

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

**To the bondholders in:**

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

Oslo, 19 October 2016

**NOTICE OF A WRITTEN BONDHOLDERS' RESOLUTION: PROPOSED AMENDMENTS TO BOND AGREEMENT**

Nordic Trustee ASA (the “**Bond Trustee**”) acts as bond trustee for the bondholders (the “**Bondholders**”) in the “7.5 per cent. BassDrill Alpha Ltd. Senior Secured Callable Bond Issue 2013/2018” - ISIN: NO 001068432.7 (the “**Bond Issue**”), issued by BassDrill Alpha Ltd, Bermuda (the “**Issuer**”).

All capitalised terms used in this summons (the “**Summons**”) and not otherwise defined herein shall have the meanings assigned to them in the bond agreement for the Bond Issue dated 3 July 2013 (as amended and/or restated from time to time, the “**Bond Agreement**”) or in the term sheet attached to this Summons as Schedule 2 (the “**Term Sheet**”).

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

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

**1. BACKGROUND**

Following recent discussions, the Issuer and Bassdrill Alpha Parent Ltd (“**ParentCo**”) have reached a commercial agreement with Atlantica Management (USA) Inc (“**Atlantica**”) in its capacity as manager of the Issuer's flat bottomed tender assist drilling unit named “*Bassdrill Alpha*”, built in 2010 and registered in Panama with call sign 3FOL2 and MMSI 354088000 (the “**Rig**”), regarding the framework and terms of Atlantica's ongoing technical and commercial management of the Rig, the key provisions of which are substantially in the form set out in the Term Sheet.

**2. PROPOSED TRANSACTION**

- 2.1 Bondholders are advised to read the Term Sheet in full in order to properly understand and evaluate the terms of the Issuer's proposed transaction with Atlantica (the “**Proposed Transaction**”).
- 2.2 In summary, the Proposed Transaction comprises the following key elements, including certain amendments to the Bond Agreement, as described in further detail at 2.2(d) below and in the Term Sheet;

- (a) the Issuance of 78,330,914 new shares in ParentCo to Atlantica (or its nominee), so that post-issuance of the new ParentCo shares, the pro-forma equity of ParentCo will be held as follows:
  - (i) 49.9% held by Atlantica (or by its nominee);
  - (ii) 42.585% held by Bassdrill Alpha Holdings Ltd; and
  - (iii) 7.515% held by Bassdrill Alpha ShareCo Ltd

Further details of Atlantica's proposed equity participation in ParentCo are set out at section 3 of the Term Sheet;

- (b) certain amendments to be made to the Management Agreement previously entered into between the Issuer and Atlantica on 27 June 2008 in relation to the Rig, including, in particular, a reduction of the fixed management fee payable by the Issuer to Atlantica in consideration for the management services provided by Atlantica thereunder from US\$4,500 per day to US\$1 per day for the period commencing on 1 September 2016 and ending on the earlier of (i) 1 September 2018 or (ii) the date on which the Rig is subject to a binding charter contract. Further details of the proposed amendments to the Management Agreement are set out at section 4 of the Term Sheet;
- (c) Atlantica (or its nominee) will be granted an option to subscribe for a certain amount of non-voting, preference shares in the Issuer of US\$0.75 each (the "**Preference Shares**"), entitling the holders thereof to receive dividends and liquidation proceeds in an amount of US\$1.00 per Preference Share ahead of any dividend/liquidation proceeds paid to the ordinary shareholders of the Issuer. Further details relating to this Preference Share option and Atlantica's (or its nominee's) subscription rights more generally are set out at section 5 of the Term Sheet;
- (d) certain amendments to be made to the Bond Agreement, namely:
  - (i) reducing the minimum amount required to be held by the Issuer in the Reserve Account from US\$1,250,000 to US\$1,000,000;
  - (ii) if either of the First Preference Share Option or the Second Preference Share Option (both terms as defined in section 5 of the Term Sheet) is exercised by Atlantica (or its nominee), then the entire Bond Issue (including (if applicable) all accrued interest thereon) shall be repaid in full by the Issuer as follows:
    - (1) at a fixed redemption amount of US\$53,249,111 within 45 Business Days of receiving subscription proceeds resulting from any exercise by Atlantica (or its nominee) of its First Preference Share Option (the "**First Call Option**"), provided that the First Call Option must be exercised on or prior to 30 April 2018;

- (2) at a fixed redemption amount of US\$56.799,052 within 45 Business Days of receiving subscription proceeds resulting from any exercise by Atlantica (or its nominee) of its Second Preference Share Option (the “**Second Call Option**”), provided that the Second Call Option must be exercised between 1 May 2018 and 31 October 2018; and
- (3) the fixed redemption amounts referred to at 2.2(d)(ii)(1) and (2) above will be payable to Bondholders pro-rata to their existing holdings of Bonds at the relevant time in accordance with the regulations of the Norwegian central securities depository.

