INFORMATION MEMORANDUM

PETROLIA ASA

a public limited liability company organised under the laws of Norway

This Information Memorandum has been prepared in connection with

(i) the completion of a merger between Petrolia ASA and Petrolia E&P Holdings Plc, resulting in the conversion of Petrolia E&P Holdings Plc into a European Company under the name of Petrolia E&P Holdings SE;
(ii) the issue of shares in Petrolia E&P Holdings SE to the shareholders of Petrolia ASA in exchange for their shares in Petrolia ASA; and
(iii) the listing of the shares in Petrolia E&P Holdings SE on Oslo Børs.

Exchange ratio: 0.090045702, meaning that approximately 11 shares in Petrolia ASA will be exchanged for 1 share in Petrolia E&P Holdings SE

NO SHARES OR OTHER SECURITIES ARE BEING OFFERED OR SOLD IN ANY JURISDICTION PURSUANT TO THIS INFORMATION MEMORANDUM

25 OCTOBER 2012

IMPORTANT INFORMATION

This Information Memorandum (the "**Information Memorandum**") has been prepared in connection with (i) the completion of the merger between Petrolia ASA and Petrolia E&P Holdings Plc, resulting in the conversion of Petrolia E&P Holdings Plc into a European Company under the name Petrolia E&P Holdings SE, (ii) the issue of shares in Petrolia E&P Holdings SE to the shareholders of Petrolia ASA in exchange for their shares in Petrolia ASA and (iii) the listing of the shares in Petrolia E&P Holdings SE on Oslo Børs. For further details regarding this transaction, please refer to section 3.

This Information Memorandum has been prepared in reliance on the exemption of section 7-5 no. 5 of the Norwegian Securities Trading Act. This Information Memorandum has been submitted to Oslo Stock Exchange for inspection before it was published. This Information Memorandum is not a prospectus and has neither been inspected nor approved by the Oslo Stock Exchange in accordance with the rules that apply to prospectuses. The Information Memorandum has been prepared solely in the English language.

The contents of this Information Memorandum are not to be construed as legal, business or tax advice. Each reader of this Information Memorandum should consult with its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Information Memorandum you should consult your stockbroker, bank, manager, lawyer, accountant or other professional adviser. Investing in the Company's shares involves risks. See section 1 "Risk Factors" below.

Please refer to section 11 for definitions, which apply throughout the Information Memorandum.

THE INFORMATION MEMORANDUM CONTAINS IMPORTANT INFORMATION THAT SHOULD BE READ IN FULL.

All enquiries related to this Information Memorandum should be directed to the Company or the Manager. No person has been authorised to give any information about, or make any representation on behalf of the Company in connection with the issue of new shares and, if given or made, such other information or representation must not be relied upon as having been authorised by the Company or provided or made by, or on behalf of, the Company or the Manager.

The publication or distribution of this Information Memorandum shall not under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof or that the information in this Information Memorandum or in the documents referred to herein is correct as of any date subsequent to the dates hereof or thereof.

In the ordinary course of their respective businesses, the Manager and certain of its affiliates have engaged, and may in the future engage, in investment banking and commercial banking transactions with the Company.

Any dispute arising out of, or in connection with, this Information Memorandum shall be governed by Norwegian law and shall be subject to the exclusive jurisdiction of the Norwegian courts with Oslo City Court as due legal venue.

NO OFFERING

This Information Memorandum does not constitute an offer to sell or issue, or an invitation to buy or subscribe for, any securities in any jurisdiction.

The Shares have not been registered under the Securities Act or any US state securities laws or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the Securities Act and applicable securities laws

Section 9 contains a cautionary note regarding forward-looking statements.

TABLE OF CONTENTS

APPENDICES:

1. RISK FACTORS

In addition to the other information set out in this Information Memorandum, the following risk factors should be carefully considered when analyzing the Company, the Group and/or the Merger. The risks described below could have a material adverse effect on the business, financial condition or results of operations of the Group. Accordingly, the risks described herein could have a material adverse effect on the trading price of the Shares. The information below does not purport to be exhaustive. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also have a material adverse effect on the business, financial condition or results of operations of the Company and/or the Group.

1.1 RISK RELATED TO THE COMPANY AND THE INDUSTRY IN WHICH IT OPERATES

1.1.1 Risk related to market fluctuations

The Group's operations are currently almost exclusively in the oilfield services segment, cf. section 4.6. The Company's activities within this segment have been steadily increasing since 2009, however the Group's business is subject to significant competition from other market players. This i.a. leads to pressure on the prices that the Group is able to achieve in its contracts. Moreover, the use of long term contracts is rare which leads to uncertainty with respect to future revenues, cf. also section 1.4.

Additionally, there is no assurance that the Group will be able to continue to attract new customers or that existing customers will maintain or increase their current level of business. Although the Group is not dependent on any single customer, the Group's business, financial condition and results from operations may be adversely affected in the event that customers cease or materially reduce the level of business activities or their business dealings with the Group. Consequently, there is generally a risk that revenues can change significantly from one year to the next. The value of the Group's equipment may also change significantly due to market fluctuation. Long lead items (drill pipes and test tubing, described in section 4.7.7) are particularly exposed to changes in the market conditions as the there is a considerable time span between the investment decision related to such items and their actual exposure to the market.

1.1.2 Risk of damage to and loss of equipment

The Group's business in the oilfield services segment is related to leasing out equipment for use in the oil and gas industry. Loss of or damage on the Group's equipment could have an adverse effect on the Group's results of operation or financial position. However, the risk of damage to or theft of equipment in warehouses is considered low as the equipment is generally robust and heavy. During employment with a customer, it will normally be the customer's risk if equipment is damaged or lost, and the customer shall normally insure the equipment during rental.

For clarity on the risk interface between the Group and the customer, equipment is usually delivered EXW or FOB (Ex Works, Free On Board as defined by Incoterms 2010). Service and maintenance of the Group's equipment is outsourced and at customers' expense.

1.1.3 Risk of reduced employment rate of equipment

Many customer contracts are on short term and involve a number of assets (equipment). A key risk/challenge is to uphold the employment rate of the equipment over time as low utilization of the Group's equipment will result in a longer repayment period on the investment and thereby have a negative effect of the Company's financial performance.

1.1.4 Risk related to the status of COR

COR International Ltd. (defined as COR) has been providing rental management services to Petrolia Services AS and Independent Tool Pool AS since early in 2008, cf. section 4.7.3. As further outlined in Section 4.7.4, COR has been experiencing severe financial difficulties since 2010, and all the Group's receivables on COR (USD 30 million) were impaired in the Group's accounts for 2010, cf. note 8 to the accounts.

In connection with the transfer of COR functions to the Group (cf. section 4.7.4), the Group has taken possession of most of its equipment which has been under COR control. As per the date of this Information Memorandum, the remaining equipment still in COR's possession is valued at USD 12 million. The Group is continuing its efforts to take possession over this equipment, and failure to do so may imply a risk of loss for the Group corresponding to the value of the equipment.

1.1.5 Risk related to PetroMENA ASA and Petrojack ASA

PetroMENA ASA and Petrojack ASA, where the Company owns 51.5% and 39.95% of the shares respectively, are currently undergoing bankruptcy proceedings. It is likely that these investments are lost, and no value has been attributed to these investments in the Company's accounts for 2010.

Moreover, the Group is currently involved in two disputes with the bankruptcy estates of PetroMENA ASA and Petrojack ASA respectively. In the dispute with the PetroMENA etstate, Petrolia Services AS is the defendant and the total claim amounts to NOK 245 million. The outcome of the dispute remains uncertain. Should Petrolia Services AS be held liable to return the equipment, or in the worst case repay the whole or a substantial part of the disputed amount, this could lead to severe financial difficulties for Petrolia Services and have a negative impact on the Group's results of operation and financial position.

The claim from the Petrojack estate amounts to NOK 32.9 million and is directed at the Company as a defendant. The outcome of this dispute also remains uncertain. Should the Company be held liable to return the equipment, or in the worst case repay the whole or a substantial part of the disputed amount, this could have a negative impact on the Group's results of operation and financial position.

Please refer to section 8 for further details related to these disputes.

1.2 TAX RISKS

1.2.1 Tax risks for the Company

The conversion of Petrolia ASA into an SE company and relocation to Cyprus is carried out as a merger with Petrolia E&P Holdings PLC, following which a SE company resident in Cyprus is created. The merger is carried out in accordance with Norwegian tax rules regarding tax exempt mergers. Under these rules, there is a requirement that Petrolia E&P Holdings SE is properly established in Cyprus, i.e. with effective management and control being exercised there, as well as meeting the Norwegian substance requirements. Petrolia E&P Holdings PLC has as of September 2012 two employed officers, one of which is a full time employee and one who is employed on a 50% basis. They are carrying out day-to-day management for Petrolia E&P Holding PLC and are performing management support services to Petroresources Ltd, a company incorporated in Cyprus. The Cyprus activities of Petrolia E&P Holding PLC have been limited in anticipation of the completion of the Merger, but is planned to increase following completion as the Company is expected to take part in consolidations and acquisitions of both companies in Cyprus and elsewhere.

There can be no assurance that Petrolia E&P Holdings SE will be considered managed and controlled in Cyprus and meet these requirements. If the requirements are not met, the merger and creation of the SE company may fall outside of the Norwegian tax rules regarding tax exempt mergers. This could result in Petrolia ASA being taxed as if liquidated. This would result in the taxation of any gain realized, and the loss of any tax losses carried forward. This could have a materially negative impact on the Company's financial position.

Following the merger and creation of the SE company, Petrolia E&P Holdings will have a branch in Norway, containing all current assets and liabilities, as well as operations of Petrolia ASA. The taxable profits of this branch will continue to be fully taxable in Norway at the prevailing tax rate, currently 28%. To the extent assets, liabilities and activities are transferred from the branch, this could result in tax being triggered in Norway. Operations managed and profits earned in Cyprus will be taxable there.

To the extent the Company's effective management and control is being exercised in Cyprus, the Company will be considered as a Cyprus tax resident according to the Cyprus taxation laws and therefore the Company will be generally taxable in Cyprus and subject to an income tax of currently 10% at any income taxable in Cyprus. To the extent the Company should move (for any reason) to another jurisdiction, the whole or parts of the Company's income could become subject to a higher tax rate.

1.2.2 Tax risks for Norwegian investors

As described, the conversion of Petrolia ASA into an SE company and relocation to Cyprus, is carried out as a merger with Petrolia E&P Holdings, following which the SE Company resident in Cyprus is created. The merger is carried out in accordance with Norwegian tax rules regarding tax exempt mergers. Under these rules, there is a requirement that Petrolia E&P Holdings is properly established in Cyprus, i.e. with effective management and control being exercised there, as well as meeting the Norwegian substance requirements.

Although the Company is of the opinion that the Merger will fall within the Norwegian rules regarding tax exempt mergers, there can be no assurance that Petrolia E&P Holdings is considered by the tax authorities to meet these requirements. If these requirements are not met, the merger and creation of the SE company may fall outside of the Norwegian tax rules regarding tax exempt mergers. This could result in the shareholders of Petrolia ASA being taxed as if they had disposed of their shares and acquired new shares in Petrolia E&P Holdings.

If a company resident in a deemed low tax jurisdiction is subject to direct or indirect control by Norwegian resident shareholders, NOKUS taxation may on certain conditions be applicable. Cyprus may be deemed a low tax jurisdiction. Norwegian control means that Norwegian resident shareholders have direct or indirect ownership or control of Shares totalling 50% or of a company's share capital (the NOKUS-rules have further detailed regulations on their applicability not described herein). If the NOKUS-rules apply, Norwegian resident shareholders are subject to annual taxation in Norway for their proportionate part of the taxable net income of the foreign company. The applicable tax rate is 28%. If a foreign company seize to be subject to NOKUS taxation, Norwegian tax resident shareholders will normally become taxable as if the assets of the NOKUS-company were realised for tax purposes.

It is expected that Norwegian investors will not be subject to Norwegian NOKUS taxation and that the shares in the Company will fall under the Norwegian exemption method for Norwegian corporate investors. This is based on the assumption that the Company will be properly established in Cyprus with effective management and control being exercised in Cyprus also in the future. To the extent such establishment should not be adequately maintained, the shares in the company could fall outside the scope of the Norwegian exemption method, resulting in dividends and gains from the disposal of shares in the company being subject to 28% taxation in Norway. Moreover, Norwegian investors could become subject to NOKUS taxation on their investment as described above, if 50% or more of the shares in the Company is owned or controlled by shareholders tax resident in Norway.

1.2.3 Overall tax structure

The Company is a Cyprus company and may directly or indirectly operate in numerous countries throughout the world. Consequently, the Company and/or any subsidiaries will be subject to changes in tax laws, treaties or regulations or the interpretation or enforcement thereof in various jurisdictions. Tax laws and regulations are highly complex and subject to interpretation. The Company's income tax expense will be based upon its interpretation of the tax laws in effect in various countries at the time that the expense will be incurred. If applicable laws, treaties or regulations change or other taxing authorities do not agree with the Company's and/or any subsidiaries' assessment of the effects of such laws, treaties and regulations, this could have a material adverse effect on the Company and the trading price of the Shares.

1.3 FINANCIAL RISK

The Group's activities expose it to a variety of financial risks: liquidity risk, interest rate risk, currency risk and credit risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

1.3.1 Liquidity risk – maturity of the Bond Loan

The Company has fixed interest rate on the major part of interest bearing liabilities, i.e. the Bond Loan, which limits the liquidity risk. As per the date of this Information Memorandum, the outstanding principal amount under the Bond Loan is NOK 344.5 million. The outstanding principal amount accrue interest at a rate of 12% p.a. Accrued interest falls due for payment bi-annually, in June and in December. The outstanding principal amount falls due for payment on 19 June 2015.

There is a risk that the Company may not have sufficient working capital to service the interest payments under the Bond Loan as they fall due, in which case the bondholders may accelerate the Bond Loan. Furthermore, there is a risk that Company may fail to obtain the financing required to repay the principal amount of the Bond Loan in June 2015. In both instances, the Company may have to sell off assets on a relatively large scale. If such sale cannot be made in time and if significant discounts must be given, this could result in large losses. In a worst case scenario, the Company's equity will be lost and the Company will be forced to file for bankruptcy.

1.3.2 Interest rate risk

Petrolia´s interest bearing debt totaled USD 69.5 million as per 30 June 2012. This includes the Bond Loan of NOK 344.5 million (USD 57.6 million) and financial leases of total USD 11.9 million. Interest on the Bond Loan is fixed at 12 %. Leasing contracts are at normal leasing rates with a number of smaller contracts. These contracts are subject to floating rate of interest, implying that the group is exposed to changes in the interest rate level.

The Group's interest rate risk management aims at reducing the interest expenses at the same time as the volatility of future interest payments is kept within acceptable levels.

1.3.3 Currency risk

Petrolia has prepared its accounts in USD since 1 January 2008. As Petrolia has USD as its functional currency, risks relating to currency fluctuations arise when the cash flows and balance sheet items are denominated in a currency other than USD. The Bond Loan is in NOK, and there is also significant Group funding in NOK, implying a significant currency risk for the Company.

1.3.4 Credit risk

The Group is primarily exposed to credit risk related to trade receivables, other receivables and prepayments for equipment. The Group's maximum risk exposure is represented by the carrying value of trade receivables and other receivables. There is also a general credit risk due to the inherent uncertainties in the business environment of the Group's customers. These include political, social, legal, economic and foreign exchange risks, as well as those arising from unanticipated events or circumstances. There is no guarantee on the timeliness of the customers' payments and whether they will be able to fulfil their payment obligations. Any inability on the part of the customers to settle promptly such amounts due to the Company for work done and/or services rendered may have a material adverse impact on financial performance and operating cash flow.

1.4 POLITICAL, REGULATORY AND MARKET RISKS

1.4.1 Political risk

Political risk, including changes in legislative and fiscal framework governing the activities of the Company's customers, involves factors which are relevant when operating globally. In many of the areas where Petrolia has potential business partners and operates units, there is political instability.

Petrolia primarily seeks to secure guarantees and payment in USD to reputable banks in politically stable countries. However, possible internal disturbances in a country could result in a substantial loss of revenue.

1.4.2 Regulations

The Company depends upon its ability to comply with the relevant rules and regulations in the jurisdictions where it operates. Changes to the relevant legal and regulatory systems could have a material adverse effect on its business, results of operations and financial position.

1.4.3 Risk of war, other armed conflicts and terrorist attacks, etc

Various ongoing wars, military tension involving North Korea, the terrorist attacks of 11 September 2001 with subsequent terrorist attacks and unrest and the increased piracy activities in the Gulf of Aden, as well as epidemics, have caused instability in the world's financial and commercial markets. This has in turn significantly increased political and economic instability in some of the geographic areas in which the Company and its customers operate and contributed to high levels of volatility in prices. This continuing instability as well as threats of war or armed conflicts elsewhere may cause further disruption to financial and commercial markets and contribute to even higher levels of volatility in prices.

1.4.4 Oil price risk

Petrolia's operations are dependent on the state of the oil and gas industry, in terms of the level of activities in the exploration, development and production of oil and natural gas. Since it is largely dictated by oil price trends, the level of activity in the oil and gas industry has historically been cyclical. Low oil prices typically lead to a reduction in exploration drilling as oil companies scale down their investment budgets. Any decline in the level of activities in the oil and gas industry may result in a decrease in demand for the Company's production units and services. Such decline will also directly impact upon the Company's business and profitability.

1.4.5 Competitive position

The competitive position, through changes in demand and supply, is the most important factor affecting the Company's result. The oilfield services market is highly competitive with a number of players regularly tendering for work in competition with the Company. Such players include Slumberger/Smith, Odfjell Well Services, Weatherford, KCA Deutag in Norway, Halliburton and Baker Hughes among others.

1.5 OPERATIONAL RISKS

1.5.1 Inherent risks associated with offshore operations

Offshore operations are exposed to inherent risks of offshore activities such as property loss, interruptions of operations caused by adverse weather conditions or mechanical failures. Some of Petrolia's revenues are related to activities in harsh environments. There are several factors that can contribute to an accident including, but not limited to, human errors, weather conditions and faulty constructions.

1.5.2 Accidents and pollution

Offshore operations involve risks of unexpected pressure or temperature conditions that may ultimately lead to blow-outs or fire, cause damage to personnel, equipment or the environment, or lead to operational delays or difficulties. There are also maritime risks during operations, caused by extreme weather conditions or other natural phenomenon.

Exposure for Petrolia is minimal, as standard rental terms oblige customers to insure the equipment while on hire. Damage will quickly result in revenue (lost in hole). The Group only supply personnel as part of casing running. Even if equipment is off-hire due to force majeure, effects would be limited.

1.5.3 Insurance coverage

Operational risks can cause injury to personnel, damage to equipment and accidental discharges/emissions to the natural environment. Avoiding harm to personnel and equipment as well

as accidental discharges/emissions is nevertheless a clear target. In connection with equipment rental, the Company's equipment is normally covered by the customer's insurances once the equipment is taken over by the customer. Such insurance normally does not cover during operations (only transport and storage). Maintenance and repair costs are normally to be covered by customers. During transport, the equipment is insured in a manner customary to the relevant means of transportation. However, it is not possible to insure against all applicable risks and liabilities. For instance, under some contracts the Company will have unlimited liability for losses caused by its own gross negligence, whereas such liability in general will not be covered by the Company's insurance policies. The Company cannot assure that it has obtained insurance for all risks, that any future claims will be paid, or that it will be able to procure adequate insurance coverage at commercially reasonable rates in the future.

1.5.4 Requisition, arrest etc. of the vessels and rigs

The vessels and rigs on which the Company's equipment is placed could be requisitioned by a government in the case of war or other emergencies or become subject to arrest. In such case, it may prove challenging to have the Company's equipment released and this could significantly and adversely affect the earnings under the relevant contract and the Group's result of operations.

1.5.5 Project and contract risk

In line with industry practice, the contracts entered into for the lease of the Group's equipment normally contains clauses which give the customer a right of early termination under specified conditions. Petrolia may be subject to other risks related to the terms of its contracts, including damages payable to customers as a result of deviations from a contract and liquidated damages for delays or non-performance. This risk may also materialise as a result of, amongst others, weather, equipment failure, fire, cost overruns and force majeure situations.

1.5.6 Service life and technical risks

The service life of the equipment will depend on a series of factors, including market activity and technical state. There will always be some exposure to technical risks, with unforeseen operational problems leading to unexpectedly high operating cost and/or lost earnings, which may have a material adverse effect on the financial position of the Company. Should equipment be subject to periods of unplanned down-time due to reliability or technical issues, the performance and operations of the Company will be adversely affected.

1.5.7 Legal proceedings and contractual disputes

In the course of its activities, the Company may become party to legal proceedings and disputes. Current proceedings and disputes are detailed in section 8. The Company makes provisions in such cases to cover the expected outcome of the proceedings and disputes, to the extent that negative outcomes are likely and reliable estimates can be made. However, the final outcome of legal proceedings and disputes are subject to uncertainties, and resulting liabilities may exceed recorded provisions.

1.5.8 Key personnel for operations and profitability

The Group's ability to continue to attract, retain and motivate such key personnel and other senior members of the management team and experienced personnel will have an impact on the Group's operations. The competition for such employees is intense, and the loss of the services of one or more of these individuals without adequate replacements or the inability to attract new qualified personnel at a reasonable cost could have a material adverse effect.

1.6 RISK FACTORS RELATING TO THE SHARES

1.6.1 The price of the Shares may fluctuate significantly

The trading price of the Shares could fluctuate significantly in response to a number of factors beyond the Company's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, significant contracts, acquisitions or strategic relationships, publicity about the Company, its products and services or its competitors, lawsuits against the Company, unforeseen liabilities, changes to the regulatory environment in which the Group operates or general market conditions. In recent

years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in the same industry. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate based upon factors that have little or nothing to do with the Company, and these fluctuations may materially affect the price of its Shares.

1.6.2 Possibility of waiver of pre-emptive subscription right

In order to raise equity on short notice in the investor market, the Company may undertake private placements with a minimum subscription amount, and the general meeting may in that connection decide to waive the shareholder's pre-emptive subscription rights in accordance with the provisions of Section 60B(5) of the Cyprus Companies Law.

1.6.3 Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares

It is possible that the Company in the future may decide to offer additional Shares or other securities in order to finance new capital-intensive projects, or in connection with unanticipated liabilities or expenses or for any other purposes. Any such additional offering could reduce the proportionate ownership and voting interests of holders of Shares, as well as the earnings per Share and the net asset value per Share of the Company, and any offering by the Company could have a material adverse effect on the market price of the Shares.

1.6.4 Investors may not be able to exercise their voting rights for Shares registered in a nominee account

Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) may not be able to vote for such Shares unless their ownership is re-registered in their names with the Norwegian Central Securities Depositary (the "**VPS**") prior to the Company's General Meetings. The Company cannot guarantee that beneficial owners of the Shares will receive the notice of a general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners.

1.6.5 Investors in the United States may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or executive officers

Petrolia ASA is incorporated under the laws of Norway and Petrolia E&P Holdings SE will be incorporated under the laws of the republic of Cyprus. All of the Company's current directors and executive officers reside outside the United States. Furthermore, most of the Company's assets and most of the assets of the Company's directors and executive officers are located outside the United States. As a result, investors in the United States may be unable to effect service of process on the Company or its directors and executive officers or enforce judgments obtained in the United States courts against the Company or such persons in the United States, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. The Company has been advised by its Norwegian legal counsel that the United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters. Further, the Company has been advised by its Cyprus legal counsel that the United States and Cyprus do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters.

1.6.6 The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions

The Shares have not been registered under the Securities Act or any US state securities laws or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the Securities Act and applicable securities laws. In addition, there can be no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings.

1.6.7 Shareholders outside of Norway are subject to exchange rate risk

The Shares are priced in Norwegian kroner (NOK), the lawful currency of Norway. Accordingly, any investor outside Norway is subject to adverse movements in the NOK against their local currency, as the foreign currency equivalent of any dividends paid on the Shares or price received in connection with any sale of the Shares could be materially adversely affected.

1.6.8 The Merger may not be completed

The merger between Petrolia ASA and Petrolia E&P Holdings Plc. described in section 3 (the Merger) may not be completed as contemplated by the Company. Although the Company's management and board of directors believe that it will be beneficial for the Company to redomicile to Cyprus, the Company expects no significant negative effects should the Merger not be completed.

2. RESPONSIBILITY FOR THE INFORMATION MEMORANDUM

The Board of Directors of Petrolia ASA hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Information Memorandum is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Oslo, 25 October 2012

The Board of Directors of Petrolia ASA

Berge Gerdt Larsen
Chair

Erik Johan Frydenbø Director	Sjur Storaas Director	Unni Fossberg Tefre Director

For the purpose of enabling the Board of Directors of Petrolia ASA to make the statement above, the Board of Directors of Petrolia E&P Holdings Plc hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Information Memorandum on, or relating to, Petrolia E&P Holdings Plc and the description of the Merger is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

25 October 2012

The Board of Directors of Petrolia E&P Holdings Plc.

Kjetil Forland Director	Erwin Joseph Pierre Godec Director	Demos Demou Director

3. MERGER BETWEEN PETROLIA ASA AND PETROLIA E&P HOLDINGS PLC

3.1 INTRODUCTION AND BACKGROUND FOR THE MERGER

In order to move closer to key markets for the Group and at the same time maintain a European presence the Company has decided to relocate its head offices to Cyprus. The relocation to Cyprus will be completed through a cross-border merger (the "**Merger**") between Petrolia ASA and a Cyprus public limited company, Petrolia E&P Holdings Plc. ("**Petrolia E&P Holdings**" and together with the Petrolia ASA, the "**Merging Companies**"). Petrolia E&P Holdings will be the surviving entity in the Merger.

Through the Merger, Petrolia E&P Holdings will be converted into a European company (Societas Europaea - European Public Company or SE company) under the name of Petrolia E&P Holdings SE. The Company's business will continue unchanged in Petrolia E&P Holdings SE.

In the annual general meeting of Petrolia ASA held 28 June 2011, the Board of Directors requested an indicative instruction from the general meeting on whether or not to initiate the Merger. The general meeting voted unanimously in favour of giving the Board of Directors a mandate to go ahead with the process.

On 29 November 2011 the Board of Directors of the Petrolia ASA and Petrolia E&P Holdings Plc respectively approved the merger plan for the Merger (the "**Merger Plan**"). The Merger Plan was unanimously approved by the general meeting of the Petrolia ASA on 30 December 2011. The Merger Plan was unanimously approved by the general meeting of Petrolia E&P Holding Plc., on 6 May 2012. The Company currently estimates that the Merger will be completed during October 2012.

The business of the Company will continue as a going concern in Petrolia E&P Holdings SE. The financial position and management of the Company will therefore not change as a result of the Merger. The Company will maintain its current presence in Norway, but will in addition have sufficient presence and activity in Cyprus to be considered domiciled in Cyprus for tax purposes.

3.2 THE MERGING COMPANIES

3.2.1 Petrolia ASA

Please refer to section 0 for a description of Petrolia ASA.

3.2.2 Petrolia E&P Holdings Plc.

Petrolia E&P Holdings Plc. was incorporated by Petrolia ASA on 9 August 2011 under the name of Petrolia E&P Holdings Limited and registered in the Registrar of Companies in Cyprus under registration number 291883. The company was established as a single purpose vehicle with the purpose of merging with Petrolia ASA, thereby converting into a SE company and continuing the business of the Company. Upon incorporation, Petrolia E&P Holdings Limited had an authorised share capital of USD 10,000 and an issued share capital of 1,000 divided into 1,000 shares, each with the par value of USD 1.

On 21 September 2011, the shares of Petrolia E&P Holdings were transferred from Petrolia ASA to NET AS, a company holding approximately 1.3% of the shares of the Petrolia ASA. The purpose of the transfer was to avoid having to complete the Merger as a reversed take-over whereby the Petrolia ASA would merge with its subsidiary as the surviving entity as such reversed take-overs may be problematic under Cyprus company law.

On 17 November 2011, Petrolia E&P Holdings Limited was converted into a public limited company under the name of Petrolia E&P Holdings Plc. As part of the conversion, the company's issued share capital was increased to USD 35,000. Additionally, and in order to comply with the relevant provisions of Cyprus Companies Law CAP 113 as amended from time to time with respect to Cyprus

public companies six of the shares of the company were transferred to nominee shareholders, holding one share each. The Petrolia E&P Holdings Plc Shares are thus held as follows:

Name	No. of shares
NET AS	34.994
Montrago Trustees Limited	1
Montrago Nominees Limited	1
Bolton Trustees Limited	1
Bolton Nominees Limited	1
Merco Trustees Limited	1
Merco Nominees Limited	1

Petrolia E&P Holdings Plc. has no assets apart from its paid-in share capital.

Since its incorporation, Petrolia E&P Holdings Ltd (and subsequent Plc) has focused on preparing and completing the Merger. The board of directors has until recently had sufficient capacity to perform relevant activities, but effective from 1 September 2012 the company has hired two employees. The envisioned merger with the oil department of Independent Oilfield Rentals (IOR) Ltd. (reference is made to stock exchange notification of 3 October 2011) has been one key activity. Another key task has been taking over management of Petroresources Ltd, a company which has indirect economic interests in E&P licences. The company has kept cost to a minimum and avoided entering into significant obligations until the Merger is concluded.

The board of directors of Petrolia E&P Holdings currently consists of Kjetil Forland, Erwin Joseph Pierre Godec and Demos Demou. However, a resolution has already been passed whereby the current members of the board of directors of Petrolia ASA have been elected as board members of Petrolia E&P Holdings, with effect from the time of completion of the Merger. Consequently, the board of directors of the Company will consist of Berge Gerdt Larsen (chairman), Erik Johan Frydenbø, Unni Fossberg Tefre and Sjur Storaas as from the completion of the Merger.

Ernst &Young is the company's auditor. Because Petrolia E&P Holdings was incorporated in 2011, the company has not yet prepared financial statements. Petrolia E&P Holdings PLC's fist first financial year will cover the period from incorporation to 31 December 2012.

3.3 LEGAL ASPECTS OF THE MERGER

3.3.1 Introduction

The Merger will be completed in accordance with the provisions of the Council Regulation (EC) No 2157/2001 on the Statute for a European company (SE), the Companies Law of Cyprus Cap 113 and the secondary Cypriot SE Regulations, as far as Petrolia E&P Holdings is concerned, and the Norwegian public limited company act ("**NPLCA**") and the Norwegian SE act, as far as the Petrolia ASA is concerned.

The Merger will entail a transfer of all of Petrolia ASA's assets, rights and obligations to Petrolia E&P Holdings. Petrolia ASA will be dissolved following the completion of the Merger. As consideration for their shares in Petrolia ASA, Petrolia ASA's shareholders as at the time of completion of the Merger will receive shares in Petrolia E&P Holdings corresponding to the economic value of their shares in the Petrolia ASA (the "**Consideration Shares**").

3.3.2 Merger plan, board report and auditor statement

On 29 November 2011 the board of directors of Petrolia ASA and Petrolia E&P Holdings Plc. approved a merger plan that had been prepared pursuant to section NPLCA 13-26, the Norwegian SE act section 5, article 201Γ(1) of the Cyprus Companies Law Cap 113 and article 20 of the Council Regulation (EC) No 2157/2001 on the Statute for a European company (SE) (previously defined as the "**Merger Plan**").

The Merger Plan was approved by the general meeting of Petrolia ASA on 30 December 2011 and by the general meeting of Petrolia E&P Holdings on 6 May 2012. The respective resolutions were registered in the Norwegian Register of Business Enterprises ("**NRBE**") on 6 January 2012 and the merger procedures were approved by the Cyprus Registrar of Companies on 13 July 2012.

The boards of directors of the Merging Companies have also prepared reports in which i.a. the economic and juridical aspects of the Merger are explained, cf. NPLCA section 17-27 cf. section 13-9 cf. the SE Act section 5 and article 201Γ(2) (a) of the Cyprus Companies Law Cap 113. Additionally, the boards of directors have obtained statements form independent experts that explain the valuation and exchange ratio, cf. NPLCA § 13-28 cf. the SE Act section 5 and article 201Γ(3) (a) of the Cyprus Companies Law Cap 113.

The Merger Plan, board statements and auditor statements have been enclosed as appendices to this Information Memorandum.

3.3.3 Valuation and exchange ratio

The exchange ratio is 0.090045702, or approximately 1 new share in the capital of the Petrolia E&P Holdings for 11 shares in Petrolia ASA. The exchange ratio is based on a valuation of Petrolia ASA and Petrolia E&P Holdings respectively. Petrolia ASA is valued on the basis of the market price of its shares in trading on the Oslo Stock Exchange as at the time of the adoption of the Merger Plan. Petrolia ASA is valued at NOK 160,101,585 (USD 27,200,867 based on an exchange rate of 5.8859 per 28 November 2011).

Petrolia E&P Holdings is valued on the basis of the value of its assets, namely its cash reserve corresponding to the paid-in share capital of USD 35,000.

There were no particular difficulties in establishing the exchange ratio.

3.3.4 The Consideration Shares

As consideration to the shareholders of Petrolia ASA as at the time of completion of the Merger, Petrolia E&P Holdings will issue of a total of 27,200,867 shares with a nominal value of USD 1 each (the "**Consideration Shares**"), the exchange ratio between the shares of the Petrolia ASA and the shares of Petrolia E&P Holdings thus being 0.090045702, or approximately 1 new share in the capital of the Petrolia E&P Holdings for 11 shares in Petrolia ASA. Due to limitations in the VPS system, the exchange ratio will be rounded down to 0.09004.

No fractional shares will be issued. Instead, any fractional shares will be compiled into whole shares sold. The net revenue from such sale will be allocated proportionally to the holders of fractional shares.

The Consideration Shares will be issued upon completion of the Merger, which is estimated to occur on or about the date of this Information Memorandum. The Consideration Shares issued in connection with the Merger will be ordinary shares of Petrolia E&P Holdings SE, issued under the laws of the Republic of Cyprus and having a nominal value of USD 1 each. The Consideration Shares will be issued electronically in book-entry form under ISIN number CY0102630916 in the Norwegian Central Securities Register (VPS). The current VPS registrar of Petrolia ASA, Nordea Bank Norge ASA, will continue as registrar for the merged company.

The Consideration Shares will rank pari passu in all respects with the existing shares of Petrolia E&P Holdings and will carry full shareholder rights from the time of issuance. The Consideration Shares will be eligible for any dividends declared by Petrolia E&P Holdings SE from the time of issuance. All Shares, including the Consideration Shares, will have voting rights and other rights and obligations pursuant to the Cyprus Companies Law, and are governed by Cyprus law. All Shares of the Company are freely transferable.

3.3.5 Effects of the merger on the Creditors of the Company, creditor notice period

The registration of the merger resolution in NRBE as described in section 3.3.2 marked the start of a two months creditor notice period. During this period, any creditors had the opportunity put forward any objections that they might have against the Merger. The creditor notice period expired on 6 March 2012. The Company received no objections towards the Merger.

The Merger is not expected to have any impact on Petrolia ASA's creditors as all assets, rights and obligations of Petrolia ASA will be transferred to Petrolia E&P Holdings, which has no obligations or debt of its own. The financial position of the merged Petrolia E&P Holdings SE will thus be the same as that of Petrolia ASA.

3.3.6 Effects of the Merger on the employees of the Company and the involvement of the employees going forward

The Merger is not expected to result in any significant changes for the employees of Petrolia ASA. The employees of Petrolia ASA have been given the opportunity to discuss the Merger, cf. NPLCA section 13-11 and the Norwegian Working Environment Act section 16-5.

In accordance with Cypriot Law No. 277(I)/2004 transposing in Cyprus the provisions of Council Directive 2001/86/EC of 8 October 2001 supplementing the Statute for a European company with regard to the involvement of employees, the boards of directors of the Merging Companies have sought to reach an agreement with the employees of the Group concerning their involvement in the affairs of Petrolia E&P Holdings SE. For this purpose, a special negotiating body was established to represent the employees in negotiations with the boards of directors of the Merging Companies. In view of the fact that the employees of the Group have not, up until the establishment of the special negotiating body, had any representation or involvement in the workings of Petrolia ASA, the special negotiating body resolved not to open negotiations. The special negotiating body may be reconvened at the request of at least 10% of the Group at the earliest two years after the decision not to open negotiations. This is in accordance with applicable law.

3.3.7 Conditions for completion of the Merger

Pursuant to the Merger Plan, the Merging Companies' mutual obligation to complete the Merger is conditional upon a number of conditions, inter alia:

a) satisfaction of all legal conditions for completion of the Merger;
b) that all requisite licenses and approvals have been obtained;
c) that no creditors or other third parties have objected to the Merger;
d) that the Oslo Børs has consented to the listing of the shares of Petrolia E&P Holdings SE as a continuation of the listing of the shares of Petrolia ASA;
e) that bondholders in the Petrolia ASA's bond loan have consented to the completion of the Merger;
f) that the general meetings of the Merging Companies approve any arrangements in relation to the involvement of employees in Petrolia E&P Holding SE.

As at the date of this Information Memorandum, all the above conditions have been satisfied.

3.3.8 Procedures for completion of the Merger

The Merger will be completed upon registration with the Cyprus Registrar of Companies. Such registration is conditional upon the issuance of a certificate pursuant to art. 26 of the SE Regulation by the Cyprus District Court of Limassol, confirming the due completion of all requisite procedures for completion of the Merger and the conversion of Petrolia E&P Holdings into an SE company. Such certificate was issued on 9 July 2012.

In order to enable the Cyprus District Court of Limassol to issue such a certificate, NRBE has issued a certificate confirming that all formal requirements for completion of the Merger under Norwegian law have been completed. This certificate was issued on 8 May 2012.

Once the Company registers the Merger as completed, the Cyprus Registrar of Companies will publish the completion of the Merger and the creation of the SE company in the Official Gazette of the Republic of Cyprus in and in the EU Official Journal. Thereafter, Petrolia ASA will be deleted from NRBE and cease to exist as a public limited liability company under Norwegian law.

3.3.9 Legal consequences of completion of the Merger

Upon completion of the Merger:

a) Petrolia ASA will be wound up without going into liquidation and transfer all of its assets and liabilities to Petrolia E&P Holdings;
b) Petrolia E&P Holdings SE will issue new shares to the shareholders of Petrolia ASA corresponding with the economic value of their shares in the Petrolia ASA; and
c) Petrolia E&P Holdings Plc. will adopt the form of a Societas Europaea - European Public Company registered in the Republic of Cyprus, in accordance with the relevant provisions of the EU and Cyprus law.

For accounting and tax purposes, the Merger will take effect from completion. As from this date, transactions carried out by the Petrolia ASA shall be for the account of Petrolia E&P Holdings SE. The Merger shall be carried out pursuant to the accounting principle of continuity, so that all assets recognized in the balance sheets of Petrolia ASA shall be recognized with the same values on the balance sheet of Petrolia E&P Holdings SE.

The Merger is completed based on the principle of tax continuity, both on company level and on shareholder level. On company level, this implies that the tax positions related to the Assets will continue unchanged after the Merger. On shareholder level, tax continuity means that the cost price and date of acquisition for the Consideration Shares will be deemed to be equal to the cost price and date of acquisition of the shares in the Company.

3.4 EFFECTS OF THE TRANSACTION ON THE COMPANY

Following completion of the Merger, the Company will be an SE company registered under the laws of the Republic of Cyprus under the name of Petrolia E&P Holdings SE. The Company will have an issued share capital of USD 27,235,867 divided into 27,235,867 shares, each with a par value of USD 1. The shares of the Company will be held by the shareholders of Petrolia ASA as further described in section 3.3.4 above, with the addition of the current shareholders of Petrolia E&P Holdings (listed in section 3.2.2.).

The Merger will have close to no impact on the financial position of the Company as Petrolia E&P Holdings has no assets apart from a small cash reserve and no debt or other obligations. Nor will the Merger have any significant impact on the Company's business activity which will continue as a going concern in Petrolia E&P Holdings SE. The current board of directors and management of Petrolia ASA will continue as board of directors and management of Petrolia E&P Holdings SE after completion of the Merger. The Company will maintain its current presence in Norway, but will in addition expand its activities in Cyprus.

The Merger has the twofold purpose of moving the Company closer to key markets, while also ensuring that the Company will be positioned in respect of future growth which is expected to take place outside of Norway. The majority of the Company's current assets, liabilities and operations will continue to be held in a Norwegian branch of Petrolia E&P Holdings SE, fully taxable to Norway.

3.5 EFFECTS OF THE TRANSACTION ON THE SHAREHOLDERS

The Merger is not expected to have any economic impact on the shareholders of the Company as they will receive shares in Petrolia E&P Holdings SE corresponding to their respective shareholdings in Petrolia ASA. The shares will be registered in VPS under ISIN number CY0102630916 . Petrolia E&P Holdings SE will enter into a new registrar agreement with the current registrar of Petrolia ASA, Nordea Bank Norge ASA.

After completion of the Merger, the shareholders will hold shares in a Cyprus registered SE company instead of in a Norwegian public limited company. The Company will be governed by Cyprus company law and will have a new set of Statutes and Memorandum of association. The Statutes and Memorandum of association of Petrolia E&P Holdings SE have been prepared with the aim to minimize the effects of the Merger and conversion on the shareholders of the Company. Consequently, there will be no major changes in the shareholders' rights following the completion of the Merger. Please refer to section 7.7 for a description of certain aspects of the Company's Statutes and Memorandum of association following completion of the Merger.

Petrolia E&P Holdings SE will remain listed on Oslo Stock Exchange following the completion of the Merger and will follow applicable rules and procedures for such listed companies, including the Norwegian Code of Practice for Corporate Governance.

3.6 LISTING ON OSLO STOCK EXCHANGE

3.6.1 Continued listing

The Petrolia E&P Holdings Shares shall be listed and tradable on Oslo Stock Exchange upon completion of the Merger.

Pursuant to section 12 of the Continuing Obligations of Oslo Stock Exchange Petrolia ASA has prepared a report in which it confirms that Petrolia E&P Holdings SE will be a direct continuation of Petrolia ASA and that Petrolia E&P Holdings SE after completion of the Merger will continue to fulfill the requirements for listing on Oslo Stock Exchange in the same way that Petrolia ASA currently does. On 21 December 2011, Oslo Stock Exchange confirmed that the Petrolia E&P Holdings Shares will remain listed on Oslo Stock Exchange after completion of the Merger without completing a new listing proscess.

