



Dear fellow shareholder in DNO International ASA

Bergen, 15 October 2011

Vote no to the DNO/RAK merger

4 July 2011, DNO International ASA (DNO) announced that the company aims to merge in RAK Petroleum Public Company Limited's (RAK) Middle East and North Africa assets (MENA). In return, RAK will increase its holding in DNO from 30 to 40 per cent, without having to make a mandatory offer on the company.

Petrolia, with associated companies and stakeholders, is one of the largest shareholder groups in DNO. Over the latest weeks, several concerned shareholders have approached us. Following thorough analysis of the announced documentation from the company, we are sharing the concern. The proposed merger will not create shareholder value. On the contrary, the merger will destroy value for us shareholders:

- The RAK licences are uncertain with regards to reserves and upside potential
- The RAK licences demands significant, and highly uncertain capital investments for offshore drilling of wells
- The RAK licenses will significantly reduce the company's dividend capacity
- RAK will take control of the company, without paying a control premium
- The RAK merger will dilute existing shareholders at a low price, against uncertain MENA assets
- The merger **will block any alternative offer from other companies**, as RAK will completely control the company through its 40 per cent holding, in addition to controlling up to an additional 10 per cent through DNO's own shares

We believe DNO is an exciting company, with highly dedicated and talented employees. 12 August 2011, the P50 reserves at Tawke, a world-class oil field, was preliminary adjusted to 636 million barrels, representing a doubling of the reserves in a short period of time. The underlying value of DNO is significant and is in the merger proposal valued in the Competent Person Report (CPR) at over 3 billion dollar. However, the company is currently valued at only NOK 5.5 billion at the Oslo Stock Exchange.

Petrolia, as shareholder in DNO, is willing to work actively towards finding alternative solutions for increasing the valuation of the company. Solutions that the current board of directors, led by RAK, not will explore without pressure from other shareholders. We believe potential buyers are willing to pay **at least 10 – 12 NOK per share** for the company, compared to the CPR valuation of NOK 19.5 per share. This requires the RAK merger not being completed and that RAK are not given control.

We recommend that you as a shareholder in DNO **vote no** to the proposed merger and to the proposed capital increase, without a preferred right to the shareholders, at the extraordinary general meeting 1 November 2011 (agenda point 4 and 5). This is the most important thing you can do as a shareholder to protect your investment.

If you want to discuss the merger with us, or **to send EGM proxies**, you are welcome to contact us at +47 55 22 47 28/+47 93240027, or by email kjetil.forland@petrolia.no. In addition, we will publish our investor presentations at <http://rejectrakmerger.wordpress.com>, in addition to holding public and international telephone conferences if needed.

Kind regards,

Berge Gerdt Larsen
Chairman of Petrolia ASA

Kjetil Forland
MD of Petrolia