PETROLIA DRILLING

3rd quarter 2009

Petrolia Drilling owns, charters and invests in drilling vessels for offshore, deepwater oil and gas exploration and development drilling. It is also an international oilfield services company offering products such as tubing, drill pipe, casing and handling equipment as well as oilfield services. Petrolia Drilling intends to continue its exposure to the rig market, through investment in offshore drilling rigs and drillships deployed on fixed-rate, long-term contracts.

PETROLIA DRILLING ASA third quarter 2009 preliminary result

Financial summary

- Revenues and operating profit before depreciation for Petrolia Drilling ASA for the first nine months of 2009 was USD 119.5 million and USD 22.5 million respectively. Net result after tax was USD -99.7 million including an unrealised currency loss of USD 42.4 million. Net result after tax for the third quarter was USD -55.2 million including negative estimated net proceeds from deregognising of assets and liabilities in the PetroRig subsidiaries in PetroMENA ASA. Based on new information in the third quarter, mainly on the sales prices of the rigs, negative income is reported with USD 59.1 million. Operating revenues in the third quarter was USD 25.0 million from SS Petrolia and USD 16.1 million from Petrolia Services.

- Revenues and operating profit before depreciation for Petrolia Services (100% owned subsidiary) for the first nine months of 2009 was USD 48.3 million and USD 21.8 million respectively. Petrolia Services is an International Oilfield Service Company offering rental equipment for oil and gas industry. Book value of drilling equipment as of 30 September 2009 was USD 150.3 million (depreciated over five years).

- Operating profit before depreciation for Venture Drilling (50% owned) was USD 79.9 million for the first nine months of 2009. Net result after tax was USD 53.1 million. During 2009 Venture Drilling is expected to perform in line with first nine months going forward.

- The associated company Petrojack (39.95% owned by Petrolia Drilling ASA) owns Petrojack IV, which commenced on contract the 23rd of January 2009. Operating profit before depreciation for Petrojack was USD 15.0 million in the first nine months of 2009 and the net result was USD -49.9 million.

- Norsk Tillitsmann (NT) has, on behalf of the bondholders, declared the bonds on PetroRig I, II and III in PetroMENA ASA to be in default. Subsequently the Boards of PetroRig I Pte Ltd, PetroRig II Pte Ltd and PetroRig III Pte Ltd were replaced 10 April 2009. This realisation of the various pledges has become a complex situation involving enforcement and realisation regulations from different legal regimes. The Board in PetroMENA ASA notes that under Norwegian law, a pledgee will be held to have enforced the pledge either when the pledged assets have been acquired, or sold by virtue of a compulsory sale. The Board in PetroMENA has not yet been able to assess and determine which jurisdiction that is decisive for determining the time of realisation, and has further not been able to assess when the share pledges are considered realised under the various deciding jurisdictions. The time for realisation, and thus valuation of the remaining claims, is by the Board at this point therefore held to be when actual control was taken over the pledged assets in April 2009.

- Operating profit before depreciation for the subsidiary PetroMENA ASA (51.5% owned) was USD 6.4 million. This includes loss on derecognising of assets and liabilities in the subsidiaries PetroRig I Pte Ltd, PetroRig II Pte Ltd and PetroRig III Pte Ltd. Net result for the first nine months of 2009 was USD -104.9 million. During the first nine months of 2009 the contribution from SS Petrolia to operating profit before depreciation was approximately USD 37.4 million. SS Petrolia started on a 913 day contract for Pemex in the Gulf of Mexico on 3 February 2008. SS Petrolia is expected to perform in line with first nine months performance going forward.

- Petrolia Drilling ASA controls 30% of Larsen Rig Ltd which is building a new deepwater semisubmersible drilling rig at Jurong Shipyard. Larsen Rig has been in close discussions with the Yard on the payment profile, and has come to a supplementary agreement with a revised payment profile. Under the supplementary agreement, Larsen Rig shall pay instalments of USD 20 million in November 2009 and USD 20 million in February 2010. The Board of Directors of Petrolia Drilling is pleased with the discussions, and the revised payment profile, which will give the owners of Larsen Rig flexibility necessary to raise additional financing for the Rig.

