To: Nordic Trustee ASA
Haakon VIIs Gate 1
0161 Oslo
Norway

Attn: Olav Slagsvold

Email: slagsvold@nordictrustee.com

8 August 2016

Dear Sirs

Re: Bond Agreement dated 25 March 2013 (as amended and/or supplemented from time to time) made between Sea Trucks Group Limited, as issuer (the "Company") and Nordic Trustee ASA, a bond trustee on behalf of the Bondholders (as defined therein) (the "Agreement")

Terms and expressions used in this letter shall, unless otherwise defined or as the context requires, have the same meaning as ascribed to them in the Agreement.

At our meeting on 27 July 2016, we discussed with you a number of topics including the Company's management; strategy around governance and the Company's financial position; Nigerian content considerations; contracts, whether currently in the Company's backlog or for which the Company is bidding; and the Company's intention to shortly appoint a financial adviser in respect of issues relating to these topics.

We refer to the following information (the "**Q1 2016 Information**") issued by the Company to Bondholders pursuant to the Agreement:

- The Interim Accounts for Q1 2016;
- A company presentation commenting on these Interim Accounts, subsequent developments and the broader market; and
- The transcript of a conference call (the "**Q1 2016 Earnings Call**") hosted on 1 June 2016 by Company management to present and discuss the above Interim Accounts and presentation.

Registered Office:
Sea Trucks Group Limited
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BVI

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Sea Trucks Group FZE
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P.O Box 41961
Sharjah, United Arab Emirates

Date: 8 August 2016
Our reference: X6

Further to the Company's release of the Q1 2016 Information and two announcements (on 21 June 2016 and 4 July 2016) of contract awards, we are pleased to enclose with this letter additional disclosure on the following topics:

- Schedule 1: Cash balances at 30 April 2016 & 30 June 2016 and Issuer's Bonds;
- Schedule 2: Contracts and Prospective Contracts;
- Schedule 3: Cost cutting – down-manning / vessel operating costs;
- Schedule 4: List of Vessels;
- Schedule 5: Nigerian Content; and
- Schedule 6: Management and Corporate Governance

The Company requests Nordic Trustee ASA to:

1. confirm in writing receipt of this letter; and
2. communicate this letter to all Bondholders by publishing it on Stamdata.

Yours faithfully

For and on behalf of
Sea Trucks Group Limited
Jacques J. Roomans
Chairman

Schedule 1

Cash balances and Issuer's Bonds

As at 30 June 2016, Sea Trucks Group had total cash balances of US$ 31.56m (30 April 2016: US$ 19.81m) held as follows:

- Earnings Accounts: US$ 10.31m (30 April 2016: US$ 9.64m);
- Debt Service Retention Account ("**DSRA**"): US$ 0.008m (30 April 2016: US$ 3.43m); and
- All other accounts combined: US$ 21.24m (30 April 2016: US$ 6.74m).

Sea Trucks' Liquidity on 30 June 2016 was US$ 40.00m (30 April 2016: US$ 46.25m), thus complying with Clause 13.6(a) as amended by agreement between Sea Trucks and the Bondholders on 23 December 2015. This Liquidity balance comprised 1) the cash balances above (excluding the DSRA), totalling US$ 31.55m (30 April 2016: US$ 16.39m) and 2) financial assets held for trading, valued at US$ 8.44m (30 April 2016: US$ 26.44m).

On the basis of the contracts described in Schedule 2 herein and a small number of other prospects expected in the normal course of business, in each quarter to which those contracts are relevant (namely until and including Q2 2017) the Company expects to comply with Clause 13.6(a) as amended by agreement between Sea Trucks and the Bondholders on 23 December 2015.

On 30 June 2016, approximately 95% (30 April 2016: 73%) of the total cash balance contributing to Liquidity was held in US Dollars, the remainder being primarily Naira but also a mix of other currencies including Euro and Australian Dollar, each valued at the market exchange rate to the US Dollar.

On 30 June 2016, approximately 33% (30 April 2016: 60%) of the cash contributing to Liquidity was held in accounts with Rabobank, 60% (30 April 2016: 10%) was held with GT Bank and the remainder with First Bank of Nigeria and Access Bank. The Nigerian banks held all of the Naira balances (US$ 1.12m equivalent, 30 April 2016: US$ 3.88m equivalent) plus a direct US$ balance of US$ 19.4m (30 April 2016: US$ 1.08m).

The DSRA is held at the Norwegian bank, DNB. Its balance does not contribute to the Liquidity calculation.

