

Norse Energy Corp. ASA

1st Quarter Financials
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AGENDA

- **First quarter highlights**
- **Financial and funding review**
- **Operational review**
- **Outlook**

Q1 Highlights & subsequent events

US

- Herkimer play continues to perform above expectations
- Accelerating production rates

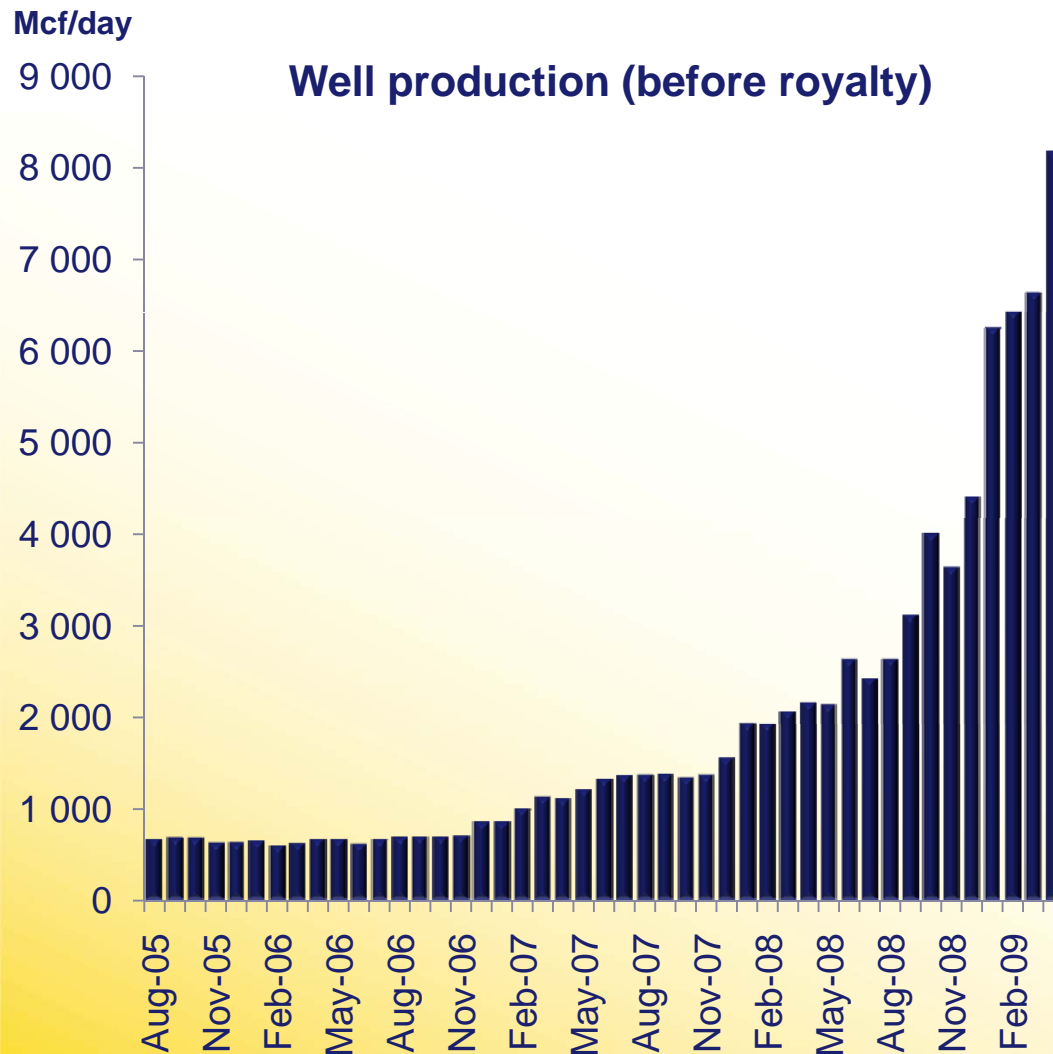
Brazil

- Temporarily lower production from Manati due to softened demand
- Reorganized organisation in accordance with rebalancing of portfolio
- Limited capital commitments going forward

Group

- Secured USD 10 million loan from Sector
- Comfortable with capitalization processes

US highlights



- **Drilled 5 wells in Q1**
- **Continued strong results from horizontal Herkimer wells**
 - Initial average production of ~2,500 Mcf/day per well for two of the most recent wells
- **Well production of 6,429 Mcf/day (1,145 boe/day) in Q1**
 - Net sales to Norse of ~5,971 MMBtu/day (1,032 boe/day)
- **Current well run-rate ~10,000 Mcf/day (1,781 boe/day)**
 - Infrastructure bottlenecks temporarily limiting production growth

Brazil highlights



- **Manati production impacted by economic slowdown**
 - Lower demand from industrial customers and thermal power
- **Manati production in Q1 of 4.3 MMm3/day (2,708 boe/day net to NEC)**
 - Operator expects demand to increase
- **Cravo well dry**
- **Farm-out of BM-CAL-5**
- **Strategy going forward:**
 - **Divest Camamu-Almada assets (Manati)**
 - **Focus on Santos assets**
 - **Reorganization and cost cuts**

