

Execution version

ISIN NO. 001 0680069

AMENDMENT AND RESTATEMENT AGREEMENT

to

BOND AGREEMENT BETWEEN

VOLSTAD SHIPPING AS
(Issuer)

and

NORDIC TRUSTEE ASA
(Bond Trustee)

on behalf of the Bondholders in the bonds issue

FRN Volstad Shipping AS Second Lien Callable Bond Issue 2013/2018

J.N

THIS AMENDMENT AND RESTATEMENT AGREEMENT (the “**Agreement**”) to the bond agreement originally dated 29 May 2013 is made on 7 April 2016 by and between:

- (1) **VOLSTAD SHIPPING AS** (a company existing under the laws of Norway with registration number 986 357 157) as issuer (the “**Issuer**”); and
- (2) **NORDIC TRUSTEE ASA** (formerly Norsk Tillitsmann ASA) (a company existing under the laws of Norway with registration number 963 342 624) as bond trustee on behalf of the Bondholders (the “**Bond Trustee**”),

(the parties referred to above are jointly referred to herein as the “**Parties**”).

WHEREAS:

On 29 May 2013 the Parties entered into a bond agreement (the “**Bond Agreement**”) for the bond issue “FRN Volstad Shipping AS Second Lien Callable Bond Issue 2013/2018” with ISIN NO 001 0680069 and ticker “VOLS01 PRO”.

The Parties have agreed to make certain amendments to the Bond Agreement as set out in the amended and restated bond agreement (the “**Amended and Restated Bond Agreement**”) attached in Schedule 2 (*Form of Amended and Restated Bond Agreement*) to implement the resolutions adopted at the Bondholders' Meeting held on 16 March 2016.

IT IS HEREBY AGREED AS FOLLOWS:

1 DEFINITIONS AND INTERPRETATION

Words and expressions used herein shall have the same meaning when used herein as set out in the Bond Agreement unless expressly set out herein or the context otherwise requires.

“**Effective Date**” means the date on which the Bond Trustee notifies the Issuer that it has received all of the documents and other evidence set out in Schedule 1 (*Conditions precedent documents*) hereto in form and substance satisfactory to the Bond Trustee.

“**Principal Payment Date**” means 15 April 2016.

2 PAYMENT OF PRINCIPAL

The Issuer shall redeem in cash 80 % of the Bonds (aggregate nominal value of NOK 220,000,000) at a price of 45 % (implying a total payment of NOK 99,000,000) to be distributed equally among all Bondholders. Payment shall occur no later than on the Principal Payment Date.

3 AMENDMENT AND RESTATEMENT OF THE ORIGINAL BOND AGREEMENT

With effect from the Principal Payment Date and subject to payment by the Issuer in accordance with clause 2 of this Agreement, the Bond Agreement will be amended and restated in the form set out in Schedule 2 (*Form of Amended and Restated Bond Agreement*), so that the rights, obligations and liabilities of the parties under the Bond Agreement, with effect from and including that date, shall be governed by, and be read and construed in accordance with, the terms of the Amended and Restated Bond Agreement.

4 REPRESENTATIONS AND WARRANTIES

The Issuer represents and warrants to the Bond Trustee that on the date of this Agreement, on the

Effective Date and on the Principal Payment Date:

- (a) **Status:** it is a private limited liability company, duly incorporated and validly existing and registered under the laws of its jurisdiction of incorporation, and has the power to own its assets and carry on its business as it is being conducted.
- (b) **Power and authority:** it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Agreement.
- (c) **Valid, binding and enforceable obligations:** this Agreement constitutes its legal, valid and binding obligations, enforceable in accordance with its terms.

5 NO OTHER AMENDMENTS

Except as expressly modified by this Agreement, all terms and provisions of the Bond Agreement shall remain in full force and effect. All references in the Bond Agreement to “this Bond Agreement” and the like shall, from the Principal Payment Date, mean the Bond Agreement as amended by this Agreement.

6 DISCHARGE OF INTEREST

All accrued but unpaid interest on the Bond Issue up to and including the Principal Payment Date shall be forgiven and discharged in full without any payment by the Issuer or any other party.

7 RELEASE OF SECURITY

The Bond Trustee shall, without undue delay, release all Security granted to secure the Bond Issue.

8 WAIVER OF DEFAULTS

Any Event of Default outstanding shall be considered waived until and including the Principal Payment Date.

9 DE-MERGER OF THE BONDS

The Bonds shall be de-merged at a ratio 1 to 100,000 so that the nominal amount of each Bond goes from NOK 100,000 to NOK 1.00 and the number of Bonds changes correspondingly.

10 COSTS AND EXPENSES

The Issuer agrees to reimburse the Bond Trustee all reasonable out-of-pocket costs incurred in connection with the drafting, negotiation and execution of this Agreement.

11 MISCELLANEOUS

- (a) This Agreement shall have effect from the Effective Date.
- (b) This Agreement is a Finance Document.
- (c) This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
- (d) The provisions of Clause 17.6 (*Dispute Resolution and Legal Venue*) of the Bond Agreement shall apply *mutatis mutandis* to this Agreement.

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SCHEDULE 1

CONDITIONS PRECEDENT DOCUMENTS

1. Minutes from the meeting of the board of directors of the Issuer approving to enter into this Agreement.
2. Copies of the constitutional documents of the Issuer.
3. A copy of a power of attorney from the Issuer to the relevant individuals for their execution of this Agreement or extracts from the relevant register or similar documentation evidencing such individuals' authorisation to execute this Agreement.
4. A confirmation from the Issuer that a solution has been reached with the Tersan yard with respect to the potential claim under the contract for new build for which the Issuer has guaranteed in a form and content acceptable to the Issuer.

T.N.

SCHEDULE 2

FORM OF AMENDED AND RESTATED BOND AGREEMENT

N.Y.

