Presentation of the Proposed Barnett Asset Combo Transaction

March 18th 2010
Oslo, 10 AM

Executive Summary

Proposed Barnett Combo Transaction

- Inside our strategy of unconventional plays
- Exposure to oil, not only gas
- Very attractive risk / reward
- Creates another attractive platform for growth and M&A

➢ Creates a robust, more diversified platform as a separate listed company, increasing the asset base without increasing financial leverage

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Dr. Dimitrios Kousparis

10 years of experience in Barnett Combo

Education & Experience

- Tulsa Oklahoma University, PhD Geology/Geophysics
- 15 years with Conoco, HQ and international assignments
- Independent since 1992

Spice/Paris Development

- Established position in Barnett in 2000
- Partnered with Encana 2002
- Sold 2/3 (8% GWI) of EOG/Encana partnership interest for USD 27 million in summer 2008
- Remained a 4% GWI minority partner in EOG/Encana operated licences since 2009

➢ Attractive assets and deep knowledge of the Barnett Combo play

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Agenda

- **Corporate issues and background to current transactions**
- **The proposed Barnett Combo Asset Transaction**
  - Strategic rationale
  - Assets, geology and technology
  - Terms and status
- **Q&A (Including possible Pan questions)**

The rationale behind the demerger

- Different geographical areas with limited synergies between the US and Brazilian operations
- Significant potential in both companies which is better developed as two separate listed entities
- Different financial investors are attracted to US Onshore and Brazil Offshore assets
- The two separate entities will be more attractive as M&A partners compared with the “old” NEC ASA

Demerger of the company

Approved by EGM on January 28, 2010

*Before NOK 60 million repair issue ending March 23, 2010

- Current structure sub-optimal for shareholders
  - Limited synergies between units
  - Facing different challenges
    - Capital requirements
    - Investment horizon
- Creating distinct business cases
  - Taking advantage of substantial growth opportunities in each market
  - Optimizing capital structure and financing alternatives for each business unit
- Visualize shareholder value

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Summary: Structural activities
Share capital development example – effect on NEC ASA

→ There are currently ~459 million shares outstanding in NEC ASA

Proposed transactions	New shares	NEC ASA shares
1) Repair issue (NOKm 60, 4.25 share price)	~14 million	~473 million
2) Spice transaction (USDm 55, 4.70 share price)	~69 million	~542 million

- Gross proceeds from NOK 300 million (+ potential repair issue) share issue in Jan 2010 to remain in NEC ASA, of which USD 20 MUSD will be invested in Offshore

<u>Post demerger there will be:</u>

- 75 million NEC-J warrants maturing July 2011
  - Current strike price of NOK 6.10 per share to be determined based on relative relationship between volume-weighted average trade prices for NEC ASA and New Brazil Holding for the first five days of separate trading
- 55.4 million warrants maturing January 2015
  - Strike price to be the lower of:
    - Volume-weighted average trade price for NEC ASA first five days of trading in NEC ASA (ex Brazil) x 1.30 **<u>or;</u>**
    - If placement within 30 days of listing (ex Brazil) – placement price x 1.30

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Summary: Structural Activities

Share capital development example – New Brazil Holding

→ Upon demerger there will be ~459 million shares outstanding in New Brazil Holding

Proposed transactions	New shares	New Brazil Holding shares
1) Repair issue (NOKm 60, 4.25 share price)	~14 million	~473 million
2) Spice transaction (USDm 55, 4.70 share price)	~69 million	~542 million
3) Pan Petroleum transaction*	~1,007 million	1,549 million
4) Equity issue (USDm 65)	~350 million	1,899 million

<u>Post demerger there will be:</u>

- 75 million NEC-J warrants maturing July 2011
    - Current strike price of NOK 6.10 per share to be determined based on relative relationship between volume-weighted average trade prices for NEC ASA and New Brazil Holding for the first five days of separate trading

* Structured as a merger between New Brazil Holding and a new holding company that owns 100% of Pan Petroleum and 30% of Norse Energy do Brasil. Exchange ratio of 50/50 based on equity valuation of Pan Petroleum and Norse Energy do Brasil.

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Milestones

▪ EGM to vote on proposed Barnett transaction	April
▪ EGM to vote on proposed Pan Petroleum merger	April
▪ Listing of New Brazil Holding	April / May

- **Market will ultimately decide the share price in the two different entities upon listing**

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Norse Energy Background

- **The Norse team has a 20 years' record as an active oil and gas asset player**
  - Invest early in unconventional plays with new technology and/or geological know-how
  - Develop asset; business development, geology and engineering
  - Exit through industrial sale (e.g. Medina) or Demerger (e.g. Brazil)

- **Unconventional plays**

- **Positioned between the initial prospectors and the large oil and gas companies**

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A History of Value Creation in America
Gulf of Mexico, Oklahoma and Appalachian Basin