Financial information

Profit and loss for the first nine months of 2009

Total revenues in the first nine months of 2009 were USD 119.5 million whereof USD 71.2 million came from SS Petrolia and USD 48.3 million came from Petrolia Services. In the first nine months of 2008, total revenues equaled USD 116.6 million.

Operating profit before depreciation for the first nine months of 2009 was USD 22.5 million compared to USD 28.6 million for the first nine months of 2008.

Total operating expenses equaled USD 97.0 million in the first nine months of 2009 whereof USD 33.8 million is opex for SS Petrolia and USD 26.5 million relates to Petrolia Services. Rig expenses per 31.03.2009 related to PetroRig I, II and III is included with USD 13.4 million and USD 3.5 million is loss on derecognising of assets and liabilities in subsidiaries. The rest of the operating expenses relates to management services under the contracts with LOG and various other operative and administrative expenses.

Operating profit for the first nine months of 2009 equaled USD -6.9 million, including USD 29.4 million in depreciation of equipment mainly related to Petrolia Services. Operating profit for the first nine months of 2008 equaled USD 4.2 million, including USD 24.3 million in depreciations.

The net, after-tax result for the first nine months of 2009 was USD -99.7 million. Venture Drilling contributes with a positive result after tax of USD 26.2 million. Result from associated company is negative with USD 7.6 million. Net financial items of USD -107.4 million include interest on bond loans with USD 32.8 million, accrued redemption price on the bond loans in PetroMENA with USD 34.3 million and USD 9.8 million is expensed fee for the bond loans in the first nine months of 2009. Unrealised currency loss on the bond loans, mainly on PetroMENA's bond loans nominated in NOK, of USD 42.4 million, is also included in net financial items. The USD has depreciated against NOK from 7.00 as of 1 January 2009 to 5.78 as of 30 September 2009. The net after-tax result for the first nine months of 2008 was USD -13.2 million.

Profit and loss for the third quarter 2009

Total revenues were USD -18.0 million for the third quarter 2009 due to change in estimated net proceeds from the derecognising of assets and liabilities in the subsidiaries PetroRig I, PetroRig II and PetroRig III in PetroMENA ASA. The net proceed YTD is updated with new information after presentation of the half year report, mainly on the sales prices of the rigs, hence the negative income reported in the third quarter. Per 30.06.09 gain on derecognising of assets and liabilities in subsidiaries was USD 59.1 million. This gain is reversed in the third quarter. Operating revenue in the third quarter was USD 25.0 million from SS Petrolia and USD 16.1 million from Petrolia Services. Total revenues for the third quarter 2008 equaled USD 45.7 million.

Operating profit before depreciation was USD -52.7 million for the third quarter 2009 compared to USD 6.1 million in 2008.

Total operating expenses equaled USD 34.7 million for the third quarter 2009 whereof USD 11.1 million is operating expenses for SS Petrolia and USD 8.9 million relates to Petrolia Services. The difference between the estimated proceeds from the disposal of the subsidiaries and its carrying amount as of 1 April 2009 are included in the operating expenses with USD 3.5 million. Other operating expenses comprise management services under the contracts with LOG and various other operative and administrative expenses.

Operating profit equaled USD -63.8 million for the third quarter 2009, including USD 11.1 million in depreciation of equipment mainly related to Petrolia Services. Operating profit equaled USD -2.1 million for the third quarter 2008, including USD 8.2 million in depreciations.