Further details on the First Call Option and the Second Call Option are set out at section 6 of the Term Sheet; and

- (iii) Subject to certain conditions set out at section 9 of the Term Sheet, the Issuer may issue unsecured super senior bonds in a maximum aggregate principal amount equal to USD 10,000,000, plus the principal amount of any super senior bonds issued in accordance with (B) below (the “**Super Senior Bond Issue**”), comprising of one or more tranches issued on different dates and the first tranche in an amount of up to USD 5,000,000. The Super Senior Bond Issue may be used by the Issuer to fund (A) any costs and expenses incurred in connection with the warm-stacking, reactivation and related operating expenditures of the Rig, and/or (B) payment of Atlantica’s fixed management fees

(together, the “**Bond Agreement Amendments**”); and

- (e) certain amendments to be made to the Shareholders’ Agreement, as required in connection with the subscription by Atlantica (or its nominee) of shares in ParentCo or as otherwise necessary to implement the Proposed Transaction in accordance with the Term Sheet.

### 3. THE PROPOSAL

In light of the above, the Issuer requests that the Bondholders adopt the following resolution (the “**Proposed Resolution**”):

- (a) approve and authorise the implementation of the Proposed Transaction and the Bond Agreement Amendments in form and substance as described above and in the attached Term Sheet;
- (b) instruct the Bond Trustee (in consultation with its advisers) to do all things and take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the implementation of the Proposed Transaction subject to the conditions set out in the Term Sheet, including without limitation, authorising and approving the final terms of the Bond Agreement Amendments, and entering into an amended and restated Bond Agreement and

any other documentation or agreement deemed necessary or desirable by the Bond Trustee to give effect to the Proposed Transaction; and

- (c) agree that the Bond Trustee, in consultation with its advisers, may exercise (or refuse to exercise) any discretion, consent or approval required or contemplated in connection with the matters referred to in this Summons or the Term Sheet, and that neither the Bond Trustee nor the Bondholders shall have any liability whatsoever to any Bondholder or any other person in connection with the exercise (or non-exercise) of any such discretion which is exercised in good faith.

#### 4. **BONDHOLDER SUPPORT**

The Issuer has informed the Bond Trustee that an ad hoc committee of Bondholders holding in excess of 61% of the Outstanding Bonds has indicated its support and agreed to vote their Voting Bonds in favour of the Proposed Resolution.

#### 5. **FURTHER INFORMATION**

- 5.1 For further questions to the Bond Trustee, please contact: Vivian Trøsch at [mail@nordictrustee.com](mailto:mail@nordictrustee.com), or [trosch@nordictrustee.com](mailto:trosch@nordictrustee.com) or +47 22 87 94 00.
- 5.2 A draft copy of the Amended and Restated Bond Agreement (implementing the Bond Agreement Amendments) may be obtained upon request to the Bond Trustee, provided Bondholders provide the Bond Trustee with satisfactory proof of holdings.

#### 6. **NON-RELIANCE**

- 6.1 The Proposed Transaction 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 Proposed Transaction and vote on the Proposed Resolution accordingly.
- 6.2 Neither the Bond Trustee nor its advisers accept any responsibility to Bondholders in relation to the Proposed Transaction on Bondholders' tax or accounting affairs. It is recommended that the Bondholders seek counsel from their legal, financial and tax advisers in relation to any tax and/or accounting implications of the Proposed Transaction and the Bond Agreement Amendments.

#### 7. **WRITTEN BONDHOLDERS' RESOLUTION**

- 7.1 Bondholders are hereby provided with a voting request for a Bondholders' written resolution pursuant to Clause 16.5 (*Written Resolutions*) of the Bond Agreement. For the avoidance of doubt, no Bondholders' Meeting will be held.
- 7.2 In order for a vote to be valid, the Bond Trustee must have received it by mail, courier or e-mail to the address indicated in the enclosed form ("**Voting Form**") no later than 24 October 2016 at 13.00 hours (Oslo time) (the "**Voting Deadline**").

