

The logo consists of a series of vertical bars of varying heights in shades of orange and yellow, resembling a stylized bar chart or a signal waveform.

PETROLIA DRILLING



4th 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 fourth quarter 2009 preliminary result

Highlights

- Revenues and operating profit before depreciation for Petrolia Drilling ASA for 2009 was USD 70.7 million and USD 25.5 million respectively. Profit for the year was USD -4.9 million for continuing operations.
- Revenues in 2009 came from Petrolia Services (100% owned subsidiary). The contribution to profit before depreciation from Petrolia Services was USD 27.6 million. The EBITDA-margin was 39 % compared to 42 % for the fiscal year 2008. This is mainly due to one-off costs associated with entering into new markets and some product development. The expected margin going forward is slightly higher.
- Book value of drilling equipment used by Petrolia Services was USD 131.2 million year end (depreciated over five years). During the last three years Petrolia Drilling has invested approximately USD 200 million in new equipment.
- On 21 December 2009, Oslo Byfogdembete decided to open bankruptcy PetroMENA ASA, 51.5% owned by Petrolia Drilling ASA. PetroMENA ASA is deconsolidated from this date in the accounts. The effect increased profit by USD 118.4 million and is presented as profit for the year for discontinued operations. The main explanation for the positive effect is recognition of gain from sale of SS Petrolia in 2007 which previously was eliminated in the group accounts and derecognition of interest on bond loans in PetroMENA.
- Operating profit before depreciation for Venture Drilling (50% owned) was USD 104.9 million in 2009. Net result after tax was USD 67.6 million. The performance of the Deep Venture has been outstanding in 2009 and until November there was no zero rate. In the fourth quarter, however, there was a BOP problem causing 10 days off-hire. Deep Venture's manager, Larsen Oil & Gas Ltd, has withheld cash flow from operations and Venture Drilling AS has started court proceedings in Scotland claiming release of the actual amounts.
- Petrolia Drilling ASA controls 30% of Deepwater Driller Ltd (former Larsen Rig Ltd) which is building a new deepwater semisubmersible drilling rig at Jurong Shipyard. Deepwater Driller Ltd 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, Deepwater Driller Ltd paid instalment 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 Deepwater Driller Ltd flexibility necessary to raise additional financing for the Rig.
- Total equity equaled USD 185.3 million as of 31 December 2009, including a minority interest of USD 2.5 million. Book value of equity per share equaled USD 0.18 (NOK 1.04 per share) as of 31 December 2009.
- In January 2010 the company terminated the business manager agreement with Larsen Oil & Gas AS, cf. note 6.

Financial information

PetroMENA ASA is deconsolidated from 21 December 2009 due the bankruptcy. The effect is presented as profit for the year for discontinued operations. Comparative figures for the result in 2008 have been recalculated and are presented in the financial report.

Profit and loss for 2009

Total revenues were USD 70.7 million for the fiscal year 2009 related to the oilfield services segment. Total revenues for the fiscal year 2008 equaled USD 81.8 million.

Operating profit before depreciation was USD 25.5 million for the fiscal year 2009 compared to USD 28.3 million in 2008.

Total operating expenses equaled USD 45.2 million for the fiscal year 2009 mainly related to the oilfield services segment. Total operating expenses YTD 2008 was USD 53.5 million.

Operating profit for the fiscal year 2009 equaled USD -14.9 million, including USD 40.4 million in depreciation of equipment related to Petrolia Services. Operating profit for the fiscal year 2008 equaled USD -0.9 million, including USD 29.2 million in depreciations.

The profit for 2009 from continuing operations was USD -4.9 million compared to USD -111.1 million in 2008. Venture Drilling contributes with a positive result after tax of USD 33.6 million. Result from associated company is negative with USD 6.7 million, comparative figure for 2008 was USD -113.7 million. Net financial items of USD -12.9 million include interest on bond loans with USD 9.8 million.

Profit for the year from discontinued operations (PetroMENA ASA) for 2009 is included with USD 118.4 million, comparative figure for 2008 is USD -395.3. Analysis of the profit for the year from discontinued operations is presented in note 2.

