

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

## To the bondholders in:

ISIN NO 001 0680150 ISIN NO 001 0757248	8 per cent Polarcus Limited Senior Unsecured Callable Bond Issue 2013/2018 (" <b>USD Unsecured Bond Issue</b> ")
ISIN NO 001 0714389 ISIN NO 001 0757255	FRN Polarcus Limited Senior Unsecured Callable Bond Issue 2014/2019 (" <b>NOK Unsecured Bond Issue</b> ")
ISIN NO 001 0670435 ISIN NO 001 0757263 ISIN NO 001 0757271	2.875% Polarcus Limited Secured Convertible Bond Issue 2011/2016 (the " <b>Convertible Bond Issue</b> ")

Oslo, 26 January 2018

## Summons to Bondholders' Meeting

Nordic Trustee AS ("**Bond Trustee**") acts as trustee for the holders of bonds (the "**Bondholders**") in the above mentioned bond issues with ISIN NO 001 0680150 and NO 001 0757248 (with total outstanding amount of USD 94,655,000), NO 001 0714389 and NO 001 0757255 (with total outstanding amount of NOK 348,640,000) and NO 001 0757263 and NO 001 0757271 (together with the USD Unsecured Bond Issue and the NOK Unsecured Bond Issue, the "**Unsecured Bonds**") and NO 001 0607435 (the "**Secured Bonds**"), issued by Polarcus Limited as issuer (the "**Issuer**" or the "**Company**"). The Issuer and its subsidiaries are referred to as the "**Group**", the bonds issued under the above mentioned bond issues are jointly referred to as the "**Bonds**" and the bond issues as the "**Bond Issues**".

*The information in this summons regarding the Issuer, the proposed Restructuring and Proposals and market conditions are provided by the Issuer, and the Bond Trustee expressly disclaims all liability whatsoever related to such information. To enable the Issuer to conduct the Restructuring and the proposed amendments to the Bond Agreements, the Issuer has requested the Bond Trustee to summon a Bondholders' meeting to consider the approval of the proposed changes.*

## 1. BACKGROUND

### 1.1 Introduction

Polarcus (OSE: PLCS) is an innovative marine geophysical company, delivering high-end towed streamer data acquisition and imaging services through the operation of a fleet of high performance 3D seismic vessels. Polarcus offers contract seismic surveys and multi-client projects with advanced on-board processing solutions and employs over 400 professionals worldwide.

The Group has been adversely impacted by the severe industry downturn, where the

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significant decline in the price of oil has caused depressed levels of seismic spending by oil companies, and a knock on reduction in demand for the Group's services and lower vessel rates. The industry downturn has led to several seismic vessels being cold-stacked, including Polarcus Nadia. The market conditions continue to be challenging and consistent with its peers, the Group has considerable levels of debt (both to lease providers, bank lenders and bondholders) including (i) USD 102 million of secured convertible bonds issued by the Company, (ii) NOK 349 million of senior unsecured bonds issued by the Company; (iii) USD 95 million of senior unsecured bonds issued by the Company, (iv) USD 254 million of secured bank facilities and (v) USD 89 million of vessel leases (together the "**Debt**").

The lease, interest and amortization burden emanating from the Debt is considerable. With USD 31 million scheduled payments in 2018 and USD 89 million in 2019, the Company's current capital structure is unsustainable in current market. Whilst macro factors impact the Company's net profitability, a cost management program has reduced costs to a level where the operations are cash positive before debt service and the Group's management remains convinced that with a reduced debt burden, the Group has the capacity to continue to perform as a going concern. The Board of Directors of the Company believes that maintaining this going concern status will provide the best prospects of recovery for all stakeholders.

With this in mind, the Group has engaged specialist advisors to assist it in dealing with its debt and lease obligations and associated restructuring plans (the "**Restructuring**").

## **1.2 Key terms of the Restructuring**

Below follows a summary of the main features of the proposed Restructuring. Please refer to the restructuring term sheet in Annex A (the "**Restructuring Term Sheet**") for a complete overview. Terms used in this summons have the same meaning as in the Restructuring Term Sheet unless defined herein:

- **MUSD 410 Facility Agreement:** General extension of the fixed amortization freeze until 1 January 2022 from the current 1 January 2019, reducing fixed instalments between 2019 and 2021 by approximately USD 79 million. During this period, the principal part of one loan within the MUSD 410 Facility Agreement will receive fixed amortisation for the period that "Ivan Gubkin" is on a long term bareboat charter. The lenders will participate in the Cash Sweep, as described below. Postponed amortisation payments will be added to the payment due on the maturity date.

The bank lenders have also agreed to reduce the interest payable under the MUSD 410 Facility Agreement. In addition, the debt service ratio, minimum equity ratio and minimum market value covenants will be removed. Other covenants will be amended so as to provide the Company with greater operational flexibility, even in a flat market environment.

- **Working capital facility:** The Company's working capital facility will be increased to USD 40 million from the current USD 25 million and extended to 30 June 2022 from the current 1 July 2019.
- **Swap termination:** The Company has concluded negotiations with DNB Bank ASA to terminate the Company's swap and credit support arrangement including a cross currency swap provided thereunder. The Company is required to pay a termination fee which will be covered by a new facility provided by DNB Bank ASA in an amount limited to USD 7.832 million. Any excess amounts will be paid in cash and the Company may use any amounts posted as collateral to cover any excess amounts outstanding. The new facility will amortize by USD 2 million on 30 June 2019, USD

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3 million on 30 June 2020 and USD 2.832 million on 30 June 2021 (adjusted for the actual cost of termination). Interest payable on the new facility will be USD LIBOR +4%. The Company estimates that the termination costs will be approximately USD 7.5 million.

- **Secured Bonds (tranche A under the Convertible Bond Issue):** Amendments to tranche A under the Convertible Bond Issue include a reduction in fixed amortisation payments servicing tranche A to USD 4.6 million per annum for the period that "Vyacheslav Tikhonov" remains on a long term bareboat charter. If the vessel is not on a bareboat charter, tranche A bondholders will not receive fixed amortisation but will receive interest at a reduced rate and participate in the Cash Sweep described below. Postponed amortisation payments will be added to the payment due on the maturity date. The maturity date will be extended to 1 July 2022 from current 30 March 2022.
- **Unsecured Bonds:** The total outstanding principal amount under each tranche of the Unsecured Bonds will be reduced to the applicable call price level for that tranche in 2018 and the call price for the Unsecured Bonds will be increased to 100% of par value after the reduction of the nominal amount. The Unsecured Bonds will receive interest of 5% p.a. as payment in kind and the maturity date will be extended to 1 January 2025 from current 30 December 2022. Certain covenants and restrictions will be removed as further set out in the Restructuring Term Sheet.

Holders of Unsecured Bonds will furthermore be offered the choice between two alternatives:

- Alternative 1 is to continue to hold Unsecured Bond on the amended terms set out above.
- Alternative 2 provides an opportunity to convert Unsecured Bonds into equity after the reduction of principal value as set out above has been carried out. Upon conversion, Unsecured Bonds to be converted will be valued at 70% of nominal value after the reduction of principal value. The conversion price will correspond to the subscription price in the Private Placement (as defined below). The option to convert Unsecured Bonds to equity is limited to 50% of the total outstanding amount of the Unsecured Bonds. Bondholders who wish to convert Unsecured Bonds to equity will have to fill out the application agreement in Annex C (the "**Application Agreement**") before the expiry of the application period set out therein.

No cash payments will be made in respect of the Unsecured Bonds from 31 December 2017 until maturity.

- **Sale leaseback termination:** The Company has reached an agreement with GSH2 Seismic Carrier I AS ("**GSH**") to take ownership of "Polarcus Nadia" and "Polarcus Naila" which are currently operated under long-term leases. The purchase will be fully financed by a new loan, maturing in 2024, on terms substantially similar to the MUSD 410 Facility Agreement (the "**New Fleet Facility**"). The aggregate purchase price for the two vessels is USD 75 million and the existing long-term leases will be terminated. GSH will receive warrants for 2.5% of the Company's outstanding share capital after the Restructuring with a strike price per share equal to three times the subscription price in the Private Placement. The warrants are exercisable until 30 November 2022 and the agreement with GSH also includes a profit split mechanism in case agreement to sell any of the vessels is entered into by the Company on or before 31 December 2018.
- **Cash Sweep:** A new cash sweep will be introduced in which the lenders under the

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MUSD 410 Facility Agreement, bondholders in tranche A of the Convertible Bond Issue and lenders under the New Fleet Facility will participate. Participation in the cash sweep will principally be based on the vessel which is the main collateral for the relevant loan not being on a bareboat charter. The Cash Sweep will only be triggered if the Consolidated Excess Cash Flow (as defined in the Restructuring Term Sheet) from the Group is positive for the preceding financial year, in which case, 70% of the Excess Cash Flow will be distributed on an annual basis to eligible participants in proportion to the amount of each outstanding loan. Excess Cash Flow is based on the annual net increase in cash and cash equivalents less proceeds from certain corporate activities.

- **Equity offering:** An equity issue in the Company consisting of a private placement with gross proceeds of NOK 300 million and a fully underwritten repair issue of NOK 40 million (the underwriting undertaking is subject to customary conditions including no mandatory bid).
- **Waivers:** Bondholders will grant the waivers listed in Schedule A of the Restructuring Term Sheet.

For a full overview of the Restructuring, please see the Restructuring Term Sheet which all bondholders are strongly urged to read in its entirety. If there is any discrepancy between the terms set out in this summons and the Restructuring Term Sheet, the terms set out in the Restructuring Term Sheet will prevail.

### **1.3 Bondholder voting - written resolutions**

In the Issuer's opinion it would be beneficial to all parties if future resolutions can be implemented faster than under the current bond agreements. By implementing a procedure for written resolutions, the voting procedure will be simplified and the time required to obtain consent to proposed resolutions will be shortened. Consequently the Issuer proposes that a procedure for written resolutions is implemented into all the agreements governing the Bond Issues (the "**Bond Agreements**"). A procedure for written resolutions is already included in the Bond Trustee's current high yield template loan agreement and the Issuer suggests that the standard clause is implemented in the Bond Agreement with logical adjustments.

