

LARSEN OIL & GAS AS

INFORMATION UPDATE 4 JUNE 2009

**NOTIFICATION OF CLASS ACTION LAWSUIT FOR SHAREHOLDERS IN DNO
INTERNATIONAL ASA AS OF 4 FEBRUARY 2006**

AGAINST

THE NORWEGIAN GOVERNMENT

**BASED ON BREACH OF PROFESSIONAL SECRECY FROM CIVIL SERVANTS IN
RELATION TO TAX CASES REGARDING DNO TRANSACTIONS**

The court dates for the class action lawsuit against the Norwegian Government have now been set.

The case will be starting on 12 October 2009 at 9 am. The court has scheduled the case for 10 days in court.

The honourable Supreme Court lawyer Mr. Dag Steinfeld will represent those DNO International ASA (DNO) shareholders who choose to participate in the class action lawsuit.

On 30 May the court accepted an application to approve Larsen Oil & Gas AS as group representative. **Larsen Oil & Gas AS has taken the full responsibility for all costs related to the class action lawsuit.**

The court has also accepted to prolong registration period for group members to 30 June 2009.

The general notification of the class action lawsuit and invitation to join as group members was announced Wednesday 13 May 2009. The general notification is enclosed to this information update (updated).

If you want to sign up and register, please use the form at the last page of this notification and send it to *Oslo tingrett, P.O. box 8023 Dep, 0030 Oslo, Norway*. The sign up must take place as soon as possible and no later than 30 June 2009

**NOTIFICATION OF CLASS ACTION LAWSUIT FOR SHAREHOLDERS IN DNO
INTERNATIONAL ASA AS OF 4 FEBRUARY 2006**

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**BASED ON CLAIMED BREACH OF PROFESSIONAL SECRECY FROM CIVIL
SERVANTS IN RELATION TO TAX CASES REGARDING DNO TRANSACTIONS**

1. BACKGROUND

On 1 December 2008 Larsen Oil & Gas AS (LOG) commenced legal proceedings against the Norwegian Government, the Finance- and Justice and Police Ministry (Government) for giving insider information under professional secrecy to the press. LOG claims by verdict, the Government to be held responsible for the immense loss in value of LOG's (5%) shares in DNO International ASA (DNO), due to certain civil servants breach of their professional secrecy.

On Saturday 4 February 2006 the Norwegian newspaper Bergens Tidende (BT) had a front page story that was supported over several pages within the newspaper. The story was about tax cases regarding DNO transactions and Berge Gerdt Larsen (BGL), the Chairman of the Board in DNO,

The main content of the story was that BGL for months had been under a secret police investigation based on a police report from the tax authorities in Hordaland, dated 7 January 2005. The police report was completely unknown to BGL before the story broke in the newspaper on 4 February 2006.

The police report was based on an accusation from the tax authorities that BGL was de facto the owner or controller of the company Norden Oil Ltd (Norden), domiciled at a low tax country, and involved in the so called IOT transaction.

On the 15 November 1999, DNO took over the operation and 100% economic interest in the fields Heather and West-Heather in the UK. To finance the equipment to update the Heather plant, DNO subsequently entered into an agreement by buy 100% of the shares in Independent Oil Tools AS (IOT), an oil equipment rental company. The price was agreed was around MNOK 70 with approximately 20% in cash and the remaining to be settled in DNO shares with a 2 years binding period. After DNO's due diligence the IOT shares were transferred on 20 January 2000. Norden was the owner of 34% of these shares and the Slethei family, who took settlement in DNO shares, owned 66%.

The report from the tax authorities implied that BGL as Chairman of the Board in DNO had acquired the companies in question from himself (Norden), without paying taxes on the profit from the sale of shares.

BGL has disputed with the tax authorities that he owned or controlled the company Norden.

From the story in BT it appears that the tax authorities did not trust this explanation, which in turn resulted in the secret report from the tax authorities to the police, resulting in the secret police investigation.

Civil servants with the tax authorities as well as with the police are subject to professional secrecy in their positions. The claim is that story in BT with subsequent publicity in the same newspaper and other media is based on breach of professional secrecy subject to damages.