1973	**Norse Petroleum Established**
1993	**Sold Gulf of Mexico oil and gas assets**
1997	**Sold Oklahoma natural gas assets**
1996	**Built and operated natural gas assets in Appalachia**
2005	**Became Public Company listed in Oslo, Norway**
2008	**Sold conventional natural gas assets in Appalachia**
2008	**Proceeds redeployed into Herkimer development and unconventional shale assets**
2010	**Acquiring Barnett shale oil combo play assets**

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Strategic rationale

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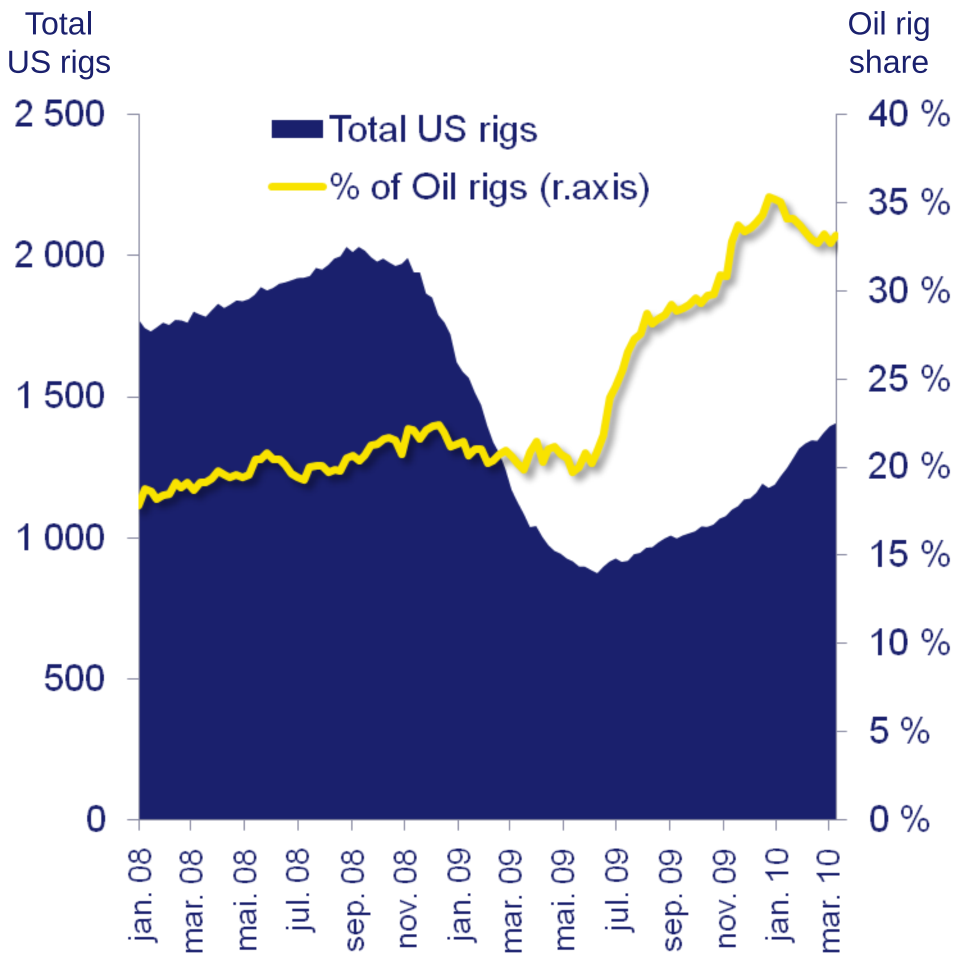
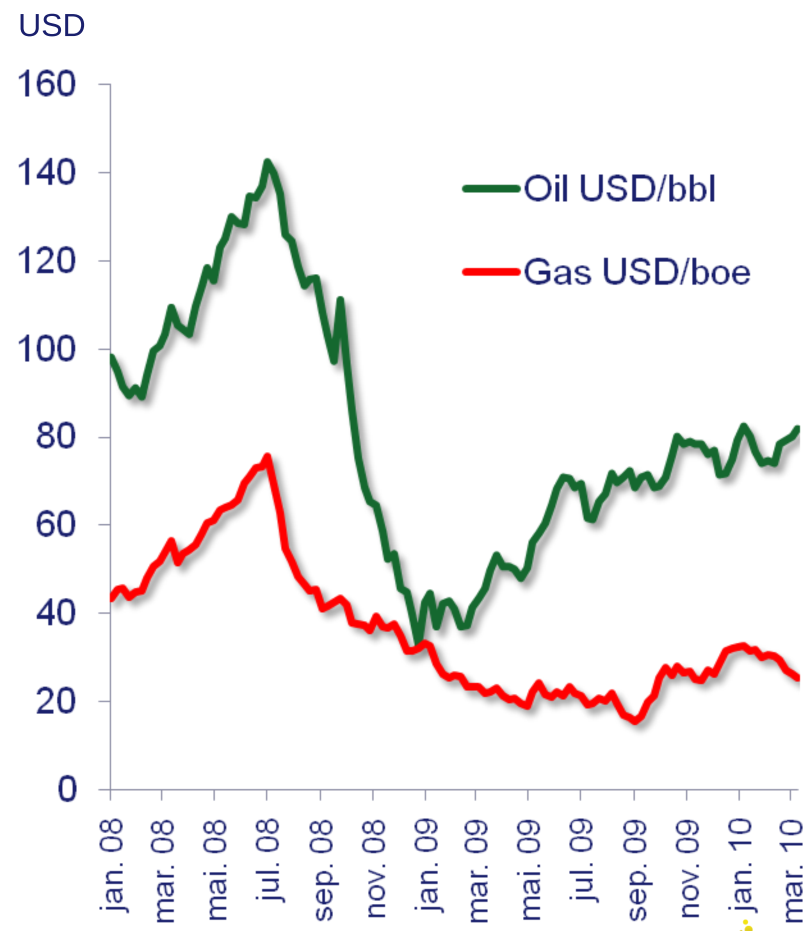
Strategic Rationale

