

What we shall build on

Annual Reserves Statement 2009

Noreco's classification of reserves is based on the Society of Petroleum Engineers' (SPE) Petroleum Resource Management System published in 2007. The system is a recognized resource classification system in accordance to the Oslo Børs Circular 9/2009 "Listing and disclosure requirements for oil and natural gas companies".

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

RESERVES

Noreco reserves are only those resources we consider to fulfill the maturity requirement proposed in the SPE classification system. Reserves are typically those volumes of hydrocarbons that can be expected to be produced from a known accumulation with a development plan that is approved or is likely to be approved in the near future. Reserves include those volumes that will be produced by the current development (infrastructure and wells), volumes that will be produced by sanctioned developments, wells and projects, and volumes that will be produced by developments, projects or wells that are deemed justified for development. Reserves justified for development are reserves that are commercially viable at the time of reporting, and where there are no reasonable contingencies that could preclude development.

The Reserves are also classified according to uncertainty or probability of the reserves being produced. Noreco is classifying reserves into the following categories;

1P – Proven reserves are the hydrocarbon volumes that have a reasonable certainty of being produced (from a field, a development, a well). In Noreco's reserves philosophy, the 1P reserves should be a realistic/conservative expectation of the producible volumes without being too conservative or too optimistic.

2P – Proven + Probable reserves are the hydrocarbon volumes that likely to be produced (from a field, a development or a well). For the producing fields in Noreco's portfolio, the difference between the 1P and 2P reserves are relatively small, reflecting that the 1P reserves are classified as being realistic/conservative. The 2P reserves will have a slightly higher risk of not being produced. Note that 2P reserves include 1P reserves.

All hydrocarbon volumes classified as reserves in 1P and 2P must fulfill the maturity criteria for Reserves, as described (in production, sanctioned or justified for development) above.

Reserves are also divided into two categories based on the status of the reserves. Developed reserves are those volumes of hydrocarbons that can be produced from a already executed development, i.e. from existing wells and infrastructure without significant new capital expenditures. Undeveloped reserves are those volumes that are planned to be produced based on new capital expenditures.

Noreco conducts an annual independent competent person report or reserves verification report on the booked reserves. This service is currently provided by Degolyor and MacNaughton and the resulting report is completed as part of the annual reserves review and is reported with the annual report. Degolyor and MacNaughton completed such review for the producing assets for the 2009 annual report.

Noreco is reporting in-house estimates for the reserves reporting. Degolyor and MacNaughton are used for verification of the reserves in the Company based on an assessment of each individual field. Both the in-house and the 3rd party verification are performed to the SPE Resource Classification Standard, and are comparable both in terms of scope and results. The year reserves at 31.12.2009 have been verified for all fields except for the Oselvar Field. The verified proved reserves deviates less than 5 % from Noreco's reserves estimate. For the Oselvar Field, the operators estimates as included in the field development plan has been used as the best

estimate for field reserves. These estimates will be verified during 2010, in preparation for year end 2010 reserves reporting.

Contingent reserves have not been verified by a 3rd party. The contingent resource consist of a number of potential developments and discoveries, and it has not been practical to achieve verification of these for the year end 2009 reserves statement.

Reserves Portfolio

Noreco has producing reserves from a total of eight fields. Five fields on the Danish Continental Shelf (DCS) and two fields on the Norwegian Continental Shelf (NCS). In addition Noreco holds reserves in a development on the NCS.

More general information on the fields is available on Noreco's homepage www.noreco.com and in the 2009 annual report.

All the reserves numbers in the annual reserves statement are net of equity to Noreco.

Cecilie Field, DCS, operated by Dong, Noreco 61 %

The reserves for the Cecilie Field are based on expected decline of the already producing reserves. There are no new reserves development planned for Cecilie.

The 2009 2P reserves evaluation of the Cecilie reserves has not resulted in any significant reserves revision. The year end 2009 reserves are therefore in line with the year end 2008 estimate adjusted for 2009 production.

Lulita Field, DCS, operated by Dong, Noreco 28.2 %

The 2P reserves for the Lulita Field are based on decline analysis and assessment of the restrictions of producing Lulita across the Harald platform.

The Lulita production was shut-in from July 2009 to February 2010 due to field maintenance at the Harald host facilities.

