

Terms of Application

Private Placement February 2010

DISCOVER PETROLEUM AS
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The following terms and conditions apply to and constitute an integral part of the Agreement between the Applicant and the Company:

The Transaction:

The Board of Directors (the “**Board**”) of Discover Petroleum AS (“**Discover Petroleum**” or the “**Company**”), a private limited liability company incorporated under the laws of Norway with registration number 987 581 883, is proposing an offer of new shares with a par value of NOK 0.01 per share (the “**New Shares**”). The new issue will be resolved by a Board Meeting of the Company, probably to be called on 24 February 2010, and is structured as a private placement towards certain of the existing shareholders in the Company (the “**Private Placement**”). The subscription price for the New Shares has been set to NOK 0.01 per Offer Share (the “**Subscription Price**”). The application period will commence on 17 February 2010 at 09:00 hours CET and close on 23 February 2010 at 16:00 hours CET (the “**Application Period**”). The Company may at any time close or extend the Application Period at its own discretion. If the Application Period is extended, the other dates referred to herein may be extended accordingly. The New Shares to be issued will be subject to (among other things) the resolution of the above mentioned Board Meeting (see “*Conditions for completion of the Private Placement*” below). An investor applying for New Shares in the Private Placement is hereinafter referred to as an “**Applicant**”, and the application for New Shares made by the Applicant is referred to as the “**Application**”.

Application Terms:

Applications for New Shares shall be placed by completing and signing these Terms of Application and faxing or emailing the completed and signed form to the Company at the above mentioned fax number or email address, within the Application Period. The Company reserves the right to ask for, and the Applicant undertakes upon such request to promptly provide, written confirmations from the Applicant evidencing the due authority of the individual(s) acting on behalf of the Applicant to do so. Applications for New Shares in the Private Placement will be governed by the terms set out in this application agreement (the “**Application Agreement**”) and the terms set out in the resolution of the Company’s Board Meeting (the “**Resolution Terms**”), (the Application Agreement and the Resolution Terms collectively referred to as the “**Application Terms**”), and available public information. The Private Placement is based solely on the Application Terms, and no other investor material or offer documentation have been prepared in connection with the Private Placement. By applying for New Shares in the Private Placement the Applicant will be deemed to have received, and accepted to be bound by, the Application Terms. The Application will be binding on the Applicant and may not, subject to the terms and conditions stated herein, be amended or withdrawn after it has been received by the Company. The Applicant irrevocably undertakes, on the terms and conditions stated herein, to pay the amount, equal to the number of New Shares allotted to the Applicant (the “**Allotted Shares**”) multiplied by the Subscription Price, on the settlement date.

Allotment/Payment/Registration and entry with the Norwegian Central Securities Depository:

The Company reserves the right, in its absolute discretion, to reject and/or reduce an Application, in whole or in part on the final allocation or to cancel the Private Placement. The Company cannot guarantee that allotment of New Shares will actually take place. Notification of allotment and payment instructions will be sent to the Applicant shortly after the conclusion of the relevant Board Meeting of the Company through a notification to be issued by the Company, and any further settlement details will be stated in the notification of allotment.

The New Shares will be issued and delivered to the Applicant after registration of the new share capital in the Norwegian Register of Business Enterprises and the Central Securities Depository (“**VPS**”). The New Shares will be registered in the VPS on the Company’s original ISIN, being NO 001 0297 369, as the existing shares of the Company, as soon as practically possible.

For late payment, interest on the amount due will accrue at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments of 17 December 1976 No. 100, per the date of this Application Agreement being 8.75% per annum. If the Applicant fails to comply with the terms of payment, the Company reserves the right to cancel the application, let another person apply for the Allotted Shares in whole or in part, and/or to sell all or part of the Allotted Shares for the Applicant's account and risk in accordance with applicable regulations. The Applicant will be liable for any damage, loss, cost or expense suffered or incurred by the Company as a result of or in connection with such re-sale and/or the Applicant’s failure to make timely payment and will not be entitled to profits, if any.

SPECIFICATION OF REQUESTED APPLICATION:

Applicant’s VPS account ⁽¹⁾ :	Total amount ordered in NOK (Application Amount)	For the use of the Company
No. of shares requested:	Price per share: NOK 0.01	

(1) To enter into this Application Agreement, the Applicant must have a VPS account. Such an account can only be established by personal appearance with sufficient identification at a VPS book-entry agent or an authorized investment firm.