ISIN NO 001 0680069

BOND AGREEMENT

dated 29 May 2013

as amended by an amendment and restatement agreement dated 7 April 2016

between

Volstad Shipping AS
(Issuer)

and

Nordic Trustee ASA
(Bond Trustee)

on behalf of

the Bondholders

in the bond issue

Zero Coupon Volstad Shipping AS Unsecured Subordinated Callable Bond Issue 2013/2019

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This agreement has been entered into on 29 May 2013, as amended and restated on 15 April 2016 and is made between

- (1) VOLSTAD SHIPPING AS (a company existing under the laws of Norway with registration number 986 357 157) as issuer (the “**Issuer**”), and
- (2) NORDIC TRUSTEE ASA (formerly Norsk Tillitsmann ASA) (a company existing under the laws of Norway with registration number 963 342 624) as bond trustee (the “**Bond Trustee**”).

1. INTERPRETATION

1.1 Definitions

In this Bond Agreement, the following terms shall have the following meanings:

“**Account Manager**” means a Bondholder’s account manager in the Securities Depository.

“**Amendment and Restatement Agreement**” means the amendment and restatement agreement dated 7 April 2016 made between the Parties in respect hereof.

“**Bond Agreement**” means this bond agreement, as amended from time to time.

“**Bond Issue**” means the bond issue constituted by the Bonds.

“**Bondholder**” means a holder of Bond(s), as registered in the Securities Depository, from time to time.

“**Bondholder Conversion Option**” shall have the meaning set out in Clause 9.4.1.

“**Bondholders’ Meeting**” means a meeting of Bondholders, as set out in Clause 15.

“**Bonds**” means the debt instruments issued by the Issuer pursuant to this Bond Agreement.

“**Business Day**” means any day on which commercial banks are open for general business and can settle foreign currency transactions in Oslo.

“**Business Day Convention**” means that if the relevant Payment Date falls on a day that is not a Business Day, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day (*Modified Following Business Day Convention*).

“**Call Option**” shall have the meaning set out in Clause 9.2.

“**Completion Date**” means 15 April 2016.

“**Decisive Influence**” means a person having, as a result of an agreement or through the ownership of shares or interests in another person:

- (a) a majority of the voting rights in that other person; or
- (b) a right to elect or remove a majority of the members of the board of directors of that other person.

9.11

When determining the relevant person's number of voting rights in the other person or the right to elect and remove members of the board of directors, rights held by the parent company of the relevant person and the parent company's Subsidiaries shall be included.

"Event of Default" means the occurrence of an event or circumstance specified in Clause 14.1.

"Exchange" means (i) a securities exchange or other reputable regulated market, or (ii) Nordic Alternative Bond Market, on which the Bonds are listed, or where the Issuer has applied for listing of the Bonds.

"Face Value" means the denomination of each of the Bonds, as set out in Clause 2.2.

"Finance Documents" means (i) this Bond Agreement, (ii) the agreement between the Bond Trustee and the Issuer referred to in Clause 13.2, and (iii) the Amendment and Restatement Agreement.

"Group" means the Issuer and its Subsidiaries for time to time, and a **"Group Company"** means the Issuer or any of its Subsidiaries.

"ISIN" means International Securities Identification Number - the identification number of the Bond Issue.

"Issue Date" means 30 May 2013.

"Issuer Conversion Option" shall have the meaning set out in Clause 9.3.1.

"Issuer's Bonds" means any Bonds owned by the Issuer, any person or persons who has Decisive Influence over the Issuer, or any person or persons over whom the Issuer has Decisive Influence.

"Mandatory Redemption Event" means the occurrence of the Sale.

"Maturity Date" means 15 April 2019.

"Newbuild" means the new subsea vessel under construction at Tersan Yard, Turkey, with original scheduled delivery on 28 March 2016.

"NOK" means Norwegian kroner, being the lawful currency of Norway.

"Offshore Entity" means the entity owning the assets and liabilities of the Issuer as of the Completion Date (except for the shares in Volstad AS) after a Reorganisation.

"OSVs" means

- (a) Volstad Supplier (**"Supplier"**), the PSV vessel registered under Norwegian flag (NOR) with IMO number 9363778 and call signal LNZN and with the Issuer as owner;
- (b) Volstad Princess (**"Princess"**), the PSV vessel registered under Norwegian flag (NOR) with IMO number 9390549 and call signal LADV and with the Issuer as owner;

- (c) Volstad Viking (“Viking”), the PSV vessel registered under Norwegian flag (NOR) with IMO number 9363728 and call signal LNXU and with the Issuer as owner.
- (d) Seabed Prince (“Prince”), the subsea vessel registered under Norwegian flag (NOR) with IMO number 9489651 and call signal LARF7 and with the Issuer as owner; and
- (e) Volstad Surveyor (“Surveyor”), the subsea vessel registered under Maltese flag (MALTA) with IMO number 9533373 and call signal 9HA2303 and with the Issuer as owner.

“**Outstanding Bonds**” means the aggregate nominal value of the total number of Bonds not redeemed or otherwise discharged or owned by the Issuer.

“**Party**” means a party to this Bond Agreement (including its successors and permitted transferees).

“**Paying Agent**” means the legal entity appointed by the Issuer to acts as its paying agent in the Securities Registry with respect to the Bonds.

“**Payment Date**” means a date for payment of principal or interest under this Bond Agreement.

“**Reorganisation**” means a reorganisation of the Issuer whereby the assets and liabilities of the Issuer as of the Completion Date (except for the shares in Volstad AS) are reorganised to a separate entity.

“**Sale**” means if the entire Offshore Entity (after a Reorganisation) or all the assets which would otherwise comprise the Offshore Entity (if no Reorganisation is done) are sold.

“**Securities Depository**” means the securities depository in which the Bond Issue is registered, being Verdipapirsentralen ASA (VPS) in Norway.

“**Security**” means any encumbrance, mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“**Stamdata**” means the web site www.stamdata.no, maintained by the Bond Trustee.

“**Subsidiary**” means a company over which another company has Decisive Influence.

“**Voting Bonds**” means the Outstanding Bonds less the Issuer’s Bonds.

