

LISTING DOCUMENT

ISIN: NO 001 063322.5

Deep Drilling 1 Pte. Ltd.
as Issuer

and

Deep Drilling Invest Pte. Ltd.
as Guarantor

Singapore, 7 June 2012

Important Information

This Listing Document has been prepared in connection with an application of listing of the Issuer's bond loan with ISIN NO 001 063322.5 (the "Bonds") at the Oslo ABM. The Oslo ABM has verified and warrants that the contents of this Listing Document are in accordance with the ABM rules. The information included in this Listing Document is as at the date hereof. Any publication or distribution of this Listing Document subsequent to the date hereof shall not be taken as a representation that the information included herein is still correct and accurate.

This Listing Document is subject to the laws of the Kingdom of Norway, unless otherwise specified. Any dispute arising in respect of this Listing Document is subject to the exclusive jurisdiction of the Norwegian courts.

The Bonds issuance was managed by Pareto Securities AS and Pareto Securities Asia Pte. Ltd. (the "Manager").

This Listing Document does not constitute a prospectus as defined in the Prospectus Directive (Directive 2003/71/EC), and has not been prepared to comply with the Prospectus Directive or the EC Commission Regulation nr. 809/2004, nor with any national rules and regulations relating to prospectuses, including but not limited to Chapter 7 of the Norwegian Securities Trading Act of 29 June 2007 no. 75. This Listing Document has not been reviewed by or approved by the Norwegian Financial Supervisory Authority (*Finanstilsynet*) or any other public authority.

This Listing Document has not been registered as a prospectus with the Monetary Authority of Singapore, and has not and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any other financial authority.

Distribution of this Listing Document may be restricted by local securities legislation and failure to comply with these restrictions may constitute a violation of applicable securities legislation. Persons into whose possession this Listing Document may come are required to inform themselves about, and to observe, all such restrictions. The Issuer, the Guarantor and the Manager shall not be held responsible or liable for any violation of such restrictions by recipients of this Listing Document.

This Listing Document does not constitute an offer to any person or a solicitation of the public in general to subscribe for, or otherwise acquire, the Bonds.

This Listing Document has been prepared by the Issuer with assistance from the Manager.

The contents of this Listing Document are not to be construed as legal, credit, business or tax advice. Each recipient should therefore consult with his or her own legal, credit, business or tax advisor as to legal, credit, business and tax advice.

A copy of this Listing Document may be obtained from contacting the Issuer.



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1. Statement of Responsibility

The Guarantor and the Issuer hereby confirm that to the best of their knowledge the information contained in the Listing Document is as the date hereof in all material respects in accordance with facts, and contains no omissions likely to materially affect the contents of this Listing Document and which may materially influence the assessment of the Issuer and the Guarantor.

Singapore 7 June 2012

<p>The board of directors of (SIGN)  Deep Drilling (HONG KONG) LTD the Issuer</p>	<p>The board of directors of (SIGN)  Deep Drilling (HONG KONG) LTD the Guarantor</p>
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2. Information about the Issuer

General

Deep Drilling 1 Pte Ltd (“Deep Drilling 1” or the “Issuer”) with Singapore registration number 200400179N is an offshore drilling services company whose principal business activities are, providing drilling services to customers engaged in the exploration, development and production of hydrocarbon reserves. Deep Drilling 1 currently owns one modern premium jack-up rig constructed in PPL shipyard, Singapore, (“Deep Driller 1” or the “Rig), currently operating in India for Gujarat State Petroleum Corporation Ltd.

Deep Drilling 1 was incorporated on 6 January 2004 in Singapore as a private limited company (registration number 200400179N). The Issuer’s registered address is 6 Temasek Boulevard, #28-01, Suntec Tower Four, Singapore (038986); Phone: + 65 65001300, Fax: + 65 62948540. The management of the Issuer is based in Singapore. The Issuer is a wholly owned subsidiary of the Guarantor.

As of the date of this Listing Document, the Issuer has 135,483,562 common shares issued and outstanding with an aggregate paid up capital of USD 135,438,562. 100% of the shares are owned by the Guarantor, and the Issuer owns no subsidiaries.

There are currently no outstanding convertible loans, warrants, options or other instruments which give the holder a right to require the Issuer to issue any further shares.

Deep Drilling 1 is subject to the legislation of Singapore.

Deep Driller 1

Deep Driller 1 was constructed by the PPL Shipyard in Singapore and delivered in May 2006. The Rig is suitable for operations in most parts of the world.

The key specifications of the Rig are provided below:

Year Built	:	5/2006
Design	:	Backer Marine Pacific Class 375
Maximum Operating Water Depth	:	375 ft.
Maximum Drilling Depth	:	30,000 ft.
Classification	:	American Bureau of Shipping

The Rig is top of its class, and is both maintained and insured to international standards.

The operating structure of the Issuer

The Issuer currently has 112 employees who are responsible for the operation of the Rig. Most of the employees are employed on a permanent basis, but with an option for termination at one months' notice from either side.

In addition, the Issuer has entered into an agreement with the Guarantor, in which the latter provides the Issuer with certain services, such as assistance in purchase of spare parts and consumable stores, providing required manpower (at Issuer's cost) to manage the Issuer's Rig operations for USD 18,000 per month.

The Issuer has also entered into a management services agreement with Aban Singapore Pte. Ltd. ("Aban Singapore"), where Aban Singapore undertakes to provide the Issuer with certain services such as accounting, financial reporting, budget preparation, management of Issuer's funds and investments, assistance in tax matters, marketing & contracting, and reporting to various government and statutory authorities etc. for USD 75,000 per month.

3. Information about the Guarantor

General

Deep Drilling Invest Pte. Ltd ("Deep Drilling Invest" or the "Guarantor") with Singapore registration number registration no. 200400177M is the immediate 100% holding company of the Issuer and seven other rig owning companies, each owning one jack-up rig. The company was incorporated on 6 January 2004 in Singapore as a private limited company (registration number 200400179N). The Guarantor's registered address is 6 Temasek Boulevard, #28-01, Suntec Tower Four, Singapore (038986); Phone: + 65 65001300, Fax: + 65 62948540. The management of the Guarantor is based in Singapore.

The Guarantor has been wholly owned by Aban Singapore through intermediaries since its acquisition of Sinvest AS ("Sinvest"), which was completed in March 2007. Sinvest was a listed company in Norway until March 2007 but Sinvest was delisted immediately upon the completion of this acquisition.

The Guarantor's rig fleet

Jack-up Rigs	Year Built	Design / Type	Water Depth to the Wellhead (ft)	Drilling Depth to the Oil Field (ft)	Customer / End User	Day Rate to Rig Owning Companies (USD)	Contract End	Options (Post Contract End)	Location
Deep Driller 1	2006	Baker Marine Pacific Class 375	375	30,000	Gujarat State Petroleum Corporation	107,500	Dec 2012	1 or 3 years	India

Deep Driller 2	2006	KFELS Super B Class	350	35,000	Aban Singapore / NIDC	154,840	Sep 2012	N/A**	Iran
Deep Driller 3	2007	KFELS Super B Class	350	35,000	Petronas Carigali	165,000	Sep 2012	N/A	Malaysia
Deep Driller 4	2007	Baker Marine Pacific Class 375	375	30,000	Aban Singapore / IOOC	154,840	Sep 2012	N/A**	Iran
Deep Driller 5	2007	KFELS Super B Class	350	35,000	Aban Singapore / IOOC	154,840	Sep 2012	N/A**	Iran
Deep Driller 6	2008	KFELS Super B Class	350	35,000	Petro Pars	125,000	May 2014	6 wells	Iran
Deep Driller 7	2008	Baker Marine Pacific Class 375	375	30,000	Deep Driller Mexico / Pemex	79,200*	Nov 2012	N/A	Mexico
Deep Driller 8	2009	KFELS Super B Class	350	35,000	Aban Singapore / Brunei Shell	66,300*	Sep 2014	4 x 1 year	Brunei

* Denotes Bareboat rate

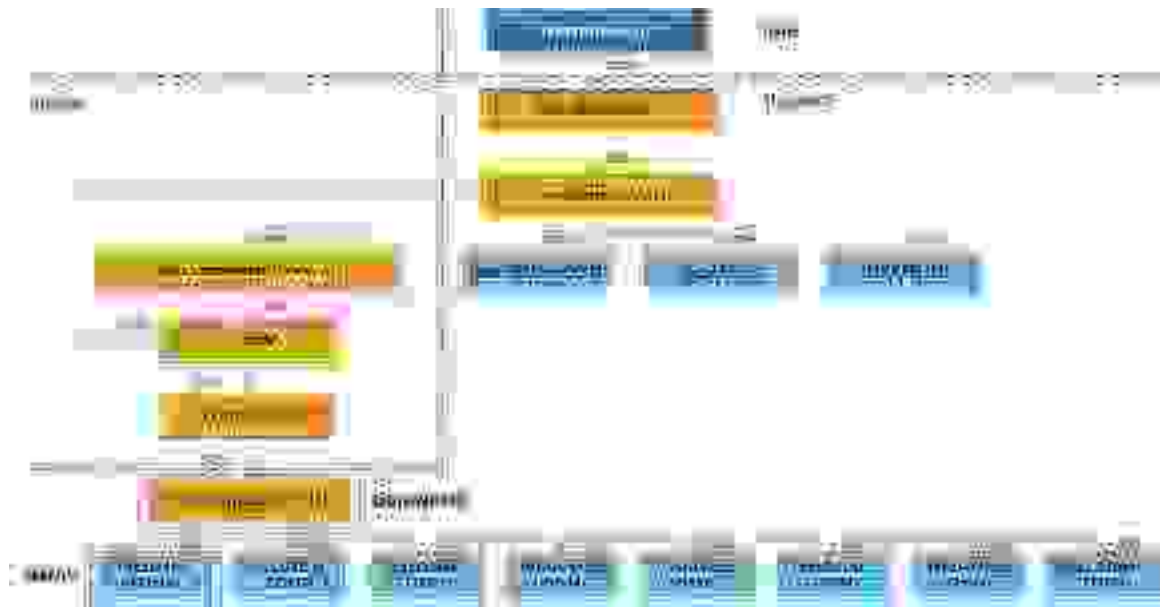
**Unpriced extension possibility is available for the end user

The operating structure of the Guarantor

The Guarantor currently has 750 employees (consolidated). Most of the employees are employed through the Guarantor's wholly owned subsidiaries on a permanent basis, but with an option for termination at 1 months' notice from either side.

The Guarantor has entered into a management services agreement with Aban Singapore, where Aban Singapore undertakes to provide the Guarantor with certain services such as accounting, financial reporting, budget preparation, management of Guarantor's funds and investments, assistance in tax matters, marketing & contracting, and reporting to various government and statutory authorities etc. for USD 75,000 per month.

Organization Chart of the Aban Group



4. Board, management and employees

Key executives at Aban Singapore level

Mr. Larry Albert Noel Austin is Aban Singapore's operations manager – jack-up rigs. He is a graduate in electrical engineering from the Northern Alberta Institute, Canada. He is well experienced in offshore and drilling sector, having worked in leading companies like Global Santa Fe, Seadrill, Smedvig, Tera Nova and Texaco Global in a career spanning 31 years. He is responsible for the operations of all the jack-up rigs of the Group.

Mr. Adrian Gray is Aban Singapore's QC – HSE Manager. He is a graduate in business administration from the Royal Military College, United Kingdom with over 37 years of experience in the drilling industry in the fields of compliance, quality, health and safety. He was previously employed with IADC, Transocean and Amoco.

Mr. Narayan Venkatramanan is Aban Singapore's General Manger – Finance. He is a qualified chartered accountant with over 20 years of experience in accounts, taxation and finance. He graduated in 1982 from Osmania University with a Bachelor's degree in Commerce.

Mr. Alun Roberts is Aban Singapore's Operations Manager. He has over 40 years of experience in the drilling industry. Prior to Aban Singapore, he has worked with companies like Global Santa Fe, Transocean, Robertson Research and IDC.

Directors of the Issuer and the Guarantor

Set forth below are the names, ages and positions of the Issuer's and Guarantor's voting directors. The executive officers are appointed at Aban Singapore level and the Issuer and the Guarantor have entered into agreements with Aban Singapore for providing key services including accounting and marketing as explained elsewhere in this Listing Document.

Directors and executive officers				
<i>Name</i>	<i>Age</i>	<i>Position</i>	<i>Domicile</i>	<i>Nationality</i>
P. Venkateswaran	60	Director	Chennai, India	Indian
C.P. Gopalkrishnan	55	Director	Singapore	Singapore Permanent Resident
V. Sivaramakrishnan	61	Director	Singapore	Singaporean

Mr. P. Venkateswaran is a Director of the Issuer. He has graduated in Engineering from the Indian Institute of Technology, Chennai and has over 34 years of experience in operations. He is also a Deputy Managing Director of the ultimate parent company of the Aban Group.

Mr. C.P. Gopalkrishnan is a Director of the Issuer. He is a chartered accountant and a company secretary by qualification. He has over 28 years of experience in finance. He also holds a degree in law. He is also a Deputy Managing Director of the ultimate parent company of the Aban Group.

Mr. V. Sivaramakrishnan is a Director of the Issuer. He is a qualified chartered accountant with over 20 years of experience in the field of accounts, taxation and finance. He is a citizen of Singapore.

Senior management at the Rig

Mr. Tapan Jyoti Karmakar is the Rig Manager. He is a graduate in engineering and has more than 25 years of experience in the oil field services. Prior to joining Aban, he was employed with ONGC.

Mr. Vijay Kumar Chaudhary is the Offshore Installation Manager on the Rig. He has a diploma in Mechanical Engineering and has more than 25 years of experience in the oil field services. Prior to joining the Issuer, he has worked with Transocean, Pride and Seadrill.

Compensation of directors and senior management

All directors are non-executive directors. Neither the Issuer nor the Guarantor pays any remuneration to any of their directors. Most of the key officers are employed by Aban

Singapore and the Issuer and the Guarantor have management agreements with Aban Singapore.

5. Financial Information

The independent auditors of the Issuer and the Guarantor are Nexia TS Public Accounting Corporation located at 100 Beach Road, Shaw Tower, #30-00, Singapore 189702 and are Singapore Certified Public Accountants.

The auditors have not audited the information provided in the Listing Document.

The audited financials have been prepared according to Singapore Financials Reporting Standards (“FRS”). The fiscal year-end for the Issuer and the Guarantor is 31 March.

As of 31 December 2011, the Issuer’s share capital comprises of fully paid-up 135,483,562 ordinary shares with no par value amounting to total share capital of USD 135,483,562. Retained profits were USD 96,877,964 as of 31 December 2011.

As of 31 December 2011, the Guarantor’s unconsolidated share capital comprises of fully paid-up 642,840,939 ordinary shares with no par value amounting to total share capital of USD 642,840,939. Retained profits were USD 24,647,703 as of 31 December 2011.

Neither the Issuer nor the Guarantor is involved in any legal any legal disputes, arbitration proceedings, legal decisions, arbitration rulings or settlements not shown in the accounts appended to the Listing Document which have or may have a significant effect on the borrower’s financial position.

Issuer and the Guarantor have no new drilling rigs on order.

The Revenues and the Total Comprehensive Income (Loss) for the fiscal year ending march 31 2011 (audited) and the first three quarters of the fiscal year ending March 31 2011, are set forth below. Full audited annual reports and unaudited management accounts for the first three quarters of fiscal year 2012, are attached as an appendix to the Listing Document.

The Issuer

	Q1-Q3/2012	Mar 2011
Revenue	28,857,029	13,091,843
Total Comprehensive Income (Loss)	13,964,484	(4,931,879)

The revenues of the Issuer increased from USD 13.091 million in fiscal year 2011 to USD 28.857 million in Q1-Q3 2012, reflecting the operations of the rig Deep Driller 1 for the full period in Q1-Q3 2012 as compared to the operations of the rig for the 4 month period only during fiscal year 2011 (from Dec 2010). This trend is reflected in Total Comprehensive Income also. Deep Driller 1 was in full operation also in Q4 2012 (ending March 2012) and the revenue (and Total Comprehensive Income) for this last quarter is expected to continue mainly in line with the figures for Q1-Q3 2012.

*The Guarantor (unconsolidated)**

	Q1-Q3/2012	Mar 2011
Other Income / (Expenses) – Net	9,300,007	15,599,179
Total Comprehensive Income (Loss)	8,023,705	12,499,800

*The Guarantor will prepare audited consolidated annual statements starting fiscal year ending 31 March 2012.

The unconsolidated revenues of the Guarantor in the fiscal year 2011 and Q1-Q3 2012 comprised mainly of interest income and management fees. There was a marginal decrease in Q1-Q3 2012 compared to the fiscal year 2011 because of decrease in interest income.

The Guarantor (consolidated management accounts)

Profit & Loss		Mar-09	Mar-10	Mar-11	Sep-11
Revenue	USDm	384.3	272.8	346.8	189.2
Opex	"	(129.0)	(96.4)	(97.2)	(49.0)
EBITDA	"	255.3	176.3	249.6	140.2
Depreciation	"	(31.1)	(44.8)	(45.7)	(23.7)
Operating profit	"	224.2	131.6	203.9	116.5
Share of income (loss) in joint ventures	"	-	-	-	-
Net financial expenses	"	(28.1)	(28.4)	(8.4)	(7.1)
Other financial items	"	-	-	-	-
Profit (loss) before tax	"	196.0	103.2	195.5	109.5
Tax	"	(19.2)	(9.5)	(15.3)	(7.7)
Profit (loss) after tax	"	176.9	93.7	180.1	101.7

Balance Sheet		Mar-09	Mar-10	Mar-11	Sep-11
Fixed assets	USDm	1,101.5	1,060.1	1,026.0	1,014.3
Other non-current assets	"	668.9	314.5	599.2	717.9
Other current assets*	"	83.4	103.2	122.7	133.8
Cash and cash equivalents	"	16.7	1.5	13.9	2.8
Total assets	"	1,870.5	1,479.2	1,761.8	1,868.7
Shareholder's equity	USDm	998.7	1,101.2	1,281.4	1,383.1
Non-current interest bearing loans	"	295.4	328.2	391.7	429.2
Other non-current liabilities	"	439.5	-	-	-
Current interest bearing loans	"	52.1	-	43.0	-
Other current liabilities	"	84.8	49.8	45.7	56.5
Total equity and liabilities	"	1,870.5	1,479.2	1,761.8	1,868.7

(*) Includes restricted cash of USD 6.8 million, USD 5.5 million, USD 5.5 million and USD 5.7 million as of March 2009, March 2010, March 2011, and September 2011 respectively.

Cash Flow		Mar-09	Mar-10	Mar-11	Sep-11
Net cash provided by operating activities	USDm	240.2	130.6	215.3	124.0
Net cash used in investing activities	"	(452.7)	(222.9)	(348.9)	(130.8)
Net cash provided by financing activities	"	197.9	77.0	146.1	(4.4)
Net increase (decrease) in cash and cash equivalents	"	(14.6)	(15.3)	12.5	(11.1)
Cash and cash equivalents at beginning of period	"	31.3	16.7	1.5	13.9
Cash and cash equivalents at end of period	"	16.7	1.5	13.9	2.8

6. Attachments

Memorandum and Articles of Association for the Issuer

Memorandum and Articles of Association for the Guarantor

Unaudited management accounts for the Issuer for the period ending 31 December 2011

Audited Annual Report for the Issuer for fiscal year ending 31 March 2011

Unaudited management accounts for the Guarantor for the period ending 31 December 2011

Audited Annual Report for the Guarantor for fiscal year ending 31 March 2011

Copy of the signed loan agreement dated 20 December 2011

Memorandum & Articles of Association for the Issuer

THE COMPANIES ACT, CAP. 50

REPUBLIC OF SINGAPORE

PRIVATE COMPANY LIMITED BY SHARES

**Memorandum
and
Articles of Association**

of

DEEP DRILLING 1 PTE. LTD.

INCORPORATED ON THE 6TH DAY OF JANUARY 2004

ANNEXURE A

**DEEP DRILLING 1 PTE LTD
(the "Company")
(Incorporated in Singapore)**

On 16 November 2004 the following resolutions was duly passed:

**1. ORDINARY RESOLUTION
ADOPTION OF UNITED STATES CURRENCY IN SHARE CAPITAL**

It is RESOLVED that the Company hereby adopts the United States currency in the share capital of the Company.

**2. ORDINARY RESOLUTION
CHANGE OF CURRENCY IN AUTHORISED SHARE CAPITAL**


It is RESOLVED that the authorised share capital of the Company be hereby changed from S\$1,000,000 divided into 1,000,000 ordinary shares of S\$1.00 each to US\$606,060 divided into 606,060 ordinary shares of US\$1.00 each and that the Memorandum of Association be amended accordingly.

**3. SPECIAL RESOLUTION
AMENDMENT OF THE MEMORANDUM OF ASSOCIATION**

That the Memorandum of Association of the Company be amended by the substitution of the existing Clause 5 with the following new Clause 5:-

- "5. The capital of the Company is United States Dollars 606,060 divided into 606,060 ordinary shares of US\$1.00 each with power to increase or reduce the same and to issue any of the shares in the capital (original or increased) with or subject to any preferential, special or qualified rights or conditions as regards dividends, repayment of capital, voting or otherwise."

Confirmed by:



Finn Bjornstad
Director

This is the annexure marked "A" referred to in the notice of resolution signed by me on

ANNEXURE A

DEEP DRILLING 1 PTE LTD
(the "Company")
(Incorporated in Singapore)

On 16 November 2004 the following resolutions was duly passed:

1. ORDINARY RESOLUTION
INCREASE IN AUTHORISED SHARE CAPITAL


RESOLVED that the authorised share capital of the Company be and is hereby increased from US\$606,060 divided into 606,060 ordinary shares of US\$1.00 each to US\$10,000,000 divided into 10,000,000 ordinary shares of US\$1.00 each by the creation of an additional of 9,393,940 ordinary shares of US\$1.00 each and that the Memorandum of Association be amended accordingly.

2. SPECIAL RESOLUTION
AMENDMENT OF THE MEMORANDUM OF ASSOCIATION

That the existing Clause 5 of the Memorandum of Association of the Company be amended and substituted with the following new Clause 5 :-

"5. The capital of the Company is United States Dollars 10,000,000 (Ten Million) divided into 10,000,000 ordinary shares of US\$1.00 each with power to increase or reduce the same and to issue any of the shares in the capital (original or increased) with or subject to any preferential, special or qualified rights or conditions as regards dividends, repayment of capital, voting or otherwise."

Confirmed by:


.....
Finn Bjornstad
Director

This is the annexure marked "A" referred to in the notice of resolution signed by me on

THE COMPANIES ACT, CAP 50

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

DEEP DRILLING 1 PTE. LTD.

1. The name of Company is **DEEP DRILLING 1 PTE. LTD.**
2. The registered office of the Company will be situated in the Republic of Singapore.
3. The objects for which the Company is established are:
 - (a) To be in the business of owning, constructing, operating, running or managing any drilling unit or rigs or any other similar structures of any description."
 - (b) To acquire, hold or dispose of stock, shares and securities and any information or rights or property of any kind."
 - (c) To acquire, hold, dispose of or deal with the whole or any part of the undertaking of any other company, association or business."

- (d) To carry on business as chartering, forwarding and transport agents and as warehousemen and storers of goods, wares and merchandise of every kind and description.
- (e) To carry on in the Republic of Singapore or elsewhere the business of investment, and in particular to invest the monies of the Company in or otherwise to acquire and hold shares, stocks, debentures, debenture stock, scrip, loans, bonds, obligations, notes, securities and investments issued or guaranteed by any Company, corporation, association, body or trust constituted or carrying on business in any part of the world, and in the funds or loans or other securities and investments of or issued or guaranteed by any government, state, or dominion, public body or authority, supreme, municipal, local or otherwise.
- (f) To acquire any such shares, stocks, debentures, debenture stock, scrip, loan, bonds, obligations, notes, securities and investments by original subscription, tender, purchase, participation in syndicates, exchange or otherwise, and whether or not fully paid up, and to make payments thereon as called up or in advance of calls or otherwise, and to subscribe for the same either conditionally or otherwise, and to guarantee the subscription thereof, and to exercise and enforce all rights and powers conferred by or incident to the ownership thereof, and to vary or transpose by sale, exchange or otherwise from time to time as may be considered expedient any of the Company's investments for the time being.
- (g) To purchase, take on lease or in exchange or otherwise acquire by way of investment any lands and buildings and any estate, right or interest in and connected with any lands or buildings or both or any other form of real or personal property rights or privileges or any interest in the same.
- (h) To borrow or raise or secure the payment of money for the purposes of or in connection with the Company's business and for this purpose or any other purpose to mortgage and charge the undertaking and all or any of the real and personal property and assets, present or future, and all or any of the uncalled capital for the time being of the Company, and to issue at par or at a premium or discount, and for such consideration and with and subject to such rights, powers, privileges and conditions as may be thought fit, debentures or debenture stock either permanent or redeemable or repayable, and collaterally or further to secure any securities of the Company by a trust deed or other assurance.
- (i) To guarantee or become liable for the payment of money or the performance of any contracts or obligations by any person or persons or corporation.
- (j) To pay for any property or rights acquired by the Company, either in cash or fully or partly paid-up shares, with or without preferred or deferred or guaranteed rights in respect of dividend or repayment of capital or otherwise, or by any securities which the Company has power to issue, or partly in one mode and partly in another, and generally on such terms as the Company may determine.
- (k) To remunerate any person or Company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares in the Company's capital or any debentures, debenture stock or other securities

of the Company or in or about the information or promotion of the Company or the conduct of its business.