Sea Trucks confirms that, as at 27 July 2016, there are approximately US$ 34.7m in face value of Issuer's Bonds, all of which are personally owned by Jacques Roomans. These Issuer's Bonds were not purchased with Company funds, nor are they held by, or under the effective control of, the Company. Mr Roomans has indicated to Bondholders the potential commercial attraction to him of seeking to increase his personal holdings of Bonds in the future.

Schedule 2

Part 1 - Contracts

Since the Q1 2016 Earnings Call, Sea Trucks has been awarded several new contracts. The first was an Accommodation Support scope for Shell in Malaysia (Malikai). This contract was signed in early June and the Jascon 34 commenced offshore operations for the client on Monday 25 July.

The second was a major construction contract, with a new client in Argentina (ENAP). This was mentioned as a good prospect on the Q1 2016 Earnings Call and was referred to by Sea Trucks' management as one for which *'we expect the award in the coming days'*. Our Commercial and Tendering teams then received the Letter of Award and the contract was finalised on the 27 June 2016. Projects teams will begin mobilising straight away in readiness for offshore work to commence in Q4 later this year. This is a major award for Sea Trucks for a number of reasons; it is the first time Sea Trucks will be performing construction work outside of Nigeria since 2012, it has been awarded in competitive tender against several major international contractors and will put the Jascon 34 into a remote oil producing region, working with new and existing clients. Both ENAP and the Argentinian subsidiary of an existing major IOC client have already shown expressions of interest in the vessel and its availability for other deployments when this contract ends, due to the vessel's technical capabilities and its cost competitiveness compared with mobilising another vessel to such a remote location.

The following contract summaries cover each of the main contracts in Sea Trucks' backlog (in chronological order of execution). Please note that unless otherwise stated, all US$ figures referenced below represent top line revenue values.

1. **Malikai (Malikai, Royal Dutch Shell)**

In June 2016, Sea Trucks was awarded a contract to perform accommodation support services using the Jascon 34 in Malaysia. The contract is for a firm period of 2 months, with 2 months of options attached. The client has already given verbal indication that at least one month of the option will be exercised. The Sea Trucks team is hopeful that the contract will progress and that further options or renegotiations will be required by the client. The Jascon 34 commenced offshore operations on Monday 25 July, whilst the Jascon 25 is expected to take over and perform any options exercised by the client. Total revenue from this contract is anticipated in the range of US$ 6m - 10m.

2. **ENAP (ENAP Sipetrol, Argentina)**

In June 2016, Sea Trucks was awarded a contract from ENAP Sipetrol Argentina SA for a pipelay construction project on the PIAM Project in the AM Field, offshore Argentina. The scope of work covers engineering, project management and installation of 3 pipelines of various sizes ranging from 6 to 14 inches, with on-shore approach, as well as the installation of tie-in spools and risers. It also includes abandonment of two existing lines and recovery of flexibles. Water depths in the field are up to 70m. Sea Trucks has also been awarded an accommodation services contract towards the end of the installation campaign. Total revenue is expected to be in the range of US$ 60m - 80m.

The offshore scope commences in Q4 2016 and is largely cash flow neutral through the project life cycle, with the exception of being negative over December 2016 to February 2017 inclusive, when the cost of work being performed is likely to exceed milestone payments being received. However, with short payment terms, the Company expects to receive payment in respect of these months before the end of March 2017. Sea Trucks expects the Jascon 34 to remain on this contract in Argentina through until end of Q2 2017.

3. **Inpex (Inpex, Australia):**

This accommodation and construction contract was awarded in 2012 with an expected commencement date of Q4 2015. Since that time, in 2014 the client requested (and Sea Trucks agreed) a delay to the commencement window. The client has recently sought further negotiations with the Company to delay the commencement window for a second time.

With the actual commencement date being deferred to a time between November 2016 and May 2017 (most likely closer to May 2017), the vessel (Jascon 25) will have spare capacity in H2 2016 and H1 2017 with which to seek other short-term opportunities. The Company has already received some expressions of interest in Jascon 25 for this period.

The contract is for a firm period of 180 days, with four 30 day options attached. Due to a number of renegotiations and amendments requested by the Charterer, Company management believes this contract will now have a total value of approximately US$ 80m - 90m (including penalties and mob / demob fees), the bulk of which is expected to be received in H2 2017.

The Company expects to receive the first cash flow from this contract in August 2016. This will be an upfront penalty payment for changes to the commencement and mobilisation dates of approximately US$ 10m., with the potential for a further US$ 9.5m penalty payment to be received in Q1 2017.

