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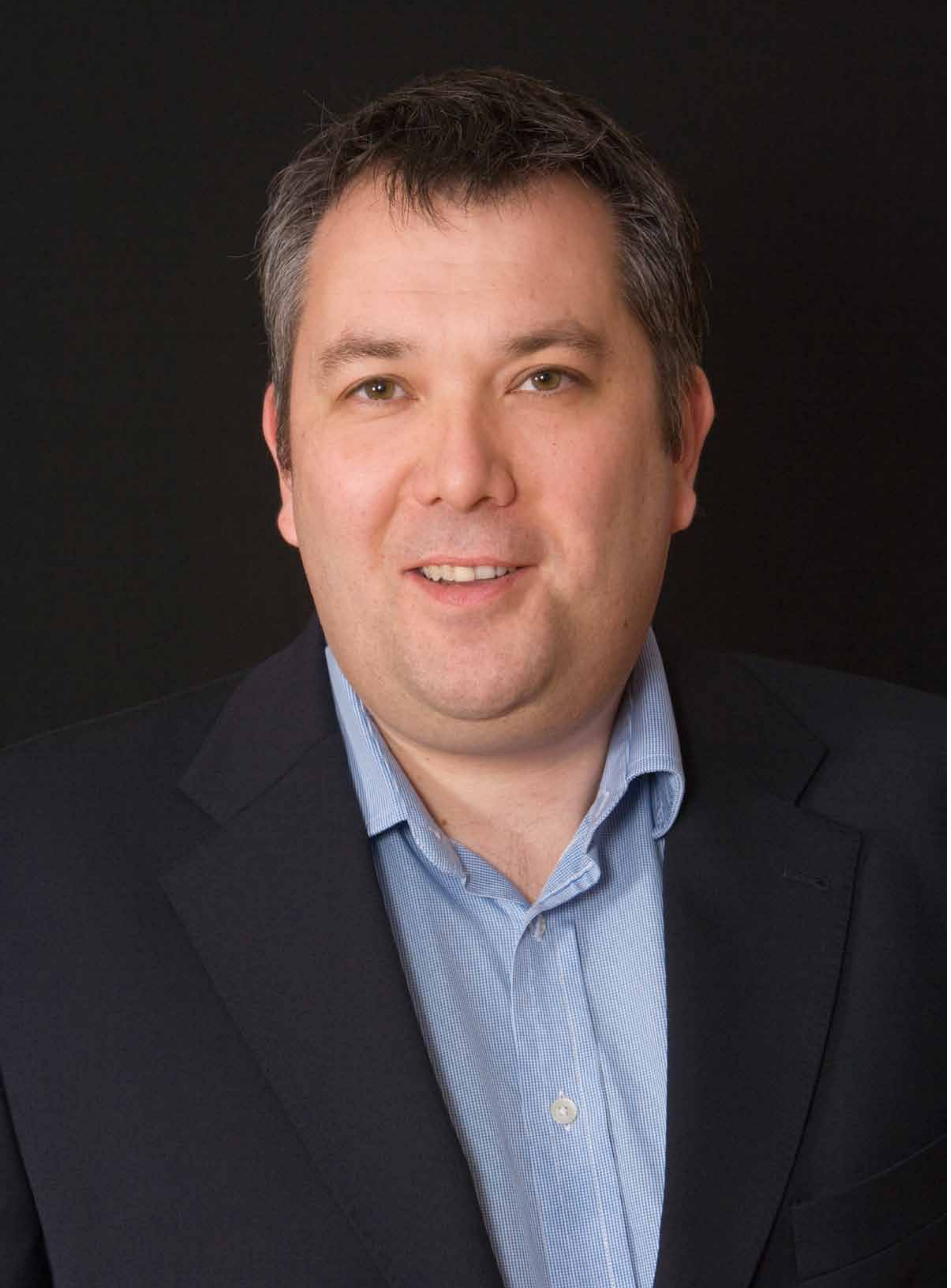
CORPORATE BROCHURE

Bridging the **North Sea**

Bridge Energy's balanced portfolio of exploration and production oil and gas projects across the North Sea makes it an attractive investment as it sets out to list in London as well as Oslo