Profit and loss for the fourth quarter 2009

Total revenues were USD -48.8 million for the fourth quarter 2009 due to deconsolidation of PetroMENA ASA. Revenues from the oilfield segment were USD 22.5 million in the fourth quarter. Total revenues in the fourth quarter 2008 equaled USD 16.6 million.

Operating profit before depreciation was USD 3.0 million for the fourth quarter 2009 compared to USD 7.7 million in 2008.

Total operating expenses equaled USD -51.7 million for the fourth quarter 2009 due to deconsolidation of PetroMENA ASA. Operating expenses related to the oilfield services segment was USD 16.6 million in the fourth quarter compared to USD 8.9 million in 2008.

Operating profit equaled USD -8.0 million for the fourth quarter 2009, including USD 11.0 million in depreciation of equipment related to Petrolia Services. Operating profit equaled USD 0.8 million for the fourth quarter 2008, including USD 6.9 million in depreciations.

The profit from continuing operations for the fourth quarter 2009 was USD 94.8 million. Venture Drilling contributes with a positive result after tax of USD 7.4 million. Result from associated company is positive with USD 0.9 million. Net financial items of USD 94.6 million are mainly related to the deconsolidation of PetroMENA ASA. Profit from continuing operations for the fourth quarter in 2008 was USD -64.0 million.

Cash flow

Cash flow from operations equaled USD 8.0 million for the fiscal year 2009, compared to USD 31.6 million in 2008. Cash flow from investments was USD -43.6 million mainly related to investments in equipment and share issue in Deepwater Driller Ltd. Cash flow from investments in 2008 was USD -405.3 million. Cash flow from financing activities for the fiscal year 2009 was USD 44.1 million related to interest paid on bond loans and derecognising of cash in PetroMENA ASA. Cash flow from financing activities YTD 2008 was USD -104.6 million. Total cash position 31 December 2009 was USD 49.6 million compared to USD 127.8 million in 2008.

Statement of financial position

As of 31 December 2009, total assets amounted to USD 373.6 million. Drilling equipment in Petrolia Services has a book value of USD 131.2 million. The investment in Venture Drilling has a book value of USD 89.6 million. Cash balance per 31 December 2009 of USD 49.6 million includes security in Handelsbanken for the Pemex contract regarding SS Petrolia with USD 27.0 million. The deposit is held on account of Petromena Ltd.

Total equity equaled USD 185.3 million as per 31 December 2009, including a minority interest of USD 2.5 million. Year end 2008, the total equity equaled USD 58.7 million. Book value of equity per share equaled USD 0.18 (NOK 1.04 per share) as of 31 December 2009. Book equity per share equaled USD 0.06 (NOK 0.42 per share) as of year end 2008, including a minority interest of USD 0.04.

As of 31 December 2009, total liabilities amounted to USD 188.3 million. Non current liabilities mainly consist of bond loan of USD 85.1 million and financial lease of USD 26.0 million.

Other current liabilities of USD 53.3 million include debt to Petromena Ltd of USD 27.0 million as referred to under cash balance.

Share information

As of 31 December 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 31 December 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.

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 worldwide floaters fleet will have a strong growth in years to come. The demand for floaters is expected to remain strong as oil companies have a significant back-log of drilling projects (both exploration and development projects). Exploration drilling had a sharp increase in 2008 while development drilling was reduced. In 2009 development drilling increased again in all major regions. Exploration drilling is particular strong in Latin America.

The global crisis has impacted the short term demand growth in oil, but in the medium and long term the oil market outlook remains very strong. In the long run global oil production capacity will be challenged, and it will require aggressive investment in exploration and development drilling to meet projected demand growth.

The market for oilfield services is strong although international oil companies continue to keep their exploration and production spending to a fairly low level. The short term supply of oil and gas is sufficient to cover current demand, but low replacement ratios, high depletion of reserves, more challenging production and expected growth in demand will in turn force oil companies to explore for and develop oil and gas field and hence increased demand for oilfield services. With oil prices remaining above USD 70 per barrel for a long time more projects will become economical viable and create an upturn in demand for oilfield services.