The net, after-tax result was USD -55.2 million for the third quarter 2009. Venture Drilling contributes with a positive result after tax of USD 9.4 million. Result from associated company is positive with USD 1.3 million. Net financial items of USD 2.1 million include interest on bond loans with USD 6.3, redemption price on bond loan with USD 4.2 million and USD 1.9 million is expensed fee for the bond loans. In the third quarter, PetroMENA's bond loans are recalculated to the prevailing exchange rate when Norsk Tillitsmann enforced their share pledge in PetroRig I Pte Ltd, PetroRig II Pte Ltd and PetroRig III Pte Ltd. The effect on the result for the third quarter is an unrealised currency gain of USD 12.1 million on PetroMENA's bond loans nominated in NOK. The USD has depreciated against NOK from 6.38 as of 1 July 2009 to 5.78 as of 30 September 2009. The net after-tax result for the third quarter 2008 was USD 31.6 million.

Cash flow

Cash flow from operations equaled USD 19.7 million in the first nine months of 2009, compared to USD -89.9 million in the first nine months of 2008. Cash flow from investments was USD -42.8 million mainly related to derecognising of cash in PetroMENA's subsidiaries PetroRig I Pte Ltd, PetroRig II Pte Ltd and PetroRig III Pte Ltd with USD 22.3 million and purchase of equipment. Cash flow from investments YTD 2008 was USD -387.8 million. Cash flow from financing activities YTD 2009 was USD -27.8 million related to interest paid on bond loans. Cash flow from financing activities YTD 2008 was USD -57.9 million. Cash position as of 30 September 2009 was USD 78.5 million compared to USD 76.6 million YTD 2008.

Statement of financial position

As of 30 September 2009, total assets amounted to USD 499.4 million. The drilling rig SS Petrolia has a book value of USD 25.6 million, which reflects historic cost, including upgrades, adjusted for depreciation. The market value and value in use of SS Petrolia exceeds book value, which reflects historical cost after accumulated depreciation and upgrading. Drilling equipment in Petrolia Services has a book value of USD 150.3 million.

Total equity equaled USD -25.9 million as per 30 September 2009, including a minority interest of USD -7.3 million. Year end 2008, the total equity equaled USD 58.7 million. Book value of equity per share equaled USD -0.03 as per 30 September 2009, including minority interest of USD -0.01 per share**.** Book equity per share equaled USD 0.06 per year end 2008, including a minority interest of 0.04.

At the end of third quarter, Petrolia Drilling's short term debt amounted to USD 411.2 million. The bonds in PetroMENA are presented as short term portion of long term liabilities reduced with estimated net proceeds from investments in subsidiaries.

Share information

As of 30 September 2009, the total number of shares outstanding in Petrolia Drilling equaled 1,012,596,745, each with a par value of NOK 0.50. Petrolia Drilling has no outstanding or authorized stock options, warrants or convertible debt. As of 30 June 2009, Petrolia Drilling held 5,250,024 (0.52 percent) own shares. The associated company Petrojack (39.95 % of shares held by Petrolia Drilling) holds approximately 24.98 percent of the shares in Petrolia Drilling.

On May 28 2009 the PetroMENA shares were suspended from The Oslo Stock Exchange until further notice. The decision was made in light of the current situation and development of PetroMENA and its subsidiaries, and in particular PetroMENA's capacity to comply with the Continuing obligations (Section 3 - Continuing duty of disclosure). The exchange will continue to review the situation and will inform the market accordingly if the status changes.

The market and outlook

The global economic outlook is currently more positive than just a few months ago. Despite this, the Board of Directors is somewhat cautious towards the general market outlook as the general uncertainty still remains higher than normal. The credit market has improved but is still challenging and difficult for rig companies without long-term drilling contracts for rigs under construction.

The market for offshore drilling units is mainly driven by oil companies' inclination to invest in exploration, development and production of oil and gas. The willingness to make such investments is in turn influenced by the oil companies current revenues, current reserve replacement ratios, acreage available for exploration and development, expected petroleum prices, combined with available financing for such exploration and production projects. The long term demand for deepwater rigs is expected to remain strong as oil companies have a significant back-log of drilling projects (both exploration and development projects) due to falling replacement ratios and decline in oil production.