1.2 Construction

In this Bond Agreement, unless the context otherwise requires:

- (a) headings are for ease of reference only;
- (b) words denoting the singular number shall include the plural and vice versa;
- (c) references to Clauses are references to the Clauses of this Bond Agreement;

- (d) references to a time is a reference to Oslo time unless otherwise stated herein;
- (e) references to a provision of law is a reference to that provision as it may be amended or re-enacted, and to any regulations made by the appropriate authority pursuant to such law, including any determinations, rulings, judgments and other binding decisions relating to such provision or regulation;
- (f) an Event of Default is “continuing” if it has not been remedied or waived; and
- (g) references to a “person” shall include any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality).

2. THE BONDS

2.1 Binding nature of this Bond Agreement

2.1.1 By virtue of being registered as a Bondholder (directly or indirectly) with the Securities Depository, the Bondholders are bound by the terms of this Bond Agreement and any other Finance Document, without any further action required to be taken or formalities to be complied with, see also Clause 17.1.

2.1.2 This Bond Agreement is available to anyone and may be obtained from the Bond Trustee or the Issuer. The Issuer shall ensure that this Bond Agreement is available to the general public throughout the entire term of the Bonds. This Bond Agreement may be published on Stamdata or such other venues as decided by the Bond Trustee.

2.2 The Bonds

On the Issue Date, the Issuer issued a series of Bonds in the amount of NOK 275,000,000 (Norwegian kroner Two Hundred Seventy-Five Million). On or about the Completion Date, Bonds in the aggregate principal amount of NOK 220,000,000 have been redeemed, so that the aggregate principal amount of the Bonds outstanding on that date is equal to NOK 55,000,000.

The Face Value is NOK 1. The Bonds shall rank pari passu between themselves.

The Bond Issue will be described as “Zero Coupon Volstad Shipping AS Unsecured Subordinated Callable Bond Issue 2013/2019”.

The ISIN of the Bond Issue will be NO 001 0680069.

The tenor of the Bonds is from and including the Issue Date to the Maturity Date.

3. LISTING

3.1 The Issuer shall de-list the Bonds. Failure to de-list the Bonds shall not constitute a default under this Bond Agreement.

4. REGISTRATION IN THE SECURITIES DEPOSITORY

4.1 The Bond Issue and the Bonds shall prior to disbursement be registered in the Securities Depository according to the Norwegian Securities Depository Act (Act 2002/64) and the terms and conditions of the Securities Depository.

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4.2 The Issuer shall ensure that correct registration in the Securities Depository is made and shall notify the Securities Depository of any changes in the terms and conditions of this Bond Agreement. The Bond Trustee shall receive a copy of the notification. The registration may be executed by the Paying Agent.

4.3 The Bonds have not been registered under the US Securities Act, and the Issuer is under no obligation to arrange for registration of the Bonds under the US Securities Act.

5. PURCHASE AND TRANSFER OF BONDS

5.1 Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Bondholder may be subject (due e.g. to its nationality, its residency, its registered address, its place(s) for doing business). Each Bondholder must ensure compliance with applicable local laws and regulations at its own cost and expense.

5.2 Notwithstanding the above, a Bondholder which has purchased the Bonds in breach of applicable mandatory restrictions may nevertheless utilize its rights (including, but not limited to, voting rights) under this Bond Agreement.

6. STATUS OF THE BONDS AND SECURITY

6.1 The Bonds shall constitute unsecured and subordinated debt obligations of the Issuer (No. "*etterprioritert fordring*").

6.2 So long as the principles set out in the definition of "Reorganisation" in Clause 1.1 and the covenant set out in Clause 12.3 (a) are fulfilled, the Bondholders shall have no creditor protection rights or rights (as creditors, shareholders or otherwise) to object to any corporate action, business decision or other resolution or action made by the Issuer, the Offshore Entity or any other entity of the Group and shall be deemed to have consented to all Reorganisation measures.

6.3 Upon the Sale, a disposal, total loss or any other event occurring whereby the Issuer, the Offshore Entity or any other Subsidiary of the Issuer is no longer the owner of any of the OSVs or the Newbuild, and subject to the fulfilment by the Issuer of any payment obligations explicitly stated in the Bond Agreement (in each case to the extent applicable), the remaining principal amount of the Bonds, if any, will be cancelled without any further payment to the Bondholders.

7. INTEREST

The Bonds shall be non-interest bearing.

8. THE REORGANISATION

The Issuer may, at any time and in any manner and method it sees fit, effect the Reorganisation. The Reorganisation shall be at the sole discretion of the Issuer so long as no debts where Volstad AS is the debtor (and where the Issuer as of the Completion Date does not have any liabilities) shall be transferred to or guaranteed by the Offshore Entity. Any parent guarantees by the Issuer for debts of Volstad AS existing as at the Completion Date shall be released. The existing loan made from Volstad AS to the Issuer in existence as at the Completion Date shall remain with the Issuer or the Offshore Entity. New debts to fund the redemption payment to Bondholders made on the Completion Date and new debts to

fund the business comprised by the Offshore Entity from time to time (including refinancing needs) shall be a part of the Offshore Entity.

If, as part of the Reorganisation or otherwise, the Issuer disposes of or receives any distribution on the shares in Volstad AS, the Bondholders shall have no rights whatsoever to any consideration or distribution received by the Issuer, and the Issuer may distribute or make use of such assets or proceeds at any time and in any manner and method it sees fit.

