

Norwegian Energy Company ASA – Company Update

15 February 2017

Noreco ASA (Parent)

Non-IFRS Balance Sheet and Result as of 31.12.2016 (NOK million)

Balance Sheet

Non-current assets

Restricted cash	547
Value of subsidiaries	1 572
Total non-current assets	2 119

Current assets

Restricted cash	4
Bank deposits, cash and cash equivalents	65
Total current assets	69
Total assets	2 188

Equity

Share capital	71
Other equity	1 408
Total equity	1 479

Non-current liabilities

Bond loan	155
Guarantee provision	547
Total non-current liabilities	702

Current liabilities

Trade payables and other current liabilities	7
Total current liabilities	7
Total liabilities	709

Total equity and liabilities	2 188
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Result

IFRS Result for the period after tax	7
Reversal of value adjustment of NOR10	15
Value adjustment subsidiaries	962
Non IFRS Result for the period	984

Non IFRS Equity 30.09.2016	504
Non IFRS Result for the period	984
Other items	-9
Non IFRS Equity 31.12.2016	1 479

Dvalin (Zidane) Success Payment

- PDO acceded 3 January, pending approval by the authorities
- USD 14.32 million or NOK 120 million due to Noreco
- NOR06 bondholders get NOK 36 million
- Expected before the end of Q1

Ongoing Business

UK & DK Subsidiaries

UK

- Announced deal with Premier Oil
18 December
Two companies:
 - Norwegian Energy Company Limited UK
 - Noreco Oil UK LimitedTotal tax credits approximately NOK 1.5 bn
- Actively pursuing asset deals or sale to monetise

DK

- Approximately NOK 6 bn in tax credits
- Actively pursuing asset deals to monetise

Siri Insurance Claim

- Ruling appealed to the Supreme Court
- Awaiting decision by the Supreme Court imminently
 - If accepted: process could take two years
 - If rejected: 2 weeks to appeal to 'Landsretten'/High Court
- It is an extremely strong ruling in Noreco's favour and the company (together with its partners, Awillhelmsen and QVT) is in a very strong position to persist irrespective of how long it takes

Noreco is Investigating a Potential Claim for Damages Against the Insurance Companies in the Siri Case

- Basis for damages is the following:
 - Noreco were forced to sell the rig/platform with all business opportunities and production in 2011 due to the insurance companies' lack of honoring their obligations
 - Noreco were forced to bring in partners in 2015 to be able to stay and finance the court case against the insurance companies
- Value basis for such a claim is in the company's view the following:
 - The partners' part of the payment of the ruling is approximately USD 200 million
 - Noreco's valuation of the Siri platform with all its businesses in 2011 is above USD 300 million
- A decision whether to move forward with these claims or not will be taken within the next 30 days



NORECO

Still fact-finding

Organisational Chart

Riulf Rustad (Chair)

Lars Purlund (Board Member)

Marianne Lie (Board Member)

Tone Kristin Omsted (Board Member)

John P. Madden (Board Member)

