

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

To the bondholders in:

ISIN: NO 001 035463.2 - FRN Sea Production Ltd Senior Secured Callable Bond Issue 2007/2019

Oslo, 11 June 2019

Notice of a Written Bondholders' Resolution

1. INTRODUCTION

Nordic Trustee AS (formerly known as Norsk Tillitsmann ASA and Nordic Trustee ASA) (the "**Bond Trustee**") acts as bond trustee for the holders (the "**Bondholders**") of the Senior Secured Callable Bond Issue 2007/2019 (the "**Bonds**") issued by Sea Production Ltd (the "**Issuer**") and guaranteed by Puffin Ltd ("**Puffin**") and Wisdom Shipping (S) Pte. Ltd. ("**Wisdom**").

All capitalised terms used but not otherwise defined herein shall have the meanings assigned to them in the bond agreement for the Bonds (the "**Bond Agreement**") between the Issuer and the Bond Trustee originally dated 9 February 2007 (as amended, restated and/or supplemented from time to time).

The Bond Trustee has issued this request for a Written Resolution under Clause 17.10 (*Written Resolution*) of the Bond Agreement pursuant to a request from the Issuer under Clause 17.1(a) for approval in respect of the sale of the FPSO Front Puffin.

The request is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee. The Bondholders must independently evaluate whether the proposed changes are acceptable.

Bondholders are encouraged to carefully read this summons in its entirety.

2. SALE OF PUFFIN

2.1 Background

Puffin is the owner of the FPSO Front Puffin, which is currently leased on a bareboat charter to Folawiyo Aje Services Limited ("**FASL**") and is deployed at the Aje Field, offshore Nigeria. As previously advised, on 28 June 2018 Puffin was served with a notice of termination from FASL under the bareboat charter agreement. The effective date of termination is 8 July 2019.

Since the termination of the FASL bareboat charter, the Issuer has been considering the future deployment and potential options open to it for utilising the FPSO Front Puffin. Over the last few months, the Issuer together with the assistance of Braemar, a leading international shipbroking firm, conducted a thorough exercise to identify potential buyers of

the FPSO Front Puffin. The result from this process, as well taking into account the potential costs and complications associated with the demobilisation process and the vessel no longer being on charter, led to the Issuer's decision on 16 May 2019, to enter into a sale and purchase agreement with Century Energy Services Limited ("CESL") for 100% of the shares in Puffin (the "Puffin SPA"). Under the terms of the Puffin SPA, the Issuer will sell 100% of the shares in Puffin to CESL for US\$15,000,000 in cash consideration payable on closing (the "Purchase Price"). The sale is due to complete on or around 18 June 2019.

The Issuer has sought to achieve the best price payable for the FPSO Front Puffin whilst at the same time attempting to mitigate the time and costs associated with any demobilisation of the vessel from the Aje Field in July this year. Under the terms of the Puffin SPA, CESL following the acquisition of Puffin will be responsible for liaising with FASL regarding the demobilisation process and costs. In return for CESL managing the demobilisation process, it will be entitled to retain any proceeds payable by FASL under the bareboat charter agreement following completion.

2.2 Proceeds of Sale

On closing of the Puffin SPA, the total Purchase Price will be transferred to the Paying Agent's bank account. The Purchase Price will then be applied in mandatory prepayment of the outstanding Bonds in accordance with the terms of the Bond Agreement (the "Sale Proceeds Requirement").

The various expenses associated with the sale of Puffin including a 1% commission payable to Braemar, customary legal and trustee fees etc. will be paid out of existing cash held by the Group, which currently stands at approximately US\$2,360,000.

3. FUTURE OF THE GROUP

Upon completion of the sale of Puffin, the Group will have no significant assets other than residual cash and will comprise the Issuer and Wisdom. Under the terms of the Puffin SPA, the Issuer is required to remain operating for one year following completion.

The Issuer is currently considering the future of the Group and the position of the outstanding Bonds following the disposal of the FPSO Front Puffin and the closing of the Puffin SPA and will provide a further update to Bondholders in due course.

4. REQUIRED CONSENTS UNDER THE BOND AGREEMENT

In order to effect the transfer of the shares in Puffin to CESL and the release of security over the shares and Puffin's assets, certain consents and waivers will be required under the Bond Agreement.

4.1 Release of security

In relation to the Puffin SPA, the Issuer requests that the Bondholders authorise the Bond Trustee to:

- (a) release the Bermudan law share charge granted by the Issuer in favour of the Bond Trustee over 100% of the shares in Puffin;
- (b) release the Bermudan law Guarantee between Puffin and the Bond Trustee;

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- (c) discharge the first preferred Marshall Islands ship mortgage granted by Puffin to the Bond Trustee in respect of m.v. "Front Puffin";
 - (d) release the English law assignment of earnings granted in favour of the Bond Trustee in relation to the earnings payable under the FASL bareboat charter agreement;
 - (e) release Puffin from the English law intercompany loan security deed and subordination deed entered into, between among others, Puffin and the Bond Trustee; and
 - (f) release the Norwegian law assignment of insurances granted by Puffin in favour of the Bond Trustee,
- (together, items (a) – (f) above, the "Required Releases").

4.2 Waivers

In accordance with Clause 10.3 of the Bond Agreement, if at any time prior to the Maturity Date, the Issuer disposes of the shares in a Guarantor which directly or indirectly owns a vessel, the Borrower is required within 5 Banking Days to redeem the entire outstanding Bonds at a price equal to 101% of par value (plus accrued interest on the redeemed amount). Given that the Purchase Price is insufficient to redeem the entire outstanding Bonds in full, a waiver of the mandatory redemption provision will be required (the "Redemption Waiver").