The insider information under professional secrecy, was known to BT for a long time before the story broke on 4 February 2006. As a consequence BT had been in a position to plan for a major story. The publicity caused a very negative reaction to DNO and the Chairman of the Board in DNO. During the consecutive three trading days after the story first broke in the newspaper in February the share price of DNO fell more than NOK 2 per share (adjusted before the split it was in total approximately 904 million DNO shares issued).

Current DNO shareholders have an independent commercial interest in the case as DNO, on the 4 February 2006, had economic interest for approximately 12% of its own shares. In stock market comments it was repeatedly noted that the fall in the share price was a consequence of the negative media publicity.

2. CLASS ACTION LAWSUIT

In the Governments reply to the summons from LOG, the Government by its representative, Regjeringsadvokaten, has enclosed copies of internal emails and other information between the tax authorities and the police confirming that information under professional secrecy had been given to the press before 4 February 2006.

On 29 January 2009 BGL, as a private shareholder in DNO, brought a summons against the Government. BGL also claims that the damaging media attention was a result of breach of professional secrecy subject to damages, from civil servants within the tax authorities and/or the police. It has been claimed that the Government is responsible for the damages that occurred when the share price in the DNO share fell. In the summons it claims that it must be accepted as a class action lawsuit so that also other DNO shareholders as of 4 February 2006 that has suffered an economic loss due to the same reason, can join the class action lawsuit.

On the 4 February 2009 a group of DNO shareholders joined the summons in order to open the case as a class action lawsuit so that all shareholders as of 4 February 2006 are treated equally.

In the verdict on 1 April 2009 Oslo municipality court (tingrett) ruled in favor of plaintiffs, that the summons should be accepted as class action lawsuit according to the Norwegian law on court process (tvisteloven) §35-4. To represent the group supporting the class action lawsuit, the court approved BGL. On 30 May the court accepted LOG to take BGL's place as group representative.

LOG, BGL and a group of DNO shareholders recognize the importance of all DNO shareholders being treated equally and being given the opportunity to join the class action lawsuit.

3. POTENTIAL CLASS ACTION LAWSUIT BY MEMBERS (MEMBERS OF THE GROUP)

Any person, Company or other legal entity that was a shareholder in DNO as per 4 February 2006 can sign up and register as a group member of the class action lawsuit. As such you are hereby invited to join the class action lawsuit.

If you want to sign up and register, please use the form at the last page of this notification and send it to *Oslo tingrett, P.O. box 8023 Dep, 0030 Oslo, Norway*. The sign up must take place as soon as possible and no later than 30 June 2009. The court will then consider your request and thereafter register you in the electronic register of the group members if your request has been accepted.

4. CONSEQUENCES FOR YOU PERSONALLY AS GROUP MEMBER

As group representative Larsen Oil & Gas AS has taken the full responsibility for all costs related to the class action lawsuit. As a participant in this class action lawsuit you will not be responsible for the costs of the class action lawsuit, neither for your own or the counterparts lawyer.

Should the class action lawsuit be successful, all group members in the class action lawsuit will have the same right to damages awarded related to their respective owner positions.

5. CONTACT INFORMATION

Point of contact for further information;

Attorney at law Ørnulf Samdal
E-mail: samdal@log-ior.no

Oslo tingrett,
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0030 Oslo
Norway

This request to be accepted to be a group member in the class action lawsuit for Oslo tingrett, DNO shareholders as of 4 February 2006, represented by Berge Gerdt Larsen versus The Norwegian Government, the Finance- and Justice and Police Ministry – Oslo tingretts case 08-182658TVI-OTIR/08

Name:

Address:

Social security number / Company registration number with national Chamber of Commerce:

Number of DNO shares as of 4 February 2006 (indicate number before and after split):

_____ / _____

The reason for my / our request:

I, the undersigned, was a shareholder in DNO International ASA (DNO) the 4 February 2006 when the newspaper Bergens Tidende broke the story regarding DNO and its Chairman of the Board Berge Gerdt Larsen, causing damages through a lasting reduction of the value of my shares. In accordance with the reason given and likewise the group representative, ref. summons dated 29 January 2009; I claim a judgment for the Norwegian Government's responsibility for damages caused.

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Place

Date

Signature (also please print your name in capital letters)