Financials and funding

Q1 Key financials

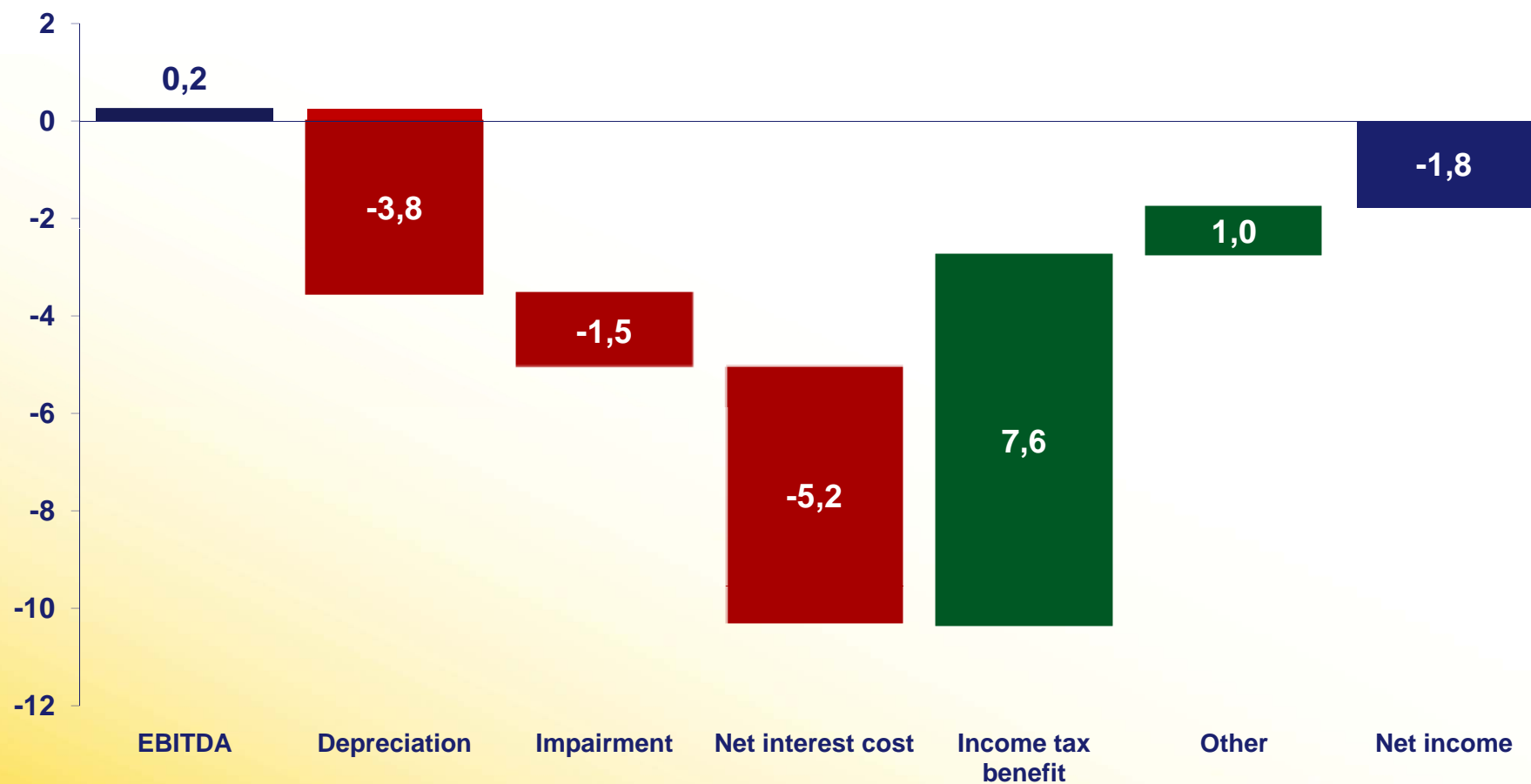
Income statement

	<u>Q1-09</u>	<u>Q4-08</u>
	USD ('000)	
Marketing revenue	35 264	45 959
Oil and Gas revenue	10 040	11 653
Fair value adjustments and other income	2 160	2 963
Total revenues and other income	47 464	60 575
Marketing purchases	32 672	43 464
Production costs	1 467	7 877
Exploration and dry-hole costs	7 515	7 102
General and administrative costs	5 561	8 906
EBITDA	249	-6 774
Depreciation	3 788	5 024
Impairment	1 522	25 911
Operating income/(loss) - (EBIT)	-5 061	-37 709
Net interest costs	-5 239	-5 092
Net foreign exchange gain/(loss)	249	-5 763
Warrants effect	304	11 170
Other financial items	-	1 106
Net income/(loss) before tax	-9 747	-36 288
Income tax benefit/(expense)	7 556	10 942
Net income/(loss) for the period	-2 191	-25 346
Other comprehensive income/(loss) for the period (net of tax)	423	4 302
Total comprehensive income/(loss) for the period	-1 768	-21 044

