**CASH TENDER OFFER**

**FOR UP TO NOK 100 MILLION OF PETROLIA ASA'S OUTSTANDING BONDS**

**IN THE 12.00% PETROLIA DRILLING ASA CALLABE BOND ISSUE 2008/2012**

Petrolia ASA ("**Petrolia**") hereby makes a conditional cash tender offer (the "**Offer**") to purchase up to NOK 100 million (the "**Offer Size**") of the outstanding bonds from bondholders who may lawfully participate in the Offer in the 12.00% Petrolia Drilling ASA Callable Bond Issue 2008/2012 with ISIN NO 001044025.8 (the "**Bonds**"). In this issue the bondholders own 1,000 bonds, each with a face value of NOK 500,000.

Following the information meeting with bondholders on 1 June 2011 (the "**Information Meeting**"), Petrolia wishes to extend a voluntary cash tender offer to all bondholders for an aggregate amount of Bonds up to the Offer Size. The consideration to be offered for each Bond for which the Offer has been validly accepted is NOK 425,000 plus accrued interest. All Bonds purchased by Petrolia will be immediately cancelled and will not be re-issued.

For the avoidance of doubt and as communicated during the Information Meeting, Petrolia also intends to redeem NOK 100 million at par value (the "**Instalment**") on 20 June 2011 as set out in the agreement of the Bonds (the "**Bond Agreement**") entered into with Norsk Tillitsmann ASA on behalf of the bondholders. The Instalment will be carried out by drawing of lots between the Bonds. Selected Bonds and their respective bondholders should expect to be informed by VPS on or about 16 June 2011.

The Offer is subject to the following terms and conditions:

Offer Price:

85.00% of face value of each Bond being purchased and sold according to this Offer plus accrued and unpaid interests (the "**Offer Price**").

Accrued and unpaid interest under the Bonds shall be calculated on the basis of the principles set out in the Bond Agreement and be due and payable on the Settlement date for this Offer to bondholders accepting (and being allocated) the right to sell their Bonds to Petrolia according to this Offer.

Offer Size:

Up to the aggregate amount of Bonds with face value in aggregate of NOK 100 million.

In the event where Petrolia receives acceptances for aggregate amounts in excess of the Offer Size, the following allocation principles will apply:

a) All bondholders accepting the Offer for in aggregate up to and including NOK 1.0 million in face value of outstanding Bonds will receive settlement of all accepted amounts according to this Offer (however, should these acceptances in aggregate be more than the Offer Size, there will be a pro rata settlement); and

b) Bondholders accepting the Offer for in aggregate more than NOK 1.0 million in face value of outstanding Bonds will receive settlement pro rata of all accepted amounts according to this Offer after deduction of the accepted amounts under item a) above from the Offer Size,

in all events by the application of the Offer Price.

Acceptance period:

The acceptance period for the Offer is from the Offer has been publicly announced by way of a press release of Petrolia (or otherwise) on 9 June 2011 to 22 June 2011 at 17:30 CET.

Petrolia may in its sole discretion extend the acceptance period (one or more times) by up to an aggregate total of 3 banking days without prior notice.

Settlement:

Settlement according to the Offer will be made by delivery versus payment, according to ABG Sundal Collier Norge ASA's ("ABGSC") business terms, in NOK on or about three banking days after announcement that all conditions for completion of the Offer have been met or waived, expected to be on or

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| | about 28 June 2011. Settlement procedure as customary for bond purchase will be applied.<br><br>By delivering a duly executed acceptance form, bondholders irrevocably authorizes **ABGSC** to transfer the Bonds to Petrolia against payment of the Offer Price upon completion of the Offer. ABGSC will also be authorized to block the Bonds comprised by the acceptance. In the event the Offer is cancelled, the blocking will be terminated. |
| Acceptance binding: | Once ABGSC has received the acceptance form, the acceptance of the Offer is irrevocable on the bondholder, and may not be withdrawn, in whole or in part. |
| Condition for completion of the Offer: | Completion of the Offer is subject to board approval by Petrolia. |
| Notification: | As soon as all conditions set out in this Offer have been met, waived or failed to be met, Petrolia will issue a notification to that effect. Such Notification will be given at the latest by 23 June 2011 at 09:00 CET. |
| Governing law and jurisdiction: | The Offer and all acceptances of the Offer are governed by Norwegian law with the Oslo city court as legal venue. Any disputes arising out of, or in connection with, the Offer, is subject to Norwegian law and shall exclusively be settled by Norwegian courts and with Oslo city court as legal venue. |

Holders of Bonds registered in the name of brokers, banks, investment companies or other nominees, must contact such persons to accept the Offer. Acceptance of the Offer for Bonds registered in the name of an investment manager must be done by the manager on behalf of the bondholder.

All Bonds tendered in the Offer are to be transferred free of any encumbrances and any other third party rights and with all rights attached to them. Any third party with such rights over the relevant VPS account(s) must sign the acceptance form and thereby waive its rights in the Bonds and approve the transfer of the Bonds to Petrolia. Acceptances may be treated as invalid if any such rights holder has not consented to waive such rights by signing the acceptance form.

Bondholders who wish to accept the offer must complete and sign the enclosed acceptance form and return it to ABGSC within the expiration of the Acceptance period. The correctly completed and signed acceptance form shall be sent by fax, delivered by hand or sent by mail to ABGSC at the following address:

ABG Sundal Collier Norge ASA
Pb. 1444 Vika
Munkedamsveien 45E, 7th Floor
NO-0115 OSLO
Norway
Tel +47 22 01 60 00
Fax +47 22 01 61 10

ABGSC is acting on behalf of Petrolia in connection with the Offer. ABGSC is not acting on behalf of any other party in connection with the Offer and will not be responsible to any party other than Petrolia for providing (i) the protections normally granted to their customers or (ii) advice in relation to the Offer.