## **2. THE PROPOSAL**

Based on the above, the Issuer hereby proposes that the Bondholders adopt the following proposal (the "**Proposal**"):

The Bondholders:

1. approve and authorise the implementation of the Restructuring on the terms of and as described in the Restructuring Term Sheet and the other annexes to this summons;
2. approve that the Issuer makes payments in accordance with the Restructuring Term Sheet from 1 January 2018 and that subsequent payments will be reduced to adjust for payments made after such date;
3. subject to the terms of the Restructuring Term Sheet, instruct the Bond Trustee to take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the implementation of the Restructuring as described in the Restructuring Term Sheet, including, without limitation:
  - (a) negotiating and approving the final terms of, and entering into,

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amended and restated bond agreements, security documents and related documentation, as contemplated by the Restructuring Term Sheet;

- (b) negotiating and approving the taking of any other steps and actions expressly or implicitly required to be taken or that would be desirable in order to implement the Restructuring, including, without limitation, negotiating, documenting and entering into agreements (including amendments), granting waivers, giving instructions, consents, approvals and directions, all as contemplated by the Restructuring Term Sheet and other annexes to this summons; and
  - (c) giving all necessary instructions to the Securities Depository to facilitate the Restructuring;
- 4. agree that the Bond Trustee may at its discretion consent to amendments to the terms of the Restructuring Term Sheet on behalf of the Bondholders where such amendments (i) are of a minor or technical nature, (ii) are otherwise consistent with the Restructuring Term Sheet and required in order to implement the Restructuring or (iii) would not materially adversely affect the position of the Bondholders;
  - 5. waive any breaches of clauses in the Bond Agreements that may have been breached prior to the meeting and/or that are reasonably necessary in order for the Company and any subsidiary to take the required actions to carry out the Restructuring and other actions contemplated by and in accordance with the terms and conditions set forth in the Restructuring Term Sheet and the other annexes to this summons;
  - 6. commit to abstain from exercising, directing or voting for the direction of the exercising of any rights in any jurisdiction to enforce any breach of the provisions under the Bond Agreements that may occur or have occurred prior to the implementation of the Restructuring, and to vote against any proposal to take any such enforcement action;
  - 7. agree that the Bond Trustee exercises (or refuse to exercise) any discretion, consent or approval required or contemplated in the exercise (or non-exercise) of any such discretion which is connected to the matters referred to in the Restructuring Term Sheet; and
  - 8. approve that a clause for written procedures as set out in Annex B to this Summons is included in the Bond Agreements and agree that the Bond Trustee may at its discretion consent to amendments to the terms of Annex B (written procedures) on behalf of the Bondholders where such amendments (i) are of a minor or technical nature, (ii) are otherwise consistent with Annex B or (iii) would not materially adversely affect the position of the Bondholders.

Any approval by the bondholders' meeting(s) of the Proposal becomes effective immediately. Except for item 8 above, approval(s) by the bondholders' meetings of the Proposal shall lapse in the event that:

- 1. approvals by the extraordinary general meeting of the Company to issue the shares under the Private Placement, the repair issue and convert Unsecured Bonds to shares has not been obtained on 28 February 2018;
- 2. approval of the Proposal by the bondholders' meeting in each of the Bond Issues has not been obtained on 28 February 2018;
- 3. the Private Placement has not been completed on 16 March 2018; or

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4. the Closing Date has not occurred on 30 April 2018.

If the approval(s) of the Proposal lapses due to one of the events in 1-4 not being satisfied within the specified deadline, the bond agreements in force prior to the bondholders' meeting will apply as if the Proposal had never been approved by the bondholders.

### 3. FURTHER INFORMATION

For more detailed information about the Issuer or the Proposal, please see [www.polarcus.com](http://www.polarcus.com) or contact:

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The Issuer has engaged ABG Sundal Collier ASA as its financial adviser (the "**Adviser**"). Accordingly, Bondholders may contact the Adviser for further information:

ABG Sundal Collier  
Magnus Drageset  
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The Adviser acts solely for the Issuer and no-one else in connection with the Restructuring. No due diligence investigations have been carried out by the Adviser with respect to the Issuer, and the Adviser expressly disclaims any and all liability whatsoever in connection with the Proposal (including but not limited to the information contained herein).

### 4. EVALUATION OF THE PROPOSAL

#### 4.1 The Issuer's evaluation

In the Issuer's opinion, the Proposal represents the best alternative for the Bondholders given the current circumstances. It will allow the Issuer time and financial flexibility to pursue its strategy to the benefit of all stakeholders, including the Bondholders.

#### 4.2 Non-reliance

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

#### 4.3 Support

The Issuer has informed the Bond Trustee that it has received support to the Proposal from the largest bondholders in each Bond Issue.

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## 5. BONDHOLDERS' MEETING

Bondholders are hereby summoned to a joint Bondholders' Meeting for the Bond Issues. Voting will be carried out in accordance with the terms of the relevant bond agreement.

**Time:** 12 February 2018 at 13:00 hours (Oslo time),  
**Place:** The premises of Nordic Trustee AS,  
Haakon VIIs gt 1, 0161 Oslo - 6<sup>th</sup> floor

### Agenda:

1. Approval of the summons.
2. Approval of the agenda.
3. Election of two persons to co-sign the minutes together with the chairman.
4. Request for adoption of proposal:

### It is proposed that the Bondholders' meeting resolve the following:

*"The Bondholders' Meeting hereby adopts the resolution set out in the Proposal as described in section 3 of the summons to this Bondholders' Meeting."*

To approve the above resolution, Bondholders representing at least 2/3 of the Bonds represented in person or by proxy at the meeting must vote in favour of the resolution. In order to have a quorum, at least 5/10 of the voting Bonds must be represented at the meeting. If the proposal is not adopted, each Bond Agreement will remain unchanged.

Please find attached a Bondholder's Form from the Securities Depository (VPS), indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the Bondholders' Meeting. (If the bonds are held in custody - i.e. the owner is not registered directly in the VPS - the custodian must confirm; (i) the owner of the bonds, (ii) the aggregate nominal amount of the bonds and (iii) the account number in VPS on which the bonds are registered.)

The individual bondholder may authorise Nordic Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising Nordic Trustee to vote, must then be returned to Nordic Trustee in due time before the meeting is scheduled (by scanned e-mail, telefax or post - please see the first page of this letter for further details).

At the Bondholders' Meeting votes may be cast based on bonds held at close of business on the day prior to the date of the Bondholders' Meeting. In the event that Bonds have been transferred to a new owner after the Bondholder's Form was made, the new Bondholder must bring to the Bondholders' meeting or enclose with the proxy, as the case may be, evidence which the Bond Trustee accepts as sufficient proof of the ownership of the Bonds.

For practical purposes, we request those who intend to attend the bondholders' meeting, either in person or by proxy other than to Nordic Trustee, to notify Nordic Trustee by telephone or by e-mail ([www.mail@trustee.no](mailto:www.mail@trustee.no)) within 16:00 hours (4 pm) (Oslo time) the Banking Day before the meeting takes place.

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Yours sincerely

**Nordic Trustee AS**



Morten S. Bredeesen

Enclosed: Bondholder's Form  
Annex A - Restructuring Term Sheet  
Annex B - Written procedure  
Annex C - Application Agreement

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**PROJECT COMO****RESTRUCTURING OF POLARCUS LIMITED AND ITS SUBSIDIARIES****RESTRUCTURING TERM SHEET**

This term sheet sets out the terms for the proposed amendments of the MUSD 410 Facility Agreement, the Working Capital Facility, the Common Terms Agreement, the Convertible Bond Loan, the Unsecured Bond Loans, the sale and lease agreements and the terms for the New Fleet Facility (all as defined below or referred to herein).

The implementation of the restructuring as set out in this Term Sheet is subject to applicable board approvals and approval by the respective creditors' appropriate internal bodies, as well as long form documentation acceptable to the parties thereto, and satisfaction of agreed conditions precedent.

<p><b>MUSD 410 Facility Agreement:</b></p>	<ul style="list-style-type: none"> <li>• The MUSD 410 Facility Agreement and related documentation to be amended and/or restated in accordance with the main terms and conditions set out below and also to reflect any logical and consequential amendments resulting from the Restructuring and its implementation.</li> <li>• <b>Maturity:</b> The term of all loans provided under the MUSD 410 Facility Agreement to remain as per current agreement pre-Restructuring.</li> <li>• <b>Amortization payments:</b> <p><u>Gubkin Loan:</u> During the Runway Period, fixed amortisation of USD 4 million p.a. in equal quarterly instalments on the Gubkin Loan as long as the vessel "Ivan Gubkin" (ex-"Polarcus Amani") is on the current bareboat charter (annual fixed amortisations represent 32% of the annual charter earnings). If the hire rate of the bareboat charter for "Ivan Gubkin" is adjusted from the existing hire rate, the amortization payment will be adjusted pro rata for the revised charter earnings for the period of such hire adjustment. For any period that "Ivan Gubkin" is not on a Third Party Charter, the Gubkin Loan will be treated as the Non-Preferred Loans. The amended amortization payment schedule for the Gubkin Loan means that the Group is no longer required to deposit USD 1 million per quarter in 2018 to a retention account.</p> <p><u>Non-Preferred Loans:</u> No fixed amortisation on the Non-Preferred Loans during the Runway Period.</p> <p>After the Runway Period, instalments will be paid in accordance with the pre-Restructuring payment schedule on all loans under the MUSD 410 Facility. Postponed amortization payments (not swept under any cash sweep or otherwise paid) will be added to the payment on the final maturity date of each loan.</p> </li> <li>• <b>Retention account:</b> The USD 6 million deposited into a retention account in Q1 2017 to be released for amortization</li> </ul>
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payments under the MUSD 410 Facility no later than five business days after Closing. The amount will be utilised as an extra amortization under Tranche A of Loan 1.