The average age of the global jack-up fleet is close to 21 years. There are currently approximately 53 jack-up rigs under construction, including options, corresponding to 10 % of the global jack-up fleet. The jack-up market may seem to have passed the peak, as a result of hectic newbuilding activity, and the rates seem to have come down somewhat from the peak levels.

The global economic outlook is currently more positive than just a few months ago. Despite this, the Board of Directors is somewhat cautious towards the general market outlook. The credit market has improved but is still challenging.

About the company

Oilfield Services segment:

Petrolia Services AS, a 100% owned subsidiary of Petrolia Drilling, is an international oilfield services company with presence in Norway, Australia, New Zealand and Singapore, serving nearby clients. Petrolia Services main product categories include tubing, drill pipe, casing and handling equipment as well as oilfield services.

Drilling segment:

Petrolia Drilling controls 50% of DS Deep Venture which commenced on an 18 month contract with ExxonMobil ultimo June 2007. The gross value of the contract is in the USD 200-220 million range. DS Deep Venture was engaged for Maersk Oil Angola until July 25 2009, at a day rate of USD 425,000, after withholding of tax. Venture Drilling AS has agreed to a further 18 months contract with Maersk Oil Angola starting from July 25 2009 at a dayrate of USD 495,000 after withholding tax. Effective date for new dayrate was August 10 2009.

Venture Drilling AS has a Bareboat agreement with the Russian stated owned company Arktikmorneftegazrazvedka, for use of the drillship Deep Venture. Arktikmorneftegazrazvedka and the State Property Agency in Russia have now agreed that the BB agreement entered into in 2005 before the market rates increased, do not have the necessary approvals from Russian Authorities. Obviously Venture Drilling AS disputes that. The Bareboat agreement is regulated by Norwegian law, and Venture Drilling will, if needed, take legal steps to secure their interests in the Drillship Deep Venture.

Petrolia Drilling ASA owns 30 % of the associated company Larsen Rig Ltd which has entered into a construction contract with Jurong Shipyard Pte Ltd for construction of a semi-submersible drilling rig.

Petrolia Drilling also has exposure to the jack-up segment through its 39.95 % shares in Petrojack. The jack-up rigs have an operating water depth capacity of 375 feet and drilling dept capacity of approximately 30,000 feet. Petrojack controls 24.98 % of Petrolia Drilling.

Status PetroMENA ASA (51.5% owned): Several of the pledges securing the Bond Loan Agreements governed by Norwegian law were enforced by virtue of the pledge taking control over the shares under the Singapore share pledge agreements and taking control over the mortgages of the construction contracts, in April 2009. PetroMENA ASA has not been in control of neither the rig owing companies nor the construction contracts. For all practical purposes the bondholders have decided how and when realisation of the actual assets were and will be carried out. The situation is impeded by the opening of US Chapter 11 proceedings in the subsidiaries. PetroMENA ASA has neither nor received financial reports from the subsidiaries and/or the court in US dealing with the Chapter 11 proceedings. The realisation of the various pledges has become a complex situation involving enforcement and realisation regulations from different legal regimes. The Board in PetroMENA ASA notes that under Norwegian law, a pledgee will be held to have enforced the pledge either when the pledged assets have been acquired, or sold by virtue of a compulsory sale. Considered that pledged assets under Norwegian law cannot be controlled without being enforced and thus realised, the Board has held the date when the *de facto* control over the pledged assets was undertaken as the realisation and hence valuation time. The Board in PetroMENA has not yet been able to assess and determine which jurisdiction that is decisive for determining the time of realisation, and has further not been able to assess when the share pledges are considered realised under the various deciding jurisdictions. The time for realisation, and thus valuation of the remaining claims, is by the Board at this point therefore held to be when actual control was taken over the pledged assets in April 2009.

