

Annual Statement of Reserves 2011

Noreco's classification of reserves follows the SPE/WPC/AAPG/SPEE Petroleum Resources Management System (SPE-PRMS) published in 2007. The system is a recognized resource classification system in accordance with the Oslo Stock Exchange Circular 9/2009 "Listing and disclosure requirements for oil and natural gas companies".

The SPE-PRMS uses "reserves", "contingent resources" and "prospective resources" to classify hydrocarbon resources of varying technical maturity and commercial viability. The maturity within each class is also described to help guide classification of a given asset.

Details of SPE-PRMS can be found here: <http://www.spe.org/industry/reserves/prms.php>

RESERVES

In this document Noreco reports the company's reserves, estimated by Noreco in accordance with the SPE-PRMS standard. Economic limit tests have been performed based on a market forward oil price as of end 2011 as well as the company's best assumptions of future operating costs.

In addition, Noreco uses an external company (DeGolyer and MacNaughton) to perform an independent reserves analysis. Both the in-house and the independent reserves estimation follow SPE-PRMS.

Noreco divested the Brage and South Arne fields with effective date 1.1.2011 and the Siri and Stine fields with effective date 1.7.2011. These transactions represent a 2P reserves subtraction of more than 20 million boe.

As per 31.12.2011 Noreco has reserves from seven fields. Further information about the fields is available on Noreco's homepage www.noreco.com and in the company's annual report.

Noreco's reserves overview is shown in Table 1 and 2. The division is as suggested in Oslo Børs Circular 9/2009 Annex III, and the SPE PRMS reserves categories used is shown in brackets.

Table 1: Noreco reserves by asset

| Reserves as of 31.12.2011 | | | | | | | | | | |
|---|-----------------------|---------------|-------------------|---------------|-----------------|-----------------------|---------------|-------------------|---------------|-----------------|
| Developed assets (On production) | | | | | | | | | | |
| | 1P | | | | | 2P | | | | |
| | Liquids (mill bbl) | Gas (bscf) | Gross mill boe | Interest % | Net mill boe | Liquids (mill bbl) | Gas (bscf) | Gross mill boe | Interest % | Net mill boe |
| Nini | 2,9 | - | 2,9 | 30 | 0,9 | 4,1 | - | 4,1 | 30 | 1,2 |
| Nini East | 7,0 | - | 7,0 | 30 | 2,1 | 10,7 | - | 10,7 | 30 | 3,2 |
| Cecilie | 0,8 | - | 0,8 | 61 | 0,5 | 1,9 | - | 1,9 | 61 | 1,2 |
| Lulita | 0,9 | 3,4 | 1,5 | 28,2 | 0,4 | 1,6 | 5,9 | 2,6 | 28,2 | 0,7 |
| Enoch | 1,8 | - | 1,8 | 4,36 | 0,1 | 2,7 | - | 2,7 | 4,36 | 0,1 |
| Total | | | | | 4,0 | | | | | 6,5 |
| Under development (Approved for development) | | | | | | | | | | |
| | 1P | | | | | 2P | | | | |
| | Liquids (mill bbl) | Gas (bscf) | Gross mill boe | Interest % | Net mill boe | Liquids (mill bbl) | Gas (bscf) | Gross mill boe | Interest % | Net mill boe |
| Oselvar | 16,9 | 95,5 | 34,0 | 15 | 5,1 | 24,8 | 159,6 | 53,3 | 15 | 8,0 |
| Huntington | 23,2 | 11,1 | 25,2 | 20 | 5,0 | 38,5 | 20,4 | 42,1 | 20 | 8,4 |
| Total | | | | | 10,1 | | | | | 16,4 |
| Non-developed assets (Justified for development) | | | | | | | | | | |
| | 1P | | | | | 2P | | | | |
| | Liquids (mill bbl) | Gas (bscf) | Gross mill boe | Interest % | Net mill boe | Liquids (mill bbl) | Gas (bscf) | Gross mill boe | Interest % | Net mill boe |
| Total | | | | | - | | | | | - |
| Total reserves | | | | | | | | | | |
| | 1P | | | | | 2P | | | | |
| | Liquids (mill bbl) | Gas (bscf) | Gross mill boe | Interest % | Net mill boe | Liquids (mill bbl) | Gas (bscf) | Gross mill boe | Interest % | Net mill boe |
| Nini | 2,9 | - | 2,9 | 30 | 0,9 | 4,1 | - | 4,1 | 30 | 1,2 |
| Nini East | 7,0 | - | 7,0 | 30 | 2,1 | 10,7 | - | 10,7 | 30 | 3,2 |
| Cecilie | 0,8 | - | 0,8 | 61 | 0,5 | 1,9 | - | 1,9 | 61 | 1,2 |
| Lulita | 0,9 | 3,4 | 1,5 | 28,2 | 0,4 | 1,6 | 5,9 | 2,6 | 28,2 | 0,7 |
| Enoch | 1,8 | - | 1,8 | 4,36 | 0,1 | 2,7 | - | 2,7 | 4,36 | 0,1 |
| Oselvar | 16,9 | 95,5 | 34,0 | 15 | 5,1 | 24,8 | 159,6 | 53,3 | 15 | 8,0 |
| Huntington | 23,2 | 11,1 | 25,2 | 20 | 5,0 | 38,5 | 20,4 | 42,1 | 20 | 8,4 |
| Total | | | | | 14,1 | | | | | 22,9 |