- **Cash interest:** All loans under the MUSD 410 Facility Agreement will continue to receive cash interest equal to the CIRR rate / floating rate that applies to the relevant loan in accordance with the MUSD 410 Facility Agreement pre-Restructuring.
- **Guarantee premium for Ivan Gubkin:** The Gubkin Loan will receive guarantee premium of 2.75% p.a. for any period that "Ivan Gubkin" is on a Third Party Charter. For any period that "Ivan Gubkin" is not on a Third Party Charter, the Gubkin Loan will receive guarantee premium as per the below margin grid.
- **Guarantee premium for the Non-Preferred Loans:** The Non-Preferred Loans will receive guarantee premium based on the following margin grid connected to the Group's consolidated Adjusted EBITDA as set out in the table below. The calculation of this interest rate will be made on or before the tenth business day of each quarter.

Margin Grid

Adjusted EBITDA	Interest payable under guarantee premium		
	Cash	PIK	Total
<35 million	0.75%	0.375%	1.125%
35-50 million	1.00%	0.375%	1.375%
50-75 million	1.75%	0.375%	2.125%
75-90 million	2.75%	0.375%	3.125%
>90 million	3.25%	0.375%	3.625%

- **Covenant and undertaking changes:**
  - Minimum Equity ratio covenant to be removed.
  - Debt service ratio covenant to be removed.
  - Minimum liquidity reserve covenant: level to remain at USD 10 million (definition to only include unrestricted cash and WCF availability).
  - Minimum working capital covenant will remain unchanged.
  - Capex undertaking to be introduced. The Company shall on a consolidated basis:
    - a) not, without the prior written consent of the Agent invest more than USD 80 million in property, plant and equipment in the Runway

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	<p>Period with a maximum allowance per annum equal to the sum of: (i) 25% of the aggregate allowance; and (ii) any unused allowance from previous years;</p> <p>b) Paragraph a) above does not apply to investments which the Company can demonstrate are funded by:</p> <ul style="list-style-type: none"><li>i. Equity;</li><li>ii. Excess Cash Flow which is not subject to the Cash Sweep; or</li><li>iii. insurance claim proceeds which are reinvested within a year after receipt.</li></ul> <ul style="list-style-type: none"><li>o The minimum prefunding level for MultiClient projects to be reduced to 50% from current 70% for the period up to and including 31 December 2019 and, thereafter the minimum prefunding level to be restored to 70%.</li><li>o Minimum market value covenant to be removed.</li><li>o Change of Control covenant trigger level to be increased to 50%.</li><li>o Restrictions on Bareboat Charter:<ul style="list-style-type: none"><li>▪ <b>Approval Rights:</b> Lenders to retain approval rights (including KYC) with respect to any bareboat counterparty (such approval not to be unreasonably withheld or delayed), however, Lenders agree not to seek better terms than those noted below under "Economics of Bareboat" as a condition of approval;</li><li>▪ <b>Economics of Bareboat:</b> In any approved bareboat charter, Lenders shall receive 32% of charter revenue in fixed amortisation plus the Cash interest and Guarantee premium described above in respect of Ivan Gubkin for the duration of the hire period of the Third Party Charter within the Runway Period. After the Runway Period, instalments will be paid in accordance with the pre-Restructuring payment schedule on all loans under the MUSD 410 Facility.</li></ul></li><li>o Distributions to be amended to permit reduction in share capital, provided that no cash distributions to shareholders are allowed.</li><li>o Vessel covenants to be amended to permit reduction in insured value provided that insured value shall be no less than 120% of outstanding loan amount and hull &amp; machinery insurance shall be no less than 80% of insurable value.</li></ul>
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	<ul style="list-style-type: none"> <li>○ Streamer equipment covenant to be amended to permit: (1) purchase/hire/lease of streamer equipment provided that purchaser/lessee of streamers is the same Borrower that owns the Vessel on which streamers will be kept (subject to existing intra-Group short term hire exception); and (2) first ranking security on streamers in favour of vendor/lessor/lender.</li> <li>○ Amend Negative pledge covenant (clause 24.5(d)) to allow any Obligor to finance purchased streamers and other equipment for use on any of the A-class Vessels <i>provided that</i> a second priority lien or charge shall be granted in favour of the Bank Lenders in any such purchased equipment <i>provided, further</i> such second priority lien shall have no enforcement rights prior to payment in full of any vendor/lessor/lender financing secured by first ranking security other than a buyout right for the MUSD 410 Facility Lenders or New Fleet Facility Lenders, as applicable, to purchase such financing.</li> <li>● <b>Cash sweep:</b> Cash sweep mechanism as described below to be introduced.</li> </ul>
<b>Swap termination:</b>	<ul style="list-style-type: none"> <li>● The Company's ISDA Master agreement dated 16 March 2012 and the credit support agreement entered into in connection thereto (the "<b>Swap Agreement</b>") to be terminated and the cross currency swap provided thereunder (the "<b>Swap</b>") to be unwound. The Company will pay a termination fee to DNB for terminating the Swap Agreement and unwinding the Swap (the "<b>Termination Costs</b>").</li> <li>● DNB will provide a new facility to cover the Termination Costs, with an amount limitation of USD 7.832 million. Should the Termination Costs exceed USD 7.832 million, the excess amount will be paid in cash by the Company. The Company may use cash amounts posted as collateral under the Swap Agreement to cover any excess amounts.</li> <li>● The new facility will be provided on the following terms: <ul style="list-style-type: none"> <li>○ Amortisation: Provided the loan amount is USD 7.832 million, amortisation payments will be made as follows: USD 2 million on 30 June 2019, USD 3 million on 30 June 2020 and USD 2.832 million on 30 June 2021. Should the loan amount be lower than USD 7.832 million, the amortisation payments will be reduced accordingly;</li> <li>○ Interest: USD LIBOR + 4.00%; and</li> <li>○ Super senior priority for the facility in line with the pre-Restructuring priority for claims under the Swap Agreement.</li> </ul> </li> </ul>

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<b>Working Capital Facility:</b>	<ul style="list-style-type: none"> <li>• The agreement for the Working Capital Facility to be amended and/or restated.</li> <li>• <b>Lender:</b> DNB Bank ASA</li> <li>• <b>Amount:</b> Commitment to be increased to USD 40 million from current USD 25 million where the availability of the commitment is subject to the following conditions: <ul style="list-style-type: none"> <li>○ Up to USD 30 million will be available as long as there is 1 to 1 coverage on the Borrowing Base (100% advance rate) measured at the end of the preceding month;</li> <li>○ On the remaining USD 10 million additional availability, the Company may draw USD 1 million for every USD 2 million of the Borrowing Base (measured at the end of the preceding month) excluding any receivables due longer than 90 days above a threshold balance of USD 30 million (50% advance rate over the threshold).</li> <li>○ The available commitment will be recalculated at the end of each month based on the Borrowing Base at that date.</li> <li>○ The available commitment during a particular month, is based on the Borrowing Base as at the end of the previous month (as notified by the Company).</li> <li>○ The Company will formally notify the agent of the Borrowing Base and its calculations for determining the same within 3 business days after the end of each month. If any repayments are required to remain compliant with the terms for the available commitment, such repayment shall take place within 4 business days after the Company has notified the agent.</li> </ul> </li> <li>• <b>Maturity:</b> The Final Maturity Date of the Working Capital Facility will be extended to 30 June 2022.</li> <li>• <b>Margin:</b> Margin to be changed to USD LIBOR + 4.00% on drawn amounts, and to 1.60% on undrawn but committed amounts.</li> <li>• Covenant changes: <ul style="list-style-type: none"> <li>○ Removal of the new Clause 4.2 (Further Conditions Precedent) <i>litra</i> (a) which was introduced in the amendment agreement dated 29 March to the Working Capital Facility.</li> <li>○ Removal of Clause 4.2 (b) (liquidity forecast).</li> <li>○ The covenant changes for the MUSD 410 Facility will also apply to the Working Capital Facility.</li> </ul> </li> <li>• <b>Clean down:</b></li> </ul>
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	<ul style="list-style-type: none"> <li>○ Starting from the first draw down, Company to clean down at least once every 9 months based on the following principles: <ul style="list-style-type: none"> <li>▪ If less than USD 30 million is drawn down during a period, the Company has to clean down to zero.</li> <li>▪ If more than USD 30 million is drawn down during a period, the Company has to clean down to a level that is equal to the highest drawn amount during the period less USD 30 million (e.g. if the highest drawn amount during the period is USD 35 million, the Company has to clean down to USD 5 million).</li> </ul> </li> </ul>
<b>Secured Bonds:</b>	<ul style="list-style-type: none"> <li>• The agreement for the Convertible Bond Loan to be amended and/or restated in accordance with the main terms and conditions set out below and also to reflect any logical and consequential amendments resulting from the Restructuring and its implementation.</li> <li>• <b>Maturity:</b> The term to be extended to 1 July 2022 from current 30 March 2022.</li> <li>• <b>Interest:</b> Interest rate of 5.6% p.a. for the period that VT is on hire under a Third Party Charter to be paid in cash. If VT is no longer on hire under a Third Party Charter, the interest rate will be the sum of 2.90% + the applicable amount as per the margin grid that applies to the guarantee premium for the Non-Preferred Loans. The calculation of this interest rate will be made on the first day of each quarter.</li> <li>• <b>Amortization Payments:</b> USD 4.6 million p.a. in equal quarterly instalments to be payable for as long as VT is on hire under a Third Party Charter (annual fixed amortisations represent 32% of the annual charter earnings). If the hire rate of the Third Party Charter is adjusted from the existing hire rate, the amortization payment will be adjusted pro rata for the revised charter earnings for the period of such hire adjustment. If VT is no longer on hire under a Third Party Charter, the Secured Bonds will be treated as the Non-Preferred Loans with respect to amortization payments. Any postponed amortization payments will be added to the payment on the Maturity Date of the Secured Bonds.</li> <li>• Cash sweep mechanism as described below to be introduced for the Secured Bonds for any periods when VT is no longer on hire under a Third Party Charter.</li> <li>• Covenant changes: <ul style="list-style-type: none"> <li>○ Clause 17.3 – The Retention Account covenant to be amended to reflect amended interest and amortisation structure for the Secured Bonds.</li> </ul> </li> </ul>
<b>Cash Sweep</b>	<ul style="list-style-type: none"> <li>• The existing cash sweep mechanism to be replaced by a new cash sweep mechanism in favour of the Bank Lenders, the New Fleet Facility Lenders and holders of Secured Bonds. The cash</li> </ul>