PetroRig I was sold, by Jurong shipyard, for approximately USD million 460 in the end of June 2009 and approximately USD million 205 was transferred to the bankruptcy administrators. The settlement from the sale is still pending in the Bankruptcy court in New York, expected to have a final distribution among the creditors in Q1/2010.

PetroRig II was sold on an auction conducted by the Chapter 11 attorneys, Akin Gump in New York, bringing the estate of PetroRig II USD million 489 (including USD million 251 owed to Jurong). The settlement from the sale is still pending in the Bankruptcy court in New York, expected to have a final distribution among the creditors in Q1/2010.

PetroRig III is as of 5 November 2009 set up for auction to be conducted in the same manner as for PetroRig II, taking place in New Work 3 December 2009. There is a minimum sales price on the rig for USD million 523.9, set by the bankruptcy court in New York. The settlement from the sale in the Bankruptcy court in New York is expected to have a final distribution among the creditors in Q1/2010.

The Board of Directors of PetroMENA ASA has worked to complete a restructuring of the company and has made a proposal. The proposal has not been accepted by a significant contracting party and creditor.

The Board of Directors of PetroMENA ASA, assisted by its main shareholder Petrolia Drilling ASA, continues its work to find a solution to the company's financial position and will forward a proposal to reduce the share capital by reducing the nominal value per share and approve Board authorizations to complete share capital increase, issue of convertible bonds and acquisition of own shares.

The outcome of PetroMENA and Petrolia Drilling's efforts to find a solution to the financial situation is still highly uncertain.

Board of Directors, Petrolia Drilling ASA, 26th November 2009

Financial report third quarter – preliminary

Consolidated Statement of Comprehensive Income				
All figures in USD (1000)				
	3Q 2009	**YTD 2009**	**3Q 2008**	**YTD 2008**
Operating revenues	-18 004	119 509	45 738	116 557
Operating expenses	34 683	96 962	39 622	88 007
Operating profit before depreciation	-52 687	22 547	6 116	28 550
Depreciation	11 128	29 422	8 230	24 328
Operating profit (loss-)	-63 815	-6 875	-2 114	4 222
Result from joint venture	9 385	26 212	7 002	20 470
Result from associated companies	1 275	-7 599	-37 503	-50 572
Net financial income/expenses(-)	2 097	-107 420	64 440	12 399
Net result before taxes	-51 059	-95 683	31 824	-13 481
Tax	4 141	4 041	180	-296
Net result	**-55 200**	**-99 723**	**31 644**	**-13 185**
Other comprehensive income				
Other gains/losses charged directly to equity	**0**	**-5**	**0**	**0**
Currency translation differences	**13 504**	**15 132**	**-3 224**	**-1 597**
Total other comprehensive income	**13 504**	**15 127**	**-3 224**	**-1 597**
Total comprehensive income	**-41 696**	**-84 597**	**28 420**	**-14 782**

Condensed Consolidated Statement of Financial Position

All figures in USD (1000)

Assets	**30.09.2009**	**31.12.2008**
Deferred tax assets	4 067	3 694
Goodwill	19 906	17 344
Drilling unit	25 610	28 262
Construction contracts Semi-Rigs	0	541 118
Drilling- and other equipment	150 330	119 509
Land and buildings	2 370	2 705
Investments in joint venture	85 713	76 827
Investments in associates	27 157	34 756
Total non-current assets	315 152	824 213
Inventory	507	327
Accounts receivables	33 889	35 084
Other debtors	70 393	38 710
Financial asset at fair value through p/l	871	871
Other liquid assets	15	83
Bank deposits	78 522	127 812
Total current assets	184 198	202 888
Total assets	**499 350**	**1 027 102**
Equity and liabilities	**30.09.2009**	**31.12.2008**
Share capital	93 568	93 568
Own shares	-2 153	-2 153
Share premium fund	237 274	123 119
Other equity	-347 284	-198 947
	-18 595	15 587
Minority interest	-7 348	43 067
Total equity	-25 943	58 654
Bond loan	85 000	418 400
Retirement benefit obligations	506	433
Other long-term liabilities	28 550	27 282
Total non-current liabilities	114 056	446 115
Short-term portion of non-current liabilities	362 480	438 261
Accounts payable	19 494	22 964
Payable tax	0	173
Other current liabilities	29 263	60 936
Total current liabilities	411 237	522 334
Total liabilities	525 293	968 448
Total equity and liabilities	**499 350**	**1 027 102**
Book equity per share (end of period shares)	-0,03	0,06
Equity ratio	-5 %	6 %

