

PROSPECTUS



NORWEGIAN ENERGY COMPANY ASA

(A public limited liability company organized under the laws of Norway)

Listing of New Bonds issued by Noreco in a

10.50% NOK 300 million senior unsecured callable bond issue with maturity in February 2016

This prospectus (the "**Prospectus**") relates to, and has been prepared in connection with (i) the listing (the "**Listing**") on Oslo Børs, a stock exchange operated by Oslo Børs ASA ("**Oslo Børs**"), of bonds (the "**New Bonds**") which were issued by Norwegian Energy Company ASA ("**Noreco**", the "**Company**" or the "**Issuer**") on 25 February 2013 in a 10.50% NOK 300 million senior unsecured bond issue with maturity in February 2016 (the "**New Bond Issue**").

The New Bonds are expected to be listed and tradable on Oslo Børs on or about 20 March 2013.

The distribution of this Prospectus may in certain jurisdictions be restricted by law. Accordingly, this Prospectus may not be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company and the Arrangers (as defined below) require persons in possession of this Prospectus to inform themselves about, and to observe, any such restrictions.

This Prospectus and the New Bonds shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo City Court as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of, or in connection with the New Bonds or this Prospectus.

THIS PROSPECTUS IS A LISTING PROSPECTUS FOR BONDS ALREADY ISSUED BY NORECO. NO SECURITIES ARE BEING OFFERED TO ANY PERSON IN ANY JURISDICTION ON THE BASIS OF THIS PROSPECTUS.

Investing in the Company and the Bonds (including but not limited to the New Bonds) involves material risks and uncertainties. See section 1 "Risk Factors" and section 3 "Cautionary Note Regarding Forward-Looking Statements".

Arrangers

DNB Markets

Swedbank First Securities

18 March 2013

IMPORTANT INFORMATION

Please refer to section 11 “Definitions and Glossary of Terms” for definitions of terms used throughout this Prospectus, which also apply to the preceding pages.

This Prospectus has been prepared in order to provide information about the Group and its business in relation to the Listing of the New Bonds, and to comply with the Norwegian Securities Trading Act of June 29, 2007 no. 75 (the “**Norwegian Securities Trading Act**”) and related secondary legislation, including EC Commission Regulation (EC) no. 809/2004 implementing Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) regarding information contained in prospectuses (the “**Prospectus Directive**”). This Prospectus has been prepared solely in the English language.

The Company has furnished the information in this Prospectus. The Company has engaged DNB Markets a part of DNB Bank ASA (“**DNB Markets**”) and Swedbank First Securities (each of them an “**Arranger**”) as arrangers for the Listing..

Unless otherwise indicated, the information contained herein is current as of the date hereof and the information is subject to change, completion and amendment without notice. In accordance with Section 7-15 of the Norwegian Securities Trading Act, every significant new factor, material mistake or inaccuracy that is capable of affecting the assessment of the New Bonds arising after the time of approval of this Prospectus and before the date of listing of the New Bonds on Oslo Børs will be published and announced promptly as a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances create any implication that there has been no change in the Group’s affairs since the date hereof or that the information herein is correct as of any time since its date. The distribution of this Prospectus may in certain jurisdictions be restricted by law. Accordingly, this Prospectus may not be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company and the Arrangers require persons in possession of this Prospectus to inform themselves about, and to observe, any such restrictions.

An investment in the New Bonds involves inherent risks. Potential investors should carefully consider the risk factors set out in section 1 “Risk Factors” in addition to the other information contained herein before making an investment decision. An investment in the Company or its securities is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of their entire investment. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult with its own legal adviser, business adviser and tax adviser as to legal, business and tax advice. In the ordinary course of their respective businesses, the Arrangers and certain of their respective affiliates have engaged, and will continue to engage, in investment and commercial banking transactions with the Group. The New Bonds are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of an investment in the New Bonds for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Without limiting the manner in which the Company may choose to make any public announcements, and subject to the Company’s obligations under applicable law, announcements relating to the matters described in this Prospectus will be considered to have been made once they have been received by Oslo Børs and distributed through its information system.

The distribution of this Prospectus and the offer and sale of the New Bonds in certain jurisdictions may be restricted by law. The Company and the Arrangers require persons in possession of this Prospectus to inform themselves about, and to observe, any such restrictions. This Prospectus does not constitute an offer of, or an invitation to subscribe or purchase any securities in any jurisdiction. Furthermore, the restrictions and limitations listed and described herein are not exhaustive, and other restrictions and limitations in relation to the Prospectus that are not known or identified by the Company and the Arrangers at the date of this Prospectus may apply in various jurisdictions as they relate to the Prospectus.

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APPENDICES

Appendix A: Bond Agreement

1. RISK FACTORS

Prior to any decision to invest in the Company's securities, potential investors should carefully read and assess the following specific risks and the other information contained in this Prospectus. If these risks materialize, individually or together with other circumstances, they may substantially impair the business of the Group and have material adverse effects on the Group's business prospects, financial condition or results of operations and the price of the Company's securities may decline, causing investors to lose all or part of their invested capital. As the assets of the Company are held by various subsidiaries, the risks associated with the Group will also be relevant for the Company. The order in which the individual risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of the severity or significance of individual risks. An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

1.1 Risk factors relating to the Noreco Group and the industry in which it operates

1.1.1 Ability to obtain economically recoverable oil and gas reserves

The Noreco Group is dependent on its ability to find, acquire, appraise, develop and commercially produce oil and gas reserves. The Noreco Group must continually locate and develop or acquire new reserves to replace its existing reserves that are being depleted by production. Future increases in the Noreco Group's reserves will depend not only on its ability to explore and develop its existing properties but also on its ability to select and acquire suitable additional properties either through awards at licensing rounds or through acquisitions.

Few prospects that are explored are ultimately developed into producing oil and gas fields. Significant expenditure and time is required to establish the extent of oil and gas reserves through seismic and other surveys and drilling and there can be no certainty that oil and gas reserves will be found, or if found, commercially viable to extract.

There are many reasons why the Noreco Group may not be able to find or acquire oil and gas reserves or develop them for commercially viable production. For example, the Noreco Group may not be awarded licenses at licensing rounds, or the Noreco Group may be unable to negotiate commercially reasonable terms for its acquisition, exploration, development or production activities. Further, the Noreco Group is dependent on the competence and judgment of third party operators in relation to the development of reserves where it is not itself the operator. The exploration and development of oil and gas assets may be curtailed, delayed or cancelled by unusual or unexpected geological formation pressures, oceanographic conditions, hazardous weather conditions or other factors. There are numerous risks inherent in drilling and operating wells, many of which are beyond the Company's control. Noreco's operations may be curtailed, delayed or cancelled as a result of environmental hazards, industrial accidents, occupational and health hazards, technical failures, shortage or delays in the delivery of rigs and/or other equipment, labour disputes and having to comply with governmental requirements. Drilling may involve unprofitable efforts, not only with respect to dry wells, but also with respect to wells which, though yielding some petroleum, are not sufficiently productive to justify commercial development or cover operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. Without successful exploration or acquisition activities, the Noreco Group's reserves, production and revenues will decline. There is no assurance that the Noreco Group will discover, acquire or develop further commercial quantities of oil and gas.

1.1.2 Reserves and resources information represent Company estimates which may be inaccurate or incorrect

The proved and probable reserves and resources data included in this Prospectus are based on Noreco Group's internal estimates.

In general, estimates of the quantity and value of economically recoverable oil and gas reserves and the possible future net cash flows are based upon a number of variable factors and assumptions, such as historic production rates, ultimate reserves recovery, interpretation of geological and geophysical data, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, continuity of current fiscal policies and regulatory regimes, future oil and gas prices, operating costs, development and production costs and workover and remedial costs, all of which may vary from actual results. Estimates are also to some degree speculative, and

classifications of reserves are only attempts to define the degree of speculation involved. Consequently, the nature of reserve quantification studies means that there can be no guarantee that estimates of quantities and quality of oil and gas disclosed will be available for extraction. Therefore, actual production, revenues, cash flows, royalties and development and operating expenditures may vary from these estimates. Such variances may be material and may have a material adverse effect on the Company's valuation, its ability to raise further financing and its financial position in general.

As regards contingent resources, these may not be considered commercially recoverable by the Noreco Group for a variety of reasons, including the high costs involved in recovering the contingent resources, the price of oil at the time, the availability of the Noreco Group's resources and other development plans that the Noreco Group may have. By contrast, prospective resources are those deposits that are estimated, on a given date, to be potentially recoverable from undiscovered accumulations. The Noreco Group's estimates of its contingent and prospective resources are uncertain and can change with time and there can be no guarantee that the Noreco Group will be able to develop these resources commercially.

1.1.3 Substantial investment required

The Noreco Group will be required to make substantial capital expenditure for the acquisition, exploration, development and production of oil and gas reserves in the future. Such capital expenditures could be covered by revenues, new equity or by obtaining new debt. If the Noreco Group's revenues decline, or if the Company is unable to attract investors to increase the Company's equity, or if new debt arrangements and/or capital expenditure financings in general are not accessible, or only on unattractive commercial terms, the Noreco Group will experience a limited ability to undertake or complete future exploration programs, maintenance of existing fields, development investments and acquisitions. Limited available capital expenditure will also impact the Noreco Group's ability to maintain existing fields as well as undertake R&D initiatives. The Noreco Group's inability to access sufficient capital for its operations could lead to licenses being revoked or relinquished or defaulting by the Company under commercial arrangements, including joint venture agreements, or could lead to a material adverse effect on the Noreco Group's financial conditions, results of operations or prospects in general.

1.1.4 Risks relating to the price of oil and gas

Although Noreco attempts to hedge declines in oil prices, the profitability and cash flow of Noreco's operations will be dependent upon the market price of oil and gas. This is known to fluctuate. Historically, oil prices have fluctuated widely for many reasons, including global and regional supply and demand, and expectations regarding future supply and demand for oil and petroleum products; geopolitical uncertainty; access to pipelines, tanker ships and other means of transporting oil, gas and petroleum products; prices, availability and government subsidies of alternative fuels; prices and availability of new technologies; the ability of the members of the Organisation of Petroleum Exporting Countries ("OPEC") and other oil-producing nations to set and maintain specified levels of production and prices; political, economic and military developments in oil producing regions, particularly the Middle East; domestic and foreign governmental regulations and actions, including export restrictions, taxes, repatriations and nationalisations; global and regional economic conditions; and weather conditions and natural disasters. It is impossible to predict accurately future oil and gas price movements. The economics of producing from some of the Noreco Group's wells may change as a result of lower prices, which could result in a reduction in the volumes of the Noreco Group's reserves if some are no longer economically viable to develop. The Noreco Group might also elect not to produce from certain wells at current or lower prices. All of these factors could result in a material decrease in the Noreco Group's net production revenue causing a reduction in its oil and gas acquisition, development and exploration activities and financial condition. In addition, bank borrowings available to the Noreco Group currently are and in the future are expected to be in part determined by the Noreco Group's borrowing base. A sustained material decline in prices from historical average prices could reduce the Noreco Group's borrowing base, thereby reducing the bank credit available to the Noreco Group which could result in the Noreco Group having to repay a portion, or all, of its bank debt.

1.1.5 Political and regulatory risks

Changes in the legislative and fiscal framework governing the activities of the companies engaged within the oil and gas sector may have a material impact on exploration and development activity or directly affect the Group's operations. In particular, changes in political regimes will constitute a material risk factor for the Group's operations in foreign countries. Further, the Noreco Group is faced with increasingly complex tax laws. The amounts of taxes the Noreco Group pays could increase substantially as a result of changes in, or new

interpretations of, these laws, which could have a material adverse effect on its liquidity and results of operations. During periods of high profitability, there are often calls for increased or windfall taxes on oil and gas revenue. Taxes have increased or been imposed in the past and may increase or be imposed again in the future. In addition, taxing authorities could review and question the Noreco Group's tax returns leading to additional taxes and penalties which could be material. Decommissioning (where relevant) could also have a material tax impact for the Noreco Group's financial position and results of operations. Further, the complexity of tax laws (as well as contractual covenants) may restrict the Noreco Group from an effective utilisation of tax losses within the Company's different subsidiaries, which in turn could have a negative impact on the Noreco Group's financial position.

In order to conduct its operations in compliance with applicable laws and regulations, the Noreco Group must obtain licenses and permits from various government authorities. The Noreco Group may incur substantial costs in order to maintain compliance with these existing laws and regulations and additional costs if these laws are revised or if new laws affecting the Noreco Group's operations are passed. Furthermore, there can be no assurance that the Noreco Group will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and production operations on its properties.

1.1.6 Health, Safety and Environmental (HSE) risks

All phases of the oil business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions, EU, and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation, moreover, is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

The Noreco Group's operations and assets are affected by numerous international, EU and national laws and regulations concerning health, safety and environmental ("HSE") matters including, but not limited to, those relating to the health and safety of employees, discharges of hazardous substances into the environment and the handling and disposal of waste. The technical requirements of these laws and regulations are becoming increasingly complex, stringently enforced and expensive to comply with and this trend is likely to continue. The failure to comply with current HSE laws and regulations has resulted and may in the future result in regulatory action, the imposition of fines or the payment of compensation to third parties which each could in turn have a material adverse effect on the Noreco Group's business, financial condition and results of operations.

1.1.7 The industry in which the Group operates is highly competitive

The oil and gas industry is highly competitive in all its phases. There is strong competition for the discovery and acquisition of properties considered to have commercial potential. The Noreco Group competes with other exploration and production companies, many of which include major international oil and gas companies which may have greater financial resources, staff and facilities than those of the Noreco Group. These companies have strong market power as a result of several factors, including the diversification and reduction of risk, including geological, price and currency risks; increased financial strength facilitating major capital expenditures; greater integration and the exploitation of economies of scale in technology and organisation; strong technical experience; increased infrastructure and reserves; and strong brand recognition. Due to this competitive environment, the Noreco Group may be unable to acquire attractive suitable properties or prospects on terms that it considers acceptable. As a result, the Noreco Group's revenues may decline over time, thereby materially and adversely affecting its results of operations or financial condition.

1.1.8 Debt arrangements may restrict the Noreco Group's business

The Noreco Group's debt arrangements contain several restrictive covenants, including but not limited to restrictions on assets sales and acquisitions, investments, the ability to pay dividends or other capital

distributions, and the possibility to raise additional financial indebtedness. In addition, several financial covenants are imposed on the Company and the Noreco Group. Such covenants restrict the Noreco Group in various ways in terms of how the Noreco Group conducts its business, and the Noreco Group may be restricted in responding to changing market conditions or in pursuing favorable business opportunities. Further, the Noreco Group has to dedicate a substantial portion of its cash flow from operations to service debt, which in turn will reduce the amount of cash flow it will have available for capital investment, working capital and other general corporate purposes.

Current cash flow prognosis predicts that Noreco will abide to agreed covenants. This is based on reasonable timeline assumptions for the startup of the Huntington field. However, new substantial delays, or other significant operational deviations, may challenge this assumption.

1.1.9 Production is concentrated in a few number of fields

The Noreco Group's current production of oil and gas is concentrated in a small number of offshore fields. As at the date of this Prospectus, six out of a total of 55 licenses are producing licenses. Three out of the six production licenses – representing 70% of the total production – are satellites to the Siri platform. Any regularity issues at Siri would therefore have substantial negative impacts on the Group's total production. If mechanical problems, storms or other events curtail a substantial portion of the Noreco Group's production or if the actual reserves associated with any one of the Noreco Group's producing fields are less than the Noreco Group's estimated reserves, the Noreco Group's results of operations and financial condition could be adversely affected. The Group expects a significant production growth in 2013, driven by commissioning and start-up of the Oselvar and Huntington fields in the North Sea. Although the Group expects that the first oil from Huntington is expected in March 2013, first oil from Huntington is dependent on a number of factors including, without limitation, offshore installation work, weather conditions and any operational challenges. It can therefore not be excluded that the first oil from Huntington will be delayed and no assurance can be given that production will be at the expected levels. Furthermore, the Oselvar field has since start-up produced at lower levels than previous estimates, and although the operator is trying to identify corrective measures, there can be no guarantee that production will not remain at the current lower level, potentially resulting in write-downs of the reserves.

1.1.10 The Noreco Group relies on third parties

While the Noreco Group operates certain of its assets, it is not the operator of most of its current development and none of its production assets. The operating agreements with third party operators typically provide for a right of consultation or consent in relation to significant matters and generally impose standards and requirements in relation to the operator's activities. Nevertheless, the Noreco Group generally has limited control over the day-to-day management or operations of those assets and is therefore dependent upon the activities of the third party operator. A third party operator's mismanagement of an asset may result in delays or increased costs to the Noreco Group. While the Noreco Group has purposely acquired interests in assets that are operated by operators it believes to be reputable, there can be no assurance that the operator will observe such standards or requirements.

If a party with an interest in the Noreco Group's assets elects not to participate in certain activities relating to those assets that require that party's consent, the Noreco Group may be unable to undertake such activities alone or together with the other participants at the desired time or at all. Other participants in the Noreco Group's assets may default on their obligations to fund capital or other payments in relation to the assets. In such circumstances, the Noreco Group may be required under the terms of operating agreements to contribute all or part of any funding shortfall. Any such delay in or inability to undertake activities or fulfil an obligation to provide further funding could adversely affect the Noreco Group's business, results of operations or prospects.

1.1.11 Risk of joint and several liability with its license partners

The Noreco Group is liable on a joint and several basis together with its license partners for certain of the liabilities of the specific license group. Such liability may apply both to licenses in their initial term and to producing licenses. These liabilities could be derived from legislative and regulatory requirements, and/or from agreements with third parties entered into on behalf of the specific license group. Failure by a license partner to fulfil its financial obligations may therefore increase the Noreco Group's exposure related to the license in question. Any significant increase in costs as a consequence of joint and several liability may adversely affect the financial condition of the Noreco Group.

1.1.12 The Noreco Group holds a number of licenses in their initial terms

The Noreco Group holds a number of interests in exploration licenses or in other licenses that are in their initial terms. The early stages or exploration period of a license are commonly the most risky. These phases of the term of a license require high levels of relatively speculative capital expenditure without a commensurate degree of certainty of a return on that investment.

1.1.13 Unexpected shutdowns may occur

Mechanical problems, accidents, oil leaks, hazardous weather conditions or other events at the Noreco Group's producing fields or its pipelines or subsea infrastructure may cause an unexpected production shutdown at these fields. Any unplanned production shutdown of the Noreco Group's facilities could have a material adverse effect on the Noreco Group's business, financial condition and results of operations. The production over the Siri platform was temporarily shut-down from August 31, 2009 to January 24, 2010 after cracks in the riser support structure were found during a routine inspection. The production shutdown included all production from Siri, Nini and Cecilie. If similar problems were to occur again, the licensees may suffer a loss of production income.

1.1.14 Risks associated with future decommissioning liabilities

The Noreco Group, through its license interests, has in the past assumed certain obligations in respect of the decommissioning of its fields and related infrastructure and is expected to assume additional decommissioning liabilities in respect of its future operations. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and require the Noreco Group to make provision for and/or underwrite the liabilities relating to such decommissioning. The oil and gas industry currently has little experience of decommissioning petroleum exploration and production infrastructure in the North Sea as few such structures have been removed in this region. It is, therefore, difficult to forecast accurately the costs that the Noreco Group will incur in satisfying its decommissioning obligations. When its decommissioning liabilities crystallise, the Noreco Group will be jointly and severally liable for them with other former or current partners in the field. In the event that other partners default on their obligations, the Noreco Group will remain liable and its decommissioning liabilities could be magnified significantly through such default. If a purchaser of a license interest on the Norwegian Continental shelf defaults on its decommissioning liabilities related to the acquired license, the seller is under Norwegian law liable towards the other partners of the field and the Norwegian state for the decommissioning costs. The seller's liability is limited to decommissioning liability related to installations, wells and other infrastructure which existed at the completion date. The Noreco Group sold its participating interest (12.2575 percent) in the Brage Unit to Core Energy AS in 2011, causing a potential statutory liability with respect to Core Energy AS' share of the decommissioning cost related to the Brage installations, wells and other infrastructure which existed at the completion date of that license sale. The liability materializes if Core Energy AS, as the primary obligor, fails to settle its liability for such decommissioning costs. The Noreco Group could claim recourse from Core Energy AS. Any significant increase in the actual or estimated decommissioning costs that the Noreco Group incurs may adversely affect its financial condition.

1.1.15 The Noreco Group is dependent on attracting and retaining personnel

The Noreco Group's success depends, to a large extent, on attracting and retaining key personnel. The loss of the services of any key personnel could have a material adverse affect on the Noreco Group. The Noreco Group does not maintain, nor does it plan to obtain, key person insurance against the loss of any of its key personnel. In addition, the competition for qualified personnel in the oil and gas industry is intense. There can be no assurance that the Noreco Group will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

1.1.16 Risks associated with labour disputes

The Noreco Group's contractors or service providers may be limited in their flexibility in dealing with their staff due to the presence of trade unions among their staff. If there is a material disagreement between contractors or service providers and their staff belonging to trade unions, the Noreco Group's operations could suffer an interruption or shutdown that could have a material adverse effect on its business, results of operations or financial condition.

1.1.17 Risks associated with legal disputes in general

The Noreco Group has recently been involved in disputes as described in Section 5.5 “Litigation” of this Prospectus, and may from time to time be involved in other legal disputes and legal proceedings related to the Noreco Group’s operations or otherwise. Such disputes and legal proceedings may be expensive and time-consuming, and could divert management’s attention from the Noreco Group’s business. Furthermore, legal proceedings could be ruled against the Noreco Group and the Group could be required to, inter alia, pay damages, halt its operations, stop its expansion projects, etc, which could consequently adversely affect the Noreco Group’s business, prospects, results of operations or financial condition.

