

North Energy Q2 2016

Continued profitability from capital discipline and successful investments

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Agenda

- Q2 highlights and subsequent events
- Operational update
- Financial update
- Summary and outlook

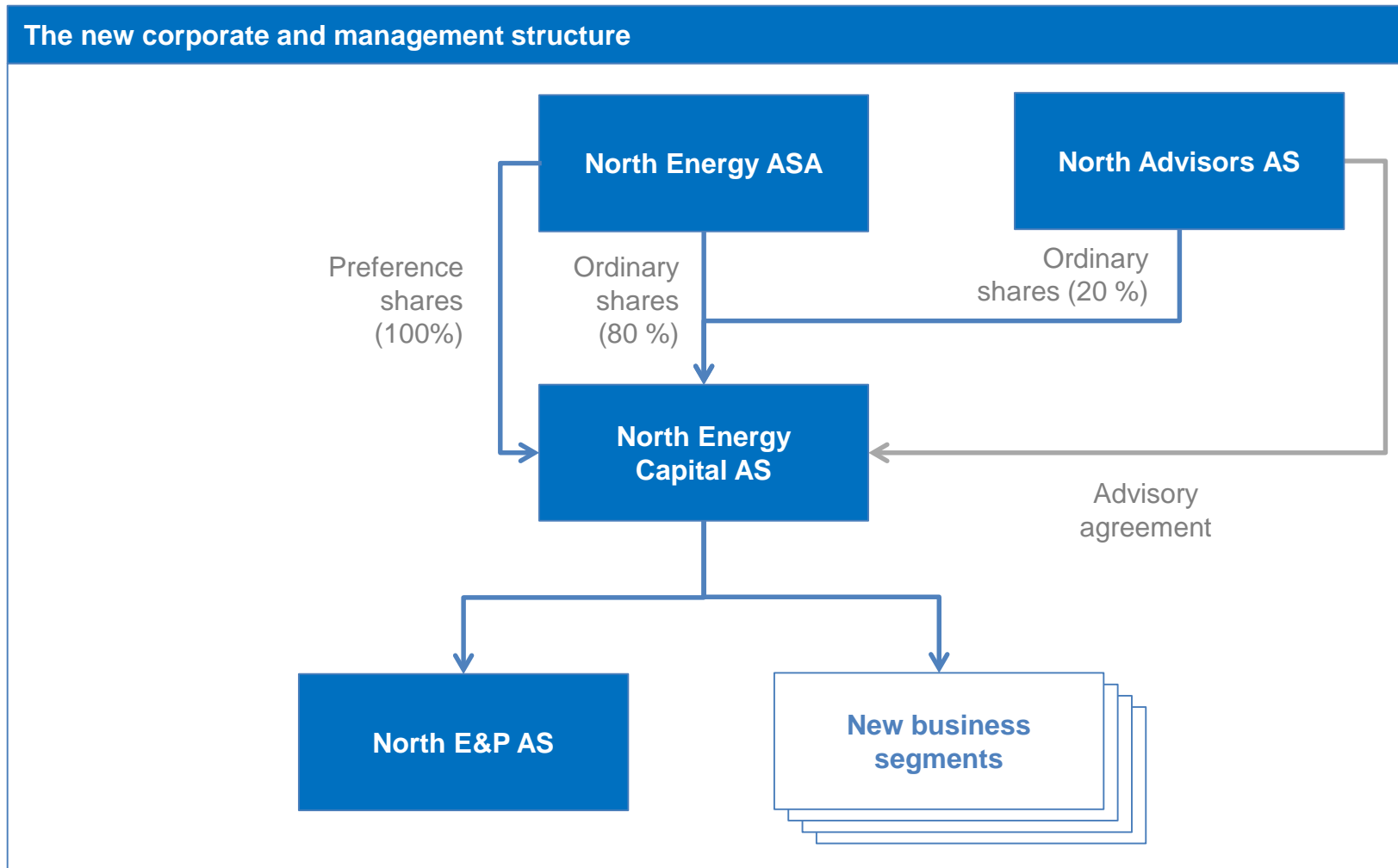
Q2 highlights and subsequent events

- **Net profit of NOK 5.4 million recorded in the quarter**
 - Gain from sale of assets and successful investments
 - Second consecutive quarter with a profit
- **Integration process completed following acquisition of Explora**
 - Exploration activities now concentrated within North E&P
 - New corporate and management structure implemented
- **High grading of portfolio continues**
 - Number of licences reduced to eight
 - Preparing application for the APA 2016 licensing round