Special items

Q1 2009

USD million



Q1 Key financials

Balance sheet

	<u>Q1-09</u>	<u>Q4-08</u>
	USD ('000)	
Licenses and exploration assets	134 434	132 386
Deferred tax assets	19 678	10 105
Production assets and equipment	152 747	150 218
Other non-current assets	21 181	25 770
Accounts receivables and other short-term assets	27 242	31 602
Other current assets	18 160	15 790
Cash and cash equivalents	21 744	32 207
Total Assets	395 186	398 078
Equity	66 063	67 749
Long-term interest bearing debt	143 469	145 360
Deferred tax liabilities	11 584	11 788
Liabilities related to warrants	11 676	12 002
Other long-long term liabilities	14 075	13 553
Short-term interest bearing debt	84 461	84 007
Accounts payable, accrued liabilities and other	63 858	63 619
Total Equity and Liabilities	395 186	398 078

Q1 Key financials

Cash flow

Cash flow from operations

- USD -1.8 million (USD -4.5 million in Q1 2008)

Cash flow from investments

- USD -8.3 million (USD 45.8 million)

Cash flow from financing activities

- USD -0.5 million (USD -26.5 million)

Total net cash flow

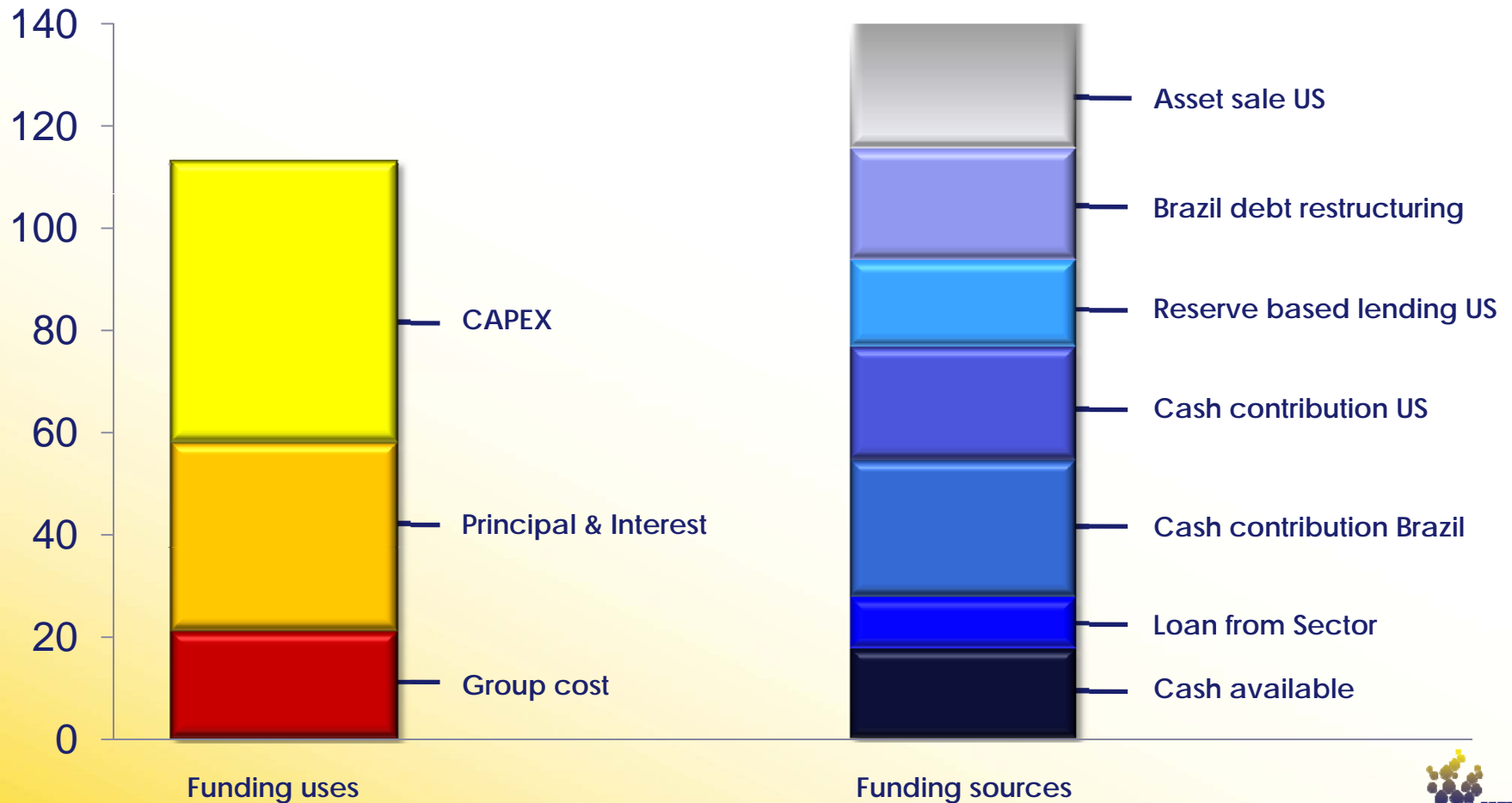
- USD -10.5 million (USD 15.5 million)