Falling replacement ratios will also force oil companies to increase oil recovery rates by use of new technology, equipment and oilfield services resulting in increased demand for the Company's new rental equipment and for oilfield services.

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 demand is rapidly declining while the fleet is increasing – resulting in utilization at 75 %.

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. The agreement is according to Russian courts invalid. The decision is appealed and the hearing will take place 9. March 2010. A redelivery against compensation is under discussion with the vessel's Russian owners. The agreement with the Russian owners is governed by Norwegian law and arbitration in Norway is initiated.

LOG has withheld cash flow from operation and Venture Drilling AS has started court proceedings in Scotland against LOG claiming release of the actual amounts.

Petrolia Drilling ASA owns 30 % of the associated company Deepwater Driller Ltd (former 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 24.99 % of Petrolia Drilling.

Board of Directors, Petrolia Drilling ASA, 24th February 2010

Financial report fourth quarter – preliminary

| Consolidated Statement of Comprehensive Income | | | | |
|---|----------------|-----------------|-----------------|-----------------|
| All figures in USD (1000) | | | | |
| | 4Q 2009 | YTD 2009 | 4Q 2008 | YTD 2008 |
| Operating revenues | -48 761 | 70 748 | 16 635 | 81 831 |
| Operating expenses | -51 732 | 45 230 | 8 889 | 53 539 |
| Operating profit before depreciation | 2 972 | 25 518 | 7 747 | 28 292 |
| Depreciation | 10 950 | 40 371 | 6 912 | 29 197 |
| Operating profit (loss-) | -7 978 | -14 853 | 834 | -905 |
| Result from joint venture | 7 356 | 33 567 | 7 980 | 28 451 |
| Result from associated companies | 914 | -6 685 | -63 097 | -113 669 |
| Net financial income/expenses(-) | 94 551 | -12 869 | -8 769 | -24 328 |
| Profit before income tax | 94 843 | -840 | -63 051 | -110 451 |
| Tax | 8 | 4 049 | 937 | 641 |
| Profit for the year from continuing operations | 94 835 | -4 889 | -63 988 | -111 091 |
| Discontinued operations | | | | |
| Profit for the year from discontinued operations | 118 413 | 118 413 | -395 278 | -395 278 |
| Profit for the year | 213 248 | 113 524 | -459 266 | -506 370 |
| Other comprehensive income | | | | |
| Currency translation differences | -2 232 | 13 138 | -10 536 | -12 115 |
| Total other comprehensive income | -2 232 | 13 138 | -10 536 | -12 115 |
| Total comprehensive income for the year | 211 016 | 126 662 | -469 803 | -518 485 |

Condensed Consolidated Statement of Financial Position

All figures in USD (1000)

