

Norse Energy Corp. ASA

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Conversion factors

Natural gas and LNG

From

	To billion cubic metres NG	billion cubic feet NG	million tonnes oil equivalent	million tonnes LNG	trillion British thermal units	million barrels oil equivalent
	Multiply by					
1 billion cubic metres NG	1	35.3	0.90	0.73	36	6.29
1 billion cubic feet NG	0.028	1	0.026	0.021	1.03	0.18
1 million tonnes oil equivalent	1.111	39.2	1	0.805	40.4	7.33
1 million tonnes LNG	1.38	48.7	1.23	1	52.0	8.68
1 trillion British thermal units	0.028	0.98	0.025	0.02	1	0.17
1 million barrels oil equivalent	0.16	5.61	0.14	0.12	5.8	1

Agenda

Operational review

Brazil

USA

Financial review

Outlook

Operational Review - Brazil



Exploration & Production

■ Producing or under development

Southern Santos Basin – BS3

Coral	35%	Producing
Cavalo Marinho	50%	Development plan under discussion
Estrela-do-Mar	65%	Development plan under discussion

Camamu basin

Manati	10%	In production Q4 2006
Sardinha	20%	Development plan under discussion

■ Exploration licenses

Camamu basin

BCAM 40	10.0%	4 leads approved for drilling
BCAL 5	18.3%	2 leads approved for drilling
BCAL 6	18.3%	1 lead approved for drilling
All subject to environmental license		

Operational review - Brazil

Operational review – Manati

- **Strong drilling results also from well #3 on Manati (10% owned)**
 - Well #3 finished drilling in November
 - Gross pay 266 meters, 50 meters more than expected
 - Net pay expected at 72 percent
 - 50 meters in two additional zones above the main reservoir
 - Results above expectations in all three wells drilled to date
- **Proven field reserves were increased by 88% to 78 MMbl based on the two first wells**
 - New reserve report due in January 2007

Operational review - Brazil

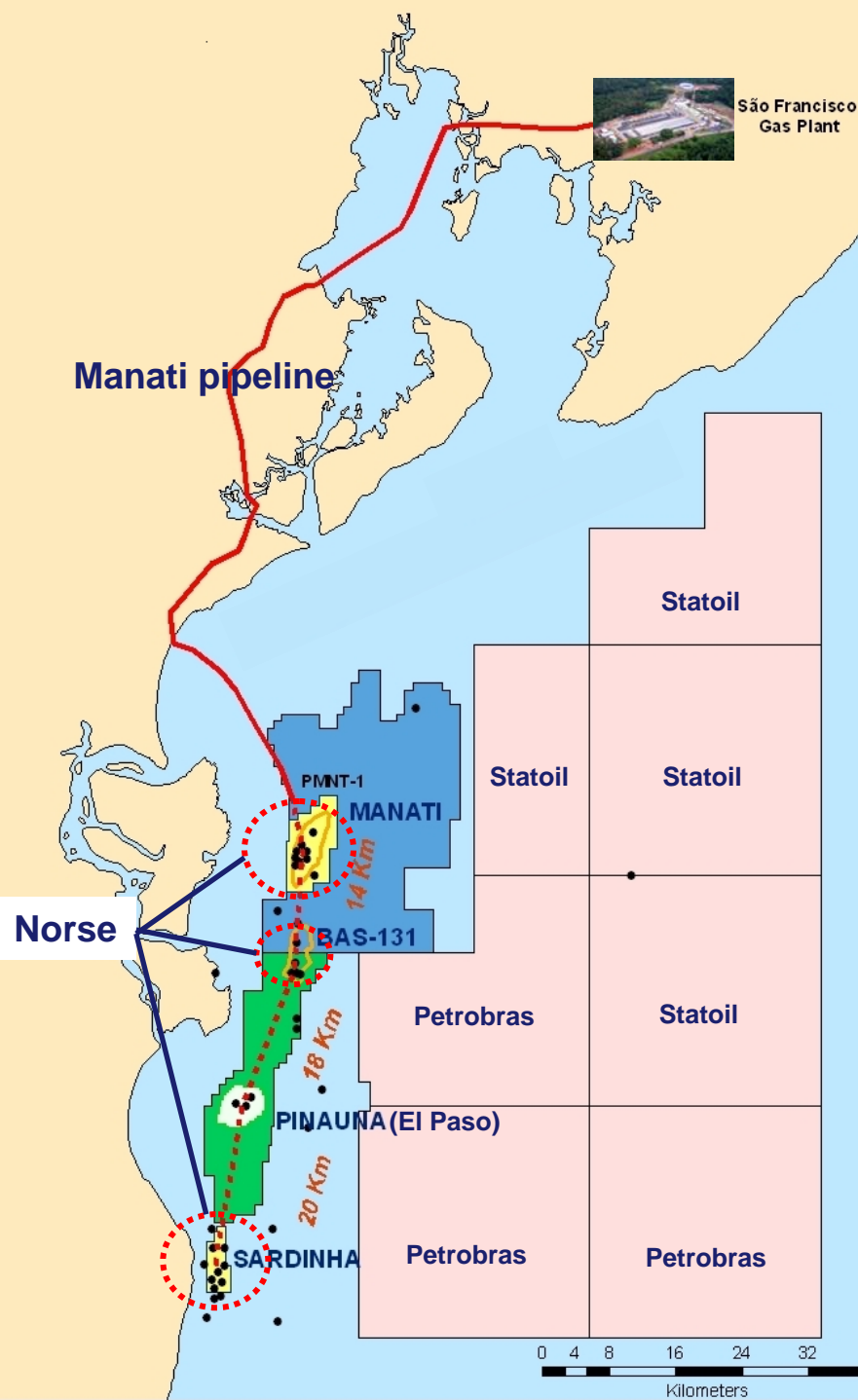
Operational review – Manati

- **Production set-up complete**

- Platform, subsea well heads, pipeline, gas plant
- Delays due to final operational licenses
 - State of Bahia (onshore), IBAMA (environmental, offshore)
- Production start any day
- Production target of 6 million m³ per day during first half 2007
 - Based on 6 wells
- Take-or-pay gas contract agreed with Petrobras

Operational review - Brazil

Strategic focus - Camamu



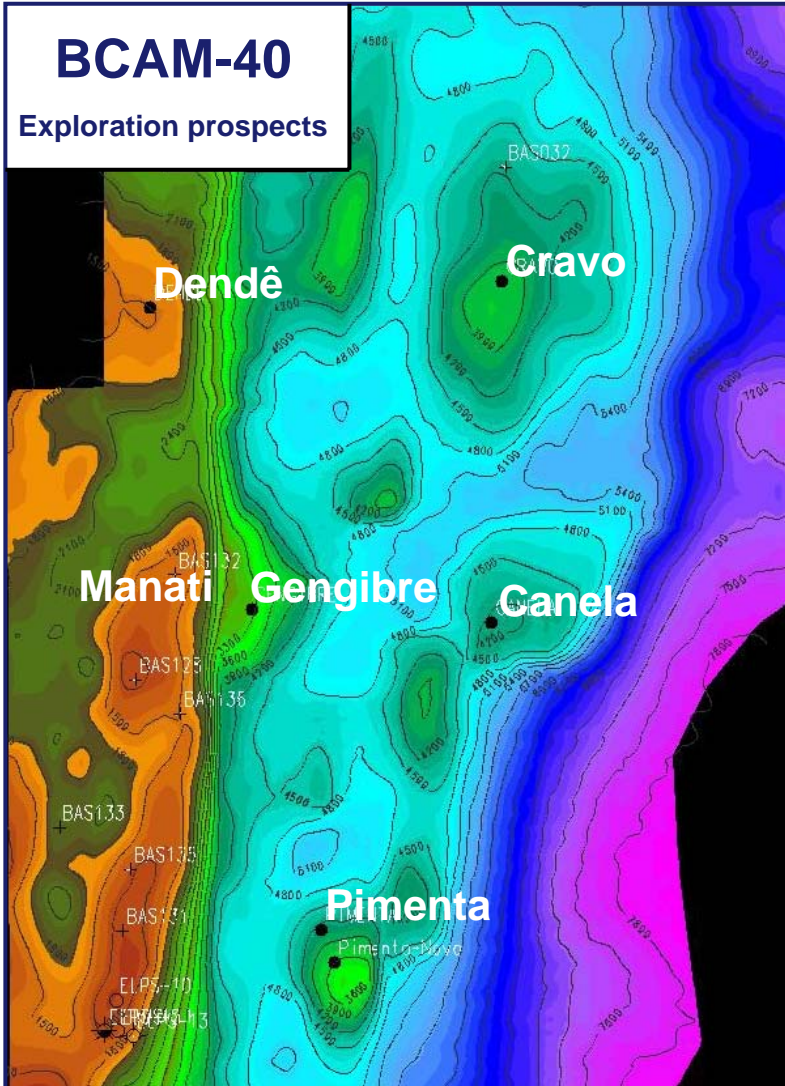
- Integrated development possibilities, including;
 - Manati/BCAM-40
 - BAS-131
 - Sardinha
 - El Paso operated license
- Distance from Sardinha to Manati is only 52 km
- Manati gas pipeline capacity exceeds planned gas production