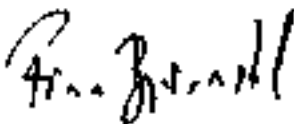

- (l) To accept payment for any property or rights sold or otherwise disposed of or dealt with by the Company, either in cash, by instalments or otherwise, or in fully or partly paid-up shares of any Company or corporation with or without deferred or preferred or guaranteed rights in respect of dividend or repayment of capital or otherwise, or in debentures or mortgage debentures or debenture stock, mortgages or other securities of any Company or corporation, or partly in one mode and partly in another, and generally on such terms as the Company may determine, and to hold and to dispose of or deal with any shares, stock or securities so acquired.
- (m) To transfer to, or otherwise cause to be vested in, any person or Company all or any of the property of the Company to be held in trust for the Company.
- (n) To support or subscribe to any charitable public or political institutions, clubs, societies or funds or to subscribe or guarantee money for any national, local, charitable, benevolent or public purpose, which may be considered likely directly or indirectly to further the objects of the Company or the interests of its members, and to grant pensions, allowances and gratuities to officers or ex-officers of the Company or to employees or ex-employees of the Company (including directors of the Company) or the dependants, relations or connections of any such persons.
- (o) To amalgamate with any other Company whose objects are or include objects similar to those of the Company, whether by sale or purchase (for fully or partly paid-up shares or otherwise) of the undertaking, subject to the liabilities, of this or any such other Company as aforesaid, with or without winding-up, or by sale or purchase (for fully or partly paid-up shares or otherwise) of all or a controlling interest in the shares or stock of this or any such other Company as aforesaid.
- (p) To distribute among the members in specie any property of the Company, or any proceeds of sale or disposal of any property of the Company, but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law.
- (q) To establish or promote any other Company whose objects shall include the taking over of any of the assets and liabilities of this Company or the promotion of which shall be calculated to advance its interest, and to acquire and hold any shares or securities of any such Company.
- (r) To cause the Company to be registered or recognised in any foreign country or place.
- (s) To do all such other things as are incidental or the Board of Directors may think conducive to the attainment of the above objects or any of them.

AND IT IS HEREBY DECLARED that the intention is that the objects specified in each of the paragraphs of this clause shall (except where otherwise expressed in such paragraph) be construed in the most liberal way and shall be in no way limited or restricted by reference to or inference from the terms of the first or any other paragraph or the name of the Company and the word "Company" in this clause except

where used in reference to this Company shall be deemed to include any partnership or other body of persons whether incorporated or not and whether domiciled in the Republic of Singapore or elsewhere and whether existing or hereafter to be formed.

4. The liability of the members is limited.
5. The capital of the Company is Singapore Dollars 1,000,000 (One Million) divided into 1,000,000 ordinary shares of S\$1.00 each with power to increase or reduce the same and to issue any of the shares in the capital (original or increased) with or subject to any preferential, special, or qualified rights or conditions as regards dividends, repayment of capital, voting or otherwise.

WE, whose names, addresses and descriptions are hereto subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names:-

Names, Addresses and Description of Subscribers	Number of Shares Taken by each Subscriber
<p data-bbox="327 705 550 846">Finn Bjornstad 47 Binjai Park Singapore 589847 Lawyer</p>  <p data-bbox="327 1019 550 1191">Jan Tomas Norrby Toppasveien 84 1352 Kolsas Norway Consultant</p> 	<p data-bbox="1061 705 1181 817">ONE (1) one (1)</p> <p data-bbox="1061 1019 1181 1131">ONE (1) one (1)</p>
<p data-bbox="327 1400 782 1444">Total Number of Shares Taken</p>	<p data-bbox="1093 1411 1212 1456">TWO (2)</p>

Dated this 6th day of January 2004

Witness to the above signatures:



.....
Loretta Wong
Sovereign Corporate Services (South East Asia) Pte Ltd
16 Upper Circular Road
Benning House, Level 4
Singapore 058414

THE COMPANIES ACT, (CAP. 50)
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
DEEP DRILLING 1 PTE. LTD.

Table "A" Excluded

1. The regulations in Table "A" in the Fourth Schedule to the Companies Act, (Cap. 50) shall not apply to the Company, except so far as the same are repeated or contained in these Articles.

Interpretation

2. In these Articles, unless the subject or context otherwise requires, the words standing in the first column of the table below shall bear the meanings set opposite to them respectively in the second column thereof: -

The Company:	DEEP DRILLING 1 PTE. LTD.
The Act:	The Companies Act (Cap. 50)
These Articles:	These articles of association as originally framed or as altered from time to time by special resolutions.
The directors:	The directors for the time being of the Company.
The office:	The registered office for the time being of the Company.
The seal:	The common seal of the Company.
The secretary:	Any person appointed to perform the duties of a secretary of the Company.

Words importing the singular number only shall include the plural number, and vice versa.

Words importing the masculine gender only shall include the feminine gender.

Words importing persons shall include corporations.

Expressions referring to writing shall, unless the contrary intention appears, be construed as including references to printing, lithography, photography and other modes of representing or reproducing words in a visible form.

Words or expressions contained in these Articles shall be interpreted in accordance with the provisions of the Interpretation Act, Cap. 1 and of the Act as in force at the date at which these Articles become binding on the Company.

Private Company

3. The Company is a private Company and accordingly:
 - (a) the right to transfer shares in the Company shall be restricted in manner hereinafter appearing;
 - (b) the number of members of the Company (counting joint holders of shares as one person and not counting any person in the employment of the Company or of its subsidiary or any person who while previously in the employment of the Company or of its subsidiary was and thereafter has continued to be a member of the Company) shall be limited to fifty;
 - (c) no invitation shall be made to the public to subscribe for any shares or debentures of the Company; and
 - (d) no invitation shall be made to the public to deposit money with the Company for fixed periods or payable at call, whether bearing or not bearing interest.

Share Capital And Variation of Rights

4. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the Act, shares in the Company may be issued by the directors and any such share may be issued with such preferred, deferred, or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise, as the directors, subject to any ordinary resolution of the Company, determine.
5. Subject to the Act, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed.
6. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of section 184 of the Act shall with such adaptations as are necessary apply.

7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking equally therewith.
8. The Company may exercise the powers of paying commissions conferred by the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the commission shall not exceed the rate of 10 per cent of the price at which the shares in respect of which the same is paid are issued or an amount equal to 10 per cent of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.
9. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future, or partial interest in any share or unit of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
10. Every person whose name is entered as a member in the register of members shall be entitled without payment to receive a certificate under the seal of the Company in accordance with the Act but in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

Lien

11. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all money (whether presently payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a first and paramount lien on all shares (other than fully paid shares) registered in the name of a single person for all money presently payable by him or his estate to the Company; but the directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a share shall extend to all dividends payable thereon.
12. The Company may sell, in such manner as the directors think fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy.
13. To give effect to any such sale the directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any

irregularity or invalidity in the proceedings in reference to the sale.

14. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

Calls on Shares

15. The directors may from time to time make calls upon the members in respect of any money unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, and each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the directors may determine.
16. A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed and may be required to be paid by instalments.
17. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
18. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding 8 per cent per annum as the directors may determine, but the directors shall be at liberty to waive payment of that interest wholly or in part.
19. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture, or otherwise shall apply as if the sum had become payable by virtue of a call duly made and notified.
20. The directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.
21. The directors may, if they think fit, receive from any member willing to advance the same all or any part of the money uncalled and unpaid upon any shares held by him, and upon all or any part of the money so advanced may (until the same would, but for the advance, become payable) pay interest at such rate not exceeding (unless the Company in general meeting shall otherwise direct) 8 per cent per annum as may be agreed upon between the directors and the member paying the sum in advance.

Transfer of Shares

22. Subject to these Articles any member may transfer all or any of his shares by instrument in writing in any usual or common form or in any other form which the directors may approve. The instrument shall be executed by or on behalf of the transferor and (except in the case of fully paid shares) the transferee, and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the register of members in respect thereof.
23. The instrument of transfer must be left for registration at the registered office of the Company together with such fee not exceeding \$50.00 as the directors from time to time may require accompanied by the certificate of the shares to which it relates and /or such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer, and thereupon the Company shall, subject to the powers vested in the directors by these Articles, register the transferee as a shareholder and retain the instrument of transfer.
24. The directors may decline to register any transfer of shares to a person of whom they do not approve and may also decline to register any transfer of shares on which the Company has a lien.
25. The registration of transfers may be suspended at such times and for such periods as the directors may from time to time determine not exceeding in aggregate thirty days in any year.

Transmission of Shares

26. In case of the death of a member, the survivor or survivors (where the deceased was a joint holder) and the legal personal representatives of the deceased (where he was a sole holder) shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
27. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that member before his death or bankruptcy.
28. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions, and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer

signed by that member.

29. Where the registered holder of any share dies or becomes bankrupt, his personal representative or the assignee of his estate (as the case may be, shall) upon the production of such evidence as may from time to time be properly required by the directors in that behalf, be entitled to the same dividends and other advantages, and to the same rights (whether in relation to meetings of the Company, or to voting, or otherwise), as the registered holder would have been entitled to if he had not died or become bankrupt; and where two or more persons are jointly entitled to any share in consequence of the death of the registered holder they shall, for the purposes of these Articles, be deemed to be joint holders of the share.

Forfeiture of Shares

30. If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
31. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.
32. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
33. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the directors think fit.
34. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all money which, at the date of forfeiture, was payable by him to the Company in respect of the shares (together with interest at the rate of 8 per cent per annum from the date of forfeiture on the money for the time being unpaid if the directors think fit to enforce payment of such interest), but his liability shall cease if and when the Company receives payment in full of all such money in respect of the shares.
35. A statutory declaration in writing that the declarant is a director or the secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the fact therein stated as against all persons claiming to be entitled to the share.

36. The Company may receive the consideration, if any, given for a forfeited share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, or disposal of the share.
37. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Conversion of Shares into Stock

38. The Company may by ordinary resolution passed at a general meeting convert any paid-up shares into stock and reconvert any stock into paid-up shares of any denomination.
39. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit; but the directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum, but the minimum shall not exceed the nominal amount of the shares from which the stock arose.
40. The holders of stock shall according to the amount of the stock held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such aliquot part of stock which would not if existing in shares have conferred that privilege or advantage.
41. Such of the Articles as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

Alteration of Capital

42. The Company may from time to time by ordinary resolution -
- (a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
 - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (c) subdivide its shares or any of them into shares of smaller amount than is fixed

by the memorandum; so however that in the subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.

(d) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

43. Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the number of existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the directors may dispose of those shares in such manner as they think most beneficial to the Company. The directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the directors, be conveniently offered under this Article.

44. The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required, by law.

General Meetings

45. An annual general meeting of the Company shall be held in accordance with the provisions of the Act. All general meetings other than the annual general meetings shall be called extraordinary general meetings.

46. Any director may whenever he thinks fit convene an extraordinary general meeting, and extraordinary general meetings shall be convened on such requisition or in default may be convened by such requisitionists as provided by the Act.

47. Subject to the provisions of the Act relating to special resolutions and agreements for shorter notice, fourteen days notice at the least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the day and the hour of meeting and in case of special business the general nature of that business shall be given to such persons as are entitled to receive such notices from the Company.

48. All business shall be special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance-sheets, and the report of the directors and auditors, the election of directors in the place of those retiring, and the appointment and fixing of the remuneration of the auditors.

Proceedings at General Meetings

49. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein or by the Act otherwise provided, two members present in person shall form a quorum. For the purposes of this Article, "member" includes a person attending as a proxy or as representing a corporation which is a member.
50. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the directors may determine.
51. Subject to the provisions of the Act, a resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at General Meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if an ordinary resolution had been passed at a General Meeting of the Company duly convened and held and may consist of several documents in like form, each signed by one or more of such members.
52. The chairman, if any, of the board of directors shall preside as chairman at every general meeting of the Company, or if there is no such chairman, or if he is not present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act, the members present shall elect one of their number to be chairman of the meeting.
53. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of any adjournment or of the business to be transacted at an adjourned meeting.
54. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded -
- (a) by the chairman;
 - (b) by at least two members present in person or by proxy;
 - (c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
 - (d) by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up

equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll is so demanded a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. The demand for a poll may be withdrawn.

55. If a poll is duly demanded, it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the chairman directs, and the result of the poll shall be the resolution of the meeting at which the poll was demanded, but a poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith.
56. In the case of any equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.
57. Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney and on a show of hands every person present who is a member or a representative of a member shall have one vote, and on a poll every member present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each share he holds.
58. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
59. A member who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, whether on a show of hands or on a poll, by his committee or by such other person as properly has the management of his estate, and any such committee or other person may vote by proxy or attorney.
60. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
61. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.
62. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or duly

authorised attorney. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

63. Where it is desired to afford members an opportunity of voting for or against a resolution the instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit:

DEEP DRILLING 1 PTE. LTD.

I/We, _____, of _____ being a member/members
of the above-named Company, hereby appoint _____ of
, or failing him, _____ of _____, as my/our proxy to
vote for me/us on my/our behalf at the [annual or extraordinary, as the case may be]
general meeting of the Company, to be held on the _____ day of _____
and at any adjournment thereof.

Signed this _____ day of _____ 20_____

This form is to be used * in favour of the resolution.
against

* Strike out whichever is not desired. Unless otherwise instructed, the proxy may vote as he thinks fit.

64. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office, or at such other place in Singapore as is specified for that purpose in the notice convening the meeting, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
65. A vote given in accordance with the terms of an instrument of proxy or attorney shall be valid notwithstanding the previous death or unsoundness of mind of the principal or revocation of the instrument or of the authority under which the instrument was executed, or the transfer of the share in respect of which the instrument is given, if no intimation in writing of such death, unsoundness of mind, revocation, or transfer as aforesaid has been received by the Company at the office before the commencement of the meeting or adjourned meeting at which the instrument is used.

Directors: Appointment, etc.

66. At the first annual general meeting of the Company all the directors shall retire from office, and at the annual general meeting in every subsequent year one-third in number of the directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office. The first Directors of the Company shall be Fionn Bjornstad and Jan Tomas Norrby.
67. A retiring director shall be eligible for re-election.
68. The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
69. The Company, at the meeting at which a director so retires, may fill the vacated office by electing a person thereto, and in default the retiring director shall if offering himself for re-election and not being disqualified under the Act from holding office as a director be deemed to have been re-elected, unless at that meeting it is expressly resolved not to fill the vacated office or unless a resolution for the re-election of that director is put to the meeting and lost.
70. The Company may from time to time by ordinary resolution passed at a general meeting increase or reduce the number of directors, and may also determine in what rotation the increased or reduced number is to go out of office.
71. The directors shall have power at any time, and from time to time, to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors shall not at any time exceed the number fixed in accordance with these Articles. Any director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at that meeting.
72. The Company may by ordinary resolution remove any director before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead; the person so appointed shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last elected a director.
73. The remuneration of the directors shall from time to time be determined by the Company in general meeting. That remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel, and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Company or in connection with the business of the Company.
74. It shall not be necessary for any director to hold any share qualification in the Company.

75. The office of director shall become vacant if the director -
- (a) ceases to be a director by virtue of the Act;
 - (b) becomes bankrupt or makes any arrangement or composition with his creditors generally;
 - (c) becomes prohibited from being a director by reason of any order made under the Act;
 - (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;
 - (e) resigns his office by notice in writing to the Company;
 - (f) for more than six months is absent without permission of the directors from meetings of the directors held during that period;
 - (g) without the consent of the Company in general meeting holds any other office of profit under the Company except that of managing director or manager.

Powers and Duties of Directors

76. The business of the Company shall be managed by the directors who may pay all expenses incurred in promoting and registering the Company, and may exercise all such powers of the Company as are not, by the Act or by these Articles, required to be exercised by the Company in general meeting, subject, nevertheless, to any of these Articles, to the provisions of the Act, and to such Articles, being not inconsistent with the aforesaid Articles or provisions, as may be prescribed by the Company in general meeting; but no Articles made by the Company in general meeting shall invalidate any prior act of the directors which would have been valid if that Articles had not been made.
77. The directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability, or obligation of the Company or of any third party.
78. The directors may exercise all the powers of the Company in relation to any official seal for use outside Singapore and in relation to branch registers.
79. The directors may from time to time by power of attorney appoint any corporation, firm, or person or body of persons, whether nominated directly or indirectly by the directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities, and discretions (not exceeding those vested in or exercisable by the directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the directors may think fit and may also authorize any such attorney to delegate all or any of the powers, authorities, and discretions vested in him.

80. All cheques, promissory notes, drafts, bills of exchange, and other negotiable instruments, and all receipts for money paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by any two directors or in such other manner as the directors from time to time determine.
81. The directors shall cause minutes to be made -
- (a) of all appointments of officers to be engaged in the management of the Company's affairs;
 - (b) of names of directors present at all meetings of the Company and of the directors; and
 - (c) of all proceedings at all meetings of the Company and of the directors.

Such minutes shall be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting.

Proceedings of Directors

82. The directors may meet together for the despatch of business adjourn and otherwise regulate their meetings as they think fit. A director may at any time and the secretary shall on the requisition of a director summon a meeting of the directors.
83. Subject to these Articles, questions arising at any meeting of directors shall be decided by a majority of votes, and a determination by a majority of directors shall for all purposes be deemed a determination of the directors. In case of an equality of votes the chairman of the meeting shall have a second or casting vote.
84. A director may vote in respect of any contract or proposed contract with the Company in which he is interested, or any matter arising thereof.
85. Any director with the approval of the directors may appoint any person (whether a member of the Company or not) to be an alternate or substitute director in his place during such period as he thinks fit. Any person while he so holds office as an alternate or substitute director shall be entitled to notice of meetings of the directors and to attend and vote thereat accordingly, and to exercise all the powers of the appointor in his place. An alternate or substitute director shall not require any share qualification, and shall ipso facto vacate office if the appointor vacates office as a director or removes the appointee from office. Any appointment or removal under this Article shall be effected by notice in writing under the hand of the director making the same.
86. The quorum necessary for the transaction of the business of the directors may be fixed by the directors, and unless so fixed shall be two.
87. The continuing directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to the Articles as the necessary quorum of directors, the continuing directors or director may act for the purpose of increasing the number of directors to that number or of summoning a general meeting of the Company, but for no other purpose.

88. The directors may elect a chairman of their meetings and determine the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present within ten minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be chairman of the meeting.
89. The directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the directors.
90. A committee may elect a chairman of its meetings; if no such chairman is elected, or if at any meeting the chairman is not present within ten minutes after the time appointed for holding the meeting, the committee members present may choose one of their number to be chairman of the meeting.
91. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the committee members present, and in the case of an equality of votes the chairman shall have a second or casting vote.
92. All acts done by any meeting of the directors or of a committee of directors or by any person acting as a director shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any such director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a director.
93. A resolution in writing, signed by a majority of the directors of the Company shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more directors.
94. Any director or member of a committee of directors may participate in a meeting of the directors or such committee by means of a telephone or other audio communications equipment whereby all persons attending or participating in the meeting can hear each other. The person or persons participating in the meeting in the aforesaid manner shall be deemed for all purposes to be present in person at such meeting.

Managing Directors

95. The directors may from time to time appoint one or more of their body to the office of managing director for such period and on such terms as they think fit and, subject to the terms of any agreement entered into in any particular case, may revoke any such appointment. A director so appointed shall not, while holding that office, be subject to retirement by rotation or be taken into account in determining the rotation of retirement of directors, but his appointment shall be automatically determined if he ceases from any cause to be a director.

96. A managing director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, commission, or participation in profits, or partly in one way and partly in another) as the directors may determine.
97. The directors may entrust to and confer upon a managing director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter, or vary all or any of those powers.

Secretary

98. The secretary shall in accordance with the Act be appointed by the directors for such term, at such remuneration, and upon such conditions as they may think fit and any secretary so appointed may be removed by them.
99. The directors shall provide for the safe custody of the seal, which shall only be used by the authority of the directors or of a committee of the directors authorised by the directors in that behalf, and every instrument to which the seal is affixed shall be signed by a director and shall be countersigned by the secretary or by a second director or by some other person appointed by the directors for the purpose.

Accounts

100. The directors shall cause proper accounting and other records to be kept and shall distribute copies of balance-sheets and other documents as required by the Act and shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations accounting and other records of the Company, or any of them shall be open to the inspection of members, not being directors; and no member (not being a director) shall have any right of inspecting any account or book or paper of the Company except as conferred by statute or authorised by the directors or by the Company in general meeting.

Dividends and Reserves

101. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the directors.
102. The directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the Company.
103. No dividend shall be paid otherwise than out of profits or shall bear interest against the Company.
104. The directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as reserves which shall, at the discretion of the directors, be applicable for any purpose to which the profits of the Company may be properly applied, and pending any such application may, at the like

discretion, either be employed in the business of the Company or be invested in such investments (other than shares in the Company) as the directors may from time to time think fit. The directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

105. Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date that share shall rank for dividend accordingly.
106. The directors may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
107. Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid-up shares, debentures or debenture stock of any other Company or in any one or more of such ways and the directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the directors may settle the same as they think expedient, and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the directors.
108. Any dividend, interest, or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses, or other money payable in respect of the shares held by them as joint holders.

Capitalisation of Profits

109. The Company in general meeting may upon the recommendation of the directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures of the Company to be

allotted, distributed and credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in the one way and partly in the other, and the directors shall give effect to such resolution. A share premium account and a capital redemption reserve may, for the purposes of this Article, be applied only in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

110. Whenever such a resolution as aforesaid shall have been passed, the directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the directors to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and also to authorise any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation, or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.

Notices

111. A notice may be given by the Company to any member either personally or by sending it by post to him at his registered address, or (if he has no registered address in Singapore) to the address, if any, in Singapore supplied by him to the Company for the giving of notices to him. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting on the day after the date of its posting, and in any other case at the time at which the letter would be delivered in the ordinary course of post.
112. A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the register of members in respect of the share.
113. A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignee of the bankrupt, or by any like description, at the address, if any, in Singapore supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

114. (1) Notice of every general meeting shall be given in any manner hereinbefore authorised to -
- (a) every member;
 - (b) every person entitled to a share in consequence of the death or bankruptcy of a member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting; and
 - (c) the auditor for the time being of the Company.
- (2) No other person shall be entitled to receive notices of general meetings.

Winding Up

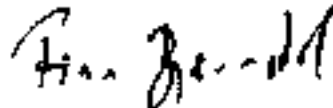
115. If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide amongst the members in kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as amongst the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, thinks fit, but so that no member shall be compelled to accept any shares or other securities in respect of which there is any liability.

Indemnity


116. Every director, managing director, agent, auditor, secretary, and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Act in which relief is granted to him by the court in respect of any negligence, default, breach of duty or breach of trust.

Names, Addresses and Description of Subscribers

Fin Bjornstad
47 Binjai Park
Singapore 589847
Lawyer

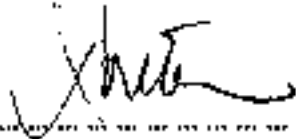


Jan Tomas Norrby
Toppersveien 84
1352 Kolsas
Norway
Consultant



Dated this 6th day of January 2004

Witness to the above signatures:



Loretta Wong
Sovereign Corporate Services (South East Asia) Pte Ltd
16 Upper Circular Road
Benning House, Level 4
Singapore 058414

Memorandum & Articles of Association for the Guarantor

THE COMPANIES ACT, CAP. 50

REPUBLIC OF SINGAPORE

PRIVATE COMPANY LIMITED BY SHARES

Memorandum

and

Articles of Association

of

DEEP DRILLING INVEST PTE. LTD.

INCORPORATED ON THE 6TH DAY OF JANUARY 2004



Company No: 200400177M

CERTIFICATE CONFIRMING INCORPORATION OF COMPANY

This is to confirm that DEEP DRILLING INVEST PTE. LTD. is incorporated under the Companies Act (Cap 50), on and from 06/01/2004 and that the company is a PRIVATE COMPANY LIMITED BY SHARES.

GIVEN UNDER MY HAND AND SEAL ON 07/01/2004.

**SHIRLYN LIM
ASST REGISTRAR
REGISTRY OF COMPANIES AND BUSINESSES
SINGAPORE.**



ANNEXURE A

**DEEP DRILLING INVEST PTE LTD
(the "Company")
(Incorporated in Singapore)**

On 16 November 2004 the following resolutions was duly passed:

**1. ORDINARY RESOLUTION
ADOPTION OF UNITED STATES CURRENCY IN SHARE CAPITAL**

It is **RESOLVED** that the Company hereby adopts the United States currency in the share capital of the Company.

**2. ORDINARY RESOLUTION
CHANGE OF CURRENCY IN AUTHORISED SHARE CAPITAL**

It is **RESOLVED** that the authorised share capital of the Company be hereby changed from S\$90,000,000 divided into 90,000,000 ordinary shares of S\$1.00 each to US\$54,545,454 divided into 54,545,454 ordinary shares of US\$1.00 each and that the Memorandum of Association be amended accordingly.

**3. SPECIAL RESOLUTION
AMENDMENT OF THE MEMORANDUM OF ASSOCIATION**

That the Memorandum of Association of the Company be amended by the substitution of the existing Clause 5 with the following new Clause 5:-

- "5. The capital of the Company is United States Dollars 54,545,454 divided into 54,545,454 ordinary shares of US\$1.00 each with power to increase or reduce the same and to issue any of the shares in the capital (original or increased) with or subject to any preferential, special or qualified rights or conditions as regards dividends, repayment of capital, voting or otherwise."

Confirmed by:



Finn Bjornstad
Director

This is the annexure marked "A" referred to in the notice of resolution signed by me on 16 NOV 2004

ANNEXURE A

DEEP DRILLING INVEST PTE LTD
(the "Company")
(Incorporated in Singapore)

On 16 November 2004 the following resolutions was duly passed:

1. ORDINARY RESOLUTION
INCREASE IN AUTHORISED CAPITAL

RESOLVED that the authorized share capital of the Company be and is hereby increased from US\$54,545,454 divided into 54,545,454 ordinary shares of US\$1.00 each to US\$80,000,000 divided into 80,000,000 ordinary shares of US\$1.00 each by the creation of an additional of 25,454,546 ordinary shares of US\$1.00 each and that the Memorandum of Association be amended accordingly.

2. SPECIAL RESOLUTION
AMENDMENT OF THE MEMORANDUM OF ASSOCIATION

That the existing Clause 5 of the Memorandum of Association of the Company be amended and substituted with the following new Clause 5 :-

"5. The capital of the Company is United States Dollars 80,000,000 (Eighty Million) divided into 80,000,000 ordinary shares of US\$1.00 each with power to increase or reduce the same and to issue any of the shares in the capital (original or increased) with or subject to any preferential, special or qualified rights or conditions as regards dividends, repayment of capital, voting or otherwise."

Confirmed by:



.....
Finn Bjørnstad
Director

This is the annexure marked "A" referred to in the notice of resolution signed by me on 16 NOV 2004

ANNEXURE A

DEEP DRILLING INVEST PTE LTD
(the "Company")
(Incorporated in Singapore)

On 8 March 2004 the following resolutions was duly passed:

1. ORDINARY RESOLUTION
INCREASE IN AUTHORISED SHARE CAPITAL

RESOLVED that the authorized share capital of the Company be and is hereby increased from S\$1,000,000 divided into 1,000,000 ordinary shares of S\$1.00 each to S\$90,000,000 divided into 90,000,000 ordinary shares of S\$1.00 each by the creation of an additional of 89,000,000 ordinary shares of S\$1.00 each and that the Memorandum of Association be amended accordingly.