- 7.3 Notwithstanding the Voting Deadline, and subject to the provisions of Clause 16.5 of the Bond Agreement, the Proposed Resolution will become effective automatically upon receipt of affirmative votes by or on behalf of Bondholders who at the date of this notice represent such majority of votes as would be required if the Proposed Resolution was voted on at a Bondholders' Meeting (which, for the avoidance of doubt is 2/3 of the Voting Bonds pursuant to Clause 16.3.5 of the Bond Agreement) at which all Bondholders entitled to attend and vote thereat were present and voting.
- 7.4 Votes which are submitted are final and cannot be withdrawn. In the event that the Bonds are transferred to a new owner after votes have been submitted in respect of such Bonds, the new Bondholders shall accordingly not be entitled to vote.
- 7.5 If the Proposed Resolution is not adopted, the Bond Agreement will remain unchanged.

Yours sincerely,

**Nordic Trustee ASA**

A handwritten signature in blue ink, consisting of a stylized 'V' followed by a horizontal line and a large loop.

Vivian Trøsch

**Enclosed:**

Schedule 1: Voting Form

Schedule 2: Term Sheet

**Schedule 1**  
**Voting Form**

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

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

1. The Proposed Resolution as defined in the notice for written resolution dated 19 October 2016

☐ **In favour** of the Proposed Resolution

☐ **Against** the Proposed Resolution

ISIN <b>ISIN NO 001068432.7</b>	Amount of bonds owned
Custodian name	Account number at Custodian
Company	Day time telephone number
	Email

Enclosed to this form is the complete printout from our custodian/VPS,<sup>1</sup> verifying our bondholding in the bond issue as of \_\_\_\_\_

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

.....  
Place, date

.....  
Authorised signature

**Return:**

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

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

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



## Schedule 2

## BASSDRILL ALPHA LTD

## Transaction Term Sheet

This binding term sheet (the “**Term Sheet**”) dated [ • ] sets out the terms for a proposed transaction (the “**Transaction**”) subject to contract and the execution of definitive documentation, between (i) BassDrill Alpha Ltd, (the “**Company**”), (ii) BassDrill Alpha Parent Ltd, (“**ParentCo**”) and (iii) Atlantica Management (USA) Inc. (the “**Manager**”) (together, the “**Parties**”).

The terms and conditions set out in this Term Sheet are part of a comprehensive arrangement, each element of which is an integral part of the proposed Transaction. This Term Sheet is not an offer to issue or sell, or a solicitation of an offer to acquire or purchase securities in Bermuda, Cayman, England, the U.S., Norway, or any other jurisdiction. Such offer or solicitation will only be made in compliance with all applicable securities laws.

The Parties agree to work together in good faith and use reasonable endeavours to agree the definitive documentation (including additional detailed terms) required to implement the Transaction on a basis which is consistent in all material respects (unless otherwise agreed between the Parties) with this Term Sheet on or before 5.00p.m. (London time), 31 October 2016 (the “**Long-Stop Date**”). The Parties acknowledge and agree that this Term Sheet is limited to the key commercial terms of the Transaction, and that it will be necessary to agree additional terms within the detailed definitive legal documentation which implements and details the Transaction, and that they shall each act reasonably in seeking to agree such additional terms to the extent that (unless otherwise agreed between the Parties) such additional terms are not inconsistent in any material respect with this Term Sheet. However, save as otherwise expressed herein, the foregoing agreements and this Term Sheet shall automatically terminate (and thereafter shall no longer continue to be in effect) as of the Long-Stop Date.

Notwithstanding the previous paragraph, the Parties acknowledge and agree that the signature of this Term Sheet by the Manager shall (save as expressly next provided) remain subject to the approval/ratification of its board of directors at their next meeting (expected on or around 22 September 2016). This shall not limit the Parties’ obligation to use reasonable endeavours to progress the definitive documentation in the meantime pursuant to and consistent with the previous paragraph above, and the Manager shall notify the other Parties in writing of the outcome of its board’s consideration of this Term Sheet immediately following their next board meeting. If the board of the Manager (a) approves/ratifies the execution of this Term Sheet by the Manager at that meeting, the foregoing subject shall cease to apply, or (b) fails to approve/ratify the execution of this Term Sheet by the Manager at that meeting, then any Party may terminate this Term Sheet (including the Parties’ obligations under the previous paragraph above) upon written notice to the other Parties.