Part 2 – Prospective contracts (for end of Q4 2016 and 2017)

1. **Protexa (Mexico)**

Sea Trucks is in on-going dialogue with Permaducto S.A. de C.V regarding a possible deployment of Jascon 31 to provide accommodation, and potentially some lift work, in the Abkatun Field, Gulf of Mexico. Subject to co-ordination with Pemex' other projects, commencement may be as early as September 2016 with duration and, therefore, total contract value still under negotiation.

2. Prospect 1 (Nigeria)

Sea Trucks (through Nigerian Group Company West African Ventures Ltd) is the approved contractor for a major offshore construction project scheduled for award in Q4 2016. The prospect has an approximate contract value of US$ 350m and, at the time of writing, the Company's local Tendering and Commercial team believe there to be a high probability of success in winning this particular contract. The client has indicated an expected award date in December 2016 but Company management have acknowledged commencement date slippages to this contract previously.

The Company expects to use the Jascon 30 for a period of time on this contract, as well as at least 4 other vessels from the OOIM fleet. In order to comply with NCDMB requirements, management expects to have demonstrated reasonable progress in improving the relevant Nigerian Content of vessels to be used on the project.

3. Prospect 2 (Nigeria)

Sea Trucks management believes it (through Nigerian Group Company West African Ventures Ltd) is well placed for a pipeline repair scope, with a long-standing IOC client, due for commencement in Q1 2017.

The prospect went out for tender in Q1 2016 and Sea Trucks expects to be the pole-positioned contractor with the most suitable assets and capabilities to complete the work. This prospect has an approximate contract value of US$ 100m and invoicing on the project is expected to take place over 8 months from January 2017.

4. Prospect 3 (Nigeria)

Sea Trucks management believes it (through Nigerian Group Company West African Ventures Ltd) is well positioned for a stake in a 3 year framework agreement with a major IOC client in Nigeria. The client has plans to award essential repair and maintenance work, covering multiple platforms on three oil fields, under one contract, to be awarded to three or four separate contractors in Nigeria in equal portions.

Indication from the client is that there could be as much as US$ 2bn of work on the existing infrastructure over the next three years. The client would select which contractor and vessels they would like to work from time to time as the necessary work arose. As a short-listed contractor for the work, management believes there is a good chance of winning a sizeable scope within this call-off contract.

Schedule 3

Cost cutting: down-manning / vessel operating costs

The Company has been seeking reductions to costs throughout its operations, including where the manning on vessels can safely be reduced during periods of anticipated unemployment for those vessels.

The Company has a number of vessels currently alongside which have been down-manned to best preserve the Company's cash flow and for which a period of unemployment is now anticipated. Given the highly unpredictable and 'demand at short-notice' nature of the market at present, the Company is taking deliberate steps to preserve these vessels, whilst reducing costs, so as to maintain the vessels' commercial readiness for prospects that arise.

Approximately 20 vessels either are, or the Company envisages will be, moving alongside in the coming months as contracts roll-off. This more pronounced lull in activity is the combined result of reduced project activity in Nigeria, through the rainy season in particular (c. May - September) and lower overall levels of project activity in the current oil price and investment funding environment. Activity levels tend, even at the low end of the business cycle, to pick up again from September throughout the remainder of the calendar year. The Company has specific procedures for these vessels at this time; these include, but are not limited to:

- Reduction in marine crew headcount;
- Removal of all sensitive fittings;
- Implementation of a regular patrol, guard and surveillance system;
- Arrangements to regularly turn and drain the systems;
- Placement aboard of dehumidifiers; and
- Regular inspection of all electrics and engines.

The Company expects to achieve annualised savings of c.US$ 10m - 15m from the implementation of these procedures, to take effect as soon as practicable.

On 26 May 2016, the Company requested that the Bond Trustee provides its consent to laying up a number of vessels in the security package (i.e. a proportion of the Vessels). The following table is a current list of Vessels in respect of which the Company makes this request. The estimated EBITDA contributions of each such vessel are shown on the bases that 1) the laying up does not occur and 2) the laying up occurs as envisaged by the Company. This shows an estimated EBITDA improvement of c. US$ 9m from these vessels, where additional savings (to achieve the total above of c.US$ 10m - 15m) are anticipated from the down-manning of other vessels which are not in the security package.