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	<p>sweep mechanism will apply to (a) loans secured by Active Vessels for periods that the relevant vessel is an Active Vessel and (b) MUSD 410 Facility Loan 3 Tranche B.</p> <ul style="list-style-type: none"> <li>• The Gubkin Loan will only participate in the cash sweep for periods that "Ivan Gubkin" is not on a Third Party Charter. The Secured Bonds will only participate in the cash sweep for periods that VT is not on a Third Party Charter. If "Ivan Gubkin" or VT is on a Third Party Charter for parts of a calendar year, the relevant lenders' interest in the Excess Cash Flow shall be pro rata for the part of a year during which the vessel was not on hire under a Third Party Charter.</li> <li>• Amounts paid under the new cash sweep mechanism will be considered as amortizations under the respective financing arrangements. Under the MUSD 410 Facility and the New Fleet Facility, the payments will reduce the amortisation payment on the final maturity date of each loan and for the Secured Bonds, the payments will reduce the amortisation payment on the maturity date and, if the amount exceeds this payment, reduce successive preceding instalments.</li> <li>• Payments under the cash sweep mechanism will be made on an annual basis before the end of April in the following calendar year. Cash sweep payments will only be made if the consolidated Excess Cash Flow from the Group is positive for the preceding financial year (calculation to be made on audited financials) (the "<b>Cash Sweep Trigger</b>").</li> <li>• Subject to meeting the Cash Sweep Trigger for the relevant year, the cash sweep for the Bank Lenders, the holders of Secured Bonds and the New Fleet Facility Lenders will apply to the Excess Cash Flow generated from the Group. 70% of any Excess Cash Flow from the Group in the Runway Period will be paid in aggregate as a cash sweep.</li> <li>• Excess Cash Flow will be distributed pro rata to the Bank Lenders, the New Fleet Facility Lenders and holders of Secured Bonds as relevant, only on the loans that have financed an Active Vessel in that period, based on outstanding loan amounts at Closing.</li> <li>• Notwithstanding the above, in case of (i) vessel sales and (ii) insurance proceeds upon a total loss of a vessel, the existing pre-transaction provisions in the existing agreement will prevail (i.e. the cash sweep does not over-rule the specific proceeds waterfall provisions relating to asset sales and insurance proceeds in the existing MUSD 410 Facility Agreement).</li> </ul>
<b>Unsecured Bond Loans:</b>	<ul style="list-style-type: none"> <li>• The agreements for the Unsecured Bonds to be amended and/or restated in accordance with the main terms and conditions set out below and also to reflect any logical and consequential amendments resulting from the Restructuring and its implementation.</li> </ul>

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	<ul style="list-style-type: none"> <li>• <b>Reduction of principal:</b> The total outstanding principal amount under each tranche for the Unsecured Bond Loans will be reduced to the applicable call price level for that tranche in 2018.</li> <li>• <b>New call price:</b> The call price for the Unsecured Bonds to be increased to 100% of par value after the reduction of the principal amount. The bonds will be callable at any time.</li> <li>• <b>Interest:</b> The Unsecured Bonds will receive interest of 5% p.a. as payment in kind.</li> <li>• <b>Maturity:</b> The maturity date of the Unsecured Bond Loans will be extended to 1 January 2025 from current 30 December 2022.</li> <li>• <b>Further changes:</b> The event of default provisions, general covenants, special covenants, financial covenants and change of control provisions in the NOK Unsecured Bond and the USD Unsecured Bond will be removed as further set out in Schedule B.</li> <li>• Holders of Unsecured Bonds will be given an option to choose between Alternative 1 and Alternative 2 as described below. The amount of Unsecured Bonds being converted (Alternative 2) is limited to 50% of the total outstanding amount of Unsecured Bonds. If more than 50% of the Unsecured Bonds are elected for Alternative 2, allocation will be reduced pro rata.</li> <li>• <u>Alternative 1 (no conversion):</u> <ul style="list-style-type: none"> <li>○ Continue to hold Unsecured Bonds on the amended terms set out above.</li> </ul> </li> <li>• <u>Alternative 2 (conversion to equity):</u> <ul style="list-style-type: none"> <li>○ Convert Unsecured Bonds into equity.</li> <li>○ Upon conversion, Unsecured Bonds to be converted will be valued at 70% of nominal value (after the reduction of principal as set out above has been carried out).</li> <li>○ The conversion price will be the same as the subscription price in the Private Placement (as defined below).</li> </ul> </li> <li>• After adjustment of the terms and conversion of Unsecured Bonds as described above, the Issuer may at its own option and discretion merge the unsecured tranches so that there is only one unsecured tranche under each of the Convertible Bond Loan, the USD Unsecured Bond Loan and the NOK Unsecured Bond Loan.</li> </ul>
<b>Sale and lease termination:</b>	<ul style="list-style-type: none"> <li>• Subsidiaries of the Company will agree to purchase the N-Class Vessels from GSH for an aggregate sale price of USD 75 million fully financed by the New Fleet Facility and current</li> </ul>

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	<p>leases to be terminated pursuant and subject to a separate agreement with GSH (the "<b>N-Class Transaction</b>"). The New Fleet Facility Lenders will use their best efforts within their control and commit reasonable expenditure where required, to enable completion of the N-Class Transaction by 30 June 2018.</p> <ul style="list-style-type: none"> <li>• To the extent that the Group makes hire payments under the current leases with GSH for periods after 1 January 2018, the New Fleet Facility Lenders shall reimburse the Group for an amount equal to hire that is paid by the Group in excess of the amount that would have been paid to the New Fleet Facility Lenders under the New Fleet Facility as if the New Fleet Facility had been issued on 1 January 2018.</li> <li>• Warrants for 2.5% of the Company's issued share capital after completion of the Restructuring to be issued to GSH upon completion of the N-Class Transaction. The subscription price per share when exercising the warrants will be equal to three times the subscription price per share in the Private Placement. The warrants will expire automatically on the earlier of (i) the exercise by GSH and (ii) 30 November 2022.</li> <li>• The main terms of the New Fleet Facility are set out in Schedule C. Completion of the N-Class Transaction is subject to the New Fleet Facility being made available to the Group.</li> <li>• <b>Profit Split:</b> <ul style="list-style-type: none"> <li>○ Sale of Nadia: If an agreement to sell Polarcus Nadia enters into force on or before 31 December 2018 at a price in excess of USD 30 million, net of any lay-up costs for Nadia from the Closing Date to the date of the delivery of the vessel, upgrade, procurement of machinery and equipment, conversion, delivery and transaction costs including all taxes, any excess amount over and above USD 30 million will be subject to a profit split where GSH will be entitled to 80% of such excess amount (the "<b>Nadia Profit Split Amount</b>"). The Nadia Profit Split Amount (if any) will be payable to GSH within seven days of receipt by Polarcus Nadia AS of the final instalment of the sale price.</li> <li>○ Sale of Naila: If an agreement to sell Polarcus Naila enters into force on or before 31 December 2018 at a price in excess of USD 45 million, net of upgrade, procurement of machinery and equipment, conversion, delivery and transaction costs including all taxes, any excess amount over and above USD 45 million will be subject to a profit split where GSH will be entitled to 80% of such excess amount (the "<b>Naila Profit Split Amount</b>" and together with the Nadia Profit Split Amount, the "<b>Profit Split Amount</b>"). The Naila Profit Split Amount (if any) will be payable to GSH within seven days of receipt by Polarcus Naila AS of the final instalment of the sale price.</li> </ul> </li> </ul>
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	<p>The aggregate Profit Split Amount payable to GSH after a sale of Polarcus Nadia and/or Polarcus Naila shall not exceed USD 22 million.</p> <ul style="list-style-type: none"> <li>The Bank Lenders and the Bondholders agree that the MUS\$ 410 Facility Agreement and the existing bond agreements will be amended to permit additional indebtedness and security interests incurred in connection with the N-Class Transaction.</li> </ul>
<b>Shareholders:</b>	<ul style="list-style-type: none"> <li>Shareholders to pass a resolution in favour of the Private Placement, a repair issue, the conversion of debt to equity under the Unsecured Bond Loans and the warrants to GSH.</li> </ul>
<b>Unaffected creditors:</b>	<ul style="list-style-type: none"> <li>Unless otherwise agreed between the Company and the Bank Lenders, all other creditors of the Group, including any and all trade creditors, shall remain unimpaired by the Restructuring or shall be paid in full in accordance with their relevant agreement with the Company or any of the Group companies as the case may be.</li> </ul>
<b>Discharge of liability:</b>	<ul style="list-style-type: none"> <li>Each of the Bank Lenders, the New Fleet Facility Lenders, the Bondholders and the supporting shareholders undertakes not to claim (directly, indirectly or by transfer) or to support any claim against the Group or any directors, officers, management, employees or advisors thereof for any act or omissions relating to or deriving from the Restructuring, the documents entered into in connection with the Restructuring, the carrying out of transactions contemplated by the Restructuring and the performance of the obligations contemplated by the Restructuring, unless such claim is caused by the gross negligence or wilful misconduct by such member of the Group or its directors, officers, management, employees or advisors.</li> </ul>
<b>Termination:</b>	<p>This term sheet terminates automatically in the event:</p> <ul style="list-style-type: none"> <li>any member of the Group files for bankruptcy proceeding under Cayman Island law, Norwegian law or insolvency or similar proceedings under any other jurisdiction; or</li> <li>any action is taken by any party or person in relation to (A) any insolvency proceedings (or any analogous procedure) in any jurisdiction in respect of the Company or any other member of the Group, (B) the enforcement of any security over any assets of the Company or any other member of the Group or (C) any attachment, distress or execution or any analogous process in any jurisdiction in respect of any asset of the Company or any member of the Group (excluding the arrest of a vessel arising out of a maritime incident) <u>provided, that</u> (A)-(C) above shall not apply to any action taken in any jurisdiction which is frivolous or vexatious and is discharged, stayed or dismissed within 21 days of commencement;</li> </ul>

