

SCHEDULE OF DIVISION

The Board of Directors of Jarðboranir hf., national ID no. 590286-1419, has, on this date, prepared the following schedule for the division of the Company.

Article 1

The Board of Directors agrees to present to a shareholders' meeting a proposal for the division of Jarðboranir hf. into three companies, on the basis of Section XIV of the Act on Public Limited Companies, no. 2/1995, so that two new companies will be established: EHB ehf. (or another name to be decided at a later time) and Volcano Finance ehf. (or another name to be decided at a later time), which will take over specified assets and liabilities of Jarðboranir hf.

The date of division has been set at 1 October 2006; therefore, this date will be the first date of operations of the companies subsequent to the division. The division is based on the interim financial statements for the Company for the period 1 January to 30 September 2006; that is, the Company's Balance Sheet as of 30 September 2006.

Article 2

Upon the division, shareholders in Jarðboranir hf. shall receive shares in the new companies in exchange for their shares, in accordance with the following:

In EHB ehf., shareholders shall receive share capital in the amount of ISK 389,697,335.

In Volcano Finance ehf., shareholders shall receive share capital in the amount of ISK 500,000.

Share capital in Jarðboranir is ISK 400,000,000 but will be ISK 4,000,000.

The proportional division of share capital in the new companies will be the same as that in Jarðboranir hf.

Article 3

Upon the division, it is assumed that assets and liabilities will be divided among the three companies as follows:

Belonging to Jarðboranir hf. will be those assets and liabilities related to the Company's drilling operations, as well as a debt to Volcano Finance ehf., which shall assume the obligations due to bonds that have been issued by the Company and are listed on the Iceland Stock Exchange.

EHB ehf. will receive the Company's ownership share in Björgun ehf., as well as a claim against Jarðboranir hf. In addition, EHB ehf. will own its own shares in the amount of ISK 5,802,665

Volcano Finance ehf. will assume obligations pertaining to bonds that have been issued by Jarðboranir hf. and are listed on the Iceland Stock Exchange. More specifically, these are bonds

listed under the identification numbers JRDB 03 1, JRDB 04 1, and JRDB 05 1. In exchange, the company will have a claim against Jarðboranir hf. in an amount equivalent to the amount of the bonds at any given time. In addition, it has been established that Volcano Holding ehf., national ID no. 411106-0980, has guaranteed refinancing for Jarðboranir hf. as well as the capital that will be used to settle the company's debt to Volcano Finance ehf. The Board of Directors of Atorka Group hf. has also decided to take over Volcano Finance ehf. by merger at a later date.

Reference is also made to the Balance Sheet that will accompany the Board of Directors' report, wherein the schedule of division is explained and supported in greater detail.

Article 4

The assessment of Jarðboranir hf.'s assets and liabilities is based on the Company's interim financial statements for the period 1 January to 30 September 2006. The companies will receive all revenues and pay all expenses for the operation of the assets assumed by each, beginning on the date of the division.

Article 5

The shares that Jarðboranir hf. shareholders receive in EHB ehf. and Volcano Finance ehf., as recompense for their share capital in Jarðboranir hf., shall grant the right to dividends beginning on the date of the division.

Article 6

Board members, managing directors, assessors provided for in Article 122 of Act no. 2/1995, cf. Article 133 of the same Act, Company monitors, shareholders, or shareholder groups shall enjoy no special rights or privileges in the companies.

Article 7

In confirmation of this schedule of division, the Board of Directors of Jarðboranir hf. affix their signatures hereto, pending the required approval of a shareholders' meeting.

Reykjavík, 27 November 2006

Board of Directors
Jarðboranir hf.