

Denne melding til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst kontakt Nordic Trustee ASA.

To the bondholders in:

ISIN: NO0010674187 - 9.50 per cent Maracc – Marine Accurate Well ASA Second Lien Callable Bond Issue 2013/2018

Oslo, 7. April 2017

Conversion of Bonds

Nordic Trustee ASA (the "**Bond Trustee**") acts as trustee for the bondholders (the "**Bondholders**") in the above mentioned bond issue (the "**Bonds**") issued by Island Drilling ASA as issuer (the "**Issuer**").

Reference is made to the proposal set out in the summons to a Bondholders' Meeting dated 16 March 2017 (the "**Summons**") and the adoption thereof at the Bondholders' Meeting 30 March 2017. Capitalised terms used herein shall have the same meaning as in the Summons.

As part of the Restructuring, all outstanding amounts under the Bonds up to 3 April 2017, totaling USD 161 396 375, shall be converted into equity of the Issuer based on a conversion price per share of USD 2 305.6625 ("the **Conversion**"). Any interest accrued after this date shall be cancelled and discharged in full.

Record date with respect to the Conversion is 10 April 2017 (the "**Record Date**").

As a technical step in facilitating the Conversion, unpaid interest and default interest thereon ("**Outstanding Interest**") will be settled by PIK Bonds issued on the Record Date. The breakdown of Outstanding Interest is set out in the table below:

Interest Payment Date	Fixed Rate	Interest USD	Interest due to late payment			Rate	Default interest	PIK Bonds
			From	To	Days			
03.04.2016	9,50 %	6 650 000	03.04.2016	03.04.2017	360	14,50 %	964 250	7 614 250
03.10.2016	9,50 %	6 650 000	03.10.2016	03.04.2017	180	14,50 %	482 125	7 132 125
03.04.2017	9,50 %	6 650 000	03.04.2017	03.04.2017			0	6 650 000
							SUM	21 396 375

Following Conversion, the shares will be held in custody on behalf of the Bondholders at a client account by the Bond Trustee pending completion of certain steps in the Restructuring. It is expected that the shares will be delivered around 6 to 8 weeks after the Record Date to the holders of the Bonds at the Record Date.

Yours sincerely

Nordic Trustee ASA

Morten S. Bredesen