**Bergen, 9 June 2011**

**Important Notice**

Any decision to accept the Offer should only be made on the basis of an independent review by you of Petrolia's publicly available information.

By accepting the Offer, you will be deemed to have acknowledged, represented to and agreed with ABGSC and Petrolia that: (a) you have such business and financial experience as is required to give you the capacity to protect your own interests in connection with accepting the Offer; (b) you acknowledge that ABGSC is manager only and you may not rely, and have not relied, on any investigation that ABGSC or any of its affiliates, or any person acting on behalf of or any of its respective affiliates, may have conducted with respect to Petrolia or the Bonds, and neither ABGSC nor any of its affiliates has made any representation to you, express or implied, with respect to Petrolia or the Bonds or the accuracy, completeness or adequacy of any publicly available information; (c) you understand that no prospectus or offering document has been prepared in connection with the Offer; (d) you have made your own assessment of Petrolia, the Bonds and the terms of the Offer based on this voluntary Offer and other such information as is publicly available (which you acknowledge you have been able to access, read and understand); (e) you have made your own investment decision regarding the acceptance to some or all of your Bonds to Petrolia based on your own knowledge and investigation of Petrolia and the Bonds; (f) you will not hold ABGSC or any of its affiliates responsible for any misstatements in or omissions from any publicly available information concerning Petrolia, and ABGSC shall have no liability for any other representations (express or implied) contained in, or for any omissions from, such information or any other written or oral communication transmitted to you in the course of your evaluation of the Offer and the Bonds; (g) ABGSC shall have no obligation to update any such information or to correct any inaccuracies therein or omissions therefrom which may become apparent, even where ABGSC is aware of such inaccuracies or omissions; and (h) you have consulted your own independent advisers or otherwise have satisfied yourself concerning, without limitation, any accounting, regulatory, tax or other consequences of selling the Bonds in the light of your own particular situation under the laws of all relevant jurisdictions generally.

Neither Petrolia nor ABGSC make any representation as to (i) the suitability of accepting the Offer for any particular investor, (ii) the appropriate accounting treatment and potential tax consequences of accepting the Offer, or (iii) the future performance of the Bonds either in absolute terms or relative to competing investments.

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This voluntary Offer is for information purposes only and does not constitute or form part of, and should not be construed as an offer or an invitation to sell, or issue or the solicitation of any offer to buy or subscribe for, any securities in any jurisdiction where such is unlawful. Consequently, the Offer does not constitute an offer in any jurisdiction or in any circumstances which would require Petrolia to prepare or register any prospectus, offering document or circular relating to the purchase of Bonds in such jurisdiction. The distribution of this Offer in certain jurisdictions may be restricted by law. Any persons reading this Offer are required to inform themselves of and observe any such restrictions.

**ACCEPTANCE FORM**

For use in accepting the offer (the "**Offer**") made by Petrolia ASA described in the offer dated 9 June 2011 to purchase up to NOK 100 million (par value) of outstanding bonds from bondholders who may lawfully participate in the Offer in the 12.00% Petrolia Drilling ASA Callable Bond Issue 2008/2012 with ISIN NO 001044025.8 (the "**Bonds**").

**Acceptance guidance:**

- This acceptance includes the Bonds stipulated in the box "*Number of Tendered Bonds*" below and which will be credited to the VPS-account set out below until settlement of the Offer.
- Bonds covered by this acceptance will be blocked on the above mentioned VPS-account, and may not in any way be disposed over.
- Settlement of the Offer Price will be made by delivery versus payment according to normal settlement procedures and according to ABGSC's business terms.
- This acceptance may be treated as invalid if the VPS-account, with which my/our Bonds are registered, is not filled in below.
- The Bonds must be transferred free of any encumbrances.
- This acceptance will be treated as valid only if any third party with registered encumbrances or other third-party rights over the relevant VPS account(s) has consented to the sale and transfer of the Bonds by signing this acceptance form under "*Rights holder*" below.
- By delivering a duly executed acceptance form, bondholders irrevocably authorise ABGSC to transfer the Bonds to Petrolia ASA against payment of the Offer Price upon completion of the Offer.

**Bonds and VPS account:**

Identification of bondholder (please enclose a copy of passport or Certificate of Registration or similar):

| **Full name of bondholder:** | **Address of residence:** | **Pers.Id no./C.reg.no.:** |
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Bank details/Payment instructions:

| **Bank name:** | **SWIFT Code of the bank:** | **IBAN no. of your account:** |
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We/I hold the following number of Bonds which are registered with the following VPS-account:

| **Total Number of Bonds Owned*:** | **Number of Tendered Bonds:** | **VPS-account:** |
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** The number of bonds owned after the Instalment has been carried out by drawing of lots between the Bonds.*

**Acceptance and signature**

By duly executing and delivering this acceptance form I/we warrant that that I/we have received the Offer and accept the Offer to sell my/our Bonds according to the terms of the Offer and this acceptance form.

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Place Date Binding signature** Telephone daytime

*** If signed by power of attorney, the power of attorney (and with respect to companies, Certificate of Registration or similar documentation) shall be enclosed. If signed by a person with signatory right, Certificate of Registration or similar documentation shall be enclosed.*

**Rights holder**:

As rights holder, the undersigned consents to the transfer of the Bonds to the Offeror free of encumbrances.

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Place Date Rights holder's binding signature***

**** If signed by power of attorney, the power of attorney (and with respect to companies, Certificate of Registration or similar documentation) shall be enclosed. If signed by a person with signatory right, Certificate of Registration or similar documentation shall be enclosed. If more than one rights holder is registered, each rights holder must sign.*