Cash end of Q1 2009 USD 21.8 million

NEC Group 2009

Financial flexibility improved from last quarter

USD million



NEC USA

Self funding business model going forward

Sources	USD million	Assumptions	Status
US cash contribution	~20	Weighted gas price at 7 USD/Mcf incl. hedges	Higher production offsets lower spot prices
Reserve-based lending in the US	15 – 20	Next redetermination in Q2 2009	On track
Mid stream structural opportunities	?	Ongoing process	Bids received
Joint Ventures	?	Ongoing process	Ongoing

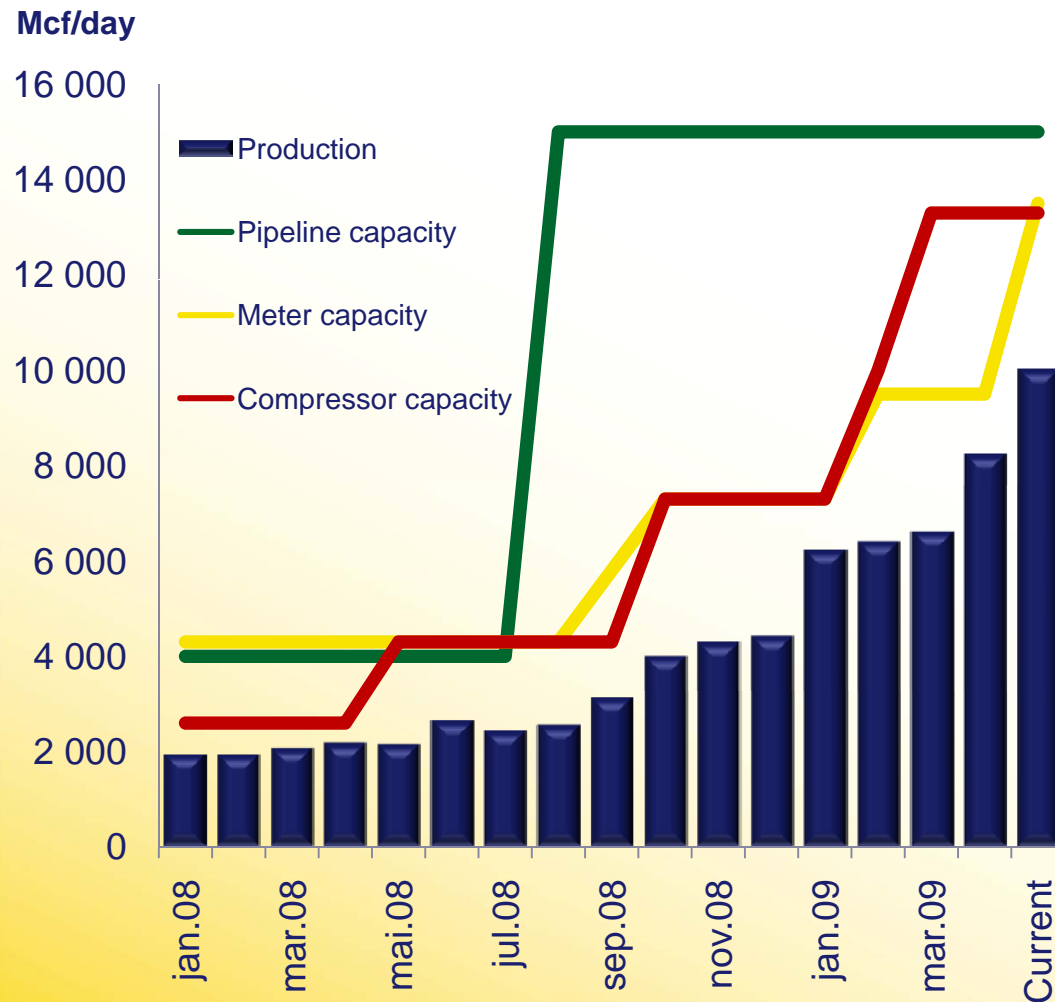
NEC Brazil

Sources	USD million	Assumptions	Status
Manati cash contribution	~30	Assuming 2.3 BRL/USD and 6 MMm3 (100%) production	Strengthened currency offsets weaker demand
Debt restructuring	15 – 25	Cash flow effect of refinancing package	Ongoing
Capitalization and/or asset divestiture	?	Camamu-Almada divestiture Private placement	Ongoing

Operational update USA

Temporary infrastructure bottlenecks

Meter capacity upgrade



Year end 2009 targets:

Pipeline capacity:

- 20,000 Mcf per day

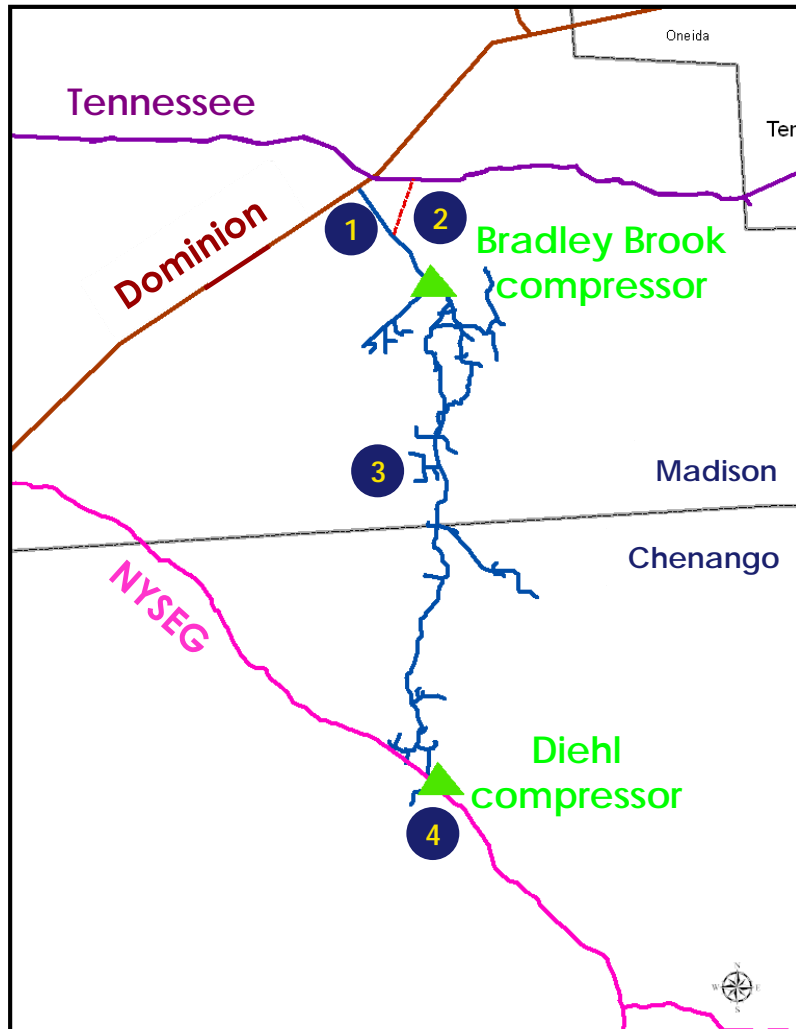
Meter capacity:

- 30,000 Mcf per day

Compression capacity:

- 20,000 Mcf per day

Infrastructure dynamics



Recent production volumes have outpaced meter capacities

- 1 Meter capacity into Dominion interstate pipeline currently being upgraded to ~10,000 Mcf/day

Dominion meter capacity scheduled to be upgraded to ~25,000 Mcf/day later in 2009

- 2 Planned tap into Tennessee interstate pipeline
- 3 Pipeline capacity ~15,000 Mcf/day without new compression
- 4 NYSEG distribution pipeline-take impacts near-term production until 1 or 2 is in place

Herkimer economics

Case study on 5 most recent wells

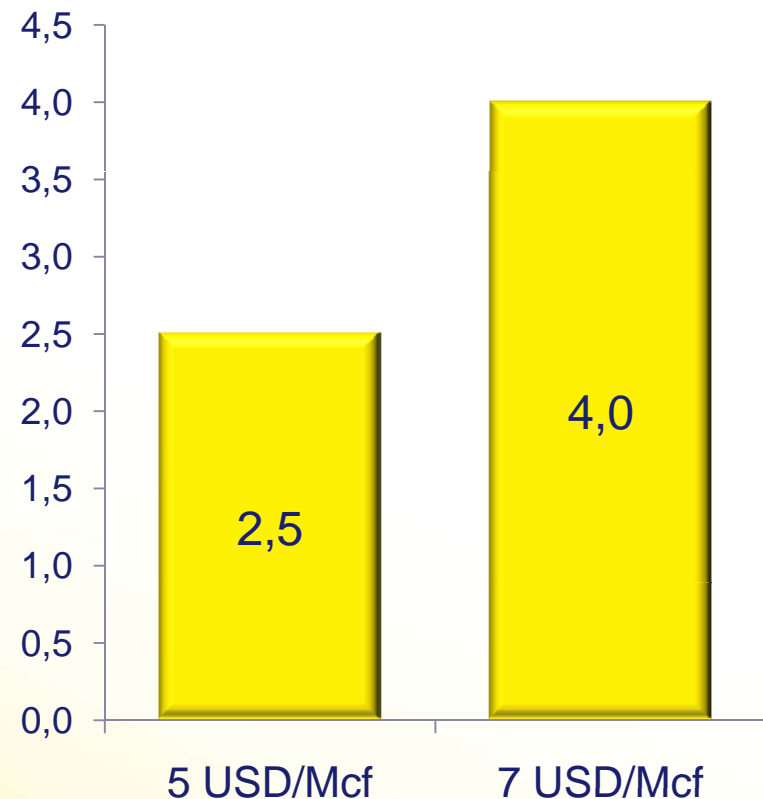
Case study assumptions:

- Initial Production (IP): 1,250 Mcf/day
- Investment USD 1.2 million
- Decline rate of 50% (year 1), 25% (year 2), 10% (year 3 onwards)
- Discount rate 8%

