INFORMATION MEMORANDUM

PETROLIA ASA

a public limited liability company organised under the laws of Norway

This Information Memorandum has been prepared in connection with

the issue of new shares by Petrolia ASA to Independent Oil & Resources ASA as consideration in the merger between Petrolia Rigs II AS and IO&R AS

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

29 MARCH 2012

IMPORTANT INFORMATION

This Information Memorandum (the "**Information Memorandum**") has been prepared in connection with the issue of new shares by Petrolia ASA to Independent Oil & Resources ASA as consideration in the merger between Petrolia Rigs II AS and IO&R AS. For further details regarding this transaction, please refer to section 3.

This Information Memorandum has been prepared to comply with 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.

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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 4.7. 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 1.3.

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 4.8.8) are particularly exposed to changes in the marked 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 interphase 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 4.8.3. As further outlined in Section 4.8.4, 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 4.8.4), 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 21 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 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.

1.2.1 Liquidity risk – maturity of the Bond Loan

The Group has fixed interest rate on the major part of interest bearing liabilities, i.e. the Bond Loan, which limits the liquidity risk. A per the date of this Information Memorandum, the outstanding principal amount under the Bond Loan is NOK 344.5 million. The outstanding principal and the outstanding interest in the amount of NOK 20.7 million fall due for payment on 20 June 2012. At the date of the Information Memorandum the balance on the Company's debt service reserve account is NOK 31.9 million and consequently covers all remaining interest. The Company has repurchased bonds in the market and currently owns bonds equaling a principal amount of NOK 139.5 million.

As further outlined in section 6.11, there is a significant risk that the Group's working capital is insufficient to cover repayment of the principal amount under the Bond Loan in June 2012.

If the Company fails to obtain the financing required to repay the Bond Loan, it 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 and put the Company in default under the Bond Loan. In a worst case scenario, the Company's equity will be lost and the Company will be forced to file for bankruptcy.

1.2.2 Interest rate risk

Petrolia´s interest bearing debt totaled USD 50.7 million as per 31 December 2011. This includes the Bond Loan (excluding Borrower's Bonds of NOK 139.5 million) of NOK 205 million (USD 34.2 million) and financial leases of total USD 16.5 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.

1.2.3 Currency risk

Petrolia has prepared its accounts in USD starting from 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.

1.2.4 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.

1.3 POLITICAL, REGULATORY AND MARKET RISKS

1.3.1 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.

1.3.2 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.

1.3.3 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.

1.3.4 Oil price risk

Petrolia's operations are dependent on the state of the offshore 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 offshore 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.

1.3.5 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.

1.4 OPERATIONAL RISKS

1.4.1 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.

1.4.2 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.

1.4.3 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.

1.4.4 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.

1.4.5 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.

1.4.6 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.

1.4.7 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.

1.4.8 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.

1.5 RISK FACTORS RELATING TO THE SHARES

1.5.1 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.

1.5.2 Possibility of waiver of pre-emptive subscription right

In order to raise equity on short notice in the investor market, Petrolia 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.

1.5.3 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.

1.5.4 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.

1.5.5 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 in Norway

The Company is incorporated under the laws of Norway, and all of its 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.

1.5.6 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.

1.5.7 Shareholders outside of Norway are subject to exchange rate risk

The Shares are priced in Norwegian kroner (NOK), the lawful currency of Norway, and any future payments of dividends on the Shares will be denominated in NOK. 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.

1.5.8 Petrolia ASA will be controlled by Independent Oil & Resources ASA following the Merger and the interests of Independent Oil & Resources ASA may not be aligned with the interests of Petrolia ASA or those of other holders of the Shares in Petrolia ASA

After the completion of the Merger, Independent Oil & Resources ASA will own approx 61.44%of the issued and outstanding share capital of the Company. Accordingly, Independent Oil & Resources ASA will control the majority of the Shares in the Company and will effectively control the outcome of a number of matters on which the Company's shareholders are entitled to vote. The interests of Independent Oil & Resources ASA may differ from those of other shareholders. As a result, Independent Oil & Resources ASA may prevent the Company from making certain decisions or taking certain actions that would be in the interest of the Company's other shareholders.

1.5.9 The Cyprus Merger may not be completed

The merger between Petrolia ASA and Petrolia E&P Holdings Plc. described in section 4.3 (the Cyprus Merger) may not be completed as contemplated by the Company. In particular, there is a risk that the merging companies may not be able to obtain all necessary approvals and/or fulfil all necessary formal requirements in order to register and complete the Cyprus merger in the Companies register of Cyprus. 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 Cyprus 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, 29 March 2012

The Board of Directors of Petrolia ASA

Berge Gerdt Larsen
Chair

Erik Johan Frydenbø Director	Sjur Storaas Director	Unni Fossberg Tefre Director

3. MERGER BETWEEN PETROLIA RIGS II AS AND IOR&R AS

3.1 BACKGROUND AND REASON FOR THE MERGER

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) (the "**Rigs**") and certain drilling equipment (the Rigs and the drilling equipment collectively referred to as the "**Assets**").

The purchase price for the Assets is 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**"). IO&R would thereafter merge with Petrolia Rigs II AS ("**Petrolia Rigs**" and together with IO&R the "**Merging Companies**"), a wholly owned subsidiary of the Company (the "**Merger**"). It was further agreed that Independent Oil & Resources ASA will receive consideration in the form or shares in Petrolia ASA. As at the date of this Information Memorandum, Independent Oil & Resources ASA is the Company's largest shareholder with an ownership share of 30%. Upon completion of the Merger Independent Oil & Resources' ownership share will be increased to 61.44%.

The acquisition of the Assets is part of the Group's strategy to improve its balance sheet, strengthen and leverage the drilling & well business segment and generate a positive cash flow to fund new value creating initiatives. The Rigs have been delivered in Romania which is considered to be an attractive region for this type of rigs. The Rigs are expected to create synergies between the drilling & well technology and the oilfield services segment and contribute to a positive cash flow for the Group.

3.2 THE MERGING COMPANIES

3.2.1 Petrolia Rigs II AS

Petrolia Rigs was incorporated by Petrolia ASA on 21 July 2011 and registered in the Norwegian Register of Business Enterprises under registration number 997 204 999. The company was established as a single purpose vehicle with the purpose of merging with IO&R and thereby acquiring the Rigs. Petrolia Rigs' only asset is cash reserves corresponding to the paid-in share capital of NOK 100,000. The company has no employees and no business activity. Petrolia Rigs II has not yet prepared any financial statements.

3.2.2 IO&R AS

IO&R was incorporated by Independent Oil & Resources ASA on 22 July 2011 and registered in the Norwegian Register of Business Enterprises under registration number 997 171 306. The company was established as a single purpose vehicle with the purpose of (i) acquiring the assets from Independent Oil & Resources ASA and (ii) merging with Petrolia Rigs, thereby transferring the Rigs to the Petrolia Group.

On incorporation, IO&R's share capital was NOK 100,000. On 30 November 2011, the company's share capital was increased to NOK 200,000 through the issue of 100 new shares to Independent Oil & Resources ASA against contribution in kind in the form of the Assets. Subscription price per share was NOK 742,830, equalling a total subscription amount of NOK 74,283,000. NOK 74,183,000 was transferred to the company's share premium account.

The Assets consist of:

- 100% of the shares of IO&R Limited (Dubai) valued at NOK 68,180. IO&R Limited (Dubai) was established on 25 April 2011 as a single purpose vehicle for holding the Rigs. The company had no other assets and no business activity. The Rigs were acquired from Independent Oil & Resources ASA for NOK 62,734,773, and the purchase price was settled by way of sellers' credit. The valuation of the shares was therefore based solely on the cost related to the establishment of the company.

- A receivable in the amount of NOK 62,734,773 against IO&R Limited (Dubai) which is directly related to the purchase of the Rigs. The receivable was valued at valued at NOK 62,734,773 i.e. its nominal value, which reflects the cost price for the Rigs plus the nominal cost of works carried out to upgrade the Rigs.

- Certain drilling equipment for use in the oil service industry, valued at NOK 11,479,625. The valuation was based on cost price for purchase of the equipment.

In addition, an independent valuation report of the Rigs was prepared by an independent auditor. The report concluded that the value of the Assets was in the range of NOK 80-90 million.

IO&R has no employees and no current or historic business activity. Jan Egil Moe is the company's sole board member and also functions as general manager. Ernst&Young is the company's statutory auditor. Since IO&R was incorporated in 2011, the company has not yet prepared financial statements. For further details about the Rigs, please refer to section 4.9.2.

3.3 LEGAL ASPECTS OF THE MERGER

3.3.1 Introduction

The Merger will entail a transfer of all of IO&R's assets, rights and obligations to Petrolia Rigs. IO&R will be dissolved following the completion of the Merger. As consideration for its shares in IO&R, Independent Oil & Resources will receive shares in the Company corresponding to the relative value of its shares in IO&R (the "**Consideration Shares**") as provided for in the Norwegian Private Limited Liability Acts section 13-1 second paragraph. Because the Consideration Shares will be issued by a public limited company, the Merger has been structured pursuant to the provisions of the Public Limited Companies Act ("**NPLCA**") chapter 13, cf. NPLCA section 13-2 second paragraph.

3.3.2 Merger plan

On 29 November 2011 the board of directors of the Merging Companies approved a merger plan that had been prepared pursuant to NPLCA sections 13-6 to 13-8 (the "**Merger Plan**") and a statement that had been prepared pursuant to NPLCA section 13-10 (the "**Board Statement**"). The Merger Plan and the Board Statement have been enclosed as appendices to this Information Memorandum. On the same date, the Company approved to accede to the Merger Plan and to call for a general meeting to approve the accession to the merger Plan and the issuance of Consideration Shares.

The Merger Plan was approved by the general meetings of the Merging Companies on 7 and 14 December 2011 respectively. The resolution was registered in the Norwegian register of Business enterprises on 6 January 2012. On 30 December 2011, the general meeting of the Company approved the Company's accession to the merger plan, and resolved to issue the Consideration Shares contemplated in the Merger Plan.

3.3.3 Valuation and exchange ratio

The exchange ratio is based on a valuation of the Company and IO&R respectively. Petrolia is valued on the basis of the market price of the Company's share in trading on the Oslo Stock Exchange as at the time of the determination of the commercial terms of the Merger, as well as negotiations between the parties. The Company is valued at NOK 0.55 per share.

IO&R is valued on the basis of the value of its shares in the subsidiary IO&R Limited (Dubai), which in turn is valued on the basis of the Assets of this company as described in section 3.3.2. The valuation is also based on an independent valuation of IO&R Ltd's assets made 13 October 2011 in connection with the Assets being used as a contribution in kind in a share capital increase in IO&R. IO&R is valued at NOK 74,250,000.

There were no particular difficulties in establishing the exchange ratio.

3.3.4 The Consideration Shares

As consideration to the shareholder of IO&R, Independent Oil & Resources ASA, Petrolia will issue of a total of 135,000,000 shares, each with a nominal value of NOK 0.04. Independent Oil & Resources ASA will pay NOK 0.55 per share, in total NOK 74,250,000 of which NOK 68,850,000 shall be transferred to the Company's share premium account. As settlement for the shares, Petrolia Rigs will issue a receivable to the Company in the amount of NOK 74,250,000 which reflect the net value that is being transferred to Petrolia Rigs through the Merger. No fractional shares will be issued.

The capital increase was resolved in an extraordinary general meeting of the Company held on 30 December 2011. 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 the Company, having a nominal value of NOK 0.04 each. The Consideration Shares will be issued electronically in book-entry form in accordance with the NPLCA under ISIN NO 0003075301.

The Consideration Shares will rank pari passu in all respects with the existing Shares of the Company and will carry full shareholder rights from the time of registration of the share capital increase the Norwegian Register of Business Enterprises. The Consideration Shares will be eligible for any dividends declared by the Company after said registration in the Norwegian Central Depository Register (VPS). All Shares, including the Consideration Shares, will have voting rights and other rights and obligations pursuant to the Norwegian Public Limited Companies Act, and are governed by Norwegian law. All Shares in the Company are freely transferable.

3.3.5 Creditor notice period

The registration of the merger resolution in NRBE as described in section 3.3.2 marks the start of a two months creditor notice period. During this period, any creditors must put forward any objections that they might have against the Merger. The Merger cannot be completed until the creditor notice period has expired. In the event that any creditors of the merging companies raise objections towards the Merger, the Merger cannot be completed until such matters have been settled. The creditor notice period expired on 6 March 2012.

3.3.6 Completion of the Merger

The Merger will be completed after the end of the creditor notice period described in section 3.3.5 by Petrolia Rigs notifying NRBE that the Merger has been completed and the Company issuing the Consideration Shares. The Company currently expects that the Merger will be completed on or about the date of this Information Memorandum.

The merging companies' mutual obligation to complete the Merger is conditional upon (i) satisfaction of all legal conditions for completion of the Merger, (ii) that all requisite licenses and approvals have been obtained and (iii) that no creditors or other third parties have objected to the Merger.

Completion of the Merger will have, inter alia, the following legal effects:

1. IO&R will be dissolved;
2. All of IO&R's assets, rights and obligations will be transferred to Petrolia Rigs;

For accounting and tax purposes, the Merger will take effect from completion. As from this date, transactions carried out by IO&R shall be for the account of Petrolia Rigs. IO&R's assets and debt will be taken over by Petrolia Rigs at fair value.

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 deemed to be equal to the cost price and date of acquisition of the shares in IO&R.

