

MATERIAL CHANGE REPORT

ITEM 1 Name and Address of Company:

North Sea Energy Inc. (the "Company" or "NSE")
36 Toronto Street, Suite 1170
Toronto, Ontario M5C 2C5

ITEM 2 Date of Material Change:

January 4, 2012

ITEM 3 News Release:

January 4, 2012

ITEM 4 Summary of Material Change:

The Company announced that it had been notified by the UK Department of Energy and Climate Change (DECC) that it, together with its partners, had been awarded three new blocks in the UK North Sea in the 26th Seaward Licensing Round, namely the Norfolk prospect – block 12/16b (20% interest), the Norfolk East lead – block 12/17b (20% interest) and the Badger lead – block 12/30 (50% interest).

ITEM 5 Full Description of Material Change:

See new release dated January 4, 2012 attached hereto as Schedule "A".

ITEM 6 Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102:

The report is not being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102.

ITEM 7 Omitted Information:

No significant information has been omitted.

ITEM 8 Executive Officer:

Craig Anderson, President, Chief Executive Officer & Director
(416) 366-4700

ITEM 9 Date of Report:

January 9, 2012

“Schedule "A"”

North Sea Energy Awarded New Blocks in the UK North Sea

For Immediate Release

Toronto, Ontario – (January 4, 2012) – North Sea Energy Inc. (“NSE” or the “Company”) (TSX-V:NUK) is pleased to announce that it has been notified by the UK Department of Energy and Climate Change (DECC) that it, together with its partners, has been awarded three new blocks in the UK North Sea in the 26th Seaward Licensing Round, namely the Norfolk prospect – block 12/16b (20% interest), the Norfolk East lead – block 12/17b (20% interest) and the Badger lead – block 12/30 (50% interest). NSE holds its interest in the Norfolk prospect and the Norfolk East lead through its wholly owned subsidiary, North Sea Energy (UK NO2) Limited. The Company’s interest in the Badger lead is held through an additional wholly owned subsidiary, Echo Exploration Limited.

Norfolk Prospect and Norfolk East Lead – 12/16b and 12/17b

The blocks are located in the Inner Moray Firth, a short distance from the Sutherland coast. The Norfolk prospect is a large stratigraphic pinchout and dip closure with a Lower Cretaceous Hauterivian Sandstone reservoir with upside oil initially-in-place of 538.4 MMstb at Norfolk and 193.6 MMstb at Norfolk East.

Gross Undiscovered In-Place and Prospective Resources (Unrisked)^{1,2} Blocks 12/16b and 12/17b, North Sea, United Kingdom (As of July 31, 2011)*				
	Gross³			
	Low Estimate (P90)	Best Estimate (P50)	High Estimate (P10)	Mean
Oil Initially-In-Place (MMstb) Norfolk Prospect	82.5	209.0	538.4	272.2
Oil Initially-In-Place (MMstb) Norfolk East Lead	16.7	55.5	193.6	87.4
Sum of Means (MMstb)				359.6
Prospective Resources (MMstb) Norfolk Prospect	17.2	49.7	140.5	67.9
Prospective Resources (MMstb) Norfolk East Lead	3.52	13.1	49.0	21.8

Sum of Means (MMstb)				89.7
<p>1. Undiscovered resources (equivalent to undiscovered petroleum initially-in-place) are those quantities of petroleum that are estimated, as of a given date, to be contained in accumulations yet to be discovered.</p> <p>2. Prospective resources are those quantities of gas estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery (geological chance of success) and a chance of development (economic, regulatory, market and facility, corporate commitment and political risks). The chance of commerciality is the product of these two risk components. These estimates have not been risked for either chance of discovery or chance of development. There is no certainty that any portion of the prospective resources will be discovered and, if discovered, there is no certainty that it will be developed or, if it is developed, there is no certainty as to either the timing of such development or whether it will be commercially viable to produce any portion of the resources.</p> <p>3. These are the gross undiscovered initially-in-place and potentially recoverable oil volumes estimated for the undrilled Norfolk Prospect and Norfolk East Lead on Blocks 12/16b and 12/17b, assuming only oil, without any adjustments for working interest.</p>				

*From Sproule International Limited, July 31, 2011 report prepared in accordance with COGE Handbook reserves and resource definitions which are compliant with the requirements of National Instrument 51-101.

