Interim Report

Q1 2006

Pertra ASA
Trondheim

15 May 2006

Highlights Q1 2006

- Pertra is currently engaged in several projects assessing prospectivity in acreage announced in APA 2006. In that connection Pertra cooperates with other oil companies in preparing joint applications, and additional seismic data have been acquired.
- 526 km^2 of 3D seismic has been shot by ”Geo Pacific” over PL 356, and the processing of this is expected to be completed in October 2006, thus fulfilling the formal work commitment in the license. 100 km^2 of 3D seismic has been shot by the vessel ”Polar Princess” over PL 364 - Frøy. Data from this acquisition will be available as early as July 2006.
- In cooperation with DNO and Revus, Pertra initiated a rig consortium comprising a total of seven companies, securing a rig contract with Dolphin AS. Pertra’s share is three firm wells.
- Independently, Pertra entered into a rig contract with Maersk Contractors concerning the lease of the drilling rig Maersk Giant for the drilling of one exploration well during the summer of 2007.
- The evaluation of a development of Frøy proceeds according to plan. A PDO is expected during 2007, with production start-up in 2009/10. Talisman has assumed the operatorship of PL 316 and a PDO is expected to be presented during 2006, with production start-up in 2008/09.
- Production was 13.798 Sm^3 (86.832 barrels). This is 2.628 barrels more than what was produced during Q1 2005.
- In Q1 2006 Pertra has entered into a loan agreement with Sparebanken Midt-Norge, providing Pertra with a drawing facility of NOK 130 million.

Portfolio

There have been no changes to the company’s portfolio during Q1. Pertra has license interests in a total of ten licenses, and shares vary from 5 % to 70 %. Pertra is the operator for a total of four licenses.

Key Figures (NGAAP)

All figures in NOK million	**Q1 2006**	The year 2005
Operating revenues	**41,1**	94,5
Exploration costs	**33,5**	166,3
Profit/(loss) before depreciations and amortization for plugging and abandonment (EBITDA)	**(6,4)**	(98,9)
Operating result	**(21,4)**	(-129,0)
Income/(loss) before taxes	**(22,2)**	(127,2)
Earnings/(loss) after taxes per share	**(0,77)**	(3,52)
Investments	**0,6**	66,9
Oil production (barrels)	**86 832**	247 774

In Q1 Pertra generated operating revenues in the amount of NOK 41,1 million, and the loss before taxes was NOK -22,2 million. By way of comparison the operating revenues included in the Balance Sheet amounted to NOK 28,6 million and income before taxes was NOK 8,6 million during Q1 2005. (However, in Q1 2005 operating revenues and costs were included in the Balance Sheet due to the implementation date of the Sales and Purchase Agreement with Talisman Production Norge AS being 1 June 2005, whereas the acquisition date for the transaction was 1 January 2005).

The negative result in Q1 2006 reflects the company's exploration and field development activities and is a result of costs related to exploration, acquisition of seismic data, and the evaluation of Frøy and Yme.

Oil Resources and Reserves

Pertra's total risked resources in Q1 have not been altered from what was reported after Q4 2005, i.e., they are still estimated at 190 million barrels. Of these, 32 million barrels are defined as reserves, i.e., from discoveries that are either in production, or a PDO has been submitted, or where a decision to pursue towards a PDO has been reached.

Production

The company has interests in one producing field – PL 038, the Varg Field. In Q1 production amounted to 86.832 barrels, as compared to 84.204 barrels in Q1 2005. Due to the drilling of additional production wells in 2005 production increased during the year, and our share in Q4 2005 was 127.078 barrels. The reduction during Q1 has been larger than anticipated, and it has been approved to drill a new production well in the summer of 2006. Financially, all petroleum revenue and production costs are from Varg. Thus in Q1 the company had an operating income before depreciations in the amount of NOK 30,5 million from Varg.

Varg crude oil has been sold at an average price of USD 62,83 per barrel, a 34 % increase when compared to Q1 2005.

The production on Varg is expected to continue until 2011, dependent upon oil prices and access to production capacity. In the production agreement entered into with PGS Production AS in 1999, and last revised in 2004, a lease rate of USD 90 000/day has been agreed, as well as USD 6,3/barrel of produced volumes. This results in the license incurring costs that are closely linked to production volumes. Since both the license and PGS have the right to terminate the production agreement, the license has no guarantee that production with Petrojarl Varg will exceed beyond the time when one might expect PGS to take on alternative assignments. We are not cognizant of any such alternatives that are feasible during the next two years.

