North Energy Q3 2016

Comfortably positioned in a challenging market

10 November 2016

CEO Knut Sæberg

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Agenda

- Q3 highlights and subsequent events
- Operational update
- Financial update
- Summary and outlook

Q3 highlights and subsequent events

- **High grading of portfolio continues**
  - Agreements for the sale of licences PL 378, 719 and 762 entered in the quarter
  - Three of the remaining licences facing drill-or-drops in Q1 2017

- **Application submitted in the APA 2016 licensing round**
  - Acreage with interesting oil prospectivity in the Hammerfest basin, the most mature part of the Barents Sea
  - Awards to be announced early 2017

- **Looking for attractive investment opportunities**
  - Increased ownership in Reach Subsea ASA in the quarter (9.8% ownership 30.9)
  - Energy related investments of NOK 40 million through subsidiary North Energy Capital

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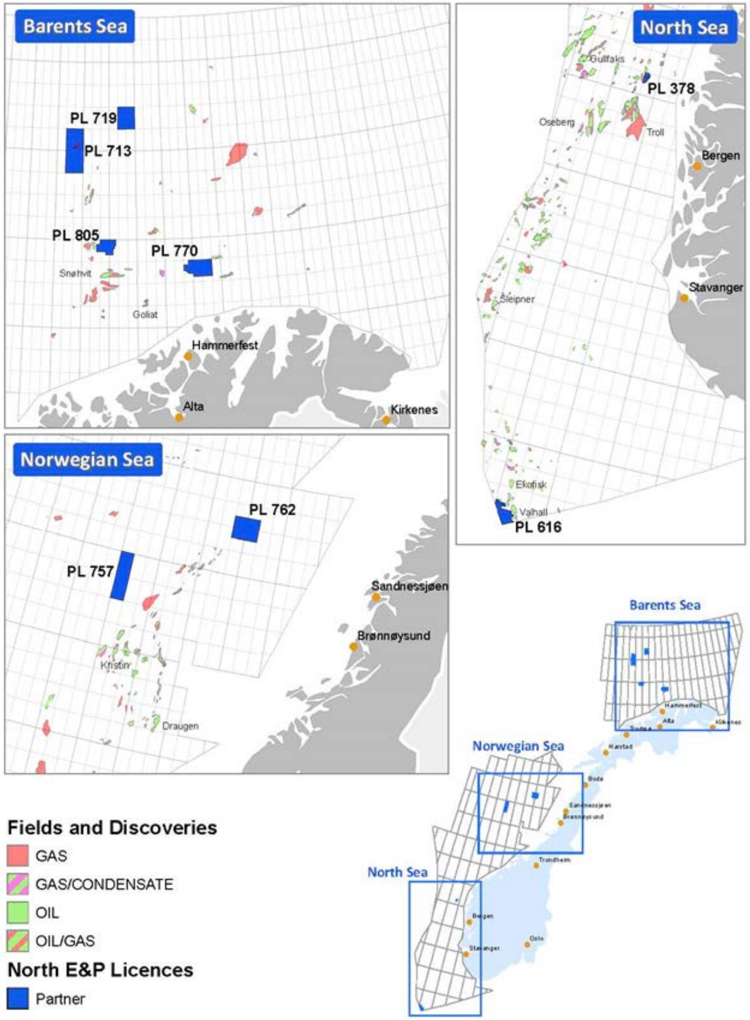
Licence portfolio update

- **The 2015 revised exploration strategy raised North Energy's commercial thresholds**
  - Response to the adverse market conditions
- **High grading of portfolio**
  - 16 licences acquired through Explora transaction
  - Year to date the Company has divested PL 378, 507, 707, 719, 722, 762 784, 789, 798, and 799 and relinquished 18 licences
- **Eight remaining active licences in the Group portfolio**
  - No remaining drilling commitments and limited licence costs