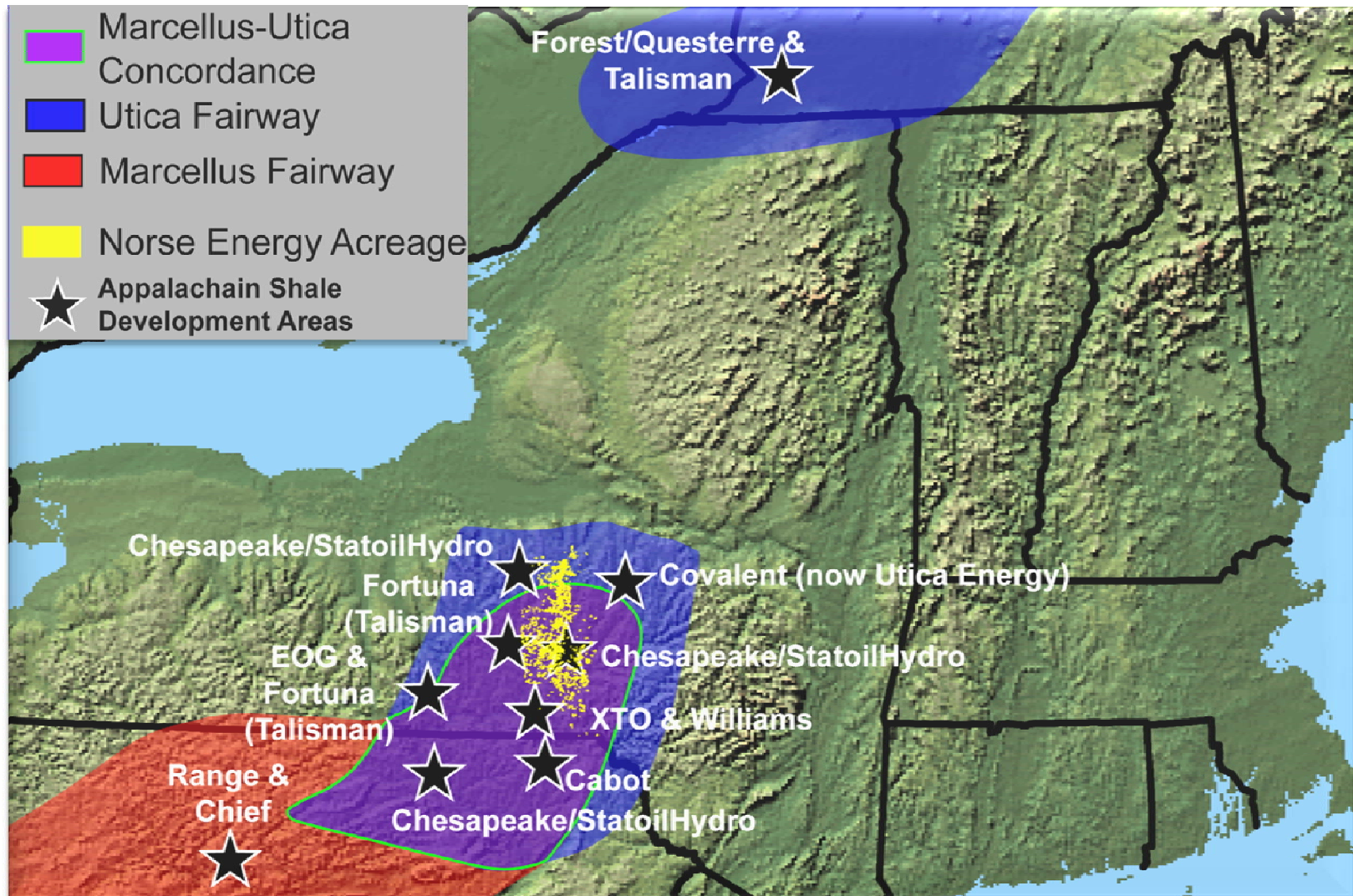
Herkimer sandstone play:

- 250+ Herkimer locations identified on seismic in Central New York state
- Internal evaluation of the field indicates 0.5 Tcf (90 MMBOE) recoverable gas
- Average IP's, decline rates and EUR or the field are too early to determine

