

Norse Energy Corp. ASA

2nd Quarter Financials
August 14th 2007

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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

Source: BP's Statistical Review of World Energy 2004

- Second quarter highlights
- Financial review
- Operational review
 - Brazil
 - USA
- Outlook

Q2 Highlights

- EBITDA USD 8.1 million, up from USD 0.2 million in Q1
- Record oil and gas production of 4 472 BOE/day (+70% vs Q1 07)
- Bond issue of NOK 100 million, plus a facility of NOK 200 million

Q2 Key financials

KEY FINANCIALS (MUSD)	Q2-07	Q1-07	2006
EBITDA US	4.2	3.8	13.3
EBITDA BRAZIL	5.5	(2.1)	7.3
EBITDA *	8.1	0.2	15.9
NET PROFIT	(1.4)	5.2	(12.4)
PRODUCTION ** (BOE/day)	4 472	2 630	2 043

* Including corporate overhead

** Sales volume net of retainage

Q2 Profit and Loss

<i>(Dollars in thousands)</i>	2007	
	Q2	Q1
Total revenues	57 848	48 741
Trading purchase of oil and natural gas	(36 238)	(36 584)
Production costs	(8 961)	(7 637)
Exploration costs	(457)	(212)
General and administrative expenses	(4 070)	(4 072)
EBITDA	8 124	236
Depreciation	(7 512)	(5 017)
Operating income (EBIT)	612	(4 781)
Net interest costs	(3 787)	(2 896)
Other net financial income / (-) expenses	2 086	11 188
Net profit before tax	(1 090)	3 510
Income tax expense	(269)	1 698
Net profit	(1 359)	5 209

Exchange rate effects

The Brazilian real has strengthened 11% against the dollar in 2007



BRL/USD



Positive effects:

- Manati net income in BRL
- Lower local funding cost
- Conversion USD to BRL loan

Negative effects :

- CAPEX in BRL
- BRL loans (~15% of group loans)

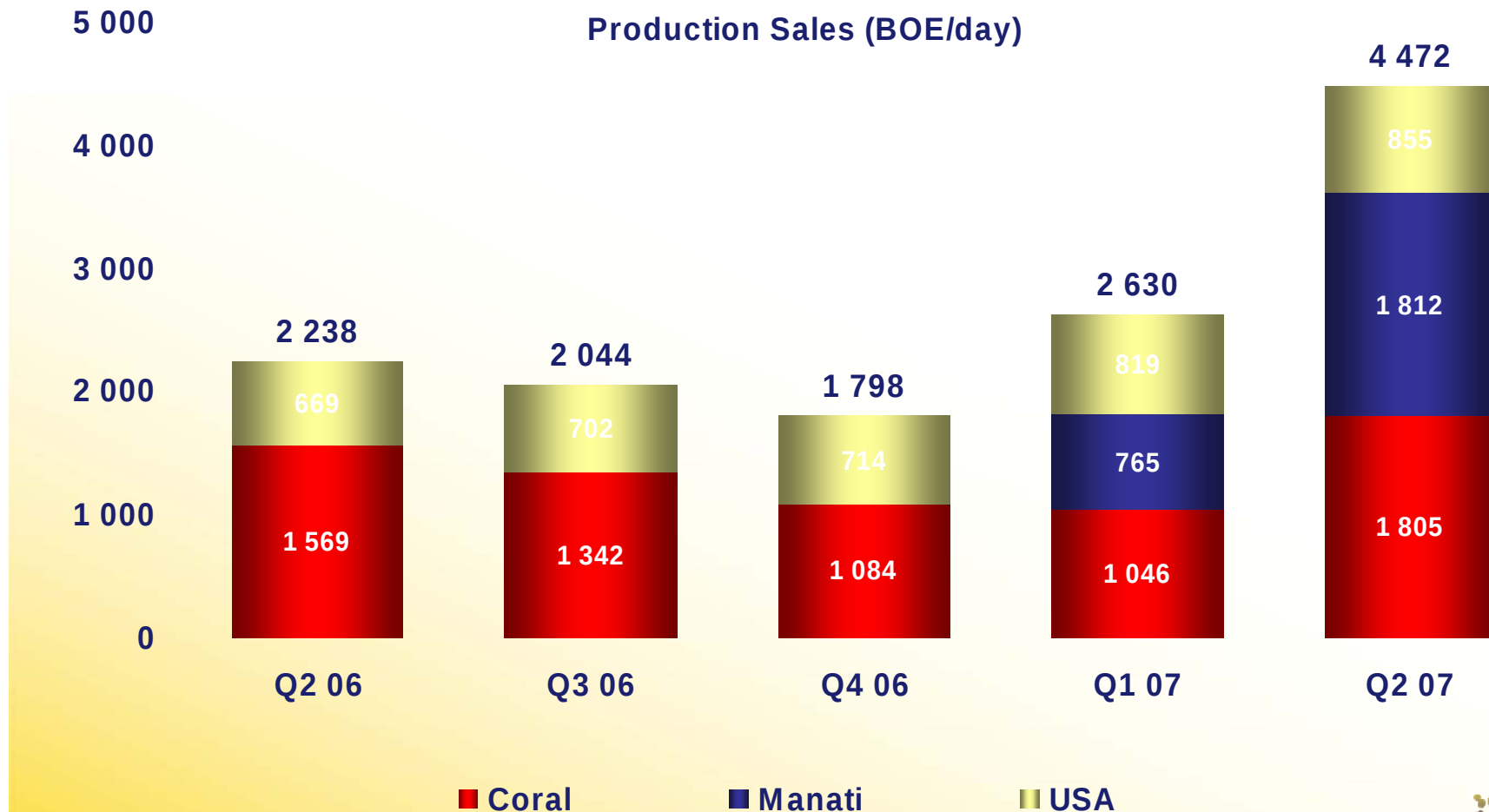
Q2 Balance sheet

<i>(Dollars in thousands)</i>	As of	
	06.30.07	03.31.07
Fixed assets	333 534	322 127
Current assets	37 250	32 721
Cash and cash equivalents	36 927	35 800
Total Assets	407 711	390 648
Equity	109 178	108 785
Long-term interest bearing debt	162 641	154 889
Deferred tax	27 138	28 558
Other long-term liabilities	17 334	23 651
Short-term interest bearing debt	25 840	20 584
Other current liabilities	65 579	54 182
Total Liabilities and Equity	407 711	390 648