Table 2: Noreco reserves development

| Reserves development - net million boe | | | | | | | | |
|--|-------------------------------------|------------|---|-------------|---|------------|-------------|-------------|
| | Developed assets (On production) | | Under development (Approved for development) | | Non-developed assets (Justified for development) | | Total | |
| | 1P | 2P | 1P | 2P | 1P | 2P | 1P | 2P |
| Balance as of 31.12.2010 | 15,8 | 23,9 | 12,4 | 19,6 | 1,7 | 2,3 | 30,0 | 45,8 |
| Production | (1,7) | (1,7) | | | | | (1,7) | (1,7) |
| Acquisitions/disposals | (10,0) | (15,6) | (2,0) | (2,9) | (1,4) | (1,8) | (13,3) | (20,2) |
| Extensions and discoveries | | | | | | | | |
| New developments | 0,4 | 0,5 | | | (0,4) | (0,5) | 0,0 | 0,0 |
| Revisions of previous estimates | (0,5) | (0,6) | (0,3) | (0,3) | 0,0 | 0,0 | (0,8) | (0,9) |
| Balance as of 31.12.2011 | 4,0 | 6,5 | 10,1 | 16,4 | 0,0 | 0,0 | 14,1 | 22,9 |

The Nini, Nini East and Cecilie reserves are all produced via the Siri platform. Noreco divested its interest in the Siri/Stine fields per 01.07.2011.

Nini, DCS, operated by DONG Energy, Noreco 30 percent

The reserves assessment of the Nini field is based on decline analysis/reservoir simulation. Reserves are very similar as last year after accounting for the production.

Nini East, DCS, operated by DONG Energy, Noreco 30 percent

The Nini East field started production in February 2010. The reserves assessment of Nini East is based on detailed reservoir modeling. A new injector (NB4) was drilled in 2011 and has secured good pressure support and sweep. This well was not approved per end 2010 and is the reason for the "new

development” revision in table 2. An updated geological model has resulted in a minor reduction of 2P reserves.

Cecilie, DCS, operated by DONG Energy, Noreco 61 percent

The reserves for the Cecilie field are based on decline analysis of existing wells and are similar to last year.