3.6.2 Due diligence

Oslo Stock Exchange has required that the Company ensures that a limited due diligence is carried out prior to the completion of the Merger. The Company engaged the law firm CLP to complete this due diligence. The scope of the review was to ascertain that the Merger will have no material adverse implications for the Company. CLP did not identify any material issues which will hinder the delisting of the Company or the listing of Petrolia SE

3.6.3 Legal opinion

Oslo Stock Exchange has also requested that a legal opinion is issued pursuant to Oslo Stock Exchange's listing rules section 9.1 (2). Such legal opinion has been prepared by Panos Labropolous of the law firm Andreas Neocleous & Co. LLP on the request of the Company. Oslo Stock Exchange has accepted the draft legal opinion presented prior to the issuance of the final opinion.

3.7 EXPENSES

The Company’s expenses relating to the Merger, primarily fees to the Company’s auditors, legal- and financial advisors, are currently estimated at NOK 4 million. Additional expenses may be incurred in relation to the Merger.

3.8 TIMING

As at the date of this Information Memorandum, all formal requirements for completion of the Merger pursuant to Norwegian and Cyprus law have been fulfilled. The Merger will be completed once it is registered as completed with the Cyprus Registrar of Companies and Petrolia ASA will then be deleted from the Norwegian Register of Business Enterprises. This is expected to take place on or about 26 October 2012.

4. PRESENTATION OF THE COMPANY

4.1 INCORPORATION, REGISTERED OFFICE AND REGISTRATION NUMBER

4.1.1 Petrolia ASA

Petrolia ASA is a public limited liability company incorporated and operating under the laws of Norway. Petrolia ASA's registration number with the Norwegian register of Business Enterprises is 977 321 484 and the company's registered address is Haakon VIIs gate 1 (2. etg.), 0116 OSLO, telephone: +47 5522 4710, fax: +47 5522 4701. Petrolia ASA's business address is: Hopsnesveien 127, 5232 Paradis, telephone: +47 5522 4710, fax: +47 5522 4710. The web page is: www.petrolia.no.

The shares of Petrolia ASA are traded on Oslo Stock Exchange under ticker code "PDR".

4.1.2 Petrolia E&P Holdings SE

Following completion of the Merger described in section 3 of this Information Memorandum, the Company will change name and corporate form.

Petrolia E&P Holdings SE will be a European public limited liability company incorporated and operating under the laws of Cyprus. Petrolia E&P Holdings SE's registration number with the Cypus Companies Register will be allocated to it as at the time of completion of the Merger. The company's registered address will be 27 Spyrou Kyprianou, Ernst & Young House, 4001 Limassol, Republic of Cyprus and its telephone number will be + 357 25 725 777. The business address of the Norwegian branch of Petrolia E&P Holdings SE will be: Hopsnesveien 127, 5232 Paradis telephone: +47 5522 4710, fax: +47 5522 4710. The web page will be: www.petrolia.eu.

The shares of Petrolia E&P Holdings SE will be traded on Oslo Stock Exchange under ticker code "PDR".

4.2 HISTORY AND DEVELOPMENT OF THE GROUP

The Company and its consolidated subsidiaries (the "**Group**") operate within the oil and gas industry and have activities within the following business segments:

- oilfield services;
- drilling & well technology; and
- oil & gas.

Currently and as further outlined elsewhere in section 0, the Group does not have any activities of significance within the drilling & well technology and oil & gas business segments. However, Petrolia Norway AS became prequalified for the Norwegian continental shelf 6 February 2012 and is actively working to acquire E&P licences. Moreover, through the recent merger between Petrolia Rigs II AS and IO&R AS described in section 4.8.2, the Group has started the process of revitalizing the drilling & well technology business segment.

After completion of the Merger described in section 3 of this Information Memorandum, the business currently undertaken by the Company will be continued unchanged in Petrolia E&P Holdings SE. The business undertaken in the rest of the Group will also continue unchanged following completion of the Merger.

In addition to the business currently undertaken by the Company, Petrolia E&P Holdings SE will continue and further develop the business currently undertaken in Petrolia E&P Holdings Plc. as described in section 3.2.2. The continuation and development of this business will form an integral part of the business of the Group going forward.

Below is an overview of the central milestones in the development of the Company:

March 17th 1997	The Company was incorporated as Petrolia Drilling AS

May 1997	The Company purchased SS "Petrolia".
May 12th 1997	The Company was listed on Oslo Stock Exchange
September 1997	The Company entered a 10 year bareboat charter for DS "Valentin Shashin".
March-November 2005	DS "Valentin Shashin" was redelivered and a new bareboat charter made with a new party. The Company entered into a joint venture, Venture Drilling AS, with Sinvest ASA.
December 2005	Investments into shares in PetroMENA ASA started. By June 2008, the Company owned 51.5 % of its shares.
December 2005	Investments into shares in Petrojack ASA started. By February 2007, the Company owned 39.9 % of its shares.
January 15 2007	Independent Oil Tools AS (IOT) purchase completed. IOT group included Independent Tool Pool AS, Independent Oil Tools BV, Premium Casing Services Australia and Premium Casing Services New Zealand.
October 2007	The SS "Petrolia" was sold to PetroMENA Ltd.
15 November 2007	PetroMENA ASA became a subsidiary
June 2008	Investment in Deepwater Driller Ltd. (initially named Larsen Rig Ltd.).
21 December 2009	PetroMENA ASA bankrupt.
8 March 2010	Petrojack ASA bankrupt.
April 2010-March 2011	DS Valentin Shashin off-hire due to invalid bareboat charter. Negotiations with owners. Full settlement reached 24 February 2011 and the vessel is now redelivered to its owners. Petrolia ASA owns 100 % of Venture Drilling AS from 28 March 2011.
24 January 2011	Shares in Deepwater Driller Ltd sold for USD 34.5 million.
25 August 2011	The Company completed a Rights Issue to strengthen the Company's equity and capital base for general corporate purposes including equipment investments and strengthening of the working capital relating to the financial position of the Company and the maturity of the bond loan where NOK 344.5 million is payable on 20 June 2012. NOK 25.3 million was raised.
16 August 2011	Petrolia Norway AS acquired 10% of PL 356, Ulvetanna, from DETNOR.
8 September 2011	A private placement towards employees and the board was completed. NOK 7.6 million was raised.
22 September 2011	The Company entered into LoI for two land rigs and an equipment package from Independent Oil & Resources ASA, for NOK 74 million (the Merger).
3 October 2011	The Company started discussions regarding the contemplated merger between the oil department of Independent Oilfield Rentals (IOR) Ltd and Petrolia ASA.
29 November 2011	The boards of directors approved the Merger and the Cyprus Merger.
30 December 2011	EGM in Petrolia ASA approval of Merger and Cyprus Merger
6 February 2012	Petrolia Norway AS is prequalified for the Norwegian continental shelf.
23 March 2012	The purchase of 10% of PL356 was approved by Norwegian authorities.
30 March 2012	Completion of merger between Petrolia Rigs II AS and IO&R AS.
7 September 2012	The purchase of 30% of PL506S, 506BS, 506CS and 506DS was approved by Norwegian authorities.

4.3 CONTEMPLATED MERGER WITH OIL DIVISION OF INDEPENDENT OILFIELD RENTALS LTD

In October 2011, discussions with Independent Oilfield Rentals Ltd. regarding a possible merger between the Company and the oil division of Independent Oilfield Rentals Ltd. were initiated. Independent Oilfield Rentals has both production and exploration license interests in the Middle East and North Africa (MENA).

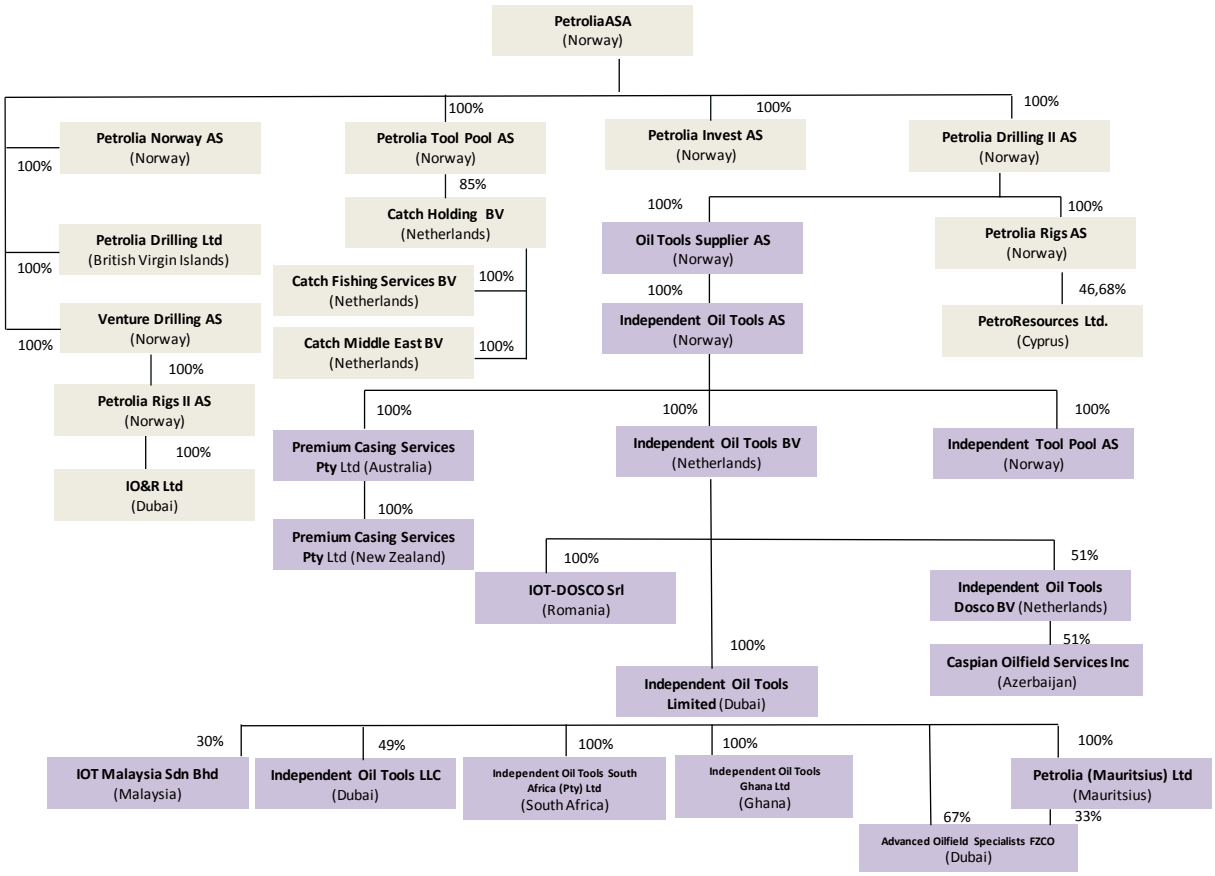
The discussions related to the contemplated merger are still at an early stage and the details of the transaction are yet to be agreed. The parties have so far agreed that the Petrolia E&P Holdings SE will be the surviving entity in a merger, and that the shareholders of Independent Oilfield Rentals will receive consideration in the form of shares. The merger will in any event be subject to approval by the board of directors and general meetings of both companies as well as approval from the Company's bondholders.

The chairman of the Company's board of directors, Berge Gerdt Larsen, is indirectly owner of about 10% of Independent Oilfield Rentals (IOR) Ltd.

4.4 LEGAL STRUCTURE OF THE PETROLIA GROUP

The Company is the parent company of the Group. The following chart depicts the Group's corporate structure and includes information on ownership as of the date of the Information Memorandum. The lilac companies are oilfield services, others are holding companies or companies within drilling & well technology or oil & gas business segments as further detailed in section 4.5 below. The Group's voting power in the each of the Group companies corresponds to its respective ownership share.

Following completion of the Merger as described in chapter 3, the parent company of the Group will be Petrolia E&P Holding SE. Apart from this, the Merger will not result in any changes to the Group structure.



PetroMENA ASA and Petrojack ASA, where the Company holds 51 % and 40 % of the shares respectively, are not included in the chart as they are undergoing bankruptcy proceedings. The Company has no control over these proceedings, the information from the estates is limited and the investments are lost. For the sake of clarity however, the two companies are included in section 4.5 below.

4.5 ORGANISATION

The following is a description of the companies in the Group including associated companies.

4.5.1 Petrolia ASA

The Company is the parent company of the Group. The main operating activity of the Group is carried out in the Company's various subsidiaries. The activity of the Company is mainly related to business development and management on group level. The Company has 7 employees. For further information about the Company, see section 4.1 above.

The subsidiaries listed in the following are all wholly owned by the Company unless otherwise stated.

4.5.2 Oil Tools Supplier (formerly Petrolia Services AS)

Oil Tools Supplier AS, a limited company incorporated in Norway with registered business address Haakon VII's gate 1, 2nd floor, 0116 Oslo, Norway, is the holding company of the oilfield services segment. In addition the company owns some drilling equipment. The company was incorporated as Petrolia Shashin AS on 16 June 1998 with organisation number 979 849 362. On 7 December 2006 the company name was changed to Petrolia Services AS. There are no employees in the company.

4.5.3 Independent Oil Tools AS

Independent Oil Tools AS, a limited company incorporated in Norway with registered business address Midtgårdveien 30/32, 4065 Stavanger, Norway, is an oilfield services company focusing on the Norwegian market. The company was acquired in January 2007 and owns drill pipes, tubing and related equipment. The company was incorporated as IOT Service AS on 20 March 2006 with organisation number 989 675 281. On 16 October 2006 the company name was changed to Independent Oil Tools AS. The company has 21 employees as at the date of this Information Memorandum.

4.5.4 Independent Tool Pool AS

Independent Tool Pool AS, a limited company incorporated in Norway with registered business address Midtgårdveien 30/32, 4065 Stavanger, Norway, is an oilfield services company. The company owns drill pipes, tubing and related equipment which are marketed for rental at various international markets. The company was incorporated as BL Tool Pool AS on 7 June 2005 with organisation number 988 380 636. On 21 December 2006 the company name was changed to Independent Tool Pool AS. There are no employees in the company.

4.5.5 Premium Casing Services Pty Ltd.

Premium Casing Services Pty Ltd, a company incorporated and in Australia with registered business address 92 Barberry Way, Bibra Lake WA 6163, Australia, is an oilfield services company. The company hires out drilling equipment and provides related services in Australia. The company has a subsidiary in New Zealand. The company has 74 employees as at the date of this Information Memorandum.

4.5.6 Premium Casing Services Pty. Ltd.

Premium Casing Services Pty Ltd, a company incorporated and in New Zealand with registered business address Cnr Paraite Rod & Okey Lane, Bell Block, New Plymouth, New Zealand, is an oilfield services company. The company hires out drilling equipment and provides related services in New Zealand. The company has 15 employees as at the date of this Information Memorandum.

4.5.7 Independent Oil Tools B.V.

Independent Oil Tools BV, a company incorporated in the Netherlands with registered business address Boekel 36, 1921CE Akersloot, the Netherlands, is mainly a holding company for oilfield services. The company also owns and hires out drilling equipment in continental Europe. The company is incorporated with organisation number 37128568. There are no employees in the company.

4.5.8 IOT - Dosco Srl

IOT – Dosco Srl., a company incorporated in Romania with registered business address 35 Clucerului St, 4th floor, Gran Via Business Center, Bucharest, Romania, is an oilfield services company providing services in Europe. The company is incorporated with organisation number J40/10995/2007. The company has 87 employees as at the date of this Information Memorandum. The company is held 100% by Independent Oil Tools BV.

4.5.9 Independent Oil Tools - Dosco B.V.

Independent Oil Tools – Dosco B.V., a company incorporated in the Netherlands with registered business address Boekel 36, 1921 CE Akersloot, Netherlands, is an oilfield services company providing services in Europe. The company is incorporated with organisation number 37133602. The company has 22 employees as at the date of this Information Memorandum. The company is held 51% by Independent Oil Tools BV.

4.5.10 Caspian Oilfield Services Inc (BVI),

Caspian Oilfield Services Inc. (BVI), a company incorporated in the British Virgin Islands is an oilfield services company providing services in the Caspian region. The company is incorporated with organisation number 1411914. The company also has an office in Baku with address 55 Khojali Ave, Baku AZ 1025, Azerbaijan. The company has 16 employees as at the date of this Information Memorandum. The company is held 51 % by Independent Oil Tools - Dosco B.V.

4.5.11 Petrolia Invest AS

Petrolia Invest AS, a limited company incorporated in Norway with registered business address Haakon VII's gate 1, 2nd floor, 0116 Oslo, Norway, is a holding company for financial investments. In 2011, its 20.6% of the shares in Deepwater Driller Ltd. was sold for USD 34.5 million, cf. section 4.8.6. The company is incorporated with organisation number 992 848 405. There are no employees in the company.

4.5.12 Petrolia Drilling II AS

Petrolia Drilling II AS, a limited liability company incorporated in Norway with registered business address Haakon VII's gate 1, 2nd floor, 0116 Oslo, Norway, is a holding company with purpose to hold the shares of Petrolia Services AS and Petrolia Rigs AS. The company is incorporated with organisation number 980 021 874. There are no employees in the company.

4.5.13 Petrolia Rigs AS

Petrolia Rigs AS, a limited liability company incorporated in Norway with registered business address Haakon VII's gate 1, 2nd floor, 0116 Oslo, Norway, has provided loans to various group companies after it sold its semi-submersible drilling rig SS Petrolia in 2007. The company owns 46.68% of the shares in Petroresources Ltd. The company was incorporated with organisation number 979 644 264. There are no employees in the company.

4.5.14 Petrolia Rigs II AS

Petrolia Rigs II, a limited liability company incorporated in Norway with registered business address Haakon VII's gate 1, 2nd floor, 0116 Oslo, Norway, was established as a single purpose vehicle with the purpose of acquiring and holding two land rigs and certain drilling equipment through its subsidiary IO&R Limited. The company was incorporated with organisation number 997 204 999. There are no employees in the company.

4.5.15 IO&R Limited

IO&R Limited, an offshore company incorporated in Dubai with registered business address c/o Al Tamimi & Company, Advocates and legal consultants, Dubai World Trade Centre, 9th Floor, Po Box 9275, Dubai UAE, was established as a single purpose of acquiring and holding two land rigs and certain drilling equipment.
IO&R Ltd was incorporated with registration number 145693. There are no employees in the company.

4.5.16 Venture Drilling AS

Venture Drilling AS, a limited liability company incorporated in Norway with registered business address Haakon VII's gate 1, 2nd floor, 0116 Oslo, Norway., operated the DS "Deep Venture" until charter parties were terminated and equipment sold in 2011 as further outlined in section 4.8.5. The company was incorporated with organisation number 988 786 748. There are no employees in the company.

4.5.17 Petroresources Limited, associated company (46.68% owned by Petrolia Rigs AS)

Petroresources Limited, a limited liability company incorporated in Cyprus with registered business address Ernst & Young House, 27 Spyrou Kyprianou Avenue, Limassol, Cyprus, has invested in two associated companies, one focusing on mining and the other on oil exploration. The company is incorporated with organisation number 181001.

4.5.18 Independent Oil Tools Limited

Independent Oil Tools Limited, a limited liability company incorporated in the Jebel Ali Free Zone in the United Arab Emirates (Dubai) with registered business address p.o. box 4254, Dubai, United Arab Emirates, is a free trade zone company set up for customs duties purposes and owns 49 % of Independent Oil Tools LLC. The company was incorporated on 2 February 2011 as an offshore company with organisation number OF 144053. There are no employees in the company.

4.5.19 Independent Oil Tools LLC

Independent Oil Tools LLC, a limited liability company incorporated in United Arab Emirates with registered business address Gold & Diamond Park, Building 6, Suite 112, Sheikh Zayed Road, Dubai, United Arab Emirates, is an oilfield services company serving the Middle East markets. The company was incorporated on 28 February 2011. The company has 10 employees as at the date of this Information Memorandum.

The company rents COR's offices in Dubai, and will take forward some or all of the functions previously performed by COR, cf. section 4.7.4 below.

4.5.20 Petrolia Drilling Ltd.

Petrolia Drilling Ltd, a limited company incorporated on the British Virgin Islands with registered business address c/o Volaw Trust, Templar House, Don Rd., St. Helier, Jersey JE4 8WH, Channel Islands, is an empty and dormant company and has been so during the period for historic financial information. Its activities were previously within the drilling & well business.

4.5.21 Petrolia Norway AS

Petrolia Norway AS, a limited company incorporated in Norway with registered business address Hopsnesvegen 127, 5232 Paradis, Norway, will be a vehicle in the Group's focus on the Norwegian oil & gas segment. The company was incorporated on 3 June 2011 with organisation number 997 015 231. There are 10 employees in the company.

4.5.22 Petrolia (Mauritius) Ltd.

Petrolia (Mauritius) Ltd. (formerly Certified Oilfield Rentals Mauritius Limited), a company incorporated in Mauritius with registered business address Level 2, MaxCity Building, Remy Ollier Street, Port Louis, Mauritius, was transferred from Kevin Mundie to Independent Oil Tools Limited in June 2011The company is used only for invoicing purposes, as Independent Oil Tools Limited is not allowed to invoice within UAE. IOT Limited invoices Petrolia (Mauritius) and Petrolia (Mauritius) invoices customers within UAE. The company is incorporated with organisation number C079768. There are no employees in the company.

4.5.23 IOT Malaysia SDB BHD (30% owned)

IOT Malaysia SDB BHD (formerly COR Rentals Malaysia Sdn Bhd), a company incorporated in Malaysia with registered business address B-5-6, 5th Floor Megan Avenue II, 12, Jalan Yap Kwan Seng, 50490 Kuala Lumpur, Malaysia. The company is incorporated with organisation number 655557-U. The company has 31 employees as at the date of this Information Memorandum.

4.5.24 Independent Oil Tools Ghana Limited

Independent Oil Tools Ghana Limited is a company incorporated in Ghana with registered office in the District of Accra and organisation number CA-43,628. The company provides oilfield services to the region as a manager for equipment owned by the Petrolia group. The company has 20 employees.

4.5.25 Independent Oil Tools South Africa (Pty) Ltd

Independent Oil Tools South Africa (Pty) Ltd is a company incorporated in South Africa with office address Cnr of Plattekloof & Tygerberg Valley Roads, Bothasig, Cape Town 7441 and organisation number 96/06861/07. The company provides oilfield services to the region as a manager for equipment owned by the Petrolia group. The company has 6 employees.

4.5.26 Advanced Oilfield Specialists FZCO

Advanced Oilfield Specialists FZCO is a company incorporated in the freezone of Jebel Ali, Dubai with office address OffIce No. TPOFCB0315 Technopark and organisation number 2225, licence 7275. The company provides oilfield services to the region as a manager for equipment owned by the Petrolia group. The company has 2 employees.

4.5.27 IOT BV Holdings S.A.

IOT BV Holdings Sociedad Limitada, a company incorporated in Spain with registered address Calle Reina Cristina 521, 08003 Barcelona, Spain, was registered with the purpose to transfer a real estate property in Spain from Kevin Mundie.The company was incorporated in December 2011 with organisation number B65695033. There are no employees in the company.

4.5.28 Catch Fishing Holding B.V.

Catch Fishing Holding B.V., a company incorporated in the Netherlands with registered address Willem Barentszstraat 4, 7825 VZ Emmen, the Netherlands, is a holding company for Catch Fish Services B.V. and Catch Fish Middle east B.V. 85% of the shares of Catch Fishing Holding B.V. are held by Petrolia Tool Pool AS. The remaining 15% are held by the original founders of the company.

4.5.29 Catch Fishing Services B.V.

Catch Fishing Services B.V., a company incorporated in the Netherlands with registered address Willem Barentszstraat 4, 7825 VZ Emmen, the Netherlands, is a provider of well fishing, remedial and whipstoch services to oil and gas companies. The company has 7 employees. Catch Fishing Services B.V. is wholly owned by Catch Fishing Holding B.V.

4.5.30 Catch Fishing Middle East B.V.

Catch Fishing Middle East B.V., a company incorporated in the Netherlands with registered address Willem Barentszstraat 4, 7825 VZ Emmen, the Netherlands, is a provider of well fishing, remedial and whipstoch services to oil and gas companies. Catch Fishing Middle East B.V. is wholly owned by Catch Fishing Holding B.V.

4.5.31 PetroMENA ASA (in bankruptcy)

PetroMENA ASA, a limited liability company incorporated in Norway with registered business address Haakon VII's gate 1, 2nd floor, 0116 Oslo, Norway. The company is currently undergoing bankruptcy proceedings. The company owns 51.5 % of its shares but no value is attributed to the shares and the investment is lost. The company was incorporated with organisation number 987 727 713.

4.5.32 Petrojack ASA (in bankruptcy)

Petrojack ASA, a limited liability company incorporated in Norway with registered business address Haakon VII's gate 1, 2nd floor, 0116 Oslo, Norway. The company is currently undergoing bankruptcy proceedings. The company owns 39.95 % of its shares but no value is attributed to the shares and the investment is lost. The company was incorporated with organisation number 987 358 920.

4.6 BUSINESS SEGMENTS AND STRATEGY

The Company operates within the following three industry segments:

- oilfield services;
- drilling & well technology;
- oil & gas.

The Group’s aim is to be innovative and to be a leader within these business areas. Furthermore, Petrolia ASA's top priority is QHSE (Quality, Health, Safety and Environment), and the Company will strive to deliver the right quality in all segments at a competitive pricing structure in a timely manner.

The Group has been involved in the drilling & well technology business segment since its incorporation in 1997, oilfield services activities were acquired in 2007, and in 2010 the business

objectives were expanded to also include oil & gas. Below in sections 4.7 to 4.9 follows an account of activities under each segment with focus on the period covered by the historical financial information, i.e. since 1 January 2009. Currently, the main activities of the Group are carried out within the oilfield services segment (please refer to section 4.7 for more information). The Group has historically had significant activities in the drilling & well technology business segment. The Group is in the process of starting up new activities within this business segment and presently has one land drilling rig on contract and one land work-over rig being marketed (please refer to section 4.8 for additional information). Oil & gas is a relatively new business segment which is under development (please refer to section 4.9 for additional information).

4.7 THE OILFIELD SERVICES BUSINESS SEGMENT

4.7.1 Overview

The Group's involvement in the oilfield services business segment started through the acquisition of Independent Oil Tools AS in January 2007. The business implies owning or leasing various equipment, as further described below in section 4.7.3 and offering such equipment for rental to oil companies, oilfield service companies, drilling contractors and others who can make use of the equipment. None of the Group companies design, produce or use any of the equipment. Various oilfield services, such as casing running services, are also provided, cf. section 4.7.7 below.

Assets and personnel involved in the oilfield services business are organised under Petrolia Services AS as a holding company for this business segment. Petrolia Services AS also owns equipment. Through the subsidiaries and associated offices, the oilfield services business segment currently has a presence (including equipment bases) in Norway, Netherlands, Romania, Azerbaijan, Dubai, Australia, Singapore and New Zealand where nearby clients are served. In addition, there Group is in the process of acquiring a subsidiary of COR in Malaysia, cf. section 4.7.5 below.

While the hiring out of Petrolia Services AS' and Independent Tool Pool AS' equipment has previously been handled by COR, the other subsidiaries in this segment have handled rental of their own equipment themselves. As detailed in section 4.7.4, COR functions are in the process of being taken over by the Group.

4.7.2 Principal market and competitive universe

The oilfield services market and especially the rental market consist of a very large number of players on the service provider side. Contracts are traditionally awarded on a competitive bid basis. The governing factors for a successful bid are in most cases price, availability, technical compliance and the operator's experience and performance record.

Competition for contracts is on a worldwide basis; however the competition may vary significantly from region to region at any particular time. Competing contractors may be able to relocate equipment from areas with low utilisation and day rates to areas with higher activity and operational day rates. Orders of new equipment, upgrades of existing equipment and new technology could also affect the competition in the rental business.

The demand for Petrolia’s services is dependent on the level of activity of the offshore oil and gas industry that in turn is largely dictated by oil price trends. The relation between growth in global GDP and growth in global oil demand is strong.

However, the effects on the Group's business of oil price fluctuations will normally not be immediate, but somewhat delayed. Strong growth in oil demand and corresponding rising oil prices makes E&P spending to soar and the oil service segment see a greater demand for their equipment and expertise. Vice versa a consequence of fall in world GDP and fall in demand and oil prices is that oil companies cut their E&P spending, and this has an effect on the oilfield services market. From the time a change in demand in oil occurs and to the oilfield services companies are employed, or laid off, there is a time lag.

The Group has not experienced any effects of oil price changes since 1 January 2012, nor is it expected that any negative effects will occur due to oil price changes so far this year. A significant drop in the oil price in the near future, is likely, however, to have negative effects on the Group's business for 2012. The key factors for the results of the oil services companies are oil prices, credit availability and construction costs. Discovering new oil and gas fields has become more and more challenging, oil companies search for new reserves in deeper waters and more complex environments resulting in escalating exploration costs.

Many oil service companies may also be affected by environmental issues from time to time, but the Company's business has limited environmental exposure through the oilfield services segment. As the Company's business is primarily to own equipment and rent it to customers, it is normally the customers who operate the equipment and have to deal with environmental challenges. During such operations there is a general risk of accidents and pollution, but the Company's exposure in that connection is limited, cf. section 1.5.2.

A key factor for the results of the oil services companies is currency fluctuation. As mentioned in section 6.3, Petrolia prepares its accounts in USD and has USD as its functional currency. The Bond Loan is in NOK, and there is also significant group funding in NOK, which implies a key currency risk for the Company. Since 1 January 2012, currency fluctuations have not had any material impact on the Group's business, however, the exchange rate on the date of exchange in connection with upcoming debt payments in NOK later this year (cf. section 6.13 on maturity of the Bond Loan) will be of importance. Please refer to section 1.3 for more information regarding financial risk.

For more details, please see section 0 for an overview of the main sectors the Company invests in and presentation of the key drivers for these sectors. Please refer to section 1.1 for details on the risk related to the Company and the industry it operates in.

4.7.3 Equipment rental – agreements with COR

The business of the Group's oilfields services segment is to own or lease equipment (equipment types are described below in section 4.7.7) and offer it for hire to players within this business segment around the world. The business includes investments in new equipment, sale of equipment, marketing of equipment for rental, entering into and following up customer contracts, invoicing and the logistics related to transport, storage, inspection and maintenance of the equipment.

The majority of the Group companies within this segment, namely Independent Oil Tools AS, Premium Casing Services Pty Ltd with subsidiary and Independent Oil Tools B.V. with subsidiaries (cf. section 4.4 on the Group structure) have their own employees to perform and manage all of these activities. Petrolia Services AS (as equipment owner and not as holding company for the segment) and Independent Tool Pool AS on the other hand have been outsourcing these functions to Certified Oilfield Rentals Ltd. (Dubai – "**COR**"), but the Group is now taking over these functions and phasing out the cooperation with COR as further outlined in section 4.7.4.

In terms of assets value, COR handled the rental of assets (i.e. Petrolia Services AS' and Independent Tool Pool AS' assets) which at year end 2010 had a book value of USD 64.9 million. The business of these companies resulted in a revenue of USD 17.4 million. From 2011 Petrolia took over operational management of COR.

The table set out below shows the geographic distribution of assets and revenue. The table illustrates the relation between previously COR managed assets (under the line item "other countries") and assets managed by Group companies as compared by revenue and asset value.

Revenue *(USD 1 000)*	**2011**	**2010**	**2009**
Norway[1]	27,472	15,907	8,928
Europe outside Norway[2]	31,836	24,689	22,267
Asia and Australia[3]	15,538	17,574	15,940
Other countries[4]	9,016	17,371	23,612

Total	**83,862**	**75,541**	**70,746**

Assets *(amounts in USD 1 000)*	**2011**	**2010**	**2009**
Norway[1]	5,824	6,747	2,949
Europe outside Norway[2]	9,489	9,530	15,236
Asia and Australia[3]	9,968	7,830	35,886
Other countries [4]	56,347	64,899	70,203
Total	**81,629**	**89,006**	**124,274**

[1] – Independent Oil Tools AS
[2] – Independent Oil Tools BV with subsidiaries
[3] – Premium Casing Services Pty Ltd with subsidiary
[4] – Petrolia Services AS and Independent Tool Pool AS.

The relatively low revenue related to the COR managed assets is primarily a result of low utilization rate.

The rental agreements were signed with COR by Petrolia Services AS and Independent Tool Pool AS in January 2008 and on 17 February 2008 respectively. While the first agreement expires in January 2012, the other one formally expired on 18 May 2011, but it is being continued based on an understanding between the parties. COR is in breach of both agreements, and the Group companies may terminate if and when considered necessary. From 2011 Petrolia took over operational management of COR.

It follows from the agreements that COR shall market the equipment for hire, handle maintenance, inspections and repair of the equipment as well as transport and storage. COR has also conducted credit rating of new customers and has transferred funds to Petrolia after receiving payment from the customers. The contracts entitle COR to a percentage of the net revenues resulting from the rental.

4.7.4 COR's financial difficulties and the transition of COR functions to the Group

COR has experienced severe financial difficulties since 2010, and all the Group's receivables on COR were impaired (USD 30 million) in the Group's accounts for 2010, cf. note 8 to the Group's financial statements for 2010. COR's main creditor is Independent Tool Pool AS and the Group is working with the owners, management and other creditors and stakeholders of COR to handle COR's debt and facilitate the continuation of services to end-users of the Group's equipment.

As part of this process, the Group has acquired various owning interests in companies operating under the COR brand a4s described in section 4.7.5. Additionally, the shares of COR Singapore Pte. Ltd. was transferred to the Group's COO in the oilfield services division in 2011. In Dubai, where COR has had its main offices, the Group has incorporated two new subsidiaries, cf. section 4.5.18 and 4.5.19 above. These companies are fully operational and will be taking forward the handling of the Group's equipment rental business in the region. Further recruitment is ongoing, and personnel from other Group companies are supporting the Dubai companies with their competence and experience to cover all aspects of the services previously having been provided by COR.

The process of taking over COR's functions is moving forward to the satisfaction of the Company with the Group taking on the services previously having been provided by COR. The Group has taken possession of most of its equipment which has been under COR's control. Equipment over which possession has not been taken as per the day of this Information Memorandum is valued at USD 21 million. The book value of the equipment is, however, significantly lower. The Group is continuing its efforts to take possession over this equipment. Should the Group's efforts not succeed, the Group would have to record a loss equivalent to the book value of the equipment.

There has been no interruption in services to end-users due to COR's financial difficulties, and the Company does not expect there to be any such interruption or other material inconveniences for the customers in the foreseeable future. Marketing activities towards end customers are being maintained

as usual, and tenders for new contracts have been submitted. Where contracts are being extended or new contracts won, they are being concluded by Group companies.

4.7.5 Acquisition of COR companies

The COR group was not a formal group, but worked under the COR brand renting out equipment owned by the Petrolia Group. During the process of gaining direct control over and securing continued distribution of its assets, the Petrolia Group has, during 2011 and 2012 acquired ownership in the following companies working under the COR or related brands (listed with present names):

- 30% in IOT Malaysia Sdn. Bhd.
- 100% in Independent Oil Tools Ghana Ltd.
- 100% in Independent Oil Tools South Africa (Pty) Ltd.
- 100% in Petrolia (Mauritius) Ltd.
- 100% in Advanced Oilfield Specialists FZCO

In addition Petrolia's COO in the oilfield services division has acquired 100% of IOT Singapore Pte Ltd. Initially it was intended that this company also would become a subsidiary in the Group. At present the intention is that this sales agent will be owned by a third party.

Common for all these companies is that they have no value unless they have an agent agreement with the Group.

Through these acquisitions, the Group has strengthened its global position and taken on Group control of its equipment and forward strategy.

4.7.6 Contract structure – customers

The Group's oilfield services equipment is routinely engaged through a portfolio of contracts consisting of a large number of smaller contracts with numerous customers throughout the world.

Customers include oil companies, oilfield service companies, drilling contractors and others who can make use of the equipment. Contracts are usually entered into on a project-by-project basis or for a fixed time. No single customer contract can be said to be of material significance to the Group.
However, among the most important customers are the following:

Oil companies	Drilling companies	Oil service companies
BG Norge	Archer Well	Baker Oil Tools
ConocoPhillips	KCA Deutag	BJ Services
Noble Energy	Seadrill	Dril-Quip
Marathon Petroleum	Stena Drilling	Expro
Chevron Thailand , China,	Transocean	FMC Kongsberg Offshore
Apache Energy	Vantage Drilling	Frank`s
Hess	Ensco	Odfjell
Shell	Santos Offshore	Schlumberger/Smith
Talisman	Dafora	VetcoGray
Exxonmobil	DC Craiova	Weatherford
Woodside	DC Ploiesti	Baker Huges
Buru Energy	Nabors	Smith
Total	TM Drill	Geodynamics
PTTEP	Diamand Offshore	
NIDO Petroleum	Adwood	
Petronas	Pride	
Mintra Energy Indonesia	Noble Drilling	
North West Energy		
Orign Energy		
Vanco		
OMV/Petrom		
Santos		
Romgaz		
Petrofac		
Bahar		
Cobustan		
Petronas		

Where COR has been handling the rental of Group equipment, COR has been entering into customer contracts in its own name, and the Group has not been involved in the details of which contracts have been made, on which terms or with whom. The overall revenues for the oilfield services segment are illustrated in the table in section 4.7.3.

New contracts and renewals are entered into in Group companies' names.

4.7.7 Equipment

The Group owns various drilling equipment as specified by value in the table in section 4.7.3 above. Part of this equipment is leased, and as per 31 December 2011, the total outstanding leasing balance was USD 13.1 million (primarily in Independent Tool Pool AS). Once an opportunity or a requirement arises, equipment is purchased after a tender process. The market is global and highly competitive. The Group's focus is on asset ownership and rental, so equipment is seldom hired in.

In 2009 investment in drilling equipment was USD 25.5 million of which USD 19.9 million was leased. In 2010 investment in drilling equipment was USD 13.5 million. In 2011 investment in drilling equipment was USD 32.7 million of which USD 0.8 million was leased. An additional USD 14.2 million was added to historic cost as a result of purchasing the remaining 50% of Venture Drilling AS. For 2012 investment in drilling equipment is expected at the same level as in 2010. Such investments will be funded from working capital and/or through leasing.

The main categories of equipment hired out in the oilfield services division are drill pipes, test tubing and auxiliary handling equipment. The main service provided is casing running services.

As per 31 December 2011, the book value of drilling equipment was USD 79.4 million. Of this 50 % is drill pipe, 30 % is test tubing and 20 % is handling and auxiliary equipment.

Drill pipes and test tubing
A drill string on a drilling rig is a column, or string, of drill pipe that transmits drilling fluid and torque to the drill bit. The drill string is hollow so that drilling fluid can be pumped down through it and circulated back up the annulus.

The drill string is typically made up of 5 sections: Bottom hole assembly (BHA), drill collars, used to deliver weight on bit, transition pipe, which is often heavyweight drill pipe (HWDP), drill pipe and drill stem subs. Each section is made up of several components, joined together using special threaded connections known as tool joints.

Bottom hole assembly is made up of a drill bit which is used to break up the rock formations, drill collars which are heavy, thick-walled tubes used to apply weight to the drill bit, and drilling stabilizers which keep the drilling assembly centred in the hole. The BHA may also contain other components such as a downhole motor, rotary steerable system, measurement while drilling (MWD), and logging while drilling (LWD) tools.

Transition pipe or heavyweight drill pipe (HWDP) is used to make the transition between the drill collars and drill pipe. The function of the HWDP is to provide a flexible transition between the drill collars and the drill pipe. This helps to reduce the number of fatigue failures seen directly above the BHA. A secondary use of HWDP is to add additional weight to the drill bit.

Drill pipe makes up the majority of a drill string. Drill stem subs are used to connect drill string elements.

Test tubing is used in connection with test production of a well. After completion of a test, the tubing is removed.

Drill pipes and test tubing are normally long lead items. Drill pipes are used to drill wells and come in a variety of specifications and dimensions depending on the characteristics of the relevant well. In addition the drill pipes and test tubing require various handling and auxiliary tools.

Drill pipe and test tubing and handling and auxiliary tools are rented out to oil companies or to other oilfield services companies. The operations do not involve sending personnel to the drilling sites.

The pictures below illustrate drill pipes and cross-overs (to connect drill pipes of different dimensions) respectively.

Casing and casing running services
A casing is a large-diameter pipe lowered into an open hole and cemented in place. The well designer must design casing to withstand a variety of forces, such as collapse, burst, and tensile failure, as well as chemically aggressive brines. Most casing joints are fabricated with male threads on each end, and short-length casing couplings with female threads are used to join the individual joints of casing together, or joints of casing may be fabricated with male threads on one end and female threads on the other. Casing is run to protect fresh water formations, isolate a zone of lost returns or isolate formations with significantly different pressure gradients. Casing is usually manufactured from plain carbon steel that is heat-treated to varying strengths, but may be specially fabricated of stainless steel, aluminium, titanium, fibreglass and other materials.

Petrolia, through Premium Casing Services, offers casing running services. This service involves crew, torque-turn and handling equipment to assemble the casing (steel pipes) at the drilling site.

Handling and auxiliary equipment
The Group companies within the Oilfield Services segment also own and offer for rental a large range of different handling and auxiliary equipment.

Examples of types of handling equipment owned by the Group are:

- Elevators. Used to hold on to the equipment as it is lifted to be added to or removed from the drill string.
- Slips. Used to hold equipment in place as it is being added to or removed from the drill string.
- Manual tongs. Used to assemble bottom hole assembly.
- Powered tongs. Used to run casing, test tubing or production tubing.
- Handling subs and lifting equipment. Used to avoid unnecessary wear on some equipment being added or removed from the drill string.

Examples of types of auxiliary equipment owned by the Group:

- Cross overs. Used to connect drill pipes of different dimensions.
- Stabilizers. Used for directional purposes.
- Jars. Used to release stuck equipment.
- Motors. Used to make the drill bit turn.
- Heavy weight drill pipe. Used to optimise the drill string.
- Drillcollar. Used to add weight above the drill bit.

Details can be found on the web pages of Independent Oil Tools AS (www.independent.no) and Premium Casing Services (www.premiumcasing.com.au).

4.7.8 Property, storage facilities, inspection and maintenance

Independent Oil Tools DOSCO Srl owns its offices and an equipment base in Romania. The property had a book value per 31 December 2011 of USD 2.3 million. Other Group companies rent offices and storage facilities and some equipment is stored at subcontractors providing inspection and maintenance services.

Where COR have leased storage facilities for the Group's equipment, the Group is taking over the leases if considered necessary. Leased facilities in Malaysia and Singapore are being taken over through the ongoing acquisition of the COR subsidiaries, cf. section 4.7.5 above.

Inspections and maintenance of equipment are performed by subcontractors in conjunction with the storage facilities. Agreements with local service providers are either continued (as is the case with the acquisitions in Malaysia and Singapore) or taken over by Group companies.