3.4 EFFECTS OF THE TRANSACTION ON THE COMPANY

The acquisition of the Assets will contribute to a strengthening of the Company's equity by USD 13 million (assuming exchange rate of 5.80). Once operative, the Assets are also expected to generate an annual positive cash flow for the Group of USD 2-5 million depending on contracts and utilisation. The acquisition also has strategic importance as it is a step towards revitalizing the Group's drilling & well technology business segment as further described in section 4.9 and it is expected to give some synergies to the oilfield services segment.

3.5 EFFECTS OF THE TRANSACTION ON THE SHAREHOLDERS

As at the date of this Information Memorandum, Independent Oil & Resources ASA holds 30.29% of the shares in Petrolia ASA. Upon completion of the merger and issuance of the Consideration Shares, Independent Oil & Resources' ownership share will be increased to 61.44%. The issuance of the Consideration Shares will lead to a 44.69% dilution of the other shareholders of the Company.

3.6 LISTING ON OSLO STOCK EXCHANGE

The Consideration Shares issued by the Company 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 the Company has prepared a report in which it confirms that it will continue to fulfill the requirements for listing on Oslo Stock Exchange after completion of the Merger. On 21 december 2011, Oslo Stock Exchange confirmed that the Company's shares would remain listed on Oslo Stock Exchange after completion of the Merger.

3.7 EXPENSES

The Company’s expenses relating to the Merger, primarily fees to the Company’s auditors and legal advisors, are currently estimated at NOK 1 million. Additional expenses may be incurred in relation to the Merger.

4. PRESENTATION OF THE COMPANY

4.1 PETROLIA ASA

4.1.1 Incorporation, registered office and registration number

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".

4.2 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 4, 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 acquisition of the Assets through the Merger as described in section 3 the Group has started the process of revitalizing the drilling & well technology business segment.

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 Ulvetanna was approved by Norwegian authorities.

4.3 PLANNED RE-LOCATION TO CYPRUS

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 "**Cyprus Merger**") between the Company and a Cyprus public limited company with the latter as the surviving entity, leading to the conversion of the surviving company into a European company (SE company). The Company's business will continue unchanged under the corporate form of a Cyprus registered SE.

In the annual general meeting of Petrolia 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 Company and Petrolia E&P Holdings PLC respectively approved the merger plan for the cross border merger. The merger plan was unanimously approved by the general meeting of the company on 30 December 2011. The merger plan has not yet been approved by the general meeting of Petrolia E&P Holding Plc., such approval is however expected to take place in April 2012. The Cyprus Merger is expected to be completed after the expiry of the creditor notice periods in both Norway and Cyprus. The Company currently estimates that the Cyprus Merger will be completed in May or June 2012.

4.4 CONTEMPLATED MERGER WITH OIL DIVISION OF INDEPENDENT OILFIELD RENTALS LTD

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

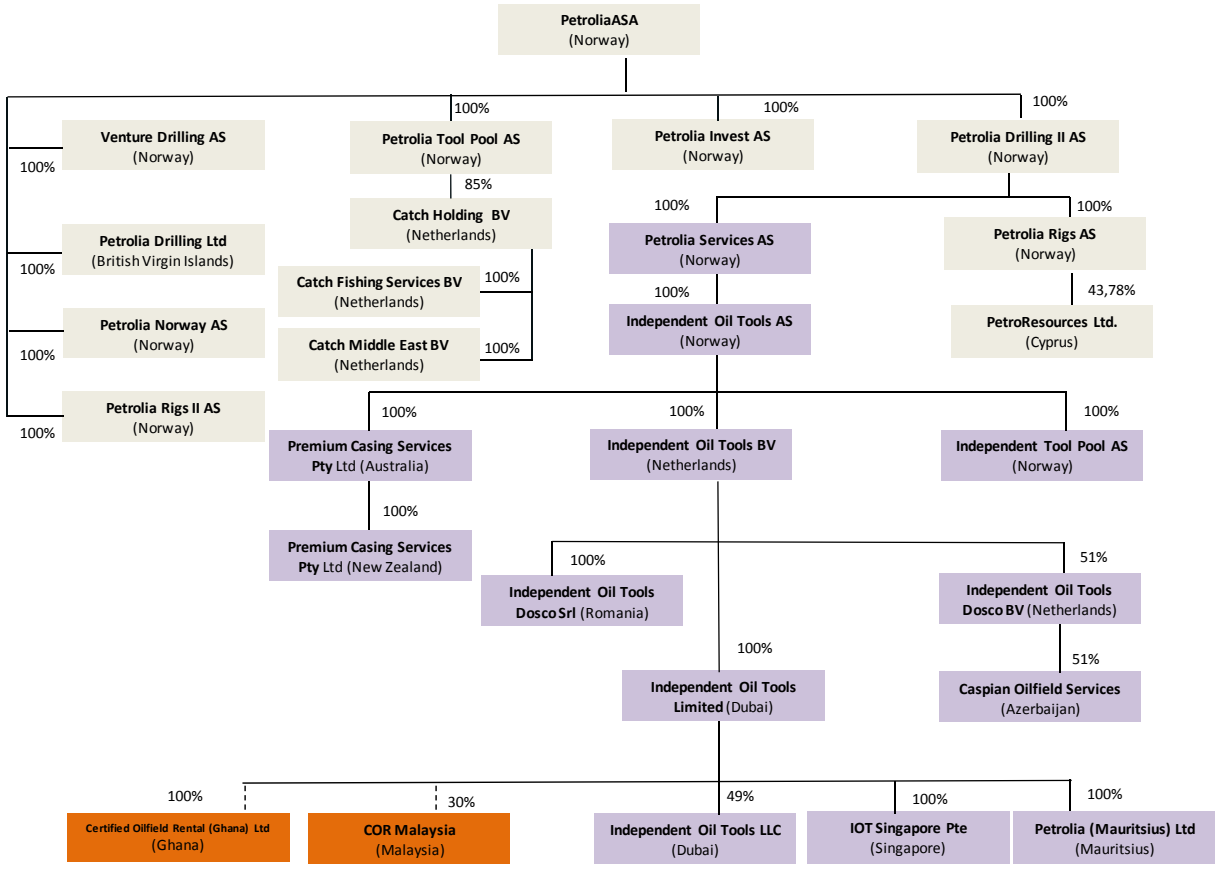
The discussions related to the contemplated merger are still at an early stage and the details of the transaction are yet to be agreed. The parties have so far agreed that the Company will be the surviving entity in a merger, and that the shareholders of Independent Oilfield Rentals will receive consideration in the form of shares in the Company. 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.

4.5 LEGAL STRUCTURE OF THE PETROLIA GROUP

The Company is the parent company of the Group. Please refer to section 4.5 of this Information Memorandum for a complete overview of all Group companies.

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 4.6 below. The Group's voting power in the each of the Group companies corresponds to its respective ownership share.



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 4.6 below.

4.6 ORGANISATION

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

4.6.1 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 8 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.

4.6.2 Petrolia Services AS

Petrolia Services 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.

4.6.3 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.

4.6.4 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.

4.6.5 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.

4.6.6 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.

4.6.7 Independent Oil Tools BV

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.

4.6.8 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.

4.6.9 Independent Oil Tools - Dosco BV

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.

4.6.10 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.

4.6.11 IOT Singapore Pte. Ltd.

IOT Singapore Pte. Ltd (formerly COR Singapore Pte. Ltd.), a limited exempt private company incorporated in Singapore with registered business address 6 Temasek Boulevard # 09-05, Suntec Tower 4, Singapore (038986), is a company providing technical consulting service and rental and sale of oil exploration equipment. COR Singapore Pte. Ltd. was acquired by the Group from COR International in 2011 as further described in section 4.8.5. The company is incorporated with organisation number 199404066E. The company has 21 employees as at the date of this Information Memorandum.

4.6.12 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 4.9.5. The company is incorporated with organisation number 992 848 405. There are no employees in the company.

4.6.13 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.

4.6.14 Petrolia Rigs AS

Petrolia Rigs AD, 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 46.43 % of the shares in Petroresources Ltd. The company was incorporated with organisation number 979 644 264. There are no employees in the company.

4.6.15 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 merging with IO&R and thereby acquiring the Rigs. The company was incorporated with organisation number 997 204 999. There are no employees in the company and it has no business activity.

4.6.16 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 4.9.4. The company was incorporated with organisation number 988 786 748. There are no employees in the company.

4.6.17 Petroresources Limited, associated company (46.43% 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.

4.6.18 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.

4.6.19 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 4.8.4 below.

4.6.20 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.

4.6.21 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.

4.6.22 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.

4.6.23 COR Rentals Malaysia SDB BHD

COR Rentals Malaysia SDB 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, is currently registered under the name COR Rentals Malaysia SDB BHD and is in the process to be transferred from COR to Independent Oil Tools Limited as further described in section 4.8.5. The company is incorporated with organisation number 655557-U. The company has 31 employees as at the date of this Information Memorandum.

4.6.24 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.

4.6.25 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.

4.6.26 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.

4.6.27 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.

4.6.28 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.

4.6.29 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.

4.7 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 4.8 to 4.10 follows an account of activities under each segment with focus on the period covered by the historical financial information, i.e. since 1 January 2008. Currently, the main activities of the Group are carried out within the oilfield services segment (please refer to section 4.8 for more information). The Group has historically had significant activities in the drilling & well technology business segment. These have currently ceased, but the Group is in the process of starting up new activities within this business

segment (please refer to section 4.9 for additional information). Oil & gas is a relatively new business segment which is under development (please refer to section 4.10 for additional information).

4.8 THE OILFIELD SERVICES BUSINESS SEGMENT

4.8.1 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 4.8.3 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 4.8.8 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 4.8.5 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 4.8.4, COR functions are in the process of being taken over by the Group.

4.8.2 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 2011, 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 2011. 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 1.4.2.

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 2011, 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 1.2 for more information regarding financial risk.

For more details, please see section 4 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.

4.8.3 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 4.8.8) 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 4.5 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 this section 4.8.4.

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.

The table set out below shows the geographic distribution of assets and revenue. The table illustrates the relation between 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)*	**2010**	**2009**	**2008**
Norway[1]	15,907	8,928	11,361
Europe outside Norway[2]	24,689	22,267	20,966
Asia and Australia[3]	17,574	15,940	47,213
Other countries[4]	17,371	23,612	2,291
Total	**75,541**	**70,746**	**81,831**

Assets *(amounts in USD 1 000)*	**2010**	**2009**	**2009**
Norway[1]	6,747	2,949	3,371

Europe outside Norway[2]	9,530	15,236	57,020
Asia and Australia[3]	7,830	35,886	56,786
Other countries [4]	64,899	70,203	4,877
Total	**89,006**	**124,274**	**122,054**

[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.

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.

4.8.4 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 COR Singapore Pte. Ltd, and is in the process of acquiring COR Rentals Malaysia SND. BHD. as described in section 4.8.5 In Dubai, where COR has had its main offices, the Group has incorporated two new subsidiaries, cf. section 4.6.18 and 4.6.19 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.

4.8.5 Acquisition of COR Singapore Pte Ltd and COR Rentals Malaysia SDN. BHD

Share purchase agreements have been signed regarding the purchase of 100 % of the shares in IOT Singapore Pte. Ltd (formerly COR Singapore Pte. Ltd.) and 30 % of the shares in COR Rentals Malaysia SDN. BHD. The companies are further described in sections 4.6.11 and 4.6.23.

These companies are going concerns with personnel who will continue the handling of the Group's rental business in the South East Asia markets. Through the ongoing acquisition, the Group is strengthening its position in the region and taking on Group control of its equipment and forward strategy.

The Group has performed an internal due diligence on these two companies and has not discovered any significant risk factors. The companies have provided rental management services to Group companies only. Obligations towards users of the Group's equipment will be taken over by the Group.

The purchase price for the shares has been agreed to USD 1 per company. This reflects the financial position of the companies, in particular the fact that both companies had a negative equity per 31.12.2010 and that the companies have had the Group as their only customer and that they would not be in a position to continue their business if the Group had withdrawn its equipment.

Local formalities regarding i.a. local ownership and completion and registration of the transaction related to COR Rentals Malaysia are still outstanding as per the day of this Information Memorandum. In the meantime, COR is formally continuing its services to the Group in close cooperation with the top management of the Company. The agreements imply that the Group is taking active control over the handling of the Group's rental business in the South East Asia markets. Through the acquisitions, the Group is strengthening its position in the region and taking on Group control of its equipment and forward strategy.

4.8.6 On-going acquisition of Certified Oilfield Rentals (Ghana) Limited

In February an agreement was made whereby Independent Oil Tools Limited, a 100% owned subsidiary in the Petrolia group, acquired Certified Oilfield Rentals (Ghana) Limited for USD 1 from COR International Limited. The price reflects that the parties agree that the company has no market value. Through the acquisition Petrolia gets direct control over its own oilfield services equipment in Ghana and expects to increase the revenues this equipment generate. The equipment has a replacement value of USD 7 million.

4.8.7 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		
Origin 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 4.8.3.

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

4.8.8 Equipment

The Group owns various drilling equipment as specified by value in the table in section 4.8.3 above. Part of this equipment is leased, and as per 31 December 2010, the total outstanding leasing balance was USD 26.4 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 2008 investments in drilling equipment was USD 70.9 million of which USD 25.3 was leased. Included were purchases by Petrolia Services AS of drilling equipment from PetroMENA ASA and from Petrojack ASA. Cost price for that equipment was USD 26.3 million and USD 11.5 million respectively based on third party evaluations.

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. For 2011 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 2010, the book value of drilling equipment was USD 86.8 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).

4.8.9 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 2010 of USD 2.2 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 4.8.5 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.

4.8.10 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.

4.9 THE DRILLING & WELL TECHNOLOGY BUSINESS SEGMENT

4.9.1 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 4.9.3 to 4.9.7 outline the Company's involvement with the SS "Petrolia", "Deep Venture", Deepwater Drilling, the two land rigs, PetroMENA ASA and Petrojack ASA.

