OKEA ASA

Corporate Presentation

November 2019

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Agenda

OKEA – a leading independent E&P company on the NCS

OKEA at a glance

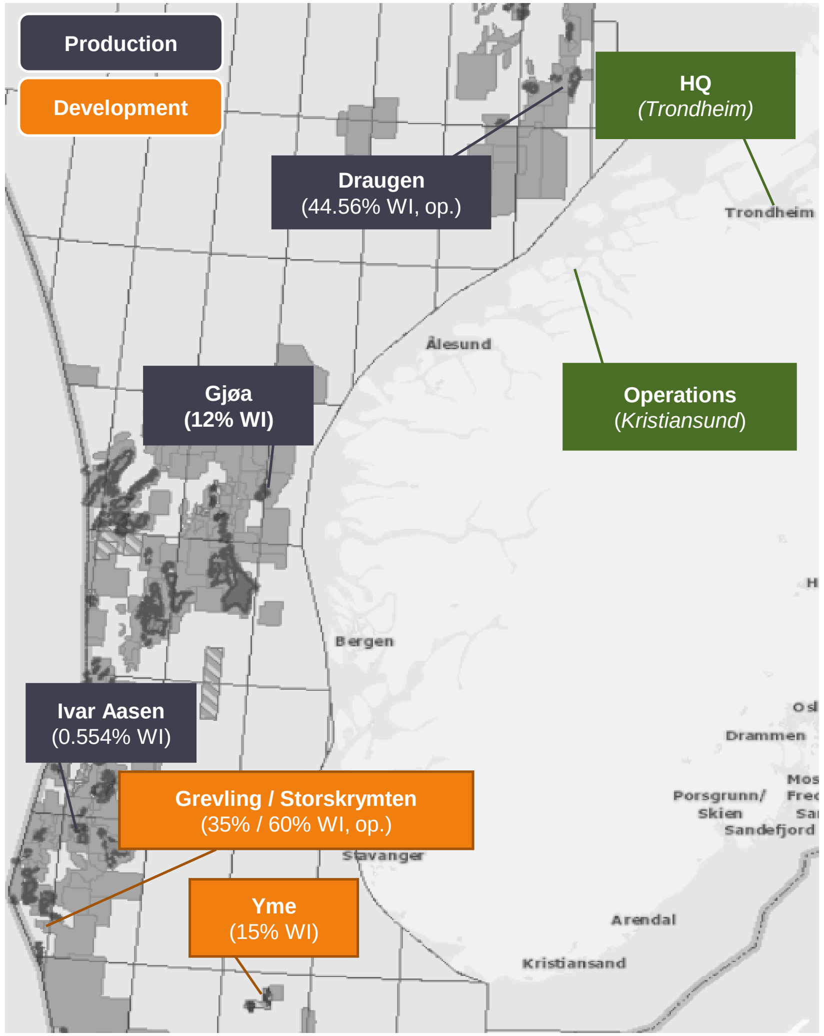
- Founded in 2015 by a management team with a strong track record in creating value from both organic growth and M&A on the NCS
- NOK 4.5bn transaction with Shell in 2018 transformed OKEA into a material player and tier 1 operator on the NCS
- 207 permanent employees across a full cycle E&P operator organisation acquired from Shell (87 offshore, 120 onshore)
- Corporate headquarters in Trondheim and operations centre in Kristiansund, with smaller offices in Oslo and Stavanger
- Diversified portfolio of production, development and pre-development assets
- Strategy targets further growth through M&A and low cost field developments
- Completed IPO on the Oslo Stock Exchange in June 2019
- Further de-risking events during next 18 months with Yme and Gjøa P1 due on stream and continued maturation of Draugen initiatives

NCS ONLY

19,200 boepd
PRODUCTION[1]

USD 11.1/boe
OPEX[1]

88 mmboe
2P+2C



(1) 2019 year to date (Q1-Q3), offtake cost and insurance not included. Converted at the official Norges Bank USD-NOK exchange rate

Experienced senior management team with proven NCS track record

Erik Haugane

CEO

Erik Haugane was the founder of Pertra (2001) and co-founder of Det norske oljeselskap (2005). He also has several years in PGS and NOPEC, among other a period in Singapore. He is a recipient of Norwegian Petroleum Society's honorary award. He holds a Cand. Real. degree in Exogene Geology from the University of Tromsø.

Anton Tronstad

SVP Projects and Technology

Anton Tronstad has thirty years' experience at Kværner and Statoil. SVP Drilling at Pertra. He was the co-founder and SVP of Drilling at Det norske oljeselskap. He holds a Master of science in Mechanical Engineering.

Birte Norheim

CFO[1]

Birte Norheim was recently appointed CFO and will join OKEA during H1 2020. She holds a Master of Applied Finance from Queensland University of Technology. Former CFO of Nordic Mining, CEO of Njord Gas Infrastructure AS and Vice President Finance for Sevan Marine.

Kjersti Hovdal

SVP Controlling & Accounting

Kjersti Hovdal has experience from Aker BP (formerly Det norske oljeselskap/Pertra) as Finance Manager, Business Controlling Manager and Manager of Finance improvement projects, auditor in EY and Arthur Andersen. She holds a Bachelor's degree in Accounting and Auditing.

Andrew McCann

SVP Subsurface

Andrew McCann has over twenty years' experience from Equinor (formerly Statoil) in technical and leadership positions in Norway and Brazil and as country manager for Libya. He holds a PhD in Geology from the University of Cambridge, UK.

Tor Bjerkestrand

SVP Operations

Tor Bjerkestrand has thirty years' experience at Aker Engineering, Phillips Petroleum, Kværner Oil & Gas, Petroleum Development Oman and Shell. Experienced Manager with a demonstrated history of working in the oil & gas industry both nationally and internationally. Holds a Master of Science in Engineering.

Espen Myhra

SVP Business Development

Espen Myhra has close to 20 years' experience within the oil and gas sector. Before joining OKEA in 2015 Espen held the position as Deputy Director General and Head of the Exploration Section in the Norwegian Ministry of Petroleum and Energy.

Dag Eggan

SVP Business Performance

Dag Eggan was co-founder and partner of PIER Offshore Management Services. He has experience from several senior management positions, including Quality Risk Manager in the Mobile Newbuilds (MNB) Group in Statoil ASA and VP QSHE in Ocean Rig, Sevan Drilling and Skeie Drilling & Production AS.

(1): Appointed on 31 October 2019, will join OKEA during H1 2020

Tier 1 operating organisation acquired from a supermajor

Fully fledged, full-cycle operator organisation

Operations

145
employees

Asset Management
Production Operation
Maintenance & Modifications
Subsea & Logistics
Offshore Operations Management

Projects & Technology

16
employees

14
consultants

Drilling
Technical Services
Development Projects

Subsurface

10
employees

12
consultants

Geosciences
Reservoir & Production Technology

Admin and support

36
employees

Management
HSE
Finance
Business support

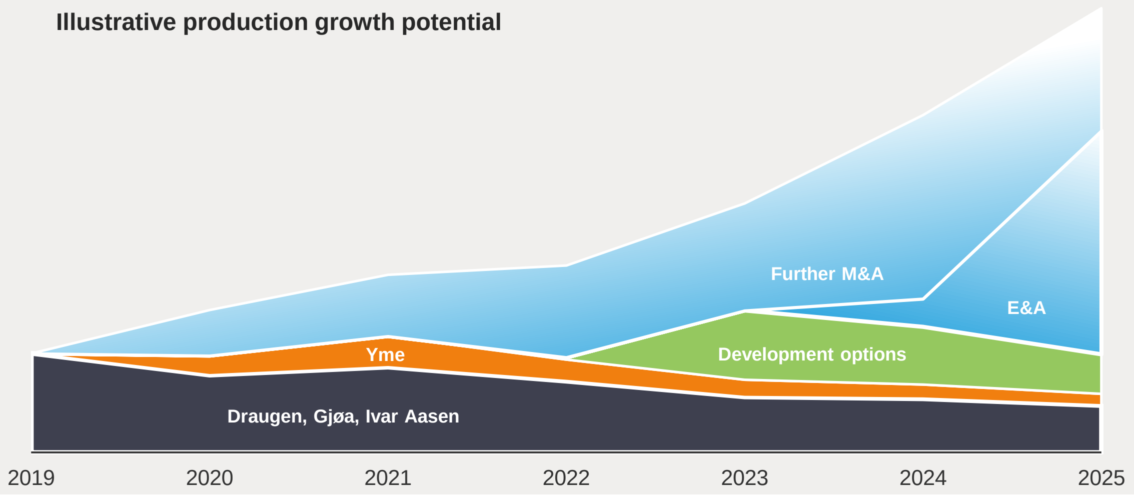
Proven capabilities and excellent track record

Supermajor capabilities with independent mindset	• **Long standing organisation from Shell with employees across all key functions integrated into OKEA**
+25 year performance track record	• **Average 90.8% reliability on Draugen last 3 years, and 94% year-to-date 2019**
High performing workforce with significant experience	• **Winner of Shell CEO's HSSE & SP Award for 2017 and used as a global benchmark within Shell**
Unique knowledge of Draugen upside potential	• **Fully utilised under OKEA operatorship**
Enabler for future M&A – capacity for more activity	• **Acquisitions of operated fields can be taken on with minimal additional staffing**

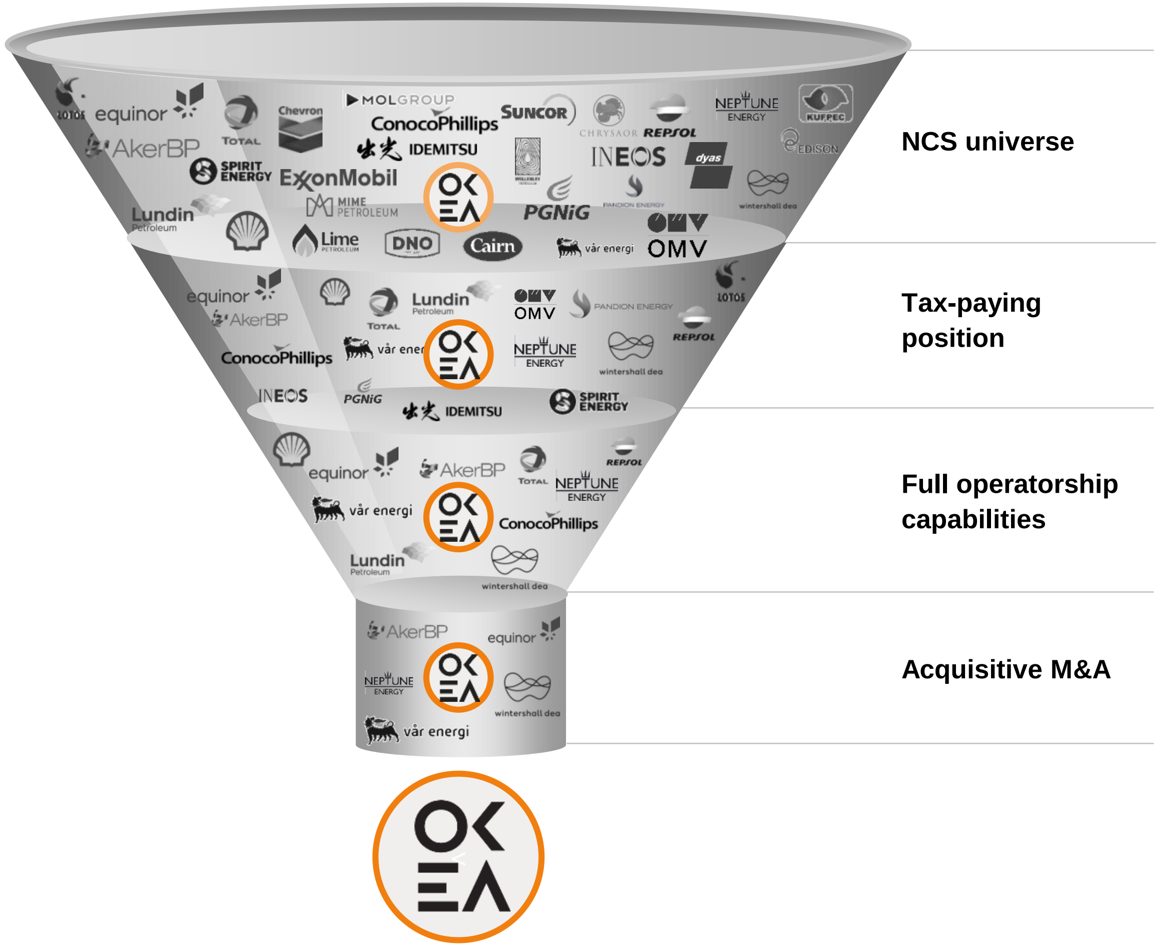
OKEA targets further growth through both organic means and M&A