4.7.9 Recent acquisition of Catch Fishing Services

On 8 February 2012 Petrolia Tool Pool AS acquired 85% of the shares in Catch Fish Holding B.V., the holding company for Catch Fishing services B.V. and Catch Fishing Middle East B.V. (all incorporated in the Netherlands). Catch Fishing is a leading provider of well fishing, remedial and whipstock services for the oil and gas industry. The Group expects that the transaction will strengthen the oilfield services segment an increase utilisation of the Group's equipment. The three founders of Catch Fishing Services will each retain 5% of the shares of Catch Fish Holding B.V. Under the terms of the agreement, the financial details of the transaction will not be disclosed. The transaction has a limited impact on Petrolia ASA´s balance sheet.

4.8 THE DRILLING & WELL TECHNOLOGY BUSINESS SEGMENT

4.8.1 Introduction and current status

In the period after its incorporation in 1997, the Company's main activities in the drilling & well technology business segment were related to ownership and operation of semi-submersible and jack-up drilling rigs. Sections 4.8.4 to 4.8.8 outline the Company's involvement with the SS "Petrolia", "Deep Venture", Deepwater Drilling, the two land rigs, PetroMENA ASA and Petrojack ASA.

The Group is continuously considering new opportunities within this segment, and in March 2012 the Group acquired two land rigs through a merger between the Company's wholly owned subsidiary, Petrolia Rigs II AS and IO&R AS. This acquisition forms part of the Group's strategy to revitalize this business segment. The land drilling rig is on a 16 well contract and the land work-over rig is being marketed. The merger between Petrolia Rigs II AS and IO&R AS is further described in section 4.8.2, and the two land rigs are further described in section 4.8.3. Company's current board and management have significant experience within this field.

The table below outlines the Group's total revenues from this segment for the period covered by the historical financial information. As the business segment was discontinued in 2009, a further breakdown by geographical markets is not available. Please note that the numbers are not included in the Group's revenues for the period covered by the historical financial information, but in the item for discontinued operations.

Revenue *(USD 1 000)*	**2011**	**2010**	**2009**
Total	**0**	**0**	**84,205**

4.8.2 Merger between Petrolia Rigs II AS and IO&R AS

On 22 September 2011, the Company entered into a letter of intent with Independent Oil & Resources ASA regarding the acquisition of two land rigs held by Independent Oil & Resources' wholly owned subsidiary, IO&R Ltd. (Dubai) and certain drilling equipment (collectively referred to as the "**Assets**").

The purchase price for the Assets was NOK 74 250 000. It was agreed that Independent Oil & Resources ASA would transfer the Assets to its newly incorporated, wholly owned subsidiary, IO&R AS. IO&R AS would thereafter merge with Petrolia Rigs II AS, a wholly owned subsidiary of the Company. It was further agreed that Independent Oil & Resources ASA would receive consideration in the form or shares in Petrolia ASA. The merger plan was signed on 29 November 2011 and the merger was completed on 30 March 2011. Independent Oil & Resources ASA is the Company's largest shareholder with an ownership share of 30% prior to the issuance of the consideration shares as described above. Upon completion of the Merger Independent Oil & Resources' ownership share was increased to 61.44%. Independent Oil & Resources has subsequently sold a portion of its shares and as at the date of this Information Memorandum it holds 49.2% of the Shares.

4.8.3 The land rigs

Through the merger between Petrolia Rigs II AS and IO&R AS, the Group acquired two land rigs: one drilling rig and one work-over rig. The rigs are currently in Romania, contracted to a Romanian rig manager. The drilling rig is fully tested and operational and on 6 June 2012, the rig manager entered into the first drilling contract for this rig. The contract counterparty is a large Rumanian oil company. The duration of the contract is for 16 wells, approximately until the end of December 2013. Startup under the contract was 15 June 2012. The day rates and other terms of the contract are in line with prevailing market practise for land drilling rigs.

The work-over rig is being finalised and is expected to be fully tested and operational within a few months and to go on contract shortly thereafter.

150 Ton/1000 HP Ultrasingle Drilling rig

The rig is made to desert class and is designed for easy transport and quick rig up and down. It can be used for both drilling and workover operations. The unit is trailer mounted with one mast trailer and one piphandling trailer. A complete drilling package consists of these two trailer units with additional 12 container loads. In workover mode there is the two trailer units and only 3 container loads for a complete package. Rig up and down is accomplished in approimately 2 days for drilling and less than one day in workover mode.

Rig specifications:
Type: Mobile Rack & Pinion rig with self elevated mast, manufactured by TTS Sense Canada
Power: 1000 hp
Pulling capacity: 150 Short ton (136 metric ton)
Pushing capacity: 62,5 short ton (56,5 metric ton)
Rated Drilling depth: 9000’ (3000 m)
Max diameter casing: 20” (22” rotary opening)
Drillpipe: Range III (45’)
Tubular diameter: 1,9” – 10”
Max diameter drillbit with rotary installed: 17 ½”
Max diameter drillbit without rotary: 22”
Authoruty regulations: API, IEC, EN, CE
Temperature range -20 deg C – 50deg C
Rig up time: Approx 2 days (all plug & play connections)

Crew drilling mode: 12 (day & nigth)
Crew workover mode: 6 (day & nigth)

Top drive: 150T Sense EDM
Rated cont torque 20000 ft.lbs (27120 Nm), max 24000 ft.lbs (32544 Nm)

Rotational speed: max 188 rpm
IBOP: Remote & Manual

Iron Roughneck: Pidestall mounted Can Rig TM80. Tubular 2,875" – 8". 80000 fl.lbs torque.
Cathead: Hydraulic

BOP: 13 5/8", 5000 PSI (345 Bar), double ram + annular. DS control unit & remote panel.

Mud pumps: 2 X American Block K-800 6 ¼" X 8 ½" Triplex. 800 HP pumps driven by 900 HP Catepillar diesel engines. 160 SPM. 4" liner: 5100 psi/450 gpm (350 bar - 1700 lpm). 6 ¼" liner: 2300 psi – 1100 gpm (160 bar - 4100 lpm).
Mud system: MI Swaco 650 bbl (103 m3) with twin shakers + 150 bbl (25 m3) water tank

150 Ton/1000 HP Ultrasingle Workover rig

The rig is made to desert class and is designed for easy transport and quick rig up & down. The unit is trailer mounted with one mast trailer and one piphandling trailer. A complete workover package consist of these two trailer units with additional 3 container loads for a rig package + mud system. Rig up and down is accomplished in less than one day.

Rig specifications:
Type: Mobile Rack & Pinion rig with self elevated mast, manufactured by TTS Sense Canada Power: 1000 hp
Pulling force: 150 Short ton (136 metric ton)
Pushing force: 62,5 short ton (56,5 metric ton)
Rated depth: 15000' (5000 m)
Max diameter tubing: 7" (7 1/16" rotary opening)
Drillpipe: Range II (30'), Max diameter 5"
Drillpipe sizes: 5", 4 ½", 3 ½", 2 7/8", 2 3/8", 1,9"
Max rotary torque: 12000 ft.lbs (16260 Nm)
Rotary speed: 0 – 60 rpm
Work basket adjustable in height to allow various BOP configurations.
Max hoisting speed (up & down): 3,28 ft/s (1,0 m/s)
Authoruty regulations: API, IEC, EN, CE
Temperature range -20 deg C – 50deg C
Rig up time: Approx 1 day (all plug & play connections)
Crew: 12 (day & night).

4.8.4 The SS "Petrolia"

In May 1997, Petrolia Rigs AS acquired the SS "Petrolia", a second generation semi-submersible drilling rig. The rig was engaged on various contracts, and upgrades were performed.

In March 2007, Petrolia was awarded a 913 day charter party with Pemex with initial agreed startup in October 2007 (later postponed to December and with actual startup in February 2008). The agreement had an estimated gross value of USD 269 million. Under the charter party, Petrolia Rigs was obliged to put up a performance bond of USD 27 million to the benefit of Pemex. The bond was arranged and issued by Handelsbanken on behalf of Petrola Rigs AS in favour of Pemex. As security towards the bank, Petrolia Rigs made a deposit with the bank of the amount in question.

In October 2007, the SS "Petrolia" was sold to a subsidiary of PetroMENA ASA, Petro Rig IV Ltd (later renamed PetroMENA Ltd), a company incorporated in Cyprus. The purchase price was USD 225 million. Regardless of the sale, Pemex required that the performance bond issued by Handelsbanken on behalf of Petrolia Rigs AS was continued. PetroMENA Ltd. therefore forwarded an amount corresponding to the deposited security amount to Petrolia Rigs AS. As a result, Petrolia Rigs held the security amount on their own account, but on behalf of PetroMENA Ltd.

The The performance bond has been released and the security amount has been returned to the estate of PetroMENA ASA.

Larsen Oil & Gas Ltd. was manager for the rig through a management agreement with Petrolia Rigs AS, and this agreement was continued with PetroMENA Ltd. following the sale. Under the agreement, Larsen Oil & Gas Ltd. was responsible for the operation of the rig and for the engagement of crew members.

4.8.5 Venture Drilling

In September 1997, Petrolia ASA entered into a charter party for the drill ship DS "Valentin Shashin" (renamed "Deep Venture" in 2007), with the Russian owner Arktikmorneftegasrazvedka ("Arktik"). Following upgrade works, a charter party was concluded with the Brazilian oil company Petrobras. After various disputes with both Petrobras and Arktik, culminating with Petrolia taking off its equipment from the ship, a new five year bareboat charter party was entered into between Arktik and Sinvest ASA in November 2005.

Petrolia's equipment, which had been taken off the ship, consisted of drilling derrick, blow-out preventer, risers and other equipment needed to convert the ship into a drillship. Sinvest ASA and Petrolia agreed that the equipment should be put back on the ship. The parties then entered into a 50-50 owned joint venture, Venture Drilling AS, where Sinvest ASA contributed with the charter party with Arktik (which was transferred from Sinvest to Venture Drilling), while Petrolia contributed with the equipment. A charter party was concluded between Venture Drilling AS and ExxonMobile in November 2006 and the contract was later continued and extended with Maersk Oil Angola AS.

A new dispute materialized with Arktik, and Russian courts concluded that the bareboat agreement with Venture Drilling AS is invalid. As a consequence, the drilling contract with Maersk was terminated early in April 2010. Arbitration had been ongoing between Venture Drilling AS and Arktik regarding early redelivery of the vessel. On 24 February 2011 an amicable settlement was achieved whereby (i) an agreement for early redelivery of the vessel to Artik and (ii) JSC Zarubezhneft, a Russian joint stock company, purchased from Venture Drilling AS (a) equipment and (b) the position against Artik in the arbitration for a total consideration of USD 138 million. Consequently, Venture Drilling's relations with Arktik as well as with Maersk are terminated. The company does no longer have any interest in the DS "Deep Venture" and is currently not actively engaged in vessel operations.

On 28 March 2011, Petrolia acquired Sinvest ASA's 50 % of the shares in Venture Drilling AS for USD 34 million. The price reflected a previous payment of dividends to the partners of USD 31 million, and the agreement settled all disputes between the parties related to the bareboat charter with

Arktik. Venture Drilling AS is now marketing its remaining drilling equipment for sale and/or rental and seeking new opportunities.

4.8.6 Deepwater Drilling

Petrolia Invest AS' was incorporated in June 2008 as a subsidiary of Petrolia and invested initially USD 42 million against 30 % of the shares in Larsen Rig Ltd, later renamed Deepwater Driller Ltd. In 2009 an additional USD 6 million was invested and in 2010 another USD 7 million, totalling USD 55 million. Deepwater Driller entered into a contract with Jurong Shipyard Pte Ltd in Singapore for the construction one sixth generation ultra-deepwater semi-submersible drilling rig with scheduled delivery in August 2011.

Petrolia Invest AS sold its shares in Deepwater Drilling on 21 January 2011 to Songa Offshore SE. At the time, Petrolia Invest AS controlled 20.6 % of the shares, and the purchase price was USD 34.5 million. The rig was renamed to "Songa Eclipse".

4.8.7 PetroMENA

Petrolia started investing in PetroMENA ASA in December 2005, and by 2008, Petrolia owned 51.5 % of the shares in PetroMENA. PetroMENA had three sixth generation semi-submersible rigs for drilling in ultra-deep waters on order from Jurong Shipyard Pte Ltd in Singapore. The construction contracts were entered into by subsidiaries incorporated in Singapore, and the rigs were all engaged on charter parties, at the time valued at USD 700, 645 and 942 million respectively. Delivery was to take place in April and October 2009 and January 2010 respectively.

The financing model for the construction process required additional financing to be secured, but this proved to be difficult when the financial crisis hit the markets ultimo 2008. Bondholders, who were PetroMENA's principal lenders, decided not to support PetroMENA with such additional financing. Nor did they contribute to amicable solutions which could have enabled continued operations. Instead, the bondholders behind the best secured bond loan (there were three bond loans in total), where the majority of bondholders had acquired their bonds at prices significantly below par value, decided to sell the rigs/construction contracts and thereby realize their bonds. In this connection, PetroMENA ASA was filed for bankruptcy by the bondholders, and bankruptcy proceedings were opened on 21 December 2009.

The loss of the investment in PetroMENA ASA has caused a major change in the Company's business and has occasioned considerable losses for the Company and its shareholders. The Company does not expect to receive any return from the estate on its shares in PetroMENA. The Group is also involved in a dispute with the PetroMENA estate, cf. section 8.

4.8.8 Petrojack

Petrolia started investing in the shares of Petrojack ASA in 2006, and by February 2007, Petrolia owned 39.9 % of its shares. Petrojack had four jack-up rigs under construction at Jurong Shipyard Pte Ltd of which three were sold. Petrojack experienced difficulties during the financial crisis, and was after November 2009 unable to service interest on its bond loans. The company also failed to service its other debts as they fell due, including tax liabilities. Petrojack therefore filed for bankruptcy on 8 March 2010.

The loss of the investments in Petrojack has had a significant negative impact on Petrolia's financial position. The Company is currently involved in a dispute with the bankruptcy estate of Petrojack ASA, cf. section 8.

4.8.9 Management

With the exception of the DS "Deep Venture", all of the above referred rigs, including their construction, were managed by Larsen Oil & Gas AS, Larsen Oil & Gas Ltd. and Larsen Oil & Gas Pte Ltd (Singapore), and the same was the plan during operations.

4.9 THE OIL & GAS BUSINESS SEGMENT

The business segment Oil & Gas has up to the date of the Information Memorandum not had many activities, but through a change of the Company's business objectives on 17 December 2010 the segment has been added to the strategy of the Company. On 3 June 2011, a wholly owned subsidiary of Petrolia ASA was incorporated under the name Petrolia Norway AS. This company is intended as a vehicle in the Group's focus on the Norwegian oil & gas segment, and new personnel will be recruited for this purpose.

On 16 August 2011 Petrolia Norway AS entered into an agreement with Det norske oljeselskap ASA to acquire 10% of production licence no. 356 on the Norwegian Continental Shelf. Det norske oljeselskap ASA is the operator of PL 356 with a 50% stake, Repsol Exploration Norway AS holds a 40% stake and Petrolia Norway holds the remaining 10% of the license.

On 4 August 2011, the Petroleum Safety Authority of Norway (PSA) gave consent to drill the Ulvetanna prospect, with exploration well 3/4-2S. The Ulvetanna prospect is located in block 3/4 in PL 356 in the southern North Sea, and is scheduled to be drilled in July 2012. The objective of the drilling operation was to prove petroleum in Cretaceous reservoir rock. The estimated main reservoir, the Tor formation, was encountered in the well, but contained no hydrocarbons.

The agreement was conditioned upon Petrolia Norway AS being approved as license holder on the Norwegian continental shelf. Such approval was granted on 6 February 2012. On 23 March 2012, government approval was achieved. The transaction has a limited effect on the company´s cash position.

7 September 2012 the Ministry of Petroleum and Energy approved the transfer of 30 per cent of PL 506S, 506BS, 506CS and 506DS from Front Exploration AS to Petrolia Norway AS, a subsidiary of Petrolia ASA. The agreement was made 18 May 2012.

Pursuant to section 10-12 of the Petroleum Activities Act, a transfer of a participating interest in a licence will require consent from the Ministry of Petroleum and Energy. The same applies in relation to the Ministry of Finance pursuant to section 10 of the Petroleum Tax Act, however such consent can be considered given if the Ministry of Finance does not explicitly protest against the transfer after having being given due notice of it. The Group obtained the relevant consent from the Ministry of Petroleum and Energy on 7 September 2012. The Ministry of Finance has not protested against the transfer after having been notified of it on 28 August 2012.

Pursuant to the licence agreement, the Ministry of Petroleum and Energy also has a right of first refusal in connection with the sale of a participating interest in the licences. The right of first refusal must be exercised within 40 days of the Ministry of Petroleum and Energy having received notice of the transfer. Such notice was given on 28 August 2012 and the deadline for exercising the right of first refusal expired on or about 8 October 2012 without being exercised.

During the period of the historical financial information included in this Information Memorandum, the Company also has had certain exposure to the oil & gas business segment through its associated company Petroresources Ltd. in which it has holds 46.68% of the shares. Petroresources Ltd. has invested in associated companies which have interests in mining and oil exploration.

4.10 RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The Company has not had an active policy or strategy on research and development. To the extent the Group's business has been dependent upon intellectual property rights, such as the design of rigs or equipment, such rights have remained with the seller of the relevant asset. Other than the right to use the asset as designed, the Group has not acquired any formal intellectual rights in this connection. There are no material research and development activities within any companies in the Group.

4.11 DEPENDENCE ON INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS OR NEW MANUFACTURING PROCESSES

A few end customer contracts still runs through COR International, but these are in process of being transferred to relevant company in the Group or expire. The group is no longer dependent on services from COR. Petrolia has also been and will continue to be dependent on the Bond Loan agreement as a means to provide important financing to the Group, cf. section 6.13 below.

Other than the mentioned above there are no industrial, commercial or financial contracts or new manufacturing processes which are material to the Group's business or profitability.

4.12 TREND INFORMATION

While Petrolia prepares its accounts in USD and has USD as its functional currency, the Bond Loan is in NOK, and there is also significant group funding in NOK. This implies that the Company is subject to the risk of currency fluctuations. Since July 2012 there has been a falling trend in US dollar against the Norwegian Kroner. A continued depreciation of the dollar will further reduce the Group's working capital and may also result in loss relating to the outstanding Bond Loan.

The demand for Petrolia's services is dependent on the level of activity of the offshore oil and gas industry which in turn is largely dictated by oil price trends. However, the effects on the Group's business of oil price fluctuations will normally not be immediate, but somewhat delayed, and the Group has not experienced any effects of oil price changes since 1 January 2012, nor is it expected that any negative effects will occur due to oil price changes since this date. However, any significant decline in the oil price in the future, is likely to have negative effects on the Group's business.

Apart from this, the Company is not aware of any significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of this Information Memorandum.

Other than stated above, the Company is not aware of information on any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.

4.13 MATERIAL CONTRACTS

The agreements relating to the purchase of COR companies and Catch Fishing Services B.V. as further detailed in sections 4.7.5 and 4.7.9, are material contracts outside the Group's ordinary course of business.

The Company is not party to any other material agreements that are not entered into in the ordinary course of business. Of the agreements entered into in the ordinary course of business, the rental agreements with COR described in section 4.7.3 and the Bond Loan agreement described in section 6.13 are the most significant agreements for the business of the Group.

5. BOARD OF DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE

5.1 BOARD OF DIRECTORS

The Board consists of 4 members, whereof 2 are independent of the management, main business associates and the main shareholder. Board is responsible for administering the Company's affairs and for ensuring that the Company's operations are organized in a satisfactory manner. After completion of the Merger described in section 3, the current board of directors of the Company will continue as board of directors in Petrolia E&P Holdings SE.

Below is the biographical information related to each of the current members of the Company's board of directors:

Berge Gerdt Larsen, Chair, (Born 1952)
Mr. Larsen has considerable long term oil- and offshore industry experience in management, Board of Directors and ownership. He currently has direct or indirect ownership in Petrolia ASA, Independent Oil & Resources ASA and DNO International ASA. He is Board Member of Det norske oljeselskap ASA. Previously Mr. Larsen has been Managing Director of Odfjell Drilling and Chairman of the Norwegian Rig-owner Association, Board Member of the Oil Industry Association and Chairman of Bergen Ship-owner Association. Mr. Larsen holds a Master of Business Administration Degree from University of Texas at Austin and a BSc degree in Chemical Engineering from University of Newcastle upon Tyne. Mr. Larsen is a Norwegian citizen with business address; Hopsnesveien 127, 5232 Paradis, Norway.

Erik Johan Frydenbø, Director, (Born 1945)
Mr. Frydenbø has considerable long term experience within oil and shipping industry as legal consultancy and lawyer. From 1975 to 1996 he held various positions as legal consultant, lawyer and managing director in various oil industry related companies. Presently he holds a position as lawyer within his own company. Mr. Frydenbø holds a law degree from University of Bergen and as a lawyer from 1977. Mr. Frydenbø is a Norwegian citizen with business address Hopsnesveien 127, 5232 Paradis, Norway.

Unni Fossberg Tefre, Director, (Born 1946)
Mrs. Tefre is educated within administration, human relations and organization. She has extensive experience and administrative qualifications related to management positions within the oilfield industry. From 1986 to 2004 Mrs. Tefre was employed by Odfjell Drilling AS. As from 2004 she held the position as administration manager in Larsen Oil & Gas AS. Mrs. Tefre is a Norwegian citizen with business address Hopsnesveien 127, 5232 Paradis, Norway.

Sjur Storaas, Director, (Born 1953)
Mr. Storaas has considerable long term experience within oil and oil related industry in management and Board of Directors. From 1983 to 2009 he held various positions as Managing Director and Vice President in oil industry related companies. Presently he holds a position as partner in SAM Headhunting AS. Mr. Storaas holds a M.Sc degree in Naval Architecture & Marine Engineer from the Norwegian Institute of Technology (NTH) and has education within Business Administration. Mr. Storaas is a Norwegian citizen with business address Hopsnesveien 127, 5232 Paradis, Norway.

The table below sets out the name, current position, election date and the end of current term of office for each of the current members of the board of directors.

Name	Position	Member since	Term expires
Berge Gerdt Larsen	Chair	19.04.2010	*The annual general meeting in 2012**
Erik Johan Frydenbø	Director	19.04.2010	*The annual general meeting in 2012**
Unni Fossberg Tefre	Director	14.11.2007	*The annual general meeting in 2012**
Sjur Storaas	Director	28.06.2010	*The annual general meeting in 2012**

**No board elections were held in the annual general meeting on 30 may 2012 as the Merger is expected to be completed within 30 September 2012, resulting in the liquidation of the Company as a public limited company registered in the Norwegian register of Business Enterprises.*

5.2 BOARD SUB-COMMITTEES

Mr. Storaas and Mr. Frydenbø have been elected to the audit committee. The audit committee shall prepare the board's follow up of the financial reporting process, monitor internal control and risk handling systems and communicate with the company's auditor on a current basis in connection with the preparation of the annual accounts. Furthermore, the committee shall assess the auditor's independence, in particular to which extent other services to the company may jeopardize the independence.

Otherwise, there are no board sub-committees.

5.3 DIRECTORSHIP, PARTNERSHIPS AND MANAGEMENT POSITIONS

The members of the Board and the senior management presently have and have over the five years preceding the date of this Information Memorandum, held the following directorships, partnerships and/or management positions in companies outside the Group:

Name	**Current directorships/partnerships/management positions**	**Directorships/partnerships/management positions previous 5 years**
Berge Gerdt Larsen	Det norske oljeselskap ASA, DirectorCoast Center Base AS, Chair KS Coast Center Base, Chair Increased Oil Recovery AS, Chair Kver AS, Chair Larsen Oil & Gas AS, Chair Time Critical Petroleum Services AS, Chair Komplementarselskapet CCB AS, chair	DNO International ASA, Chair, DNO Invest AS,Director, PetroMENA ASA (in bankruptcy , Director *Petrojack ASA (in bankruptcy , Director* Deepwater Driller Ltd., Director
Erik Johan Frydenbø	Monteroma AS, Chair Sweden Properites, Subst,Director, PetroMENA, Chair	West Energy AS, Chair Morgans AS, Director Aker Eiendomsmegling AS, Chair & general manager Bergen Yacht AS, Chair Expeditors International Norway AS, Chair and general manager
Unni Fossberg Tefre	Independent Oil & Resources ASA Larsen Oil & Gas AS, Adm. Manager	
Sjur Storaas	SAM Headhunting A, Partner and member of management Bergen Innovasjon, Owner CONNECT Vest, Chair Høgskolen i Bergen (HiB), dep. Director Visafo AS, Director Hog Energi, Director	NCE Subsea, Director Hordaland Oil & Gas, CEO Pöyry Energy AS, Bergen, General Manager,

Management:

Name	Current directorships/partnerships/management positions	Directorships/partnerships/management positions previous 5 years
Kjetil Forland	Askøyveiene AS, Director Forland Holding AS, Owner and Chair Rig Intelligence AS, Co-owner and Chair	EVP Bergen Group Offshore AS Bergen Group Rosenberg AS, Director Bergen Group Hanøytangen Eiendom AS, Chair Bergen Group Hanøytangen AS, Chair Bergen Group Engineering AS, Chair Bergen Group Kimek Offshore AS, Chair Bergen Group Rosenberg AS, Chair Bergen Group Shipbuilding AS, Director Engineers of Norway AS, Co-founder and Chair Odfjell Drilling, Director Kunnskapsparken Nord AS, Director Bergen Group Bsm AS, Chair Bergen Group Offshore AS, general manager
Sølve Nilsen	Environment Technologies AS, Director and member of Management Hubii AS (formerly MapItAll AS), Director and member of Management	Serious AS Various subsidiaries of Oceanteam Shipping ASA (formerly Oceanteam ASA)

Berge Gerdt Larsen was a Director of PetroMENA ASA until 14 August 2009, and bankruptcy was later opened on 21 December 2009.

He was a director of Petrojack ASA until 24 November 2009 where bankruptcy was opened on 8 March 2010.

Erik Johan Frydenbø was chairman of the board of directors of PetroMENA AS at the time of opening of bankruptcy.

5.4 REMUNERATION AND BENEFITS

(Amounts in USD 1 000)

Board	Position	2011
Berge Gerdt Larsen	Chair	36
Erik Johan Frydenbø	Director	36
Unni Fossberg Tefre	Director	36
Marit K. Instanes	Director	36
Sjur Storaas	Director	70
Management		
Kjetil Forland	Managing Director	385
Sølve Nilsen	Finance Manager	185

The Managing Director has a twelve months termination payment agreement. Otherwise, no members of the administrative, management or supervisory bodies' have service contracts with the Company or any of its subsidiaries providing for benefits upon termination of employment.

No Board members or member of management have received any other form of compensation from the Company during the previous financial year, nor are they entitled to any such compensation.

5.5 INFORMATION ON THE BOARD MEMBERS' ACTIVITIES OUTSIDE OF THE COMPANY

Berge Gerdt Larsen was a board member of PetroMENA ASA until 14 August 2009, and bankruptcy was later opened on 21 December 2009. He was a board member of Petrojack ASA until 24 November 2009 where bankruptcy was opened on 8 March 2010.

Erik Johan Frydenbø was the chairman of the board of directors of PetroMENA AS at the time of opening of bankruptcy.

On 16 June 2011, the Hordaland public prosecutor (Norwegian: Statsadvokatene i Hordaland) indicted (in Norwegian: tiltalte) Berge Gerdt Larsen with serious breach of trust (in Norwegian: "grovt utroskap") against his own 100 % owned company Kver AS in the period 1997 to 2000 with a resulting alleged tax fraud. Kver AS sold 34.1% of a non-listed private company (Independent Oil Tools AS) which had one other 65.9 % owner at alleged underprice. The consideration for the shares was new DNO shares to be issued and NOK 13 750 000, which according to the charge resulted in an alleged loss for his own company of NOK 20 million.

In addition in November 2000 his own company Kver AS sold 1 million DNO shares on credit to a company in Aberdeen controlled 100 % by Mr. Larsen and his family at alleged underprice. According to Mr. Larsen the agreement was non-binding and a new agreement was made at the alleged disadvantage to his own 100 % company Kver AS.

Thirdly, Mr. Larsen was in 2011 indicted for providing incorrect and incomplete information under the Tax Assessment Act (in Norwegian: Skatteloven) of the value of his shares in foreign private companies for wealth tax purposes for the years 1997-2007.

Court proceedings started in Bergen on 17 September 2012 and are scheduled to last for about four months. Mr. Larsen has rejected all charges by the Regional Tax Office in Bergen (Tax West) and the Bergen police as totally unfounded.

LOG AS, as shareholder of DNO, DNO and more than 240 other DNO shareholders also brought a class action lawsuit against the Norwegian state for breach of confidentiality, alleging that confidential information was leaked to the Bergen newspaper Bergens Tidende in February 2006 in connection with the ongoing investigations. The breach of confidentiality resulted in a significant drop (NOK 1.2 billion market cap) in the price of the DNO share the following trading day. The appeal court found that there was a breach of confidentiality by the Bergen police, that Kver AS and Berge Gerdt Larsen had a right to be compensated, whereas the claimants had no such right for compensation. The claimants appealed the ruling about no right to compensation to the Supreme Court which, however, dismissed the case. The appeal court's decision is therefore final.

LOG AS and Mr. Larsen then brought charges (Norwegian: anmeldelse) against Skatt Vest in Bergen and the Bergen police for four different instances related to the matters referred to above. The charges were based on (i) alleged wilful, illegal breach of confidentiality with intention of harming Mr. Larsen and his business activities and (ii) wilful breach of the Securities Trading Act by publishing insider information to the public. All the charges have been dismissed by the Norwegian prosecution authority

5.6 INDEPENDENCE OF THE BOARD

According to the Norwegian Code of Practice for Corporate Governance (the "Code"), a majority of the shareholder-elected board members should be independent of the executive management and important business connections. At least two members should be independent of the Company's most important shareholders.

Mrs. Tefre is employed by Larsen Oil & Gas AS, a company which provides administration services and previously also management services to the Company and she is thus not independent of the

Company's important business contacts. Larsen Oil & Gas AS is also an important shareholder in the Company, and Mrs. Tefre is therefore not independent of the Company's most important shareholders.

Mr. Berge Gerdt Larsen indirectly owns or controls a significant number of Shares and is thus not independent of the Company's most important shareholders. He also controls Larsen Oil & Gas AS and is therefore not independent of the Company's important business contacts.

Mr. Frydenbø and Mr. Storaas are independent of main shareholders, management and main business connections. However, the Company is party to a legal consultancy agreement with Erik Frydenbø. Monthly fee is NOK 108,000.

5.7 POTENTIAL CONFLICTS OF INTEREST

As referred in section 5.9 below, Berge Gerdt Larsen is indirectly a shareholder in the Company and is also member of the board of a shareholder. Normally, Larsen's interest as an indirect shareholder will coincide with the interests of the Company and thus not be in conflict with his duties as a board member. However, it cannot be ruled out that Larsen's interests as a shareholder from time to time may conflict with those of other shareholders of the Company or of the Company. This especially applies to transactions or measures concerning the Company's share capital and/or the rights of shareholders.

Berge Gerdt Larsen furthermore controls Kver AS. The Company has entered into an office rental agreement with Kver AS. His interests as owner of Kver AS may be in conflict with his duties as a board member of the Company. The office rental agreement is however entered into on arm's length terms.

Berge Gerdt Larsen is furthermore a member of the board of Det norske oljeselskap ASA. This company engages in the oil and gas industry and may in some instances be a competitor or customer of Petrolia. Larsen's duties as board member of the Company may potentially be in conflict with his duties towards Det Norske Oljeselskap ASA.

Board member Erik Frydenbø owns 502,000 Shares. He has furthermore entered into a consultancy agreement with the Company, cf. section 5.6 below. His duties at board members of the Company may at times be in conflict with his interests as shareholder and as a provider of consultancy services to the Company.

Larsen and Frydenbø routinely withdraw from the board meetings of the Company when the board of directors deals with matters in which they have a prominent personal or economic interest, cf. also the Public Limited Companies' Act section 6-27.

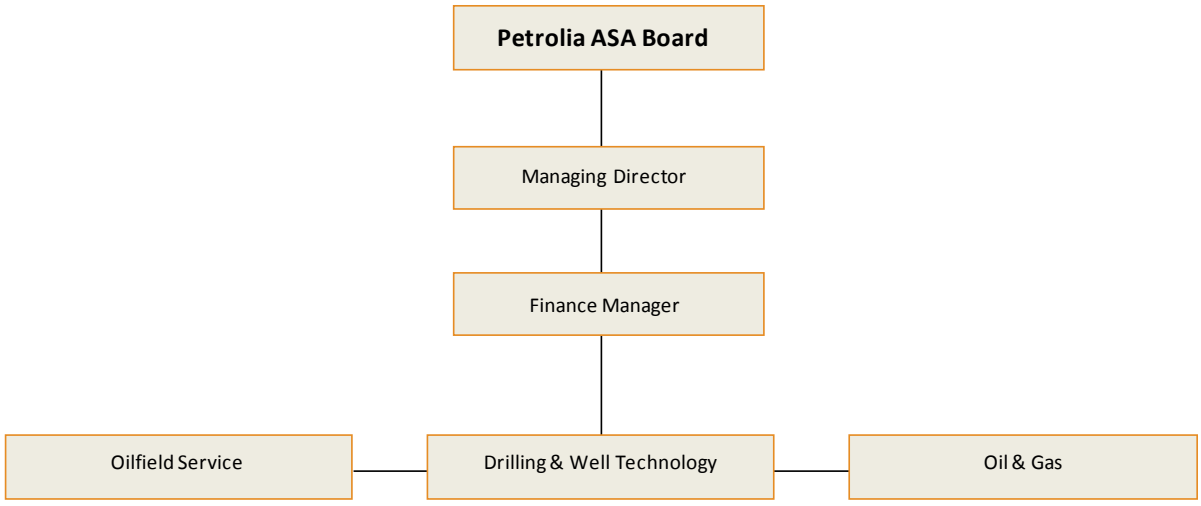
Other than described in this section 7.8 in this Information Memorandum, there are no potential conflicts of interests between any duties towards the Company, of the persons referred to in sections 5.1 and 5.8, and their private interests and/or other duties.

5.8 MANAGEMENT

5.8.1 Organisational structure

The group executive management is responsible for the daily management and the operations of the Company.

The following is an overview of the organizational structure of the Company:



5.8.2 Members of the Executive Management

As at the date of the Information Memorandum the Company's Executive Management consists of the following individuals:

Kjetil Forland, Managing Director, (Born 1968)
Mr. Forland has been the Company's managing director since 18 January 2011. He joined the Company on 1 November 2010 as COO. He has considerable long term oil- and offshore industry experience onshore in management, business development and Board of Directors and offshore operation management experience. From 2008 – 2010 Mr. Forland has been Vice President of Bergen Group Offshore AS and from 1996 to 2008 he was employed by Odfjell Drilling and holds various positions within management of rig operations. Mr. Forland holds a degree in management program from Norwegian School of Management (BI), a degree as Business Economist from Norwegian School of Management (NHH) and 2 years drilling technical study from Technical School. Mr. Forland is a Norwegian citizen with business address Hopsnesveien 127, 5232 Paradis, Norway.

Sølve Nilsen, Finance Manager, (Born 1969)
Mr. Nilsen has extensive experience within finance and audit. From 1994 to 1997 Mr. Nilsen worked as an auditor in Deloitte. From 1997 to 2002 Mr. Nilsen has been controller in Kavli Holding AS and O. Kavli AS. From 2003 to 2010 he was employed by Oceanteam ASA as Finance Manager. Mr. Nilsen holds a degree in Finance and International economics from the Norwegian School of Management (NHH). Mr. Nilsen has been employed as Finance Manager of Petrolia ASA since 1 October 2010. Mr. Nilsen is a Norwegian citizen with business address Hopsnesveien 127, 5232 Paradis, Norway.

After completion of the Merger described in section 3, the current management will continue as management of Petrolia E&P Holdings SE.

5.9 EXECUTIVE SHAREHOLDINGS

Below is an overview of the Shares and Share options held by the board and the management of the Company at the date of the Information Memorandum: These are shares held personally or via close associates.

Board	Position	Shares held	Share Options
Berge Gerdt Larsen	Chair		
Erik Johan Frydenbø	Director	502,000	
Unni Fossberg Tefre	Director	100,000	
Sjur Storaas	Director		
Management			
Kjetil Forland	Managing Director	344,000	454,545
Sølve Nilsen	Finance Manager	1,500,000	454,545
Total held by Management and Board		***2,402,000***	***909,090***

Through control over Larsen Oil & Gas AS and Increased Oil Recovery AS, which together hold 21.066 % of the Shares, Berge Gerdt Larsen, is indirectly a shareholder in the Company. This position is achieved in the following manner: Larsen is chairman of the boards of both companies. Increased Oil Recovery AS owns 100 % of the shares in Larsen Oil & Gas AS. Larsen indirectly owns 24.3 % of the shares in Increased Oil Recovery AS through his wholly owned company Time Critical Petroleum AS. Increased Oil Recovery AS also owns 43.18 % of the shares in Independent Oil & Resources ASA, which in turn owns 49.2% of the Shares.

5.10 CORPORATE GOVERNANCE

As per date of this Information Memorandum the Company is fully compliant with the Norwegian Code of Practice for Corporate Governance (the "**Code**") as published 21 October 2010 with the following exceptions:

1. The Company has not developed specific written guidelines for corporate social responsibility ("**CSR**"), cf. section 1 of the Code. During the limited period of time since the introduction of the CSR recommendation on 21 October 2010, taking into consideration the required focus during this period on extraordinary issues, such as handling various litigations and the process for the relocation of the head office to Cyprus, this has not been a priority for the Board. However, there is a constant focus on conducting business in compliance with all applicable rules and regulations. Moving forward, the Board will consider whether and when to implement CSR guidelines in connection with its general review and revision of its corporate governance procedures due to take place in the near future.

2. Members to the nomination committee have not yet been appointed, cf. section 7 of the Code. The Company plans to facilitate such appointment following the conclusion of the process initiated to relocate the head office to Cyprus, cf. section 3. Guidelines for the nomination committee are under preparation. Once appointed, the names of the committee members will be published on the Company's web site.

3. The Board of Directors has currently not found it necessary to formally appoint a remuneration committee. Given the limited size of the Company's administration and the considerable experience of the board members, it is the board's opinion that the matters in question may be properly handled by the Board without such formal committee.

After completion of the Merger described in section 3, Petrolia E&P Holdings SE will continue to comply with the Code to the same extent and in the same way as the Company currently does, however, with one additional exception:

4. The description of the objective of Petrolia E&P Holdings SE as set out in its statutes is comprehensive and not fully in compliance with section 2 of the Code. The Company will consider amending the Statutes in order to ensure that the objective as set out in the statutes reflect the actual business of the Company in a precise manner.

5. Pursuant to article 32 of the statutes of Petrolia E&P Holdings SE, the board of directors may suspend trade of the Company's shares for up to 30 days per year. The intention of this clause is to facilitate a suspension of trade ordered by the supervising authority of the regulated market where the company's shares are traded, however the wording may be interpreted to imply a discretionary right for the board of directors to suspend trade. This may be in conflict with section 5 of the Code. The Company will seek to amend the wording of this article following completion of the Merger in order to clarify that suspension of trade shall be resolved upon and in accordance with a relevant decision by the authority supervising the operation of the regulated market where the shares of shares are traded.

6. HISTORICAL FINANCIAL INFORMATION

You should read the following discussion of the financial condition and results of operations in conjunction with the financial statements included in this Information Memorandum. The following discussion contains forward-looking statements that are based on current assumptions and estimates by the Company's management regarding future events and circumstances. The Company's actual results could differ materially from those expressed or implied by the forward-looking statements as a result of many factors, including those described in section 1 "Risk factors".

6.1 ACCOUNTING PRINCIPLES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as decided by the International Accounting Standards Board (IASB) and adopted by the European Union in accordance with the Norwegian Accounting Law. The IFRS principles have been applied consistently for 2009, 2010, 2011 and 2012.

The consolidated financial statements have been prepared under the historical cost convention with the following modification: Financial assets recognised at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed below. The accounting year follows the calendar year. The income statement is by nature.

Please see the Company's Annual Report for 2011, page 15, for information on the Company's significant accounting policies.

6.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

6.2.1 New and amended standards adopted by the Group in 2011

IAS 24 (revised) Related Party Disclosures - The revised IAS 24 clarifies and simplifies the definition of a related party, compared to the current IAS 24. IAS 24 (R) is effective for annual periods beginning on or after 1 January 2011.

Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues
The amendment to IAS 32 Financial Instruments - Presentation provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met. Application of the amendment is retrospective and will result in the reversal of profits or losses previously recognized.

6.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

IAS 19 Employee Benefits (amendment) - The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amended standard becomes effective for annual periods beginning on or after 1 January 2013, but has not yet been approved by the EU. The Group expects to implement the amended IAS 19 as of 1 January 2013.

IFRS 9 Financial Instruments - IFRS 9 as issued reflects the first phase of the IASBs work on replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. According to IFRS 9 financial assets with basic loan features shall be measured at amortised cost, unless one opts to measure these assets at fair value. All other financial assets shall be measured at fair value. The classification and measurement of financial liabilities under

IFRS 9 is a continuation from IAS 39, with the exception of financial liabilities designated at fair value through profit or loss (fair value option), where change in fair value relating to own credit risk shall be separated and shall be presented in other comprehensive income. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. IFRS 9 is effective for annual periods beginning on or after 1 January 2015, but the standard is not yet approved by the EU. The Group expects to apply IFRS 9 as of 1 January 2015.

IFRS 10 Consolidated Financial Statements - IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013, but is not yet approved by the EU. The Group expects to apply IFRS 10 as of 1 January 2013.

IFRS 12 Disclosure of Involvement with Other Entities - IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2013, but is not yet approved by the EU. The Group expects to apply IFRS 12 as of 1 January 2013.

IFRS 13 Fair Value Measurement - IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013, but is not yet approved by the EU. The Group expects to apply IFRS 13 as of 1 January 2013.

IAS 1 Financial Statement Presentation (amendment) - The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has there no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012, but is not yet approved by the EU. The Group expects to apply the amended IAS 1 as of 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011) - As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. IAS 28 as revised in 2011 becomes effective for annual periods beginning on or after 1 January 2013, but the revised standard has not yet been approved by the EU. The Group expects to implement the revised IAS 28 as of 1 January 2013.

Other - Petrolia assess that other issued changes in IFRSs and IFRICs will not be relevant for Petrolia. These are changes within IFRS 7 Financial Instruments - Disclosures; IFRS 11 Join Arrangements; IAS 12 Income Taxes (amendment, investment property); IAS Employee Benefits (amendment, pension); IAS 27 Separate Financial Statments (as revised in 2011); IAS 32 Financial Instruments - Presentation (amendment); and IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine.

