



BERGEN, 30 NOVEMBER 2011

APPROVAL OF CROSS-BORDER MERGER PLAN

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

1 BACKGROUND AND RATIONALE

In order to move closer to key markets for the group and at the same time maintain a European presence Petrolia ASA ("**Petrolia**") has decided to relocate its head offices to Cyprus. Petrolia considered as the most favourable method for its redomiciliation to Cyprus to complete a cross-border merger (the "**Merger**") with a Cyprus public company (PLC) with the latter as the surviving entity, leading to the conversion of such PLC into a European company (SE) and the subsequent continuation of its operations 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 Petrolia and Petrolia E&P Holdings PLC (Cyprus) ("**Petrolia Cyprus**") approved the merger plan (the "**Merger Plan**").

2 THE MERGER

The Merger will be completed in accordance with the provisions of the Council Regulation (EC) No 2157/2001 on the Statute for a European company (SE), the Companies Law of Cyprus Cap 113 and the secondary Cypriot SE Regulations, as far as Petrolia Cyprus is concerned, and the Norwegian Public Limited Companies Act and the Norwegian SE act, as far as Petrolia is concerned.

The Merger and the Merger Plan will be submitted for approval to the general meetings of both merging companies. Completion of the Merger is conditional upon a number of factors, including, but not limited to, Petrolia obtaining the consent of Oslo Stock Exchange to the continued listing of the shares of the merged company.

Upon completion of the Merger i) Petrolia will be wound up without going into liquidation and transfer all of its assets and liabilities to Petrolia Cyprus, ii) Petrolia Cyprus will issue new shares to the shareholders of Petrolia corresponding with the economic value of their shares in the Company and iii) Petrolia will adopt the form of a Societas Europaea-European Public

Company registered in the Republic of Cyprus, in accordance with the relevant provisions of the EU and Cyprus law.

If the Merger is approved by the general meetings of Petrolia and Petrolia Cyprus, 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.

3 CONSIDERATION AND VALUATION

Since Petrolia Cyprus currently is a newly created special purpose vehicle with minimum operations, the exchange ratio has been determined almost exclusively on the basis of the valuation of Petrolia. The fair market value of the Company has been established based on the price of the Petrolia's shares on the Oslo Stock Exchange as per the date of the Merger Plan. The fair market value of Petrolia Cyprus has been determined based on Petrolia Cyprus' book equity since Petrolia Cyprus has no other assets than its paid-in share capital.

Before the Merger is completed, the Company plans to issue new shares as consideration in a merger between its wholly owned subsidiary, Petrolia Rigs II AS and IO&R AS (the "**Rig Merger**"). Reference is made to the stock exchange notification released yesterday. The new shares will be issued against contribution in kind in the form of receivables against Petrolia Rigs II AS in the amount of NOK 74,250,000.

In the event the Rig Merger is completed before the Merger, Petrolia Cyprus will issue and allot 27,200,867 shares with a nominal value of USD 1 each to the shareholders of Petrolia. The exchange ratio between the shares of Petrolia and the shares of Petrolia Cyprus will thus be 0,090045702, or approximately 1 new share in the capital of the Petrolia Cyprus for 11 shares in Petrolia.

In the event the Rig Merger is not completed before the Merger, Petrolia Cyprus will issue and allot 15,044,698 shares with a nominal value of USD 1 each to the shareholders of Petrolia. The exchange ratio between the shares of Petrolia and the shares of Petrolia Cyprus will thus be 0,090045702 or approximately 1 new share in the capital of the Petrolia Cyprus for 11 shares in Petrolia.

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

The business of Petrolia will continue as a going concern in Petrolia Cyprus. The financial position and management of Petrolia will therefore not change as a result of the Merger. Petrolia will maintain its current presence in Norway, but will in addition have sufficient presence and activity in Cyprus to be considered domiciled in Cyprus for tax purposes.

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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.

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).

Historical key figures for Petrolia

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

Petrolia Cyprus was newly established specifically in order to facilitate the transfer of Petrolia ASA to Cyprus as per the above. As per date, 34 994 of the shares of Petrolia Cyprus is held by NET AS while 6 shares are held by nominee shareholders in order to comply with Cyprus law ownership requirements for public companies. NET AS holds approximately 6.52% of the shares of the Company.

Petrolia Cyprus has no assets apart from its paid-in share capital, and its business activity consists solely of business development conducted by one part time employee. After completion of the merger, Petrolia will consider expanding its business in Cyprus. Petrolia Cyprus will be the surviving entity in the Merger and will be converted into a Cyprus registered SE immediately upon the completion of the Merger.

Since Petrolia Cyprus is newly established there are no historical financial records available.

The Board of Directors of Petrolia Cyprus consists of Kjetil Forland (Chairman), Erwin Joseph Pierre Godec (Chairman), Demos Demou (Director).

Following completion of the Merger the Board of Directors of Petrolia Cyprus will consist of: Berge Gerdt Larsen (Chairman), Unni Fosberg Tefre (Director), Erik Johan Frydenbø (Director) and Sjur Storaas (Director).