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	<ul style="list-style-type: none"> <li>• the meeting(s) of the Bondholders have not passed, or will not be able to pass, by 28 February, 2018, the resolutions necessary to implement any required changes to the Unsecured Bonds;</li> <li>• the general meeting of the Company has not passed, or will not be able to pass, by 28 February, 2018, the resolutions necessary to increase the authorized share capital of the Company and to authorise the issue of shares in the Company in respect of the Private Placement and the repair issue; or</li> <li>• the Private Placement has not been completed by 15 March, 2018.</li> </ul>
<p><b>Closing, conditions precedent waivers, long form documentation and effective date:</b></p>	<ul style="list-style-type: none"> <li>• The waivers set out in Schedule A are given with effect from 31 December 2017 and will be in effect until the Closing Date.</li> <li>• Each of the Bank Lenders and the Bondholders waive any breaches of the existing agreements that occur as a result of or in connection with the implementation of the Restructuring.</li> <li>• Standard conditions precedent to closing of the transaction, including but not limited to: (a) credit committee approval by the Bank Lenders; (b) the Private Placement has been completed and the Company has received at least NOK 300 million in gross proceeds therefrom; and (c) the underwriting agreement for the repair issue being acceptable to the Bank Lenders and New Fleet Facility Lenders in their sole and absolute discretion.</li> <li>• The Bank Lenders, New Fleet Facility Lenders and the Company to finalize and sign long form loan documentation implementing the terms of the Restructuring by 28 February, 2018 (subject to any extensions agreed between the Bank Lenders, New Fleet Facility Lenders and the Company).</li> <li>• The effective date for the changes contemplated by this term sheet is 31 December 2017. From 1 January 2018 and in anticipation of the Closing, the Company will pay the Bank Lenders and the Bondholders according to the payment schedules set out in this term sheet. Thus any payments made by the Group after 1 January 2018 in accordance with the payment schedules in force prior to the Restructuring, will lead to reductions of payments after approval of the Restructuring as if the Restructuring had been approved on 31 December 2017. If Closing does not occur, the original payment schedules in force prior to the Restructuring will apply and unpaid amounts will fall due five Business Days after the termination of this term sheet.</li> </ul>
<p><b>Definitions:</b></p>	<p>Unless otherwise defined, capitalized terms have the same definition as described in the relevant financing document.</p> <ul style="list-style-type: none"> <li>• <b>Active Vessel:</b> Each of: (a) the POLARCUS ASIMA, POLARCUS ALIMA, POLARCUS ADIRA, and POLARCUS NAILA,</li> </ul>

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	<p>and (b) any other Vessel that is not cold-stacked and (c) excluding Vessels on a Third Party Charter.</p> <ul style="list-style-type: none"> <li>• <b>Adjusted EBITDA:</b> Quarterly rolling last twelve months EBITDA less multi-client cash investments.</li> <li>• <b>Bank Lenders:</b> Eksportfinans ASA, Eksportkreditt Norge AS and the Norwegian Government represented by the Norwegian Export Credit Guarantee Agency, DVB and DNB as guarantors thereof.</li> <li>• <b>Borrowing Base:</b> Receivables from customers as reported in the Company's monthly accounting management report (on a consolidated basis) which comprise the aggregate sum of: (i) outstanding customer invoices at the balance sheet date, and (ii) accrued revenue for the relevant month for which invoices have not been issued but shall be issued within 10 days of the following month.</li> <li>• <b>Bondholders:</b> The holders of Secured Bonds and Unsecured Bonds.</li> <li>• <b>Closing Date:</b> The date when (i) the Restructuring has been approved by the Bank Lenders, New Fleet Facility Lenders, the Bondholders and the Company's shareholders, (ii) new agreements between the Company and each of the Bank Lenders, the Bondholders, GSH (or, alternatively, the sellers of Polarcus Nadia and Polarcus Naila) and the New Fleet Facility Lenders for implementation of the Restructuring has been entered into (iii) the Private Placement has been completed; and (iv) all conditions precedent to the Restructuring have been completed, satisfied or waived.</li> <li>• <b>Company:</b> Polarcus Limited</li> <li>• <b>Convertible Bondholders:</b> The holders of bonds in the Convertible Bond Loan.</li> <li>• <b>Convertible Bond Loan:</b> The convertible bond loan issued by the Company with ISIN NO 0010607435 ("<b>CB Tranche A</b>"), ISIN NO 001 0757263 ("<b>CB Tranche B</b>") and ISIN NO 001 0757271 ("<b>CB Tranche C</b>").</li> <li>• <b>DNB:</b> DNB Bank ASA</li> <li>• <b>DVB:</b> DVB Bank SE</li> <li>• <b>Excess Cash Flow:</b> Annual net increase in cash and cash equivalents (as set out in the Company's annual consolidated cash flow statement and subject to a maximum deduction of USD 20 million in respect of investments in property, plant and equipment) less: (i) proceeds from (a) issue of shares, (b) bank loans, (c) the issuance of bonds or other capital markets instruments, (d) sale of assets (other than late sales of the multi-client library), (e) insurance claim proceeds used (or intended to be used) to effect repairs or purchase replacement assets within one year of receipt (other than insurance proceeds relating to total loss or constructive total loss of a vessel for which there is no time limit for reinvestment), (f) mergers and acquisitions and (g)</li> </ul>
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	<p>movements in escrow and retention accounts. Notwithstanding the above, in case of (i) vessel sales and (ii) insurance proceeds upon a total loss or constructive total loss of a vessel, the existing pre-transaction provisions in the MUSD 410 Facility Agreement will prevail (i.e. the cash sweep does not over-rule the specific proceeds waterfall provisions relating to asset sales and insurance proceeds in the existing MUSD 410 Facility Agreement).</p> <ul style="list-style-type: none"> <li>• <b>Group:</b> The Company and its subsidiaries.</li> <li>• <b>GIEK:</b> Garantiinstituttet for eksportkreditt</li> <li>• <b>GSH:</b> GSH2 Seismic Carrier I AS.</li> <li>• <b>Gubkin Loan:</b> As part of the implementation of the Restructuring, Loan 3 under the MUSD 410 Facility Agreement will be split into Tranche A and Tranche B. Tranche A will consist of a principal amount of USD 61 million and constitutes the Gubkin Loan in this term sheet.</li> <li>• <b>MUSD 410 Facility Agreement:</b> The facility agreement originally dated 5 October 2011 (as amended at any time) entered into between, among others, the Borrowers, the Company Guarantors, the Bank Guarantors, the Bank Lenders and the Agent (as defined therein).</li> <li>• <b>MUSD 410 Facility:</b> The USD 410 million loans originally provided by the Bank Lenders under the MUSD 410 Facility Agreement.</li> <li>• <b>New Fleet Facility Lenders:</b> DVB and GIEK</li> <li>• <b>NOK Unsecured Bond:</b> The NOK unsecured bond loan issued by the Company with ISIN NO 001 0714389 and ISIN NO 001 0757255.</li> <li>• <b>Non-Preferred Loans:</b> The loans provided under the MUSD 410 Facility Agreement except for the Gubkin Loan.</li> <li>• <b>Private Placement:</b> A private placement of shares in the Company with gross proceeds amounting to NOK 300 million.</li> <li>• <b>Restructuring:</b> The restructuring of the Group as described in this term sheet.</li> <li>• <b>Runway Period:</b> 31 December 2017 to 1 January 2022.</li> <li>• <b>Secured Bonds:</b> The bonds in CB Tranche A under the Convertible Bond Loan.</li> <li>• <b>Third Party Charter:</b> A bareboat charter contract for "Ivan Gubkin", "VT" or any other Vessel entered into between a Group company and a non-Group company.</li> <li>• <b>Unsecured Bonds:</b> The bonds issued under the Unsecured Bond Loans.</li> <li>• <b>Unsecured Bond Loans:</b> CB Tranche B, CB Tranche C, the NOK Unsecured Bond and the USD Unsecured Bond.</li> </ul>
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	<ul style="list-style-type: none"><li>• <b>USD Unsecured Bond:</b> The unsecured USD bond loan issued by the Company with ISIN NO 001 0680150 and ISIN NO 001 0757248.</li><li>• <b>Vessels:</b> POLARCUS ASIMA, POLARCUS ALIMA, IVAN GUBKIN (EX-POLARCUS AMANI), POLARCUS ADIRA, POLARCUS NADIA, POLARCUS NAILA and VT.</li><li>• <b>A-class Vessels:</b> POLARCUS ASIMA, POLARCUS ALIMA, IVAN GUBKIN (EX-POLARCUS AMANI) and POLARCUS ADIRA.</li><li>• <b>N-class Vessels:</b> POLARCUS NADIA and POLARCUS NAILA.</li><li>• <b>VT:</b> The vessel VYACHESLAV TIKHONOV owned by Polarcus Selma Limited which is currently on a bareboat charter to a Sovcomflot group entity.</li></ul>
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## **SCHEDULE A – WAIVERS**

### **Agreement**

#### **MUSD 410 Facility Agreement**

### **Clauses waived**

Clause 21.6 (Insolvency)  
Clause 21.10 (No default)  
Clause 21.23 (Financial Indebtedness)  
Clause 23.1 (Minimum liquidity reserve)  
Clause 23.2 (Minimum equity ratio)  
Clause 23.3 (Minimum working capital)  
Clause 24.16 (Indebtedness and Investments)  
Clause 24.6 (Distributions – equity raise)  
Clause 26.1 (Non-Payment)  
Clause 26.4 (Other obligations)  
Clause 26.6 (Cross Default)  
Clause 26.7 (Insolvency)  
Clause 26.8 (Insolvency proceedings)  
Clause 26.9 (Creditor's process)  
Clause 26.14 (Material adverse change)