Vessels for Layup which are in Security Package

Vessel Name	Shipowning Subsidiary	Layup Date	Where	2016 Budget EBITDA Before	2016 Budget EBITDA After	Improvement to 2016 EBITDA through laying up	Current Status	Designation (post lay-up)	Market Value Nov-2015
				$000's	$000's	$000's			
Walvis 1	Rosewalk Enterprises Ltd.	01-Jun-16	Lagos, Nigerdock creek	402	635	233	Lay-Up	Cold-stacked	687,500
Jascon 3	Vatax Ltd.	01-Jun-16	Lagos, Nigerdock creek	-668	-66	602	Lay-Up	Warm-stacked	2,800,000
Jascon 8	Blackwood Marine Ltd.	27-May-16	Lagos, Nigerdock creek	1,170	3,063	1,893	Lay-Up	Warm-stacked	17,500,000
Jascon 9	South Springs Investments Ltd	01-Jun-16	Lagos, Nigerdock creek	-1,678	416	2,094	Lay-Up	Cold-stacked	5,450,000
Jascon 11	Helmsford International Inc.	01-Jun-16	Onne, owners base	-716	390	1,106	Lay-Up	Warm-stacked	5,000,000
Jascon 12	Helmsford International Inc.	01-Jun-16	Onne, owners base	-586	43	629	Lay-Up	Warm-stacked	5,000,000
Jascon 27	Holystone Overseas Ltd.	01-Jun-16	Onne, owners base	-1,994	-604	1,390	Lay-Up	Cold-stacked	9,250,000
Jascon 33	Glowgold International Ltd	01-Jun-16	Onne, owners base	-282	-112	170	Lay-Up	Cold-stacked	1,737,500
Jascon 63	Helconia Development Ltd.	01-Jun-16	Onne, owners base	-172	197	369	Lay-Up	Warm-stacked	1,575,000
Jascon 64	Peony Logistics Ltd.	01-Jun-16	Onne, owners base	-478	-166	312	Lay-Up	Warm-stacked	3,437,500
				-5,002	3,796	8,798			52,437,500

These ten Vessels have a combined Market Value, based on the most recent valuations from 18 November 2015, of US$ 52.4m. Sea Trucks' management expects that a number of these Vessels will return to full operation once the rainy season in Nigeria is over and once the offshore construction market begins to pick up, particularly vessels such as Jascon 8, 12, 63 and 64 – the newer and more project-capable vessels.

However, it is generally the case across the industry that, during a downturn, some vessels which are temporarily taken out of the market via cold-stacking do not return to market. Sea Trucks' marine managers expect this also to be true for some of the vessels within the Company's fleet which are planned for lay-up, most likely the oldest and least technically capable vessels.

In addition to these vessel logistics, a full review of operations has completed and a number of other measures put in place to reduce costs going forward. Examples include the subscription prices paid for the fleet's satellite communications which have been revised (expected annualised cost reductions of US$ 3m), changes to crewing services implemented (expected annualised cost reduction of US$ 1m) and procedural changes to reduce the impact of duty paid on spare parts for the fleet (with expected annualised cost reductions of US$ 1.5m).

Further plans have also been finalised to close non-core offices in Singapore and Shanghai and number of alternatives explored for off-setting costs at the UAE office. The overall effect from these and further headcount reductions is expected to yield annualised savings of approximately US$ 2m from 2017 onwards.

Date: 8 August 2016
Our reference: X6

Schedule 4

List of Vessels

Further to the Relevant Disposals in May 2016 of Jascon 21, 46 & 66, the following table shows the current list of Vessels, highlighting those Vessels the Company envisages laying up and in respect of which the Company is requesting the consent of the Bond Trustee.