1.	<b>Definitions</b>	<p>“<b>Bond Agreement</b>” means the bond agreement dated 3 July 2013 relating to the “7.5 per cent BassDrill Alpha Ltd. Senior Secured Callable Bond Issue 2013/2018” - ISIN: NO 001068432.7 as amended and restated from time to time.</p> <p>“<b>Bond Trustee</b>” means Nordic Trustee ASA as bond trustee with respect to the Bonds.</p> <p>“<b>Bondholders</b>” means the holders of Bonds.</p> <p>“<b>Bonds</b>” means the US\$70,998,815 principal face amount of bonds issued by the Company pursuant to the Bond Agreement.</p> <p>“<b>Escrow Account</b>” means a US\$ account and established in the name of the Company (in its capacity as issuer of the Super Senior Bonds) into which the net proceeds of subscription of the Super Senior Bonds (and, as applicable, Tap Bonds) shall be paid, which account shall be blocked and pledged with first priority in favour of a trustee or agent of the Super Senior Bonds/Tap Bonds, in which the bank operating the account has waived all of its set-off rights.</p> <p>“<b>First Call Option</b>” has the meaning given to that term in section 6.1(a).</p> <p>“<b>First Call Option Price</b>” has the meaning given to that term in section 6.1(b).</p> <p>“<b>First Option Subscription Price</b>” has the meaning given to that term in section</p>
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		<p>5.1 (a).</p> <p><b>“First Preference Share Option”</b> has the meaning given to that term in section 5.1 (a).</p> <p><b>“HoldCo”</b> means BassDrill Alpha Holdings Ltd.</p> <p><b>“Implementation Date”</b> has the meaning given to that term in section 2.</p> <p><b>“Interim Accounts”</b> means the unaudited, unconsolidated and consolidated financial statements of the Company and ParentCo for each semi-annual period (being each period of 6 months ending on either 31 December or 30 June) falling after the Implementation Date, drawn up according to GAAP.</p> <p><b>“Long-Stop Date”</b> shall have the meaning given to that term in the preamble to this Term Sheet, being 31 October 2016.</p> <p><b>“Management Agreement”</b> means the management agreement for the technical and commercial management of the Rig between the Company and the Manager dated 27 June 2008 and as amended and/or restated from time to time.</p> <p><b>“ParentCo Shares”</b> means the ordinary shares of US\$0.0000001 each in ParentCo.<sup>2</sup></p> <p><b>“Preference Shares”</b> means non-voting preference shares of US\$0.75 each in the Company which entitle the holders thereof to receive dividends and liquidation proceeds in an amount of US\$1.00 per Preference Share ahead of any dividend/liquidation proceeds paid to holders of the ParentCo Shares</p> <p><b>“Reserve Account”</b> means the reserve account in the name of the Company which is pledged but not blocked in favour of the Bond Trustee, pursuant to the Bond Agreement.</p> <p><b>“Rig”</b> means the flat bottomed tender assist drilling unit “BassDrill “Alpha” built in 2010 and registered in Panama with call sign 3FOL2 and MMSI 354088000.</p> <p><b>“Second Call Option”</b> has the meaning given to that term in section 6.2 (a).</p> <p><b>“Second Call Option Price”</b> has the meaning given to that term in section 6.2 (b).</p> <p><b>“Second Option Subscription Price”</b> has the meaning given to that term in section 5.2 (a).</p> <p><b>“Second Preference Share Option”</b> has the meaning given to that term in section 5.2 (a).</p> <p><b>“Super Senior Bonds”</b> has the meaning given to that term in section 9.</p> <p><b>“ShareCo”</b> means BassDrill Alpha ShareCo Ltd .</p> <p><b>“Shareholders”</b> means the shareholders of the Company.</p> <p><b>“Shareholders’ Agreement”</b> means the shareholders agreement in respect of ParentCo entered into between ParentCo, Holdco and ShareCo on 20 July 2016 as amended and restated from time to time.</p> <p><b>“Tap Bonds”</b> has the meaning given to that term in section 9.11.</p> <p><b>“Tap Issuance”</b> has the meaning given to that term in section 9.11.</p>
2.	<b>Overview</b>	<p>The Transaction will comprise the following key elements (summary of main features only):</p> <ol style="list-style-type: none"> <li>1. ParentCo will issue new ParentCo Shares to the Manager resulting in the Manager holding 49.9% of the share capital of ParentCo post issuance.</li> <li>2. Certain amendments to the Management Agreement.</li> </ol>