1.1.18 Risk of damaged equipment and the Noreco Group’s insurance policies

The Noreco Group’s equipment, including equipment owned by the licenses in which the Noreco Group holds interests, may be damaged or in need for replacement. Although the Noreco Group, or the license in which the Noreco Group has an interest, in general will have insurance coverage for property damage and, currently, in respect of loss of production income, it is not certain that all incidents will be covered or that the sums insured under such coverage will be sufficient to hold the Noreco Group harmless from the loss occurred. Thus, any significant loss or liability for which the Group is not insured or is found not to be covered could have an adverse effect on the Noreco Group’s business, financial condition and results of operation. Further, such damages may lead to the Noreco Group’s being refused coverage by some insurers or may lead to the Noreco Group’s insurance premiums or the applicable deductibles under the relevant policies being increased. Noreco is pursuing a significant insurance claim related to damages to the Siri platform that were discovered in 2009. The company remains of the opinion that the damage is covered by insurance, and will continue to pursue the claim until a satisfactory result has been achieved. The exact timing and ultimate recovery is however uncertain.

1.1.19 Dependence on oil field services providers and equipment

The Noreco Group’s oil and gas production and development projects may rely on the availability of items such drilling equipment, drilling services, access to third party owned and operated infrastructure on reasonable commercial terms. Such services may be scarce and may not be readily available at the times and places required. In particular the prevailing market conditions leads to a strong competition for drilling rigs. Failure to perform drilling within the expiry date of a production license may lead to liability towards the authorities, loss of the license and adversely affect the Noreco Group’s standing.

Further, sub-contractors and other service providers may cause losses or third party liability or losses for the Noreco Group by their performance. The Noreco Group may be subject to liability claims due to the inherently hazardous nature of its business or for act and omissions of sub-contractors and other service providers. Any indemnities the Noreco Group may receive from such parties may be difficult to enforce if such sub-contractors, operators or other service providers lack adequate resources.

1.2 Risk factors relating to the Noreco Group’s financing

1.2.1 Risks associated with borrowing and leverage

Borrowings create leverage and the Noreco Group is highly leveraged. In addition, the current financing structure is rather complex with several bonds issued by Noreco ASA as well as two bank loan facilities currently being in place with different entities within the Noreco Group as the borrower. The two bank loans are a Exploration facility in Noreco ASA and a Reserve Based Lending (“RBL”) facility which is available within a ring fence comprising the companies Noreco Denmark A/S, Noreco Oil Denmark AS, Noreco Petroleum Denmark AS and Altinex Oil (UK) Ltd. (in effect Danish producing assets and Huntington in United Kingdom (“UK”). The RBL facility is only available for companies within ring fence, however, a dividend distribution of up to 40% of any given year operating profit is allowable. The debt arrangements include security interests over major parts of the Group’s assets, several covenants and undertakings of a general, financial and technical nature and several of the debt arrangements contain cross-default provisions. Failure by the borrowers or other obligors to meet any of the covenants or undertakings could result in all outstanding amounts under the different debt arrangements becoming immediately due for payment. In addition, security rights granted to the lenders could be enforced. If outstanding debts were declared due for immediate payment, there would be no assurances that the Noreco Group would be able to meet its obligations, and there are no assurances that the Noreco Group would be able to obtain alternative financing, either on a timely basis or at all. Any breach of existing covenants and undertakings with a subsequent acceleration of all debts outstanding would thus have a material adverse

effect on the Noreco Group's financial position and is likely to have a material adverse effect on the value of the New Bonds, the Noreco Group's operations and future success.

In addition, bank borrowings available to the Noreco Group currently are and in the future are expected to be in part determined by the Noreco Group's borrowing base. A sustained material decline in the price of oil and gas from historical average prices could reduce the Noreco Group's borrowing base, thereby reducing the bank credit available to the Noreco Group which could result in the Noreco Group having to repay a portion, or all, of its bank debt.

As for new borrowings, the Noreco Group will seek to borrow only when the directors of the Company believe that such borrowings will benefit the Noreco Group after taking into account considerations such as the need to refinance existing debt, the costs of the borrowing, the repayment schedules and the likely returns on the assets financed with the borrowed monies. However, no assurance can be given that the income will exceed the interests and costs associated with the loans, or be sufficient to repay the loans when due. Further, no assurances can be given that the Noreco Group will be able to refinance on economically attractive terms, or at all.

1.2.2 Risk associated with exchange rate fluctuations

The Noreco Group has operations which generate significant cash flows in a variety of currencies. The Noreco Group also comprises businesses with various functional currencies (USD and NOK). Although the Noreco Group may undertake limited hedging activities in an attempt to reduce certain currency fluctuation risks, these activities provide only limited protection against currency-related losses.

1.2.3 Financial liquidity risk

The Group's business requires much liquidity and involves significant near term obligations, debt service obligations (interest charge and principal repayment) and capital expenditure and, depending on the evolution of the production field, in certain circumstances it may need to obtain further external debt and equity financing at a future date. There is no assurance that such additional funding, if required, will be available on acceptable terms at the relevant time. Furthermore, any incremental debt financing may involve restrictive covenants, which may limit the Group's operating flexibility. If additional funds are raised through the issuance of equity or equity-linked instruments, Noreco's shareholders may experience a reduction in their percentage shareholdings. An inability to obtain sufficient funding for its operations, exploration or development plans, may adversely affect the Group's business, results of operations and cash flows.

1.3 Risk factors relating to the Company's securities

1.3.1 General risk regarding interest bearing securities

All investments in interest bearing securities, such as the New Bonds has risks associated with it, such as risks related to the general volatility in the market for such securities, varying liquidity in a single bond issue as well as company specific risk factors. There are three main risk factors that sum up the investors total risk exposure when investing in interest bearing securities: liquidity risk, interest rate risk and market risk (both in general and issuer specific).

1.3.2 Price volatility of publicly traded securities

The price of a single bond will fluctuate in accordance with the interest rate and credit markets in general, the market view of the credit risk of that particular bond issue, and the liquidity of these bonds in the market. The interest rates can, and will, experience substantial fluctuations caused by a number of factors based on the development in the international economy, and are dependent on Noreco's operations.

1.3.3 Meeting of the bondholders, modification and waivers

The conditions of the New Bonds contain provisions for calling meetings of bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all bondholders including bondholders who did not attend and vote at the relevant meeting and bondholders who voted in a manner contrary to the majority.

The Bond Agreement provides that the Trustee (defined below) may make certain modifications to the conditions of Bond Agreement without the prior consent or sanction of such bondholders, as further detailed in the conditions for the Bond Agreement.

1.3.4 Risks related to the Reserve Based Lending facility

Most of the operational and cash generating business of the Noreco Group are encumbered as security for facility of up to USD 350 million. The available loan amount is dependent on the expected performance of the secured assets represented by the value of the future cash flow. Redetermination of the available loan amount is made at least semi annually.

1.3.5 Financial leverage and ability to service debt

The degree of financial leverage of Noreco Group may have several adverse consequences, including the need to manage Noreco Group's business in a way to service its debt and other financing obligations. Should the prevailing financing not be sufficient to meet Noreco Group's financing needs, Noreco Group may be forced to reduce or delay capital expenditures or research and development expenditures or sell assets or businesses at unanticipated times and/or unfavourable prices or other terms, or to seek additional equity capital. There can be no assurance that such measures would be successful, would be adequate to meet debt and other obligations as they come due, or would not result in Noreco Group being placed in a less competitive position.

1.3.6 Risks related to the market

There can be no assurance that there will be a liquid market for the New Bonds. Therefore, investors may not be able to sell their bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have severely adverse effect on the market value of the New Bonds.

1.3.7 Transfer restrictions

Noreco has not registered the New Bonds under the U.S. Securities Act or the securities laws of other jurisdictions other than the Kingdom of Norway and the company does not expect to do so in the future. The New Bonds may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the Securities Act), except for pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities law, or pursuant to an effective registration statement.

1.3.8 It may be difficult for investors based in the United States to enforce civil liabilities predicated on U.S. securities laws against the Company, its affiliates, directors and officers

The Company is organised under the laws of Norway. The Company's directors and officers reside outside of the United States, and the Company's assets are located outside of the United States. As a result, it may be difficult for investors in the United States to effect service of process within the United States upon the Company or the Company's directors and officers or to enforce judgments obtained in U.S. courts predicated on the civil liability provisions of U.S. federal securities laws against the Company or the Company's directors and officers. In addition, punitive damages in actions brought in the United States or elsewhere may be unenforceable in Norway.

2. RESPONSIBILITY STATEMENT

Norwegian Energy Company ASA, with registered address Verksgata 1, 4013 Stavanger, Norway is responsible for this Prospectus. The Company declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is to the best of the Company's knowledge in accordance with the facts and contains no omissions likely to affect its import.

Stavanger, 18 March 2013

Norwegian Energy Company ASA

3. CAUTIONARY NOTE TO INVESTORS

3.1 Forward-looking statements

This Prospectus includes forward-looking statements, including, without limitation, projections and expectations regarding the Noreco Group's future financial position, business strategy, plans and objectives. When used in this document, the words "projects", "forecasts", "estimates", "expects", "anticipates", "believes", "plans", "intends", "may", "might", "will", "would", "can", "could", "should", "seek to" or, in each case, their negative, or other variations or similar expressions, as they relate to the Company, its subsidiaries or its management, are intended to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company and its subsidiaries, or, as the case may be, the industry, to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company and its subsidiaries will operate. Factors that could cause the Noreco Group's actual results, performance or achievements to materially differ from those in the forward-looking statements include but are not limited to:

- the competitive nature of the markets in which the Noreco Group operates;
- global and regional economic conditions;
- government regulations;
- changes in political events;
- force majeure events;
- exchange rate fluctuations; and
- price of crude oil and natural gas.

Prospective investors in the New Bonds are cautioned that forward-looking statements are not guarantees of future performance and that the Noreco Group's actual financial position, operating results and liquidity, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this Prospectus. The Noreco Group cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur. These forward looking statements are subject to risks, uncertainties and assumptions, including those discussed elsewhere in this Prospectus. Forward-looking statements include statements regarding:

- oil and gas reserves quantities;
- obtaining permits;
- retaining licenses and title to assets;
- the amount and nature of capital expenditure;
- drilling of wells;
- the timing and amount of future production and operating costs;
- availability of equipment;
- business strategies and plans of management;
- prospect development and property acquisitions;
- acquisition and divestures;
- technological changes; and
- the Company's success in managing the risks of the aforementioned factors.

Some important factors that could cause actual results to differ materially from those in the forward-looking statements are, in certain instances, included in section 2 "Risk Factors" in this Prospectus.

The Company undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Noreco Group or to persons acting on the Noreco Group's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

3.2 **Arrangers' liability disclaimer**

The Arrangers make no representation or warranty, express or implied, as to the accuracy or completeness of the information in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Arrangers. Neither the Company nor any of the Arrangers has authorised any other person to provide investors with any other information related to the Listing and neither the Company nor any of the Arrangers will assume any responsibility for any information other persons may provide

4. THE NEW BONDS

4.1 Overview

On 13 February 2013, Noreco announced the successful placing of a new senior unsecured bond issue with a total loan amount of NOK 300 million (the "New Bonds" or the "New Bond Issue"). The issue of the New Bonds was approved by the Board on 7 February 2013. The New Bonds were disbursed on 25 February 2013 and will mature on 25 February 2016.

The net proceeds from the New Bonds will be used for future liquidity and/or refinancing of parts of existing debt.

The Company has applied for listing of New Bonds on Oslo Børs, and admission to trading is expected to be on or about 20 March 2013 with ISIN NO 001 0672314.

4.2 The terms and details of the New Bonds

Below is an overview of the key terms and details of the New Bonds. The full bond agreement for the Bonds (the "Bond Agreement") is included in Appendix A to this Prospectus.

Issuer:	Norwegian Energy Company ASA
Currency:	NOK
Principal Amount:	NOK 300 million
Coupon rate:	10.5% p.a.
Settlement Date:	25 February 2013
Final Maturity Date:	25 February 2016
Amortization:	The New Bonds shall be repaid in full at Final Maturity Date at par value.
First interest payment day:	25 August 2013
Last interest payment day:	25 February 2016
Interest Payments:	Interest on the New Bonds will accrue from the Settlement Date and shall be payable semi-annually in arrears on the interest payment day on 25 February and 25 August each year, or if the interest payment day does not fall on a banking day in Oslo and New York, on the first subsequent banking day. Day-count fraction for the coupon is 30/360 unadjusted.
Late Payment of Interest:	Coupon rate plus 5.00 percentage points.
Effective Interest Rate/Yield:	Dependent on the market price. On 14 March 2013 the yield is indicated to 11.2% p.a.
Price:	100% of par value
Nominal value:	The New Bonds have a nominal value of NOK 1,000,000 each. Minimum subscription and allocation amount shall be NOK 1,000,000.

Status of the New Bonds: The New Bonds shall constitute senior debt obligations of the Issuer. The New Bonds shall rank at least pari passu with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application) and shall rank ahead of subordinated debt.

Purpose of the Bond Issue: The gross proceeds from the New Bonds (the “**Bond Proceeds**”) shall be used to refinance parts of the Issuer’s outstanding bonds with maturity before the New Bond Issue (the “**Existing Bonds**”), parts of bank loan with maturity before the New Bond issue and/or future liquidity. In order to ensure compliance with relevant covenants in the Issuer’s outstanding bonds, the Existing Bonds purchased by the Issuer shall either be deleted or placed in a blocked VPS Account for release no earlier than 1 April 2013. Bond Proceeds not used to purchase Existing Bonds are placed in a blocked account until 1 April 2013.

The Trustee, being trustee in all of the Issuer’s outstanding bond loans, has confirmed that this is in accordance with the resolutions adopted at the bondholder meetings conducted 19 October 2012 and Clause 13.4 (Debt Limitations) of the NOR08 Loan Agreement.

Call options (American): The Issuer may redeem the New Bonds (all or nothing) at any time from and including the date falling two (2) years after Settlement Date to, but not including, the final Maturity Date at a price equal to 103.00 % of par value (plus accrued interest on redeemed amount). Exercise of the call option shall be notified by the Issuer in writing to the Trustee and the Bondholders at least thirty business days prior to the settlement date of the call option. On the settlement date of the call option, the Issuer shall pay to each of the Bondholders holding New Bonds to be redeemed, in respect of each such New Bond, the call option price.

General Covenants: During the term of the New Bonds, the Issuer shall (unless the Trustee or the Bondholders’ meeting (as the case may be) in writing has agreed to otherwise) comply with inter alia the following general covenants:

(a) Pari passu ranking

The Issuer shall ensure that its obligations under the Bond Agreement and any other Finance Document shall at all time rank at least pari passu as set out in Clause 9.1 of the Bond Agreement.

(b) Mergers

The Issuer shall not, and shall ensure that no other Group Company shall, carry out any merger or other business combination or corporate reorganization involving the consolidation of the assets and obligations of the Issuer or any Group Company with any other company or entity not being a Group Company if such transaction would have a Material Adverse Effect. The Issuer shall notify the Trustee of any such transaction, providing relevant details thereof, as well as, if applicable, its reasons for believing that the proposed transaction would not have a Material Adverse Effect.

(c) De-mergers

The Issuer shall not, and shall ensure that no other Group Company shall, carry out any de-merger or other corporate reorganisation involving splitting a Group Company into two or more separate companies or entities, if such transaction would have a Material Adverse Effect. The Issuer shall notify the Trustee of any such transaction, providing relevant details

thereof, as well as, if applicable, its reasons for believing that the proposed transaction would not have a Material Adverse Effect.

(d) Continuation of business

The Issuer shall not, and shall ensure that no Group Company shall, cease to carry on its business, if such transaction would have a Material Adverse Effect. The Issuer shall procure that no material change is made to the general nature or scope of the business of the Group from that carried on at the date of this Bond Agreement, or as contemplated by the Bond Agreement, if this would have a Material Adverse Effect.

(e) Disposal of business

The Issuer shall not, and shall ensure that no other Group Company shall, sell or otherwise dispose of all or a substantial part of its assets or operations, unless: (i) the transaction is carried out at fair market value, on terms and conditions customary for such transactions; and (ii) such transaction would not have a Material Adverse Effect.

(f) Intra-group transactions

All transactions between the Group Companies shall be on commercial terms, and shall comply with all applicable corporate law provisions, including, in respect of Norwegian entities, the Norwegian Public and/or Private Limited Companies Acts of 1997.

(g) Financial assistance

The Issuer shall not, and shall ensure that no Group Company shall, (i) grant any loans to or (ii) issue any guarantees or otherwise grant security in respect of liabilities or obligations of any third party not being a Group Company, save that, in respect of item (ii) above, the Issuer may provide customary guarantees and/or other security for the liability or obligation of a petroleum exploration and/or production joint venture in which the Issuer participates and customary guarantees or security for the liabilities or obligations of any seller in transactions related to the petroleum assets in which the Issuer is a buyer. The issue of guarantees or other security in respect of liabilities or obligations of any Group Company shall, for the avoidance of doubt, not be restricted hereunder.

(h) Arm's length transactions

The Issuer shall not, and the Issuer shall ensure that no other Group Company shall, enter into any transaction with any person except on arm's length terms and for fair market value.

(i) Corporate status

The Issuer shall not, and shall ensure that no Group Company, change its type of organization or jurisdiction of incorporation, if such change has a Material Adverse Effect.

(j) Compliance with laws

The Issuer shall, and shall ensure that all other Group Companies shall, carry on its business in accordance with acknowledged, careful and sound practices in all material aspects and comply in all material respects with all laws and regulations it or they may be subject to from time to time (including any environmental laws and regulations).

For a full list of covenants, see section 14 of the Bond Agreement, attached hereto as Appendix A.

Financial Covenants: The Issuer undertakes to comply with the following financial covenants:

(a) Dividends

The Issuer shall not during the term of the New Bond Issue declare or make any dividend payment, repurchase of shares or make other similar transactions (included, but not limited to total return swaps related to shares in the issuer), repay any shareholder loans or grant any loans or other distributions to its shareholders save that the Issuer may repurchase shares in connection with any option or similar incentive program of the Issuer in force at any time made for the benefit of its employees and/or management and/or directors.

(b) Debt limitations

To and including the Quarter Date on 31 March 2013, the Issuer shall ensure that no Group Company shall incur any further Financial Indebtedness or draw on undrawn capacity under any bank facilities, other than (i) Financial Indebtedness that is outstanding and/or drawn as of the Issue Date, (ii) the New Bond Issue, (iii) amounts available under the Exploration Facility as of the Issue Date, (iv) refinancing of existing Financial Indebtedness up to its existing amounts and with at least as long maturity profile as the debt being refinanced and (v) Financial Indebtedness assumed in the ordinary course of business and not exceeding NOK 10 million in the aggregate.

(c) Book Equity Ratio

The Issuer shall ensure that the Group maintains a Book Equity Ratio of minimum 25.00%. The Book Equity Ratio shall be calculated on a consolidated basis for the Group on each Quarter Date and reported within each corresponding Reporting Date.

A default only exists if the Issuer is in breach with the Book Equity Ratio covenant on two consecutive Quarter Dates and the covenant breach is not remedied within the Reporting Date following the second of such Quarter Dates.

(d) Gearing Ratio

The Issuer shall ensure that the Group maintains a Gearing Ratio of maximum 5.00x.

The Gearing Ratio shall be calculated on a consolidated basis for the Group on each Quarter Date from and included 31 March 2013 and reported within each corresponding Reporting Date.

A default only exists if the Issuer is in breach with the Gearing Ratio covenant on two consecutive Quarter Dates and further provided that the covenant breach is not remedied within the Reporting Date following the second of such Quarter Dates.

For a full list of covenants, see section 14 of the Bond Agreement, attached hereto as Appendix A.

Definitions relevant to the New Bond:

Adjusted EBITDA: means the Group's earnings before exploration costs, financial items, taxes, depreciation and amortization, gain/loss from asset sales and write-downs according to IFRS (calculated on a 12 month rolling basis).

Book Equity: means the consolidated total equity of the Group according to IFRS, after adding back the amount of any Exceptional Items.

Book Equity Ratio: means the ratio of Book Equity to Total Assets.

Calculation Dates: means each 31 March, 30 June, 30 September and 31 December in each calendar year.

Exceptional Items: means losses arising following a revaluation or impairment of the book value of any of (i) the Group's goodwill or (ii) capitalised expenses related to suspended wells, provided that such revaluations or impairment are made or occurs before, during or at year end reporting for 2012. Exceptional Items shall be limited to a maximum amount of NOK 600 million (after tax) in aggregate. On 25 January 2013, the Issuer announced corrections to historical accounting figures representing an aggregated reduction in equity of NOK 479 million as per Q3 2012.

Exploration Facility means a) the NOK 1,550,000,000 Exploration Financing and USD 25,000,000 Guarantee Facility, as amended, entered into between the Issuer and Sparebank 1 SR-Bank as agent and certain financial institutions as lenders and guarantors; or b) any revolving exploration financing facility replacing and on substantially the same terms as the existing facility mentioned in (a), not exceeding NOK 1,550,000,000.

Gearing Ratio: means the ratio of consolidated Net Interest Bearing Debt to Adjusted EBITDA for the Group.

Group: means the Issuer and its Subsidiaries from time to time (and each a "Group Company").

Net Interest Bearing Debt: means the sum of all interest bearing debt of the Group on a consolidated basis according to IFRS including financial leases, but except for debt financing of tax exploration expenditure which is tax refundable on the Norwegian Continental Shelf, less free cash and cash equivalents (i.e. cash in hand or amounts standing to the credit of any current and/or deposit accounts with an acceptable bank) as shown in the relevant accounts at any time.