Utilising current platform of assets and organisation…

- Differentiated position as a medium sized independent with operated production and development assets in Norway
- Supermajor quality operator organisation creates significant synergies in taking on new operated projects in production and development
- Strong cash generation from production and strong support from shareholders further strengthens ability to proactively grow the portfolio
- OKEA is uniquely positioned to play a leading role in the sub-100 mmboe segment leveraging a highly capable operator organisation
- Actively targeting value enhancing M&A, across production and developments



…to create a leading NCS independent through organic growth and M&A



OKEA is committed to operating safely and responsibly

Environmental

Committed to supply the essential energy of oil and gas in an energy efficient manner and smallest possible environmental footprint

Gjøa – Industry leading efficiency asset

- Gas supplier to UK – substituting coal
- Electrified with power from shore

Ivar Aasen – Power from shore sanctioned

- Sanctioned investment to electrify in 2022 with renewable power from shore

Draugen – Actively targeting to minimise emissions

- Draugen late life production requires more energy per produced unit, however preserves the utilisation of several billion USD investments already made
- Gas import to Draugen to substitute liquid fuel in energy production will start in 2020
- Environmental strategy & management plan implemented
- Continuously improve our environmental footprint through newly established projects initiated by OKEA

Extending lifetime of field and infrastructure

- Committed to re-developing and extending existing assets and infrastructure to ensure optimal usage of already discovered fields, creating more efficient exploitation of energy resources where large investments have already been made and reducing the environmental footprint

Social

Safe operations – No harm, no leaks

- Focused on the objective of an accident free work environment based on the conviction that all accidents are preventable, through proactive identification, implementation and maintenance of key barriers and to continuously manage risk and eliminate loss
- Risk based management approach in all our planning, execution and monitoring activities
- Our employees and contractors are the key assets for our success as a company and we shall consequently stimulate and motivate employee participation, innovation and experience transfer
- Continuous digital monitoring of HSE performance
- Zero actual or potential Serious Incidents on Draugen since transfer of operatorship to OKEA

Governance

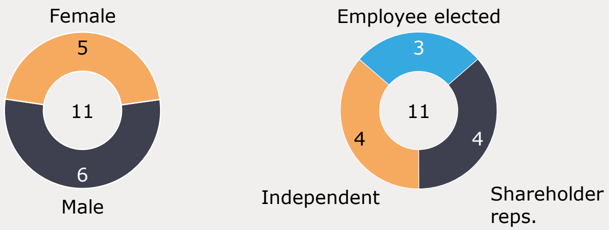
Strong focus on operating in the interest of all stakeholders in the company

- Determined to protect shareholders rights and fair treatment adhering to high standards of governance, business conduct and corporate social responsibility
- Ensure compliance with all applicable laws and best industry practice and that all activities are conducted competently
- Focus on ethics and anti-corruption through transparent reporting on every aspect of the company

Diversified board of directors with strong employee representation

- OKEAs board of directors consists of 11 board member; five women and six men. Four independent directors, three employee elected

Board composition

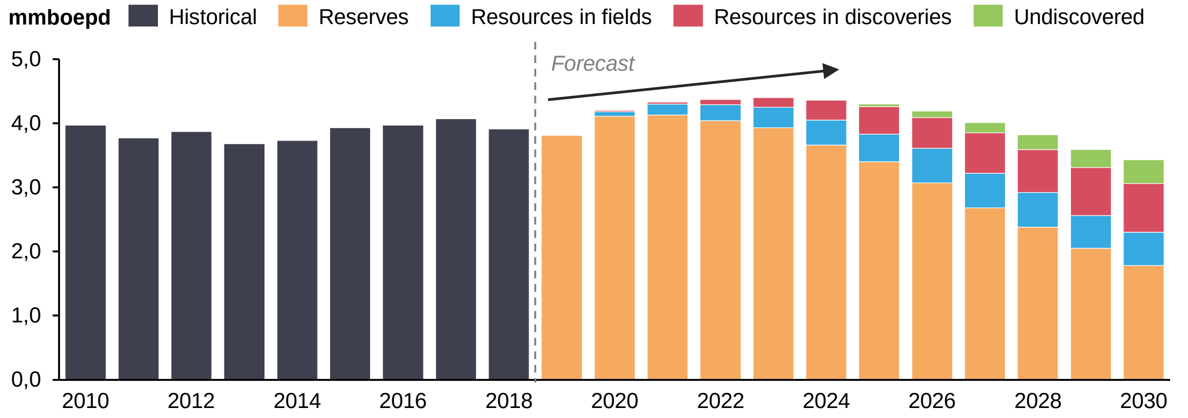


Attractive and stable operating environment on the NCS

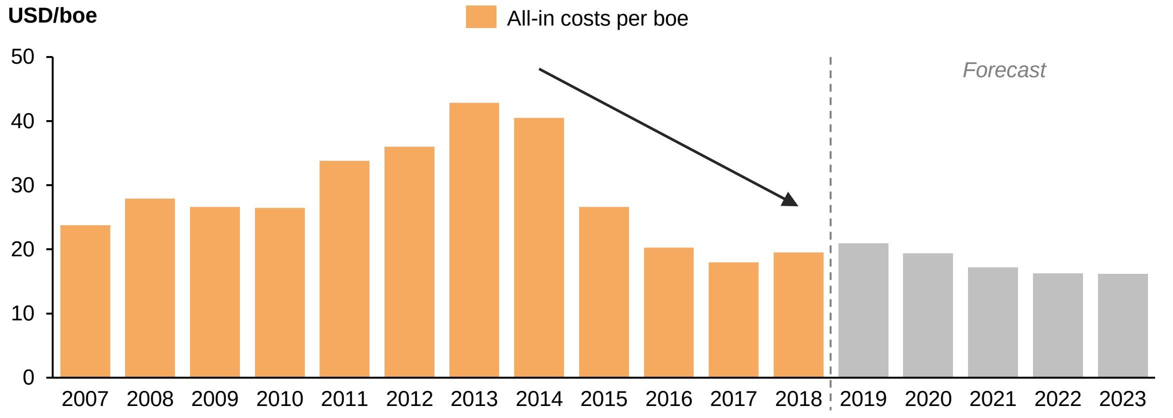
Oil and gas sector in Norway

- Norway is an OECD country rated AAA/Aaa/AAA by S&P/Moody's/Fitch
- Production started in 1971, and Norway is today Europe's largest hydrocarbon producer
- Upstream oil & gas is Norway's most important industry, accounting for 14% of GDP, 37% of exports and 19% of government revenues
- Total production has remained stable at 3.7-4.1 mmboepd in recent years and is set to grow through the first half of next decade
- Significant remaining potential with only 47% of estimated total recoverable resources produced to date
- Benign and shallow operating environment (mostly <500 metres)
- Costs have been reduced significantly to globally competitive levels, with 2018 all-in costs of USD ~20/boe
- Technologically advanced and internationally competitive oil service and supply industry
- Stable and attractive fiscal framework with generous capital allowances and unique creditor protection

Positive production outlook[1]



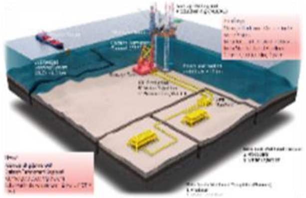
Costs reduced significantly amidst a still high level of activity[1]



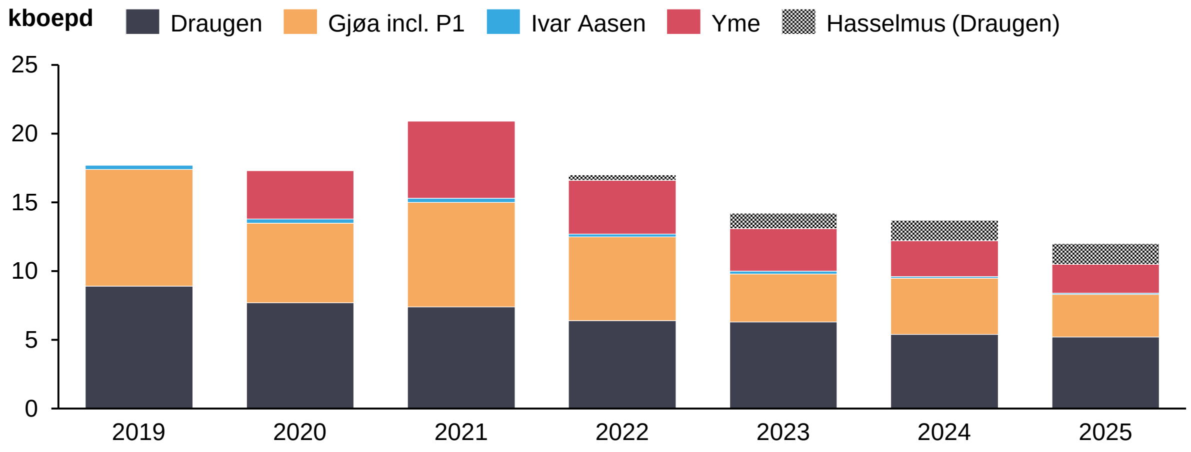
(1) Source: Norwegian Petroleum Directorate. All-in costs include capex, opex, exploration, abandonment and other costs. Forecast based on USD-NOK 8.50 exchange rate assumption

Agenda

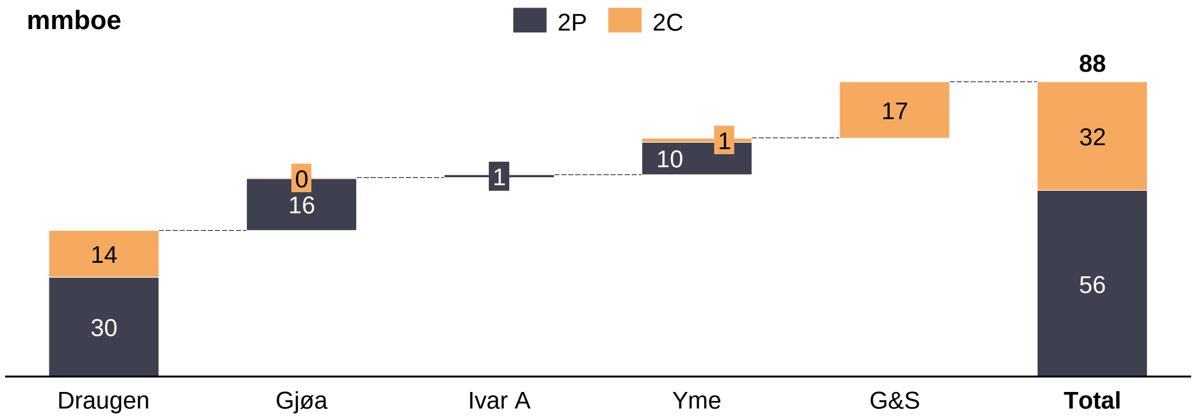
Diversified portfolio of high quality assets

Producing	**Draugen** (44.56%, op.)		• Giant oil field with substantial remaining reserves and highly accessible upsides • Reliable operations and Tier 1 operator organization
Producing	**Gjøa** (12%)		• High margin production with tie-in and IOR upside • Outperforming expectations, Gjøa P1 redevelopment ongoing (first oil late 2020)
Producing	**Ivar Aasen** (0.554%)		• Long life, low cost oil producer
Development	**Yme** (15%)		• First oil expected in mid 2020 • Well documented reserves and extensive existing infrastructure in place
Other	**Development options**		• Grevling & Storskrymten (35%/60%, op.) • Mistral (60%, op.)