Potential Developments

Pertra currently focuses on a potential development of the Frøy Field in PL 364, where we are the operator. In March/April this year Fugro-Geoteam shot new 3D seismic over the field. The existing seismic is now being reprocessed and will be co-processed with the new data to achieve optimum examination of the reservoir, so-called multi-azimuth data. Work involving various development and operation concepts has been initiated, and a decision to continue is planned to be made in December 2006. A Plan for Development and Operation (PDO) is to be expected in 2007.

In PL 316, where Pertra is a 10 % partner, the Yme Field is being evaluated with reference to a re-opening. A PDO is expected submitted before the end of 2006. Talisman has taken over the operatorship of PL 316 and continues the research work where Paladin cut off. An independent development solution will in all probability be chosen for Yme.

Exploration

Pertra shall create value by discovering and developing resources that are either not yet proven or in production. General conditions for an exploration-focused growth strategy on the Norwegian Shelf are very good. Pertra is investing considerable efforts in identifying interesting prospects that we will apply for in the annual licensing rounds, APAs.

Pertra continues to put down maximum effort in our operator licenses (PL 380, PL 337, and PL 321), and will put forward formal motions to drill several prospects in these licenses this year and next year.

A contract has been signed with Maersk Contractors Norge AS regarding the use of the jackup drilling rig Maersk Giant to drill one exploration well during the summer of 2007. In addition, a rig consortium consisting of seven oil companies has been established, and the consortium has negotiated a three-year agreement regarding the use of the semi-submersible drilling rig Bredford Dolphin. The rig is expected to be ready for operation on the Norwegian Shelf in the fall of 2006. Of the three-year contract, Pertra has slots for a total of 115+75 days.

In PL 321, there is a work commitment involving 500 km^2 of 3D seismic. However, the license has initiated an acquisition of 800 km^2 of 3D seismic, of which approximately 300 km^2 still remain, scheduled for acquisition by PGS in the summer of 2006. The decision whether to drill or drop will be made during the first six months of 2007.

In PL 380, a work commitment stipulates that we perform a probability study of the use of SBL (electromagnetic surveying). The study has been carried out and the conclusion stipulated that there will be no significant additional information to be gained from carrying out an SBL survey. A decision whether to drill or drop will be made this year.

In PL 337 Pertra, as operator, will present proposed drilling objectives in June 2006. No additional data acquisition has been planned. The drilling rig Maersk Giant will be very suitable for drilling in this license.

Investments

Investments in Q1 amounted to NOK 0,6 million, total depreciations were NOK 9,9 million. The purchase amount of the share in PL 316 (Yme, etc.) has not been booked as an investment, but is being expensed.

Cash Flow and Capital Structure

Cash flows from operations in Q1 amounted to NOK -79,4 million. The company's liquid assets as of 31.03.2006 constituted NOK 31,4 million.

Total assets as of 31.03.2006 amounted to NOK 231,5 million, and interest-bearing liabilities were NOK 20,0 million. The equity ratio was 68,5%.

In Q1 2006 Pertra has entered into a loan agreement with Sparebanken Midt-Norge, providing Pertra with a drawing facility of NOK 130 million, this in addition to the company's liquid assets.

A prepayment from Pertra to Dolphin AS and Maersk Contractors in connection with the rig agreement entered into with these two companies has been made in the amount of NOK 34 million and NOK 10 million, respectively.

The share

In the General Meeting held 24 February it was approved to split each share into five shares. At the same time it was decided to convert the B shares into A shares. The Board was also authorized to issue up to 750.000 new shares. This authorization shall constitute an element of the company's incentive program.

Until recently, Pertra Management AS and Petro Midt-Norge AS owned 72 % of the shares in Pertra ASA. These two companies have now been formally dissolved, and their interests have been distributed to the respective owners. The Shareholder's Agreements, which regulated the composition of the Board of Directors with regard to Pertra Management AS and Petro Midt-Norge AS, have consequently also been discontinued.

The intention of this restructuring was to provide the owners with more direct influence where the company's various bodies and the shareholders' own interests are concerned. The fact that the shares have been distributed in this manner may also lead to increased interest in Pertra shares, which is a prerequisite for the planned IPO.

In 2006 the share has been traded at between NOK 60 and 78. There is low liquidity in the share.