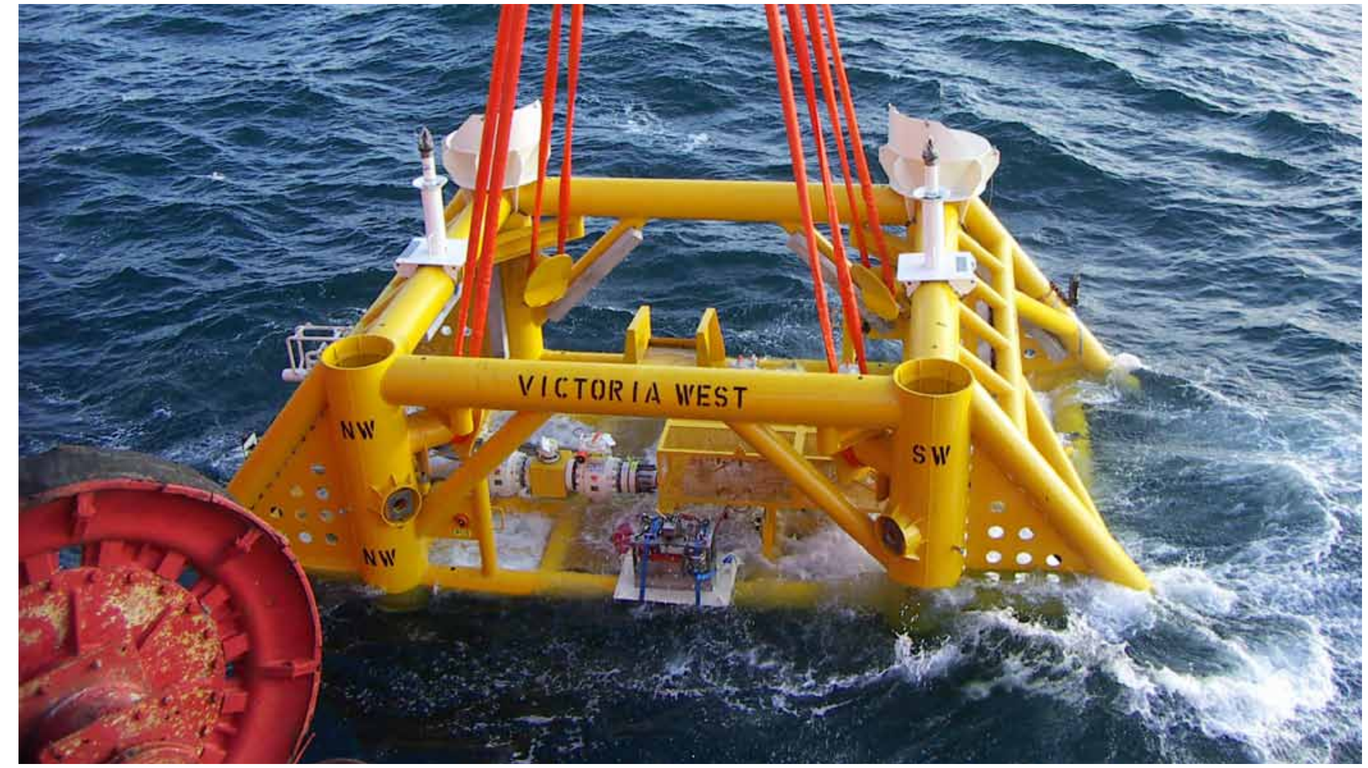


Established as recently as March 2010, Bridge Energy is now at a critical stage in its growth and is coming to the end of a year that has demonstrated impressive progress. The company was formed out of a merger between Bridge Energy AS of Norway and Silverstone Energy Limited, based in the UK, and it has offices in both Aberdeen and Oslo. Bridge listed on the Oslo Stock Exchange in May 2010, presenting itself as having a very competitive combined portfolio of exploration licences as well as Silverstone's gas producing well in the Victoria field, which this year will yield some $13.5 million in terms of cash flow.

Cash flow is king in the North Sea exploration and production (E&P) business. Acknowledging that, investors who put their money behind long-term, high risk and very costly resources companies have understandably become a good deal more cautious. Bridge Energy already stands out from many of its peers in having linked production and development assets, primarily in the UK sectors of the North Sea, with a large number of exploration licences further north in Norwegian waters. The point is that where competitors have to rely on their shareholders and banks to fund further development, Bridge is rapidly developing a position of being able to do this from its own resources—and investors like that.