Operational Review

Group operational figures

In BOE/day



Cash margins Q2 2007

US dollar per gas unit sold

Natural Gas Cash Contribution USA vs Brazil

USD per
MMBtu

10,00

Realized price*: 7.56

Cash margin: 57%

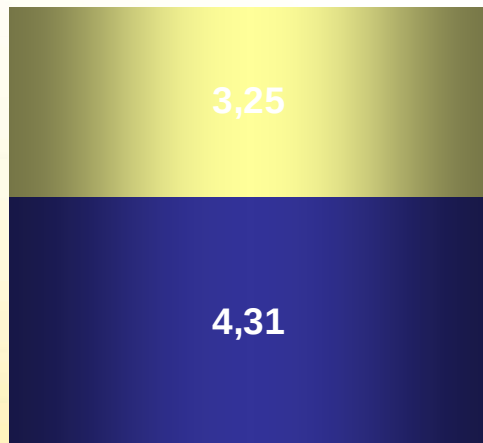
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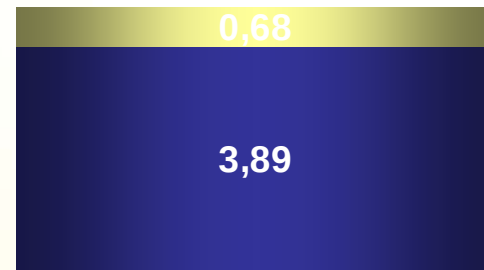
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US Gas

Realized price*: 4.57

Cash margin: 85%



Brazilian Gas

■ EBITDA per MMBtu

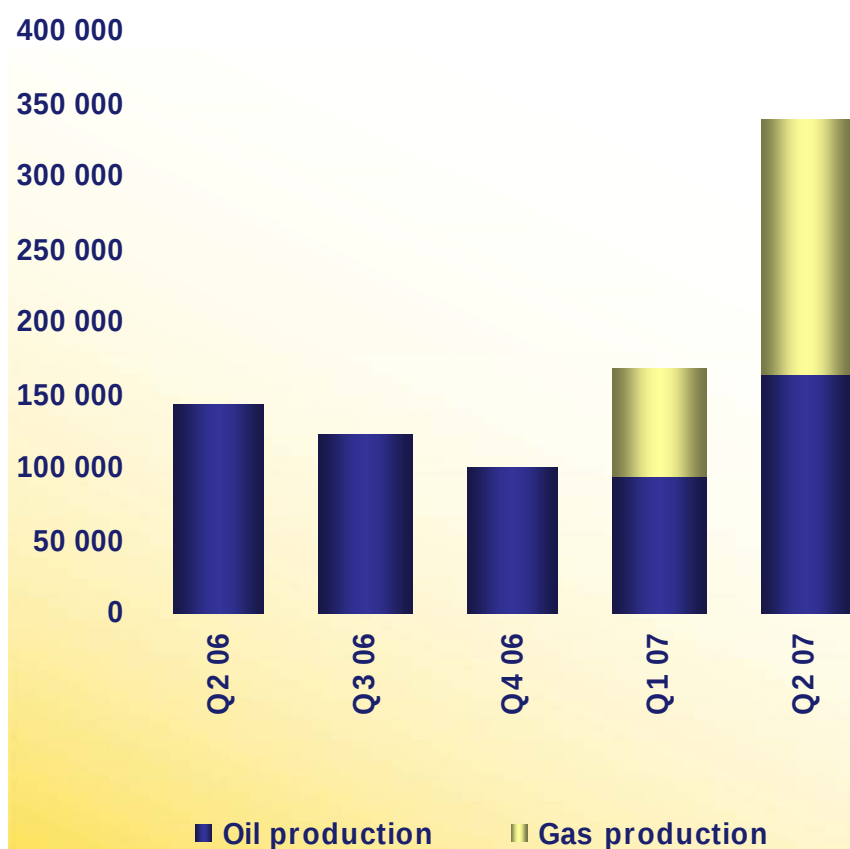
■ OPEX per MMBtu

* Net of royalty, taxes and transportation

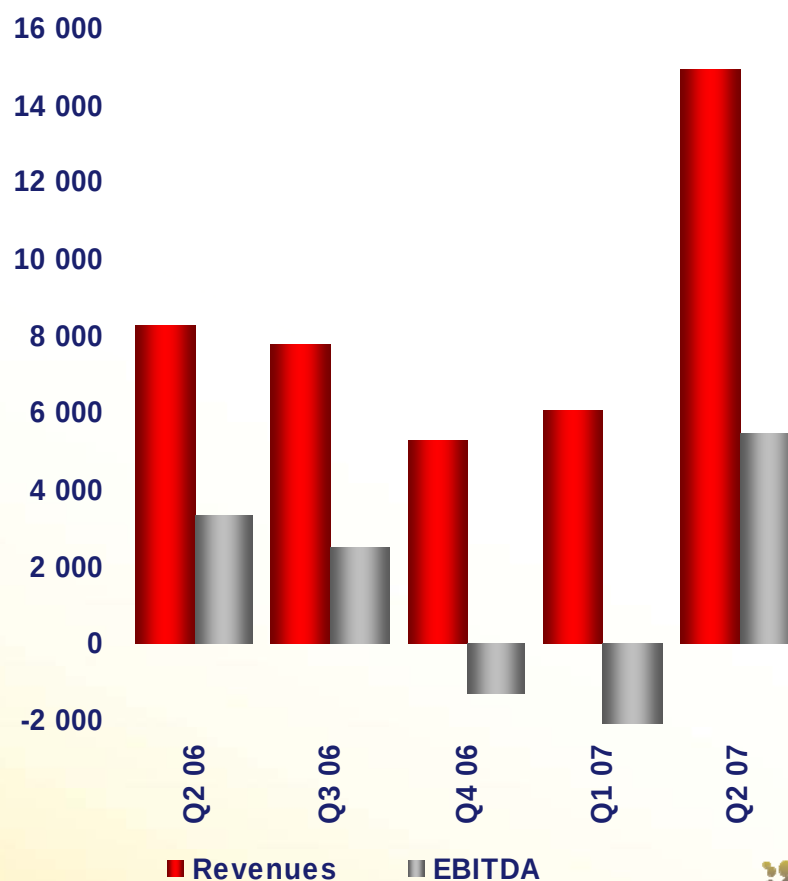
Operational Review - Brazil

Operational review - Brazil

Production (BOE)



Brazil E&P (USD '000)