Net production (excl. development options and prospective resources)[1]



Net reserves & resources per 1.1.2019[2]



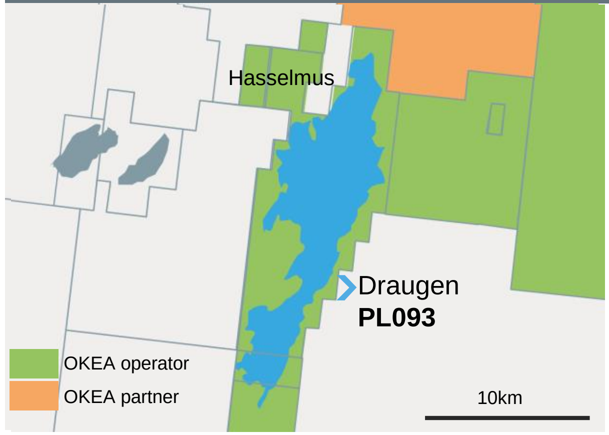
(1) Management estimates based on RBN2020. Hasselmus not yet sanctioned
(2) Management estimates based on RNB2020

Draugen – Material, long life oil producer

Asset overview

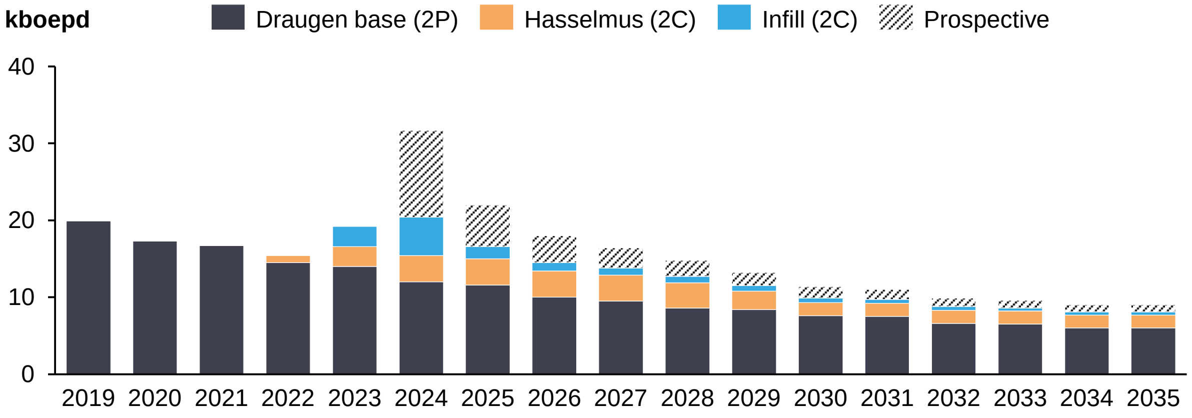
- Giant oil field with world-class reservoir, in production since 1993
- Concrete mono-tower platform with five subsea satellites
  - 16 production wells and 4 water injection wells
- Revitalisation and strategic changes agreed in licence following OKEA taking over operatorship
  - Formal licence decision to extend field life from 2027 to 2035…
  - … with aim to prolong life further into the 2040s through investment and cost cutting
  - Shift from "harvest mode" to "development mode"
  - Chase near field opportunities and seek collaboration with nearby licences
  - 190m of processing plant pipes replaced in only 5 days, with a total shutdown of only 14 days
  - Successfully completed drilling of two appraisal/pilot wells in Q4 2019
- ~ 100 mmboe remaining reserves and resources (gross)[1]
- Experienced, top tier operating team – used as benchmark globally in Shell
  - Decades of operational experience and consistent high production performance
- Shell ultimately covers 100% of the estimated decommissioning costs on OKEA's WI for wells and installations present per 30 November 2018[2]

Field facts (gross 100%)



- **Partners:** OKEA (44.56%, Op.), Petoro / Norway State DFI (47.88%), Neptune (7.56%)
- **Discovered:** 1984
- **Production start:** 1993
- **Reserves and resources[1]:** 67 mmboe 2P and 32 mmboe 2C
- **2018 production:** 20,982 boepd
- **Rem. LoF opex[3]:** USD 27/bbl

Gross production profile[4]



(1) Management estimates based on RNB2020. Reserves and resources are gross per 1.1.2019
(2) See page 26 for more details
(3) Management estimates based on RNB2020. Real terms based on USD-NOK of 8.5
(4) Management estimates based on RNB2020

Draugen – OKEA has revitalised the field in 2019

What we have done

- Identified potential for a development strategy
  - Positioned for new APA licences
  - Plan to develop Hasselmus gas field
- High production regularity
- Successful Maintenance & Modifications project execution
  - Control system upgrade
  - Change of two x-mas trees and change of pipe in oil train from carbon to stainless
- Two wells drilled just 11 months after transition from Shell
  - Entire drilling operations took just 7 and 14 days to complete for the two wells
  - Both wells drilled without serious incidents
- Ongoing projects
  - Draugen long term power
  - Energy management plan
  - Power from shore feasibility studies
  - Flare gas recovery feasibility studies

How we have done it – "The OKEA way"

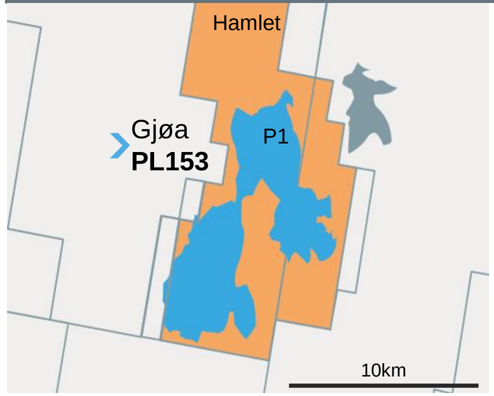
- Focus on safe and efficient execution – no serious incidents or spills
- Short decision lead time
- Complete review of governing documents – active leadership engagement, reduced complexity and scope
- Reduced number of procedures by 25% and software applications by 33%
- Smart use of new technology, digitalisation and collaboration with partners
- Using industry standards for development projects
- Strong culture, competent people
- Revised roles and responsibilities
- Revitalising earlier stranded projects

Gjøa – High margin production with tie-in optionality

Asset overview

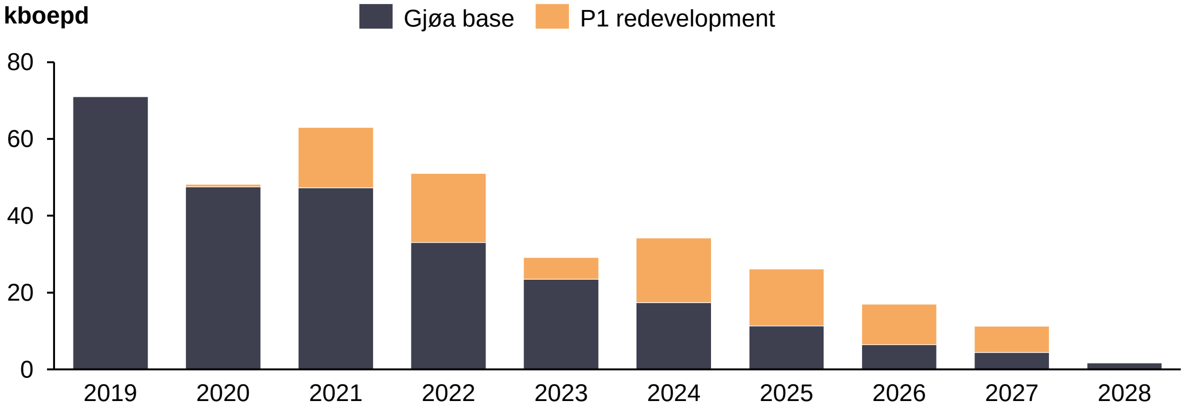
- Gas/condensate field located in a highly prolific Northern North Sea area
  - Second largest North Sea field put in production since 2003 (second only to Johan Sverdrup, which started up in Q4 2019)
  - Regional hub with possibilities for tie-ins (~600 mmboe remaining reserves in immediate vicinity)
- Dedicated and ambitious operator – Neptune's flagship asset in Norway
  - Regularly outperforms reserve and production forecasts
  - 4D seismic used actively to evaluate drainage and infill potential
  - Hamlet prospect (15.5 mmboe, CoS 56%)[1] planned drilled in 2020
- Ongoing redevelopment of Gjøa P1, with planned first oil in late 2020
  - Redevelopment sanctioned in Q1 2019, and remains on track
  - Enhanced exploitation project as current wells are not effectively draining all reservoir levels
  - Project scope includes new subsea template with 3 production wells targeting 32.5 mmboe reserves[1]
  - Net capex to OKEA of approximately USD 63m during 2019-21[2]
  - Drilling with 'Beacon Atlantic' started on integrated Duva project
- Shell ultimately covers 100% of the estimated decommissioning costs on OKEA's WI for wells and installations present per 30 November 2018[3]

Field facts (gross 100%)



- **Partners**: Neptune (30%, Op.), Petoro/Norway State DFI (30%), Wintershall DEA (28%), OKEA (12%)
- **Discovered:** 1989
- **Production start:** 2010
- **Reserves and resources[1]:** 127 mmboe 2P + 3 mmboe 2C
- **2018 gross production:** 112,500 boepd
- **Rem. LoF opex[4]:** USD 12/boe

Gross production profile[5]