The production performance on Lulita prior to the shutdown was in line with expectations, and the field is currently back in production at expected production rates. In the 2008 Annual Reserves Report, additional infill drilling on Lulita was expected and included in the reserves projections. The drilling plans have now been deferred and are not included in Lulita reserves at year end 2009.

Nini main, DCS, operated by Dong, Noreco 30 %

The reserves assessment of the Nini Field is based on decline analysis of existing wells and detailed reservoir modeling of the Ty formation, including the results of the two new wells drilled to the Ty formation in 2009.

Nini East, DCS, operated by Dong, Noreco 30 %

The reserves assessment of the Nini East Field is based on detailed reservoir modeling calibrated to the results of the 3 Nini East wells drilled during 2009. The reserve estimate includes two additional wells to be drilled in a second drilling phase in 2011. The Nini East development is bringing new reserves across the Siri platform, and is extending the field life for the Siri, Stine and Nini Fields by sharing of operating cost for the fields.

Siri/Stine Fields, DCS, operated by Dong, Noreco 50 %

The reserves for the Siri and Stine Fields are based on decline analysis of the existing production wells. No additional drilling is planned on Siri.

South Arne, DCS, operated by Hess, Noreco 6.56 %

The reserves assessment of the South Arne Field is based on performance assessment of the field's production performance and review of reservoir modeling results from the South Arne Field. The reserves include remedial well activity to restore and improve production from existing wells, as well as drilling of one Tor Fm and one Ekofisk Fm producer in 2010.

The South Arne Phase III project is not included in the year end 2009 reserves estimate. The project is expected to be

sanctioned late 2010, and will be bookable as reserves at year end 2010. The volumes are currently included in the contingent resources.

Brage, NCS, operated by Statoil, Noreco 12.26 % in Brage Unit, 13.2 % in Sognefjord

The reserves assessment for the Brage Field is based on detailed decline analysis for most wells. For the Brent Knock-ando producer and future infill wells, detailed reservoir models have been used to estimate reserves. The reserves are based on continued drilling on Brage into 2011, with drilling of two Statfjord, one Fensfjord and one Sognefjord infill producers. Excellent production performance from the infill wells drilled during 2008 and 2009 has resulted in added reserves on Brage at year end 2010, corresponding to a 60 % reserves replacement on the 2009 production.

Enoch, NCS, operated by Talisman, Noreco 4.36 %

The Enoch Field reserves are calculated from the expected production performance for the Enoch development with the existing development and assessment of various production scenarios based on reservoir modeling.

The 2009 2P reserves evaluation of the Enoch reserves has not resulted in any significant reserves revision. The year end 2009 reserves are therefore in line with the year end 2008 estimate adjusted for 2009 production.

Oselvar, NCS, operated by Dong, Noreco 15 %

The reserves assessment of the Oselvar development is based on detailed reservoir modeling performed in conjunction with the development planning in 2009. During 2009 the Oselvar Field development has been sanctioned by the partners and approved by the authorities. Hence the Oselvar volumes have been reclassified from contingent resources to reserves.

Field	Equity (%)	Ultimate Recovery		Total Production		Proven Reserves (1P)		Proven + Probable (2P)		
		Oil mmstb	Gas bcf	Oil mmstb	Gas bcf	Oil mmstb	Gas bcf	Oil mmstb	Gas bcf	BOE mmstb
Cecilie	61.00 %	4.6	0.0	3.7	0.0	0.5	0.0	0.9	0.0	0.9
Nini	30.00 %	9.1	0.0	7.0	0.0	1.4	0.0	2.1	0.0	2.1
Nini East	30.00 %	5.6	0.0	0.0	0.0	4.0	0.0	5.6	0.0	5.6
Siri	50.00 %	41.9	0.0	35.6	0.0	3.5	0.0	6.3	0.0	6.3
Lulita	28.20 %	1.8	6.6	1.6	5.7	0.2	0.6	0.2	0.9	0.4
South Arne	6.56 %	12.6	21.6	8.3	10.3	2.9	4.4	4.3	11.4	6.4
Brage	~12.45 % ⁽¹⁾	47.5	17.2	40.9	13.1	4.5	2.6	6.6	4.2	7.4
Enoch	4.36 %	0.7	0.1	0.3	0.0	0.3	0.0	0.4	0.1	0.4
Oselvar	15.00 %	3.7	23.0	0.0	0.1	2.6	14.7	3.7	23.0	7.8
Total		127.5	68.5	97.4	29.2	19.9	22.4	30.2	39.4	37.2

