

BOARD RULES AND PROCEDURES

FRAM EXPLORATION ASA

ADOPTED BY THE BOARD MEETING ON 11 APRIL 2011

1 SCOPE

These rules and procedures (the “**Rules**”) set out more detailed provisions regarding the duties, working procedures, etc., of the board of directors (the “**Board**”) and Chief Executive Officer of Fram Exploration ASA (the “**Company**”), and the Group President.

2 THE MEMBERS OF THE BOARD

2.1 Appointment of Board

The General Meeting shall appoint the members of the Board and the chairman of the Board (the “**Chairman**”) based on a proposal from the nomination committee. If the Chairman, nevertheless, is not appointed by the General Meeting, the Board shall appoint the Chairman.

2.2 Retirement

A member of the Board is entitled to retire prior to the end of his or hers term of appointment if special circumstances arise. If possible, the Board and the nomination committee shall be given reasonable prior notice thereof.

2.3 By-election

If the appointment of a member to the Board is terminated prior to the end of his or hers term of appointment (due to death or retirement), and there is no deputy member, the Board shall ensure that the General Meeting appoints a new member for the remainder of such term of appointment. Provided that the remainder of the Board continues to constitute a quorum, such appointment may be postponed until the next Annual General Meeting.

3 THE DUTIES AND WORKING PROCEDURES OF THE BOARD

3.1 The duties of the Board

The Board is responsible for the management of the Company, including the appointment of a Chief Executive Officer and the Group President to assume the daily management of the Company and the Company’s subsidiaries (together referred to as the “**Group**”). The Board members shall discharge their duties in a loyal manner, attending to the interests of the Company, and ensure that its activities are organised in a prudent manner. The Board shall adopt plans and budgets and guidelines applicable to the activities of the Company and the Group. The Board shall keep itself informed of the financial position of the Company, and has a duty to ensure that its corporate accounts and asset management are subject to satisfactory controls.

The Board initiates such investigations as it deems necessary to discharge its duties. The Board shall initiate such investigations if requested to do so by one or more Board member.

The Board shall, inter alia, deliberate, and make decisions in respect of, the following:

- a) such matters as required by statutory law, the Articles of Association, these Rules, or the resolutions of the General Meeting;
- b) matters outside the scope of the statutory responsibilities of the Chief Executive Officer and the scope of the Group President set out in clause 5.1 and 5.2 (i.e. matters that given the situation of the Company are unusual in character or of major importance);
- c) matters outside the scope of the general authority granted to the Chief Executive Officer and the Group President, such as major investments, borrowings, sales or purchases of oil and gas assets, and similar agreements that commit the Company for an amount in excess of the authority granted to the Chief Executive Officer and the Group President;
- d) the prudent organisation of the activities of the Company and the Group;

- e) satisfactory control of the ongoing activities of the Company, including the approval of contract formations that exceed the authority granted to the Chief Executive Officer and the Group President;
- f) proposals for the appointment or discharge/dismissal of the Chief Executive Officer, the Group President and other key personnel;
- g) strategic plans;
- h) other important plans;
- i) budgets and financing plans;
- j) safeguarding the financial status and appropriate equity of the Company;
- k) annual accounts and annual reports;
- l) proposals for the allocation of profits or losses in accordance with the provisions of the Accounting Act; and
- m) such investigations as are necessary to discharge its duties in a prudent manner.

3.2 The supervisory duties of the Board

The Board shall supervise the daily management and the activities of the Company in general.

3.3 Allocation of work within the board

3.3.1 Chairman

The Chairman shall:

- a) ensure that Board members are kept informed about the Company's financial status, financial planning and development, through the Chief Executive Officer and the Group President;
- b) consult with the Chief Executive Officer, the Group President, and the Chief Financial Officer in strategic matters;
- c) chair meetings with the Board (see Clause 3.4), convene scheduled meetings, approve agenda for meetings and convene extra meetings when required; and
- d) ensure that matters are handled in accordance with the Public Limited Companies Act, the Company's Articles of Association, these Rules and in accordance with agreements entered into by the Company.
- e) encourage feedback from Board members with respect to processes or the manner in which decisions made in order to improve Board functionality in the future.

3.3.2 Special responsibilities of individual board members

The Board can from time to time decide to delegate to individual Board member(s) the responsibility for certain matters/issues.