2. SPECIAL RESOLUTION
AMENDMENT OF THE MEMORANDUM OF ASSOCIATION

That the existing Article 5 of the Memorandum of Association of the Company be amended and substituted with the following new Article 5 :-

"5. The capital of the Company is Singapore Dollars 90,000,000 (Ninety Million) divided into 90,000,000 ordinary shares of S\$1.00 each with power to increase or reduce the same and to issue any of the shares in the capital (original or increased) with or subject to any preferential, special or qualified rights or conditions as regards dividends, repayment of capital, voting or otherwise.

Confirmed by:


.....
Jan Tomas Norrb
Director

This is the annexure marked "A" referred to in the Form relating to the copy of minute by Jan Tomas Norrb representative of holding company signed by me on 8 March 2004

ANNEXURE B

DEEP DRILLING INVEST PTE. LTD.
(the "Company")
(Incorporated in the Republic of Singapore)

On 31 March 2005, the following resolutions were duly passed:

**1. ORDINARY RESOLUTION
INCREASE IN AUTHORIZED CAPITAL**

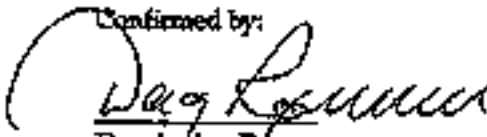
RESOLVED THAT the authorised share capital of the Company be increased from US\$30,000,000 divided into 30,000,000 ordinary shares of US\$1 each, to US\$150,000,000 divided into 150,000,000 ordinary shares of US\$1 each by the creation of 70,000,000 new ordinary shares; and that the Memorandum of Association of the Company be amended accordingly.

**2. SPECIAL RESOLUTION
AMENDMENT OF THE MEMORANDUM OF ASSOCIATION**

That the existing Clause 5 of the Memorandum of Association of the Company be amended and substituted with the following new Clause 5:-

"5. The capital of the Company is United States Dollars 150,000,000 (One Hundred and Fifty Millions) divided into 150,000,000 ordinary shares of US\$1.00 each with power to increase or reduce the same and to issue any of the shares in the capital (original or increased) with or subject to any preferential, special or qualified rights or conditions as regards dividends, repayment of capital, voting or otherwise."

Confirmed by:


Dag Aukun Rönman
Director

This is the annexure marked "B" referred to in the notice of resolution signed by me on 31 March 2005

THE COMPANIES ACT, CAP 50

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

DEEP DRILLING INVEST PTE. LTD.

1. The name of Company is **DEEP DRILLING INVEST PTE. LTD.**
2. The registered office of the Company will be situated in the Republic of Singapore.
3. The objects for which the Company is established are:
 - (a) To be in the business of owning, constructing, operating, running or managing any drilling unit or rigs or any other similar structures of any description."
 - (b) To acquire, hold or dispose of stock, shares and securities and any information or rights or property of any kind."
 - (c) To acquire, hold, dispose of or deal with the whole or any part of the undertaking of any other company, association or business."

- (d) To carry on business as chartering, forwarding and transport agents and as warehousemen and storers of goods, wares and merchandise of every kind and description.
- (e) To carry on in the Republic of Singapore or elsewhere the business of investment, and in particular to invest the monies of the Company in or otherwise to acquire and hold shares, stocks, debentures, debenture stock, scrip, loans, bonds, obligations, notes, securities and investments issued or guaranteed by any Company, corporation, association, body or trust constituted or carrying on business in any part of the world, and in the funds or loans or other securities and investments of or issued or guaranteed by any government, state, or dominion, public body or authority, supreme, municipal, local or otherwise.
- (f) To acquire any such shares, stocks, debentures, debenture stock, scrip, loan, bonds, obligations, notes, securities and investments by original subscription, tender, purchase, participation in syndicates, exchange or otherwise, and whether or not fully paid up, and to make payments thereon as called up or in advance of calls or otherwise, and to subscribe for the same either conditionally or otherwise, and to guarantee the subscription thereof, and to exercise and enforce all rights and powers conferred by or incident to the ownership thereof, and to vary or transpose by sale, exchange or otherwise from time to time as may be considered expedient any of the Company's investments for the time being.
- (g) To purchase, take on lease or in exchange or otherwise acquire by way of investment any lands and buildings and any estate, right or interest in and connected with any lands or buildings or both or any other forms of real or personal property rights or privileges or any interest in the same.
- (h) To borrow or raise or secure the payment of money for the purposes of or in connection with the Company's business and for this purpose or any other purpose to mortgage and charge the undertaking and all or any of the real and personal property and assets, present or future, and all or any of the uncalled capital for the time being of the Company, and to issue at par or at a premium or discount, and for such consideration and with and subject to such rights, powers, privileges and conditions as may be thought fit, debentures or debenture stock either permanent or redeemable or repayable, and collaterally or further to secure any securities of the Company by a trust deed or other assurance.
- (i) To guarantee or become liable for the payment of money or the performance of any contracts or obligations by any person or persons or corporation.
- (j) To pay for any property or rights acquired by the Company, either in cash or fully or partly paid-up shares, with or without preferred or deferred or guaranteed rights in respect of dividend or repayment of capital or otherwise, or by any securities which the Company has power to issue, or partly in one mode and partly in another, and generally on such terms as the Company may determine.
- (k) To remunerate any person or Company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares in the Company's capital or any debentures, debenture stock or other securities

of the Company or in or about the information or promotion of the Company or the conduct of its business.

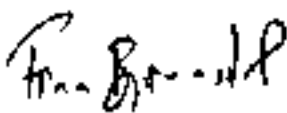
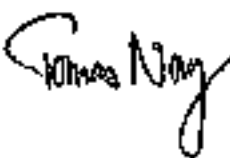
- (l) To accept payment for any property or rights sold or otherwise disposed of or dealt with by the Company, either in cash, by instalments or otherwise, or in fully or partly paid-up shares of any Company or corporation with or without deferred or preferred or guaranteed rights in respect of dividend or repayment of capital or otherwise, or in debentures or mortgage debentures or debenture stock, mortgages or other securities of any Company or corporation, or partly in one mode and partly in another, and generally on such terms as the Company may determine, and to hold and to dispose of or deal with any shares, stock or securities so acquired.
- (m) To transfer to, or otherwise cause to be vested in, any person or Company all or any of the property of the Company to be held in trust for the Company.
- (n) To support or subscribe to any charitable public or political institutions, clubs, societies or funds or to subscribe or guarantee money for any national, local, charitable, benevolent or public purpose, which may be considered likely directly or indirectly to further the objects of the Company or the interests of its members, and to grant pensions, allowances and gratuities to officers or ex-officers of the Company or to employees or ex-employees of the Company (including directors of the Company) or the dependants, relations or connections of any such persons.
- (o) To amalgamate with any other Company whose objects are or include objects similar to those of the Company, whether by sale or purchase (for fully or partly paid-up shares or otherwise) of the undertaking, subject to the liabilities, of this or any such other Company as aforesaid, with or without winding-up, or by sale or purchase (for fully or partly paid-up shares or otherwise) of all or a controlling interest in the shares or stock of this or any such other Company as aforesaid.
- (p) To distribute among the members in specie any property of the Company, or any proceeds of sale or disposal of any property of the Company, but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law.
- (q) To establish or promote any other Company whose objects shall include the taking over of any of the assets and liabilities of this Company or the promotion of which shall be calculated to advance its interest, and to acquire and hold any shares or securities of any such Company.
- (r) To cause the Company to be registered or recognised in any foreign country or place.
- (s) To do all such other things as are incidental or the Board of Directors may think conducive to the attainment of the above objects or any of them.

AND IT IS HEREBY DECLARED that the intention is that the objects specified in each of the paragraphs of this clause shall (except where otherwise expressed in such paragraph) be construed in the most liberal way and shall be in no way limited or restricted by reference to or inference from the terms of the first or any other paragraph or the name of the Company and the word "Company" in this clause except

where used in reference to this Company shall be deemed to include any partnership or other body of persons whether incorporated or not and whether domiciled in the Republic of Singapore or elsewhere and whether existing or hereafter to be formed.

4. The liability of the members is limited.
5. The capital of the Company is Singapore Dollars 1,000,000 (One Million) divided into 1,000,000 ordinary shares of S\$1.00 each with power to increase or reduce the same and to issue any of the shares in the capital (original or increased) with or subject to any preferential, special, or qualified rights or conditions as regards dividends, repayment of capital, voting or otherwise.

WE, whose names, addresses and descriptions are hereto subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names:-

Names, Addresses and Description of Subscribers	Number of Shares Taken by each Subscriber
<p> Finn Bjornstad 47 Binjai Park Singapore 589847 Lawyer </p> 	<p>ONE (1) one (1)</p>
<p> Jan Tomas Norrby Toppasveien 84 1352 Kolsås Norway Consultant </p> 	<p>ONE (1) One (1)</p>
<p>Total Number of Shares Taken</p>	<p>TWO (2)</p>

Dated this 6th day of January 2004

Witness to the above signatures:



Loretta Wong
 Sovereign Corporate Services (South East Asia) Pte Ltd
 16 Upper Circular Road
 Bonning House, Level 4
 Singapore 058414

THE COMPANIES ACT, (CAP. 50)
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
DEEP DRILLING INVEST PTE. LTD.

Table "A" Excluded

1. The regulations in Table "A" in the Fourth Schedule to the Companies Act, (Cap. 50) shall not apply to the Company, except so far as the same are repeated or contained in these Articles.

Interpretation

2. In these Articles, unless the subject or context otherwise requires, the words standing in the first column of the table below shall bear the meanings set opposite to them respectively in the second column thereof: -

The Company:	DEEP DRILLING INVEST PTE. LTD.
The Act:	The Companies Act. (Cap. 50)
These Articles:	These articles of association as originally framed or as altered from time to time by special resolutions.
The directors:	The directors for the time being of the Company.
The office:	The registered office for the time being of the Company.
The seal:	The common seal of the Company.
The secretary:	Any person appointed to perform the duties of a secretary of the Company.

Words importing the singular number only shall include the plural number, and vice versa.

Words importing the masculine gender only shall include the feminine gender.

Words importing persons shall include corporations.

Expressions referring to writing shall, unless the contrary intention appears, be construed as including references to printing, lithography, photography and other modes of representing or reproducing words in a visible form.

Words or expressions contained in these Articles shall be interpreted in accordance with the provisions of the Interpretation Act, Cap. 1 and of the Act as in force at the date at which these Articles become binding on the Company.

Private Company

3. The Company is a private Company and accordingly:
 - (a) the right to transfer shares in the Company shall be restricted in manner hereinafter appearing;
 - (b) the number of members of the Company (counting joint holders of shares as one person and not counting any person in the employment of the Company or of its subsidiary or any person who while previously in the employment of the Company or of its subsidiary was and thereafter has continued to be a member of the Company) shall be limited to fifty;
 - (c) no invitation shall be made to the public to subscribe for any shares or debentures of the Company; and
 - (d) no invitation shall be made to the public to deposit money with the Company for fixed periods or payable at call, whether bearing or not bearing interest.

Share Capital And Variation of Rights

4. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the Act, shares in the Company may be issued by the directors and any such share may be issued with such preferred, deferred, or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise, as the directors, subject to any ordinary resolution of the Company, determine.
5. Subject to the Act, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed.
6. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of section 184 of the Act shall with such adaptations as are necessary apply.

7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking equally therewith.
8. The Company may exercise the powers of paying commissions conferred by the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the commission shall not exceed the rate of 10 per cent of the price at which the shares in respect of which the same is paid are issued or an amount equal to 10 per cent of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.
9. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future, or partial interest in any share or unit of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
10. Every person whose name is entered as a member in the register of members shall be entitled without payment to receive a certificate under the seal of the Company in accordance with the Act but in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

Lien

11. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all money (whether presently payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a first and paramount lien on all shares (other than fully paid shares) registered in the name of a single person for all money presently payable by him or his estate to the Company; but the directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a share shall extend to all dividends payable thereon.
12. The Company may sell, in such manner as the directors think fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy.
13. To give effect to any such sale the directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any

irregularity or invalidity in the proceedings in reference to the sale.

14. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

Calls on Shares

15. The directors may from time to time make calls upon the members in respect of any money unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, and each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the directors may determine.
16. A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed and may be required to be paid by instalments.
17. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
18. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding 8 per cent per annum as the directors may determine, but the directors shall be at liberty to waive payment of that interest wholly or in part.
19. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture, or otherwise shall apply as if the sum had become payable by virtue of a call duly made and notified.
20. The directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.
21. The directors may, if they think fit, receive from any member willing to advance the same all or any part of the money uncalled and unpaid upon any shares held by him, and upon all or any part of the money so advanced may (until the same would, but for the advance, become payable) pay interest at such rate not exceeding (unless the Company in general meeting shall otherwise direct) 8 per cent per annum as may be agreed upon between the directors and the member paying the sum in advance.

Transfer of Shares

22. Subject to these Articles any member may transfer all or any of his shares by instrument in writing in any usual or common form or in any other form which the directors may approve. The instrument shall be executed by or on behalf of the transferor and (except in the case of fully paid shares) the transferee, and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the register of members in respect thereof.
23. The instrument of transfer must be left for registration at the registered office of the Company together with such fee not exceeding \$50.00 as the directors from time to time may require accompanied by the certificate of the shares to which it relates and /or such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer, and thereupon the Company shall, subject to the powers vested in the directors by these Articles, register the transferee as a shareholder and retain the instrument of transfer.
24. The directors may decline to register any transfer of shares to a person of whom they do not approve and may also decline to register any transfer of shares on which the Company has a lien.
25. The registration of transfers may be suspended at such times and for such periods as the directors may from time to time determine not exceeding in aggregate thirty days in any year.

Transmission of Shares

26. In case of the death of a member, the survivor or survivors (where the deceased was a joint holder) and the legal personal representatives of the deceased (where he was a sole holder) shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
27. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that member before his death or bankruptcy.
28. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions, and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer

signed by that member.

29. Where the registered holder of any share dies or becomes bankrupt, his personal representative or the assignee of his estate (as the case may be, shall) upon the production of such evidence as may from time to time be properly required by the directors in that behalf, be entitled to the same dividends and other advantages, and to the same rights (whether in relation to meetings of the Company, or to voting, or otherwise), as the registered holder would have been entitled to if he had not died or become bankrupt; and where two or more persons are jointly entitled to any share in consequence of the death of the registered holder they shall, for the purposes of these Articles, be deemed to be joint holders of the share.

Forfeiture of Shares

30. If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
31. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.
32. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
33. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the directors think fit.
34. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all money which, at the date of forfeiture, was payable by him to the Company in respect of the shares (together with interest at the rate of 8 per cent per annum from the date of forfeiture on the money for the time being unpaid if the directors think fit to enforce payment of such interest), but his liability shall cease if and when the Company receives payment in full of all such money in respect of the shares.
35. A statutory declaration in writing that the declarant is a director or the secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the fact therein stated as against all persons claiming to be entitled to the share.

36. The Company may receive the consideration, if any, given for a forfeited share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, or disposal of the share.
37. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Conversion of Shares into Stock

38. The Company may by ordinary resolution passed at a general meeting convert any paid-up shares into stock and reconvert any stock into paid-up shares of any denomination.
39. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit; but the directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum, but the minimum shall not exceed the nominal amount of the shares from which the stock arose.
40. The holders of stock shall according to the amount of the stock held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such aliquot part of stock which would not if existing in shares have conferred that privilege or advantage.
41. Such of the Articles as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

Alteration of Capital

42. The Company may from time to time by ordinary resolution -
- (a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
 - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (c) subdivide its shares or any of them into shares of smaller amount than is fixed

by the memorandum; so however that in the subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;

- (d) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.
43. Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the number of existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the directors may dispose of those shares in such manner as they think most beneficial to the Company. The directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the directors, be conveniently offered under this Article.
44. The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required, by law.

General Meetings

45. An annual general meeting of the Company shall be held in accordance with the provisions of the Act. All general meetings other than the annual general meetings shall be called extraordinary general meetings.
46. Any director may whenever he thinks fit convene an extraordinary general meeting, and extraordinary general meetings shall be convened on such requisition or in default may be convened by such requisitionists as provided by the Act.
47. Subject to the provisions of the Act relating to special resolutions and agreements for shorter notice, fourteen days notice at the least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the day and the hour of meeting and in case of special business the general nature of that business shall be given to such persons as are entitled to receive such notices from the Company.
48. All business shall be special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance-sheets, and the report of the directors and auditors, the election of directors in the place of those retiring, and the appointment and fixing of the remuneration of the auditors.

Proceedings at General Meetings

49. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein or by the Act otherwise provided, two members present in person shall form a quorum. For the purposes of this Article, "member" includes a person attending as a proxy or as representing a corporation which is a member.
50. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the directors may determine.
51. Subject to the provisions of the Act, a resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at General Meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if an ordinary resolution had been passed at a General Meeting of the Company duly convened and held and may consist of several documents in like form, each signed by one or more of such members.
52. The chairman, if any, of the board of directors shall preside as chairman at every general meeting of the Company, or if there is no such chairman, or if he is not present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act, the members present shall elect one of their number to be chairman of the meeting.
53. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of any adjournment or of the business to be transacted at an adjourned meeting.
54. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded -
- (a) by the chairman;
 - (b) by at least two members present in person or by proxy;
 - (c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
 - (d) by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up

equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll is so demanded a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. The demand for a poll may be withdrawn.

55. If a poll is duly demanded, it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the chairman directs, and the result of the poll shall be the resolution of the meeting at which the poll was demanded, but a poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith.
56. In the case of any equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.
57. Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney and on a show of hands every person present who is a member or a representative of a member shall have one vote, and on a poll every member present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each share he holds.
58. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
59. A member who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, whether on a show of hands or on a poll, by his committee or by such other person as properly has the management of his estate, and any such committee or other person may vote by proxy or attorney.
60. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
61. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.
62. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or duly

authorised attorney. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

63. Where it is desired to afford members an opportunity of voting for or against a resolution the instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit:

DEEP DRILLING INVEST PTE. LTD.

I/We, _____, of _____ being a member/members of the above-named Company, hereby appoint _____ of _____, or failing him, _____ of _____, as my/our proxy to vote for me/us on my/our behalf at the [annual or extraordinary, as the case may be] general meeting of the Company, to be held on the _____ day of _____ and at any adjournment thereof.

Signed this _____ day of _____ 20_____

This form is to be used * in favour of the resolution.
against

* Strike out whichever is not desired. Unless otherwise instructed, the proxy may vote as he thinks fit.

64. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office, or at such other place in Singapore as is specified for that purpose in the notice convening the meeting, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

65. A vote given in accordance with the terms of an instrument of proxy or attorney shall be valid notwithstanding the previous death or unsoundness of mind of the principal or revocation of the instrument or of the authority under which the instrument was executed, or the transfer of the share in respect of which the instrument is given, if no intimation in writing of such death, unsoundness of mind, revocation, or transfer as aforesaid has been received by the Company at the office before the commencement of the meeting or adjourned meeting at which the instrument is used.

Directors: Appointment, etc.

66. At the first annual general meeting of the Company all the directors shall retire from office, and at the annual general meeting in every subsequent year one-third in number of the directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office. The first Directors of the Company shall be Finn Bjornstad and Jan Tomas Norrby.
67. A retiring director shall be eligible for re-election.
68. The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
69. The Company, at the meeting at which a director so retires, may fill the vacated office by electing a person thereto, and in default the retiring director shall if offering himself for re-election and not being disqualified under the Act from holding office as a director be deemed to have been re-elected, unless at that meeting it is expressly resolved not to fill the vacated office or unless a resolution for the re-election of that director is put to the meeting and lost.
70. The Company may from time to time by ordinary resolution passed at a general meeting increase or reduce the number of directors, and may also determine in what rotation the increased or reduced number is to go out of office.
71. The directors shall have power at any time, and from time to time, to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors shall not at any time exceed the number fixed in accordance with these Articles. Any director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at that meeting.
72. The Company may by ordinary resolution remove any director before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead; the person so appointed shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last elected a director.
73. The remuneration of the directors shall from time to time be determined by the Company in general meeting. That remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel, and other expenses properly incurred by them in attending and returning from meetings of the directors or any committees of the directors or general meetings of the Company or in connection with the business of the Company.
74. It shall not be necessary for any director to hold any share qualification in the Company.

75. The office of director shall become vacant if the director -
- (a) ceases to be a director by virtue of the Act;
 - (b) becomes bankrupt or makes any arrangement or composition with his creditors generally;
 - (c) becomes prohibited from being a director by reason of any order made under the Act;
 - (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;
 - (e) resigns his office by notice in writing to the Company;
 - (f) for more than six months is absent without permission of the directors from meetings of the directors held during that period;
 - (g) without the consent of the Company in general meeting holds any other office of profit under the Company except that of managing director or manager.

Powers and Duties of Directors

76. The business of the Company shall be managed by the directors who may pay all expenses incurred in promoting and registering the Company, and may exercise all such powers of the Company as are not, by the Act or by these Articles, required to be exercised by the Company in general meeting, subject, nevertheless, to any of these Articles, to the provisions of the Act, and to such Articles, being not inconsistent with the aforesaid Articles or provisions, as may be prescribed by the Company in general meeting; but no Articles made by the Company in general meeting shall invalidate any prior act of the directors which would have been valid if that Articles had not been made.
77. The directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability, or obligation of the Company or of any third party.
78. The directors may exercise all the powers of the Company in relation to any official seal for use outside Singapore and in relation to branch registers.
79. The directors may from time to time by power of attorney appoint any corporation, firm, or person or body of persons, whether nominated directly or indirectly by the directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities, and discretions (not exceeding those vested in or exercisable by the directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the directors may think fit and may also authorize any such attorney to delegate all or any of the powers, authorities, and discretions vested in him.

80. All cheques, promissory notes, drafts, bills of exchange, and other negotiable instruments, and all receipts for money paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by any two directors or in such other manner as the directors from time to time determine.
81. The directors shall cause minutes to be made -
- (a) of all appointments of officers to be engaged in the management of the Company's affairs;
 - (b) of names of directors present at all meetings of the Company and of the directors; and
 - (c) of all proceedings at all meetings of the Company and of the directors.

Such minutes shall be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting.

Proceedings of Directors

82. The directors may meet together for the despatch of business adjourn and otherwise regulate their meetings as they think fit. A director may at any time and the secretary shall on the requisition of a director summon a meeting of the directors.
83. Subject to these Articles, questions arising at any meeting of directors shall be decided by a majority of votes, and a determination by a majority of directors shall for all purposes be deemed a determination of the directors. In case of an equality of votes the chairman of the meeting shall have a second or casting vote.
84. A director may vote in respect of any contract or proposed contract with the Company in which he is interested, or any matter arising thereof.
85. Any director with the approval of the directors may appoint any person (whether a member of the Company or not) to be an alternate or substitute director in his place during such period as he thinks fit. Any person while he so holds office as an alternate or substitute director shall be entitled to notice of meetings of the directors and to attend and vote thereat accordingly, and to exercise all the powers of the appointor in his place. An alternate or substitute director shall not require any share qualification, and shall ipso facto vacate office if the appointor vacates office as a director or removes the appointee from office. Any appointment or removal under this Article shall be effected by notice in writing under the hand of the director making the same.
86. The quorum necessary for the transaction of the business of the directors may be fixed by the directors, and unless so fixed shall be two.
87. The continuing directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to the Articles as the necessary quorum of directors, the continuing directors or director may act for the purpose of increasing the number of directors to that number or of summoning a general meeting of the Company, but for no other purpose.

88. The directors may elect a chairman of their meetings and determine the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present within ten minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be chairman of the meeting.
89. The directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the directors.
90. A committee may elect a chairman of its meetings; if no such chairman is elected, or if at any meeting the chairman is not present within ten minutes after the time appointed for holding the meeting, the committee members present may choose one of their number to be chairman of the meeting.
91. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the committee members present, and in the case of an equality of votes the chairman shall have a second or casting vote.
92. All acts done by any meeting of the directors or of a committee of directors or by any person acting as a director shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any such director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a director.
93. A resolution in writing, signed by a majority of the directors of the Company shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more directors.
94. Any director or member of a committee of directors may participate in a meeting of the directors or such committee by means of a telephone or other audio communications equipment whereby all persons attending or participating in the meeting can hear each other. The person or persons participating in the meeting in the aforesaid manner shall be deemed for all purposes to be present in person at such meeting.

Managing Directors

95. The directors may from time to time appoint one or more of their body to the office of managing director for such period and on such terms as they think fit and, subject to the terms of any agreement entered into in any particular case, may revoke any such appointment. A director so appointed shall not, while holding that office, be subject to retirement by rotation or be taken into account in determining the rotation of retirement of directors, but his appointment shall be automatically determined if he ceases from any cause to be a director.

96. A managing director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, commission, or participation in profits, or partly in one way and partly in another) as the directors may determine.
97. The directors may entrust to and confer upon a managing director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter, or vary all or any of those powers.

Secretary

98. The secretary shall in accordance with the Act be appointed by the directors for such term, at such remuneration, and upon such conditions as they may think fit and any secretary so appointed may be removed by them.
99. The directors shall provide for the safe custody of the seal, which shall only be used by the authority of the directors or of a committee of the directors authorised by the directors in that behalf, and every instrument to which the seal is affixed shall be signed by a director and shall be countersigned by the secretary or by a second director or by some other person appointed by the directors for the purpose.

Accounts

100. The directors shall cause proper accounting and other records to be kept and shall distribute copies of balance-sheets and other documents as required by the Act and shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations accounting and other records of the Company or any of them shall be open to the inspection of members not being directors, and no member (not being a director) shall have any right of inspecting any account or book or paper of the Company except as conferred by statute or authorised by the directors or by the Company in general meeting.

Dividends and Reserves

101. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the directors.
102. The directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the Company.
103. No dividend shall be paid otherwise than out of profits or shall bear interest against the Company.
104. The directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as reserves which shall, at the discretion of the directors, be applicable for any purpose to which the profits of the Company may be properly applied, and pending any such application may, at the like

discretion, either be employed in the business of the Company or be invested in such investments (other than shares in the Company) as the directors may from time to time think fit. The directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

105. Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date that share shall rank for dividend accordingly.
106. The directors may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
107. Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid-up shares, debentures or debenture stock of any other Company or in any one or more of such ways and the directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the directors may settle the same as they think expedient, and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the directors.
108. Any dividend, interest, or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses, or other money payable in respect of the shares held by them as joint holders.

