

To the general meeting of Aker Exploration ASA

**REPORT RELATING TO THE MERGER BETWEEN**  
**DET NORSKE OLJESELSKAP ASA**  
**AND**  
**AKER EXPLORATION ASA**

**1. Introduction**

The Merger Plan of 16 September 2009 proposed a merger between Det norske oljeselskap ASA (the Transferring Company) and Aker Exploration ASA (the Acquiring Company).

The merger means that Det norske oljeselskap ASA and Aker Exploration ASA will be integrated. When the merger is effected, Det norske oljeselskap ASA's shareholders will have their shares in that company converted into shares in Aker Exploration ASA.

In accordance with the Public Limited Liability Companies Act section 13-9, the Board of Directors of Aker Exploration ASA hereby presents a report on the merger, including an explanation and justification of the merger, the consideration to the shareholders and how the merger can affect employees of the company.

**2. Statutory provisions relating to the merger**

The merger is governed by the (Norwegian) Public Limited Liability Companies Act chapter 13.

**3. Background to and justification for the merger**

The merger between Det norske oljeselskap ASA and Aker Exploration ASA will unite the two companies in their ambition to establish a bigger and stronger oil company on the Norwegian continental shelf. The merger supports the strategy for an independent, Norwegian-owned oil company that concentrates on recovering as much as possible of the petroleum resources on the Norwegian continental shelf.

The Merged Company will be operator for 32 licences and will participate in more than 70 licences. It will give us better opportunities to choose the best prospects and to optimise the portfolio.

The Merged Company will be well-positioned for further growth, both organic and by adopting an offensive approach to further restructuring of the industry in order to generate extensive value to society and the shareholders.

The Merged Company will have a considerable resource basis and will target the development of discoveries that can enable the company to produce 15,000-20,000 barrels a day within five years. Infrastructure-near exploration work will therefore continue at full pace, at the same time as more

offensive exploration activities will be conducted in less explored areas of the Norwegian continental shelf.

At the same time, the company will target the areas in the far north of Norway, including the Barents Sea. The Merged Company will continue to utilise the two companies' strong exploration environments and organisations. Aker Exploration ASA's wholly owned subsidiary Aker Exploration AS will be maintained as a separate company, so that that the company's exploration organisation can continue with 'tactical frontier' as its main focus area. This means that, after the merger, the merged group's activities will be conducted by the parent company (Det norske oljeselskap ASA – formerly Aker Exploration ASA) continuing Det norske oljeselskap ASA's activities and by the subsidiary Aker Exploration AS.

The Merged Company will have considerable financial capacity after the merger. In some markets, the mere size of the company may be decisive for its ability to raise funds. Aker ASA, the Merged Company's biggest shareholder, is an ownership group with considerable industrial and financial expertise that may be of decisive importance to the company's ability to participate in future field developments. DNO International ASA, the Merged Company's second biggest shareholder, will, with its expertise in exploration and recovery, contribute to the company's continued growth.

The Merged Company will operate under Det norske's name, logo and profile. The registered address will still be in Trondheim. The head office functions will still be divided between Oslo and Trondheim. The Merged Company will also continue to be present in Harstad and Stavanger.

#### **4. Further statement on/ explanation of the merger**

The two companies' Boards of Directors have prepared a joint Merger Plan for the merger. The merger will be decided by the General meetings of the two companies by a two thirds' majority, as for amendments to the Articles of Association.

When the merger is effected, Aker Exploration ASA will take over all Det norske oljeselskap ASA's assets, rights and obligations, in return for Det norske oljeselskap ASA's shareholders acquiring shares in Aker Exploration ASA and, insofar as it is not possible to split whole shares in connection with the merger, a small amount of consideration in cash.

The consideration shares in Aker Exploration ASA will be issued through a capital increase in that company, in which the net assets etc. transferred from Det norske oljeselskap ASA in connection with the merger will be used as capital contributions. The shares in Aker Exploration ASA will be subscribed for through the general meeting of Aker Exploration ASA approving the merger plan.

Employees and employee representatives will be given information about and familiarised with the Merger Plan and its Annexes, and the Board of Director's report relating to the merger.