3.4 The working procedures of the Board

The Board shall deliberate matters and make decisions in meetings, unless the Chairman finds that the matter may be presented in writing or be dealt with in another satisfactory manner. However, annual accounts shall always be deliberated in a meeting, within four months of the end of each financial year. Further, the determination of the Chief Executive Officer's and the Group President's terms and conditions for employment shall be resolved in a meeting. The Chairman shall ensure that the members of the Board may, to the extent possible, participate in a joint deliberation of matters that are deliberated without a meeting.

The Chairman chairs the meetings of the Board. When the Chairman is unable to attend, the Board shall appoint a person to chair the deliberations of the Board. The Board's consideration of matters of a material character in which the Chairman is or has been personally involved, should be chaired by some other member of the Board.

The Chairman shall ensure that relevant matters falling under the duties and authority of the Board are deliberated. Any Board member or the Chief Executive Officer, the Group President, and the Chief Financial Officer can require that specific matters be deliberated by the Board.

The Chief Executive Officer, the Group President and Chief Financial Officer shall, in consultation with the Chairman, prepare matters to be deliberated by the Board. Any matter shall always be prepared

and presented in such a manner as to provide the Board with a satisfactory basis for making a decision.

The Chief Executive Officer and the Group President has a right and a duty to attend the Board's deliberation of matters, unless otherwise determined by the Board in respect of each individual matter. The Chief Executive Officer or the Group President is not entitled to cast votes. The Chief Financial Officer and other members of management, as well as third parties and advisers, may also be invited to attend Board deliberations.

3.5 Meetings

3.5.1 Meeting plan

The Board should, if possible, prepare, within 31 January of each year, a schedule for the ordinary Board meetings for such year.

3.5.2 Place

Board meetings shall be held at the Company's office in Trondheim, or such other place decided by the Board.

3.5.3 Notice

Each Board member, each deputy (if any) and other persons to be present at a Board meeting shall receive a notice to the meeting. The Chairman shall distribute notice to the meeting, accompanied by an agenda for the meeting and relevant material for decisions and reports, no later than two days prior to the meeting. If the matter is urgent, a Board meeting can be called with shorter notice. If a Board member is unable to attend a meeting, such member shall notify the Chairman. The Chairman shall ensure that the personal deputy for such member, if any, is notified that the ordinary member can not attend the meeting.

3.6 Quorum

The Board constitutes a quorum if more than half of its members are present and all members of the Board have been given an opportunity, in so far as possible, to participate in the deliberations of the matter in question.

3.7 Disqualification

A member of the Board may not participate in the discussion or decision of issues of such special importance to the person in question, or to any closely related person of said person, that the Board member must be regarded as having a distinct personal or financial interest in the matter under discussion.

3.8 Majority requirements

The adoption of a resolution by the Board shall require that the majority of the members of the Board having participated in the discussion have voted in favour of the motion.

In the event of a parity of votes, the Chairman of the meeting shall have the casting vote, provided however, this shall not apply to resolutions for which each individual Board member has competence, e.g. regarding the right to initiate investigations pursuant to Section 6-12 (4) of the Public Limited Companies Act.

3.9 Categories of decisions

As a main rule, the Board shall use the following categories of decisions:

- a) resolutions in matters that are required to be resolved, and which the Board is authorised to resolve;
- b) ratifications of measures, instructions and plans implemented by the management that do not require approval by the Board;
- c) announcements in matters relating to information, operations, control measures, and similar; and
- d) information about matters not requiring a resolution by the Board.

3.10 Minutes

Minutes of Board deliberations shall be kept. As a minimum, such minutes shall specify:

- a) time and place of the meeting or other form of deliberation (telephone conference, or similar);
- b) Board members attending the Board meeting;

- c) reference to the documents having been submitted to the Board in respect of the matter, and the person explaining the matter; and
- d) the resolutions of the Board, and, if a resolution which is not unanimous, specification of who has voted in favour and who has voted against.

A Board member who does not agree with a decision is entitled to have his or her view stated in the minutes.

The minutes shall be sent to the members of the Board for approval and signature within 14 days of the meeting taking place, unless the minutes are drafted and approved during the Board meeting. Board members not attending the meeting shall confirm that they have familiarised themselves with the contents of the minutes, by signing them and adding "seen".

3.11 Duty of confidentiality

All documents sent or distributed and all information conveyed to the Board, are confidential to the extent not otherwise decided by the Board.

The Board members shall keep all Board documents of any nature out of reach of others.

The Chairman shall ensure that a complete set of all notices or documents sent to Board members or distributed in connection with the deliberations of the Board, as well as all minutes of board meetings, are filed and stored by the Company in a satisfactory manner.