Reporting Dates: means each of the dates falling 60 calendar days after each Calculation Date.

Subsidiary: means an entity which is a subsidiary ("*datterselskap*") pursuant to section 1-3 of the Companies Act.

Total Assets: means the consolidated total assets of the Group according to IFRS, after adding back the amount of any Exceptional Items.

Material Adverse Effect:

Material Adverse Effect means a material adverse effect on: (a) the Issuer's ability to perform and comply with its obligations under the Bond Agreement; or (b) the validity or enforceability of the Bond Agreement.

Change of Control:

Upon a Change of Control Event occurring, each Bondholder shall have a right of pre-payment (Put Option) of the New Bonds at a price of 100% of par value (plus accrued interest) during a period of 60 days following the

notice of a Change of Control Event.

Change of Control Event:	Means if: <ul style="list-style-type: none">- any person or group (as such term is defined in the Norwegian Limited Liability Companies Act Section 1-3) becomes the owner, directly or indirectly, of more than 50% of the voting shares of the Issuer, or- a de-listing of the Issuer's shares from Oslo Børs occurs.
Event of Default:	The Bond Agreement includes standard event of default provisions, including but not limited to cross default provisions with a NOKm 10 threshold.
Approvals:	The New Bonds were issued in accordance with a resolution by the Issuer's Board on 7 February 2013.
Issuer's ownership of New Bonds:	The Issuer has the right to acquire and own the New Bonds. Such New Bonds may at the Issuer's discretion be retained by the Issuer, sold or discharged.
Joint Lead Managers	<ul style="list-style-type: none">- DNB Markets, being a part of DNB Bank ASA, Dronning Eufemias gate 30, NO-0191 Oslo, Norway; and- Swedbank First Securities, Filipstad Brygge 1, NO-0115 Oslo, Norway
Trustee:	Norsk Tillitsmann ASA, Postboks 1470 Vika, 0116 Oslo.
Registration:	The Bonds are registered in book entry form in the VPS (Biskop Gunnerus gate 14 A, P.O. Box 4, 0051 Oslo, Norway), under ISIN NO 001 0672314. Principal and interest accrued will be credited the Bondholders through the VPS. The Company's VPS registrar is DNB Bank ASA, Verdipapirservice, Dronning Eufemias gt 30, N-0191 Oslo, Norway
Paying Agent:	DNB Bank ASA, Dronning Eufemias gate 30, N-0191 Oslo Norway.
Issuer's org. number:	987 989 297
Taxation:	The Issuer shall pay any stamp duty and other public fees accruing in connection with the New Bonds, but not in respect of trading in the secondary market (except to the extent required by applicable laws), and shall deduct at source any applicable withholding tax payable pursuant to law.
Documentation:	A Norwegian law based stand-alone Bond Agreement between the Issuer and the Trustee.
Stock Exchange listing:	An application will be made for the New Bonds to be listed on Oslo Børs.
Market making:	No market-maker agreement has been made for this Issue.
Eligible purchasers:	The New Bonds were not offered to and could not be purchased by investors located in the United States except for "Qualified Institutional Buyers" (QIBs) within the meaning of Rule 144A under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act").
Transfer restrictions:	Bondholders located in the United States will not be permitted to transfer the New Bonds except (a) subject to an effective registration statement under the U.S. Securities Act, (b) to a person that the Bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in

reliance on Rule 144A, (c) outside the United States in accordance with Regulation S under the U.S. Securities Act in a transaction on the Oslo Børs, and (d) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available). The New Bonds may not, subject to applicable Canadian laws, be traded in Canada for a period of four months and a day from the date the New Bonds were originally issued.

Subject to: The issue of New Bonds was subject to finalized loan documentation and approval of loan documentation by the Issuer and the Trustee

Bondholders' meeting: The Bondholders' meeting represents the supreme authority of the bondholders' community in all matters relating to the New Bonds, and has the power to make all decisions altering the terms and conditions of the New Bonds, including, but not limited to, any reduction of principal or interest and any conversion of the New Bonds into other capital classes. The Bondholders have the right to vote at the Bondholders' meeting. For more information please refer to section 17 of the Bond Agreement. The Bond Agreement is attached hereto as Appendix A.

Statutory limitation of claims All claims under the New Bonds and the Bond Agreement for interest, shall be subject to the time-bar provisions of the Norwegian Limitation Act of May 18, 1979 No. 18. The period of limitation being currently 10 years for the principal and 3 years for interests.

Legislation: The New Bond Issue and the Bond Agreement are governed by Norwegian law.

Material Subsidiary Any Subsidiary of the Issuer (a) whose total consolidated assets represent at least 5.00% of the total consolidated assets of the Group, or (b) whose total consolidated net sales represent at least 5.00% of the total consolidated net sales of the Group. If there is a dispute as to whether or not a Group Company is a Material Subsidiary, a certificate of the auditors of the Issuer will be, in the absence of manifest error, conclusive.

4.3 Expenses related to the listing of the New Bonds

The Company shall cover all expenses in connection with the issue of the New Bonds such as preparation of the Bond Agreement, listing of the New Bonds on Oslo Børs and registration and administration of the loan in the VPS in the accordance with the agreement between Noreco and the VPS. The listing fee payable for 2013 is NOK 8,291 in addition to a registration fee of NOK 5000. The total costs incurred by Noreco in connection with the issue and the listing of the New Bonds are expected to amount to approximately MNOK 4.8. .

4.4 Interests of natural and legal persons involved in the Bond

The Arrangers or their affiliates have provided from time to time, and will provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Arrangers, their employees and any affiliate may currently own existing Shares and/or bonds in the Company. The Arrangers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Arrangers received a commission in connection with the issue of the New Bond.

5. INFORMATION ABOUT NORECO

You should read the following discussion of the financial condition and results of operations in conjunction with the financial statements incorporated hereto by reference, cf. section 10.2 "Incorporation by Reference" of this Prospectus.

5.1 General

Norwegian Energy Company ASA was incorporated on 28 January 2005 and registered in the Norwegian Register of Business Enterprises on 12 March 2005, with registration number 987 989 297. The Company is incorporated in Norway and organised as a public limited liability company in accordance with the Norwegian Public Limited Companies Act. Noreco is listed on Oslo Børs and holds the ticker code "NOR" and ISIN NO 0010379266.

Noreco's registered address is Verksgata 1A, N-4013 Stavanger, Norway. The Company's telephone number is + 47 99 28 39 00, and its web address is www.noreco.com.

According to Section 3 of the Articles of Association, the purpose of Noreco is exploration, production and purchasing within the oil and gas industry. It is also stated that the company will seek ownership in production licenses by participating in new rounds of licensing and purchasing ownership interests of existing licenses.

5.2 Business objectives and strategy

Noreco's vision is to build a leading independent oil and gas company in the North Sea region. The strategy has three components:

- Noreco will create significant value from exploration. The Company undertakes active high grading of the exploration portfolio to select wells with a significant potential for the Company.
- Noreco believes there is value in being part of the whole upstream value chain, and the business model is to reinvest profits from the producing assets into the growth of the Company through exploration, developments and acquisitions.
- The geographic focus for Noreco is Norway, UK and Denmark, where the Group has expertise, there is a substantial exploration potential and the infrastructure is in place.

The Company is dependent on its ability to find, acquire, appraise, develop and commercially produce oil and gas reserves. The Company must continually locate and develop or acquire new reserves to replace its existing reserves that are being depleted by production. Future increases in the Company's reserves will depend not only on its ability to explore and develop its existing properties but also on its ability to select and acquire suitable additional properties either through awards at licensing rounds or through acquisitions. Reserves and resources estimates of the quantity and value of economically recoverable oil and gas reserves and the possible future net cash flows are based upon a number of variable factors and assumptions.

The Group is always investing in capacity for further growth, and will continue to recruit highly motivated oil and gas professionals who will participate in the value creation of the Company.

5.3 Overview of Noreco

By 15 February 2013, the Noreco Group employed 68 oil and gas professionals in its offices in Stavanger and Copenhagen and has in addition 11 consultants.

The Noreco Group's operations are associated with the exploration for and development and production of oil, gas and NGL. The Group considers the risk and return of the business units to be similar and thus comprise one business segment. The Noreco Group currently has activities in Norway, UK and Denmark. The Noreco Group had revenues of NOK 177 million in the fourth quarter of 2012, a decrease of 30 percent compared to the fourth quarter of 2011. Noreco has a portfolio of 49 exploration and production licenses, 31 in Norway, 6 in Denmark and 12 in the UK. The licenses are held by Noreco or by its wholly owned direct or indirect subsidiaries.

The portfolio consists of six producing fields, Oselvar and Enoch in Norway, and Nini, Nini East, Cecilie and Lulita in Denmark, in addition to the Huntington field in the UK which is currently under development. The net total production from these fields in 2012 was 3,642 boed.

There are a total of 16 discoveries (contingent resources) in the portfolio, 9 of which are in Norway, 2 in Denmark and 5 in the UK.

5.4 Description of the legal structure of the Group

5.4.1 General

. The companies within the group are inter-related in relation to both financial and operational issues. In financing the Noreco Group, borrowings constitutes a part of the strategy. The current financing structure includes several bonds in addition to the New Bond having been issued by Noreco and also bank loan facilities held by the Noreco Group. The debt arrangements include security interests over major parts of the Noreco Group's assets, several covenants and undertakings of a general, financial and technical nature and in some of the debt arrangements contain intra-group cross-default provisions.. Failure by the borrowers or other obligors to meet any of the covenants or undertakings could result in all outstanding amounts under the different debt arrangements becoming immediately due for payment. In addition, security rights granted to the lenders could be enforced. In addition to the above, there are inter-company's loans within the Noreco Group. Due to the abovementioned arrangement and the fact that a substantial portion of the Group's assets are held by the Company's subsidiaries, the Company is dependent on these subsidiaries.

5.4.2 Norwegian Energy Company ASA

Noreco is the parent company in the Noreco Group. Noreco was established in January 2005. The company is incorporated in Norway and has its registered business address in Stavanger, Norway. From 31 December 2012 all employees in Norwegian Energy Company ASA was transferred to the subsidiaries Noreco Norway AS and Noreco Oil Denmark AS. The parent company is thus a holding company with no employees.

5.4.3 Norwegian Energy Company UK Limited

Norwegian Energy Company UK Limited was incorporated on 23 January 2007. The business address is in Aberdeen, Scotland. The company holds exploration licenses in UK. The company has no employees.

5.4.4 Altinex ASA

Altinex was acquired by Noreco on 29 August 2007 when Noreco acquired the remaining shares in Altinex not previously owned by Noreco by way of a compulsory acquisition pursuant to the Norwegian Public Limited Companies Act. Altinex was established in 1987 and was listed on Oslo Børs from 1997 until 13 October 2007 when the shares of Altinex were de-listed from Oslo Børs. Altinex is the parent company in the Altinex Group of companies. Altinex ASA is incorporated in Norway and has no employees. Altinex International AS was merged with Altinex ASA in 2009.

5.4.5 Noreco Norway AS

The company was established in 2004 and is located in Norway and has 58 employees. The company holds the title to two producing assets in Norway (Oselvar and Enoch) together with the Flyndre Chalk and J1 discovery. Noreco Norway holds all of the Group's Norwegian licenses and the licence interests are executed by their employees.

5.4.6 Noreco DK

The company was established in 2006 by Altinex International AS with the sole purpose of acquiring and holding the shares of Noreco Oil Denmark A/S (formerly Altinex Oil Denmark A/S and DENERCO OIL A/S). The company is incorporated in Denmark and has no employees

5.4.7 Noreco Oil Denmark A/S

The company is incorporated in Denmark and holds the title to a number of producing assets in Denmark together with exploration assets in the North Sea. Altinex Oil Denmark was originally established in 1985 and employs 10 persons.

5.4.8 Noreco Oil (UK) Ltd.

The company holds only one asset; a 20% share in PL; 1114 on the UK Continental Shelf containing the Huntington development. The company is located in UK and has no employees.

5.4.9 Noreco Petroleum (UK) Limited

The company is incorporated in the UK and has no licenses or employees.

5.4.10 Noreco Petroleum Denmark AS

The company was acquired in 2002 and is a holder of licences in Denmark covering the Cecilie and Lulita fields and the Amalie discovery.

5.5 **Litigation**

From time to time the Company and/or the Group may become engaged in litigation or regulatory proceedings incidental to their business.

Other than the disputes set out below, neither the Company and/or the Group is, or has been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), as of the date of this Prospectus, and for the preceding 12 months, which may have, or have had in recent past significant negative effects on the Company's and/or the Group's financial position or profitability.

On August 22, 2012 the arbitration tribunal delivered its decision in the dispute between the participants in the Oselvar development, DONG Energy, Noreco and Bayerngas, and the owners of the Ula field concerning the issue whether Ula has a right to purchase so-called wet gas under the Heads of Agreement governing the tie-in of the Oselvar field to the Ula facilities. The arbitration tribunal found in favour of Oselvar pronouncing that based on a construction of the Head of Agreement Ula enjoys no right to purchase wet gas.

The consequence is that Noreco will be in a position to realize higher prices for its share of the gas production from Oselvar than would otherwise have been the case. The actual value will depend on the future development of oil, gas and NGL prices.

6. FINANCIAL INFORMATION

6.1 Annual and interim accounts

The Company's audited annual consolidated financial statements as of 31 December 2011 and 2010 and the auditor's reports for such financial statements are incorporated hereto by reference (see section 10.2 "Incorporation by reference") and are available at www.noreco.com. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Norwegian Accounting Act.

The Norwegian Financial Supervisory Authority initiated a review of Noreco's annual financial statements for 2011 and concluded that the accounts in the view of the Norwegian Financial Supervisory Authority contained significant errors.. Based on this, Noreco has chosen to correct the accounting figures for 2011, which will also cause changes to the reported quarterly figures for 2012. These changes have no cash impact and are within the allowance which has previously been approved by the company's bond holders, and will therefore have no consequences for the company's financial position. As per 31 December 2011 the corrections represent an aggregate reduction in equity of NOK 589 million which indicates that the Company's actual equity as of 31 December 2011 was 19.5% lower and the deficit for the period 68.5% higher than originally reported. Please see section 6.4 of this Prospectus for a more detailed presentation of the corrections made.

The aforementioned consolidated financial statements have been audited by KPMG AS, Sørkedalsveien 6, P.O. Box 7000, Majorstuen, N-0306, Oslo, Norway, independent auditors, as stated in their independent auditors reports included herein. KPMG AS is a member of the Norwegian Institute of Public Auditors (*Norwegian*: "Den Norske Revisorforening").

The Company's unaudited consolidated interim financial information set out in the interim report for fourth quarter 2012 is incorporated hereto by reference and is available at www.noreco.com.

6.2 Lack of material adverse changes

There have been no material adverse changes in the Company's prospects since the date of the last published audited financial statements, being 31 December 2011.

6.3 Significant events since 31 December 2012

As previously announced, the Norwegian Financial Supervisory Authority has performed a review of Noreco's annual financial statements for 2011. After a new review and new evaluations the company has chosen to correct the accounting figures for 2011, which will also cause changes to the reported quarterly figures for 2011 and 2012. The changes to the accounting figures that are now being implemented relate to the treatment of goodwill arising from Noreco's acquisition of Altinex in 2007 and the allocation of such goodwill to the assets sold in 2011, as well as the booking and valuation of suspended wells. In addition, the presentation of discontinued operations will be changed. As per 31 December 2011 the corrections represent an aggregate reduction in equity of NOK 588 million. At the end of the third quarter 2012, the aggregate reduction of equity is NOK 478 million compared to previously reported figures. A detailed specification of the adjustments and adjusted accounting statements per quarter can be found in the report for the fourth quarter 2012, incorporated hereto by reference.

After the end of 2012, the Company has completed another equity issue as part of the employee incentive scheme, issuing 1,814,206 new shares at a price of NOK 3.82.

In February 2013 the company issued a new NOK 300 million bond with maturity in 2016. The purpose of the bond was to strengthen the company's liquidity buffer and financial flexibility.

On 28 February 2013, the Company's board of directors called for an extraordinary general meeting for election of a new board of directors, in response to a request from shareholder Sabaro Investments Limited. The Company's nomination committee has proposed that the number of shareholder elected board members is reduced from 7 to 5, and that the General Meeting appoints a new board consisting of the following board members: Ståle Kyllingstad (Chairman), Hilde Drønen, Eimund Nygård, Erik Henriksen (new) and Marika

Svårdström (new). The nomination committee's proposal is supported by the company's three largest shareholders.

Other than as set out above, there have been no significant changes in the future outlook of the Company since the date of the last audited financial statement. Nor have any events taken place since 31 December 2012 which are material when assessing the Company's solvency other than the issue of the New Bonds, which has strengthened the Company's liquidity.

6.4 **Corrected financial statements**

The corrections shown in this section are unaudited. Below are the financial statements set out with the corrections mentioned under section 6.1 including notes (I-I.VI). Please also note that the notes to the original 2011 financial statements are still incorrect.

I. Correction of previous years accounting figures

As described in a press release dated 25 January 2013, Noreco has during the second half of 2012 been in discussions with the Norwegian Financial Supervisory Authority regarding Noreco's financial statement for 2011. This has also previously been disclosed in press releases, in the company's latest prospectus and in the report for the third quarter 2012.

After a renewed evaluation, Noreco has decided to implement the following corrections to its previously reported accounting figures:

I.I. Change of calculation of goodwill allocated to sold assets

IAS 36 set forth a principal method for allocation of goodwill in connection with sale of individual assets grouped in a common cash generating unit. Equated with the principal method, an alternative method can be applied if it can be demonstrated that such method is better. Noreco applied an alternative approach as basis for the annual financial statements for 2011, as it was considered to be better method and there was external support for this view. However, after a reassessment Noreco has now chosen to apply the principal method. This impact the gain and loss calculation in connection with the sold fields in 2011 negatively with NOK 216 million. Book value as of December 31, 2011 is reduced accordingly. Applying the principal method for divestments executed as at the third quarter in 2012, the gain and loss calculation is impacted with a positive effect at NOK 9 million.

I.II. New calculation of value in use in connection with impairment test of suspended wells

Noreco has reassessed the assumptions for the value in use calculation for the license 7/86 Amalie in Denmark and license PL018DS Flyndre Chalk in Norway. In accordance with this new assessment it has been considered necessary to adjust some of these assumptions. The impact of change in such assumptions is a total impairment loss of NOK 535 million related to surplus values in Norway and Denmark which relates to the acquisition of Altinex in 2007. The impairment loss is reported on the line item for exploration expenses in the income statement. The total effect on result after tax amounts to NOK 348 million. The effect of this correction is adjusted in the fourth quarter 2011.

Assumptions applied for the valuation utilized in the 2011 accounts was based on Noreco's own assumptions derived from Noreco's understanding of the geology and other internal and external documented work for assessment of technical assumptions. In some areas these assumptions differed from the latest applied assumptions by the partners in the license, and the new calculation of recoverable amount place greater emphasis on recent information from other partners.

I.III. Changed presentation of divested fields

In preparing the financial statements for 2011 it was considered that a number of the divested assets should be treated as discontinued operations in accordance with IFRS 5. As such, operations related to these assets were presented as discontinued operations. After a new assessment it has been concluded that these assets did not qualify for such treatment. The effect of this is adjusted in all applicable quarters, starting Q2 2011. This issue do not impact the result or figures in the statement of financial positions, but only change the presentation of the consolidated statement of comprehensive income and some key figures.

I.IV. Correction of timing of dry /non-commercial well expenses

In accordance with Noreco's accounting principles capitalized drilling cost related to wells which are identified as non-commercial after the reporting period are expensed through the income statement. This was the case with Eik in the Q1 2012 report and similar with Albert in the Q3 report for 2012. In connection with the preparation of the financial statements for 2011 the capitalized drilling cost related to Luna and Kalvklumpen was not expensed, as these cost was considered not to be material, and the wells was identified as dry after the release of the fourth quarter report. Information regarding these wells was in stead clearly stated in the notes to the annual accounts. As such the net result for 2011 was 25 million too high. The figures for 2011 are now adjusted for this effect, and the result for Q1 2012 is impacted positively with the same amount.

I.V. Reclassification of assets under construction in the statement of financial positions

In the annual financial statements for 2011 the carrying amount for Huntington were classified as Licenses and capitalized exploration cost. Portions of this balance should however have been reclassified to Property, plant and equipment, as Huntington Forties is an assets under construction. The reclassification was performed in Q1 2012 when the company became aware of the missing reclassification. According to Noreco's accounting policies and IFRS 6 the reclassification should have been executed in Q4 2010 when the plan for development and operations (PDO) for Huntington Forties was approved by The British authorities. In the restated opening balance for 2011 this reclassification is corrected. The reclassification amounts to NOK 1 687 million as of January 1, 2011. The reclassification which was incorporated in the first three quarters of 2012 is thus corrected.

I.VI. Extended description of some accounting principles

In the financial statements for 2012 Noreco will expand the description of certain key accounting principles. This related to the group's principles for treatment and consideration of suspended wells, principles for allocation of goodwill in connection with divestment of assets grouped in a cash generating unit to which goodwill is allocated. In addition a description of unit of account applied in the group's impairment test of intangible and tangible assets will be added.