Operational review - Brazil

Exploration prospects BCAM-40 (10%)

BCAM-40

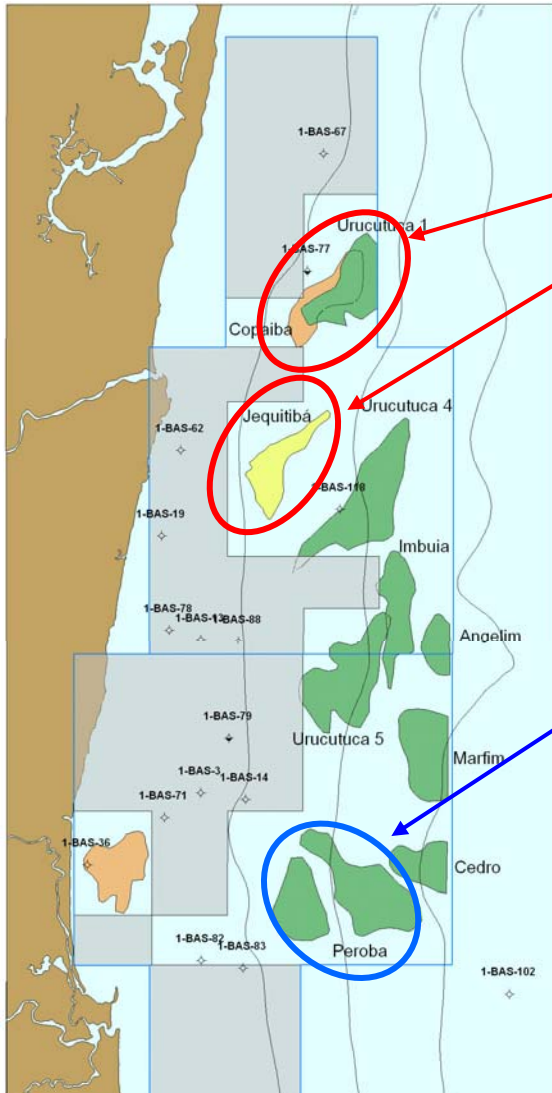
Exploration prospects



- **Four leads approved for drilling:**
 - Gengibre and Dendê mapped and approved for drilling in shallow waters
 - Cravo and Canela mapped and approved for drilling in deep waters
 - Pimenta depending on success on Cravo and Canela
- **Resource potential of 43 MMboe on NEC's hand (10%)**
- **Drilling schedule depends on timing of environmental licenses**
 - Secured semi for deep leads
 - Secured jack-ups for shallow leads, (shared with Manati development)

Operational review - Brazil

Deeper exploration prospects BM-CAL 5 & 6

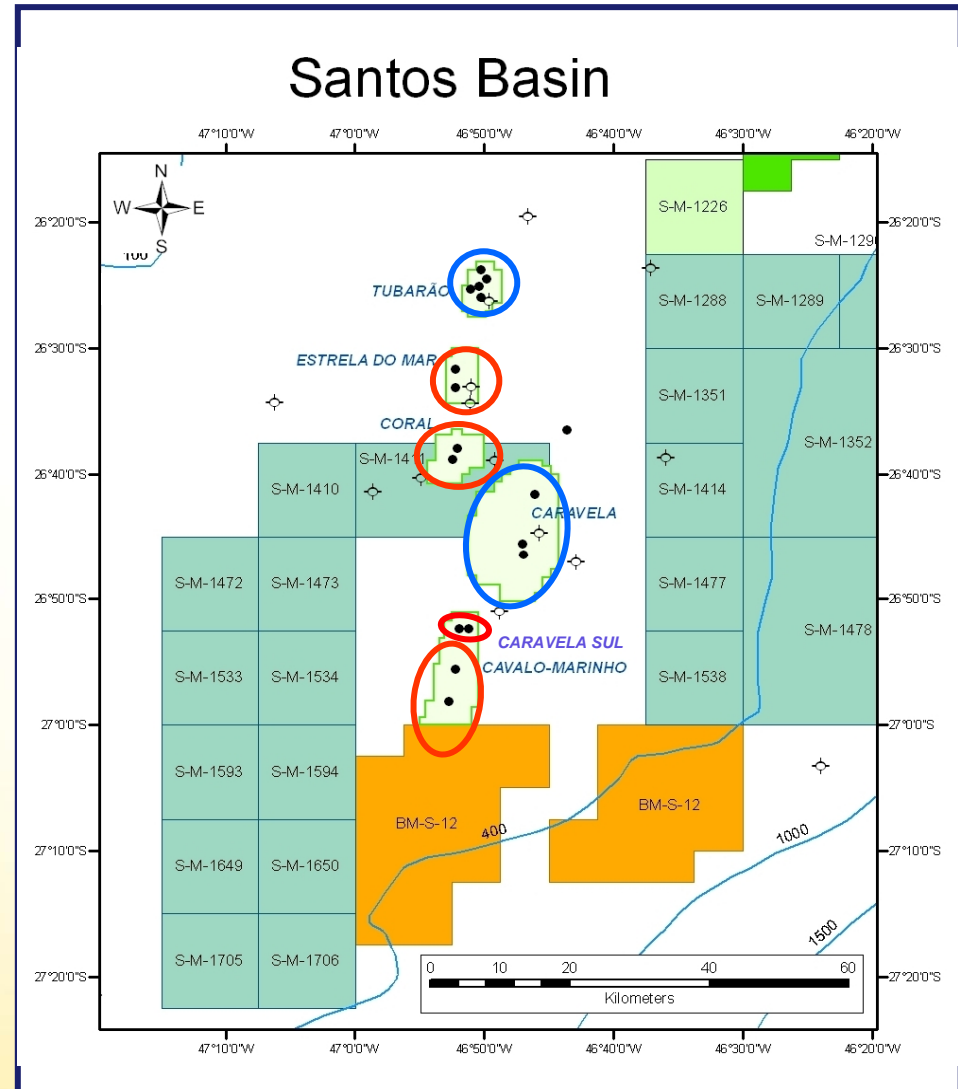


- 100 km south of Manati & BCAM-40
- **BM-CAL 5**
 - Multiple prospects identified
 - Two leads approved for drilling
 - Copaiba
 - Jequitiba
 - Resource potential of 81 MMboe on NEC's hands (18.3%)
- **BM-CAL 6**
 - Multiple prospects identified
 - One lead approved for drilling
 - Peroba
 - Resource potential of 63 MMboe on NEC's hands (18.3%)
- **Drilling schedules depend on environmental licenses - expected in 2007**
 - Semis secured