Oil price decoupling from natural gas





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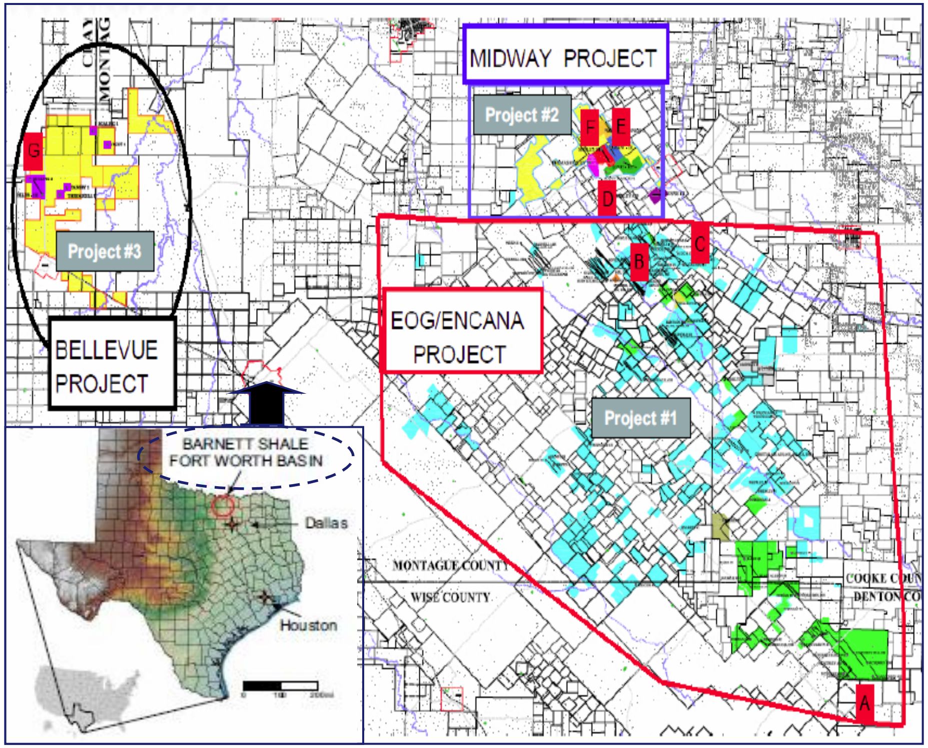
Barnett shale - Asset overview

- The Barnett Asset Transaction is an oil & gas ”combo play”
  - Significant upside with:
    - Horizontal drilling technology
    - Emerging completion technology

- Barnett assets to be acquired:
  - Acres:
    - 4.1% working interest in 32,500 gross acres operated by EOG/Encana
    - 4,760 acres in the Midway area
    - 13,600 acres in the Bellevue area
  - Reserves & Resources:
    - 3.4 million boe 1P reserves*
    - 3.7 million boe 2P reserves*
    - 4.4 million boe 3P reserves*
    - 48.6 million boe contingent resources*
  - Approximately 600 boe/day of production



* The contingent resource estimate on the Barnett combo play is based on internal estimate and the 1P, 2P and 3P reserves are based on third party information (All figures Subject to confirmatory due diligence)