6.3 FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD, which is the Company's functional and presentation currency.

6.4 HISTORICAL FINANCIAL INFORMATION

The following tables present data extracted from selected financial information for the Company as of and for each of the three accounting years ended 31 December 2009, 2010 and 2011 as well as the unaudited interim financial information for the three months ended 30 June 2012 and 30 June 2011. The financial statements have been prepared in accordance with IFRS as adopted by EU and the Norwegian Accounting Act.

The tables should be read in conjunction with the financial statements that are incorporated by reference in this Information Memorandum, see reference list in section 10.2.

The historical financial information for 2009, 2010 and 2011 has been audited. The annual reports include notes and auditor opinions. For Auditors Report for 2011 see the Annual Report page 61, Annual Report 2010 see page 59 and Auditors Report for 2009 please see page 77. The audit reports have been unqualified for all three years. The interim quarterly reports for Q2 2012 and Q2 2011 have not been audited.

In 2011 the audit report included following Emphasis of matter:
"Without qualifying our opinion, we draw attention to Note 9 where the need for a successful refinancing is described. These conditions, along with other matters as set forth in Note 11 indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements have been prepared based on realization of assets and discharge of liabilities in the normal course of business. Should such assumption not prove to be appropriate the Company may incur significant losses compared to the carrying value of assets."

The bond loan was extended with 3 years in June 2012 and the refinancing mentioned has been secured. Regarding Note 11, the claw back cases remain a risk, cf. section 8.

6.4.1 Consolidated income statement

Below are the condensed consolidated income statements for the Company for the accounting years 2011, 2010, and 2009 as well as the unaudited consolidated income statement for the three months and six months ended 30 June 2012 and 30 June 2011.

Summary of historical consolidated income statement

(USD 1000)	**2q 2012** Unaudited	**2q 2011** Unaudited	**YTD 2012** Unaudited	**YTD 2011** Unaudited	**2011** Audited	**2010** Audited	**2009** Audited
Revenue	**24 724**	**22 592**	**44 295**	**43 260**	**83 862**	**75 541**	**70 746**
Operating expenses	21 549	16 101	34 757	28 561	55 356	109 575	46 214
Operation profit before depreciation	**3 175**	**6 491**	**9 538**	**14 699**	**28 506**	**-34 034**	**24 532**
Depreciation	8 211	10 249	16 719	19 998	40 862	42 081	40 371
Impairment of fixed assets	0	0	0	4 115	4 115	4 796	8 468
Operating result	**- 5 036**	**-3 759**	**-7 181**	**-9 415**	**-16 471**	**-80 911**	**-24 307**
Result from investment in joint venture	0	0	0	10 106	-658	16 089	30 954
Result from associated companies	-133	-4	-717	-5	-8 402	-10 946	304
Net financial income/expenses (-)	-12 963	-5 897	5 790	-13 864	-15 985	-11 568	-12 869
Result before income taxes	**-18 133**	**-9 660**	**-13 689**	**-13 178**	**-41 517**	**-87 336**	**-5 919**
Tax on result	-4 701	0	-3 234	-21 379	-24 854	0	4 653
Result from the year from continuing operations	**-13 431**	**-9 660**	**-10 454**	**8 201**	**-16 663**	**-87 336**	**-10 572**
Discontinued operations							
Profit for the year from discontinued operations	0	0	0	0	0	0	118 413
Result for the year	**-13 431**	**-9 660**	**-10 454**	**8 201**	**-16 663**	**-87 336**	**107 841**
Attributable to:							
Shareholders					-17 387	-87 605	148 460
Minority interests					724	269	-40 619

Consolidated statement of comprehensive income *(USD 1000)*	**2q 2012** Unaudited	**2q 2011** Unaudited	**YTD 2012** Unaudited	**YTD 2011** Unaudited	**2011** Audited	**2010 Audited**	**2009 Audited**
Result for the year	-13 431	-9 660	-10 454	8 201	-16 663	-87 336	107 841
Currency translation differences	2 179	-8 144	-615	-8 942	46	3 545	12 545
Total comprehensive income for the year	**-11 252**	**-17 804**	**-11 069**	**-741**	**-16 617**	**-83 791**	**120 386**
Attributable to:							
Owners of the parent					-16 378	- 84 141	160 949
Minority interests					-239	350	-40 563

YTD 2012 comments

Total revenue 2012 was USD 44.3 million compared to USD 43.3 million in 2011. Operating profit before depreciation was USD 9.5 million compared to USD 14.7 million in 2011. The OilServices segment had an EBITDA of USD 16.0 million, the Oil and Gas segment had an EBITDA of USD -3.9 million. Operating expenses was USD 34.8 million compared to USD 28.6 in 2011. Operating loss was USD 7.2 million including USD 16.7 million in depreciation. Operating loss in 2011 was USD 9.4 million including USD 20.0 million in depreciation and USD 4.1 million in impairment. Result from Joint Venture was USD 0.0 million compared to USD 10.1 million in 2011. Result from associated company was USD -0.7 million compared to USD -0.0 million in 2011. Net financial result was USD 5.8 compared to USD -13.9 in 2011. The net result after-tax was USD -10.5 million compared to USD 8.2 in 2011. The Oil and gas segment had a loss of 1.3 million and the OilService segment had a loss of 2.9 million.

Q2 2012 comments

Total revenue was USD 24.7 million compared to USD 22.6 million in 2q 2011. Operating profit before depreciation was USD 3.2 million compared to USD 6.5 million in 2011. Operating expenses was USD 21.5 million compared to USD 16.1 in 2011. Operating loss was USD 5.0 million including USD 8.2 million in depreciation. Operating loss in 2011 was USD 3.8 million including USD 10.2 million in depreciation. Result from associated company was USD -0.1 million compared to USD -0.0 million in 2011. Net financial result was USD -13.0 compared to USD -5.9 in 2011. The negative development in net financial result is due to currency effects and falling share prices. The net result after-tax was USD -13.4 million compared to USD -9.7 million in 2011.

Main events

Total Comprehensive income was USD - 11.3 million in Q2 2012.
Shareholder's Equity per 31.03.2012 was USD 0.28 per share.

On 6 February 2012 the Ministry of Petroleum and Energy approved Petrolia Norway AS, a subsidiary of Petrolia ASA, as a licensee on the Norwegian Continental Shelf.

On 8 February Petrolia Tool Pool AS entered into an agreement of acquiring 85% of Catch Fishing Services, a leading provider of well fishing, remedial and whipstock services for the oil and gas industry.

On 23 March the Ministry of Petroleum and Energy has approved the transfer of 10% of PL 356 from Det norske oljeselskap ASA to Petrolia Norway AS, a subsidiary of Petrolia ASA.

On 30 March the new share capital of NOK 12 083 138.52 (302 078 463 shares at NOK 0.04 each) was registered at the Norwegian Register of Business Enterprises thereby completing the Rig merger. As part of the merger, Drilling & Well Technology acquired two land rigs for USD 11.0 mill paid for through an equity increase (the Rig merger). Both rigs are managed by TM Drill, a Romanian Drilling contractor, 19.66% owned by Petrolia.

On 18 May 2012 Petrolia Norway AS purchased 30% of four licenses in the Stord basin south west of Bergen (PL 506S, PL 506BS, PL 506CS and PL 506DS) from Front Exploration AS. The Ministry of Petroleum and Energy approved the transfer 7 September 2012.

On 7 June 2012 the Bondholder meeting resolved to extend the maturity of the Bond Loan by 3 years to 19 June 2015.

The new semi-automatic land drilling rig is now on an 18 well contract for a Romanian state Oil Company. The land rigs are state of the art units with the benefit of being compact, quick mob/de-mob and having pushing capability.

Year ended 31 December 2011 in comparison with 2010

Total revenue in 2011 was USD 83.9 million compared to USD 75.5 million in 2010. Operating profit before depreciation was USD 28.5 million compared to USD -34.0 million in 2010. Operating expenses was USD 55.4 million compared to USD 109.6 in 2010 (operating expenses in 2010 included NOK 20.4 million in impairment of goodwill). Operating loss was USD 16.5 million including USD 40.9 million in depreciation and USD 4.1 million in impairment. Operating loss in 2010 was USD 80.9 million including USD 42.1 million in depreciation and USD 4.8 million in impairment. Result from Joint Venture was USD -0.7 million compared to USD 16.1 million in 2010. Result from associated company was USD -8.4 million compared to USD -10.9 million in 2010. Net financial result was USD -16.0 compared to USD -11.6 in 2010. The net result after-tax was USD -16.7 million compared to USD -87.3 in 2010. Petrolia purchased remaining 50 % of Venture Drilling AS for USD 34 million in cash and the company became a 100% owned subsidiary on 28 March 2011. Result from investment in joint venture (Venture Drilling AS) was USD 16.1 in 2010 compared to USD 31.0 million in 2009. This was significantly lower than previous years since the vessel has been off-hire since May 2010.

Result from associated companies was USD -8.4 million in 2011 mainly related to impairments of the shares in TM Drill and Petroresources Ltd. Result from associated companies was USD -10.9 million in 2010, primarily related to dilution effect and impairment of the shares in Deepwater Driller Ltd. In 2009 the result from associated companies was USD 0.3 million. Behind this number was reversed impairments of the shares in Deepwater Driller Ltd of USD 11.3 million and losses connected to shares in Petrojack ASA of USD 10.9 million.

Net finance in 2011 was USD -16.0 million compared to USD -11.6 million in 2010.

Net result was loss of USD 16.7 million in 2011 compared to loss of USD 87.3 million in 2010. The profit in 2009 is a result of deconsolidating PetroMENA ASA and must be seen in connection with the large losses in 2008.

6.4.2 Consolidated balance sheet

Below is the condensed consolidated balance sheet for the Company for the accounting years 2011, 2010 and 2009 as well as the unaudited consolidated balance sheet as of the last interim report ended 30 June 2012.

Summary of consolidated balance sheet

	30 June 2012	**2011**	**2010**	**2009**
(USD 1000)	*Unaudited*	*Audited*	*Audited*	*Audited*
Assets				
Non-current assets				
Goodwill	0	0	0	20 395
Deferred income tax assets	20 297	20 297	0	0
Exploration costs and licences	413	0	0	0
Drilling units	12 866	0	0	0
Drilling equipment and other equipment	70 122	79 388	86 761	121 969
Land and buildings	2 017	2 281	2 245	2 305
Investments in joint venture	0	0	65 658	86 955
Investments in associated companies	5 509	5 727	2 674	41 060
Non-current assets held for sale	0	0	34 500	0
Other financial fixed assets	2 001	1 202	6	450
Restricted cash	13 912	8 517	8 329	8 249
Total non-current assets	**127 137**	**117 412**	**200 173**	**281 383**
Current assets				
Inventory	2 070	987	1 121	1 478
Trade-and other current receivables	67 384	40 700	22 949	42 288
Financial assets at fair value through profit and loss	13 265	15 779	0	620
Investment in money market fund	15	15	16	15
Free cash	8 921	18 920	16 053	14 207
Restricted cash	273	5 397	21 367	27 160
Total current assets	**91 927**	**81 797**	**61 506**	**85 768**
TOTAL ASSETS	**219 064**	**199 209**	**261 679**	**367 150**
Equity and liabilities				
Equity				
Share capital	2 175	1 226	93 568	93 568
Treasury shares	-2 153	-2 153	-2 153	-2 153
Share premium fund	12 093	0	45 232	95 352
Other equity	71 436	82 410	-44 253	-10 231
Majority interests	83 551	81 483	92 394	176 536
Minority interests	2 519	2 615	2 854	2 504
Total equity	**86 070**	**84 098**	**95 248**	**179 040**
Liabilities				
Non-current liabilities				
Bond loans	57 577	0	68 391	85 143
Pension liability	250	267	307	562
Other long-term liabilities	20 297	20 297	0	0
Other non-current liabilities	3 992	7 485	15 582	25 992
Total non-current liabilities	**82 116**	**28 049**	**84 280**	**111 697**
Current liabilities				
Short term portion of non-current liabilities	7 900	43 208	27 915	11 106
Trade payables	22 283	24 099	16 545	11 958
Payable tax	0	-293	-293	120
Other current liabilities	20 695	19 755	37 984	53 230
Total current liabilities	**50 878**	**87 062**	**82 151**	**76 413**
Total liabilities	**132 994**	**115 111**	**166 431**	188 111
TOTAL EQUITY AND LIABILITIES	**219 064**	**199 209**	**261 679**	**367 150**

Events after the balance sheet date

On 13 August 2012 it became clear that the exploration well in the Ulvetanna prospect was dry. However, there are several prospects with considerable potential in this license. The PL 356 partnership will now evaluate the Ulvetanna results and thereafter decide on future exploration within the license.

Comment to the Balance sheet

As of 30 June 2012, total assets amounted to USD 219.1 million. Investment in drilling equipment had a book value of USD 70.1 million, investment in land rigs had a book value of USD 12.9 million, investment in listed shares had a book value of USD 13.3 million and total cash was USD 23.1 million. As per 30 June 2012, net interest bearing bond loans amounted to USD 57.6 million. In addition there is a financial leasing facility for rental equipment in the amount of USD 11.9 million. Total equity was USD 86.1 million as per 30 June 2012, including a minority interest of USD 2.5 million. Book value of equity per share was USD 0.28 as per 30 June 2012, including minority interest of USD 0.01 per share.

As of 31 December 2011, total assets amounted to USD 199.2 million compared to USD 261.7 million in 2010 and USD 367.2 million in 2009. Investment in drilling equipment had a book value of USD 79.4 million in 2011 compared to USD 86.8 million in 2010 and USD 122.0 million in 2009. Investment in joint venture (Venture Drilling AS) was consolidated as a subsidiary company after Petrolia purchased the remaining 50 % of the shares on 28 March 2012.

As of 30 June 2010, a reverse split of the shares in Petrolia ASA was completed so that 10 shares were combined to 1 share. On 17 December 2010 an extraordinary general meeting resolved to change par value from NOK 5.00 to NOK 0.04 per share. The reduction was used to increase other equity. The capital reduction was recorded at Brønnøysund Register Centre on the 5th of March 2011.

6.4.3 Consolidated cash flow statements

Below is the consolidated cash flow statement for Petrolia ASA for the accounting years 2011, 2010 and 2009 as well as the unaudited consolidated cash flow statement for the three months ended 30 June 2012 and 30 June 2011

(USD 1000)	**2Q 2012** *Unaudited*	**2Q 2011** *Unaudited*	**YTD 2012** Unaudited	**YTD 2011** Unaudited	**2011** *Audited*	**2010** *Audited*	**2009** *Audited*
Cash flow from operating activities							
Result before taxes					-41 517	-87 336	107 841
Prepaid taxes in period					0	0	-53
Gain from sale of equipment					-1 828	0	0
Loss/gain from sale of current assets					0	0	0
Profit from discontinued operations					0	0	-118 413
Depreciation					40 862	42 081	40 371
Impairment of drilling equipment					4 115	4 796	8 468
Impairment of rigs					0	0	0
Impairment of goodwill					0	20 395	0
Change in net pension liability					-40	-255	129
Change in inventory					134	357	-1 151
Change in trade receivables					-11 378	19 339	1 187
Change in other current receivables					-4 543		
Change in trade payables					7 554	4 587	-11 006
Change in provisons					-5 552		
Change in other current liabilities					-12 677		
Accruals and items classified as financing/investment					0	0	0
Result from investment in joint venture					658	-16 089	-30 954
Result from investment in associated companies					8 402	10 946	-304
Dividend from joint venture					0	0	20 826
Urealised foreign currency loss/ gain					-5 189	-2 205	12 720
Cash flow discontinued operations						0	955
Net cash generated from operating activities	**6 107**	**3 217**	**7 847**	**193**	**-20 999**	**-3 384**	**9 790**
Cash flow from investing activities							
Proceeds from sale of property, plant and equipment					2 298	323	0
Purchase of operating equipment					-20 593	-13 456	-15 933
Dividend from Venture Drilling AS					86 786	40 272	20 826
Cash flow from acquisition					0	0	0
Proceeds from sale of shares and investments in operating companies					0	0	0
						0	0
Investment in shares in associates					-11 456		
Investment in shares in other companies					0	0	0
Investment in shares in Deepwater Driller Ltd					34 500	-7 050	-6 000
Investments in listed shares					-15 171	0	0
Proceeds from sale of liquid reserves					0	0	68
Purchase of liquid reserves					0	0	0
Other financial investments					-1 201	0	0
Cash flow from discontinued operations					0	0	-21 780
Net cash used in investing activities	**-3 671**	**-22 273**	**-10 196**	**93 878**	**75 163**	**20 089**	**-22 819**
Cash flow from financing activities							
Proceeds from bond loan					0	0	1 635
Proceeds from short-term loan					0	0	0
Repayment of long-term loans (bond loan)					-54 589	0	0
Leasing installments					-9 043	-10 628	-11 803
Interest paid on bond loans					-8 914	-9 944	-9 820
Purchase of own shares/issue costs					0	0	0
Payment of debt financing costs					0	0	0
Increased capital through subsidiaries (minority)					0	0	0
Capital increase					5 467	0	0
Repayment of long-term/short term borrowings						0	-450
Cash flow from discontinued operations						0	-46 358
Net cash used in financing activities	**-4 967**	**-30 409**	**-7 379**	**-35 447**	**-67 079**	**-20 572**	**-66 796**
Net cash flow of the period	**- 2 531**	**-49 465**	**-9 728**	**58 624**	**-12 915**	**-3 867**	**-79 825**
Cash and cash equivalents at the beginning of the period	25 637	153 838	32 834	45 749	45 749	49 616	127 813
Exchange gains (loss) of cash and cash equivalents							1 628
Cash balance at period end	**23 106**	**104 373**	**23 106**	**104 373**	**32 834**	**45 749**	**49 616**
Specification of cash equivalents at period end							
Bank deposits	23 106	104 373	23 106	104 373	32 834	45 749	49 616
Wherof restricted bank accounts are	14 185	35 783	14 185	35 783	13 914	29 696	35 409

Description of the cash flow:
Cash flow from operations was USD 7.8 million in 2012 compared to USD 0.2 million in 2011. Cash flow from investments in 2012 was USD -10.2 million compared to USD 93.9 million in 2011. Cash flow from financing activities in 2012 was USD -7.4 million compared to USD -35.4 million in 2011.

Cash flow from operations was USD 6.1 million in Q2 2012 compared to USD 3.2 million in 2011. Cash flow from investments in Q2 2012 was USD -3.7 million compared to USD -22.3 million in 2011. Cash flow from financing activities in Q2 2012 was USD -5.0 million compared to USD -30.4 million in 2011.

Free cash as of 30 June 2012 was USD 8.9 million compared to USD 68.6 million as of 30 June 2011.

Investment activities in Q1 2012 include equipment investments of USD 5.1 million, investment in Catch Fishing Services BV of USD 3.1 million and divestment in other shares of USD 1.7 million. Financing activities in Q1 2012 are leasing payments of USD 2.4 million.

Investment activities in Q2 2012 include equipment investments of USD 3.0 million and net investments in shares of USD 0.7 million. Financing activities in Q2 2012 are payment of bond interests and fee of USD 4.0 million, leasing payments of USD 2.3 million and proceeds from bond sale of USD 1.4 million.

The cash flow in 2011 is dominated by investing activities in Q1, primarily the sale of the shares in Deepwater Driller Ltd and the effect of purchasing the remaining 50% of the shares of Venture Drilling AS. A large part of the released cash has been used to repay and purchase Bonds and thus reducing the balance of the Bond Loan. In addition the Pemex guarantee for SS Petrolia was terminated in Q3 resulting in a USD 21.2 million reduction of both restricted cash and current liabilities.

Cash flow from operations was USD -21.0 million in 2011 compared to USD -3.4 million in 2010. Excluding the Pemex guarantee, cash flow from operations was thus zero in 2011. Cash flow from investments in 2011 was USD 75.2 million compared to USD 20.1 million in 2010. Cash flow from financing activities in 2011 was USD -67.1 million compared to USD -20.6 million in 2010.
Free cash as of 31 December 2011 was USD 18.9 million compared to USD 16.1 million as of 31 December 2010.

The investment activities include several large transactions in Q1 2011. Net effect from Venture Drilling AS transactions is USD 86.8 million and include received dividend of USD 31 million, share purchase of USD -34 million and consolidating cash of USD 89.8 million into the group accounts. All shares in Deepwater Driller Ltd have been sold and USD 34.5 million has been received. Other investment activities in Q1 2011 are: equipment investments of USD 2.5 million, receipts from equipment sales of USD 2.0 million, investment in associates of USD 0.6 million and investment in other shares of USD 4.0 million. In Q2 investment activities include USD 10.9 million in purchase of rental equipment, USD 2.7 million investments in associates and USD 8.7 million in other shares.

In Q2 financing activities include USD 2.2 million in leasing instalments, USD 3.0 million in bond interests, USD 21.1 million in scheduled bond repayment and USD 4.1 million in additional bond repayment. In Q3 investment activities include USD 7.7 million in purchase of rental equipment and USD 4.7 million in investments other shares.

In Q3 financing activities include USD 2.0 in leasing instalments, USD 2.1 million in bond interests and USD 5.6 million in bond repayment.

In Q4 2011 investment activities include USD 0.4 million in purchase of rental equipment and USD 5.7 million in investments other shares.
In Q4 financing activities include USD 2.1 in leasing instalments, USD 1.4 million in bond interests, USD 23.8 million in bond purchase and USD 5.5 million in paid in equity.

Cash flow from operations equalled USD -3.4 million in 2010, compared to USD 9.8 million in 2009. Cash flow from investments in 2010 was USD 20.1 compared to USD -22.8 million in 2009.

Cash flow from financing activities in 2010 was USD – 20.6 million, compared to USD -66.8 million in 2009. Cf. section 6.9 of this Information Memorandum for a more detailed description of the cash flows and the changes from year to year.

Cash position as of 31 December 2010 was USD 45.7 million compared to USD 49.6 million in 2009.

Of the cash, USD 5.6 million is security for Bond Loan interests, USD 3.0 million in escrow connected to the sale of the shares of Deepwater Driller Ltd, USD 2.2 million in escrow connected to sale of disputed equipment and USD 3.5 million as security for the Petrojack claw-back case.

In 2011 USD 21.2 million was tied to the SS "Petrolia" performance bond held on behalf of the estate of PetroMENA ASA by Petrolia Rigs AS. The performance bond was released in favour of the PetroMENA ASA estate in 2011.

PetroMENA ASA was deconsolidated in 2009 and presented as discontinued operations in the financial statements for 2009. The cash flow from 2009 has not been recalculated and thus includes PetroMENA's cash flows and cash deposits.

In 2010 the net cash from operating activities suffered from reduced payments from customers and repayments of current liabilities. Net cash from investing activities consisted in equipment purchases of USD 13 million, investment in Deepwater Driller Ltd of USD 7 million and capital repayment and dividends from Venture Drilling AS of USD 40 million. There was no lease or goodwill connected to these investments. Net cash from financing activities consisted of USD 10 million in interests, primarily to the Bond Loan, and USD 11 million in leasing.

In 2009 the net cash from investing activities consisted of equipment purchases of USD 16 million, USD 6 million was invested in Deepwater Driller Ltd, USD 21 million was received in dividends from Venture Drilling AS and discontinued operations invested for USD 22 million. There was no goodwill connected to these investments. Net financing activities consisted of USD 10 million in interests, primarily to the Bond Loan, USD 12 million in leasing and discontinued operations had financing activities of USD – 46 million.

6.4.4 Cash flow from discontinued operation

The following table shows the cash flows from discontinued operation in PetroMENA;

	2011 *Audited*	**2010** *Audited*	**2009** *Audited*
Operating cash flow	0	0	955
Investing cash flow	0	0	-21 780
Financing cash flow	0	0	-46 358
Total cash flow	**0**	**0**	**-67 183**

6.5 CHANGES IN EQUITY

Below is an overview of the Company's consolidated statement of changes in equity for the past three years and as per 30 June 2012.

	Share capital	Own shares	Share premium fund	Other reserves	Currency translation	Sum other equity	Minority Interests	Total equity
(1000 USD)								
1 January 2009	93 568	-2 153	123 119	-186 855	-12 093	-198 948	43 067	58 654
Comprehensive income								
Profit or loss			-27 767	176 227		176 227	-40 619	107 841
Other comprehensive income								
Currency translation differences				366	12 489	12 855	56	12 545
Total comprehensive income	**0**	**0**	**-27 767**	**176 593**	**12 489**	**189 082**	**-40 563**	**120 386**
Equity 31 December 2009	93 568	-2 153	95 352	-10 262	396	-9 866	2 504	179 040
1 January 2010	93 568	-2 153	95 352	-10 262	396	-9 866	2 504	179 040
Comprehensive income								
Profit or loss			-50 120	-37 566		-37 566	350	-87 336
Other comprehensive income								
Currency translation differences					3 545	3 545		3 545
Total comprehensive income			**-50 120**		**3 545**	**3 545**	**350**	**-83 791**
Equity 31 December 2010	93 568	-2 153	45 232	-48 192	3 941	-44 251	2 854	95 248
1 January 2011	93 568	-2 153	45 232	-48 192	3 941	-44 251	2 854	95 248
Comprehensive income								
Profit or loss			-51 888	34 501		34 501	724	-16 663
Other comprehensive income								
Currency translation differences					1 009	1 009	-963	46
Capital Increase	477		6 656	-1 666		-1 666		5 467
Total comprehensive income	**477**	**0**	**-45 232**	**32 835**	**1 009**	**33 844**	**-239**	**-11 150**
Reduced par value from NOK 5.00 to NOK 0.04	-92 819			92 819		92 819		0
Equity 31 December 2011	1 226	-2 153	0	77 462	4 950	82 412	2 615	84 098
1 January 2012	1 226	-2 153	0	77 462	4 950	82 412	2 615	84 098
Comprehensive income								
Profit or loss				-10 358		-10 358	-96	-10 454
Other comprehensive income								
Currency translation differences				-615		-615		-615
Total comprehensive income	**0**	**0**	**0**	**-10 973**	**0**	**-10 973**	**-96**	**-11 069**
Capital Increase	949		12 093			0		13 042
Equity 30 June 2012	2 175	-2 153	12 093	66 489	4 950	71 439	2 519	86 070

6.6 SIGNIFICANT CHANGES IN THE GROUP'S FINANCIAL OR TRADING POSITION

During Q2 2012, the maturity of the company`s bond loan has been extended from 20 June 2012 until 19 June 2015.

6.7 SEGMENT INFORMATION

The Group has historically had operations in two segments: oilfield services and drilling & well technology. In December 2010 the Company's business objective in the articles of association was changed to add oil & gas as a new segment. In the 2009, 2010 and 2011 accounts the reported operations were only in the oilfield services segment after PetroMENA ASA was reported as discontinued operations.

The oil & gas segment (Petroresources Ltd) had no revenues and no operating result for 2009-2011, and only limited revenues for 2012.

The oilfield services segment had revenues of USD 84 million in 2011, USD 76 million in 2010 and USD 71 million in 2009. Operating loss was USD 16 million in 2011, USD 81 million in 2010 and USD 24 million in 2009.

The drilling & well technology segment had no revenues in the period 2010-2012, compared to USD 84 million in 2009. Operating result was USD 0 in 2010-2012 and USD 1 million in 2009. Revenues and operating result comes only from PetroMENA in 2009.

Result from PetroMENA ASA, Venture Drilling AS, Deepwater Driller Ltd and Petrojack ASA combined was USD 5 million in 2010 and USD 150 million in 2009.

During 2012 it is expected that activity in the E&P segment and in the Drilling & Well Technology segment will increase. As of Q2 2012, USD 44.1 million of revenues has been from the oilfield services segment, and USD 0.2 million has been from Oil & Gas. The OilServices segment had an EBITDA of USD 16.0 milion, the Oil and Gas segment had an EBITDA of USD -3.9 million.

Petrolia Norway AS became prequalified for the Norwegian Continental Shelf on 6 February 2012. On 16 August 2011 10% of the license PL 356 Ulvetanna was purchased from Det norske oljeselskap ASA (Detnor). This transaction was approved by the authorities 24 March 2012. On 18 May 2012, 30% of four new licenses (PL 506S, PL 506BS, PL 506CS and PL 506DS) was purchased from Front Exploration AS. The Ministry of Petroleum and Energy approved the transfer 7 September 2012.

Petrolia ASA announced on 3 October a possible merger of the oil department of Independent Oilfield Rentals Ltd (IOR). IOR has production and exploration license interests both in the Middle East and in North Africa (MENA). It is expected that the agreement will be completed in second half of 2012 after the Registered Head Office of Petrolia is moved to Cyprus.

The Rig merger has been completed, and the drilling rig is on contract. The work-over rig is being marketed and will be completed once a job is secured.

The majority of Petrolia's revenues arrive from rental of drilling equipment such as drill pipe and test tubing. The end customers are oil companies or other oil service companies and no single customer respresent a significant part of total revenues. Geographic allocation is primarily based of where the companies are domiciled.

Below is a table outlining the geographic distribution of revenues in the period 2009-2011.

(amounts in USD 1 000)	**2011** *Audited*	**2010** *Audited*	**2009** *Audited*
Norway	27 472	15 907	8 928
Europe outside Norway	31 836	24 689	22 267
Asia and Australia	15 538	17 574	15 940
Other countries	9 016	17 371	23 612
Total cash flow	**83 862**	**75 541**	**70 746**

Venture Drilling AS, Petrolia Tool Pool AS, Independent Tool Pool AS and Petrolia Services AS are allocated as other countries.

6.8 KEY FINANCIAL FIGURES

	Q2 2012 Unaudited	2011	2010	2009
Operating revenues (USD million)	24.7	83.8	75.5	70.7
Earnings before Interest, Taxes, Depreciation and Amortization (USD million)	3,2	8.2	28.5	-34.0
Net income (USD million)	-5,0	-16.7	-87.3	107.8
Book equity (end of period) (USD million)	86,1	84.1	95.2	179.0
Earnings per share (adjusted for split)	-0.04	-0.14	-0.86	1.06
Book equity per share (end of period) (adjusted for split)	0.28	0.83	0.94	1.77
Equity ratio (%) end of period	38%	41%	35%	48%
Annualized return on equity (%)	-16%	-20%	-92%	60%
Number of employees	312	240	224	211
Dividend per share	0	0	0	0

Definitions of financial key figures:

Book equity per share:	*Book equity / Number of shares*
Earnings per share:	*Profit/loss of the year / Number of shares*
Equity ratio:	*Book equity at period end / Total assets at period end*
Annualised return on equity:	*Profit after taxes / Book equity at end of period*

6.9 COMPARISON FOR THE ACCOUNTING YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011, AS WELL AS THE 3 MONTHS ENDED 30 JUNE 2012

6.9.1 Development in 2012

P&L Accounts

Activity has primarily been in the OilService division. In the Oil & Gas division, the acquisition of the first licence has been approved by the authorities. In the Drilling & Well Technology division the Rig merger has been completed. One of the drilling rigs are operational and went on contract in Q2.

Book value of the rental drilling equipment as of 30 June 2012 was USD 70.1 million. Book value of the land rigs was USD 12.9 million. Total revenue in Q2 2012 was USD 24.7 million compared to USD 22.6 million in 2011. Total revenue in 2012 was USD 44.3 million compared to USD 43.3 million in 2011.

Petrolia Norway AS became prequalified for the Norwegian Continental Shelf on 6 February 2012. On 16 August 2011, 10% of the license PL 356 Ulvetanna was purchased from Det norske oljeselskap ASA (Detnor). This transaction was approved by the authorities 24 March 2012.

The USD/NOK exchange rate has changed from 5.39 as of 30 June 2011 to 5.98 as of 30 June 2012.

Capital

The following capital changes have taken place in 2012:

On 30 March, Petrolia ASA issued 135,000,000 new shares to Independent Oil & Resources ASA at NOK 0.55 per share as consideration in the merger to acquire i) two land rigs with associated equipment and ii) an equipment package from Independent Oil & Resources ASA. The share capital was increased to NOK 12,083,138.52 (302,078,463 shares at NOK 0.04 each).

The company has no outstanding or authorized stock options, warrants or convertible debt. As of 30 June 2012, the company held 525 003 (0.17 per cent) treasury shares.

6.9.2 Development in 2011

P&L Accounts

Activities driving the financial statements was primarily in the oilfield services. Book value of the rental drilling equipment as of 31 December 2011 was USD 79.4 million. Total revenue was USD 83.9 million compared to USD 75.5 million in 2010. Tax assets of USD 24.9 million, which were not recognised as assets as of 31 December 2010, have been recognised as assets and resulted in tax allowance of USD 24.9 million. The USD/NOK exchange rate changed from 5.86 as of 31 December 2010 to 5.99 as of 31 December 2011.

Capital

The following capital changes took place in 2011:

Petrolia ASA issued 50,629,837 through a rights issue and new shares were allocated by the board of directors on 25 August 2011.

Petrolia ASA issued 15.188.951 through a private placement towards employees and members of the board and new shares were allocated by the board of directors on 8 September 2011. Petrolia ASA`s new share capital is NOK 6,683,138.52.

6.9.3 Development in 2010

P&L Accounts

In 2010 consolidated operations were only in the oilfield services segment following the bankruptcy of PetroMENA ASA. The operating result was dominated by an impairment of trade receivables of USD 30 million and an impairment of goodwill of USD 20 million.

The result from joint ventures (Venture Drilling AS) was lower than previous years since the vessel has been off-hire since April after an early termination of the last contract. Due to uncertainty regarding the validity of the bareboat charter it proved impossible to obtain a new contract. Also the result from associated companies (Deepwater Driller Ltd) was lower than the previous year due to impairments.

Revenues increased in 2010 from USD 70.7 million to USD 75.5 million.

Capital

Following capital changes took place in 2010:

- 28th June 2010, 5 new shares issued at NOK 0.50, total NOK 2.50 (to make number of shares a factor of 10). Effect = NOK 2.50 increase of capital.
- 28th June 2010, reverse split whereby 10 old shares at NOK 0.50 are replaced by 1 new share at NOK 5.00. Effect = none
- 17th December 2010, par value reduced from NOK 5.00 to NOK 0.04. Effect = NOK 502,247,988 moved from Share Capital to Other equity. This change is effective from the 5th of March 2011 when it was recorded at the Norwegian Register of Business Enterprises.

6.9.4 Development in 2009

P&L Accounts

In 2009 consolidated operations were only in the oilfield services segment since PetroMENA ASA was reported as discontinued operations. Revenues fell from USD 81.8 to USD 70.7 million. The operating result was lower than the previous year due to reduced revenues, increased depreciations and impairment of equipment.

Result from Joint Venture was a little better than the previous year.

Result from Associated Companies was significantly improved from previous year primarily related to impairments. Previous year impairments were USD -88 million, in 2009 impairments were USD 45 million. Petrojack ASA was included in both years.

Capital
There were no capital changes in 2009.

6.10 CAPITALIZATION AND INDEBTEDNESS

The table below gives an overview of the Company's capitalization and indebtedness as per 31 December 2011, as well as adjusted numbers close to the date of the Information Memorandum.

(USD 1,000)	30 June 2012	31 December 2011	Note
Total current debt	**50 878**	**87 062**	
Guaranteed			
Secured	7 900	9 000	1
Unguaranteed/unsecured	42 978	78 062	2
Total Non-current debt (excluding current portion of long term debt)	**82 116**	**28 049**	
Guaranteed			
Secured	3 992	7 485	1
Unguaranteed/ unsecured	78 124	20 564	3
Shareholder's equity	**86 070**	**84 098**	
a Share Capital	2 175	1 226	
b Legal reserves	12 093	0	
c Other reserves*	71 802	82 872	
Total	**219 064**	**199 209**	**5**
Financial assets and indebtedness			
A. Cash	8 921	18 920	5
B. Cash equivalents (detail)	0	0	
C. Trading securities	13 265	15 779	
D. Liquidity (A+B+C)	**22 186**	**34 699**	
E. Current financial receivables	**0**	**0**	
F. Current bank debt	0	0	
G. Current portion of non-current debt	7 900	43 208	4
H. Other current financial debt			
I. Current financial debt (F+G+H)	**7 900**	**43 208**	
J. Net current financial indebtedness (I-E-D)	**-14 286**	**8 509**	
K. Non-current bank loans	0	0	
L. Bond issues	57 577	0	3
M. Other non-current loans	3 992	7 485	1
N. Non-current financial debt (K+L+M)	**61 569**	**7 485**	
O. Net financial indebtedness (J+N)	**47 283**	**15 994**	

The top part of the table above reconciles to total current and total non-current debt and shareholders' equity reconciles directly against the balance sheet. The rest of the table does not, due to the fact that only financial indebtedness is included. Petrolia only has the bond loan and leasing as financial indebtedness. Other liabilities such as accounts payable, payable tax, other current liabilities are thus not included in the table above.

Notes per 30 June 2012

1 Financial leasing is listed as a secured debt.
The current part is USD 7.9 million and the non-current part is USD 4.0 million. Book value of leased assets is USD 17.9 million.

The leasing company owns the equipment and Petrolia ASA has provided a guarantee of maximum USD 65.5 million.

2 Unsecured current debt per Q2 2012 include among other:

- *USD 22.3 million trade payables*
- *USD 3.9 million provisions*
- *USD 0.3 million in accrued interests*
- *USD 1.5 million in public duties (social security etc.)*

3 Total balance of the Bond Loan is NOK 344.5 million (USD 57.6 million)

4 Current portion of non-current debt consist of current part of leasing USD 7.9 million

5 Only free cash is included, in addition there is restricted cash of USD 14.1 million.

Regarding the writs of summons cf. section 8, there is a contingent liability of NOK 245 million in case the PetroMENA ASA estate wins their claim and there is a contingent liability of NOK 33 million in case the Petrojack ASA estate wins their claim.

With exception to the extended maturity to the Bond Loan and the sale of the Borrower's Bond, there have not been material changes to the above information since 30 June 2012 and to the date of this Information Memorandum.

6.11 WORKING CAPITAL STATEMENT

6.11.1 Working capital

As of date of this Information Memorandum, the Company is of the opinion that the working capital is sufficient for the Group's present requirement for the next twelve months.

6.11.2 Key ratios

The table below sets forth some consolidated key ratios for the Group per 31 December for the three accounting years 2011, 2010 and 2009 as well as for the period ended 30 June 2012.

Key ratios as per 31 December	Q2 2012	2011	2010	2009
Working capital ratio[1]	**181%**	**104%**	**85%**	**123%**
Debt to equity ratio[2]	**45%**	**38%**	**54%**	**41%**
Solidity[3]	**38%**	**42%**	**36%**	**49%**

The Company finds debt to equity ratio of 45% and the solidity of 38% to be satisfactory.

6.12 FUNDING STRUCTURE AND RESTRICTIONS ON THE USE OF CAPITAL

The Company's liquidity of USD 8.9 million in free cash at the time of this Information Memorandum is satisfactory. The company does not have overdraft facilities or similar liquidity reserves.

The main objectives of the Group when monitoring capital are to safeguard the group's ability to maintain a good credit rating and belonging favourable loan terms from the lenders in accordance with the group's operations. Through maintaining a satisfactory debt to equity ratio the Group is supporting the current operations and maximizing the value of the group's shares accordingly. The Group is managing the capital structure and making necessary adjustments based on a continuous assessment of the financial conditions that the enterprise is subject to and the present-, short- and medium term prospects. The capital structure is managed through repurchase of treasury shares, reduction of share capital or issuing new shares.

[1] Current assets/current liabilities.
[2] Total interest bearing debt/total equity plus total interest bearing debt.
[3] Total equity/total capital.

Petrolia is primarily funded through the Bond Loan cf. section 6.13 and equipment leases. The leases are entered into by subsidiaries under Petrolia Services AS in connection with the leasing of specific equipment.

There are no restrictions on the use of capital other than those following from the Articles of Association and the terms and conditions of the Bond Loan, which also contains restrictions on dividend payments, cf. section 6.13.

There are no restrictions on transfers from subsidiaries other than the Companies Act regulating dividends.

6.13 BORROWINGS – THE BOND LOAN

The Company has entered into a bond loan agreement with Norsk Tillitsmann ASA, as trustee for the bondholders, dated 13 June 2008 with ISIN number 001 044025.8 (the "**Bond Loan**"). Under the agreement, the Company has issued a series of bonds in the total amount of NOK 500 million. Each bond was originally in a denomination of NOK 500,000.

The Bond Loan was made available for (i) refinancing of an outstanding bond loan (ISIN NO 001 030199.7) at NOK 250 million and (ii) general corporate purposes, which may include investments in other companies/assets within the oil/offshore sector.

The disbursement date for the Bond Loan was 20 June 2008. The Bond Loan was repaid with a first instalment of NOK 100 million on 20 June 2011. On 23 June 2011 NOK 25.5 million was repurchased by the Company and on 2 September 2011 NOK 30.0 million was repurchased by the Company. Both these purchases resulted in cancelled Bonds and reduced the balance to NOK 344.5 million. On 21 November 2011 NOK 139.5 million was repurchased (but not cancelled) by the Company. On 16 May 2012, the Company sold all of its own bonds.

As at the date of this Information Memorandum, the remaining balance of the Bond Loan is NOK 344.5 million. The balance originally fell due for repayment on 20 June 2012. However, in a bondholder meeting held 7 June 2012, the bondholders agreed to extend the maturity date of the bond loan by three years, to 19 June 2015. In the same bondholder meeting the denomination of the bonds was amended form NOK 500,000 per bond to NOK 1 per bond. This was done to increase the liquidity of the bonds. As an incentive for the bondholders to approve the extended maturity, the Company has agreed to pay a fee of 1% of the par value of the bonds. This payment was made in June 2012. The proposal to amend the Bond Loan agreement was endorsed by bondholders representing 72.6% of the bonds represented at the bondholder meeting. 96.95% of the bonds were represented at the meeting. An offer to buy back bonds from bondholders voting no to the extension of the maturity has been made. The offer expired 16 August and the Company has purchased for NOK 23 million and committed additional purchases of same size to take place on 20 June 2013 and 20 June 2014.
The interest on the loan is a fixed rate of 12.0% per annum. Interest payments are payable semi-annually in arrears on 20 June and 20 December each year. The loan is secured by a first priority pledge over a debt service reserve account, which at all times shall be in an amount sufficient to employ interest payment for the next nine months period of the loan.

The debt service account has a balance of NOK 32.3 million at the date of the Information Memorandum.

The Bond Loan includes a put option customary for similar types of bond financings. The bondholders may, following a change of control event (meaning that a shareholder or group of affiliated shareholders (pursuant to the Norwegian Securities Trading Act section 2-5), other than Mr. Berge G. Larsen and/or companies related to Mr. Berge G. Larsen, obtain ownership of more than 50% of the Issuer), exercise the put option giving them right to repayment of the bonds at a price of 100% of par plus accrued interest.