6.4.1 Consolidated statement of financial position

All figures in NOK 1 000	2010 figures reported in Annual report 2011	Note	Corrections	Restated opening balance 2011
Non-current assets				
License and capitalised exploration expenses	3 976 834	I.)	(1 686 703)	2 290 131
Goodwill	1 492 598			1 492 598
Deferred tax assets	594 800			594 800
Property, plant and equipment	3 546 878	I.)	1 686 703	5 233 580
Total non-current assets	9 611 110			9 611 110
Current assets				
Assets held for sale	590 389			590 389
Tax refund	730 891			730 891
Financial instruments	8 831			8 831
Trade receivables and other current assets	779 308			779 308
Bank deposits, cash and cash equivalents	892 482			892 482
Total current assets	3 001 901			3 001 901
Total assets	12 613 011			12 613 011
Equity				
Share capital	753 418			753 418
Other equity	2 921 442			2 921 442
Total equity	3 674 860			3 674 860
Non-current liabilities				
Deferred tax	2 368 027			2 368 027
Pension liabilities	4 518			4 518
Asset retirement obligations	829 035			829 035

Convertible bond loan	205 951	205 951
Bond loan	2 658 582	2 658 582
Other interest bearing debt	943 612	943 612
Total non-current liabilities	7 009 725	7 009 725
Current liabilities		
Liabilities/debt held for sale	231 539	231 539
Other interest bearing debt	1 085 304	1 085 304
Tax payable	114 716	114 716
Trade payables and other current liabilities	496 867	496 867
Total current liabilities	1 928 426	1 928 426
Total liabilities	8 938 151	8 938 151
Total equity and liabilities	12 613 011	12 613 011

I.) Reclassification in the opening balance relates to Huntington Forties ref. description in note 14 I.V.

6.5 Corrections and reclassifications of consolidated statement of comprehensive income and statement of financial positions for 2011

6.5.1 Consolidated statement of comprehensive income

All figures in NOK 1 000	Reported 2011 in Annual report	Note	Corrections	Restated 2011 figures
Continued operation				
Revenue	829 438	I.),V.)	786 571	1 616 010
Other revenue	1 590	V.)	(1 590)	-
Total revenues	831 028			1 616 010
Production expenses	(271 434)	I.)	(180 123)	(451 557)
Exploration and evaluation expenses	(408 199)	I.),II.),IV.)	(592 463)	(1 000 662)
Payroll expenses	(163 396)		0	(163 396)
Other operating expenses	(133 258)	I.)	(702)	(133 960)
Other (losses)/ gains	-	I.),III.),V.)	(863 177)	(863 177)
Total operating expenses	(976 287)			(2 612 752)
Operating results before depreciation and amortisation (EBITDA)	(145 258)			(996 742)
Depreciation	(241 817)	I.)	(145 970)	(387 787)
Write-downs	(236 539)	I.)	(293 051)	(529 590)
Net operating result (EBIT)	(623 614)			(1 914 119)
Financial income	131 280	I.)	1 477	132 758
Financial expenses	(569 476)	I.)	(30 308)	(599 785)
Net financial items	(438 196)			(467 027)
Ordinary result before tax (EBT)	(1 061 810)			(2 381 147)
Income tax benefit	194 109	I.),II.),IV.)	745 311	939 420
Net result (continued operation)	(867 701)			(1 441 726)
Discontinued operation				
Profit (loss) from discontinued operation (net of income tax)	8 607	I.)	(8 607)	-
Net result for the period	(859 094)			(1 441 726)
Other comprehensive income (net of tax):				

Cash flow hedge	9 148			9 148
Currency translation adjustment	165 737	VI.)	(4 947)	160 790
Total other comprehensive net result for the period	174 886			169 938
Total comprehensive net result for the period	(684 208)			(1 271 788)
Earnings per share (NOK 1)				
Basic	-3,52			-5,91
Diluted	-3,38			-5,91
Earnings per share (NOK 1) - continued operations				
Basic	-3,56			N/A
Diluted	-3,41			N/A

I.) Portions or the entire correction on these line items are related to the changed presentation of discontinued operations ref. description in note 14.I.III. This is a gross presentation of the profit or loss item in which was presented in note 16 to the annual financial statements for 2011. In addition the tax effects related to the divestments are reclassified from the line items for Gain/loss in note 16 to line items for Income tax benefit.

II.) Corrections on line item for Explorations expenses relates to the impairment charge of Amalie and Flyndre Chalk ref. description in note 14.I.II.

III.) Corrections on line item for "Other (losses) / gains" include new loss calculations where goodwill are allocated in accordance with the principal method stated in IAS 36

Gains- and loss calculations for sold licenses impact the quarters 2011 as follows:	
Q2-2011 Gain/loss related with the sale of Brage	NOK 97 million
Q3- 2011 Gain/loss related with the sale of Syd Arne	NOK 89 million
Q4 – 2011 Gain/loss related with the sale of Siri	NOK 12 million
Q4 – 2011 Gain/loss related with the sale of Flyndre paloecene	NOK 18 million
Total reduced goodwill related to the corrections	NOK 216

IV.) Exploration expenses is increased with NOK 39 million due to changed timing of expensing the dry wells Luna and Kalvklumpen ref. note 14.I.IV

V.) Gains in connections with farm-out transactions, and cost related to change in fair value of put options are changed, and is now presented as "Other (losses) / gains" ref. note 14.II.I. and 14.II.II.

VI.) Corrections described above are all referred to by the amounts applicable as of December 31, 2011. Some of these items are corrected in Q2 and Q3 2011, as such other currency rates are applied in the income statement then the closing rate. Based on this the currency translation adjustment for the year 2011 is corrected accordingly.

6.5.2 Consolidated statement of financial position

All figures in NOK 1 000	Reported 2011 in Annual report	Note	Correction s	Restated 31.12.11
Non-current assets				
License and capitalised exploration expenses	3 536 162	I.),II.),IV)	(2 286 323)	1 249 839
Goodwill	871 994	III.)	(215 599)	656 395
Deferred tax assets	605 596			605 596
Property, plant and equipment	2 582 545	I.)	1 714 243	4 296 788
Total non-current assets	7 596 297			6 808 619
Current assets				
Tax refund	506 056			506 056
Financial instruments	26 755			26 754
Trade receivables and other current assets	833 786			833 786
Bank deposits, cash and cash equivalents	688 708			688 708
Total current assets	2 055 305			2 055 305
Total assets	9 651 601			8 863 923
Equity				
Share capital	755 913			755 913
Other equity	2 259 493		(587 581)	1 671 913
Total equity	3 015 407	II.),III.),IV.)		2 427 826
Non-current liabilities				
Deferred tax	2 191 290	II.),IV.)	(200 098)	1 991 192
Pension liabilities	10 350			10 350
Asset retirement obligations	298 130			298 130
Bond loan	231 7825			2 317 825
Other interest bearing debt	292 803			292 803
Total non-current liabilities	5 110 399			4 910 301
Current liabilities				
Other interest bearing debt	1 064 325			1 064 325
Tax payable	180 409			180 409
Trade payables and other current liabilities	281 063			281 063
Total current liabilities	1 525 796			1 525 796
Total liabilities	6 636 195			6 436 097
Total equity and liabilities	9 651 601			8 863 923

I.) Reclassification between the line items Licenses and capitalised exploration expenses and Property, plant and equipment relates to Huntington Forties ref. description in note 14 I.V. The USD amount is equal as of January 1, 2011 but the NOK amount is changed in accordance with change in the currency rate.

II.) License and capitalised exploration expenses are corrected with NOK 535 million ref. description in note 14.I.II. Deferred tax is at the same time reduced with NOK 186 million, and equity is reduced with NOK 348 million.

III.) Correction of goodwill relates to the allocation of goodwill to divested assets grouped into cash generating units this goodwill is allocated to ref. description in note 14.I.I. The equity is reduced with the same amount.

IV.) License and capitalised exploration expenses is corrected with NOK 39 million ref. description of dry wells subsequent to the reporting period ref. note 14.I.IV. Deferred tax is at the same time reduced with NOK 14 million, and the equity is reduced with NOK 25 million.

7. THE ISSUER'S BORROWING

7.1 Overview

As at 31 December 2012 the Group's total net interest bearing debt amounted to NOK 3,370 million, of which NOK 604 million was net cash. The following is an overview of the Group's various loan and bond agreements and main terms:

Bond	Outstanding		Due	Terms
NOR04	1250	NOK million	20 November 2014	12,9% fixed, pledge in shares in subsidiaries
NOR05	700	NOK million	6 December 2013	3m NIBOR + 8%, unsecured
NOR06/07	180	NOK million	27 April 2014	10,25% fixed / 3m NIBOR + 6%, pledge in Oselvar field
	180	NOK million	27 April 2015	10,25% fixed / 3m NIBOR + 6%, pledge in Oselvar field
	240	NOK million	27 April 2016	10,25% fixed / 3m NIBOR + 6%, pledge in Oselvar field
NOR08	300	NOK million	30 December 2013	12.9% fixed, unsecured
NOR09	300	NOK million	25 February 2016	10.5% fixed, unsecured
Exploration loan	573	NOK million	December 31, 2013	NIBOR + 2,50 %
RBL	52	USD million	December 31, 2013	LIBOR +2,50% /3,50%
	38	USD million	December 31, 2014	LIBOR +2,50% /3,50%
	9	USD million	January, 2015	LIBOR +2,50% /3,50%

Please see below in this Section 7 for a summary of the Group's financing agreement.

7.2 USD 320,000,000 Borrowing Base Facility Agreement

USD 320 MILLION BORROWING BASE FACILITY AGREEMENT as amended and restated 14 September 2010	
Borrowers	Noreco Oil Denmark A/S, Noreco Petroleum Denmark A/S, Noreco Oil (UK) Ltd
Borrowers' agent	Noreco Oil Denmark A/S
Original guarantors	Noreco Denmark A/S and the Borrowers (all together defined as "Obligors")
Agent	BNP Paribas
Lenders	BNP Paribas, Barclays Bank PLC, DNB Bank ASA (previously DnB NOR Bank ASA), Nordea Bank Norge ASA Skandinaviska Enskilda Banken AB and Société Générale, Sparebank 1 SR-Bank, Sumitomo Mitsui Banking Corporation.
Date	21 December 2008 and later amended and restated from time to time, at the latest on 14 September 2010
Principal amount/ commitment	Originally MUSD 200, later increased to MUSD 320
Amount outstanding	MUSD 99
Interest rate	Tranche A; LIBOR + 2.50% per annum, and Tranche B; LIBOR + 3.50% per annum, each increased with an additional 0.25%, 0.50% or 1,0% depending on level of Development Asset Contribution Percentage (being >12.5 but <25 or >25but <50 or >50). For payment to the L/C Fronting Bank, Margin is set equal to L/C Commission Rate.
Maturity	Earlier of 15 January 2015 Debt structure: Amortising
Break costs	Customary break cost on interest (excluding margin), no extraordinary break fees
Termination/prepayment	Mandatory prepayment inter alia with net sales proceeds (relating to sale of assets)
Change of control	Change of ownership of any Obligor, save for permitted solvent merger pursuant to

	clause 22.17 (see below and comments)*.
Other undertakings/covenants	<ul style="list-style-type: none"> -Each Obligor must preserve and maintain corporate existence (in present jurisdictions). -No amendment of constitutional documents that inter alia affect any security. -Restrictions on inter alia sale, transfer or any dispose of receivables, assets etc. -Issue of shares to existing shareholders subject to creation of additional security. -Subject to detailed and extensive conditions, Noreco Denmark A/S may enter into a merger with Noreco Oil Denmark A/S, and likewise Noreco Petroleum Denmark A/S with Noreco Oil Denmark A/S, and all shares in Noreco Oil Denmark A/S may be transferred to Noreco ASA. -Strict preservation of security, no acts that may prejudice the validity, enforceability etc. of any security. -Strict restrictions on inter alia amendments, waivers etc. under any finance documents, included field agreements or authorisations and transfer of any rights under any finance documents or included field agreements. -Restrictions on use of funds loaned by an Obligor to Noreco, hereunder make sure funds are not used for any purpose inconsistent with certain bond loans in Noreco.
Events of default	<ul style="list-style-type: none"> -No remedy granted for non-compliance with some of the undertakings mentioned above; non-compliance will lead to immediate default. -Change of ownership of any Obligor (see above; change of control). -Cessation of business of any Obligor, save for solvent reconstruction or similar permitted pursuant to clause 22.17 (see above and comments). -Any kind of cessation of effectiveness or similar of any security.
Cross-default	Cross-default within the group of Obligors, threshold MUSD 0.5
Assignment provision	No assignment by any Borrowers or guarantors
Governing law/jurisdiction	English law/English courts
Majority or all lenders' consent	All lenders' consent if inter alia changes on the Borrowers' side, e.g. merger of the Danish Borrowers and/or guarantors.

7.3 NOK 1,550,000,000 Exploration Financing and USD 25,000,000 Guarantee Facility Agreement

NOK 1,550,000,000 EXPLORATION FINANCING AND USD 25,000,000 GUARANTEE FACILITY AGREEMENT as amended latest 28 June 2012	
Borrowers	Norwegian Energy Company ASA
Agent	Sparebank 1 SR-Bank
Lenders	Sparebank 1 SR-Bank, BNP Paribas, DNB Bank ASA (previously DnB NOR Bank ASA, ABN Ambro Bank, Oslo Branch and Skandinaviska Enskilda Banken AB (publ).
Original Guarantors	Sparebank 1 SR-Bank, DNB Bank ASA
Date	1 February 2008 (and later amended and restated)
Principal commitment amount/	Originally NOK 1,050,000,000 and USD 25,000,000, later increased to NOK 1,550,000,000 and USD 25,000,000
Amount outstanding, million	NOK 573,000,000
Interest rate	NIBOR + 2.5% per annum
Maturity	Facility A; 31 December 2013 Debt structure: Bullet
Break costs	Customary break cost on interests, no extraordinary break fees
Termination/pre-payment/reduction	Mandatory reductions in case of certain changes in (economical) circumstances; reduction of corporate tax or petroleum tax rate, that certain eligible costs may not be refunded pursuant to the Petroleum Tax Act, reduce of such refunds etc.
Change of control	Change of control of Noreco and delisting leads to mandatory prepayment

Other undertakings/covenants	<p>-Budgets shall include inter alia obligations in relation to Licences.</p> <p>-Auditor's report shall confirm inter alia eligible costs (costs eligible for tax refund) in accordance with the Petroleum Tax Act.</p> <p>-Information undertakings relating to exploration program; any event that in the borrower's reasonable opinion may influence the refunds (refunds related to eligible costs).</p> <p>-Financial covenant relate to available funds, which shall cover cap ex and operating costs next 12 months.</p> <p>-Restrictions on inter alia further granting of security, sale, transfer or any dispose of secured assets.</p> <p>-Restrictions on dividends, reduction of share capital etc.</p> <p>-Restrictions on merger, demerger, amalgamation of any kind for the borrower.</p> <p>-The borrower shall ensure that refunds are higher than the costs used as basis for the utilisation of the facility for relevant year.</p> <p>-The agent should be notified of any material correspondence with the tax authorities, and may request copies thereof.</p>
Events of default	Customary events of default, hereunder material adverse change, and in addition fail to claim refund that the borrower is entitled to under the Petroleum Tax Act relating to exploration costs financed under the agreement.
Cross-default	Cross-default for Noreco, threshold MNOK 5
Assignment provision	No assignment by the borrower
Governing law/jurisdiction	Norwegian law/Norwegian courts
Majority or all lenders consent	All lenders consent inter alia if "a change to the company", release of or change in the scope of any security.

7.4 Bond loans

NOR04: 12.90 PER CENT NORWEGIAN ENERGY COMPANY ASA SENIOR SECURED CALLABLE BOND ISSUE 2009/2014 ISIN NO001 054844.9	
Issuer	Norwegian Energy Company ASA
Original guarantors	Altinex ASA and Siri Holdings Ltd
Loan Trustee	Norsk Tillitsmann ASA
Original Lenders	N/A
Date	16 November 2009
Principal amount/commitment	NOK 1,250,000,000
Amount outstanding	NOK 1,250,000,000
Interest rate	12.90%
Maturity	20 November 2014 Debt structure: Bullet
Security	Pledge in shares in subsidiaries
Conversion	N/A
Termination/ mandatory pre-payment	Redemption of 100% of the outstanding bonds at 104% (105% from November 2012 and 103% November 2013) of par value (plus accrued interest) if sale of shares in the guarantors to any person outside the Group. The Trustee's consent to sale of shares within the Group is subject to (i) notification to the Trustee no later than 30 Business Days prior to the completion date of such sale, (ii) that the security interest will be maintained in full by the new owner and (iii) that at least 51% of the shares in the applicable Guarantor continues to be owned by the Issuer.

Change of control	Change of Control of the Issuer or de-listing; bondholders have a put option at 100% of par value plus accrued interest.
Merger and de-merger	Restrictions on the Issuer and the subsidiaries on mergers, other business combination or corporate reorganization involving consolidating the assets and obligations of the Issuer with any other companies or entities and ii) de-merger or other corporate reorganization involving splitting the issuer into two or more separate companies, if such transaction would have a material adverse effect; notification to the Trustee should give reasons for, if relevant, why the transaction would <u>not</u> have a material adverse effect.
Main covenants (at group level)	<ul style="list-style-type: none"> - Dividend protection - Book equity ratio minimum 25% - Gearing ration < 5
Other undertakings/covenants	<p>-Information requirement in case of sale or disposal of all or a substantial part of the Issuer's assets.</p> <p>-Restrictions on sale or disposal of all or a substantial part of the Group's assets or operations unless it is carried out on fair market terms and would not have a material adverse effect.</p> <p>-Restrictions on sale, transfer, assignment, dilution or disposal of shares in the guarantors to any third parties.</p>
Events of default	If any obligor or any material subsidiary is resolved to be dissolved.
Cross-default	Cross-default within the group of obligors or material Subsidiary, threshold NOK 10 million.
Assignment provision	Not relevant
Governing law/jurisdiction	Norwegian law/Norwegian courts
Majority or all bondholder's consent	<p>The Trustee may reach decisions binding for all bondholders concerning this bond agreement, including amendments to this bond agreement and waivers or modifications of certain provisions, which in the opinion of the Trustee, do not have a material adverse effect on the rights or interests of the bondholders pursuant to this bond agreement subject to five (5) business days notice. Other decisions to be made by the bond holders meeting with a simple majority of the voting bonds, except in the following matters (requiring a majority of at least 2/3 voting bonds):</p> <p>a) amendment of the terms of this bond agreement regarding the interest rate, the tenor, redemption price and other terms and conditions affecting the cash flow of the bonds;</p> <p>(b) transfer of rights and obligations of this bond agreement to another issuer (Issuer), or</p> <p>(c) change of Trustee.</p>

NOR05: FRN NORWEGIAN ENERGY COMPANY ASA SENIOR UNSECURED BOND ISSUE 2010/2013 ISIN NO001 059230.6	
Issuer	Norwegian Energy Company ASA
Original guarantors	N/A
Loan Trustee	Norsk Tillitsmann ASA
Date	1 December 2010
Principal amount/ commitment	NOK 700,000,000
Amount outstanding	NOK 700,000,000
Interest rate	bond reference rate plus margin
Maturity	6 December 2013 Debt structure: Bullet
Conversion	N/A

Termination/mandatory pre-payment	N/A
Change of control/put option	change of control of the Issuer or de-listing; bondholders have a put option at 100% of par value plus accrued interest.
Merger and de-merger	-Restrictions on the Issuer and the Group Companies on mergers, other business combination or corporate reorganization involving consolidating the assets and obligations of the Issuer with any other companies or entities and ii) de-merger or other corporate reorganization involving splitting the issuer into two or more separate companies, if such transaction would have a material adverse effect; notification to the Trustee should give reasons for, if relevant, why the transaction would <u>not</u> have a material adverse effect.
Main covenants (at group level)	<ul style="list-style-type: none"> - Dividend protection - Book equity ratio minimum 25% - Gearing ration < 5
Other undertakings/covenants	<p>-Information requirement in case of sale or disposal of all or a substantial part of the Issuer's assets.</p> <p>-Restrictions on sale or disposal of all or a substantial part of the Group's assets or operations unless it is carried out on fair market terms and would not have a material adverse effect.</p>
Events of default	If the Issuer is resolved to be dissolved.
Cross-default	Cross-default within the group of obligors or material subsidiary, threshold NOK 10 million.
Assignment provision	Not relevant
Governing law/jurisdiction	Norwegian law/Norwegian courts
Majority or all bondholder's consent	<p>The Trustee may reach decisions binding for all bondholders concerning this bond agreement, including amendments to the bond agreement and waivers or modifications of certain provisions, which in the opinion of the Trustee, do not have a material adverse effect on the rights or interests of the bondholders pursuant to this bond agreement subject to five (5) business days notice. Other decisions to be made by the bond holders meeting with a simple majority of the voting bonds, except in the following matters (requiring a majority of at least 2/3 voting bonds):</p> <p>a) amendment of the terms of this bond agreement regarding the interest rate, the tenor, redemption price and other terms and conditions affecting the cash flow of the bonds;</p> <p>(b) transfer of rights and obligations of this bond agreement to another issuer (Issuer), or</p> <p>(c) change of Trustee.</p>

NOR06+07: NORWEGIAN ENERGY COMPANY ASA SENIOR SECURED CALLABLE BOND ISSUE 2010/2013 ISIN NO001 060632.0 AND ISIN NO001 060633.8	
Issuer	Norwegian Energy Company ASA
Original guarantors	N/A
Loan Trustee	Norsk Tillitsmann ASA
Date	15 April 2011
Principal amount/ commitment	NOK 600,000,000
Amount outstanding	NOK 600,000,000
Interest rate	10.25% for the fixed tranche in the amount of NOK 275,000,000 Bond reference rate plus margin for the FRN tranche in the amount of NOK 325,000,000
Maturity	27 April 2016 Debt structure: Amortising