The Group does currently not have any material activities within the drilling & well technology business segment. Current activities are limited to Venture Drilling marketing certain equipment for sale or rental. The Group is continuously considering new opportunities within this segment, and the acquisition of the Assets, and especially the Rigs, through the Merger forms part of the Group's strategy to revitalize this business segment. The Rigs are further described in section 4.9.2. The 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)*	**2010**	**2009**	**2008**
Total	**0**	**84,205**	**73,653**

4.9.2 The Rigs acquired through the Merger

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).

The rigs are currently in Romania. The drilling rig is fully tested and operational and the Group expects that it will be on contract in the near future. 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.

4.9.3 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 security amount has later been reduced to USD 21.2 million. Following the opening of bankruptcy proceedings in PetroMENA ASA on 21 December 2009, there have been discussions between the bank and Pemex regarding the return and release of the performance bond, which in turn would facilitate the release of the deposited amount. As per the date of this Information Memorandum, Pemex has not released the bond, and the deposit is still with the bank.

From Petrolia's point of view, the only exposure in this connection is if there would be a negative balance between the guarantee commission imposed by the bank and interest accrued on the deposit. In such case, a claim for the amount in question would be forwarded to Petromena Ltd. (in practice the PetroMENA ASA estate). Given the bankruptcy proceedings, there are uncertainties related to whether such claim would be paid. Otherwise, it is the risk of PetroMENA Ltd. whether and when Pemex will return the performance bond, and it is consequently also their risk when the deposit will be released by the bank.

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.

4.9.4 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.

4.9.5 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".

4.9.6 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.

4.9.7 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.

4.9.8 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.

4.10 THE OIL & GAS BUSINESS SEGMENT

The business segment Oil & Gas has up to the date of the Information Memorandum not had any 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 ("Ulvetanna" or "PL 356"). 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 main objectives for the drilling are the Ekofisk and Tor formations. The well will be drilled to a depth of approximately 3,000 meters, using the jack-up rig Mærsk Guardian.

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.

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 44 % of the shares. Petroresources Ltd. has invested in associated companies which have interests in mining and oil exploration.

4.11 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, and there are no plans for such activities either.

4.12 DEPENDENCE ON INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS OR NEW MANUFACTORING PROCESSES

The agreements with COR are commercial contracts within the oilfiled services business segment on which the Group has depended in connection with the hiring out of an important part of its equipment, cf. section 4.8.3 above. The contracts are currently being phased out in parallel with the acquisition of COR Singapore Pte Ltd and the ongoing acquisition of COR Rentals Malaysia SDN. BHD., cf. section 4.8.5. The Company does not expect to be dependent on the services of COR after the completion these acquisitions.

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.

4.13 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 end of 1H 2011 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 2011, 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.

4.14 MATERIAL CONTRACTS

The agreements relating to the purchase of COR Singapore Pte Ltd., COR Rentals Malaysia SDN. BHD. and Catch Fishing Services B.V. as further detailed in sections 4.8.5 and 4.8.10, 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 4.8.3 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.

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 consultancy, 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*

5.2 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 are scheduled in Bergen for the second half of 2012, having been postponed from January 2012. 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 ruled that there was a breach of confidentiality by the Bergen police and 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 have brought charges (Norwegian: anmeldelse) against Skatt Vest in Bergen and the Bergen police in four different instances related to the matters referred to above. The charges are 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 Act (Norwegian: Verdipapirhandelloven) by publishing insider information to the public. All the charges have been dismissed by Norwegian Bureau for Investigation of Police Affairs (SEPO) and forwarded to the Office of the Public Prosecutor (Riksadvokaten). One of the matters has been dismissed by the Norwegian Bureau for Investigation of Police Affairs while the remaining matters are still under investigation.

5.3 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.

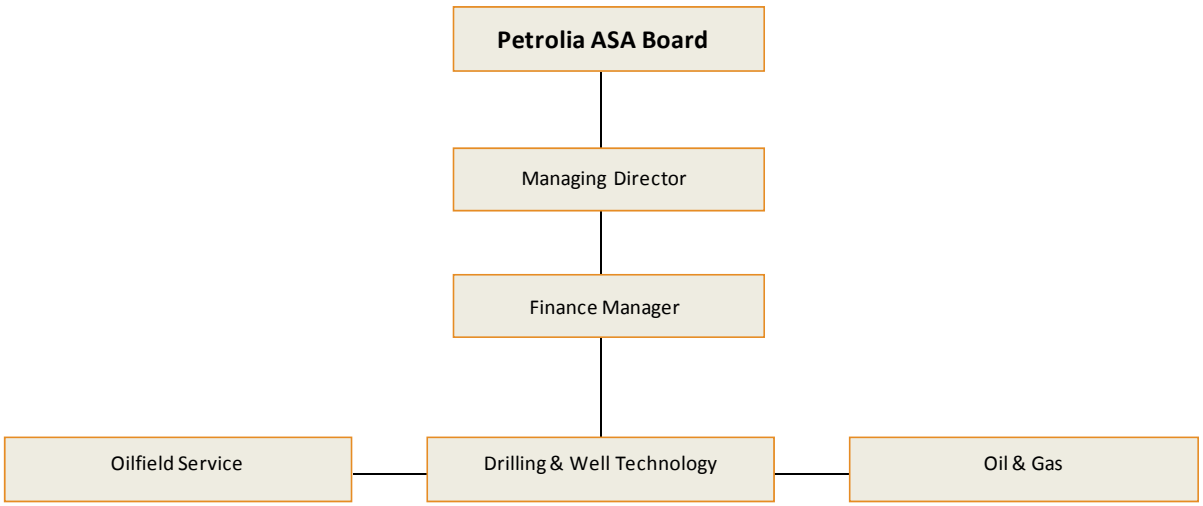
Mr. Frydenbø and Mr. Storaas are independent of main shareholders, management and main business connections. However, from May 2010 to January 2012 the Company was party to a legal consultancy agreement with Erik Frydenbø. The Company paid Mr. Frydenbø a monthly fee of NOK 216,000. As at the date of this Information Memorandum, Mr. Frydenbø provides services to the Company on an ad hoc basis for which he charges by the hour.

5.4 MANAGEMENT

5.4.1 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:



5.4.2 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 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.

5.5 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/Warrents**
Berge Gerdt Larsen	Chair		
Erik Johan Frydenbø	Director	502,000	
Unni Fossberg Tefre	Director	100,000	
Sjur Storaas	Director		
Management			
Kjetil Forland	Managing Director	300,000	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 16.11 % 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 30.29 % of the Shares.

5.6 BENEFITS UPON TERMINATION OF EMPLOYMENT OR OFFICE

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.

Currently, no Board members or employees are entitled to any contingent or deferred compensation, nor are there any options schemes in place.

5.7 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 off-hire status of the DS "Valentin Shashin", 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 4.3. 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.

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 2008, 2009 and 2010.

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 2010, 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 2010.

IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements have been changed with effect for 2010. These changes might have effect for future transaction for Petrolia, but in 2010 there have been no transactions that have been affected by the changes.

Other changes in accounting standards and interpretations with effect for 2010 are changes within IFRS 2 Share-based Payment, IFRIC 16 Hedges of a Net Investment in a Foreign Operation, IFRIC 17 Distribution of Non-Cash Assets to Owners and IFRIC 18 Transfers of Assets from Customer. None of these changes are relevant for Petrolia.

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

IFRS 9 Financial Instruments IFRS 9 replaces the classification and measurement rules in IAS 39 Financial Instruments- Recognition and measurement for financial instruments. 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. IFRS 9 is effective for annual periods beginning on or after 1 January 2013, but the standard is not yet approved by the EU. The Group expects to apply IFRS 9 as of 1 January 2013.

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. The Group expects to implement IAS 24 (R) as of 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. The amendment is effective for annual periods beginning on or after 1 February 2010. The Group expects to implement the amendments as of 1 January 2011.

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, Amendments to IAS 12 Income Taxes, IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments and changes from the annual improvements project 2010.

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 2008, 2009 and 2010 as well as the unaudited interim financial information for the three months ended 31 December 2011 and 31 December 2010. 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 2008, 2009 and 2010 has been audited. The annual reports include notes and auditor opinions. For Auditors Report for 2010 see the Annual Report page 59, Annual Report 2009 see page 77 and Auditors Report for 2008 please see page 65. The audit reports have been unqualified for all three years. The interim quarterly reports for Q4 2011 and Q4 2010 have not been audited.

6.4.1 Consolidated income statement

Below are the condensed consolidated income statements for the Company for the accounting years 2010, 2009 and 2008 as well as the unaudited consolidated income statement for the three months ended 31 December 2011 and 31 December 2010.

Summary of Historical consolidated income statement

(USD 1000)	**4q 2011** Unaudited	**4q 2010** Unaudited	**2011** Unaudited	**2010** Audited	**2009** Audited	**2008** Audited
Revenue	**20 504**	**19 536**	**83 862**	**75 541**	**70 746**	**81 831**
Operating expenses	16 665	74 327	55 356	109 575	46 123	53 539
Operation profit before depreciation	**3 839**	**-54 791**	**28 505**	**-34 034**	**24 623**	**28 292**
Depreciation	10 589	12 689	40 862	42 081	40 371	29 197
Impairment of fixed assets	0	4 796	4 115	4 796	8 468	0
Operating result	**-6 751**	**-72 276**	**-16 471**	**-80 911**	**-24 307**	**-905**
Result from investment in joint venture	-10 764	-8 599	-658	16 089	30 954	28 451
Result from associated companies	-6 793	-6 954	-6 802	-10 946	304	-113 669
Net financial income/expenses (-)	-1 660	-1 749	-15 985	-11 568	-12 869	-24 327
Result before income taxes	**-25 968**	**-89 578**	**-39 917**	**-87 336**	**-5 919**	**-110 451**
Tax on result	-3 475	-176	-24 854	0	4 653	641
Result from the year from continuing operations	**-22 493**	**-89 402**	**-15 063**	**-87 336**	**-10 572**	**-111 091**
Discontinued operations						
Profit for the year from discontinued operations	0			0	118 413	-395 278
Result for the year	**-22 493**	**-89 402**	**-15 063**	**-87 336**	**107 841**	**-506 370**
Attributable to:						
Shareholders	-22 339	-89 585	-14 824	-87 605	148 460	-327 044
Minority interests	-154	183	-239	269	-40 619	-179 326

Consolidated statement of comprehensive income *(USD 1000)*	**4q 2011** Unaudited	**4q 2010** Unaudited	**2011** Unaudited	**2010** **Audited**	**2009** **Audited**	**2008** **Audited**
Result for the year	-22 493	-89 402	-15 063	-87 336	107 841	-506 370
Currency translation differences	16 801	3 622	46	3 545	12 545	-12 115
Total comprehensive income for the year	**-5 692**	**-85 780**	**-15 017**	**-83 791**	**120 386**	**-518 485**
Attributable to:						
Owners of the parent	-5 538	-85 963	-14 778	84 141	160 949	-339 137
Minority interests	-154	183	-239	350	-40 563	-179 348

4Q comments:

Total revenue was USD 20.5 million compared to USD 19.5 million in 4q 2010. Operating profit before depreciation was USD 3.8 million compared to USD -54.8 million in 2010. Operating expenses was USD 16.7 million compared to USD 74.3 in 2010. Operating loss was USD 6.8 million including USD 10.6 million in depreciation. Operating loss in 2010 was USD 72.3 million including USD 12.7 million in depreciation and USD 4.8 million in impairment. Result from Joint Venture was USD -10.8 million compared to USD -8.6 million in 2010. Result from associated company was USD -6.8 million compared to USD -7.0 million in 2010. Net financial result was USD -1.7 compared to USD -1.7 in 2010. The net result after-tax was USD -22.5 million compared to USD -89.4 in 2010.

Main events;

Total Comprehensive income was USD -5.7 million in Q4 2011 and USD -15.1 million per Q4 2011

Operating profit before depreciation and impairment was USD 3.8 million in Q4 and USD 28.5 million per Q4 2011

Shareholder's Equity per 31.12.2011 was USD 0.51 per share.

On 3 October 2011 the Board of Directors of Independent Oilfield Rentals has formally approved to start merger negotiations of their oil department with Petrolia ASA. The Independent oil department has both production and exploration license interests in the Middle East and North Africa (MENA). It is expected that the agreement will be completed in first half of 2012.

Petrolia ASA received 2 November 2011 the decision from the Office of the City Recorder in Oslo (Oslo Byfogdembete) in the case where Petrojack ASA, its bankruptcy estate claimed up to NOK 32.9 million related to Petrolia Services AS' (Petrolia ASA's 100% owned subsidiary) purchase of certain drilling equipment from Petrojack ASA in 2009. The Office of the City Recorder in Oslo has ruled in favour of Petrojack ASA, its bankruptcy estate for NOK 18 million, approximately half of their claim. Petrolia ASA has filed an appeal and the matter is thus not yet settled.

On 21 November Petrolia repurchased Bond Loan in an amount of NOK 139.5 million (at 95 % + accrued interest) bringing the remaining balance down to NOK 344.5 million (of which Petrolia ASA owns 139.5 million) (due 20 June 2012).

On 29 November the Boards of Directors of Petrolia ASA and Petrolia E&P Holdings PLC approved the merger plan for the proposed cross-border merger between the companies, with Petrolia E&P Holdings PLC as the surviving company.

On the 30 December the extraordinary general meeting approved to re-domicile to Cyprus through a cross-border merger and the Merger between Petrolia Rigs II AS and IO&R AS as described in section 3 of this Information Memorandum. It is expected that the Merger to be completed in Q1 2012

Reference is made to the stock exchange notice of 5 September 2011 regarding the resolution to issue 15 188 951 new shares in Petrolia ASA. The issue was fully subscribed and 15 188 951 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.

