

Northern Oil ASA

Report for the 4th Quarter of 2002

The Business of Northern Oil ASA

Northern Oil ASA ("NOI" or the "Company") is involved in the exploration and production of oil and gas. Its main focus is on the acquisition, development and production of proven reserves.

As of December 31st, 2002, the Company's main assets were 90,246,000 shares in Naftex Energy Corporation ("Naftex"), representing 95.7% of its outstanding shares. The Company also holds 42,687,098 shares in Petrolex Energy Corporation ("Petrolex"), representing 62.92% of its outstanding shares.

Results for the fourth quarter of 2002

The results for the fourth quarter of 2002 (comparative numbers for Q4 2001 in brackets) show a net profit of USD 5,723,000 (loss of USD 12,005,000) before minority interest, and of USD 5,467,000 (loss USD 10,054,000) after adjustment for minority interests. The results for the year show a net profit of USD 6,466,000 (loss of USD 13,623,000) before minority interest, and of USD 6,232,000 (loss USD 11,272,000) after adjustment for minority interests. Included in the results is the sale of Naftex's WEEM license in Egypt as part of discontinued operations.

Until the Coral field is in production, the financial statements primarily reflect a project under development, and are thus not representative of future anticipated earnings. Quarterly figures are based on the same accounting principles as described in the annual report for 2001.

Corporate Matters

During the quarter a total of 98.785.936 shares in the company were outstanding.

On February 11th, 2003 the Company issued 22,631,000 new shares at NOK 1.90 per share, raising approximately NOK 43 million (USD 6 million) in new equity. The increase in the share capital was recorded in the Register of Business Enterprises on 21 February 2003. There are, after registration of the capital increase, 121,416,936 shares outstanding in the Company.

The new shares will be tradable once the prospectus required is approved by the Company's board and the Oslo Stock Exchange.

Naftex

Santos Basin, Brazil

The third and final production well at the Coral field was drilled and reached the total depth of around 5,320

meters in late September. This well completed the production drilling program for the Coral field.

Two of the wells were subsequently equipped with sub-sea horizontal wet X-mas trees and tied back with flow-lines to the semi-submersible production platform "Atlantic Zephyr", capable of processing around 24,000 barrels of oil per day, which was anchored at the Coral field by October 10th. The formal governmental approvals to proceed with the installations were received on November 8th and the final operations to complete the first well for petroleum production continued throughout the entire quarter due to several operational delays.

The export storage tanker "Avare", with a storage capacity of around 180,000 barrels, was anchored at the field on October 30th and operations to lay the required export flow-lines between the two installations were completed. All flow-lines and risers for the three wells were thereafter launched and tied back to the production unit.

Final formal governmental production approvals (IBAMA-licenses) were obtained on December 17th subsequent to a successful inspection of the total production system once installation and testing were completed.

After several operational delays, the first production well was flow tested on January 22nd, 2003. Initial response was promising with flow rates reaching 6,000 barrels per day on a 64/64 inch choke after 20 hours with ever increasing wellhead temperatures and pressure, as the well was cleaned out.

The well was then closed in to enable the rig to finalize the well completion tasks and move to the next well location to start well completion operations there. Unfortunately, new delays were experienced, resulting in a loss of 10 days before the well could be re-opened for regular production on February 3rd, 2003.

The well response since, however, has been disappointing so far, failing to stabilise at levels as experienced during the initial flow period. Production has not yet stabilised but vary between 2,500 and 3,500 barrels per day. The reasons for this are still under evaluation. It is suspected that the well clean out phase was not of sufficient duration. Combined with the unscheduled 10 days shut-in to finish the well completion tasks, settlement to the bottom of dissolved reservoir material left suspended in the well column at the end of the clean-up flow thus restricting flow performance, remains the most probable cause. Different efforts are continuously being pursued to increase and stabilize production from the well.

It is now expected that only a re-entry to the well with flexible tubing to facilitate proper cleaning of the production tubing will restore the full well potential. Such a job requires the rig to be positioned over the actual well, and will have to await the completion of the second production well, expected to occur in early March.

In spite of the set-backs seen, the Operator remains confident that planned peak production levels exceeding 20,000 barrels per day will be achievable.

Coplex Brasil has withheld payment of the last cash calls made by the operator of the Coral field as a consequence of the unexpected delays in the completion of the development of the field. Negotiations have commenced between Coplex and the operator with a view to resolve this conflict.

Coplex Brasil's share of the Coral field development costs are estimated to around USD 30 million including around USD 8 million in pre-funding to Petrobras. The Company has guaranteed the obligations of Coplex Brasil towards ANP under the joint venture.

In December the Caravela Sul discovery, made in 2001, was flow tested. These tests proved reservoir zone B3 as a high productivity one with a production potential, as estimated by the operator, of 6-8,000 barrels per day. The B1 zone, however, was a disappointment, failing to demonstrate stable flow rates during the test. For technical reasons the B2 zone was not tested. However, according to log data, reservoir properties are expected to be similar to the other fields in the area.

Interpretation of all the new data is presently still ongoing, but the maps show a long north-south oriented feature from the original Caravela Sul discovery down to and perhaps even extending into the neighbouring block to the south (Block BMS-12).

