

PricewaterhouseCoopers hf

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Re: Assessors' statement regarding the division of Jarðboranir hf., national ID no. 590286-1419, into two companies pursuant to Article 122, Paragraph 4, cf. Article 133, of the Act on Public Limited Companies, no. 2/1995.

The Board of Directors of Jarðboranir hf. has decided to recommend to a shareholders' meeting of the Company that Jarðboranir hf. be divided into three companies 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. More specifically, Jarðboranir hf. will retain its core operations — that is, drilling operations — and the assets and liabilities related to those operations. Accompanying EHB ehf. will be an ownership share in Björgun ehf., as well as a claim against Jarðboranir hf. Volcano Finance ehf. will take over obligations pertaining to bonds that have been issued by Jarðboranir hf. and are listed on the Iceland Stock Exchange. In exchange, Volcano Finance ehf. will have a claim against Jarðboranir in an amount equivalent to the obligations resulting from the bonds. All of the companies will have a positive asset position following the division, and they will meet the minimum share capital requirements set forth in both the Act on Public Limited Companies and the Act on Private Limited Companies.

It is clear that, should the division be carried out as planned, there will be a distribution of Jarðboranir hf. equity among the companies. It is our opinion that, though the position of individual companies' creditors will not be the same as it was previous to the division, the assets of each of the companies represent sufficient collateral against the liabilities that will pertain to the companies. In this context, we consider it necessary to emphasise that Volcano Holding ehf., national ID no. 411106-0980, a subsidiary of Atorka Group hf., the parent company of Jarðboranir hf., 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. Jarðboranir intends to engage in debt financing and to increase its share capital because of the division. The Board of Directors of Atorka Group hf. has also decided to take over Volcano Finance ehf. by merger at a later date.

With respect to the position of creditors and the effects of the division on them, we consider that there is reason to draw attention to the provisions of Article 133, Paragraph 3 of the Act on Public Limited Companies, no. 2/1995. These provisions state, among other things, that if a claimant on the company that has participated in the division does not obtain satisfaction of his claim by the company that is to pay it, each of the other participating companies is liable *in solidum* for the obligations that had been established at the time the information regarding the schedule of division was published.

Reykjavík, 27 November 2006

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Sighvatur Halldórsson, Certified Public Accountant

Kristinn Fr. Kristinsson, Certified Public Accountant

PricewaterhouseCoopers hf is a member of PricewaterhouseCoopers International.