

**Altinex Oil Norway AS**  
(Entity no. 987008644)

**First quarter 2008**  
**(unaudited)**

**4 June 2008**

# **Altinex Oil Norway AS**

## **Results for the first quarter of 2008**

Altinex Oil Norway's revenue totalled mNok 163 for the first quarter of 2008. Earning before interest, tax, depreciation and amortization (EBITDA) ended at mNok 135 for the same period. Earning before interest and tax (EBIT) ended at mNok 107 for the first quarter of 2008 and the net result was mNok 20 for the same period.

Cash flow from operating activities ended at mNok 20 for the first quarter of 2008. As at 31 March 2008 the Company's liquidity is healthy with mNok 159 in cash.

At the end of March 2008, the company has oil price hedging instruments in place, which secure a major part of expected after tax result against oil prices below USD 50 per barrel until June 2010.

Total equity and liabilities as at 31 March were mNok 1 323 with equity of mNok 220. At the end of first quarter, the company's net interest bearing debt was mNok 236.

The covenants in the Bond agreement require a minimum book equity ratio of 25 per cent. As at 31. March the book equity ratio is appr. 48 per cent. In February 2008 the company carried out a capital increase of NOK 25 million.

Net production from the company's two fields averaged 3,825 boe/d for the first quarter of 2008.

### **Operations**

Brage wellA-28B was completed and put on production in mid February. The well has high productivity and is currently choked back to a rate of 12 000 boe/d. As a result of the successful A-28B well, the Brage field is now able to sustain production rates of 25 000-30 000 boe/d (100 %).

The Brage drilling is continuing with drilling a gas injector to the Sognefjord fm. The well is expected to be completed mid year, followed by drilling an exploration/production well to the Talisker/Knockandoo prospect on the Brage North flank.

Brage Production at 3 475 boed for the first quarter of 2008 has been higher than estimated, caused primarily by the very good production performance of the A-28B well.

Enoch production at 350 boe/d has in the first quarter of 2008 stabilised following the start up of the gas lift operations in January to help the lift performance for the Enoch production well. A engineering feed study is ongoing to define the scope and cost of implementing Enoch low pressure production in 2009.

**ALTINEX OIL NORWAY AS - INCOME STATEMENT - IFRS**

<u>All figures in tNok</u>	<u>Q1 - 2008</u>	<u>2007</u>
Operating income	163 266	491 150
Production cost	24 661	83 032
Exploration costs expensed	2 622	53 832
Other operating expenses	1 183	80 284
<b>Operating results before depreciation and amortisation (EBITDA)</b>	<b>134 800</b>	<b>274 001</b>
Depreciation and amortisation	27 628	104 641
Operating result (EBIT)	107 172	169 360
Net financial items	-6 306	-18 414
<b>Profit before tax (EBT)</b>	<b>100 866</b>	<b>150 946</b>
Tax	80 696	124 467
Net results	20 170	26 479

**ALTINEX OIL NORWAY AS - BALANCE SHEET - IFRS**

<u>All figures in tNok</u>	<u>Q1 - 2008</u>	<u>2007</u>
<b>Non-Current assets</b>		
Goodwill	300 191	300 191
License interests, exploration assets	126 887	126 887
Production facilities	540 167	543 729
Other machinery and equipment	2 674	2 950
<b>Total non-current assets</b>	<b>969 919</b>	<b>973 756</b>
<b>Current assets</b>		
Inventory, including underlift	62 587	33 123
Account receivables and other current receivables	131 095	87 141
Bank deposits, cash in hand, etc.	159 335	137 981
<b>Total current assets</b>	<b>353 017</b>	<b>258 244</b>
<b>Total assets</b>	<b>1 322 936</b>	<b>1 232 000</b>
<b>Equity</b>		
Share capital	140 002	140 001
Other equity	79 574	34 405
<b>Total equity</b>	<b>219 576</b>	<b>174 406</b>
<b>Liabilities</b>		
Deferred tax liabilities	276 568	276 568
Provisions for other liabilities and charges	187 661	189 986
Bond issue	395 129	394 763
Current income taxes payable	149 748	69 052
Other current liabilities	94 255	127 226
<b>Total liabilities</b>	<b>1 103 360</b>	<b>1 057 594</b>
<b>Total equity and liabilities</b>	<b>1 322 936</b>	<b>1 232 000</b>

**ALTINEX OIL NORWAY AS - CASH FLOW STATEMENT**

<u>All figures in tNok</u>	<i>Q1 - 2008</i>	<i>2007</i>
Net cash from operating activities	20 146	137 485
Net cash from investing activities	-23 790	-135 079
Net cash from financing activities	25 000	0
Net change in cash and cash equivalents	21 355	2 406
Cash and cash equivalents at the beginning of period	137 981	135 575
Cash and cash equivalents at the end of period	159 335	137 981

**ALTINEX OIL NORWAY AS - STATEMENT AND CHANGES IN EQUITY**

<u>All figures in tNok</u>	<i>Q1 - 2008</i>	<i>2007</i>
Balance at the beginning of period	174 406	147 928
Capital increase	25 000	0
Net results for the period	20 170	26 479
Balance at the end of period	219 576	174 406

## NOTES

### 1) Basis for preparation

The interim financial statements for period of 1 January to 31 March 2008 have been prepared in accordance with the regulations of Oslo Stock Exchange and IAS 34 "The interim financial statements". The interim financial statements do not include all information required for annual financial statements and should for this reason be read in conjunction with Altinex Oil Norway's 2007 financial statements. The accounting principles applied is the same as those used for the Altinex Oil Norway's 2007 Financial statements. These statements were prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union and interpretations by the International Accounting Standard Board (IASB).

### 2) Exploration and development costs for oil and gas assets

Exploration costs are accounted for in accordance with the successful effort method. This means that all exploration costs including pre-operating costs (seismic acquisitions, seismic studies, internal man hours, etc.) are expensed as incurred. Exceptions are costs related to acquisition of licenses and drilling of exploration wells. These costs are temporarily capitalized pending an evaluation of the economics of the exploration drilling findings. If hydrocarbons are discovered, the costs remain capitalized. If no hydrocarbons are found or if the discoveries are not commercially profitable, the drilling costs are expensed. All costs of developing oil and gas fields are capitalized.

### 3) Depreciations and amortizations

Depreciation of production equipment is calculated in accordance with the unit of production method. The added values which are allocated to producing fields will be amortized in accordance with the unit of production method.

### 4) Taxes

Income tax expenses for the period are calculated based on the tax rate applicable to the expected total annual earnings. The ordinary income tax is 28% in Norway. In addition, there is an extra petroleum tax of 50% related to exploration and production on the Norwegian Continental Shelf.

The deferred tax and tax advantage is based on the difference between book value and fiscal value of assets and liabilities.

### 5) Goodwill – Deferred tax liabilities

The acquisitions of the Brage field and the Enoch field have been treated in accordance with IFRS 3 – Business Combinations. The acquisition prices are allocated to assets and liabilities at the estimated fair values at the acquisition dates. The tax base of the acquired assets and liabilities is not affected by the acquisitions. As all acquisitions are treated as Business Combinations, the difference between new fair values and booked values prior to the acquisitions result in a change in the Deferred tax liability. The change in Deferred tax liability in turn affects Goodwill. All Goodwill in the balance sheet is the equivalent of the value of the increased Deferred tax liability at the day of the acquisitions. Goodwill is, according to IFRS, not amortized, but will be subject to impairment testing.