Condensed Consolidated Statement of changes in Equity

All figures in USD (1000)

	YTD 2009	YTD 2008
Equity period start 01.01	58 654	554 194
Total comprehensive income/loss (-) for the period	-84 597	-14 782
Remeasurment of shares in subsidiary	0	20 230
Total gains and losses charged directly to equity	0	20 230
Total recognised income for the period	-84 597	5 448
Purchase of own shares	0	-690
Total equity from shareholders in the period	0	-690
Total change of equity in the period	-84 597	4 758
Equity at period end 30.09	**-25 943**	**558 953**

Condensed Consolidated Cash Flow Statement

All figures in USD (1000)

	YTD 2009	YTD 2008
Net cash flow from operating activities	19 665	-89 910
Net cash flow from investing activities	-42 829	-387 796
Net cash flow from financing activities	-27 792	-57 928
Net change in cash and cash equivalents	-50 956	-535 634
Cash and cash equivalents at beginning of period	127 812	612 275
Exchange gain/loss (-)on cash and cash equivalents	1 666	0
Cash and cash equivalents at period end	**78 522**	**76 641**

Notes to the unaudited condensed consolidated figures:

Note 1 Applied accounting principles

This quarterly report is prepared according to the International Financial Reporting Standards (IFRS as adopted by the EU) and the appurtenant standard for quarterly reporting (IAS 34). The quarterly accounts are based on the current IFRS standards and interpretations.

This quarterly report is prepared according to the same principles as the most recent annual financial statements, but does not include all the information and disclosures required in the annual financial statements. Consequently, this report should be read in conjunction with the latest annual report for the Company (2008). Changes in standards and interpretations may result in other figures.

The same accounting principles and methods for calculation which were applied in the latest annual report (2008) have been applied in the preparation of this interim report. The Company's accounting principles are described in detail in its annual report for 2008.

The consolidated accounts are based on historical cost, with the exception of items required to be reported at fair value.

Note 2 Tangible fixed assets

The table below outlines the development of tangible fixed assets as of September 30, 2009:

All figures in USD (1000)	**Drilling- and other equipment**	**SS Petrolia**	**Rigs under construction semi rigs**	**Land and buildings**	**Total**
Balance at 1 Jan 2009	119 509	28 262	541 118	2 705	691 594
Acquisition cost:					
Acquisition cost at 1 Jan 2009	170 949	93 143	541 118	2 805	808 015
Purchased tangibles 2009	33 746	95	21 290	0	55 131
Disposal as of 3Q 2009	-158	0	-29 366	0	-29 524
Transferred to asset held for sale			-268 542		-268 542
Derecognising of assets in subsidiary	-52	0	-264 500	0	-264 552
Acquisition cost at 30 September 2009	204 485	93 238	0	2 805	300 529
Depreciation:					
Balance at 1 January 2009	51 440	64 881	0	100	116 421
Depreciation 2009	26 631	2 747	0	44	29 422
Balance at 30 September 2009	78 071	67 628	0	144	145 843
Translation differences	23 916	0	0	-291	23 625
Carrying amount:					
Balance at 30 September 2009	150 330	25 611	0	2 370	178 311
Residual value		10 800			

Note 3 Segment Information

Segment information first nine months

All figures in USD (1000)
Petrolia Drilling ASA`s primary format for reporting segment information is business segments.