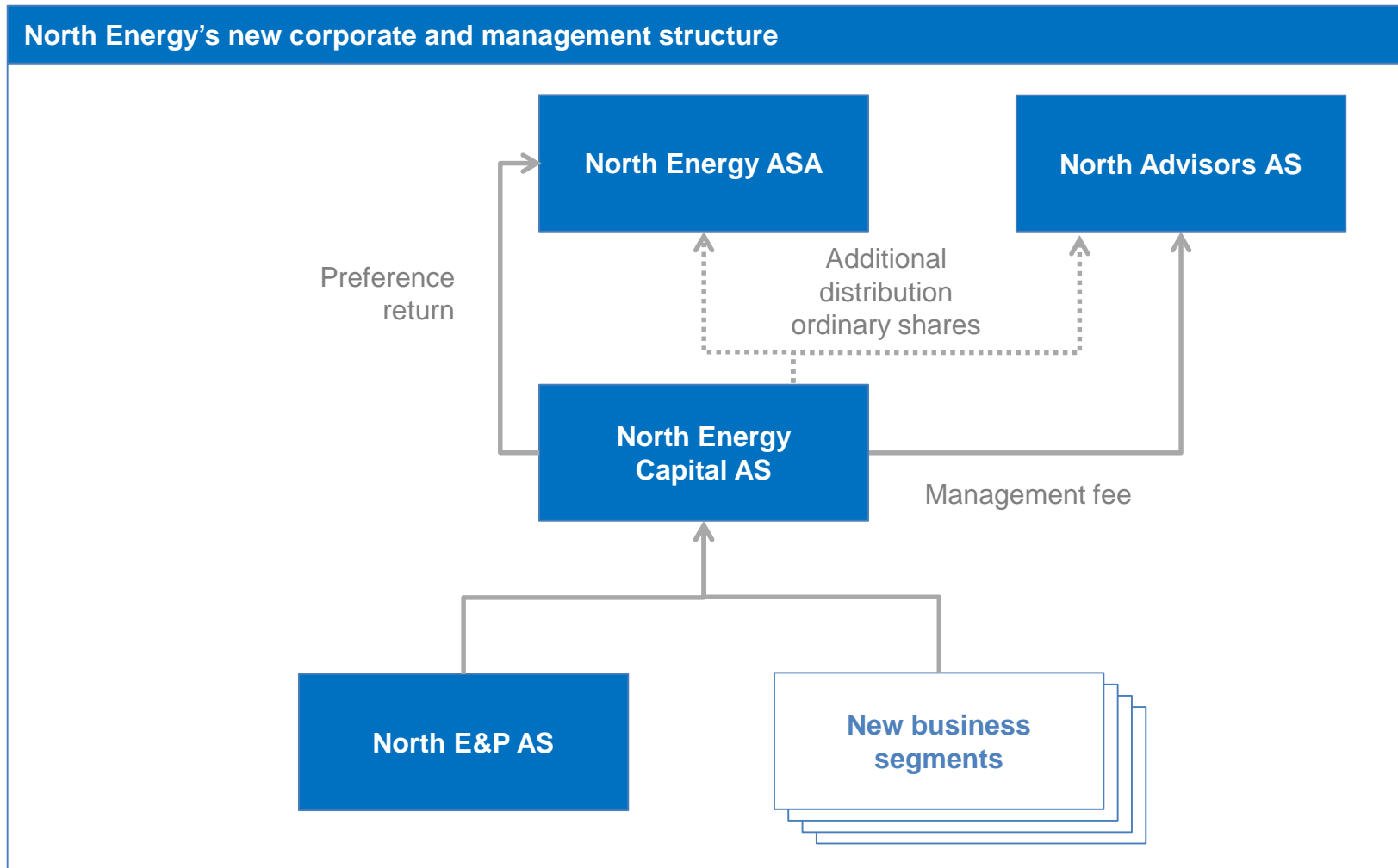
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A new corporate and management structure implemented in the quarter