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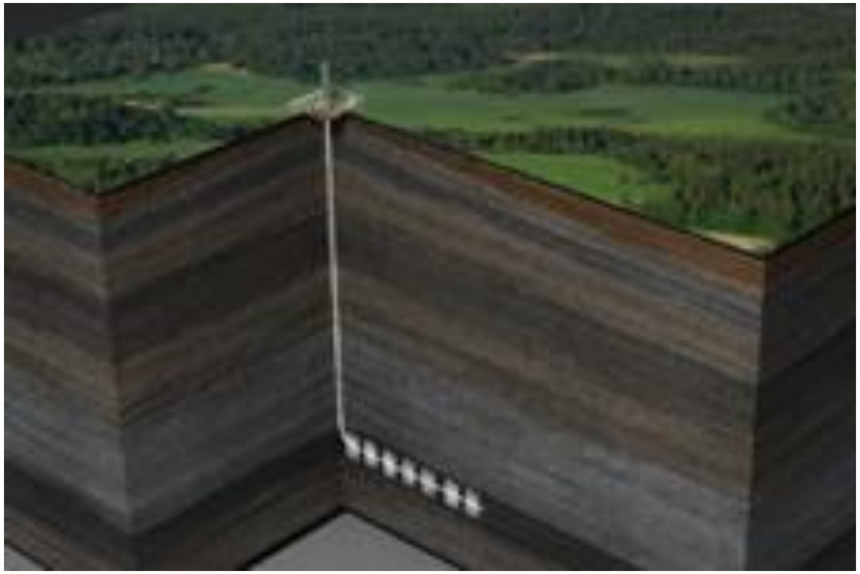
Leasehold position

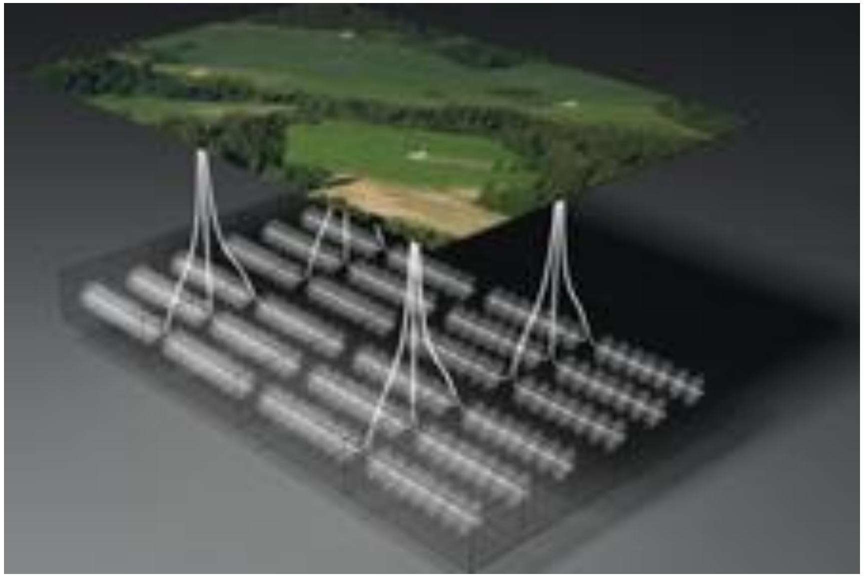
Attractive acreage position in a highly competitive area

- **Economic assumptions assume 100 acre spacing**
- **Other industry players are despacing to 40 to 20 acre to improve recovery**
- **Leases have no depth limitations**

- **EOG / Encana partnerships**
  - *Gross Working Interest (GWI) averages 4.1%*
- **Midway**
  - *5,935 gross / 4,760 net acres*
  - *Mostly 100% GWI (75% Net revenue interest)*
  - *Wells operation subcontracted to Canan Operating*
- **Bellevue**
  - *13,600 net acres*
  - *Mostly 90% GWI (67,5% Net revenue interest)*
  - *Wells operation subcontracted to Canan Operating*

Evolution in horizontal drilling and completion technologies





- Multi stage fracing of horizontal wells can extract significantly more hydrocarbons than traditional vertical drilling
- With thicknesses over 700 feet, professional operators are applying more sophisticated completion techniques which improves the recovery rate