Year ended 31 December 2011 in comparison with 2010:
Total revenue 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 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 -6.8 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 -15.1 million compared to USD -87.3 in 2010.

Total revenue in 2010 was USD 75.5 million compared to total revenue of USD 70.7 million in 2009 and total revenue was USD 81.8 million in 2008. Operating loss before depreciation in 2010 was USD 34.0 million compared to profit of USD 24.6 million in 2009 and USD 28.3 million in 2008.

Total operating expenses was USD 109.6 million in 2010 compared to USD 46.1 in 2009 and USD 53.5 million in 2008. The increase in total expenses from 2009 to 2010 is primarily caused by impairment of receivables of USD 30.0 million and impairment of goodwill of USD 20.4 million. The increase in total expenses from 2009 to 2010 resulted in an increase in the operating loss in 2010, which was USD 80.9 million including USD 42.1 million in depreciation of equipment. Operating loss in 2009 equalled USD 24.3 million, including USD 40.4 million in depreciations. Operating loss in 2008 was USD 0.9 million, including USD 29.2 in depreciations.

Result from investment in joint venture (Venture Drilling AS) was USD 16.1 in 2010 compared to USD 31.0 million in 2009 and USD 28.5 million in 2008. This was significantly lower than previous years since the vessel has been off-hire since May 2010.

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.

In 2008 the result from associated companies was USD -113.7 million of which USD – 21 million came from the shares in Deepwater Driller Ltd, USD – 89.6 million came from the shares in Petrojack ASA and USD - 3.1 million from the shares in Petroresources Ltd.

Net finance in 2010 was USD 11.6 million compared to USD 12.9 million in 2009 and USD 24.3 million in 2008. The reduction from 2008 to 2009 came after a reduction in bond loans.

Net result was loss of USD 87.3 million in 2010 compared to profit of USD 107.8 million in 2009 and loss of USD 506.4 million in 2008. 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 2010, 2009 and 2008 as well as the unaudited consolidated income statement for the three months ended 31 December 2011 and 31 December 2010.

Summary of consolidated balance sheet

	31 Dec 2011	**2010**	**2009**	**2008**
(USD 1000)	*Unaudited*	*Audited*	*Audited*	*Audited*
Assets				
Non-current assets				
Goodwill	0	0	20 395	17 344
Deferred income tax assets	0	0	0	3 694
Drilling units	0	0	0	28 262
Construction contracts Semi-Rigs	0	0	0	541 118
Drilling equipment and other equipment	79 388	86 761	121 969	119 509
Land and buildings	2 281	2 245	2 305	2 705
Investments in joint venture	0	65 658	86 955	76 827
Investments in associated companies	1 786	2 674	41 060	34 756
Non-current assets held for sale	0	34 500	0	0
Other financial fixed assets	6 743	6	450	0
Total non-current assets	**90 198**	**191 844**	**273 133**	**824 213**
Current assets				
Inventory	987	1 121	1 478	327
Trade-and other current receivables	38 870	22 949	42 288	73 795
Financial assets at fair value through profit and loss	15 779	0	620	871
Investment in money market fund	15	16	15	83
Bank deposits	32 834	45 749	49 616	127 812
Total current assets	**88 484**	**69 835**	**94 017**	**202 888**
TOTAL ASSETS	**178 682**	**261 679**	**367 150**	**1 027 102**

Equity and liabilities				
Equity				
Share capital	1 226	93 568	93 568	93 568
Treasury shares	-4	-2 153	-2 153	-2 153
Share premium fund	51 888	45 232	95 352	123 119
Other equity	29 973	-44 253	-10 231	-198 947
Majority interests	83 083	92 394	176 536	15 587
Minority interests	2 615	2 854	2 504	43 067
Total equity	**85 698**	**95 248**	**179 040**	**58 654**
Liabilities				
Non-current liabilities				
Bond loans	0	68 391	85 143	418 400
Pension liability	267	307	562	433
Other non-current liabilities	7 485	15 582	25 992	27 282
Total non-current liabilities	**7 752**	**84 280**	**111 697**	**446 115**
Current liabilities				
Short term portion of non-current liabilities	43 208	27 915	11 106	438 261
Trade payables	24 099	16 545	11 958	22 964
Payable tax	-1 830	-293	120	173
Other current liabilities	19 755	37 984	53 230	60 936
Total current liabilities	**85 232**	**82 151**	**76 413**	**522 334**
Total liabilities	**92 984**	**166 431**	188 111	**968 448**
TOTAL EQUITY AND LIABILITIES	**178 682**	**261 679**	**367 150**	**1 027 102**

Events after the balance sheet date:

Petrolia Norway AS became prequalified for the Norwegian Continental Shelf on 6 February 2012.

Petrolia Tool Pool AS, a 100 per cent owned subsidiary of Petrolia ASA, entered on 8 February 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. The transaction will strengthen the oilfield services offering and increase the utilization of the group´s equipment. The transaction has a limited impact on Petrolia ASA´s balance sheet.

Comment to the Balance sheet:

As of 31 December 2011, total assets amounted to USD 178.7 million. Investment in drilling equipment had a book value of USD 79.4 million, investment in listed shares had a book value of USD 15.8 million and total cash was USD 32.8 million. As per 31 December 2011, net interest bearing bond loans amounted to USD 34.2 million and is recognised as a short term liability as it is due for payment in June 2012. In addition there is a financial leasing facility for rental equipment in the amount of USD 16.5 million. Total equity was USD 85.7 million as per 31 December 2011, including a minority interest of USD 2.6 million. Book value of equity per share was USD 0.51 as per 31 December 2011, including minority interest of USD 0.02 per share.

As of 31 December 2010, total assets amounted to USD 261.7 million compared to USD 367.2 million in 2009 and USD 1 027.1 million in 2008. The significant reduction from 2008 to 2009 is primarily related to the bankruptcies of PetroMENA ASA and Petrojack ASA. Investment in drilling equipment had a book value of USD 86.8 million in 2010 compared to USD 122.0 million in 2009 and USD 119.6 million in 2008. Investment in joint venture had a book value of USD 65.7 million compared to USD 87.0 million in 2009 and USD 76.8 million in 2008.

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. Booked equity per share as of 31 December 2009 and 2008 have been changed to be comparable to the 31 December 2010 figures. 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 2010, 2009 and 2008 as well as the unaudited consolidated cash flow statement for the three months ended 31 December 2011 and 31 December 2010

(USD 1000)	**4Q 2011** *Unaudited*	**4Q 2010** *Unaudited*	**2011** *Unaudited*	**2010** *Audited*	**2009** *Audited*	**2008** *Audited*
Cash flow from operating activities						
Result before taxes				-87 336	107 841	-505 729
Prepaid taxes in period				0	-53	842
Gain from sale of equipment					0	-2 934
Loss/gain from sale of current assets					0	-70
Profit from discontinued operations				0	-118 413	0
Depreciation				42 081	40 371	31 961
Impairment of drilling equipment				4 796	8 468	0
Impairment of rigs					0	502 059
impairment of goodwill				20 395	0	
Change in net pension liability				-255	129	58
Change in inventory				357	-1 151	-327
Change in trade receivables				19 339	1 187	-10 990
Change in trade payables				4 587	-11 006	7 885
Accruals and items classified as financing/investment				0	0	41 554
Result from investment in joint venture				-16 089	-30 954	-28 451
Result from investment in associated companies				10 946	-304	113 669
Dividend from joint venture				0	0	12 424
Urealised foreign currency loss/ gain				-2 205	12 720	-130 310
Cash flow discontinued operations				0	955	0
Net cash generated from operating activities	**-758**	**-11 826**	**-20 999**	**-3 384**	**9 790**	**31 641**
Cash flow from investing activities						
Proceeds from sale of property, plant and equipment				323	0	4 610
Purchase of operating equipment				-13 456	-15 933	-357 214
Dividend from Venture Drilling AS				40 272	20 826	0
Cash flow from acquisition					0	4 239
Proceeds from sale of shares and investments in operating companies					0	-283
				-7 050	-6 000	-47 999
Investment in shares in associates						
Investment in shares in other companies					0	-8 702
Proceeds from sale of liquid reserves					68	18
Purchase of liquid reserves					0	0
Cash flow from discontinued operations				0	-21 780	0
Net cash used in investing activities	**-6 506**	**22 255**	**75 163**	**20 089**	**-22 819**	**-405 331**

Cash flow from financing activities						
Proceeds from bond loan				0	1 635	94 609
Proceeds from short-term loan					0	6 070
Repayment of long-term loans					0	-139 898
Leasing installments				-10 628	-11 803	
Interest paid on bond loans				-9 944	-9 820	-48 731
Purchase of own shares/issue costs					0	-690
Payment of debt financing costs					0	-5 238
Increased capital through subsidiaries (minority)					0	23 049
Repayment of long-term/short term borrowings				0	-450	-33 754
Cash flow from discontinued operations				0	-46 358	0
Net cash used in financing activities	**-21 920**	**-7 412**	**67 079**	**-20 575**	**-66 796**	**-104 582**
Net cash flow of the period	**-29 185**	**3 017**	**-12 915**	**-3 867**	**-79 825**	**-478 273**
Cash and cash equivalents at the beginning of the period	62 018	43 210	45 749	49 616	127 813	612 275
Exchange gains (loss) of cash and cash equivalents		-487			1 628	-6 190
Cash balance at period end	**32 834**	**45 749**	**32 834**	**45 749**	**49 616**	**127 812**
Specification of cash equivalents at period end						
Bank deposits	32 834	45 749	32 834	45 749	49 616	127 812
Wherof restricted bank accounts are	13 914		13 914	29 696	35 409	97 769

Description of the cash flow:

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 3.3 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 15.1 million in 2010. Cash flow from financing activities in 2011 was USD -67.1 million compared to USD 22.3 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 and USD 31.6 million in 2008. Cash flow from investments in 2010 was USD 20.1 compared to USD -22.8 million in 2009 and USD -405.3 million in 2008.

Cash flow from financing activities in 2010 was USD – 20.6 million, compared to USD -66.8 million in 2009 and USD -104.6 million in 2008. 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 and USD 127.8 million in 2008.

Of the cash, USD 8.3 million is security for Bond Loan interests and USD 21.2 million is tied to the SS "Petrolia" performance bond held on behalf of the estate of PetroMENA ASA by Petrolia Rigs AS. The performance bond is expected to be 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.

In 2008 discontinued operations were not separately reported. Net cash from operating activities thus included the "SS Petrolia". Net cash from investing activities included USD 73 million in drilling equipment (of which USD 25 million was leased), USD 309 million in rigs under construction (of which USD 63 million was interest, USD 42 million in Deepwater Driller Ltd and USD 6 million in Petroresources Ltd. There was no goodwill connected to these investments. Net cash from financing activities consisted of USD 49 million in interests, primarily to bond loans, issuing a new bond loan gave USD 95 million and loans of USD 140 million were repaid.

6.4.4 Cash flow from discontinued operation

The following table shows the cash flows from discontinued operation PetroMENA

	4q 2011 *Unaudited*	**4q 2010** *Unaudited*	**2011** *Unaudited*	**2010** *Audited*	**2009** *Audited*	**2008** *Audited*
Operating cash flow	0	0	0	0	955	759
Investing cash flow	0	0	0	0	-21 780	-322 471
Financing cash flow	0	0	0	0	-46 358	-7 766
Total cash flow	**0**	**0**	**0**	**0**	**-67 183**	**-313 946**

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 31 December 2011.

(1000 USD)	Share capital	Own shares	Share premium fund	Other reserves	Uncovered loss	Sum other equity	Minority Interests	Total equity
1 January 2008	93 568	-1 464	283 552	-7 524	-16 084	-23 608	2 020 146	554 195
Comprehensive income								
Profit or loss			-160 434		-166 610	-166 610	-179 326	-506 370
Other comprehensive income								
Currency translation differences				-12 093		-12 093	-22	-12 115
Total comprehensive income			-160 434	-12 093	-166 610	-178 703	-179 348	-518 485
Transactions with owners								
Capital increase in subsidiary							23 049	23 049
Issue expenses in subsidiary				-688		-688	-648	-1 336
Remeasurement of shares in subsidiary				4 053		4 053	-2 132	1 921
Purchase of own shares		-690						-690
Total transactions with owners		-690		3 365		3 365	20 269	22 944
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					12 489	12 489	56	12 545
Total comprehensive income			-27 767	176 227	12 489	188 716	-40 563	120 386
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				-14 824		-14 824	-239	-15 063
Other comprehensive income								
Currency translation differences				46		46		46
Capital Increase	477		6 656	-1 666		-1 666		5 467
Reduced par value from NOK 5.00 to NOK 0.04	-92 819	2 149		90 670		90 670		0
Total comprehensive income	-92 342	2 149	6 656	74 226		74 226	-239	-9 550
Equity 31 December 2011	1 226	-4	51 888	26 034	3 941	29 973	2 615	85 698

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

No significant changes in the financial or trading position of the Group have occurred since the last published interim financial information was published.

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 2008, 2009 and 2010 accounts the reported operations were only in the oilfield services segment after PetroMENA ASA was reported as discontinued operations.

The oilfield services segment had revenues of USD 76 million in 2010, USD 71 million in 2009 and 82 million in 2008. Operating loss was USD 81 million in 2010, USD 24 million in 2009 and USD 1 million in 2008. Loss was USD 92 million in 2010, USD 42 million in 2009 and USD 26 million in 2008.

The drilling & well technology segment had no revenues in 2010, compared to USD 84 million in 2009 and USD 74 million in 2008. Operating result was USD 0 in 2010, USD 1 million in 2009 and USD -501 million in 2008. Revenues and operating result comes only from PetroMENA in 2009 and 2008.