#### **Working Capital Facility**

Same as the MUSD 410 Facility Agreement

#### **Common Terms Agreement**

Clause 7.1, Clause 7.3, Clause 7.4, Clause 7.5, Clause 7.10

#### **Convertible Bond Loan**

Clause 17.3 (Retention Account)  
Clause 17.10 (Protection of Conversion Rights)  
Clause 17.14 (Liquidity)  
Clause 20.1.1 (Non-payment)  
Clause 20.1.2 (Breach of other obligations)  
Clause 20.1.3 (Cross default)  
Clause 20.1.5 (Insolvency)  
Clause 20.1.6 (Creditors' process)  
Clause 20.1.10 (Material Adverse Effect)

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**USD Unsecured Bond Loan and  
NOK Unsecured Bond Loan**

Clause 13.5.1 (a) (Equity ratio)

Clause 13.5.1 (b) (Liquidity)

Clause 13.5.1 (c) (Working capital)

Clause 15.1 (a) (Non-payment)

Clause 15.1 (b) (Breach of other obligations)

Clause 15.1 (c) (Cross default)

Clause 15.1 (e) (Insolvency)

Clause 15.1 (f) (Insolvency proceedings and dissolution)

Clause 15.1 (g) (Creditors' process)

Clause 15.1 (i) (Material Adverse Change)

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## **SCHEDULE B – REMOVAL OF CERTAIN CLAUSES IN THE UNSECURED BOND LOANS**

In connection with the restructuring of Polarcus Limited and its subsidiaries, the following clauses will be removed in the bond agreements for the Unsecured Bond Loans:

Clause 10.4 (Change of control)

Clause 13.3 (b) (Mergers)

Clause 13.3 (c) (De-mergers)

Clause 13.3 (d) (Continuation of business)

Clause 13.3 (e) (Disposal of business)

Clause 13.3 (g) (Corporate status)

Clause 13.4 (Special covenants – all special covenants to be removed)

Clause 13.5 (Financial covenants – all financial covenants to be removed)

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**SCHEDULE C – MAIN TERMS OF THE NEW FLEET FACILITY**

<b>FACILITIES</b>		
<b>Facility</b>	<b>Borrower</b>	<b>Currency and amount</b>
Facility A (term loan facility)	Polarcus Nadia AS	USD 30,000,000
Facility B (term loan facility)	Polarcus Naila AS	USD 45,000,000
Total amount		USD 75,000,000

<b>PARTIES AND PURPOSE</b>																												
<b>Borrowers</b>	Polarcus Nadia AS and Polarcus Naila AS																											
<b>Guarantor:</b>	Polarcus Limited																											
<b>TERMS</b>																												
<b>Purpose of Facilities:</b>	Facility A: To finance the purchase price for Polarcus Nadia Facility B: To finance the purchase price for Polarcus Naila																											
<b>Interest:</b>	Interest for each loan to be based on the applicable CIRR / floating rate that applies to the relevant loan on or prior to disbursement plus the applicable amount as per the margin grid that applies to the guarantee premium for the Non-Preferred Loans. The CIRR rate will be fixed for the duration of the New Fleet Facility.																											
<b>Margin grid:</b>	<p>The New Fleet Facility will receive guarantee premium/margin based on the following margin grid connected to the Group's consolidated Adjusted EBITDA as set out in the table below. The calculation of this interest rate will be made on or before the tenth business day of each quarter.</p> <p><u>Margin Grid</u></p> <table border="1"> <thead> <tr> <th rowspan="2">Adjusted EBITDA</th> <th colspan="3">Interest payable under guarantee premium</th> </tr> <tr> <th>Cash</th> <th>PIK</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>&lt;35 million</td> <td>0.75%</td> <td>0.375%</td> <td>1.125%</td> </tr> <tr> <td>35-50 million</td> <td>1.00%</td> <td>0.375%</td> <td>1.375%</td> </tr> <tr> <td>50-75 million</td> <td>1.75%</td> <td>0.375%</td> <td>2.125%</td> </tr> <tr> <td>75-90 million</td> <td>2.75%</td> <td>0.375%</td> <td>3.125%</td> </tr> <tr> <td>&gt;90 million</td> <td>3.25%</td> <td>0.375%</td> <td>3.625%</td> </tr> </tbody> </table>	Adjusted EBITDA	Interest payable under guarantee premium			Cash	PIK	Total	<35 million	0.75%	0.375%	1.125%	35-50 million	1.00%	0.375%	1.375%	50-75 million	1.75%	0.375%	2.125%	75-90 million	2.75%	0.375%	3.125%	>90 million	3.25%	0.375%	3.625%
Adjusted EBITDA	Interest payable under guarantee premium																											
	Cash	PIK	Total																									
<35 million	0.75%	0.375%	1.125%																									
35-50 million	1.00%	0.375%	1.375%																									
50-75 million	1.75%	0.375%	2.125%																									
75-90 million	2.75%	0.375%	3.125%																									
>90 million	3.25%	0.375%	3.625%																									

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<b>Amortization:</b>	<p>No fixed amortizations on the New Fleet Facility during the Runway Period unless an N-Class Vessel is on a Third Party Charter, in which case New Facility Lenders shall receive 32% of charter revenue in fixed amortisation of the relevant Facility.</p> <p>After the Runway Period the New Fleet Facility to be repaid by annual amortizations of USD 6.25 million pro rata between Facility A and Facility B.</p>
<b>Cash Sweep:</b>	<p>The New Fleet Facility will participate in the cash sweep mechanism described in the restructuring term sheet.</p> <p>Amounts paid under the cash sweep mechanism will be considered as amortizations under the New Fleet Facility and reduce the amortisation payments on the final maturity date.</p>
<b>Final Maturity Date:</b>	31 December 2024
<b>Mandatory prepayment and cancellation:</b>	<p>Similar regulation as in the MUSD 410 Facility Agreement (post-Restructuring), with the following exceptions:</p> <p>Total Loss or sale: Borrowers shall repay the Facility under which the Vessel is financed. Clause 7.1 to be modified to take into account necessary changes due to the provisions of the "Sale of Polarcus Nadia / Naila" section below until the expiration of such provisions on 31 December 2018.</p> <p>Market Value: no obligation to prepay Facility or provide additional security.</p> <p>Mandatory prepayment upon a sale of Polarcus Nadia or Polarcus Naila as set out below.</p>
<b>Security:</b>	<p>The New Fleet Facility to be secured by a Norwegian law governed first priority security interest over the following (to the extent legally permitted and subject to customary limitations):</p> <ol style="list-style-type: none"> <li>1. Guarantee from Polarcus Limited;</li> <li>2. Mortgage over the Vessels;</li> <li>3. Assignment of insurances for the Vessels;</li> <li>4. Assignment of earnings (factoring);</li> <li>5. Share pledge over Polarcus Nadia AS and Polarcus Naila AS;</li> <li>6. Assignment over any intra-group loans granted by the Guarantor to any of Polarcus Nadia AS or Polarcus Naila AS; and</li> <li>7. Assignment over any intra-group loans granted by any of Polarcus Nadia AS or Polarcus Naila AS to a member of the Group;</li> <li>8. Charges over the Borrowers' Machinery and Plant <i>provided, that</i> the Intercreditor Agreement shall be modified such that the proceeds of any Machinery and Plant purchased after the Closing Date in any enforcement shall be split pro-rata amongst the New Fleet Facility and the MUSD 410 Facility.</li> </ol>

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<b>Representations :</b>	<p>To mirror the representations in the MUSD 410 Facility Agreement (post-Restructuring with logical amendments and adaptations), with the following exceptions:</p> <p>Clause 21.19 (The Vessels) shall not apply until completion of the registration of the Vessels in the Borrowers’ names. For the avoidance of doubt, the representations made in the New Fleet Facility clause 21.19 shall be only applicable to the New Fleet Facility Lenders.</p> <p>No representation is made with respect to the condition or the classification of Polarcus Nadia while laid up.</p>
<b>Information undertakings:</b>	To mirror those in the MUSD 410 Facility Agreement (post-Restructuring with logical amendments and adaptations).
<b>General undertakings:</b>	<p>To mirror those in the MUSD 410 Facility Agreement (post-Restructuring with logical amendments and adaptations), with the following exceptions:</p> <p>Clause 24.5 (<i>Negative Pledge</i>) No restriction on creating security over Borrowers’ property other than the Vessel.</p> <p>Clause 24.6 (<i>Distributions</i>) No restriction on voluntary prepayments.</p> <p>Clause 24.7(b) (<i>Bank accounts</i>) Retention payments to be made only with respect to payments due within next 6 months. No Bank Guarantee Premium to apply.</p> <p>Clause 24.14 (<i>Guarantees</i>). N/A.</p> <p>Clause 24.16(b)(v): no restriction on financing in-sea equipment;</p> <p>Clause 24.16(c) N/A.</p> <p>Clause 24.16(d) to be replaced by Capex Undertaking in the Restructuring Term Sheet.</p> <p>Clause 24.16 – 24.18 Borrowers to be considered in the same group of Obligors as under the MUSD 410 Facility.</p>
<b>Financial covenants:</b>	To mirror those in the MUSD 410 Facility Agreement (post-Restructuring with logical amendments and adaptations).
<b>Vessel covenants:</b>	<p>To mirror those in the MUSD 410 Facility Agreement (post-Restructuring with logical amendments and adaptations), with the following exceptions:</p> <p>Vessel covenants waived as they apply to the classification, condition, operation, maintenance of any Vessel which is laid up;</p> <p>Clause 25.2(e) – Mortgagee interest insurance not required for any Vessel while laid up.</p>

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	Clause 25.19 ( <i>Streamer equipment</i> ) N/A
<b>Events of default:</b>	To mirror those in the MUSD 410 Facility Agreement (post-Restructuring with logical amendments and adaptations)
<b>Documentation and other terms:</b>	To mirror the MUSD 410 Facility Agreement (with logical amendments and adaptations).
<b>Definitions:</b>	" <b>Vessels</b> " means each of the vessels Polarcus Nadia and Polarcus Naila.