Capitalisation of Profits

109. The Company in general meeting may upon the recommendation of the directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures of the Company to be

allotted, distributed and credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in the one way and partly in the other, and the directors shall give effect to such resolution. A share premium account and a capital redemption reserve may, for the purposes of this Article, be applied only in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

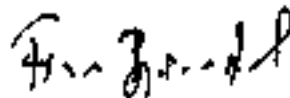
110. Whenever such a resolution as aforesaid shall have been passed, the directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the directors to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and also to authorise any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation, or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.

Notices

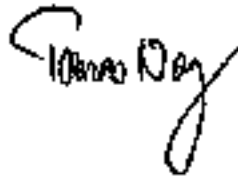
111. A notice may be given by the Company to any member either personally or by sending it by post to him at his registered address, or (if he has no registered address in Singapore) to the address, if any, in Singapore supplied by him to the Company for the giving of notices to him. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting on the day after the date of its posting, and in any other case at the time at which the letter would be delivered in the ordinary course of post.
112. A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the register of members in respect of the share.
113. A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignee of the bankrupt, or by any like description, at the address, if any, in Singapore supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

Names, Addresses and Description of Subscribers

Finn Bjornstad
47 Binjai Park
Singapore 589847
Lawyer

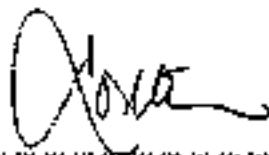


Jan Tomas Norby
Toppasveien 84
1352 Kolsas
Norway
Consultant



Dated this 6th day of January 2004

Witness to the above signatures:



Loretta Wong
Sovereign Corporate Services (South East Asia) Pte Ltd
16 Upper Circular Road
Benning House, Level 4
Singapore 058414

Unaudited Management Accounts for the Issuer

Profit and Loss Account from 1 Apr 2011 to 31st Dec 2011	
Revenue	28,857,029
Other income	14
Other gains/(losses) – net	(12)
Expenses	
-Purchase of inventories	(986,599)
-Rig operating expenses	(5,462,052)
-Depreciation	(3,934,415)
-Employee compensation	(3,005,972)
-Finance expenses	(243,313)
-Currency exchange (loss)/gain	95,492
-Other operating expenses	(37,114)
Total expenses	(13,573,974)
Profit/(Loss) before income tax	15,283,056
Income tax expense	(1,318,573)
Total Comprehensive Income/(Loss)	13,964,484

Balance sheet as at 31 Dec 2011	
ASSETS:	
Cash and Cash Equivalents	116,999,302
Restricted Bank Deposits and Escrow Accounts	-
Derivative Financial Instruments - Current	-
Financial Assets, Available For Sale	-
Trade Accounts Receivable	-
- Dayrate	6,732,761
- Reimbursables	172,511
- Other Receivables	879
- Prepayments and Deposits	1,268,689
- Inventory	3,443,268
- Other Current Assets	-
TOTAL CURRENT ASSETS	128,617,410
Rig(Net Book Value)	104,252,716
Other(Net Book Value)	22,171
Total Property,Plant & Equipment	104,274,887
Investment in Subsidiaries	-
Investment in Joint Ventures	-
Investments-Others	-
Derivative Financial Instruments - NonCurrent	-
Intangible Assets	-
Other Long Term Assets	-
TOTAL NON-CURRENT ASSETS	-
TOTAL ASSETS	232,892,297
LIABILITIES :	
Trade and Other Payables	4,472,814
Payroll and Related Costs	49,515
Interest Payable	(0)
Current Tax Liabilities	1,577,456
Derivative Financial Instruments	-
Current Portion of Long Term Debt	(0)
Other Current Liabilities	-
TOTAL CURRENT LIABILITIES	6,099,784
Deferred Income Tax Liabilities	-
Long Term Debt	117,000,000
Other Long Term Liabilities	-
TOTAL NON-CURRENT LIABILITIES	117,000,000
TOTAL LIABILITIES	123,099,784
Amount Due From/To Associates	-
Amount Due From/To Joint Ventures	-
Amount Due From/To Holding Company/Company	-
Amount Due From/To Related Parties	122,524,013
	122,524,013
NET ASSETS/(LIABILITIES)	232,316,526
SHAREHOLDERS' EQUITY	
Share Capital	135,438,562
Fair Value Reserves	-
Stock Option Reserves	-
Asset Revaluation Reserves	-
Other Reserves	-
Accumulated Profits/Losses	82,913,480
Current Year Profits/Losses	13,964,484
TOTAL SHAREHOLDERS' EQUITY	232,316,526

Audited Annual Report for the Issuer

Stuart Yik Pan
Chairman

Henry Tan
Managing Director

Kristine Kim
Corporate Advisor
Director

Chin Chee Choon
Corporate Advisor
Director

Loh Jia Kim
Corporate Advisor
Director

Juhn Ahrietta
Corporate Advisor
Director

Chen Yee Hong
Financial Advisor
Director

Blaze Mar
General Manager
Director

Leon Fong Kiow
Tax Director

DEEP DRILLING 1 PTE. LTD.

(Incorporated in Singapore. Registration Number: 200400179N)

ANNUAL REPORT

For the financial year ended 31 March 2011

Associated With

SMITH & WILLIAMSON

Nexia TS Public Accounting Corporation

DEN: 000507230N

Incorporated with limited liability

Nexia TS Public Accounting Corporation is a member of Nexia International, an international network of independent accounting and consulting firms

DEEP DRILLING 1 PTE. LTD.
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 March 2011

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DEEP DRILLING 1 PTE. LTD.

DIRECTORS' REPORT

For the financial year ended 31 March 2011

The directors present their report to the shareholder together with the audited financial statements for the financial year ended 31 March 2011.

Directors

The directors in office at the date of this report are as follows:

Mr. C. P. Gopalekrishnan
Mr. V. Sivaramakrishnan
Mr. P. Venkateswara Iyer

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director or nominee		Holdings in which a director is deemed to have an interest	
	At	At	At	At
	<u>31.3.2011</u>	<u>1.4.2010</u>	<u>31.3.2011</u>	<u>1.4.2010</u>
Ultimate holding corporation - Aban Offshore Ltd (No. of Ordinary shares at RS2 each)				
Mr. C. P. Gopalekrishnan	21,500	21,500	10,750	10,750
Mr. P. Venkateswara Iyer	11,505	11,505	-	-

DEEP DRILLING 1 PTE. LTD.

DIRECTORS' REPORT

For the financial year ended 31 March 2011

Directors' interests in shares or debentures (continued)

- (b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the intermediate holding corporation, Aban Singapore Pte Ltd. ("ASPL"), granted pursuant to ASPL Employees Share Option Scheme 2007 as set out below:

Options to subscribe for ordinary shares at exercise price of US\$2 per share

	<u>At</u> <u>31.3.2011</u>	<u>At</u> <u>1.4.2010</u>
Intermediate holding corporation - Aban Singapore Pte Ltd		
Mr. C. P. Gopalakrishnan	280,000	280,000
Mr. P. Venkateswara Iyer	280,000	280,000

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that all directors have employment relationship with the ultimate holding corporation and have received remuneration in that capacity.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

DEEP DRILLING 1 PTE. LTD.

DIRECTORS' REPORT

For the financial year ended 31 March 2011

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors



CHAKKUNGAŁ PATHAYAPURA
GOPALAKRISHNAN
Director



PARAMESWARAN
VENKATESWARA IYER
Director

14 June 2011

DEEP DRILLING 1 PTE. LTD.

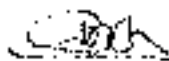
STATEMENT BY DIRECTORS

For the financial year ended 31 March 2011

In the opinion of the directors,

- (a) the financial statements of the Company set out on pages 7 to 29 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2011 and of the results of the business, changes in equity and cash flows of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors



CHAKUNGAL PATHAYAPURA
GOPALAKRISHNAN
Director



PARAMESWARAN
VENKATESWARA IYER
Director

14 June 2011

Siyah Yik Pan
Chartered Accountant

Henry Tee
Chartered Accountant

Kristin Kwa
Chartered Accountant
Director

Chan Chee Chuan
Chartered Accountant
Director

Loth Ji Kwe
Chartered Accountant
Director

Jaya Alvelin
Chartered Accountant
Director

Chan Yee Hong
Chartered Accountant
Director

Eliza Ma
Chartered Accountant
Director

Lina Fong Kiew
Tax Practitioner

Independent Auditor's Report to the Shareholder of Deep Drilling 1 Pte. Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Deep Drilling 1 Pte. Ltd. (the "Company") which comprise the balance sheet of the Company as at 31 March 2011, the statement of comprehensive income, the statement of changes in equity and the cash flow statement of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheet and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Associated With

Smith & Williamson

Nexia TS Public Accounting Corporation

REG. NO. 200501277H

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5 Shimei Way, #14-00 UIC Building, Singapore 048406 Tel: (65) 6334 5700 Fax: (65) 6334 5700 Website: www.nexia.com.sg

Singapore Shanghai

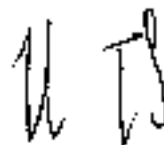
**Independent Auditor's Report to the Shareholder of
Deep Drilling 1 Pte. Ltd.
(Continued)**

Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2011, and the results, changes in equity and cash flows of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



**Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants**

Singapore

14 June 2011

DEEP DRILLING 1 PTE. LTD.**STATEMENT OF COMPREHENSIVE INCOME***For the financial year ended 31 March 2011*

	Note	2011 US\$	2010 US\$
Revenue	4	13,091,843	11,206,424
Other (expenses)/income - net	5	(1,789,485)	1,019,753
Expenses			
- Purchase of spares and consumables		(1,360,377)	(795,563)
- Depreciation	13	(5,201,529)	(5,173,963)
- Employee compensation	6	(3,026,735)	(2,399,688)
- Repairs and maintenance		(958,320)	(958,082)
- Travel and freight		(868,973)	(453,387)
- Insurance		(673,283)	(765,294)
- Rental of equipment on operating leases		-	(142,032)
- Mobilisation		(960,889)	(227,754)
- Catering		(242,748)	(272,178)
- Management fees		(1,116,000)	(806,400)
- Finance costs	7	(186,728)	(185,486)
- Other operating expenses	8	(1,672,486)	(1,688,862)
- Changes in inventories		348,729	180,661
Total expenses		<u>(15,919,141)</u>	<u>(13,488,028)</u>
Loss before income tax		(4,616,783)	(1,261,651)
Income tax expense	9	<u>(315,096)</u>	<u>(78,939)</u>
Total comprehensive loss, representing net loss		<u>(4,931,879)</u>	<u>(1,340,790)</u>

The accompanying notes form an integral part of these financial statements.

DEEP DRILLING 1 PTE. LTD.**BALANCE SHEET***As at 31 March 2011*

	Note	2011	2010
		US\$	US\$
ASSETS			
Current assets			
Cash and bank balances		182,121	25,411
Trade and other receivables	10	7,167,368	10,368,863
Inventories	11	3,342,267	2,993,538
		<u>10,691,754</u>	<u>13,387,802</u>
Non-current assets			
Due from immediate holding corporation (non-trade)	12	104,750,043	100,517,839
Due from intermediate holding corporation (non-trade)	12	10,406	-
Property, plant and equipment	13	107,888,682	112,237,287
		<u>212,649,131</u>	<u>212,755,126</u>
Total assets		<u>223,340,885</u>	<u>226,142,928</u>
LIABILITIES			
Current liabilities			
Trade and other payables	14	4,988,842	2,859,006
Current income tax liabilities	9	-	-
Total liabilities		<u>4,988,842</u>	<u>2,859,006</u>
NET ASSETS		<u>218,352,043</u>	<u>223,283,922</u>
Equity			
Share capital	15	135,438,562	135,438,562
Retained profits		82,913,481	87,845,360
		<u>218,352,043</u>	<u>223,283,922</u>

The accompanying notes form an integral part of these financial statements.

DEEP DRILLING 1 PTE. LTD.**STATEMENT OF CHANGES IN EQUITY***For the financial year ended 31 March 2011*

	<u>Share capital</u> US\$	<u>Retained profits</u> US\$	<u>Total equity</u> US\$
2011			
Beginning of financial year	135,438,562	87,845,360	223,283,922
Total comprehensive loss	-	(4,931,879)	(4,931,879)
End of financial year	<u>135,438,562</u>	<u>82,913,481</u>	<u>218,352,043</u>
2010			
Beginning of financial year	135,438,562	89,186,150	224,624,712
Total comprehensive loss	-	(1,340,790)	(1,340,790)
End of financial year	<u>135,438,562</u>	<u>87,845,360</u>	<u>223,283,922</u>

The accompanying notes form an integral part of these financial statements.

DEEP DRILLING 1 PTE. LTD.**CASH FLOW STATEMENT***For the financial year ended 31 March 2011*

	2011 US\$	2010 US\$
Cash flow from operating activities		
Net loss	(4,931,878)	(1,340,790)
Adjustments for:		
- Income tax expense	315,096	78,939
- Depreciation	5,201,529	5,173,963
- Interest expense	186,728	185,486
- Gain on disposal of property, plant and equipment	-	(559)
- Amortisation of amount due from immediate and intermediate holding corporations	1,672,575	(1,125,770)
- Interest income	(19)	(237)
Operating cash flow before working capital changes	2,444,030	2,971,032
Changes in operating assets and liabilities		
- Trade and other receivables	3,201,487	8,732,820
- Inventories	(348,729)	113,984
- Trade and other payables	2,129,836	(4,343,471)
Cash generated from operations	7,426,624	7,474,365
Interest received	19	237
Income tax paid	(315,096)	(1,327,207)
Net cash provided by operating activities	7,111,547	6,147,395
Cash flow from investing activities		
Purchase of property, plant and equipment	(852,924)	(99,769)
Disposal of property, plant and equipment	-	6,014
Due from immediate holding corporation	(5,904,779)	(6,627,545)
Due from intermediate holding corporation	(10,406)	-
Net cash used in investing activities	(6,768,109)	(6,721,300)
Cash flow from financing activity		
Interest paid	(186,728)	(37,237)
Net increase/(decrease) in cash and bank balances	156,710	(611,142)
Cash and bank balances at beginning of financial year	25,411	636,553
Cash and bank balances at end of financial year	182,121	25,411

The accompanying notes form an integral part of these financial statements.

DEEP DRILLING 1 PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is at 6 Temasek Boulevard, #28-01, Suntec Tower 4, Singapore 038986.

The principal activities of the Company are that of ownership and operations of offshore jack-up drilling rigs.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2010

On 1 April 2010, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from 1 January 2010. Changes to the Company's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

DEEP DRILLING 1 PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

2 Significant accounting policies (continued)

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Company's activities. Revenue is presented, net of value-added tax, returns, rebates, and discounts. Revenue is recognised as follows:

(a) Drilling contracts

Revenue is derived mainly from drilling and drilling related contracts at rates established in the relevant contracts. For each contract, the Company will assess if the contract is a multiple element arrangement. Where the arrangement is determined to contain a lease, revenue relating to the lease component is recognised on straight-line basis over the period of the lease contract and revenue relating to the service component is recognised in the period in which the services are rendered, typically on a straight line basis.

Certain contracts may include fees payable at the start of the contract whereby:

- In cases where the fee covers a general upgrade of a rig or equipment which increases the value of the rig or equipment beyond the contract period, the fee is recognised as revenue over the contract period whereas the cost is depreciated over the remaining estimated useful lives of the assets; or
- In cases where the fee covers specific upgrades or equipment specific to the contract, the fees are recognised as revenue over the contract period. The related cost is depreciated over the contract period.

(b) Other incidental services

Other incidental services relates to supplies, equipment, personnel services and other services provided and are recognised as revenue in the period that services are rendered.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

DEEP DRILLING 1 PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

2 Significant accounting policies (continued)

2.3 Employee compensation

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(c) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.4 Operating lease (lessor)

Assets leased out under operating leases are included in property, plant and equipment.

Rental income from operating lease (net of any incentives given to lessee) is recognised in the profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Company in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in the profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

DEEP DRILLING 1 PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

2. Significant accounting policies (continued)

2.5 Income taxes

Current income tax liabilities (and asset) for current and prior periods are recognised at the amount expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax assets/liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss.

Current and deferred income tax is measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, and are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2.6 Property, plant and equipment

(a) *Measurement*

All property, plant and equipments are recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

(b) *Depreciation*

Depreciation is calculated using the straight line method to allocate depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Rlg (inclusive of machinery and equipment)	30 years
Loose drilling equipment (included in rlg)	5 years
Office equipment	3 years

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

2 Significant accounting policies (continued)

2.6 Property, plant and equipment (continued)

(b) Depreciation (continued)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other (expense)/income – net". Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

2.7 Impairment of non-financial assets

Property, plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

DEEP DRILLING 1 PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

2 Significant accounting policies (continued)

2.8 Financial assets – Loans and receivables

Financial assets classified as loans and receivables include trade and other receivables and bank balances. These financial assets are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2.9 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.10 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.11 Provisions

Provisions for expenses are recognised when the Company has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

DEEP DRILLING 1 PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

2 Significant accounting policies (continued)

2.12 Currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operated ("the functional currency"). The financial statements are presented in United States Dollar.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate at the balance sheet date are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.13 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

DEEP DRILLING 1 PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(a) *Income taxes*

The Company is subject to income taxes in different jurisdictions comprising foreign withholding taxes or taxes on net profits attributable to a permanent establishment in accordance with the tax jurisdictions of the respective countries where drilling operations are conducted. Significant judgement by management is required in determining the global provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business or as a result of new tax laws or revised interpretations of existing tax laws and precedents. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due; and for uncertain tax positions of the Company, based on the single best estimate of the most likely outcomes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such as due to changes in tax rules in different jurisdictions or revised interpretations of existing tax laws and precedents, such differences will impact the income tax provisions in the corresponding periods.

Deferred taxation

- (i) Deferred income tax has not been recognised on certain temporary difference arising between the tax base of assets and liabilities and their carrying amount.
- (ii) The assumptions resulting in the non-recognition of deferred income tax are that
 - the Company will continue to use its rig to generate income and will not be in the business of trading its rig such that any gain on disposal can be viewed as capital in nature by the tax authorities, and to the extent applicable, the Company will rely on the current automatic tax concession. In the event the disposal of the rig takes place before 31 December 2013 (the current tax concession giving automatic tax exemption on proceeds from sale of an "Approved International Shipping Enterprise" ("AIS") or Singapore flagged rig will remain valid until 31 December 2013); and/or

DEEP DRILLING 1 PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

3 Critical accounting estimates and judgements (continued)

(a) Income taxes (continued)

Deferred taxation (continued)

(ii) The assumptions resulting in the non-recognition of deferred income tax are that (continued):

- the Company will continue to satisfy the necessary conditions for the AIS status awarded by the Maritime and Port Authority of Singapore to continue upon the expiry of the incentive period of 10 years.

If the Company disposes of a rig after 31 December 2013 and in the absence of the above-mentioned concessions, management is of the view that the profit from disposal of a rig will also not be taxable if it is viewed as capital in nature. However, in the remote situation that the Company has been assessed to be in the business of trading its rig, the gains on disposal of the rig will be subject to the corporate tax rate existing at the date of disposal. The corporate tax rate as at the balance sheet date was 17%.

(iii) The Company is subjected to income taxes in numerous jurisdictions. In determining the deferred income tax liabilities arising from differences on accelerated tax depreciation, management is required to estimate the amount of capital allowances claimed in each jurisdiction as well as to form judgements on the tax consequence that will follow from the manner in which the management expects, at the balance sheet date, to recover the carrying amounts of its assets. These judgements include, but are not limited to, the jurisdictions in which the management expects to operate its rig in the future and the effects on the tax bases of these assets.

(b) Useful lives of property, plant and equipment

The Company's business is fairly capital intensive and the annual depreciation of property, plant and equipment forms a significant component of total costs charged to profit or loss. Management reviews, and adjusts as appropriate, the useful lives of property, plant and equipment at each balance sheet date in accordance with the accounting policy. The estimation of the useful lives involves significant judgement. The net book value of completed rig at 31 March 2011 was US\$107,833,793 (2010: US\$112,118,046) and the related depreciation charge for the year ended 31 March 2011 was US\$5,137,177 (2010: US\$5,095,381) (Note 13).

DEEP DRILLING 1 PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

3 Critical accounting estimates and judgements (continued)

(b) Useful lives of property, plant and equipment (continued)

The estimated useful life of the rig (inclusive of machinery and equipment) is an estimate by management based on a variety of factors like historical experience and expectations regarding future operations, performance and utilisation of assets. The machinery and equipment on board, which work in conjunction with entire rig, form part of the composite drilling unit. The rig is subjected to regular maintenance programs like dry-docking planned overhauling of critical equipment like the engines, mud pumps, top-drive systems and the draw works. Management believes that the experience of the Company and supporting data based on market information support the view that the new-built jack-up rig (both hull and structure as well as machinery and equipment components) will have an estimated useful life of 30 years.

if the actual lives of the hull and structure and the machinery and equipment components of the rig were to increase or decrease by 10% from management's estimates, the depreciation expense of the rig for the financial year ended 31 March 2011 would be an estimated US\$364,640 lower or US\$695,924 higher respectively. Correspondingly, the carrying amount of the property, plant and equipment as at 31 March 2011 would be an estimated US\$364,640 higher or US\$695,924 lower respectively.

(c) Impairment of trade receivables

Management reviews its trade receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates.

Where there is objective evidence of impairment, management makes judgement as to whether an impairment loss should be recorded in profit or loss. In determining this, management uses estimates based on available information as at the balance sheet date. As at 31 March 2011, management is of the view that no provision for impairment of trade receivables is required.

DEEP DRILLING 1 PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2011*

4	Revenue	2011	2010
		US\$	US\$
	Revenue from drilling and drilling related contracts	13,074,963	11,239,357
	Income/(loss) from incidental services	16,860	(32,933)
		<u>13,091,843</u>	<u>11,206,424</u>
	Included in revenue is operating lease income derived from drilling contracts amounting to US\$10,030,000 (2010: Nil).		
5	Other (expenses)/income - net	2011	2010
		US\$	US\$
	Interest income	19	237
	Amortisation of amount due from immediate and intermediate holding corporations	(1,672,575)	1,125,770
	Currency exchange loss	(116,929)	(106,813)
	Gain on disposal of property, plant and equipment	-	559
		<u>(1,769,485)</u>	<u>1,019,753</u>
6	Employee compensation	2011	2010
		US\$	US\$
	Wages and salaries	<u>3,026,735</u>	<u>2,399,688</u>
7	Finance costs	2011	2010
		US\$	US\$
	Interest expense on late payments	<u>186,728</u>	<u>185,486</u>
8	Other operating expenses	2011	2010
		US\$	US\$
	Professional fees	244,506	6,660
	Expenses/(income) related to incidental services rendered	4,266	(33,183)
	Other expenses	1,423,714	1,715,385
		<u>1,672,486</u>	<u>1,688,862</u>

DEEP DRILLING 1 PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2011***9 Income taxes****(a) Income tax expense**

	2011 US\$	2010 US\$
Tax expense attributable to profit is made up of:		
Current income tax		
- Foreign withholding tax	<u>315,096</u>	<u>78,939</u>

The income tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax as follows:

	2011 US\$	2010 US\$
Loss before income tax	<u>(4,816,783)</u>	<u>(1,261,851)</u>
Tax calculated at a tax rate of 17%	(784,853)	(214,515)
Expenses not deductible for tax purpose	2,457,598	214,515
Income not subject to tax	(1,672,745)	-
Foreign withholding tax	<u>315,096</u>	<u>78,939</u>
	<u>315,096</u>	<u>78,939</u>

The Maritime and Port Authority of Singapore awarded the "Approved International Shipping Enterprise" ("AIS") status to the Company with effect from 27 June 2006 for an initial period of 10 years subject to a review of performance at the end of the fifth year. As the Company owns a Singapore-registered rig, it is also exempted from Singapore income tax from qualifying income under Section 13A of the Income Tax Act.

(b) Movement in current income tax liabilities

	2011 US\$	2010 US\$
Beginning of financial year	-	1,248,268
Tax payable on results for current financial year	315,096	78,939
Income tax paid	<u>(315,096)</u>	<u>(1,327,207)</u>
End of financial year	<u>-</u>	<u>-</u>

DEEP DRILLING 1 PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2011***10 Trade and other receivables**

	2011 US\$	2010 US\$
Trade receivables		
- Non-related party	3,094,745	-
- Related parties	-	9,829,636
	<u>3,094,745</u>	<u>9,829,636</u>
Deposits	32,557	27,336
Other receivables	3,486,092	68,609
Prepayments	553,962	443,272
	<u>7,167,356</u>	<u>10,368,853</u>

Related parties refer to Premium Drilling Inc. and Premium Drilling (Cayman) Ltd., wholly-owned subsidiaries of Premium Drilling AS, a joint venture company of the intermediate holding corporation.

11 Inventories

	2011 US\$	2010 US\$
Spares and consumables	<u>3,342,267</u>	<u>2,993,538</u>

12 Due from immediate and intermediate holding corporations (non-trade)

The non-trade amounts due from immediate and intermediate holding corporations are unsecured, interest-free and are repayable on demand. These amounts are not expected to be collected within next 12 months from the balance sheet date.

The amounts due from immediate holding corporation and intermediate holding corporation are financial instruments under FRS 39 and are measured initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of these amounts on initial recognition is estimated as the present value of all future cash receipts or payments discounted using the prevailing market rates of interest for a similar financial instrument with similar credit rating and the difference of US\$1,672,675 [2010: (US\$ 1,125,770)] is recorded as amortisation and included in profit or loss.

DEEP DRILLING 1 PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

13 Property, plant and equipment

	Rig* US\$	Office Equipment US\$	Total US\$
2011			
<u>Cost</u>			
Beginning of financial year	130,572,912	205,120	130,778,032
Additions	852,924	-	852,924
End of financial year	<u>131,425,836</u>	<u>205,120</u>	<u>131,630,956</u>
<u>Accumulated depreciation</u>			
Beginning of financial year	18,454,866	85,879	18,540,745
Depreciation charge	5,137,177	64,352	5,201,529
End of financial year	<u>23,592,043</u>	<u>150,231</u>	<u>23,742,274</u>
<u>Net book value</u>			
End of financial year	<u>107,833,793</u>	<u>54,889</u>	<u>107,888,682</u>
2010			
<u>Cost</u>			
Beginning of financial year	130,572,912	217,218	130,790,130
Additions	-	99,769	99,769
Disposals	-	(111,867)	(111,867)
End of financial year	<u>130,572,912</u>	<u>205,120</u>	<u>130,778,032</u>
<u>Accumulated depreciation</u>			
Beginning of financial year	13,359,485	113,709	13,473,194
Depreciation charge	5,095,381	76,582	5,173,963
Disposals	-	(106,412)	(106,412)
End of financial year	<u>18,454,866</u>	<u>85,879</u>	<u>18,540,745</u>
<u>Net book value</u>			
End of financial year	<u>112,118,046</u>	<u>119,241</u>	<u>112,237,287</u>

* Includes machinery and equipment installed on the rig.

