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To the bondholders in:

ISIN: NO 001 035463.2 - FRN Sea Production Ltd Senior Secured Callable Bond Issue 2007/2018

Oslo, 13 July 2018

Notice of a Written Bondholders' Resolution

1. INTRODUCTION

Nordic Trustee AS (formerly known as Norsk Tillitsmann ASA and Nordic Trustee ASA) (the "**Bond Trustee**") acts as bond trustee for the holders (the "**Bondholders**") of the Senior Secured Callable Bond Issue 2007/2018 (the "**Bonds**") issued by Sea Production Ltd (the "**Issuer**") and guaranteed by Puffin Ltd ("**Puffin**") and Wisdom Shipping (S) Pte. Ltd. ("**Wisdom**").

All capitalised terms used but not otherwise defined herein shall have the meanings assigned to them in the bond agreement for the Bonds (the "**Bond Agreement**") between the Issuer and the Bond Trustee originally dated 9 February 2007 (as amended, restated and/or supplemented from time to time).

The Bond Trustee has issued this request for a Written Resolution under Clause 17.10 (*Written Resolution*) of the Bond Agreement pursuant to a request from the Issuer under Clause 17.1(a) for approval in respect of an extension of the Maturity Date of the Bonds.

Bondholders are encouraged to carefully read this summons in its entirety.

2. AMENDMENTS TO THE BOND AGREEMENT

2.1 Maturity Extension

The Maturity Date of the Bonds is 12 July 2018. Given the current difficult trading environment in the offshore sector, in order to facilitate repayment and/or refinancing of the Bonds, the Issuer believes that it is important to have FPSO Front Puffin remaining on-hire and in operations as it would allow for a more certain review of the Issuer's financial position and a determination of an appropriate solution for the Bonds in the medium to long term.

In light of the above, the Issuer proposes to the Bondholders a further extension of the Maturity Date of the Bonds, such that the definition of the "Maturity Date" be amended in the Bond Agreement from 12 July 2018 to 12 October 2018 (the "**Maturity Extension**", and such amendments to the Bond Agreement to effect the Maturity Extension being the "**Maturity Extension Amendments**").

3. RUBICON SETTLEMENT

The Issuer and Rubicon Offshore International Private Limited ("**Rubicon**") have held commercial discussions regarding a proposed settlement of all outstanding historical payments and claims for the period up to and including 30 September 2017 under the Management Services Agreements between (a) Rubicon and the Issuer dated 2 June 2014, (b) Rubicon and Puffin dated 2 June 2014 as amended on 2 May 2017, and (c) Rubicon and Wisdom dated 2 June 2014 (together, the "**Management Services Agreements**") as summarised below (the "**Settlement**").

The Issuer and Rubicon intend to (a) enter into a settlement deed regarding settlement of the outstanding payments and claims under the Management Services Agreements (the "**Rubicon Settlement Deed**") to give effect to the terms of the Settlement, and (b) make certain amendments to the Management Services Agreements (the "**Management Services Amendment Agreements**").

The key terms of the Settlement shall provide for the settlement of all historical outstanding management services fees for the period up to and including 30 September 2017 by payment of US\$576,245.68 to Rubicon in four equal instalments (the "**Outstanding Payments**"). The Outstanding Payments shall be paid to Rubicon following the next receipt of proceeds under the FASL Bareboat Charter ("**FASL Proceeds**"), provided that (a) each Outstanding Payment is less than or equal to 25% of the FASL Proceeds received, and (b) no payment default has occurred and is continuing under the FASL Bareboat Charter. If at any time the Outstanding Payment which is due is greater than 25% of the FASL Proceeds received, the payment will be deferred to the next date that FASL Proceeds are received.