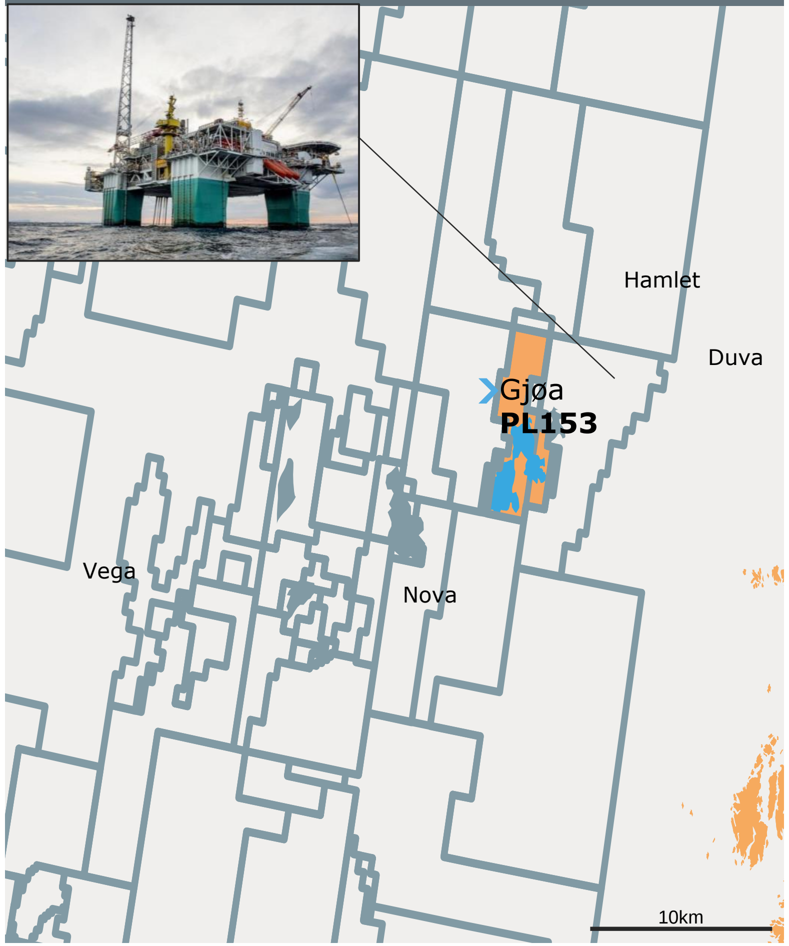


(1) Management estimates based on RNB2020. Reserves and resources are gross per 1.1.2019
(2) Assumes USD-NOK of 8.5 in 2020-21, nominal terms
(3) See page 26 for more details
(4) Management estimate. Real terms based on USD-NOK of 8.5
(5) Management estimates based on RNB 2020

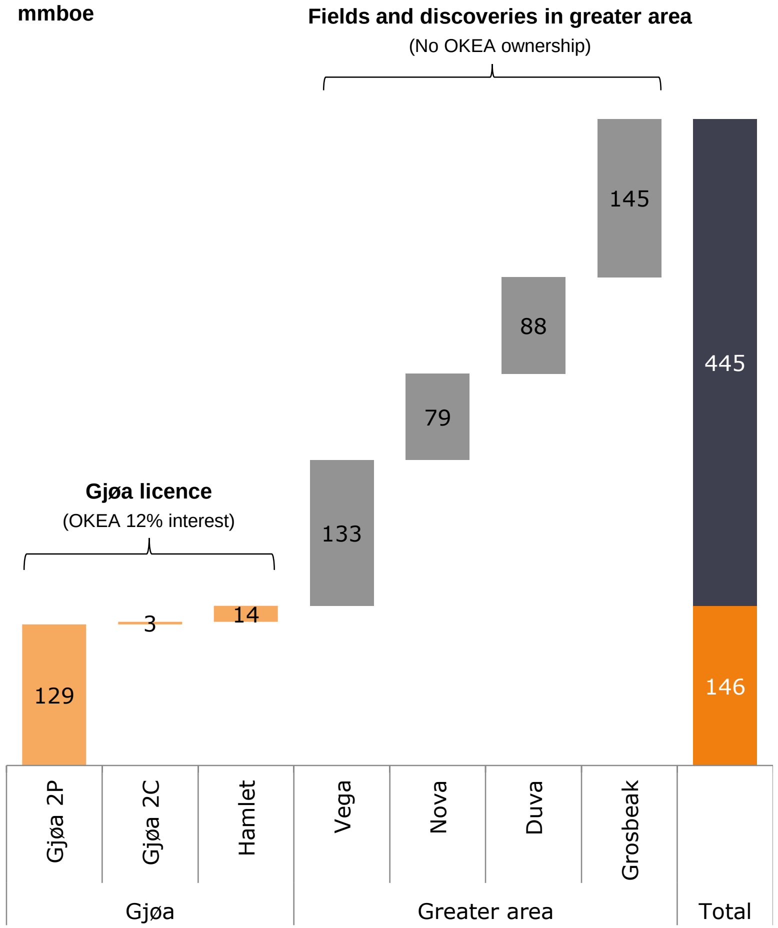
Producing

Gjøa – Highly prolific area with potential for further value creation

Area map



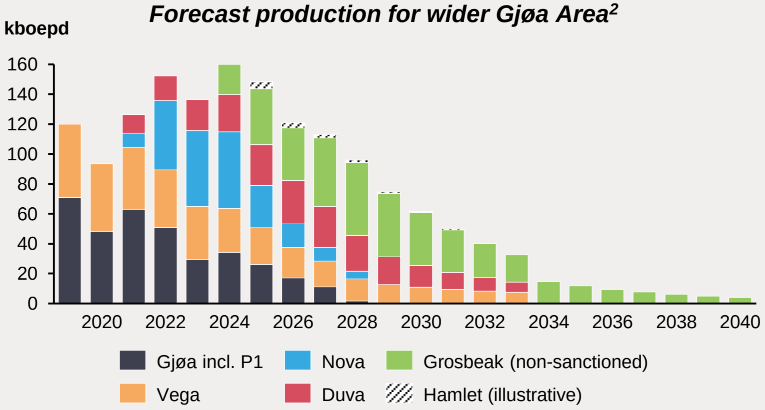
Gross reserves and resources base[1]



Key comments

- Gjøa is a key regional hub with long-term potential
  - Already host for Vega, while both Nova and Duva are ongoing tie-back developments
  - Tie-back developments will prolong Gjøa field life, reduce unit costs and yield additional reserves
  - Grosbeak may be future tie-back candidate
- High exploration activity, with possibilities for further tie-ins
- OKEA is well positioned to participate in future value creation around Gjøa
  - Host ownership gives strong insight to area development and dynamics

Forecast production for wider Gjøa Area[2]



(1) Gjøa 2P+2C and Hamlet are management estimates based on RNB2020, while Vega, Duva, Nova and Grosbeak are NPD reserves. OKEA only holds licence interests in Gjøa and Hamlet
(2) Gjøa and Hamlet (prospective) are management estimates; Vega, Nova, Duva and Grosbeak are WoodMackenzie forecasts. OKEA only holds licence interests in Gjøa and Hamlet

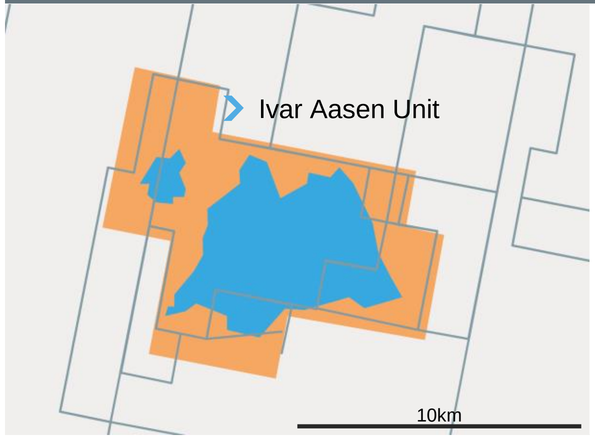
Producing

Ivar Aasen – small interest in a material high-quality producing field

Asset overview

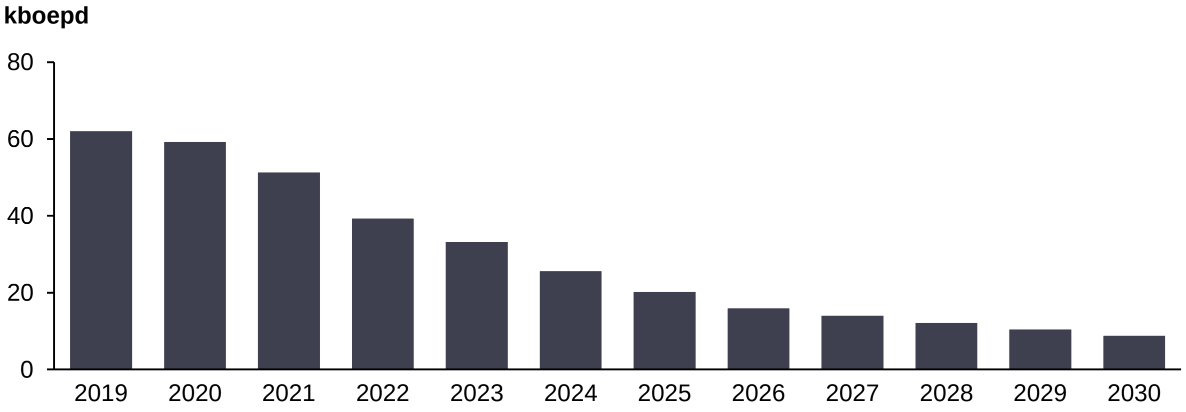
- Ivar Aasen is a field in the northern part of the North Sea, 30 kilometres south of the Grane and Balder fields
- Ivar Aasen was discovered in 2008, the PDO was approved in 2013 and with first oil in December 2016
- So far, a total of ~NOK 25bn (nominal) has been invested in the field, and ~45 mmboe of oil and gas have been sold
- First stage processing is carried out on the Ivar Aasen platform, and the partly processed fluids are transported to the Edvard Grieg platform for final processing and export
- The platform is equipped for tie-in of a subsea template planned for the development of the Hanz field (no current OKEA ownership), and for possible development of other nearby discoveries
- Opportunity in the future to capitalise on learning phase going from field development to production, following the state of the art project execution on the field

Field facts (gross 100%)



- **Partners:** Aker BP (34.78%, Op.), Equinor (41.47%), Spirit Energy (12.31%), Wintershall DEA (6.46%), Neptune (3.02%), Lundin (1.38%), OKEA (0.554%)
- **Discovered:** 2008
- **Production start:** 2016
- **Reserves[1]:** 141 mmboe
- **Rem. LoF opex[2]:** USD 11/bbl

Gross production[3]



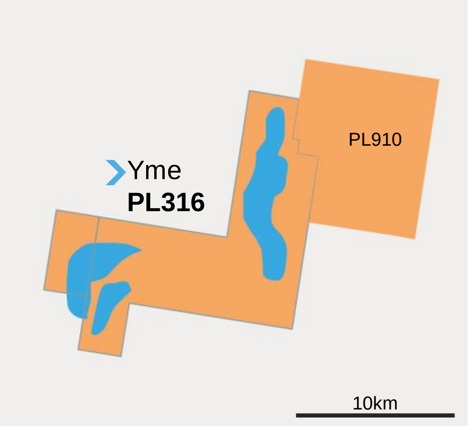
(1) Management estimate. Reserves and resources are gross per 1.1.2019 (excludes Hanz development)
(2) Management estimate. Real terms based on USD-NOK of 8.5
(3) Management estimates based on RNB2020