Operational review - Brazil

Manati field - Drilling completed

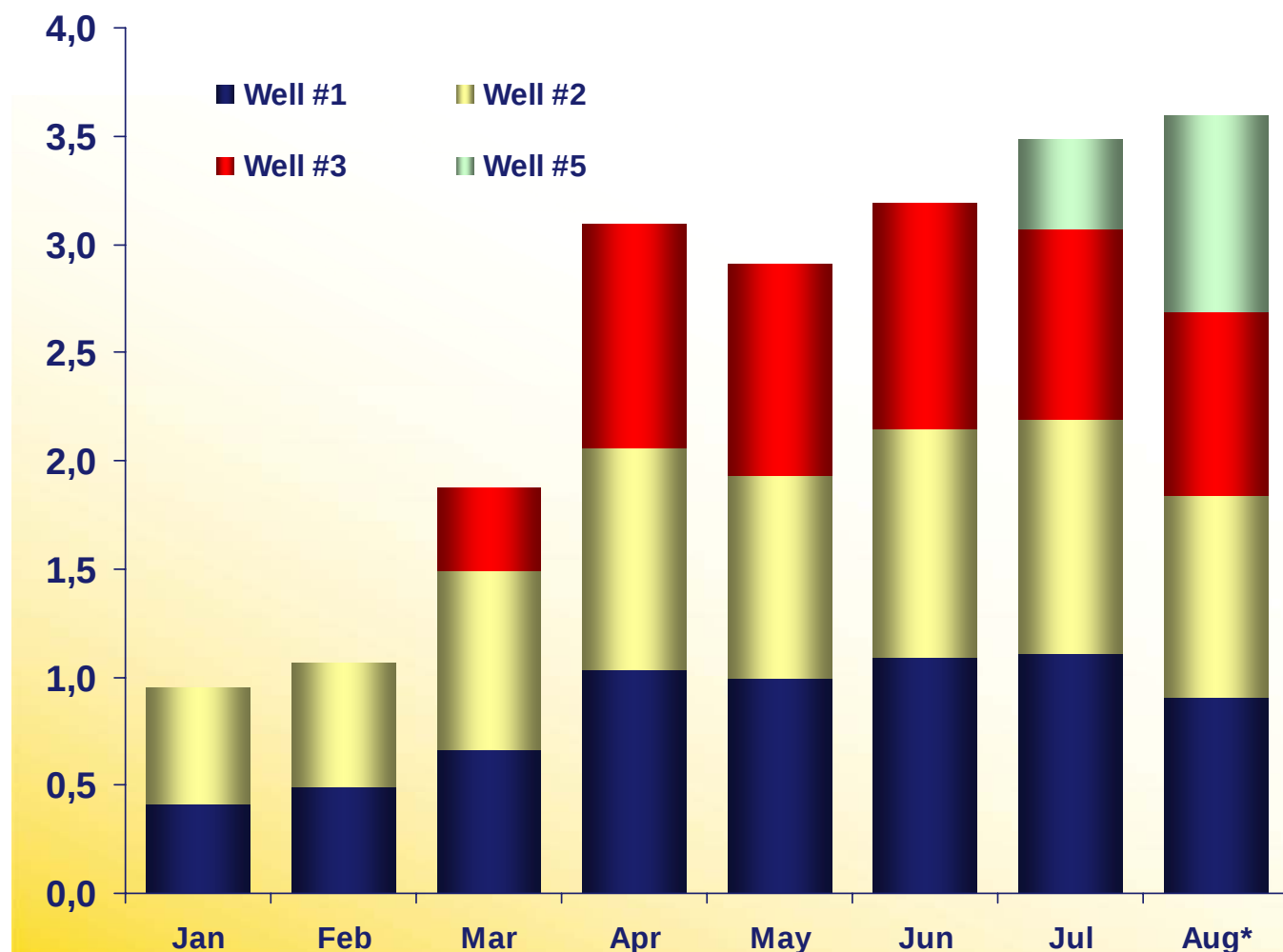
Well #	Status	Gross Pay (m)	Net Pay (m)	Production online
1	Producing	327	262	Online January 15, 2007
2	Producing	233	186	Online January 15, 2007
3	Producing	266	192	Online March 12, 2007
4	Completed	236	192	Tie-in operation
5	Producing	345	232	Online July 17, 2007
6	Completed	236	190	Tie-in operation

Well # 7 approved for future drilling

Operational review - Brazil

Manati well production profile

Million m³/day

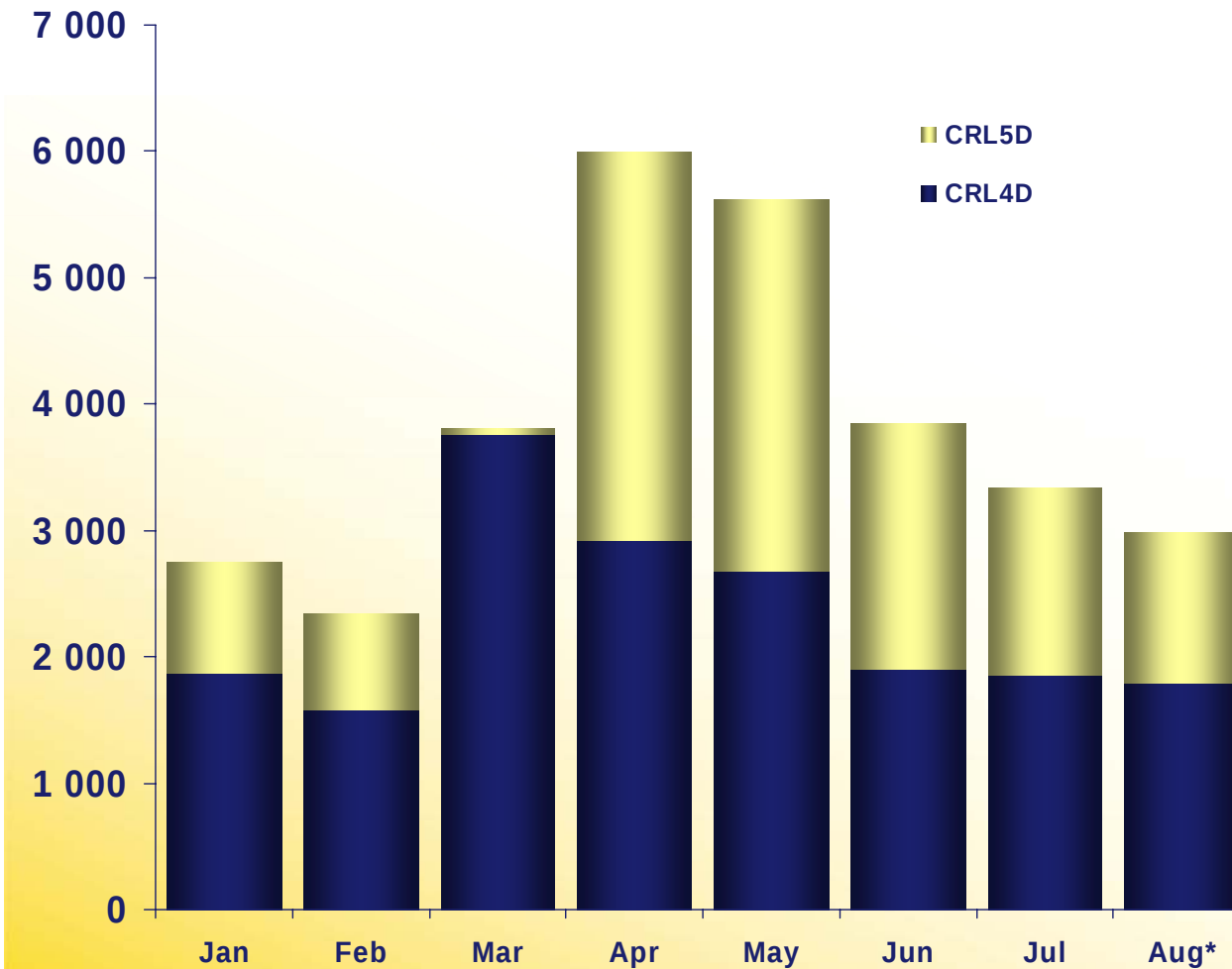


- Average daily Q2 field production was ~3.1 million m³
- Average daily Q3 field production (through Aug 9) is ~3.5 million m³