		Using Market Values conducted 18th November 2016					
Vessel Name	Vessel Type	Q3 2015 Market Value	Q4 2015 Market Value	(reported) Q1 2016 Market Value	(Lay-Up proposal) Q1 2016 Market Value	Shipowning Subsidiary	Designated Shipowning Subsidiary
Jascon 25	DP3	122,000,000	122,000,000	122,000,000	122,000,000	Novalis Corporation	X
Jascon 28	DP3	92,500,000	92,500,000	92,500,000	92,500,000	Nemo Enterprises Ltd	X
Jascon 30	DP3	106,250,000	106,250,000	106,250,000	106,250,000	Beufort Global Ltd	X
Jascon 31	DP3	99,000,000	99,000,000	99,000,000	99,000,000	Oval Shipping Ltd	X
Jascon 34	DP3	122,000,000	122,000,000	122,000,000	122,000,000	Trafford Marine Ltd	X
Jascon 2	P/C B	14,000,000	14,000,000	14,000,000	14,000,000	Fanwood Int. S.A.Ltd	
Jascon 3	AHT	2,800,000	2,800,000	2,800,000	2,800,000	Vatax Ltd	
Jascon 8	C/A B	17,500,000	17,500,000	17,500,000	17,500,000	Blackwood Marine Ltd	
Jascon 9	Accom	5,450,000	5,450,000	5,450,000	5,450,000	South Springs Investments Ltd	
Jascon 11	AHT	5,000,000	5,000,000	5,000,000	5,000,000	Helmsford International Inc.	
Jascon 12	AHT	5,000,000	5,000,000	5,000,000	5,000,000	Helmsford International Inc.	
Jascon 20	AHT	9,000,000	9,000,000	9,000,000	9,000,000	Piedmont Overseas Inc.	
Jascon 21	AHT	9,000,000	9,000,000	Transferred	Transferred		
Jascon 22	AHT	700,000	Scrapped	Scrapped	Scrapped		
Jascon 23	AHT	6,200,000	6,200,000	6,200,000	6,200,000	Graceland Shipping Ltd	
Jascon 24	AHT	6,200,000	6,200,000	6,200,000	6,200,000	Tivoli Marine Ltd	
Jascon 26	AHT	6,325,000	6,325,000	6,325,000	6,325,000	Wharfdale Shipping Ltd	
Jascon 27	Accom	9,250,000	9,250,000	9,250,000	9,250,000	Holystone Overseas Ltd	
Jascon 33	FTB	1,737,500	1,737,500	1,737,500	1,737,500	Glowgold International Ltd	
Jascon 39	AHT	6,875,000	6,875,000	6,875,000	6,875,000	Page Shipping Ltd	
Jascon 40	AHT	6,875,000	6,875,000	6,875,000	6,875,000	Highwood Shipping Ltd	
Jascon 45	AHT	5,000,000	5,000,000	5,000,000	5,000,000	Red Ocean Transport Ltd	
Jascon 46	AHT	5,000,000	5,000,000	Transferred	Transferred		
Walvis 1	AHT	687,500	687,500	687,500	687,500	Rosewalk Enterprises Ltd	
Walvis 5	AHT	575,000	575,000	575,000	575,000	Ottoman Inc.	
Walvis 6	AHT	700,000	Scrapped	Scrapped	Scrapped		
Walvis 7	AHT	700,000	Scrapped	Scrapped	Scrapped		
Walvis 12	AHT	650,000	Scrapped	Scrapped	Scrapped		
Jascon 60	CB	1,600,000	1,600,000	1,600,000	1,600,000	JEM International Ltd	
Jascon 61	CB	1,600,000	1,600,000	1,600,000	1,600,000	JEM International Ltd	
Jascon 51	FTB	762,500	762,500	762,500	762,500	Red Admiral Ltd	
Jascon 52	Multi-Cat	4,937,500	4,937,500	4,937,500	4,937,500	Egret Resources Ltd	
Jascon 53	Multi-Cat	4,937,500	4,937,500	4,937,500	4,937,500	Auklet Services Ltd	
Jascon 62	Crew	1,575,000	1,575,000	1,575,000	1,575,000	Helconia Development Ltd	
Jascon 63	Crew	1,575,000	1,575,000	1,575,000	1,575,000	Helconia Development Ltd	
Jascon 64	Crew	3,437,500	3,437,500	3,437,500	3,437,500	Peony Logistics Limited	
Jascon 65	Crew	3,437,500	3,437,500	3,437,500	3,437,500	Peony Logistics Limited	
Jascon 66	OSV	9,625,000	9,625,000	Transferred	Transferred		
Jascon 67	OSV	9,625,000	9,625,000	9,625,000	9,625,000	Grevilleas Services Ltd	
Jascon 68	OSV	10,125,000	10,125,000	10,125,000	10,125,000	Scabious Ltd	
Jascon 69	OSV	10,750,000	10,750,000	10,750,000	10,750,000	Siena Overseas Limited	
		730,962,500	728,212,500	704,587,500	704,587,500		

Scrapped Vessels	= removed from security package (for scrappage) following the bondholder negotiations in December 2015
Relevent Disposals	= removed from security package and transferred to WAV ownership using $25m Redemption Exemption
Cold-Stacking	= Sea Trucks is requesting to Trustee for cold lay-up (list updated for minor amendments since May 2016 request)
Warm-Stacking	= Sea Trucks is requesting to Trustee for warm lay-up (list updated for minor amendments since May 2016 request)

Schedule 5

Nigerian Content

Background

The Nigerian Oil and Gas Industry Content Development Act (the "**NOGICD Act**") was enacted in 2010 to promote the participation of Nigerians in the Oil and Gas Industry. The NOGICD Act established the Nigerian Content Development and Monitoring Board ("**NCDMB**" or the "**Board**") to enforce the provisions of the law. NCDMB, in enforcing the NOGICD Act, insists on preference for award of contracts to Nigerian-owned companies and vessels.