The rig, including the installed machinery and equipment, is pledged to secure the borrowings of the intermediate holding corporation.

DEEP DRILLING 1 PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2011***14 Trade and other payables**

	2011 US\$	2010 US\$
Trade payables – non-related parties	1,545,362	1,136,110
Accrued for operating expenses	844,476	309,765
Service tax payable	2,599,004	1,413,131
	<u>4,988,842</u>	<u>2,859,006</u>

15 Share capital

The Company's share capital comprises fully paid-up 135,438,562 (2010: 135,438,562) ordinary shares with no par value amounting to a total of US\$135,438,562 (2010: US\$135,438,562).

16 Commitments**(a) Drilling contracts**

As at the balance sheet date, the Company has committed its rig under drilling contract. These arrangements are assessed to contain a lease under INT FRS 104 – Determining whether an arrangement contains a lease. Based on management's best estimates, the future estimated aggregate receivables related to the lease portion which are non-cancellable and contracted for at the balance sheet date but not recognised as receivables are analysed as follows:

	2011 US\$	2010 US\$
Not later than one year	<u>20,910,000</u>	-

(b) Capital commitments

Capital expenditures contracted for at balance sheet date but not recognised in the financial statements, are analysed as follows:

	2011 US\$	2010 US\$
Property, plant and equipment	<u>-</u>	<u>642,000</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

17 Financial risk management

Financial risk factors

The Company's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Board of Directors reviews and agrees on the policies for managing each of these risks and they are summarised as follows:

(a) Market risk

(i) *Currency risk*

The Company transacts mainly in United States Dollar, which is the functional currency of the Company. The Company has limited exposure to other currencies. Exposure to currency risk is managed as far as possible by natural hedges of matching assets and liabilities.

(ii) *Interest rate risk*

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company has no significant third-party financial assets or liabilities that are exposed to interest rate risks.

(b) Credit risk

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial assets on the balance sheet. At the balance sheet date, major classes of financial assets include cash and bank balances, trade and other receivables and amount due from immediate holding corporation and intermediate holding corporation.

Due to the nature of the Company's operations, revenue and receivable are typically concentrated amongst a relatively small customer base of oil and gas companies. The Company has policies in place to ensure that drilling contracts are with customers of adequate financial standing and appropriate credit history, and where necessary, certain guarantees either in form of bank or parent company may be requested.

DEEP DRILLING 1 PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

17 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

The trade receivables of the Company comprise of 1 debtor (2010: Nil) that represents 100% of trade receivables.

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by International credit-rating agencies. Trade and other receivables and amounts due from immediate and intermediate holding corporation that are neither past due nor impaired are substantially receivables from companies with good collection track record with the Company.

There were no trade receivables past due or impaired that were re-negotiated during the financial year.

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for the trade and other receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	2011 US\$	2010 US\$
Past due < three months	<u>3,094,745</u>	*

No impairment of trade receivables at the balance sheet date is required as management is confident that the trade receivables can be collected within a reasonable time period.

(c) Liquidity risk

The Company adopts prudent liquidity risk management by maintaining sufficient cash balances to meet all its operational requirements.

The financial liabilities of the Company include trade and other payables and are expected to be repaid within one year after the balance sheet date at cost which approximates the carrying value of the liabilities at balance sheet date.

DEEP DRILLING 1 PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

17 Financial risk management (continued)

Financial risk factors (continued)

(d) Capital risk

The Company's objectives when managing capital are to ensure the Company is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary.

The Board of Director's monitors its capital based on net debt and total capital. Net debt is calculated as trade and other payables less cash and bank balances. Total capital is calculated as equity plus net debt.

	2011 US\$	2010 US\$
Net debt	4,806,721	2,833,595
Total equity	<u>218,352,043</u>	<u>229,283,922</u>
Total capital	<u>223,158,764</u>	<u>226,117,517</u>

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2010 and 2011.

18 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties during the financial year on terms agreed by the parties concerned:

	2011 US\$	2010 US\$
Management fees paid to immediate holding corporation	(1,116,000)	(216,000)
Management fees paid to a related party*	-	(300,400)
Rig-operating related payments made on behalf by related parties*	-	<u>(3,016,288)</u>

* Related parties refer to Premium Drilling Inc and Premium Drilling (Cayman) Ltd, wholly-owned subsidiaries of Premium Drilling AS, a joint venture company of the intermediate holding corporation.

DEEP DRILLING 1 PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

19 Immediate, intermediate and ultimate holding corporations

The Company's immediate holding company is Deep Drilling Invest Pte. Ltd., incorporated in Singapore. The intermediate holding corporations are Sinvest AS and DDI Holding AS, both incorporated in Norway, and Aban Singapore Pte. Ltd., incorporated in Singapore. The ultimate holding corporation is Aban Offshore Limited, incorporated in India.

20 New or revised accounting Standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2011 or later periods for which the Company has not early adopted.

- Amendments to FRS 24 – Related Party Disclosures (effective for annual periods beginning on or after 1 January 2011)

The amendment clarifies and simplifies the definition of a related party. However, the revised definition of a related party will mean that some entities will have more related parties and will be required to make additional disclosures.

Management is currently considering the revised definition to determine whether any additional disclosures will be required and has yet to put systems in place to capture the necessary information. It is therefore not possible to disclose the financial impact, if any, of the amendment on the related party disclosures.

21 Authorisation of financial statements

The financial statements of the Company were authorised for issue in accordance with a resolution of the Board of Directors of Deep Drilling 1 Pte. Ltd. on 14 June 2011.

Unaudited Management Accounts for the Guarantor (non-consolidated)

Profit and Loss Account from 1 Apr 2011 to 31st Dec 2011	
Revenue	-
Other income	9,300,007
Other gains/(losses) – net	-
Expenses	
-Purchase of inventories	-
-Rig operating expenses	(270,000)
-Depreciation	(77,196)
-Employee compensation	(317,978)
-Finance expenses	-
-Currency exchange (loss)/gain	46,116
-Other operating expenses	(657,244)
Total expenses	(1,276,301)
Profit/(Loss) before income tax	8,023,705
Income tax expense	-
Total Comprehensive Income/(Loss)	8,023,705

Balance sheet as at 31 Dec 2011	
ASSETS:	
Cash and Cash Equivalents	4,954,844
Restricted Bank Deposits and Escrow Accounts	13,615
Derivative Financial Instruments - Current	-
Financial Assets, Available For Sale	-
Trade Accounts Receivable	-
- Dayrate	0
- Reimbursables	-
- Other Receivables	149,165
- Prepayments and Deposits	369,619
- Inventory	513,338
- Other Current Assets	-
TOTAL CURRENT ASSETS	6,000,582
Rig(Net Book Value)	-
Other(Net Book Value)	109,188
Total Property,Plant & Equipment	109,188
Investment in Subsidiaries	652,578,205
Investment in Joint Ventures	
Investments-Others	-
Derivative Financial Instruments - NonCurrent	-
Intangible Assets	-
Other Long Term Assets	-
TOTAL NON-CURRENT ASSETS	652,578,205
TOTAL ASSETS	658,687,975
LIABILITIES :	
Trade and Other Payables	3,493,050
Payroll and Related Costs	9,196
Interest Payable	-
Current Tax Liabilities	181,863
Derivative Financial Instruments	-
Current Portion of Long Term Debt	-
Other Current Liabilities	420,000
TOTAL CURRENT LIABILITIES	4,104,109
Deferred Income Tax Liabilities	-
Long Term Debt	-
Other Long Term Liabilities	-
TOTAL NON-CURRENT LIABILITIES	-
TOTAL LIABILITIES	4,104,109
Amount Due From/To Associates	-
Amount Due From/To Joint Ventures	(0)
Amount Due From/To Holding Company/Company	-
Amount Due From/To Related Parties	12,904,377
	12,904,376
NET ASSETS/(LIABILITIES)	667,488,243
SHAREHOLDERS' EQUITY	
Share Capital	642,840,539
Fair Value Reserves	-
Stock Option Reserves	-
Asset Revaluation Reserves	-
Other Reserves	-
Accumulated Profits/Losses	16,623,998
Current Year Profits/Losses	8,023,705
TOTAL SHAREHOLDERS' EQUITY	667,488,243

Audited Annual Report for the Guarantor (non-consolidated)

DEEP DRILLING INVEST PTE. LTD.

(Incorporated in Singapore. Registration Number: 200400177M)

ANNUAL REPORT

For the financial year ended 31 March 2011

Associated With

Sutton & Williamson

Nexia TS Public Accounting Corporation

UEN: 200047337N

Incorporated in Singapore

Nexia TS Public Accounting Corporation is a member of Nexia International, an international network of independent accounting and consulting firms.

100 Beach Road, #24-00 Shaw Tower, Singapore 189702 Tel: (65) 4334 3700 Fax: (65) 6334 3766 Website: www.nexia.com.sg

Singapore Shanghai

DEEP DRILLING INVEST PTE. LTD.
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 March 2011

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DEEP DRILLING INVEST PTE. LTD.

DIRECTORS' REPORT

For the financial year ended 31 March 2011

The directors present their report to the shareholder together with the audited financial statements for the financial year ended 31 March 2011.

Directors

The directors in office at the date of this report are as follows:

Mr. C. P. Gopalakrishnan
Mr. V. Sivaramakrishnan
Mr. P. Venkateswara Iyer

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of <u>director or nominee</u>		Holdings in which a director is deemed <u>to have an interest</u>	
	At	At	At	At
	<u>31.3.2011</u>	<u>1.4.2010</u>	<u>31.3.2011</u>	<u>1.4.2010</u>
Ultimate holding corporation - Aban Offshore Ltd (<u>No. of ordinary shares at RS2 each</u>)				
Mr. C. P. Gopalakrishnan	21,500	21,500	10,750	10,750
Mr. P. Venkateswara Iyer	11,505	11,505	-	-

DEEP DRILLING INVEST PTE. LTD.

DIRECTORS' REPORT

For the financial year ended 31 March 2011

Directors' interests in shares or debentures (continued)

(b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the intermediate holding corporation, Aban Singapore Pte. Ltd. ("ASPL"), granted pursuant to ASPL Employees Share Option Scheme 2007 as set out below:

Options to subscribe for ordinary shares at exercise price of US\$2 per share

	At <u>31.3.2011</u>	At <u>1.4.2010</u>
Intermediate holding corporation - Aban Singapore Pte Ltd		
Mr. C. P. Gopalakrishnan	280,000	280,000
Mr. P. Venkateswara Iyer	280,000	280,000

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that all directors have employment relationship with the ultimate holding corporation and have received remuneration in that capacity.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

DEEP DRILLING INVEST PTE LTD.

DIRECTORS' REPORT

For the financial year ended 31 March 2011

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors



Chakkungal Pathayapura
Gopalakrishnan
Director



Parameswaran
Venkateswara Iyer
Director

12 July 2011

DEEP DRILLING INVEST PTE. LTD.

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2011

In the opinion of the directors,

- (a) the financial statements set out on pages 7 to 26 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2011, and of the results of the business, changes in equity and cash flows of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors



Chakkungal Pathayapura
Gopalakrishnan
Director



Parameswaran
Venkateswara Iyer
Director

12 July 2011

**Independent Auditor's Report to the Shareholder of
Deep Drilling Invest Pte. Ltd.**

Report on the Financial Statements

We have audited the accompanying financial statements of Deep Drilling Invest Pte. Ltd. (the "Company") which comprise the balance sheet of the Company as at 31 March 2011, the statement of comprehensive income, the statement of changes in equity and the cash flow statement of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheet and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independent Auditor's Report to the Shareholder of
Deep Drilling Invest Pte. Ltd.
(Continued)**

Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2011, and the results, changes in equity and cash flows of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



**Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants**

Singapore

12 July 2011

DEEP DRILLING INVEST PTE, LTD.**STATEMENT OF COMPREHENSIVE INCOME***For the financial year ended 31 March 2011*

	Note	2011 US\$	2010 US\$
Other income/(expenses) - net	3	15,599,179	(1,850,530)
Expenses			
- Employee compensation	4	(292,832)	(97,362)
- Depreciation	10	(108,465)	(7,742)
- Rental under operating lease		(76,226)	(119,219)
- Professional fees		(61,979)	(140,688)
- Insurance		(50,000)	-
- Travel and freight related		(135,342)	(27,414)
- Management fee		(360,000)	-
- Allowances for impairment on amount due from related party		(1,602,186)	-
- Other operating expenses		(224,442)	(134,973)
		(2,911,474)	(527,388)
Profit/(loss) before income tax		12,687,705	(2,377,918)
Income tax expense	5	(187,905)	(37,250)
Total comprehensive income/(loss), representing net profit/(loss)		12,499,800	(2,415,168)

The accompanying notes form an integral part of these financial statements.

DEEP DRILLING INVEST PTE. LTD.**BALANCE SHEET***As at 31 March 2011*

	Note	2011 US\$	2010 US\$
ASSETS			
Current assets			
Cash and bank balances	6	11,520,200	1,097,973
Other receivables	7	1,988,899	2,438,678
Inventories	8	397,415	625,094
		<u>13,906,514</u>	<u>4,161,745</u>
Non-current assets			
Investments in subsidiaries	9	652,578,207	652,578,207
Property, plant and equipment	10	158,588	267,053
Due from subsidiaries (non-trade)	11	102,110,644	136,557,165
Due from immediate holding corporation (non-trade)	12	303,361,617	259,730,204
Due from intermediate holding corporation (non-trade)	13	33,310,936	-
		<u>1,091,519,992</u>	<u>1,049,132,629</u>
Total assets		<u>1,105,426,506</u>	<u>1,053,294,374</u>
LIABILITIES			
Current liabilities			
Trade and other payables	14	3,591,181	6,003,899
Current income tax liabilities	5	237,107	176,532
		<u>3,828,288</u>	<u>6,180,431</u>
Non-current liabilities			
Due to subsidiaries (non-trade)	11	442,133,680	343,259,348
Due to intermediate holding corporation (non-trade)	13	-	56,889,857
		<u>442,133,680</u>	<u>400,149,205</u>
Total liabilities		<u>445,961,968</u>	<u>406,329,636</u>
NET ASSETS		<u>659,464,538</u>	<u>646,964,738</u>
EQUITY			
Share capital	15	642,840,539	642,840,539
Retained profits		16,623,999	4,124,199
		<u>659,464,538</u>	<u>646,964,738</u>

The accompanying notes form an integral part of these financial statements.

DEEP DRILLING INVEST PTE. LTD.**STATEMENT OF CHANGES IN EQUITY***For the financial year ended 31 March 2011*

	Share capital US\$	Retained profits US\$	Total equity US\$
2011			
Beginning of financial year	642,840,539	4,124,199	646,964,738
Total comprehensive income	-	12,499,800	12,499,800
End of financial year	<u>642,840,539</u>	<u>16,623,999</u>	<u>659,464,538</u>
2010			
Beginning of financial year	642,840,539	6,539,367	649,379,906
Total comprehensive loss	-	(2,415,168)	(2,415,168)
End of financial year	<u>642,840,539</u>	<u>4,124,199</u>	<u>646,964,738</u>

The accompanying notes form an integral part of these financial statements.

DEEP DRILLING INVEST PTE. LTD.**CASH FLOW STATEMENT***For the financial year ended 31 March 2011*

	Note	2011 US\$	2010 US\$
Cash flows from operating activities			
Net profit		12,499,800	(2,415,168)
Adjustments for:			
- Income tax expense		187,905	37,250
- Depreciation		108,465	7,742
- Interest income		(11,262,686)	(1,497)
- Amortisation of amounts due from/to subsidiaries		(10,277,395)	7,068,678
- Amortisation of amounts due from immediate holding corporation		-	6,121,021
- Amortisation of amounts due to intermediate holding corporation		7,810,196	(8,624,051)
Operating cash flow before working capital changes		<u>(933,695)</u>	<u>1,193,975</u>
Changes in operating assets and liabilities:			
- Restricted bank deposits		-	(13,614)
- Other receivables		449,779	(2,180,962)
- Inventories		227,679	(825,094)
- Trade and other payables		(2,412,718)	4,958,145
Cash (used in)/generated from operations		<u>(2,668,956)</u>	<u>3,332,460</u>
Interest received		39,833	1,497
Income tax paid		(127,330)	(510,718)
Net cash (used in)/provided by operating activities		<u>(2,756,452)</u>	<u>2,823,229</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(274,795)
Due from subsidiaries		33,548,175	7,919,482
Due from immediate holding corporation		(41,516,048)	(208,600,433)
Due from intermediate holding corporation		(32,013,664)	68,211,101
Net cash used in investing activities		<u>(39,981,537)</u>	<u>(132,744,645)</u>
Cash flows from financing activities			
Due to subsidiaries		110,050,073	68,808,958
Due to intermediate holding corporation		(58,889,857)	60,774,290
Net cash provided by financing activities		<u>53,160,216</u>	<u>129,583,248</u>
Net increase/(decrease) in cash and bank balances		10,422,227	(338,168)
Cash and bank balances at beginning of financial year		<u>1,084,359</u>	<u>1,422,527</u>
Cash and bank balances at end of financial year	6	<u>11,506,586</u>	<u>1,084,359</u>

The accompanying notes form an integral part of these financial statements.

DEEP DRILLING INVEST PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General information

The Company is incorporated and domiciled in Singapore, with its principal place of business and registered office at 6 Temasek Boulevard, #28-01, Suntec Tower 4, Singapore 038986.

The principal activity of the Company is that of an investment holding company.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

Interpretations and amendments to published standards effective in 2010

On 1 April 2010, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from 1 January 2010. Changes to the Company's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

DEEP DRILLING INVEST PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

2. Significant accounting policies (continued)

2.2 Revenue recognition

(a) *Management fee*

Management fee is recognised when services are rendered.

(b) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method.

2.3 Group accounting - Subsidiaries

These financial statements are the separate financial statements of Deep Drilling Invest Pte. Ltd. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly owned subsidiary of DDI Holding AS, a company incorporated in Norway. DDI Holding AS is wholly owned by Sinvest AS, the intermediate holding corporation which produces consolidated financial statements. The registered office of Sinvest AS is Gyldenløvesgate 2B, 4666 Kristiansand, Norway.

2.4 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The Company's contributions are recognised as employee compensation expense when they are due.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

DEEP DRILLING INVEST PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

2. Significant accounting policies (continued)

2.4 Employee compensation (continued)

(c) *Termination benefits*

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.5 Operating lease (lessee)

Leases of assets where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.6 Income taxes

Current income tax liabilities (and asset) for current and prior periods are recognised at the amount expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax assets/liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss.

Current and deferred income tax is measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, and are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

DEEP DRILLING INVEST PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

2. Significant accounting policies (continued)

2.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Property, plant and equipment

(a) *Measurement*

All property, plant and equipment are recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

(b) *Depreciation*

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives as follows.

	<u>Useful lives</u>
Leasehold improvement	3 years
Motor vehicle	3 years
Office equipment	1- 3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

DEEP DRILLING INVEST PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

2. Significant accounting policies (continued)

2.8 Property, plant and equipment (continued)

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

2.9 Impairment of non-financial assets

Property, plant and equipment and investments in subsidiaries are reviewed for impairment whenever there is any indication that these assets may be impaired.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

DEEP DRILLING INVEST PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

2. Significant accounting policies (continued)

2.10 Financial assets – Loans and receivables

Financial assets classified as loans and receivables include other receivables and bank balances. These financial assets are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet which are presented as non-current assets.

2.11 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.12 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.13 Provisions

Provisions for expenses are recognised when the Company has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

DEEP DRILLING INVEST PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

2. Significant accounting policies (continued)

2.14 Currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operated ("the functional currency"). The financial statements are presented in United States Dollar, which is the financial currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate at the balance sheet date are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.15 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

3 Other income/(expenses) - net

	2011	2010
	US\$	US\$
Interest income	11,262,666	1,497
Management fees	1,728,000	1,728,000
Amortisation of amounts due from/to subsidiaries	10,277,395	(7,088,678)
Amortisation of amounts due to Intermediate holding corporation	(7,810,196)	8,624,051
Amortisation of amounts due to Immediate holding corporation	•	(5,121,021)
Currency exchange gain/(loss)	141,065	(32,522)
Others	249	18,143
	15,599,179	(1,850,530)

DEEP DRILLING INVEST PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2011***4 Employee compensation**

	2011 US\$	2010 US\$
Wages and salaries	<u>292,832</u>	<u>97,352</u>

5 Income tax**(a) Income tax expense**

	2011 US\$	2010 US\$
Tax expense attributable to profit is made up of:		
Current income tax		
- Foreign withholding tax	260,000	176,532
Over provision of foreign withholding tax in previous financial years	<u>(72,095)</u>	<u>(139,282)</u>
	<u>187,905</u>	<u>37,250</u>

The tax expense on results differs from the amount that would arise using the Singapore standard rate of income tax is as follows:

	2011 US\$	2010 US\$
Profit/(loss) before income tax	<u>12,687,705</u>	<u>(2,377,918)</u>
Tax calculated at a tax rate of 17%	2,156,910	(404,246)
Expenses not deductible for tax purposes	51,546	431,577
Income not subject to tax due to AIS status	(2,208,456)	(27,331)
Foreign withholding tax	260,000	176,532
	<u>260,000</u>	<u>176,532</u>

(b) Movement in current income tax liabilities

	2011 US\$	2010 US\$
Beginning of financial year	176,532	650,000
Tax payable on profit for current financial year	260,000	176,532
Over provision of foreign withdrawing tax in previous financial years	(72,095)	(139,282)
Income tax paid	<u>(127,330)</u>	<u>(510,718)</u>
End of financial year	<u>237,107</u>	<u>176,532</u>

DEEP DRILLING INVEST PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2011***6 Cash and bank balances**

	2011 US\$	2010 US\$
Cash at bank and on hand	11,506,586	1,084,359
Restricted bank deposits	13,614	13,614
	<u>11,520,200</u>	<u>1,097,973</u>

For the purpose of presenting in the cash flow statement, the cash and bank balances comprise the following:

	2011 US\$	2010 US\$
Cash at bank and on hand (as above)	11,520,200	1,097,973
Less: Restricted bank deposits	(13,614)	(13,614)
Bank balances per cash flow statement	<u>11,506,586</u>	<u>1,084,359</u>

Included in the cash and bank balances are bank deposits amounting to US\$13,614 (2010: US\$13,614) which are not freely remissible for use by the Company as they have been pledged to a bank to secure a banker's guarantee.

7 Other receivables

	2011 US\$	2010 US\$
Advances to suppliers	1,324,020	774,884
Non-trade amounts due from related parties	521,708	1,644,227
Deposits	55,450	7,903
Prepayments	13,564	-
Other receivables	74,157	11,884
	<u>1,988,899</u>	<u>2,438,678</u>

Related parties refer to Venture Drilling AS and Venture Drilling Pte. Ltd., joint ventures of the intermediate holding corporation and Beta Drilling Pte. Ltd., a wholly-owned subsidiary of Sinvest AS, an intermediate holding corporation.

The non-trade amounts due from related parties are unsecured, interest-free and are repayable on demand.

DEEP DRILLING INVEST PTE, LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2011***8 Inventories**

	2011 US\$	2010 US\$
Spares and consumables	<u>397,415</u>	<u>625,094</u>

9 Investments in subsidiaries

	2011 US\$	2010 US\$
<i>Equity investments at cost</i>		
Beginning and end of financial year	<u>652,578,207</u>	<u>652,578,207</u>

<u>Name of subsidiaries</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	Equity holding	
			2011 %	2010 %
Deep Drilling 1 Pte. Ltd.	(a)	Singapore	100	100
Deep Drilling 2 Pte. Ltd.	(a)	Singapore	100	100
Deep Drilling 3 Pte. Ltd.	(a)	Singapore	100	100
Deep Drilling 4 Pte. Ltd.	(a)	Singapore	100	100
Deep Drilling 5 Pte. Ltd.	(a)	Singapore	100	100
Deep Drilling 6 Pte. Ltd.	(a)	Singapore	100	100
Deep Drilling 7 Pte. Ltd.	(a)	Singapore	100	100
Deep Drilling 8 Pte. Ltd.	(a)	Singapore	100	100

(a) *The principal activities are that of ownership and operations of offshore jack-up drilling rigs.*

All subsidiaries are audited by Nexia TS Public Accounting Corporation.

DEEP DRILLING INVEST PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2011***10 Property, plant & equipment**

	Leasehold improvement US\$	Motor vehicle US\$	Office equipment US\$	Total US\$
2011				
Cost				
Beginning and end of financial year	258,875	-	15,920	274,795
Accumulated depreciation				
Beginning of financial year	413	-	7,329	7,742
Depreciation charge	101,422	-	7,043	108,465
End of financial year	101,835	-	14,372	116,207
Net book value				
End of financial year	157,040	-	1,548	158,588
2010				
Cost				
Beginning of financial year	-	-	-	-
Additions	258,875	-	15,920	274,795
End of financial year	258,875	-	15,920	274,795
Accumulated depreciation				
Beginning of financial year	-	-	-	-
Depreciation charge	413	-	7,329	7,742
End of financial year	413	-	7,329	7,742
Net book value				
End of financial year	251,546	-	15,507	267,053

DEEP DRILLING INVEST PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

11 Due from/to subsidiaries (non-trade)

The non-trade amounts due from/to subsidiaries are unsecured, interest-bearing at 3 months LIBOR plus 3% (2010: Nil) and are repayable on demand. These amounts are not expected to be collected or repaid within the next 12 months from the balance sheet date.

The amounts due from/to subsidiaries are financial instruments under FRS 39, and are measured initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of these amounts on initial recognition is estimated as the present value of all future cash receipts/payments discounted using the prevailing market rates of interest for a similar financial instrument with similar credit rating and the difference of US\$10,277,385 (2010: (US\$7,068,878)) is recorded as amortisation of amounts due from/to subsidiaries in profit or loss.