Yme – Next field to come onstream

Asset overview

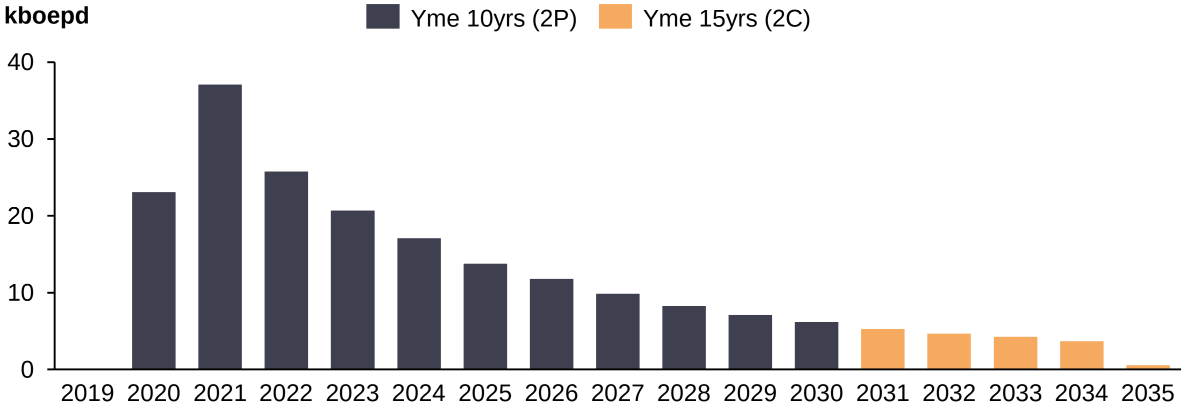
- Destined for abandonment, the Yme redevelopment was rejuvenated by OKEA in 2016 and the PDO was approved in March 2018
  - Development concept based on a leased jack-up rig with production facilities
- Benefits from an estimated NOK 5bn in historic infrastructure investments
  - All subsea infrastructure have been installed – significantly reducing capex and de-risking the development
- Project is progressing well with production start expected H1 2020
  - ~83% complete
- Geology and reservoir well known due to extensive well coverage (33 wells in total) and five years production history
- Produced 51 mmboe with Statoil as operator during 1996-2001
  - PDO for redevelopment initially submitted in 2007
  - Due to structural integrity issues with the Mobile Offshore Production Unit ("MOPU"), the field was never put in production and the facility was decommissioned and removed
- Historical problems only related to the previous MOPU facility and not associated with the reservoir or other installed infrastructure

Field facts (gross 100%)



- **Partners:** Repsol (55%, Op.), OKEA (15%), LOTOS (20%), KUFPEC (10%)
- **Discovered:** 1987
- **Production re-start[1]:** H1'20 – peak gross production ~50,000 bbl/d
- **Reserves and resources[1]**: 64 mmboe 2P + 9 mmboe 2C
- **Capex+opex rem. from 2020[2]:** USD 31.5/bbl

Gross production profile[1]



(1) Management estimates based on RNB2020. Reserves and resources are gross per 1.1.2019
(2) Management estimates based on RNB 2020. Real terms based on USD/NOK 8.5
(3) Management estimates based on RNB 2020, based on mid-2020 start-up

Development

Yme – development is +80% complete

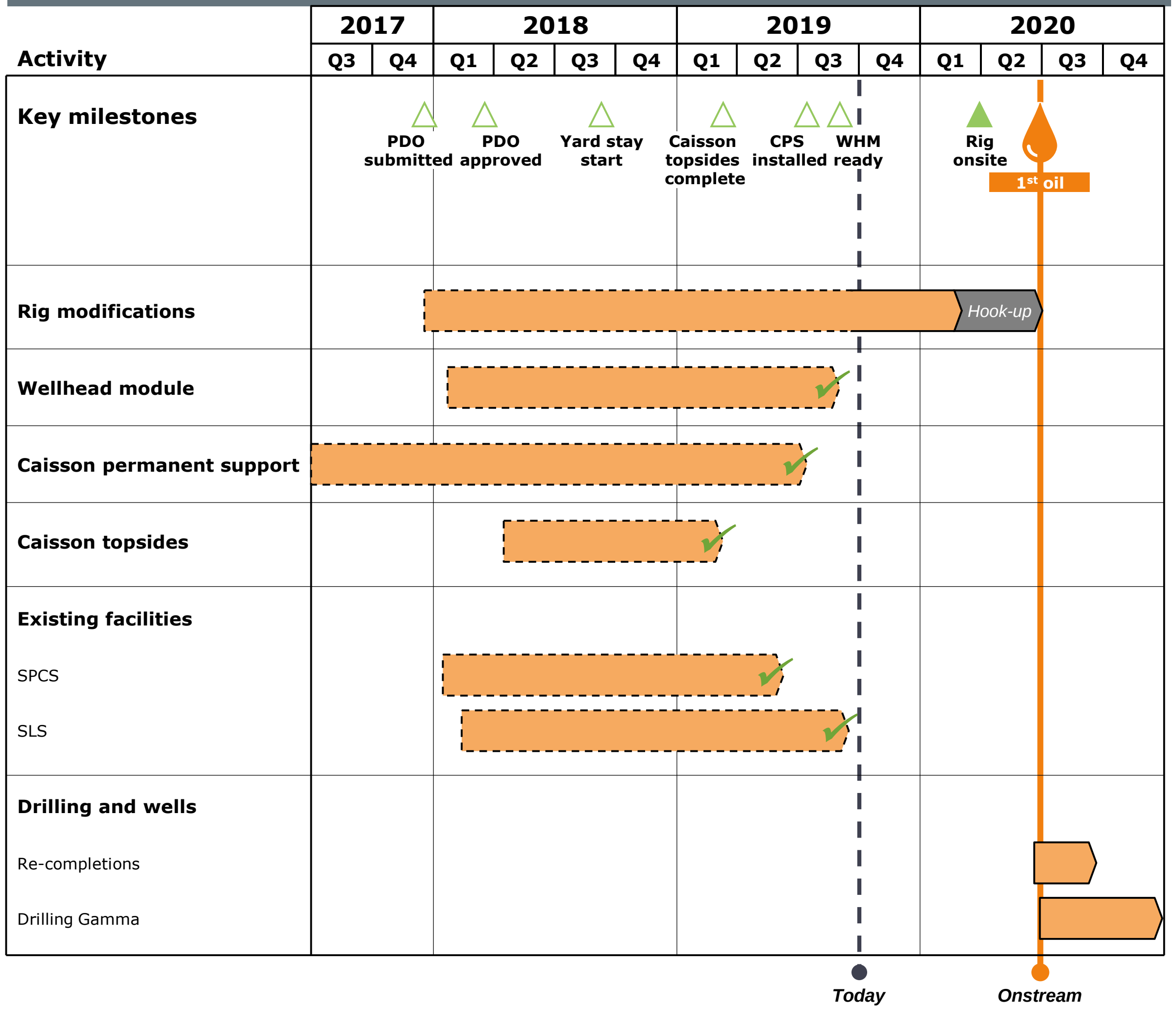
Current status

- Project continues to progress and has been significantly de-risked through recent activities
  - Wellhead module successfully installed offshore in September 2019
  - Onshore completion of the Maersk Inspirer jack-up rig scheduled for March 2020
  - Both field specific scope and lifetime extension scope being executed at yard
- Separate rig campaign commenced in October 2019 to minimise remaining hook-up scope once the Maersk Inspirer arrives on location
  - Valaris JU-290 will be applied as accommodation unit with a contract period of 4-5 months
  - Purpose of the campaign is to execute the scheduled hook-up scope and carry-over work for the wellhead module
- Production start up expected mid-2020
  - Quick ramp-up expected given several pre-drilled wells
  - Will add production of +7,000 boepd net to OKEA at plateau[1]

CPS installation

Maersk Inspirer at Aker Solutions yard

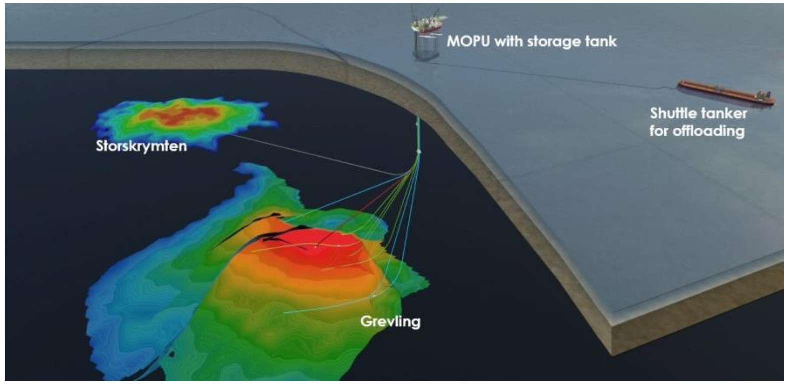
Project timeline



(1) Operator estimate, plateau expected to be relatively short

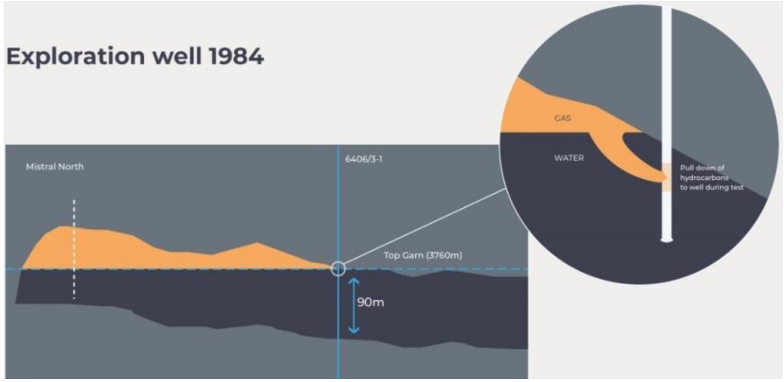
Operated inventory of medium term organic growth options

Grevling & Storskrymten (35% / 60%, op.)



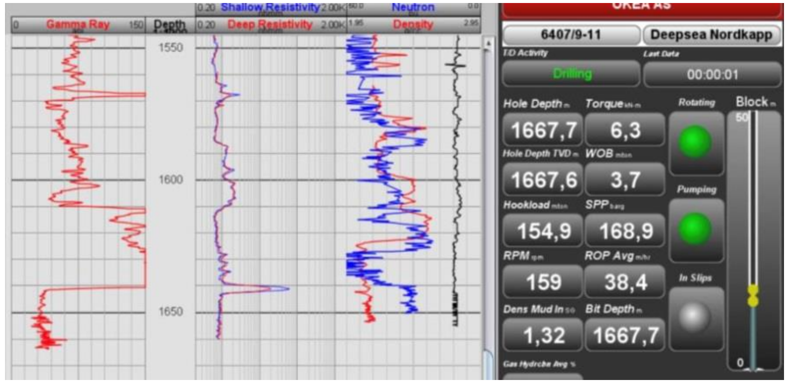
- Two adjacent oil discoveries in the southern North Sea which will be developed jointly
- Grevling discovered in 2009 and appraised in 2010 (total four wellbores), Storskrymten discovered in 2007 (two wellbores)
- OKEA is the operator of both discoveries, with a 35% interest in Grevling and 60% in Storskrymten
- Combined gross 2C resources of 42 mmboe[1]
- Project currently being matured towards concept selection in Q2 2020
- Development economics needs to be improved prior to project sanctioning **– OKEA will maintain strict capital discipline and not take FID until project is economically robust**

Mistral (60%, op.)