Operational review - Brazil

Coral production profile

Bbl/day

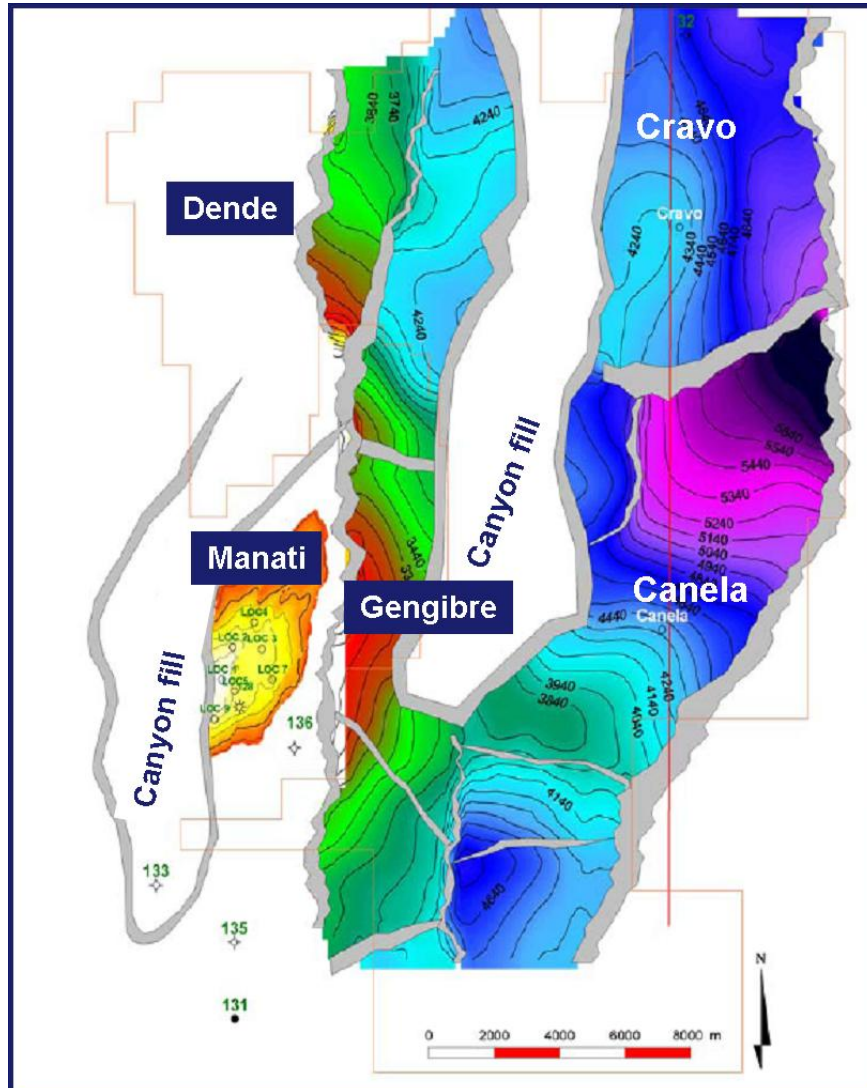


- Q2 production averaged 1 805 bpd net to Norse Energy
- Average Q3 production to date ~ 1 120 bpd net to Norse Energy
- Abandonment expected 2008



*Through Aug. 8th

Exploration potential BCAM-40 (10%)

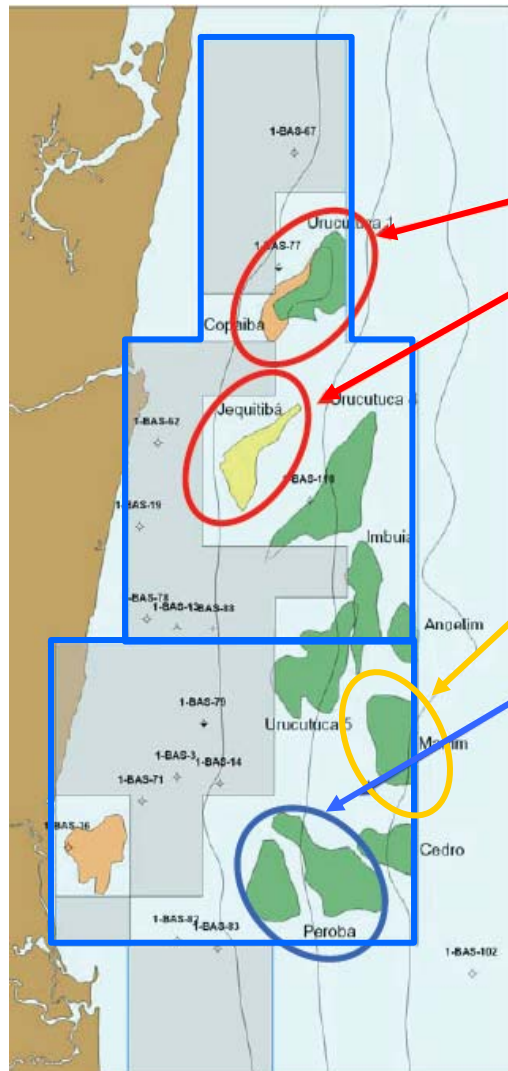


Prospect	NEC share (Base case)
Gengibre	7.7 MMBOE
Dende	5.7 MMBOE
Cravo	11.0 MMBOE
Canela	11.3 MMBOE
BCAM-40	35.7* MMBOE

* This exploration potential is not included in the current NEC group 2P reserves of 44.4 MMBOE

- Pursuing Gengibre well as part of Manati licence

Exploration potential BM-CAL 5 & 6 (18.3%)



Copaíba, Jequitibá (partner approved for drilling)
- Structural traps

Marfim (depending on Peroba success)
- Could add another ~50 MMBOE net to NEC

Peroba (partner approved for drilling)
- Stratigraphic trapping

Block	NEC share (Base case)
BM-CAL 5	138.3 MMBOE
BM-CAL 6	56.3 MMBOE

This exploration potential is not included in the current
NEC group 2P reserves of 44.4 MMBOE