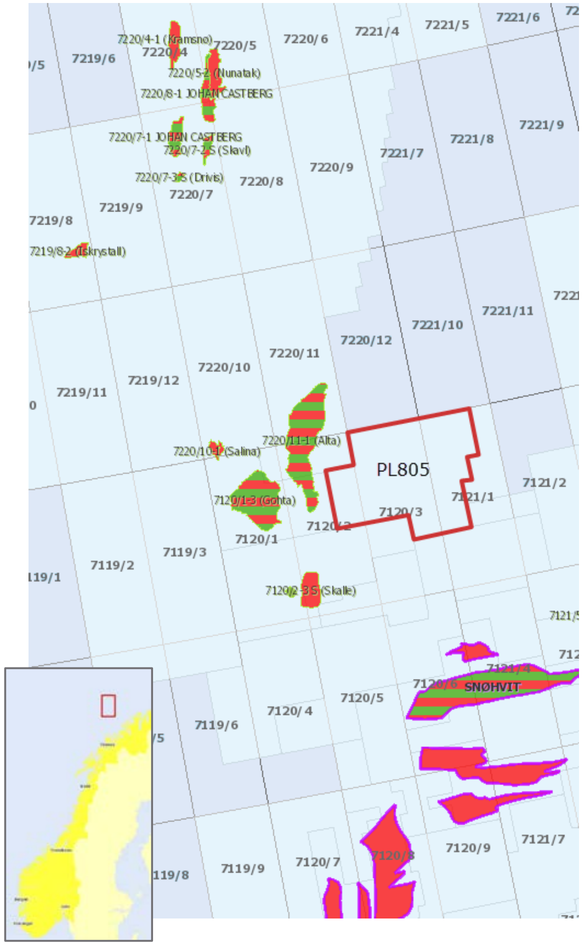
Remaining active portfolio

Licence	Prospect	Interest	Operator	Location	Status
PL 805	Highbury	40%	Lundin	Barents Sea	DoD Q1 2017
PL 757	Batur	30%	Centrica	Norwegian Sea	DoD Q1 2017
PL 770	Saarikoski	20%	Edison	Barents Sea	DoD Q1 2017
PL 713	Pingvin	20%	Statoil	Barents Sea	BoK Q2 2017
PL 616	Haribo	15%	Edison	North Sea	Relinquishment*
PL 378	Skarfjell	17.5%	Wintershall	North Sea	Sold*
PL 719	Sandia/Scarecrow	20%	Centrica	Barents Sea	Sold*
PL 762	Vågar	20%	Aker BP	Norwegian Sea	Sold*

** Awaiting Government approval*

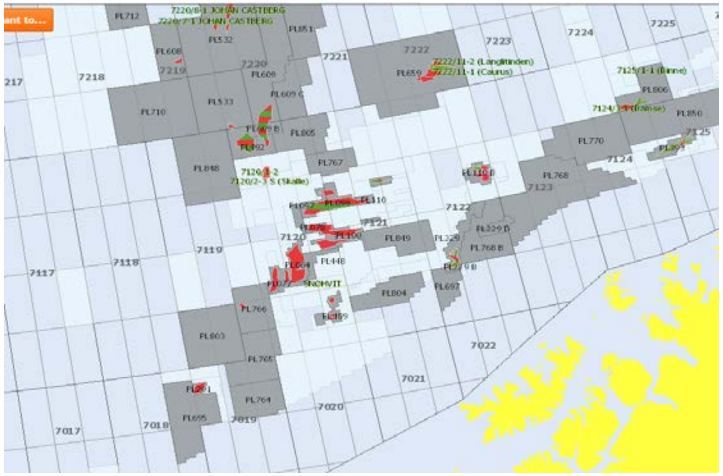
Upcoming drill-or-drop: PL 805, adjacent to the Alta and Gotha discoveries