The Bond Loan includes provisions of event of default customary for similar types of bond financings. The covenant provisions of the bond agreement are similar to those found in comparable bond financings, hereunder shall the Issuer ensure that it maintains a ratio of a) the aggregate of the market value of its shares in listed and book value of its shares in non-listed companies together with its free cash, to b) the aggregate book value of its financial indebtedness, at 2,0x or higher.

According to the covenant provisions of the bond agreement, the Issuer may further not declare or make any dividend payment, reduction of share capital, repurchase of shares or other distributions to the shareholders exceeding (on a consolidated basis) 30 % of net profit after taxes based on the accounts for the previous calendar year. Additionally, the Company may not complete any merger, demerger or any other restructuring that might jeopardize its fulfilment of its obligations under the Loan Agreement. The Trustee has, on behalf of the bondholders, concluded that the Merger will not lead to a breach of this provision as the financial position of the merged Company will be more or less identical to that of Petrolia ASA immediately prior to completion of the Merger.

A copy of the loan agreement can be obtained by contacting the Company, cf. contact details in section 4.1.

6.14 STATUTORY AUDITORS

The Company's independent auditor since 17 December 2010 is Ernst & Young AS, Thormøhlens gate 53 D, P.O. Box 6163 Postterminalen, NO-5892 Bergen, Norway.

Prior to that, PricewaterhouseCoopers DA, Pb 3984 – Dreggen, 5835 Bergen, Norway had been the Company's auditor since the incorporation in 1997.

PricewaterhouseCoopers DA has audited the historical financial information for the years 2008 and 2009 which is included herein and Ernst & Young has audited 2010. The reason for the change of auditor is that following the bankruptcies of PetroMENA ASA and Petrojack ASA (cf. sections 4.8.7 and 4.8.8), which had been audited by PricewaterhouseCoopers until the time of the bankruptcies, PricewaterhouseCoopers was no longer auditing a material part of the companies in the Group. Therefore Ernst & Young, which had been auditing a number of the most important oilfield services subsidiaries, was elected new auditor.

The statutory auditors mentioned above are members of the Norwegian Institute of Public Accountants. After the Merger the Company will have auditors who are members of the Cyprus Institute of Certified Public Accountants of Cyprus, as required by applicable legislation.

7. SHARE CAPITAL AND SHAREHOLDER INFORMATION

7.1 GENERAL

This section relates to Petrolia ASA only. For a description of the share capital and shareholders of Petrolia E&P Holdings, please refer to section 3.2.2.

The issued share capital of Petrolia ASA is NOK 12,083,138.52comprising of 302,078,463Shares fully paid with a par value of NOK 0.04 and issued in accordance with Norwegian law. The Petrolia ASA Shares are registered in the VPS register with ISIN NO NO0003075301. The Petrolia ASA Shares are equal in all respects, and each Petrolia ASA Share carry one vote at the Company's general meeting.

The following table sets out the changes in the Petrolia ASA's share capital during the period covered by the historical financial information:

Date of registration	Change	New share capital
1 January 2010		NOK 506,298,375
5 March 2011	Share capital reduced by NOK 502 247 988	NOK 4,050,387
9 September 2011	Share capital increased by NOK 2 025 193.48	NOK 6,075,580.48
20 October 2011	Share capital increased by NOK 607 558.04	NOK 6,683,138.52
30 March 2012	Share capital increased by NOK 5,400,000.00	NOK 12,083,138.52

7.2 MARKET WHERE THE SHARES ARE BEING TRADED

The Shares are listed on Oslo Stock Exchange, and the Consideration Shares will be listed on Oslo Stock Exchange once the Offering is completed as further described in section 3.6.

7.3 AUTHORISATION TO ISSUE SHARES

On 30 May 2012, the general meeting of the Company authorized the Board to increase the Company's share capital with a maximum amount of NOK 6,041,569.24 by issuing up to 151 039 231 new shares with par value of NOK 0.04 per share. The authorization expires on the next annual general meeting or on 30 June 2013. Also, the Board was authorized to raise convertible bond loans of up to NOK 2,000,000,000, however with a maximum share capital increase of NOK 6,041,569.24. The authorisation is valid for two years. In addition, the Company was authorized to acquire up to 30,207,846 of its own shares (as treasury shares) with a price range from NOK 0.4 to NOK 300. The authorization expires on the next annual general meeting or on 30 June 2013.

The above authorisations will no longer be valid following completion of the Merger.

7.4 OPTIONS AND WARRANTS

The Company has no options or warrants outstanding.

7.5 TREASURY SHARES

As per the date of this Information Memorandum, the Company holds 525,003 Shares, each of a par value of NOK 0.04. The book value of the Company's treasury shares is NOK 11.6 million.

7.6 SHAREHOLDER STRUCTURE

The following table sets out the 20 largest shareholders in Petrolia ASA as per 22 October 2012. At this date Petrolia ASA had in total 4869 shareholders, whereof 4756 were Norwegian registered.

Investor	Number of shares	% of top 20	% of total	Type	Country
INDEPENDENT OIL & RESOURCES ASA	148,609,392	59.33%	49.20%	Comp.	NOR
LARSEN OIL & GAS AS	63,202,318	25.23%	20.92%	Comp.	NOR
Ø. H. HOLDING AS	16,228,000	6.48%	5.37%	Comp.	NOR
NET AS	5,261,960	2.10%	1.74%	Comp.	NOR
TROMMESTAD OLE	3,007,833	1.20%	1.00%	Priv.	NOR
ELEKTROLAND NORGE AS	1,897,848	0.76%	0.63%	Comp.	NOR
SILVERCOIN INDUSTRIES AS	1,651,964	0.66%	0.55%	Comp.	NOR
NILSEN SØLVE	1,500,000	0.60%	0.50%	Priv.	NOR
TOSKA KETIL	1,289,854	0.51%	0.43%	Priv.	NOR
ONYX AS	1,020,000	0.41%	0.34%	Comp.	NOR
LARSEN VIDAR BERGO	1,000,000	0.40%	0.33%	Priv.	NOR
ASKELADDEN INVEST AS	830,030	0.33%	0.27%	Comp.	NOR
HEDEN HOLDING AS	717,930	0.29%	0.24%	Comp.	NOR
SÆTER HAAKON MORTEN	717,163	0.29%	0.24%	Priv.	NOR
DANSKE BANK A/S	684,161	0.27%	0.23%	Nom.	DNK
HANSTVEIT JON	628,897	0.25%	0.21%	Priv.	NOR
MOUSELESS INVEST AS	600,000	0.24%	0.20%	Comp.	NOR
OLSEN ROLF ARILD	569,302	0.23%	0.19%	Priv.	NOR
SIX-SEVEN AS	552,710	0.22%	0.18%	Comp.	NOR
PETROLIA ASA	525,003	0.21%	0.17%	Comp.	NOR
Total number owned by top 20	**250,494,365**	**100%**	**82.92%**		
Total number of shares	**302,078,463**		**100%**		

The major shareholders of the Company are defined as shareholders holding more than 10 % of the share capital in the Company. The major shareholders are Independent Oil & Resources ASA, Ø.H.Holding AS and Lasen Oil & Gas AS. Independent Oil & Resources ASA holds 49.2% of the Shares and consequently has negative control over the Company. There are no differences in voting rights between the shareholders.

In accordance with the disclosure obligations under the Norwegian Securities Trading Act, shareholders acquiring ownership to or control over more than 5% of the share capital of a company listed on Oslo Børs must notify the stock exchange immediately. The table above shows the percentage held by such notifiable shareholders.

7.7 CERTAIN ASPECTS OF THE STATUTES AND MEMORANDUM OF ASSOCIATION OF AND OF CYPRUS LAW

7.7.1 Background, object and purposes

The constitutional documents of the Company (meaning Petrolia E&P Holdings SE after the Merger and conversion to an SE company) are comprised by the Statutes and the Memorandum of Association. A summary of the key provisions of these documents is set out below. The summary is given as general background information, should not be construed as legal advice and is qualified by reference to the documents themselves, attached hereto in Appendix 1. Each reader should seek separate legal advice to the extent necessary.

In accordance with article 3 (1) of the Memorandum of Association, the main object of the Company will be to "carry out petroleum, shipping, offshore, transport, trade, industrial and financing activity and other related activities and to participate as a shareholder or in other ways in other enterprises". Further details are included in article 3, cf. Appendix 1.

7.7.2 Equal rights of shareholders and transferability of shares

All of the issued shares of the Company are of the same class (ordinary shares) and have equal rights "Pari Passu".

Each of the Company's Shares carries one vote. Section 69A of the Cyprus Companies Law stipulates that all shareholders of the same class of shares of a public company shall be treated equally by the Company.

Subject to the rights of holders of preference shares (if any) to receive such dividends as members or the Company may from time to time declare and on a return of capital whether on a liquidation or otherwise to receive:

i) the amounts paid up on such shares;
ii) any premium paid thereon; and
iii) to participate in any surplus available to the members.

Article 10 of the Company's Statutes provides that the rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

The shares of the Company are freely transferable in accordance with the rules of the Oslo Stock Exchange.

7.7.3 Changes to the Statues and Memorandum of Association

Article 12 of the Cyprus Companies Law Cap 113 stipulates that a company may amend its articles by the passing of a special resolution of its shareholders with a 75% majority. The majority requirement differs from Norwegian law, according to which a limited company's articles may be amended given a majority of 2/3 of the casted votes as well as of the share capital represented at the general meeting.

7.7.4 Changes to the Company's capital

Pursuant to article 51 of the Statues, the Company may, from time to time, by ordinary resolution by the general meeting, increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

The authorised and unissued shares of the Company shall be at the disposal of the members which may by ordinary resolution or resolution passed with the requisite majority in accordance with section 59A of the Cyprus Companies Law (as may be applicable) authorise the Directors to allot or otherwise dispose of any authorised and unissued shares provided always no shares shall be issued at a discount, except as provided by section 56 of the Cyprus Companies Law.

Unless otherwise determined by resolution approved at a general meeting of shareholders in accordance with the provisions of Section 60B(5) of the Cyprus Companies Law, all new shares and/or other securities which are convertible into shares in the Company that are to be issued for cash, shall be offered to the existing shareholders of the Company on a pro-rata basis to the participation of each shareholder in the capital of the Company.

The Company may by ordinary resolution (subject to the provisions of these Statutes and the Cyprus Companies Law):-

(i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(ii) subdivide its existing shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association, subject, nevertheless, to the provisions of section 60 (1) (d) of the Cyprus Companies Law; and

(iii) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required, by the Cyprus Companies Law and the Statutes.

A special resolution according to Cypriot law requires 75% of the cast votes and does thus require approval from a higher number of votes than under Norwegian law (which requires a 2/3 majority).

When a company reduces its capital the company must apply to Court to have the reduction approved. The reduction of capital takes effect only after such approval by the Court has been obtained and deposited to the Registrar of Companies along with the special resolution. On the other hand, there is no creditor notice period of two months, as is the case under Norwegian law.

If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of the class) may be varied only in compliance with the provisions of section 59(A)(1) of the Law and article 60 of the Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European Company (SE) by (i) a resolution approved at a separate general meeting of the holders of the shares of that class and (ii) the decision shall be taken by a majority of two thirds of the votes. When at least half of the shares are represented, a simple majority is sufficient.

7.7.5 Buy back of shares – treasury shares

Pursuant to article 16 of the Statutes the Company may, subject to and in accordance with the provisions of the Cyprus Companies Law Cap 113 (articles , 57A and 57B), purchase a number of its own shares as permitted, including any redeemable shares, and may hold such shares as treasury shares or cancel them. Pursuant to Cyprus law, treasure shares cannot represent more than 10% of the issued capital and cannot be held by the Company for more than two years.

As per the date of this Information Memorandum, Petrolia ASA holds 525 003 treasury shares, i.e. 0.31 % of the Shares.

7.7.6 Mandatory takeover

The Company is partly subject to the mandatory take-over provisions as set out in the Norwegian Securities Trading act chapter 6, and partly to the provisions set out in the Provision for Public Takeover Bids for the Acquisition of Securities of Companies and Related Matters Law (Law 41(I)/2007) as amended by law 47(I)/2009 of Cyprus (the "Takeover Law").

The threshold at which the mandatory bid obligations are triggered, including possible exemptions from the obligation to present a bid (including possible exemptions for subsequent sale of shares), is subject to Cyprus law, after which a mandatory takeover is required where a person indirectly or directly has a percentage of 30 % or more of existing voting rights in the Company.

Reaching this threshold, the shareholder shall make an unconditional general offer for the purchase of the remaining shares in the Company. The offer is subject to approval before submission to the shareholders. The obligation to make an unconditional offer also applies where a shareholder, directly or indirectly, holds more than 30%, but less than 50%, of the shares in the Company without having triggered the bidding obligation (i.e. that the shareholder held such amount of shares prior to listing or have inherited such shares) and such shareholder purchases one or more shares. If the shareholder holds more than 50 % of the shares, the Cyprus authorities would, subject to application from the relevant shareholder, normally exempt such shareholder from the bidding obligation, due to the fact that such shareholder already has control of the Company. The takeover supervisory authority with respect to the threshold is Cyprus Securities and Exchange Commission (CySEC). Questions concerning consolidation of shareholdings in relation to the threshold at which the mandatory bid

paragraph are triggered and possible exemptions from the mandatory bid obligation are subject to Cyprus law.

The bidding process, including questions concerning the compensation offered in connection with the bid, in particular the bid price, the bid procedure, information on the bidder's decision to present a bid, the content of the offer document and the publication of the bid, is subject to Norwegian law, i.e. the Norwegian Securities Trading Act. The takeover supervisory authority with respect to these issues is the Financial Supervisory Authority of Norway (in Norwegian: "Finanstilsynet"), or the Oslo stock exchange.

Where an agreement on acquisition of shares triggers the bid obligation, the shareholder shall without delay notify the takeover supervisory authority and the Company accordingly. The notification shall state whether a bid will be made to buy the remaining shares in the Company. The takeover supervisory authority shall make the notification available to the public.

The bid shall be made without undue delay and at the latest four weeks after the mandatory bid obligation was triggered, and shall encompass all the remaining shares of the Company. The bid price must be at least as high as the highest price paid or agreed to be paid by the offeror in the six-month period prior to the date the above threshold was exceeded, but equal to the market price if the market price was clearly higher when the threshold was exceeded. In the event that the acquirer thereafter, but prior to the expiration of the bid period acquires, or agrees to acquire, additional shares at a higher price, the acquirer is obliged to restate its bid at that higher price.

The bid shall state a time limit for shareholders to accept the bid, not to be shorter than four weeks or longer than six weeks. The offeror is required to make an offer document complying with Norwegian law, and such document should be approved by the takeover supervisory authority before the bid is made public.

In the mandatory bid, all shares of the Company must be treated equally. The mandatory bid must be made in cash or contain a cash alternative at least equal in value to any non-cash offer. A shareholder who fails to make the required offer must within four weeks dispose of sufficient shares so that the obligation ceases to apply. Otherwise, the authorities may cause the shares exceeding the threshold to be sold. Until the mandatory bid is made the shareholder may not vote for shares exceeding the threshold, unless a majority of the remaining shareholders approve. The shareholder can, however, exercise the right to dividends and pre-emption rights in the event of a share capital increase. The authorities may impose a daily fine upon a shareholder who fails to make the required offer.

7.7.7 Squeeze-out and sell-out

The squeeze-out rules are subject to the provisions of the Takeover Law. When a shareholder has made a public offer to all other shareholders in the Company and as a result of such public offer or after such a public offer has acquired (i) not less than 90 % of the capital carrying voting rights and (ii) not less than 90 % of the voting rights in the Company, the shareholders has the right to claim that the remaining shareholders sell all their shares to such shareholder.

The squeeze-out right is exercisable within three months from the end of the public offer. The purchase price for the shares under the squeeze-out should be the same as the purchase price for the preceding public offer. In the event that the purchase price includes payment in kind, the selling shareholder has the right to demand cash payment.

When a shareholder has made a public offer to all the shareholders and as a result of such public offer or after such a public offer has acquired not less than ninety per cent (90 %) of the capital carrying voting rights and not less than ninety per cent (90 %) of the voting rights in the Company the remaining shareholders have a right to demand the purchase of their shares from the shareholder who has made the public offer.

The sell-out right is s exercisable within three months from the end of the public offer and the purchase price should be the same as the purchase price applicable to the public offer. In the event that the purchase price involves payment other that cash the selling shareholder has a right to demand cash payment.

7.7.8 Notification obligations for acquisition of large shareholdings

The notification requirements for acquisition of large shareholdings (details of thresholds are included below) are governed by Cyprus law, however, the information to be contained in the notification is also subject to the requirements in the Norwegian Securities Trading Act. A notification should include the following information:

(i) name of the person subject to the notification requirement
(ii) background for the notification
(iii) name of the company
(iv) description of the financial instrument
(v) type of transaction
(vi) timing and market for the transaction
(vii) price and volume for the transaction; and
(viii) holding after the transaction.

The remaining set of rules regarding notification obligation for acquisition or disposal of large shareholdings are governed by Cyprus Law 190(I)/2007 as amended by Law 72(I)/2009. According to these provisions, a shareholder who acquires or disposes shares (with attached voting rights) in the Company, has an obligation to notify the Company and the Cyprus Securities and Exchange Commission (per email at info@cysec.gov.cy) of the percentage of voting rights held provided that, as a result of such acquisition or disposal, this percentage (i) in the case of an acquisition, reaches or exceeds, or (ii) in the case of a disposal, reaches or falls below, the thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the total voting rights of the issuer.

The obligation to notify is not applicable in the following circumstances:

(i) the shares are acquired for the sole purpose of clearing and settling of transactions at the latest of three working days following the transaction;
(ii) a custodian holding shares in its custodian capacity, provided that the custodian can only exercise the voting rights attached to such shares under instructions given in writing or by electronic means by the beneficiary of the shares;
(iii) an acquisition or disposal of voting rights by a market maker, that reaches or crosses the 5 % threshold of the total voting rights of the issuer, provided that the market maker (a) acts in its capacity as a market maker and in accordance with the provisions of the Investment Services and Activities and Regulated Markets Law, Law 144 of 2007, as amended, transposing directive 2004/39/EC into Cyprus law, or where the Republic of Cyprus is not the home member state, in accordance with the law of that member state harmonizing directive 2004/39/EC, and (b) neither intervenes in the management of the issuer concerned nor exerts any influence on the issuer to buy such shares or back the share price;
(iv) shares of an issuer, which are held in the trading book of a credit institution or an investment firm, in accordance with (a) Chapter III, of Part B of the Directive of the Central Bank for the calculation of capital requirements and large financing exposures and the equivalent Directive of the Cyprus Securities and Exchange Commission, or (b) the law of another member state harmonizing directive 2006/49/EC, provided that – (1) the voting rights attached to such shares do not exceed 5 % of the total of voting rights of the issuer, and (2) the credit institution or the investment firm ensures that the voting rights attached to such shares are not exercised nor otherwise used to intervene in the management of the issuer; and
(v) shares provided to or by the members of the European System of Central Banks in carrying out their functions as monetary authorities, including shares provided to or by members of the European System of Central Banks under a pledge or repurchase or similar agreement for liquidity granted for monetary policy purposes or within a payment system, provided that the

transactions last for a short period and that the voting rights attaching to such shares are not exercised.

There is no paragraph of the notification obligations for large shareholdings in the Company's Statutes or Memorandum of Association.

7.7.9 Notification obligations for voting rights

In addition a person who is entitled to acquire, to dispose of or to exercise voting rights of the Company, has an obligation to notify the Company and the Cyprus Securities and Exchange Commission of the percentage of voting rights held, provided that as a result of the acquisition or of the disposal or of the exercise or of the events changing the breakdown of voting rights of the Company, that percentage reaches, exceeds or falls below the thresholds mentioned above in any of the following cases or in a combination of them:

i) Voting rights held by a third party, with whom that person has concluded an agreement, which obliges the contractual parties to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the Company.
ii) voting rights held by a third party under an agreement concluded with that person providing for the temporary transfer for consideration of the exercise of voting rights in question.
iii) voting rights attaching to shares which are lodged as collateral with that person, provided the person controls the voting rights and declares its intention of exercising them.
iv) voting rights attaching to shares in which that person has the life interest.
v) voting rights which are held, or may be exercised within the meaning of paragraphs (i), (ii), (iii) and (iv), by an undertaking controlled by that person.
vi) voting rights attaching to shares deposited with that person which the person can exercise at its discretion in the absence of specific instructions from the shareholder.
vii) voting rights held by a third party in its own name on behalf of that person.
viii) voting rights which that person may exercise at its discretion as a proxy of the shareholder in the absence of specific instructions given from the shareholder.

The notification shall be effected as soon as possible but not later than within the next working trading day.

7.7.10 Dividends and dividend policy

Pursuant to Articles 125-134 of the Company's Statues, the Company's general meeting may declare dividends to its shareholders. Further, the Board of Directors may from time to time pay interim dividends to the Company's shareholders as justified by the profits of the Company.

Dividends shall be paid from profits only, and the amount of dividends cannot exceed the amount recommended by the Board.

According to Article 126 the Directors may, from time to time, pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company. The Board may, at its own discretion, set aside from the profits such sum as they regard as proper as a reserve or reserves, to be employed by the business of the Company or in the Company's investments, or else carry forward the Company's profits.

Unless anyone has an entitlement to shares with a special rights as to dividends, and unless any share is issued on terms providing that it shall rank for dividend as from a particular date, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid.

Pursuant to Article 129 all dividends shall be apportioned and paid proportionately to the amounts (excluding premium) paid or credited as paid on the shares during any portion or portions of the period

in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

At the discretion of the Board, all sums of money (if any) presently payable by the shareholder to the company on account of calls or otherwise in relation to the shares of the Company, may be deducted from any dividends payable to such shareholder.

No dividend shall be paid otherwise than out of profits, and no dividend (interim or final) shall be declared and/or paid otherwise than in strict conformity with the Law. No distribution to shareholders may be made when on the closing date of the last financial year the net assets, as already set out in the Company's annual accounts are, or following such a distribution would become, lower than the amount of the subscribed capital plus those reserves which may not be distributed under the law or the articles of the company.

Under Cyprus law there is no tax on dividends payable by a Cyprus tax resident company to non-Cyprus tax resident entities/shareholders. However, the Company will be obliged to withhold taxation on any dividend payable to those shareholders who are tax residents of Cyprus; i.e the tax must be withheld at source.

The Company has not paid any dividends since its incorporation.

In accordance with the terms and obligations of the Bond Loan, the Company's ability to distribute dividends is limited, and shareholders should not expect dividend payments until the Loan, which matures in 2015, has been repaid in full. Thereafter, depending on the future strategy and financing of the Company, the Company will strive to follow a dividend policy favourable to shareholders. This will be achieved by sound business development and continuous growth. The Company aims to give shareholders a competitive return on capital relative to the underlying risk.

7.7.11 Board of directors

One-tier corporate governance system
The business of the Company is managed by the administrative organ-board of directors of the Company. There is no supervisory organ or other equivalent body.

Directors
Unless and until otherwise determined by the shareholders by ordinary resolution, the minimum number of directors (other than alternate Directors) is three, of which at least two shall be independent directors and there shall be no maximum number of directors.

According to the statutes of the Company an independent director is a director free of any business family or other relationship with the Company.

Board of directors meetings
The quorum necessary for the transaction of the business of the directors may be fixed by the directors and unless so fixed shall be at least 50% of the directors or their alternates, including at least one Independent Director.

A resolution in writing signed or approved by letter, facsimile or e-mail by each director or his alternate shall be as valid and effectual as if it had been passed at a meeting of the administrative organ-directors duly convened and held and when signed may consist of several documents each signed by one or more of the persons aforesaid

All meetings of the administrative organ and all committee meetings shall take place in Cyprus unless the administrative organ or the directors participating in a committee meeting decide otherwise for any particular meeting.

Any director or a member of a committee of the directors-administrative organ may participate in a meeting of the administrative organ or such committee by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting. Such a meeting shall be deemed to take place where it is convened to be held or where the chairman of the meeting is.

Questions arising at any meeting of the administrative organ or any committee thereof shall be decided by a majority of votes. In the case of equality of votes, the chairman shall not have a second or casting vote. A director may, and the secretary on the requisition of a director shall, at any time, summon a meeting of the directors.

The directors may delegate any of their powers to a committee or committees, including but not limited to the Audit Committee, consisting of such member or member of their body as they think fit. Subject to any regulations imposed on it by the directors, a committee may meet and adjourn as it thinks proper and questions arising at any meeting shall be determined by a majority of votes of the members present.

Appointment and removal of directors

Only shareholders are entitled to appoint a director to office. At any time, and from time to time, the Company may by ordinary resolution, appoint any person as director and determine the period for which such person is to hold office. In any event any director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Only shareholders are entitled to remove a director from office. The Company may at any time remove a director by special resolution (75% majority). In addition the Company may, by ordinary resolution (simple majority), of which special notice has been given in accordance with the relevant provisions of Cyprus law, remove any director before the expiration of his period of office. Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him and the Company.

Directors' interests

A director who is in any way directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the administrative organ in accordance with Section 191 of the Cyprus Companies Law.

A Director shall not vote at a meeting of the administrative organ or a committee of the administrative organ (nor be counted in the quorum) on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the Company's interests unless his interest or duty arises only because the case falls within one or more of the permitted interests set out as follows:

i) the resolution relates to the giving to him of a guarantee, security, or indemnity in respect of money lent to, or an obligation incurred by him for the Company's benefit or the benefit of any of its subsidiaries;

ii) the resolution relates to the giving to a third party of a guarantee, security, or indemnity in respect of an obligation of the Company or any of its subsidiaries for which the director has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security; and

iii) his interest arises by virtue of his subscribing or agreeing to subscribe for any shares, debentures or other of the Company's securities, or by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any such shares, debentures, or other securities by the Company or any of its subsidiaries for subscription, purchase or exchange.

The directors may hold any other office or profit making position in the Company along with the office of director (other than the office of an independent auditor) for such period and on such terms (as to remuneration and other matters) as the directors may determine; and no director or prospective

director shall be disqualified on the grounds of holding such office from contracting with the Company whether with regard to his tenure or any such other office or place of profit or as a vendor, purchaser or otherwise; nor shall any such contract, or any contract or settlement concluded by or on behalf of the Company in which any director has any interest, be liable to be cancelled; nor shall any director so contracting or having such an interest be liable to account to the Company for any profit realised by any such contract or settlement by reason of such director holding that office or of the fiduciary relationship thereby established.

The directors may act either personally or in a professional capacity for the Company, and the director or his firm shall be entitled to remuneration for professional services as if he were not a director, provided that a director or his firm shall not act as auditor to the Company.

Only independent directors shall be entitled to remuneration, which shall be determined from time to time by the shareholders of the Company at a general meeting. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or in connection with the business of the Company.

Directors' powers

The business of the Company shall be managed by the directors, who may exercise all such powers of the Company as are not, by the law or the Company's statutes , required to be exercised by the shareholders in general meeting, subject nevertheless to any provisions of the articles of association, of the law and of any regulations (which are not in conflict with the Company's statutes or the provisions of the law) as may be prescribed by the Company at a general meeting; however, no regulation made by the Company at a general meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.

7.7.12 General meetings

The Company shall hold a general meeting at least once every calendar year, subject to the provisions of the law, within six (6) months of the end of its financial year, as its annual general meeting in addition to any other meetings in that year (extraordinary meetings), and shall specify the meeting as such in the notices calling it. Not more than fifteen (15) months shall elapse between the date of one annual general meeting of the Company and that of the next.

General meetings shall be held wherever the directors consider appropriate within or outside Cyprus. The Company shall place the date of its next annual general meeting on its website from the end of its previous financial year or not later than 45 days before the annual general meeting, whichever is the sooner.

Extraordinary general meetings shall also be convened on requisition or, in default, they may be convened by such requisitionists holding at least 5 per cent of the issued share capital of the Company. If at any time there are not, within Cyprus, sufficient directors capable of forming a quorum, any director or any two shareholders may convene an extraordinary general meeting in the same manner, or as approximately as possible, as such meetings would be convened by the directors.

Shareholders holding not less than 5% of the issued share capital (representing at least 5% of the total voting rights of those who have the right to vote in the meeting) can propose a subject to be added to the agenda.

In the case of an annual general meeting or of a meeting convened to pass a special resolution or in any other case at least 21 days' notice must be given (exclusive in each case of the day on which the notice is served or deemed to be served and the day for which the notice is given). The notice shall comply in all respects with the mandatory requirements of section 127A(3) of the Cyprus Companies Law and shall be published on the website of the Company no later than 21 days (in the case of an annual general meeting or a meeting convened for the passing of a special resolution or in any other case) before the meeting to which it relates together with all other documents so required by the Cyprus Companies Law to be similarly published absent publication for technical reasons. Without prejudice to the preceding sentence, the notice shall specify the place, the day and the hour of meeting (and in the case of an annual general meeting shall specify the meeting as such) and state with

reasonable prominence that a member entitled to attend and vote is entitled to appoint a proxy, who need not also be a member, to attend and vote instead of him.

In the case of special business, the notice must specify the general nature of that business and in the case of a meeting convened for passing a special or extraordinary resolution, the intention to propose a special or extraordinary resolution as the case may be. The notice shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting to such persons as are, under these Statutes, entitled to receive such notices from the Company.

8. LEGAL MATTERS – DISPUTES

8.1 THE ESTATES OF PETROMENA AND PETROJACK

Petrolia Services AS and Petrolia ASA are involved in two disputes regarding claw back claims presented by the bankruptcy estates of PetroMENA ASA and Petrojack ASA. Both claims are related to drilling equipment acquired from PetroMENA and Petrojack prior to the opening of bankruptcy. Both claims have been rejected.

In the dispute with the PetroMENA estate, Petrolia Services received a writ of summons from the estate on 15 December 2010 with a claim of up to NOK 245 million related to an agreement of 13 November 2008 regarding an acquisition by Petrolia Services of equipment from PetroMENA. The estate is seeking to invalidate the acquisition, alleging that it is not binding for the estate, that it can seize the equipment and/or that the NOK 245 million is to be considered a loan given by Petrolia Services to PetroMENA.

Petrolia dismisses the claim, but has accrued USD 1.7 million. However, the exposure for Petrolia Services is considerable. Court hearings were originally scheduled to be held in October 2011, but have been postponed to December 2012.

In the dispute with the Petrojack estate, Petrolia ASA received a writ of summons on 8 March 2011 in which the estate submits a claim of up to NOK 32.9 million related to an agreement dated 31 July 2009 between Petrojack and Petrolia Services pursuant to which Petrolia Services purchased certain drilling equipment from Petrojack. The estate challenges Petrolia Services' acquisition based on its view that the transaction was in reality settlement for older debt Petrojack had to Petrolia, and alleges that the transferred drilling equipment is subject to claw back. The writ of summons is addressed to Petrolia ASA even though Petrolia Services AS was the purchaser of the equipment. Court hearings were held in October 2011 and according to a ruling of the Oslo Office of the City Recorder (in Norwegian: Oslo Byfogdembete), Petrolia was ordered to pay NOK 18 million to the Petrojack estate. Both parties have appealed the ruling, and new hearings are scheduled to be held in September 2013. The equipment has been impaired with USD 3.3 million.

If the cases are lost, the equipment must be redelivered. There is no guarantee that out of court settlements will be reached. Please refer to section 1.1.5 for a further description of the risks associated with these disputes.

Other than stated above, the Company and its subsidiaries have not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the Company's and/or Group's financial position or profitability.

9. CAUTIONARY NOTES REGARDING FORWARD-LOOKING STATEMENTS

This Information Memorandum contains forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements.

In some cases, forward-looking statements can be identified by terminology such as "may", "will", "could", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "indicate", "predict", "potential" or "continue", the negative of such terms or other comparable terminology. These statements are only expectations. Actual events or results may differ materially. In evaluating these statements, prospective investors should specifically consider various factors, including the risks outlined in section 1. These factors may cause the actual results to differ materially from any forward-looking statement. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement.

Except as required by law, the Company undertakes no obligation to update publicly any forward-looking statements for any reason after the date of this Information Memorandum to conform these statements to actual results or to changes in its expectations or publicly release the result of any revisions to these forward-looking statements which the Company may make to reflect events or circumstances after the date of this Information Memorandum or to reflect the occurrence of unanticipated events. Investors are advised, however, to consult any further public disclosures made by the Company.

10. ADDITIONAL INFORMATION

10.1 DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection at the Company's registered office during normal business hours from Monday to Friday each week (excluding public holidays) for a period of 12 months from the date of this Information Memorandum:

i. The Statues and Memorandum of Association of the Company;

ii. the historical financial information of the Company and its subsidiary undertakings for each of the three financial years preceding the publication of this Information Memorandum,

iii. stock exchange notices, including quarterly reports, distributed by the Company through Oslo Børs' information system after the submission of the application for listing.

iv. all reports, letters, and other documents and statements prepared by any expert at Company's request any part of which is included or referred to in the Information Memorandum

10.2 INCORPORATED BY REFERENCE

The Company hereby incorporates the following documents by reference into this Information Memorandum, all available at www.petrolia.no:

- its interim report for the period ended 30 June 2012;
- its annual report for the year ended 31 December 2011;
- its annual report for the year ended 31 December 2010;
- its annual report for the year ended 31 December 2009.

The information incorporated by reference in this Information Memorandum shall be read in connection with the cross-reference list set out in the table below.

All the relevant information can be found on the Company's webpage www.petrolia.no

Cross reference	**Section in this Information Memorandum**	**Reference**	**Webpage**
Q2 report 2012		Q2 report 2012	http://www.petrolia.no/publish_files/Petrolia_ASA_Q2_2012.pdf
Annual report 2011		Annual report 2011	http://www.petrolia.no/publish_files/PDR_2011_Annual_Accounts.pdf
Annual report 2010		Annual report 2010	http://www.petrolia.no/publish_files/AnnualReport_2010.pdf
Annual report 2009		Annual report 2009	http://www.petrolia.no/publish_files/_rsrapport_2009___endelig_versjon.pdf

10.3 STATEMENT REGARDING SOURCES

The Company confirms that when information in this Information Memorandum has been sourced from a third party it has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

10.4 STATEMENT REGARDING EXPERT OPINIONS

This Information Memorandum does not refer to any expert opinions.

11. DEFINITIONS AND GLOSSARY OF TERMS

Appendix	A text added to the end of a book or an article, containing information that is important to, but is not the main idea of, the main text.
Statutes and Memorandum of Association	The statutes and memorandum of association of Petrolia E&P Holdings SE
Board of Directors or Board	The Board of Petrolia ASA
Bond Loan	The loan described in section 6.13.
Borrower's Bond	The NOK 139.5 million of the Bond Loan which the Company owns.
Code	The Norwegian Code of Practice for Corporate Governance, as revised on 21 October 2010 and 20 October 2011and as issued by The Norwegian Corporate Governance Board (NUES)
Company	Petrolia ASA. Following the completion of the Merger, all references to the Company are to Petrolia E&P Holdings SE where the context so requires.
COR	Certified Oilfield Rentals Ltd
Director	Elected or appointed member of the board who jointly oversee the activities of a company or organisation.
Drill Pipe	Known as Drill stem is hollow, thick-walled, steel piping that is used on drilling rigs to facilitate the drilling of a wellbore .
Finanstilsynet	Financial Supervisory Authority of Norway. Finanstilsynet is an independent government agency that builds on laws and decisions emanating from the Parliament (Stortinget), the Government and the Ministry of Finance and on international standards for financial supervision and regulation.
Swedbank First Securities	Swedbank First Securities, acting as Financial Manager in connection with this Information Memorandum.
FOB	Free On Board, as defined by Incoterm standards. FOB specifies which party (buyer or seller) pays for which shipment and loading costs, and/or where responsibility for the goods is transferred.
Group	The Company and its subsidiaries (as defined by section 1-3 of the Norwegian Public Companies Act).
GDP	Gross Domestic Product, the total market value of all final goods and services produced in a country in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports.
IEA	International Energy Agency
IFRS	International Financial Reporting Standards.
LOG AS	Larsen Oil & Gas AS, named CCB Logistics Services AS prior to 21 September 2004
LOG FZCO	Larsen Oil & Gas FZCO (Dubai)

LOG Ltd.	Larsen Oil & Gas Ltd. (Aberdeen)
LOG Pte Ltd	Larsen Oil & Gas Pte Ltd (Singapore)
Manager	Swedbank First Securities
Merger	The merger between Petrolia ASA and Petrolia E&P Holdings Plc, resulting in the formation of a new legal entity under the name of Petrolia E&P Holdings SE
Merging Companies	Petrolia ASA and Petrolia E&P Holdings Plc
Merger Plan	The merger plan for the Merger approved by the Board of Directors of the Petrolia ASA and Petrolia E&P Holdings respectively on 29 November 2011
Money Laundering Act	The Money Laundering Act of 20 June 2003 no. 41 ("Hvitvaskingsloven").
NOK	Norwegian Kroner, the lawful currency in Norway
NPLCA	The Norwegian Public Limited Companies Act of 13 June 1997 no. 45 ("Allmennaksjeloven").
NRBE	Norwegian register of Business Enterprises
NUES	The Norwegian Corporate Governance Board
OECD	Organisation for Economic Co-operation and Development
OMR	Oil market review (quarerly report/database)
Oslo Børs/Oslo Stock Exchange	Oslo Børs ASA
Petrolia ASA Shares	The issued and outstanding shares of Petrolia ASA
Petrolia E&P Holdings Shares	The issued and outstanding shares of Petrolia E&P Holdings SE
PMI	Purchaser Manager Index
Information Memorandum	This Information Memorandum dated 25 October 2012 prepared in connection with the mergers of Petrolia ASA and Petrolia E&P Holdings Plc.
Securities Trading Act	The Norwegian Securities Act of 29 June 2007 no. 75 (in Norwegian: "Verdipapirhandelloven")
Shares	The issued and outstanding shares of Petrolia ASA. Following the completion of the Merger, all references to the Shares are to the Petrolia E&P Holdings Shares
Test Tubing	A wellbore tubular used to produce reservoir fluids
USD	US dollars, the lawful currency of the United States of America
VAT	Value added tax. A tax on the estimated market value added to a product

	or material at each stage of its manufacture or distribution, ultimately passed on to the consumer.
VPS	The Norwegian Central Securities Depository, which organizes the Norwegian paperless securities registration system. In Norwegian: “Verdipapirsentralen”).
WEO	World Energy Outlook (annual report)

Appendix 1: Statutes and Memorandum of Association for Petrolia E&P Holdings SE after completion of the Merger

THE COMPANIES LAW, CAP. 113
EUROPEAN COMPANY
STATUTES AND MEMORANDUM OF ASSOCIATION OF THE EUROPEAN PUBLIC COMPANY LIMITED BY SHARES

PETROLIA E&P HOLDINGS SE

THE COMPANIES LAW (CAP. 113)

EUROPEAN PUBLIC COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION OF

"PETROLIA E&P HOLDINGS SE"

1. The name of the Company is:

"PETROLIA E&P HOLDINGS SE "

2. The registered office of the Company will be situated in Cyprus.

3. The objects for which the Company is established are:

(1) To carry out petroleum, shipping, offshore, transport, trade, industrial and financing activity and other related activities and to participate as a shareholder or in other ways in other enterprises.

(2) To acquire and hold shares, stock, debentures, debenture stock, bonds, promissory notes, commercial or negotiable or in any way transferable instruments, obligations and securities issued or guaranteed by any company wherever incorporated or carrying on business as well as debentures, debenture stock, bonds, promissory notes, investments, obligations and securities issued or guaranteed by any government, sovereign state, public corporation, public body or authority, independent, dependent, municipal, local or other wherever situated.

(3) To acquire any such shares, stock, debentures, debenture stock, bonds, promissory notes, commercial or negotiable or in any way transferable instruments, investments, obligations and securities by participating in the incorporation, by contract, by tender, purchase, exchange, underwriting, by participating in syndicates or otherwise and whether these are fully paid up or not and under any conditions or restrictions considered to be proper.

(4) To exercise and give effect to all the rights and powers which arise or emanate from the ownership by the Company of any shares, stock, debentures, debenture stock, bonds, promissory notes, commercial or negotiable or in any way transferable instruments, investments, obligations or other securities, including, without prejudice to the generality of the

matters aforesaid, the right to exercise all the powers of veto or control which the Company may have in consequence of its ownership of any special proportion of the issued or nominal value of the shares and to render all the necessary services relating to the management, control and supervision of any company in which the Company is interested under such terms as may be deemed proper.

(5) To sell, mortgage, pledge or otherwise alienate any shares, stock, debentures, debenture stock, bonds, promissory notes, investments, obligations or securities or other movable property of all kinds and form of the Company.

(6) To carry on the business of land and property developers of every and any description and to acquire by purchase, lease, exchange, grant, gift, assignment, possession, licence or otherwise such lands, buildings, leases, underleases, rights or privileges, stocks, shares and debentures in companies, policies of insurance and other such property as the Company may deem fit and shall acquire the same for the purposes of investment and development and with a view to receiving the income therefrom; and to enter into any contracts and other arrangements of all kinds with persons having dealings with the Company and on such terms and for such periods of time as the Company may from time to time determine, on a commission or fee basis or otherwise, and to carry on any other trade or business, whatever, of a like or similar nature.

(7) To erect, construct, commence construction, extend, convert and maintain any buildings, works and machinery necessary or suitable for the objects of the Company.

(8) To carry on the business of commission agents, factors, general merchants and dealers in every description of machines, engines, goods, fittings, equipment, material and substances, exporters and importers, concessionaires, wholesale and retail traders, carriers, warehousemen, designers, advertising contractors or agents, or trustees, brokers or agents of any company or person or in any other capacity in any country or state, to manufacture, develop, process, refine, repair, purchase, sell, export, import, deal in or let on hire all kinds of machines, engines, goods, fittings, equipment, substances, articles, services and material (tangible or intangible) of any kind which may be advantageous to the Company or which any of the customers or other companies having dealings with the Company may from time to time require.

(9) To establish or acquire and carry on offices, trading stations, factories, shops, agencies, sub-agencies, warehouses, sale-rooms or other premises for the purpose of attaining the objects of the Company.

(10) To apply for, acquire and hold any privileges, monopolies, licences,

concessions, patents or other rights or powers from any government or state, or any sovereign or local or other authority or person, and to exercise, carry on and work any powers, rights or privileges so obtained and to constitute or incorporate the company under the laws of any foreign country or state and to observe all the requirements and conditions in order to enable the Company to carry on all its activities, businesses or works in any such country or state.

(11) To carry on business as advisers on the management, administration and organisation of industries and businesses of all types and the training and utilisation of personnel for any industry and business, and to carry on all or any of the businesses of industrial, commercial, administrative and financial consultants, advisers to corporations, partnerships and individuals engaged in any business, profession or other activity and personnel consultants.

