Norway. Lærum is currently holding the position as Asset Manager in Noreco.

Eimund Nygaard, Board member



- Nygaard is holding the position as CEO of Lyse Energi.
- He has held several managing positions in Lyse Energi (former Stavanger Energi) since 1989.
- Nygaard is Chairman of the board of Sandnes Sparebank and is members of the boards of Enova SF and Renovasjonen IKS.
- Nygaard is educated at Rogaland Distrikthøgskole (now University of Stavanger) and holds a degree in Economy and administration.

Hilde Alexandersen, Employee elected board representative



- Hilde Alexandersen has 19 years of experience from the oil and gas industry.
- Prior to joining Noreco in 2007, she has held various subsurface positions in ConocoPhillips and has experience from exploration, operations and producing assets.
- She has a Master of Science degree in geology from the University of Bergen
- Alexandersen currently holds a position as a Sr.Geologist within Noreco's Developments team.

Hilde Drønen, Board member



- Hilde Drønen is currently the CFO in DOF ASA (since 2004), and has extensive experience from the offshore sector.
- She has previously worked as the Finance Director in Bergen Yards AS (2003-2004) and Group Controller for the Møgster Group (1995-2003).
- She holds a Master degree from the Norwegian School of Management (BI) and legal course from Universitetet i Bergen (UIB).
- Mrs Drønen is and has been serving on several Boards of Directors, including DOF Subsea AS (since 2005), Seven Marine ASA (2006-2010) and Tide ASA (2005-2010).



NORECO



Appendix E

Additional Information

Oil and gas reserves

Per 31.12.2012

Reserves per field

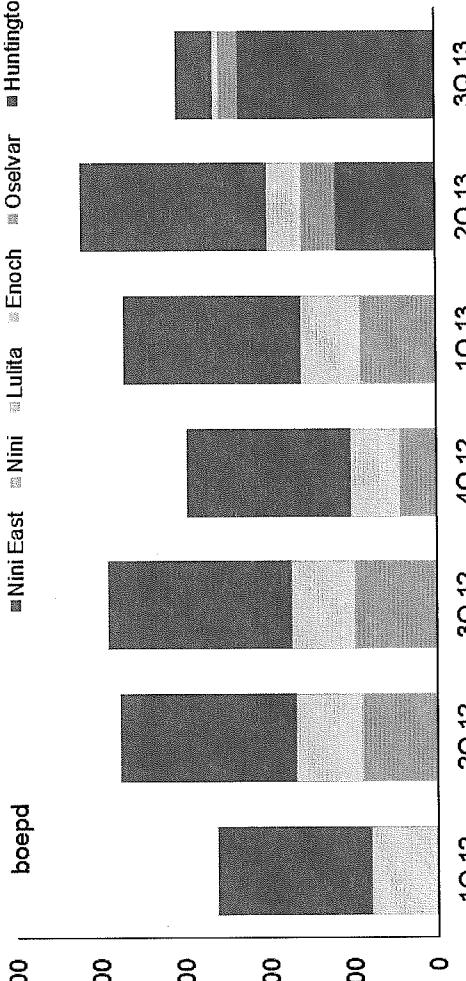
	1P			2P						
	Liquids (mill bbl)	Gas (bscf)	mill boe	Interest %	Net mill boe	Liquids (mill bbl)	Gas (bscf)	mill boe	Interest %	Net mill boe
Nini	2.4	0.0	2.4	30.0	0.7	3.7	0.0	3.7	30.0	1.1
Nini East	4.4	0.0	4.4	30.0	1.3	9.0	0.0	9.0	30.0	2.7
Cecilie	0.6	0.0	0.6	61.0	0.4	2.1	0.0	2.1	61.0	1.3
Lulita	0.9	4.2	1.7	28.2	0.5	1.0	4.7	1.9	28.2	0.5
Enoch	2.0	0.0	2.0	4.4	0.1	2.6	0.0	2.6	4.4	0.1
Osevar	12.8	55.6	22.7	15.0	3.4	25.7	145.6	51.7	15.0	7.7
Huntington	24.5	10.8	26.5	20.0	5.3	38.3	20.9	42.0	20.0	8.4
Total					11.7					21.9

The reserves have been verified by DeGolyer & MacNaughton.