USD million Pre-tax NPV 8 from case study



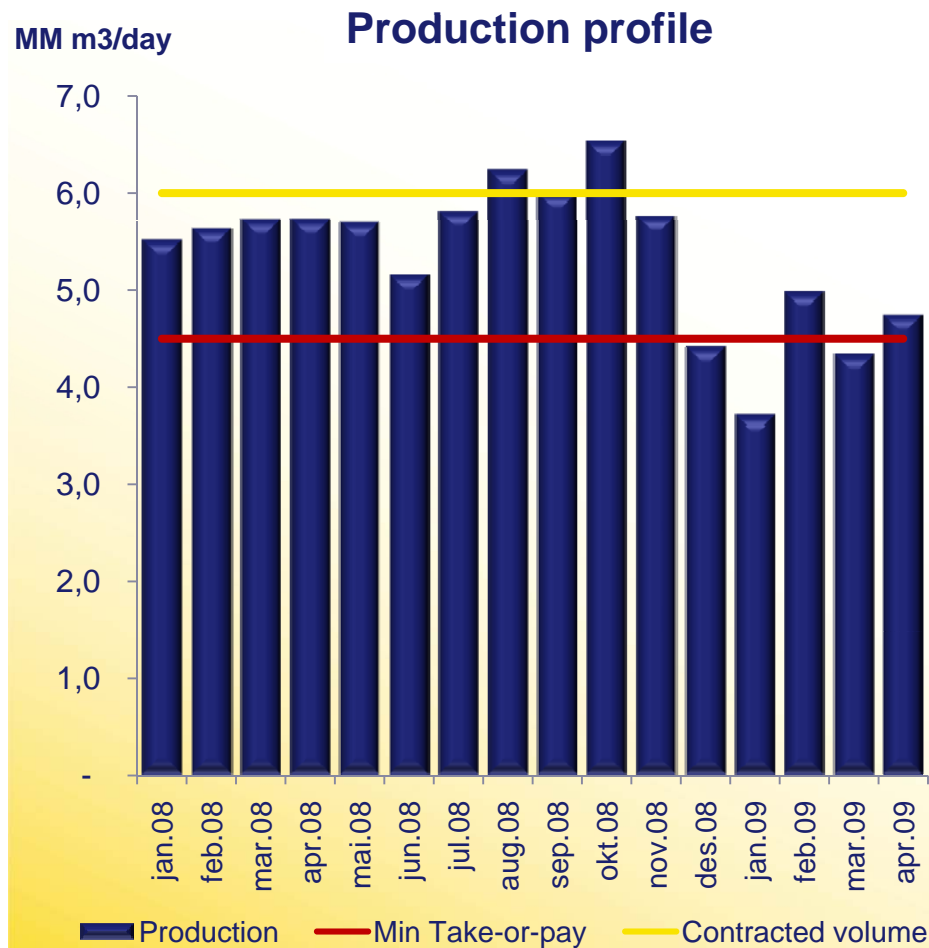
Acreage position in both Marcellus and Utica fairway



Operational update Brazil

Manati

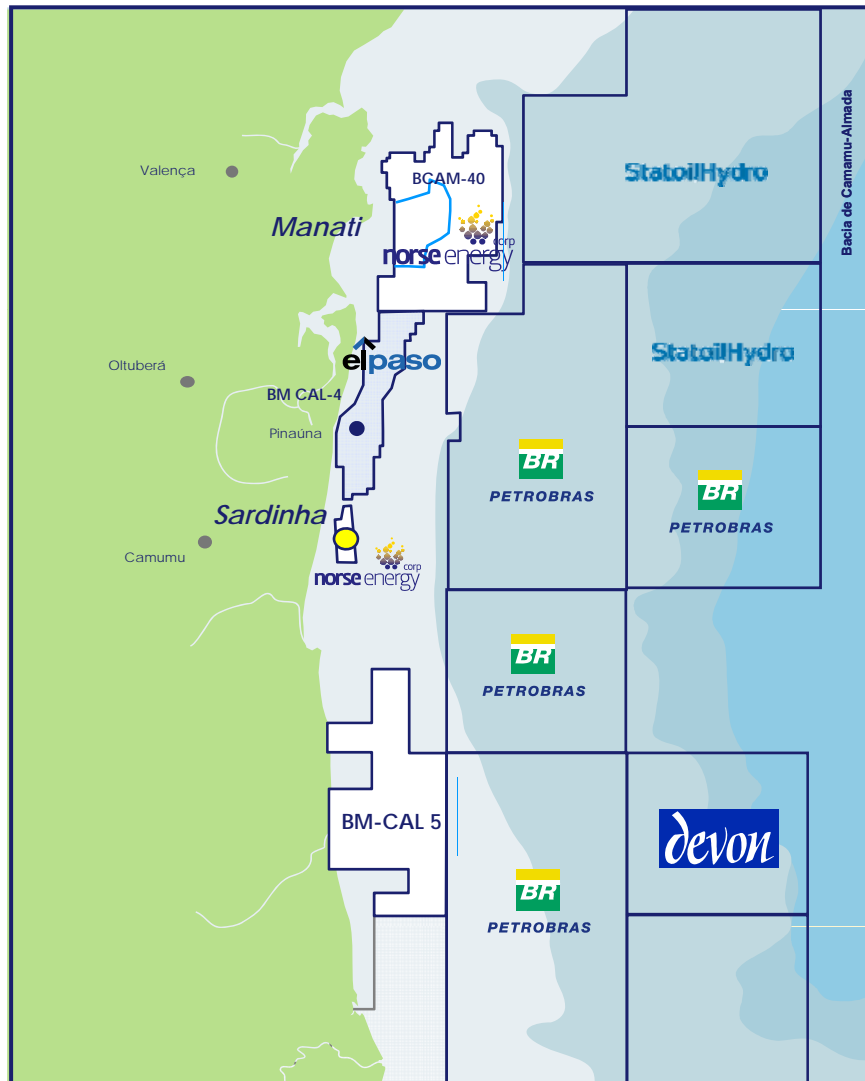
(BCAM-40 license, 10%)