¹ based on 13,20 % in Sognefjord and 12,26 % equity in Brage Unit

CONTINGENT RESOURCES

Contingent resources are those volumes of recoverable hydrocarbons that are in discoveries (known accumulations) where development has not yet been sanctioned or is for other reasons uncertain (new technology needed, resources requiring further evaluation, limited market/export solutions etc). In the SPE Petroleum Resource Management System the probability of the contingent resources is classified into category 1C, 2C and 3C, in a classification scheme corresponding to the scheme used for reserves (1P, 2P, 3P).

For the Noreco contingent resource the full range of resources are not reported (1C to 3C) for each discovery, as the discoveries are in a varying degree of technical maturity and definition. The Contingent Resources are based on deterministic evaluations of the recoverable volumes.

The reporting of contingent resources is changed from last year, reflecting the requirements in Oslo Børs Circular 9/2009 "Listing and disclosure requirements for oil and natural gas companies". This report focuses on the changes since the last report. Also note that the resource estimates quoted below are considered to be representative of a 2C resource estimate. This differs from the annual reserve statement report from 2009, where 3C was included for some fields, including Huntington.

The main changes from the contingent resources from last year are:

- Promotion of Oselvar from contingent resources to 2P reserves
- New contingent resources through the new discoveries Grosbeak, Gygrid and Gita
- Sale of Gamma
- Huntington Forties revised to 11.8 million boe to reflect contingent resources in category 2C.

These changes are commented below. The remaining contingent resources are unchanged from the last report.

9/95 9/06 Gita (DCS), operated by Mærsk, Noreco 12 %
Contingent net resources are 28.7 million boe, based on substantial Noreco subsurface work that has been performed after discovery in 2009. The neighboring Amalie discovery holds contingent net resources of 10.5 million boe. Amalie and Gita may be connected.

PL348 Gygrid (NCS), operated by Statoil, Noreco 17.5 %
Contingent net resources are 7.3 million boe. The discovery well was drilled in 2009 and encountered light oil in both the Ile and Tilje Formations of the Fangst Group. Statoil as operator is planning a fast-track subsea tieback development of the discovery with projected start up in 2012/2013.

PL378 Grosbeak (NCS), operated by Wintershall, Noreco 20 %
Contingent net resources are 6.8 million boe, The discovery well was drilled in 2009 and encountered stacked hydrocarbon intervals in the Upper Jurassic Sognefjord and Fensfjord formations and the Middel Jurassic Brent Formation.

P1114 Huntington Forties (UKCS), operated by Eon Ruhrgas UK, Noreco 20 %
Contingent net resources are 11.8 million boe. The estimate is technical resource estimate and is based on Noreco's interpretation and evaluation of all available subsurface data and tests from the Forties discovery and appraisal wells from 2007 and 2008. The operators resource base for concept select and field development plan is expected to be lower than Noreco's estimate, mainly due to different interpretations of the reservoir characteristics of the lower reservoir zone in the Forties Formation. Selection of the development concept for Huntington Forties development is planned for Q2 2010. There are no new data or reports for the deeper Huntington discoveries, and hence the reported resource potential is unchanged from last year's report (21,8 mmmboe).

MANAGEMENT'S DISCUSSION AND ANALYSIS

The reported reserves estimates for the Noreco producing fields have been prepared by experienced professionals in Noreco. The evaluations 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 10-20 years of industry experience, and the methodology and results have been discussed with Noreco management.

A third party independent assessment has been performed by Degolyer and MacNaughton on the producing fields (including Nini East). The assessment is based on input data provided by Noreco, as well as full access to subsurface data and license documentation. Degolyer and MacNaughton forms an independent view on reserves on this basis. The independent review concludes with an estimate of net Noreco reserves that is within 5 % of Noreco's own estimate and hence serves as 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 Noreco total 1P reserves are 23.8 million boe, compared to 22.2 million boe at year end 2008, representing an increase in 1P reserves of 5.4 million boe adjusted for 2009 production. The main addition is from the Oselvar development. The increase in 1P reserves represents a 143 % reserves replacement on 1P reserves.