	Drilling		Offshore services		Total	
	YTD 09	YTD 08	YTD 09	YTD 08	YTD 09	YTD 08
Operating income (TUSD)	71 221	51 637	48 288	64 920	119 509	116 557
EBITDA (TUSD)	9 627	2 449	21 768	26 102	31 395	28 551
EBIT (TUSD)	6 849	405	-4 876	3 818	1 973	4 223
EBITDA %	14 %	5 %	45 %	40 %	26 %	24 %
EBIT %	10 %	1 %	-10 %	6 %	2 %	4 %

Reconciliation from segment operational EBIT to Net result before taxes:

Segment EBIT					1 973	4 223
Unallocated operating expenses					-8 849	0
Net finance expenses					-107 420	12 399
Share of result from joint venture	26 212	20 470			26 212	20 470
Share of result from associates	-7 599	-50 572			-7 599	-50 572
Net result before taxes					-95 683	-13 480

Segment information third quarter

All figures in USD (1000)
Petrolia Drilling ASA`s primary format for reporting segment information is business segments.

	Drilling		Offshore Services		Total	
	3Q 09	3Q 08	3Q 09	3Q 08	3Q 09	3Q 08
Operating income (TUSD)	-34 094	16 420	16 090	29 318	-18 004	45 738
EBITDA (TUSD)	-51 013	-4 108	7 195	10 225	-43 818	6 117
EBIT (TUSD)	-51 939	-4 804	-3 007	2 690	-54 946	-2 114
EBITDA %	-150 %	-25 %	45 %	35 %	-243 %	13 %
EBIT %	-152 %	-29 %	-19 %	9 %	-305 %	-5 %

Reconciliation from segment operational EBIT to Net result before taxes:

Segment EBIT					-54 946	-2 114
Unallocated operating expenses					-8 870	0
Net finance expenses					2 097	64 440
Share of result from joint venture	9 385	7 002			9 385	7 002
Share of result from associates	1 275	-37 503			1 275	-37 503
Net result before taxes					-51 059	31 825

Note 4 Investments in associates

All figures in USD (1000) **Investments in associates**	**Petro-resources Ltd**	**Larsen Rig Ltd**	**Petrojack ASA**	**Total**
Shareholding	28.57%	30.0%	39.95%	
Business address	Limassol,Cyprus	Cayman Island	Oslo, Norway	
Balance 1 January 2009	2 890	21 000	10 866	34 756
Share of result	-109	-2 464	-11 950	-14 523
Reversal of impairment of shares			6 924	6 924
Balance at 30 September 2009	**2 781**	**18 536**	**5 840**	**27 157**

Note 5 Short term portion of non-current liabilities

According to definitions in IAS 27, PetroMENA ASA has lost control over its subsidiaries PetroRig I Pte Ltd, PetroRig II Pte Ltd and PetroRig III Pte Ltd from April 1, 2009. Assets and liabilities in these companies are derecognised as from April 1, 2009. There has however not been any change in absolute or relative ownership levels.

The estimated future proceeds are calculated based on sales prices of PetroRig I and II and minimum sales price as stated for auction of PetroRig III, reduced with estimated costs to sell and estimated liabilities in the subsidiaries on delivery date for the rigs. The net proceed YTD is updated with new information after presentation of the half year report, mainly on the sales prices of the rigs.

In the condensed consolidated statement of financial position, the estimated future proceeds from realisation of assets in the subsidiaries are reducing the 9.75% and 10.85% bond loans in PetroMENA. Payment from Chapter 11 to NT (USD 125 million) is also reducing these bond loans.

The bond loans in PetroMENA has been reclassified to short term portion of non-current liabilities due to the default situation and the sales of PetroRig I and PetroRig II and full redemption price has been accrued for all bond loans in PetroMENA. Interest has been accrued up until NT enforced their share pledge in PetroRig I Pte Ltd, PetroRig II Pte Ltd and PetroRig III Pte Ltd and in addition interest on the net debt is expensed for the period until 30.09.09. The 9.75% bond loan has been adjusted to the prevailing exchange rate at the time of enforcement of the share pledge.