<sup>2</sup> Current share capital of ParentCo is US\$50.00 divided into 500,000,000 ordinary shares of US\$0.0000001 each. Bassdrill Alpha Holdco Limited holds 66,848,136 ordinary shares. Bassdrill Alpha ShareCo Limited holds 11,796,730 ordinary shares. Total is 78,644,866 ordinary shares



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		<p>3. The Manager will be entitled to require the Company to issue to it the Preferred Shares.</p> <p>4. Certain amendments to the Bond Agreement allowing the Company to (i) incur the Super Senior Bonds (and as applicable the Tap Bonds) and (ii) exercise the First Call Option or the Second Call Option</p> <p>5. Certain amendments to the Shareholders' Agreement as required in connection with the subscription by the Manager of shares in ParentCo in accordance with section 3 and/or the appointment of the Manager's nominated director(s) in accordance with section 8.</p> <p>Implementation of the key elements of the Transaction will be inter- conditional upon implementation of each of them (the date on which these elements have all been implemented, being the “<b>Implementation Date</b>”).</p> <p>Where this Term Sheet provides that the Manager has rights or obligations to subscribe for shares, adhere to the Shareholders' Agreement, exercise share options or appoint board members, such rights and obligations may be exercised by (including, if applicable through a transfer of those rights/obligations by the Manager to) a nominee on behalf of the Manager.</p>
3.	<b>Manager's Equity Participation</b>	<p>1. The Manager will subscribe in cash for 78,330,914 newly issued ParentCo Shares of \$0.0000001 each representing 49.9% of the pro forma fully diluted post-Implementation Date issued ParentCo Shares. The subscription price for each ParentCo Share shall be \$0.0000001.</p> <p>2. It is intended that immediately following the issue of the new ParentCo Shares to the Manager, the pro forma equity of ParentCo will be held as follows:</p> <ol style="list-style-type: none"> <li>1. 49.9% held by the Manager;</li> <li>2. 42.585% held by HoldCo; and</li> <li>3. 7.515% held by ShareCo</li> </ol> <p>3. The Manager will accede and become a party to the Shareholders' Agreement.</p>
4.	<b>Amendments to the Management Agreement</b>	<p>On the Implementation Date, the terms of the Management Agreement will be amended as follows:</p> <p>1. <b>Fixed Management Fee:</b> The fixed management fee for the services rendered by the Manager and payable under clause 4.1 of the Management Agreement shall be US\$1 per day for the period commencing on 1 September 2016 and ending on the earlier of:</p> <ol style="list-style-type: none"> <li>i. 01 September 2018; or</li> <li>ii. the date on which the Rig is subject to a binding charter contract,</li> </ol> <p>at which time the fixed management fee shall revert back to US\$4,500 per day, save that, up until 1 September 2018, where a contract for the Rig referred to in (ii) ceases and the Rig is not subject to a binding charter contract during the next following 2 months, then the fixed management fee shall revert back to US\$1 per day until such time as the Rig is again subject to a binding charter contract (for the avoidance of doubt, if applicable, the foregoing may apply on more than one occasion). Notwithstanding the foregoing, after 1 September 2018, the fixed management fee shall always revert to \$4,500 per day, provided however that if the Rig is not earning hire under a contract for Offshore Services, and the total cash balance of the Company is less than \$5,000,000, then the Company shall have the option of making payment of the Management Fee through the issue of Super Senior Bonds (as described in section 9 below).</p> <p>2. <b>Performance Bonus:</b> The percentage applying to the “Performance Bonus” pursuant to clause 4.9 of the Management Agreement will be increased from</p>

