

To all registered shareholders of Araca Energy ASA

**Open Offer to the shareholders of Araca Energy ASA of
new ordinary shares in Aladdin Oil & Gas (Cyprus) Limited**

Aladdin Oil & Gas (Cyprus) Limited (“Aladdin Cyprus”), presently a wholly owned subsidiary of Araca Energy ASA (“Araca”), is arranging financing in connection with its proposed acquisition of the entire issued share capital of PJSC Petrarko. To that end, Aladdin Cyprus now proposes this Open Offer for the existing shareholders of Araca to subscribe directly in the share capital of Aladdin Cyprus on the terms set out below. The issued share capital of Aladdin Cyprus is 10,000 ordinary shares of EUR1.00 per share at the time of closing this Open Offer and before the issue of new subscription shares.

The Open Offer seeks to raise USD750,000 and indications of subscriptions from existing shareholders for such sum have been received.

Heads of Terms have been signed in respect of the proposed acquisition and due diligence is proceeding. Final terms are expected to be agreed shortly but there can be no guarantee that the acquisition will proceed to completion.

It is emphasised that subscriptions under this Open Offer must be considered as high risk and subscribers may lose part of or their entire investment.

It is therefore proposed that Aladdin Cyprus raises USD750,000 by the offer of 6,000 new ordinary shares of Aladdin Cyprus to existing shareholders in Araca on the basis that;

- I. New shares will be issued at USD125.00 per share and will rank pari passu with existing shares;
- II. Subscriptions must be made in multiples of 40 new ordinary shares (USD5,000) (some NOK41,000);
- III. The Open Offer will be open for 14 days from 7 September 2016 and available to all shareholders on the Araca Share Register on that date and thereafter the Directors will be free to offer any unsubscribed shares to third party investors on the same terms;
- IV. In the event that more than USD750,000 is subscribed then subscribers will be scaled back in proportion to their existing shareholding or at the discretion of the board of Araca.
- V. The new shares will rank for dividends pari passu with existing shares which will be paid subject to availability of distributable reserves; and
- VI. Estimated costs related to this share issue are USD2,000.

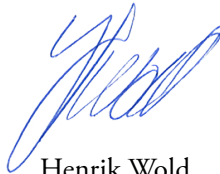
Petrarko is a holding company which owns 62.27% of the issued share capital of JSC Uralneftgazprom, balance owned by OJSC Gazprom, and 100% of the issued share capital of Pervomayskoye LLC both Russian incorporated companies and is an independent, oil and gas producer located in the Orenburg Region in Russia. Currently it has seven licenses, with a plan to increase this to 14 within seven years. Petrarko's process partner is OJSC Gazprom. The main business activity is the production of gas, oil and gas condensate, treatment and processing of hydrocarbons and sales of finished products.

Araca shareholders wishing to invest should contact the CEO of Araca, Mr Henrik Wold, to register their interest.

Email: hw@araca.no
Telephone: +47 988 88 444

Following closing of this Open Offer, Aladdin Cyprus will notify subscribers of their allotment of new ordinary shares of Aladdin Cyprus together with instructions for payment which will required within 5 working days of notification.

Sincerely yours,



Henrik Wold
CEO

Araca Energy ASA
&

Director
Aladdin Oil & Gas (Cyprus) Limited