In addition, there are a number of covenants and representations and warranties in the Bond Agreement which the Group is required to comply with. Given that the disposal of the FPSO Front Puffin is a disposal of a substantial part of the Group's assets and the Purchase Price will not be sufficient to discharge the outstanding Bonds in full, the Issuer will require a waiver of all of the covenants and representations and warranties which may otherwise be breached in connection with the Puffin SPA and the sale of the FPSO Front Puffin (the "Covenants Waiver").

5. CONDITIONS TO CONSENTS

The conditions precedent to the Required Releases, the Redemption Waiver and the Covenants Waiver becoming effective are the completion of the Puffin SPA and the satisfaction of the Sales Proceeds Requirement. If for any reason the completion of the Puffin SPA does not occur and the Sales Proceeds Requirement not be complied with, the Required Releases, the Redemption Waiver and the Covenants Waiver shall automatically terminate.

In consideration for, and as a condition to, the Required Releases, the Redemption Waiver and the Covenants Waiver being approved by the requisite majority of the Bondholders, the Issuer:

- (a) shall agree to provide cost cover to the Bond Trustee for its and its legal advisers' fees, costs and disbursements; and
- (b) shall agree to co-operate with the Bond Trustee and its legal advisers in providing on-going consultation and reasonable access to information and documentation,

(together, the “**Bondholder Conditions**”).

Should the Bondholder Conditions not be satisfied at any time, the Bond Trustee shall be entitled to notify the Issuer that an Event of Default has occurred by giving written notice of the same to the Issuer.

6. PROPOSED RESOLUTION

Based on the foregoing, the Issuer has requested that the Bondholders adopt the following resolution (the “**Proposed Resolution**”):

“Subject to satisfaction of the Bondholder Conditions, the Bondholders:

- 1. authorise the Bond Trustee to enter into the Required Releases;*
- 2. authorise the Bond Trustee to approve the Redemption Waiver and the Covenants Waiver; and*
- 3. instruct the Bond Trustee (in consultation with its advisers) to do all things and take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the Written Resolution, and the implementation of the Puffin SPA, including without limitation authorising and approving the final terms of, and entering into, any and all documentation and agreements deemed necessary or desirable by the Bond Trustee to give effect to the Written Resolution, the Required Releases, the Redemption Waiver and the Covenants Waiver subject to satisfaction of the Bondholder Conditions,*

such authorisations and instructions to take effect as a Written Resolution.

If definitive documentation required to implement the Puffin SPA has not been entered into by each of the relevant signatories by 5:00 pm (Oslo) on 30 June 2019 (or such later date as may be agreed by the Bond Trustee upon receipt of written approval of Bondholders who, together, represent in aggregate at least a simple majority of the Voting Bonds at the relevant time), or if the Puffin SPA is terminated at any time prior to that date, any Bondholder consents or approvals set out in the Proposed Resolution shall automatically terminate (and shall no longer continue in effect) without any further action being required by any party.”

7. EVALUATION OF THE PROPOSED RESOLUTION

The Proposed Resolution is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee. The Bondholders must independently evaluate the Proposed Resolution and vote accordingly.

8. WRITTEN BONDHOLDERS’ RESOLUTION

Bondholders are hereby provided with a voting request for a Written Resolution pursuant to Clause 17.10 (*Written Resolution*) of the Bond Agreement. For the avoidance of doubt, no Bondholders’ meeting will be held.

For a vote to be valid, the Bond Trustee must have received it by post, courier or email to the address indicated in the enclosed form at Schedule 1 (the "Voting Form") no later than 14 June 2019 at 13:00 hours (Oslo time) (the "Voting Deadline").

Notwithstanding the Voting Deadline, and subject to the provisions of Clause 17.10 (*Written Resolution*) of the Bond Agreement, the Proposed Resolution will become effective automatically upon receipt of affirmative votes by or on behalf of the Bondholders who at the date of this notice represent such majority of votes as would be required if the Proposed Resolution was voted on at a Bondholders' meeting at which all Bondholders entitled to attend and vote thereat were present and voting.

Votes which are submitted are final and cannot be withdrawn. In the event that Bonds are transferred to a new owner after votes have been submitted in respect of such Bonds, the new Bondholders shall accordingly not be entitled to submit a vote.

Yours sincerely

Nordic Trustee AS

Viggo B Nordheim
On behalf of

Olav Slagsvold

Enclosed:

Schedule 1: Voting Form

SCHEDULE 1

Voting Form

FRN Sea Production Ltd Senior Secured Callable Bond Issue 2007/2019

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

1. The Proposed Resolution as defined in the Notice of a Written Bondholders' Resolution dated 11 June 2019

In favour of the Proposed Resolution

Against the Proposed Resolution

ISIN NO 001 035463.2	Amount of bonds owned
Custodian name	Account number at Custodian
Company	Day time telephone number
	Email

Enclosed to this form is the complete printout from our custodian/VPS,¹ verifying our bondholding in the bond issue as of _____

We acknowledge that Nordic Trustee AS in relation to the written Bondholders' resolution for verification purposes may obtain information regarding our holding of bonds on the above stated account in the securities register VPS.

.....
Place, date

.....
Authorised signature

Return:

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

Telefax: +47 22 87 94 10
Tel: +47 22 87 94 00
mailto: mail@nordictrustee.no

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