PETROLIA

BERGEN, 22 SEPTEMBER 2011

ENTERS INTO LOI FOR TWO LAND RIGS

Petrolia ASA has entered into a letter of intent to acquire (i) two land rigs with associated equipment and (ii) an equipment package from Independent Oil & Resources ASA, the main shareholder in Petrolia ASA, for NOK 74 million. The transaction will be financed by issuing 135 million new shares in Petrolia ASA to Independent Oil & Resources ASA at NOK 0.55 per share and is subject to the approval of the company´s extraordinary general meeting.

- The acquisition of the two land rigs and the equipment package fits well into the restructuring strategy of Petrolia. Our priorities are to improve the balance sheet, strengthen and leverage Petrolia Services AS and generate a strong positive cash flow to fund new value creating initiatives. With the delivery of the land rigs in an attractive region, in addition to bringing synergies to Petrolia Services AS and an expected positive cash flow contribution, we are taking an additional step in building the new Petrolia, says managing director Kjetil Forland in Petrolia ASA.

The two 150 T Ultra Single Rigs (one drilling and one work over), built by TTS Sense, will be delivered in Romania in October 2011 under management of Petrolia´s Romanian partner TM Drill. TM Drill already owns 6 rigs, all under contract, and will immediately initiate the marketing of the new land rigs.

The transaction is contemplated to be completed as a merger of two fully owned companies of Independent Oil & Resources ASA and Petrolia ASA, IO&R AS and Petrolia Rigs II AS respectively, with the latter as surviving company, with a merger consideration of 135 million shares in Petrolia ASA at NOK 0.55 per share to Independent Oil & Resources ASA, equaling NOK 74 million. Independent Oil & Resources ASA is the largest shareholder in Petrolia ASA and partly (indirectly) owned by chairman of the Board of Directors, Berge Gerdt Larsen. Mr. Larsen has not attended the board of directors´ voting and discussions related to the transaction.

The merger consideration is set equal to the acquisition cost for the rigs and equipment Independent Oil & Resources ASA has had. The price of the Petrolia ASA shares has been set after considering the recent share price and the latest equity increases and at the same time considering that the volume of shares required is significant.

A final and legally binding agreement including all relevant terms and conditions is expected to be negotiated and signed by both parties within 15 October 2011.

Following the transaction, Independent Oil & Resources ASA will hold 61.44% of the shares in Petrolia ASA compared to 33.32% prior to the transaction. The transaction will not trigger a mandatory offer obligation on Independent Oil & Resources ASA since the new shares are acquired through a merger, cf § 6-2 (1) no 3 of the Norwegian Securities Trading Act.

- Over the last year, the board of directors has conducted a thorough strategy review with the aim of strengthening the balance sheet and leverage on the company´s network and competence to enter into new initiatives. With the bond buy back, share issues and Petrolia Norway AS initiatives, we are taking the first steps on delivering on that strategy. Additionally, the new land rigs are expected to give a positive cash flow contribution to the company. In a challenging capital market, we are fortunate to have solid owners supporting the company with capital, potential assets and business development projects, says Erik J. Frydenbø, deputy chairman of the board of directors.

The completion of the transaction and the issue of new shares is subject to among other the approval of from the company´s extraordinary general meeting. External fairness opinions will be obtained and a prospectus will be filed with the Financial Supervisory Authority of Norway (FSA), for inspection and review in accordance with the Norwegian Securities Trading Act.

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This information is subject of the disclosure requirements in Norwegian Securities Trading Act § 5-12.

About Petrolia
Petrolia ASA has three business segments: E&P, Drilling & Well Technology and Oilfield Services and is listed on Oslo Stock Exchange under the ticker code PDR. The core activity includes Petrolia Norway AS, an independent oil & gas company aiming at being prequalified as a licensee on the Norwegian Continental Shelf within 2011. The company currently holds 10 per cent of Ulvetanna. In addition, Petrolia ASA owns Petrolia Services AS, a leading rental equipment company for the global oil industry. The company employs a staff of around 250 highly competent employees worldwide.