9. MATURITY OF THE BONDS AND REDEMPTION

9.1 Maturity

The Bonds shall, unless fully discharged prior to the Maturity Date, mature in full on the Maturity Date, and shall be settled as follows:

- (a) if prior to the Reorganisation: by conversion into shares in the Issuer (of any class as determined by the Issuer), without voting rights or other shareholder rights and the sole right being a preferential right to 49.90 % of any dividend paid resulting from the sale of all the assets which would otherwise comprise the Offshore Entity after payment of all debts relating to the Offshore Entity. Such surplus shall be paid as dividend upon such sale to the extent permitted by applicable laws and financing agreements of the Issuer. The shares shall have no other dividend or other economic rights and shall be redeemed (without any further payment) following all economic rights of the shares relating to the Offshore Entity have been paid; or
- (b) if after the Reorganisation: by conversion into shares (of any class as determined by the Issuer) in the Offshore Entity (without voting rights or other shareholder rights and the sole right being the 49.90 % economic benefit after debts are paid);

however so that the Issuer, at its sole discretion, may offer to redeem the Bonds in cash at 100.00 % of par value on the Maturity Date. If the Issuer decides to offer to redeem the Bonds in cash, each Bondholder may decide to accept either cash settlement or conversion in accordance with the above.

9.2 Call Option

- 9.2.1 The Issuer may redeem the Bond Issue (all or nothing) as follows ("Call Option"), from and including the Completion Date and for a period of 24 months thereafter (only) at 100.00 % of par value.
- 9.2.2 Exercise of the Call Option shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders at least five Business Days prior to the settlement date of the Call Option.
- 9.2.3 On the settlement date of the Call Option, the Issuer shall pay to each of the Bondholders holding Bonds to be redeemed, in respect of each such Bond, the principal amount of such Bond.
- 9.2.4 Bonds redeemed by the Issuer in accordance with this Clause 9.2 shall be discharged against the Outstanding Bonds.

9.3 Issuer Conversion Option

- 9.3.1 The Issuer may, from the date falling two years after the Completion Date, convert the Bonds to shares (of any class) or synthetic equity (in each case at the Issuer's discretion) in the Offshore Entity (without voting rights or other shareholder rights and the sole right being the 49.90 % economic benefit after debts are paid) (the "Issuer Conversion Option").
- 9.3.2 Exercise of the Issuer Conversion Option shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders at least five Business Days prior to the settlement date of the Issuer Conversion Option.

9.4 Bondholder Conversion Option

- 9.4.1 If the Reorganisation is done, the Bondholders may, from the date falling two years after the Completion Date, require the Issuer to convert the Bonds as set out in Clause 9.3 (the "Bondholder Conversion Option").

9.5 Conversion mechanics

- 9.5.1 Upon a conversion of the Bonds to shares in accordance with the Bond Agreement the Bond Trustee shall be authorised to subscribe for shares on behalf of each of the Bondholders.
- 9.5.2 The Issuer may, at its discretion, in order to carry out a conversion to shares (for any reason as set out in this Bond Agreement), require that each Bondholder at the time of conversion identify themselves for proper registration in the relevant shareholder register. Failure to do so by a Bondholder shall not lead to a default by the Issuer under this Bond Agreement even if the relevant Bondholder is not granted any shares in relation to such conversion.

9.6 Mandatory Redemption

- 9.6.1 Upon a Mandatory Redemption Event occurring, the Issuer shall no later than ten Business Days after the Mandatory Redemption Event occurred, redeem 100.00 % of the Outstanding Bonds at a price equal to 49.9 % of the equity value of the Sale (i.e. after all debts, contingent or otherwise, current and future, have been paid in full).

9.7 Mandatory Payments

- 9.7.1 Payment shall be made on the Bonds as follows:

- (a) Prior to Reorganisation: Net proceeds from a sale of any of the OSVs or the Newbuild of the Issuer shall first be used to repay debt in the Issuer. If and when all debts related to (all) these assets are repaid, and at any time thereafter, 49.90 % of the surplus of any such sale shall be paid to Bondholders. For the avoidance of doubt, this shall not apply to a sale (or other disposition) as part of the Reorganisation.
- (b) After Reorganisation: An amount equal to 49.90 % of any dividend (including dissolution dividend and any other payment on the shares) paid from the Offshore Entity (at any time). After Reorganisation, sale of assets of the Offshore Entity shall give no rights to Bondholders.

In each case the abovementioned payments shall be made without undue delay following the receipt of the relevant proceeds by the Issuer and in any event no later than ten Business Days after such receipt.

10. PAYMENTS

10.1 Covenant to pay

- 10.1.1 The Issuer will on any Payment Date (or any other due date pursuant to any Finance Document) unconditionally pay to or to the order of the Bond Trustee all amounts due under this Bond Agreement or any other Finance Document.
- 10.1.2 The covenant contained in Clause 10.1.1 shall be for the benefit of the Bond Trustee and the Bondholders.

10.2 Payment mechanics

- 10.2.1 If no specific order is made by the Bond Trustee under Clause 10.1.1, the Issuer shall pay all amounts due to the Bondholders under this Bond Agreement or any other Finance Document by crediting the bank account nominated by each Bondholder in connection with its securities account in the Securities Depository.
- 10.2.2 Payment shall be deemed to have been made once the amount has been credited to the bank which holds the bank account nominated by the Bondholder in question, but if the paying bank and the receiving bank are the same, payment shall be deemed to have been made once the amount has been credited to the bank account nominated by the Bondholder in question, see however Clause 10.3.
- 10.2.3 In case of irregular payments, the Bond Trustee may instruct the Issuer or Bondholders of other payment mechanisms than described in Clause 10.2.1 or 10.2.2 above. The Bond Trustee may also obtain payment information regarding Bondholders' accounts from the Securities Depository or Account Managers.
- 10.2.4 Subject to Clause 10.3, payment by the Issuer in accordance with this Clause 10.2 shall constitute good discharge of its obligations under Clause 10.1.1.

10.3 Currency

- 10.3.1 If the Bonds are denominated in other currencies than NOK, each Bondholder has to provide the Paying Agent (either directly or through its Account Manager) with specific payment instructions, including foreign exchange bank account details. Depending on any currency exchange settlement agreements between each Bondholder's bank and the Paying Agent, cash settlement may be delayed, and payment shall be deemed to have been made at the date of the cash settlement, provided however, that no default interest or other penalty shall accrue for the account of the Issuer.
- 10.3.2 Except as otherwise expressly provided, all amounts payable under this Bond Agreement and any other Finance Document shall be payable in the same currency as the Bonds are denominated in. If, however, the Bondholder has not given instruction as set out in Clause 10.3 within five Business Days prior to a Payment Date, the cash settlement will be exchanged into NOK and credited to the NOK bank account registered with the Bondholder's account in the Securities Depository.
- 10.3.3 Amounts payable in respect of costs, expenses, taxes and other liabilities of a similar nature shall be payable in the currency in which they are incurred.