Source: Statoil/EOG

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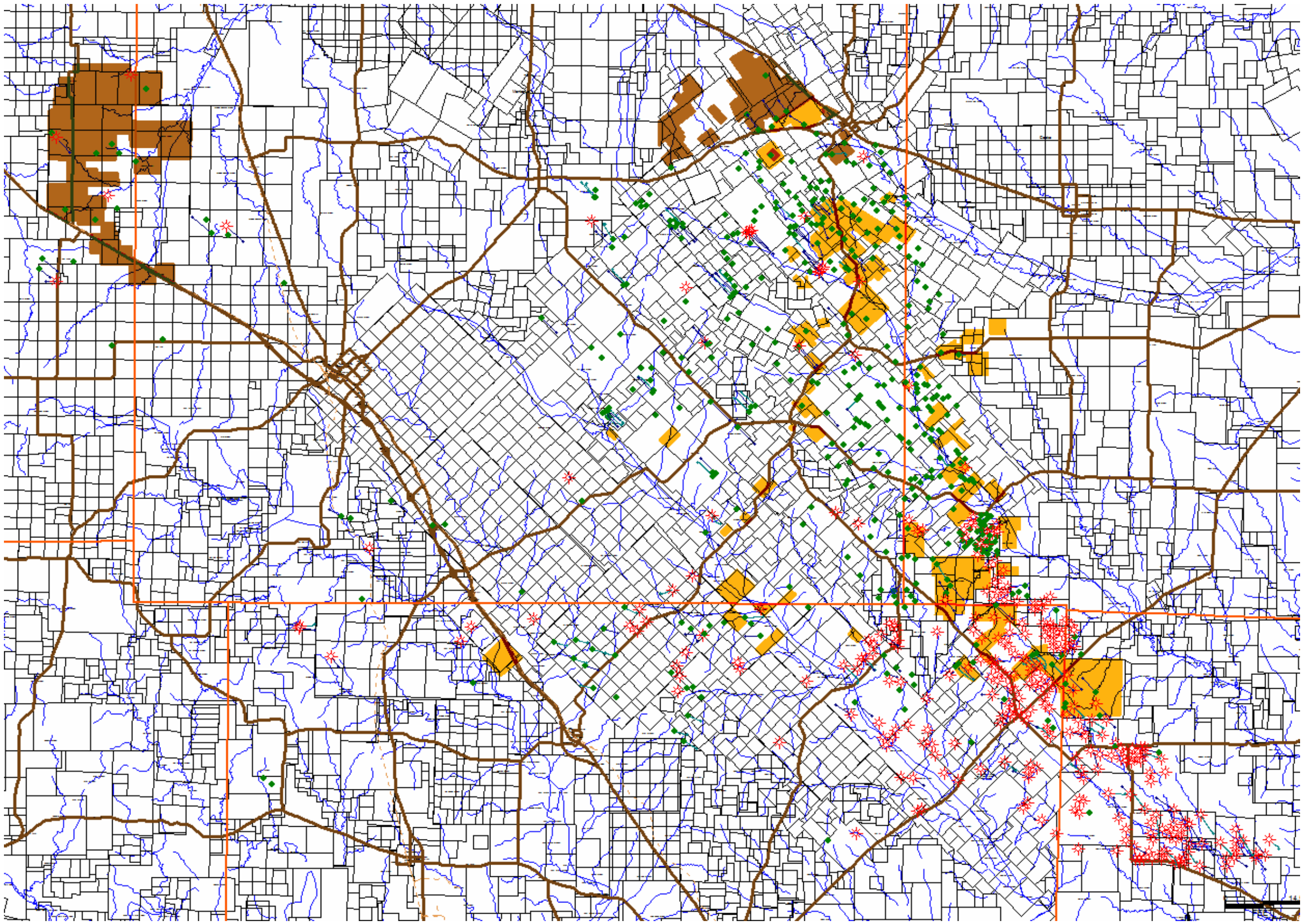
Barnett shale – Due diligence
Population of sample wells



Source: Texas Railroad Commission

- **The Seller has participated in more than 130 wells**
- **Norse due diligence team has evaluated 189 horizontal wells**