(12) To advise on accounting and financial matters, on the extending, developing and improving of all types of businesses or industries and their respective managerial and business performance and organisational efficiency and all systems or processes relating to the production, storage, distribution, marketing and sale of goods or the rendering of services of any kind.

(13) To provide or assist in providing financial services of every kind including (but not limited to) hire purchase credit sale or deferred payment, or similar transactions, to acquire bills of exchange, merchandise hire purchase or other agreements or any chose in action options or rights of any kind and generally to carry on business and to act as financiers, capitalists, brokers, investment managers and generally to carry on any finance business.

(14) To recruit employ and place crews on ships and to render to shipowner and others services of any nature and either generally or for a particular voyage, including administration of the financial affairs of ships and the management thereof and to act as shipbroker, agent, or intermediary for securing freights or cargoes as well as for the purchase sale, chartering of ships or otherwise, and to carry on the business of contractors in respect of construction works or works of services of any nature.

(15) To bareboat charter vessels of any kind and to register the same at any ship registry in accordance with any relevant law and to purchase, take in exchange, hire, manage, charter, build, or otherwise acquire, hold or equip ships or vessels of any kind with or without their equipment machinery, furniture and receptacles, or shares or interests in such ships or vessels, as well as shares or other documents of companies possessed of such ships or vessels, and to employ the same in the conveyance of passengers, goods and produce of all kinds, including live stock, oil or other liquids and generally any kind of articles, between any ports or places, in Cyprus or elsewhere and to acquire any postal subsidies, and to maintain, repair, improve, alter, let out on hire, mortgage or otherwise deal with, sell or dispose of any such ships or

vessels shares or documents.

(16) To carry on the business of shipowners, carriers by land and sea, managers, dealers and agents of ships and shipping companies, shipchandlers, warehousemen, contractors, owners of barges, lighters, motor boats or other small vessels, forwarding agents, agents of all kinds, stevedores, shipbrokers, freight contractors, shipowners, wharfingers, manufacturers and merchants of ice, owners and keepers of refrigerating stores and spaces and to insure with any company or person against any loss, damage, risk or liability of any kind which may affect the Company, its property, its products or the persons or articles transported by it and its transport means as well as to carry on the business of insurance agents for any type of insurance business, including marine insurance.

(17) To engage in research into all problems relating to personnel and industrial and business management and distribution, marketing and selling of goods or the rendering of services; to collect, prepare and distribute information and statistics relating to any type of business, industry or technology; and to promote or propose such methods, procedures and measures as may be considered appropriate.

(18) To act as agents or managers in carrying on any works, business concerns and undertakings and to employ experts to investigate and examine into the condition, management, prospects and value of any business or undertaking and generally of any assets, properties, interests or rights of any kind.

(19) To carry on business as financial consultants, stock exchange consultants, consultants on banking matters, tax consultants, property development and investment consultants, business consultants, market research consultants, business transfer agents, valuers and estate agents and to act as intermediary, agent or trustee of any person or business undertaking for the negotiation, conclusion and carrying out of any financial, commercial or other agreement or arrangement of any kind.

(20) To carry on all kinds of promotion business, and, in particular, to form, constitute, float, lend money to, assist, manage and control any companies or legal persons and to market, advertise or promote goods, services, machinery, electronic and other appliances, material or any other thing whatsoever.

(21) To carry on business as capitalists, financiers, bankers, moneylenders, the business of an investment trust company, the business of a guarantee and indemnity company, insurance brokers and agents, consultants on insurance matters, of general merchants and to carry on and execute all kinds of financial, commercial and other business or operations which may seem to be capable of being conveniently carried on or in connection with all or any of the objects of the Company, or calculated, directly or indirectly, to

enhance the goodwill or value or reputation of the Company, or render profitable any of the property or other rights or interests of the Company.

(22) To advance, deposit, or lend money, and to exchange, discount, endorse or deal in shares, bills, coupons, indemnity or credit or security documents, and other negotiable or transferable documents on such terms and conditions as may seem expedient.

(23) To undertake and execute any trust or trust business, and also to undertake the office of delegate, receiver, executor, administrator, liquidator, secretary, treasurer or to become manager of any business, and to keep any register and act as depositary.

(24) To carry on the businesses or undertakings of insurers, insurance agents and brokers in all their branches and of advisers on questions of insurance, inspectors, valuers, assessors, appraisers and average adjusters.

(25) To carry on business as tourist and travel agents and contractors, and to facilitate travelling, and to provide for, and promote the provision to tourists and travellers of conveniences of all kinds and to carry on business as hotel keepers, restaurant keepers, general caterers, transport agents, insurance agents and brokers, and any other businesses that can be conveniently carried on or in connection with the aforesaid or any other business of the Company.

(26) To provide services of any kind including, without any limitation, the carrying on of advisory, consultancy, brokerage and agency business of any kind.

(27) To engage, provide employ, hire out or act as agent for, the services of artists, actors, singers, entertainers, authors, composers producers, directors, engineers, experts or specialist of any sort.

(28) To acquire and carry on any business carried on by a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company.

(29) To establish or contribute to, to manage or take part in the establishment of and superintend companies or other legal persons, associations and societies for the promotion, expansion, undertaking, carrying on and performance of any works or businesses of any description, both public and private, and to acquire and dispose of, in any way howsoever, shares and interests in any such companies or associations or societies or in any other company or their respective assets.

(30) To co-ordinate the administration, policies, management, supervising, control, research, development and planning of any business or activity of,

and to act as consultant to, any company or companies or group of companies now or here-after formed or acquired which may be or may become related or associated in any way with the Company or with any company related or associated therewith and either without remuneration or on such terms as to remuneration as may be agreed.

(31) To organize, incorporate, reorganize, aid and assist, financially or otherwise, any companies or persons and to provide technical, cultural, artistic, educational, entertainment or business material, facilities or services and to carry on any business involving any such provision.

(32) To apply for and obtain from any government or authority or person any orders, rights, privileges, licences, franchises, concessions and contracts for or in relation to the construction, execution, equipment, improvement, management, administration or control of any works and conveniences.

(33) To engage in and carry on all or any of the businesses of designers, manufacturers, processors and packers of, commission agents and dealers in goods, chattels, products, metals, minerals, machinery and merchandise of all kinds.

(34) To engage in and carry on the business of scientific research in all its branches including the registration in any country, acquisition, improvements, discovery and development of any processes, inventions, formulas, patents, trade-marks, designs and the like, and to acquire by purchase or otherwise and own, sell, lease or otherwise dispose of or deal in the same, and for the purposes aforesaid or any of them to acquire, construct, maintain, supervise and operate laboratories and research centres, as well as factories and workshops for the manufacture and processing of products.

(35) To acquire by purchase or otherwise and hold as investment, or otherwise any investions, improvements, processes, patents, applications, trade-marks, trade names, trade secrets, labels, designs, licences, brands, formulas and the like and to sell, exchange, grant licences or vary the same as the company may from time to time determine.

(36) To purchase, take on lease or in exchange, hire, renew, or otherwise acquire and hold any property, movable or immovable, or share or interest therein and to sell, let or otherwise dispose of any lands, buildings, machinery, rights, stock-in-trade, business concerns and any other property of any kind including all of the assets of the Company and to perform any services or render any consideration and to construct, equip, alter and maintain any buildings, works and machinery necessary or convenient for the Company's business and in each case for any consideration which may be thought fit.

(37) To employ the funds of the Company in the development and expansion of the business of the Company and all or any of its subsidiary or associated

companies and in any other company whether now existing or hereafter to be formed and engaged in any like business of the Company or any of its subsidiary or associated companies or of any other industry or trade ancillary thereto or which can conveniently be carried on in connection therewith.

(38) To invest and deal with the moneys of the Company in or upon such investments (other than shares in the Company) and to vary the investments of the Company in such manner as may from time to time seem expedient.

(39) To amalgamate with any other company or enterprise which either in part or as a whole has objects similar to those of the Company.

(40) To acquire either in part or as a whole the property or the obligations of any person or persons, legal or physical, and of any description, so long as the Company deems them capable of promoting its business and contribute to its success.

(41) To enter into contracts, agreements and arrangements with other companies, person or persons, legal or physical and of whatever description, on lawful consideration and to carry on their behalf any kind of business connected with the objects of the Company.

(42) To construct, carry out, support, maintain, improve, manage, operate, control and superintend works of all kinds which may seem directly or indirectly conducive to any of the objects of the Company, and to contribute to or otherwise aid or take part in the construction, carrying out, support, maintenance, improvement, management, operating, controlling and superintending the same.

(43) To employ for its own account or for account of third parties, to supply or to secure the supply of specialized and non-specialized personnel and laborers, for work of any nature and for the requirements of companies of any nature, or for persons in any country and also to offer services of any nature, for the recruitment and employment of personnel and laborers of any nature and also the procuring and supplying of materials and services of any nature.

(44) To carry on all kinds of exploration business, and in particular to prospect, search for and explore mines and grounds supposed to contain metals, minerals, ores, oil or precious stones and to search for and obtain, prepare and diffuse information in regard to mines, mining claims, mining districts and localities.

(45) To purchase, take on lease or otherwise acquire, and to sell, dispose of and deal with mines, oil wells, mining rights, ores, oil and oils substances, metals, precious stones, and undertakings connected therewith, and to work, exercise and develop, mines, oil wells, mining rights and mineral rights and

generally to deal in ores, minerals, oils and precious stones of all kinds.

(46) To carry on the business of statisticians, computer programmers and analysts and to obtain, compile and distribute statistics and other information relating to any trade, industry or business.

(47) To exploit the experience and know-how to be obtained from the above activities or business and to carry on the works or businesses of consultants of business which are similar to the business carried on by the Company, to provide and undertake technical or other studies and to provide assistance of a technical nature in relation to such businesses and generally to act as consultant or adviser.

(48) To carry on all or any of the above activities, businesses, acts or works in any part of the world, either alone, in its own name and for its own account and benefit or jointly or in conjunction or in partnership or in co-operation with any other company, association or person and either as agent, factor, contractor, trustee or otherwise and either directly or through agents, sub-contractors, nominees or otherwise.

(49) To procure the registration or recognition of the Company in any country or place in any part of the world and to observe all the requirements and conditions in order to enable the Company to carry on all its activities, businesses or works in any such country or place and to establish in such country or place offices, shops, agencies, sub-agencies, warehouses, sale-rooms or other premises for the purpose of attaining the objects of the Company.

(50) To invest and manage the capital and monies of the Company in such shares or other investments, mortgages or pledges as it would be deemed fit or in such a way as the Directors may from time to time decide, as well as to subscribe for, take, buy or otherwise acquire and possess shares or other interests in other companies or debentures or other securities in same.

(51) To enter into any arrangements with any Government or Authority, Municipal, local or otherwise, which might be considered as conducive to the attainment of the objects of the Company or of any of them, to obtain by such arrangement concessions, rights or privileges, which, as a whole or each one separately the Company would wish to obtain and use and to comply with such arrangements, rights, privileges and concessions.

(52) To appoint and engage employees, servants, workers, personnel, agents or other persons in connection with the business of the Company.

(53) To remunerate any person or firm rendering services to the Company or working in the Company either by payment of money or by the issue of shares as fully or partly paid up or by granting a dividend or interest in the profits of

the Company.

(54) To enter into any arrangement with any governmental, municipal, local or other authority or body or person that in the circumstances may seem necessary or conducive to the objects of the Company and also to obtain, purchase, hire, take on lease, exchange from any such authorities or persons and to register and use any invention rights, patents, brevets d' invention, trade marks, charters, contracts, licence, concessions, easements, rights or privileges and to sell, donate, let out on hire or generally alienate such rights or privileges to carry on the business of an inventor, designer or research organization.

(55) To insure with any other company, firm or person anything, property, interest, liability, obligation or situation against losses, damages, detriments, obligations, liabilities, situations and risks of all kinds.

(56) To create and grant mortgages and other charges on the Company's assets and to grant and sign indemnities, guarantees and letters of indemnity to or in favour of any person, whether legal or natural, and to secure the repayment of any guaranteed amount or the performance of any obligation by such persons by granting or providing the same securities or charges as if these securities or charges were available for a loan contracted by the Company. The creation, grant and signing of such guarantees, securities or indemnities constitutes a self-evident and conclusive fact that the same was made in the interest and/or for the promotion of the objects of the Company.

(57) To borrow, or raise money and to lend money either with or without security in such manner as the Company shall think fit and to mortgage, pledge or charge the whole or any part of the undertaking of the Company and the movable or immovable property and assets of the Company, present or future, wherever situated or any part of the uncalled capital of the Company, to secure any loan or loans, and to issue bonds, promissory notes, bills of exchange, debentures with or without a floating charge and debentures redeemable at any time and in such manner as the Company shall think fit.

(58) To issue, draw, endorse, negotiate, discount and execute bonds, promissory notes and other instruments payable to order or the bearer.

(59) To acquire and undertake the whole or any part of the business or property, movable or immovable, and the liabilities of any natural or legal person carrying on or proposing to carry on any business which the Company is authorized to carry on or which may be carried on in conjunction therewith or which is capable of being conducted so as, directly or indirectly, to benefit the Company, or possessed of property suitable for the purposes of the Company.

(60) To amalgamate, enter into partnership, into any arrangement for sharing of

profits, joint venture or otherwise to co-operate with any natural or legal person and carrying on or engaged in any business, work or transaction which the Company is authorized to carry on or engage in, or which can be carried on in conjunction therewith or which is capable of being conducted so as, directly or indirectly, to benefit the Company.

(61) To establish or promote or consent in establishing or promoting or otherwise contribute in the establishment or promotion of any legal person for the purpose of acquiring all or any of the property, rights and liabilities of the Company or for any other purpose which may in the circumstances seem directly or indirectly calculated to benefit the Company and to place, guarantee the placing of, or secure the disposition of, to purchase or otherwise acquire all or any part of the shares or other securities of any such person.

(62) To distribute among the members of the Company in specie any property of the Company or any proceeds of sale or disposal of any property of the Company but so that no distribution amounting to a reduction of capital be made without the sanction for the time being required by Law.

(63) To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory Pension or Provident Funds or other Funds for the benefit of any persons who are or were at any time in the service of the Company or of any Company which is a subsidiary of the Company or is allied to or otherwise associated with the Company or who are or were at any time Directors or officers of the Company or of any such other company as aforesaid, or the wives, widows, families or other dependents of any such persons and to grant or otherwise procure the grant of donations, gratuities, pensions, allowances, contributions or other benefits to any such persons.

(64) To establish, subsidize and subscribe to any institutions, clubs or funds calculated to be for the benefit of or to advance the interests of the Company or of any such other company referred to in the preceding sub-clause, and to make payments to or towards the insurance of any such person referred to in the preceding sub-clause and to do any of the matters set out herein and in the preceding sub-clause, either alone or in conjunction with any other legal person as aforesaid.

(65) To grant donations for charitable, medical, cultural, scientific, educational, artistic, athletic, entertaining or other objects which the Company may consider to be to the public benefit, to found, administer, operate, participate in, finance or give financial or other support to any charitable, medical, benevolent, cultural, scientific, educational, artistic, athletic or other institutions, funds, centres, associations or organizations as the Company may from time to time deem fit or desirable and, itself or under its auspices, to undertake, carry on, participate in association with others, finance or

support any research, charitable, cultural, scientific, educational, artistic, athletic, entertaining or other activities, including the provision, finance or promotion of scholarships or studies as the Company may deem fit or desirable.

(66) To pay for any rights or properties acquired by the Company and to remunerate any person whether by cash payment or by allotment of shares, debentures or other securities of the Company credited as paid up in full or in part or otherwise.

(67) To pay out of the funds of the Company all costs, charges and expenses of and incidental to the formation and registration of the Company and any company promoted by the Company and also all costs and expenses of and incidental to the acquisition by the Company of any property or assets.

(68) To carry on any other activity and do anything of any nature which may seem to the Company capable of being conveniently carried on or done in connection with the above, or may seem to the Company calculated directly or indirectly to benefit the Company.

(69) To pay all expenses related to the formation and registration of the Company.

(70) To do all or any of the above acts either alone or in conjunction with others and in various legal capacities, such as principal, mandatory, agent contractor, trustee or in any other capacity envisaged by the Law, as well as generally and for every purpose or object to act in any capacity as above.

(71) To participate in or otherwise aid any charitable or philanthropic body or purpose or other purpose of public benefit.

(72) To do all such other things this may be deemed expedient, incidental or directly or indirectly conducive, to the above objects or any of them.

Notwithstanding any provision contained in this Clause it is hereby declared that:

(a) the Company shall not provide any financial or investment services set out in the First Annex to the Investment Services Business Law, No. 148 (I) of 2002, other than to its shareholders or bodies corporate in its group of companies except with the prior permission of the appropriate authorities of the Republic of Cyprus or unless such restriction is lifted;

(b) the word "company" in this Clause, when not applied to this Company, as well as the words "legal person" shall be deemed to include any company or body of persons of limited liability or otherwise or any other legal person whether domiciled in Cyprus or elsewhere, and whether constituted under the Laws of Cyprus or of any other country or state or

of any colony or dependency and whether existing or hereafter to be formed. And the word "person" (unless the context otherwise permits) shall be deemed to include a legal person; and

(c) in the interpretation of this clause the powers conferred on the Company by any of the sub-clauses of this Clause shall not be restricted or affected to any extent by any other sub-clause or by the name of the Company and any such sub-clause shall be construed independently as if each and every such sub-clause contained the main objects of the Company.

4. The liability of the members is limited.

5. The share capital of the Company is U.S. Dollars 27 235 867 divided into 27 235 867 shares of One U.S. Dollar (US$ 1.00) each, the Company having the power to increase or reduce the said capital.

Subject to and without prejudice to any special rights or privileges attached to any class of shares forming part of the Company's capital, the rights which will be attached to any issued shares may be varied as provided in the Company's Articles of Association, as if the Company's capital was already divided into different classes of shares and as if the rights attached to any class of shares were varied and any of the unissued shares in the original capital and any new shares to be issued from time to time, may be issued with any preferential right with regard to dividends or the return of capital or both or with any privilege or advantage over other shares previously issued or to be issued at or about the same time, or with restricted or deferred rights as compared to any other shares previously issued or to be issued at or about the same time or with any special or restricted rights or without any voting right, and generally issued on such terms and with such reservations, rights, privileges or restrictions as may from time to time be resolved, subject always to the relative provisions, if any, of the Articles of Association for the time being in force and the provisions of the Companies Law for the time being in force.

EUROPEAN COMPANY

STATUTES

- of -

PETROLIA E&P HOLDINGS SE

THE COMPANIES LAW CAP. 113
EUROPEAN PUBLIC LIMITED LIABILITY COMPANY
STATUTES
OF **PETROLIA E&P HOLDINGS SE**
("Company")

INTERPRETATION

1. In these Statutes:-

The following words and expressions have the following meanings:-

"address"	in relation to an electronic communication includes any number or address used for the purposes of such communication;
"administrative organ"	means the body responsible for the management of the Company, and in these Statutes such term is used interchangeably with, and should be construed synonymously with, the term "directors", meaning the members of the administrative organ or any of them acting as the administrative organ of the Company. In addition, a reference in the Law to the board of directors or the directors shall be construed as a reference to the administrative organ or the members thereof, respectively;
"auditors"	means the auditors of the Company;
"Cyprus"	means the Republic of Cyprus;
"director"	means, except where the context otherwise requires, a member of the administrative organ of the Company, as such term is

	used in the Rules and "directors" shall be construed accordingly;
"electronic communication"	means facsimile transmission or e-mail;
"executed"	includes any mode of execution;
"**Independent Director**"	means a Director free of any business family or other relationship with the Company;
"Law"	means the Companies Law, Cap.113 including any statutory modification or re-enactment thereof for the time being in force;
"office"	means the registered office of the Company;
"**regulated market**"	"regulated market" shall have the meaning ascribed thereto in the Law and shall refer to regulated market located or functioning within a Member State of the European Economic Area;
"the Rules"	shall collectively mean Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European Company (SE), Council Directive 2001/86/EC of 8 October 2001 supplementing the Statute for a European Company with regard to the involvement of employees and The European Public Limited – Liability Company Regulations 2004 (Statutory Instrument 2004 No.2326)
"seal"	means the common seal of the Company and, as appropriate, any official seal kept by the Company by virtue of section 36 of the Law;
"Statutes"	means the Statutes of the Company, wherein are set forth, the rules for the operation of the Company. In addition, a reference in the Law to "articles of association" shall be construed as a reference to these Statutes;

Powers of delegation shall not be restrictively construed but the widest interpretation shall be given to them.

No power of delegation shall be limited by the existence or, except where expressly provided by the terms of delegation, the exercise of that or any other power of delegation.

Except where expressly provided by the terms of delegation, the delegation of a power shall not exclude the concurrent exercise of that power by any other body or person who is for the time being authorised to exercise it under the Statutes or under another delegation of the power.

Unless the context otherwise requires, words or expressions contained in these Statutes bear the same meaning as in the Law or in the Rules as the case may be but excluding any statutory modification thereof not in force when these Statutes become binding on the Company.

References to a document being executed include references to its being executed under hand or under seal or by any other method.

Unless the context otherwise requires, any reference to "writing" or "written" shall include any method of reproducing words or text in a legible and non-transitory form and for the avoidance of doubt shall include e-mail.

Save where specifically required or indicated otherwise words importing one gender shall be treated as importing any gender, words importing individuals shall be treated as importing corporations and vice versa, words importing the singular shall be treated as importing the plural and vice versa, and words importing the whole shall be treated as including a reference to any part thereof.

Statute and paragraph headings are inserted for ease of reference only and shall not affect construction.

TABLE "A" EXCLUDED

2. The Regulations contained in Table "A" in the First Schedule to the Law shall not apply except so far as the same are repeated or contained in these Statutes.

EUROPEAN COMPANY

2. (A) These Statutes shall be read, construed and applied on the basis that the same are designed for a European public limited liability company (Societas Europaea or SE) within the meaning of the Law and the Rules and accordingly if any of the provisions hereof is inconsistent with the Law or the Rules such provision shall be to the extent possible interpreted in accordance with the Law and the Rules and where this is not possible such provision shall be deemed not applicable..

BUSINESS

3. The Company shall pay all preliminary and other expenses and carry into effect and take over or continue (with such modifications, if any, as the contracting parties shall agree and the directors shall approve), any agreement or business or work reached or carried on (as the case might be) prior to its incorporation.

SHARE CAPITAL & VARIATION OF RIGHTS

4. The authorised and unissued shares of the Company shall be at the disposal of the members which may by ordinary resolution or resolution passed with the requisite majority in accordance with section 59A of the Law (as may be applicable) authorise the Directors to allot or otherwise dispose of any authorised and unissued shares provided always no shares shall be issued at a discount, except as provided by section 56 of the Law.

5. Unless otherwise determined by the Company in general meeting any original shares for the time being unissued and not allotted and any new shares from time to time to be created shall, before they are issued, be offered to the members in proportion, as nearly as may be, to the number of shares held by them. Such offer shall be made by notice specifying the number of shares offered, and limiting a time which the offer, if not accepted, will be deemed to be declined, and after the expiration of such time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Company may, subject to these Statutes, dispose of the same in such manner as it thinks most beneficial to the Company. The Company may, in like manner, dispose of any such new or original shares as aforesaid, which, by reason of the proportion borne by them to the number of persons entitled to such offer as aforesaid or by reason of any other difficulty in apportioning the same cannot in the opinion of the Company by conveniently offered in manner hereinbefore provided.

6. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any shares in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by special resolution determine.

7. Subject to the provisions of section 57 of the Law, the Company may by special resolution create and sanction the issue of preference shares which are, or at the option of the Company or the holder are to be liable, to be redeemed (out of cash or other assets lawfully available for that purpose) subject to and in accordance with the provisions of the Law. The special resolution sanctioning the issue shall also make alterations to these Articles as are necessary to specify the terms on which and the manner in which the shares are to be redeemed.

8.

(A) References in these Statutes to "shares" or "ordinary shares" shall mean the ordinary shares of the Company currently in issue and unless these Statutes provide to the contrary any new ordinary shares as may be issued which shall confer upon the holders thereof the same rights and rank pari passu therewith in all respects.

(B) The rights attaching to the ordinary shares are as follows:

As to Voting:-

to receive notice of and attend and vote at all general meetings of the Company voting being on the basis of a single vote per share;

As to Income and Capital:-

Subject to the rights of holders of preference shares (if any) to receive such dividends as members or the Company may from time to time declare and on a return of capital whether on a liquidation or otherwise to receive:-

(a) the amounts paid up on such shares;

(b) any premium paid thereon; and

(c) to participate in any surplus available to the members.

No dividends and no return of capital shall be paid in respect of any ordinary shares until all redeemable preference shares (if any) have been redeemed and all sums due to holders thereof paid in full. All ordinary shares shall rank pari passu in all respects.

9. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of shares of the class) may, whether or not the Company is being wound up, be varied only (but not otherwise) in compliance with the provisions of section 59(A)(1) of the Law and article 60 of the Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European Company (SE).

10. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

11. The Company may exercise the powers of paying commissions conferred by section 52 of the Law, provided that the rate per cent of the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said section and the rate of the commission shall not exceed the rate of 10 per cent of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 10 per cent of such price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

12. Except as required by law, no person shall be recognised by the Company as holding any shares upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

13. Every person whose name is entered as a member in the register of members shall be entitled without payment to receive within two months after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares or several certificates each for one or more of his shares upon

payment of 25 cents for every certificate after the first or such less sum as the directors shall from time to time determine. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid up thereon. Provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one or several joint holders shall be sufficient delivery to all such holders.

14. If a share certificate be defaced, lost or destroyed, it may be renewed on payment of a fee of 25 cents, or such less sum and on such terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses of the Company of investigating evidence as the directors think fit.

15. The Company shall not give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding company nor shall the Company make a loan for any purpose whatsoever on the security of its shares or those of its holding company, but nothing in these Statutes shall prohibit transactions mentioned in the proviso to section 53 (1) of the Law.

16. Notwithstanding the provisions of Article 15 hereof, to the fullest extent permitted by applicable law, the Company may acquire its shares either directly or through a person acting in his own name subject to and in compliance with the applicable provisions of sections 57A through to 57F (both inclusive) of the Law.

LIEN

17. The Company shall have a first and paramount lien on every share (whether or not a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share and the Company shall also have a first and paramount lien on all shares standing registered in the name of a single person for all moneys presently payable by him or his estate to the Company; but the directors may at any time declare any share to be wholly or in part exempt from the provisions of this Statute. The Company's lien, if any, on a share shall extend to all dividends payable thereon.

18. The Company may sell, in such manner as the directors think fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen (14) days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy.

19. To give effect to any such sale the directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

20. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

21. The directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, and each member shall (subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified, the amount called on his shares. A call may be revoked or postponed as the directors may determine.

22. A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed, and may be required to be paid by installments.

23. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

24. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment, at such rate not exceeding 8 per cent per annum as the directors may determine, but the directors shall be at liberty to waive payment of such interest wholly or in part.

25. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Statutes be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Statutes as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

26. The directors may, if they think fit, receive from any holder willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him and upon all or any of the moneys so advanced may (until the same would, but for such advance, become payable) pay interest at such rate not exceeding (unless the Company in general meeting shall otherwise direct) 5 per cent per annum, as may be agreed upon between the directors and the member paying such sum in advance.

TRANSFER OF SHARES

27. The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof.

28. Subject to such of the restrictions of these Statutes as may be applicable, any member may transfer all or any of his shares by instrument in writing in any usual or common form or any other form which the directors may approve.

29. The directors may decline to register any transfer of any share which would otherwise be permitted hereunder if it is a transfer of a share on which the Company has a lien;

The directors may also decline to recognise any instrument of transfer unless: -

(a) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer; and

(b) the instrument of transfer is in respect of only one class of share.

30. If the directors refuse to register an instrument of transfer of a share, they shall within thirty (30) days after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

31. Notwithstanding any other provision of these Statutes, in the event the shares, titles or securities of the Company are being traded in a foreign market, it shall be lawful for the Company to register the transfer of shares or debentures of the Company, even if no proper instrument of transfer has been delivered to the Company, provided the transfer was made in accordance with the law or regulations governing the operation of the relevant market.

32. The registration of transfers may be suspended at such times and for such periods as the directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year.

33. The Company shall be entitled to charge a fee not exceeding 25 cents on the registration of every probate, letters of administration, certificates of death or marriage, power of attorney, or other instrument.

TRANSMISSION OF SHARES

34. In case of the death of a member, the survivor or survivors, where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased

joint holder from any liability in respect of any share which had been jointly held by him with other persons.

35. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced, as may from time to time properly be required by the directors, and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that member before his death or bankruptcy, as the case may be.

36. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Statutes relating to the right to transfer and the registration of transfer as aforesaid shall apply as if the death or bankruptcy of the member had not occurred and the notice of transfer was a transfer signed by that member.

37. A person becoming entitled to a share in consequence of the merger or consolidation of any member being a corporation may, upon such evidence being produced as the directors may properly require, elect either to become the holder of the share or to have some person nominated by him registered as the transferee. If he elects to become the holder, he shall give notice to the Company to that effect. If he elects to have another person registered, he shall execute an instrument of transfer of the share to that person.

38. A person becoming entitled to a share by reason of the death or bankruptcy of a member shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided always that the directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety (90) days the directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

39. A person becoming entitled to a share in consequence of the merger or consolidation of any member being a corporation shall have the rights to which he would be entitled if he were the holder of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to attend or vote at any meeting of the Company or at any separate meeting of the holders of any class of shares in the Company.

FORFEITURE OF SHARES

40. If a member fails to pay any call or installment of a call on the day appointed for payment thereof, the directors may at any time thereafter during such times as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

41. The notice shall name a further day (not earlier than the expiration of fourteen (14) days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non- payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

42. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the directors to that effect.

43. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the directors think fit.

44. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.

45. A statutory declaration in writing that the declarant is a director or the secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof, and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

46. The provisions of these Statutes as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

CONVERSION OF SHARES INTO STOCK

47. The Company may by ordinary resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination.

48. The holders of stock may transfer the same, or any part thereof, in the same manner, and subject to the same regulations, as and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit; and the directors may, from time to time, fix the minimum amount of stock transferable but so that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

49. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

50. Such of the Statutes of the Company as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

ALTERATION OF CAPITAL

51. Subject to the provisions of these Statutes and the Law, the Company may, from time to time, by ordinary resolution by the general meeting increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

52. The Company may by ordinary resolution (subject to the provisions of these Statutes and the Law):-

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) subdivide its existing shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association, subject, nevertheless, to the provisions of section 60 (1) (d) of the Law;

(c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

53. The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required, by the Law and these Statutes.

GENERAL MEETINGS

54. The Company shall hold a general meeting at least once every calendar year, subject to the provisions of the Law and the Rules, within six (6) months of the end of its financial year, as its annual general meeting in addition to any other meetings in that year, and shall

specify the meeting as such in the notices calling it; and not more than fifteen (15) months shall elapse between the date of one annual general meeting of the Company and that of the next. Provided that so long as the Company holds its first annual general meeting within eighteen months of its incorporation, it needs not to hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place as the directors shall appoint. Where the Company is admitted to trading on a regulated market the Company shall place the date of its next annual general meeting on its website from the end of its previous financial year or not later than 45 days before the annual general meeting, whichever is the sooner.

55. All general meetings other than annual general meetings shall be called extraordinary general meetings.

56. The directors may, whenever they think fit, convene an extraordinary general meeting, and an extraordinary general meeting shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by section 126 of the Law. If at any time there are not sufficient directors within Cyprus who are capable of acting to form a quorum, any director or any two members of the Company may convene an extraordinary general meeting, in the same manner as nearly as possible as that in which meetings may be convened by the directors. General meetings shall be held wherever the directors consider appropriate within or outside Cyprus.

57. Any Member of the Company holding at the date of the deposit of a relevant requisition not less than one-twentieth of such of the subscribed capital of the Company carrying not less than one-twentieth of all voting rights at general meetings of the Company shall be entitled to require that one or more additional items be put on the agenda of any general meeting.

NOTICE OF GENERAL MEETINGS

58. In the case of an annual general meeting or of a meeting convened to pass a special resolution or in any other case at least 21 days' notice must be given (exclusive in each case of the day on which the notice is served or deemed to be served and the day for which the notice is given). Where the Company is admitted to trading on a regulated market the notice shall comply in all respects with the mandatory requirements of section 127A(3) of the Law and shall be published on the website of the Company no later than 21 days (in the case of an annual general meeting or a meeting convened for the passing of a special resolution or in any other case) before the meeting to which it relates together with all other documents so required by the Law to be similarly published absent publication for technical reasons. Without prejudice to the preceding sentence, the notice shall specify the place, the day and the hour of meeting (and in the case of an annual general meeting shall specify the meeting as such) and state with reasonable prominence that a member entitled to attend and vote is entitled to appoint a proxy, who need not also be a member, to attend and vote instead of him. In the case of special business, the notice must specify the general nature of that business and in the case of a meeting convened for passing a special or extraordinary resolution, the intention to propose a special or extraordinary resolution as the case may be. The notice shall be given, in manner

hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting to such persons as are, under these Statutes, entitled to receive such notices from the Company;

Provided that a meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in this Statute, be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; and

(b) in the case of any other meeting, by majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.

59. The accidental omission to give notice of a meeting to, or the non-receipt of notice of meeting by, any person entitled to receive notice, shall not invalidate the proceedings at that meeting.

60. All general meetings of the Company shall be conducted in English, and all notices and relevant materials shall be prepared with an English translation (if not in English). The minutes of each general meeting shall be prepared in English.

PROCEEDINGS AT GENERAL MEETINGS

61. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the financial statements and the reports, of the directors and auditors, the election of directors in the place of those retiring and the appointment of, and the fixing of the remuneration of, the auditors.

62. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, members present in person or by proxy representing 5% of the voting share capital of the Company in issue shall be a quorum. Where the Company is admitted for trading on a regulated market the Company may by decision of the administrative organ permit participation at general meetings via electronic means, including a mechanism for casting votes either before or during the general meeting, to the extent permissible but otherwise subject only to such conditions and restrictions prescribed under the Law.

63. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

64. The directors present shall elect one of their number to be chairman of the general meeting.

65. If at any meeting no director is willing to act as chairman or if no director is present within fifteen (15) minutes after the time appointed for holding the meeting the members present shall choose one of their number to be chairman of the meeting.

66. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

67. Subject to Statute 62 hereof, any general meeting, a resolution put to the vote of the meeting, shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:-

(a) by the chairman; or

(b) by at least two members present in person or by proxy; or

(c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(d) by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may be withdrawn.

68. Except as provided in Statute 71, if a poll is duly demanded, it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

69. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall not be entitled to a second or casting vote.

70. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

VOTES OF MEMBERS

71. Subject to any rights or restrictions, for the time being attached to any class or classes of shares, on a show of hands every member, who (being an individual) is present in person or (being a corporation) is present by a representative not being himself a member, shall have one vote, and on a poll every member who is present in person or by proxy shall have one vote for each share of which he is the holder. In the event of the Company being admitted to trading on a regulated market the Company may, notwithstanding any other provision of these Statutes, by decision of the administrative organ provide for electronic voting or voting by correspondence. In such case the notice convening the general meeting shall set out the procedure to be followed, including in the case of voting by correspondence the specified date and time by which the Company must receive a vote given by correspondence, provided that such specified date and time shall not be more than 24 hours before the time that the voting shall end.

72. In the case of joint holders of shares the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

73. A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by the administrator of his property, his committee, receiver, curator bonis, or other person in the nature of an administrator, committee, receiver or curator bonis appointed by the Court having jurisdiction, and any such administrator, committee, receiver, curator bonis or other person may, on a poll, vote by proxy.

74. No member shall be entitled to vote at any general meeting either personally or by proxy, or to exercise any privilege as a member, unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

75. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection, made in due time, shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

76. On a poll, votes may be given either personally or by proxy.

77. On a poll, the votes cast shall not include votes attaching to shares in respect of which the member has not taken part, either personally or by proxy, in the vote or has abstained or has returned a blank or spoilt ballot paper.

78. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under seal, or under the hand of an officer or attorney duly authorised. A proxy need not be a member of the Company.

79. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company or at such other place within Cyprus, as is specified for that purpose in the notice convening the meeting, at any time before the time for holding the meeting or adjourned meeting, at which the person named in the instrument proposes to vote, or, in the case of a poll, at any time before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid. In the event of the Company being admitted to trading on a regulated market the notice of general meeting (referred to in Statute 58 hereof) shall specify to what extent the Company is willing to accept electronic notice of the appointment of proxy holders. Where the Company has specified it is willing to accept electronic notice of the appointment of a proxy holder, a member may appoint a proxy by electronic means at the address provided for by the Company.

80. An instrument appointing a proxy shall be in common form or form which the Directors approve. A proxy shall act in accordance with the given instructions of the member by whom such proxy was appointed as set forth in the instrument of proxy. A member may not appoint more than one proxy to be present and vote on any one general meeting, except that where the Company is admitted to trading on a regulated market (i) a member acting in the course of a business on behalf of a client may appoint a proxy for each of his clients or appoint as proxy any third party designated by a client and (ii) a member may appoint more than one proxy in relation to shares held in more than one securities' accounts.

81. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

82. Proxies need not be witnessed. The proxy shall, unless it states the contrary, be valid for an adjournment of the meeting as well as the meeting to which it relates.

83. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed or the transfer of share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid, shall have been received by the Company at the office before the commencement of the meeting or adjourned meeting at which the proxy is used.

84. Subject to the provisions of the Law, a resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held. Any such resolution may consist of several documents in the like form, each signed by one or more of the members or their attorneys, and signature in the case of a corporate body which is a member shall be sufficient if made by a director or other authorised officer thereof or its duly appointed attorney.

CORPORATION ACTING BY REPRESENTATIVES AT MEETINGS

85. Any corporation which is a member of the Company may, by resolution of its directors or other governing body, authorise such persons as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents, as that corporation could exercise if it were an individual member of the Company.

DIRECTORS

86. Unless and until otherwise determined by the members by ordinary resolution, the number of Directors (other than alternate Directors) shall be a minimum of three , of which at least two shall be Independent Directors and there shall be no maximum number of Directors.

87. Only Independent Directors shall be entitled to remuneration which shall, from time to time, be determined by the Company in general meeting. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Company or in connection with the business of the Company.

88. The shareholding qualification for directors may be fixed by the Company in general meeting, and unless and until so fixed, no qualification shall be required.

89. A director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as a shareholder or otherwise, and no such director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs.

BORROWING POWERS

90. The directors may exercise all the powers of the Company to borrow money, and to charge or mortgage its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

POWERS AND DUTIES OF DIRECTORS

91. The Company shall operate under a one-tier system as prescribed by the Rules. Subject to the provisions of the Rules, the Law and the Statutes, the business of the Company shall be managed by the directors who may exercise all the powers of the Company.

92. The business of the Company shall be managed by the directors, who may pay all expenses incurred in promoting and registering the Company, and may exercise all such powers as are not, by the Law, the Rules or by these Statues, required to be exercised by the Company in general meeting, but subject, nevertheless to any provisions of Law, the Rules or by these Statues, and also subject to such regulations, which are not inconsistent with those regulations or provisions, as may be prescribed by the Company in general meeting; but no regulation made by the Company in general meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.

93. The directors shall be under a duty, even after they have ceased to hold office, not to divulge any information which they have concerning the Company the disclosure of which might be prejudicial to the Company's interests, except where such disclosure is required or permitted under law or is in the public interest.

94. The directors may, from time to time, and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Statutes) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him. Notwithstanding the generality of the foregoing, any of the below transactions shall require the prior express authorization the administrative organ: a) the acquisition or disposal of real (immovable) property in Cyprus; and b) the disposal of real (immovable) property in Cyprus

95. The Company may exercise the powers conferred by section 36 of the Law with regard to having an official seal for use abroad, and such powers shall be vested in the directors.

96. The Company may exercise the powers conferred upon the Company by sections 114 to 117 (both inclusive) of the Law with regard to the keeping of a branch register of members ("flag out register"), and the directors. may (subject to the provisions of those sections) make and vary such regulations as they may think fit respecting the keeping of any such register.

97. (A) A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company, shall declare the nature of his interest at a meeting of the administrative organ in accordance with section 191 of the Law.

(B) A Director shall not vote at a meeting of the administrative organ or a committee of the administrative organ (nor be counted in the quorum) on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the Company's interests unless his interest or duty arises only because the case falls within one or more of the permitted interests set out as follows:

(a) the resolution relates to the giving to him of a guarantee, security, or indemnity in respect of money lent to, or an obligation incurred by him for the Company's benefit or the benefit of any of its subsidiaries;

(b) the resolution relates to the giving to a third party of a guarantee, security, or indemnity in respect of an obligation of the Company or any of its subsidiaries for which the director has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security; and

(c) his interest arises by virtue of his subscribing or agreeing to subscribe for any shares, debentures or other of the Company's securities, or by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any such shares, debentures, or other securities by the Company or any of its subsidiaries for subscription, purchase or exchange.

(C) A director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the directors may determine, and no director or intending director shall be disqualified by his office by contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any director is any way interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relation thereby established.

(D) Any director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a director or his firm to act as auditor to the Company.

98. All cheques, promissory notes, drafts, bills of exchange, and other negotiable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the directors shall from time to time determine.

99. The directors shall cause minutes to be made in books provided for the purpose:-

(a) of all appointments of officers made by the directors and of any remuneration fixed by the directors;

(b) of the names of the directors present at each meeting of the administrative organ and of any committee of the directors;

(c) of all resolutions and proceedings at all meetings of the Company, and of the directors, and of committees of directors.

Any such minutes as aforesaid, if purporting to be signed by the chairman of the meeting or by the chairman of the next succeeding meeting of the Company, or class of members of the Company, or of the directors or of a committee of directors (as the case may be), shall be sufficient evidence without any further proof of the facts therein stated.

DISQUALIFICATIONS OF DIRECTORS

100. The office of a director shall be vacated if the director:-

(a) ceases to be a director by virtue of section 176 of the Law; or

(b) becomes bankrupt or makes any arrangement or composition with his creditors generally; or

(c) becomes prohibited from being a director by reason of any order made under section 180 of the Law; or

(d) becomes of unsound mind; or

(e) resigns his office by notice in writing to the Company.

APPOINTMENT OF ADDITIONAL DIRECTORS AND REMOVALS OF DIRECTORS

101. The first directors - members of the administrative organ shall be appointed by and upon the adoption of these Statutes and shall be:

Berge Gerdt Larsen

Erik Johan Frydenbø

Unni Fossberg Tefre

Sjur Storaas

102. Only members shall be entitled to remove a Director from office. Without prejudice to the provisions of Statute 103, the Company may at any time remove a director by special resolution.