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		<p>“3 % of full EBITDA under Drilling Contracts” to “10% of full EBITDA under Drilling Contracts”; however, the Performance Bonus shall no longer be payable on account, but rather shall be subject to and be paid following receipt of the revenue based on which the particular Performance Bonus is being paid.</p> <p>3. <b>Termination Rights:</b> The Management Agreement shall be terminable without cause at any time by the Company or the Manager or the Company on 12 months’ prior written notice (as per the current termination period pursuant to clause 7.1 of the Management Agreement) <u>provided however</u>, that the Company and the Manager will have no right to issue a notice of termination without cause prior to 1 September 2018</p> <p>4. <b>Other Terms:</b> The Management Agreement shall be supplemented by the Manager and the Company entering into an addendum letter agreement to the Management Agreement substantially in the form of the letter agreement attached as Schedule to this Term Sheet.</p>
5.	Preference Shares <sup>3</sup>	<p>1. <b>First Preference Share Option</b></p> <p>a. The Company shall issue an option to the Manager to subscribe for 70,998,815 Preference Shares for a cash subscription amount of US\$ 53,249,111 (the “<b>First Option Subscription Price</b>”) with effect from the Implementation Date (the “<b>First Preference Share Option</b>”).</p> <p>b. Within 10 business days following the issue of written notice by the Manager to the Company of the exercise of the First Preference Share Option, the Manager shall subscribe for the relevant Preference Shares and pay for them in cash at the First Option Subscription Price.</p> <p>c. If the Manager has exercised the First Preference Share Option subscribed and paid for the Preference Shares at the First Option Subscription Price, the Company will be obliged to exercise the First Call Option and within 45 business days thereafter use the proceeds resulting from the Manager’s subscription for the Preference Shares to redeem all of the Bonds at the First Call Option Price.</p> <p>d. The First Preference Share Option will expire if not exercised on or prior to 31 March 2018.</p> <p>2. <b>Second Preference Share Option</b></p> <p>a. The Company shall issue an option to the Manager to subscribe for 70,998,815 Preference Shares for a cash subscription amount of US\$ 56,799,052 (the “<b>Second Option Subscription Price</b>”) with effect from 1 April 2018 (the “<b>Second Preference Share Option</b>”).</p> <p>b. Within 10 business days following the issue of written notice by the Manager to the Company of the exercise of the Second Preference Share Option, the Manager shall subscribe for the relevant Preference Shares and pay for them in cash at the Second Option Subscription Price.</p> <p>c. If the Manager has exercised the Second Preference Share Option subscribed and paid for the Preference Shares at the Second Option Subscription Price, the Company will be obliged to exercise the Second Call Option and within 45 business days thereafter use the proceeds resulting from the Manager’s subscription for the Preference Shares to redeem all of the Bonds at the Second Call Option Price.</p> <p>d. The Second Preference Share Option will expire if not exercised on or prior to 30 September 2018.</p>

<sup>3</sup> In case the issue of Preference Shares as contemplated is legally not possible then the Parties will work together and cooperatively in good faith to deploy an alternative structure resulting in substantially the same economic and legal effects as contemplated in section 5 and 6 of this Term Sheet.