Lulita, DCS, operated by Mærsk Oil & Gas, Noreco 28.2 percent

The 2P reserves for the Lulita field are based on decline analysis. The uncertainty in reserves is quite large, and Noreco has this year adjusted the 2P reserves down somewhat. The Lulita field is produced with a single well and there is potential for infill drilling (sidetrack). New seismic will be investigated in 2012 to address the future possibilities. However, no firm plan exists and consequently there are no undeveloped reserves booked for Lulita.

Enoch, NCS, operated by Talisman, Noreco 4.36 percent

The Enoch field is produced with a single well, and the field reserves are based on decline analysis this year. The water cut has increased faster than expected and hence the 2P reserves have been reduced accordingly.

Oselvar, NCS, operated by DONG Energy, Noreco 15 percent

The reserves assessment of the Oselvar field is based on detailed reservoir modeling and uncertainty study performed in conjunction with the plan for development and operation (PDO) in 2009. During 2011 the first production well has been completed and Noreco sees no reason to change last year’s reserves estimate. Two more production wells will be completed in 2012. Production start-up is expected during first half of 2012.

Huntington Forties, UKCS, operated by E.ON Ruhrgas, Noreco 20 percent

The Huntington Forties field development plan (FDP) was approved during 2010 and the project is now in the execution phase. The production and injection wells will be connected to the Sevan Voyageur FPSO.

Noreco’s reserve estimate of the Huntington Forties reservoir is based on the company’s own reservoir modeling. In Noreco’s interpretation, based on the low resistivity zone well test and field analogue information, the low resistivity zone will contribute significantly to the Huntington Forties reserves. The FDP base case is more conservative on this point and hence carries somewhat lower reserves than Noreco. Two production wells are completed per 31.12.2011 and we see the result as a support for our reserves estimate from last year. The delay in start-up, now estimated to second half 2012, combined with the economic limit test, has caused a minor reduction in 2P reserves.

The deeper Huntington discoveries are not part of the current FDP and are therefore kept as contingent resources. By linking additional resources to the FPSO, a likely side effect will be extended production life and consequently increased reserves for Huntington Forties.

CONTINGENT AND PROSPECTIVE RESOURCES

Noreco’s contingent resources are from discoveries in various stages of maturation towards development on the Norwegian Danish and UK continental shelves.

In accordance with guidelines from Oslo Stock Exchange, Noreco does not quantify contingent resources in this ASR.

During 2011, portfolio management has resulted in the sale of the Hyme, Brynhild, Zidane-1 and the Flyndre Paleocene discoveries. All these discoveries and developments were contingent resources per 31.12.2010.

For a description and overview of our contingent and prospective resources, reference is made to Noreco’s homepage www.noreco.com and the company’s annual report.

MANAGEMENT’S DISCUSSION AND ANALYSIS

The reported reserve estimates are based on standard industry practices and methodology such as decline analysis, reservoir modeling and geological and geophysical analysis. The evaluations and assessments have been performed by engineers with extensive industry experience, and the

methodology and results have been quality controlled as part of the company's internal reserves estimation procedures.

A third party independent assessment has been performed by DeGolyer and MacNaughton on all of Noreco's fields categorised as reserves. The assessment is based on input data provided by Noreco, as well as full access to subsurface data and licence documentation. DeGolyer and MacNaughton forms an independent view on reserves on this basis. The independent review concludes with a reserves estimate that is within three percent of Noreco's 2P estimate and hence serves as a verification of the Noreco reserves estimate.

The information included herein may contain certain forward-looking statements that address activities, events or developments that Noreco expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by Noreco, which are beyond its control and are subject to certain additional risks and uncertainties. As a result of these factors, actual events may differ materially from those indicated in or implied by such forward-looking statements.

The 2P reserves estimate represents the expected outcome for the fields based on the performance observed to date, the company's understanding of the fields and the planned activities in the licences.

The 2P reserve estimate for the Noreco portfolio is 22.9 mmboc compared to 45.8 mmboc in the year end 2010 reserves statement. This decrease is explained by the substantial asset sales that were carried through in 2011.

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