| Assets | 31.12.2009 | 31.12.2008 |
|---|----------------|------------------|
| Deferred tax assets | 0 | 3 694 |
| Goodwill | 20 395 | 17 344 |
| Drilling unit | 0 | 28 262 |
| Construction contracts Semi-Rigs | 0 | 541 118 |
| Drilling- and other equipment | 131 180 | 119 509 |
| Land and buildings | 2 314 | 2 705 |
| Investments in joint venture | 89 568 | 76 827 |
| Investments in associates | 34 071 | 34 756 |
| Total non-current assets | 277 528 | 824 213 |
| Inventory | 1 478 | 327 |
| Accounts receivables | 33 897 | 35 084 |
| Other debtors | 10 436 | 38 710 |
| Financial asset at fair value through p/l | 620 | 871 |
| Other liquid assets | 15 | 83 |
| Bank deposits | 49 616 | 127 812 |
| Total current assets | 96 062 | 202 888 |
| Total assets | 373 590 | 1 027 102 |
| | | |
| Equity and liabilities | 31.12.2009 | 31.12.2008 |
| Share capital | 93 568 | 93 568 |
| Own shares | -2 153 | -2 153 |
| Share premium fund | 237 274 | 123 119 |
| Other equity | -145 878 | -198 947 |
| | 182 811 | 15 587 |
| Minority interest | 2 504 | 43 067 |
| Total equity | 185 315 | 58 654 |
| Bond loan | 85 143 | 418 400 |
| Retirement benefit obligations | 484 | 433 |
| Other long-term liabilities | 25 992 | 27 282 |
| Total non-current liabilities | 111 619 | 446 115 |
| Short-term portion of non-current liabilities | 11 106 | 438 261 |
| Accounts payable | 12 208 | 22 964 |
| Payable tax | 0 | 173 |
| Other current liabilities | 53 342 | 60 936 |
| Total current liabilities | 76 655 | 522 334 |
| Total liabilities | 188 275 | 968 448 |
| Total equity and liabilities | 373 590 | 1 027 102 |
| Book equity per share (end of period shares) | 0,18 | 0,06 |
| Equity ratio | 50 % | 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 | 126 662 | -518 485 |
| Remeasurment of shares in subsidiary | 0 | 23 634 |
| Total gains and losses charged directly to equity | 0 | 23 634 |
| Total recognised income for the period | 126 662 | -494 851 |
| Purchase of own shares | 0 | -690 |
| Total equity from shareholders in the period | 0 | -690 |
| Total change of equity in the period | 126 662 | -495 541 |
| Equity at period end 31.12 | 185 315 | 58 654 |

Condensed Consolidated Cash Flow Statement

All figures in USD (1000)

| | YTD 2009 | YTD 2008 |
|---|----------------|-----------------|
| Net cash flow from operating activities | 7 970 | 31 641 |
| Net cash flow from investing activities | -43 645 | -405 331 |
| Net cash flow from financing activities | -44 149 | -104 582 |
| Net change in cash and cash equivalents | -79 824 | -478 272 |
| Cash and cash equivalents at beginning of period | 127 812 | 612 275 |
| Exchange gain/loss (-) on cash and cash equivalents | 1 628 | -6 190 |
| Cash and cash equivalents at period end | 49 616 | 127 813 |

PetroMENA ASA has been deconsolidated in 2009 and is presented as discontinued operations in the accounts. In 2009, the PetroMENA cashflows and cash deposits are derecognised in the group's cashflow due to deconsolidation. The cash flow from 2008 has not been recalculated and thus includes PetroMENA's cashflows and cashdeposits. The table below outlines the impact the PETroMENA had on the group accounts in 2008 and the effect it would have in 2009 if consolidated.

| Cash flows discontinued operations | 2009 | 2008 |
|------------------------------------|----------------|-----------------|
| Operating cash flows | 955 | 759 |
| Investing cash flows | -21 780 | -322 471 |
| Financing cash flows | -46 358 | 7 766 |
| Total cash flows | -67 183 | -313 946 |

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 Discontinued operations

PetroMENA ASA has been deconsolidated in 2009. The result from PetroMENA ASA is presented as profit for the year from discontinued operations. This comprises the total of the post-tax profit (loss) of the discontinued operations and the post-tax gain (loss) recognised on the disposal of the assets in the discontinued operations.

| Analysis of the result of discontinued operations | 2009 | 2008 |
|---|----------------|-----------------|
| Operating revenue | 84 205 | 73 653 |
| Operating expenses | 82 907 | 574 757 |
| Operating profit | 1 299 | -501 104 |
| Net financial income/expences (-) | -99 812 | 105 825 |
| Profit from discontinued operations | -98 514 | -395 278 |
| Pre-tax gain/(loss) recognised on discontinued operations | 220 620 | 0 |
| Tax | 3 694 | 0 |
| After tax gain/(loss) recognised on discontinued operations | 216 927 | 0 |
| Profit for the year from discontinued operations | 118 413 | -395 278 |

The pre-tax gain recognised on discontinued operations in 2009 includes internal bad debts with USD 9.4 million mainly related to Petrolia Services.