In recent months the company has taken several long steps towards reaching its goals. The first of these, in September, was to acquire a 50 per cent working interest in the Duart field in the central North Sea. Bridge paid Nexen Petroleum $38.3 million for the field. "We tried to identify a list of assets that made sense for us in terms of their operational characteristics and also their value and cash characteristics," explains Tom Reynolds, deputy CEO of Bridge Energy. "Duart was one of the ones we identified in that process." It was a win-win situation for both parties, he says, with Nexen happy to realise the value of an asset that was being heavily taxed while enabling Bridge to double its cash flow at a stroke. Bridge, on the other hand, has a considerable 'tax pool' against which it can offset UK tax liability, and in any case the strategic value of the field as a source of present revenue was a compelling attraction.

Since it was able to make this acquisition using its own cash and credit facilities, these additional revenues will put the company in a stronger position than ever, a position that will be enhanced next year when it has been able to drill new wells in the Victoria field in the next phase of that project. A rig is being sought to drill this well, and first gas production is expected to be delivered by the end of 2012. This project will make a significant impact on Bridge Energy's production, Reynolds believes: "Together with the planned Victoria Phase II development, using only our existing cash resources, Bridge's production will treble to around 3,700 barrels of oil equivalent [boe] per day by the end of 2012 and significantly enhance our ability to fund further growth from cash flow."



“The momentum that has been set up by recent announcements on acquisition and refinancing puts us in a very strong position”

The mid-term aim is to self-fund the drilling it plans to do on four of its Norwegian assets in 2012. Meanwhile the Victoria Phase II development has to be paid for and Bridge has agreed a banking deal with the Royal Bank of Scotland to make these funds available. That credit facility refinances the existing debt on Victoria Phase I, issues new debt to support the Duart transaction and it also makes debt available to support the Victoria Phase II development.

The key message to investors is that here is a company that is able to fund itself at a self sustaining level of cash flow which will support growth acquisitions and production, as well as exploration growth through the drilling projects that are in hand—to the extent that the rigs have been found and the support services booked.

North Sea gas is not won easily. New acreage offered by the Norwegian and UK governments is picked over by a large number of companies. “We compete in the market for both licences and assets—like the Duart asset we just acquired,” says Reynolds. “It comes down to technical ability and the ability to offer a robust work programme that makes you competitive in the government process. The other area we compete in is people. There is a rather narrow talent pool for upstream gas activities in the North Sea. We have suffered from people moving abroad. To be able to offer something interesting and exciting

in a growth company you need to be clear and also hope people are savvy enough to look for a vehicle that is funded for its activity plan."

All these things combine to place Bridge at that crucial point where it can demonstrate to all its stakeholders—whether governments, investors, or employees actual and potential—that it has a good story to tell. "We are at that point," Reynolds insists. "The momentum that has been set up by recent announcements on acquisition and refinancing puts us in a very strong position to demonstrate we can fund our growth plans in the near term. That certainly provides us with the momentum in the market from an investor perspective: it also brings in the other key resource, the human one. We can attract people to our story if we can demonstrate that funding plan."

"Moving to the AIM market introduces the company to a broad new group of investors"

In its latest quarterly report, Bridge Energy identifies five key strategies or goals. The first is to confirm the growth schedule and activity plan we have described, the third is to identify and acquire assets such as Duart, the fourth is to accrue more exploration assets and develop the existing ones—the 2012 drilling programme—and the fifth is to secure financial resources such as the RBS debt funding. These have all been to a large extent achieved or are well progressed, so that just leaves the second: to improve liquidity in the market.

Essentially this means opening up trading of Bridge shares to more investors. Nobody needs reminding that European markets are depressed right now and Bridge, on the Oslo Stock Exchange, is no exception. "The value of the business is in no way recognised in the value the trading screens give us on a day to day basis," Reynolds admits. "Despite the acquisition and all our growth potential our pricing has been largely static." He is not despondent: 18 years' experience of investment in energy markets tells him that the markets always follow value, given time. However in the short term Bridge wants to improve its market position and part of that, Reynolds says, is to broaden the equity beyond the Oslo Stock Exchange.

For some months Bridge Energy has been working towards listing on the LSE's AIM market, home to many energy stocks round the world. A dual listing would enable Bridge to widen its narrative, he feels. "Moving to the AIM market introduces the company to a broad new group of investors who may be aware of the company but may not choose to invest up till now—we will be a lot more visible to a lot more investors."

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