Result from PetroMENA ASA, Venture Drilling AS, Deepwater Driller Ltd and Petrojack ASA combined was USD 5 million in 2010, USD 150 million in 2009 and USD -477 million in 2008.

The oil & gas segment (Petroresources Ltd) had no revenues and no operating result for 2008-2010. Result was 0 in 2010 and 2009, whereas in 2008 there was a loss of USD 3 million due to impairment of shares.

Petrolia Norway AS became prequalified for the Norwegian Continental Shelf on 6 February 2012. On 16 August 10% of the license PL 356 Ulvetanna was purchased from Det norske oljeselskap ASA (Detnor) , and on 23 March 2012, government approval was achieved.

Petrolia ASA announced on 3 October 2011 a possible merger of the oil department of Independent Oilfield Rentals (IOR) Ltd. The Independent oil department has both production and exploration license interests in the Middle East and North Africa (MENA). The estimated merger value of Independent`s oil department is between USD 10 -50 mill, depending on the future political and operational situation in the MENA area. It is expected that the agreement will be completed in first half of 2012 after the Registered Head Office of Petrolia is moved to Cyprus.

The Company has been financially involved in an exploration well in North Africa through Petroresources ltd. Hydrocarbons where detected and further analysis is needed to evaluate if the well can be commercial in the future.

6.8 KEY FINANCIAL FIGURES

	Q4 2011 Unaudited	2011 Unaudited	2010	2009
Operating revenues (USD million)	20.5	83.8	75.5	70.7
Earnings before Interest, Taxes, Depreciation and Amortization (USD million)	3.8	24.4	-38.8	16.1
Net income (USD million)	-22.5	-15.1	-87.3	107.8
Book equity (end of period) (USD million)	85.7	85.7	95.2	179.0
Earnings per share (adjusted for split)	-0.13	-0.09	-0.86	1.06
Book equity per share (end of period) (adjusted for split)	0.51	0.51	0.94	1.77
Equity ratio (%) end of period	48%	48%	36%	49%
Annualized return on equity (%)	-6.6%	-15.8%	-92%	60%
Number of employees	256	256	236	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 2008, 2009 AND 2010 AS WELL AS THE 3 MONTHS ENDED 31 DECEMBER 2011

6.9.1 Development

P&L Accounts
Activities driving the financial statements remain primarily in the oilfield services segment while the two other segments are updating their strategies and seeking opportunities. 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 has changed from 5.86 as of 31 December 2010 to 5.99 as of 31 December 2011.

Capital
The following capital changes have taken 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.

6.9.2 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 have taken 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.

6.9.3 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.

6.9.4 Development in 2008

Also for 2008 consolidated operations were only in the oilfield services segment. Operating result was significantly lower than previous year, but in 2007 it included operations of SS "Petrolia".

Capital

In 2008 there was a capital increase in PetroMENA ASA and consequently there was an increase in the minority interests of the equity.

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)	**31 December 2011**	**Note**
Total current debt	**85 232**	
Guaranteed		
Secured	9 000	1
Unguaranteed/unsecured	76 232	2
Total Non-current debt (excluding current portion of long term debt)	**7 485**	
Guaranteed		
Secured	7 485	1
Unguaranteed/ unsecured	0	3
Shareholder's equity	**85 698**	
a Share Capital	1 226	
b Legal reserves	51 888	
c Other reserves*	32 584	
Total	**178 415**	**5**
Financial assets and indebtedness		
A. Cash	18 920	5
B. Cash equivalents (detail)	0	
C. Trading securities	15 779	
D. Liquidity (A+B+C)	**34 699**	

E. Current financial receivables	**0**	
F. Current bank debt	0	
G. Current portion of non-current debt	43 208	4
H. Other current financial debt		
I. Current financial debt (F+G+H)	**43 208**	
J. Net current financial indebtedness (I-E-D)	**8 509**	
K. Non-current bank loans	0	
L. Bond issues	0	3
M. Other non-current loans	7 485	1
N. Non-current financial debt (K+L+M)	**7 485**	
O. Net financial indebtedness (J+N)	**15 994**	

The table above regards to total current and total no- 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

1 Financial leasing is listed as a secured debt.
The current part is USD 9.0 million and the non-current part is USD 7.5 million. Book value of 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 Q4 2011 include among other:
USD 34.2 million, Bond Loan
USD 24.1 million trade payables
USD -1.8 million payable taxes
USD 0.1 million in accrued interests
USD 0.8 million in public duties (social security etc.)

3 Total balance of the Bond Loan is NOK 344.5 million (USD 57.5 million)
The company owns bond for NOK 139.5 million (USD 23.3 million)
The net balance is reported as NOK 205 million (USD 34.2 million)
The bond Loan is due in June 2012 and therefore reported as current liability

4 Current portion of non-current debt consist of (i) Bond Loan USD 34.2 million + (ii) current part of leasing USD 9.0 million

5 Only free cash is included, in addition there is restricted cash of USD 13.9 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.

There have not been material changes to the above information since 31 December 2011 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 not sufficient for the Group's present requirement for the next twelve months.

6.11.2 Relative timing

The final repayment of the Bond Loan of NOK 344.5 million (excluding interest of NOK 20.7 million) is due on 20 June 2012, and there is significant risk that the working capital is insufficient to cover that repayment. Before this repayment the working capital is sufficient.

The disputes with the PetroMENA and Petrojack bankruptcy estates are still unresolved, cf. section 8. Out of court settlements is not expected. Depending on the outcome, the Company and/or the opposing parties may decide to appeal the verdict(s) to the Appeal Court and further to the Supreme Court. The Company does not expect these cases to be resolved within the next twelve months, but it is possible.

Capital expenditures are done case by case and large commitments will not be made without certainty regarding financing.

Operating cash flow from the oilfield services segment is quite linear through the year.

6.11.3 Shortfall

The approximate quantum of any working capital shortfall is challenging to estimate. The reason for this is that the outcome of the calculation is dependent on several uncertainties which are difficult, or impossible, for the Group to predict months ahead.

The Group estimates that it will need up to USD 50 million in additional funding within the next twelve months.. In the Company's best judgment the total shortfall is estimated to be in the range of USD 25-50 million (NOK 138-276 million based on an exchange rate of NOK 5.5 to USD 1). This estimate is based on, and takes into account the following:

- cash flow from operations in the oilfield services segment could be in an interval from USD -10 million to + USD 10 million;
- capital expenditure could be in an interval from USD 10 million to USD 30 million;
- repayment of the Bond Loan is USD 34 to 38 million depending on the exchange rate;
- the disputes with the Petrojack and Petromena bankruptcy estates result in payments of USD 0 to 40 million;

The above items also represent the main uncertain factors in the estimation of the approximate shortfall.

The calculation of approximate shortfall is based on a simulated exchange rate between NOK and USD in the range of NOK 5.5- 6 to USD 1.

6.11.4 Action plan

The Merger described in section 3, to be completed on or about the date of this Information Memorandum, is expected to strengthen the equity of the Company. It is however not expected that the rigs will generate significant liquidity prior to the maturity of the Bond Loan.

Regarding the disputes with the bankruptcy estates, the Company's plan is to continue rejecting the claims.

The above actions will not be sufficient to deal with the expected shortfall.

6.11.5 Actions under consideration

As announced 3 October 2011, a possible merger with the oil division of Independent Oilfield Rentals Ltd is considered. Although such a transaction is expected to strengthen the equity of the Company, it is not expected that a transaction will release significant liquidity in time for the maturity of the Bond Loan.

As announced 10 February 2012, the Company is considering to sell its Borrower's Bonds (NOK 139.5 million). Preference will be given to investors who are favorable to the Company's proposal of extending the maturity of the Bond by 3 years.

The Company seeks to re-finance its oilfield services division and raise NOK 100 to 300 million while at the same time be restrictive in approving new investments without extra financing. The Company may also consider a new Bond Issue of NOK 100 to 300 million and consider and/or additional equity increases. Moreover, the Company strives to improve operating cash flow from its oilfield services division though increased sales and cost efficiency, and continuously analyze possibilities for equipment sale.

6.11.6 Implications

Failure to succeed with the above proposed action plan will not, in the Company's opinion, impact the Company's ability to meet any obligation expected to result from the disputes with the two bankruptcy estates. Such failure may, however, contribute to the Company defaulting the Bond Loan and in a worst case scenario the situation could escalate to a point where equity is lost and the Company would have to file for bankruptcy.

Within the next three months the Company will consider implementing one or several of the above mentioned actions under consideration. There are no guarantees for success, however, as there are several elements of uncertainty which may cause a huge impact on the Group's achievements and results. Implications of such failure may severally impact the financial position of the Company and may lead to a default of the Bond Loan with a possible need for restructuring and/or ultimately bankruptcy.

A negative scenario would include continued depreciation of the USD, negative price development on the listed shares the Group owns, large negative cash flow from the oilfield services and no financing of investments resulting in need of large equipment sales. If such sales cannot be made in time or if significant discounts must be given, this could result in large losses and put the Company in default with its Bond Loan.

An appreciation of the USD combined with improved operating cash flow and high level of financing of investments would be a positive scenario significantly reducing the need of new long term financing. Still the Group would need new long term financing.

6.11.7 Key ratios

The table below sets forth some consolidated key ratios for the Group per 31 December for the three accounting years 2010, 2009 and 2008 as well as for the period ended 31 December 2011.

Key ratios as per 31 December	Q4 2011	2010	2009	2008
Working capital ratio[1]	**104%**	**85%**	**123%**	**39%**
Debt to equity ratio[2]	**57%**	**54%**	**41%**	**94%**
Solidity[3]	**48%**	**36%**	**49%**	**6%**

The Company finds debt to equity ratio of 57 % and the solidity of 48 % to be satisfactory.

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

6.12 FUNDING STRUCTURE AND RESTRICTIONS ON THE USE OF CAPITAL

The Company's liquidity of USD 19 million in free cash at the time of this Information Memorandum is satisfactory, however, new long term financing is required to re-finance the NOK 344.5 million repayment of the bond loan due in June 2012. 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.

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.

The Company does not have overdraft facilities.

6.13 BORROWINGS – THE BOND LOAN

The Company has entered into a bond financing with Norsk Tillitsmann ASA, as trustee for the bondholders, through one bond loan agreement 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 is in a denomination of NOK 500,000.

The credit facility was made available for (i) refinancing of an outstanding bond (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 loan was 20 June 2008. The 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. Excluding these Borrower's Bonds the remaining balance is NOK 205 million.

The remaining NOK 344.5 million (of which the Company owns NOK 139.5 million) falls due for repayment on 20 June 2012. 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.

Maturity profile of the Bond Loan:

(NOK million)	**20 June 2012**	**Company's part**	**Net**
Principal	344.5	139.5	205.0
Interests	20.7	8.4	12.3
Sum	**365.2**	**147.9**	**217.3**

The debt service account has a balance of NOK 32 million at the date of the Information Memorandum.

The loan includes call options customary for similar types of bond financings. Pursuant to the call option, the Company may, by giving the bondholders 30 days prior written notice, from 20 June 2010 to, but not included, 20 June 2011, redeem parts of the loan or the entire loan at 103.5% of par plus accrued interest on redeemed amount, and from 20 June 2011 to 20 June 2012 redeem parts of the loan or the entire loan at 103.25% of par plus accrued interest on redeemed amount.

The Bond Loan further 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.

A copy of the loan agreement can be obtained by contacting the Company, cf. contact details in section 4.1.1.

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 4.9.6 and 4.9.7), which had been audited by PricewaterhouseCoopers until the time of the bankruptcies, PricewaterhouseCoopers was no longer was 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.

7. SHARE CAPITAL AND SHAREHOLDER INFORMATION

7.1 GENERAL

The issued share capital of the Company is NOK 6,683,138.52 comprising of 167,078,463 Shares fully paid with a par value of NOK 0.04 and issued in accordance with Norwegian law. The Shares are registered in the VPS register with ISIN NO NO0003075301. The Shares are equal in all respects, and each Share carry one vote at the Company's general meeting.

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

Date of registration	Change	New share capital
1 July 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

7.2 SHAREHOLDER STRUCTURE

The following table sets out the 20 largest shareholders in the Company as per 29 March 2012. At this date the Company had in total 4966 shareholders, whereof 4,854 were Norwegian registered.

	Name of shareholder	Number of Shares	(%)
1	INDEPENDENT OIL & RESOURCES ASA	50 609 392	30,29
2	LARSEN OIL & GAS AS	26 479 220	15,85
3	Ø. H. HOLDING AS	19 400 000	11,61
4	NET AS	3 700 000	2,21
5	TROMMESTAD OLE	2 635 000	1,58
6	SILVERCOIN INDUSTRIES AS	1 651 964	0,99
7	SØLVE NILSEN	1 500 000	0,90
8	KJETIL TOSKA	1 289 854	0,77
9	ELEKTROLAND NORGE AS	1 169 714	0,70
10	ONYX AS C/O OLE NYGAARD	1 020 000	0,61
11	LARSEN VIDAR BERGO	1 000 000	0,60
12	ASKELADDEN INVEST AS	830 030	0,50
13	CITIBANK NA New York S/A DFA- CNTL SMALL C	699 740	0,42
14	DANSKE BANK A/S 3887 OPERATIONS SEC.	664 114	0,40
15	HANSTVEIT JON	628 897	0,38
16	SIX- SEVEN AS	552 710	0,33
17	PETROLIA ASA	525 003	0,31
18	EIFO HOLDING AS NIL	513 900	0,31
19	HEDEN HOLDING AS	505 930	0,30
20	FRYDENBØ ERIK JOHAN	502 000	0,30
	Total 20 largest shareholders	**115 877 468**	**69,36**
	Others	**51 200 995**	30,64
	Total	**167 078 463**	**100,00**

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. The Company is not aware of any shareholders or consolidated groups of shareholders owning more than 30.29% of the Shares. Consequently, the Company does not have knowledge of shareholders or consolidated groups of shareholders having decisive control or 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.