103. The Company may, by ordinary resolution, of which special notice has been given in accordance with section 136 of the law, remove any director before the expiration of his period of office, notwithstanding anything in these Statutes or in any agreement or in any agreement between the Company and such director. Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him and the Company.

104. Only members shall be entitled to appoint a director to office. At any time, and from time to time, the Company may by ordinary resolution, appoint any person as director and (subject to the next following sentence) determine the period for which such person is to hold office. In any event any director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

PROCEEDINGS OF DIRECTORS

105. The directors may meet together for the dispatch of business, adjourn, and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. The directors shall meet at least once every three (3) months to discuss the progress and foreseeable development of the Company. Questions arising at any meeting shall be decided by the majority of votes of the directors present at such meeting.The chairman of the meeting shall not be entitled to a casting vote in addition to any other vote he may have. A director may, and the secretary on the requisition of a director shall, at any time, summon a meeting of the directors. Unless otherwise agreed, at least five (5) business days' notice of each meeting of the administrative organ must be given, and may be given in writing or by telephone (if followed by written notice). A notice must be accompanied by an agenda and a board paper setting out in such reasonable details as may be practicable in the circumstances the subject matter of the meeting. All meetings of the administrative organ and all committee meetings shall take place in Cyprus unless the administrative organ or the directors participating in a committee meeting decide otherwise for any particular meeting. Any director or a member of a committee of the directors-administrative organ may participate in a meeting of the administrative organ or such committee by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting. Such a meeting shall be deemed to take place where it is convened to be held or where the chairman of the meeting is. The word "meeting" in these Statutes shall be construed accordingly.

106. Each director is entitled to require the administrative organ to provide to him all information submitted to the administrative organ.

107. The quorum necessary for the transaction of the business of the directors may be fixed by the directors and unless so fixed shall be at least 50% of the directors or their alternates, including at least one Independent Director. If within half an hour from the time appointed for a meeting of the directors a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the directors present may determine, and the quorum required for the transaction of the business of the directors at any such adjourned meeting shall be as established in accordance with this Statute except that it shall not include any minimum number of Independent Directors.

108. The continuing directors or sole continuing director may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to these Statutes as the necessary quorum of directors, the continuing directors or director may act for the purpose of summoning a general meeting of the Company, but not for any other purpose.

109. The directors shall elect a chairman of the administrative organ and determine the period for which he is to hold office; but if there is no director holding such office, or if at any meeting the chairman is not present within five (5) minutes after the time appointed for holding the same, the directors present may choose one of their number to be chairman of the meeting.

110. The directors may delegate any of their powers to a committee or committees, including but not limited to the Audit Committee, consisting of such member or member of their body as they think fit; any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the directors, as to its powers, constitution, proceedings, quorum or otherwise.

111. The duties of the Audit Committee shall include a proposal to the administrative organ as regards the appointment, termination and remuneration of the Company's auditors and keeping under continuous review the scope and results of the audit and its cost-effectiveness and the independence and objectivity of the auditors. Without prejudice to the above, the Audit Committee shall be allocated such additional duties as shall be mandatory (if any) for performance by the Audit Committee under and in accordance with the laws of Cyprus and the Norwegian Code of Practice for Corporate Governance.

112. The Company shall have a nomination committee. The committee shall present to the general meeting a proposal for candidates to be elected as directors. The committee shall also propose to the general meeting the directors' remuneration.

113. The nomination committee shall consist of three members. The members of the nomination committee shall be elected by the general meeting. The committee shall be independent of the administrative organ and the management of the company. The general meeting shall set the committee members' remuneration. The general meeting may adopt instructions for the nomination committee. The costs of the nomination committee shall be covered by the company.

114. A committee may elect a chairman of its meetings who in any event shall be an Independent Director; if no such chairman is elected, or if, at any meeting, the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.

115. Subject to any regulations imposed on it by the administrative organ, a committee may meet and adjourn as it thinks proper and questions arising at any meeting shall be determined by a majority of votes of the directors present.

116. All acts done by any meeting of the directors or of a committee of the directors or by any person acting as a director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a director.

117. A resolution in writing signed or approved by letter, facsimile or e-mail by each director or his alternate shall be as valid and effectual as if it had been passed at a meeting of the administrative organ-directors duly convened and held and when signed may consist of several documents each signed by one or more of the persons aforesaid.

ALTERNATE DIRECTORS

118. (a) Each director shall have power, from time to time, to nominate another director or any other person who is approved by the administrative organ to be an alternate director, to act as his alternate director and at his discretion to remove such alternate director.

(b) An alternate director shall (except as regards power to appoint an alternate director and remuneration) be subject in all respects to the terms and conditions existing with reference to the other directors, and shall be entitled to receive notice of all meetings of directors and to attend, speak and vote at any such meeting at which his appointor is not present and generally to perform all the functions and exercise all the powers of his appointor as a director in the absence of the appointor.

(c) One person may act as alternate director to more than one director and while he is so acting, shall be entitled to a separate vote for each director he is representing and, if he is himself a director, his vote or votes as an alternate director shall be in addition to his own vote, and, where the quorum exceeds two, he shall be considered as two directors for the purpose of making a quorum.

(d) Any appointment or removal of an alternate director may be made in writing (including by facsimile) delivered to the registered office of the Company or at a duly convened and held meeting of the administrative organ. Any appointment or removal shall be confirmed, as soon as possible, by letter, but may be acted upon by the Company meanwhile.

(e) If a director making any such appointment, as aforesaid, shall cease to be a director otherwise than by reason of vacating his office at a meeting of the Company at which he is re-elected, the person appointed by him shall thereupon cease to have any power or authority to act as an alternate director.

(f) A director shall not be liable for the acts and defaults of any alternate director appointed by him.

MANAGING DIRECTOR

119. The directors may, from time to time appoint one or more of their body to the office of managing director, for such period and on such terms, as they think fit, and subject to the terms of any agreement entered into in any particular case, may revoke such appointment. A director so appointed shall not, whilst holding that office, be subject to retirement by rotation or be taken into account in determining the rotation of retirement of directors, but his appointment shall be automatically determined if he ceases, from any cause, to be a director..

120. A managing director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another), as the directors may determine.

121. Subject to the provisions of Statue 94, the directors may entrust and confer upon a managing director any of the powers exercisable by them, upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or the exclusion of their own powers, and may, from time to time revoke, withdraw, alter or vary all or any of such powers.

SECRETARY

122. The Secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

123. The directors may appoint an assistant Secretary or assistant Secretaries and temporary substitutes for the Secretary.

THE SEAL

124. The directors shall provide for the safe custody of the seal, which shall only be used by the authority of the directors or of a committee of the directors authorised by the directors in that behalf, and every instrument to which the seal shall be affixed shall be signed by a director and shall be countersigned by the secretary or by a second director or by some other person appointed by the directors for the purpose.

DIVIDENDS AND RESERVE

125. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the directors.

126. The directors may, from time to time, pay to the members such interim dividends as appear to the directors to be justified by the profits of the Company.

127. No dividend shall be paid otherwise than out of profits. This is without prejudice to the Company's right to make capital returns with the approval of the court.

128. The directors may, before recommending any dividend, set aside out of the profit of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the directors, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the directors may from time to time, think fit. The directors may also, without placing the same to the reserve, carry forward any profits which they may think prudent not to divide.

129. Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares (excluding premium) in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Statute as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

130. If from time to time it shall be found necessary or desirable for the Company to revalue all or any of its property or assets (including its shares in its subsidiary companies), the Company shall have power to do so, and any profits arising on or from such revaluation shall be dealt with as profits available for the payment of dividends or payment of the capital and any premium on bonus shares unless such payments shall be prohibited under applicable law or applicable accountancy standards.

131. The directors may deduct from any dividend payable to any member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

132. Any general meeting declaring a dividend or bonus, may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid up shares (whether issued at par or at premium), debentures or debenture stock of any other company or in any one or more of such ways, and the directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the directors may settle the same as they think expedient, and in particular, may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may

determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the directors.

133. Any dividend interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of one of the joint holders who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses or other moneys payable in respect of the shares held by them as joint holders..

134. No dividend shall bear interest against the Company.

FINANCIAL STATEMENTS

135. The administrative organ shall cause the observance of section 141 of the Law in respect of the keeping of proper books of account.

136. The books of account shall be kept at the registered office of the Company, or subject to section 141 (3) of the Law, at such other place or places as the directors think fit, and shall always be open to the inspection of the directors.

137. The directors shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company or any of them, shall be open to the inspection of the members not being directors, and no member (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by statutory enactments or the Rules or authorised by the directors or by the Company in general meeting.

138. The administrative organ shall cause the documents specified in section 152 of the Law to be prepared and to be laid before the Company in general meetings within the time frame set by the Law and the Rules.

139. Without prejudice to section 127A(4) of the Law where applicable, copies of the documents referred to in section 152(1) of the Law shall, not less than twenty-one days before the date of the meeting, be available to be sent to every member and every holder of debentures, of the Company and to every person registered under Statute 35 hereof.

CAPITALISATION OF PROFITS

140. The Company in general meeting may upon the recommendation of the directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss

account or otherwise available for distribution and accordingly that such sum be set free for distribution, amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion, on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full (whether at par or at a premium) unissued shares or debentures of the Company to be allotted, and distributed credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in the one way and partly in the other, and the directors shall give effect to such resolution.

Provided that a share premium account and a capital redemption reserve fund may, for the purposes of this Statute, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares whether at par or at a premium.

141. Whenever such a resolution, as aforesaid, shall have been passed the directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the directors to make such provisions by the issue of fractional certificates or by payment in cash or otherwise, as they think fit, for the case of shares or debentures becoming distributable in fractions and also to authorise any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization, or (as the case may require) for the payment up by the Company, on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.

AUDIT

142. Auditors shall be appointed and their duties regulated in accordance with sections 153 to 156 (both inclusive) of the Law.

NOTICES

143. Any notice required by these Statutes to be given by Company may be given by any visible form on paper, including facsimile and electronic mail. A notice communicated by immediate transmission shall be deemed to be given at the time it is transmitted to the person to whom it is addressed. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting at the expiration of 24 hours after the letter containing the same is posted, and in any other case, at the time at which the letter would be delivered in the ordinary course of post.

144. A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the register of members in respect of the share.

145. (A) Notice of every general meeting shall be given in any manner hereinbefore authorised to:

(a) every member (at the postal address, facsimile number or e-mail address supplied by the member to the Company);

(b) every person upon whom the ownership of a share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a member where the member but his death or bankruptcy would be entitled to receive notice of the meeting;

(c) the auditor for the time being of the Company; and

(d) any other person entitled by Law to receive notices of general meetings.

WINDING UP

146. If the Company shall be wound up the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Law, divide amongst the members in specie or kind, the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid, and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees, upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

147. Every director or other officer for the time being of the Company, shall be indemnified out of the assets of the Company against any damage or liability which he may sustain or incur in or about the execution of his duties including liability incurred by him in defending any proceeding whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 383 of the Law in which relief is granted to him by the Court; and no director or other officer of the Company shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Statute shall only have effect in so far as its provisions are not avoided by section 197 of the Law.

PETROLIA ASA

ARTICLES OF ASSOCIATION

(As of 2nd September 2011)

§ 1

The name of the Company is Petrolia ASA. The Company is a public limited liability company.

§ 2

The registered office of the Company is in Oslo.

§ 3

The object of the Company is to carry out petroleum, shipping, offshore, transport, trade, industrial and financing activity and other related activities, and to participate as a shareholder or in other ways in other enterprises.

§ 4

The share capital is NOK 6.683.138,52 divided on 167.078.463 shares of NOK 0,04 each. The shares of the Company are registered with Verdipapirsentralen (the Norwegian Central Securities Depository).

§ 5

The Board of Directors of the Company consists of 3 to 5 directors. The Company is bound by the signature of the Chairman of the Board or by the joint signatures of two directors of the Board.

§ 6

The following issues will be considered and decided by the Annual General meeting :

a. Adoption of the profit and loss statement and balance sheet, including application of the profit for the year or coverage of the loss for the year.

b. Adoption of the consolidated profit and loss statement and balance sheet.

c. Election of directors of the Board of Directors.

d. Other issues which pursuant to law or the Articles of Association are to be decided by the Annual General Meeting.

Documents that shall be considered at the general meeting may be published on the Company's website. The same applies to documents that due to statutory requirements must be attached to or included in the calling notice to the general meeting. If the documents are published in such manner, the statutory requirements for distribution to the shareholders shall not apply. A shareholder may still request to get sent documents that shall be considered by the general meeting.

§ 7

The Company shall have a nomination committee. The committee shall present to the general meeting a proposal for candidates to be elected as members of the Board. The committee shall also propose to the general meeting the board members' remuneration.

The nomination committee shall consist of three members. The members of the nomination committee shall be elected by the company's general meeting. The committee shall be independent of the Board and the management of the Company. The general meeting shall set the committee members' remuneration. The general meeting may adopt instructions for the nomination committee. The costs of the nomination committee shall be covered by the Company.

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Appendix 2: Merger plan between Petrolia ASA and Petrolia E&P Holdings Plc.

PETROLIA ASA

AND

PETROLIA E&P HOLDINGS PLC

MERGER PLAN
COMMON DRAFT TERMS OF CROSS-BORDER MERGER

The boards of directors of:

1. Petrolia E&P Holdings PLC, a public company limited by shares duly established and incorporated under the laws of the Republic of Cyprus with registration number 291883, with its registered office at 27 Spyrou Kyprianou, ERNST & YOUNG HOUSE, 4001 Limassol, Republic of Cyprus (the "**Surviving Company**"), and

2. Petrolia ASA, a public limited company registered under the laws of Norway with registration number: 977 321 484, having its head office in the municipality of Oslo and registered address: Haakon VIIs gate 1, 0116 Oslo, Norway, (the "**Transferring Company**"),

collectively referred to as the "**Merging Companies**",

have prepared this merger plan (the "**Merger Plan**") pursuant to section 13-26 of the Norwegian public limited company act (the "**NPLCA**"), the Norwegian SE act section 5, article 201Γ(1) of the Cyprus Companies Law Cap 113 and article 20 of the Council Regulation (EC) No 2157/2001 on the Statute for a European company (SE):

WHEREAS it is the intention of the Transferring Company and the Surviving Company to consummate a cross-border merger in order to restructure the Petrolia Group and optimize its operations by transferring the Petrolia group's headquarters from Norway to Cyprus (the "**Merger**");

WHEREAS it is the intention of Transferring Company and the Surviving Company that on the Effective Date and in accordance with Article 201A(1)(a)(i) of Companies Law, Cap. 113, section 13-17 cf. section 13-33 of the NPLCA, Articles 2(1) and 17(2)(a) of Council Regulation (EC) No 2157/2001 on the Statute for a European company (SE), as amended:

a) The Transferring Company shall merge with the Surviving Company;

b) The Transferring Company shall be wound up without going into liquidation and transfer all of its assets and liabilities to the Surviving Company; and

c) The Surviving Company will issue new shares to the shareholders of the Transferring Company commensurate with the economic value of their shares in the Transferring Company and their contribution to the Surviving Company; and

d) The Surviving Company shall adopt the legal form of a Societas Europaea-European Public Company registered in the Republic of Cyprus, in accordance with the relevant provisions of the EU and Cypriot law.

1 DEFINITION OF TERMS

1.1 For the purposes of this Merger Plan, the following terms shall have the meaning set out below, unless the context suggests otherwise:

"Cyprus Companies Law"	shall mean the Companies Law, Cap. 113 of the Republic of Cyprus;
"Concerned Subsidiaries"	shall mean the subsidiaries of the Transferring Company or

	the Surviving Company in the EU member states and EEA members states that become subsidiaries of Petrolia E&P Holdings SE upon its formation;
"Cypriot law"	shall mean the laws of the Republic of Cyprus;
"Cypriot Law No. 277(I)/2004"	shall mean the Cypriot Law No. 277(I)/2004, transposing into Cypriot law the provisions of the EU Council Directive 2001/86/EC of 8 October 2001 supplementing the Statute for a European company with regard to the involvement of employees;
"Norwegian laws"	shall mean the laws of the Kingdom of Norway;
"Norwegian SE Act"	shall mean the law 01.04.2005 no 14, the SE act;
"NPLCA"	shall mean the law 13.06.1997 no 45, the Public limited company act;
"Effective Date"	shall mean the day as of which the Merger and the simultaneous formation of the SE are entered into the Cypriot Register of Companies (in compliance with the SE Regulation) and thus the date on which the Merger becomes effective, pursuant to Article 27 of the SE Regulation;
"Employees"	shall mean the employees of the Merging Companies and of the Concerned Subsidiaries;
"EU law"	shall mean the regulations, directives and statutes of the European Union, including SE Regulation;
"Petrolia E&P Holdings SE"	shall mean the Surviving Company, immediately following the transformation of its legal status from a Cypriot public limited liability company into a Cypriot registered SE by the registration of the Surviving Company as an SE in the Cypriot Register of Companies; with such transformation of legal form taking place on the Effective Date;
"Merger"	Shall mean the cross-border merger of the Transferring Company with and into the Surviving Company through a merger by acquisition under Article 17(2)(a) of SE Regulation;
"Merging Companies"	shall mean the Transferring Company and the Surviving Company;
"Merger Plan"	shall mean this merger plan containing the common draft terms of the Merger;

"Norwegian Tax Law"	shall mean law 26.03.1999 no 14, the Act on tax on wealth and income.
"Rig Merger"	shall mean the merger of Petrolia Rigs II AS with IO&R AS in accordance with the provisions of the NPLCA, to be completed at a date prior to the Effective Date;;
"SE"	shall mean "*Societas Europaea*", which is a European company established under the SE Regulation;
"SE Regulation"	shall mean the Council Regulation (EC) No 2157/2001 dated October 8, 2001, on the Statute for a European Company (SE), as amended;

Unless stated otherwise, references to articles are references to the Articles of this Merger Plan.

1.2 The article headings in this Merger Plan are for ease of orientation only and have no impact on the interpretation hereof.

1.3 For the purpose of this Merger Plan, "subsidiary" of a company means an undertaking over which that company exercises a dominant influence defined in accordance with Article 5 of the Cypriot Law 68 (I)/2002 transposing into Cypriot law the provisions of Article 3(2) to (7) of Directive 94/45/EC on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees.

1.4 References to the word "include" or "including" (or any similar term) are not to be construed as implying any limitation, and general words introduced by the word "other" (or any similar term) shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things.

2 MERGER

2.1 Subject to the terms and conditions stipulated in Merger Plan and in compliance with Cypriot law, Norwegian law and EU law, and in particular, Section 201A(1)(a)(ii) of Companies Law, Cap. 113, section 13-17 cf. section 13-33 of the NPLCA and Articles 2(1), 17(2)(a), and 29(1) of the SE Regulation, the Surviving Company shall acquire all of the assets and liabilities of the Transferring Company.

2.2 The Merger shall take effect as of the Effective Date, in accordance with Article 27(1) of the SE Regulation.

2.3 As at the Effective Date:

a) The Transferring Company shall be dissolved without going into liquidation, and the entirety of its assets and liabilities shall be acquired by and transferred to the Surviving Company in accordance with Article 29(1)(a) and (c) of the SE Regulation;

b) The Surviving Company shall adopt the legal form of an SE in accordance with Article 29(1)(d) of the SE Regulation, following the registration of the Surviving Company as an SE in the Cypriot Register of Companies in accordance with Article 12(1) of the SE Regulation, and its legal standing shall thereafter be governed pursuant to Article 9(1) of the SE Regulation by the SE Regulation, its own Memorandum and Articles of Association (Statutes), and the applicable Cypriot law;

c) The shareholders of the Transferring Company shall become shareholders of the Surviving Company in accordance with Article 29(1)(b) of the SE Regulation and all issued and outstanding shares of the Transferring Company shall cease to exist.

3 NAME, LEGAL FORM, SEAT, REGISTERED OFFICE

3.1 The business names, legal forms, official seats and registered (and head) offices of the Merging Companies are listed above.

3.2 As of the Effective Date:-

a) The business name of the Surviving Company shall change to Petrolia E&P Holdings SE;
b) The registered office of the Surviving Company shall be at 27 Spyrou Kyprianou, ERNST & YOUNG HOUSE, 4001 Limassol, Republic of Cyprus;

4 EXCHANGE RATIO

4.1 The share capital of the Surviving Company shall be increased in consideration of the assets and liabilities of the Transferring Company contributed to the Surviving Company by the issuance of new shares to be allotted to the shareholders of the Transferring Company.

(i) The exchange ratio has been calculated based upon the fair market value of the Merging Companies, which for these purposes is understood to be the price of the Transferring Company's shares on the Oslo Stock Exchange as per the date of this merger Plan, and the book equity value of the Surviving Company.

4.2

a) In the event the Rig Merger is completed before the Effective Date:

(ii) The value of the Transferring Company and consequently the value of the contribution to the Surviving Company for the purposes of this Merger Plan is NOK 160,101,585 (USD 27,200,867 based on an exchange rate of 5.8859 per 28 November 2011), which has been valued according to its reasonable value, which for these purposes is understood to be the fair market value based on the price of the

Transferring Company's shares on the Oslo Stock Exchange as per the date of this Merger Plan, and the book equity value of the Surviving Company.

(iii) As a consequence of the above, in exchange for all issued and paid up shares in the capital of the Transferring Company, consisting of 302,078,453 shares with a nominal value of NOK 0.04 each, following the completion of the Rig Merger, the Surviving Company will increase its authorised capital and will issue and allot to the shareholders of the Transferring Company, following the completion of the Rig Merger, 27,200,867 shares in the capital of the Surviving Company with a nominal value of USD 1 each, the exchange ratio between the shares of the Transferring Company and the shares of the Surviving Company thus being 0.090045702, or approximately 1 new share in the capital of the Surviving Company for 11 shares in the Transferring Company.

b) In the event the Rig Merger is not completed before the Effective Date:

(iv) The value of the Transferring Company and consequently the value of the contribution to the Surviving Company for the purposes of this Merger Plan is NOK 88,551,585 (USD 15,44,698 based on an exchange rate of 5.8859 per 28 November 2011), which has been valued according to its reasonable value, which for these purposes is understood to be the fair market value based on the price of the Transferring Company's shares on the Oslo Stock Exchange as per the date of this Merger Plan 2011 and the book equity value of the Surviving Company.

(i) As a consequence of the above, in exchange for all issued and paid up shares in the capital of the Transferring Company, consisting of 167,078,463 shares with a nominal value of NOK 0.04 each, the Surviving Company will increase its authorised capital and will issue and allot to the shareholders of the Transferring Company, 15,044,698 shares in the capital of the Surviving Company with a nominal value of USD 1 each, the exchange ratio between the shares of the Transferring Company and the shares of the Surviving Company thus being 0.090045702 or approximately 1 new share in the capital of the Surviving Company for 11 shares in the Transferring Company.

4.3 No fractional shares will be issued. Instead, any fractional shares will be compiled into whole shares sold. The net revenue from such sale will be allocated proportionally to the holders of fractional shares.

5 TERMS OF ISSUE AND ALLOTMENT OF SHARES IN THE ACQUIRING COMPANY TO THE SHAREHOLDER OF THE DISSOLVING COMPANY

5.1 The new shares to be issued in accordance with section 4 above shall be allotted to the shareholders of the Transferring Company in proportion to their shareholdings in the Transferring Company immediately before the Effective Date.

5.2 The issue and allotment of shares by the Surviving Company to the shareholders of the Transferring Company will be registered in the register of members of the Surviving Company and will become effective immediately upon completion of the Merger on the Effective Date.

6 ACTIVITIES OF THE TRANSFERRING COMPANY

6.1 The activities of the Transferring Company shall be continued by the Surviving Company.

6.2 The Surviving Company shall take over the management of the business of the Transferring Company on the Effective Date.

6.3 The Surviving Company shall make sure that the assets and affairs of the Transferring Company are separated from its own until the Merger takes effect on the Effective Date.

6.4 The Surviving Company will maintain parts of Transferring Company's Norwegian organization as branch offices

7 ENTITLEMENT TO DIVIDENDS

7.1 The new shares in the capital of the Surviving Company to be issued and allotted to the shareholders of the Transferring Company on the Effective Date and upon the completion of the Merger shall entitle all shareholders to participate from the Effective Date in the past and future profits of the Surviving Company with no conditions other than those set out in the Articles of Association of the Surviving Company in relation to the distribution and declaration of dividends.

7.2 There are no special conditions attached to the exercise of the right to dividends

8 DECISIVE MERGER DATE FROM AN ACCOUNTING AND TAX PERSPECTIVE

8.1 From an accounting perspective, the Merger shall take effect from the Effective Date and as a result the date from which transactions of the Transferring Company shall be treated for accounting purposes as those of the Surviving Company shall be the Effective Date.

8.2 The Merger shall be carried out pursuant to the accounting principle of continuity, so that all assets recognized in the balance sheets of the Transferring Company, shall be recognized with the same values on the balance sheet of the Surviving Company.

8.3 From a Norwegian tax perspective, the Merger shall take effect from the Effective Date and as set out in section § 11-10 (2) of the Norwegian Tax Law.

9 METHODS OF VALUATION OF THE ASSETS AND LIABILITIES OF THE DISSOLVING COMPANY

9.1 The assets and liabilities of the Transferring Company which shall be acquired by and transferred to the Surviving Company are valued at their fair market value as

per the share price of of the Transferring Company at the Oslo Stock Exchange per the date of this Merger Plan.

10 DATE OF RELEVANT ACCOUNTS

10.1 The terms of the Merger have been set out on the basis of

a) the annual accounts for the Transferring Company as per 31 December 2010. The Surviving Company has not yet published annual accounts.

11 SPECIAL RIGHTS, MEASURES, ADVANTAGES

11.1 The Merging Companies have not issued any shares or other securities to which special rights are attached, and no such securities or shares will be issued by the Surviving Company upon the Merger and its registration as an SE. Consequently, there shall be no rights conferred by the Surviving Company on the holders of such shares or securities or any measures proposed concerning them.

11.2 No special advantages are to be granted to the experts who examine this Merger Plan or to the members of the board of directors or to other members of the administrative, management, supervisory or controlling organs of the Merging Companies.

12 BOARD OF DIRECTORS OF THE SURVIVING COMPANY

12.1 At present the board of directors of the Surviving Company is constituted as follows:

Kjetil Forland
Erwin Joseph Pierre Godec
Demos Demou

12.2 Following the Completion the Merger the board of directors of the Surviving Company (to be transformed into Petrolia E&P Holdings SE) shall be composed as follows:

Berge Gerdt Larsen
Unni Fossberg Terefe
Erik Johan Frydenbø
Sjur Storaas

13 SUPERVISORY BOARD OF THE SURVIVING COMPANY

13.1 At present the Surviving Company does not have a supervisory board. After the Merger the Surviving Company (to be transformed into Petrolia E&P Holdings SE) will not have a supervisory board either.

14 STATUTES OF PETROLIA SE

14.1 The Surviving Company shall amend its articles of association so that they comply with Title III of the SE Regulation and Cypriot law and thereafter the articles of association shall become the Statutes of Petrolia E&P Holdings SE.

14.2 The amended Statutes of Petrolia E&P Holdings SE (attached hereto as an integral part of this Merger Plan) shall take effect as of the Effective Date.

15 EMPLOYEES' ISSUES AND PROCEDURE FOR DETERMINING TERMS OF INVOLVEMENT OF EMPLOYEES

15.1 The employees of the Transferring Company shall be acquainted with the reasons for, and will be given the opportunity to discuss the Merger, cf. NPLCA section 13-11 and the Norwegian Working Environment Act section 16-5, in addition and without prejudice to any other rights such employees may have under this Merger Plan, the SE Regulation, and the laws of Norway and Cyprus.

15.2 The boards of directors of the Merging Companies shall seek to reach an agreement with the Employees concerning their involvement in the affairs of Petrolia E&P Holdings SE in accordance with Cypriot Law No. 277(I)/2004.

15.3 In order to reach an agreement on the involvement of the Employees, a special negotiating body shall be established to represent the Employees in negotiations with the boards of directors of the Merging Companies.

15.4 The total number of the members of the special negotiating body and the allocation of the seats on the special negotiation body among the individual EU member states or EEA members states in which the Merging Companies and the Concerned Subsidiaries have Employees are to be determined in accordance with Cypriot law, in particular, Cypriot Law No. 277(I)/2004.

15.5 The election and appointment of the individual members of the special negotiating body shall be governed by the laws of those EU member states or EEA member states in which the Merging Companies and the Concerned Subsidiaries have Employees, i.e. the applicable law shall always be that of the state in which the respective special negotiation body members are to be elected or appointed.

15.6 The negotiations between the boards of directors of the Merging Companies and the special negotiating body on the involvement of the Employees in affairs of Petrolia E&P Holdings SE shall be governed by Cypriot law, in particular, Law No. 277(I)/2004.

15.7 The merger will not result into any significant changes for the employees of the Merging Companies and of the Concerned Subsidiaries.

16 CONDITIONS PRECEDENT AND APPROVAL OF RESOLUTION TO ENTER INTO THE MERGER

16.1 In accordance with Article 23 of the SE Regulation and the applicable Articles 201C (5) and 198 (2) of Companies Law, Cap. 113, (1) this Merger Plan shall be approved by the general meeting of the shareholders of the Surviving Company to be granted by a majority of three fourths of the shareholders being present and voting in such meeting. In accordance with section 13-3 (2) cf. section 13-25 (1) no 2 of the NPLCA, the Merger Plan must be approved by the general meeting of the shareholders of the Merging Companies. The resolution requires the endorsement of a majority of two thirds of the shareholders being present and voting in such meeting.

16.2 Without prejudice to any other provision of this Merger Plan, including the provisions of clause 16.3, the resolutions to adopt this Merger do not require the prior approval of any other body of the Merging Companies or of any third party.

16.3 It is a condition precedent for the due completion of the Merger:

(a) that all statutory conditions for completion have been met;
(b) that all required licences and approvals are in place;
(c) that the Oslo Stock Exchange has consented to the listing of the shares of the Surviving Company as a continuation of the listing of the shares of the Transferring Company;
(d) that bondholders in the Transferring Company's bond loan has consented to the completion of the Merger;
(e) that no creditors or other third parties have objected to the completion of the Merger;
(f) that the general meetings of the Merging Companies approves the arrangements in relation to the involvement of employees in the Surviving Company.
(g) that the Rig Merger has been completed.

16.4 Condition (c) and (g) above may be waived by the Transferring Company in its sole discretion.

17 MISCELLANEOUS

17.1 Before the Cyprus District Court of Limassol issues an order approving the Merger pursuant to Article 26 of the SE Regulation, the Norwegian Register of Business Enterprises should have issued a certificate confirming that all formal requirements for completion of the merger under Norwegian law have been completed, cg NPLCA section 13-31. Such a certificate may only be given after the expiry of the creditor notice period set out in NPLCA section 13-15, cf. section 13-25 (2) no. 5.

17.2 This Merger Plan shall be sent to the shareholders the Merging Companies at least one month prior to the general meetings of the Merging Companies scheduled to approve the Merger Plan according to Article 23 of the SE Regulation. The last financial statements, annual report and auditor reports of Petrolia ASA are included as appendix 4 to the Merger Plan.

17.3 Subject to the approval of this Merger Plan by the boards of directors of the Merging Companies, this Merger Plan shall be filed with the Norwegian Register of Business Enterprises for registration, as set out in the NPLCA section 13-29 jf. § 13-13 and with the Cyprus Register of Companies in accordance with the Cypriot SE Regulation of 2004.

18 APPENDICES

18.1 The Merger Plan has the following appendices:

1. The articles of association of the Transferring Company;
2. The articles of association of the Surviving Company;
3. The articles of association of Petrolia E&P Holdings SE after completion of the Merger;
4. Annual accounts, annual reports and auditors' reports for Petrolia ASA for the three previous accounting years, as well as the interim report for the first six months of 2011;
5. The incorporation documentation for the Surviving Company.

18.2 This Merger Plan has been executed in two- 2 - original copies, of which each of the parties shall keep one copy.

(*Signature page to follow*)

REPORT ON THE PROPOSED CROSS-BORDER MERGER BETWEEN PETROLIA E&P HOLDING PLC AND PETROLIA ASA

The board of directors of Petrolia ASA (the "**Company**") has prepared this report pursuant to the Norwegian Public Limited Companies Act section 13- 27 cf. section 13 – 9 in connection with the proposed cross-border merger between the Company and Petrolia E&P Holdings PLC with the latter as the surviving entity (the "**Merger**"), resulting in the creation of an European Company (SE) under the name of Petrolia E&P Holdings SE.

MERGING COMPANIES

The Company, and

Petrolia E&P Holdings PLC, a public limited company registered under the laws of the Republic of Cyprus with registration number: 291883, having its head office in the municipality of Oslo and registered address: 27 Spyrou Kyprianou, ERNST & YOUNG HOUSE, 4001 Limassol, Republic of Cyprus (hereinafter "**Petrolia Cyprus**").

BACKGROUND AND RATIONALE

The Company is incorporated in Norway and is currently listed on the Oslo Stock Exchange. The Company is the holding company of a group of companies comprising of several subsidiaries operating in many countries across the globe and providing oilfield services, and other drilling & well or oil & gas related services.

In order to move closer to key markets for the group and at the same time maintain a European presence the Company has decided to initiate the process of relocating its head offices to Cyprus. The Company considered as the most favourable method for its redomiciliation to Cyprus to complete a cross-border merger with a Cyprus public company (PLC) with the latter as the surviving entity, leading to the conversion of such PLC into a European company (SE) and the subsequent continuation of its operations under the corporate form of a Cyprus registered SE.

In the Company's annual general meeting held 28 June 2011, the board of directors requested an indicative instruction from the general meeting on whether or not to initiate the Merger. The general meeting voted unanimously in favor of giving the board of director a mandate to go ahead with the process.

Petrolia Cyprus was established by the Company, specifically in order to facilitate the transfer of Petrolia ASA to Cyprus as per the above. As per the date of this report, 34 994 of the shares of Petrolia Cyprus is held by NET AS while 6 shares are held by nominee shareholders in order to comply with Cyprus law ownership requirements for public companies. NET AS holds approximately 6.52% of the shares of the Company.

Petrolia Cyprus has no assets apart from its paid-in share capital, and its business activity consists solely of business development conducted by one part time employee. After completion of the merger, Petrolia will consider expanding its business in Cyprus. Petrolia Cyprus will be the surviving entity in the Merger and will be converted into a Cyprus registered SE immediately upon the completion of the Merger.

The business of the Company will continue as a going concern in Petrolia Cyprus. The financial position and management of the Company will therefore not change as a result of the Merger. The Company will maintain its current presence in Norway, but will in addition have sufficient presence and activity in Cyprus to be considered domiciled in Cyprus for tax purposes.

VALUATION AND EXCHANGE RATE

Since Petrolia Cyprus is at the currently essentially a newly created special purpose vehicle with minimum operations, the exchange ratio has been determined almost exclusively on the basis of the valuation of the Company. The fair market value of the Company has been established based on the price of the Company's shares on the Oslo Stock Exchange as per the date of the merger plan. The fair market value of Petrolia Cyprus has been determined based on Petrolia Cyprus' book equity since Petrolia Cyprus has no other assets than its paid-in share capital.

Before the Merger is completed, the Company plans to issue new shares as consideration in a merger between its wholly owned subsidiary, Petrolia Rigs II AS and IO&R AS (the "**Rig Merger**"). The new shares will be issued against contribution in kind in the form of receivables against Petrolia Rigs II AS in the amount of NOK 74,250,000. However, to accommodate for the eventuality that this share issue might not take place, the Company has calculated two alternative exchange ratios.

In the event the Rig Merger is completed before the Merger, Petrolia Cyprus will issue and allot 27,200,867 shares with a nominal value of USD 1 each to the shareholders of the Company. The exchange ratio between the shares of the Company and the shares of Petrolia Cyprus will thus be 0,090045702, or approximately 1 new share in the capital of the Surviving Company for 11 shares in the Transferring Company.

In the event the Rig Merger is not completed before the Merger, Petrolia Cyprus will issue and allot 15,044,698 shares with a nominal value of USD 1 each to the shareholders of the Company. The exchange ratio between the shares of the Transferring Company and the shares of the Surviving Company will thus be 0,090045702 or approximately 1 new share in the capital of the Surviving Company for 11 shares in the Transferring Company.

No fractional shares will be issued. Instead, any fractional shares will be compiled into whole shares sold. The net revenue from such sale will be allocated proportionally to the holders of fractional shares.

There have been no particular difficulties in determining the exchange ratio for the Merger.

LEGAL ASPECTS OF THE MERGER

The Merger will be completed in accordance with the provisions of the Council Regulation (EC) No 2157/2001 on the Statute for a European company (SE), the Companies Law of Cyprus Cap 113 and the secondary Cypriot SE Regulations, as far as Petrolia Cyprus is concerned, and the

Norwegian Public limited company act and the Norwegian SE act, as far as the Company is concerned.

The Merger and the common merger plan will be published in the official publications of Norway and Cyprus, will be submitted for approval to the general meetings of both merging companies as well to the competent authorities both in Cyprus and in Norway. Completion of the Merger is conditional upon a number of factors, including, but not limited to, the Company obtaining the consent of the bondholders of its bond loan, and the consent of Oslo Stock Exchange to the continued listing of the shares of the merged company. The Merger will be completed upon its registration and the registration of the Company as an SE with the Department of the Cyprus Registrar of Companies.

Upon completion of the Merger: a) the Company will be wound up without going into liquidation and transfer all of its assets and liabilities to Petrolia Cyprus, b) the Petrolia Cyprus will issue new shares to the shareholders of the Company corresponding with the economic value of their shares in the Company and c) the Company will adopt the form of a Societas Europaea-European Public Company registered in the Republic of Cyprus, in accordance with the relevant provisions of the EU and Cyprus law.

ASPECTS CONCERNING EMPLOYEES CREDITORS AND SHAREHOLDERS

The employees of the Company will receive information about the reasons for, and will be given the opportunity to discuss the Merger, cf. the Norwegian Public Limited Companies Act section 13-11 and the Norwegian Working Environment Act section 16-5. As the Company and its subsidiaries have several employees across the European Economic Area it is also envisaged that negotiations with these employees will take place in order to determine their participation in the contemplated SE. These negotiations will be held in accordance with the provisions of the Cyprus law 277(I) of 2004 transposing into Cyprus law the Council Directive 2001/86/EC of 8 October 2001 supplementing the Statute for a European company with regard to the involvement of employees.

The Merger is not expected to have any impact on the Company's creditors as all assets, rights and obligations of the Company will be transferred to Petrolia Cyprus, which has no obligations or debt of its own. The financial position of the merged company will thus be the same as that of the Company.

The Merger is not expected to have any economic impact on the shareholders of the Company as they will receive shares in Petrolia Cyprus corresponding to their respective shareholdings in the Company. After completion of the Merger, the shareholders will hold shares in a Cyprus registered SE company instead of in a Norwegian public limited company. The Company will be governed by Cyprus company law, and will have a new set of articles of association. However, there will be no major changes in the shareholders rights following the completion of the Merger. The merged company will remain listed on Oslo Stock Exchange, and will follow applicable rules and procedures for such listed Companies.

(*Signature page to follow*)

THE BOARD OF DIRECTORS OF PETROLIA ASA

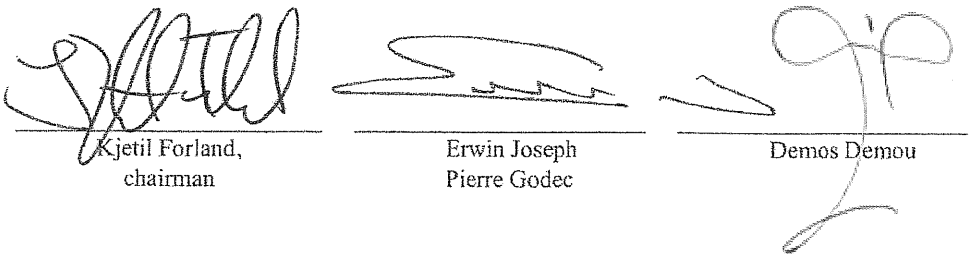
Berge Gerdt Larsen
Chairman of the Board

Erik Frydenbø
Board Member

Stur Storaas
Board Member

Unni F. Tefre
Board Member

THE BOARD OF DIRECTORS OF PETROLIA E&P HOLDINGS PLC



Kjetil Forland,
chairman

Erwin Joseph
Pierre Godec

Demos Demou

Appendix 3: Report on merger plan, Petrolia ASA

REPORT ON THE PROPOSED CROSS-BORDER MERGER BETWEEN PETROLIA E&P HOLDING PLC AND PETROLIA ASA

The board of directors of Petrolia ASA (the "**Company**") has prepared this report pursuant to the Norwegian Public Limited Companies Act section 13- 27 cf. section 13 – 9 in connection with the proposed cross-border merger between the Company and Petrolia E&P Holdings PLC with the latter as the surviving entity (the "**Merger**"), resulting in the creation of an European Company (SE) under the name of Petrolia E&P Holdings SE.

MERGING COMPANIES

The Company, and

Petrolia E&P Holdings PLC, a public limited company registered under the laws of the Republic of Cyprus with registration number: 291883, having its head office in the municipality of Oslo and registered address: 27 Spyrou Kyprianou, ERNST & YOUNG HOUSE, 4001 Limassol, Republic of Cyprus (hereinafter "**Petrolia Cyprus**").

BACKGROUND AND RATIONALE

The Company is incorporated in Norway and is currently listed on the Oslo Stock Exchange. The Company is the holding company of a group of companies comprising of several subsidiaries operating in many countries across the globe and providing oilfield services, and other drilling & well or oil & gas related services.

In order to move closer to key markets for the group and at the same time maintain a European presence the Company has decided to initiate the process of relocating its head offices to Cyprus. The Company considered as the most favourable method for its redomiciliation to Cyprus to complete a cross-border merger with a Cyprus public company (PLC) with the latter as the surviving entity, leading to the conversion of such PLC into a European company (SE) and the subsequent continuation of its operations under the corporate form of a Cyprus registered SE.

In the Company's annual general meeting held 28 June 2011, the board of directors requested an indicative instruction from the general meeting on whether or not to initiate the Merger. The general meeting voted unanimously in favor of giving the board of director a mandate to go ahead with the process.

Petrolia Cyprus was established by the Company, specifically in order to facilitate the transfer of Petrolia ASA to Cyprus as per the above. As per the date of this report, 34 994 of the shares of Petrolia Cyprus is held by NET AS while 6 shares are held by nominee shareholders in order to comply with Cyprus law ownership requirements for public companies. NET AS holds approximately 6.52% of the shares of the Company.