Note 3 Tangible fixed assets

The table below outlines the development of tangible fixed assets as of 31 December 2009:

| | Drilling- and other equipment | SS Petrolia | Rigs under construction semi rigs | Land and buildings | Total |
|---|--------------------------------------|--------------------|--|---------------------------|--------------|
| <small>All figures in USD (1000)</small> | | | | | |
| 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 | 25 540 | 0 | 0 | 0 | 25 540 |
| Disposal as of 4Q 2009 | -2 285 | 0 | 0 | 0 | -2 285 |
| Discontinued operations | 6 927 | -93 143 | -541 118 | 0 | -627 334 |
| Acquisition cost at 31 December 2009 | 201 131 | 0 | 0 | 2 805 | 203 936 |
| Depreciation: | | | | | |
| Balance at 1 January 2009 | 51 440 | 64 881 | 0 | 100 | 116 421 |
| Depreciation 2009 | 40 312 | 0 | 0 | 59 | 40 371 |
| Discontinued operations | -71 | -64 881 | | | -64 952 |
| Balance at 31 December 2009 | 91 681 | 0 | 0 | 159 | 91 840 |
| Translation differences | 21 730 | 0 | 0 | -332 | 21 398 |
| Carrying amount: | | | | | |
| Balance at 31 December 2009 | 131 180 | 0 | 0 | 2 314 | 133 494 |
| Residual value | | 10 800 | | | |

Petrolia Services AS purchased drilling equipment from Petrojack in 2009 with a put/call option. The equipment is included as addition.

Note 4 Segment Information

| Segment information 2009 | | | | | | |
|---|----------|--------|-------------------|--------|---------|--------|
| 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) | 0 | 0 | 70 748 | 81 554 | 70 748 | 81 554 |
| | | 0 | | 0 | | |
| EBITDA (TUSD) | 0 | 0 | 27 636 | 34 007 | 27 636 | 34 007 |
| EBIT (TUSD) | 0 | 0 | -12 736 | 4 810 | -12 736 | 4 810 |
| EBITDA % | 0 % | 0 % | 39 % | 42 % | 39 % | 42 % |
| EBIT % | 0 % | 0 % | -18 % | 6 % | -18 % | 6 % |

| | | | | | | |
|---|--------|----------|--|--|---------|----------|
| Reconciliation from segment operational EBIT to Profit before income tax: | | | | | | |
| Segment EBIT | | | | | -12 736 | 4 810 |
| Unallocated operating expenses | | | | | -2 117 | -5 715 |
| Net finance expenses | | | | | -12 869 | -24 328 |
| Share of result from joint venture | 26 212 | 28 451 | | | 33 567 | 28 451 |
| Share of result from associates | -7 599 | -113 669 | | | -6 685 | -113 669 |
| Profit before income tax | | | | | -840 | -110 451 |

| Segment information fourth quarter | | | | | | |
|---|----------|-------|-------------------|--------|--------|--------|
| All figures in USD (1000) | | | | | | |
| Petrolia Drilling ASA` s primary format for reporting segment information is business segments. | | | | | | |
| | Drilling | | Offshore Services | | Total | |
| | 4Q 09 | 4Q 08 | 4Q 09 | 4Q 08 | 4Q 09 | 4Q 08 |
| Operating income (TUSD) | 0 | 0 | 22 460 | 16 635 | 22 460 | 16 635 |
| | 0 | 0 | 0 | 0 | | |
| EBITDA (TUSD) | 0 | 0 | 5 868 | 7 747 | 5 868 | 7 747 |
| EBIT (TUSD) | 0 | 0 | -7 860 | 835 | -7 860 | 835 |
| EBITDA % | 0 % | 0 % | 26 % | 47 % | 26 % | 47 % |
| EBIT % | 0 % | 0 % | -35 % | 5 % | -35 % | 5 % |

| | | | | | | |
|---|-------|---------|--|--|--------|---------|
| Reconciliation from segment operational EBIT to Profit before income tax: | | | | | | |
| Segment EBIT | | | | | -7 860 | 835 |
| Unallocated operating expenses | | | | | 7 094 | 0 |
| Discontinued operations | | | | | -7 211 | 0 |
| Net finance expenses | | | | | 94 551 | -8 769 |
| Share of result from joint venture | 7 356 | 7 980 | | | 7 356 | 7 980 |
| Share of result from associates | 914 | -63 097 | | | 914 | -63 097 |
| Profit before income tax | | | | | 94 843 | -63 051 |