8. LEGAL MATTERS – DISPUTES

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 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. New hearings have not yet been scheduled. 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.

Venture Drilling

The Company currently owns 100 % of the shares in Venture Drilling, but prior to 28 March 2011,the Company owned 50 % of the shares while the remaining shares were owned by Sinvest ASA ("Sinvest"). When Venture Drilling was created, Sinvest provided the bareboat agreement with the Russian state owned company Arktikmorneftegazrazvedka ("Arktik") for use of the drillship "Deep Venture", and Petrolia provided drilling equipment on the rig.

A 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 has 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, and the disputes have been settled as far as Venture Drilling is concerned.

Deepwater Driller Ltd

Larsen Oil & Gas Limited and Deepwater Driller Ltd. were until recently involved in legal proceedings before The London Court of International Arbitration in connection with none-payment of the termination fee after the termination of a technical and operational agreement. A final award was given in May 2011 and in that connection Petrolia Invest AS had to pay their share in the amount of USD 1,650,000 to Larsen Oil & Gas Limited. Payment has now been made, and the dispute is finally settled between the parties.

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 Memorandum and Articles 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 31 December 2011
- its annual report for the year ended 31 December 2010
- its annual report for the year ended 31 December 2009
- its annual report for the year ended 31 December 2008

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**
Q4 report 2011		Q4 report 2011	http://petrolia.no/publish_files/Petrolia_ASA_Q4_2011.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
Annual report 2008		Annual report 2008	http://www.petrolia.no/publish_files/Annual_Report_2008_1.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.
Articles of Association	The articles of association of Petrolia ASA
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
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
Money Laundering Act	The Money Laundering Act of 20 June 2003 no. 41 ("Hvitvaskingsloven").
NOK	Norwegian Kroner, the lawful currency in Norway
NUES	The Norwegian Corporate Governance Board
OECD	Organisation for Economic Co-operation and Development
OMR	Oil market review (quarerly report/database)
Oslo Børs	Oslo Børs ASA (Oslo Stock Exchange)
PMI	Purchaser Manager Index
Information Memorandum	This Information Memorandum dated 29 March 2012 prepared in connection with the mergers of Petroila Rigs II and IO&R AS
Public Limited Companies Act	The Norwegian Public Limited Companies Act of 13 June 1997 no. 45 ("Allmennaksjeloven").
Securities Trading Act	The Norwegian Securities Act of 29 June 2007 no. 75 (in Norwegian: "Verdipapirhandelloven")
Shares	Ordinary shares with par value of NOK 0.04 each in the capital of Petrolia ASA
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)

Petrolia ASA

Financial manager

Swedbank First Securities
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Norway

Telephone: +47 23 23 80 00
Telefax: +47 23 23 80 01
www.first.no

Appendix 1: Articles of Association for Petrolia ASA after completion of the Merger

PETROLIA ASA

VEDTEKTER

(pr. 30.12.11)

§ 1

Selskapets navn er Petrolia ASA. Selskapet er et allment aksjeselskap.

§ 2

Selskapets forretningskontor er i Oslo kommune.

§ 3

Selskapets formål er å drive petroleums-, shipping-, offshore-, transport-, handel-, industri- og finansiell virksomhet og annen relatert virksomhet samt å delta som aksjonær eller på annen måte i andre virksomheter.

§ 4

Selskapets aksjekapital er NOK 12 083 138,52 fordelt på 302 078 463 aksjer à NOK 0,04 fullt innbetalt og lydende på navn. Selskapets aksjer er registrert i Verdipapirsentralen.

§ 5

Selskapets styre skal ha fra tre til fem medlemmer. Selskapets firma tegnes av styrets formann alene eller to av styrets medlemmer i fellesskap.

§ 6

Den ordinære Generalforsamling skal behandle og avgjøre;

a. Fastsettelse av resultatregnskap og balanse, herunder anvendelse av årsoverskudd eller dekning av underskudd, samt utdeling av utbytte.
b. Fastsettelse av konsernoppgjør.
c. Valg av styre.

d. Andre saker som etter lov eller vedtekter skal behandles av Generalforsamlingen.

Dokumenter som gjelder saker som skal behandles på generalforsamlingen kan publiseres på Selskapets internettside. Det samme gjelder dokumenter som etter lov skal inntas i eller

vedlegges innkallingen til generalforsamlingen. Dersom dokumentene er gjort tilgjengelig for aksjeeierne på Selskapets internettsider, gjelder ikke lovens krav om at dokumentene skal sendes til aksjeeierne. En aksjeeier kan likevel kreve å få tilsendt dokumenter som gjelder saker som skal behandles på generalforsamlingen.

§ 7

Selskapet skal ha en valgkomité. Valgkomitéens oppgaver er å avgi en begrunnet innstilling til generalforsamlingen om valg av medlemmer til styret. Valgkomitéen skal også avgi innstilling til generalforsamlingen om honorar til styrets medlemmer.

Valgkomitéen består av tre medlemmer. Valgkomitéens medlemmer velges av selskapets generalforsamling. Valgkomitéen skal være uavhengig av styret og den daglige ledelse. Generalforsamlingen fastsetter godtgjørelse til valgkomitéens medlemmer. Generalforsamlingen kan vedta instruks for valgkomitéen. Valgkomitéens kostnader bæres av selskapet.

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Appendix 2: Merger plan between Petrolia Rigs II AS and IO&R AS

FUSJONSPLAN

FOR FUSJON

MELLOM

PETROLIA RIGS II AS

SOM OVERTAKENDE SELSKAP

OG

IO&R AS

SOM OVERDRAGENDE SELSKAP

29 NOVEMBER 2011

WIKBORG | REIN

Styrene i Petrolia Rigs II AS og IO&R AS har utarbeidet denne fusjonsplanen ("**Fusjonsplanen**") i henhold til den norske allmennaksjeloven ("**asal**") § 13-3, jf. aksjeloven § 13-1.

1 FUSJON

1.1 IO&R AS ("**IO&R**"), et aksjeselskap registrert i Norge med organisasjonsnummer 997 171 306, forretningskommune Bergen og forretningsadresse: Hopsnesveien 127, 5232 Paradis;

og

Petrolia Rigs II AS ("**Petrolia Rigs II**"), et aksjeselskap registrert i Norge med organisasjonsnummer 997 204 999, forretningskommune: Oslo og forretningsadresse: Haakon VII's gate 1, 0161 Oslo,

sammen omtalt som de "**Fusjonerende Selskapene**",

fusjoneres, med Petrolia Rigs II som det overtakende selskap, ved at IO&R overdrar sine eiendeler, rettigheter og forpliktelser som helhet til Petrolia Rigs II. IO&R oppløses ved gjennomføringen av fusjonen.

1.2 Fusjonen gjennomføres etter bestemmelsene i almennaksjeloven kapittel 13 om fusjon mellom almennaksjeselskaper da vederlagsaksjene skal utstedes av et almennaksjeselskap, jf. aksjeloven § 13-2 (2).

2 BAKGRUNNEN FOR FUSJONEN

2.1 Petrolia Rigs II AS er et heleid datterselskap av Petrolia ASA. IO&R AS er et heleid datterselskap av Independent Oil & Resources ASA.

2.2 IO&R eier, gjennom sitt heleide datterselskap IO&R ltd (Dubai), to borerigger som skal overføres til Petrolia Rigs II. Overdragelsen gjennomføres som en fusjon slik at oppgjør kan dis direkte til Independent Oil & Resources ASA i form av aksjer i Petrolia ASA, jf. asal. § 13-2 (2).

3 GJENNOMFØRING AV FUSJONEN, ÅPNINGSBALANSE, TIDSPUNKT M.V.

3.1 Samtlige eiendeler, rettigheter og forpliktelser i IO&R anses overført til Petrolia Rigs II med selskapsrettslig virkning fra det tidspunkt fristen i asal. § 13-15 (1) er utløpt og melding om ikrafttredelse er registrert i Foretaksregisteret i henhold til asal § 13-16.

3.2 Fusjonen skal ha regnskapsmessig virkning fra det tidspunkt den har selskapsrettslig virkning. Utkast til åpningsbalanse for det fusjonerte selskap fremgår av vedlegg 1 til Fusjonsplanen.

3.3 Fusjonen skjer til regnskapsmessig kontinuitet, hvilket innebærer at balanseførte verdier i det overdragende selskap videreføres i det overtakende selskap.

3.4 Fusjonen skal ha skattemessig virkning fra og med tidspunktet for selskapsrettslig ikrafttredelse, jf. punkt 3.1 over og skatteloven § 11-10 (2).

3.5 Fusjonsplanen skal sendes til de Fusjonerende Selskapenes aksjeeiere senest to uker før generalforsamlingen som skal behandle Fusjonsplanen.

3.6 De Fusjonerende Selskapene skal avholde styremøter for endelig vedtagelse av Fusjonsplanen innen utløpet av november 2011.

3.7 Styrene i de Fusjonerende Selskapene skal umiddelbart etter at Fusjonsplanen er vedtatt av de respektive styrene, melde godkjennelsen av Fusjonsplanen til Foretaksregisteret, jf. asal. § 13-14.

4 FUSJONSVEDERLAGET

4.1 Som vederlag i fusjonen skal aksjeeieren i IO&R, Independent Oil & Resources ASA, motta totalt 135 000 000 aksjer i Petrolia ASA, hver pålydende NOK 0,04. For hver aksje i IO&R mottar Independent Oil & Resources 675 000 aksjer i Petrolia ASA.

4.2 Aksjene som utstedes vil gi fulle aksjeeierrettigheter i Petrolia ASA fra tidspunktet for selskapsrettslig ikrafttredelse, jf. punkt 3.1.

5 FASTSETTELSE AV BYTTEFORHOLD

5.1 Bytteforholdet mellom IO&R-aksjer og Petrolia ASA-aksjer er fastsatt under hensyn til verdsettelsen av de respektive selskapene.

5.2 Aksjene i IO&R er verdsatt på bakgrunn av kostpris av aksjene i datterselskapet IO&R Ltd, som igjen er verdsatt på bakgrunn av dette selskapets eiendeler, med tillegg av verdien av IO&Rs kontantbeholding. Partene har i denne sammenheng også bygget på en uavhengig verdsettelse av IO&R Ltds eiendeler foretatt 13. oktober 2011 i forbindelse med at eiendelene ble benyttet som tingsinnskudd ved kapitalforhøyelse i IO&R.

5.3 Aksjene i Petrolia ASA er verdsatt på bakgrunn av markedspris i handel på Oslo Børs samt forhandlinger mellom partene.

5.4 De Fusjonerende Selskapene er begge stiftet i 2011 og har derfor ikke utstedt årsregnskaper som kan danne basis for fastsettelse av vilkårene i denne

Fusjonsplanen. De Fusjonerendes Selskapenes stiftelsesdokumenter vedlegges Fusjonsplanen.

6 SELSKAPSRETTSLIGE BESLUTNINGER

6.1 Det forslås at generalforsamlingen i Petrolia Rigs II fatter følgende beslutning:

1) Godkjennelse av fusjonsplan

Fusjonsplan datert 29. november 2011 mellom Petrolia Rigs II AS og IO&R AS, tiltrådt av Petrolia ASA, godkjennes under forutsetning av at generalforsamlingen til Petrolia ASA vedtar å godkjenne tiltredelsen av fusjonsplanen og å utstede vederlagsaksjene som forutsatt i fusjonsplanen.

6.2 Det foreslås at generalforsamlingen i IO&R fatter følgende beslutning:

1) Godkjennelse av fusjonsplan

Fusjonsplan datert 29. november 2011 mellom Petrolia Rigs II AS og IO&R AS, tiltrådt av Petrolia ASA, godkjennes under forutsetning av at generalforsamlingen til Petrolia ASA vedtar å godkjenne tiltredelsen av fusjonsplanen og å utstede vederlagsaksjene som forutsatt i fusjonsplanen.

6.3 Det foreslås at generalforsamlingen i Petrolia fatter slik beslutning:

A. Generalforsamlingen godkjenner at Petrolia tiltrer fusjonsplan datert 29. november 2011 mellom Petrolia Rigs II AS som overtakende selskap og IO&R AS som overdragende selskap.

B. Som angitt i fusjonsplanen, skal Petrolia utstede de vederlagsaksjer som aksjeeieren i IO&R AS skal motta, jf. almennaksjeloven § 13-2 (2). For denne kapitalforhøyelsen skal gjelde:

1. Aksjekapitalen forhøyes med NOK 5 400 000, ved nytegning av til sammen 135 000 000 aksjer, hver pålydende NOK 0,04. Angivelsen av aksjekapitalen og antallet aksjer i vedtektene § 4 endres tilsvarende.

2. Det skal betales NOK 0,55 for hver aksje, til sammen NOK 74 250 000, hvorav NOK 68 850 000 skal føres som overkurs.

3. De nye aksjene utstedes til aksjeeieren i IO&R som fusjonsvederlag mot at IO&R overdrar til Petrolia Rigs II de eiendeler, rettigheter og forpliktelser som fusjonsplanen forutsetter.

