

“REPORT OF THE BOARD OF DIRECTORS (ADMINISTRATIVE ORGAN) OF
PETROLIA SE (THE COMPANY) IN RELATION TO THE PROPOSED
DISAPPLICATION OF THE PRE-EMPTION RIGHTS OF THE EXISTING
SHAREHOLDERS OF THE COMPANY

It is proposed that the board of directors (administrative organ) be authorized by the Extraordinary General Meeting to issue and allot shares for cash without applying the pre-emption rights of the existing shareholders in order to enable the Company to attract equity financing on an urgent basis so as to meet its own (the Company’s) or any of its (the Company’s) subsidiaries urgent working capital needs and other obligations as they fall due, in circumstances where time is of essence and any delay in providing the Company with the funds each time necessary for meeting such obligations, caused, inter alia, by the need to offer such shares first to the existing shareholders, may be detrimental to the interests of the company. The proposed subscription price per share for such issue of shares shall not be lower than 75% of the average of the volume weighted price of the Company’s share in the Oslo Stock Exchange for each of the five trading days prior to the day the subscription price is decided. The board is of the opinion that this price level is typical for this type of transactions and in any event the board in exercising its discretion to issue shares for cash without applying the pre-emption rights of the existing shareholders as per the foregoing shall be bound by its fiduciary duties towards the Company.

As regards the issue and allotment of shares in exchange for consideration in kind, the authorization by the Extraordinary General Meeting to the directors to issue shares without applying the pre-emption rights of the existing shareholders will facilitate the board to pursue a strategy of expansion through mergers and acquisitions. This authorization will provide the company with the necessary flexibility in order to negotiate effectively, and execute through its board, agreements for mergers and acquisitions, or in other words, contributions to the capital of the company consisting in shares in enterprises, or other assets, of strategic importance for the growth and profitability of the company. “