**Clause [•] Written Resolutions**

- (a) Subject to this Bond Agreement, anything which may be resolved by the Bondholders in a Bondholders' Meeting pursuant to Clause [•] (*Authority of the Bondholders' Meeting*) may also be resolved by way of a Written Resolution. A Written Resolution passed with the relevant majority is as valid as if it had been passed by the Bondholders in a Bondholders' Meeting, and any reference in any Finance Document to a Bondholders' Meeting shall be construed accordingly.
- (b) The person requesting a Bondholders' Meeting may instead request that the relevant matters are to be resolved by Written Resolution only, unless the Bond Trustee decides otherwise.
- (c) The Summons for the Written Resolution shall be sent to the Bondholders registered in the CSD at the time the Summons is sent from the CSD and published at the Bond Trustee's web site, or other relevant electronic platform or via press release.
- (d) The provisions set out in Clause [•] (*Authority of the Bondholders' Meeting*), [•] (*Procedural rules for Bondholders' meetings*), Clause [•] (*Resolutions passed at Bondholders' Meetings*) and Clause [•] (*Repeated Bondholders' Meeting*) shall apply *mutatis mutandis* to a Written Resolution, except that:
  - (i) the provisions set out in paragraphs [•], [•] and [•] of Clause [•] (*Procedural rules for Bondholders' meetings*); or
  - (ii) provisions which are otherwise in conflict with the requirements of this Clause [•] (*Written Resolution*),shall not apply to a Written Resolution.
- (e) The Summons for a Written Resolution shall include:
  - (i) instructions as to how to vote to each separate item in the Summons (including instructions as to how voting can be done electronically if relevant); and
  - (ii) the time limit within which the Bond Trustee must have received all votes necessary in order for the Written Resolution to be passed with the requisite majority (the "**Voting Period**"), such Voting Period to be at least three (3) Business Days but not more than fifteen (15) Business Days from the date of the Summons, provided however that the Voting Period for a Written Resolution summoned pursuant to Clause [•] (*Repeated Bondholders' Meeting*) shall be at least ten (10) Business Days but not more than fifteen (15) Business Days from the date of the Summons.

- (f) Only Bondholders of Voting Bonds registered with the CSD on the Relevant Record Date, or the beneficial owner thereof having presented relevant evidence to the Bond Trustee pursuant to Clause [•] (*Bondholders' rights*), will be counted in the Written Resolution.
- (g) A Written Resolution is passed when the requisite majority set out in paragraph [•] or paragraph [•] of Clause [•] (*Authority of Bondholders' Meeting*) has been achieved, based on the total number of Voting Bonds, even if the Voting Period has not yet expired. A Written Resolution may also be resolved if the sufficient numbers of negative votes are received prior to the expiry of the Voting Period.
- (h) The effective date of a Written Resolution passed prior to the expiry of the Voting Period is the date when the resolution is approved by the last Bondholder that results in the necessary voting majority being achieved.
- (i) If no resolution is passed prior to the expiry of the Voting Period, the number of votes shall be calculated at the close of business on the last day of the Voting Period, and a decision will be made based on the quorum and majority requirements set out in paragraphs [•] to [•] of Clause [•] (*Authority of Bondholders' Meeting*).

**“Written Resolution”** means a written (or electronic) solution for a decision making among the Bondholders, as set out in Clause [•] (Written Resolutions).

# POLARCUS LIMITED

## Application Agreement for conversion of bonds to equity

(Private Placement of New Shares January 2018)

### ABG Sundal Collier ASA

Application agreement to be returned to:

- For investors holding bonds through a custodian, please apply for shares as instructed by the custodian.
- For investors holding bonds directly in VPS please return to ABG Sundal Collier ASA by e-mail [subscription@abgsc.no](mailto:subscription@abgsc.no) by the end of the Application Period as set out below.

**General Information:** Polarcus Limited (the "**Company**" or "**Polarcus**"), an exempted company limited by shares incorporated under the laws of the Cayman Islands with registration number 201867, is currently in the process of restructuring its balance sheet as described in the summons for bondholder's meetings with annexes, dated 26 January 2018 (the "**Summons**") and the restructuring term sheet attached thereto as annex A (the "**Restructuring Term Sheet**"). As part of the restructuring, the bondholders (the "**Bondholders**") of the Company's bonds with ISIN (i) NO 001 0757263, (ii) NO 001 0757271, (iii) NO 001 0714389, (iv) NO 001 0757255, (v) NO 001 0680150 and (vi) NO 001 0757248 (the "**Existing Unsecured Bonds**") are invited to participate in an equity offering in the Company by converting all or parts of their Existing Unsecured Bonds. As described in the Restructuring Term Sheet, the total outstanding principal amount under each tranche for the Existing Unsecured Bonds will be reduced to the applicable call price level for that tranche in 2018 before the conversion takes place.

The Bondholders may subscribe for new shares in the Company (the "**New Shares**") at a subscription price of NOK 1.3 per share. Bondholders converting Existing Unsecured Bonds denominated in USD, will receive a fixed foreign exchange rate where 1 USD equals NOK 7.81. Upon conversion, Existing Unsecured Bonds will be valued at 70% of par value after the reduction of principal value as set out in the Restructuring Term Sheet.

The amount of Existing Unsecured Bonds that can be converted to New Shares is limited to 50% of the total outstanding amount of Existing Unsecured Bonds (the "**Conversion Limit**"). If subscriptions for New Shares amount to more than the Conversion Limit, subscribers of New Shares will have their subscriptions reduced pro rata to the subscribed amount. Existing Unsecured Bonds that are not used to subscribe for New Shares will continue to be outstanding on the amended terms set out in the Restructuring Term Sheet.

The New Shares are offered through a private placement (the "**Private Placement**") directed towards the bondholders of Existing Unsecured Bonds registered with the Norwegian Central Securities Depository ("**VPS**") at the commencement of the Application Period (as defined below).

The Private Placement is carried out subject to applicable exemptions from relevant prospectus requirements, in the United States in reliance on Rule 144A under the United States Securities Act of 1933, as amended (the "**US Securities Act**") (to the extent available) and outside the United States in compliance with Rule 903 or Rule 904, as applicable, of Regulation S under the US Securities Act, and the exemptions available under the EU Prospectus Directive as implemented in member states of the European Economic Area ("**EEA**").

Polarcus has appointed ABG Sundal Collier ASA as manager (the "**Manager**") in the Private Placement.

Applications for New Shares will be governed by the terms and conditions set out in this application agreement (the "**Application Agreement**") and the Summons (together with the Application Agreement, the "**Investor Documentation**"). The undersigned (the "**Applicant**") hereby acknowledges having received and accepted the terms set out in the Investor Documentation and that the application and subscription is subject to the terms set out therein. Applicants subscribing for New Shares authorise and instruct the Manager to convert the relevant amount of its Existing Unsecured Bonds into New Shares. The Applicant undertakes not to transfer any Unsecured Bonds it intends to use as share deposit for New Shares after application has been made for New Shares.

The Applicant authorizes the Manager to block and restrict trading for an amount of its Unsecured Bonds that corresponds to the number of Unsecured Bonds the Applicant designates as share deposit for New Shares ("**Restricted Bonds**").

**Application procedure:** The application period runs from and including 26 January 2018 at 15:00 to and including 12 February 2018 at 12:00 hours CET (the "**Application Period**"). The Company may at its own discretion extend or shorten the Application Period at any time and for any reason. If the Application Period is shortened or extended, the other dates referred to herein may be amended accordingly.

By executing this Application Agreement, or by placing an application by taped phone as further described below, the Applicant irrevocably confirms the Applicant's request to subscribe for New Shares as specified below on the terms and conditions included in the Investor Documentation, and irrevocably authorizes and instructs the Manager or its appointed representatives, to subscribe for the number of New Shares allocated to the Applicant as per this Application Agreement (the "**Allocated Shares**") on behalf of the Applicant.

This Application Agreement, duly signed, valid and binding on the part of the Applicant, must be in the possession of the Manager by the end of the Application Period. The Applicant bears the risk of any postal delays, unavailable internet lines or servers, unavailable fax lines and any other logistical or technical problems that may result in applications not being received in time or at all. Should the Applicant fail to make a valid application during the Application Period, the Applicant will continue to hold Existing Unsecured Bonds with amended terms as per the terms in the Restructuring Term Sheet. The Applicant is further responsible for the correctness of the information inserted in the Application Agreement. In addition, the Manager may, in their sole discretion, accept applications placed by taped phone within the Application Period provided that the Applicant confirms that it accepts the terms of this Application Agreement. Any application made by taped phone is binding for the Applicant in the same manner as an application made in writing. Without limiting the binding nature of applications made by taped phone, the Manager may require that an application placed by taped phone is subsequently confirmed by the execution

of this Application Agreement in writing, and may, if the Applicant fails to satisfy such requirement, in its sole discretion, disregard the application, without any liability towards the Applicant. Any application placed by taped phone shall be deemed made on the terms and subject to the conditions set out in this Application Agreement. Applications made may be withdrawn or amended by the investor at any time up to the end of the Application Period. After the end of the Application Period (including an end based on a shortening of the Application Period), all received applications that have not been withdrawn or amended are irrevocable and binding upon the Applicant.

**Allocation:** Notification of allotment will be sent to the Applicant by the Manager as soon as reasonably possible after the Application Period.

**Settlement:** The Allocated Shares will be delivered to the Applicant's VPS account as soon as practicable after the Conditions have been met and the new share capital has been duly issued under Cayman Islands law and registered in the Norwegian Central Securities Depository ("**VPS**"). The Applicant authorizes the Manager to use its Restricted Bonds as share deposit for the Allocated Shares.

