



BERGEN, 29 NOVEMBER 2011

APPROVAL OF MERGER PLAN

The Boards of Directors of IO&R AS and Petrolia Rigs II AS have approved the merger plan for the transaction completing the acquisition of two land rigs with associated equipment and an equipment package from Independent Oil & Resources ASA. The Board of Directors of Petrolia ASA has acceded to the merger plan and will propose an issue of consideration shares to the shareholder of IO&R AS, Independent Oil & Resources ASA.

Reference is made to the stock exchange notice issued by Petrolia ASA ("**Petrolia**") on 22 September 2011 regarding the entering into of a letter of intent to acquire two land rigs with associated equipment and an equipment package from Independent Oil & Resources ASA ("**Independent Oil & Resources**"). For the settlement to be provided directly to Independent Oil & Resources in the form of shares in Petrolia, the transaction is to be completed as a triangular merger (the "**Merger**") of the two wholly owned subsidiaries of Petrolia and Independent Oil & Resources, IO&R AS ("**IO&R**") and Petrolia Rigs II AS ("**Petrolia Rigs II**") in accordance with the Public Limited Liability Companies Act section 13-2 (2).

1 THE MERGER

The Boards of Directors of IO&R and Petrolia Rigs II have approved the merger plan (the "**Merger Plan**") for the transaction.

The Board of Directors of Petrolia has acceded to the Merger Plan, and thereby committed to propose to the general meeting of Petrolia to increase the share capital with NOK 5,400,000 through the issuance of a total of 135,000,000 shares, each with a nominal value of NOK 0.04 in order to issue the consideration shares. NOK 0.55 is to be paid per share, in total NOK 74,250,000, of which NOK 68,850,000 shall be transferred to the share premium account. Petrolia Rigs II will issue a receivable to Petrolia as settlement for the shares. The nominal value of the receivable shall be equal to the net fair value that is being transferred to Petrolia Rigs II through the Merger, NOK 74,250,000.

No member of the board of directors or executive management will receive any special benefits in connection with the Merger.

Given the fact that the transaction involves a related party, Petrolia has found it appropriate not to use the authorization to increase the share capital granted to the Board of Directors, but present the transaction to the General Meeting for explicit approval.

2 CONSIDERATION AND VALUATION

As merger consideration, Independent Oil & Resources will receive a total of 135,000,000 shares in Petrolia, each with a nominal value of NOK 0.04. For each share in IO&R, Independent Oil & Resources will receive 675,000 shares in Petrolia.

The exchange ratio between the IO&R shares and Petrolia shares is determined by the valuation of the respective companies.

IO&R is valued on the basis of the value of its shares in the subsidiary IO&R Limited (Dubai) ("**IO&R Limited**"), which in turn is valued on the basis of the assets of this company. 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.

Petrolia is valued on the basis of the market price of the company's share in trading on the Oslo Stock Exchange, as well as negotiations between the parties.

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

- 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 completion of the transaction is subject to customary conditions, including, but not limited to governmental approvals, approvals from the general meetings of IO&R and Petrolia Rigs II and the approval from the general meeting of Petrolia.

External fairness opinions will be obtained and a prospectus/equivalent document will be filed with the Financial Supervisory Authority of Norway (FSA), for inspection and review in accordance with the Norwegian Securities Trading Act.

If the Merger is approved of the general meetings of IO&R and Petrolia Rigs II, a two months creditor notification period will commence on the date of registration of the resolution in the Register of Business Enterprises. Consequently, and provided that all conditions of implementation has been fulfilled, the Merger is expected to be completed during the first quarter of 2012.

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

About Petrolia

Petrolia 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 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.

The Board of Directors of Petrolia consists of Berge Gerdt Larsen (Chairman), Erik Johan Frydenbø (Director), Unni Fossberg Tefre (Director) and Sjur Storaas (Director).

The management consists of Kjetil Forland (Managing Director) and Sølve Nilsen (Finance Manager).

The proposed Merger will not lead to any changes in the composition of the Board of Directors nor the management of Petrolia.

	YTD Q3 2011	YTD Q3 2010	2010	2009	2008
<i>(USD 1000)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
Revenue	63 358	56 005	75 541	70 746	81 831
Operation profit before depreciation	24 667	20 757	-34 034	24 623	28 292
Result for the period	7 430	2 065	-87 336	107 841	-506 370

	Q3 2011	2010	2009	2008
<i>(USD 1000)</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
Total assets	213 359	261 679	367 150	1 027 102
Total equity	90 094	95 248	179 040	58 654
Total liabilities	123 265	166 431	188 111	968 448

About IO&R and Petrolia Rigs II

IO&R was established on 22 July 2011. IO&R owns the shares in IO&R Limited, a receivable against IO&R Limited with an estimated value of NOK 62,734,773 and miscellaneous drilling equipment with an estimated value of NOK 11,479,625. Through IO&R Limited IO&R also owns a drilling rig and a mobile workover rig. There are no employees in the IO&R.

Petrolia Rigs II was established on 21 July 2011. Apart from the share capital, there are no assets or employees, and currently no ongoing business in Petrolia Rigs II.

IO&R and Petrolia Rigs II were both established in 2011 for the purpose of the Merger. Hence there are no historical financial records available.