Events after 31.03.2006

As planned, the Board of Directors in Pertra ASA has agreed to initiate work aimed at applying for stock exchange listing during Q4 2006. In connection with this, a share issue in the amount of approximately NOK 500 million is being planned.

The company is facing considerable development tasks on the Yme Field and the Frøy Field and consequently needs to strengthen the equity in the company. Strengthened equity, in addition to debt, will enable Pertra to utilize the position the company has gained in licenses with proven discoveries.

The IPO will also result in increased liquidity in the share and facilitate the company's prospects of further growth.

Outlook

The Government has recently announced the APA (Awards in Predefined Areas) 2006, with a total of 192 blocks. Pertra has identified several interesting prospects in the announced acreage, and we are currently cooperating with other companies in evaluating these. Pertra will submit applications together with companies that share the same goals and work form as Pertra. Pertra will participate in applications both as operator and partner. The awards are expected to be announced in December this year.

The Company's prospects the next two years are to a significant degree related to the development of the Yme Field (PL 316) and the Frøy Field (PL 364). Work aimed at completing a Plan for Development and Operation (PDO) for Yme by the end of 2006 and for Frøy by 2007 is ongoing. A successful development process may result in production from these two fields in 2008-2009 and onwards.

It is Pertra's ambition to participate in six to ten exploration wells by the end of 2008. No exploration wells have been planned for the Company's operator licenses in 2006. For the time being, two exploration wells have been planned for 2007. Pertra has initiated work aimed at securing rig capacity for the anticipated drilling activities from 2009.

Pertra's share of production on Varg is expected to be approximately 935 barrels per day in 2006, reduced from the approximately 1200 barrels expected after Q4 2005. It is anticipated that production on Varg will decline gradually in the years to come.

Trondheim, 15 May 2006

The Board of Directors of Pertra ASA

Q1 2006 INCOME STATEMENT, BALANCE SHEET, AND CASH FLOW STATEMENT

Income Statement

	2005			2005	2006
(All figures in NOK 1000)	**Q2**	**Q3**	**Q4**	**Total**	**Q1**
Petroleum revenues	13 901	33 422	46 278	93 601	41 172
Other operating revenues		778	106	884	-11
TOTAL OPERATING REVENUES	**13 901**	**34 200**	**46 384**	**94 485**	**41 161**
Exploration costs	11 469	13 275	141 554	166 298	33 520
Change in inventories	2 458	-1 951	-1 878	-1 371	3 234
Production expenses	3 147	11 354	13 201	27 703	10 624
Payroll and payroll-related expenses	1 097	5 872	-6 388	582	130
Depreciation and amortisation expenses	1 546	4 355	14 040	19 941	9 871
Provisions for plugging and abandonment liabilities	535	2 136	7 433	10 104	5 079
Other operating expenses	1 230	1 749	-2 792	188	67
TOTAL OPERATING EXPENSES	**21 483**	**36 790**	**165 171**	**223 445**	**62 525**
OPERATING PROFIT/(LOSS)	**-7 583**	**-2 590**	**-118 787**	**-128 960**	**-21 364**
Interest received	176	147	711	1 033	318
Other financial income	616	900	2 251	3 767	689
Interest paid	1	604	635	1 240	9
Other financial expenses	24	478	1 332	1 834	1 844
NET FINANCIAL ITEMS	**766**	**-35**	**995**	**1 726**	**-846**
INCOME/(LOSS) BEFORE TAXES	**-6 817**	**-2 625**	**-117 792**	**-127 233**	**-22 210**
Taxes (+)/taxable income (-) on ordinary profit/(loss)	1 315	506	-86 852	-85 030	-10 276
NET INCOME (LOSS)	**-8 132**	**-3 131**	**-30 940**	**-42 203**	**-11 934**