Operational review - Brazil

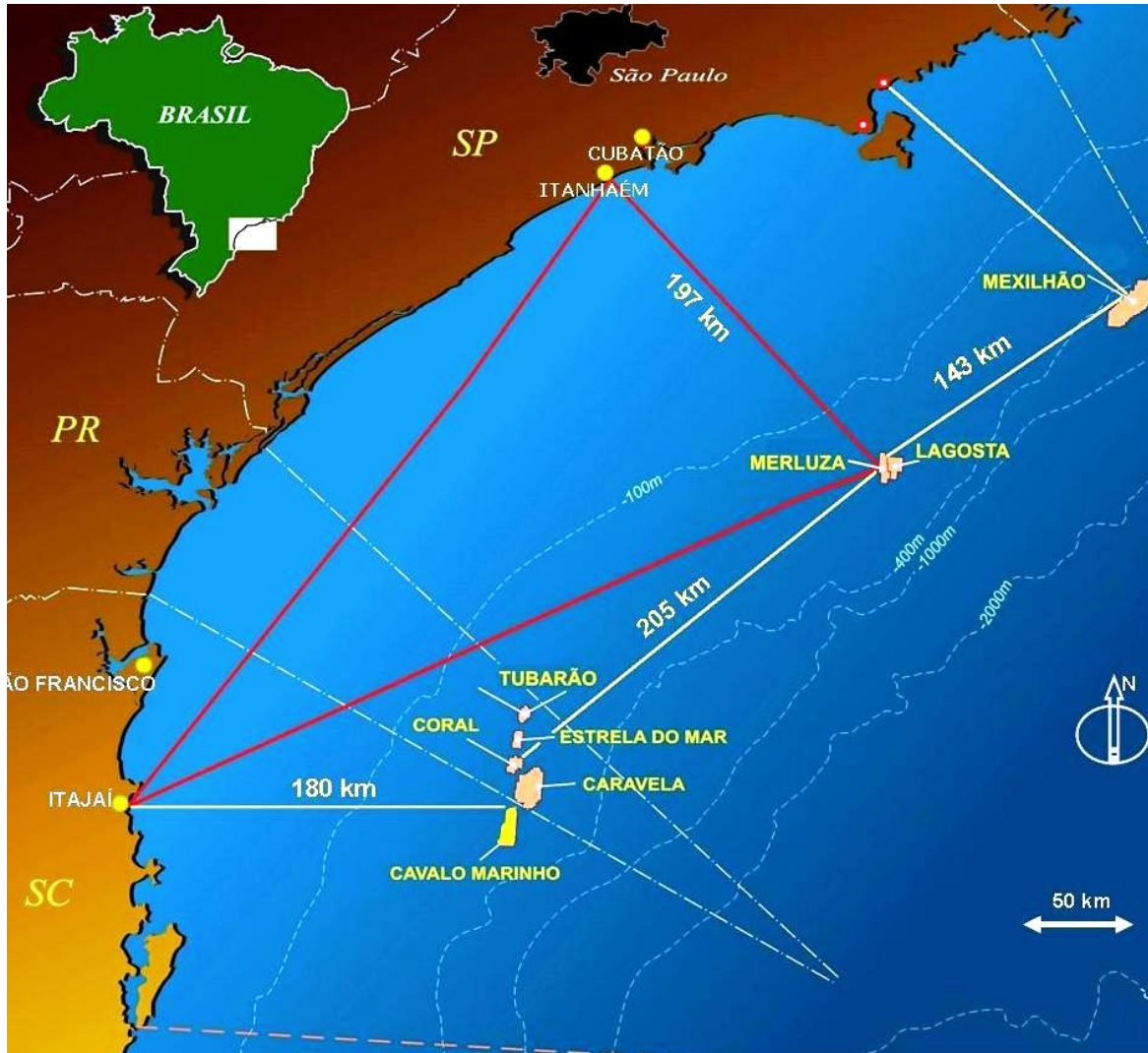
BS3 – development issues

- Fields in the area are reviewed across license borders
- Significant amount of oil and gas in place (OOIP):
 - 1,483 mmboe
 - Includes:
 - Coral, Estrela do Mar, Cavalo Marinho
 - Tubarão, Caravela and Caravela Sul
- Gas pipeline solution could open business opportunities also outside BS3



Operational review - Brazil

Strategic focus area- Southern Santos

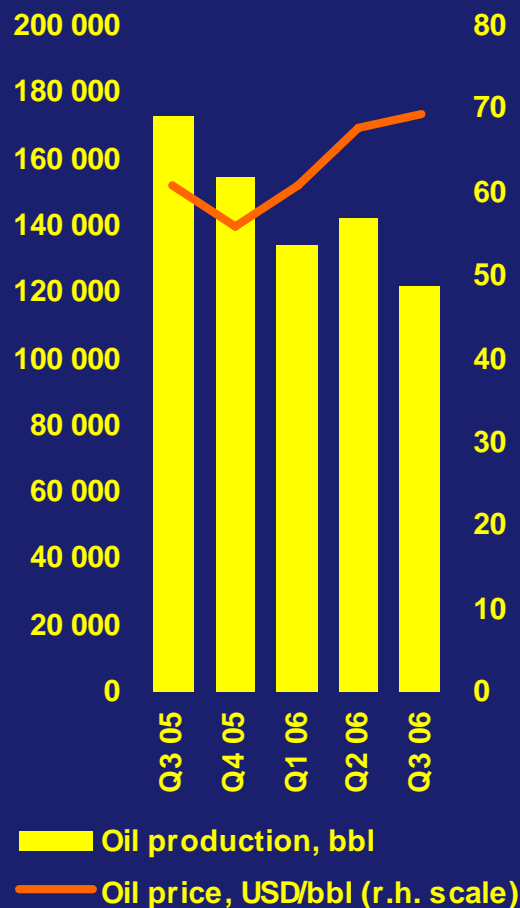


- Gas pipeline would open for development of proven gas structures
- Positions Norse for further license rounds
- Pipeline ownership would make us an attractive partner
 - New fields
 - Farm-ins

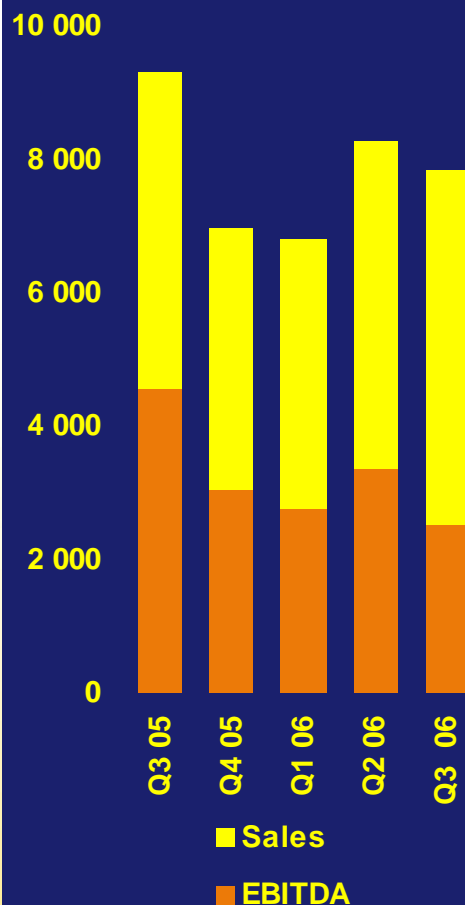
Operating assets - Brazil

Coral

Oil production and price



Brazil E&P (USD '000)