- Reinterpretation and analysis of legacy well data point to a potential missed gas-condensate discovery
- Exploration well in 1984 may have been drilled just down-flank from a gas accumulation
- OKEA awarded 60% operated interest in APA 2018 (partner: Wellesley, 40%)
- Prospective gross resources of up to 82 mmboe, with a potential additional 80 mmboe in the southern part of the structure
- Drill-or-drop deadline in Q1 2020, first appraisal well expected to be drilled in late 2020/2021
- Base case development concept is subsea tie-back to Kristin via Tyrihans

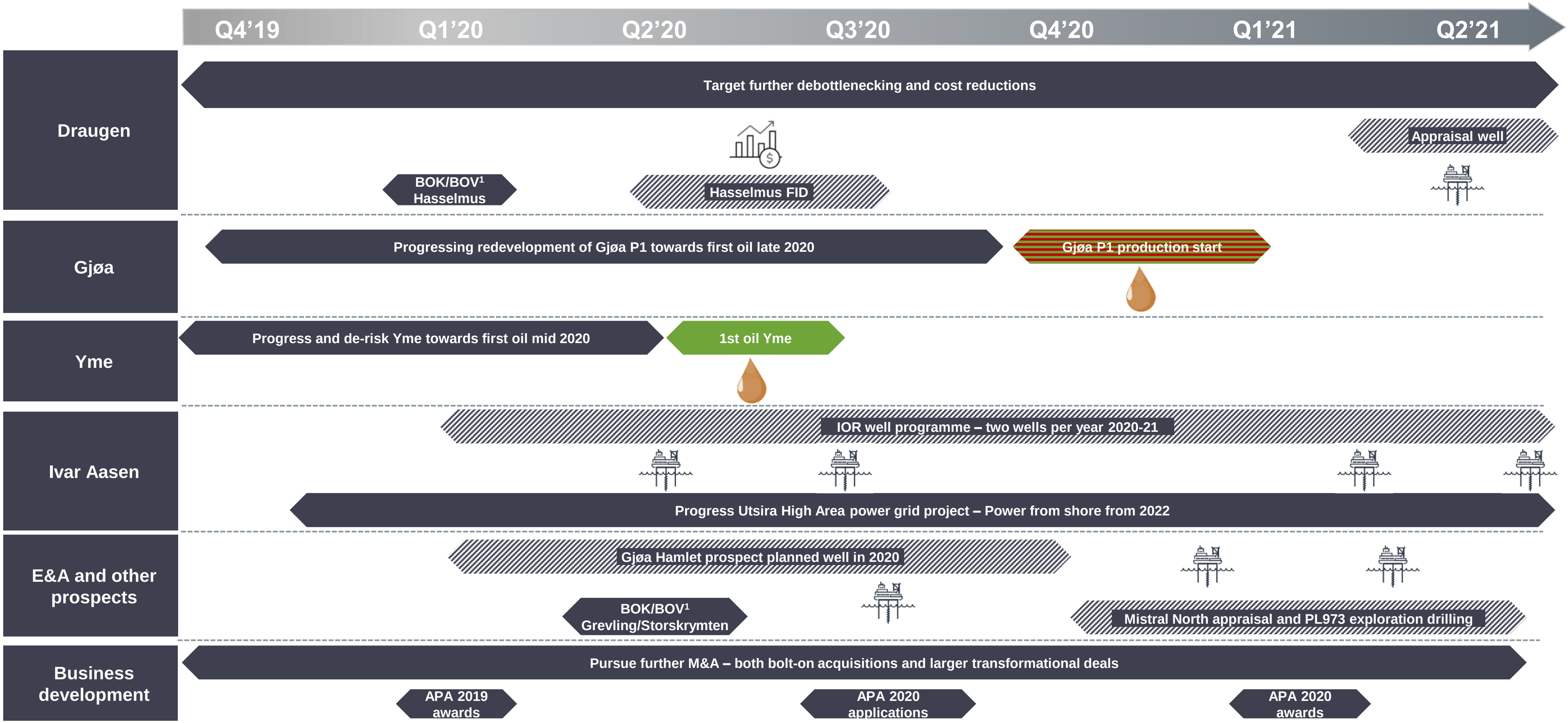
Exploration & Appraisal



- APA rounds are a key part of OKEA's organic growth strategy, with applications focused around existing OKEA assets
- Exploration strategy is infrastructure-led and does not include wildcatting
- First two operated wells drilled in Draugen area Q4 2019; well results will be used to improve understanding and de-risk future infill and exploration targets
- Rich inventory of promising prospects near existing OKEA fields, including Springmus, East Flank, North East and Rialto in Draugen area, Hamlet in the Gjøa area, and Jerv, Ilder and Mår in Grevling area
- **Majority of exploration hopper is operated by OKEA, and firm commitments are limited**

(1) Management estimates based on RNB2020. Reserves and resources are gross per 1.1.2019

High level of activity in coming years



Note: Indicative timeline. Milestones may be subject to approval by the Ministry of Petroleum and Energy and licence decisions
(1) BOK = Concretisation decision, BOV = Decision to continue, BOG = Decision to implement

Agenda

Value-creation while maintaining a prudent financial strategy

Strong cash flow from operations…

- Long-life assets with low unit costs
- Diversified with three producing fields
- Material upsides in existing production

...reinvested in field developments...

- Significant tax synergies to be realised through investing in developments
- ~90% tax relief on all investments
- Flexibility to delay or accelerate capex spending
- Current focus on re-investments over dividends

…combined with conservative leverage...

- Conservative debt to equity mix
- Currently 4-6% after tax cost of debt
- Fully financed for all sanctioned developments

...and further acceleration of growth

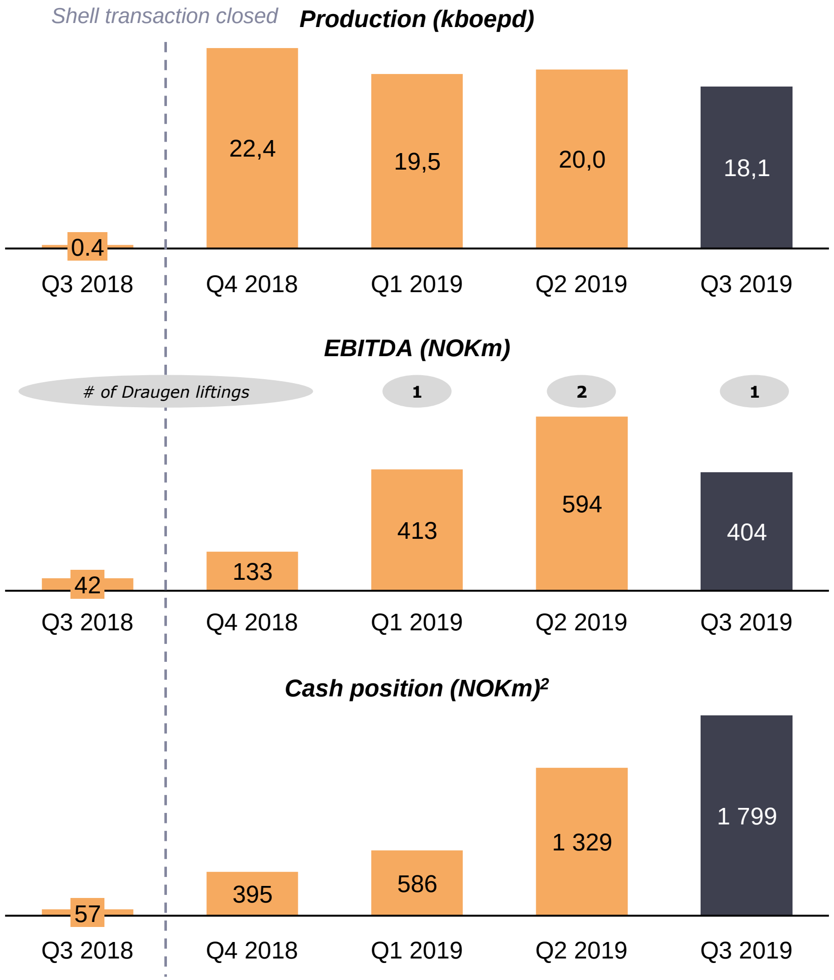
- Ongoing developments to be brought into production
- Rich organic and inorganic opportunity set on the NCS
- Actively screening M&A opportunities to continue building a material NCS independent
- Active dialogue with funding sources including RBL banks

Continued strong financial performance in Q3 2019

Comments

- Strong performance in Q3 2019 with production of 18,125 kboepd
  - Uptime on Draugen of 97%, up from 86% in the previous quarter
  - Production on Gjøa impacted by modification and export constraints
- Revenues from oil and gas sales of NOK 612 million for the quarter
  - Down from NOK 1,039 million in Q2 2019 due to one lifting from Draugen, compared to two liftings in Q2 2019
  - Average realised liquids price of USD 56.4/bbl, average gas price of USD 19.3/boe (USD ~3.4/mcf)
- Production expense of NOK 80/boe, down from NOK 102/boe in Q2 2019
  - Q2 higher than normal due to catch up on tariffs
  - Reclassification of well planning and field evaluations to exploration
- EBITDA[1] of NOK 404 million and net cash flow from operations of NOK 723 million
  - Cash flow from investments of NOK -216m million (NOK -563 million year to date)
  - Free cash flow for the quarter of NOK 507 million (NOK 1,270 million year to date)
- Net debt[1] of NOK 864 million, down NOK 294 million in the quarter
  - Cash increase of NOK 470 million, partially offset by increase in book value of bonds following a strengthening of USD vs NOK in the quarter
  - Net debt reduced by NOK 1,270 million through the first nine months of 2019

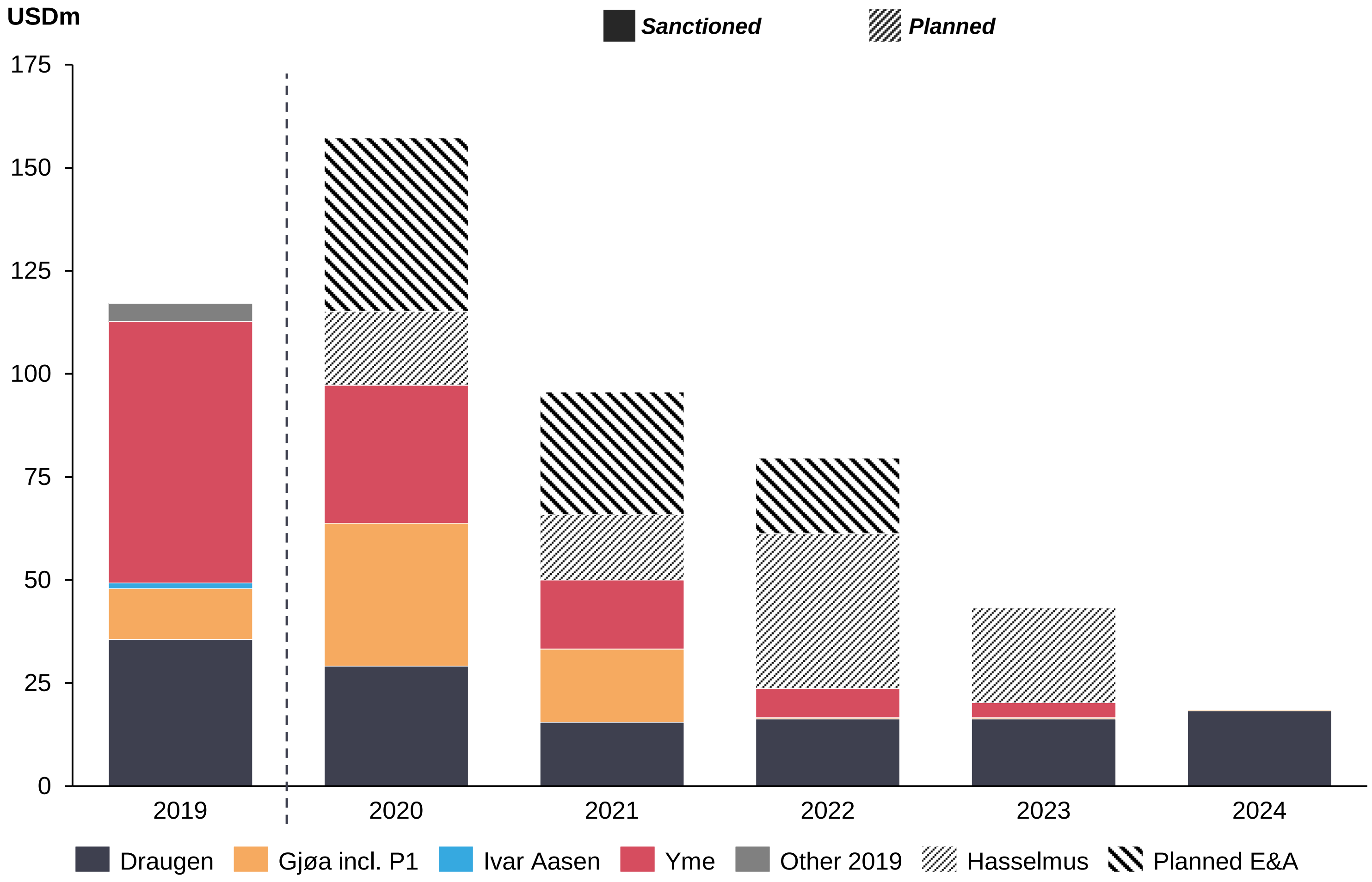
Key highlights – Q3 2019



(1) APM: EBITDA is defined as earnings before interest, taxes, depreciation, depletion, amortisation and impairments. Net debt is defined as interest bearing debt less cash & cash equivalents
(2) Excluding restricted cash