		<p><b>3. Additional ParentCo Shares</b></p> <p>Subject to the Manager having (i) exercised the First Preference Share Option or the Second Preference Share Option and (ii) paid for the Preference Shares at the relevant First Option Subscription Price or the Second Option Subscription Price (as the case may be) the Manager will be entitled to subscribe in cash for 313,951 newly issued ParentCo Shares of US\$ 0.0000001 each, representing 0.2 % of the pro forma fully diluted post- subscription ParentCo Shares. The subscription price for each ParentCo Share shall be \$0.0000001. To the extent that the number of ParentCo Shares in issue has been increased compared to the ParentCo Shares in issue post-Implementation Date as contemplated pursuant to section 3 above, then the foregoing amount of newly issued ParentCo Shares will be increased accordingly pro rata</p>
6.	<b>Call Options</b>	<p>The terms of the Bond Agreement will be amended to grant an additional call option to the Company with respect to voluntary redemption of the Bonds on the following terms:</p> <p><b>1. First Call Option</b></p> <p>a. The Company will be granted the right to redeem all outstanding Bonds (including (if applicable) all accrued interest thereon as of the redemption date) for an amount of US\$ 53,249,111 (being equivalent to 75 % of the aggregate nominal par value of the Bonds) (the “<b>First Call Option Price</b>”)<sup>4</sup>, with effect from the Implementation Date (the “<b>First Call Option</b>”).</p> <p>b. The First Call Option will expire if not exercised on or prior to 30 April 2018.</p> <p>c. The First Call Option will be conditional upon the Manager having exercised (and will be exercised if the Manager has exercised) the First Preference Share Option and subscribed and paid for the Preference Shares at the First Option Subscription Price.</p> <p><b>2. Second Call Option</b></p> <p>a. The Company will be granted the right to redeem all outstanding Bonds (including (if applicable) all accrued interest thereon as of the redemption date) for an amount of US\$ 56,799,052 (being equivalent to 80% of the aggregate nominal par value of the Bonds) (the “<b>Second Call Option Price</b>”), with effect from (and including) 1 May 2018 (the “<b>Second Call Option</b>”).</p> <p>b. The Second Call Option will be valid with effect from (and including) 1 May 2018 and will expire if not exercised prior to 31 October 2018.</p> <p>c. The Second Call Option will be conditional upon the Manager having exercised (and will be exercised if the Manager has exercised) the Second Preference Share Option and subscribed and paid for the Preference Shares at the Second Option Subscription Price</p>
7.	<b>Board of Directors</b>	<p>As from the Implementation Date the boards of each of ParentCo and the Company shall consist of 4 directors, HoldCo shall be entitled to appoint two directors to the board of each of ParentCo and the Company, and the Manager will be authorised to appoint two directors to the boards of each of ParentCo and the Company.</p> <p>The Chairman of the boards of directors of each of ParentCo and the Company shall have a casting vote. The Chairman of each shall initially be Nicholas Dunstone and thereafter such other person as shall be appointed by HoldCo.</p> <p>As from the date on which the Manager has completed the exercise of the First Preference Share Option or the Second Preference Share Option (as the case may be) (i) HoldCo shall only be entitled to appoint one director to the board of each of ParentCo and the Company, and (ii) the Manager will be authorised to appoint three directors (in total) to the boards of each of ParentCo and the Company, including the</p>

<sup>4</sup> Current principal face amount of the Bonds is US\$70,998,815

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		Chairman.
8.	<b>Reserve Account</b>	On the Implementation Date, the terms of the Bond Agreement will be amended so that the minimum amount required to be held in the Reserve Account shall be reduced to US\$1,000,000
9.	<b>Super Senior Bonds</b>	<p>On the Implementation Date, the terms of the Bond Agreement will be amended to permit the Company to raise additional super senior bond indebtedness to fund costs and expenses in connection with the warm stacking, reactivation and related operating expenditures of the Rig on the following terms (the “<b>Super Senior Bonds</b>”)<sup>5</sup>:</p> <ol style="list-style-type: none"> <li>1. <b>Threshold:</b> Super Senior Bonds may be issued between the Implementation Date and 30 September 2018 if at any time the unrestricted free cash (i.e. including any amounts held on the Reserve Account) US\$ 1,250,000 or less, or in the event that any expected rig reactivation costs exceed the unrestricted free cash available less US \$1,250,000.<sup>6</sup> Super Senior Bonds (which may be structured as a tranche thereof) may also be issued to the Manager after 30 September 2018] as payment for the Fixed Management Fee as set out in the proviso to the last sentence of section 4.1 above.</li> <li>2. <b>Principal Amount:</b> Up to 30 September 2018, up to US\$ 5,000,000 of Super Senior Bonds allocated between the Manager and Bondholders as described under section 9.12 below, and subject to a possible Tap Issuance as described in section 9.11 below. Additional Super Senior Bonds may also be issued to the Manager after 30 September 2018 to the extent required as payment for the Fixed Management Fee as set out in the proviso to the last sentence of section 4.1 above.</li> <li>3. <b>Disbursement:</b> The net proceeds of subscription of the Super Senior Bonds (excluding Super Senior Bonds issued to the Manager after 30 September 2018 to the extent required as payment for the Fixed Management Fee as set out in the proviso to the last sentence of section 4.1 above) will be paid directly to the Escrow Account. Each withdrawal of (and release of) any funds from the Escrow Account shall be subject to customary drawdown conditions regarding use of the funds.</li> <li>4. <b>Maturity:</b> The Super Senior Bonds will mature 2 (two) years after their issue date. If at any time prior to the initial maturity of the Super Senior Bonds the Company undertakes a Tap Issuance (as described below at section 9.11) in an amount of US\$ 1,000,000 or more, or the Company issues Super Senior Bonds to the Manager as set out in the proviso to the last sentence of section 4.1 above, the Company will in addition have the option (in its discretion) to unilaterally extend the maturity of the initial tranche of the Super Senior Bonds for 1 (one) additional year. The Super Senior Bonds will be redeemable at par at any time prior to maturity.</li> <li>5. <b>Interest:</b> Interest on the Super Senior Bonds shall be 7% per annum payable on each anniversary of the issuance of the Bonds and at maturity. Interest shall be payable on a PIK basis through the issuance of additional Super Senior Bonds, unless the Rig is subject to and earning hire under a charter contract for offshore services, in which event the Company will pay an element of the interest in cash with respect to those days on which the Rig is so contracted and earning hire. The above interest rate is the percentage of interest payable per annum calculated on a 30/360 basis.</li> <li>6. <b>Cash Sweep:</b> The Company will, within 10 business days after the issuance of</li> </ol>