However, upon the occurrence of a sale event under Clause 10.3 of the Bond Agreement, the then Outstanding Payments will be paid in full. In light of the above, the Issuer proposes to amend CI 10.3 of the Bond Agreement to provide (if applicable) for the payment of the then Outstanding Payments out of the sale proceeds from the sale of the FPSO Front Puffin, prior to applying the balance of the sale proceeds in redemption of the total outstanding Bonds, provided that the then Outstanding Payments do not exceed 20% of the sale proceeds received less any costs and expenses incurred in connection with the sale. If the then Outstanding Payments exceeds 20% of the sale proceeds received after taking into account all costs and expenses incurred with the sale, the then Outstanding Payments shall not be paid out of the sale proceeds (the "**Sale Proceeds Amendments**").

It is proposed that the Bond Trustee will be a party to the Rubicon Settlement Deed to receive the benefit of the Settlement and should it become necessary for it to arrange distribution of the sale proceeds of the FPSO Front Puffin to Rubicon.

The amendments to the provisions of the Management Services Agreements are as follows:

- a. allow either party to terminate the agreements with 90 days' prior written notice except in the event of a sale of the FPSO Front Puffin, whereby each party may terminate the agreements with 30 days' prior written notice;
- b. fix the amount payable to Rubicon under the Management Services Agreements from 1 October 2017 onwards at US\$65,000/month (the "**Amended MSA Rate**"); and
- c. provide that the payment of future management services fees which are payable under the Management Services Agreements will only be paid to Rubicon following receipt by Puffin of the FASL Proceeds ("**MSA Payment Restriction**").

In addition to the amendments to the Management Services Agreements, the Bond Agreement will be amended to include a covenant to give effect to the MSA Payment Restriction, to ensure payments are made at the Amended MSA Rate and to ensure that FASL Proceeds are paid to Bondholders in a timely fashion (the “**MSA Bond Amendments**”).

The approval of the Maturity Extension, Maturity Extension Amendments, Sale Proceeds Amendments and the MSA Bond Amendments by Bondholders is conditional upon the Rubicon Settlement Deed and the Management Services Amendment Agreements being executed.

4. BUSINESS UPDATE

4.1 Termination of FASL Bareboat Charter

On 28 June 2018, Puffin was served with a notice of termination from FASL under the FASL Bareboat Charter. The effective date of termination is 8 July 2019.

The Group is currently considering the effect of this purported termination notice and will provide a further update to Bondholders in due course.

4.2 Financial Position

Since the last update to Bondholders on 23 May 2018, the Issuer provides the following updates to the financial position of the Group:

- a. current cash balance is US\$3,942,073.37; and
- b. the next proposed distribution amount to Bondholders is US\$2,862,500 in respect of the payments under the FASL Bareboat Charter up to 30 April 2018 which shall be distributed to Bondholders following approval of the Proposed Resolution (as defined below).

On closing of the Settlement, the Issuer shall make a payment to Rubicon of US\$455,000 in respect of outstanding management services fees under the Management Services Agreements for the period 1 October 2017 to 30 April 2018 at the Amended MSA Rate and retain \$625,000 in cash for on-going operating expenses (“**Retained Funds**”). The need to maintain the Retained Funds will be reviewed by the Issuer on each Interest Payment Date.

4.3 Other

In May 2018, Puffin reached a full and final settlement with a major supplier on the refurbishment project preparing the FPSO Front Puffin for deployment at the Aje Field.

The settlement has been fully implemented and no further claims regarding the refurbishment project for the FPSO Front Puffin are known of at this time.

5. CONDITIONS TO AMENDMENTS

The condition precedent to the Maturity Extension, Maturity Extension Amendments, the Sale Proceeds Amendments and the MSA Bond Amendments is the execution of the Rubicon Settlement Deed and Management Services Amendment Agreements.

In consideration for, and as a condition to, the Maturity Extension, Maturity Extension Amendments, the Sale Proceeds Amendments and the MSA Bond Amendments being approved by the requisite majority of the Bondholders, the Issuer:

- a. shall agree to provide cost cover to the Bond Trustee for its and its legal advisers' fees, costs and disbursements; and
- b. shall agree to co-operate with the Bond Trustee and its legal advisers in providing on-going consultation and reasonable access to information and documentation,

during the period of the Maturity Extension (together, the "**Conditions**").