Preliminary recoverable reserve estimates range from 59 million barrels to 84 million barrels, based on the present B2 and B3 understanding. The B1 reservoir zone, although with considerable oil in place, is assumed not to be commercially viable at this location with present technology and is not included in these reserve estimates.

A second appraisal well (SCS-11) is now spudded around 5 kilometres to the north of the discovery well SCS-10. The aim with the well is to confirm additional reserves on an extension of the present Caravela Sul discovery.

NOI has provided Coplex Brasil with project funding for the development of the Coral field and the exploration of the BS-3 block including the appraisal of

the Caravela Sul discovery. A total of USD 15 million was drawn under this facility as of December 31st.

Coplex Brasil has, through a part owned subsidiary, BS-3 S.A., part financed the development costs of the Coral field with a short term loan from UNIBANCO.

Coplex Brasil's part of this financing, USD 13.4 mill., is planned to be refinanced by a bridge loan in the same amount from UNIBANCO and subsequent long term loans arranged through UNIBANCO. Negotiations to finalise the terms of these loans are continuing.

Coplex Brasil has a 27.5% working interest in these fields.

WEEM License, Egypt

On June 17th, Naftex concluded an agreement with LUKOIL whereby Naftex sold its 50% interest in WEEM to LUKOIL for a consideration of USD 7.3 million. The transaction was completed on October 10th and recorded in the fourth quarter.

Petrolex

Rubiales Colombia

The sale of the Rubiales field in Colombia was completed and recorded in the third quarter. With the completion of this sale Petrolex has disposed of all its petroleum assets. The Board of NOI may either consider disposing of the shares in Petrolex, or alternatively vote for a dissolution or liquidation of Petrolex.

Outlook

The Company is now focusing its resources on its business in Brazil. The first goal is to put all Coral field wells timely in production. The operator plans to have a second well in production during March 2003 and a third well in April. Thereafter peak production will be reached.

The exploration and appraisal of Block BS-3 including the Caravela Sul discovery, will now be intensified. An appraisal well is planned to be spudded shortly.

In connection with the completion of the Coral field, the UNIBANCO bridge facility also is planned to be converted into long-term project loans and expanded.

Subject to a successful progress at the Coral field the long term financial outlook for the Company looks positive.

Oslo, February 28st, 2003.

The Board of Directors of Northern Oil ASA.

Northern Oil ASA

Income statement (in USD 1,000)	2002 Oct-Dec	2001 Oct-Dec (restated)	2002 Jan-Dec	2001 Jan-Dec (audited)
Oil sales net of royalties	-	-	-	-
Production and transport expenses	-	-	-	-
Other operating expenses	-284	-466	-1 709	-1 797
Depletion, depreciation and amortization	-2	-1	-7	-8
Write down of field investments	-	-11 521	-	-11 521
Operating gain (loss)	-286	-11 988	-1 716	-13 326
Net financial income (expenses)	-2	191	-33	438
Foreign exchange gain (loss)	47	-159	-68	-178
Loss from continued operations	-241	-11 956	-1 817	-13 066
Result from discontinued operations	5 964	-49	8 283	-557
Net profit (loss) before minority interests	5 723	-12 005	6 466	-13 623
Minority interests' portion of results	-256	1 951	-234	2 351
Net profit (loss) after minority interests	5 467	-10 054	6 232	-11 272

Earnings (loss) per share (USD)	\$ 0,06	\$ (0,10)	\$ 0,06	\$ (0,13)
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Balance Sheet (in USD 1,000)	2002 Dec 31	2001 Dec 31 (audited)
Property and equipment	31 869	16 495
Operations held for sale / discontinued operations	-	650
Other current assets	7 530	1 953
Cash and cash equivalents	779	1 407
Total Assets	40 178	20 505
Equity	17 857	12 255
Minority interests	320	543
Long term debt	-	-
Current liabilities	22 001	7 707
Total liabilities and equity	40 178	20 505

Statement of cash flows for the year ended 2002	
Cash flows from operating activities:	
Net profit/ (-) loss for the year	6 232
Minority interests	234
Profit/(-) loss from operations held for sale	(8 283)
Profit/(-) loss from operating activities	(1 817)
Adjustments to reconcile the loss with net cash from operating activities:	
Depreciation and write downs	7
Change in accounts receivable and other short-term receivables	2 079
Change in inventory	-
Change in accounts payable and other current liabilities	-1 990
Change in other accruals and currency effects	47
Net cash flow from operating activities	(1 674)
Net cash flow from operations held for sale	
	(367)
Cash flows from investing activities:	
Field investments	(23 853)
Other long-term investments	-
Proceeds from sale of discontinued operations	9 300
Proceeds from sale of shares	-
Net cash flow from investing activities	(14 553)
Cash flow from financing activities:	
Proceeds from issuance of shares	-
Proceeds from loans obtained	15 966
Disbursement in connection with repayment of loan	-
Net cash flow from financial activities	15 966
Change in cash and cash equivalents during the period	
	(628)
Cash and cash equivalents at the beginning of the year	1 407
(presented net for operations that have been sold)	
Cash and cash equivalents in acquired companies	
Cash and cash equivalents at the end of the year	779