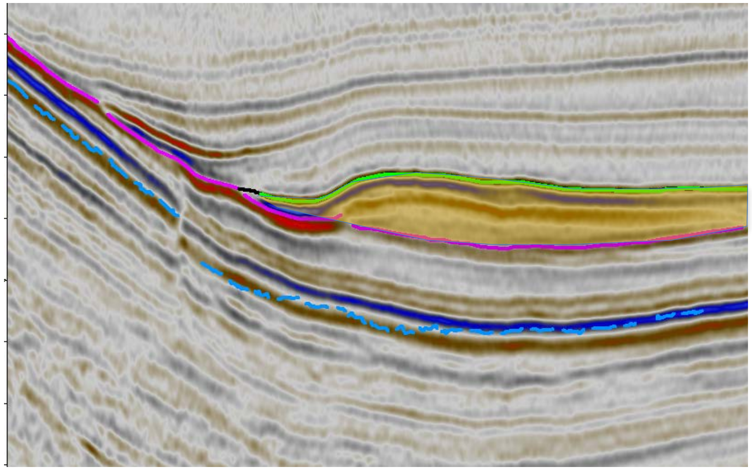
- **North E&P has a major interest in PL 805 (part of blocks 7120/2, 7120/3 and 7121/1)**
- **Licence partnership**
  - Lundin 40% (O)
  - Petoro 20%
  - North E&P 40%
- **Located close to the Alta and Gotha discoveries**
- **Several play models under evaluation**
- **DoD decision by February 2017**



APA 2016 application

- **APA2016 – one application submitted**
  - Several areas evaluated
- **Stratigraphic trap in Lower Cretaceous**
  - Hammerfest basin
- **Large hydrocarbon potential (400 mmbbl recoverable)**
  - Trap considered main risk
  - Oil prone migration
- **Moderate depth to reservoir 2100 m**
  - Sand proven by local wells





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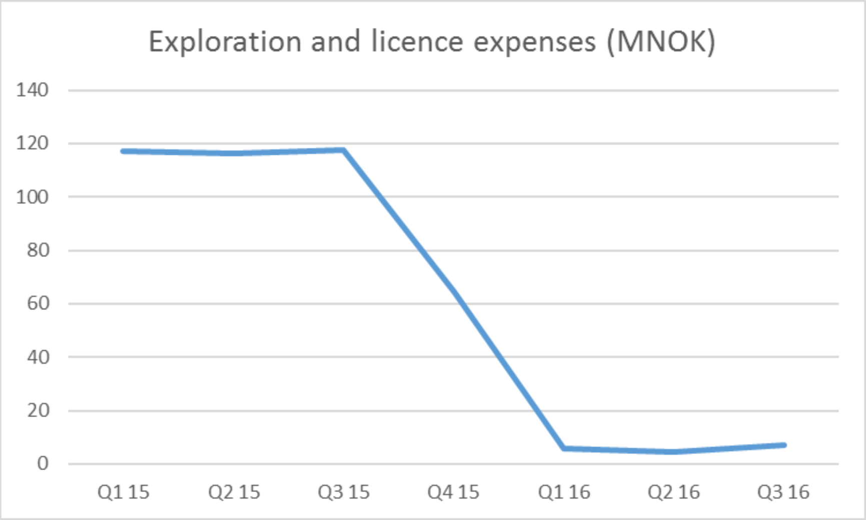
Profit & Loss Q3 2016
(North Energy group consolidated)

NOK Million	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015	
Gain/loss from licence sale	-	-	9,5	(0,4)	5,4	Sale of licences mainly PL722, PL 507
Exploration expenses	(7,2)	(117,6)	(17,5)	(350,9)	(415,2)	Licences work program
Payroll	(8,0)	(12,2)	(34,2)	(40,6)	(40,3)	
Other operating expenses	(7,7)	(9,7)	(32,5)	(31,5)	(44,4)	
EBITDA	**(22,9)**	**(139,5)**	**(74,7)**	**(423,4)**	**(494,6)**	
Depreciation/impairment	(0,6)	(1,3)	(2,0)	(3,9)	(6,0)	
EBIT	**(23,5)**	**(140,8)**	**(76,7)**	**(427,3)**	**(500,6)**	
Gain from bargain purchase	-		100,8	-	-	Explora acquisition
Net financial items	(4,6)	(4,5)	4,5	(13,6)	(24,5)	Incl. profit sale of share in Noreco
EBT	**(28,1)**	**(145,3)**	**28,6**	**(440,9)**	**(525,1)**	
Tax	12,0	112,4	55,0	338,4	399,1	
Net result	**(16,0)**	**(32,9)**	**83,5**	**(102,5)**	**(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 Sept**
  - 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 30 September 2016