On the terms and conditions set forth in this Application Agreement, I hereby confirm my request to order shares in the Company for the Application Amount stated above and grant the Chairman of the Board, on the terms and conditions stated herein, an irrevocable power of attorney and instruction to order on behalf of the Applicant for the Ordered Shares.

Application place and date

Binding signature. The Applicant must be of age. When signing per authorization, documentation in form of company certificate or power of attorney must be enclosed.

DETAILS OF THE APPLICANT

Applicant’s VPS account no.	Date of birth and national ID number (11 digits)
Applicant’s first name	Bank account number
Applicant’s surname/company name	Nationality of Applicant
Street address (private Applicant’s: state home), Postal code and area	E-mail address/Phone number (daytime)

Regulatory issues

To apply for New Shares the applicant must have a VPS account (the Norwegian CSD) or a custodian for Norwegian shares. Such an account can only be established by personal appearance with sufficient identification at a VPS book-entry agent or an authorized investment firm.

Risks/Representations and Warranties

The Applicant has sufficient knowledge, sophistication and experience in financial and business matters to be capable of evaluating the merits and risks of a decision to invest in the Company by applying and ordering for New Shares and the Applicant is able to bear the economic risk, and to withstand a complete loss of an investment in the New Shares. The Applicant has had access to such financial and other information concerning the Company and the New Shares as the Applicant has deemed necessary or desirable in connection with the Application, and has made such investigation with respect thereto as it deems necessary. The Applicant is familiar with the Company, its business and legal and financial position and the various risks associated thereto. The Applicant understands and acknowledges that the Private Placement involves a high degree of risk. The Applicant has made its own assessment of the Company and the terms of the Private Placement based only on the Application Terms and such other information as is publicly available and, to the extent deemed necessary by the Applicant, having consulted with its own independent advisors, has satisfied itself concerning the relevant tax, legal, currency and other economic considerations relating to its investment in the New Shares.

No Documentation

The Private Placement is solely based on the Application Terms, and any publicly available information. The Applicant expressly acknowledges that no other offering document, private placement or information memorandum, listing particulars or prospectus or any similar document or material has been prepared in connection with the Private Placement and that the Company does not intend to prepare such material or offering document, and confirm and accept that the Application is made on this basis.

No Due Diligence

The Applicant acknowledges that no due diligence investigations of the Company whatsoever have been conducted prior to the Private Placement, and that the Company may be subject to material losses or claims which the Company is aware of at the date of this Application Agreement, including losses or claims which could have been discovered if such investigations had been made. The Applicant thus understands and agrees that it may not rely on any investigation that any person acting on the Company's behalf may have conducted with respect to the Company, its securities or the Private Placement, and neither the Company nor any of its respective associates has made or makes any representation, express or implied, in respect thereto, to the Applicant.

Selling Restrictions

The Applicant understands that no action has been or will be taken by the Company or its respective associates, or any person acting on behalf of any of the Company or its respective associates, that would, or is intended to, permit a public offer of the Company's securities in any country or jurisdiction where any such action for that purpose is required and that the Company's securities may not be, directly or indirectly, offered or sold and that no prospectus, form of application, advertisement or other document or information may be distributed or published in any country or jurisdiction except in compliance with any applicable laws and regulations and all reoffers and sales of the Company's securities by the Applicant will be made on the same terms.

United States: With regard to U.S. Applicants, each Applicant hereby confirms that it is either (A) a "qualified institutional buyer" (a "QIB") as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") acquiring New Shares for its own account or for one or more accounts each of which is a QIB in a transaction exempt from the registration requirements under the U.S. Securities Act, or (B) purchasing and applying for such New Shares in an offshore transaction, as defined in, and meeting the requirements of, Regulation S under the U.S. Securities Act. In the case of (A) above, the Applicant confirms that it has received the form of U.S. Investor Representation Letter (Exhibit I) to be completed in connection with its Application hereunder and that it is required to execute and deliver said U.S. Investor Representation Letter. The Company agrees that for as long as any of the New Shares being offered and sold pursuant to the Private Placement remain outstanding and are "Restricted Securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, if at any time the Company is neither subject to section 13 or section 15(d) under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**") nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, the Company will furnish to any shareholder or to a prospective purchaser of shares designated by any such shareholder the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act, upon the written request of any such shareholder.