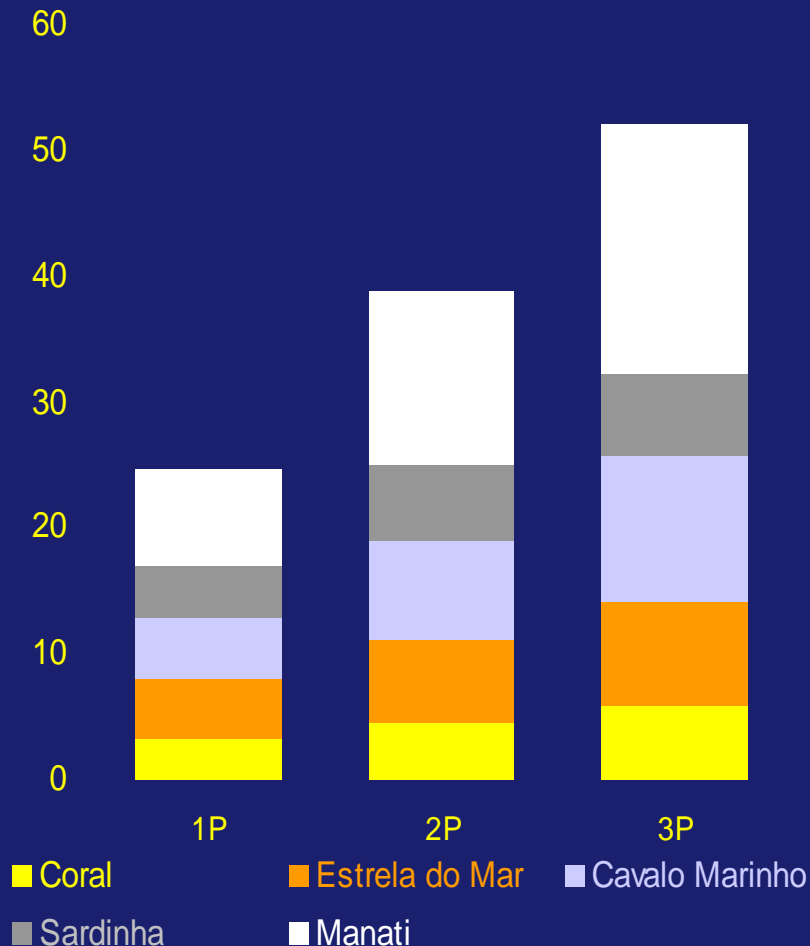
- **Oil production on Coral remains low**
 - Q3 '06 production of 4,133 bpd (100%)
 - 27% decline from Q2 '06 production level
 - NEC share of production 1,326 bpd (35% from 1 August)
 - Production problems at Coral #3
 - Out of production 80 of 92 days
 - Equipment stuck in the hole, could cause loss of wellbore and possibly impact reserves
 - Emphasizes importance of gas lift in wells #4 and #5 to optimize field oil production and recovery
 - EdM could be positively impacted
- **Q4 production to date ~3,100 bpd (100%)**

Note: Production figures based on 35% ownership in Coral from August 1, 2006

Operational review - Brazil

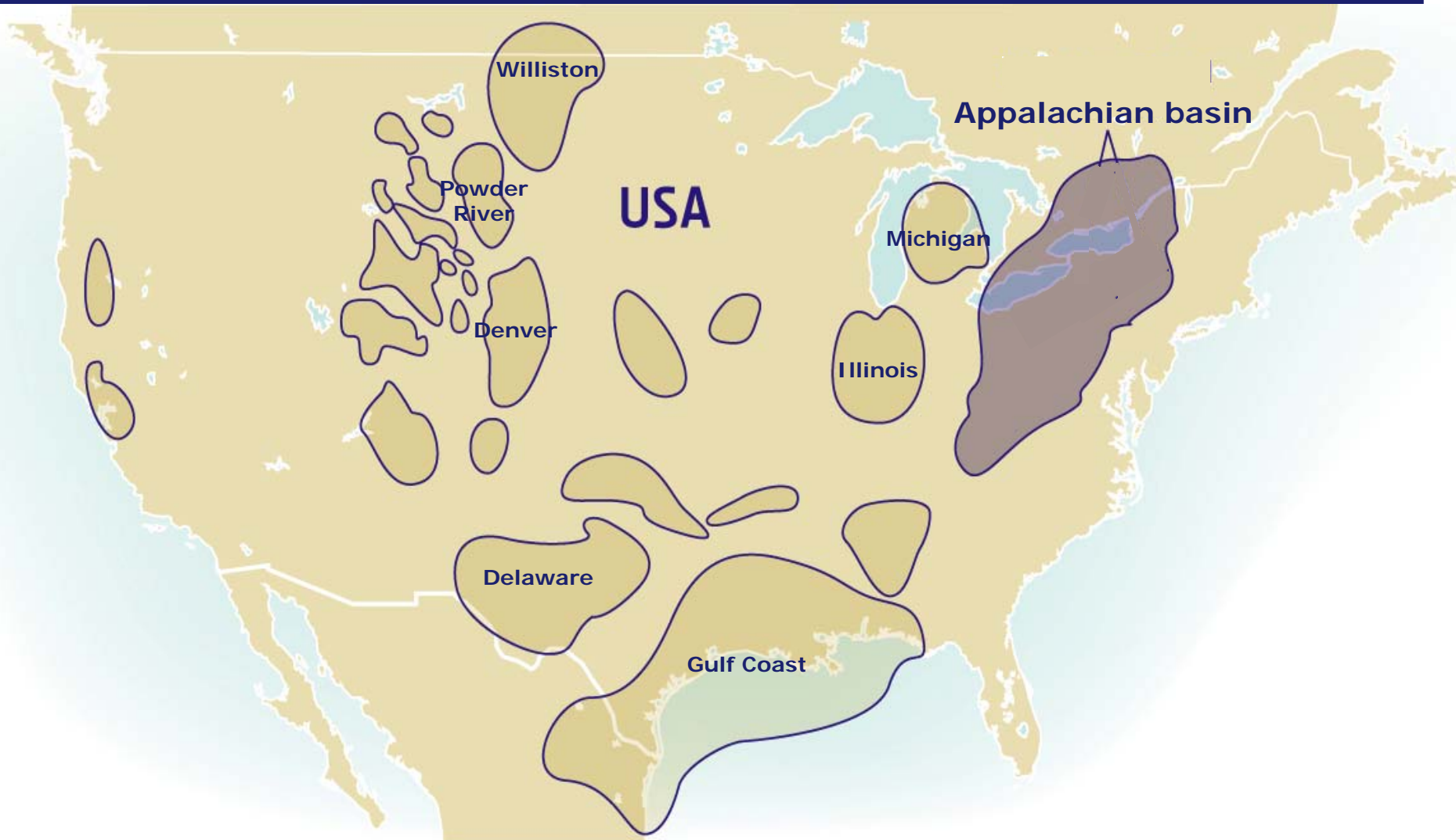
Reserve profile

NEC share of reserves, MMbl



- 1P reserves: 24.7 mmbl
- 2P reserves: 38.7 mmbl
- 3P reserves: 52.2 mmbl
- **Sources:**
 - Gaffney Cline Dec 2005 and Aug 2006 (first two wells on Manati)
 - Sardinha: Operator's best estimate (gas only)
- **Reserves due for revision in annual report at year-end**
 - Will be based on new rules for classification of reserves and resources