The Board members shall have access to such files, and shall be entitled to a copy thereof by way of a request to the Chairman.

3.12 Information concerning the work of the Board

External and internal information concerning the work, matters and deliberations of the Board shall only be conveyed by the Chairman, unless he/she resolves that the Chief Executive Officer, Group President or some other person shall be authorised to convey such information.

3.13 Evaluation of the work of the Board and board committees

The Board shall annually evaluate its performance in the previous year. The evaluation shall include its own performance, the performance of the committees and the performance of the individual directors. In order for the evaluation to be effective, the Board shall set objectives, on both a collective and individual level, against which their performance can be measured.

3.14 Directors and officers liability insurance

The Company shall obtain directors and officers liability insurance. The amount insured shall be determined by the Board after requiring the Chief Financial Officer to confer with an insurance broker and corporate counsel.

4 RESPONSIBILITIES IN CONNECTION WITH THE SUPERVISION OF ACCOUNTING AND AUDIT

Reference is made to the Audit Committee Charter adopted by the Board [...] 2011

As the audit committee's role is to support the board in the matter set out in the Audit Committee Charter, the Board has the overall responsibilities in these matters.

5 POWERS AND RESPONSIBILITIES OF THE CHIEF EXECUTIVE OFFICER AND THE GROUP PRESIDENT

5.1 Chief Executive Officer

The Chief Executive Officer has the responsibilities and the powers to run the Company's legally registered company's office in Trondheim. The Chief Executive Officer also has the responsibility and powers to conduct all statutory required actions required by the Chief Executive Officer in a Norwegian public limited company.

The Chief Executive Officer does neither have responsibility nor powers in relation any of the operational or strategic aspects of the Companies subsidiaries.

5.2 Group President

The Group President has the responsibility and the powers for all the day to day strategic and operational aspects of the Group which falls outside the scope of the Board, ref Clause 3.1. The Group President should be granted a power of authority from the Board.

The Group President reports directly to the Board.

6 THE DUTIES AND OBLIGATIONS OF THE CHIEF EXECUTIVE OFFICER IN RESPECT OF THE BOARD

6.1 Preparation of matters to be deliberated by the Board

The Chief Executive Officer and the Group President shall, in consultation with the Chairman, prepare and submit matters, which falls within their scope of responsibility, for deliberation by the Board, in such a manner that all Board members are faced with a satisfactory basis for deliberating and making the relevant decisions.

6.2 Duty to keep the Board informed

6.2.1 Monthly reports

The Group President shall each month prepare a brief periodical report to be sent to the Board within the 20th of each month, describing the activities, status and financial developments of the Company, unless there are circumstances suggesting that any information should be distributed earlier. Such reporting shall at least include:

- a) operational reporting in relation to budget, sales and capacities;
- b) profit and loss account and balance sheet, in particular as compared to the budget;
- c) health, environment and safety issues;
- d) any reporting required pursuant to applicable legislation or litigation;
- e) developments in terms of production or drilling wells;
- f) significant customer complaints and quality discrepancies; and
- g) other significant information with respect to the Company's business, such as for instance information concerning material disputes, termination of agreements of material importance to the Company, non-payments by or insolvency of important customers to the Company.

In addition, the Group President shall be obliged to provide a more detailed explanation in respect of specific matters if requested by the Board, including any individual Board member.

6.2.2 Budget

At the latest one month prior to the end of each fiscal year, however, in any event at the latest one week prior the relevant board meeting, the Board shall be furnished proposal to:

- a) profit and loss budget for next fiscal year;
- b) liquidity budget for next fiscal year; and
- c) investment budget for next fiscal year including framework for investment.

6.2.3 Annual accounts

At the latest three months following the end of each fiscal year, however, well in advance of the relevant Board meeting, the Board shall be furnished proposal for the annual accounts for the previous fiscal year.

6.3 The responsibility of the Chief Executive Officer for implementation of Board resolutions

The Chief Executive Officer and the Group President shall be responsible for implementing the resolutions adopted by the Board, unless otherwise decided by the Board.

7 NEW BOARD MEMBERS OR CHIEF EXECUTIVE OFFICER

New Board members, Chief Executive Officer and the Group President shall be made aware of these Rules and any other guidelines/procedures relevant to them.

8 WAIVER AND AMENDMENT

The Board may amend these Rules. The Board may also decide to waive these Rules in individual matters, provided that such waiver, and the reasons therefore, are recorded in the board minutes.

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