- Low demand in Q1
- Q2 production to date of ~4.7 MMm3/day (~2,950 BOE/day net to NEC)
- Take-or-pay calculated on annual basis
- Remaining take-or-pay contract covered ~20 Bcm (gross) per end 08
 - 2 Bcm net to NEC (12.8 MMBOE, 72 Bcf)
- Manati 2P reserves of 26.5 Bcm (gross)
 - Consortium believes reservoir could hold in excess of 40 Bcm (gross)

Brazil exploration

Camamu-Almada



Cravo well concluded

- Main target water bearing
- 50 meter pay with good porosities
- Non-economical - plugged

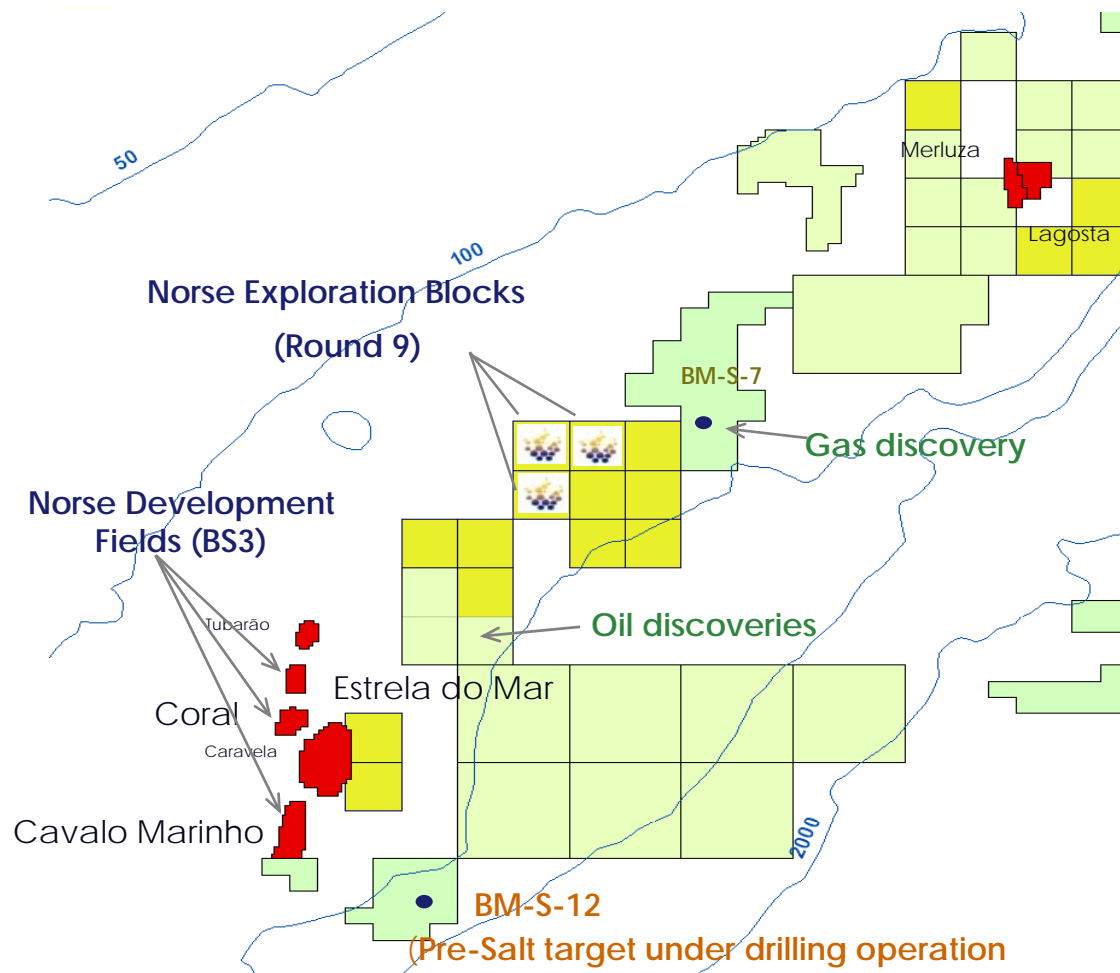
BCAM-40 license – applying for extension

BM-CAL 5

- Accepted offer to farm-out of license including Copaiba discovery and Jequitiba prospect
- No further drilling commitments

Santos Basin

BS3 Integrated development and exploration activities



BS-3 Integrated Development

- 100+ MMBOE project - 4 fields
- NEC has ownership in 3 fields
- Operator expects project sanctioning in 2009/2010 with production start up in 2012

Round 9 Exploration Blocks (50% - operator)

- Work Plan submitted to ANP
- 3D seismic in progress

US

- Further development of the 0.5 Tcf (90 MMBOE) Herkimer field
- Infrastructure upgrades to accommodate the production increase

Brazil

- No further exploration drilling anticipated in 2009
- Reorganization and cost cuts
- Strategic focus on Santos Basin assets

Funding

- Ongoing capitalization processes to be concluded