US Strategic focus – Appalachian basin



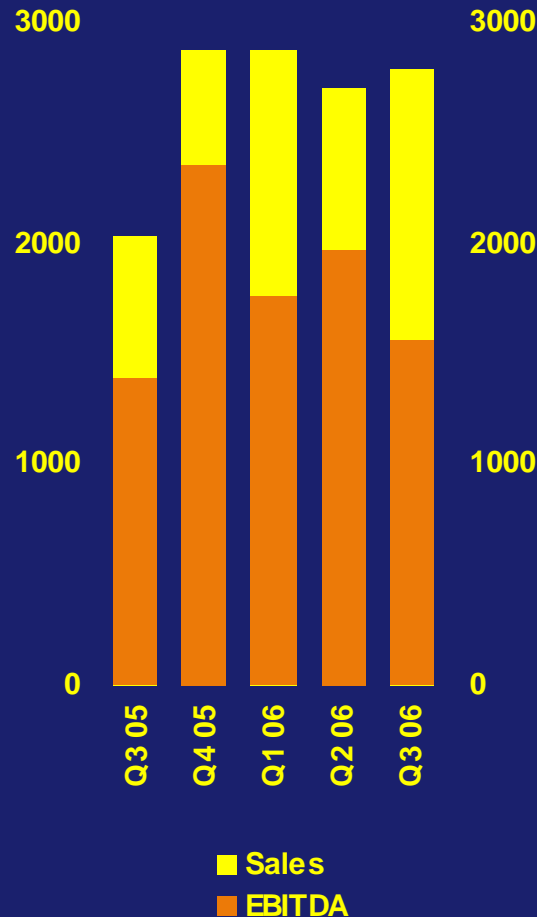
Operational Review - USA

Exploration & Production

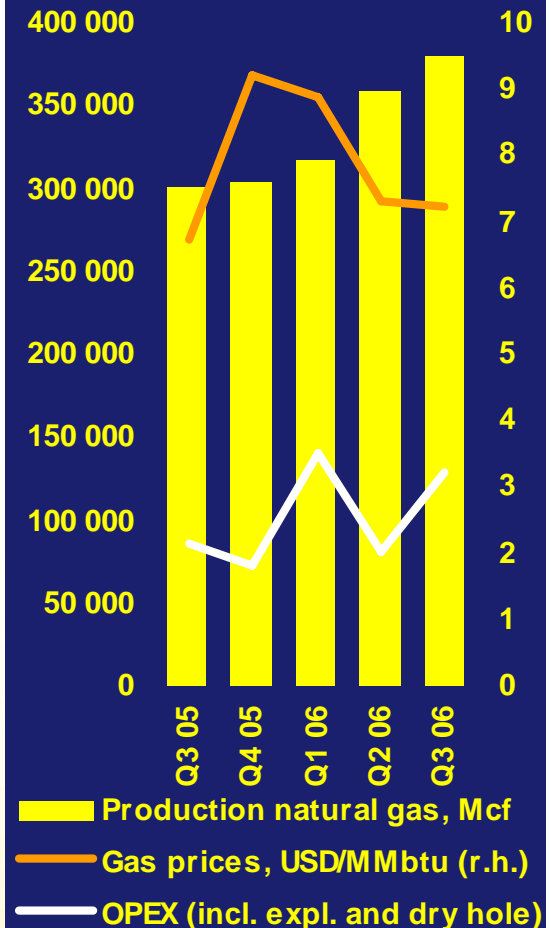
US E&P

- Gross production of 4,128 MMBtu per day
- Development drilling
 - 13 wells drilled in Q3
- Exploration drilling
 - 3 successful wells drilled in Q3
 - 12 wells drilled year to date
- A total 43 well drilled to date
 - On target for 60 wells drilling program in 2006
- Dry-holes expensed in Q1 (1 well) and in Q3 (1 well)
- Focus areas going forward:
 - Continued development of the low-risk 'inventory'
 - Increased focus on technology
 - Evaluating exploration of deeper, high-yield potentials

US E&P (USD '000)

