

Denne meldingen til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst kontakt Nordic Trustee AS.

To the bondholders in:

ISIN: NO 001068432.7 – 7.5 per cent. BassDrill Alpha Ltd. Senior Secured Callable Bond Issue 2013/2018

ISIN: NO 001 079327.6 – 7.0 per cent BassDrill Alpha Ltd. Senior Unsecured Open Bond Issue 2017/2019

Oslo, 8 May 2018

NOTICE OF A WRITTEN BONDHOLDERS' RESOLUTION: SALE OF THE BASSDRILL ALPHA

Nordic Trustee AS (the "**Bond Trustee**") acts as bond trustee for the bondholders (the "**Bondholders**") in the "7.5 per cent. BassDrill Alpha Ltd. Senior Secured Callable Bond Issue 2013/2018" - ISIN: NO 001068432.7 (the "**Senior Bond Issue**") and the "7.0 per cent. BassDrill Alpha Ltd. Senior Unsecured Open Bond Issue 2017/2019" - ISIN: NO 001079327.6 (the "**Super Senior Bond Issue**" and together with the Senior Bond Issue, the "**Bond Issues**"), issued by BassDrill Alpha Ltd., Bermuda (the "**Issuer**").

All capitalised terms used herein and not otherwise defined in this summons (the "**Summons**") shall have the meanings assigned thereto in the bond agreement for the Senior Bond Issue dated 3 July 2013 (as amended and amended and restated) (the "**Senior Bond Agreement**") or in the bond agreement for the Super Senior Bond Issue dated 15 June 2017 (the "**Super Senior Bond Agreement**", and together with the Senior Bond Agreement, the "**Bond Agreements**").

The Issuer has requested the Bond Trustee to issue this request for a written Bondholders' resolution pursuant to Clause 16.5 (*Written Resolution*) under each of the Bond Agreements to consider the approval of the Proposal, as further set out below.

The information in this Summons regarding the Issuer and market conditions is provided by the Issuer, and the Bond Trustee expressly disclaims any liability whatsoever related to such information.

1. BACKGROUND

Following completion of the restructuring of the Issuer in late 2016 (the "**Restructuring**"), the Issuer has continued to pursue a full range of options to deploy the BassDrill Alpha (the "**Rig**") or to achieve a return for its stakeholders (including the Bondholders) via a sale process.

Despite continuing improvements in oil prices since late 2016, it has become clear following discussions with oil players that there are no opportunities to redeploy the Rig in the near to mid-term in West Africa or elsewhere.

Pursuant to the terms of the Restructuring, the Secured Bondholders approved the issuance of up to USD 10 million super senior bonds to fund the ongoing expenses of maintaining the Rig. In June 2017, the Issuer issued USD 5 million of super senior bonds in the Super Senior Bonds Issue.

Given the significant cost of keeping the Rig warm-stacked at USD 300,000 – 400,000 per month, it has become untenable to maintain the Rig in its current state due to the deteriorating cash position of the Issuer. It is estimated that at the current run rate, the Issuer will run out of cash in June or July 2018.

To address the deteriorating cash position, the Issuer accelerated its efforts to find ways to maximize value and optionality for its stakeholders, which included pursuing the following:

- (a) trade sale – further details provided below;
- (b) cold stacking in West Africa, Spain or the US – whilst this option would significantly reduce maintenance costs, it is unfeasible as the cost to move the Rig is in the region of USD 1.5 million, and current reactivation cost in the range of USD 7 – 10 million;
- (c) sale to a scrapper – whilst the Issuer received offers from scrappers in the USD 300,000 - 400,000 range, these are inferior compared to the trade offers (details provided below).

In pursuing a trade sale, the Issuer engaged Arctic Offshore in December 2017, an experienced and specialized offshore asset broker, who approached more than 140 parties. The Issuer in parallel also had discussions with an oil major, but unfortunately this did not result in an offer.

The trade sale process has yielded a few offers with varying conditionality attached. These were presented to the board of directors of the Issuer for consideration. Having evaluated the various offers, the board has approved the offer submitted by Sirius Offshore Plc, who has submitted an offer for an undisclosed purchase price (the "**Purchase Price**") with no requirement for inspection of the Rig. The board considered that this offer provides the most certainty in terms of execution and the Purchase Price comparable to the other offers received. It is noted that the sale requires the approval of the Bondholders.

Following the sale of the Rig, the Issuer proposes to proceed with a solvent liquidation of the Issuer, the Parent and HoldCo, and to distribute all remaining assets of the Issuer to the Bondholders as full and final settlement under the Bond Issues.

Based on the Purchase Price, it is expected that the holders of the Senior Bonds will receive no recoveries, and holders of the Super Senior Bonds will not obtain a full recovery (such recoveries to be determined after costs associated with the sale of the Rig and winding up the operations of the Issuer, the Parent and HoldCo are ascertained).

Any Bondholder who requires information about the Purchase Price may contact the Bond Trustee with a verification of their bondholding in the Bond Issue(s), after which such Bondholder will receive information about the Purchase Price on a strictly confidential basis. By receiving information about the Purchase Price from the Bond Trustee, the relevant Bondholder assumes a duty to the Issuer to keep such information strictly confidential and not disclose it to any other person.