(North Energy group consolidated)

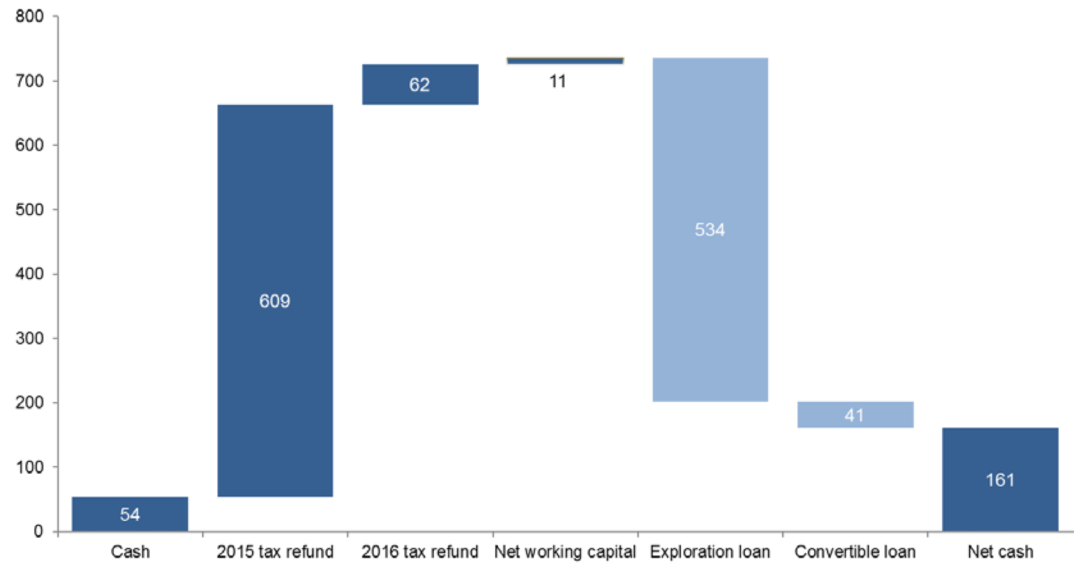
NOK Million	30.09.2016	30.06.2016	31.12.2015	Comments on 30.09.2016
Assets				
Fixed assets	1,8	2,4	3,8	
Capitalized drilling cost	0,0	0,0	0,0	
Deferred tax asset	193,0	200,4	149,8	Def. tax on loss carried forward
Investments	41,2	30,7		Shares and bonds
Long term receivables	69,5	50,4	18,5	Incl. tax receivables of NOK 61,9m
Short term receivables	623,6	652,6	440,3	Mainly tax receivables on 2015 expenses
Cash	53,8	61,7	34,8	
Total assets	**983,0**	**998,2**	**647,2**	
Equity and liabilities				
Total equity	402,0	418,1	314,9	Equity share of 40,9 percent
Long term liabilities	2,2	2,1	45,6	Convertible loans moved to short term
Short term liabilities	578,7	578,0	286,7	Borrowings and other curr. liabilities
Total equity and liabilities	**983,0**	**998,2**	**647,2**	

Solid net cash position

(North Energy group consolidated)

- Net cash position of NOK 161 million
- 2015 tax refund settled on 2 November
- Total exploration loan facility lowered to NOK 200 million after repayment of loan

Net cash position Q3 2016



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Revised strategy yielding results

Summary and outlook

- **Comfortably positioned in a challenging market**
  - Cost levels brought to a minimum, no major remaining investment commitments
  - Financial flexibility with NOK 161 million in net cash
- **High grading of portfolio almost completed**
  - Remaining licences offers commercially interesting prospectivity
  - APA 2016 application submitted, interesting oil prospectivity in the Barents
- **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