High degree of flexibility in capex programme

Net capital investment programme[1]



Comments

- Committed capex set to fall significantly as Yme and Gjøa P1 come onstream in 2020
- Exercising strict capital discipline and return requirements when evaluating investment opportunities
  - Candidates for sanctioning in the near term:
    - Hasselmus, E&A wells at Mistral, Grevling ILX (PL973) and Hamlet prospect
  - In addition, a number of other medium term development and E&A options are being matured, including:
    - Grevling & Storskrymten and further E&A in Draugen Area
- Vast majority of non-committed capex is related to licences operated by OKEA, giving significant flexibility
  - Investments can be accelerated or deferred according to the market environment
- Investing in field developments is highly tax efficient
  - Early field development cost prior to final investment decision can be deducted with 78% in the same year
  - ~90% tax shelter for capex following final investment decision
  - Tax-paying position of OKEA provides optimal funding for field developments
  - E&A costs immediately tax deductible against 78% tax rate

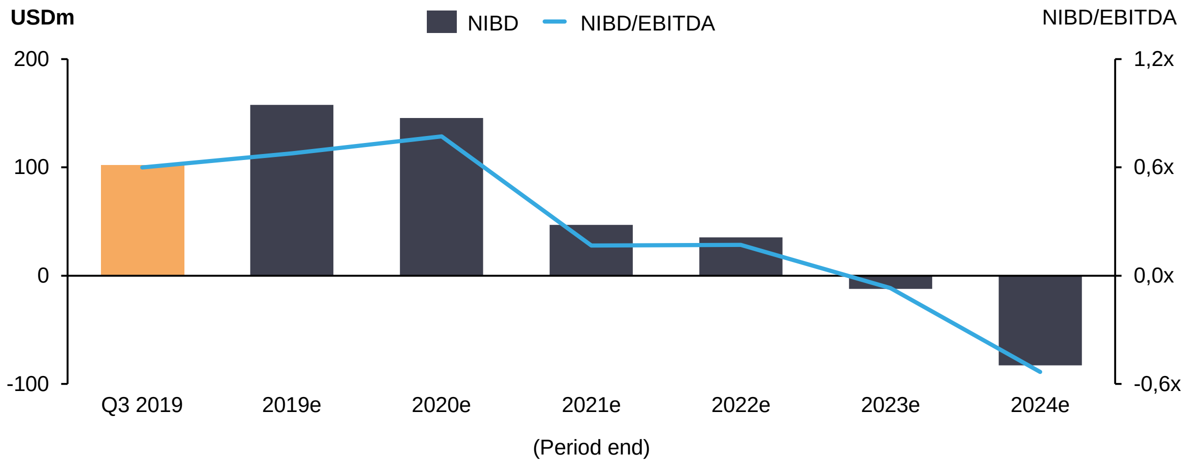
(1) Management estimates based on RNB2020, nominal terms, based on USD-NOK exchange rate assumption of 8.5 in 2020-21 and long-term 8.0 from 2022

Substantial cash flow generation drives rapid deleveraging

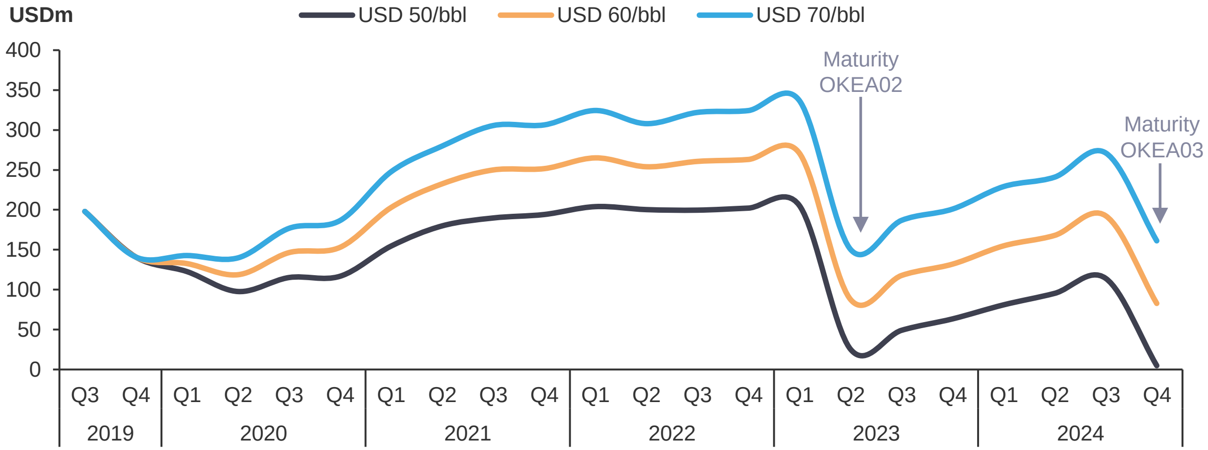
Comments

- Robust cash flow from current producing fields
  - Production base of ~19,000 boepd with high cash margins
  - Unit opex of USD 19.6/boe through the life of the bond[1]
  - Stable production outlook in coming years and a material portfolio of growth options
- Development spending funded through cash flow from operations
  - Fully financed for all sanctioned and near term planned investments
  - Current portfolio set to generate substantial free cash flow in coming years
  - Committed capex materially reduced for coming years as key projects are completed
- Quick build-down of net interest bearing debt from 2020, even in lower commodity price scenarios
  - NIBD/EBITDA[2] projected to be below 1.0x through the life of the bond on current forward curve oil prices
  - OKEA will ensure it maintains a healthy liquidity headroom through the cycle
  - In a sustained low oil price scenario, OKEA has ample flexibility to reduce or defer capex

Projected pro forma net debt development at USD 60/bbl[3]



Projected cash position, end of period[4]



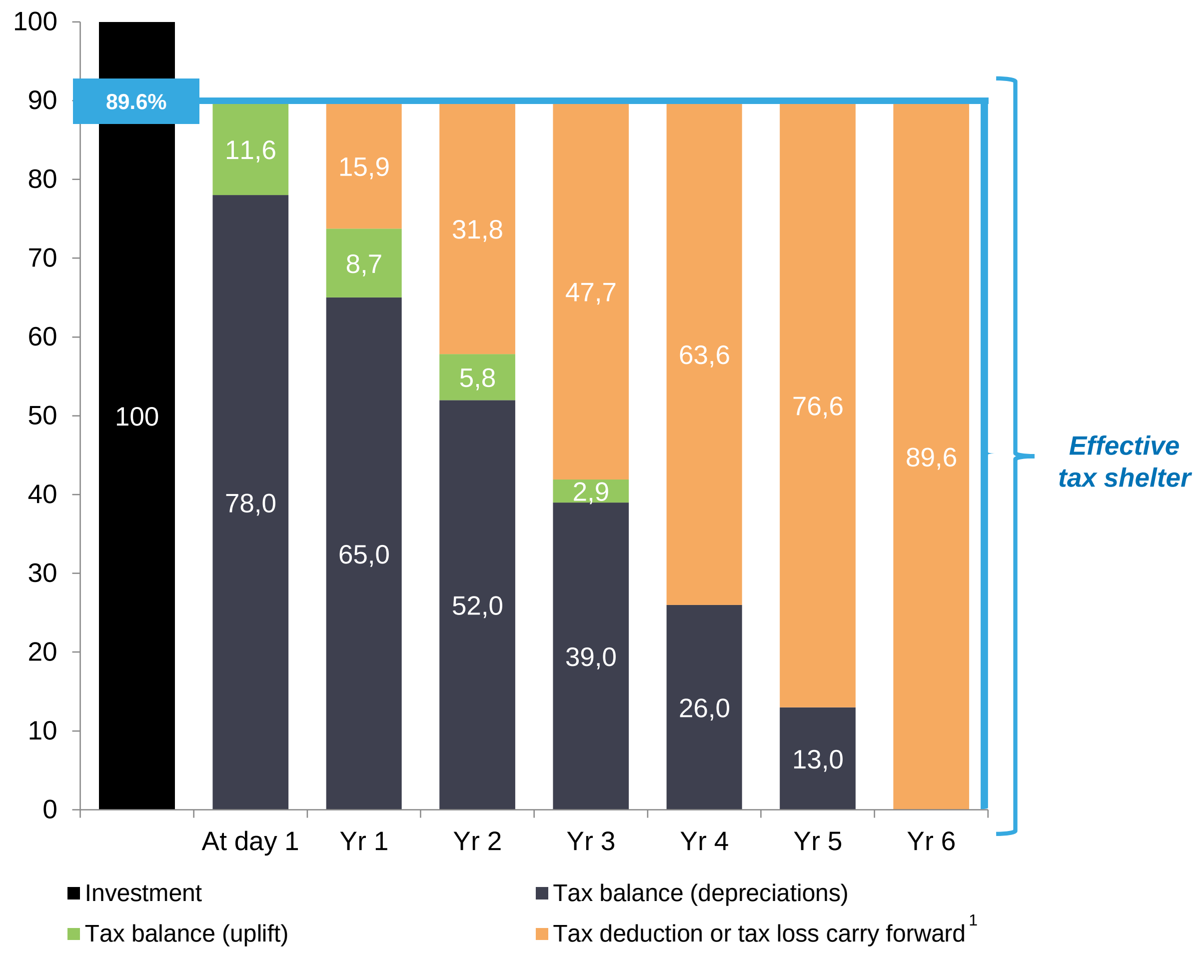
(1): Management estimate based on RNB2020 opex and production profiles and USD-NOK 8.5 in 2020-21 and 8.0 from 2022, nominal terms
(2) EBITDA is defined as earnings before interest, taxes, depreciation, depletion, amortisation and impairments. Net interest bearing debt (NIBD) is defined as interest bearing debt less cash & cash equivalents
(3) Projections based on oil price assumption of USD 60/bbl (real 2019 terms, inflated 2% per annum), gas price 60% of oil price, USD-NOK exchange rate 8.50 in 2020-21 and 8.00 from 2022. Includes investments in sanctioned projects, Hasselmus and drilling costs related to planned E&A activities
(4) Projections based on indicated oil price assumption from 2020 (real 2019 terms, inflated 2% per annum), gas price 60% of oil price, USD-NOK exchange rate 8.50 in 2020-21 and 8.00 from 2022. Includes investments in sanctioned projects, Hasselmus and drilling costs related to planned E&A activities.