10.4 Interest in the event of late payment

- 10.4.1 In the event that any amount due under this Bond Agreement or any Finance Document is not made on the relevant due date, the unpaid amount shall bear interest from the due date at an interest rate equivalent to five per cent. (5.00%) per annum.
- 10.4.2 The interest charged under this Clause 10.4 shall be added to the defaulted amount on each anniversary date of the relevant original Payment Date for such payment until the defaulted amount has been repaid in full.
- 10.4.3 The unpaid amounts shall bear interest as stated above until payment is made, whether or not the Bonds are declared to be in default pursuant to Clause 14.1(a), cf. Clauses 14.2 - 14.4.

10.5 Partial payments

If the Bond Trustee or the Paying Agent receives a payment that is insufficient to discharge all the amounts then due and payable under the Finance Documents, that payment shall be applied in the following order:

- (a) first, in or towards payment of any unpaid fees, costs and expenses of the Bond Trustee under the Finance Documents;
- (b) secondly, in or towards payment of any accrued interest due but unpaid under the Bond Agreement, *pro rata* and without any preference or priority of any kind; and
- (c) thirdly, in or towards payment of any principal due but unpaid under the Bond Agreement, *pro rata* and without any preference or priority of any kind.

11. ISSUER'S ACQUISITION OF BONDS

The Issuer has the right to acquire and own Bonds (Issuer's Bonds). The Issuer's holding of Bonds may at the Issuer's discretion be retained by the Issuer, sold or discharged.

12. COVENANTS

12.1 General

- 12.1.1 The Issuer undertakes from the date of this Bond Agreement and until such time that no amounts are outstanding under this Bond Agreement or any other Finance Document, to the Bond Trustee, as further set out in this Clause 12.

12.2 Information Covenants

- 12.2.1 The Issuer shall make available to the Bondholders (on a public or private basis), if and when made available to the Issuer's bank lenders, semi-annual financial statements with P&L and other supplemental information made available to such bank lenders.

12.3 Special Covenants

- (a) *Merger or other corporate restructuring of the Offshore Entity*

In case of merger or other corporate restructuring of the Offshore Entity, the Bondholders shall have economic rights (only) equivalent to an ownership of 49.90 % of the shares in the Offshore Entity either as rights in a new/continued entity or distributed to them as part of such corporate restructuring.

(b) Dividends and other distributions

Until the Reorganisation is done, the Issuer shall not pay any dividend to its shareholder (other than any dividend made in order to effect the Reorganisation).

13. FEES AND EXPENSES

- 13.1 The Issuer shall cover all costs and expenses incurred by it or the Bond Trustee in connection with this Bond Agreement and the fulfilment of its obligations under this Bond Agreement or any other Finance Document, including in connection with the negotiation, preparation, execution and enforcement of this Bond Agreement and the other Finance Documents and any registration or notifications relating thereto (including any stamp duty), the listing of the Bonds on an Exchange (if applicable), and the registration and administration of the Bonds in the Securities Depository. The Bond Trustee may withhold funds from any escrow account (or similar arrangement) or from other funds received from the Issuer or any other person, irrespective of such funds being subject to Security under a Finance Documents, to set-off and cover any such costs and expenses.
- 13.2 The fees, costs and expenses payable to the Bond Trustee shall be paid by the Issuer and are set out in a separate agreement between the Issuer and the Bond Trustee.
- 13.3 Fees, costs and expenses payable to the Bond Trustee which, due to the Issuer's insolvency or similar circumstances, are not reimbursed in any other way may be covered by making an equivalent reduction in the proceeds to the Bondholders hereunder of any costs and expenses incurred by the Bond Trustee in connection with the restructuring or default of the Bond Issue and the enforcement of any Security.
- 13.4 Any public fees levied on the trade of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise provided by law or regulation, and the Issuer is not responsible for reimbursing any such fees.
- 13.5 The Issuer is responsible for withholding any withholding tax imposed by applicable law on any payments to the Bondholders.
- 13.6 If the Issuer is required by law to withhold any withholding tax from any payment under any Finance Document:
- (a) the amount of the payment due from the Issuer shall be increased to such amount which is necessary to ensure that the Bondholders receive a net amount which is (after making the required withholding) equal to the payment which would have been due if no withholding had been required; and
 - (b) the Issuer shall at the request of the Bond Trustee deliver to the Bond Trustee evidence that the required tax reduction or withholding has been made.
- 13.7 If any withholding tax is imposed due to subsequent changes in applicable law after the date of this Bond Agreement, the Issuer shall have the right to call all but not some of the Bonds at par value. Such call shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders at least ten Business Days prior to the settlement date of the call.

14. EVENTS OF DEFAULT

14.1 The Bond Trustee may declare the Bonds to be in default upon occurrence of any of the following events:

(a) *Non-payment*

The Issuer fails to fulfil any payment obligation due under this Bond Agreement or any Finance Document when due, unless, in the opinion of the Bond Trustee, it is likely that such payment will be made in full within five Business Days following the original due date.

(b) *Breach of other obligations*

The Issuer does not comply with any provision pursuant to this Bond Agreement or any other Finance Document, unless, in the opinion of the Bond Trustee, such failure is capable of being remedied and is remedied within ten Business Days after notice thereof is given to the Issuer by the Bond Trustee.

14.2 In the event that one or more of the circumstances mentioned in Clause 14.1 occurs and is continuing, the Bond Trustee can, in order to protect the interests of the Bondholders, declare the Outstanding Bonds including accrued interest, costs and expenses to be in default and due for immediate payment.