Security	Pledge in Oselvar field
Conversion	N/A
Termination/mandatory pre-payment	Redemption of 100% of the outstanding bonds at 108% of par value plus accrued interest (107% from April 2012, 106% from April 2013, 104% from April 2014 and 102% from April 2015) if any of the shares in Noreco Norway AS are sold to third parties or if Noreco Norway AS direct interest in each of the licenses is being reduced (not including transfer to Group Companies).
Change of control/put option	Change of control of the Issuer or de-listing; bondholders have a put option at 100% of par value plus accrued interest.
Merger and de-merger	Restrictions on the Issuer and the Group Companies on mergers, other business combination or corporate reorganization involving consolidating the assets and obligations of the Issuer with any other companies or entities and ii) de-merger or other corporate reorganization involving splitting the issuer into two or more separate companies, if such transaction would have a material adverse effect; notification to the Trustee should give reasons for, if relevant, why the transaction would not have a material adverse effect.
Main covenants (at group level)	<ul style="list-style-type: none"> - Dividend protection - Book equity ratio minimum 25% - Gearing ration < 5
Other undertakings/covenants	<p>-Information requirement in case of sale or disposal of all or a substantial part of the Issuer's assets.</p> <p>-Restrictions on sale or disposal of all or a substantial part of the Group's assets or operations unless it is carried out on fair market terms and would not have a material adverse effect.</p>
Events of default	If the Issuer or any material subsidiary is resolved to be dissolved.
Cross-default	Cross-default within the group of obligors or material subsidiary, threshold NOK 10 million.
Assignment provision	Not relevant
Governing law/jurisdiction	Norwegian law/ Norwegian courts
Majority or all bondholder's consent	<p>The Trustee may reach decisions binding for all bondholders concerning this bond agreement, including amendments to the bond agreement and waivers or modifications of certain provisions, which in the opinion of the bond trustee, do not have a material adverse effect on the rights or interests of the bondholders pursuant to this bond agreement subject to five (5) business days notice. Other decisions to be made by the bond holders meeting with a simple majority of the voting bonds, except in the following matters (requiring a majority of at least 2/3 voting bonds):</p> <p>a) amendment of the terms of this bond agreement regarding the interest rate, the tenor, redemption price and other terms and conditions affecting the cash flow of the bonds;</p> <p>(b) transfer of rights and obligations of this bond agreement to another issuer (Issuer), or</p> <p>(c) change of Trustee.</p>

NOR08: NORWEGIAN ENERGY COMPANY ASA SENIOR UNSECURED BOND ISSUE 2012/2013 ISIN NO0010661390	
Issuer	Norwegian Energy Company ASA
Original guarantors	N/A
Loan Trustee	Norsk Tillitsmann ASA
Date	30 October 2012
Principal amount/	NOK 300 million

commitment	
Amount outstanding	NOK 300 million
Interest rate	12.90%
Maturity	30 December 2013 Debt structure: Bullet
Conversion	N/A
Termination/mandatory pre-payment	The Issuer may redeem the bonds (all or nothing) at any time from settlement date to, but not included, the final maturity date at a price equivalent to the sum of: <ul style="list-style-type: none"> a. the present value on the relevant record date of 100.00% of the par value due on the final maturity date; b. the present value on the relevant record date of the remaining coupon payments (less any accrued but unpaid interest) through and including the final maturity date; and c. accrued interest on the redeemed amount
Change of control/put option	Change of control of the Issuer or de-listing of the Issuer's shares. bondholders have a put option at a price of 100% of par value plus accrued interest
Merger and de-merger	The Issuer shall not, and shall ensure that (i) no Group Company shall, carry out any merger or other business combination or corporate reorganization involving the consolidation of the assets and obligations of the Issuer or any of Group Company with any other company or entity not being a Group Company if such transaction would have a material adverse effect.(ii) no Group Company shall, carry out any de-merger or other corporate reorganization involving splitting a Group Company into two or more separate companies or entities, if such transaction would have a material adverse effect
Main covenants (at group level)	- Dividend restrictions - Book equity ratio minimum 25% - Gearing ratio < 5
Other undertakings/covenants	- information requirement in case of sale or disposal of all or a substantial part of the Issuer's assets or operations, or change the nature of its business. - Restriction on sale or otherwise dispose of all or a substantial part of its assets or operations, unless the transaction is carried out at a fair market value, on terms and conditions customary for such transactions, and such transaction would not have a material adverse effect
Events of default	If the Issuer is resolved to be dissolved.
Cross-default	Cross-default within the group of obligors or material subsidiary, threshold NOK 10 million
Assignment provision	Not relevant
Governing law/jurisdiction	Norwegian law/Norwegian courts
Majority or all bondholder's consent	The Trustee may reach decisions binding for all bondholders concerning this bond agreement, including amendments to the bond agreement and waivers or modifications of certain provisions, which in the opinion of the Trustee, do not have a material adverse effect on the rights or interests of the bondholders pursuant to this bond agreement subject to five (5) business days notice. Other decisions to be made by the bond holders meeting with a simple majority of the voting bonds, except in the following matters (requiring a majority of at least 2/3 voting bonds): <ul style="list-style-type: none"> a) amendment of the terms of this bond agreement regarding the interest rate, the tenor, redemption price and other terms and conditions affecting the cash flow of the bonds; b) transfer of rights and obligations of this bond agreement to another issuer, or c) change of Trustee.

For details of the New Bond Issue, please see section 4 above.

7.5 Guarantees

Noreco has issued a parent company guarantee on behalf of its subsidiary Norwegian Energy Company UK Ltd. Noreco guarantees that, if any sums become payable by Norwegian Energy Company UK Ltd to the UK Secretary of State under the terms of the license and the company does not repay those sums on first demand, Noreco shall pay to the UK Secretary of State on demand an amount equal to all such sums.

On 6 December 2007, Noreco issued a parent company guarantee to the Danish Ministry of Climate, Energy and Building on behalf of its subsidiary Altinex Oil Denmark A/S (now Noreco Oil Denmark A/S). On August 13, 2010, Noreco extended this parent company guarantee to include Altinex Oil Denmark A/S' acquisition of 47% of the license no. 2/05.

On 31 December 2012, Noreco has issued a parent company guarantee on behalf of its subsidiary Noreco Norway AS. Noreco guarantees that, if any sums become payable by Noreco Norway AS to the Norwegian Secretary of State under the terms of the licenses and the company does not repay those sums on first demand, Noreco shall pay to the Norwegian Secretary of State on demand an amount equal to all such sums.

8. THE COMPANY'S BOARD AND MANAGEMENT

8.1 *Board of Directors*

8.1.1 Overview

The Company's Board of Directors currently consists of the following persons:

Name	Position
Ståle Kyllingstad	Chairman
Ole Melberg	Deputy chairman
Eimund Nygaard	Board member
Shona Grant	Board member
Mona Iren Kolnes	Board member
Hilde Drønen	Board member
Arnstein Wigestrånd	Board member
Hilde Alexandersen	Employee representative
Bård Arve Lærum	Employee representative

The Company's business address serves as c/o address in relation to the Board of Directors.

On 28 February 2013, the Company's board of directors called for an extraordinary general meeting for election of a new board of directors, in response to a request from shareholder Sabaro Investments Limited. The Company's nomination committee has proposed that the number of shareholder elected board members is reduced from 7 to 5, and that the General Meeting appoints a new board consisting of the following board members: Ståle Kyllingstad (Chairman), Hilde Drønen, Eimund Nygård, Erik Henriksen (new) and Marika Svårdstrøm (new). The nomination committee's proposal is supported by the company's three largest shareholders.

8.1.2 Information on the members of the Board of Directors

Ståle Kyllingstad (52), Chairman.

Kyllingstad is the founder and CEO of IKM Group. The company provides equipment and services to the oil industry. He is a petroleum engineer, and after a short period as Department Arranger at University of Stavanger, he started in Hydrotech AS. In 1989 he founded what would later be known as IKM by buying the calibration laboratory and established Hydrotech Laboratorium AS, later called IKM Laboratorium AS. This company was the first of numerous companies known as IKM. Kyllingstad is chairman of the board of Norsk Industri, Oil and Gas.

Mr. Kyllingstad currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- CEO and Chairman of the Board of IKM Gruppen AS

Ole Melberg (65), Deputy chairman.

Melberg has a business degree from NHH (Norwegian School of Business Administration). From 1970 – 72 Melberg spent two years with DENOFA – Lilleborg. Melberg has held several positions in Smedvig during his 26 years with the company, including Arranger of AS Smedvig Drilling Co. in 1984 and CEO of Smedvig ASA in 1990. Left Smedvig in the spring of 1998 and set up Melberg Partners and Energy Ventures. Melberg is currently holding the position of Managing Partner of Energy Ventures.

Eimund Nygaard (52), Board member.

Nygaard is holding the position as CEO of Lyse Energi. He has held several managing position in Lyse Energi (former Stavanger Energi) since 1989. Nygaard is Chairman of the board of Sandnes Sparebank and is members of the boards of Enova SF and Renovasjonen IKS. Nygaard is educated at Rogaland Distriktshøgskole (now University of Stavanger) and holds a degree in Economy and administration.

Shona Grant (50), Board member.

Grant is currently partner in Wellwork Innovation, and holds a BSc (honours) in geology from University of Aberdeen, and a PhD in geology from University of Leicester. Since 1987 Grant has held several technical and managing positions for BP in the UK and Norway, including Ormen Lange Project Arranger in 2000, and has since 2009 been providing management consultancy services to several oil- and technology companies.

Mona Iren Kolnes (48), Board member.

Mona Iren Kolnes holds a Master of Science degree in Economics and Business Administration from the Norwegian School of Economics and Business Administration (NHH). Kolnes has 25 years experience in the oil-and gas industry, mainly related to finance, strategy and asset management in both the up-and downstream business. She is currently Chief Financial Officer in Inwind AS, coming from a position as Vice President in Statoil, and has comprehensive management experience holding a number of senior positions in Statoil and Conoco.

Hilde Drønen (51), Board member.

Hilde Drønen is currently the CFO in DOF ASA (since 2004), and has extensive experience from the offshore sector. She has previously worked as the Finance Director in Bergen Yards AS (2003-2004) and Group Contoller for the Møgster Group (1995-2003). She holds a Business Administration degree and Business Management degree from the Norwegian School of Management (BI) and a legal course from Universitetet i Bergen (UIB).

Arnstein Wigestrånd (55), Board member.

Wigestrånd has around 20 years upstream and downstream experience from the oil- and gas-industry, with Statoil and Saga Petroleum. For the past ten years he has worked as an oil analyst with SEB Enskilda. Today, Wigestrånd is working as an investor and advisor in his own business. Wigestrånd holds an engineer degree from Norges Tekniske Høgskole and holds a Masters in petroleum economics from the Institut Francais du Pétrole.

Hilde Alexandersen (46), Employee representative.

Hilde Alexandersen has 19 years of experience from the oil and gas industry. She has a Master of Science degree in geology from the University of Bergen. Prior to joining Noreco in 2007, she has held various subsurface positions in ConocoPhillips, with main experience from operations and producing assets.

Alexandersen today holds a position as a Sr.Geologist within Noreco's Developments team.

Ms. Alexandersen holds no directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries).

Bård Arve Lærum (43), Employee representative.

Lærum have more than 15 years experience from the industry. He joined Noreco in 2007. He worked 11 years in various positions within subsurface, projects and commercial in BP prior to joining Noreco. He holds a Master of Science degree in Petroleum Technology from University of Stavanger, Norway. Lærum is currently holding the position as Asset Arranger in Noreco.

Mr. Lærum holds no directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries).

8.2 Management

The table below sets forth the members of the Company's current executive management:

Name	Position
Einar Gjelsvik	CEO
Ørjan Gjerde	CFO
Lars Fosvold	VP, Exploration
John Bogen	COO & VP HSE

The Company's business address serves as c/o address in relation to the management of the Company. The executive management consists of the following persons:

Einar Gjelsvik (40), CEO.

Mr. Gjelsvik joined Noreco in January 2006. Has more than ten years experience from the Norwegian and international oil and gas business. He held various positions in BP, including Business development analyst and business planning and performance management team leader. Mr. Gjelsvik holds a Master of Science degree in Business Administration, Strategic Management, a Master of Science degree in Chemical Engineering and is a CFA charterholder.

Mr. Gjelsvik currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- CEO of Altinex ASA
- CEO of Noreco Norway AS

Save for the above mentioned. Mr. Gjelsvik has not held any directorships, supervisory or leading management positions during the last five years (other than positions in the Company and/or its subsidiaries).

Ørjan Gjerde (42), CFO.

Ørjan Gjerde joined Noreco in March 2012, and has more than 15 years of experience as a CFO from companies like IKM Gruppen AS, Proserv Group AS and Skanem AS,. Gjerde has extensive experience from financial and operational restructuring, strategy and business development, mergers and establishments, as well as directorships in IKM Gruppen AS, Rig Management Norway AS, Wellcon AS (chairman), and Cyviz AS (chairman and co-founder). Gjerde is a state authorised public accountant and graduated from NHH In 1995.

Mr. Gjerde currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Chairman of the Board of Kvile Invest AS
- Chairman of the Board of Søk Mentor AS
- Member of the Board of Sola Håndballklubb

Save for the above mentioned. Mr. Gjerde has during the last five years held the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- Chairman of the Board of SØK Mentor AS
- Chairman of the Board of SØK Investeringer AS
- Chairman and Member of the Board of Wellcon Holding AS
- Member of the Board of Hytech AS
- Member of the Board of Rig Management Norway AS
- Member of the Board of several subsidiaries of Proserv Group AS
- Member of the Board of several subsidiaries of Malthus AS
- CFO of Proserv Group AS
- CFO of Malthus AS

Lars Fosvold (51), Vice President Exploration.

Mr. Fosvold joined Noreco in December 2005. Has worked in the oil and gas industry since 1986 in Norway and internationally. Has held various specialist and leading geoscience positions in the total value chain from exploration to development and production with several major oil companies. Mr. Fosvold holds a BSc (Honours) in Applied Geology from the University of Strathclyde in Scotland.

Mr. Fosvold currently holds the following directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries):

- CEO and Chairman of the Board of Opus Holding AS
- Member of the Board of Altinex ASA
- Member of the Board of Noreco Norway AS

Save for the above mentioned. Mr. Fosvold has not held any directorships, supervisory or leading management positions during the last five years (other than positions in the Company and/or its subsidiaries).

John Bogen (54), COO & Vice President HSE.

Mr. Bogen joined Noreco in February 2008, and holds a Master of Science degree from the Norwegian Institute of Technology (NTNU) within Industrial Engineering. He has more than 30 years experience in the petroleum industry from i.a. Phillips Petroleum Company and BP. Previous responsibilities include operational optimization, gas marketing, organizational development, and commercial management/negotiations.

Mr. Bogen currently holds no directorships, supervisory or leading management positions (other than positions in the Company and/or its subsidiaries). Mr. Bogen has not held any directorships, supervisory or leading management positions during the last five years (other than positions in the Company and/or its subsidiaries).

8.3 Conflict of Interest etc.

There are no conflicts of interest between any duties to the Company of the members of the administrative, management or supervisory bodies, and their private interests and/or other duties. The Company or the Board of Directors are further not aware of any such potential conflicts of interest.

During the last five years preceding the date of this Prospectus, no member of the Board of Directors and no member of the executive management has:

- been subject to any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in its capacity as a founder, director or senior Arranger of a company.

9. MAJOR SHAREHOLDERS

The following table sets forth information on shareholders, as registered in the VPS as of 9 March 2013, who will have a shareholding in the Company which is notifiable under Norwegian securities law, i.e. above 5%.

Name of Noreco Shareholder	Number of shares	Percentage of shares
Sabaro Investments Ltd.....	39,667,228	11.15%
IKM Industri-Invest AS	37,769,099	10.62%
Lyse Energi AS	27,701,514	7.79%

10. DOCUMENTS ON DISPLAY AND INCORPORATION BY REFERENCE

10.1 Documents on display

For twelve months from the date of this Prospectus, the following documents (or copies thereof) may be physically inspected at the principal office of the Company at Verksgata 1A, N-4013 Stavanger, Norway (telephone number +47 99 28 39 00):

- The Company's Memorandum and Articles of Association;
- The Company's 2010 and 2011 consolidated annual accounts, including the auditor's report;
- The Company's first, second, third and fourth quarter 2012 interim accounts;
- The 2010 and 2011 annual reports for the Company's subsidiaries (to the extent such exist); and

10.2 Incorporation by reference

The following documents have been incorporated hereto by reference:

Reference	Section in Prospectus	Incorporated by reference	Website
The Company's unaudited interim financial information set out in the report for fourth quarter 2012	6	The consolidated financial information in the Company's fourth quarter report for 2012.	www.noreco.com/no/Investorer/Rapporter
The Company's audited annual accounts for 2011, including an overview of the Company's accounting policy, explanatory notes, report on corporate governance, and auditor's report.	6	The consolidated financial information in the Company's annual report for 2011.	www.noreco.com/no/Investorer/Rapporter
The Company's audited annual accounts for 2010, including an overview of the Company's accounting policy, explanatory notes and auditor's report.	6	The consolidated financial information in the Company's annual report for 2010.	www.noreco.com/no/Investorer/Rapporter

The above documents are also available at the address stated under section 10.1 above.

11. DEFINITIONS AND GLOSSARY OF TERMS

11.1 Definitions

In the Prospectus, the following definitions have the meanings indicated below.

Board or Board of Directors	The Board of Directors of the Company
Boe	Barrels of oil equivalent
Bond Agreement.....	The bond agreement for the New Bonds, attached as Appendix A
Bondholders' meeting	The supreme authority of the bondholders community in all matters relating to the New Bonds
Bond Proceeds.....	The gross proceeds from the New Bond
CET	Central European Time
Company	Norwegian Energy Company ASA, a public limited liability company duly incorporated under the laws of Norway, having its registered office at Verksgata 1A, N-4013 Stavanger, Norway
DNB Markets	DNB Markets, a part of DNB Bank ASA
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EEA	European Economic Area
EU	European Union
EUR	Euro, the lawful currency currently shared by 16 of the European Union's member states
Existing Bonds.....	The Issuer's Outstanding bonds with maturity before the New Bond Issue
Group	The Company and its consolidated subsidiaries
Group Company	Each company being part of the Group
HSE	Health, safety and environment
Joint Lead Arrangers	DNB Markets and Swedbank First Securities
Joint Lead Bookrunners	DNB Markets and Swedbank First Securities
Arrangers	DNB Markets and Swedbank First Securities
Listing.....	Listing of the New Bonds on Oslo Børs
New Bonds or New Bond Issue	The new bond loan issued by Noreco in a 10.50% NOK 300 million senior unsecured callable bond issue with maturity in February 2016
NOK	Norwegian kroner, the lawful currency of Norway
Noreco	The Company
Noreco Group	The Company and its consolidated subsidiaries
Norwegian Public Limited Companies Act	Norwegian Act no. 45 of June 13, 1997 on public limited liability companies

Norwegian Securities Trading Act	Norwegian Act no. 75 of June 29, 2007 on securities trading
OPEC	Organisation of Petroleum Exporting Countries
Oslo Børs	The Oslo Stock Exchange
Prospectus	This prospectus, dated 18 March 2013
Prospectus Directive	Directive 2003/71/EC
Regulation S	Regulation S under the U.S. Securities Act
Relevant Member State	A Member State of the EEA other than Norway, which has implemented the Prospectus Directive
UK	United Kingdom
USD or U.S. Dollar	United States Dollar, the lawful currency of the United States of America
U.S. Securities Act	The United States Securities Act of 1933, as amended
VPS	VPS Holding ASA (the Norwegian Central Securities Depository) Biskop Gunnerus gate 14 A, P.O. box 4, N-0051 Oslo, Norway
VPS account	An account held with the VPS to register ownership of securities

BOND AGREEMENT

between

Norwegian Energy Company ASA
(Issuer)

and

Norsk Tillitsmann ASA
(Bond Trustee)

on behalf of

the Bondholders

in the bond issue

10.50 per cent Norwegian Energy Company ASA
Senior Unsecured Callable Bond Issue 2013/2016

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This agreement has been entered into on 22 February 2013 between

- (1) Norwegian Energy Company ASA (a company existing under the laws of Norway with registration number 987 989 297 as issuer (the “**Issuer**”), and
- (2) Norsk Tillitsmann ASA (a company existing under the laws of Norway with registration number 963 342 624) as bond trustee (the “**Bond Trustee**”).

1 **Interpretation**

1.1 *Definitions*

In this Bond Agreement, the following terms shall have the following meanings:

“**Account Manager**” means a Bondholder’s account manager in the Securities Depository.

“**Adjusted EBITDA**” means the Group’s earnings before exploration costs, financial items, taxes, depreciation and amortization, gain/loss from asset sales and write-downs according to IFRS (calculated on a 12 month rolling basis).

“**Attachments**” means the attachments to this Bond Agreement.

“**Bond Agreement**” means this bond agreement, including any Attachments to it, each as amended from time to time.

“**Bond Issue**” means the bond issue constituted by the Bonds.

“**Bondholder**” means a holder of Bond(s), as registered in the Securities Depository, from time to time.

“**Bondholders’ Meeting**” means a meeting of Bondholders, as set out in Clause 17.

“**Bonds**” means the debt instruments issued by the Issuer pursuant to this Bond Agreement.

“**Book Equity**” means the consolidated total equity of the Group according to IFRS, after adding back the amount of any Exceptional Items.

“**Book Equity Ratio**” means the ratio of Book Equity to Total Assets.

“**Business Day**” means any day on which Norwegian banks are open for general business, and when Norwegian banks can settle foreign currency transactions and the Norwegian Central Bank’s Settlement System is open.