When the merger is effected, the following will be among the effects:

- Aker Exploration ASA will change its name to Det norske oljeselskap ASA and the Articles of Association will be changed in accordance with the proposal;
- All Det norske oljeselskap ASA's assets, rights and obligations will be transferred to Aker Exploration ASA;
- A new Board of Directors will be appointed and a new nomination committee will be set up for the new company; and

- The share capital of Aker Exploration ASA will have been increased and the shares in Det norske oljeselskap ASA will have been replaced by shares in Aker Exploration ASA.

## **5. Legal, financial and other consequences for the company**

The merger will be effected in accordance with the rules of the Public Limited Liability Companies Act chapter 13 on mergers. The effectuation of the merger will also be in accordance with the rules of the Taxation Act chapter 11 relating to tax-free mergers. Thus the merger will not have any direct tax consequences for Det norske oljeselskap ASA or for Aker Exploration ASA.

The existing legal entity Det norske oljeselskap ASA (org. no 987 904 275) will be dissolved and struck off the register in connection with the merger. All the company's activities will be transferred to and continued by Aker Exploration ASA (under that company's new name – Det norske oljeselskap ASA).

The merger does not in any way change the rights and obligations currently held by Aker Exploration ASA.

The Merged Company will have charterparties for a total of two drilling rigs, *Aker Barents* and *Songa Delta*, and these charterparties will run until summer 2012. At this stage, contracts have not been signed that secure employment of the rigs for the whole charter period, but, based on the considerable number of licences that the Merged Company will hold, the charterparties will enable the companies to offer the rigs for use in exploration drilling in these licences, thereby ensuring that the Merged Company has rig capacity for its ambitious exploration programme.

However, the rig market is volatile and risk is therefore attached to whether contracts will be signed for use of the rigs to a sufficient extent and at prices that will give full coverage of all the costs associated with the chartering the rigs.

The funding of the company's activities is based on the assumption that the company will get a full tax refund for its exploration expenses, including rig expenses. To the extent that the rigs are utilised in such a way or on such terms that the expenses do not qualify as exploration expenses, alternative funding may have to be established.

## **6. Legal, financial and other consequences for the shareholders**

The merger means that the shareholder in Det norske oljeselskap ASA will convert their shares in Det norske oljeselskap ASA into shares in Aker Exploration ASA to the extent that it is possible to perform such a conversion in whole shares. Consideration will be paid in cash to the extent that it is not possible to issue whole consideration shares when the merger is effected.

The shares in Aker Exploration ASA are currently listed on Oslo Axess, but listing on Oslo Børs will be requested in connection with the merger. It is a pre-condition for the merger that this is accomplished. As a consequence of the conversion ratio in connection with the merger, each individual shareholder's holding in the Merged Company will be considerably lower than in Aker Exploration ASA. See also section 7 below on consideration to shareholders.

As mentioned above, the merger will be effected in accordance with the rules of the Taxation Act chapter 11 relating to tax-free mergers. Thus the merger will not have any direct tax consequences for the shareholders. The limited cash consideration to be paid in connection with the merger – as a consequence of whole shares only being distributed to the shareholders in Det norske oljeselskap ASA in connection with the merger – will be liable to taxation as realisation for the shareholders in question.

## **7. Consideration to shareholders**

When the merger is effected, those who are shareholders in Det norske oljeselskap ASA at the time of the merger will receive consideration in the form of shares in Aker Exploration ASA.

As consideration for the merger, Det norske oljeselskap ASA's shareholders will receive shares in Aker Exploration ASA based on a conversion ratio of 82:18 between the companies in favour of Det norske oljeselskap ASA, so that this corresponds to the proportionate ownership of the shareholders in Det norske oljeselskap ASA and Aker Exploration ASA, respectively, after the merger.

The conversion ratio is based on an appraisal of the equity value of Det norske oljeselskap ASA and Aker Exploration ASA, respectively, before the Integration Agreement was signed on 24 August 2009.

The companies jointly appointed Rystad Energy AS to carry out an independent valuation of the Det norske oljeselskap ASA and Aker Exploration ASA's licence portfolios. RS Platou Markets AS and Carnegie, financial advisors to the companies, have also carried out valuations of the two companies' assets and liabilities.