Note 5 Investments in associates

| All figures in USD (1000) | Petro-resources Ltd | Deepwater Driller Ltd | Petrojack ASA | Total |
|------------------------------------|---------------------|-----------------------|---------------|---------------|
| Investments in associates | | | | |
| 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 |
| Acquisition cost | | 6 000 | | 6 000 |
| Share of result | -130 | -1 799 | -43 163 | -45 092 |
| Reversal of impairment of shares | | | 38 407 | 38 407 |
| Balance at 31 December 2009 | 2 760 | 25 201 | 6 110 | 34 071 |

Note 6 Events after the balance sheet date

Petrolia Drilling ASA:

PETROLIA DRILLING ASA - TERMINATION OF MANAGEMENT AGREEMENT

TERMINATION OF BUSINESS MANAGER AGREEMENT BETWEEN PETROLIA DRILLING ASA AND LARSEN OIL & GAS AS

Petrolia Drilling ASA ("Petrolia") has terminated the business manager agreement entered into with Larsen Oil & Gas AS "LOG". Under the business manager agreement LOG has provided the following main business manager services:

- * Administration, including to place at disposal to Petrolia a CEO and secretary services to the Board of Directors
- * Accounting and budgeting services
- * Services related to the Company's external reporting and information obligation, including such obligations toward the Oslo Stock Exchange
- * Maintenance of Petrolia's shareholders' register

According to the business manager agreement the agreement may be terminated by either party by six months notice.

LOG is entitled to business manager fee payable pursuant to the agreement during the six months term of notice.

The annual business manager fee currently amounts to NOK 3 million.

Petrolia will establish own management to perform services previously provided by LOG.

Petrolia has already employed a new CEO and will during the term of notice recruit additional personnel necessary to provide the services previously performed by LOG.

Furthermore, the company has changed its business address in Bergen.

EXTRA ORDINARY GENERAL MEETING IN PETROLIA DRILLING ASA

Petrolia Drilling ASA has received a letter from Independent Oil & Resources ASA, requesting an extraordinary general meeting to convene for election of a new Board of Directors in Petrolia Drilling ASA.

Independent Oil & Resources ASA owns 19.59% of Petrolia Drilling ASA.

The Board of Directors in Petrolia Drilling ASA has today decided to prepare and issue the Summons for such a meeting, which tentatively will be held Monday, March 08, 2010.

Deepwater Driller Ltd:

Deepwater Driller Ltd - TERMINATION OF MANAGEMENT AGREEMENTS

The Board of Directors of Deepwater Driller Ltd. has informed Larsen Oil & Gas that (i) the Project Management and Yard Supervision Agreement between Deepwater Driller Ltd. and Larsen Oil and Gas Pte Ltd (Singapore), and (ii) the Management Agreement between Deepwater Driller Ltd. and Larsen Oil and Gas Limited (Aberdeen, UK) have been terminated. Petrolia Drilling ASA owns 30% of Deepwater Driller Ltd.

In addition, the Board of Directors of Deepwater Driller Ltd. has decided to change the name of Larsen Rig Ltd. to Deepwater Driller Ltd.

Petrojack ASA:

PETROJACK ASA CONSIDERS STRATEGIC OPPORTUNITIES

The Board of Directors of Petrojack ASA ("Petrojack") has engaged a financial advisor to explore strategic opportunities regarding Petrojack' non-operating assets, including the possible divestment of Petrojack's 25% ownership interest in Petrolia Drilling ASA.

The board is considering all options, including a disposal of Petrojack's assets and the board has decided to accrue for cost related to the liquidation/dissolution of Petrojack. Based on today's estimate of the realisation value of the assets all creditors will not be fully paid. The BoD will shortly call for an EGM, as a disposal of the rig and liquidation/dissolution of Petrojack is subject to the decision of the general assembly.