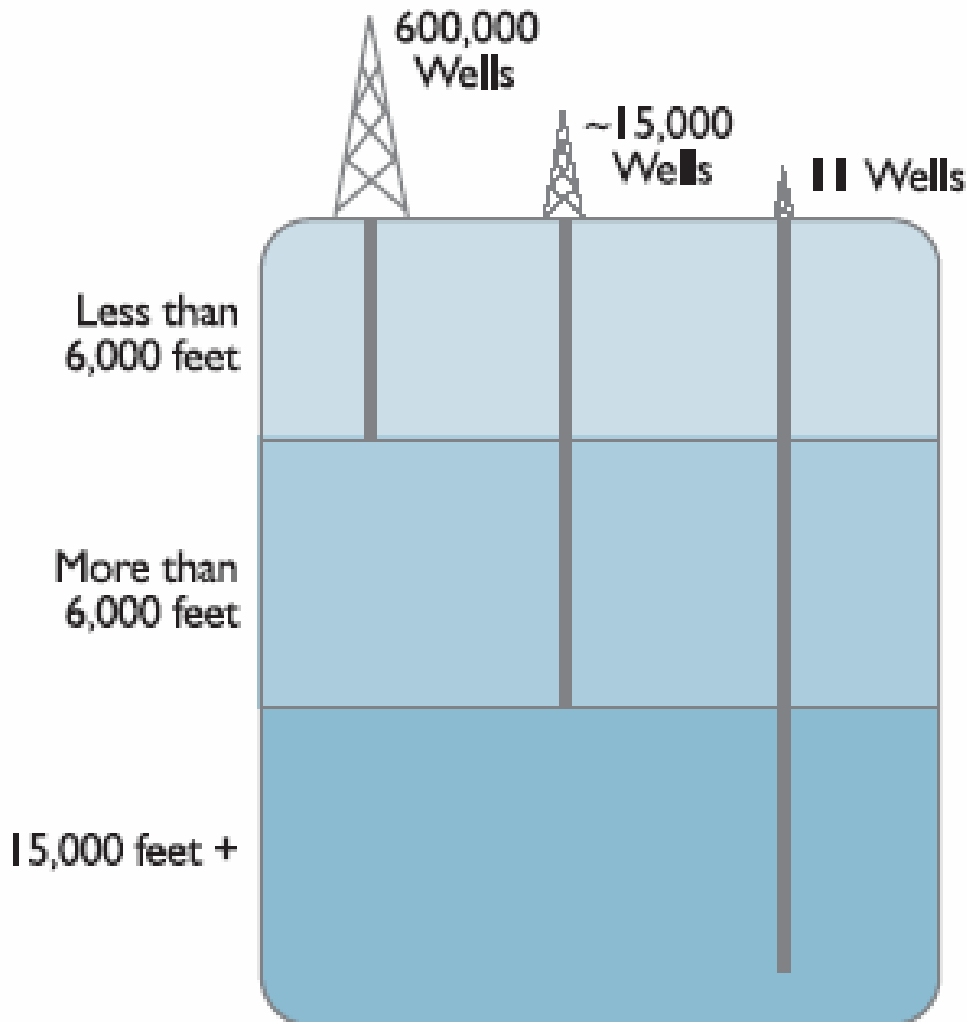


Gas prod., price and OPEX



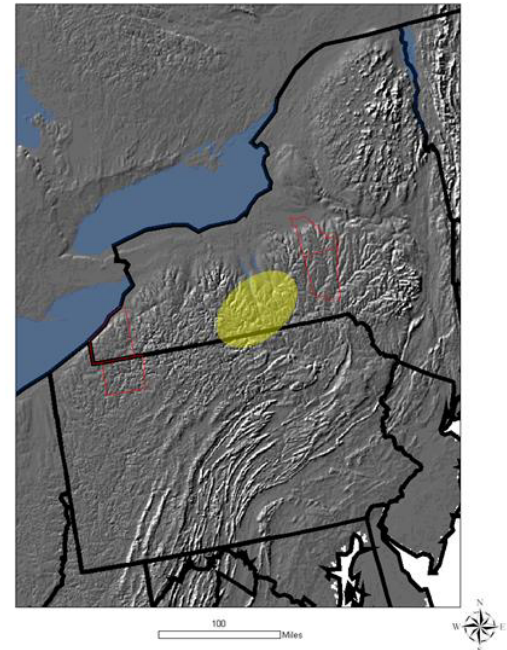
Operational Review - USA

Deeper, high-yield formations



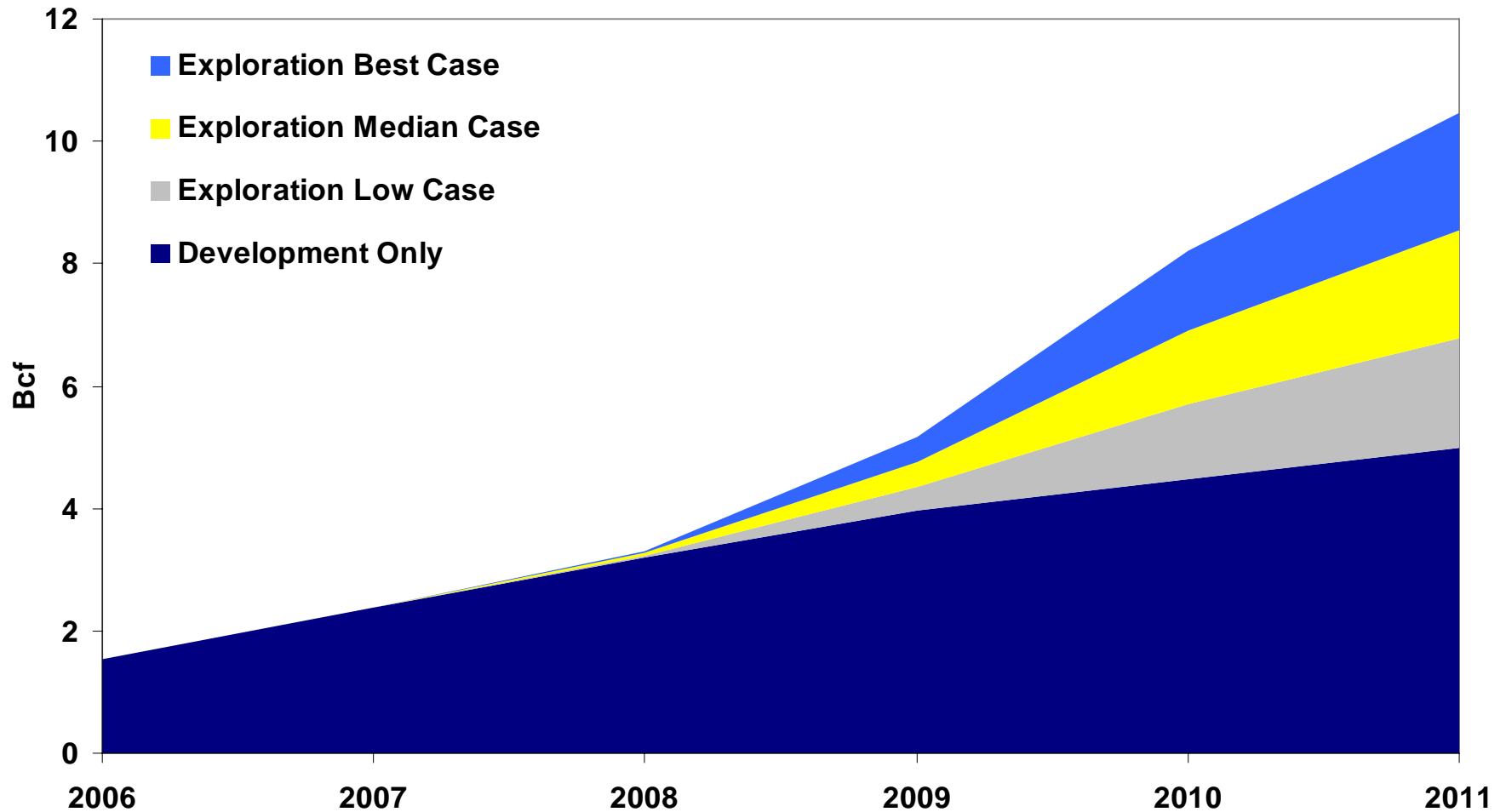
Example: Trenton/Black River

- 7-10,000 feet
- Typical reserve potential of 14 Bcf
- 6 year reserve life
- Gross revenue potential of USD 98m
- 14 Bcf at gas price of USD 7 per MMBtu
- USD 13 million investment
- Risked reserve finding cost <USD 1 per mcf



Operational Review - USA

Production Profile

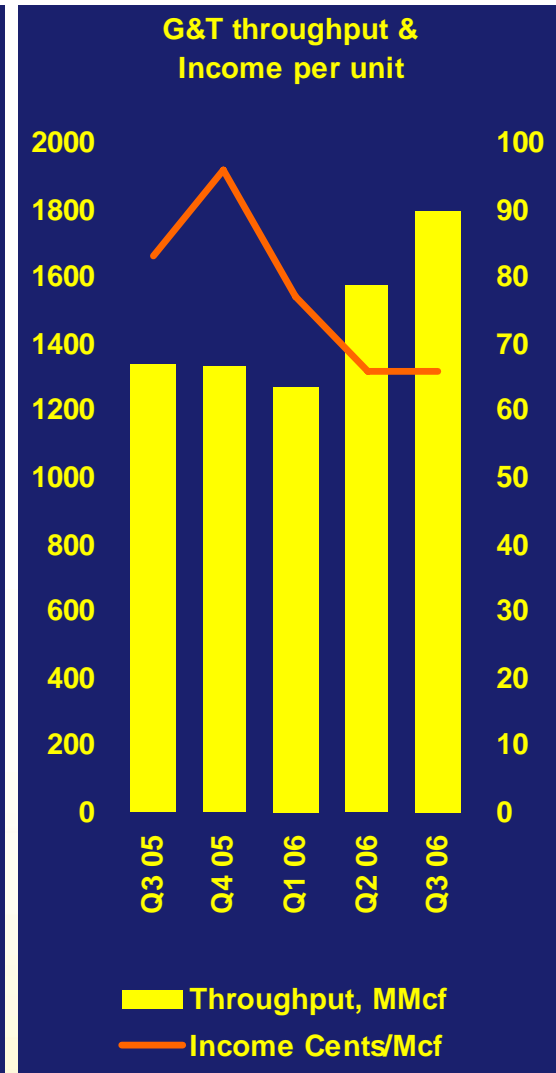
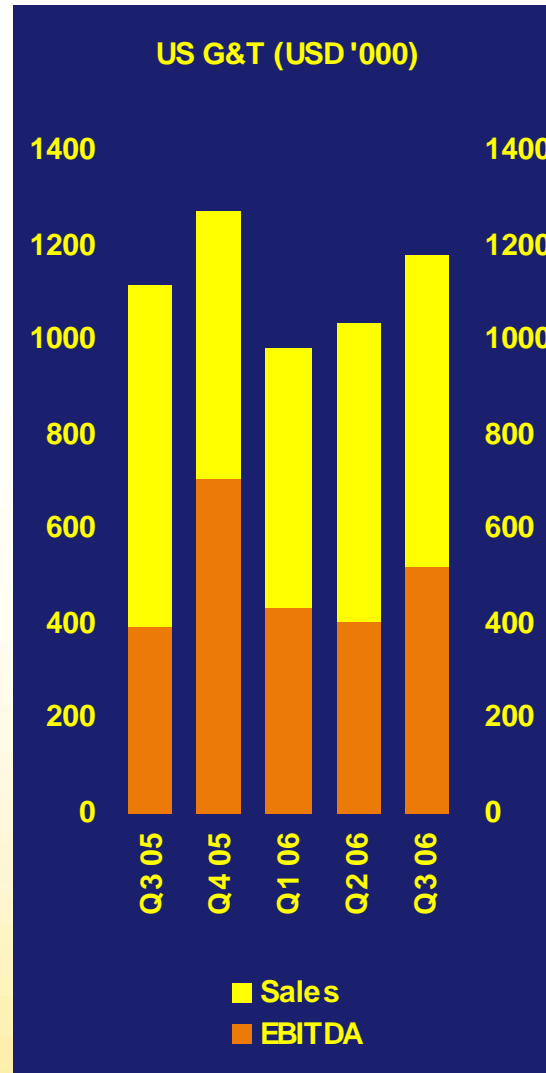


Operational Review - USA

Gathering & Transmission

US G&T

- All-time high level of 20,000 MMBtu per day
- Reduced fuel consumption
 - New compressors
 - Refurbished gas units and electric compressor
- Renegotiated new gas gathering contracts with all producers
 - Simpler and more transparent fee structure
- Evaluating major pipeline extension
 - Into areas with low pipeline density and increasing activity



