New oil company: Sagex Petroleum ASA

The three companies GeysirPetroleum, Sagex and Inoil have entered into an agreement to merge. The merged company will be named Sagex Petroleum ASA, and will be a strong, independent oil company working Norway, the North Sea and internationally. The company has licences in the UK, Denmark and Faroes, a number of projects in progress globally, access to technology and the expertise of around 30 employees.

GeysirPetroleum hf is an Icelandic oil company with licences in the UK, Denmark and Faroes. In the UK an oil discovery was made last year which will be appraised with three wells this summer. Oil production is scheduled for 2008/2009. The three operated licences in Denmark and the Faroes are in an active exploration phase with acquisition and interpretation of 2D and 3D seismic. The company is registered on the OTC broker list.

Inoil AS commercialises projects and technology related to the oil and offshore industry. The company has two wholly owned subsidiaries:

Inoil Technology AS, which develops applications based on web and geographical information systems comprising maps and databases on petroleum accumulations, prospects and field development modules.

Inoil Petroleum AS, which develops oil company projects presently with focus on Norway, North-Africa, Middle East and Latin America.

The shareholders of the company will be part of the staff of Sagex Petroleum ASA, thus securing a highly incentivised organisation.

Sagex AS is a leading Norwegian oil & gas exploration and production consultancy group established in 1999 with expertise in all technical and managerial disciplines relevant for an oil company. The organization has some 30 highly qualified professionals, a majority of whom have experience from Saga Petroleum ASA, working both the Norwegian Continental Shelf and internationally. Offices are located in Oslo and Stavanger.

The acquisition will be settled entirely in shares. The combined company will have a market capitalization of some NOK 700 mill, and will apply for listing on the new Oslo Axess before summer. First Securities has been financial advisor in connection with the transaction and has been engaged as manager for the planned listing process.

Dag O. Larsen og Terji Hagevang, directors

Sagex Petroleum ASA will be a strong, independent oil company with expertise in all aspects of exploration and production, both offshore and onshore. All necessary infrastructure will be in place from day one in order to develop the current portfolio and evaluate future opportunities. The organisation has long operational experience in Norway, the North Sea and internationally. The company's ambition is to secure several licences in the upcoming Norwegian licensing rounds. Prequalification as an operator is anticipated by the end of the year. The company will be headed by Terje Hagevang, now Managing Director of Sagex and former VP Exploration of Saga Petroleum and Amerada Hess.

The transaction is subject to due diligence and acceptance in the necessary company governing bodies.