“**Business Day Convention**” means that no adjustment will be made, notwithstanding the period end date occurs on a day that is not a Business Day, and if such date is not a Business Day, payments of interest will be made on the first following day that is a Business Day (*No Adjustments of Business Day*).

“**Call Option**” shall have the meaning set out in Clause 11.2.

“**Call Option Price**” shall have the meaning set out in Clause 11.2.

“**Cash Escrow Account**” means an account in the name of the Issuer where the net cash payment for the Bonds will be credited and blocked until 1 April 2013. The blocking is made in order to comply with covenants under other bonds issued by the Issuer, and any release from the Cash Escrow Account may be made according to Clause 7.

“**Change of Control Event**” means if (a) any person or group (as such term is defined in Section 1-3 of the Companies Act) becomes the owner, directly or indirectly, of more than 50% of the voting shares of the Issuer, or (b) a de-listing of the Issuer’s shares from Oslo Børs occurs.

“**Companies Act**” means the Norwegian Public Limited Liability Companies Act of 13 June 1997 No. 45.

“**Decisive Influence**” means a person having, as a result of an agreement or through the ownership of shares or interests in another person: (i) a majority of the voting rights in that other person; or (ii) a right to elect or remove a majority of the members of the board of directors of that other person. When determining the relevant person’s number of voting rights in the other person or the right to elect and remove members of the board of directors, rights held by the parent company of the relevant person and the parent company’s Subsidiaries shall be included.

“**Defeasance Pledge**” shall have the meaning given to it in Clause 19.2.

“**Escrow Accounts**” means the VPS Escrow Account and the Cash Escrow Account.

“**Escrow Accounts Blocking**” means the blocking of the Escrow Accounts, where (as relevant) the bank operating the account has waived any set-off rights.

“**Event of Default**” means the occurrence of an event or circumstance specified in Clause 16.1.

“**Exchange**” means (i) a securities exchange or other reputable regulated market, or (ii) Oslo Alternative Bond Market, on which the Bonds are listed, or where the Issuer has applied for listing of the Bonds.

“**Exceptional Items**” means losses arising following a revaluation or impairment of the book value of any of (i) the Group’s goodwill or (ii) capitalised expenses related to suspended wells, provided that such revaluations or impairment are made or occurs before, during or at year end reporting for 2012. Exceptional Items shall be limited to a maximum amount of NOK 600 million (after tax) in aggregate. On 25 January 2013, the Issuer announced corrections to historical accounting figures representing an aggregated reduction in equity of NOK 479 million as per Q3 2012.

“**Existing Bonds**” means any of the Issuer's existing outstanding bonds with maturity before the Maturity Date.

“**Exploration Facility**” means a) the NOK 1,550,000,000 Exploration Financing and USD 25,000,000 Guarantee Facility, as amended, entered into between the Issuer and Sparebank 1 SR-Bank as agent and certain financial institutions as lenders and

guarantors; or b) any revolving exploration financing facility replacing and on substantially the same terms as the existing facility mentioned in (a), not exceeding NOK 1,550,000,000.

“**Face Value**” means the denomination of each of the Bonds, as set out in Clause 2.2.

“**Finance Documents**” means (i) this Bond Agreement, (ii) the agreement between the Bond Trustee and the Issuer referred to in Clause 15.2, and (iii) any other document (whether creating a Security or not) which is executed at any time by the Issuer or any other person in relation to any amount payable under this Bond Agreement.

“**Financial Indebtedness**” means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialized equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account); and
- (h) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (g) above.

“**Financial Statements**” means the audited unconsolidated and consolidated annual financial statements of the Issuer for any financial year, drawn up according to GAAP, such accounts to include a profit and loss account, balance sheet, cash flow statement and report from the Board of Directors.

“**GAAP**” means the generally accepted accounting practice and principles in the country in which the Issuer is incorporated including, if applicable, the International Financial Reporting Standards (“**IFRS**”) and guidelines and interpretations issued by the International Accounting Standards Board (or any predecessor and successor thereof), in force from time to time.

“**Gearing Ratio**” means the ratio of consolidated Net Interest Bearing Debt to Adjusted EBITDA for the Group.

“**Group**” means the Issuer and its Subsidiaries from time to time, and a “**Group Company**” means each of the Issuer or any of its Subsidiaries from time to time.

“**Interest Payment Date**” means 25 February and 25 August each year until and including the Maturity Date. Any adjustment will be made according to the Business Day Convention.

“**Interim Accounts**” means the unaudited unconsolidated and consolidated quarterly financial statements of the Issuer for any quarter ending on a Quarter Date, drawn up according to GAAP.

“**ISIN**” means International Securities Identification Number – the identification number of the Bond Issue.

“**Issue Date**” means 25 February 2013.

“**Issuer’s Bonds**” means any Bonds owned by the Issuer, any person or persons who has Decisive Influence over the Issuer, or any person or persons over whom the Issuer has Decisive Influence.

“**Managers**” means the manager(s) for the Bond Issue, being the joint lead managers DNB Markets, a part of DNB Bank ASA, Dronning Eufemias gt 30, NO-0191 Oslo, Norway and Swedbank First Securities, Filipstad Brygge 1, P.O. Box 1441 Vika, NO-0115 Oslo, Norway.

“**Material Adverse Effect**” means a material adverse effect on: (a) the Issuer’s ability to perform and comply with its obligations under this Bond Agreement; or (b) the validity or enforceability of this Bond Agreement.

“**Material Subsidiary**” means any Subsidiary of the Issuer (a) whose total consolidated assets represent at least 5.00% of the total consolidated assets of the Group, or (b) whose total consolidated net sales represent at least 5.00% of the total consolidated net sales of the Group. If there is a dispute as to whether or not a Group Company is a Material Subsidiary, a certificate of the auditors of the Issuer will be, in the absence of manifest error, conclusive.

“**Maturity Date**” means 25 February 2016. Any adjustment will be made according to the Business Day Convention.

“**Net Bond Proceeds**” means proceeds from the Bond Issue less legal costs, fees of the Managers and the Bond Trustee and any other agreed costs and expenses incurred in connection with the issuance of the Bonds.

“**Net Interest Bearing Debt**” means the sum of all interest bearing debt of the Group on a consolidated basis according to IFRS including financial leases, but except for debt financing of tax exploration expenditure which is tax refundable on the Norwegian Continental Shelf, *less* free cash and cash equivalents (i.e. cash in hand or amounts standing to the credit of any current and/or deposit accounts with an acceptable bank) as shown in the relevant accounts at any time.

“**NOK**” means Norwegian kroner, being the lawful currency of Norway.

“**Outstanding Bonds**” means the Bonds not redeemed or otherwise discharged.

“**Party**” means a party to this Bond Agreement (including its successors and permitted transferees).

“**Paying Agent**” means DNB Bank ASA, the legal entity appointed by the Issuer to act as its paying agent in the Securities Registry with respect to the Bonds.

“**Payment Date**” means a date for payment of principal or interest under this Bond Agreement.

“**Quarter Date**” means each 31 March, 30 June, 30 September and 31 December.

“**Reporting Date**” means each date falling 60 calendar days after a Quarter Date.

“**Securities Depository**” means the securities depository in which the Bond Issue is registered, being Verdipapirsentralen ASA (VPS) in Norway.

“**Security**” means any encumbrance, mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“**Security and Covenant Defeasance**” shall have the meaning given to it in Clause 19.2.

“**Stamdata**” means the web site www.stamdata.no, maintained by the Bond Trustee.

“**Subsidiary**” means an entity which is a subsidiary (“*datterselskap*”) pursuant to Section 1-3 of the Companies Act.

“**Total Assets**” means the consolidated total assets of the Group according to IFRS, after adding back the amount of any Exceptional Items.

“**US Securities Act**” means the U.S. Securities Act of 1933, as amended.

“**USD**” means US Dollars, being the legal currency of the United States of America.

“**Voting Bonds**” means the Outstanding Bonds less the Issuer’s Bonds.

“**VPS Escrow Account**” means an account in the name of the Issuer to which Existing Bonds repurchased by the Issuer with proceeds from the Bond Issue will, and Existing Bonds previously repurchased by the Issuer may, be credited and blocked until 1 April 2013. The blocking is made in order to comply with covenants under other bonds issued by the Issuer, and any release from the VPS Escrow Account may be made according to Clause 7.

1.2 *Construction*

In this Bond Agreement, unless the context otherwise requires:

- (a) headings are for ease of reference only;

- (b) words denoting the singular number shall include the plural and vice versa;
- (c) references to Clauses are references to the Clauses of this Bond Agreement;
- (d) references to a time is a reference to Oslo time unless otherwise stated herein;
- (e) references to a provision of law is a reference to that provision as it may be amended or re-enacted, and to any regulations made by the appropriate authority pursuant to such law, including any determinations, rulings, judgments and other binding decisions relating to such provision or regulation;
- (f) an Event of Default is “**continuing**” if it has not been remedied or waived; and
- (g) references to a “**person**” shall include any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality).

2 The Bonds

2.1 *Binding nature of this Bond Agreement*

2.1.1 By virtue of being registered as a Bondholder (directly or indirectly) with the Securities Depository, the Bondholders are bound by the terms of this Bond Agreement and any other Finance Document, without any further action required to be taken or formalities to be complied with, see also Clause 19.1.

2.1.2 This Bond Agreement is available to anyone and may be obtained from the Bond Trustee or the Issuer. The Issuer shall ensure that this Bond Agreement is available to the general public throughout the entire term of the Bonds. This Bond Agreement may be published on Stamdata or such other venues as decided by the Bond Trustee.

2.2 *The Bonds*

The Issuer has resolved to issue a series of Bonds in the maximum amount of NOK 300,000,000 (Norwegian kroner three hundred million).

The Face Value is NOK 1,000,000. The Bonds shall rank *pari passu* between themselves.

The Bond Issue will be described as “10.50 per cent Norwegian Energy Company ASA Senior Unsecured Callable Bond Issue 2013/2016”.

The ISIN of the Bond Issue will be NO 001 0672314.

The tenor of the Bonds is from and including the Issue Date to the Maturity Date.

2.3 *Purpose and utilization*

The Net Bond Proceeds shall be used to refinance parts of the Existing Bonds or parts of bank loans with maturity before the Maturity Date and/or future liquidity.

3 Listing

- 3.1 The Issuer shall apply for listing of the Bonds on Oslo Børs.
- 3.2 If the Bonds are listed, the Issuer shall ensure that the Bonds remain listed until they have been discharged in full.

4 Registration in the Securities Depository

- 4.1 The Bond Issue and the Bonds shall prior to disbursement be registered in the Securities Depository according to the Norwegian Securities Depository Act of 5 July 2002 no. 64 and the terms and conditions of the Securities Depository.
- 4.2 The Issuer shall ensure that correct registration in the Securities Depository is made and shall notify the Securities Depository of any changes in the terms and conditions of this Bond Agreement. The Bond Trustee shall receive a copy of the notification. The registration may be executed by the Paying Agent.
- 4.3 The Bonds have not been registered under the US Securities Act, and the Issuer is under no obligation to arrange for registration of the Bonds under the US Securities Act.

5 Purchase and transfer of Bonds

- 5.1 Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Bondholder may be subject (due e.g. to its nationality, its residency, its registered address, its place(s) for doing business). Each Bondholder must ensure compliance with applicable local laws and regulations at its own cost and expense.
- 5.2 Notwithstanding the above, a Bondholder which has purchased the Bonds in breach of applicable mandatory restrictions may nevertheless utilize its rights (including, but not limited to, voting rights) under this Bond Agreement.

6 Conditions Precedent

- 6.1 Disbursement of the net proceeds of the Bonds to the Cash Escrow Account will be subject to the Bond Trustee having received the documents listed below, in form and substance satisfactory to it, on the Business Days prior to the Issue Date:
- (a) this Bond Agreement, duly executed by all parties thereto;
 - (b) certified copies of all necessary corporate resolutions of the Issuer to issue the Bonds and execute the Finance Documents;
 - (c) a power of attorney from the Issuer to relevant individuals for their execution of the relevant Finance Documents, or extracts from the relevant

register or similar documentation evidencing such individuals' authorisation to execute the Finance Documents on behalf of the Issuer;

- (d) certified copies of (i) the Certificate of Incorporation or other similar official document for the Issuer, evidencing that it is validly registered and existing and (ii) the Articles of Association of the Issuer;
- (e) the Issuer's latest Financial Statements and Interim Accounts (if any);
- (f) confirmation from the Managers that the requirements set out in Chapter 7 of the Norwegian Securities Trading Act (implementing the EU prospectus directive (2003/71 EC) concerning prospectuses have been fulfilled;
- (g) to the extent necessary, any public authorisations required for the Bond Issue;
- (h) confirmation from the Paying Agent that the Bonds have been registered in the Securities Depository;
- (i) the Bond Trustee fee agreement set out in Clause 15.2, duly executed;
- (j) copies of any written documentation used in the marketing of the Bonds or made public by the Issuer or the Managers in connection with the Bond Issue;
- (k) any statements or legal opinions reasonably required by the Bond Trustee (including any capacity corporate opinions for the Issuer and opinions related to the validity, perfection and enforceability of the Finance Documents); and
- (l) evidence of the Escrow Accounts Blocking having been completed, by delivery of confirmations in a form satisfactory to the Bond Trustee.

6.2 The Bond Trustee may, in its reasonable opinion, waive the deadline or requirements for documentation as set out in Clause 6.1.

6.3 Disbursement of the Net Bond Proceeds is subject to the Bond Trustee's written notice to the Issuer, the Managers and the Paying Agent that the documents have been controlled and that the required conditions precedent are fulfilled.

6.4 On the Issue Date, subject to receipt of confirmation from the Bond Trustee pursuant to Clause 6.3, the Managers shall transfer the Net Bond Proceeds to the Cash Escrow Account.

7 **Release of Net Bond Proceeds to repurchase Existing Bonds**

- 7.1 Prior to 1 April 2013 Net Bond Proceeds may be released only (i) for repurchase by the Issuer of Existing Bonds and subject to such Existing Bonds being deleted or placed in the VPS Escrow Account, or (ii) in case of the Issuer's deposit of already purchased Existing Bonds to the VPS Escrow Account.
- 7.2 Upon notice from the Issuer of a repurchase of Existing Bonds in accordance with Clause 7.1 (i), the Bond Trustee shall promptly instruct relevant bank to release the amount set out therein from the Cash Escrow Account to the paying agent for any Existing Bond to be repurchased with funds from the Cash Escrow Account, substantially in such form as set out in Attachment 2 hereto.
- 7.3 Upon notice from the Issuer of a deposit Existing Bonds in accordance Clause 7.1 (ii), the Bond Trustee shall promptly instruct relevant bank to release the amount set out therein from the Cash Escrow Account to the Issuer, substantially in such form as set out in Attachment 2 hereto.
- 7.4 On 1 April 2013, all cash deposits on the Cash Escrow Account and all Existing Bonds held on the VPS Escrow Account shall be released to the Issuer by discharge of the Escrow Accounts Blocking.

8 **Representations and Warranties**

- 8.1 The Issuer represents and warrants to the Bond Trustee that:

(a) *Status*

It is a public limited liability company, duly incorporated and validly existing and registered under the laws of Norway, and has the power to own its assets and carry on its business as it is being conducted.

(b) *Power and authority*

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Bond Agreement and any other Finance Document to which it is a party and the transactions contemplated by those Finance Documents.

(c) *Valid, binding and enforceable obligations*

This Bond Agreement and each other Finance Document constitutes (or will constitute, when executed by the respective parties thereto) its legal, valid and binding obligations, enforceable in accordance with their respective terms, and (save as provided for therein) no further registration, filing, payment of tax or fees or other formalities are necessary or desirable to render the said documents enforceable against it.

(d) Non-conflict with other obligations

The entry into and performance by it of this Bond Agreement and any other Finance Document to which it is a party and the transactions contemplated thereby do not and will not conflict with (i) any law or regulation or judicial or official order; (ii) its constitutional documents; or (iii) any agreement or instrument which is binding upon it or any of its assets.

(e) No Event of Default

- (i) No Event of Default exists or is likely to result from the making of any drawdown under this Bond Agreement or the entry into, the performance of, or any transaction contemplated by, any Finance Document.
- (ii) No other event or circumstance is outstanding which constitutes (or with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (howsoever described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or is likely to have a Material Adverse Effect.

(f) Authorizations and consents

All authorisations, consents, approvals, resolutions, licenses, exemptions, filings, notarizations or registrations required: (i) to enable it to enter into, exercise its rights and comply with its obligations under this Bond Agreement or any other Finance Document to which it is a party; and (ii) to carry on its business as presently conducted and as contemplated by this Bond Agreement, have been obtained or effected and are in full force and effect.

(g) Litigation

No litigation, arbitration or administrative proceedings or investigations of or before any court, arbitral body or agency which, if adversely determined, is likely to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it or any of its Subsidiaries.

(h) Financial Statements

Its most recent Financial Statements and Interim Accounts fairly and accurately represent the assets and liabilities and financial condition as at their respective dates, and have been prepared in accordance with GAAP, consistently applied.

(i) No Material Adverse Effect

Since the date of the Financial Statements, there has been no change in its business, assets or financial condition that is likely to have a Material Adverse Effect.

(j) No misleading information

Any factual information provided by it to the subscribers or the Bond Trustee for the purposes of this Bond Issue was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

(k) *No withholdings*

The Issuer is not required to make any deduction or withholding from any payment which it may become obliged to make to the Bond Trustee or the Bondholders under this Bond Agreement.

(l) *Pari passu ranking*

Its payment obligations under this Bond Agreement or any other Finance Document to which it is a party rank at least *pari passu* as set out in Clause 9.1.

(m) *Security*

No Security exists over any of the present assets of any Group Company in conflict with this Bond Agreement.

8.2 The representations and warranties set out in Clause 8.1 are made on the execution date of this Bond Agreement, and shall be deemed to be repeated on the Issue Date and on each drawdown date from the Cash Escrow Account.

9 **Status of the Bonds and security**

9.1 The Bonds shall constitute senior debt obligations of the Issuer. The Bonds shall rank at least *pari passu* with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application) and shall rank ahead of subordinated debt.

9.2 The Bonds are unsecured.

10 **Interest**

10.1 The Issuer shall pay interest on the Face Value of the Bonds from, and including, 25 February 2013 at a fixed rate of 10.50 per cent per annum (the “**Fixed Rate**”).

10.2 Interest payments shall be made in arrears on the Interest Payment Dates each year, the first Interest Payment Date being 25 August 2013.

10.3 The relevant interest payable amount shall be calculated based on a period from, and including, one Interest Payment Date to, but excluding, the next following applicable Interest Payment Date.

10.4 The day count fraction (“**Fixed Rate Day Count Fraction**”) in respect of the calculation of the payable interest amount shall be “30/360”, which means that the number of days in the calculation period in respect of which payment is being made divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-days months (unless (i) the last day of the calculation period is the 31st day of a month but the first day of the calculation period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the calculation period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).

- 10.5 The payable interest amount per Bond for a relevant calculation period shall be calculated as follows:

$$\begin{array}{rccccccc} \text{Interest} & = & \text{Face} & \times & \text{Fixed} & \times & \text{Fixed Rate} \\ \text{Amount} & & \text{Value} & & \text{Rate} & & \text{Day Count} \\ \text{Fraction} & & & & & & \end{array}$$

11 Maturity of the Bonds and Redemption

11.1 *Maturity*

The Bonds shall mature in full on the Maturity Date, and shall be repaid at par (100%) by the Issuer.

11.2 *Call Option*

- 11.2.1 The Issuer may in its discretion redeem the entire Bond Issue (but not only a part thereof) with settlement date at any time from and including the date falling two (2) years after the Issue Date to, but not included, the Maturity Date (the “**Call Option**”) at a price (the “**Call Option Price**”) equivalent to the 103% of the Face Value plus accrued but unpaid interest on the redeemed amount.

- 11.2.2 Exercise of the Call Option shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders at least thirty Business Days prior to the settlement date of the Call Option.

- 11.2.3 On the settlement date of the Call Option, the Issuer shall pay to each of the Bondholders holding Bonds to be redeemed, in respect of each such Bond, the Call Option Price.

11.3 *Change of control*

- 11.3.1 Upon the occurrence of a Change of Control Event, each Bondholder shall have the right to require that the Issuer redeems its Bonds (a “**Put Option**”) at a price of 100% of the Face Value plus accrued interest.

- 11.3.2 The Put Option must be exercised within 60 calendar days after the Issuer has given notification to the Bond Trustee of a Change of Control Event. Such notification shall be given as soon as possible after a Change of Control Event has taken place.

- 11.3.3 The Put Option may be exercised by each Bondholder by giving written notice of the request to its Account Manager. The Account Manager shall notify the Paying Agent of the redemption request. The settlement date of the Put Option shall be the third Business Day after the end of the 60 calendar day exercise period of the Put Option.

- 11.3.4 On the settlement date of the Put Option, the Issuer shall pay to each of the Bondholders holding Bonds to be redeemed, the principal amount of each such Bond (including any premium pursuant to Clause 11.3.1) and any unpaid interest accrued up to (but not including) the settlement date.

12 **Payments**

12.1 *Covenant to pay*

12.1.1 The Issuer will on any Payment Date (or any other due date pursuant to any Finance Document) unconditionally pay to or to the order of the Bond Trustee all amounts due under this Bond Agreement or any other Finance Document.

12.1.2 The covenant contained in Clause 12.1.1 shall be for the benefit of the Bond Trustee and the Bondholders.

12.2 *Payment mechanics*

12.2.1 If no specific order is made by the Bond Trustee under Clause 12.1.1, the Issuer shall pay all amounts due to the Bondholders under this Bond Agreement or any other Finance Document by crediting the bank account nominated by each Bondholder in connection with its securities account in the Securities Depository.