United Kingdom: Each UK Applicant confirms that it understands that the Private Placement has only been communicated to persons who have professional experience, knowledge and expertise in matters relating to investments and are "investment professionals" for the purposes of article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and only in circumstances where, in accordance with section 86(1) of the Financial and Services Markets Act 2000 ("FSMA") the requirement to provide an approved prospectus in accordance with the requirement under section 85 FSMA does not apply. Consequently, the Applicant understands that the Private Placement may be offered only to "qualified investors" for the purposes of sections 86(1) and 86(7) FSMA, or to limited numbers of UK investors, or only where minima are placed on the consideration or denomination of securities that can be made available (all such persons being referred to as "relevant persons"). Any application or subscription for the securities is available only to relevant persons and will be engaged in only with relevant persons.

Allotment criteria

Allocations will be made at the sole discretion of the Company; however, the Company will focus on criteria such as (but not necessarily limited to), existing shareholding, investor quality and quality of order. The Company reserves the right at its own discretion, to reject and/or reduce any orders, in whole or in part.

Condition for completion of the Private Placement

The Company may in its sole discretion and at any time decide not to proceed with the proposed Private Placement. Further, completion of the Private Placement is conditional upon (i) the corporate resolutions of the Company required to implement the Private Placement; and (ii) the issue of the Offer Shares, including resolution by the Board Meeting to be held shortly after the expiry of the Application Period.

No guarantees can be made by the Company that the conditions will be fulfilled.

Use of proceeds

The proceeds raised from the Private Placement are intended used for the purpose of financing the Company's working capital needs going forward.

Relation to law, regulations and by-laws

The Applicant has full power and authority to apply for the New Shares offered in the Private Placement and is authorized to pay all amounts it has committed to pay.

The Applicant's Application under the Private Placement is and, upon acceptance by the Company, shall be, its legal, valid and binding obligations, enforceable against the Applicant in accordance with the Application Agreement. The Applicant bears the full risk for its legal ability to apply for and own shares in the Company, and its monetary liability under this undertaking will not cease to be effective in the event that Application and ownership of shares in the Company would be illegal due to applicable statutory law and regulations. In such event, the Applicant shall fulfil the payment obligations that have been effected in respect of the Allotted Shares and will designate a third party to whom the Allotted Shares are to be transferred.

Confidentiality

The offer to participate in the Private Placement is personal and cannot be forwarded or made known to any third party. The Applicant undertakes to keep the contents of this Agreement and any information made available pursuant to it confidential, including but not limited to the fact that any

agreement has been entered into until the completion of the Private Placement has been announced by the Company. The Applicant authorizes the Company to produce this Application Agreement or a copy hereof to any party in any administrative or legal proceedings or official inquiry with respect to matters covered hereby.

The New Shares, Shareholder Rights and Transferability

The Allotted Shares will be delivered to the Applicant by way of delivery of shares to the Applicant's VPS account, ranking equal in all respects with other existing shares in the Company. The Allotted Shares cannot be traded until the amount payable for the Allotted Shares has been paid by the Applicant and the Allotted Shares have been registered at the Applicant's VPS account.

PLEASE NOTE: The New Shares will not be tradable until the shares are registered with the Norwegian Register of Enterprises and registered with the VPS. Further, the New Shares will be registered on the Company's original ISIN, being NO 001 0297 369 as the existing shares of the Company.

Liability

The Company makes no undertaking, representation or warranty, express or implied, to the Applicant regarding the accuracy or completeness of information (whether written or oral), concerning the Company or the Private Placement received by the Applicant whether such information was received through the Company or otherwise, and the Applicant acknowledges by its Application that it has not been induced to participate in this Private Placement by any representation, warranty or undertaking by any of the aforementioned. The Company (on its own behalf and on behalf of its directors, officers, employees, other advisors, agents and representatives) hereby expressly disclaim any liability whatsoever towards the Applicant in connection with the Private Placement and the Applicant understands and expressly agrees that it is applying for New Shares in the Private Placement on this basis.

Power of Attorney

The Applicant hereby irrevocably authorises and instructs the Chairman of the Board in the Company (or someone appointed by him) to subscribe for the Allotted Shares on behalf of the Applicant.

Governing Law

This Application Agreement and the Private Placement shall be governed by Norwegian law. Any disputes regarding the Application Agreement and the Private Placement which cannot be solved amicably, shall be referred to the ordinary courts of Norway with Oslo as exclusive legal venue.