

## Oro Negro Announces Debt Restructuring Proposal

**Mexico City, Mexico. August 28, 2017.** Pursuant to the terms of the amended and restated bond agreement between Oro Negro Drilling Pte. Ltd. (the “Company”) and Nordic Trustee ASA, as trustee of the holders (the “Bondholders”) of the 7.50% Oro Negro Drilling Pte. Ltd. Senior Secured Bond Issue 2014/2019, the Company is pleased to present to Bondholders a debt restructuring proposal to address the series of amendments requested by Petróleos Mexicanos (“Pemex”) to the drilling contracts for the Primus, Laurus, Fortius, Decus and Impetus rigs operated by Perforadora Oro Negro, S. de R.L. de C.V., an affiliate of the Company, and disclosed by the Company in a press release dated August 11, 2017. In the interest of engaging in immediate discussions and full transparency, the Company is making the proposal available to all Bondholders.

In light of the permanent nature of the proposed changes and the need to create a sustainable capital structure, we are proactively exploring ways to restructure our debt obligation. While we are in good faith negotiations with Pemex on definitive documentation to ensure the proposed terms are accurately reflected in the amendment, these changes are not in the best interest of the company without permanent changes to our capital structure.

We have designed a proposal to exchange our existing senior notes for a package of new securities, including new senior notes, new preferred equity, new common equity, cash and the Primus rig. The exchange package is intended to create a sustainable balance sheet for the company, while providing existing senior noteholders with a fixed value component at a premium to current market value (expected valuation under alternative scenarios), while allowing Bondholders to retain their senior position in the capital structure with significant downside protection and the potential to benefit from any upside.

Attached as Exhibit A hereto is a presentation with details on the Company’s proposal.

We would like to meet with Bondholders to discuss the proposal. Bondholders who are interested in meeting with us or have questions regarding the proposal may contact Miguel Angel Villegas by email at [mvillegas@oronegro.com](mailto:mvillegas@oronegro.com).

*This notice shall not constitute an offer to sell or the solicitation of an offer to buy securities nor shall there be any sale of securities in any jurisdiction in which such solicitation or sale would be unlawful prior to registration or qualification of these securities under the laws of any such jurisdiction.*





Exhibit A

# Restructuring Proposal

August 28, 2017

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› redefiniendo lo posible  
redefining what is possible ◀

# Restructuring Term Sheet

		Description
Treatment of Senior Notes	New Senior Notes	<ul style="list-style-type: none"> <li>• Face amount: \$300 million</li> <li>• Coupon: 8.25%</li> <li>• Ranking / Security: senior secured</li> <li>• Maturity: 5 years from closing date</li> </ul>
	New Preferred Equity	<ul style="list-style-type: none"> <li>• Face amount: \$150 million</li> <li>• Coupon: 12.00%, with PIK toggle function                             <ul style="list-style-type: none"> <li>– Payable in cash or in kind at Company's election</li> <li>– Company may optionally redeem at par (no prepayment penalty) on an annual basis commencing December 2018</li> <li>– Cash interest and optional redemption subject to maintaining \$20 million minimum cash balance</li> </ul> </li> <li>• Maturity: 6 years from closing date</li> </ul>
	Primus Rig	<ul style="list-style-type: none"> <li>• Primus rig, or economic interests therein, transferred to Noteholders</li> </ul>
	Cash Payment	<ul style="list-style-type: none"> <li>• Amount: \$30 million, paid from balance sheet cash</li> </ul>
	New Common Equity	<ul style="list-style-type: none"> <li>• 10% of the pro forma common equity<sup>(1)</sup></li> </ul>
Treatment of Existing Equity	New Common Equity	<ul style="list-style-type: none"> <li>• 90% of the pro forma common equity<sup>(1)</sup></li> </ul>
Governance		<ul style="list-style-type: none"> <li>• Status quo, provided that New Preferred Equity appoints one board member</li> </ul>
Other		<ul style="list-style-type: none"> <li>• Management Incentive Plan: TBD</li> <li>• Timing of public offering: TBD</li> </ul>