NSE holds a 20% interest in the Norfolk projects. The Company's partners on both Norfolk and Norfolk East are First Oil Expro Limited (project operator), Nautical Petroleum plc, and EnCore Oil plc. On October 5, 2011, Premier Oil plc announced a deal to purchase EnCore Oil plc.

Badger Lead - 12/30

The Badger lead is a gas exploration prospect that contains upside prospective recoverable resources of 162.9 Bcf.

Gross Undiscovered In-Place and Prospective Resources (Unrisked)^{1,2}			
Block 12/30, North Sea,			
United Kingdom (As of July 31, 2011)*			
	Gross ³		
	Low Estimate (P90)	Best Estimate (P50)	High Estimate (P10)
Gas Initially-In-Place (Bcf)	26.7	77.5	232.5
Prospective Resources (Bcf)	18.4	53.7	162.9
<p>1. Undiscovered resources (equivalent to undiscovered petroleum initially-in-place) are those quantities of petroleum that are estimated, as of a given date, to be contained in accumulations yet to be discovered.</p> <p>2. Prospective resources are those quantities of gas estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery (geological chance of success) and a chance of development (economic, regulatory, market and facility, corporate commitment and political risks). The chance of commerciality is the product of these two risk components. These estimates have not been risked for either chance of discovery or chance of development. There is no certainty that any portion of the prospective resources will be discovered and, if discovered, there is no certainty that it will be developed or, if it is developed, there is no certainty as to either the timing of such development or whether it will be commercially viable to produce any portion of the resources.</p> <p>3. These are the gross undiscovered initially-in-place and potentially recoverable gas volumes estimated for the undrilled Badger lead on Block 12/30, assuming only gas, without any adjustments for working interest.</p>			

*From Sproule International Limited, July 31, 2011 report prepared in accordance with COGE Handbook reserves and resource definitions which are compliant with the requirements of National Instrument 51-101.

NSE holds a 50% interest in the Badger lead and is the operator/administrator through its wholly owned subsidiary, Echo Exploration Limited. The Company's partner on the Badger lead is EnCore Oil plc. As noted above, Premier Oil plc announced a deal to purchase EnCore Oil plc on October 5, 2011.

"Norfolk, Norfolk East and Badger are world class exploration plays and we are very pleased to add them to the Company's exploration portfolio," stated J. Craig Anderson, President and CEO of North Sea Energy.

Capitalized terms used in this press release but not otherwise defined herein shall be given the meanings ascribed thereto in the joint management information circular of NSE and Ranger Energy Ltd. dated August 26, 2011, as amended by the Company's press release dated September 19, 2011 (together, the "Circular"), which is available and filed on SEDAR under the Company's profile at www.sedar.com. Additional information in the Circular with respect to each of the aforementioned prospects, except as restated herein, is hereby incorporated by reference herein, including without limitation, the risks and level of uncertainty associated with recovery of the resources, the significant positive and negative factors relevant to each estimate, in respect of contingent resources the specific contingencies which prevent the classification of the resources as reserves and the cautionary statements made in the Circular with respect to each prospect.

About North Sea Energy Inc.

NSE (TSX-V: NUK) is a UK-focused oil and gas exploration and production ("E&P") company listed on the TSX Venture Exchange. NSE is producing light oil from the Jacky field, located in the Inner Moray Firth off the Scottish coast and has acquired an interest in nine blocks in the North Sea.

For further information, please contact:

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Forward-looking statements

Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this press release includes, but is not limited to, statements with respect to oil reserves and resources and future revenues. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: general economic conditions in Canada, the United States, UK and globally; industry conditions, including fluctuations in the prices of oil and natural gas; governmental regulation of the oil and gas industry, including environmental regulation; unanticipated operating events or performance which can reduce production or cause production to be shut in or delayed; failure to obtain industry partner and other third party consents and approvals, if and when required; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, skilled personnel and supplies; incorrect assessments of the value of acquisitions; geological, technical, drilling, processing and transportation problems; changes in tax laws and incentive programs relating to the oil and gas industry; failure to realize the anticipated benefits of acquisitions and dispositions; and the other factors. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.