The Bond Trustee may at its discretion, take every measure necessary to recover the amounts due under the Outstanding Bonds, and all other amounts outstanding under this Bond Agreement and any other Finance Document.

14.3 In the event that one or more of the circumstances mentioned in Clause 14.1 occurs and is continuing, the Bond Trustee shall declare the Outstanding Bonds including accrued interest, costs and expenses to be in default and due for immediate payment if:

(a) the Bond Trustee receives a demand in writing that a default shall be declared from Bondholders representing at least 1/5 of the Voting Bonds, and the Bondholders' Meeting has not decided on other solutions, or

(b) the Bondholders' Meeting has with simple majority decided to declare the Outstanding Bonds in default and due for payment.

In either case the Bond Trustee shall take every measure necessary to recover the amounts due under the Outstanding Bonds.

14.4 In the event that the Bond Trustee pursuant to the terms of Clauses 14.2 or 14.3 declares the Outstanding Bonds to be in default and due for payment, the Bond Trustee shall immediately deliver to the Issuer a notice demanding payment of interest and principal due to the Bondholders under the Outstanding Bonds including accrued interest and interest on overdue amounts and expenses. The claim derived from the Outstanding Bonds due for payment as a result of an Event of Default shall be calculated at the prices set out in Clause 9.2.

15. BONDHOLDERS' MEETING**15.1 Authority of the Bondholders' Meeting**

15.1.1 The Bondholders' Meeting represents the supreme authority of the Bondholders community in all matters relating to the Bonds, and has the power to make all decisions altering the terms and conditions of the Bonds, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes.

15.1.2 The Bondholders' Meeting cannot resolve that any overdue payment of any instalment shall be reduced unless there is a pro rata reduction of the principal that has not fallen due, but may resolve that accrued interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.

15.1.3 If a resolution by or an approval of the Bondholders is required, such resolution shall be passed at a Bondholders' Meeting, see however Clause 16.1. Resolutions passed at Bondholders' Meetings shall be binding upon all Bondholders and prevail for all the Bonds.

15.2 Procedural rules for Bondholders' meetings

15.2.1 A Bondholders' Meeting shall be held at the written request of:

- (a) the Issuer;
- (b) Bondholders representing at least 1/10 of the Voting Bonds;
- (c) the Exchange, if the Bonds are listed; or
- (d) the Bond Trustee.

15.2.2 The Bondholders' Meeting shall be summoned by the Bond Trustee. A request for a Bondholders' Meeting shall be made in writing to the Bond Trustee, and shall clearly state the matters to be discussed.

15.2.3 If the Bond Trustee has not summoned a Bondholders' Meeting within ten Business Days after having received a valid request, then the requesting party may summons the Bondholders' Meeting itself.

15.2.4 The notice of a Bondholders' Meeting shall be dispatched no later than ten Business Days prior to the date of the Bondholders' Meeting. The notice and a confirmation of each Bondholder's holdings of Bonds shall be sent to all Bondholders registered in the Securities Depository at the time of distribution. The notice shall also be sent to the Exchange for publication if the Bonds are listed.

15.2.5 The summons shall specify the agenda of the Bondholders' Meeting. The Bond Trustee may in the summons also set out other matters on the agenda than those requested. If amendments to this Bond Agreement have been proposed, the main content of the proposal shall be stated in the summons.

15.2.6 The Bond Trustee may restrict the Issuer from making any changes in the number of Voting Bonds in the period from distribution of the summons until the Bondholders' Meeting, by serving notice to it to such effect.

- 15.2.7 Matters that have not been reported to the Bondholders in accordance with the procedural rules for summoning of a Bondholders' Meeting may only be adopted with the approval of all Voting Bonds.
- 15.2.8 The Bondholders' Meeting shall be held on premises designated by the Bond Trustee. The Bondholders' Meeting shall be opened and shall, unless otherwise decided by the Bondholders' Meeting, be chaired by the Bond Trustee. If the Bond Trustee is not present, the Bondholders' Meeting shall be opened by a Bondholder, and be chaired by a representative elected by the Bondholders' Meeting.
- 15.2.9 Minutes of the Bondholders' Meeting shall be kept. The minutes shall state the numbers of Bondholders and Bonds represented at the Bondholders' Meeting, the resolutions passed at the meeting, and the result of the voting. The minutes shall be signed by the chairman and at least one other person elected by the Bondholders' Meeting. The minutes shall be deposited with the Bond Trustee and shall be available to the Bondholders.
- 15.2.10 The Bondholders, the Bond Trustee and - provided the Bonds are listed - representatives of the Exchange, have the right to attend the Bondholders' Meeting. The chairman may grant access to the meeting to other parties, unless the Bondholders' Meeting decides otherwise. Bondholders may attend by a representative holding proxy. Bondholders have the right to be assisted by an advisor. In case of dispute the chairman shall decide who may attend the Bondholders' Meeting and vote for the Bonds.
- 15.2.11 Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders' Meeting may resolve that the Issuer's representatives may not participate in particular matters. The Issuer has the right to be present under the voting.
- 15.3 Resolutions passed at Bondholders' Meetings**
- 15.3.1 At the Bondholders' Meeting each Bondholder may cast one vote for each Voting Bond owned at close of business on the day prior to the date of the Bondholders' Meeting in accordance with the records registered in the Securities Depository. The Bond Trustee may, at its sole discretion, accept other evidence of ownership. Whoever opens the Bondholders' Meeting shall adjudicate any question concerning which Bonds shall count as the Issuer's Bonds. The Issuer's Bonds shall not have any voting rights.
- For this purpose, a Bondholder that has a Bond that is nominee registered shall be deemed as the Bondholder of such Bond (instead of the nominee) provided that the Bondholder presents relevant evidence stating that the relevant Bondholder is the Bondholder of the Bond and the amount of Bonds held by such Bondholder.
- 15.3.2 In all matters, the Issuer, the Bond Trustee and any Bondholder have the right to demand vote by ballot. In case of parity of votes, the chairman shall have the deciding vote, regardless of the chairman being a Bondholder or not.
- 15.3.3 In order to form a quorum, at least half (1/2) of the Voting Bonds must be represented at the meeting, see however Clause 15.4. Even if less than half (1/2) of the Voting Bonds are represented, the Bondholders' Meeting shall be held and voting completed.
- 15.3.4 Resolutions shall be passed by simple majority of the Voting Bonds represented at the Bondholders' Meeting, unless otherwise set out in Clause 15.3.5.