Operated properties	
Non-operated properties	

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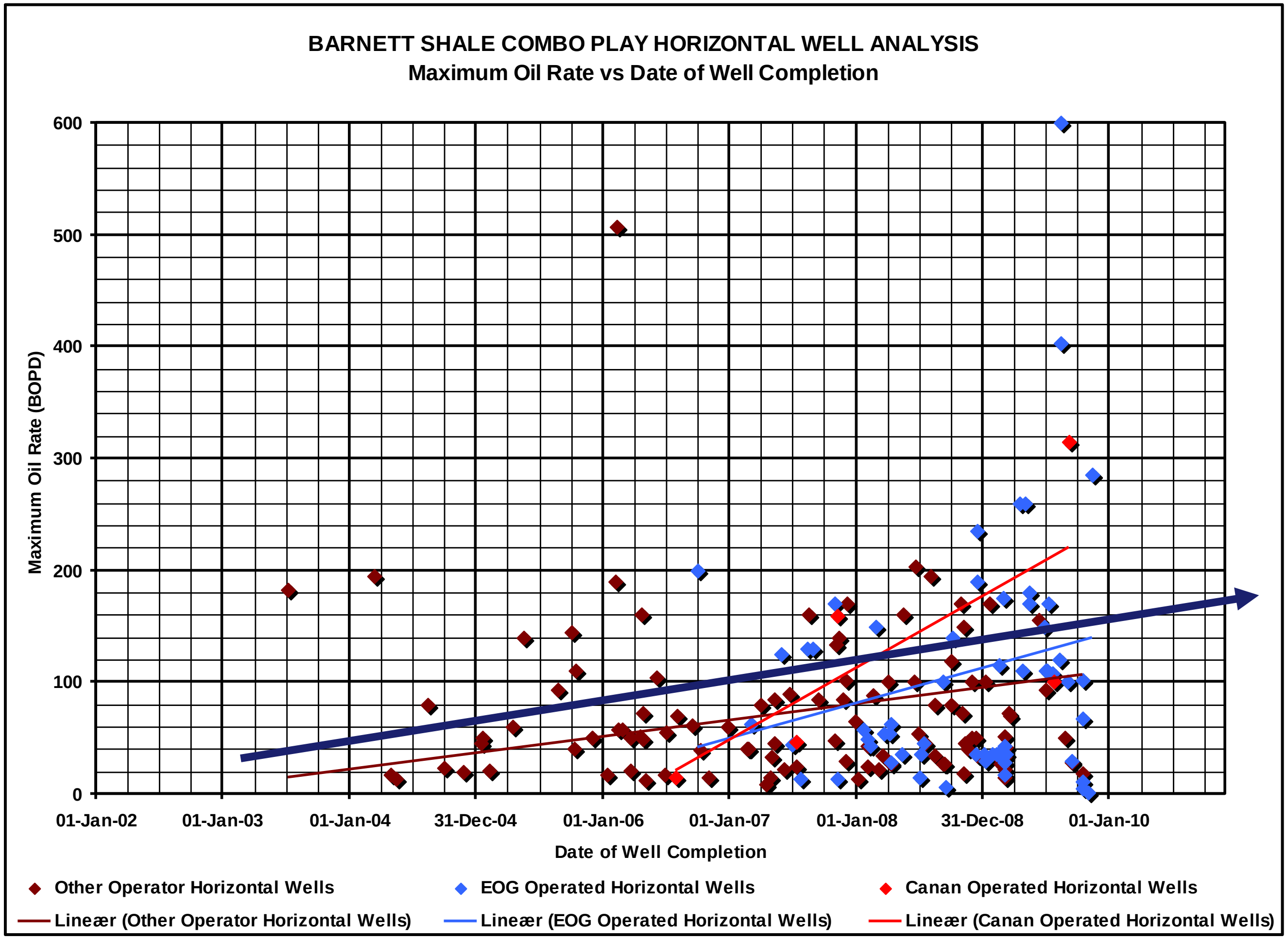
Barnett shale - Historical production profiles

Strong Learning Curve Effects



- A number of wells have been drilled
- There is a significant improvement in production rates over time

Source: Texas Railroad Commission

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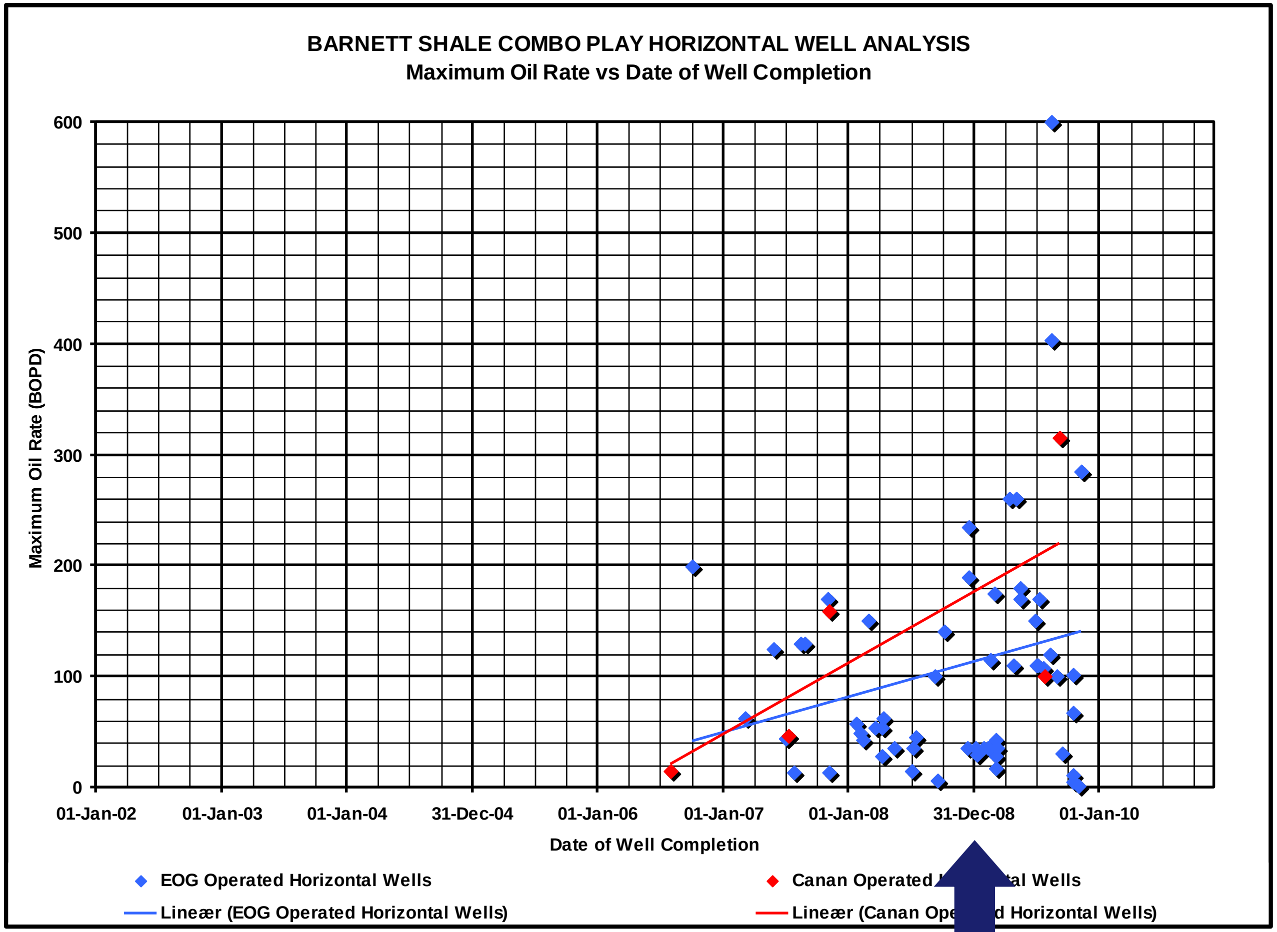
Barnett shale – Historical production profiles