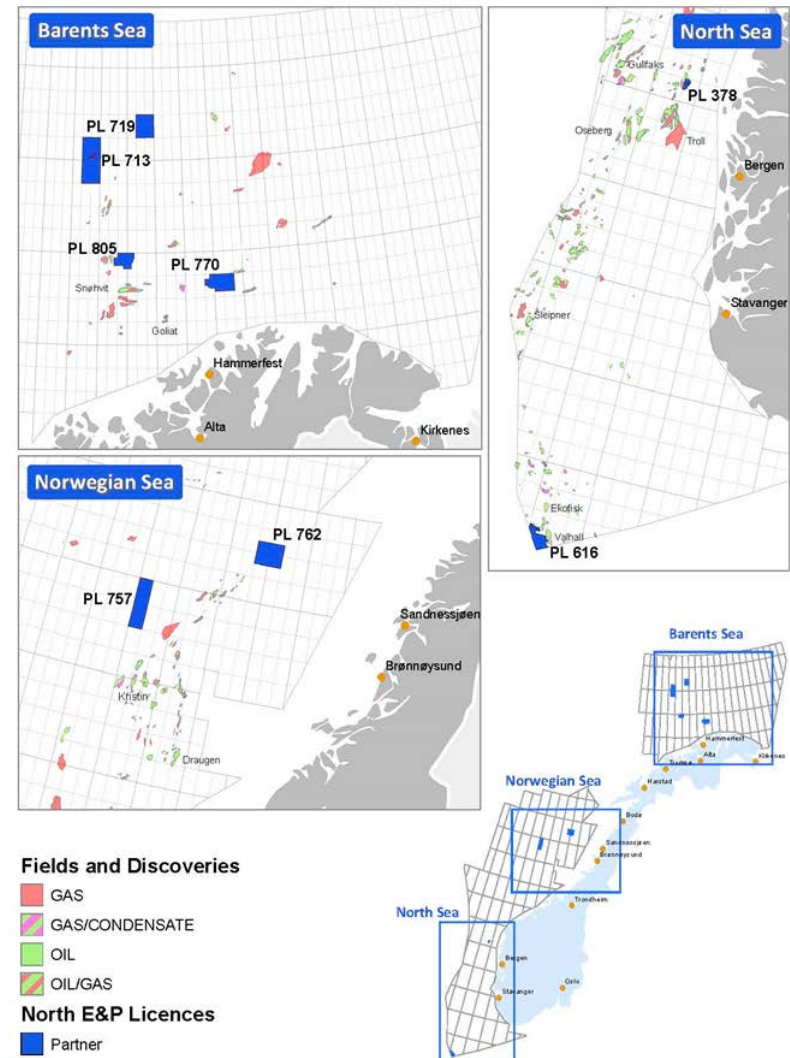


Strengthened management resources and better align incentives



Licence portfolio update

- The 2015 revised exploration strategy raised North Energy's commercial thresholds
 - Response to the adverse market conditions
- High grading of portfolio resulting in several licence divestments and relinquishments
 - Year to date the Company has divested PL 507, 707, 722, 784, 789, 798, and 799 and relinquished 18 licences
- Eight remaining active licences in the Group portfolio
 - No remaining drilling commitments and limited licence costs