12.2.2 Payment shall be deemed to have been made once the amount has been credited to the bank which holds the bank account nominated by the Bondholder in question, but if the paying bank and the receiving bank are the same, payment shall be deemed to have been made once the amount has been credited to the bank account nominated by the Bondholder in question, see however Clause 12.3.

12.2.3 In case of irregular payments, the Bond Trustee may instruct the Issuer or Bondholders of other payment mechanisms than described in Clause 12.2.1 or 12.2.2 above. The Bond Trustee may also obtain payment information regarding Bondholders' accounts from the Securities Depository or Account Managers.

12.2.4 Subject to Clause 12.3, payment by the Issuer in accordance with this Clause 12.2 shall constitute good discharge of its obligations under Clause 12.1.1.

12.3 *Currency*

12.3.1 If the Bonds are denominated in other currencies than NOK, each Bondholder has to provide the Paying Agent (either directly or through its Account Manager) with specific payment instructions, including foreign exchange bank account details. Depending on any currency exchange settlement agreements between each Bondholder's bank and the Paying Agent, cash settlement may be delayed, and payment shall be deemed to have been made at the date of the cash settlement, provided however, that no default interest or other penalty shall accrue for the account of the Issuer.

12.3.2 Except as otherwise expressly provided, all amounts payable under this Bond Agreement and any other Finance Document shall be payable in the same currency as the Bonds are denominated in. If, however, the Bondholder has not given instruction as set out in Clause 12.3 within five Business Days prior to a Payment Date, the cash settlement will be exchanged into NOK and credited to the NOK bank account registered with the Bondholder's account in the Securities Depository.

12.3.3 Amounts payable in respect of costs, expenses, taxes and other liabilities of a similar nature shall be payable in the currency in which they are incurred.

12.4 *Set-off and counterclaims*

The Issuer may not apply or perform any counterclaims or set-off against any payment obligations pursuant to this Bond Agreement or any other Finance Document.

12.5 *Interest in the event of late payment*

12.5.1 In the event that any amount due under this Bond Agreement or any Finance Document is not made on the relevant due date, the unpaid amount shall bear interest from the due date at an interest rate equivalent to the interest rate according to Clause 10 plus five per cent (5.00%) per annum.

12.5.2 The interest charged under this Clause 12.5 shall be added to the defaulted amount on each respective Interest Payment Date relating thereto until the defaulted amount has been repaid in full.

12.5.3 The unpaid amounts shall bear interest as stated above until payment is made, whether or not the Bonds are declared to be in default pursuant to Clause 16.1(a), cf. Clauses 16.2 - 16.4.

12.6 *Partial payments*

If the Bond Trustee or the Paying Agent receives a payment that is insufficient to discharge all the amounts then due and payable under the Finance Documents, that payment shall be applied in the following order:

- (a) first, in or towards payment of any unpaid fees, costs and expenses of the Bond Trustee under the Finance Documents;
- (b) secondly, in or towards payment of any accrued interest due but unpaid under the Bond Agreement, *pro rata* and without any preference or priority of any kind; and
- (c) thirdly, in or towards payment of any principal due but unpaid under the Bond Agreement, *pro rata* and without any preference or priority of any kind.

13 **Issuer's acquisition of Bonds**

The Issuer has the right to acquire and own Bonds (Issuer's Bonds). The Issuer's holding of Bonds may at the Issuer's discretion be retained by the Issuer, sold or discharged.

14 **Covenants**

14.1 *General*

14.1.1 The Issuer undertakes (unless the Bond Trustee or the Bondholders' Meeting (as the case may be) in writing has agreed to otherwise pursuant to the terms of this Bond Agreement) from the date of this Bond Agreement and until such time that no amounts are outstanding under this Bond Agreement or any other Finance Document, to the Bond Trustee, as further set out in this Clause 14.

14.1.2 The Bond Trustee acknowledges and agrees that the information covenants in Clause 14.2 may require that the Bond Trustee in certain cases would have to undertake confidentiality and other obligations in accordance with the Norwegian Securities Trading Act prior to receiving information which is or may become subject to delayed disclosure thereunder.

14.2 *Information Covenants*

14.2.1 The Issuer shall:

- (a) without being requested to do so, promptly inform the Bond Trustee in writing of any Event of Default, any event or circumstance which the Issuer understands or ought to understand may lead to an Event of Default and any other event which may have a Material Adverse Effect;
- (b) without being requested to do so, inform the Bond Trustee in writing if the Issuer agrees to sell or dispose of all or a substantial part of its assets or operations, or change the nature of its business;
- (c) without being requested to do so, prepare Financial Statements and make them available on its website in the English language (alternatively by arranging for publication at Stamdata) as soon as they become available, and not later than 150 days after the end of the financial year;
- (d) without being requested to do so, prepare Interim Accounts and make them available on its website in the English language (alternatively by arranging for publication on Stamdata) as soon as they become available, and not later than 60 days after the end of the relevant quarter;
- (e) at the request of the Bond Trustee, report the balance of the Issuer's Bonds;
- (f) without being requested to do so, send the Bond Trustee copies of any statutory notifications of the Issuer, including but not limited to in connection with mergers, de-mergers and reduction of the Issuer's share capital or equity;
- (g) if the Bonds are listed on an exchange, without being requested to do so, send a copy to the Bond Trustee of its notices to the Exchange relating to the Bonds or which are otherwise of relevance for the Issuer's liabilities pursuant to this Bond Agreement;
- (h) if the Issuer and/or the Bonds are rated, without being requested to do so, inform the Bond Trustee of its and/or the rating of the Bond Issue, and any changes to such rating;

- (i) without being requested to do so, inform the Bond Trustee of changes in the registration of the Bonds in the Securities Depository; and
- (j) within a reasonable time, provide such information about the Issuer's business, assets and financial condition as the Bond Trustee may reasonably request.

14.2.2 The Issuer shall in connection with the publication of its financial reports under Clause 14.2.1(c) and (d), confirm to the Bond Trustee in writing the Issuer's compliance with the covenants in this Clause 14, unless the Bond Trustee explicitly waives such requirement. Such confirmation shall be undertaken in a certificate, substantially in the form set out in Attachment 1 hereto, signed by the Chief Executive Officer or Chief Financial Officer of the Issuer (a "**Compliance Certificate**"). In the event of non-compliance, the Compliance Certificate shall describe the non-compliance, the reasons therefore as well as the steps which the Issuer has taken and will take in order to rectify the non-compliance.

14.3 *General Covenants*

(a) *Pari passu ranking*

The Issuer shall ensure that its obligations under this Bond Agreement and any other Finance Document shall at all time rank at least *pari passu* as set out in Clause 9.1.

(b) *Mergers*

The Issuer shall not, and shall ensure that no other Group Company shall, carry out any merger or other business combination or corporate reorganization involving the consolidation of the assets and obligations of the Issuer or any Group Company with any other company or entity not being a Group Company if such transaction would have a Material Adverse Effect. The Issuer shall notify the Bond Trustee of any such transaction, providing relevant details thereof, as well as, if applicable, its reasons for believing that the proposed transaction would not have a Material Adverse Effect.

(c) *De-mergers*

The Issuer shall not, and shall ensure that no other Group Company shall, carry out any de-merger or other corporate reorganisation involving splitting a Group Company into two or more separate companies or entities, if such transaction would have a Material Adverse Effect. The Issuer shall notify the Bond Trustee of any such transaction, providing relevant details thereof, as well as, if applicable, its reasons for believing that the proposed transaction would not have a Material Adverse Effect.

(d) *Continuation of business*

The Issuer shall not, and shall ensure that no Group Company shall, cease to carry on its business, if such transaction would have a Material Adverse Effect. The Issuer shall procure that no material change is made to the general nature or scope of the business of the Group from that carried on at the date of this Bond Agreement, or as contemplated by this Bond Agreement, if this would have a Material Adverse Effect.

(e) Disposal of business

The Issuer shall not, and shall ensure that no other Group Company shall, sell or otherwise dispose of all or a substantial part of its assets or operations, unless: (i) the transaction is carried out at fair market value, on terms and conditions customary for such transactions; and (ii) such transaction would not have a Material Adverse Effect.

(f) Intra-group transactions

All transactions between the Group Companies shall be on commercial terms, and shall comply with all applicable corporate law provisions, including, in respect of Norwegian entities, the Norwegian Public and/or Private Limited Companies Acts of 1997.

(g) Financial assistance

The Issuer shall not, and shall ensure that no Group Company shall, (i) grant any loans to or (ii) issue any guarantees or otherwise grant security in respect of liabilities or obligations of any third party not being a Group Company, save that, in respect of item (ii) above, the Issuer may provide customary guarantees and/or other security for the liability or obligation of a petroleum exploration and/or production joint venture in which the Issuer participates and customary guarantees or security for the liabilities or obligations of any seller in transactions related to the petroleum assets in which the Issuer is a buyer. The issue of guarantees or other security in respect of liabilities or obligations of any Group Company shall, for the avoidance of doubt, not be restricted hereunder.

(h) Arm's length transactions

The Issuer shall not, and the Issuer shall ensure that no other Group Company shall, enter into any transaction with any person except on arm's length terms and for fair market value.

(i) Corporate status

The Issuer shall not, and shall ensure that no Group Company, change its type of organization or jurisdiction of incorporation, if such change has a Material Adverse Effect.

(j) Compliance with laws

The Issuer shall, and shall ensure that all other Group Companies shall, carry on its business in accordance with acknowledged, careful and sound practices in all material aspects and comply in all material respects with all laws and regulations it or they may be subject to from time to time (including any environmental laws and regulations).

14.4 *Financial covenants**(a) Dividends*

The Issuer shall not during the term of the Bond Issue declare or make any dividend payment, repurchase of shares or make other similar transactions (included, but not limited to total return swaps related to shares in the issuer), repay any shareholder

loans or grant any loans or other distributions to its shareholders save that the Issuer may repurchase shares in connection with any option or similar incentive program of the Issuer in force at any time made for the benefit of its employees and/or management and/or directors.

(b) Debt limitations

To and including the Quarter Date on 31 March 2013, the Issuer shall ensure that no Group Company shall incur any further Financial Indebtedness or draw on undrawn capacity under any bank facilities, other than (i) Financial Indebtedness that is outstanding and/or drawn as of the Issue Date, (ii) the Bond Issue, (iii) amounts available under the Exploration Facility as of the Issue Date, (iv) refinancing of existing Financial Indebtedness up to its existing amounts and with at least as long maturity profile as the debt being refinanced and (v) Financial Indebtedness assumed in the ordinary course of business and not exceeding NOK 10 million in the aggregate.

(c) Book Equity Ratio

The Issuer shall ensure that the Group maintains a Book Equity Ratio of minimum 25.00%. The Book Equity Ratio shall be calculated on a consolidated basis for the Group on each Quarter Date and reported within each corresponding Reporting Date.

A default only exists if the Issuer is in breach with the Book Equity Ratio covenant on two consecutive Quarter Dates and the covenant breach is not remedied within the Reporting Date following the second of such Quarter Dates.

(d) Gearing Ratio

The Issuer shall ensure that the Group maintains a Gearing Ratio of maximum 5.00x.

The Gearing Ratio shall be calculated on a consolidated basis for the Group on each Quarter Date from and included 31 March 2013 and reported within each corresponding Reporting Date.

A default only exists if the Issuer is in breach with the Gearing Ratio covenant on two consecutive Quarter Dates and further provided that the covenant breach is not remedied within the Reporting Date following the second of such Quarter Dates.

15 Fees and expenses

- 15.1 The Issuer shall cover all costs and expenses incurred by it or the Bond Trustee in connection with this Bond Agreement and the fulfilment of its obligations under this Bond Agreement or any other Finance Document, including in connection with the negotiation, preparation, execution and enforcement of this Bond Agreement and the other Finance Documents and any registration or notifications relating thereto (including any stamp duty), the listing of the Bonds on an Exchange (if applicable), and the registration and administration of the Bonds in the Securities Depository. The Bond Trustee may withhold funds from any escrow account (or similar arrangement) or from other funds received from the Issuer or any other person to set-off and cover any such costs and expenses.

- 15.2 The fees, costs and expenses payable to the Bond Trustee shall be paid by the Issuer and are set out in a separate agreement between the Issuer and the Bond Trustee.
- 15.3 Fees, costs and expenses payable to the Bond Trustee which, due to the Issuer's insolvency or similar circumstances, are not reimbursed in any other way may be covered by making an equivalent reduction in the proceeds to the Bondholders hereunder of any costs and expenses incurred by the Bond Trustee in connection with the restructuring or default of the Bond Issue.
- 15.4 Any public fees levied on the trade of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise provided by law or regulation, and the Issuer is not responsible for reimbursing any such fees.
- 15.5 The Issuer is responsible for withholding any withholding tax imposed by applicable law on any payments to the Bondholders.
- 15.6 If the Issuer is required by law to withhold any withholding tax from any payment under any Finance Document:
- (a) the amount of the payment due from the Issuer shall be increased to such amount which is necessary to ensure that the Bondholders receive a net amount which is (after making the required withholding) equal to the payment which would have been due if no withholding had been required; and
 - (b) the Issuer shall at the request of the Bond Trustee deliver to the Bond Trustee evidence that the required tax reduction or withholding has been made.
- 15.7 If any withholding tax is imposed due to subsequent changes in applicable law after the date of this Bond Agreement, the Issuer shall have the right to call all but not some of the Bonds at Face Value plus accrued interest. Such call shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders at least thirty - 30 - Business Days prior to the settlement date of the call.

16 **Events of Default**

- 16.1 The Bond Trustee may declare the Bonds to be in default upon occurrence of any of the following events:
- (a) *Non-payment*
The Issuer fails to fulfil any payment obligation due under this Bond Agreement or any Finance Document when due, unless, in the opinion of the Bond Trustee, it is likely that such payment will be made in full within five Business Days following the original due date.
 - (b) *Breach of other obligations*
The Issuer does not comply with any provision pursuant to this Bond Agreement or any other Finance Document, unless, in the opinion of the Bond Trustee, such failure

is capable of being remedied and is remedied within fifteen Business Days after notice thereof is given to the Issuer by the Bond Trustee.

(c) *Cross default*

If for the Issuer or any Material Subsidiary:

- (i) any Financial Indebtedness is not paid when due nor within any originally applicable grace period (or if there is no applicable grace period, within five Business Days of its due date);
- (ii) any Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described);
- (iii) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described); or
- (iv) any creditor becomes entitled to declare any Financial Indebtedness due and payable prior to its specified maturity as a result of an event of default (however described),

always provided that a threshold in the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above of a total of NOK 10 million, or the equivalent thereof in other currencies, shall apply. For the avoidance of doubt, this paragraph (c) does not apply to any Financial Indebtedness of any Group Company to another Group Company.

(d) *Misrepresentations*

Any representation, warranty or statement (including statements in compliance certificates) made under this Bond Agreement or any other Finance Document or in connection therewith is or proves to have been incorrect, inaccurate or misleading in any material respect when made or deemed to have been made save if this is not likely to have a Material Adverse Effect.

(e) *Insolvency proceedings and dissolution*

If for the Issuer or any Material Subsidiary, any corporate action, legal proceedings or other procedure or step is taken in relation to:

- (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) other than solvent liquidation or reorganization;
- (ii) a composition, compromise, assignment or arrangement with any creditor, having an adverse effect on the Issuer's ability to perform its payment obligations hereunder;
- (iii) the appointment of a liquidator (other than in respect of a solvent liquidation), receiver, administrative receiver, administrator, compulsory manager or other similar officer of any of its assets; or

(iv) its dissolution,

or any analogous procedure or step is taken in any jurisdiction.

(f) *Creditors' process*

The Issuer or any Material Subsidiary has a substantial proportion of the assets (having an aggregate value exceeding NOK 10,000,000 (or the equivalent amount in any other currency or currencies)) impounded, confiscated, attached or subject to distraint, or is subject to enforcement of any Security over any of its assets, and such Security is not discharged within fifteen Business Days.

(g) *Impossibility or illegality*

It is or becomes impossible or unlawful for any Group Company to fulfil or perform any of the terms of any Finance Document to which it is a party, save if this is not likely to have a Material Adverse Effect.

(h) *Litigation*

There is current, pending or threatened any claims, litigations, arbitration or administrative proceedings against the Issuer or any Material Subsidiary which, in the reasonable opinion of the Bond Trustee after consultations with the Issuer, is likely to be adversely determined, and which, if adversely determined, in the reasonable opinion of the Bond Trustee, after consultation with the Issuer, is likely to have a Material Adverse Effect.

(i) *Material Adverse Change*

Any other event or circumstance occurs which, in the reasonable opinion of the Bond Trustee, after consultations with the Issuer, would have a Material Adverse Effect.

16.2 In the event that one or more of the circumstances mentioned in Clause 16.1 occurs and is continuing, the Bond Trustee can, in order to protect the interests of the Bondholders, declare the Outstanding Bonds including accrued interest, costs and expenses to be in default and due for immediate payment.

The Bond Trustee may at its discretion, take every measure necessary to recover the amounts due under the Outstanding Bonds, and all other amounts outstanding under this Bond Agreement and any other Finance Document.

16.3 In the event that one or more of the circumstances mentioned in Clause 16.1 occurs and is continuing, the Bond Trustee shall declare the Outstanding Bonds including accrued interest, costs and expenses to be in default and due for immediate payment if:

- (a) the Bond Trustee receives a demand in writing that a default shall be declared from Bondholders representing at least 1/5 of the Voting Bonds, and the Bondholders' Meeting has not decided on other solutions, or
- (b) the Bondholders' Meeting has with simple majority decided to declare the Outstanding Bonds in default and due for payment.

In either case the Bond Trustee shall take every measure necessary to recover the amounts due under the Outstanding Bonds.

- 16.4 In the event that the Bond Trustee pursuant to the terms of Clauses 16.2 or 16.3 declares the Outstanding Bonds to be in default and due for payment, the Bond Trustee shall immediately deliver to the Issuer a notice demanding payment of interest and principal due to the Bondholders under the Outstanding Bonds including accrued interest and interest on overdue amounts and expenses. The claim derived from the Outstanding Bonds due for payment as a result of an Event of Default shall be calculated at the prices set out in Clause 11.2.

17 **Bondholders' Meeting**

17.1 *Authority of the Bondholders' Meeting*

- 17.1.1 The Bondholders' Meeting represents the supreme authority of the Bondholders community in all matters relating to the Bonds, and has the power to make all decisions altering the terms and conditions of the Bonds, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes.
- 17.1.2 The Bondholders' Meeting cannot resolve that any overdue payment of any instalment shall be reduced unless there is a pro rata reduction of the principal that has not fallen due, but may resolve that accrued interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.
- 17.1.3 If a resolution by or an approval of the Bondholders is required, such resolution shall be passed at a Bondholders' Meeting, see however Clause 18.1. Resolutions passed at Bondholders' Meetings shall be binding upon all Bondholders and prevail for all the Bonds.

17.2 *Procedural rules for Bondholders' Meetings*

- 17.2.1 A Bondholders' Meeting shall be held at the written request of:

- (a) the Issuer;
- (b) Bondholders representing at least 1/10 of the Voting Bonds;
- (c) the Exchange, if the Bonds are listed; or
- (d) the Bond Trustee.

- 17.2.2 The Bondholders' Meeting shall be summoned by the Bond Trustee. A request for a Bondholders' Meeting shall be made in writing to the Bond Trustee, and shall clearly state the matters to be discussed.

- 17.2.3 If the Bond Trustee has not summoned a Bondholders' Meeting within ten Business Days after having received a valid request, then the requesting party may summons the Bondholders' Meeting itself.

- 17.2.4 The notice of a Bondholders' Meeting shall be dispatched no later than ten Business Days prior to the date of the Bondholders' Meeting. The notice and a confirmation of each Bondholder's holdings of Bonds shall be sent to all Bondholders registered in the Securities Depository at the time of distribution. The notice shall also be sent to the Exchange for publication if the Bonds are listed.
- 17.2.5 The summons shall specify the agenda of the Bondholders' Meeting. The Bond Trustee may in the summons also set out other matters on the agenda than those requested. If amendments to this Bond Agreement have been proposed, the main content of the proposal shall be stated in the summons.
- 17.2.6 The Bond Trustee may restrict the Issuer from making any changes in the number of Voting Bonds in the period from distribution of the summons until the Bondholders' Meeting, by serving notice to it to such effect.
- 17.2.7 Matters that have not been reported to the Bondholders in accordance with the procedural rules for summoning of a Bondholders' Meeting may only be adopted with the approval of all Voting Bonds.
- 17.2.8 The Bondholders' Meeting shall be held on premises designated by the Bond Trustee. The Bondholders' Meeting shall be opened and shall, unless otherwise decided by the Bondholders' Meeting, be chaired by the Bond Trustee. If the Bond Trustee is not present, the Bondholders' Meeting shall be opened by a Bondholder, and be chaired by a representative elected by the Bondholders' Meeting.
- 17.2.9 Minutes of the Bondholders' Meeting shall be kept. The minutes shall state the numbers of Bondholders and Bonds represented at the Bondholders' Meeting, the resolutions passed at the meeting, and the result of the voting. The minutes shall be signed by the chairman and at least one other person elected by the Bondholders' Meeting. The minutes shall be deposited with the Bond Trustee and shall be available to the Bondholders.
- 17.2.10 The Bondholders, the Bond Trustee and – provided the Bonds are listed – representatives of the Exchange, have the right to attend the Bondholders' Meeting. The chairman may grant access to the meeting to other parties, unless the Bondholders' Meeting decides otherwise. Bondholders may attend by a representative holding proxy. Bondholders have the right to be assisted by an advisor. In case of dispute the chairman shall decide who may attend the Bondholders' Meeting and vote for the Bonds.
- 17.2.11 Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders' Meeting may resolve that the Issuer's representatives may not participate in particular matters. The Issuer has the right to be present under the voting.
- 17.3 *Resolutions passed at Bondholders' Meetings*
- 17.3.1 At the Bondholders' Meeting each Bondholder may cast one vote for each Voting Bond owned at close of business on the day prior to the date of the Bondholders' Meeting in accordance with the records registered in the Securities Depository. The Bond Trustee may, at its sole discretion, accept other evidence of ownership.