Operational review – Brazil

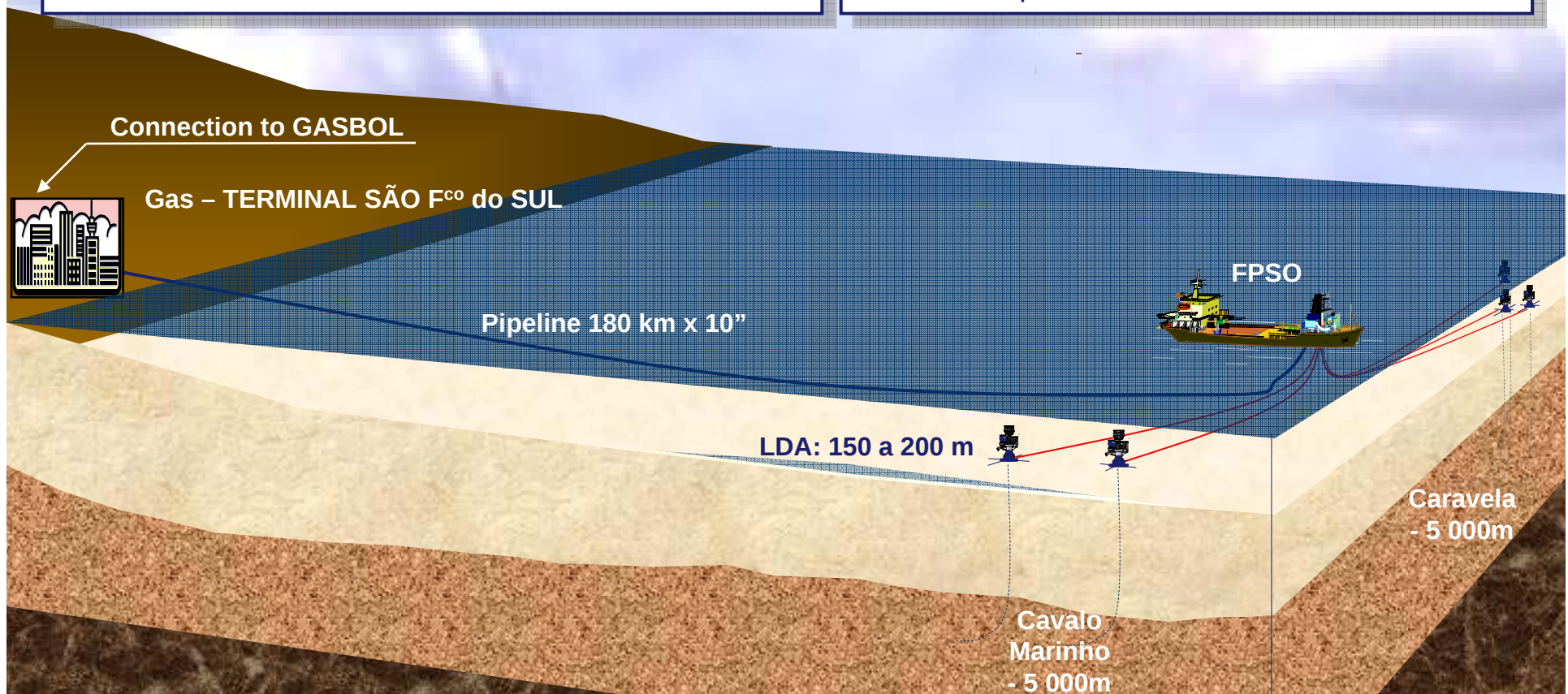
BS3 Integrated project – conceptual study

• Dataroom analysis of Caravela under completion

- Internal recommendation under preparation
- Caravela field produced in excess of 20 million barrels until 2002

Project Characteristics:

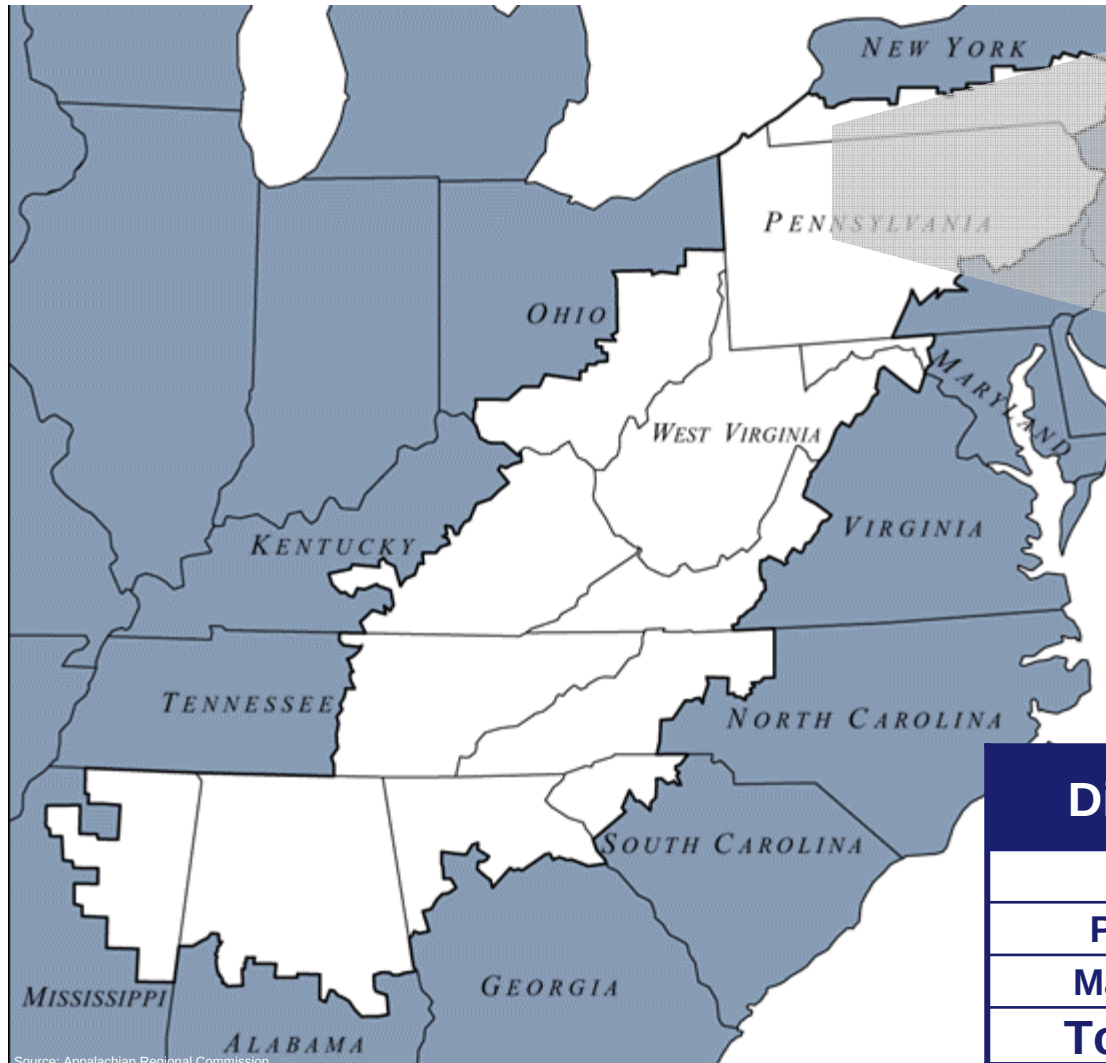
- 5 producers, satellites 14 km from the FPSO
- Process capacity: ± 40.000 bpd
- Gas Compression: $\pm 2,5$ MMm³/d