Hedging, risk mitigation and abandonment arrangements

Financial Leverage	• OKEA seeks to maintain strong financial discipline and a robust balance sheet with a conservative debt to equity mix • Objective to maintain a strong liquidity position at any point in the cycle • Development and E&A activity funded largely through cash flow from operations • New projects subject to strict economic robustness and return criteria, and must be fully funded before being sanctioned
Insurance	• Market standard offshore insurance program in place, including Loss of Production Income (LOPI) • 100% net Volume from RNB2019 for Draugen, Gjøa and Ivar Aasen are payable at USD 50/bbl for oil and USD 30/boe for Rich Gas • Syndicate with S&P rating A- or better • Other standard coverage, e.g. physical damage, re-drilling of wells and third party liability etc.
Hedging principles	• Hedging solely to cover commercial exposure and not for speculative purposes • FX hedging: Sale of USD revenue on spot/limit trade for tax, opex and capex in NOK and Revenue in USD cover outstanding debt in USD • Regular hedging of oil sales to mitigate hydrocarbon price risk – Hedging short term (1-3 months) with put options which track offtake schedules – OKEA01 and OKEA02 bond terms do not allow hedging with option collar structures
Abandonment arrangements	• As part of the acquisition of Draugen and Gjøa from Shell, the parties agreed that Shell shall ultimately cover the cost of decommissioning, plugging and abandonment • For both assets, Shell retains 80% of decommissioning liability up to a post-tax cap of NOK 638m (combined), subject to CPI indexation, and further pays OKEA NOK 375m, subject to CPI indexation, upon OKEA completing the decommissioning of the assets • The NOK 375m more than covers OKEA’s post-tax exposure on the 20% portion not directly covered by Shell (subject to the cap)

Unique NCS fiscal regime attractive backdrop for investments

Norwegian State (AAA rated) provides a strong shelter for capex



Tax system description

- Marginal tax rate for E&P activities off Norway is 78%, made up of 22% Corporate Tax (CT) and 56% Special Petroleum Tax (SPT)
- **Depreciation:** all field investments are depreciated straight line over 6 years, starting in the year of the investment, and are eligible against CT and SPT (78%)
- **Uplift:** There is also an additional 20.8%[1] allowance (5.2% per year over four years) on field investments against SPT only – tax value 20.8% × 56% = 11.6%
- 89.6% effective tax shelter (78% + 11.6%)

Strong protection for investors

- **Risk mitigation**: up to 89.6% of the capital invested is protected through the tax system
- Three routes to monetisation:
  - **Lower tax payables** (given sufficient future income)
  - **Cash refund**: 100% refund of the tax value of loss carry forward upon cessation of activities[2] (Norway: AAA rated)
  - **Sale/Transfer:** tax balances / loss carry forward can be sold in asset or corporate transactions

(1) Excludes interest earned on tax loss carry forward
(2) To be entitled to a refund of the tax balances it would first have to be converted to tax loss carry forward. In the event the associated field stops producing, the tax balance (excluding the uplift part) can be written off (i.e. converted) immediately. Otherwise, it has to be depreciated (converted) according to the normal schedule

Agenda

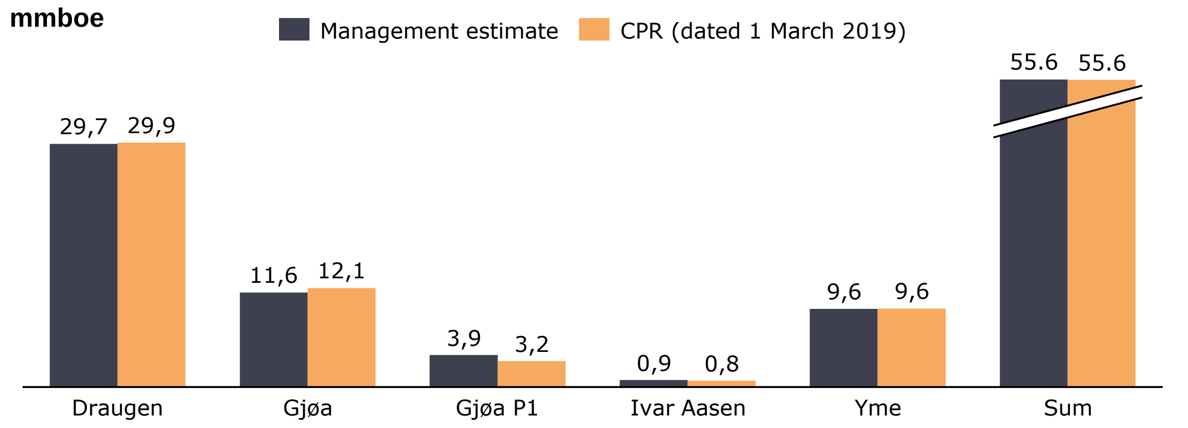
Material reserve and resource base

Overview per 1 January 2019 (Management estimates)

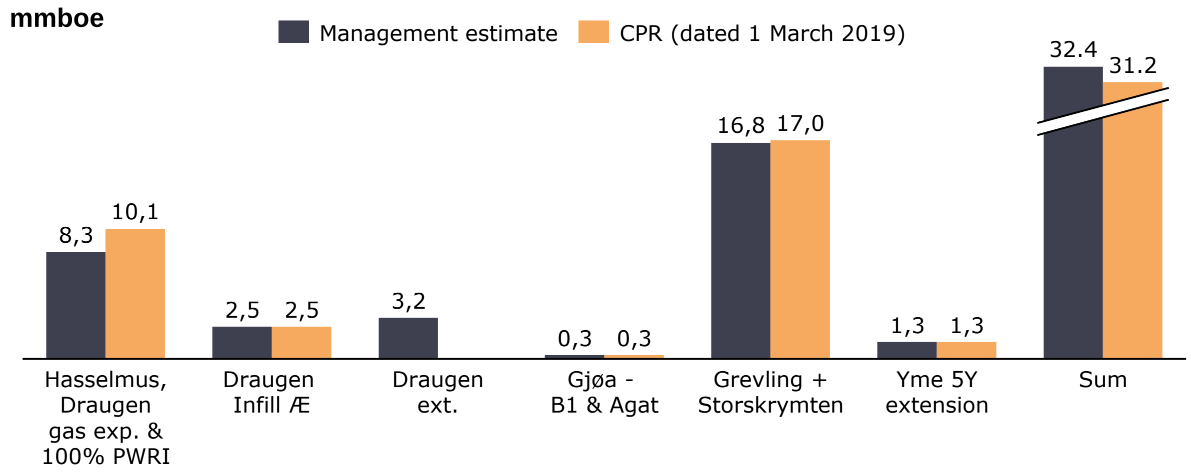
	WI (%)	Net reserves (mmboe)	Comment
Draugen	44.56%	29.7	Producing asset
Gjøa	12.00%	11.6	Producing asset
Gjøa P1	12.00%	3.9	Ongoing development, start up late 2020
Ivar Aasen	0.554%	0.9	Producing asset, including infill wells
Yme	15.00%	9.6	Ongoing development, first oil 2020
Total 2P		**55.6**	
Hasselmus & Draugen restart gas export	44.56%	7.7	Gas discovery near Draugen
Draugen 100% PWRI	44.56%	0.6	Draugen produced water re-injection
Draugen Infill Æ	44.56%	2.5	Infill target, Draugen reservoir
Draugen 2038	44.56%	3.2	Draugen extension beyond 2035
Gjøa – B1 & Agat	12.00%	0.3	Well workover and gas discovery
Yme life extension	15.00%	1.3	5-year extension given MOPU reclassification
Grevling	35.00%	16.8	Oil discovery, DG2 (BOV) target 2020, joint development
Storskrymten	60.00%		
Total 2C		**32.4**	
Total 2P+2C		**88.0**	

- Management estimates based on RNB 2020 data, adjusted for asset specific developments
- Yme reserves including extension beyond 10 year initial term (life time to 2035)
- 42.1 mmboe 2P reserves on production, 13.5 mmboe under development
- Largely in line with independent reserve report per 1 March 2019

Net 2P reserves per 01.01.2019 (Management estimates vs CPR)



Net 2C resources (Management estimates vs CPR)[1]



Source: CPR (OKEA ASR 2019 – Status 01.03.2019), third party verification performed by AGR Petroleum Services. Management estimates are based on RNB2020 profiles
(1) CPR volumes adjusted for Storskrymten working interest of 60% (50% in CPR) and Infill Ø CPR volumes have been removed following well result announced on 29 October 2019

Definitions and abbreviations

Term	Definition
2C	Best estimate of contingent resources
2P	Proved and Probable reserves
Abex	Abandonment expenditure
APA	Awards in Pre-defined Areas
ARO	Asset retirement obligations
ASR	Annual Statement of Reserves
bbl	Barrels of Oil
bcf	Billions of standard cubic feet
boe	Barrels of oil equivalent
BOG	Decision to implement (Nw: "Gjennomføring")
BOK	Concretisation decision (Nw: "Konkretisering")
boepd	Barrels of oil equivalent per day
bopd	Barrel of oil per day
BOV	Decision to Continue (Nw: "Videreføring")
bps	Basis points
Capex	Capital expenditure
CFFO	Cash Flow From Operations
CoS	Chance of Success
CT/CIT	Corporate income tax
CPR	Competent Person's Report
DD&A	Depreciation, Depletion and Amortisation
Decom	Decommissioning
DG1	Decision Gate 1: Feasibility
DG2	Decision Gate 2: Concept selection

Term	Definition
DG3	Decision Gate 3: Final Investment Decision
E&A	Exploration and Appraisal
E&P	Exploration and Production
EBITDA	Earnings before Interest, Taxation, Depreciation, and Amortisation
EBITDAX	Earnings before Interest, Taxation, Depreciation, Amortisation and Exploration expenses
FID	Final Investment decision
GDP	Gross Domestic Product
HSEQ	Health, Safety, Environment and Quality
IBD	Interest-bearing debt
ILX	Infrastructure Led Exploration
IOR	Improved Oil Recovery
kboepd	Thousand barrels of oil equivalent per day
km	Kilometres
LoF	Life of Field
LTI	Lost Time Incident
LTM	Last 12 months
LTV	Loan-to-Value
M&A	Mergers and Acquisitions
mcf	Thousand cubic feet
mmbbl	Million of barrels of oil

Term	Definition
mmboe	Million of barrels of oil equivalent
mmscf	Million standard cubic feet
mmscfpd	Million standard cubic feet per day
MOPU	Mobile Offshore Production Unit
MPE	Ministry of Petroleum and Energy
NCS	Norwegian Continental Shelf
NIBD	Net interest-bearing debt
NOK	Norwegian Kroner
NPD	Norwegian Petroleum Directorate
NPV	Net Present Value
Opex	Operating expenditure
p.a.	Per annum
PDO	Plan for Development and Operation
PL	Production Licence
RBL	Reserve based bending
RNB	Revised National Budget
SG&A	Salaries, General and Administration expenses
S&P	Standard & Poor's
SPT	Special Petroleum Tax
USD	United States Dollars
WI	Working interest
YE	Year-end
YTD	Year to date

OKEA