- 15.3.5 A majority of at least 2/3 of the Voting Bonds represented at the Bondholders' Meeting is required for any waiver or amendment of any terms of this Bond Agreement.
- 15.3.6 The Bondholders' Meeting may not adopt resolutions which may give certain Bondholders or others an unreasonable advantage at the expense of other Bondholders.
- 15.3.7 The Bond Trustee shall ensure that resolutions passed at the Bondholders' Meeting are properly implemented, however, the Bond Trustee may refuse to carry out resolutions being in conflict with this Bond Agreement (or any other Finance Document) or any applicable law.
- 15.3.8 The Issuer, the Bondholders and the Exchange shall be notified of resolutions passed at the Bondholders' Meeting.
- 15.4 **Repeated Bondholders' meeting**
- 15.4.1 If the Bondholders' Meeting does not form a quorum pursuant to Clause 15.3.3, a repeated Bondholders' Meeting may be summoned to vote on the same matters. The attendance and the voting result of the first Bondholders' Meeting shall be specified in the summons for the repeated Bondholders' Meeting.
- 15.4.2 A valid resolution may be passed at a repeated Bondholders' meeting even though less than half (1/2) of the Voting Bonds are represented.

16. THE BOND TRUSTEE

16.1 The role and authority of the Bond Trustee

- 16.1.1 The Bond Trustee shall monitor the compliance by the Issuer of its obligations under this Bond Agreement and applicable laws and regulations which are relevant to the terms of this Bond Agreement, including supervision of timely and correct payment of principal or interest, (however, this shall not restrict the Bond Trustee from discussing matters of confidentiality with the Issuer), arrange Bondholders' Meetings, and make the decisions and implement the measures resolved pursuant to this Bond Agreement. The Bond Trustee is not obligated to assess the Issuer's financial situation beyond what is directly set out in this Bond Agreement.
- 16.1.2 The Bond Trustee may take any step it in its sole discretion considers necessary or advisable to ensure the rights of the Bondholders in all matters pursuant to the terms of this Bond Agreement and is entitled to rely on advice from professional advisors. The Bond Trustee may in its sole discretion postpone taking action until such matter has been put forward to the Bondholders' Meeting. The Bond Trustee is not obliged to take any steps to ascertain whether any Event of Default has occurred and until it has actual knowledge or express notice to the contrary the Bond Trustee is entitled to assume that no Event of Default has occurred.
- 16.1.3 The Bond Trustee may make decisions binding for all Bondholders concerning this Bond Agreement, including amendments to this Bond Agreement and waivers or modifications of certain provisions, which in the opinion of the Bond Trustee, do not materially and adversely affect the rights or interests of the Bondholders pursuant to this Bond Agreement.

- 16.1.4 The Bond Trustee may reach decisions binding for all Bondholders in circumstances other than those mentioned in Clause 16.1.3 provided that prior notification has been made to the Bondholders. Such notice shall contain a proposal of the amendment and the Bond Trustee's evaluation. Further, such notification shall state that the Bond Trustee may not reach a decision binding for all Bondholders in the event that any Bondholder submits a written protest against the proposal within a deadline set by the Bond Trustee. Such deadline may not be less than five Business Days following the dispatch of such notification.
- 16.1.5 The Bond Trustee may reach other decisions than set out in Clauses 16.1.3 or 16.1.4 to amend or rectify decisions which due to spelling errors, calculation mistakes, misunderstandings or other obvious errors do not have the intended meaning.
- 16.1.6 The Bond Trustee may not adopt resolutions which may give certain Bondholders or others an unreasonable advantage at the expense of other Bondholders.
- 16.1.7 The Issuer, the Bondholders and the Exchange shall be notified of decisions made by the Bond Trustee pursuant to Clause 16.1 unless such notice obviously is unnecessary.
- 16.1.8 The Bondholders' Meeting can decide to replace the Bond Trustee without the Issuer's approval, as provided for in Clause 15.3.5.
- 16.1.9 The Bond Trustee may act as bond trustee and/or security agent for several bond issues relating to the Issuer notwithstanding potential conflicts of interest. The Bond Trustee may delegate exercise of its powers to other professional parties.
- 16.1.10 The Bond Trustee may instruct the Paying Agent to split the Bonds to a lower denomination in order to facilitate partial redemptions or restructuring of the Bonds or other situations.
- 16.2 Liability and indemnity**
- 16.2.1 The Bond Trustee is liable only for direct losses incurred by Bondholders or the Issuer as a result of gross negligence or wilful misconduct by the Bond Trustee in performing its functions and duties as set out in this Bond Agreement. Such liability is limited to the maximum amount set out in Clause 2.2. The Bond Trustee is not liable for the content of information provided to the Bondholders on behalf of the Issuer.
- 16.2.2 The Issuer is liable for, and shall indemnify the Bond Trustee fully in respect of, all losses, expenses and liabilities incurred by the Bond Trustee as a result of negligence by the Issuer (including its directors, management, officers, employees, agents and representatives) to fulfil its obligations under the terms of this Bond Agreement and any other Finance Document, including losses incurred by the Bond Trustee as a result of the Bond Trustee's actions based on misrepresentations made by the Issuer in connection with the establishment and performance of this Bond Agreement and any other Finance Document.
- 16.2.3 The Bond Trustee can as a condition for carrying out an instruction from the Bondholders (including, but not limited to, instructions set out in Clause 14.3(a) or 15.2.1(b), require satisfactory security and indemnities for any possible liability and anticipated costs and expenses, from those Bondholders who requested that instruction and/or those who voted in favour of the decision to instruct the Bond Trustee. Any instructions from the

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Bondholders may be put forward to the Bondholders' Meeting by the Bond Trustee before the Bond Trustee takes any action.