Operational Review - USA

Operational review - USA

Appalachian Basin



Reserves 11.22
(2P MMBOE):
Q2-07 production 855
(BOE/day):

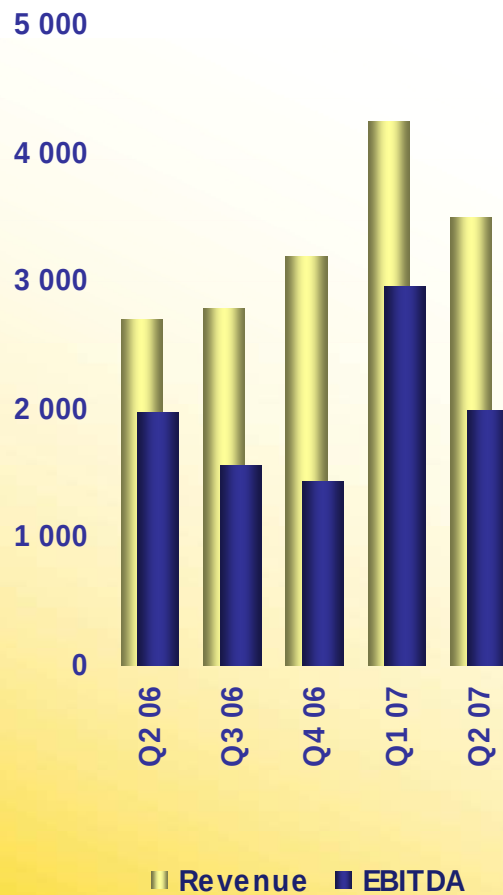
Division	Revenue (MUSD)	EBITDA (MUSD)
E&P	3.5	2.0
Pipeline	1.9	1.3
Marketing	41.0	0.9
Total US	46.4	4.2

Source: Appalachian Regional Commission

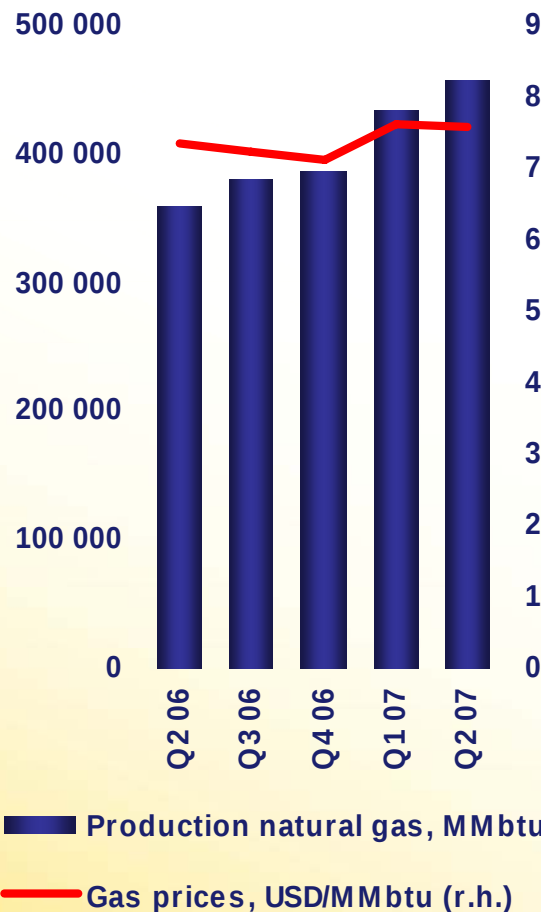
Operational Review - USA

Exploration & Production

US E&P (USD '000)



Gas production and price

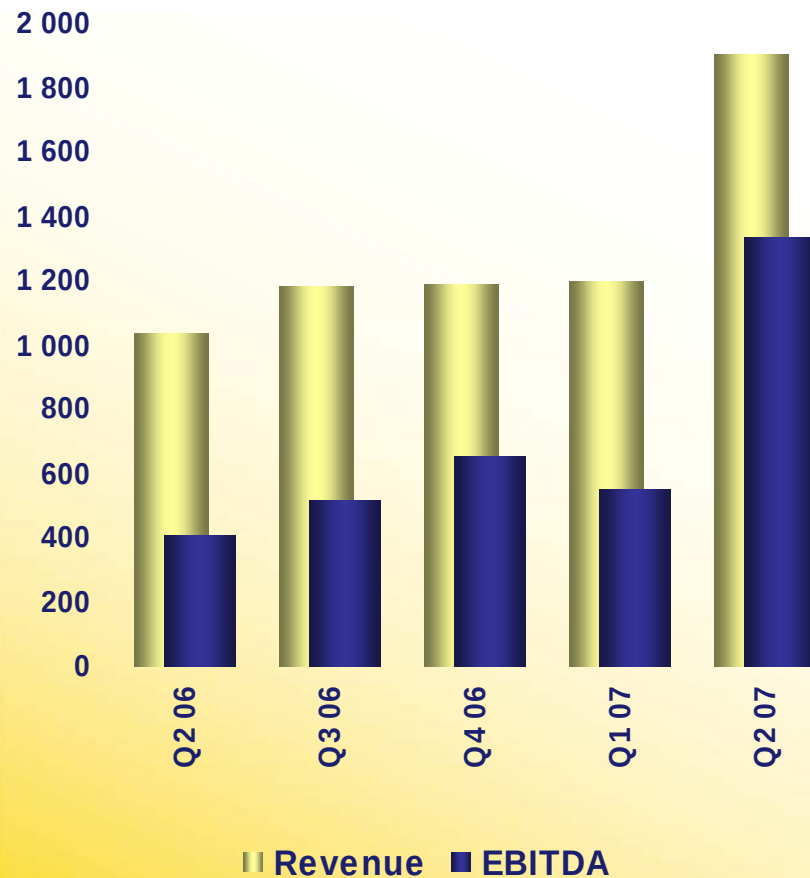


- Net gas production of 855 BOE/per day in Q2
- 13 wells drilled in Q2
- Focus on acreage acquisition and seismic
- Increasing focus on horizontal wells in the second half of 2007