Technological breakthrough December 2008



Technological breakthrough

- The performance of the horizontal wells improve with increased knowledge of the Barnett shale combo play and technology development

Source: Texas Railroad Commission

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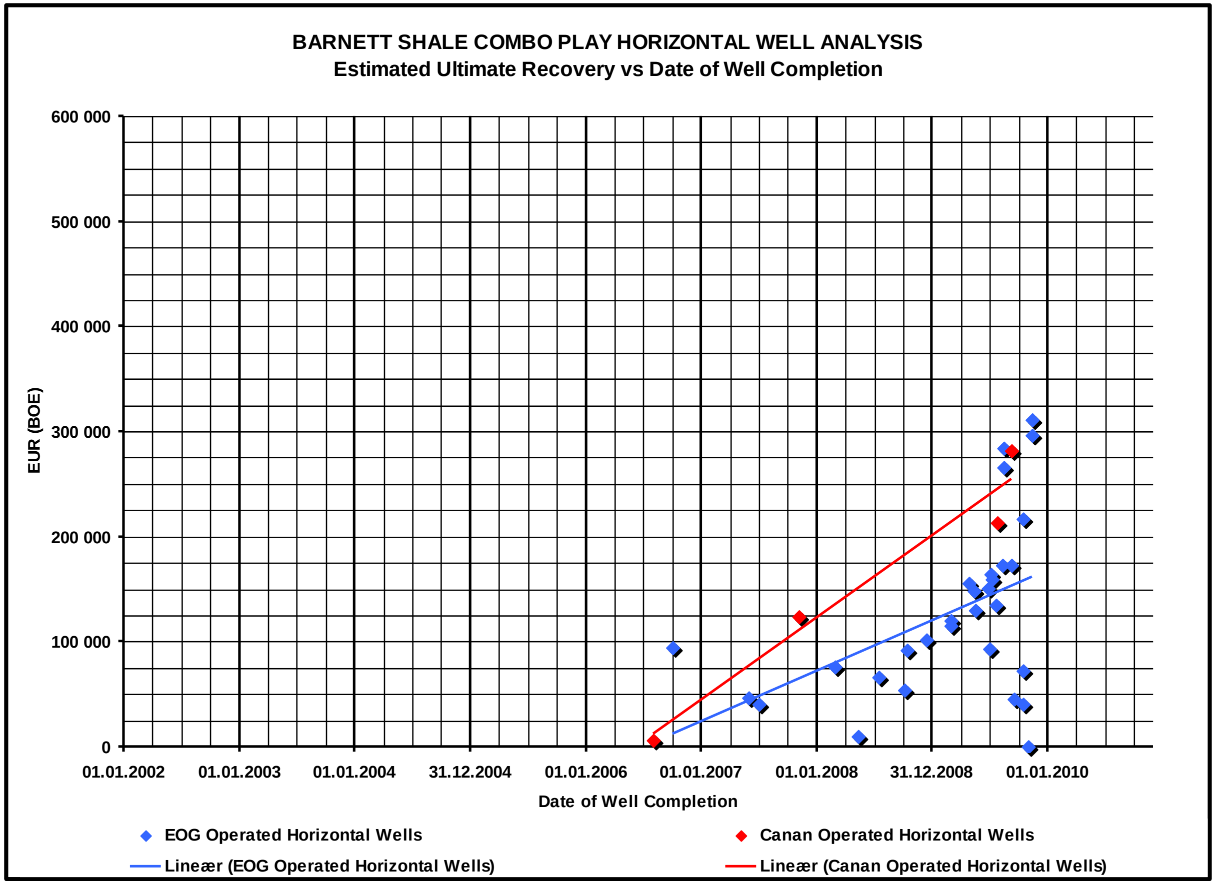
Barnett shale – Historical production profiles