Should the Conditions not be satisfied at any time, the Bond Trustee shall be entitled to terminate the Maturity Extension by giving written notice of the same to the Issuer.

6. PROPOSED RESOLUTION

Based on the foregoing, the Issuer has requested that the Bondholders adopt the following resolution (the "**Proposed Resolution**"):

"Subject to satisfaction of the Conditions, the Bondholders authorise the Bond Trustee to:

- 1. enter into an amendment agreement to the Bond Agreement documenting the decision made by the Bondholders to approve the Maturity Extension, the Maturity Extension Amendments, the Sale Proceeds Amendments and the MSA Bond Amendments;*
- 2. waive any Event of Default in respect of failure to repay the Bonds on the Maturity Date of the Bonds that may have occurred prior to the date on which the amendment agreement (referred to in paragraph 1 immediately above) is entered into; and*
- 3. enter into and execute any such agreements, letters, powers of attorney, deeds and/or notices necessary or advisable (in the absolute discretion of the Bond Trustee) in order to implement (a) the Maturity Extension, the Maturity Extension Amendments, the Sale Proceeds Amendments and the MSA Bond Amendments, (b) the Rubicon Settlement Deed, and (c) the Management Services Amendment Agreements,*

such authorisations and instructions to take effect as a Written Resolution."

7. EVALUATION OF THE PROPOSED RESOLUTION

The Proposed Resolution is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee. The Bondholders must independently evaluate the Proposed Resolution and vote accordingly.

8. WRITTEN BONDHOLDERS' RESOLUTION

Bondholders are hereby provided with a voting request for a Written Resolution pursuant to Clause 17.10 (*Written Resolution*) of the Bond Agreement. For the avoidance of doubt, no Bondholders' meeting will be held.

For a vote to be valid, the Bond Trustee must have received it by post, courier or email to the address indicated in the enclosed form at Schedule 1 (the "**Voting Form**") no later than 19 July 2018 at 13:00 hours (Oslo time) (the "**Voting Deadline**").

Notwithstanding the Voting Deadline, and subject to the provisions of Clause 17.10 (*Written Resolution*) of the Bond Agreement, the Proposed Resolution will become effective automatically upon receipt of affirmative votes by or on behalf of the Bondholders who at the date of this notice represent such majority of votes as would be required if the Proposed Resolution was voted on at a Bondholders' meeting at which all Bondholders entitled to attend and vote thereat were present and voting.

Votes which are submitted are final and cannot be withdrawn. In the event that Bonds are transferred to a new owner after votes have been submitted in respect of such Bonds, the new Bondholders shall accordingly not be entitled to submit a vote.

Yours sincerely

Nordic Trustee AS



Morten S. Bredesen

Enclosed:

Schedule 1: Voting Form

SCHEDULE 1

Voting Form

FRN Sea Production Ltd Senior Secured Callable Bond Issue 2007/2018

The undersigned holder or authorised person/entity, votes in the following manner:

1. The Proposed Resolution as defined in the Notice of a Written Bondholders' Resolution dated 13 July 2018

☐ In favour of the Proposed Resolution

☐ Against the Proposed Resolution

ISIN NO 001 035463.2	Amount of bonds owned
Custodian name	Account number at Custodian
Company	Day time telephone number
	Email

Enclosed to this form is the complete printout from our custodian/VPS,¹ verifying our bondholding in the bond issue as of _____

We acknowledge that Nordic Trustee AS in relation to the written Bondholders' resolution for verification purposes may obtain information regarding our holding of bonds on the above stated account in the securities register VPS.

.....
Place, date

.....
Authorised signature

Return:

Nordic Trustee AS
P.O.Box 1470 Vik
N-0116 Oslo

Telefax: +47 22 87 94 10
Tel: +47 22 87 94 00
mailto: mail@nordictrustee.no

¹ If the bonds are held in custody other than in the VPS, evidence provided from the custodian confirming that (i) you are the owner of the bonds, (ii) in which account number the bonds are held, and (iii) the amount of bonds owned.