4. Eksisterende aksjonærers fortrinnsrett til tegning etter almennaksjeloven § 10-4 fravikes.

5. *Kapitalforhøyelsen gjennomføres ved at Petrolia Rigs II som aksjeinnskudd utsteder en fordring til Petrolia. Fordringens nominelle størrelse skal tilsvare netto virkelig verdi som Petrolia Rigs II tilføres ved fusjonen, ved overdragelse av samtlige eiendeler, rettigheter og forpliktelser fra IO&R, slik at fordringen blir NOK 74 250 000.*

6. *Aksjene anses tegnet når generalforsamlingen i de fusjonerende selskapene gyldig har godkjent fusjonsplanen.*

7. *Aksjene anses innbetalt når fusjonen registreres gjennomført i Foretaksregisteret etter utløpet av kreditorfristen, jf. almennaksjeloven § 13-16, og Petrolia Rigs II samtidig utsteder en fordring som nevnt ovenfor.*

8. *De nye aksjene likestilles med selskapets allerede utstedte aksjer og gir rett til utbytte fra og med registrering av kapitalforhøyelsen i Foretaksregistret.*

7 FORUTSETNINGER FOR GJENNOMFØRING AV FUSJONEN

7.1 Gjennomføring av fusjonen er betinget av at alle lovbestemte betingelser for gjennomføring er oppfylt, at alle nødvendige tillatelser og godkjennelser foreligger, at ingen kreditorer eller annen tredje part har motsatt seg gjennomføring av fusjonen.

8 SÆRLIGE RETTIGHETER M.V.

8.1 Ingen av medlemmene av selskapenes styrer eller daglige ledelse vil motta noen særlige fordeler i forbindelse med fusjonen, jf. asal. § 13-6 (1) nr. 6.

8.2 Ingen av aksjeeierne i de Fusjonerende Selskapene har særlige rettigheter eller rettigheter som nevnt i asal. §§ 11-1, 11-10 og 11-12, jf asal. § 13-6 (1) nr. 5.

8.1 Det gjelder ingen særskilte vilkår for utøvelse av rettigheter som aksjeeier i Petrolia Rigs II eller for innføring i aksjeeierregistret, jf. asal. § 13-6 (1) nr. 4.

9 FUSJONENS BETYDNING FOR DE ANSATTE

9.1 De ansatte i de Fusjonerende Selskapene skal gis tilgang til Fusjonsplanen med vedlegg og alle relaterte dokumenter, og de ansattes tillitsvalgte skal gis anledning til å drøfte fusjonen, jf. asal. § 13-11 jf. arbeidsmiljøloven § 16-5.

9.2 Fusjonen vil ikke innebære endringer av betydning for de ansatte.

10 FORVALTNINGEN AV DET OVERDRAGENDE SELSKAPET

10.1 Petrolia Rigs II skal overta forvaltningen av IO&R så snart Fusjonsplanen er godkjent av de Fusjonerende Selskapenes generalforsamlinger og registrert i Foretaksregistret, jf. asal § 13-6 (2).

10.2 Petrolia Rigs II skal sørge for at IO&Rs eiendeler og saker holdes atskilt fra Petrolia Rigs II inntil fusjonen trer i kraft, jf. asal. § 13-18 (2).

11 ENDRINGER

Styrene i de Fusjonerende Selskapene kan gjennomføre eventuelle tilpasninger og mindre endringer i Fusjonsplanen som anses nødvendige eller ønskelige.

12 VEDLEGG

Som vedlegg til Fusjonsplanen følger:

1. Utkast til åpningsbalanse for det fusjonerte selskapet;
2. Vedtekter for Petrolia Rigs II AS;
3. Vedtekter for IO&R AS;
4. Vedtekter for det fusjonerte selskapet;
5. Stiftelsesdokument, Petrolia Rigs II AS
6. Stiftelsesdokument, IO&R AS
7. Årsregnskap, årsrapport og revisjonsrapport for de tre siste regnskapsår for Petrolia ASA
8. Halvårsrapport for Petrolia ASA

Denne Fusjonsplanen i tre - 3 - originale eksemplarer, hvorav hver av partene beholder hvert sitt.

Signaturside følger

STYRET I PETROLIA RIGS II

Kjetil Forland

Sølve Nilsen

Ulf Eide

STYRET I IO&R AS

Jan Egil Moe
styrets leder

STYRET I PETROLIA ASA

Berge Gerdt Larsen
Chairman of the Board

Erik Frydenlund
Board Member

Stig Sørdal
Board Member

Unni F. Tefre
Board Member

ÅPNINGSBALANSE FOR DET FUSJONERTE PETROLIA RIGS II AS PER 31 OKTOBER 2011

(Alle tall i NOK)

EIENDELER

Kontanter	207 000,-
Aksjer i datterselskap	68 180,-
Fordring mot datterselskap	62 734 773,-
Boreutstyr	11 347 047,-
Sum eiendeler	**74 357 000,-**

GJELD OG EGENKAPITAL

Egenkapital	
Aksjekapital:	100 000,-
Sum egenkapital:	**100 000,-**
Gjeld	
Langsiktig gjeld til Petrolia ASA	74 250 000,-
Stiftelsesomkostninger	7 000,-
Sum gjeld	**74 257 000,-**
SUM GJELD OG EGENKAPITAL	**74 357 000,-**

Sted:
Dato:

Navn med blokkbokstaver:

Appendix 3: Report on merger plan, IO&R AS

IO&R AS

STYRETS RAPPORT OM FUSJONEN MELLOM

PETROLIA RIGS II AS og IO&R AS

1 INNLEDNING

Styrene i:

1) Petrolia Rigs II, organisasjonsnummer 997 204 999, ("**Petrolia Rigs II**"), og

2) IO&R AS, organisasjonsnummer 997 171 306, ("**IO&R**");

foreslår ved fusjonsplan datert 29. november 2011 ("**Fusjonsplanen**") at selskapene skal fusjonere, med Petrolia Rigs II som det overtakende selskap.

Denne rapport utgjør styret i IO&R AS sin rapport for fusjonen, jf. almennaksjeloven § 13-9. Styrets rapport skal vedlegges innkallingen til generalforsamling, og skal sammen med Fusjonsplanen og den uavhengige sakkyndiges redegjørelse for kapitalforhøyelsen i forbindelse med fusjonen, gi aksjeeieren i IO&R et tilstrekkelig grunnlag for å vurdere fusjonen.

2 BEGRUNNELSEN FOR FUSJONEN

Petrolia Rigs II er et selskap uten virksomhet. Selskapets eneste eiendel er en kontantbeholdning. Selskapet eneste aksjeeier er Petrolia ASA ("**Petrolia**").

IO&R eier, gjennom sitt heleide datterselskap IO&R Ltd. (Dubai), to landrigger av typen "150 T Ultra Single Work-Over Rigs" som er bygget av TTS Sense, samt en boreutstyrspakke (samlet omtalt som "**Eiendelene**"). Selskapets eneste aksjeeier er Independent Oil & Resources ASA ("**IORASA**"). IORASA eier også om lag 33% av aksjene i Petrolia.

IORASA og Petrolia er enige om at Eiendelene bør overdras til Petrolia-konserne da de bedre kan nyttiggjøres der. Overdragelsen er strukturert som en fusjon slik at IORASA kan motta oppgjør i aksjer i Petrolia og på den måten ta del i den fremtidige verdiskapningen knyttet til Eiendelene.

3 FUSJONENS RETTSLIGE SIDER

3.1 Selskapsrettslige forhold

Fusjonen gjennomføres etter reglene i almennaksjeloven kap. 13. Fusjonen vil medføre at IO&Rs eiendeler, rettigheter og forpliktelser som helhet overføres til Petrolia Rigs II, og at IO&R blir oppløst.

Ved ikrafttredelsen av fusjonen, vil Petrolia Rigs IIs aksjeeier, Petrolia, utstede 135 000 000 nye aksjer til aksjeeieren i IO&R som fusjonsvederlag. Hver aksje har pålydende NOK 0,04, men er verdsatt til NOK 0,55, slik at verdien av det samlede aksjevederlaget er satt til NOK 74 250 000.

Bytteforholdet er basert på verdsettelse av henholdsvis Petrolia og IO&R. Petrolia er verdsatt på bakgrunn av kursverdien for Petrolias aksjer på Oslo Børs samt forhandlinger mellom partene. IO&R er verdsatt på bakgrunn av kostpris for Eiendelene med tillegg av kontantbeholdningen i henholdsvis IO&R og IO&R ltd. (Dubai). Det har ikke vært særskilte vanskeligheter ved fastsettelsen av vederlaget.

Beslutningen om fusjon treffes i de fusjonerende selskaper ved at generalforsamlingen i det enkelte selskap vedtar fusjonsplanen med minst totredjedels flertall, så vel av de avgitte stemmer som den aksjekapital som er representert på generalforsamlingene, jf. almennaksjeloven § 13-3, andre ledd. Begge selskapene skal så snart som mulig, og senest en måned etter avholdt generalforsamling, melde beslutningene om fusjon til Foretaksregisteret, jf. asal. § 13-13.

Kreditorer må melde eventuelle innsigelser mot fusjonen innen to måneder fra Foretaksregisterets kunngjøring av fusjonsbeslutningene. Fusjonen vil tidligst tre i kraft når fristen for kreditorene til å fremme innsigelse er utløpt, og forholdet til de kreditorer som i tilfelle har fremsatt innsigelse er avklart.

De fusjonerende parters forpliktelse til å gjennomføre fusjonen er betinget av at en rekke vilkår er oppfylt. Fusjonen trer selskapsrettslig i kraft ved at fusjonens ikrafttredelse registreres i Foretaksregisteret etter melding fra Petrolia Rigs II. Det antas at slik ikrafttredelse vil finne sted innen [ ] 2011.

Ved ikrafttredelsen av fusjonen inntrer blant annet følgende virkninger:

1. IO&R er oppløst;
2. Aksjekapitalen i Petrolia er forhøyet;
3. Eiendeler, rettigheter og forpliktelser i IO&R som helhet er overført til Petrolia Rigs II;
4. Aksjene i IO&R er byttet om med aksjer i Petrolia.

3.2 Regnskapsmessige virkninger

Fusjonen skal ha regnskapsmessig virkning fra tidspunktet for selskapsmessig virkning slik at transaksjoner foretatt i IO&R etter dette tidspunkt skal anses foretatt for Petrolia Rigs IIs regning,

Regnskapsmessig skal fusjonen gjennomføres som en transaksjon ved at IO&Rs eiendeler og gjeld overtas av Petrolia Rigs II til virkelig verdi.

3.3 Skattemessige virkninger

Fusjonen vil ha skattemessig virkning fra selskapsrettslig ikrafttredelse av fusjonen. Fusjonen gjennomføres med skattemessig kontinuitet på selskapsnivå og på aksjonærnivå.

Skattemessig kontinuitet på selskapsnivå innebærer at IO&Rs skattemessige posisjoner knyttet til de eiendeler, rettigheter og forpliktelser som overføres til Petrolia Rigs II blir videreført uendret i det fusjonerte selskapet.

Skattemessig kontinuitet på aksjonærnivå innebærer at samlet inngangsverdi og ervervstidspunkt for vederlaget i form av aksjer i Petrolia til aksjeeieren i IO&R, settes lik samlet inngangsverdi og ervervstidspunkt for aksjer i IO&R.

4 BETYDNING FOR DE ANSATTE

IO&R har ingen ansatte, og fusjonen vil følgelig ikke ha konsekvenser for ansatte.

5 KONKLUSJON OG ANBEFALING

Styret anser at fusjonen vil bidra til økt verdiskapning for selskapets aksjeeier. Styret anbefaler derfor at generalforsamlingen godkjenner fusjonsplanen.

* * * * *

29. november 2011

STYRET I IO&R AS

Jan Egil Moe,
styrets leder

ÅPNINGSBALANSE FOR DET FUSJONERTE PETROLIA RIGS II AS PER 31 OKTOBER 2011

(Alle tall i NOK)

EIENDELER

Kontanter	207 000,-
Aksjer i datterselskap	68 180,-
Fordring mot datterselskap	62 734 773,-
Boreutstyr	11 347 047,-
Sum eiendeler	**74 357 000,-**

GJELD OG EGENKAPITAL

Egenkapital	
Aksjekapital:	100 000,-
Sum egenkapital:	**100 000,-**
Gjeld	
Langsiktig gjeld til Petrolia ASA	74 250 000,-
Stiftelsesomkostninger	7 000,-
Sum gjeld	**74 257 000,-**
SUM GJELD OG EGENKAPITAL	**74 357 000,-**

Sted:
Dato:

Navn med blokkbokstaver:

Appendix 4: Report on merger plan, Petrolia Rigs II AS

PETROLIA RIGS II AS

STYRETS RAPPORT OM FUSJONEN MELLOM

PETROLIA RIGS II AS og IO&R AS

1 INNLEDNING

Styrene i:

1) Petrolia Rigs II, organisasjonsnummer 997 204 999, ("**Petrolia Rigs II**"), og

2) IO&R AS, organisasjonsnummer 997 171 306, ("**IO&R**");

foreslår ved fusjonsplan datert 29. november 2011 ("**Fusjonsplanen**") at selskapene skal fusjonere, med Petrolia Rigs II som det overtakende selskap.

Denne rapport utgjør styret i Petrolia Rigs II sin rapport for fusjonen, jf. almennaksjeloven § 13-9. Styrets rapport skal vedlegges innkallingen til generalforsamling, og skal sammen med Fusjonsplanen og den uavhengige sakkyndiges redegjørelse for kapitalforhøyelsen i forbindelse med fusjonen, gi aksjeeieren i Petrolia Rigs II et tilstrekkelig grunnlag for å vurdere fusjonen.

2 BEGRUNNELSEN FOR FUSJONEN

Petrolia Rigs II er et selskap uten virksomhet. Selskapets eneste eiendel er en kontantbeholdning. Selskapet eneste aksjeeier er Petrolia ASA ("**Petrolia**").