Operational Review - USA

Gathering & Transmission

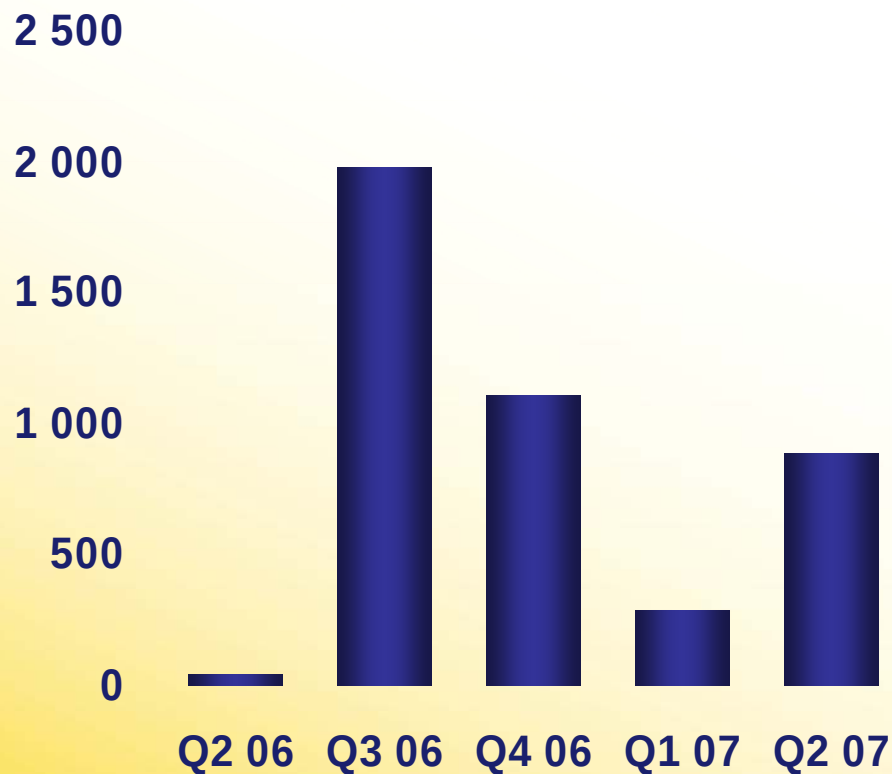
US G&T (USD '000)



- Firm throughput and significant EBITDA increase
- Throughput increased by 6 % in Q2 from the previous quarter
- Continuing to evaluate pipeline extension projects and stripping plants

Operational Review - USA Energy Marketing

Energy Marketing EBITDA
(USD '000)



- EBITDA USD 0.9 million in Q2
 - Net of USD -0.8 million effect of mark-to-market contract accounting

Outlook

Brazil

- Manati – all six wells drilled, increased cash flow
- Exploration campaign eagerly awaiting commencement
- Santos Basin – exciting long term potential

USA

- Strategic shift - Increasing focus on higher impact reservoirs
- Continued aggressive focus on land leasing and seismic

Enclosures

Income Statements

Balance Sheets

Cash Flow Statements

Segment Information

Production Figures by Division

Key Financials by Division

Key Financial Figures

Income Statements

Condensed Consolidated Income Statement

(Dollars in thousands)	2007		2006			2007	2006
	Q2	Q1	Q4	Q3	Q2	H1	H1
Total revenues	57 848	48 741	43 837	48 245	45 929	106 589	94 582
Trading purchase of oil and natural gas	(36 238)	(36 584)	(31 784)	(34 012)	(33 392)	(72 822)	(69 533)
Production costs	(8 961)	(7 637)	(5 993)	(5 126)	(5 325)	(16 598)	(9 431)
Exploration costs	(457)	(212)	(724)	(410)	(45)	(669)	(526)
General and administrative expenses	(4 070)	(4 072)	(4 255)	(4 070)	(2 371)	(8 142)	(4 936)
EBITDA	8 124	236	1 081	4 627	4 796	8 359	10 156
Depreciation	(7 512)	(5 017)	(5 476)	(3 110)	(3 322)	(12 529)	(6 538)
Operating income (EBIT)	612	(4 781)	(4 395)	1 517	1 474	(4 170)	3 618
Net interest costs	(3 787)	(2 896)	(4 223)	(1 919)	(1 239)	(6 684)	(2 348)
Other net financial income / (-) expenses	2 086	11 188	(6 798)	883	128	13 274	468
Net profit/ (-) loss before tax and minority interest	(1 090)	3 510	(15 416)	481	363	2 421	1 738
Income tax expense	(269)	1 698	1 911	181	(48)	1 430	(1 216)
Net profit/ (-) loss before minority interest	(1 359)	5 209	(13 505)	662	315	3 850	522
Minority interest	-	-	-	-	-	-	(56)
Net profit/ (-) loss	(1 359)	5 209	(13 505)	662	315	3 850	466
Earnings per share (\$)	(0,00)	0,01	(0,04)	0,00	0,00	(0,04)	0,00
Diluted earnings per share (\$)	(0,00)	0,01	(0,04)	0,00	0,00	(0,04)	0,00

Key Financial Figures

Balance Sheets

Condensed Consolidated Balance Sheet

(Dollars in thousands)	As of					
	06.30.07	03.31.07	12.31.06	09.30.06	06.30.06	12.31.05
Licenses	72 218	45 595	45 595	-	-	-
Undeveloped fields	53 022	74 490	74 746	50 758	46 804	45 138
Goodwill and other intangible assets	5 808	5 817	5 826	5 881	5 881	5 881
Property, plant and equipment	192 350	187 689	174 331	196 622	170 505	97 627
Other non-current assets	10 135	8 536	7 330	5 200	1 136	2 424
Inventory	1 379	3 838	3 237	2 618	2 538	1 988
Accounts receivables and other short-term assets	35 871	28 883	32 297	41 687	34 907	42 860
Cash and cash equivalents	36 927	35 800	55 740	37 232	25 972	39 387
Total Assets	407 711	390 648	399 102	339 998	287 743	235 305
Equity	109 178	108 785	105 215	126 795	115 519	96 473
Minority interest	-	-	-	-	-	1 575
Long-term interest bearing debt	162 641	154 889	158 758	103 982	80 144	57 795
Deferred tax	27 138	28 558	29 943	18 640	17 199	17 062
Other long-term liabilities	17 334	23 651	21 608	2 679	7 890	6 673
Short-term interest bearing debt	25 840	20 584	21 861	51 897	32 996	10 973
Other current liabilities	65 579	54 182	61 717	36 005	33 995	44 754
Total Liabilities and Equity	407 711	390 648	399 102	339 998	287 743	235 305