Status production

- Slow start on Huntington. Has potentially added up to 6,400 boed to Noreco's production capacity when production is stabilised
- Nini, Nini East and Cecilie output hampered by Siri issues, most likely until Q2 2014, Lulita restart Sep 2013
- Oselvar back on-stream 30 September following various problems at Ula

■ Nini East ■ Nini ■ Lulita ■ Nini ■ Enoch ■ Oselvar ■ Huntington



Field	Noreco share	Q1-2012	Q2-2012	Q3-2012	Q4-2012	Q1-2013	Q2-2013	Q3-2013	Jul 13	Aug 13	Sept 13
Huntington	-	-	-	-	-	1,188	2,336	2,344	1,306	3,391	3,391
Oselvar	15%	-	893	984	431	897	406	222	-	253	423
Enoch	4.36%	28	5	-	-	-	-	-	-	-	-
Lulita	28.2%	293	280	162	251	246	79	45	-	-	137
Nini	30%	470	502	582	344	470	338	42	125	-	-
Nini East	30%	1,826	2,086	2,178	1,941	2,096	2,203	427	1,267	-	-
Cecilie	61%	275	459	477	144	333	347	46	137	-	-
Total	2,893	4,226	4,384	3,112	4,042	4,560	3,117	3,873	1,559	3,950	

Noreco existing bonds overview

Bond	NOR04	NOR05	NOR06	NOR07	NOR08	NOR09
Amount	NOK 1,250m	NOK 700m	NOK 275m	NOK 325m	NOK 300m	NOK 300m
Ticker	NOR04	NOR05	NOR06	NOR07	NOR08	NOR09
Maturity	20.11.2014	06.12.2013	27.04.2016	27.04.2016	31.12.2013	25.02.2016
Interest rate	12.9%	N3m + 8%	10.25%	N3m + 6%	12.9%	10.5%
Amortisation	None	None	30% April 2014 30% April 2015	30% April 2014 30% April 2015	None	None
Status	1st pri share pledge in subsidiaries	Senior unsecured	1st pri pledge in Oselvar field	Senior unsecured	Senior unsecured	Senior unsecured
Call options	108% from Nov 2009 106% from Nov 2011 105% from Nov 2012 103% from Nov 2013	106% from Dec 2011 104% from Dec 2012	106% from April 2013 104% from April 2014 102% from April 2015	Make-whole @ T+50 bps	103% from February 2015	
Covenants	<ul style="list-style-type: none"> - No dividends - Book equity ratio $\geq 25\%$ - Max gearing ratio of 5x 					
Other	Change of control put at 100%					

Shareholders

Top 20 shareholders as of 14 October 2013

Shareholder	Share	% of total
IKM Industri-Invest As	46,972,889	13.2%
Sabæro Investments Ltd	43,867,228	12.3%
Lyse Energi As	27,701,514	7.8%
Om Holding As	12,685,484	3.6%
Goldman Sachs International Equity	7,994,080	2.2%
Odin Offshore	7,188,000	2.0%
Skandinaviska Enskilda Banken	5,066,819	1.4%
Verdipapirfondet Dnb Smb	5,000,000	1.4%
Alto Holding As	3,500,000	1.0%
Care Holding As	3,500,000	1.0%
Bd Trading As	3,443,873	1.0%
Citibank, N.A.	3,096,457	0.9%
Larsen Oil & Gas As	2,862,414	0.8%
KLP Aksje Norge Vpf	2,657,012	0.7%
Hamningberg Holding As	2,600,000	0.7%
Samsø As	2,415,626	0.7%
Nordea Bank Danmark A/S	2,232,561	0.6%
Anko Invest As	2,180,000	0.6%
Kommunal Landspensjonskasse	2,038,468	0.6%
HSBC Bank Plc	2,000,000	0.6%
Total number owned by top 20	189,002,425	53.1%
Total number of shares	356,094,095	