As part of increasing local capacity with regard to vessel ownership in the Oil and Gas Industry, the NCDMB has made it mandatory to ensure the participation or active involvement of Nigerian companies in the marine business and, as a result, created the quarterly marine vessel categorization report. The strategy was designed by the Board to deliver on the intent of the NOGICD Act target, to place at least 60% of marine assets in the hands of Nigerians. This seeks to encourage construction of vessels in Nigerian yards, promote ownership of marine vessels by Nigerian entities, stimulate flagging & registration of vessels in Nigeria and increase Nigerian manning of marine vessels.

NCDMB's Marine Vessel Utilization Scheme

NCDMB established a Marine Vessel Utilization Scheme, which creates a hierarchy of preference for award of marine contracts in the Oil & Gas industry. These are, in descending order of preference:

- Vessels built and flagged in Nigeria
- Vessels owned by Nigerian Companies
- Vessels for which Nigerian Companies have taken concrete steps to own
- Other vessels

The NCDMB has become increasingly vigorous in its enforcement stance, including the implementation of the Marine Vessel Utilization Scheme. NCDMB's stance has made it increasingly challenging to secure contracts which would use vessels that are not owned by Nigerian Companies, such as the vessels in the Bonds' security package.

NCDMB's categories for vessels and companies

- Class AAA – This Group falls under Nigerian-built and flagged vessels. Based on the Marine Vessel tender guidelines, these vessels are given first consideration in all tenders, provided such vessel(s) meet the specification required in the tender

- Category 1 (Non Dynamically Positioned – "**DP**") Vessels listed under this category include Crew Boats, Security Vessels, Dive Support Vessels ("**DSV**"), Fast Supply Intervention Vessels ("**FSIV**") Supply Vessels, Mooring Launch Vessels and Shallow Draft Vessels

- Category 2 – This consists of Dynamic Positioned Vessels to include Accommodation Vessels, Platform Supply Vessels, Anchor Handling Tug Vessels, Tug Boats, Multi-Purpose Vessels and Pipe Lay Barges.

- Category 3 – This category consists of vessels on short term service to include Installation Barges, Jack-up Barges, Lift Boats and Seismic Acquisition Vessels.

  Based on the categories of vessels outlined by NCDMB above, servicing companies providing any marine asset described above are further classified under six different categories as follows;

- Category A - This group comprises Nigerian companies having marine asset ownership status as defined in vessel ownership requirement criteria (vessel document bears the name of the Nigerian company, evidence of bill of sales, evidence of certificate of registration from Nigerian Maritime Administration and Safety Agency ("**NIMASA**"), etc.) and pre-qualified as owned. These companies are further described as either those with evidence of ownership of vessels as categorised above, such as Category 2 (DP) and or Category 3 vessels (Sub Class - AA) as well as Companies with evidence of ownership under Category 1 (Non DP) Vessels (Sub Class - A).

  According to NCDMB's Marine Vessel Tender Guidelines, all vendors under Category A are pre-qualified to proceed to the technical stage of the contracting process and must be given first consideration in all tenders for all types of vessels as well as being pre-qualified to provide vessels that are not in their current fleet.

- Category B – This group comprises Nigerian companies that own a long term bare boat lease of foreign owned vessel where the Nigerian companies also provide the manning for the leased vessel. The basis of categorization includes financial, insurance and legal service requirements, evidence of a lease-to-own agreement, manning declaration etc. These companies are further described as either those with i) Nigerian lessee with plans to own vessel(s) (sub class – BB) or ii) Nigerian lessee without plan to own vessel(s) but have a subsisting affiliation with foreign vessel owners for bare boat charter.

  Based on the Marine Vessel Tender Guidelines, all operators under this category shall be given next consideration in the event that no bid is submitted for a particular tender by Category A (i.e. A and AA) companies or for Class AAA vessels.

- Category C – This Group belongs to new entrant Nigerian companies with evidence of plans to build a vessel and/or to bring in foreign owned vessels via a short term lease. According to the Marine Vessel Tender Guidelines, vendors under this group are not pre-qualified to participate in tenders for any type of vessel.

- Category D – These are foreign companies operating in Nigeria with wholly owned foreign vessels and no lease arrangement with any Nigerian entity.
  According to the Marine Vessel Tender Guidelines, this group is not eligible for pre-qualification to participate in tenders for any type of vessel.

- Category E – This category is for Nigerian or foreign companies that have not submitted adequate documentation to enable NCDMB to place the company in the appropriate category. This group is also not eligible for a pre-qualification to participate in tenders for any type of vessel.