Condensed Consolidated Statement of Changes in Equity

(Dollars in thousands)	06.30.07	06.30.06
Opening balance, January 1	105 215	96 473
Share issue	-	18 244
Acquisition of minority	-	(570)
Result for the period	3 850	467
Employee share options	414	-
Other comprehensive income	(1 342)	905
Currency translation and other adjustments	1 041	-
Closing balance, June 30	109 178	115 519



Key Financial Figures

Cash Flow Statements

Condensed Consolidated Statement of Cash Flows

(Dollars in thousands)	2007		2006			2007	2006
	Q2	Q1	Q4	Q3	Q2	H1	H1
Cash flows from operating activities							
Net profit / (-) loss	(1 359)	5 209	(13 505)	662	315	3 850	466
Adjustments to reconcile net profit / (-) loss to cash provided by / (-) used in operating activities						-	-
Depreciation and amortization	7 512	5 017	5 476	3 110	3 322	12 529	6 538
Market adjustments, warrants, options and shares	(4 902)	(98)	6 565	-	-	(5 000)	-
Employee options accrual and other non-cash items	6 303	(5 756)	853	283	205	547	205
Changes in assets and liabilities:						-	-
Change in accounts receivable and other short-term assets	(9 232)	1 268	3 277	(3 717)	3 978	(7 965)	8 443
Change in accounts payable	9 193	(3 312)	7 948	4 655	(577)	5 881	(11 252)
Change in other assets and liabilities	(6 471)	1 515	12 053	(5 856)	(1 339)	(4 956)	(108)
Net cash flows from operating activities	1 043	3 842	22 667	(863)	5 904	4 886	4 292
Cash flows from investing activities							
Investments net of cash, in acquired business	-	-	(70 752)	-	-	-	-
Acquisition of minority	-	-	(56)	-	(1 945)	-	(1 945)
Acquisition of oil put options	-	-	-	-	-	-	(1 399)
Equity from convertible bonds	-	-	(9 130)	9 130	-	-	-
Investment in property, plant and equipment	(16 427)	(15 493)	55 462	(35 181)	(15 073)	(31 920)	(79 082)
Net cash flows from investing activities	(16 427)	(15 493)	(24 476)	(26 051)	(17 018)	(31 920)	(82 426)
Cash flows from financing activities							
Net proceeds from issuance of shares	-	-	-	-	-	-	17 888
Sale of treasury shares	-	-	-	-	-	-	-
Proceeds from issuance of long-term debt	49 219	4 149	38 139	49 934	13 096	53 368	59 391
Repayment of long-term debt	(34 305)	(11 827)	(17 919)	(11 760)	(7 811)	(46 132)	(12 560)
Net cash flows from financing activities	14 914	(7 678)	20 220	38 174	5 285	7 236	64 719
Effect of foreign currency translation adjustment	1 597	(612)	97	-	-	985	-
Change in cash and cash equivalents during the period	1 127	(19 940)	18 508	11 260	(5 829)	(18 814)	(13 415)
Cash and cash equivalents at beginning of the period	35 800	55 740	37 232	25 972	31 801	55 740	39 387
Cash and cash equivalents at the end of period	36 927	35 800	55 740	37 232	25 972	36 926	25 972

Key Financial Figures

Segment Results

Gross revenue, EBITDA and EBIT (Dollars in thousands)	2007		2006			2007	2006
	Q2	Q1	Q4	Q3	Q2	H1	H1
Brazil E&P							
Oil revenues (net of royalties and tax)	10 637	4 403	5 999	7 830	8 286	15 039	15 079
Natural gas revenues (net of royalties and tax)	4 316	1 655	-	-	-	5 971	-
EBITDA	5 507	(2 078)	(1 305)	2 529	3 332	3 429	6 095
EBIT (Operating profit)	(971)	(6 082)	(5 278)	142	729	(7 053)	1 040
USA E&P							
Natural gas revenues (net of royalties)	3 496	4 248	3 200	2 792	2 701	7 743	5 580
EBITDA	1 990	2 971	1 436	1 563	1 970	4 961	3 726
EBIT (Operating profit)	1 268	2 250	340	1 076	1 482	3 519	2 756
USA G&T							
Income from gathering and transmission	1 903	1 202	1 189	1 183	1 036	3 105	2 019
EBITDA	1 337	549	657	519	406	1 885	837
EBIT (Operating profit)	1 083	298	413	272	182	1 381	379
USA Energy Marketing							
Oil and natural gas trading	41 001	38 762	36 896	38 478	34 745	79 763	72 965
EBITDA	884	286	1 104	1 970	47	1 170	1 536
EBIT (Operating profit)	879	281	1 098	1 965	42	1 160	1 526
Corporate Overhead and Eliminations							
Revenue	(3 504)	(1 528)	(3 447)	(2 038)	(839)	(5 033)	(1 061)
EBITDA	(1 595)	(1 492)	(812)	(1 954)	(959)	(3 087)	(2 038)
EBIT (Operating profit)	(1 648)	(1 529)	(969)	(1 938)	(961)	(3 176)	(2 083)
Group							
Total Revenue	57 848	48 741	43 837	48 245	45 929	106 589	94 582
EBITDA	8 124	236	1 081	4 627	4 796	8 359	10 156
EBIT (Operating profit)	612	(4 781)	(4 395)	1 517	1 474	(4 170)	3 618

Key Financial Figures

Segment Production Figures

Production figures	2007		2006			2007	2006
	Q2	Q1	Q4	Q3	Q2	H1	H1
Group production in BOE/day							
Coral	1 805	1 046	1 084	1 342	1 569	1 428	1 532
Manati *	1 812	765	-	-	-	1 292	-
US E&P *	855	819	714	702	669	837	635
Group total	4 472	2 630	1 798	2 044	2 238	3 556	2 167
Brazil E&P							
Oil production, barrels (100%)	469 219	269 004	285 077	380 280	519 055	738 223	1 008 287
Oil price, \$/bbl (before royalty and tax)	\$ 68,61	\$ 58,35	\$ 58,10	\$ 69,42	\$ 67,69	\$ 64,87	\$ 64,44
Production natural gas *, MMBtu (net to Norse Energy's share)	943 882	393 847	-	-	-	1 337 729	-
Estimated gas price, \$/MMBtu (net of royalty and taxes)	\$ 4,57	\$ 4,20	-	-	-	\$ 4,46	-
USA E&P							
Production natural gas *, MMBtu (net to Norse Energy's share)	457 530	433 491	386 249	379 737	358 211	891 021	676 135
Gas price, \$/MMBtu	\$ 7,56	\$ 7,63	\$ 7,11	\$ 7,23	\$ 7,33	\$ 7,59	\$ 8,05
USA G&T							
Throughput (MMBtu)	1 754 049	1 649 773	1 732 825	1 797 581	1 573 527	3 403 822	2 846 454