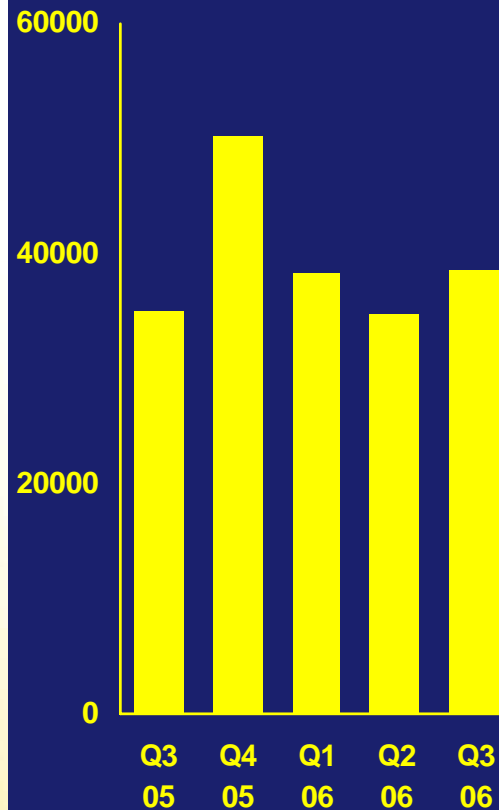
Operational Review - USA

Energy Marketing

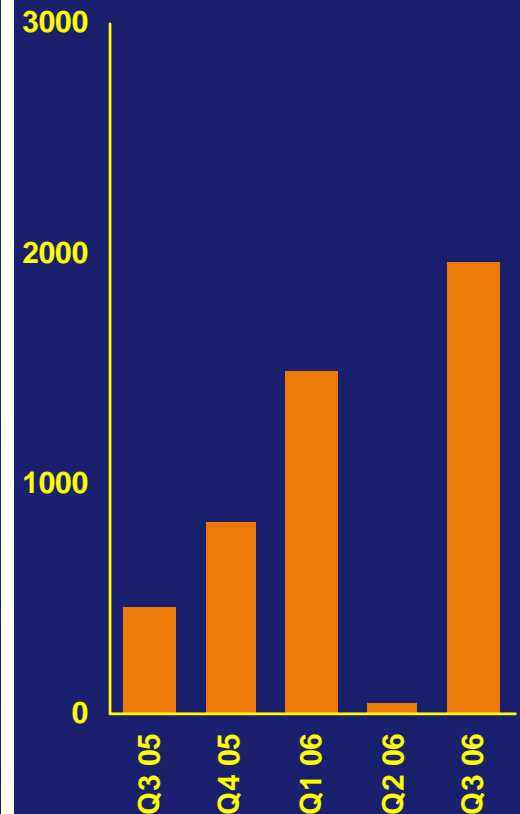
US Energy & Marketing

- **Record EBITDA**
 - Positive effect of mark-to-market contract valuation
- **Increased focus on additional wholesale customers**
- **Margin pressure from Canadian gas and higher than normal storage volumes**

Energy Marketing Sales
(USD '000)



Energy Marketing EBITDA
(USD '000)



Financial review

Key Financial Figures

Condensed P&L and Balance Sheet

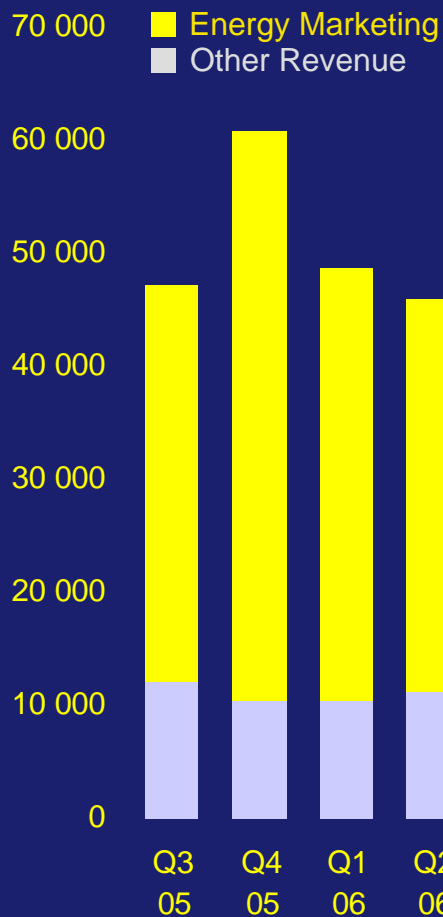
USD ('000)	Q3 06	Q2 06	Q1 06	Q4 05	Q3 05	FY 2005
Revenues	48 245	45 929	48 653	60 806	47 222	129 561
Trading purchase of oil and gas	-34 012	-33 392	-36 141	-48 466	-33 822	-82 288
EBITDA	4 628	4 795	5 360	5 673	5 900	22 176
EBIT	1 517	1 474	2 144	2 108	2 394	10 679
Pre-tax profit	481	363	1 375	1 517	1 587	8 525
Net profit	662	316	151	201	1 637	5 490
Total assets	339 998	287 743	286 150	235 305	220 841	235 305
Equity	126 795	115 519	116 638	96 473	101 259	96 473
Equity ratio	37%	40%	41%	41%	46%	41%

- **Decline in EBITDA from previous quarter**
- **Brazil**
 - Low oil production
 - Continued high cost level
- **US**
 - Higher gas production
 - Continued growth in gas transmission throughput
 - Unrealized gains in Energy Marketing

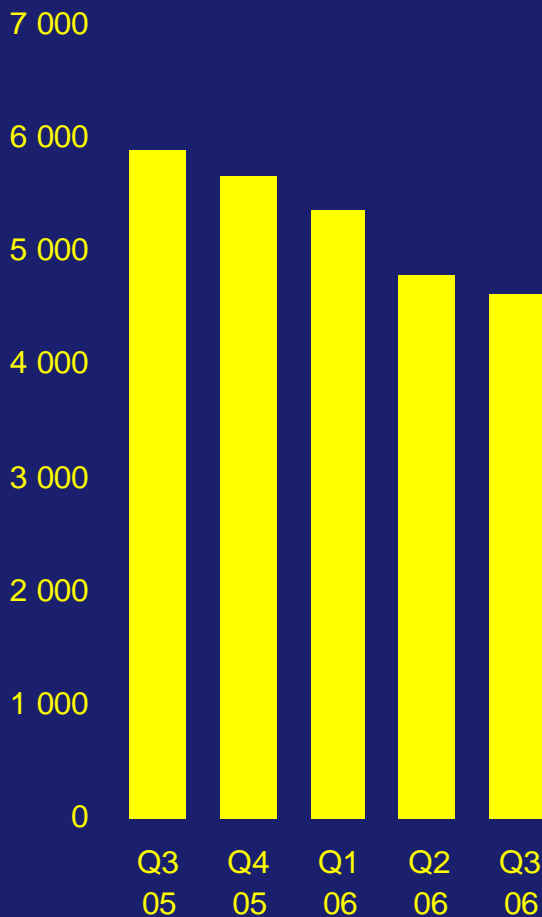
Key Financial Figures

Revenues, EBITDA and Pre-tax profit

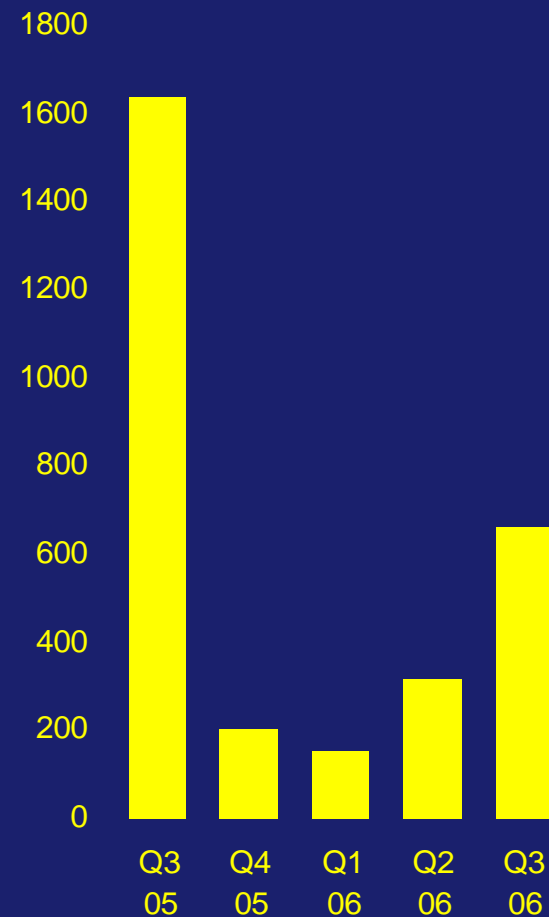
Revenues (USD '000)



EBITDA (USD '000)



Pre-tax Profit (USD '000)



Q3 2006

Financial highlights

- **Brazilian Reais loans of Reais 67 million (USD 31 million)**
 - Qualified by Brazilian governmental agency BNDES
 - Partially replaces current bridge loans of USD 33 million
 - Tied to Manati investment, where contracts will be in local currency
- **USD 50 million bond issue completed in July**
- **After closing of the quarter:**
 - USD 16 million bonds with attached warrants
 - Subject to General Meeting

- **Offshore Brazil**

- Production profile will change with Manati
 - Gas will account for 2/3 of production in Brazil
- Exciting exploration program
 - 7 wells budgeted for 2007 - rigs secured
- Integrated development solutions for the BS3 area
 - Gas pipeline enables development of Southern Santos basin
 - Coral remains a challenge in the near-term, may open for earlier development of Estrela-do-Mar