16.3 Change of Bond Trustee

16.3.1 Change of Bond Trustee shall be carried out pursuant to the procedures set out in Clause 15. The Bond Trustee shall continue to carry out its duties as bond trustee until such time that a new Bond Trustee is elected.

16.3.2 The fees and expenses of a new bond trustee shall be covered by the Issuer pursuant to the terms set out in Clause 13, but may be recovered wholly or partially from the Bond Trustee if the change is due to a breach by the Bond Trustee of its duties pursuant to the terms of this Bond Agreement or other circumstances for which the Bond Trustee is liable.

16.3.3 The Bond Trustee undertakes to co-operate so that the new bond trustee receives without undue delay following the Bondholders' Meeting the documentation and information necessary to perform the functions as set out under the terms of this Bond Agreement.

17. MISCELLANEOUS

17.1 The community of Bondholders

By virtue of holding Bonds, which are governed by this Bond Agreement (which pursuant to Clause 2.1.1 is binding upon all Bondholders), a community exists between the Bondholders, implying, inter alia, that:

- (a) the Bondholders are bound by the terms of this Bond Agreement;
- (b) the Bond Trustee has power and authority to act on behalf of, and/or represent; the Bondholders, in all matters, included but not limited to taking any legal or other action, including enforcement of the Bond Issue and/or any Security, opening of bankruptcy or other insolvency proceedings;
- (c) the Bond Trustee has, in order to manage the terms of this Bond Agreement, access to the Securities Depository to review ownership of Bonds registered in the Securities Depository; and
- (d) this Bond Agreement establishes a community between Bondholders meaning that:
 - (i) the Bonds rank pari passu between each other;
 - (ii) the Bondholders may not, based on this Bond Agreement, act directly towards the Issuer and may not themselves institute legal proceedings against the Issuer, however not restricting the Bondholders to exercise their individual rights derived from this Bond Agreement;
 - (iii) the Issuer may not, based on this Bond Agreement, act directly towards the Bondholders;
 - (iv) the Bondholders may not cancel the Bondholders' community; and
 - (v) the individual Bondholder may not resign from the Bondholders' community.

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17.2 Limitation of claims

All claims under the Bonds and this Bond Agreement for payment, including interest and principal, shall be subject to the time-bar provisions of the Norwegian Limitation Act of May 18, 1979 No. 18.

17.3 Access to information

17.3.1 This Bond Agreement is available to anyone and copies may be obtained from the Bond Trustee or the Issuer. The Bond Trustee shall not have any obligation to distribute any other information to the Bondholders or others than explicitly stated in this Bond Agreement. The Issuer shall ensure that a copy of this Bond Agreement is available to the general public until all the Bonds have been fully discharged.

17.3.2 The Bond Trustee shall, in order to carry out its functions and obligations under this Bond Agreement, have access to the Securities Depository for the purposes of reviewing ownership of the Bonds registered in the Securities Depository.

17.4 Amendments

All amendments of this Bond Agreement shall be made in writing, and shall unless otherwise provided for by this Bond Agreement, only be made with the approval of all parties hereto.

17.5 Notices, contact information

17.5.1 Written notices, warnings, summons etc to the Bondholders made by the Bond Trustee shall be sent via the Securities Depository with a copy to the Issuer and the Exchange. Information to the Bondholders may also be published at Stamdata only. Any such notice or communication shall be deemed to be given or made as follows:

- (a) if by letter via the Securities Depository, when sent from the Securities Depository; and
- (b) if by publication on Stamdata, when publicly available.

17.5.2 The Issuer's written notifications to the Bondholders shall be sent via the Bond Trustee, alternatively through the Securities Depository with a copy to the Bond Trustee and the Exchange.

17.5.3 Unless otherwise specifically provided, all notices or other communications under or in connection with this Bond Agreement between the Bond Trustee and the Issuer shall be given or made in writing, by letter, e-mail or fax. Any such notice or communication shall be deemed to be given or made as follows:

- (a) if by letter, when delivered at the address of the relevant Party;
- (b) if by e-mail, when received; and
- (c) if by fax, when received.

17.5.4 The Issuer and the Bond Trustee shall ensure that the other party is kept informed of changes in postal address, e-mail address, telephone and fax numbers and contact persons.

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17.5.5 When determining deadlines set out in this Bond Agreement, the following shall apply (unless otherwise stated):

- (a) If the deadline is set out in days, the first day when the deadline is in force shall not be inclusive, however, the meeting day or the occurrence the deadline relates to, shall be included.
- (b) If the deadline is set out in weeks, months or years, the deadline shall end on the day in the last week or the last month which, according to its name or number, corresponds to the first day the deadline is in force. If such day is not a part of an actual month, the deadline shall be the last day of such month.
- (c) If a deadline ends on a day which is not a Business Day, the deadline is postponed to the next Business Date.

17.6 Dispute resolution and legal venue

17.6.1 This Bond Agreement and all disputes arising out of, or in connection with this Bond Agreement between the Bond Trustee, the Bondholders and the Issuer, shall be governed by Norwegian law.

17.6.2 All disputes arising out of, or in connection with this Bond Agreement between the Bond Trustee, the Bondholders and the Issuer, shall, subject to paragraph c) below, be exclusively resolved by the courts of Norway, with the District Court of Oslo as sole legal venue.

17.6.3 Clause 17.6.2 is for the benefit of the Bond Trustee only. As a result, the Bond Trustee shall not be prevented from taking proceedings relating to a dispute in any other courts with jurisdiction. To the extent allowed by law, the Bond Trustee may take concurrent proceedings in any number of jurisdictions.

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SIGNATORIES

Volstad Shipping AS
Issuer



Name: Torstein Heggstad
Title: Attorney-in-Fact

Nordic Trustee ASA
Bond Trustee



Name:
Title: **Olav Slagsvold**