Implications for Sea Trucks Group

Since Sea Trucks Group Limited is British Virgin Islands (BVI) incorporated, and its subsidiaries are non-Nigerian, it is unable to directly comply with the Marine Vessel Utilization Scheme. However, it has been able to benefit from the contracting capabilities and structure of a Nigerian-incorporated company called West African Ventures Limited ("**WAV**"), which is 100% Nigerian-owned, with Mr. Roomans holding 99.14% of the shares. Under Nigerian law, a company is not allowed to have only one shareholder; the minimum requirement is two. As a result of Mr. Roomans' Nigerian citizenship, WAV is recognised as a wholly owned Nigerian company and is compliant with Nigerian regulations.

Mr. Roomans is in the process of forming a trust (the "**JJR Nigerian Trust**"), which will hold 99% of the issued shares in WAV, the remaining 1% being held by Mr. Roomans in order to comply with the requirement under Nigerian Law for a minimum of two shareholders. In the event of Mr Roomans' death, Mr. Roomans' wife, Mariah Mahat, and their son Roomario Roomans would become the beneficiaries to i) the trust which owns 100% of the issued shares in the Company and ii) the JJR Nigerian Trust being established which will own 99% of the issued shares in WAV. Mr. Roomans' son Roomario is also a Nigerian passport holder and Ms. Mahat is in the process of applying for a Nigerian passport. Any such transfer of the beneficial interests in the trust which will hold the WAV shares should not therefore adversely affect the categorisation that has been issued by NCDMB.

While WAV has never been and is not owned by Sea Trucks Group, the Bondholders at their Meeting held on 23 December 2015 accepted the Company's proposal that WAV be included within the definition of "Group Company", notwithstanding the fact that "Group" is defined as "the Issuer *[i.e. Sea Trucks Group Limited]* and its Subsidiaries". For the avoidance of doubt, when used in this section the terms "Group" and "Sea Trucks Group" do not include WAV.

As outlined in the Offering Memorandum for the Bonds, Sea Trucks Group has for many years enjoyed great benefit from operating in Nigeria through its relationship with WAV. Almost all of the Sea Truck Group's OOIM fleet revenue is derived from Nigeria and a sizeable portion of the DP3 fleet revenue stems from the ability of WAV to win contracts in Nigeria. In the last 3 years, 60%-80% of all of the Sea Truck Group revenues have been generated in Nigeria.

Given that, as explained above, the NCDMB has made it mandatory to ensure the participation or active involvement of Nigerian companies in the marine business, it has become increasingly challenging for Sea Trucks Group (via its relationship with WAV) to participate in tender bids in Nigeria because the vessels within the Sea Trucks Group, and which are in the Bonds' security package, which are the main revenue drivers for the Sea Trucks Group, are held in non-Nigerian Group Companies and are not currently classified as being Nigerian-owned.

Until recently, NCDMB has supported WAV's position on contract awards with a Category A status on the basis that WAV bareboat chartered vessels into Nigeria, and operated them under the Nigerian flag. NCDMB's increasing scrutiny around and adherence to the definitions of Nigerian ownership, relating specifically to the vessels, means that WAV, and hence the Sea Trucks Group, is under increasing pressure to demonstrate Nigerian ownership of the vessels to be deployed and to register them in Nigeria in order to comply with the regulations.

Accordingly, as is explained further below, Sea Trucks Group anticipates needing to bring some vessels within the Bonds' security package into Nigerian ownership, via a transfer of those vessels from ownership by the Sea Trucks Group to ownership by WAV.

<u>Why do we need to bring vessels into Nigerian ownership, including from the DP3 Fleet?</u>

As detailed above, the marine vessel categorization has been able to differentiate the utilization level of vessels in the Oil and Gas industry between local and foreign vessels. Only vessels in Category A or AA or Class AAA enjoy the full benefit of working in-country because:

- First consideration will be given to Category A or AA or Class AAA, these being vessels owned by a Nigerian company or a Nigerian entity; and
- First consideration will be given to in-country built vessels and flagged, before considering foreign built vessels but owned by a Nigerian company or entity.
- However, waivers can be granted to particular vessels where such equipment cannot be found in-country or owned by Nigerian, in which case there would not be any reason for Nigerianizing such vessels or equipment

<u>What are the consequences of not bringing vessels into Nigerian Ownership?</u>

- Not being given first consideration for contracts. Despite being recognized as a Nigerian company (listed as category AA), WAV would remain unable to demonstrate the vessel ownership required by that category.
- WAV's participation in marine projects will be drastically reduced despite its comprehensive fleet, except in such cases whereby our asset is recognised as being the only type capable of the work in question. These issues put WAV (and therefore the Sea Trucks Group) in an uncompetitive position in contesting for marine business in Nigeria.