Balance Sheet

	2005			2006
(All figures in NOK 1000)	**Q2**	**Q3**	**Q4**	**Q1**
ASSETS				
Deferred tax			2,796	8,976
Tangible assets	52,377	57,140	46,935	37,647
Long-term prepayment				43,875
TOTAL FIXED ASSETS	**52,377**	**57,140**	**49,732**	**90,498**
Inventories	851	2,886	4,764	1,530
Accounts receivables	13,900	18,912	9,692	9,570
Other receivables	22,919	20,012	10,482	12,198
Calculated tax receivable			82,234	86,330
Cash and cash equivalents	59,351	67,764	106,634	31,413
TOTAL CURRENT ASSETS	**97,022**	**109,574**	**213,805**	**141,041**
TOTAL ASSETS	**149,399**	**166,714**	**263,537**	**231,539**
EQUITY AND LIABILITIES				
Share capital	2,250	2,278	3,113	3,113
Share premium reserve	115,618	115,291	167,589	155,655
TOTAL EQUITY	**117,868**	**117,569**	**170,702**	**158,768**
Deferred tax	1,315	1,822		
Pension liabilities			1,490	39
Provisions for plug- and abandonment obligations	535	2,671	10,104	15,183
TOTAL PROVISIONS	**1,851**	**4,493**	**11,594**	**15,222**
Short-term loan				20,000
Bank overdraft			15,271	
Accounts payable	13,454	19,274	17,794	6,062
Public deductions and taxes	503	1,048	2,291	1,044
Other current liabilities	15,723	24,330	45,885	30,443
TOTAL CURRENT LIABILITIES	**29,680**	**44,652**	**81,241**	**57,549**
TOTAL LIABILITIES	**31,531**	**49,145**	**92,835**	**72,771**
TOTAL EQUITY AND LIABILITIES	**149,399**	**166,714**	**263,537**	**231,539**

Cash Flow Statement

(All figures in NOK 1000)	11.02.2005 - 31.12.2005	Q1 2006
Cash flow from operating activities		
Income/(loss) before taxes	-127 233	-22 210
Taxes paid		
Depreciation and amortisation expenses	19 941	9 871
Change in plugging and abandonment liabilities	10 104	5 079
Discount shares to employees	857	
Changes in inventories, accounts payable and receivable	3 338	-8 375
Changes in net current capital and in other current balance sheet items	39 185	-63 732
NET CASH FLOW FROM OPERATING ACTIVITIES	**-53 809**	**-79 367**
Cash flow from investing activities		
Acquisition of investment in and development of oil and gas fields	-60 866	-39
Acquisition of investment in software, inventory etc.	-6 011	-543
NET CASH FLOW FROM INVESTING ACTIVITIES	**-66 877**	**-583**
Cash flow from financing activities		
Paid-in share capital	212 048	
Short-term loan		20 000
Bank overdraft	15 271	-15 271
NET CASH FLOW FROM FINANCING ACTIVITIES	**227 319**	**4 729**
Net change in cash and cash equivalents	**106 634**	**-75 221**
Cash and cash equivalents at start of period		106 634
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**106 634**	**31 413**
Specification of cash and cash equivalents at end of period		
Bank deposits, etc.	**106 634**	**31 413**

Accounting Principles

The Interim Report has been prepared in accordance with the Norwegian standard for interim reporting. The accounting principles are described in the 2005 Annual Report.

Notes to Q1 Financial Statements

(All figures in NOK 1000)

Note 1 Tangible assets

	Capitalized exploration costs	Capitalized drilling expenses	Equipment, software, etc.	Total
Procurement cost 01.01.2006	45,002	15,864	6,011	66,877
Investments		39	543	583
Retirements				
Procurement cost 31.03.2006	45,002	15,904	6,554	67,459
Cumulative depreciations 31.03.2006	13,711	5,171	1,059	19,941
Capitalized value 31.03.2006	**31,290**	**10,733**	**5,495**	**47,518**
Depreciations this year	6,201	3,154	516	9,871

Capitalized exploration costs and capitalized drilling and development costs are depreciated according to the production unit method. Equipment, software, etc. are depreciated linearly over their economic life, which is 3-5 years.

Note 2 Taxes

Taxes paid for the year appear as follows:	**Q1 2006**
Taxable income due to exploration-related losses	-4,096
Change deferred tax liabilities	-6,180
Total taxes	**-10,276**

Note 3 Equity

Changes in equity for the year	**Share capital**	**Share premium reserve**	**Total**
Equity at 01.01.2006	3,113	167,589	**170,702**
Income/(loss) at 31.03.2006		-11,934	**-11,934**
Equity at 31.12.2006	**3,113**	**155,655**	**158,768**

On 27.02.2006 the General Meeting agreed to split the share, changing the nominal value from NOK 1,00 to NOK 0,20 per share. The total number of shares is currently 15.565.650. The share capital is still NOK 3.113.130. At the same time the company's B shares were converted into A shares. All shares now carry the same voting right.

Note 4 Long-term prepayment

Long-term prepayment applies to prepayment of two rig contracts for the drilling of exploration wells during the summer of 2007.