



DET NORSKE

Trondheim, 17 July 2014

Second quarter 2014 results

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Following the acquisition of Marathon Oil Norge, Det norske will become one of Europe's largest listed independent E&P companies in terms of production. In addition, a unitisation agreement for Ivar Aasen has been finalised, and the company's reserves have increased with 35 per cent.

On 2 June 2014, Det norske announced that the Company had entered into an agreement to acquire Marathon Oil Norge for a cash consideration of USD 2.1 billion. The effective date of the transaction is 1 January 2014 and it is expected to close during the fourth quarter of 2014, subject to regulatory approvals.

After the transaction, Det norske will have 202 million barrels of oil equivalents in proven and probable (2P) reserves (year-end 2013). Furthermore, the combined company will have contingent resources amounting to 101 million barrels of oil equivalents, excluding the resources from the Johan Sverdrup field. Further identified upside in Marathon Oil Norge's portfolio is estimated at approximately 80 million barrels of oil equivalents. Combined 2013 production for the two companies amounted to approximately 84 000 barrels of oil per day, making Det norske one of the largest listed independent E&P companies in Europe in terms of output.

Ivar Aasen

The key engineering and construction activities in the Ivar Aasen project are on schedule, with production start-up expected in the fourth quarter of 2016. In June, Det norske signed a unitisation agreement for the development of the Ivar Aasen field on the Utsira High in the North Sea, securing the company a 34.78 percent ownership in the field. Estimated reserves have increased by about 35 percent following the unitisation and the processing of new ocean-bed seismic. Total investments for the Ivar Aasen development are estimated at NOK 27.4 billion (nominal value), unaltered compared to the Plan for Development and Operation (PDO).

Johan Sverdrup

The Johan Sverdrup licensees have entered into negotiations regarding a unitisation agreement, and the Plan for Development and Operation (PDO) is expected to be reviewed by the Storting during the spring session of 2015. Aker Solutions has been awarded the main contract for the pre-engineering of the platform unit, and a letter of intent for delivery of two of the planned steel jackets for the Johan Sverdrup development has been signed with Kværner. The jacket for the riser platform is due for delivery in the summer of 2017, and the jacket of the drilling platform will be delivered in the spring of 2018.

Exploration

In the second quarter, the company's costs related to exploration amounted to NOK 304 million, of which NOK 123 million have been entered as exploration expenses.

Financing

Det norske has secured a fully-committed and underwritten loan facility for the full cash consideration in connection with the acquisition of Marathon Oil Norge. On 8 July, the company signed a reserve-based lending facility (RBL facility). This facility is a senior secured seven-year USD 3.0 billion lending facility. This includes an additional uncommitted accordion option of USD 1.0 billion, and will replace the USD 2.2 billion acquisition bridge facility upon closing of the Marathon Oil Norge acquisition. This will also refinance Det norske's current revolving credit facility.

As an integral component of the company's long-term financing plan, Det norske will strengthen its equity by issuing the NOK equivalent of USD 500 million in new equity through a rights issue. The company's largest shareholder, Aker ASA, has pre-committed to subscribe for its 49.99 per cent pro rata share. The remaining offer shares (50.01 per cent) are fully underwritten by a consortium of banks. With this equity issue, Det norske has secured the financing of its current work program until start-up of production from the Johan Sverdrup field.

The acquisition of Marathon Oil Norge will increase Det norske's financial robustness and its ability to absorb the impact of any changes in future capital expenditure. This will also improve the company's credit profile and reduce the cost of capital.

Other events

A new executive management team has now been appointed, and the new positions will take effect when the integration of Marathon Oil Norge has been completed. Karl Johnny Hersvik will continue as CEO, leading a team of eleven executive vice presidents. These are presented on the company's internet site.

Financials

Det norske oljeselskap reported revenues of NOK 454 (286) million in the second quarter, where petroleum revenues account for NOK 143 million and other revenues account for NOK 311 million, relating to gain from two asset swaps resulting in a 40% ownership in PL457.

Exploration expenses amounted to NOK 123 (271) million, contributing to an operating gain of NOK 119 (-277) million. Net financial expenses were NOK -146 (-49) million. Net result for the second quarter was NOK 167 (-41) million, following a tax income of NOK 193 (284) million.

The equity ratio as at end of Q2 2014 was 28.1 percent (37.7).

Summary of financial results and operating performance:

MNOK= NOK million	Q2 14	Q1 14	Q4 13	Q3 13	Q2 13	2013
Jette (boepd), 70%	1 758	1 458	2 710	4 378	3 594	2 683
Atla (boepd), 10%	282	750	1 031	981	1 446	1 177
Varg (boepd), 5%	535	500	412	377	398	403
Glitne (boepd), 10%	0	0	0	0	0	11
Enoch (boepd), 2%	0	0	0	0	0	0
Jotun Unit (boepd), 7%	122	188	175	204	175	191
Total production (boepd)	2 698	2 895	4 328	5 940	5 613	4 463
Oil and gas production (Kboe)	245	261	398	547	511	1 629
Oil price realised (USD/barrel)	108	107	109	112	103	107

Operating revenues (MNOK)	454	158	254	324	286	944
EBITDA (MNOK)	201	-12	-400	-348	-127	-1 091
Cash flow from production (MNOK)	98	112	151	269	227	684
Exploration expenses (MNOK)	123	110	544	588	271	1 637
Total exploration expenditures (expensed and capitalised) (MNOK)	304	151	400	581	373	1 659
Operating profit/loss(-) (MNOK)	119	-268	-1 182	-518	-277	-2 227
Net profit/loss(-) for the period (MNOK)	167	-16	-329	-158	-41	-548
No of licences (operatorships)	74 (27)	77(27)	80 (33)	74 (30)	72 (30)	80 (33)

Find the report and presentation attached. A live webcast from the presentation will be available at our website from 08:30 (CET), www.detnor.no.

For more information, please contact:

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Om Det norske:

Det norske oljeselskap ASA (DET NOR) er et offensivt selskap med betydelig leteaktivitet på norsk sokkel. Det norske har hovedkontor i Trondheim, og kontorer i Oslo og Harstad. Det norske er notert på Oslo Børs med ticker "DET NOR". Les mer om Det norske på www.detnor.no