Petrolia Cyprus has no assets apart from its paid-in share capital, and its business activity consists solely of business development conducted by one part time employee. After completion of the merger, Petrolia will consider expanding its business in Cyprus. Petrolia Cyprus will be the surviving entity in the Merger and will be converted into a Cyprus registered SE immediately upon the completion of the Merger.

The business of the Company will continue as a going concern in Petrolia Cyprus. The financial position and management of the Company will therefore not change as a result of the Merger. The Company will maintain its current presence in Norway, but will in addition have sufficient presence and activity in Cyprus to be considered domiciled in Cyprus for tax purposes.

VALUATION AND EXCHANGE RATE

Since Petrolia Cyprus is at the currently essentially a newly created special purpose vehicle with minimum operations, the exchange ratio has been determined almost exclusively on the basis of the valuation of the Company. The fair market value of the Company has been established based on the price of the Company's shares on the Oslo Stock Exchange as per the date of the merger plan. The fair market value of Petrolia Cyprus has been determined based on Petrolia Cyprus' book equity since Petrolia Cyprus has no other assets than its paid-in share capital.

Before the Merger is completed, the Company plans to issue new shares as consideration in a merger between its wholly owned subsidiary, Petrolia Rigs II AS and IO&R AS (the "**Rig Merger**"). The new shares will be issued against contribution in kind in the form of receivables against Petrolia Rigs II AS in the amount of NOK 74,250,000. However, to accommodate for the eventuality that this share issue might not take place, the Company has calculated two alternative exchange ratios.

In the event the Rig Merger is completed before the Merger, Petrolia Cyprus will issue and allot 27,200,867 shares with a nominal value of USD 1 each to the shareholders of the Company. The exchange ratio between the shares of the Company and the shares of Petrolia Cyprus will thus be 0,090045702, or approximately 1 new share in the capital of the Surviving Company for 11 shares in the Transferring Company.

In the event the Rig Merger is not completed before the Merger, Petrolia Cyprus will issue and allot 15,044,698 shares with a nominal value of USD 1 each to the shareholders of the Company. The exchange ratio between the shares of the Transferring Company and the shares of the Surviving Company will thus be 0,090045702 or approximately 1 new share in the capital of the Surviving Company for 11 shares in the Transferring Company.

No fractional shares will be issued. Instead, any fractional shares will be compiled into whole shares sold. The net revenue from such sale will be allocated proportionally to the holders of fractional shares.

There have been no particular difficulties in determining the exchange ratio for the Merger.

LEGAL ASPECTS OF THE MERGER

The Merger will be completed in accordance with the provisions of the Council Regulation (EC) No 2157/2001 on the Statute for a European company (SE), the Companies Law of Cyprus Cap 113 and the secondary Cypriot SE Regulations, as far as Petrolia Cyprus is concerned, and the

Norwegian Public limited company act and the Norwegian SE act, as far as the Company is concerned.

The Merger and the common merger plan will be published in the official publications of Norway and Cyprus, will be submitted for approval to the general meetings of both merging companies as well to the competent authorities both in Cyprus and in Norway. Completion of the Merger is conditional upon a number of factors, including, but not limited to, the Company obtaining the consent of the bondholders of its bond loan, and the consent of Oslo Stock Exchange to the continued listing of the shares of the merged company. The Merger will be completed upon its registration and the registration of the Company as an SE with the Department of the Cyprus Registrar of Companies.

Upon completion of the Merger: a) the Company will be wound up without going into liquidation and transfer all of its assets and liabilities to Petrolia Cyprus, b) the Petrolia Cyprus will issue new shares to the shareholders of the Company corresponding with the economic value of their shares in the Company and c) the Company will adopt the form of a Societas Europaea-European Public Company registered in the Republic of Cyprus, in accordance with the relevant provisions of the EU and Cyprus law.

ASPECTS CONCERNING EMPLOYEES CREDITORS AND SHAREHOLDERS

The employees of the Company will receive information about the reasons for, and will be given the opportunity to discuss the Merger, cf. the Norwegian Public Limited Companies Act section 13-11 and the Norwegian Working Environment Act section 16-5. As the Company and its subsidiaries have several employees across the European Economic Area it is also envisaged that negotiations with these employees will take place in order to determine their participation in the contemplated SE. These negotiations will be held in accordance with the provisions of the Cyprus law 277(I) of 2004 transposing into Cyprus law the Council Directive 2001/86/EC of 8 October 2001 supplementing the Statute for a European company with regard to the involvement of employees.

The Merger is not expected to have any impact on the Company's creditors as all assets, rights and obligations of the Company will be transferred to Petrolia Cyprus, which has no obligations or debt of its own. The financial position of the merged company will thus be the same as that of the Company.

The Merger is not expected to have any economic impact on the shareholders of the Company as they will receive shares in Petrolia Cyprus corresponding to their respective shareholdings in the Company. After completion of the Merger, the shareholders will hold shares in a Cyprus registered SE company instead of in a Norwegian public limited company. The Company will be governed by Cyprus company law, and will have a new set of articles of association. However, there will be no major changes in the shareholders rights following the completion of the Merger. The merged company will remain listed on Oslo Stock Exchange, and will follow applicable rules and procedures for such listed Companies.

(*Signature page to follow*)

THE BOARD OF DIRECTORS OF PETROLIA ASA

Berge Gerdt Larsen
Chairman of the Board

Erik Frydenbø
Board Member

Siôr Soraas
Board Member

Unni F. Tefre
Board Member

Appendix 4: Report on merger plan, Petrolia E&P Holdings Plc.

Petrolia E&P Holdings PLC ("the Company")

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE COMPANY HELD AT THE COMPANY'S REGISTERED OFFICE AT 27 SPYROU KYPRIANOU, ERNST & YOUNG HOUSE, 4001 LIMASSOL, AT 30 NOVEMBER 2011 AT 10:00 A.M.

PRESENT:

Mr Kjetil Forland	Director (joined via teleconference)
Mr.Erwin Joseph Pierre Godec	Director (joined via teleconference)
Mr. Demos Demou	Director
Mrs. Marie Kameri	On behalf of Fidelius Management Services Secretary

1. **CHAIRMAN /QUORUM**

It was noted that the meeting was quorate in accordance with the Company's Articles of Association and, accordingly, the meeting was declared open. Mr. Demos Demou was appointed chairperson of the Meeting.

2. **CONVERSION OF THE COMPANY INTO A EUROPEAN COMPANY (SE) THROUGH A CROSS-BORDER MERGER WITH PETROLIA ASA**

It was noted that:

a) It is in the commercial interests of the Company to consummate a cross-border merger with Petrolia ASA, a public limited company registered under the laws of Norway with registration number: 977 321 484, having its head office in the municipality of Oslo and registered address: Haakon VIIs gate 1, 0116 Oslo, Norway, (the "**Norwegian Company**");

b) It is envisaged that upon completion of the aforementioned cross-border merger:

(i) The Norwegian Company will merge with the Company;

(ii)The Norwegian Company will be wound up without going into liquidation and transfer all of its assets and liabilities to the Company;

(iii) The Company will issue new shares to the shareholders of the Norwegian Company commensurate with the economic value of their shares in the Norwegian Company and their contribution to the Company; and

(iv)The Company will adopt the legal form of a Societas Europaea-European Public Company registered in the Republic of Cyprus, in accordance with the relevant provisions of EU and Cypriot law.

c) In connection with the aforementioned cross-border merger:

i) the Board of the Company together with the Board of the Norwegian Company have prepared a merger plan-common draft terms of merger, which is attached hereto as required by the applicable law, which include also as exhibit thereof the Statutes of the SE (the "**Draft Terms of Merger**");

ii) the Board of the Company has prepared a relevant report, which is attached hereto, on its economic and legal aspects and as required by the applicable law, (the **"Report"**) ;

iii) the Board of the Company took into account the report of the Norwegian audit firm RSM Hasner dated 29th November 2011 addressed to the shareholders of the Norwegian Company, regarding the fairness of the exchange ratio set out in the Draft Terms of Merger;

iv) the Board of the Company wishes to identify a suitable independent expert to review the Draft Terms of Merger and draw up a relevant report to the shareholders of the Company, as required by the applicable law;

3. RESOLUTIONS

In the light of the above, and on the Chairman's motion, duly seconded, IT WAS UNANIMOUSLY RESOLVED that it being in the best interests of the Company:

A. THAT subject to the approval of the shareholders and subject to the completion of all other necessary steps prescribed by the applicable law, the Company be transformed into a European Company (SE) through a cross-border merger with the Norwegian Company in accordance with the terms contained in the attached hereto Draft Terms of Merger;

B. THAT the attached hereto Draft Terms of Merger be and are hereby approved in all respects;

C. THAT the exchange ratio set out in the Draft Terms of Merger and the relevant valuations contained therein be and are all hereby approved in all respects;

D. THAT any of the Company's directors, acting jointly or separately be and are hereby authorized to execute the Draft Terms of Merger and to carry the same into effect with such modifications (if any) as they may deem expedient, and proceed with any and all formalities and procedures for giving effect to the aforementioned transformation of the Company into an SE through the cross-border merger with the Norwegian company, including but not limited to the publication of notices, filing of court applications and supporting affidavits and applications with all competent authorities;

E. THAT the attached hereto Report be and is hereby approved in all respects; and

F. THAT the member of the board, Mr Demos Demou, is hereby authorised to identify and propose to the Board the appointment of an independent expert who will undertake to review the Draft Terms of Merger and draw up a relevant report to the shareholders of the Company according to the provisions of the applicable law.

4. OTHER BUSINESS

There being no other business the meeting concluded at 10:30 A.M

CHAIRMAN

PETROLIA E&P HOLDINGS PLC HE 291883

SECRETARY

FIDELIS MANAGEMENT SERVICES LTD REG. NO 217666 CYPRUS

REPORT OF THE BOARD OF DIRECTORS OF PETROLIA E&P HOLDINGS PLC (THE "COMPANY") ON THE PROPOSED CROSS-BORDER MERGER WITH THE COMPANY PETROLIA ASA RESULTING INTO THE CREATION OF A EUROPEAN COMPANY (SE) UNDER THE NAME PETROLIA E&P HOLDINGS SE

1. Merging Companies

1.1 The Company, and

1.2 **Petrolia ASA**, a public limited company registered under the laws of Norway with registration number: 977 321 484, having its head office in the municipality of Oslo and registered address: Haakon VIIs gate 1, 0116 Oslo, Norway (hereinafter **"Petrolia ASA"**).

2. Economic Aspects of the Cross-Border Merger-Valuation and Exchange Ratio

Petrolia ASA has been incorporated in Norway and is currently listed on the Oslo Stock Exchange. Petrolia ASA is the holding company of a group of companies comprising of several subsidiaries operating in many countries across the globe and providing oilfield services, and other drilling & well or oil & gas related services.

For tax and other business considerations Petrolia ASA has decided to initiate the process of relocating its head offices to Cyprus.

Petrolia ASA considered as the most appropriate method for its redomiciliation to Cyprus its absorption by a Cyprus public company (PLC) in the context of a cross-border merger leading to the conversion of such PLC into a European company (SE) and the subsequent continuation of its operations under the corporate form of a Cyprus registered SE (the **"Cross-Border Merger"**).

The Company was formed by the main shareholders of Petrolia ASA specifically in order to facilitate the transfer of Petrolia ASA to Cyprus as per the above. The Company is intended to participate in the Cross-Border Merger as the absorbing PLC which will be converted into a Cyprus registered SE immediately upon the completion of the Cross-Border Merger.

Hence and as the Company is at the current time essentially a newly created special purpose vehicle with minimum operations, the determination of the exchange ratio will be carried out to a large part on the basis of the valuation of Petrolia ASA.

The fair market value of Petrolia ASA has been established based on the price of the Petrolia ASA 's shares on the Oslo Stock Exchange as per the date of the merger plan. The fair market value of the Company has been determined based on the Company's book equity since the Company has no other assets than its paid-in share capital.

PETROLIA E&P HOLDINGS PLC
HE 291883

Before the Merger is completed, Petrolia ASA plans to issue new shares as consideration in a merger between its wholly owned subsidiary, Petrolia Rigs II AS and IO&R AS (the "**Rig Merger**"). The new shares will be issued against contribution in kind in the form of receivables against Petrolia Rigs II AS in the amount of NOK 74,250,000. However, to accommodate for the eventuality that this share issue might not take place, the Company has calculated two alternative exchange ratios.

In the event the Rig Merger is completed before the Merger, the Company will issue and allot 27,200,867 shares with a nominal value of USD 1 each to the shareholders of Petrolia ASA. The exchange ratio between the shares of the Company and the shares of Petrolia ASA will thus be 0,090045702, or approximately 1 new share in the capital of the Surviving Company (being the Company) for 11 shares in the Transferring Company (being Petrolia ASA).

In the event the Rig Merger is not completed before the Merger, the Company will issue and allot 15,044,698 shares with a nominal value of USD 1 each to the shareholders of Petrolia ASA. The exchange ratio between the shares of the Transferring Company and the shares of the Surviving Company will thus be 0,090045702 or approximately 1 new share in the capital of the Surviving Company for 11 shares in the Transferring Company.

No fractional shares will be issued. Instead, any fractional shares will be compiled into whole shares sold. The net revenue from such sale will be allocated proportionally to the holders of fractional shares.

There have been no particular difficulties in determining the exchange ratio for the Cross-Border Merger.

3. Legal Aspects of the Cross-Border Merger

The Cross-Border Merger will be carried out in accordance with the provisions of the Council Regulation (EC) No 2157/2001 on the Statute for a European company (SE), the Companies Law of Cyprus Cap 113 and the secondary Cypriot SE Regulations, as far as the Company is concerned, and the relevant provisions of Norwegian law, as far as Petrolia ASA is concerned.

As the group of Petrolia ASA has several employees across the European Economic Are it is also envisaged that negotiations with these employees will take place in order to determine their participation in the contemplated SE. These negotiations will be held in accordance with the provisions of the Cyprus law 277(I) of 2004 transposing into Cyprus law the Council Directive 2001/86/EC of 8 October 2001 supplementing the Statute for a European company with regard to the involvement of employees.

The Cross-Border Merger and the relevant common draft terms of cross-border merger will be published in the official publications of Norway and Cyprus, will be submitted for approval to the shareholders' meetings of both merging companies as well to the competent authorities both in Cyprus and in Norway. The Cross-Border Merger will be

PETROLIA E&P HOLDINGS PLC HE 291883 *

completed upon its registration and the registration of the Company as an SE with the Department of the Cyprus Registrar of Companies.

Upon completion of the Cross-Border Merger: a) Petrolia ASA will be wound up without going into liquidation and will transfer all of its assets and liabilities to the Company, b) the Company will issue new shares to the shareholders of Petrolia ASA commensurate with the economic value of their shares in Petrolia ASA and their contribution to the Company, according to the aforesaid and c) the Company will adopt the form of a Societas Europaea-European Public Company registered in the Republic of Cyprus, in accordance with the relevant provisions of the EU and Cyprus law

Limassol, 30th November 2011

The Board of Directors of PETROLIA E&P HOLDINGS PLC

PETROLIA E&P HOLDINGS PLC
HE 291883
*

TRUE COPY

ΑΝΔΡΕΑΣ ΝΕΟΚΛΕΟΥΣ & ΣΙΑ ΔΕΠΕ
Δικηγόροι & Νομικοί Σύμβουλοι

Appendix 5: Auditor statement on merger plan, Petrolia ASA

RSM Hasner

RSM Hasner AS, Statsautoriserte Revisorer
Vollsveien 13 c, 1366 Lysaker
Tlf: (+47)67 52 88 00, Fax: (+47)67 59 04 30
E-mail: rsmhasner@rsmhasner.no
www.rsmhasner.no
Org.nr: 982 316 588 MVA

Til generalforsamlingen i Petrolia ASA

Deres ref.
Your ref.

Vår ref.
Our ref. AO/pøs

Redegjørelse for fusjonsplanen i overdragende selskap (Petrolia ASA)

På oppdrag fra styret i Petrolia ASA avgir vi som uavhengig sakkyndig denne redegjørelsen for fusjonsplanen datert 29. november 2011 mellom Petrolia E&P Holdings Plc (Kypros) og Petrolia ASA i samsvar med allmennaksjeloven § 13–28. Ved fusjonen overdras samtlige eiendeler og forpliktelser til Petrolia E&P Holdings Plc. Styret i hvert selskap er ansvarlig for informasjonen og de verdsettelser som vederlaget bygger på. Vår oppgave er å utarbeide en redegjørelse om fastsettelsen av vederlaget.

Redegjørelse om fastsettelse av vederlaget

Nærmere om selskapene som fusjoneres

For å komme nærmere viktige markeder for konsernet og samtidig opprettholde en europeisk tilstedeværelse, har Petrolia ASA besluttet å starte en prosess med å flytte hovedkontor til Kypros. Det skal gjennomføres en grenseoverskridende fusjon med det kypriotiske selskapet Petrolia E&P Holdings Plc, hvor sistnevnte blir det overtakende selskapet. Etter gjennomføring av fusjonen vil Petrolia ASA vurdere å utvide sin virksomhet i Kypros.

Petrolia E&P Holdings Plc er et selskap uten virksomhet og ble etablert av Petrolia ASA for å legge til rette for overføringen av Petrolia ASA sin virksomhet fra Norge til Kypros. NET AS eier 34 994 aksjer i Petrolia E&P Holdings Plc av totalt 35 000 utstedte aksjer per dato for denne redegjørelsen. NET AS eier videre anslagsvis 6,52 % av aksjene i Petrolia ASA før fusjon med IO&R AS, anslagsvis 3,6 % av aksjene etter nevnte fusjon. Petrolia E&P Holdings Plc har ingen eiendeler bortsett fra kontantbeholdning tilsvarende innskutt aksjekapital på USD 35.000. Petrolia E&P Holdings Plc vil være overtakende selskap i fusjonen og vil bli konvertert til et kypriotisk registrerte SE-selskap umiddelbart etter gjennomføring av fusjonen.

Petrolia ASA er registrert i Norge og notert på Oslo Børs. Selskapet er et holdingselskap for en gruppe av selskaper som opererer i mange land over hele verden. Selskapet er en større aktør innen oljefelt tjenester og andre bore, brønn eller olje og gass relaterte tjenester.

Vurdering av verdi og bytteforhold

Bytteforholdet er basert på verdsettelse av henholdsvis Petrolia ASA og Petrolia E&P Holdings Plc. Petrolia ASA er verdsatt på bakgrunn av kursverdien for selskapets aksjer på Oslo Børs per 28. november 2011. Verdien av Petrolia E&P Holdings Plc er fastsatt på bakgrunn av

RSM Hasner

kontantbeholdningen pålydene USD 35.000 omregnet til kurs USD/NOK 5,8859 per 28. november 2011.

I det tilfelle fusjonen mellom Petrolia ASA og IO&R AS ("Rig fusjonen") er gjennomført før ikrafttredelsesdato:

- I henhold til fusjonsavtalen mellom partene skal aksjonærene i Petrolia ASA, for hver aksje motta 0,090045702 vederlagsaksjer i Petrolia E&P Holdings Plc. Dette medfører en utstedelse av 27 200 867 vederlagsaksjer i Petrolia E&P Holdings Plc, tilsvarende en kapitalutvidelse på USD 27 200 867 til tegningskurs USD 1, med pålydende USD 1.

I det tilfelle fusjonen mellom Petrolia ASA og IO&R AS ikke er gjennomført før ikrafttredelsesdato:

- I henhold til fusjonsavtalen mellom partene skal aksjonærene i Petrolia ASA, for hver aksje motta 0,090045702 vederlagsaksjer i Petrolia E&P Holdings Plc. Dette medfører en utstedelse av 15 044 698 vederlagsaksjer i Petrolia E&P Holdings Plc, tilsvarende en kapitalutvidelse på USD 15 044 698 til tegningskurs USD 1, med pålydende USD 1.

Årsberetning, årsregnskap og revisjonsberetning for Petrolia ASA for 2008, 2009 og 2010 følger som vedlegg. Likeledes vedlegges siste kvartalsregnskap for Petrolia ASA. Petrolia E&P Holdings Plc er som tidligere nevnt nystiftet selskap, og det foreligger således ingen årsberetning, årsregnskap eller revisjonsberetning.

Den benyttede fremgangsmåte for fastsettelse av vederlaget er etter vår oppfatning hensiktsmessig. Det kan ikke ses å være spesielle forhold å bemerke når det gjelder verdivurderingen av det som skal overtas. Det har ikke vært særlige vanskeligheter i forbindelse med fastsettelsen av vederlaget. Etter vår mening er vederlaget til aksjeeierne i Petrolia ASA rimelig og saklig begrunnet.

Den uavhengige sakkyndiges uttalelse

Vi har utført vår kontroll og avgir vår uttalelse i samsvar med standard for attestasjonsoppdrag SA 3802 "Revisors uttalelser og redegjørelser etter selskapslovgivningen". Standarden krever at vi planlegger og utfører kontroller for å oppnå betryggende sikkerhet for at vederlaget til aksjeeierne i Petrolia ASA er rimelig og saklig begrunnet. Arbeidet omfatter kontroll av verdsettelse av vederlaget. Videre har vi vurdert de verdsettelsesmetoder som er benyttet og de forutsetninger som ligger til grunn for verdsettelsen. Vår kontroll gir etter vår mening et forsvarlig grunnlag for vår uttalelse. Vi mener at begrunnelsen for vederlaget til aksjeeierne i Petrolia ASA på 0,090045702 aksjer i Petrolia E&P Plc for hver aksje i Petrolia ASA, er rimelig og saklig, basert på verdsettelsen av selskapene som beskrevet ovenfor.

Lysaker, 29. november 2011
RSM Hasner AS

Arnfinn Osvik
Statsautorisert revisor

Appendix 6: Auditor statement on merger plan, Petrolia E&P Holdings Plc.

HLB Afxentiou

Chartered Accountants

TRUE COPY

ΑΝΔΡΕΑΣ ΝΕΟΚΛΕΟΥΣ & ΣΙΑ ΔΕΠΕ
Δικηγόροι & Νομικοί Σύμβουλοι

STRICTLY PRIVATE AND CONFIDENTIAL

5 April 2012

Shareholders

Petrolia E&P Holdings Plc (Cyprus)

Limassol

Dear Sirs

Petrolia E&P Holdings Plc (Cyprus) and Petrolia ASA (Norway)

1 Introduction

The Board of Directors of the Cyprus Company Petrolia E&P Holdings Plc (the "Cyprus Company") has requested us to examine the Merger plan of the cross-border Merger between the Cyprus Company and the Norwegian Company Petrolia ASA (the "Norwegian Company") and the relevant report of the Directors of the Cyprus Company and proceed with the issue of a report in this respect as independent experts, to be addressed to the shareholders of the Cyprus Company.

Our work was carried out in accordance with our engagement letter dated 22 February 2012 and is based on the fact that in determining the consideration for this transaction, the Board of Directors of the Cyprus Company endorsed the report of the Norwegian audit firm RSM Hasner dated 29 November 2011 addressed to the shareholders of the Norwegian Company, regarding the fairness of the exchange ratio set out in the draft terms of the merger.

2 Basis of our work

The Board of Directors of the Cyprus Company has instructed us that our work and hence our report should comment whether the share exchange ratio approved by the Board of Directors of the Cyprus Company to apply in relation to this transaction is fair and reasonable for the shareholders of the Cyprus Company and should also cover the following:

(i) indicate the method used to arrive at the share exchange ratio proposed;
(ii) state whether such method is adequate in the case in question, indicating the values arrived at using the selected method and giving at the same time, an opinion on the relative importance attributed to the method in arriving at the value decided on;
(iii) describe any special valuation difficulties which have arisen.

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We point out that the valuation of the shares is not an exact science and, whilst our opinion will be one which we consider it to be both reasonable and defensible, others may have a different opinion.

3 Background and Rationale

Petrolia ASA is a company registered in Norway and listed on the Oslo Stock Exchange. The company operates in three business segments, namely: E&P, Drilling & Well Technology and Oilfield Services.

Petrolia E&P Holdings Plc (Cyprus) is a newly-incorporated company registered in Cyprus. The Cyprus Company does not have any other assets than its paid-in share capital.

In order to move closer to key markets of the group and at the same time maintain a European presence, the Board of Directors of Petrolia ASA decided to relocate its offices to Cyprus, by completing a cross-border Merger with Petrolia E&P Holdings Plc (Cyprus).

Upon completion of the merger, the Norwegian Company will be wound up without going into liquidation and transfer all of its assets and liabilities to the Cyprus Company. The Cyprus Company will issue new shares to the shareholders of the Norwegian Company corresponding with the economic value of their shares in the Norwegian Company. The Cyprus Company will adopt the form of a Societas Europaea – European Public Company registered in the Republic of Cyprus, in accordance with the relevant provisions of the EU and Cyprus Law.

4 Valuation Report of RSM Hanser AS

RSM Hanser was appointed as an independent expert at the request of the Board of Directors of the Norwegian Company to examine whether the determination of the consideration due to the shareholders of Petrolia ASA, as decided by the Board of Directors of the Norwegian Company, is reasonable and sound.

Petrolia ASA was valued on the basis of the price of the shares of the company on the Oslo Stock Exchange as at 28 November 2011. The Cyprus Company was valued on the basis of the cash balance as the company has no other assets or liabilities. The exchange ratio of USD/NOK was set at 5,8859 as at 28 November 2011.

Before the cross-border Merger between the Cyprus Company and the Norwegian Company, the Norwegian Company plans to issue new shares as consideration in a merger between its wholly owned subsidiary, Petrolia Rigs II AS and IO&R AS (the "Rig Merger").

In the event that the Rig Merger is completed before the cross-border Merger, the shareholders of the Norwegian Company will be allotted 0,090045702 consideration shares of the Cyprus Company in respect of each share held by them. This will entail the issuance of 27.200.867 consideration shares of the Cyprus Company, corresponding to a share capital increase in the amount of USD 27.200.867 at a subscription price of USD 1, with a nominal value of USD 1 each.

In the event that the Rig Merger is not completed before the cross-border Merger, the shareholders of the Norwegian Company will be allotted 0,090045702 consideration shares of the Cyprus Company in respect of each share held by them. This will entail the issuance of 15.044.698

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consideration shares of the Cyprus Company, corresponding to a share capital increase in the amount of USD 15.044.698 at a subscription price of USD 1, with a nominal value of USD 1 each.

In accordance with their report, the independent experts were of the view that the method used by the Board of Directors of the Norwegian Company in determining the consideration was appropriate and also stated that they were not aware of any special circumstances that would merit mention as far as the valuation of the assets and liabilities to be transferred is concerned and were of the view that the justification for the consideration due to the shareholders of the Norwegian Company was reasonable and sound.

The Directors of the Cyprus Company have confirmed to us that they have reviewed and endorsed the valuation report as issued by RSM Hanser AS.

5 Results of our work

We were engaged by the Board of Directors of the Cyprus Company to report to you whether the share exchange ratio approved by the Board of Directors of the Cyprus Company to apply in relation to this transaction is fair and reasonable for the shareholders of the Cyprus Company.

Fair market value is the most widely recognized and accepted standard of value. The definition of fair market value is almost universally accepted as the cash, or cash equivalent price at which property or assets would change between a willing buyer and a willing seller both being adequately informed of the relevant facts and the conditions existing at the valuation date.

Based on the results of our work we report the following:

5.1 Methods used

Petrolia ASA was valued by the Board of Directors of the Cyprus Company on the basis of the price of the shares of the company on the Oslo Stock Exchange as at 28 November 2011. **Therefore, the Norwegian Company is valued at market value.** Petrolia E&P Holdings Plc (Cyprus) was valued by the Board of Directors of the Cyprus Company on the basis of the cash balance in the amount of USD 35.000 as the company has no other assets or liabilities. **Therefore, the Cyprus Company is valued at book value.** The exchange ratio of USD/NOK was set at 5,8859 as at 28 November 2011.

Before the cross-border Merger between the Cyprus Company and the Norwegian Company, the Norwegian Company plans to issue new shares as consideration in a merger between its wholly owned subsidiary, Petrolia Rigs II AS and IO&R AS (the "Rig Merger").

In the event that the Rig Merger is completed before the cross-border Merger, the shareholders of the Norwegian Company will be allotted 0,090045702 consideration shares of the Cyprus Company in respect of each share held by them. This will entail the issuance of 27.200.867 consideration shares of the Cyprus Company, corresponding to a share capital increase in the amount of USD 27.200.867 at a subscription price of USD 1, with a nominal value of USD 1 each.

It should be noted that according to information received by the Cyprus Company, at the time of our report the Rig Merger has been already completed.

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If the Rig Merger had not been completed before the cross-border Merger, the shareholders of the Norwegian Company would have been allotted 0,090045702 consideration shares of the Cyprus Company in respect of each share held by them. This would have entailed the issuance of 15.044.698 consideration shares of the Cyprus Company, corresponding to a share capital increase in the amount of USD 15.044.698 at a subscription price of USD 1, with a nominal value of USD 1 each.

5.1.1 Book value of the Cyprus Company

In accordance with unaudited financial statements provided to us by the Directors of the Cyprus Company, as at 28 November 2011 the Cyprus Company did not have any other assets than its paid-in capital of USD 35.000, its equity amounted to USD 35.000 and did not have any other liabilities. Based on this, the book value of the Cyprus Company as at 28 November 2011 was USD 35.000.

5.1.2 Market value of the Norwegian Company

The market value of the Norwegian Company was determined on the basis of the price of the shares of the company on the Oslo Stock Exchange as at 28 November 2011.

Information regarding the share price of the Norwegian Company is presented below:

Table 5.1

Period prior to the date the Merger Plan was approved	Period closing price (NOK)	Period highest closing price (NOK)	Period lowest closing price (NOK)
3 January 2011[1]	1,25	2,31	0,49
9 months[1]	1,74	1,74	0,49
6 months[1]	1,31	1,35	0,49
5 months[1]	0,74	0,97	0,49
4 months[1]	0,85	0,89	0,49
3 months[2]	0,56	0,60	0,49
2 months[3]	0,50	0,57	0,49
1 month[3]	0,54	0,57	0,50

[1] From 1/1/2011 to 23/8/2011 the issued share capital of Petrolia ASA was 101.259.675 shares
[2] From 24/8/2011 to 2/9/2011 the issued share capital of Petrolia ASA was 151.889.512 shares
[3] From 3/9/2011 to the last day before the Merger Plan was approved the issued share capital of Petrolia ASA as 167.078.463 shares.

Share price movement of Petrolia ASA during the period 3/01/2011 to 28/11/2011

As can be seen in diagram 5.1, the share price of Petrolia ASA reached a market value of NOK 2,31 on 3 November 2011 and had since and till the relevant date of 28 November 2011 presented a downward trend. On the date before the Merger Plan was approved (28 November 2011) the share price was valued at NOK 0,53.

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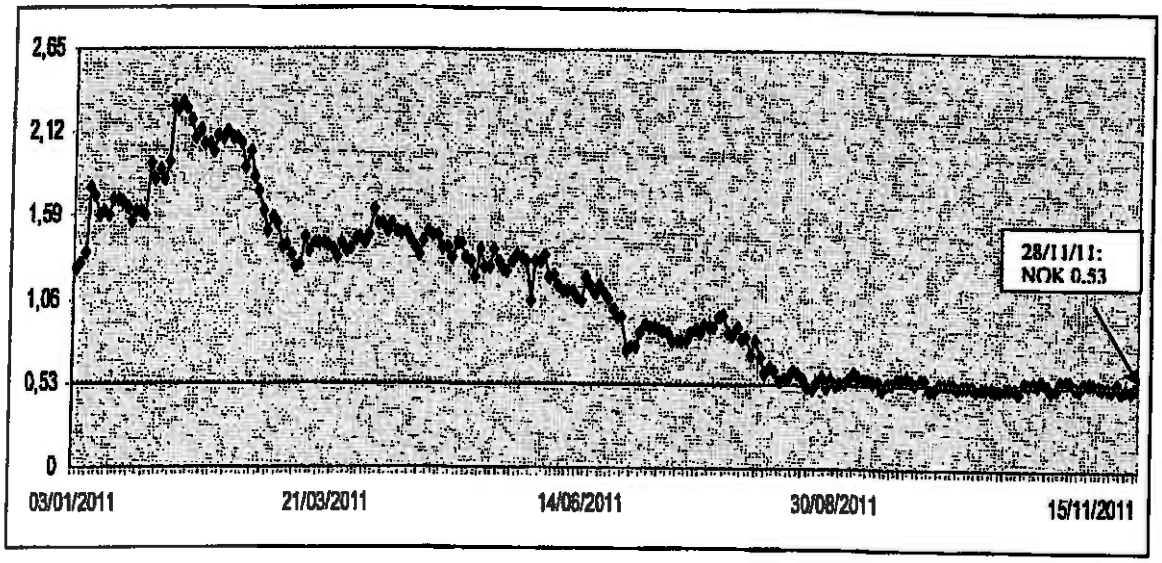
Diagram 5.1



The market value of the Norwegian Company's share price on the Oslo Stock Exchange as at 28 November 2011 was NOK 0,53. Based on the consideration due to the shareholders of the Norwegian Company, which is 0,090045702 shares of the Cyprus Company in respect of each share of the Norwegian Company, the benefit to the shareholders of the Cyprus Company is as follows:

Table 5.2

Period prior to the date the Merger Plan was approved	Period closing price (NOK)	Benefit to the shareholders of the Cyprus Company %
3 January 2011[1]	1,25	235,85
9 months[1]	1,74	328,30
6 months[1]	1,31	247,17
5 months[1]	0,74	139,62
4 months[1]	0,85	160,38
3 months[2]	0,56	105,66
2 months[3]	0,50	-
1 month[3]	0,54	101,89

[1] From 1/1/2011 to 23/8/2011 the issued share capital of Petrolia ASA was 101.259.675 shares
[2] From 24/8/2011 to 2/9/2011 the issued share capital of Petrolia ASA was 151.889.512 shares
[3] From 3/9/2011 to the last day before the Merger Plan was approved the issued share capital of Petrolia ASA as 167.078.463 shares.

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Diagram 5.2

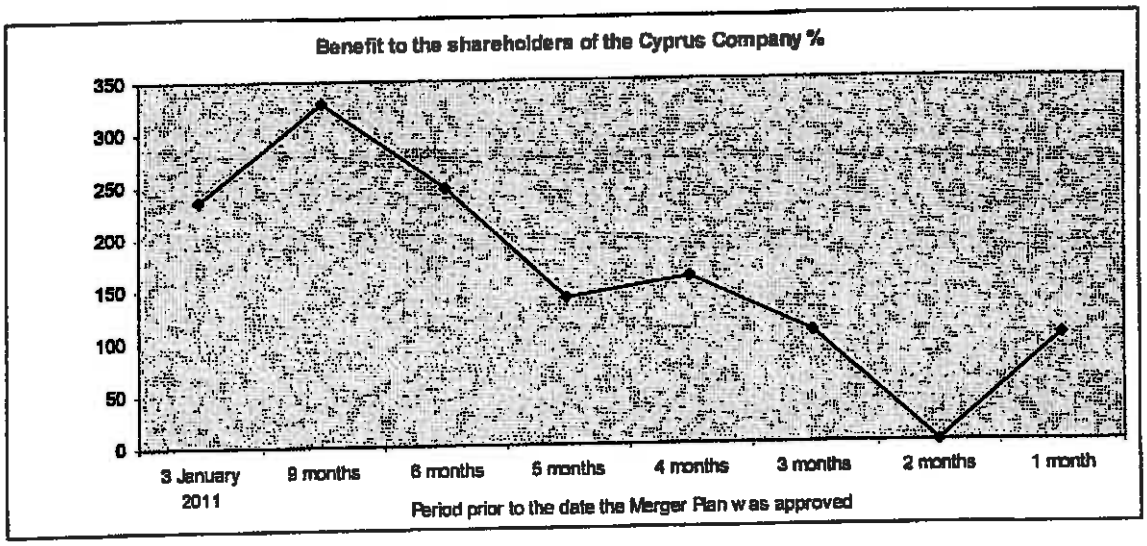

Diagram 5.2 above presents the benefit to the shareholders of the Cyprus Company relative to the market value of Petrolia ASA's share price from 3 January 2011 to the last date before the Merger Plan was approved.

Based on the data presented above, the market value of the Norwegian Company's share price on the Oslo Stock Exchange was consistently higher from the start of 2011 to the last day before the Merger Plan was approved compared to the market value of the Norwegian Company's share price that was used in deriving the consideration (NOK 0,53 as at 28 November 2011).

Data of the volume of trading of Petrolia ASA on the Oslo Stock Exchange are presented in the table below:

Table 5.3

Period prior to the date the Merger Plan was approved	Total trading volume for the period (no. of shares)	Average trading volume for the period as a % of total issued share capital
3 January 2011[1]	82.475.189	7,40
9 months[1]	32.852.462	3,60
6 months[1]	19.709.978	3,24
5 months[1]	17.069.566	3,37
4 months[1]	14.856.345	3,67
3 months[2]	9.289.167	2,04
2 months[3]	6.884.914	2,06
1 month[3]	3.500.776	2,09

[1] From 1/1/2011 to 23/8/2011 the issued share capital of Petrolia ASA was 101.259.675 shares
[2] From 24/8/2011 to 2/9/2011 the issued share capital of Petrolia ASA was 151.889.512 shares
[3] From 3/9/2011 to the last day before the Merger Plan was approved the issued share capital of Petrolia ASA as 167.078.463 shares.

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5.1.3 Calculation of consideration

Based on the Merger Plan, the consideration due to the shareholders of the Norwegian Company has been based on the following:

(i) the book value of the Cyprus Company as at 28 November 2011

(ii) the market value of the Norwegian Company's share price at the Oslo Stock Exchange as at 28 November 2011

As at 28 November 2011 the number of shares of the Norwegian Company trading at the Oslo Stock Exchange was 167.078.463 and were valued at NOK 0,53 thus giving a market value of NOK 88.551.585. This was converted at a USD/NOK rate of 5,8859 giving a market value of USD 15.044.698.

In the event the Rig Merger is completed before the cross-border Merger, the Cyprus Company will issue 27.200.867 shares with a nominal value of USD 1 each to the shareholders of the Norwegian Company thus giving an exchange ratio of 0,090045702 or approximately 1 new share in the Cyprus Company for 11 shares in the Norwegian Company.

It should be noted that according to information received by the Cyprus Company, at the time of our report the Rig Merger has been already completed.

If the Rig Merger had not been completed before the cross-border Merger, the Cyprus Company would have issued 15.044.698 shares with a nominal value of USD 1 each to the shareholders of the Norwegian Company thus giving an exchange ratio of 0,090045702 or approximately 1 new share in the Cyprus Company for 11 shares in the Norwegian Company.

5.2 Adequacy of methods used

Several methods for valuing companies are available. The most commonly used ones are the market value, book value, liquidation value, break-up value, economic value, relative valuation methods or a combination of some or all of them.

Market value refers to the value of an asset which is traded in an organized market or between private parties in an unencumbered transaction without duress. It represents a consensus, reached at a particular point in time, by two or more parties. The market value at any one time can be subject to the preferences and even whims of the individual involved, the psychological climate prevalent in an organized exchange, the heat of a takeover battle, political conditions, industry developments, economic cycles and so on.

Book value of an asset or a liability is the stated value on the balance sheet, usually recorded according to a set of generally accepted accounting principles. It is a historical value and often has little relationship to the current economic value of the company.

Liquidation value relates to the special condition when a company has to liquidate part or all of its assets.

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Break-up value relates to restructuring activities. Break-up value is usually realised on business segments with ongoing operations, and seldom through forced liquidation of individual assets supporting these business segments.

Economic value relates to the ability of an asset to provide a stream of after tax cash flows to the holder. The economic value of any good is defined as the amount of cash a buyer is willing to give up now in exchange for a pattern of expected future cash flows. Therefore, economic value is a future oriented concept. It is determined by assessing potential future cash flows. However, economic value is dynamic. New information about the future is constantly changing the view of an asset's value.

In relative valuation methods the values of an asset is derived from the pricing of comparable assets, standardized using a common variable such as earnings, book value, sales and earnings before interest, depreciation and tax.

After a review of these methods, the Directors of the Cyprus Company considering the special circumstances and the characteristics of the Companies involved were of the opinion that the market value of the Norwegian Company's shares on the Oslo Stock Exchange as at 28 November 2011 and the book value of the Cyprus Company were the most appropriate.

We are of the opinion that the methods used in determining the consideration are adequate considering the specific circumstances and characteristics of the two Companies involved.

For the Norwegian Company the choice of this method is considered adequate as the shares of the Norwegian Company are publicly traded at an efficient market which means that the market immediately incorporates all relevant publicly available information about the company into its share price. Nevertheless, we point out that for the Norwegian Company, the economic value method as described above could have also been used in conjunction with the market value method for comparison purposes as the share price of a company, at a specific point in time, can sometimes be affected by the velocity of the shares traded.

The Cyprus Company is a newly-incorporated company with no other assets than its paid-in share capital and has been valued on the basis of the cash balance in the amount of USD 35.000. The choice of this method is considered adequate as the Cyprus Company is a non-operating company and its shares are not publicly traded.

Based on the valuation of the companies as described above, the consideration due to the shareholders of the Norwegian Company is 0,090045702 shares of the Cyprus Company in respect of each share of the Norwegian Company. As the valuation methods described above were the only methods used, full reliance was placed on these methods to form our opinion.

5.3 Valuation difficulties

We have not identified any special valuation difficulties which we feel should report to you. Our work was solely based upon information provided by you and was not supplemented by our own research into the market and the principal companies operating therein.

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6 Disclaimer

The procedures we applied do not constitute an audit in accordance with International Standards on Auditing, and had we been engaged to perform additional procedures or an audit in accordance with professional standards, matters might have come to our attention that would have been reported.

Our report to you was furnished solely to assist you in connection with the previously mentioned transaction and it should not be relied for any other purpose or made available to third parties without out prior written consent.

You were responsible for determining whether the scope of our work, as specified in this letter and in our opinion report, was sufficient for your purposes in the context of your needs.

7 Conclusion

As discussed above, we are of the view that the methods used in determining the consideration are appropriate considering the specific circumstances and characteristics of the two Companies involved.

We also note that given the recent trend in the share price of the Norwegian Company the last two months, we are of the view that as at the date of our report the consideration is favorable for the shareholders of the Cyprus Company. **We therefore confirm that in our opinion, as at the date of our report, the share exchange ratio approved by the Board of Directors of the Cyprus Company to apply in relation to the cross-border merger between the Cyprus Company and the Norwegian Company is fair and reasonable so far as concerns the shareholders of the Cyprus Company.**

Finally, we would like to emphasise that our work as presented in this report does not constitute in any respect a valuation of the shares of the Cyprus or the Norwegian Companies and is not an investment advice.

Yours faithfully,

HLB Afxentiou

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