12 Due from immediate holding corporation (non-trade)

The non-trade amounts due from immediate holding corporation are unsecured, interest-bearing at 3 months LIBOR plus 3% (2010: Nil) and are repayable on demand. The amounts due from immediate holding corporation are not expected to be collected within the next 12 months from balance sheet date. The amounts due from immediate holding corporation were earlier settled during the financial year.

The amounts due from immediate holding corporation are financial instruments under FRS 39, and are measured initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of these amounts on initial recognition is estimated as the present value of all future cash receipts discounted using the prevailing market rates of interest for similar financial instruments with similar credit rating and the difference of US\$ Nil (2010: (US\$5,121,021)) is recorded as amortisation of amount due from immediate holding corporation in profit or loss.

DEEP DRILLING INVEST PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

13 Due from/to intermediate holding corporation (non-trade)

The non-trade amounts due from/to intermediate holding corporation are unsecured, bear interest at 3 months LIBOR plus 3% and are repayable on demand. These amounts are not expected to be collected or repaid within the next 12 months from the balance sheet date.

The amounts due from/to intermediate holding corporation are financial instruments under FRS 39, and are measured initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of these amounts on initial recognition is estimated as the present value of all future cash receipts/payments discounted using the prevailing market rates of interest for a similar financial instrument with similar credit rating and the difference of US\$7,810,196 (2010: US\$8,624,051) is recorded as amortisation of amounts due from/to subsidiaries in profit or loss.

14 Trade and other payables

	2011 US\$	2010 US\$
Trade payables	2,281,840	5,164,615
Accrued operating expenses	1,309,341	839,264
	<u>3,591,181</u>	<u>6,003,899</u>

15 Share capital

The Company's share capital comprises fully paid-up 642,840,539 (2010: 642,840,539) ordinary shares with no par value amounting to a total of US\$642,840,539 (2010: US\$642,840,539).

DEEP DRILLING INVEST PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

16 Financial risk management

Financial risk factors

The Company's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Board of Directors reviews and agrees on the policies for managing each of these risks and they are summarised as follows:

(a) Market risk

(i) Currency risk

The Company transacts mainly in United States Dollar, which is the functional currency of the Company. The Company has limited exposure to other currencies. Exposure to currency risk is managed as far as possible by natural hedges of matching assets and liabilities.

(ii) Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company has no significant third-party financial assets or liabilities that are exposed to interest rate risks.

(b) Credit risk

The Company is not exposed to any significant credit risk. The Company has no significant third-party receivables that are exposed to credit risk.

(c) Liquidity risk

The Company adopts prudent liquidity risk management by maintaining sufficient cash and available funding through an adequate amount of committed credit facilities as well as financing from its holding corporations to meet its operational requirements. The Company ensures that arrangements have been made to obtain adequate funds to meet all its debts and other obligations as the Company has obtained continuing financial support from its ultimate holding corporation for at least twelve months from balance sheet date.

DEEP DRILLING INVEST PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2011***16 Financial risk management (continued)****(c) Liquidity risk (continued)**

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows at balance sheet date.

	Within one year US\$	Between one and two years US\$
2011		
Trade and other payables	3,591,181	-
Amounts due to subsidiaries	-	442,133,680
	<u>3,591,181</u>	<u>442,133,680</u>
2010		
Trade and other payables	6,003,898	-
Amounts due to subsidiaries	-	343,259,341
Amounts due to intermediate holding corporation	-	58,889,857
	<u>6,003,898</u>	<u>402,149,198</u>

(d) Capital risk

The Company's objectives when managing capital are to ensure the Company is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary.

The Board of Director's monitors its capital based on net debt and total capital. Net debt is calculated as trade and other payables plus amount due to intermediate holding corporation and subsidiaries less cash and bank balances. Total capital is calculated as equity plus net debts.

	2011 US\$	2010 US\$
Net debt	434,204,861	405,055,131
Total equity	659,464,638	846,964,738
Total capital	<u>1,093,669,199</u>	<u>1,052,019,869</u>

The Company is not subject to any externally imposed capital requirements for the financial year ended 31 March 2011 and 2010.

DEEP DRILLING INVEST PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

17 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties during the financial year on terms agreed by the parties concerned:

	2011 US\$	2010 US\$
Management fee income charged to subsidiaries	1,728,000	1,728,000
Management fee paid to intermediate holding corporation	(360,000)	-

18 Immediate, intermediate and ultimate holding corporations

The Company's immediate holding corporation is DOI Holding AS, incorporated in Norway. The intermediate holding corporations are Sinvest AS, incorporated in Norway, and Aban Singapore Pte Ltd, incorporated in Singapore. The ultimate holding corporation is Aban Offshore Limited, incorporated in India.

19 New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards that have been published are mandatory for accounting periods beginning on or after 1 January 2011 or later periods for which the Company has not early adopted.

- Amendments to FRS 24 – Related Party Disclosures (effective for annual periods beginning on or after 1 January 2011)

The amendment clarifies and simplifies the definition of a related party. However, the revised definition of a related party will mean that some entities will have more related parties and will be required to make additional disclosures.

Management is currently considering the revised definition to determine whether any additional disclosures will be required and has yet to put systems in place to capture the necessary information. It is therefore not possible to disclose the financial impact, if any, of the amendment on the related party disclosures.

20 Authorisation of financial statements

These financial statements of the Company were authorised for issue in accordance with a resolution of the Board of Directors of Deep Drilling Invest Pte. Ltd on 12 July 2011.

Copy of Signed Loan Agreement

BOND AGREEMENT

between

Deep Drilling 1 Pte. Ltd.
(Issuer)

and

Norsk Tillitsmann ASA
(Bond Trustee)

on behalf of

the Bondholders

in the bond issue

12 per cent Deep Drilling 1 Pte. Ltd.
Senior Secured Callable Bond Issue 2011/2015



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This agreement has been entered into on 20 December 2011 between

(1) Deep Drilling 1 Pte. Ltd. (a company incorporated in Singapore) with Company No. 200400179N as issuer (the "Issuer"), and

(2) Norsk Tiltidsmann ASA (a company incorporated in Norway with Company No. 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 (certain terms relevant for Clauses 13 and 18.2 and other Clauses may be defined in the relevant Clause):

"**Aban Group**" means the Ultimate Parent with all its Subsidiaries from time to time.

"**Account Manager**" means a Bondholder's account manager in the Securities Register.

"**Attachment**" means any attachments to this Bond Agreement.

"**Bond Agreement**" means this bond agreement, including any Attachment to which it refers, and any subsequent amendments and additions agreed between the Parties.

"**Bond Issue**" means the bond issue constituted by the Bonds.

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

"**Bondholders' Meeting**" means a meeting of Bondholders, as set forth in Clause 16.

"**Bonds**" means the securities issued by the Issuer pursuant to this Bond Agreement, representing the Bondholders' underlying claim on the Issuer.

"**Bond Trustee**" means Norsk Tiltidsmann ASA, Postboks 1470 Viken, 0116 Oslo.

"**Book Equity**" means on any date the aggregate amount which would in accordance with GAAP be shown in the Guarantor's Financial Reports as the shareholders' equity of the Guarantor Group on a consolidated basis.

"**Business Day**" means any day on which Norwegian commercial banks are open for general business, and when Norwegian banks can settle foreign currency transactions, being any day on which the Norwegian Central Bank's Settlement System is open.



"Call Option" shall have the meaning set forth in Clause 10.2.

"Cash and Cash Equivalents" means, on any date, the aggregate of the equivalent in USD on such date of the then current market value of:

- (i) cash in hand or amounts standing to the credit of any current and/or on deposit accounts with an acceptable bank; and
- (ii) time deposits with acceptable banks and certificates of deposit issued, and bills of exchange accepted, by an acceptable bank,

in each case, to which the Issuer is beneficially entitled and has free and unrestricted access and which is not subject to any encumbrance and where "an acceptable bank" means a reputable international bank with at least A- rating from Standard & Poor's Rating Services or Fitch Rating Ltd or A3 rating from Moody's Investors Services Limited.

"Costs" means all costs, expenses, disbursements, payments, charges, losses, demands, claims, liabilities, penalties, fines, damages, judgments, orders, sanctions, fees (including travel expenses, VAT, court fees and legal fees) and any other outgoings of whatever nature.

"Change of Control Event" means any person separately or together with its Subsidiaries becomes the owner, directly or indirectly, of 50% or more of the outstanding shares and/or voting capital of the Guarantor. For the avoidance of doubt, no Change of Control Event shall be deemed to have occurred so long as Aban Singapore Pte Ltd or its affiliates hold collectively, either directly or indirectly, more than 50% of the outstanding shares and/or voting capital of the Guarantor.

"Deep Driller 1" means the Singapore Flag Baker Marine Pacific Class 375 jack-up rig, constructed at PPL Shipyard Pte Ltd (Singapore) in 2006, registered 20 December 2006 with official number 392523 and IMO number 9362578.

"Drilling Contract" means any charter contracts for the employment of the Rig with oil companies not part of the Aban Group.

"Encumbrance" means any encumbrance, mortgage, pledge, lien, charge (whether fixed or floating), assignment by way of security, finance lease, sale and repurchase or sale and leaseback arrangement, sale of receivables on a recourse basis or security interest or any other agreement or arrangement having the effect of conferring security.

"Escrow Account" means an account opened by the Issuer in the Norwegian main office or branch of a reputable international bank selected by the Issuer with at least A- rating from Standard & Poor's Rating Services or Fitch Ratings Ltd or A3 rating from Moody's Investors Services Limited, that is blocked and pledged in favor of the Bond Trustee (on behalf of the bondholders) and into which the net proceeds shall be transferred on the Issue Date.

"Earnings Account" means an account established in the name of the Issuer in the Singapore main office or branch of a reputable international bank selected by the Issuer with at least A- rating from Standard & Poor's Rating Services or Fitch Ratings Ltd or A3 rating from Moody's Investors Services Limited, into which (i) all earnings of the Issuer shall be paid into, and (ii) all other net earnings related to the Rig and the Drilling Contract shall be paid directly from the relevant contracting party under the Drilling Contract. The Earnings Account shall be pledged in favor of the Bond Trustee (on behalf of the bondholders), but not blocked unless there is an Event of Default.

"Event of Default" means the occurrence of an event or circumstance specified in Clause 15.1.

"Equity Ratio" means the ratio of Book Equity to Total Assets.

"Exchange" means securities exchange or other reputable marketplace for securities, on which the Bonds are listed, or where the Issuer has applied for listing of the Bonds.

"Final Maturity Date" means 21 December 2015.

"Finance Documents" means (i) this Bond Agreement, (ii) the Security Documents (including any notices, acknowledgements and other ancillary documentation relating thereto), (iii) the agreement between the Bond Trustee and the Issuer referred to in Clause 14.2, and (iv) any other document the Issuer and the Bond Trustee agree to be a Finance Document.

"Financial Indebtedness" means any indebtedness incurred in respect of:

- (a) moneys borrowed, including acceptance credit;
- (b) any bond, note, debenture, loan stock or other similar instrument;
- (c) the amount of any liability in respect of any lease, hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (d) receivables sold or discounted (other than any receivables sold on a non-recourse basis);
- (e) any sale and lease-back transaction, or similar transaction which is treated as indebtedness under GAAP;
- (f) the acquisition cost of any asset to the extent payable after its acquisition or possession by the party liable where the deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price, including without limitation currency or interest rate swaps, caps or collar transactions (and, when calculating the value of the transaction, only the mark-to-market value shall be taken into account);



- (h) any amounts raised under any other transactions having the commercial effect of a borrowing or raising of money, whether recorded in the balance sheet or not (including any forward sale or purchase agreement);
- (i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institutions; and
- (j) (without double counting) any guarantee, indemnity or similar assurance against financial loss of any person in respect of any of the items referred to in (a) through (i) above.

"Financial Reports" means the audited annual accounts and non-audited semi-annual accounts for the Issuer and the Guarantor, all drawn up according to GAAP and to include a profit and loss account, balance sheet, cash flow statement and report from the Board of Directors. The Guarantor's Financial Reports shall be consolidated to include the Guarantor Group. For the sake of clarity, the Guarantor's Financial Reports prior to the annual accounts for 2011-2012 (for fiscal year ending 31 March 2012) are not audited.

"GAAP" means the generally accepted accounting practice and principles in the country in which the Issuer and the Guarantor is incorporated including, if applicable, the International Financial Reporting Standards (IFRS) and guidelines and interpretations issued by the International Accounting Standards Board (or any predecessor and successor thereof), in force from time to time.

"Guarantor" means Deep Drilling Invest Pte. Ltd., a limited liability company incorporated in and existing under the laws of Singapore, with company registration number 20040017741.

"Guarantor Group" means the Guarantor or any of its subsidiaries from time to time, while **"Guarantor Group Company"** means any such company.

"Guarantee" means an unconditional and irrevocable on demand guarantee under Singapore law from the Guarantor, securing all amounts outstanding under the Finance Documents, including but not limited to principal, interest and expenses.

"Interest Payment Date" means 31 June and 21 December each year, and the Final Maturity Date.

"Inter-Creditor Agreement" means the inter-creditor agreement, to the reasonable satisfaction of the Bond Trustee, concerning the Rig with insurances to be entered into between the Central Bank of India and the Bond Trustee acting on behalf of the bondholders.

"ISIN" means International Securities Identification Numbering system - the identification number of the Bonds.

"Issuer's Bonds" means Bonds owned by the Issuer, any party or parties who has decisive influence over the Issuer, or any party or parties over whom the Issuer has decisive influence.

"Issue Date" means 21 December 2011.

"Manager" means Pareto Securities Asia Pte Ltd, 16 Collyer Quay # 27-02, Singapore 049318 and Pareto Securities AS, Dronning Mauds gt 3, PB 1411 Viken, 1115 Oslo, Norway.

"Mandatory Prepayment Event" means that (i) the Rig is sold or disposed of, or (ii) the Guarantor's 100% ownership in the shares of the Issuer changes.

Market Value means the fair market value of the Rig in USD determined as the arithmetic mean of independent valuations of the Rig obtained from two independent and well-reputed sale and purchase broker familiar with the market for the relevant vessels appointed by the Issuer and approved by the Bond Trustee. Such valuation shall be made on the basis of a sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and willing buyer, on an "as is where is" basis, free of any existing charters or other contracts for employment. The cost of such determination shall be for the account of the Issuer. The valuation shall be made at least semi-annually, or following an Event of Default, upon the request of the Bond Trustee.

"Material Adverse Effect" means a material adverse effect on: (a) the financial condition or operations of the Issuer, the Guarantor and/or the Guarantor Group, (b) the Issuer's or the Guarantor's ability to perform and comply with its obligations under the Finance Documents; or (c) the validity or enforceability of any Finance Document.

"Material Subsidiary" means:

- (i) any Subsidiary of the Guarantor whose total consolidated assets represent at least 5 % of the total consolidated assets of the Guarantor Group, or
- (ii) any Subsidiary of the Guarantor whose total consolidated net sales represent at least 5 % of the total consolidated net sales of the Guarantor Group, or
- (iii) any other Subsidiary of the Guarantor to which is transferred either (A) all or substantially all of the assets of another Subsidiary which immediately prior to the transfer was a Material Subsidiary or (B) sufficient assets of the Guarantor or Issuer that such Subsidiary would have been a Material Subsidiary had the transfer occurred on or before the relevant date, always provided that Subsidiaries not being a Material Subsidiary shall in aggregate not exceed 20 % of the consolidated turnover, gross assets or net assets of the Guarantor Group (as the case may be).

"Minimum Cash Requirement" is defined in Clause 13.6.

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

"Obligor" means the Issuer and the Guarantor.

"Outstanding Bonds" means the aggregate value of the total number of Bonds not redeemed or otherwise discharged.

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

"Paying Agent" means DNB Bank ASA, Norway, the legal entity appointed by the Issuer to act as paying agent on behalf of the Issuer with respect of the Bonds.

"Payment Date" means a date for payment of principal or interest.

"Project Documents" means any Drilling Contract, any charter with an Abou Group company and employment contracts for the employment of the Rig.

"Retention Account" means an account established by the Issuer as maintained in the Singapore main office or branch of a reputable international bank selected by the Issuer with at least A- rating from Standard & Poor's Rating Services or Fitch Ratings Ltd or A3 rating from Moody's Investors Services Limited, where at any time Cash or Cash Equivalents meeting the Minimum Cash Requirement shall be deposited. The Retention Account shall be blocked and pledged in favor of the Bond Trustee (on behalf of the bondholders). The Bond Trustee (on behalf of the bondholders) shall be authorized to release balance in the Retention Account in excess of the Minimum Cash Requirement provided there is no Event of Default.

"Rig" means Deep Driller 1.

"Securities Register Act" means the Norwegian Act relating to Registration of Financial Instruments of 5 July 2002 No. 64.

"Securities Register" means the Norwegian Registry of Securities (norsk: Verdivoptrcentralen or "VPS").

"Security Agent" means the Bond Trustee, unless any other legal entity is appointed as collateral agent pursuant to Clause 17.4.

"Security Documents" means any document establishing, recording, confirming or preserving any security interest over any Security Interest relating to any Finance Document.

"Security Interests" means any Encumbrances or other security (hereunder any guarantee) created (or to be created) by the Security Documents.

"Subsidiary" means an entity over which another entity or person has a determining influence due to (i) direct and indirect ownership of shares or other ownership interests, and/or (ii) agreement, understanding or other arrangement. An entity shall always be considered to be the subsidiary of another entity or person if such entity or person has such number of shares or ownership interests so as to represent the majority of the votes in the entity, or has the right to vote in or vote out a majority of the directors in the entity.

"Taxes" means all present and future taxes, levies, imposts, duties, charges, fees, deductions and withholdings, and any restrictions and or conditions resulting in a

charge together with interest thereon and penalties in respect thereof and "Tax" and "Taxation" shall be construed accordingly.

"Total Assets" means on any date the aggregate amount which would in accordance with GAAP be shown in the Guarantor's Financial Reports as the total assets of the Guarantor Group on a consolidated basis.

"Total Loss Event" means that there is an actual or constructive total loss of the Rig.

"Ultimate Parent" means Aton Offshore Ltd., (registration No L011197N1986PLCD13473, a limited liability company incorporated in India.

"USD" means US Dollars, being the legal currency of the United States of America,

"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) references to "control" means the power to appoint a majority of the board of directors of the Issuer or to direct the management and policies of an entity, whether through the ownership of voting capital, by contract or otherwise; and
- (h) references to a "person" shall include any individual, firm, partnership, joint venture, company, corporation, trust, fund, body corporate, unincorporated body of persons, or any state or any agency of a state or association (whether or not having separate legal personality).

2 The Bonds

2.1 Binding nature of the Bond Agreement

- 2.1.1 The Bondholders are, through their subscription, purchase or other transfer of Bonds bound by the terms of the Bond Agreement and other Finance Documents, as authority to the Bond Trustee to finalize and execute the Bond Agreement on the Bondholders behalf is set out in the subscription documents, term sheet, sales documents or in any other way, and while all Bond transfers are subject to the terms of this Bond Agreement and all Bond transferees are, in taking transfer of Bonds,

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deemed to have accepted the terms of the Bond Agreement and the other Finance Documents and will automatically become parties to the Bond Agreement upon completed transfer having been registered in the Securities Register, without any further action required to be taken or formalities to be complied with, see also Clause 18.1.

- 2.1.2 The Bond Agreement is available to anyone and may be obtained from the Bond Trustee or the Issuer. The Issuer shall ensure that the Bond Agreement is available to the general public throughout the entire term of the Bonds, confer also Clause 18.4.1.

2.2 *The Bonds*

- 2.2.1 The Issuer has resolved to issue a series of Bonds in the amount of USD 125,000,000 (U.S. Dollar one hundred and twentyfive million).

The Bonds will be in denominations of USD 1 each and rank pari passu between themselves.

The Bond Issue will be described as "12 per cent Deep Drilling 1 Pte. Ltd. Senior Secured Cullable Bond Issue 2011/2015".

The International Securities Identification Number (ISIN) of the Bond Issue will be NO 001 063322.5.

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

2.3 *Purpose and utilization*

- 2.3.1 The net proceeds from the Bond Issue (net of legal costs, fees of the Manager and the Bond Trustee and any other agreed costs and expenses) shall be employed to fund the Retention Account (if applicable) and be provided as an internal loan (directly or indirectly) to Aban Singapore Pte Ltd (the "Aban Singapore Loan") to partly refinance the outstanding principal sum of USD 160 million under the bond issue with ISIN NO0010299126 issued by DDI Holding AS. The employment of the net proceeds from the Bonds shall be evidenced to the satisfaction of the Bond Trustee.

3 *Listing*

- 3.1 The Issuer shall apply for listing of the Bonds on the Oslo ABM.
- 3.2 If the Bonds are listed, the Issuer shall ensure that the Bonds remain listed until they have been discharged in full.

4 *Registration in a Securities Register*

- 4.1 The Bond Issue and the Bonds shall prior to disbursement be registered in the Securities Register according to the Securities Register Act and the conditions of the

Securities Register. Principal and interest accrued will be credited the Bondholders through the Securities Register.

- 4.2 The Issuer shall promptly arrange for notification to the Securities Register of any changes in the terms and conditions of this Bond Agreement. The Bond Trustee shall receive a copy of the notification.
- 4.3 The Issuer is responsible for the implementation of correct registration in the Securities Register. The registration may be executed by an agent for the Issuer provided that the agent is qualified according to relevant regulations.
- 5 Purchase and transfer of Bonds**
- 5.1 Subject to the restrictions set forth in this Clause 5, the Bonds are freely transferable and may be pledged.
- 5.2 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 (such e.g. to its nationality, its residency, its registered address, its place(s) for doing business). Each Bondholder must ensure compliance with local laws and regulations applicable at own cost and expense.
- 5.3 Notwithstanding the above, a Bondholder which has purchased the Bonds in contradiction to mandatory restrictions applicable may nevertheless utilize its voting rights under this Bond Agreement.

6. Disbursement - Release from Escrow - Conditions Precedents

6.1 Disbursement to Escrow Account

- 6.1.1 On the Issue Date, subject to receipt of a written confirmation from the Bond Trustee, the Manager shall transfer the net proceeds from the Bond Issue to the Escrow Account.
- 6.1.2 Such transfer is subject to the following conditions precedent being met:
- (a) this Bond Agreement being duly executed by all parties thereto;
 - (b) the agreement set forth in Clause 14.2, duly executed;
 - (c) corporate documents, necessary corporate resolutions and any necessary governmental approvals, power of attorney, consent or waivers (as the case may be) to issue the Bonds and enter into the agreements in letters (a), (b) and (l) are in place and to the satisfaction of the Bond Trustee;
 - (d) certified copies of (i) the Certificate of Incorporation or other similar official document for the Issuer, evidencing that it is validly existing and (ii) Articles of Association of the Issuer;
 - (e) the latest Financial Reports by the Issuer and the Guarantor having been delivered to the Bond Trustee;



- (f) confirmation that the requirements set forth in Chapter 7 of the Norwegian Securities Trading Act (implementing the EU prospectus directive (2003/71 EC) concerning prospectuses have been fulfilled;
- (g) to the extent necessary, any public authorizations required for the Bond Issue;
- (h) confirmation from the Paying Agent that the Bonds have been registered in the Securities Register;
- (i) documentation on the granting of authority to the Bond Trustee as set out in Clause 2, and copies of any written documentation made public by the Issuer or the Manager in connection with the Bond Issue;
- (j) copies of any written documentation made public by the Issuer or the Manager in connection with the Bond Issue;
- (k) any statements or legal opinions reasonably required by the Bond Trustee; and
- (l) the Escrow Account Pledge duly executed and perfected by all parties thereto (including all applicable notices, acknowledgements and consents from the relevant bank).

6.2 Release from Escrow Account

6.2.1 Release from the Escrow Account shall take place as a single payment as soon as possible upon the Bond Trustee receiving a duly executed release notice from the Issuer, provided to the following conditions precedent are met:

- a) necessary corporate resolutions from the Issuer and the Guarantor to execute all Financing Documents;
- b) all Finance Documents being in acceptable form and executed;
- c) the Earnings Account and the Retention Account shall be established;
- d) the Securities Interests being established and perfected under the Security Documents;
- e) satisfactory documentation evidencing that the amount to be released shall be applied in accordance with the Purpose of the Bond Issue;
- f) no (potential) Event of Default has occurred and is continuing;
- g) all required legal opinions have been received in form and substance satisfactory to the Bond Trustee;
- h) the Project Documents are in a form substantially in line with customary industry standards and have been executed;
- i) pro-forma balance sheet dated on the Issue Date showing that the Issuer has no Financial Indebtedness other than such Financial Indebtedness incurred pursuant to the Finance Documents, duly certified by a director of the Issuer.

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- j) a power of attorney from the Issuer, the Guarantor and any other security provider to relevant individuals for their execution of the relevant Finance Documents, or extracts from the relevant register or similar documentation evidencing the individuals authorized to sign on behalf of the Issuer, the Guarantor or any other security provider (as the case may be);
- k) certified copies of (i) the Certificate of Incorporation or other similar official document for the Guarantor and any other security provider, evidencing that it is validly existing and (ii) Articles of Association of the Guarantor and any other security provider; and
- l) the Inter-Creditor Agreement duly executed by all parties thereto;
- m) written confirmation in accordance with Clause 7.3 (if required).

6.3 The Bond Trustee may, in its reasonable opinion, waive the deadline or requirements for documentation as set forth in Clauses 6.1, 6.2 and/or 6.3.

6.4 The Bond Trustee may require any statement or legal opinion in connection with the Bond Issue (pre and post Issue Date).

6.5 In the event that the conditions precedent in Clause 6.2 are not satisfied for any reason no later than 19 January 2012, or at such later date agreed with the Bond Trustee at the Bond Trustee's discretion, the funds in the Escrow Account amounting to 96 % of par value plus accrued interest on redeemed amount shall be returned to the Bondholders.

7 Representations and Warranties

7.1 The Issuer and the Guarantor represents and warrants to the Bond Trustee (on behalf of the Bondholders) that:

(a) Status

The Issuer and the Guarantor are limited liability companies, duly incorporated and validly existing under the law of the jurisdiction in which it is registered, and has the power to own its assets and carry on its business as it is being conducted.

(b) Power and authority

The Issuer and the Guarantor has the power to enter into and perform, and has taken all necessary corporate action to authorize its entry into, performance and delivery of this Bond Agreement and the Guarantee respectively and any other Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

(c) Valid, binding and enforceable obligations

This Bond Agreement and any other Finance Document constitute (or will constitute, when executed by the respective parties thereto) legal, valid and binding obligations of such parties, enforceable in accordance with their terms, and (save as provided for therein) no further registration, filing, payment of tax or fees or other formalities are

necessary or desirable to render the said documents enforceable against the Issuer and for any Security Interest created, or to be created, by any Security Documents to constitute a valid, perfected and enforceable Security Interest in accordance with the terms and conditions of such Security Document.