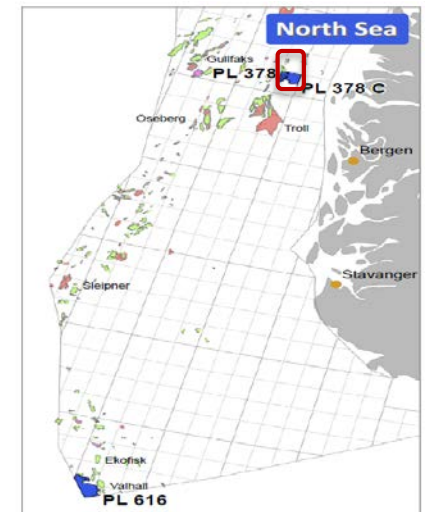
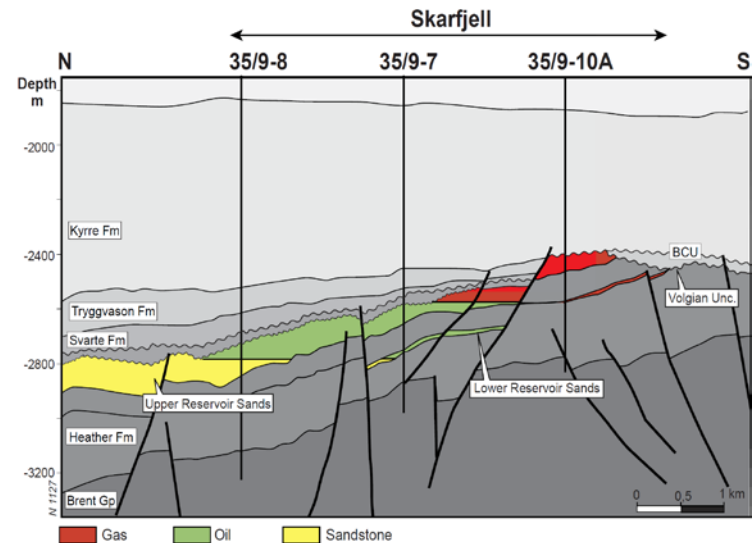


Remaining active portfolio

License	Prospect	Interest	Operator	Location	Rig	DoD/BOK Deadline
PL 378	Skarfjell	17.5%	Wintershall	North Sea	N/A	Q1 2017
PL 757	Batur	30%	Centrica	Norwegian Sea	N/A	Q1 2017
PL 770	Saarikoski	20%	Edison	Barents Sea	N/A	Q1 2017
PL 719	Sandia/ Scarecrow	20%	Centrica	Barents Sea	N/A	Q2 2018
PL 713	Pingvin	20%	Statoil	Barents Sea	N/A	Q2 - 2017
PL 616	Haribo	15%	Edison	North Sea	N/A	Q2 - 2016
PL 762	Vågar	20%	Det Nor	Norwegian Sea	N/A	Q1 - 2017
PL 805	Highbury	40%	Lundin	Barents Sea	N/A	Q1 - 2017

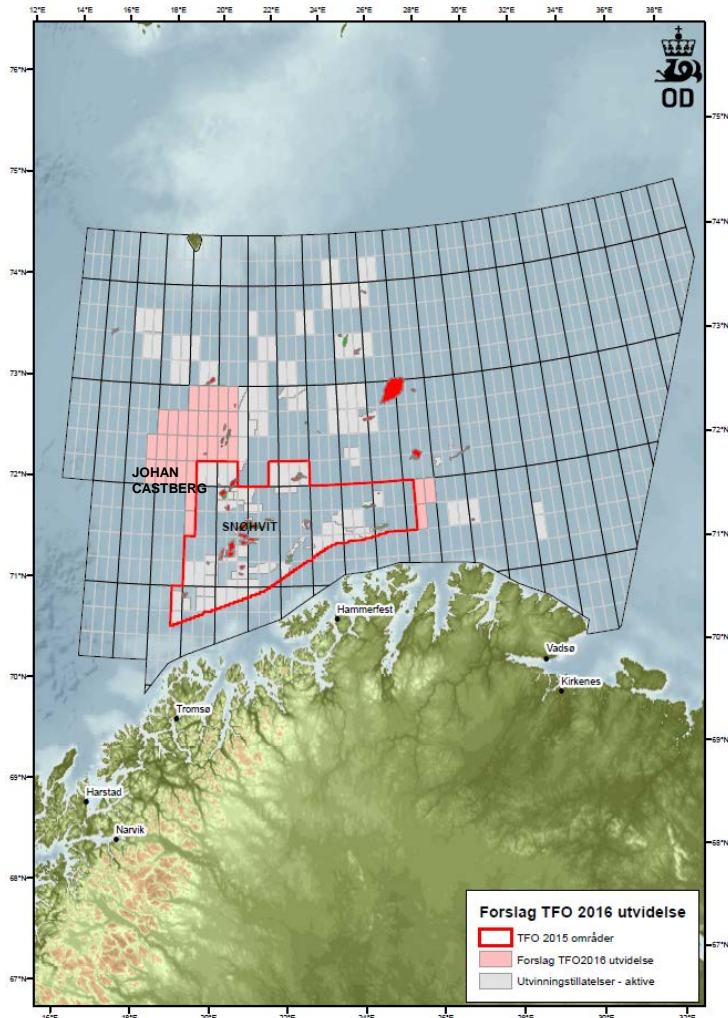
Concept selection for the Skarfjell discovery ongoing