**Information/ risks/ representations and warranties:**

By making an Application, the Applicant confirms and accepts that:

- (a) it has sufficient knowledge, sophistication and experience in financial and business matters to be capable of evaluating the merits and risks of an investment decision in the Company by applying for New Shares, and the Applicant is able to bear the economic risk, and to withstand a complete loss of an investment in the New Shares;
- (b) it has received the Investor Documentation and that it has had access to such financial and other information concerning the Company and the New Shares as the Applicant has deemed necessary or desirable in connection with the application for and subscription of New Shares, and has made such investigation with respect thereto as it deems necessary;
- (c) it has made its own assessment of the Company, the New Shares and the terms of the Private Placement based only on the Investor Documentation and such information as is publicly available, and, to the extent deemed necessary by the Applicant having consulted with its own independent advisors, the Applicant has satisfied itself concerning the relevant tax, legal, currency and other economic considerations relating to its investment in the New Shares;
- (d) it has not relied on representations, warranties, opinions, projections, financial or other information or analysis, if any, supplied to it by any representative of Polarcus or the Manager or any of its respective affiliates;
- (e) it accepts that the Manager expressly disclaims liability in connection with the Applicant's participation in the Private Placement and the Applicant understands and expressly agrees that it is applying for New Shares on this basis;
- (f) it understands that the listing prospectus being prepared in connection with the listing of the New Shares will not give the Applicant a right to withdraw its Application, even if the listing prospectus contains new or different information;
- (g) no due diligence review or other verification exercises have been performed by or on behalf of the Manager in connection with the Private Placement. The Applicant acknowledges and accepts the risks associated with the fact that no due diligence have been carried out; and
- (h) all commitments, acceptances, confirmations, representations, warranties and undertakings given by the Applicant pursuant to this Application Agreement are given for the benefit of the Company and the Manager and may be enforced against the Applicant by each of the Company and the Manager.

**Conditionality and cancellation:**

The Private Placement has been approved by the board of directors of the Company, however the completion of the Private Placement is conditional upon (i) the approval by an extraordinary general meeting of the Company to be held no later than 28 February 2018 to authorise the issue of the New Shares, (ii) the completion of all matters necessary to complete the overall restructuring of the Company's balance sheet as described in the Restructuring Term Sheet and including the approval of the restructuring by the bondholders of the Company and (iii) registration of the share capital increase in the Company (together the "**Conditions**").

The Private Placement may be cancelled by the Company in its sole discretion for any reason. The Manager and the Company (including each of their respective officers, directors, shareholders, advisors or agents) will not be liable for any losses if the Private Placement is cancelled, irrespective of the reason for such cancellation. In the event that the Private Placement is cancelled, all applications for New Shares will be disregarded and any allocations made will be deemed not to have been made.

**Private Offer:** The offer to apply for and subscribe for New Shares in the Private Placement is personal and cannot be forwarded to any third party.

**Acknowledgement:** The Applicant acknowledges that Bybrook Capital LLC and/or funds managed by Bybrook Capital LLC may reach a holding of shares in the Company through its participation in the share issues contemplated by the restructuring Term Sheet that trigger applicable mandatory bid obligations, and the Applicant undertakes not to tender any of his/her shares in the Company (included any allocated New Shares) in such mandatory bid.

**SPECIFICATION OF APPLICATION**

The undersigned hereby applies for New Shares as follows:

Bond issue	Nominal value of aggregate bondholding	Nominal value to be used as share deposit for New Shares (Restricted Bonds)
ISIN NO 001 0757263	USD _____	USD _____
ISIN NO 001 0757271	USD _____	USD _____

ISIN NO 001 0714389	NOK _____	NOK _____
ISIN NO 001 0757255	NOK _____	NOK _____
ISIN NO 001 0680150	USD _____	USD _____
ISIN NO 001 0757248	USD _____	USD _____

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**Application date and place**

Must be dated in the Application  
Period

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**Binding signature**

The Applicant must have legal capacity. When signing by authorisation, documentation  
in form of company certificate or power of attorney must be enclosed

**INFORMATION ON THE APPLICANT – ALL FIELDS MUST BE COMPLETED**

First name	
Surname/company	
VPS account number	
Street address	
Post code/district/ Country	
Personal ID number/ organization number	
Nationality	
E-mail address	
Daytime telephone number	

## EXHIBIT I

### Terms and Conditions of the Application

#### **Selling and transfer restrictions:**

**General:** This Application Agreement does not constitute an offer to sell or a solicitation of an offer to subscribe or buy New Shares in any jurisdiction in which such offer or solicitation is unlawful.

**United States:** The Applicant hereby confirms that it understands that the New Shares have not, been, and will not be, registered under the U.S. Securities Act and are subject to certain restrictions on transfer, and that the New Shares are offered under available exemptions including Regulation S and Rule 144A under the U.S. Securities Act (where applicable).

The Company agrees that for as long as any of the New Shares being offered and sold pursuant to the Private Placement remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, if at any time the Company is neither subject to Section 13 or Section 15(d) under the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"), nor exempt from reporting under the U.S. Exchange Act pursuant to Rule 12g3-2(b) thereunder, the Company will furnish to any holder of New Shares or to a prospective purchaser of such shares designated by any such shareholder the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act, upon the written request of any such shareholder.

**Canada:** The distribution of the New Shares in Canada is being made only on a private-placement basis, thus exempting it from the requirement that the Company prepare and file a prospectus with the applicable securities regulatory authorities. The New Shares are being offered in those jurisdictions and to those persons where and to whom they may lawfully be offered for sale, and therein only by persons permitted to sell such securities. Each Canadian purchaser who purchases New Shares must be entitled under applicable securities laws to purchase such securities without the benefit of a prospectus qualified under such securities laws; must be an "accredited investor" within the meaning of National Instrument 45-106 – Prospectus and Registration Exemptions and purchasing the New Shares as principal or deemed principal for its own account; and must be a "permitted client" within the meaning of National Instrument 31-103 – Registration Requirements and Exemptions. There is currently no public market for the New Shares in Canada and any resale of the New Shares in Canada must be made in accordance with applicable securities laws.

**United Kingdom:** Each UK Applicant confirms that it understands that the Private Placement has only been communicated (a) to persons who have professional experience, knowledge and expertise in matters relating to investments and are "investment professionals" for the purposes of article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons being referred to as "**relevant persons**") and (b) only in circumstances where, in accordance with section 86(1)(c) and (d) of the Financial and Services Markets Act 2000 ("**FSMA**"), the requirement to provide an approved prospectus in accordance with the requirement under section 85 FSMA does not apply. Any application or subscription for the New Shares is available only to relevant persons and will be engaged in only with relevant persons and each UK Applicant warrants that it is a relevant person.

**Australia and Japan:** The New Shares will not be registered under the applicable securities laws of Australia or Japan and may not be offered, sold, resold or delivered, directly or indirectly, in or into Australia or Japan except pursuant to an applicable exemption from applicable securities laws.

**Regulatory issues:** In accordance with the Norwegian Securities Trading Act, a Manager must categorize all new customers in one of three customer categories. All investors that are applying for New Shares in the Private Placement and which are not existing clients of a Manager will be categorized as Non-professional clients unless otherwise is communicated in writing by the relevant Manager. For further information about the categorization the Applicant may contact the Manager. The Manager will treat the Application as an execution only instruction from the Applicant to apply for New Shares under the offer and hence the Manager will not determine whether the Application for New Shares is suitable or not for the Applicant as otherwise provided for in the Norwegian Securities Trading Act.

**Information exchange and barriers:** The Applicant acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Commercial Banks Act there is a duty of secrecy between the different units of a Manager as well as between the Manager and the other entities in the Manager's group. This may entail that other employees of the Managers or the Manager's group may have information that may be relevant to the Applicant, but which a Manager will not have access to in its capacity as Manager for the Private Placement. The Manager are further part of a securities firm that offers a broad range of investment services. In order to ensure that assignments undertaken in certain departments are kept confidential, the other activities, including analysis and stock broking, are separated from the respective departments by information walls. The Applicant acknowledges that the analysis and stock broking activity within the securities firm may conflict with the Applicant's interests with regard to transactions in the New Shares as a consequence of such information walls.

**Mandatory anti-money laundering procedures:** The Private Placement is subject to the Norwegian Money Laundering Act No. 11 of 6 March 2009 and the Norwegian Money Laundering Regulations No. 302 of 13 March 2009 (collectively the "**Anti-Money Laundering Legislation**"). Applicants who are not registered as existing customers of a Manager must verify their identity to the Manager in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have designated an existing Norwegian bank account and an existing VPS account on the Application Agreement are however exempted, unless verification of identity is requested by a Manager. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period will not be allocated New Shares.

**Commission:** The Applicant is not allowed to apply or subscribe for New Shares by commission or similar arrangements.

**Relation to law, regulations and by-laws:** The Applicant has full power and authority to execute and deliver the Application Agreement and to approve these terms and conditions and to apply and subscribe for the New Shares and is authorized to pay all amounts it has committed to pay subject to the satisfaction of the terms stated herein for completion of the Private Placement. The execution and delivery of the Application Agreement has been authorized by all necessary action by the Applicant or on the Applicant's behalf, and the Application Agreement represents valid and binding obligations, enforceable against the Applicant in accordance with its terms. The Applicant bears the full risk for its legal ability to apply for, subscribe, purchase and own the relevant New Shares in the Company, and its monetary liability under this undertaking will not cease to be effective in the event that its subscription and ownership would be illegal due to applicable statutory law and regulations.

**Limitation of liability:** The Manager hereby, to the fullest extent permissible under applicable law, expressly disclaims any liability whatsoever towards the Applicant in connection with the Private Placement and the Applicant understands and expressly agrees that it is applying for and subscribing New Shares on this basis. The Manager makes no undertaking, representation or warranty, express or implied, to the Applicant regarding the accuracy or completeness of the Investor Documentation and any other information (whether written or oral), concerning the Company, the New Shares or the Private

Placement received by the Applicant whether such information was received through the Manager or otherwise, and the Applicant acknowledges by the Applicant's application that the Applicant has not been induced to enter into this Application Agreement by any representation, warranty or undertaking by any of the aforementioned.

**Governing law:** Norwegian law governs the Application Agreement, and no rule of Norwegian law that would result in the application of foreign law on this Application Agreement shall be applied. Any disputes regarding this Application Agreement which cannot be solved amicably, shall be referred to the exclusive jurisdiction of the ordinary courts of Norway to settle any dispute or claim of any kind (whether contractual, in tort or otherwise) and the Applicant accepts the non-exclusive jurisdiction of the Oslo District Court. Any party executing this Application Agreement shall be deemed to have accepted the provisions of this clause.