Estimated Ultimate Recovery rates on the rise



- Only 1-3% of the oil in place is recovered and experience and technology improvements will increase the amount of recoverable oil and increase the upside potential significantly
- Similar development has been seen in other US unconventional combo plays

Attractive play potential

EOG statement slide – Barnett Combo

Oil Play with Value Added from Natural Gas and NGLs

- 246 Wells Planned in 2010 with 12 Rig Program
- Moving Into Multi-Well Development Mode
  - Focus on Optimal Well Spacing and Improved Reserve Recoveries

Core Area – 90,000 Net Acres – Eastern Montague/Western Cooke Counties

- Average IP 250 - 1,000 Bopd + 130 Bblpd (NGLs) + 1 - 2 MMcfd
- Acreage Will be Developed with Horizontal and Vertical Wells – Depends on Thickness
- 70 MMbo + 175 Bcfg in Place Per Section

Horizontal Wells NAR Per Well Reserves* Are Increasing with Experience

	Mar 2008	Feb 2009	Nov 2009
Mbo	75	45	78
Mbl(NGL)	34	75	94
MMcf	260	540	674
Mboe	152	210	280

- Vertical Wells – 220 Mboe NAR/Well* – Develop with 20 Acre Spacing
- 60% - 70% ATROR** at Current Prices

*Potential, not proved reserves – Assumes 100% WI, 78% NRI and continued economic drilling success.

**Direct After-Tax Rate of Return (ATROR). The calculation of our Direct After-Tax Rate of Return (ATROR) with respect to our capital expenditure program for a particular play is based on the estimated proved reserves ("net" to EOG's interest) for all wells in such play, the estimated present value of the future net cash flows from such reserves (for which we utilize certain assumptions regarding future commodity prices and operating costs) and our direct net costs incurred in drilling or acquiring (as the case may be) such wells. As such, our direct ATROR with respect to our capital expenditures for a particular play cannot be calculated from our consolidated financial statements.

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The Transaction

- **Assets to be acquired debt free at closing**
  - Estimated cash flow of USD 5 million in 2010
  - Initial CAPEX commitments in the range of 20 to 30 MUSD for 2010 drilling program (to be finalized during due diligence)
  - NEC pursuing various routes to fund CAPEX program on asset level
- **The USD 70m purchase price to be paid as follows:**
  - USD 55m paid through issuing NEC ASA shares upon closing with the reference price NOK 4.70 per NEC ASA share (approx 13% ownership)
  - USD 3m in cash
  - USD 12m structured as a sellers credit
  - In addition, a USD 5m contingent earn-out will be paid subject to certain production standards
- **The majority (80%) of the shares issued will be subject to a lock-up arrangement**
  - 20% of the shares to be issued subject to 6 months lock-up
  - 30% of the shares to be issued subject to 12 months lock-up
  - 30% of the shares to be issued subject to 18 months lock-up
- **Dr. Dimitrios Kousparis, will continue in a full time exclusive role with the company for 3 years**

Status on transaction process

▪ **Letter of Intent (LOI)** - Norse has 45 days' exclusivity	Completed
▪ **Due diligence (DD)** - Seasoned team performing thorough analysis - Main focus on geology and drilling results	Ongoing
▪ **Sales and Purchase Agreement (SPA)** - Based on LOI and DD findings - Payment in shares - Lock-up	Ongoing
▪ **Board meeting in NEC** - Issuance of shares to Barnett Asset Transaction sellers	TBD
▪ **Extraordinary General Meeting in NEC** - Shareholders make final decision - Resolve board proxy for issuance of consideration shares	April 6

➢ **Transaction process conducted in alignment with principles for good Corporate Governance**

Due diligence

Comprehensive due diligence process - 3rd party expert advisors

LAND

- 3rd party advisor retained to perform detailed analysis of all lease-holds

GEOLOGY

- 3rd party advisors retained to perform play and properties.
- Confirmation of Barnett (thickness, lithology, TOC %, thermal maturity, etc.) from Spice data and public records.
- Understanding of optimization of well orientation, length and completion technique (from Spice data and public records).

ENGINEERING/ PRODUCITON

- 3rd party advisors retained to perform play and properties.
- Production performance projections developed from Spice and public production records.
- Confirmation of Spice production by check of public records.

ENVIRONMENTAL

- Review of environmental compliance

LEGAL/ REGULATORY

- Review of all material contracts and other documents relating to the business
- Patents and trademarks
- Legal structure and incorporation
- Litigation, actual and potential

FINANCIAL

- Audit of historic statutory/pro forma accounts
- Review of other financial information
- Review of financial forecasts
- Review of internal controls including taxes/board minutes/other general enquires of certain officials

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