- North E&P holds a 17.5 per cent stake in PL 378 and through this a minor stake in the Skarfjell discovery (PL 418)
 - Skarfjell total: +100 mmbobe oil discovery southwest of the Gjøa field
- Concept selection to be decided
 - Several development concepts being evaluated

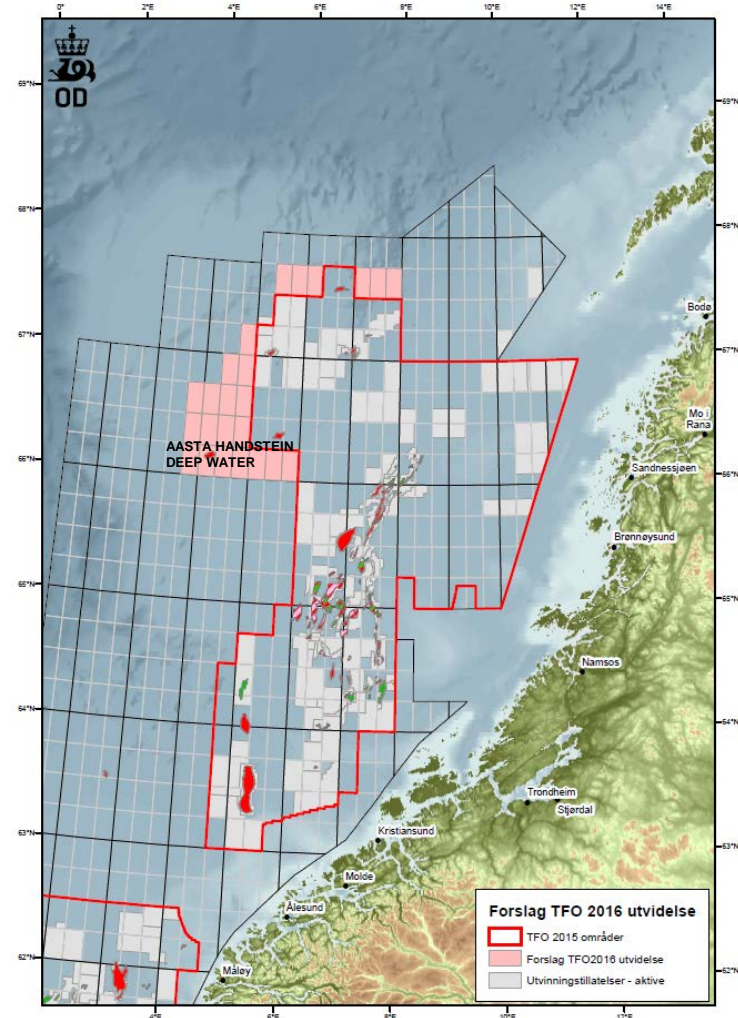


Carefully assessing APA 2016 areas

Barents Sea



Norwegian Sea



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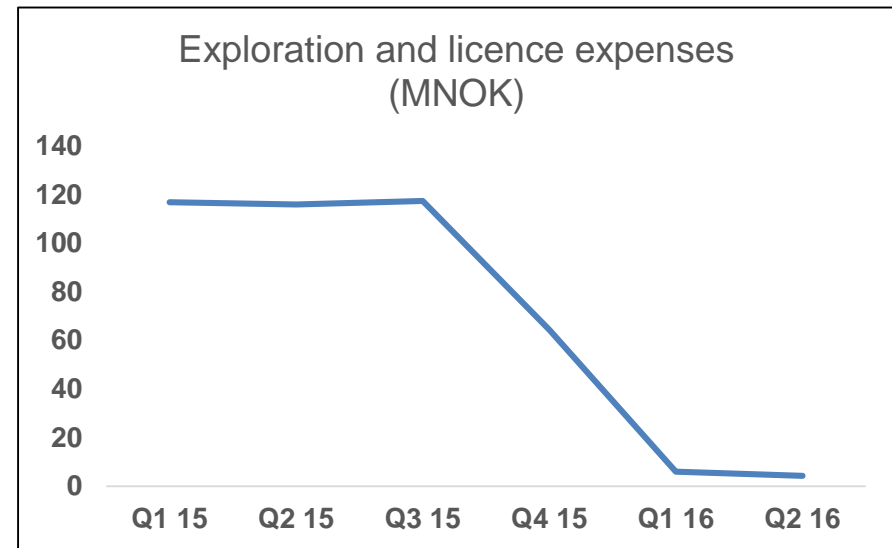
Q2 the second consecutive quarter with a profit

(North Energy Group consolidated)

NOK Million	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015	
Gain/loss from licence sale	8,4	(0,4)	9,5	(0,4)	5,4	Sale of licences mainly PL722, PL 507
Exploration expenses	(4,3)	(116,2)	(10,4)	(233,3)	(415,2)	Licences work program
Payroll	(9,5)	(12,1)	(26,2)	(28,4)	(40,3)	
Other operating expenses	(14,0)	(11,9)	(24,8)	(21,8)	(44,4)	
EBITDA	(19,4)	(140,6)	(51,8)	(283,9)	(494,6)	
Depreciation/impairment	(0,6)	(1,3)	(1,4)	(2,6)	(6,0)	
EBIT	(20,0)	(141,9)	(53,2)	(286,5)	(500,6)	
Gain from bargain purchase	-	-	100,8	-	-	Explora acquisition
Net financial items	9,2	(3,7)	9,0	(9,1)	(24,5)	Incl. profit sale of share in Noreco
EBT	(10,8)	(145,7)	56,6	(295,6)	(525,1)	
Tax	16,2	111,7	42,9	226,0	399,1	
Net result	5,4	(34,0)	99,5	(69,6)	(126,1)	

Significant drop in cost levels contributing to the result improvements

- **Exploration and licence expenses down 95 per cent Y/Y as per 30 June**
 - No. of licences reduced from 22 to 8 following strict high grading process
 - No drilling activity YTD and no commitments going forward
- **Cost levels expected to remain at low levels**
 - Very selective on future commitments
 - Future prospects must meet stringent requirements for rapid commercialization



