

ANNUAL STATEMENT OF RESERVES 2012

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 2012 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.

As per 31 December 2012, Noreco has reserves in seven fields. Further information about the fields is available on Noreco's homepage www.noreco.com.

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

Developed Assets (on production) as of 31.12.2012

	1P					2P				
	Liquids (mill bbl)	Gas (bscf)	mill boe	Interest %	Net mill boe	Liquids (mill bbl)	Gas (bscf)	mill boe	Interest %	Net mill boe
Nini	2.4	0.0	2.4	30.0	0.7	3.7	0.0	3.7	30.0	1.1
Nini East	4.4	0.0	4.4	30.0	1.3	7.6	0.0	7.6	30.0	2.3
Cecilie	0.6	0.0	0.6	61.0	0.4	2.1	0.0	2.1	61.0	1.3
Lulita	0.9	4.2	1.7	28.2	0.5	1.0	4.7	1.9	28.2	0.5
Enoch	2.0	0.0	2.0	4.4	0.1	2.6	0.0	2.6	4.4	0.1
Oselvar	12.8	55.6	22.7	15.0	3.4	25.7	145.6	51.7	15.0	7.7
Total					6.4					13.1

Under development (approved for development) as of 31.12.2012

	1P					2P				
	Liquids (mill bbl)	Gas (bscf)	mill boe	Interest %	Net mill boe	Liquids (mill bbl)	Gas (bscf)	mill boe	Interest %	Net mill boe
Nini East	0.0	0.0	0.0	30.0	0.0	1.3	0.0	1.3	30.0	0.4
Huntington	24.5	10.8	26.5	20.0	5.3	38.3	20.9	42.0	20.0	8.4
Total					5.3					8.8

Non-developed assets (justified for development) as of 31.12.2012

	1P					2P				
	Liquids (mill bbl)	Gas (bscf)	mill boe	Interest %	Net mill boe	Liquids (mill bbl)	Gas (bscf)	mill boe	Interest %	Net mill boe
Total					0.0					0.0

Total reserves as of 31.12.2012

	1P					2P				
	Liquids (mill bbl)	Gas (bscf)	mill boe	Interest %	Net mill boe	Liquids (mill bbl)	Gas (bscf)	mill boe	Interest %	Net mill boe
Nini	2.4	0.0	2.4	30.0	0.7	3.7	0.0	3.7	30.0	1.1
Nini East	4.4	0.0	4.4	30.0	1.3	9.0	0.0	9.0	30.0	2.7
Cecilie	0.6	0.0	0.6	61.0	0.4	2.1	0.0	2.1	61.0	1.3
Lulita	0.9	4.2	1.7	28.2	0.5	1.0	4.7	1.9	28.2	0.5
Enoch	2.0	0.0	2.0	4.4	0.1	2.6	0.0	2.6	4.4	0.1
Oselvar	12.8	55.6	22.7	15.0	3.4	25.7	145.6	51.7	15.0	7.7
Huntington	24.5	10.8	26.5	20.0	5.3	38.3	20.9	42.0	20.0	8.4
Total					11.7					21.9

Table 2: Noreco reserves development

Reserves development

Net mill 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 31.12.2011	4.0	6.5	10.1	16.4	-	-	14.1	22.9
Production	(1.3)	(1.3)					(1.3)	(1.3)
Acquisitions/disposals							-	-
Extensions and discoveries	-	-	-	-	-	-	-	-
New developments	3.4	7.7	(3.4)	(7.3)	-	-	-	0.4
Revisions of previous estimates	0.3	0.2	(1.4)	(0.3)	-	-	(1.1)	(0.1)
Balance as of 31.12.2012	6.4	13.1	5.3	8.8	-	-	11.7	21.9

The Nini, Nini East and Cecilie reserves are all produced via the Siri platform.

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

The reserves assessment of the Nini field is based on decline analysis of producing wells. Reserves are approximately three percent higher than last year after accounting for the 2012 production.

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

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. The reserves for a new approved production well are included in the Approved for Development category.

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

The reserves for the Cecilie field are based on decline analysis of existing wells. The reserves are increased by approximately 18 percent compared with last year.

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

The 2P reserves for the Lulita field are based on decline analysis. Noreco has adjusted the 2P reserves down by 16 percent compared with last year. The Lulita field is produced with a single well and there is potential for infill drilling (sidetrack). New seismic will be interpreted in 2013 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, but the field has been shut down for most of 2012. The 2P reserves have been kept unchanged.

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

The Oselvar field was put on production 14th April 2012. 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, plus recent production history. The production level so far has been lower than expected, and work is ongoing to find the reason for the weak production and to identify possible improvement measures. To be able to produce the planned 2P reserves, investments in a new production well or a modification of an existing producer is included. The 2P reserves have been kept unchanged.

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

The Huntington Forties field development plan (FDP) was approved during 2010 and the development is expected to be completed in the near future. The production vessel (FPSO) Voyageur Spirit was installed on the field in the autumn 2012, and the production and injection wells are being connected to the FPSO. The field is expected to start production during the first quarter 2013.

Noreco's reserve estimate of the Huntington Forties reservoir is based on the company's own reservoir modeling. The planned wells (4 producers and 2 water injectors) were completed last summer. Noreco considers the well results to verify the company's reserves estimate from previous year, and has kept the 2P reserves unaltered.

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.

For a description and overview of our contingent and prospective resources, reference is made to Noreco's homepage www.noreco.com.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The reported reserve estimates are based on standard industry practices and methodology such as decline analysis, reservoir modelling 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. 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.

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 performed an independent review of reserves on this basis. The independent review concludes with a reserves estimate that is four percent higher than Noreco's overall 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 reserve estimate for the Noreco portfolio is 21.9 million barrels of oil equivalents (boe) compared to 22.9 million boe in the year end 2011 reserves statement. This decrease is mainly a result of Noreco's production of 1.3 million boe in 2012.

Einar Gjelsvik
CEO, Noreco