IO&R eier, gjennom sitt heleide datterselskap IO&R Ltd (Dubai), to landrigger av typen "150 T Ultra Single Work-Over Rigs" som er bygget av TTS Sense, samt en boreutstyrspakke (samlet omtalt som "**Eiendelene**"). Selskapets eneste aksjeeier er Independent Oil & Resources ASA ("**IORASA**"). IORASA eier også om lag [33%] av aksjene i Petrolia.

IORASA og Petrolia er enige om at Eiendelene bør overdras til Petrolia-konserne da de bedre kan nyttiggjøres der. Overdragelsen er strukturert som en fusjon slik at IORASA kan motta oppgjør i aksjer i Petrolia og på den måten ta del i den fremtidige verdiskapningen knyttet til Eiendelene.

3 FUSJONENS RETTSLIGE SIDER

3.1 Selskapsrettslige forhold

Fusjonen gjennomføres etter reglene i almennaksjeloven kap. 13. Fusjonen vil medføre at IO&Rs eiendeler, rettigheter og forpliktelser som helhet overføres til Petrolia Rigs II, og at IO&R blir oppløst.

Ved ikrafttredelsen av fusjonen, vil Petrolia Rigs IIs aksjeeier, Petrolia, utstede 135 000 000 nye aksjer til aksjeeieren i IO&R som fusjonsvederlag. Hver aksje har pålydende NOK [0,04], men er verdsatt til NOK 0,55, slik at verdien av det samlede aksjevederlaget er satt til NOK 74 250 000.

Bytteforholdet er basert på verdsettelse av henholdsvis Petrolia og IO&R. Petrolia er verdsatt på bakgrunn av kursverdien for Petrolias aksjer på Oslo Børs samt forhandlinger mellom partene. IO&R er verdsatt på bakgrunn av kostpris for Eiendelene med tillegg av kontantbeholdningene i henholdsvis IO&R AS og IO&R Ltd. (Dubai). Det har ikke vært særskilte vanskeligheter ved fastsettelsen av vederlaget.

Beslutningen om fusjon treffes i de fusjonerende selskaper ved at generalforsamlingen i det enkelte selskap vedtar fusjonsplanen med minst totredjedels flertall, så vel av de avgitte stemmer som den aksjekapital som er representert på generalforsamlingene, jf. almennaksjeloven § 13-3, andre ledd. Begge selskapene skal så snart som mulig, og senest en måned etter avholdt generalforsamling, melde beslutningene om fusjon til Foretaksregisteret, jf. asal. § 13-13.

Kreditorer må melde eventuelle innsigelser mot fusjonen innen to måneder fra Foretaksregisterets kunngjøring av fusjonsbeslutningene. Fusjonen vil tidligst tre i kraft når fristen for kreditorene til å fremme innsigelse er utløpt, og forholdet til de kreditorer som i tilfelle har fremsatt innsigelse er avklart.

De fusjonerende parters forpliktelse til å gjennomføre fusjonen er betinget av at en rekke vilkår er oppfylt. Fusjonen trer selskapsrettslig i kraft ved at fusjonens ikrafttredelse registreres i Foretaksregisteret etter melding fra Petrolia Rigs II. Det antas at slik ikrafttredelse vil finne sted innen medio mars 2012.

Ved ikrafttredelsen av fusjonen inntrer blant annet følgende virkninger:

1. IO&R er oppløst;
2. Aksjekapitalen i Petrolia er forhøyet;
3. Eiendeler, rettigheter og forpliktelser i IO&R som helhet er overført til Petrolia Rigs II;
4. Aksjene i IO&R er byttet om med aksjer i Petrolia.

3.2 Regnskapsmessige virkninger

Fusjonen skal ha regnskapsmessig virkning fra tidspunktet for selskapsmessig virkning slik at transaksjoner foretatt i IO&R etter dette tidspunkt skal anses foretatt for Petrolia Rigs IIs regning,

Regnskapsmessig skal fusjonen gjennomføres som en transaksjon ved at IO&Rs eiendeler og gjeld overtas av Petrolia Rigs II til virkelig verdi.

3.3 Skattemessige virkninger

Fusjonen vil ha skattemessig virkning fra selskapsrettslig ikrafttredelse av fusjonen. Fusjonen gjennomføres med skattemessig kontinuitet på selskapsnivå og på aksjonærnivå.

Skattemessig kontinuitet på selskapsnivå innebærer at IO&Rs skattemessige posisjoner knyttet til de eiendeler, rettigheter og forpliktelser som overføres til Petrolia Rigs II blir videreført uendret i det fusjonerte selskapet.

Skattemessig kontinuitet på aksjonærnivå innebærer at samlet inngangsverdi og ervervstidspunkt for vederlaget i form av aksjer i Petrolia til aksjeeieren i IO&R, settes lik samlet inngangsverdi og ervervstidspunkt for aksjer i IO&R.

4 BETYDNING FOR DE ANSATTE

Petrolia Rigs II har ingen ansatte, og fusjonen vil følgelig ikke ha konsekvenser for ansatte.

5 KONKLUSJON OG ANBEFALING

Styret anser at fusjonen vil bidra til økt verdiskapning for selskapets aksjeeier. Styret anbefaler derfor at generalforsamlingen godkjenner fusjonsplanen.

* * * * *

29. november 2011

STYRET I PETROLIA RIGS II AS

Kjetil Forland

Sølve Nilsen

Ulf Eide

Appendix 5: Auditor statement on merger plan, IO&R AS

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 IO&R AS

Deres ref.
Your ref.

Vår ref.
Our ref. AO/pøs

Redegjørelse for fusjonsplanen i overdragende selskap i en konsernfusjon (IO&R AS)

På oppdrag fra styret i IO&R AS avgir vi som uavhengig sakkyndig, i samsvar med allmennaksjeloven § 13–10, en redegjørelse for fusjonsplanen datert 29. november 2011 mellom Petrolia Rigs II AS og IO&R AS med Petrolia ASA som aksjeutstedende selskap i samsvar med allmennaksjeloven § 10–2. Ved fusjonen overdrar IO&R AS samtlige eiendeler og forpliktelser til Petrolia Rigs II AS mot at det utstedes vederlag i aksjer i Petrolia ASA. Styret i hvert selskap er ansvarlig for informasjonen og de verdsettelser vederlaget bygger på. Vår oppgave er å utarbeide en redegjørelse om fastsettelse av vederlaget.

Redegjørelse om fastsettelse av vederlaget

Nærmere om selskapene som fusjoneres

Petrolia Rigs II er et selskap uten virksomhet. Selskapets eneste eiendel er en kontantbeholdning. Selskapet eneste aksjeeier er Petrolia ASA.

IO&R AS eier, gjennom sitt heleide datterselskap IO&R Ltd. (Dubai), to landrigger av typen "150 T Ultra Single Work-Over Rigs" som er bygget av TTS Sense, samt en boreutstyrspakke (samlet omtalt som "Eiendelene"). Selskapets eneste aksjeeier er Independent Oil & Resources ASA. Independent Oil & Resources ASA er største aksjonær i Petrolia ASA og eier også om lag 33% av aksjene.

Vurdering av verdi og bytteforhold

Fusjonen anses regnskapsmessig som en transaksjon og skal vurderes til virkelig verdi.

Bytteforholdet er basert på verdsettelse av henholdsvis Petrolia ASA og IO&R AS samt forhandlinger mellom partene. Petrolia ASA er verdsatt på bakgrunn av kursverdien for selskapets aksjer på Oslo Børs. Verdien av IO&R AS er fastsatt på bakgrunn av verdivurdering foretatt av Kjelstrup & Wiggen Consulting AS som konkluderer med at Eiendelene har en verdi på NOK 80-90 millioner. Nevnte verdsettelse er basert på en modell som tar utgangspunkt i nåverdien av de forventede fremtidige kontantstrømmene fra de to landriggene samt en teoretisk gjenanskaffelsesverdi for boreutstyret.

I henhold til fusjonsavtalen mellom partene skal aksjonæren i IO&R AS motta 135.000.000 vederlagsaksjer i Petrolia ASA som på tidspunktet for inngåelse av intensjonsavtale om fusjon hadde en virkelig verdi basert på børskurs på NOK 0,55 per aksje, samlet NOK 74.250.000.

RSM Hasner AS er et frittstående medlem av RSM International, en sammenslutning av uavhengige revisjons- og konsulentfirmaer. RSM International er navnet til et nettverk av uavhengige revisjons- og konsulentfirmaer, hvor hvert firma praktiserer selvstendig. RSM International eksisterer ikke i noen jurisdiksjon som en separat juridisk enhet.

Medlemmer av Den Norske Revisorforening.

RSM Hasner

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 OI&R AS 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 IO&R AS 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 IO&R AS på 675.000 aksjer i Petrolia ASA for hver aksje i IO&R AS, 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 Rigs II AS

RSM Hasner

RSM Hasner AS, Statsautoriserte Revisorer
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Til generalforsamlingen i Petrolia Rigs II AS

Deres ref.
Your ref.

Vår ref.
Our ref. AO/PØS

Redegjørelse for fusjonsplanen i overtakende selskap i en konsernfusjon (Petrolia Rigs II AS)

På oppdrag fra styret i Petrolia Rigs II AS avgir vi som uavhengig sakkyndig, i samsvar med allmennaksjeloven § 13–10, en redegjørelse om fusjonsplanen datert 29. november 2011 mellom Petrolia Rigs II AS og IO&R AS med Petrolia ASA som aksjeutstedende selskap i samsvar med allmennaksjeloven § 10–2. Ved fusjonen overtar Petrolia Rigs II AS samtlige eiendeler og forpliktelser i IO&R AS mot at det utstedes vederlag i aksjer i Petrolia ASA. Styrene i hvert selskap er ansvarlig for informasjonen redegjørelsen bygger på og de verdsettelser som er gjort. Vår oppgave er å utarbeide en redegjørelse om fusjonsplanen og å uttale oss om de eiendeler Petrolia Rigs II AS skal overta, har en verdi som minst svarer til vederlaget.

Den videre redegjørelsen består av tre deler. Den første delen er en presentasjon av opplysninger i overensstemmelse med de krav som stilles i allmennaksjeloven § 13–10 annet ledd og § 2–6 første ledd nr. 1 til 4. Den andre delen angir hvilke fremgangsmåter som er brukt ved fastsettelsen av vederlaget til aksjeeierne i det overdragende selskapet. Den tredje delen er vår uttalelse.

Del 1: Opplysninger om innskuddet

IO&R AS eier, gjennom sitt heleide datterselskap IO&R Ltd. (Dubai), to landrigger av typen "150 T Ultra Single Work-Over Rigs" som er bygget av TTS Sense, samt en boreutstyrspakke (samlet omtalt som "Eiendelene").

De eiendeler selskapet skal overta ved fusjonen, fremgår av utkast til åpningsbalanse datert 27. november 2011 og består i hovedsak av fordring på IO&R Ltd relatert til kjøpet av de to landriggene pålydende NOK 62.734.773 samt tilhørende boreutstyrspakke til en verdi av kr 11.347.047.

Del 2: Fremgangsmåte ved fastsettelse av vederlaget

Fusjonen anses regnskapsmessig som en transaksjon og skal vurderes til virkelig verdi.

Bytteforholdet er basert på verdsettelse av henholdsvis Petrolia ASA og IO&R AS samt forhandlinger mellom partene. Petrolia ASA er verdsatt på bakgrunn av kursverdien for selskapets aksjer på Oslo Børs. Verdien av IO&R AS er fastsatt på bakgrunn av verdivurdering foretatt av Kjelstrup & Wiggen Consulting AS som konkluderer med at Eiendelene har en verdi på NOK 80-90 millioner. Nevnte

RSM Hasner AS er et frittstående medlem av RSM International, en sammenslutning av uavhengige revisjons- og konsulentfirmaer. RSM International er navnet til et nettverk av uavhengige revisjons- og konsulentfirmaer, hvor hvert firma praktiserer selvstendig. RSM International eksisterer ikke i noen jurisdiksjon som en separat juridisk enhet.

Medlemmer av Den Norske Revisorforening.

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verdsettelse er basert på en modell som tar utgangspunkt i nåverdien av de forventede fremtidige kontantstrømmene fra de to landriggene samt en teoretisk gjenanskaffelsesverdi for boreutstyret.

I henhold til fusjonsavtalen mellom partene skal aksjonæren i IO&R AS motta 135.000.000 vederlagsaksjer i Petrolia ASA som på tidspunktet for inngåelse av intensjonsavtale om fusjon hadde en virkelig verdi basert på børskurs på NOK 0,55 per aksje, samlet NOK 74.250.000.

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 OI&R AS rimelig og saklig begrunnet.

Del 3: Den uavhengig 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 de eiendeler og forpliktelser selskapet skal overta, har en verdi som minst svarer til det avtalte vederlaget, og for å kunne uttale oss om vederlaget til aksjeeierne i IO&R AS. Arbeidet omfatter kontroll av verdsettelsen av innskuddet og av vederlaget, herunder vurderingsprinsippene og eksistens og tilhørighet. 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 de eiendeler selskapet skal overta ved fusjonen, har en verdi som minst svarer til det avtalte vederlaget i aksjer i Petrolia ASA pålydende kr 5.400.000 samt overkurs kr 68.850.000. Verdien av de eiendeler Petrolia Rigs II AS skal overta tilsvarer konsernfusjonsgjelden til Petrolia ASA.

Vi mener at begrunnelsen for vederlaget til aksjeeierne i IO&R AS på 675.000 aksjer i Petrolia ASA for hver aksje i IO&R AS, er rimelig og saklig, basert på verdsettelsen av selskapene som beskrevet ovenfor.

Lysaker, 29. november 2011
RSM Hasner AS

Arnfinn Osvik
Statsautorisert revisor