Whoever opens the Bondholders' Meeting shall adjudicate any question concerning which Bonds shall count as the Issuer's Bonds. The Issuer's Bonds shall not have any voting rights.

For this purpose, a Bondholder that has a Bond that is nominee registered shall be deemed as the Bondholder of such Bond (instead of the nominee) provided that the Bondholder presents relevant evidence stating that the relevant Bondholder is the Bondholder of the Bond and the amount of Bonds held by such Bondholder.

- 17.3.2 In all matters, the Issuer, the Bond Trustee and any Bondholder have the right to demand vote by ballot. In case of parity of votes, the chairman shall have the deciding vote, regardless of the chairman being a Bondholder or not.
- 17.3.3 In order to form a quorum, at least half (1/2) of the Voting Bonds must be represented at the meeting, see however Clause 17.4. Even if less than half (1/2) of the Voting Bonds are represented, the Bondholders' Meeting shall be held and voting completed.
- 17.3.4 Resolutions shall be passed by simple majority of the Voting Bonds represented at the Bondholders' Meeting, unless otherwise set out in Clause 17.3.5.
- 17.3.5 In the following matters, a majority of at least 2/3 of the Voting Bonds represented at the Bondholders' Meeting is required:
- (a) amendment of the terms of this Bond Agreement regarding the interest rate, the tenor, redemption price and other terms and conditions affecting the cash flow of the Bonds;
 - (b) transfer of rights and obligations of this Bond Agreement to another issuer, or
 - (c) change of Bond Trustee.
- 17.3.6 The Bondholders' Meeting may not adopt resolutions which may give certain Bondholders or others an unreasonable advantage at the expense of other Bondholders.
- 17.3.7 The Bond Trustee shall ensure that resolutions passed at the Bondholders' Meeting are properly implemented, however, the Bond Trustee may refuse to carry out resolutions being in conflict with this Bond Agreement (or any other Finance Document) or any applicable law.
- 17.3.8 The Issuer, the Bondholders and the Exchange shall be notified of resolutions passed at the Bondholders' Meeting.
- 17.4 *Repeated Bondholders' Meeting*
- 17.4.1 If the Bondholders' Meeting does not form a quorum pursuant to Clause 17.3.3, a repeated Bondholders' Meeting may be summoned to vote on the same matters. The attendance and the voting result of the first Bondholders' Meeting shall be specified in the summons for the repeated Bondholders' Meeting.

17.4.2 A valid resolution may be passed at a repeated Bondholders' Meeting even though less than half (1/2) of the Voting Bonds are represented.

18 **The Bond Trustee**

18.1 *The role and authority of the Bond Trustee*

18.1.1 The Bond Trustee shall monitor the compliance by the Issuer of its obligations under this Bond Agreement and applicable laws and regulations which are relevant to the terms of this Bond Agreement, including supervision of timely and correct payment of principal or interest, (however, this shall not restrict the Bond Trustee from discussing matters of confidentiality with the Issuer), arrange Bondholders' Meetings, and make the decisions and implement the measures resolved pursuant to this Bond Agreement. The Bond Trustee is not obligated to assess the Issuer's financial situation beyond what is directly set out in this Bond Agreement.

18.1.2 The Bond Trustee may take any step it in its sole discretion considers necessary or advisable to ensure the rights of the Bondholders in all matters pursuant to the terms of this Bond Agreement and is entitled to rely on advice from professional advisors. The Bond Trustee may in its sole discretion postpone taking action until such matter has been put forward to the Bondholders' Meeting. The Bond Trustee is not obliged to take any steps to ascertain whether any Event of Default has occurred and until it has actual knowledge or express notice to the contrary the Bond Trustee is entitled to assume that no Event of Default has occurred.

18.1.3 The Bond Trustee may make decisions binding for all Bondholders concerning this Bond Agreement, including amendments to this Bond Agreement and waivers or modifications of certain provisions, which in the opinion of the Bond Trustee, do not materially and adversely affect the rights or interests of the Bondholders pursuant to this Bond Agreement.

18.1.4 The Bond Trustee may reach decisions binding for all Bondholders in circumstances other than those mentioned in Clause 18.1.3 provided that prior notification has been made to the Bondholders. Such notice shall contain a proposal of the amendment and the Bond Trustee's evaluation. Further, such notification shall state that the Bond Trustee may not reach a decision binding for all Bondholders in the event that any Bondholder submits a written protest against the proposal within a deadline set by the Bond Trustee. Such deadline may not be less than five Business Days following the dispatch of such notification.

18.1.5 The Bond Trustee may reach other decisions than set out in Clauses 18.1.3 or 18.1.4 to amend or rectify decisions which due to spelling errors, calculation mistakes, misunderstandings or other obvious errors do not have the intended meaning.

18.1.6 The Bond Trustee may not adopt resolutions which may give certain Bondholders or others an unreasonable advantage at the expense of other Bondholders.

18.1.7 The Issuer, the Bondholders and the Exchange shall be notified of decisions made by the Bond Trustee pursuant to Clause 18.1 unless such notice obviously is unnecessary.

- 18.1.8 The Bondholders' Meeting can decide to replace the Bond Trustee without the Issuer's approval, as provided for in Clause 17.3.5.
- 18.1.9 The Bond Trustee may act as bond trustee and/or security agent for several bond issues relating to the Issuer notwithstanding potential conflicts of interest. The Bond Trustee may delegate exercise of its powers to other professional parties.
- 18.1.10 The Bond Trustee may instruct the Paying Agent to split the Bonds to a lower denomination in order to facilitate partial redemptions or restructuring of the Bonds or other situations.

18.2 *Liability and indemnity*

- 18.2.1 The Bond Trustee is liable only for direct losses incurred by Bondholders or the Issuer as a result of gross negligence or wilful misconduct by the Bond Trustee in performing its functions and duties as set out in this Bond Agreement. Such liability is limited to the maximum amount set out in Clause 2.2. The Bond Trustee is not liable for the content of information provided to the Bondholders on behalf of the Issuer.
- 18.2.2 The Issuer is liable for, and shall indemnify the Bond Trustee fully in respect of, all losses, expenses and liabilities incurred by the Bond Trustee as a result of negligence by the Issuer (including its directors, management, officers, employees, agents and representatives) to fulfil its obligations under the terms of this Bond Agreement and any other Finance Document, including losses incurred by the Bond Trustee as a result of the Bond Trustee's actions based on misrepresentations made by the Issuer in connection with the establishment and performance of this Bond Agreement and any other Finance Document.
- 18.2.3 The Bond Trustee can as a condition for carrying out an instruction from the Bondholders (including, but not limited to, instructions set out in Clause 16.3(a) or 17.2.1 (b), require satisfactory security and indemnities for any possible liability and anticipated costs and expenses, from those Bondholders who requested that instruction and/or those who voted in favour of the decision to instruct the Bond Trustee. Any instructions from the Bondholders may be put forward to the Bondholders' Meeting by the Bond Trustee before the Bond Trustee takes any action.

18.3 *Change of Bond Trustee*

- 18.3.1 Change of Bond Trustee shall be carried out pursuant to the procedures set out in Clause 17. The Bond Trustee shall continue to carry out its duties as bond trustee until such time that a new Bond Trustee is elected.
- 18.3.2 The fees and expenses of a new bond trustee shall be covered by the Issuer pursuant to the terms set out in Clause 15, but may be recovered wholly or partially from the Bond Trustee if the change is due to a breach by the Bond Trustee of its duties pursuant to the terms of this Bond Agreement or other circumstances for which the Bond Trustee is liable.
- 18.3.3 The Bond Trustee undertakes to co-operate so that the new bond trustee receives without undue delay following the Bondholders' Meeting the documentation and

information necessary to perform the functions as set out under the terms of this Bond Agreement.

19 Miscellaneous

19.1 *The community of Bondholders*

By virtue of holding Bonds, which are governed by this Bond Agreement (which pursuant to Clause 2.1.1 is binding upon all Bondholders), a community exists between the Bondholders, implying, inter alia, that:

- (a) the Bondholders are bound by the terms of this Bond Agreement;
- (b) the Bond Trustee has power and authority to act on behalf of, and/or represent; the Bondholders, in all matters, included but not limited to taking any legal or other action, including enforcement of the Bond Issue, opening of bankruptcy or other insolvency proceedings;
- (c) the Bond Trustee has, in order to manage the terms of this Bond Agreement, access to the Securities Depository to review ownership of Bonds registered in the Securities Depository; and
- (d) this Bond Agreement establishes a community between Bondholders meaning that:
 - (i) the Bonds rank *pari passu* between each other;
 - (ii) the Bondholders may not, based on this Bond Agreement, act directly towards the Issuer and may not themselves institute legal proceedings against the Issuer, however not restricting the Bondholders to exercise their individual rights derived from this Bond Agreement;
 - (iii) the Issuer may not, based on this Bond Agreement, act directly towards the Bondholders;
 - (iv) the Bondholders may not cancel the Bondholders' community; and
 - (v) the individual Bondholder may not resign from the Bondholders' community.

19.2 *Defeasance*

19.2.1 The Issuer may, at its option and at any time, elect to have certain obligations discharged (see Clause 19.2.2) upon complying with the following conditions ("**Security and Covenant Defeasance**"):

- (a) the Issuer shall have irrevocably pledged to the Bond Trustee for the benefit of the Bondholders cash or government bonds accepted by the Bond Trustee (the "**Defeasance Pledge**") in such amounts as will be sufficient for the payment of principal (including if applicable premium payable upon exercise of a Call Option) and interest on the Outstanding Bonds to Maturity Date (or redemption upon a exercise of a notified Call Option) or any other amount agreed between the Parties;

- (b) no Event of Default shall have occurred and be continuing on the date of establishment of the Defeasance Pledge, or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time during any hardening period applicable to the Defeasance Pledge (or the relevant period for non-Norwegian companies) or any other date agreed between the Parties;
- (c) if the Bonds are secured, the Defeasance Pledge shall be considered as a replacement of the Security established prior to the Defeasance Pledge;
- (d) the Issuer shall have delivered to the Bond Trustee a certificate signed by its Chief Executive Officer that the Defeasance Pledge was not made by the Issuer with the intent of preferring the Bondholders over any other creditors of the Issuer or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuer or others; and
- (e) the Issuer shall have delivered to the Bond Trustee any certificate or legal opinion reasonably required by the Bond Trustee regarding the Security and Covenant Defeasance or Defeasance Pledge, including any certificate or legal opinion on (i) the compliance of the conditions of the Security and Covenant Defeasance, (ii) that the Defeasance Pledge constitutes a valid, perfected and enforceable Security in favour of the Bond Trustee for the benefit of the Bondholders which will not be subject to any rights of creditors of the Issuer or any bankruptcy, insolvency, reorganization or similar laws affecting creditors rights generally under the laws of the jurisdiction where the Defeasance Pledge was established and the corporate domicile of the Issuer, (iii) any relevant tax issues concerning the Bondholders, (iv) any valuation of any assets or (vii) any other certificate or opinion regarding the Security and Covenant Defeasance or the Defeasance Pledge.

19.2.2 Upon the exercise by the Issuer of its option under Clause 19.2.1:

- (a) the Issuer shall be released from its obligations under all provisions in Clause 14, except Clauses 14.2.1(a), (e), (h), (i) and (j), or as otherwise agreed;
- (b) the Issuer shall not (and shall ensure that all Group Companies shall not) take any actions that may cause the value of the Security created by this Security and Covenant Defeasance to be reduced, and shall at the request of the Bond Trustee execute, or cause to be executed, such further documentation and perform such other acts as the Bond Trustee may reasonably require in order for the Security to remain valid, enforceable and perfected by the Bond Trustee for the account of the Bondholders;
- (c) any Guarantor(s) shall be discharged from their obligations under the Guarantee(s), and the Guarantee(s) shall cease to have any legal effect, or as otherwise agreed;
- (d) any Security other than the Defeasance Pledge shall be discharged, and the Bond Trustee shall take all steps reasonably possible for it to cause such

discharge to be effected, by way of deletion of the relevant Security Document from the relevant register, notice to third parties or as otherwise required, or as otherwise agreed; and

- (e) all other provisions of this Bond Agreement (except (a) – (c) above) shall remain fully in force without any modifications, or as otherwise agreed.

19.2.3 All amounts owed by the Issuer hereunder covered by the Defeasance Pledge shall be applied by the Bond Trustee, in accordance with the provisions of this Bond Agreement, against payment to the Bondholders of all sums due to them under this Bond Agreement on the due date thereof.

Any excess funds not required for the payment of principal, premium and interest to the Bondholders (including any expenses, fees etc. due to the Bond Trustee hereunder) shall be returned to the Issuer.

19.3 *Limitation of claims*

All claims under the Bonds and this Bond Agreement for payment, including interest and principal, shall be subject to the time-bar provisions of the Norwegian Limitation Act of May 18, 1979 No. 18.

19.4 *Access to information*

19.4.1 This Bond Agreement is available to anyone and copies may be obtained from the Bond Trustee or the Issuer. The Bond Trustee shall not have any obligation to distribute any other information to the Bondholders or others than explicitly stated in this Bond Agreement. The Issuer shall ensure that a copy of this Bond Agreement is available to the general public until all the Bonds have been fully discharged.

19.4.2 The Bond Trustee shall, in order to carry out its functions and obligations under this Bond Agreement, have access to the Securities Depository for the purposes of reviewing ownership of the Bonds registered in the Securities Depository.

19.5 *Amendments*

All amendments of this Bond Agreement shall be made in writing, and shall unless otherwise provided for by this Bond Agreement, only be made with the approval of all parties hereto.

19.6 *Notices, contact information*

19.6.1 Written notices, warnings, summons etc to the Bondholders made by the Bond Trustee shall be sent via the Securities Depository with a copy to the Issuer and the Exchange. Information to the Bondholders may also be published at Stamdata only. Any such notice or communication shall be deemed to be given or made as follows:

- (a) if by letter via the Securities Depository, when sent from the Securities Depository; and
- (b) if by publication on Stamdata, when publicly available.

- 19.6.2 The Issuer's written notifications to the Bondholders shall be sent via the Bond Trustee, alternatively through the Securities Depository with a copy to the Bond Trustee and the Exchange.
- 19.6.3 Unless otherwise specifically provided, all notices or other communications under or in connection with this Bond Agreement between the Bond Trustee and the Issuer shall be given or made in writing, by letter, e-mail or fax. Any such notice or communication shall be deemed to be given or made as follows:
- (a) if by letter, when delivered at the address of the relevant Party;
 - (b) if by e-mail, when received; and
 - (c) if by fax, when received.
- 19.6.4 The Issuer and the Bond Trustee shall ensure that the other party is kept informed of changes in postal address, e-mail address, telephone and fax numbers and contact persons.
- 19.6.5 When determining deadlines set out in this Bond Agreement, the following shall apply (unless otherwise stated):
- (a) If the deadline is set out in days, the first day when the deadline is in force shall not be inclusive, however, the meeting day or the occurrence the deadline relates to, shall be included.
 - (b) If the deadline is set out in weeks, months or years, the deadline shall end on the day in the last week or the last month which, according to its name or number, corresponds to the first day the deadline is in force. If such day is not a part of an actual month, the deadline shall be the last day of such month.
 - (c) If a deadline ends on a day which is not a Business Day, the deadline is postponed to the next Business Date.

19.7 *Dispute resolution and legal venue*

- 19.7.1 This Bond Agreement and all disputes arising out of, or in connection with this Bond Agreement between the Bond Trustee, the Bondholders and the Issuer, shall be governed by Norwegian law.
- 19.7.2 All disputes arising out of, or in connection with this Bond Agreement between the Bond Trustee, the Bondholders and the Issuer, shall, subject to paragraph c) below, be exclusively resolved by the courts of Norway, with the District Court of Oslo as sole legal venue.
- 19.7.3 Clause 19.7.2 is for the benefit of the Bond Trustee only. As a result, the Bond Trustee shall not be prevented from taking proceedings relating to a dispute in any other courts with jurisdiction. To the extent allowed by law, the Bond Trustee may take concurrent proceedings in any number of jurisdictions.

This Bond Agreement has been executed in two originals, of which the Issuer and the Bond Trustee retain one each.

Issuer

Bond Trustee

.....
By:

Position:

.....
By:

Position:

Attachment 1

FORM OF COMPLIANCE CERTIFICATE

Norsk Tillitsmann ASA
P.O. Box 1470 Vika
N-0116 Oslo
Norway

Fax: + 47 22 87 94 10

E-mail: mail@trustee.no

[date]

Dear Sirs,

10.50 per cent Norwegian Energy Company ASA Senior Unsecured Callable Bond Issue 2013/2016 - ISIN 001 0672314

We refer to the Bond Agreement for the abovementioned Bond Issue made between Norsk Tillitsmann ASA as Bond Trustee on behalf of the Bondholders, and the undersigned as Issuer under which a Compliance Certificate shall be issued. This letter constitutes the Compliance Certificate for the period [PERIOD].

Capitalised terms used herein shall have the same meaning as in this Bond Agreement.

With reference to Clause 14.2.2 we hereby certify that:

1. all information contained herein is true and accurate and there has been no change which would have a Material Adverse Effect on the financial condition of the Issuer since the date of the last accounts or the last Compliance Certificate submitted to you.
2. the covenants set out in Clause 14 are satisfied;
3. in accordance with Clause 14.4 (c) the Book Equity Ratio as of [date] is XX.
4. in accordance with Clause 14.4 (d) the Gearing Ratio as of [date] is XX.

Copies of our latest consolidated [Financial Statements] / [Interim Accounts] are enclosed.

Yours faithfully,

Norwegian Energy Company ASA

Name of authorized person

Enclosure: [copy of any written documentation]

Attachment 2**FORM OF RELEASE NOTICE**

Norsk Tillitsmann ASA
 P.O. Box 1470 Vika
 N-0116 Oslo
 Norway

Fax: + 47 22 87 94 10

E-mail: mail@trustee.no

[date]

Dear Sirs,

RELEASE NOTICE – CASH ESCROW ACCOUNT - 10.50 per cent Norwegian Energy Company ASA Senior Unsecured Callable Bond Issue 2013/2016 - ISIN 001 0672314

We refer to the Bond Agreement for the abovementioned Bond Issue made between Norsk Tillitsmann ASA as Bond Trustee on behalf of the Bondholders, and the undersigned as Issuer.

Capitalised terms used herein shall be interpreted as defined in this Bond Agreement.

[Alt1:]

[We hereby give you notice that we on *[date]* wish to draw an amount of NOK *[amount]* from the Cash Escrow Account to be applied for the repurchase of Existing Bonds, and request that you co-sign the instruction on the bank as attached to this notice as Attachment 2a.

The funds will be used to repurchase such Existing Bonds, in such numbers and amounts as shown in the matrix below:

ISIN No Existing Bond:	Number of bonds of [NOK] []	Total amount:

[Alt2:]

[We hereby give you notice that we on *[date]* wish to draw an amount of NOK *[amount]* from the Cash Escrow Account to be released as a consequence of deposits of previously purchased Existing Bonds which have been transferred to the VPS Escrow Account, and request that you co-sign the instruction to the bank to release the above mentioned amount as attached to this notice as Attachment 2a.

The funds have been used to repurchase such Existing Bonds, in such numbers and amounts as shown in the matrix below:

ISIN Existing Bond:	Number of bonds of [NOK] []	Total amount:

Yours faithfully,

Norwegian Energy Company ASA

Name of authorized person

Attachment 2a

FORM OF INSTRUCTION TO BANK – RELEASE TO ISSUER OR PAYING AGENT

To: [Name of bank]

[], _____ 2013

Dear Sirs,

NOTICE OF RELEASE FROM BLOCKED ACCOUNT

We refer to a notice from ourselves dated [] 2013 regarding blocking of account no [] (the "Account") with yourselves.

The undersigned, Norwegian Energy Company ASA, hereby requests, the transfer of:

Amount: []

To account: [] in [bank]

We asked that the transfer is made with interest date on [date].

Yours faithfully,

Norwegian Energy Company ASA

Name:

Norsk Tillitsmann ASA hereby confirms its approval of the transfer from the Account as requested above.

For and on behalf of

Norsk Tillitsmann ASA

Name:

**Registered Office**

Norwegian Energy Company ASA
Verksgata 1A
P.O. Box 550 Sentrum
N-4003 Stavanger, Norway

Joint Lead Arrangers and Joint Bookrunners

DNB Markets	Swedbank First Securities
Dronning Eufemias gate 30	Filipstad Brygge 1
NO-0191 Oslo, Norway	M-0115 Oslo, Norway

Legal Advisor to the Company

Advokatfirmaet Schjødt AS
Ruseløkkveien 14
P.O. Box 2444 Solli
N-0201 Oslo, Norway

Auditor

KPMG AS
Sørkedalsveien 6
P.O. Box 7000 Majorstuen
N-0306 Oslo, Norway

Registrar

DNB Bank ASA
Registrars Department
Dronning Eufemias gt 30,
N-0191 Oslo, Norway