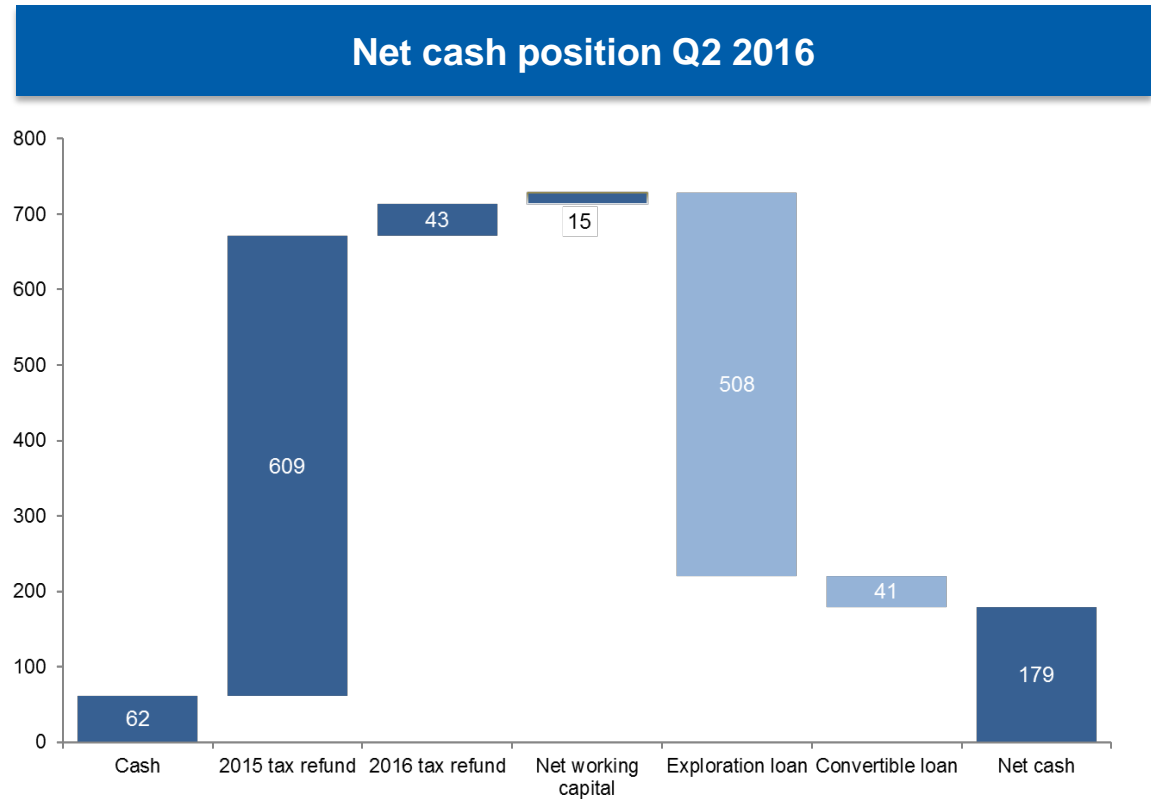
Balance Sheet 31 March 2016

(North Energy group consolidated)

NOK Million	30.06.2016	31.03.2016	31.12.2015	Comments on 30.06.2016
Assets				
Fixed assets	2,4	3,0	3,8	
Capitalized drilling cost	0,0	0,0	0,0	
Deferred tax asset	200,4	193,0	149,8	Def. tax on loss carried forward
Investments	30,7	34,4		Shares and bonds
Long term receivables	50,4	43,1	18,5	Incl. tax receivables of 42,8 mNOK
Short term receivables	652,6	682,2	440,3	Mainly tax receivables on 2015 expenses
Cash	61,7	48,3	34,8	
Total assets	998,2	1 004,1	647,2	
Equity and liabilities				
Total equity	418,1	417,1	314,9	Equity share of 41,9 percent
Long term liabilities	2,1	2,6	45,6	Convertible loans moved to short term
Short term liabilities	578,0	584,3	286,7	Borrowings and other curr. liabilities
Total equity and liabilities	998,2	1 004,1	647,2	

A solid net cash position

- North Energy Group consolidated in all figures
- Net cash position of NOK 179 million
- Unused exploration loan facility NOK 442 million



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Summary and outlook

- **North Energy actively addressing challenging market conditions**
 - Integration of Explora completed, cost levels significantly reduced
 - Broadened business scope and strengthened management
- **Capital discipline and successful investments delivering profits**
 - NOK 99.5 million in net profit as per 30 June
 - Financial situation improved in spite of challenging macro environment
- **Key priority remains to demonstrate further value creation**
 - Explora and Noreco investments demonstrating potential from ongoing strategic review process
 - All options being considered, goal to unlock inherent values in North Energy

Q & A