The independent valuation by Rystad Energy AS is based entirely on data from the two companies and operator data for the licences. Rystad Energy AS has valued the companies' licence portfolios only, but in combination with RS Platou Market AS and Carnegie's valuations of balance-sheet items in the two companies and historic share prices, a conversion ratio was arrived at whereby the shares in Aker Exploration should constitute 18% of the Merged Company.

Based on an overall appraisal of the available basis for the valuation of the two companies' equity, the Board of Directors of Aker Exploration ASA has arrived at a conversion ratio that indicates that an ownership ratio of 82:18 in favour of Det norske oljeselskap ASA will adequately reflect the underlying equity values in Aker Exploration ASA.

Det norske's shareholders will subsequently receive 1.403328 (rounded off) shares in Aker Exploration ASA for each share they own in Det norske Oljeselskap ASA. All consideration shares will be issued through a new issue in Aker Exploration ASA. Fractions of shares will not be allotted. For each individual shareholder, the number of shares will be rounded down to the nearest whole share. Surplus shares will be sold for the rights holders' account and risk with a proportionate distribution of the net sales proceeds between those shareholders the number of whose consideration shares has been rounded down. The sale shall be effected by the Merged Company, through a securities company or similar if expedient, as soon as possible after the merger has been effected. For tax purposes, such cash consideration will be deemed to be realisation.

## **8. The effect of the merger on the company's employees**

Discussions with employee representatives have taken place and information meetings have been held with employees of Aker Exploration ASA.

The employees will be given an opportunity to exercise their right to state their opinion on the merger and the integration in accordance with the provisions of the Public Limited Liability Companies Act and the (Norwegian) Working Environment Act.

Unless they have objections, all employees of Det norske oljeselskap ASA will continue their employment with Aker Exploration ASA on unchanged terms and conditions.

The transfer of employees to Aker Exploration ASA will be in accordance with the rules of the Working Environment Act chapter 16 relating to the transfer of ownership of undertakings. In this connection, the employees will be informed about their right of reservation and preferential rights under the law and the deadline for exercising such rights.

Pension rights will be transferred to Aker Exploration ASA without any change.

There are no plans for reorganisation or downsizing as a result of the merger, except for organisational changes at the managerial level.

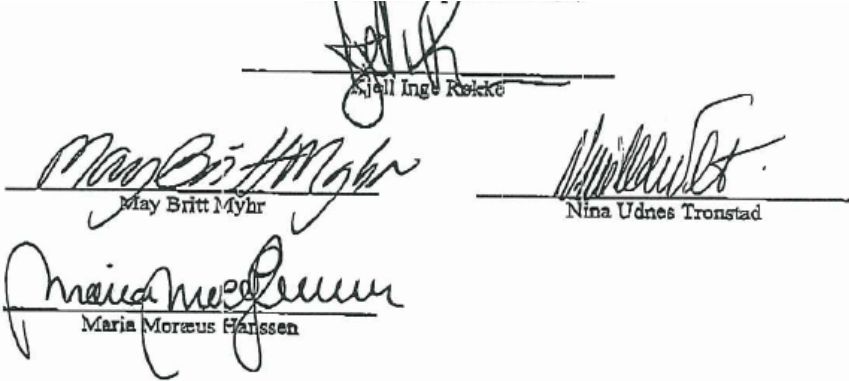
Nor are any changes planned involving geographical relocation of jobs.

As soon as practicable after the merger, two board members (and deputy members, if applicable) shall be elected by and from among the employees.

\* \* \* \* \*

Oslo, 16 September 2009

**The Board of Directors of Aker Exploration ASA**



The image shows three handwritten signatures, each on a horizontal line. The signatures are: Kjell Inge Røkke (top), May Britt Myhr (middle left), and Maria Moræus Hårnessen (bottom left). To the right of the middle signature, there is another handwritten signature, Nina Udnes Tronstad, also on a horizontal line. The names are printed below their respective lines.

Kjell Inge Røkke

May Britt Myhr

Nina Udnes Tronstad

Maria Moræus Hårnessen