Recent Developments

As a condition of WAV being awarded the Sonam Project in 2015 from Chevron Nigeria Limited (CNL), NCDMB extracted a commitment from WAV to transfer vessels used for Sonam into Nigerian ownership (Walvis 1, Jascon 8, 40 & 67).

WAV did not meet NCDMB's condition in the award of the Sonam Project to transfer vessels used for Sonam into Nigerian ownership.

Consequently, and in addition to other alleged breaches by WAV in relation to locally applicable ex pat quotas and training requirements, on 9 June 2016, NCDMB sanctioned WAV by directing operators in the Oil and Gas industry to suspend consideration of WAV's on-going and future tendering processes. The STG / WAV Managing Director, Graeme Pennycook, personally intervened to ensure that NCDMB met with WAV's managers to chart a lifting of this sanction. On 28 June 2016, WAV submitted a proposal to NCDMB which would permit lifting of sanction.

Extract from Action & Gap Closure Plan (the "**Plan**") submitted to NCDMB 28 June 2016

- **Non-Compliant Activity:** Failure to comply with commitment to transfer ownership to Nigeria of four (4) vessels deployed on the Sonam Project, recently completed by WAV.
- **Action:** WAV to provide current status of equity transfer to Nigerian ownership and plan for compliance.
- **Gap Closure Plan:** WAV to present a plan to achieve equity transfer to Nigerian ownership as committed.
- **Timeline:** 1 Month.

On 4 July 2016, the NCDMB sanction was lifted on the condition that within a period of one (1) month, WAV would present a plan to achieve equity transfer of the relevant vessels to Nigerian ownership.

What needs to happen to comply with NCDMB's conditions?

- A comprehensive plan detailing how we intend to transfer ownership. This must have a start date and the time to actually complete the entire transfer. In this regard, WAV may seek transfer to WAV of Jascon 30 and Jascon 28, both being vessels that are currently located in Nigeria and that have been aligned to significant Nigerian prospects, due for award H2 2016.
- Initial payment to the Sea Trucks Group for the vessels being transferred, evidencing WAV's equity contribution (fund transfer evidence or receipt of the payment).
- Agreement between the current vessel owner(s), their mortgagee and WAV stating their respective consent to the transfer.

NCDMB's Expectation

- Consistent with the Plan summarised above, NCDMB's expectation is for WAV to be able to show a detailed plan for acquiring the vessels involved in the Sonam Project (Walvis 1, Jascon 8, 40 & 67), demonstrating WAV's equity participation in those assets.

Conclusions

It is in the interests of all stakeholders in Sea Trucks Group, including the Bondholders, that the Company's business prospects in Nigeria be maximised.

This will require transfers into Nigeria of ownership interests in some Vessels.

In the Summons (dated 9 December 2015) to a Bondholders' Meeting (held on 23 December 2015), the Company explained to Bondholders that NCDMB was pursuing vigorously its Marine Vessel Utilization Scheme and that it wished to try and agree a structure with Bondholders for the transfer of the vessels subject to the Bond security into Nigerian ownership. If Vessels secured in favour of the Bonds are transferred from Sea Trucks Group to WAV, then it is expected that fresh Nigerian security will need to be granted, and that local stamping of such Nigerian security would be required for its perfection, with associated stamping costs payable to the local authorities. The amount of the stamping costs will depend on, inter alia, the relevant financing transaction structure.

As explained elsewhere herein, the Company intends to appoint a financial adviser in respect of several issues, including those relating to Nigerian content.

Following the engagement of the financial adviser and the initial stages of the financial adviser's work, Sea Trucks Group management expects, via the financial adviser or directly, to resume discussions with Bondholders in order to address issues described herein. In particular, the Company intends to address the transfer into Nigeria of ownership interests in some Vessels, given the material impact on the Company of the increase in competitive pressures relating to Nigerian content.

Schedule 6

Management and Corporate Governance

The Company has recently undergone some senior management changes. In particular, in recent months, the following individuals, who previously formed part of the Company's senior management team, have departed the Company: Fraser Moore, Mike Chadwin, Caleb Raywood and Steve Assiter.

In addition, Peter de Ruiter (a former non-executive director) is no longer with the Company.

The Company's senior management team consists of Jacques Roomans (Chairman & Chief Executive Officer) and the following recently appointments: Graeme Pennycook (Managing Director), Per Schoyen (Deputy Managing Director) and Prakash Panchapakesan (Chief Financial Officer).

The Company currently has two appointed directors, namely Jacques Roomans and his wife, Mariah Mahat.

The Company is in the process of reviewing its governance structure and anticipates seeking advice on this issue from the financial adviser to be appointed.