(d) Non-conflict with other obligations

The entry into and performance by the Issuer of the Bond Agreement and any other Finance Document to which it is a party and the transactions contemplated thereby do not and will not conflict with (i) any present law or regulation or present judicial or official order; (ii) its articles of association, by-laws or other constitutional documents; or (iii) any document or agreement which is binding on the Issuer or any of its assets.

The entry into and performance by the Guarantor of the Guarantee and any other Finance Document to which it is a party and the transactions contemplated thereby do not and will not conflict with (i) any present law or regulation or present judicial or official order; (ii) its articles of association, by-laws or other constitutional documents; or (iii) any document or agreement which is binding on the Guarantor or any of its assets.

(e) No Event of Default

No Event of Default exists, and no other circumstances exist which constitute or (with the giving of notice, lapse of time, determination of materiality or the fulfilment of any other applicable condition, or any combination of the foregoing) would constitute a default under any document which is binding on the Issuer or any of its assets, and which may have a Material Adverse Effect.

(f) Authorizations and consents

All authorizations, consents, licenses or approvals of any governmental authorities required for the Issuer or the Guarantor in connection with the execution, performance, validity or enforceability of this Bond Agreement or any other Finance Document, and the transactions contemplated thereby, have been obtained and are valid and in full force and effect. All authorizations, consents, licenses or approvals of any governmental authorities required for the Issuer or the Guarantor to carry on its business as presently conducted and as contemplated by this Bond Agreement, have been obtained and are in full force and effect.

(g) Litigation

No litigation, arbitration or administrative proceeding of or before any court, arbitral body or agency is pending or, to the best of the Issuer's or the Guarantor's knowledge, threatened which, if adversely determined, might reasonably be expected to have a Material Adverse Effect.

(h) Financial Reports

The most recently Financial Reports of the Issuer and Guarantor Group respectively fairly and accurately represent the assets and liabilities and financial condition as at their respective dates, and have been prepared in accordance with GAAP, consistently applied from one year to another.

(i) No undisclosed material liabilities

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As of the date of the Financial Reports, the Issuer and the Guarantor had no material liabilities, direct or indirect, actual or contingent, and there were no material anticipated losses from any unfavourable commitments not disclosed by or reserved against in the Financial Reports or in the notes thereto.

(j) No Material Adverse Effect

Since the date of the Financial Reports, there has been no change in the business, assets or financial condition of the Issuer that is likely to have a Material Adverse Effect.

(k) No misleading information

The documents and information which have been provided to the subscribers or the Bond Trustee in connection with this Bond Issue represent the latest available information concerning the Guarantor Group and the Aban Group.

(l) Environmental compliance

The Issuer and each Guarantor Group Company is in compliance with any relevant applicable environmental law or regulation and no circumstances have occurred which would prevent such compliance in a manner which has or is likely to have a Material Adverse Effect.

(m) Intellectual property

The Guarantor Group has undisputed, valid and good title to (a) its patents, trade marks, service marks, designs, business names, copyrights, design rights, inventions, confidential information and other intellectual property rights and interests (whether registered or unregistered), and (b) the benefit of all applications and rights to use such assets.

(n) Pari passu ranking

The Issuer's and Guarantor's payment obligations under this Bond Agreement or any other Finance Document to which it is a party rank at least pari passu with the claims of its other unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

(o) Encumbrances

No Encumbrances exist over any of the present assets of any Guarantor Group Company in conflict with this Bond Agreement.

7.2 The Issuer and the Guarantor represents and warrants to the Bond Trustee (on behalf of the Bondholders) that no Aban Group company, or, to the knowledge of the Issuer and the Guarantor, any director, officer, employee, affiliate of the Aban Group, or to the extent involved in the Bond Issue any agent or representative of the Aban Group, is an individual or entity ("Person") that is, or is owned or controlled by a Person that is:

- (a) the subject of any economic or financial sanctions or trade embargoes administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), the U.S. Departments of State or Commerce or any other US government authority, including under the Iran Sanctions Act as amended by the Comprehensive Iran Sanctions, Accountability and Divestment

Act of 2010, or by the United Nations Security Council ("UNSC"), the European Union ("EU"), Her Majesty's Treasury ("HMT") or Norwegian or other relevant sanctions authority (collectively, "Sanctions");

- (b) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Cuba, Iran, Libya, Myanmar, North Korea, Sudan and Syria); or
- (c) engaged in any conduct that might reasonably be foreseen to cause the Issuer and the Guarantor to become a subject of Sanctions

7.3 The Bond Trustee may prior to disbursement require a written statement from the Issuer and Guarantor confirming compliance with Clauses 7.1 and 7.2.

7.4 The representations and warranties set out in Clauses 7.1 and 7.2 are made on the execution date of this Bond Agreement and shall, except for Clause 7.1 (k), be deemed to be repeated on the Issue Date and on each Interest Payment Date.

7.5 In the event of misrepresentation, the Issuer and the Guarantor shall indemnify the Bond Trustee for any economic losses suffered, both prior to the disbursement of the Bonds, and during the term of the Bonds, as a result of its reliance on the representations and warranties provided herein.

8 Status of the Bonds and Security Interests

8.1 The payment obligations of the Issuer and the Guarantor under the Finance Documents (including but not limited to the Outstanding Bonds with accrued interest and expenses) shall constitute senior debt and rank at least *pari passu* with the claims of other creditors except for obligations which are mandatorily preferred by law.

8.2 The payment obligations of the Issuer and the Guarantor under the Finance Documents (including the Outstanding Bonds with accrued but unpaid interest and expenses) shall be secured by the following Security Interests in favor of the Bond Trustee (acting on behalf of the bondholders):

Pre release from Escrow Account:

- (i) a first priority pledge under Norwegian law over the Escrow Account (the "Escrow Account Pledge").

Post release from Escrow Account:

- (ii) a first priority mortgage under Singapore law over the Rig including all relevant equipment being legally part of the Rig (the "Mortgage"), also including a deed of covenants supplemental to the Mortgage and to the security thereby created between the Issuer and the Bond Trustee;
- (iii) a first priority assignment under Singapore law in any insurances related to the Rig and the equipment related thereto (the "Assignment of Insurances");



- (iv) a first priority pledge under Singapore law granted by the Guarantor over all of the shares (100%) in the Issuer (the "Issuer Share Pledge"), together with, *inter alia*, letters of resignation (effective upon a an Event of Default) from current board members and covenants to obtain such from future board members;
- (v) a first priority pledge under Singapore law over the Earnings Account (the "Earnings Account Pledge");
- (vi) a first priority pledge under Singapore law over the Retention Account (the "Retention Account Pledge"); and
- (vii) the Guarantee.

9 Interest

- 9.1 The Issuer shall pay interest on the face value of the Bonds from, and including, the Issue Date at a fixed rate of 12 per cent per annum (the "Fixed Rate").
- 9.2 Interest payments shall be made semi-annually in arrears on the Interest Payment Dates, or the subsequent Business Day if such date is not a Business Day. The first Interest Payment Date falls in June 2012.
- 9.3 The relevant interest payable amount shall be calculated based on a period from, and including, one Interest Payment Date to, but excluding, the next following applicable Interest Payment Date. There shall be no adjustment of the interest period if the Interest Payment Date falls on a date which is not a Business Day and payment therefore is to be made on the subsequent Business Day (no adjustment under the Business Day Convention).
- 9.4 The day count fraction in respect of the calculation of the payable interest amount shall be "30/360", which means that the number of days in the calculation period in respect of which payment is being made divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-days months (unless (i) the last day of the calculation period is the 31st day of a month but the first day of the calculation period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the calculation period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).
- 9.5 The payable interest amount per Bond for a relevant calculation period shall be calculated as follows:

$$\text{Interest Amount} = \text{Face Value} \times \text{Fixed Rate} \times \text{Fixed Rate Day Count Fraction}$$

10 Maturity of the Bonds – Prepayments

10.1 Maturity

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The Bonds shall be repaid by the Issuer in installments as follows:

- USD 12.5 million to be repaid on the Interest Payment Date in December 2012;
 - USD 12.5 million to be repaid on the Interest Payment Date in December 2013;
 - USD 12.5 million to be repaid on the Interest Payment Date in December 2014,
- and
- the remaining Outstanding Bonds to be repaid at the Final Maturity Date.

Payment shall be made on the subsequent Business Day if the relevant Interest Payment date is not a Business Day.

All repayments shall be made at 100% of par value plus accrued interest on redeemed amount. Installments must be carried out pro rata between the Bonds (according to the procedures of the Security Depository).

10.2 *Call Option*

10.2.1 The Issuer may redeem the Bonds, all or nothing, at any time from and including:

- (i) the Interest Payment Date in December 2013 to, but not including, the Interest Payment Date in December 2014 at a price equal to 112.5 % of par value (plus accrued interest on redeemed amount);
- (ii) the Interest Payment Date in December 2014 to, but not including, the Final Maturity Date at a price equal to 104.0 % of par value (plus accrued interest on redeemed amount)

10.2.2 Exercise of the Call Option shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders and at least thirty Business Days prior to the settlement date of the Call Option.

10.2.3 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 (including any premium as stated above) and any unpaid interest accrued up to the settlement date

10.2.4 Bonds redeemed by the Issuer in accordance with this Clause shall be discharged against the Outstanding Bonds.

10.3 *Right of pre-payment (Put Option) due to Change of Control*

10.3.1 Upon the occurrence of a Change of Control Event each Bondholder shall have a right of pre-payment (a "Put Option") of its Bonds at a price of 101 % of par plus accrued interest.

10.3.2 The Put Option must be exercised within 60 days after the Issuer has given notification to the Bond Trustee and the Bondholders (via VPS) of a Change of

Control Event. Such notification shall be given as soon as possible after a Change of Control Event has taken place.

The Put Option may be exercised by the Bondholders by giving written notice of the request to its Account Manager. The Account Manager shall notify the Paying Agent of the pre-payment request. The settlement date of the Put Option shall be fifteen - 15 - Business Days following the date when the Paying Agent received the repayment request.

- 10.3.3 On the settlement date of the Put Option, the Issuer shall pay to each of the Bondholders holding Bonds to be repaid, the principal amount of each such Bond (including any premium pursuant to Clause 10.3.1) and any unpaid interest accrued up to (but not including) the settlement date.

10.4 *Mandatory Prepayment*

- 10.4.1 Upon a Mandatory Prepayment Event occurring the Issuer shall, at the earlier of (i) on or about the day the Issuer is receiving the proceeds following the relevant Mandatory Prepayment Event and (ii) 20 Business Days after the event triggering the actual Mandatory Prepayment Event, redeem 100% of the outstanding bonds at a price as follows:

- (i) if occurring anytime from Issue Date to, but not including, the Interest Payment Date in December 2013, at a price equivalent to the sum of:
 - a. the present value on the relevant record date of 112.5 % of the par value discounted from the Interest Payment Date in December 2013; and
 - b. the present value on the relevant record date of the remaining coupon payments (less any accrued but unpaid interest, as such interest shall be paid in full) through and including the Interest Payment Date in December 2013 both calculated by using a discount rate of 50 basis points over the comparable U.S. Treasury Rate (i.e. comparable to the remaining duration of the Bonds until the mentioned Interest Payment Date in December 2013) (plus accrued interest on redeemed amount) and where "relevant record date" shall mean a date agreed upon between the Bond Trustee, the Paying Agent, VPS and the Issuer in connection with the such repayment; and
- (ii) if occurring anytime from and including the Interest Payment Date in December 2013 to, but not including, the Interest Payment Date in December 2014, at a price equal to 112.5 % of par value (plus accrued interest on redeemed amount);
- (iii) if occurring anytime from and including the Interest Payment Date in December 2014 to, but not including, the Final Maturity Date, at a price equal to 104.0% of par value (plus accrued interest on redeemed amount).

Payment shall be made on the subsequent Business Day if the date specified in first paragraph is not a Business Day.

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For the avoidance of doubt, the redemption price shall be determined based on the date the Mandatory Prepayment Event occurred and not based on the date the repayment is carried out.

- 10.4.2 Upon a Total Loss Event, the Issuer shall as soon as insurance proceeds are available redeem 100% of all Outstanding Bonds at 100% of par value (plus accrued interest on redeemed amount).
- 10.4.3 Mandatory Redemption shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders and at least ten Business Days prior to the settlement date of the Mandatory Redemption.
- 10.4.4 On the settlement date of the Mandatory Redemption, 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 (including any premium as stated above) and any unpaid interest accrued up to (but not including) the settlement date.
- 10.4.5 If the Bonds are redeemed according to this Clause 10.4, the entire amount on the Escrow Account, the Earnings Account and the Retention Account may be used as part payment.

11 Payments

11.1 Payment mechanics

- 11.1.1 The Issuer shall pay all amounts due to the Bondholders under the Bonds and this Bond Agreement by crediting the bank account nominated by each Bondholder in connection with its securities account in the Securities Register.
- 11.1.2 Payment shall be considered 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 considered to have been made once the amount has been credited to the bank account nominated by the Bondholder in question, see however Clause 11.2.

11.2 Currency

- 11.2.1 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 the currency exchange settlement agreements between the Bondholders' bank and the Paying Agent, cash settlement may be delayed, in which case no default interest or other penalty shall accrue for the amount of the Issuer.
- 11.2.2 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 11.2.1, within 5 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 Bondholders account in the Securities Register.

- 11.2.3 Amounts payable in respect of costs, expenses, taxes and other liabilities shall be payable in the currency in which they are incurred.

11.3 Set-off and counterclaims

- 11.3.1 The Issuer and the Guarantor may not apply or perform any counterclaims or set-off against any payment obligations pursuant to this Bond Agreement or any other Finance Document.

11.4 Interest in the event of late payment

- 11.4.1 In the event that payment of interest or principal is not made on the relevant Payment Date, the unpaid amount shall bear interest from the Payment Date at an interest rate equivalent to the interest rate according to Clause 9 plus 5.00 percentage points.

- 11.4.2 The interest charged under this Clause 11.4 shall be added to the defaulted amount on each respective Interest Payment Date relating thereto until the defaulted amount has been repaid in full.

- 11.4.3 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 15.1 (a), of Clauses 15.2 - 15.4.

11.5 Irregular payments

- 11.5.1 In case of irregular payments, the Bond Trustee may instruct the Issuer or the Guarantor or any other security provider or Bondholders of other payment mechanisms than described in Clause 11.1 or 11.2 above. The Bond Trustee may also obtain payment information regarding Bondholders' accounts from the Securities Register or Account Managers.

12 Issuer's acquisition of Bonds

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

13 Covenants

13.1 General

- 13.1.1 The Issuer and the Guarantor has undertaken the covenants in this Clause 13 to the Bond Trustee (on behalf of the Bondholders), as further stated below.

13.1.2 The covenants in this Clause 13 shall remain in force from the date of this Bond Agreement and until such time that no amounts are outstanding under this Bond Agreement and any other Finance Document, unless the Bond Trustee (or the Bondholders Meeting, as the case may be), has agreed in writing to waive any covenant, and then only to the extent of such waiver, and on the terms and conditions set forth in such waiver.

13.2 Information Covenants

13.2.1 The Issuer shall

- (a) without being requested to do so, immediately inform the Bond Trustee of any Event of Default as well as of any circumstances which the Issuer understands or should understand may lead to an Event of Default;
- (b) without being requested to do so, inform the Bond Trustee of any other event which may have a Material Adverse Effect;
- (c) without being requested to do so, inform the Bond Trustee if the Issuer intends to sell or dispose of all or a substantial part of its assets or operations, or change the nature of its business;
- (d) without being requested to do so, prepare Financial Reports annually and semi-annually for the first half of any financial year, and make such Financial Reports available to any existing or prospective bondholders upon request (in addition to sending them to the Bond Trustee and the Manager) as soon as they become available, and not later than 150 days after the end of the financial year and not later than 90 days after the end of the relevant interim period;
- (e) at the request of the Bond Trustee, report the balance of the Issuer's Bonds;
- (f) without being requested to do so, send the Bond Trustee copies of any creditors' notifications of the Issuer, including but not limited to mergers, demergers and reduction of the Issuer's share capital or equity;
- (g) without being requested to do so, send a copy to the Bond Trustee of its notices to the Exchange (if listed) which are of relevance for the Issuer's liabilities pursuant to this Bond Agreement;
- (h) without being requested to do so, inform the Bond Trustee of changes in the registration of the Bonds in the Securities Register; and
- (i) within a reasonable time, provide such information about the Issuer's financial condition as the Bond Trustee may reasonably request.

13.2.2 The Issuer shall at the request of the Bond Trustee provide the documents and information necessary to maintain the listing and quotation of the Bonds on the Exchange (if listed) and to otherwise enable the Bond Trustee to carry out its rights and duties pursuant to this Bond Agreement and the other Finance Documents, as well as applicable laws and regulations.

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- 13.2.3 The Issuer shall in connection with the issue of its Financial Reports under Clause 13.2.1. (d), confirm to the Bond Trustee in writing the Issuer's compliance with the covenants in Clause 13.2-13.3. Such confirmation shall be undertaken in a compliance certificate, substantially in the format set out in Attachment 1 hereto, signed by any two directors of the Issuer. In the event of non-compliance, the compliance certificate shall describe the non-compliance, the reasons therefore as well as the steps which the Issuer has taken and will take in order to rectify the non-compliance.
- 13.2.4 The Bond Trustee may and shall upon request distribute such abovementioned reports referred to in Clause 13.2.1 (d) above to existing or prospective bondholders.

13.3 Issuer's Positive Covenants

- 13.3.1 The Issuer shall
- a) remain a single-purpose company owning, operating and maintaining the Rig and engaged in business incidental thereto;
 - b) upon request of the Bond Trustee arrange for the Bond Trustee, and/or any persons appointed by the Bond Trustee, to undertake a technical inspection of the Rig without interference of the daily operations of the Rig and at the expense of the Issuer, (however limited to two yearly inspections at the expense of the Issuer unless an Event of Default has occurred);
 - c) procure that it is performing all its material obligations under the Project Documents;
 - d) procure that no Drilling Contract is entered into with Iranian or North Korean or Venezuelan person(s) or entities ultimately controlled by Iranian or North Korean or Venezuelan person(s), and that the Rig does not enter the territorial waters of Iran or North Korea or Venezuela;
 - e) procure that the Rig is maintained in good condition and repair at all times;
 - f) maintain all acts which may be necessary to ensure that the Security Interests remains duly created, enforceable and perfected first priority, at the expense of the Issuer or the relative security provider (as the case may be);
 - g) perform and observe all of its material covenants and agreements contained in any of the Project Documents to which it is or becomes a party, shall take all necessary action to prevent the termination of any such Project Documents in accordance with the terms thereof or otherwise, and shall take any and all action as may be reasonably necessary promptly to enforce its rights and to collect any and all sums due to it under the Project Documents; and
 - h) procure that the Issuer's obligations under this Bond Agreement and any other Finance Document shall at all times rank at least pari passu with the claims of all its other unsubordinated creditors save for those whose claims are preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application.



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13.4 *Issuer's Negative Covenants:*

13.4.1 The Issuer shall not

- a) amend its constitutional documents in a way which is likely to have a material adverse effect on the Issuer's ability to fulfill its obligations under the Finance Documents;
- b) cease to carry out its business, or change the nature of its business;
- c) sell or dispose of all or a substantial part its assets (including but not limited to the Rig) or operations (in connection with a sale to a third party or an internal reorganization), unless the Bonds are redeemed in full in accordance with the Mandatory Prepayment provisions;
- d) de-merge, merge or in any other way restructure its business;
- e) agree to or permit the assignment of any rights under the Project Documents;
- f) incur or permit to remain outstanding any indebtedness other than:
 - (i) any Financial Indebtedness arising under the Bond Issue;
 - (ii) any Financial Indebtedness for working capital purposes and for meeting normal capital expenditure, in the aggregate amount not exceeding USD 15 million;
 - (iii) any indebtedness (other than Financial Indebtedness) arising in the ordinary course of business for working capital purposes and as part of the daily operation of the Issuer; and
 - (iv) derivative transactions in respect of currency and interest rate hedging;
- g) create or permit to subsist any Encumbrance over any of its assets or its revenues or enter into arrangements having a similar effect except for:
 - (i) any Encumbrance granted as security for the Bond Issue;
 - (ii) any Encumbrance arising by operation of law or in the ordinary course of business customary (including collateral in connection with credit purchases of goods and services); and
 - (iii) a second priority lien in the Security Interests listed in Clause 3.2 (ii) to (vii) subject to an inter-creditor agreement acceptable to the Bond Trustee being entered into with the Bond Trustee;
- h) enter into any sale- and leaseback transactions;
- i) make any other financial or other arrangements concerning the Rig and its employment than provided for in this Bond Agreement, which is likely to have a material adverse effect on the Issuer's ability to fulfill its obligations under the Finance Documents;



- j) grant any loans, guarantees or other financial assistance (whether actual or contingent) ("Financial Support") to or for the benefit of any party not being a member of the Guarantor Group, save for (i) Financial Support made, granted or given in the ordinary course of its business (including guarantees relating to employment of the Rig) and (ii) the Abu Singapore Loan.
- k) make any investments or capital expenditures, other than solely related to the ownership in and operation of the Rig; and
- l) engage directly or indirectly, in any transaction with any related party (without limitation, the purchase, sale or exchange of assets or the rendering of any service), except in the ordinary course of business and pursuant to the reasonable requirement of the Issuer's business and upon fair and reasonable terms that are not less favorable to the Issuer, as the case may be, than those which might be obtained in an arm's length transaction at the time, with the exemption for (i) the zero interest loan from the Issuer to the Guarantor of app. USD 116 million and (ii) the Abu Singapore Loan that may be granted at zero interest.

13.5 *Corporate and operational matters*

(a) *Related Party transactions*

All transactions between any companies in the Guarantor Group shall comply with all provisions of corporate law applicable to such transactions

The Issuer shall not engage directly or indirectly in any transaction (including without limitation, the purchase, sale or exchange of assets or the rendering of any service) with

- (i) any other Abu Group company or
- (ii) (ii) any director or senior member of management of any Abu Group company or
- (iii) any company in which any Abu Group company holds more than 10 per cent of the shares, or
- (iv) (iv) or any company, person or entity controlled by or affiliated with any of the foregoing,

except in the ordinary course of business and pursuant to the reasonable requirement of the Issuer's business and upon fair and reasonable terms that are not less favorable to the Issuer than those which might be obtained in an arm's length transaction at the time, with the exemption for (a) the zero interest loan from the Issuer to the Guarantor of app. USD 116 million and (b) the Abu Singapore Loan that may be granted at zero interest.

(b) *Corporate status*

The Issuer and the Guarantor shall not change its type of organization or jurisdiction of organization.

- (c) *Compliance with laws*
 The Issuer and the Guarantor shall (and shall ensure that all Group Companies shall) carry on its business in accordance with acknowledged, careful and sound practices in all material aspects and comply in all material respects with all laws and regulations it or they may be subject to from time to time (including any environmental laws and regulations).
- (d) *Litigations*
 The Issuer shall, promptly upon becoming aware of them, send the Bond Trustee such relevant details of any:
- (a) material litigations, arbitrations or administrative proceedings which have been or might be started by or against any Guarantor Group Company; and
 - (b) other events which have occurred or might occur and which may have a Material Adverse Effect, as the Bond Trustee may reasonably request.

13.6 *Financial Covenants*

13.6.1 The Issuer shall comply with the following financial covenants during the term of the Bonds:

- (a) *Asset Cover Ratio*
 The Issuer shall ensure that the Market Value of the Rig shall exceed 120% of the Outstanding Bonds.
- (c) *Minimum Cash Requirement*
 The Issuer shall ensure that at all times when the firm Drilling Contract backlog for the Rig is less than 6 months (excluding options), maintain Cash and Cash Equivalents in the Retention Account equal to minimum 6 months interest coupon for the Bonds.

13.6.2 The Financial Covenants will apply at all times and will be tested on a semi-annual basis.

13.6.3 In the event of any breach of a Financial Covenant, the Issuer shall immediately give notice to the Bond Trustee, and the Issuer shall have the right to remedy the non-compliance within 15 Banking days after sending such notice. If the Issuer has remedied the non-compliance within said 15 Banking Days, no Event of Default shall have occurred.

13.7 *Rig Covenants*

13.7.1 The Issuer shall provide for reasonable and satisfactory maintenance and insurance of the Rig and all relevant equipment related thereto at all times, hereunder to retain the Rig in class. During operation of the Rig, the Issuer shall ensure that the rig manager runs proper maintenance of the Rig according to a pre-agreed planned maintenance system. The Rig shall also be adequately insured (including war risk) against Hull & Machinery risks at least 120% of the outstanding amount under the Finance Documents, and a third party liability insurance as per industry standards, as well as

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any additional insurance required under any other contracts. The insurances and Loss Payer Clause shall be in accordance with the Norwegian Marine Insurance Plan or other insurances with at least similar terms.

13.7.2 The Issuer shall maintain class, flag, name and registry of the Rig, and allow the Bond Trustee to inspect the Rig if requested.

13.7.3 The Rig shall be kept in a good and safe condition and repairs consistent with prudent ownership and industry standards; and at all times be operated in accordance with laws and regulations.

13.8 *Special Covenants*

13.8.1 The Issuer covenants that the Aban Group will not, directly or indirectly, use the proceeds from the Bonds, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person;

- a. to fund or facilitate any activities or business of, with or related to any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions; and
- b. in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Bond issuance, whether as Manager, advisor, investor or otherwise).

13.8.2 The Issuer covenants that it will not operate or allow the operation of any of its assets by any Person or in any country that, at the time of such operation, is the subject of Sanctions.

13.8.3 The Issuer and the Guarantor covenant that no Person that is a subject of Sanctions will supply or have any residual property interest in any funds repaid or remitted by the Issuer and the Guarantor in connection with the Bonds.

13.8.4 The Issuer and the Guarantor covenant that they will not engage in any conduct that might reasonably be foreseen to cause it to become a subject of Sanctions.