Note 6 Pro forma accounting figures

The pro forma financial information addresses a hypthetical situatuation and, therefore does not represent the company's actual financial results. There is a greater degree of uncertainty associated with pro forma figures than with reported figures.

The below tables are Petrolia Drilling ASA's estimated Consolidated Statement of Comprehensive Income and Statement of Finanacial Position without PetroMENA ASA as per 30.09.09, hence the result in PetroMENA ASA 2009 is not included in the calculated equity below.

Total equity includes a minority share of USD 2.6 million related to IOT AS.

Consolidated Statement of Comprehensive Income

All figures in USD (1000)

	YTD 2009
Operating revenues	48 286
Operating expenses	28 949
Operating profit before depreciation	19 337
Depreciation	26 643
Operating profit (loss-)	-7 307
Result from joint venture	26 212
Result from associated companies	-7 599
Net financial income/expenses(-)	-23 060
Net result before taxes	-11 754
Tax	4 041
Net result	**-15 795**
Other comprehensive income	
Currency translation differences	15 132
Total other comprehensive income	**15 132**
Total comprehensive income	**-663**

Condensed Consolidated Statement of Financial Position

All figures in USD (1000)

	30.09.2009
Total non-current assets	292 224
Total current assets	68 995
Total assets	**361 219**
Total equity	192 827
Total non-current liabilities	114 056
Total current liabilities	54 336
Total liabilities	168 392
Total equity and liabilities	**361 219**

Note 7 Events after the balance sheet date

PetroMENA ASA:

Reference is made to stock notice dated 09.10.2009 concerning Norsk Tillitsmann ASA's bankruptcy petition of PetroMENA ASA.

Oslo Byfogdembete has dismissed the petition from Norsk Tillitsmann ASA and has further rejected the petition filed by NTM Refectio III AS.

Oslo Byfogdembete has decided that Norsk Tillitsmann ASA is not entitled to file for bankruptcy of PetroMENA ASA due to lack of legal interest, and has rejected the bankruptcy petition from NTM Refectio III AS due to the prohibition against separate debt recovery proceedings from the individual bondholders in the loan agreement between the parties.

Larsen Rig Ltd:

Petrolia Drilling ASA owns 30 % of the associated company Larsen Rig Ltd which has entered into a construction contract with Jurong Shipyard Pte Ltd for construction of a semi-submersible drilling rig.

Larsen Rig has been in close discussions with the Yard on the payment profile, and has come to a supplementary agreement with a revised payment profile. Under the supplementary agreement, Larsen Rig shall pay installments of USD 20 million in November 2009 and USD 20 million in February 2010. The Board of Directors of Petrolia Drilling is pleased with the discussions, and the revised payment profile, which will give the owners of Larsen Rig flexibility necessary to raise additional financing for the Rig.

Petrojack ASA:

Petrojack ASA evaluates strategic options - seeks restructuring of debts

Petrojack ASA has initiated a process to evaluate its strategic options and restructure its financial liabilities.

As previously announced, cf. inter alia the notice for the extraordinary general meeting on 19 October 2009, Petrojack is due to pay instalments on its bond loans in an aggregate amount of approximately USD 55 million during April and May 2010, and Petrojack's cash flow will not be sufficient to service said repayments. Initiatives at raising capital in the market have not succeeded as they have not been approved by the shareholder meeting of Petrojack. The existing shareholders have also declined to contribute new capital.

Petrojack is thus in a distressed situation, where a restructuring of its financial liabilities, mainly its three secured bond loans, is necessary for Petrojack to ensure continued operations as a solvent company. Petrojack will seek to communicate with all its main financial creditors, and will this week carry out discussions with its bondholders through their trustee, Norsk Tillitsmann ASA.