- **Onshore USA:**

- Continued drillbit growth and increased exploration

Enclosures

Financial figures

Income Statements

Balance Sheets

Cash Flow Statements

Segment Information

Production Figures

Key Financial Figures

Key Financial Figures

Income Statement

Profit and Loss Statements

<i>(Dollars in thousands)</i>	2006			2005	2006	2005 *	2005 *
	Q3	Q2	Q1	Q3	9 months	9 months	12 months
Total revenues	48 245	45 929	48 653	47 223	142 827	68 925	129 560
Trading purchase of oil and natural gas	(34 012)	(33 392)	(36 141)	(33 822)	(103 545)	(33 822)	(82 288)
Production expenses	(5 126)	(5 325)	(4 106)	(4 185)	(14 557)	(11 775)	(16 372)
Sales, administrative and general expenses	(4 070)	(2 371)	(2 565)	(2 885)	(9 006)	(6 015)	(7 928)
Exploration costs	(410)	(45)	(481)	(430)	(936)	(510)	(497)
Earnings before interest, depreciation and amortization	4 628	4 795	5 360	5 901	14 783	16 803	22 475
Depreciation and amortization	(3 110)	(3 322)	(3 216)	(2 617)	(9 648)	(8 565)	(14 842)
Operating income	1 517	1 474	2 144	3 284	5 135	8 238	7 633
Net interest costs	(1 919)	(1 239)	(1 109)	(1 615)	(4 267)	(4 358)	(5 248)
Other financial items	883	128	340	808	1 351	2 460	2 758
Results from continued operations	481	363	1 375	2 477	2 219	6 340	5 143
Taxes	181	(48)	(1 168)	350	(1 035)	(848)	(2 854)
Net profit (loss) before minority interest	662	315	207	2 827	1 184	5 492	2 289
Minority interests' portion of results	-	-	(56)	(99)	(56)	(226)	(282)
Net profit (loss) after minority interest	662	315	151	2 728	1 128	5 266	2 007

* Pro forma consolidated figures, as if Northern Oil and NaturGass had been consolidated for the full period

Key Financial Figures

Balance Sheets

Balance Sheets

<i>(Dollars in thousands)</i>	09/30/06	06/30/06	03/31/06	09/30/05		*
Property and equipment	247 380	217 309	203 880	144 950		142 549
Intangible assets	5 879	5 879	6 347	8 990		6 347
Other assets	46 889	36 045	41 559	37 792		44 271
Inventory	2 618	2 537	2 562	1 077		1 988
Cash and cash equivalents	37 232	25 972	31 802	28 033		39 387
Total Assets	339 998	287 743	286 150	220 841		234 542
Equity	126 795	115 519	116 638	101 259		96 531
Minority interests	-	-	1 631	1 893		1 575
Other long term liabilities	2 679	7 890	6 677	-		6 673
Deferred tax	18 640	17 199	17 356	22 966		17 062
Long term debt	103 982	80 144	78 491	51 778		57 389
Short term debt	51 897	32 996	32 427	8 612		10 734
Other current liabilities	36 005	33 995	32 930	34 333		44 578
Total liabilities and equity	339 998	287 743	286 150	220 841		234 542

Equity reconciliation

(Dollars in thousands)

Opening balance, January 1	96 531
Share issue	17 888
Acquisition minority	(652)
Result for the period	1 128
Convertible bond equity element	9 130
Other comprehensive income	2 770
Closing balance, September 30	126 795

* Pro forma consolidated figures, as if Northern Oil and NaturGass had been consolidated for the full period

Key Financial Figures

Cash Flow Statements

Cash Flow Statements

<i>(Dollars in thousands)</i>	2006 Q3	2006 Q2	2005 Q3	2006 9 months	2005 * 9 months	2005 12 months
Cash flows from operating activities						
Net profit for the period	662	316	2 827	1 128	5 492	2 813
Employee options accrual	283	205	-	488	-	-
Depreciation and amortization	3 110	3 322	2 617	9 648	8 565	12 627
Change in trade debtors and other short-term assets	(4 896)	3 953	(15 834)	4 292	(30 245)	(21 312)
Change in inventory	1 179	25	321	630	70	(1 005)
Change in trade accounts payable	4 655	(578)	(72)	(6 102)	12 564	2 390
Change in other current liabilities	(5 856)	(1 339)	(256)	(7 864)	(272)	(1 801)
Net cash flows from operating activities	(863)	5 904	(10 397)	2 220	(3 826)	(6 288)
Cash flows from investing activities						
Acquisition of minority	-	(1 945)	-	(426)	-	-
Oil put options	-	-	-	(1 399)	-	(1 863)
Investment in property, plant and equipment	(35 181)	(15 073)	(4 630)	(114 263)	(9 003)	(12 598)
Net cash flows from investing activities	(35 181)	(17 018)	(4 630)	(116 088)	(9 003)	(14 461)
Cash flows from financing activities						
Proceeds from issuance of shares	-	-	21 661	18 748	42 580	24 780
Share issue cost	-	-	-	(860)	-	(2 275)
Sale of treasury shares	-	-	-	-	-	20 530
Proceeds from loans obtained	49 934	13 096	31 866	105 710	35 866	42 316
Repayment of loans	(9 683)	(7 811)	(22 163)	(18 598)	(43 165)	(32 082)
Equity from convertible loan	9 130	-	-	9 130	-	-
Other long term debt	(2 077)	-	(769)	(2 417)	(769)	(661)
Net cash flows from financing activities	47 304	5 285	30 595	111 713	34 512	52 608
Cash and cash equivalents in companies acquired, net	-	-	-	-	-	7 253
Change in cash and cash equivalents during period	11 260	(5 829)	15 568	(2 155)	21 683	39 112
Cash and cash equivalents at beginning of period	25 972	31 801	12 465	39 387	6 350	275
Cash and cash equivalents at end of period	37 232	25 972	28 033	37 232	28 033	39 387

* Pro forma consolidated figures, as if Northern Oil and NaturGass had been consolidated for the full period

Key Financial Figures

Segment Production Figures

Segment information

Production figures

	2006			2005			2006
	Q3	Q2	Q1	Q4	Q3	Q2	9 months
Brazil E&P							
Oil production, barrels (100%)	380 280	519 055	489 232	563 827	628 221	711 042	1 388 567
Oil price, \$/bbl (before royalty and tax)	\$ 69,42	\$ 67,69	\$ 61,00	\$ 56,08	\$ 60,85	\$ 50,99	\$ 65,90
USA E&P							
Production natural gas, MMBTU	379 737	358 211	317 924	303 732	300 741	257 785	1 055 872
Gas price, \$/MMBtu	\$ 7,23	\$ 7,33	\$ 8,87	\$ 9,41	\$ 6,74	\$ 6,22	\$ 7,76
USA G&T							
Throughput (MMBTU)	1 797 581	1 573 527	1 272 927	1 327 538	1 336 511	1 200 540	4 644 035

Key Financial Figures

Segment Results

(1)

Gross revenue, EBITDA and EBIT

	2006			2005			2006
	Q3	Q2	Q1	Q4	Q3	Q2	9 months
Brazil E&P							
Oil revenues (net of royalties and tax)	7 830	8 286	6 793	6 969	9 313	8 548	22 909
EBITDA	2 529	3 332	2 763	3 344	4 537	5 259	8 624
EBIT (Operating profit)	142	729	311	1 292	1 414	1 415	1 182
USA E&P							
Natural gas revenues	2 792	2 701	2 879	2 880	2 027	1 611	8 372
EBITDA	1 563	1 970	1 756	2 352	1 393	1 140	5 289
EBIT (Operating profit)	1 076	1 482	1 274	1 649	952	842	3 832
USA G&T							
Income from gathering and transmission	1 183	1 036	983	1 273	1 114	784	3 202
EBITDA	519	406	431	707	393	255	1 356
EBIT (Operating profit)	272	182	197	484	188	73	651
USA Energy Marketing							
Oil and natural gas trading	38 478	34 745	38 220	50 290	35 022		111 443
EBITDA	1 970	47	1 489	837	465		3 506
EBIT (Operating profit)	1 965	42	1 484	832	462		3 491

(1)

Sum of segments excludes corporate overhead and intercompany eliminations