13.9 *The Guarantor's Covenants*

13.9.1 The Guarantor shall

- a) without being requested to do so, immediately inform the Bond Trustee of any Event of Default as well as of any circumstances which the Issuer understands or should understand may lead to an Event of Default;
- b) without being requested to do so, inform the Bond Trustee of any other event which may have a Material Adverse Effect
- c) without being requested to do so, prepare Financial Reports annually and semi-annually for the first half of any financial year, and make such Financial Reports available to any existing or prospective bondholders upon request (in addition to sending them to the Bond Trustee and the Manager) as soon as they become available, and not later than 150 days after the end of the financial year and not later than 90 days after the end of the relevant interim period;

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- d) within a reasonable time, provide such information about the Guarantor's financial condition as the Bond Trustee may reasonably request;
- e) maintain an Equity Ratio of minimum 25%;
- f) not de-merge, merge or in any other way restructure its business in a way which is likely to have a material adverse effect on the Guarantor's ability to fulfill its obligations under the Finance Documents;
- g) not cease to carry on its business or change the nature of its business; and
- h) not sell or dispose of all or a substantial part of its assets if such transaction would have a Material Adverse Effect.

The Bond Trustee may and shall upon request distribute such above-mentioned reports referred to in (e) above to existing or prospective bondholders.

The financial covenant in letter e) will apply for the Guarantor on a consolidated basis at all times, and will be tested on a semi-annual basis in connection with the reporting in Clause 13.9.3 below.

- 13.9.2 In the event of any breach of a covenant, the Guarantor shall give notice to the Bond Trustee and have the right to remedy the non-compliance within 15 Banking days after sending such notice. If the Guarantor has remedied the non-compliance within said 15 Banking Days, no Event of Default shall have occurred.
- 13.9.3 The Guarantor shall in connection with the issue of its Financial Reports under Clause 13.9.1. (e), confirm to the Bond Trustee in writing the Issuer's compliance with the covenants in Clause 13.9.1. Such confirmation shall be undertaken in a compliance certificate, substantially in the format set out in Attachment 2 hereto, signed by any two members of the Board of Directors of the Guarantor. In the event of non-compliance, the compliance certificate shall describe the non-compliance, the reasons therefor as well as the steps which the Guarantor has taken and will take in order to rectify the non-compliance.

14 Fees and expenses

- 14.1 The Issuer shall cover all its own expenses in connection with this Bond Agreement and fulfilment of its obligations under this Bond Agreement, including preparation of this Bond Agreement, preparation of the Finance Documents and any registration or notifications relating thereto, listing of the Bonds on the Exchange (if applicable), and the registration and administration of the Bonds in the Securities Register.
- 14.2 The expenses and fees payable to the Bond Trustee (and/or the Security Agent, as the case may be) shall be paid by the Issuer and are set forth in a separate agreement between the Issuer and the Bond Trustee. Fees and expenses payable to the Bond Trustee which, due to the Issuer's insolvency or similar, are not reimbursed in any other way may be covered by making an equivalent reduction in the payments to the Bondholders.

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- 14.3 The Issuer shall cover all public fees in connection with the Bonds and the Finance Documents. 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.
- 14.4 In addition to the fee due to the Bond Trustee pursuant to Clause 14.2 and normal expenses pursuant to Clauses 14.1 and 14.3, the Issuer shall, on demand, cover extraordinary expenses incurred by the Bond Trustee in connection with the Bonds.
- 14.5 The Issuer is responsible for withholding any withholding tax imposed by applicable law on any payments to the Bondholders.
- 14.6 If the Issuer or Guarantor is required by law to make a tax deduction or withholding from certain payment under the Finance Documents, including payments of interest, then the amount of such payments due from the Issuer or Guarantor shall be increased to such amount which is necessary to ensure that the Bondholders receive a net amount which is (after making the required tax deduction or withholding with respect to all Bondholders) equal to the payment which would have been due if no tax deduction or withholding had been required ("Gross-Up"). The Issuer shall at the request of the Bond Trustee deliver to the Bond Trustee evidence that the required tax deduction or withholding has been made.
- 14.7 The Issuer shall pay any stamp duty and other public fees accruing in connection with the Bonds, but not in respect of trading in the secondary market (except to the extent required by applicable laws).

15 Events of Default

- 15.1 The Bonds may be declared by the Bond Trustee to be in default upon occurrence of any of the following events (which shall be referred to as an "Event of Default") if:
- (a) *Non-payment*
The Issuer fails to fulfill any payment obligation due under this Bond Agreement or any Finance Document when due, unless, in the opinion of the Bond Trustee, it is obvious that such failure will be remedied, and payment in full is made, within 5 - five - Business Days following the original due date.
- (b) *Breach of other obligations*
The Issuer or Guarantor fails to duly perform any other covenant or obligation pursuant to this Bond Agreement or any of the Finance Documents, unless, in the opinion of the Bond Trustee, it is obvious that such failure will be remedied and is remedied within 15 - fifteen - Business Days after the earliest of a) the date on which the Issuer or Guarantor became aware or should have become aware of the breach or b) a notice thereof is given to the Issuer by the Bond Trustee. In respect of the financial covenants the remedy period in Clauses 13.6 and 13.9.1 applies exclusively.
- (c) *Cross default*
The aggregate amount of Financial Indebtedness, or commitment for Financial Indebtedness, for any Guarantor Group Company falling within paragraphs (i)

to (iv) below exceeds a total of USD 5 million, or the equivalent thereof in other currencies;

- (i) any Financial Indebtedness or guarantee is not paid when due nor within any originally applicable grace period,
- (ii) any Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described),
- (iii) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described), or
- (iv) any creditor becomes entitled to declare any Financial Indebtedness due and payable prior to its specified maturity as a result of an event of default (however described).

(d) *Misrepresentations*

Any representation, warranty or statement (including statements in compliance certificates) made under this Bond Agreement or in connection therewith is or proves to have been incorrect, inaccurate or misleading in any material respect when made or deemed to have been made.

(e) *Insolvency*

If for the Issuer or Guarantor or any Material Subsidiary

- (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) other than solvent liquidation or reorganisation,
- (ii) a composition, compromise, assignment or arrangement with any creditor, having an adverse effect on the Issuer's ability to perform its payment obligations hereunder,
- (iii) the appointment of a liquidator (other than in respect of a solvent liquidation), receiver, administrative receiver, administrator, compulsory manager or other similar officer of any of its material assets, which is not stayed in 30 days; or
- (iv) enforcement of any security over any of its material assets,

(f) *Creditors' process*

The Issuer or Guarantor or any Material Subsidiary has a substantial proportion of the assets impounded, confiscated, attached or subject to distress, or is subject to enforcement of any security over any of its material assets.

(g) *Dissolution, appointment of liquidator or analogous proceedings*



The Issuer or Guarantor or any Material Subsidiary is resolved to be dissolved or a liquidator, administrator or the like is appointed or requested to be appointed in respect of the Obligor or any Material Subsidiary.

- (h) *Impossibility or Illegality*
It is or becomes impossible or unlawful for any Obligor or other security provider to fulfill or perform any of the terms of the Finance Documents to which it is a party.
- (i) *Litigation*
There is current, pending or threatened any claims, litigation, arbitration or administrative proceedings against any Guarantor Group Company which might, if adversely determined, in the reasonable opinion of the Bond Trustee, after consultations with the Issuer, is likely to have a Material Adverse Effect.
- (j) *Material adverse effect*
Any other event or series of events occurs in relation to any Guarantor Group Company or any Obligor which, in the reasonable opinion of the Bond Trustee, after consultations with the Issuer, is likely to have a Material Adverse Effect.

15.2 In the event that one or more of the circumstances mentioned in Clause 15.1 occurs and is continuing, the Bond Trustee can, in order to protect the interests of the Bondholders, declare the Outstanding Bonds including accrued interest and expenses to be in default and due for immediate payment.

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

15.3 In the event that one or more of the circumstances mentioned in Clause 15.1 occurs and is continuing, the Bond Trustee shall declare the Outstanding Bonds including accrued interest and costs to be in default and due for payment if:

- (a) the Bond Trustee receives a demand in writing with respect to the above 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 decided to declare the Outstanding Bonds in default and due for payment.

In either case the Bond Trustee shall on behalf of the Bondholders take every measure necessary to recover the amounts due under the Outstanding Bonds. The Bond Trustee can request satisfactory security for any possible liability and anticipated expenses, from those Bondholders who requested that the declaration of default be made pursuant to sub Clause (a) above and/or those who voted in favour of the decision pursuant to sub Clause (b) above.

15.4 In the event that the Bond Trustee pursuant to the terms of Clauses 15.2 or 15.3 declares the Outstanding Bonds to be in default and due for payment, the Bond

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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. Declaration of default shall be deemed as a Mandatory Prepayment Event and the Outstanding Bonds shall be repaid at the same prices as set out in Clause 10.4.

15.5 Application of proceeds following an Event of Default:

- (i) firstly; in respect of all costs and expenses whatsoever incurred by the Bond Trustee, and the Issuer will indemnify the Bond Trustee for all costs and expenses in any event;
- (ii) secondly; in or towards payment of all sums secured by the Finance Documents; and
- (iii) finally; the balance, if any, shall be paid to the Issuer.

16 Bondholders' meeting

16.1 Authority of the Bondholders' meeting

16.1.1 The Bondholders' Meeting represents the supreme authority of the Bondholders community in all matters relating to the Bonds. If a resolution by or on approval of the Bondholders is required, resolution of such shall be passed at a Bondholders' Meeting. Resolutions passed at Bondholders' Meetings shall be binding upon and prevail for all the Bonds.

16.2 Procedural rules for Bondholders' meetings

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

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

16.2.2 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.

16.2.3 If the Bond Trustee has not summoned a Bondholders' Meeting within 10 - ten - Business Days after having received such a request, then the requesting party may summons the Bondholders' Meeting itself.

16.2.4 Summons to a Bondholders Meeting shall be dispatched no later than 10 - ten - Business Days prior to the Bondholders' Meeting. The summons and a confirmation of each Bondholder's holdings of Bonds shall be sent to all Bondholders registered in the Securities Register at the time of distribution. The summons shall also be sent to the Exchange for publication.

- 16.2.5 The summons shall specify the agenda of the Bondholders' Meeting. The Bond Trustee may in the summons also set forth 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.
- 16.2.6 The Bond Trustee may restrict the Issuer to make any changes of Voting Bonds in the period from distribution of the summons until the Bondholders' Meeting, by serving notice to it to such effect.
- 16.2.7 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.
- 16.2.8 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.
- 16.2.9 Minutes of the Bondholders' Meeting shall be kept. The minutes shall state the numbers of Bondholders 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.
- 16.2.10 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.
- 16.2.11 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.
- 16.3 *Resolutions passed at Bondholders' meetings*
- 16.3.1 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 Register. 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.



- 16.3.2 In all matters, the Issuer, the Bond Trustee and any Bondholder have the right to demand votes by ballot. In case of parity of votes, the chairman shall have the deciding vote, regardless of the chairman being a Bondholder or not.
- 16.3.3 In order to form a quorum, at least half (1/2) of the Voting Bonds must be represented at the meeting, see however Clause 16.4. Even if less than half (1/2) of the Voting Bonds are represented, the Bondholders' Meeting shall be held and voting completed.
- 16.3.4 Resolutions shall be passed by simple majority of the Voting Bonds represented at the Bondholders' Meeting, unless otherwise set forth in Clause 16.3.5.
- 16.3.5 In the following matters, a majority of at least 2/3 of the Voting Bonds represented at the Bondholders' Meeting is required:
- (a) amendment of the terms of this Bond Agreement regarding the interest rate, the tenor, redemption price and other terms and conditions affecting the cash flow of the Bonds;
 - (b) transfer of rights and obligations of this Bond Agreement to another issuer (Issuer), or
 - (c) change of Bond Trustee.
- 16.3.6 The Bondholders' Meeting may not adopt resolutions which may give certain Bondholders or others an unreasonable advantage at the expense of other Bondholders.
- 16.3.7 The Bond Trustee shall ensure that resolutions passed at the Bondholders' Meeting are properly implemented.
- 16.3.8 The Issuer, the Bondholders and the Exchange shall be notified of resolutions passed at the Bondholders' Meeting.
- 16.4 *Repeated Bondholders' meeting*
- 16.4.1 If the Bondholders' Meeting does not form a quorum pursuant to Clause 16.3.3, 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.
- 16.4.2 When a matter is tabled for discussion at a repeated Bondholders' Meeting, a valid resolution may be passed even though less than half (1/2) of the Voting Bonds are represented.
- 17 **The Bond Trustee**
- 17.1 *The role and authority of the Bond Trustee*
- 17.1.1 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, inform the Bondholders, the Paying Agent and the Exchange of relevant information which is obtained and received in its capacity as Bond Trustee (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 forth in this Bond Agreement.

- 17.1.2 The Bond Trustee may take any step necessary to ensure the rights of the Bondholders in all matters pursuant to the terms of this Bond Agreement. The Bond Trustee may postpone taking action until such matter has been put forward to the Bondholders' Meeting.
- 17.1.3 Except as provided for in Clause 17.1.5 the Bond Trustee may reach decisions binding for all Bondholders concerning this Bond Agreement, including amendments to the Bond Agreement and waivers or modifications of certain provisions, which in the opinion of the Bond Trustee, do not have a Material Adverse Effect on the rights or interests of the Bondholders pursuant to this Bond Agreement.
- 17.1.4 Except as provided for in Clause 17.1.5, the Bond Trustee may reach decisions binding for all Bondholders in circumstances other than those mentioned in Clause 17.1.3 provided 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 submit a written protest against the proposal within a deadline set by the Bond Trustee. Such deadline may not be less than five (5) Business Days following the dispatch of such notification.
- 17.1.5 The Bond Trustee may not reach decisions pursuant to Clauses 17.1.3 or 17.1.4 for matters set forth in Clause 16.3.5 except to rectify obvious incorrectness, vagueness or incompleteness.
- 17.1.6 The Bond Trustee may not adopt resolutions which may give certain Bondholders or others an unreasonable advantage at the expense of other Bondholders.
- 17.1.7 The Issuer, the Bondholders and the Exchange shall be notified of decisions made by the Bond Trustee pursuant to Clause 17.1 unless such notice obviously is unnecessary.
- 17.1.8 The Bondholders' Meeting can decide to replace the Bond Trustee without the Issuer's approval, as provided for in Clause 16.3.5.
- 17.2 *Liability and indemnity*
- 17.2.1 The Bond Trustee is liable only for direct losses incurred by Bondholders or the Issuer as a result of negligence or wilful misconduct by the Bond Trustee in performing its functions and duties as set forth in this Bond Agreement. The Bond Trustee is not liable for the content of information provided to the Bondholders on behalf of the Issuer.

17.2.2 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 Documents, 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 the other Finance Documents.

17.3 Change of Bond Trustee

17.3.1 Change of Bond Trustee shall be carried out pursuant to the procedures set forth in Clause 16. The Bond Trustee shall continue to carry out its duties as bond trustee until such time that a new Bond Trustee is elected.

17.3.2 The fees and expenses of a new bond trustee shall be covered by the issuer pursuant to the terms set out in Clause 14, but may be recovered wholly or partially from the Bond Trustee if the change is due to a breach of the Bond Trustee duties pursuant to the terms of this Bond Agreement or other circumstances for which the Bond Trustee is liable.

17.3.3 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 forth under the terms of this Bond Agreement.

17.4 Appointment of Security Agent

17.4.1 The Bond Trustee may act as Security Agent or may appoint a bank or other institution to act as Security Agent for the Bond Issue.

The main functions of the Security Agent may include holding Security Interests on behalf of the Bondholders and monitoring compliance by the Issuer and other relevant parties of their respective obligations under this Bond Agreement and/or the Security Documents with respect to the Security Interests.

Before the appointment of a Security Agent other than the Bond Trustee, the Issuer shall be given the opportunity to state its views on the proposed Security Agent, but the final decision as to appointment shall lie exclusively with the Bond Trustee.

17.4.2 The functions, rights and obligations of the Security Agent may be determined by a Securities Agent agreement to be entered into between the Bond Trustee and the Security Agent, which the Bond Trustee shall have the right to require any Obligor and any other parties to any Security Document to sign as a party, or, at the discretion of the Bond Trustee, to acknowledge.

Any changes to this Bond Agreement necessary or appropriate in connection with the appointment of a Security Agent shall be documented in an amendment to this Bond Agreement, signed by the Bond Trustee.

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17.4.3 If so desired by the Bond Trustee and the Security Agent, any or all of the Security Documents shall be amended, assigned or re-issued, so that the Security Agent is the holder of the relevant Security Interest (on behalf of the Bondholders). The costs incurred in connection with such amendment, assignment or re-issue shall be for the account of the Issuer.

18 **Miscellaneous**

18.1 *The community of Bondholders*

18.1 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 the Bondholders,
- (c) the Bond Trustee has, in order to administer the terms of this Bond Agreement, access to the Securities Register to review ownership of Bonds registered in the Securities Register,
- (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 the 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 that
 - (v) the individual Bondholder may not resign from the Bondholders' community.

18.2 *Defeasance*

18.2.1 The Issuer may, at its option and at any time, elect to have certain obligations discharged (see Clause 18.2.2) upon complying with the following conditions ("Covenant Defeasance");

- (a) the Issuer shall have irrevocably pledged to the Bond Trustee for the benefit of the Bondholders cash or government obligations accepted by the Bond Trustee (the "Defeasance Pledge") in such amounts as will be sufficient for the payment of principal (including if applicable premium payable upon exercise of a Call Option) and interest on the Outstanding Bonds to Maturity Date (or redemption upon a exercise of a notified Call Option);

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- (b) the Issuer shall, if required by the Bond Trustee, provide a legal opinion reasonably acceptable to the Bond Trustee to the effect that the Bondholders will not recognize income, gain or loss for income tax purposes (hereunder US federal or Norwegian, if applicable) as a result of the Defeasance Pledge and Covenant Defeasance, and will be subject to such income tax on the same amount and in the same manner and at the same times as would have been the case if the Defeasance Pledge had not occurred;
- (c) no Event of Default shall have occurred and be continuing on the date of establishment of the Defeasance Pledge, or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 181st day after the date of establishment of the pledge;
- (d) neither the Defeasance Pledge nor the Covenant Defeasance results in a breach or violation of any material agreement or instrument binding upon any Obligor, or the articles of association or other corporate documents governing any Obligor;
- (e) the Issuer shall have delivered to the Bond Trustee a certificate signed by any two Directors that the Defeasance Pledge was not made by the Issuer with the intent of preferring the Bondholders over any other creditors of the Issuer or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuer or others;
- (f) the Issuer shall have delivered to the Bond Trustee any certificate or legal opinion reasonably required regarding the Covenant Defeasance or Defeasance Pledge (including certificate from any two Directors and a legal opinion from its legal counsel to the effect that all conditions for Covenant Defeasance have been complied with; and that the Defeasance Pledge (i) will not be subject to any rights of creditors of any Obligor, (ii) will constitute a valid, perfected and enforceable security interest in favour of the Bond Trustee for the benefit of the Bondholders, and (iii) will, after the 181st day following the establishment, the funds and assets so pledged will not be subject to the effects of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors rights generally under the laws of the jurisdiction where the Defeasance Pledge was established and the corporate domicile of the Issuer.

18.2.2 Upon the exercise by the Issuer of its option under Clause 18.2.1;

- (a) the Issuer shall be released from their obligations under all provisions in Clause 13, except 13.2.1 (a), (c), (h) and (i).
- (b) the Issuer shall not (and shall ensure that all Group Companies shall not) take any actions that may cause the value of the Security Interest created by this Covenant Defeasance to be reduced, and shall at the request of the Bond Trustee execute, or cause to be executed, such further documentation and perform such other acts as the Bond Trustee may reasonably require in order for the Security Interests to remain valid, enforceable and perfected by the Bond Trustee for the account of the Bondholders;
- (c) any Guarantor(s) shall be discharged from their obligations under the Guarantee(s), and the Guarantee(s) shall cease to have any legal effect;

- (d) any Security interests other than the Defeasance Pledge shall be discharged, and the Bond Trustee shall take all steps reasonably possible for it to cause such discharge to be effected, by way of deletion of the relevant Security Document from the relevant register, notice to third parties or as otherwise required;
- (e) all other provisions of the Bond Agreement (except (a) - (c) above) shall remain fully in force without any modifications.
- 18.2.3 All moneys amount covered by the Defeasance Pledge shall be applied by the Bond Trustee, in accordance with the provisions of this Bond Agreement, to the payment to the Bondholders of all sums due to them under this Bond Agreement on the due date thereof.
- Any excess funds not required for the payment of principal, premium and interest to the Bondholders (including any expenses, fees etc. due to the Bond Trustee hereunder) shall be returned to the Issuer.
- 18.3 *Limitation of claims*
- 18.3.1 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.
- 18.4 *Access to information*
- 18.4.1 The Bond Agreement is available to anyone and copies may be obtained from the Bond Trustee or the Issuer. The Issuer shall ensure that the Bond Agreement is available in copy form to the general public until all the Bonds have been fully discharged.
- 18.4.2 The Bond Trustee shall, in order to carry out its functions and obligations under the Bond Agreement, have access to the Securities Register for the purposes of reviewing ownership of the Bonds registered in the Securities Register.
- 18.5 *Amendments*
- 18.5.1 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.
- 18.6 *Notices, contact information*
- 18.6.1 Written notices, warnings, summons etc. to the Bondholders made by the Bond Trustee shall be sent via the Securities Register with a copy to the Issuer and the Exchange. Information to the Bondholders may also be published at the web site www.stundata.no.

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

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

Bond Trustee: post@trustee.no
 Obligor: govindpr@ahm.com; srinivasans@ahm.com;
venkatesw@ahm.com

18.6.4 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

18.7 *Dispute resolution and legal venue*

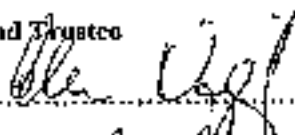
18.7 This Bond Agreement and all disputes arising out of, or in connection with this Bond Agreement between the Bond Trustee, the Bondholders and any Obligor, shall be governed by Norwegian law. The other Finance Documents shall be governed by the appropriate law as further set out in the relevant Finance Document.

All disputes arising out of, or in connection with this Bond Agreement between the Bond Trustee, the Bondholders and any Obligor, shall be exclusively resolved by the courts of Norway, with the District Court of Oslo as sole legal venue.

This Clause 18.7 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.

This Bond Agreement has been executed in two originals, of which the Issuer and the Bond Trustee retain one each.

Issuer 
 By: **VENKATESWARAN. P**
 Position: **Director**

Bond Trustee 
 By: **OLA UGJ**
 Position: **OLA UGJ**



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Attachment 1

FORM OF COMPLIANCE CERTIFICATE FROM THE ISSUER

Norsk Tillitsmann ASA
P.O. Box 1470 Viken
N-0116 Oslo Norway
Fax: +47 22 87 94 10
E-mail: mail@trustee.no

[date]

Dear Sirs,

DEEP DRILLING 1 PTE. LTD. BOND AGREEMENT 2011/2015 - ISIN 601 063322.5

We refer to the Bond Agreement for the above mentioned Bond Issue made between Norsk Tillitsmann ASA as Bond Trustee on behalf of the Bondholders, and the undersigned as Issuer under which a Compliance Certificate shall be issued. This letter constitutes the Compliance Certificate for the period [PERIOD].

Capitalised words and expressions are used herein as defined in the Bond Agreement.

With reference to Clause 13.2.3 we hereby certify that:

1. all information contained herein is true and accurate and (there has been) no change which would have a Material Adverse Effect since the date of the last accounts or the last Compliance Certificate submitted to you.
2. the covenants set out in Clause 13 are satisfied
3. all relevant Security Interest is established in accordance with the Bond Agreement.
4. in accordance with Clause 13.6(b), the Asset Cover Ratio as of [date] is [percentage].
5. the cash deposit in the Retention Account as of [date] amounts to USD (amount). The Drilling Contract backlog for the Rig is (number of) months (excluding options).
6. the Market Value of the Rig as of [date] is [amount], see enclosed statement from XX.

Copies of our latest Financial Reports are enclosed.

Yours faithfully,

Deep Drilling 1 Pte. Ltd.

Name of Director

Name of Director

Enclosure: {copy of any written documentation}



Attachment 2

FORM OF COMPLIANCE CERTIFICATE FROM THE GUARANTOR

Norsk Tullitsmann ASA
P.O. Box 1470 Viken
N-0116 Oslo Norway
Fax: + 47 22 87 94 10
E-mail: mail@trustco.no

[date]

Dear Sirs,

DEEP DRILLING 1 PTE. LTD. BOND AGREEMENT 2011/2015 - ISIN 001 063322.5

We refer to the Bond Agreement for the above mentioned Bond Issue made between Norsk Tullitsmann ASA as Bond Trustee on behalf of the Bondholders, and the undersigned as Issuer under which a Compliance Certificate shall be issued. This letter constitutes the Compliance Certificate for the period [PERIOD].

Capitalised words and expressions are used herein as defined in the Bond Agreement.

With reference to Clause 13.9.3 we hereby certify that:

1. all information contained herein is true and accurate and there has been no change which would have a Material Adverse Effect since the date of the last accounts or the last Compliance Certificate submitted to you.
2. the covenants set out in Clause 13 are satisfied
3. all relevant Security Interest is established in accordance with the Bond Agreement.
4. in accordance with Clause 13.9.1(e), the Equity Ratio as of [date] is [percentage].

Copies of our latest Financial Reports are enclosed.

Yours faithfully,

Deep Drilling Invest Pte. Ltd.

Name of Director

Name of Director

Enclosure: *[copy of any written documentation]*



Attachment 3

RELEASE NOTICE - ESCROW ACCOUNT

Norsk Tiltidsmann ASA
P.O. Box 1470 Viken
N-0116 Oslo
Norway
Fax: + 47 22 87 94 10
E-mail: mail@trustee.no

[date]

Dear Sirs,

DEEP DRILLING 1 PTE. LTD. BOND AGREEMENT 2011/2015 - ISIN 801063322.5

We refer to the Bond Agreement for the above mentioned Bond Issue made between Norsk Tiltidsmann ASA as Bond Trustee on behalf of the Bondholders, and the undersigned as Issuer.

Capitalised words and expressions are used herein as defined in the Bond Agreement.

We hereby give you notice that we on [date] wish to draw an amount of [currency and amount] from the Escrow Account applied pursuant to the purpose set out in the Bond Agreement, and request you to instruct the bank to release the above mentioned amount.

We hereby represent and warrant that (i) no event has occurred or is likely to occur which constitutes an Event of Default, and that (ii) we repeat the representations and warranties set out in the Bond Agreement as being still true and accurate at the time hereof.

Yours faithfully,

Deep Drilling 1 Pte. Ltd.

Name of authorized person

Enclosure: [copy of any written documentation evidencing the use of funds]

Handwritten signature and initials in the bottom right corner of the page.