The 2P reserves estimate represents the expected outcome for the fields based on the performance observed to date, our understanding of the fields and the planned activities in the licenses. The 2P reserve estimate for the Noreco portfolio is 37.2 million boe compared to 32.6 million boe in the year end 2008 reserves statement. Adjusted for 2009 production this represents an increase in 2P reserves of more than 8.4 million boe in 2008, and a 2P reserves replacement ratio of 222 %.

The increase in 2P reserves is dominated by the booking of the Oselvar resources from contingent resources to reserves of 7.8 million boe. The reserves additions in the producing fields is dominated by the reserves additions on the Brage Field, resulting from the strong production performance resulting from successful infill drilling campaign during 2008 and 2009.

The discoveries in contingent resources are at various stages of maturity and materiality.

The total contingent resources have increased to 125 million boe net to Noreco, up from 100 million boe in the last annual reserve report. The increase is mainly driven by exploration success in 2009.

Through the reserves and contingent resource basis described above, Noreco is well positioned to growth production and reserves from it's own portfolio over the next 3-5 years.



Scott Kerr
CEO, Noreco

Reserves

Developed Assets

(On production)

As of 31.12.2009	1P					2P				
	Liquids (mdbl)	Gas (bcm)	mboe	Interest %	Net mboe	Liquids (mdbl)	Gas (bcm)	mboe	Interest %	Net mboe
Cecilie	0,8	0,0	0,8	61,0	0,5	1,4	0,0	1,4	61,0	0,9
Nini	4,8	0,0	4,8	30,0	1,4	6,9	0,0	6,9	30,0	2,1
Nini East	10,6	0,0	10,6	30,0	3,2	14,9	0,0	14,9	30,0	4,5
Siri	7,0	0,0	7,0	50,0	3,5	12,6	0,0	12,6	50,0	6,3
Lulita	0,6	0,1	1,0	28,2	0,3	0,9	0,1	1,4	28,2	0,4
South Arne	40,4	1,6	50,4	6,6	3,3	58,4	4,5	86,5	6,6	5,7
Brage	32,5	0,6	36,1	12,3	4,5	45,2	0,9	51,0	12,3	6,3
Enoch	7,1	0,0	7,2	4,4	0,3	9,0	0,0	9,3	4,4	0,4
Total					17,0					26,5

Under development

(Approved for development)

As of 31.12.2009	1P					2P				
	Liquids (mdbl)	Gas (bcm)	mboe	Interest %	Net mboe	Liquids (mdbl)	Gas (bcm)	mboe	Interest %	Net mboe
Brage	1,2	0,0	1,3	12,3	0,2	3,1	0,0	3,2	12,3	0,4
South Arne	3,7	0,3	5,5	6,6	0,4	7,5	0,4	10,3	6,6	0,7
Oselvar	17,3	2,8	34,7	15,0	5,2	24,7	4,3	52,0	15,0	7,8
Total					5,7					8,9

Non-developed assets

(Justified for development)

As of 31.12.2009	1P					2P				
	Liquids (mdbl)	Gas (bcm)	mboe	Interest %	Net mboe	Liquids (mdbl)	Gas (bcm)	mboe	Interest %	Net mboe
Brage	2,5	0,0	2,6	12,3	0,3	5,1	0,0	5,2	12,3	0,7
Nini East	2,7	0,0	2,7	30,0	0,8	3,9	0,0	3,9	30,0	1,2
Total					1,1					1,8

Reserves Development						
Net attributable mboe. Calendar years, reporting as of year end	Developed assets		Under development (Approved for Development)		Non-developed assets (Justified for development)	
	1P	2P	1P	2P	1P	2P
Balance as of 31.12.2008	16,6	23,9	3,2	4,7	2,5	4,0
Production	-3,8	-3,8				
Acquisitions/disposals						
Extentions and discoveries						
New developments	3,2	4,7	2,0	3,1		
Revisions of previous estimates	0,9	1,7	0,5	1,1	-1,4	-2,2
Balance as of 31.12.2009	17,0	26,5	5,7	8,9	1,1	1,8