2. **THE PROPOSED RESOLUTION**

2.1 The Issuer requests that the Bondholders adopt the following resolution (the "**Proposed Resolution**"):

- (a) to approve and authorise the sale of the Rig to Sirius Offshore Plc at the Purchase Price (the "**Sale**");
- (b) to instruct the Bond Trustee (in consultation with Mr. Nicholas Dunstone and its advisers) to do all things and take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the implementation of the Sale, including without limitation:
 - (i) authorising and approving the final terms of, and entering into, any and all documentation and agreements deemed necessary or desirable by the Bond Trustee in connection with the implementation of the Sale;
 - (ii) negotiating and approving the final terms of, entering into and, where relevant, amending, documentation and agreements as may be necessary or desirable in order to effect the release of the Mortgage and any other Security Interests (as defined in the Senior Bond Agreement) and the Escrow Account Pledge (as defined in the Super Senior Bond Agreement) that is required to be released for the purpose of the sale of the Rig;
 - (iii) taking all such steps as may be necessary or desirable to effect the Sale; and
 - (iv) taking any and all steps and actions expressly or impliedly required to be taken or that it would be desirable to take in order to implement the Sale, including, without limitation, negotiating, documenting and entering into legal agreements, granting amendments and waivers and giving instructions, consents, approvals and directions as required or desirable;
- (c) to waive the requirements set forth in clauses 13.4 (d) (*Reserve Account*), which require the Issuer to ensure that the amount standing on the Reserve Account at all times equals a minimum of USD 1 million;
- (d) to waive the requirement that the Issuer redeems all the Outstanding Bonds upon receipt of the proceeds following the sale of the Rig set forth in clauses 10.3.1 (subject to item (h) and (i) below);
- (e) irrespective of the provisions of the Bond Agreements, to approve the liquidation of the Issuer, the Parent and HoldCo;
- (f) to waive any Event of Default resulting from the taking of any steps contemplated by and consistent with the Proposed Resolution;
- (g) to approve that the Issuer may apply its part of the proceeds from the Sale (net of commissions, brokerage fees, transportation and other costs) and/or the

amount standing to the credit of its accounts (including the Accounts) to cover the costs and expenses required for completing the Sale and/or the liquidation of the Issuer, the Parent and HoldCo, including, without limitation, the costs of the Bond Trustee and its advisers (collectively, the "**Liquidation Costs**");

- (h) to approve that the Issuer, upon the liquidation of the Issuer, shall redeem all the Outstanding Bonds under the Super Senior Bond Issue in full by paying to the Bondholders in the Super Senior Bond Issue all funds that remain for distribution in the Issuer after the Liquidation Costs have been paid;
- (i) to approve that the Issuer, upon the liquidation of the Issuer, shall redeem all the Outstanding Bonds under the Senior Bond Issue in full for nil consideration; and
- (j) to agree that the Bond Trustee (in consultation with Mr. Nicholas Dunstone and its advisers) may exercise (or refuse to exercise) any discretion, consent or approval required or contemplated in connection with the matters referred to in this Summons, and that neither the Bond Trustee nor the Bondholders shall have any liability whatsoever to any Bondholder or any other person in connection with the exercise (or non-exercise) of any such discretion which is exercised in good faith.

2.2 Implementation of the Proposed Resolution shall be subject to, and will only be effective upon, the following having taken place no later than 30 June 2018:

- (a) the Proposed Resolution having been duly approved by the necessary majority of Voting Bonds in each of the Bond Issues; and
- (b) all necessary corporate resolutions of the Issuer for completion of the Sale having been duly made.

3. **BONDHOLDER SUPPORT**

The Issuer has informed the Bond Trustee that Bondholders holding more than 67.02% of the Outstanding Bonds in the Senior Bond Issue and Bondholders holding more than 99.85% of the Outstanding Bonds in the Super Senior Bond Issue have indicated that they support and will vote their Voting Bonds in favour of adopting the Proposal.

4. **FURTHER INFORMATION**

For further questions to the Bond Trustee, please contact: Morten Sannes Bredesen or Ellen Søiland at mail@nordictrustee.com or +47 22 87 94 00.

5. **NON-RELIANCE**

The Proposal is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee and nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee. The Bondholders must independently evaluate the Proposal and vote accordingly. It is recommended that the

Bondholders seek counsel from their legal, financial and tax advisers regarding the effect of the Proposal.

6. **WRITTEN BONDHOLDERS' RESOLUTION**

Bondholders are hereby provided with a voting request for a Bondholders' written resolution pursuant to Clause 16.5 of each of the Bond Agreements. 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 mail, courier or e-mail to the address indicated in the enclosed form ("**Voting Form**") no later than 15 May 2018 at 13.00 hours (Oslo time) (the "**Voting Deadline**").

Notwithstanding the Voting Deadline, and subject to the provisions of Clause 16.5 of each 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 (which, for the avoidance of doubt is 2/3 of the Voting Bonds in each Bond Issue pursuant to Clause 16.3.5 of each of the Bond Agreement) 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 the Bonds have been transferred to a new owner after voting is conducted, the new Bondholders shall accordingly not be entitled to vote.

If the Proposed Resolution is not adopted, each of the Bond Agreements will remain unchanged.

Yours sincerely,
Nordic Trustee AS



Ellen Sjøland

Enclosed:

Schedule 1: Voting Form

**Schedule 1
Voting Form**

ISIN: NO 001 068432.7 – 7.5 per cent. BassDrill Alpha Ltd. Senior Secured Callable Bond Issue 2013/2018

ISIN: NO 001 079327.6 – 7.0 per cent BassDrill Alpha Ltd. Senior Unsecured Open Bond Issue 2017/2019

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

1. The Proposed Resolution as defined in the notice for written resolution dated 8 May 2018

☐ **In favour** of the Proposed Resolution

☐ **Against** the Proposed Resolution

ISIN NO 001 068432.7	Amount of bonds owned
ISIN NO 001 079327.6	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/VPS¹, verifying our bondholding in the Bond Issue(s) as of _____

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

NORDIC TRUSTEE

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.

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Place, date

Return:

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

Telefax: +47 22 87 94 10

Tel: +47 22 87 94 00

mailto:mail@nordictrustee.no

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Authorised signature