<sup>5</sup> If a limited number of persons (i.e. 3 or less) subscribe for Super Senior Bonds, and the Company believes it will be more cost effective, the Company may choose to use a bilateral term loan structure instead of the Super Senior Bonds structure on substantially the same economic and legal terms described in section 9 of this Term Sheet.

<sup>6</sup> The Company will take such preparatory steps for the issue of the Super Senior Bonds where it is anticipated that the cash Threshold will likely be reached, so that the proceeds of the Super Senior Bonds can be advanced to the Company as soon as possible after the Threshold is reached, and no later than 1 month after such date.

		<p>each set of Interim Accounts apply unrestricted excess cash (which shall exclude any amounts of the Company's cash held on the Reserve Account and the Escrow Account, but for these purposes shall include any cash of ParentCo) exceeding US\$ 3,000,000 as shown by those Interim Accounts, towards mandatory repayment of the Super Senior Bonds.</p> <p>7. <b>Guarantor:</b> The Super Senior Bonds will be guaranteed by ParentCo.</p> <p>8. <b>Security/Ranking:</b> The Super Senior Bonds shall be unsecured. However, the Bond Trustee for the Bonds and the bond trustee for the Super Senior Bonds shall enter into an intercreditor agreement which provides that any proceeds (including enforcement proceeds) received by the Bond Trustee with respect to the Bonds, or any other amounts payable with respect to the Bonds, but excluding, however, any amounts payable as a result of the Company's exercise of either the First or Second Call Option in accordance with section 6 above, shall be first applied in repayment of the Super Senior Bonds until such time as they have been paid in full (including all interest accrued thereon). The intercreditor agreement to be entered into between the bond trustee for the Super Senior Bonds and the Bond Trustee will include such provisions as may be considered necessary between the parties for the Super Senior Bonds to continue to exist following any repayment of the Bonds pursuant to the Company's exercise of either the First or Second Call Option in accordance with section 6 above.</p> <p>9. <b>Covenants/Events of Default:</b> The covenants and Events of Default in the Super Senior Bonds shall be substantially identical to those in the Bonds, provided that the Super Senior Bonds shall contain a cross default in relation to the Bonds.</p> <p>10. <b>Intercreditor Agreement:</b> In addition to the ranking and priority matters set out at section 9.8 above, the intercreditor agreement entered into between the Bond Trustee and the bond trustee for the Super Senior Bonds shall further provide that instructions with respect to the enforcement of security for the Bonds shall rest with the Bond Trustee for the Bonds for the first 120 days after any event of default under the Bonds or the Super Senior Bonds (whichever occurs first), to the extent that events of default under both bonds have not been cured or waived. If within (i) 120 days after the occurrence of any event of default under the Bonds or the Super Senior Bonds (whichever is first) no substantive action has been taken by the Bond Trustee with respect to an enforcement over the Rig or (ii) within 6 months after the occurrence of an event of default under the Super Senior Bonds, the Super Senior Bonds have not been redeemed in full, the right to instruct the Bond Trustee with respect to any enforcement action will pass to the bond trustee for the Super Senior Bonds. In addition, following an event of default under the Super Senior Bonds, the Bondholders shall have the right within 180 days to buy out (or cause the Company to refinance) the Super Senior Bonds at par plus accrued interest.</p> <p>11. <b>Tap Issue:</b> The Company may, at any time prior to the initial maturity of the Super Senior Bonds and without the approval of the existing holders of Super Senior Bonds (or any other person) issue a second tranche of Super Senior Bonds in an aggregate principal amount of up to US\$ 5,000,000 (a "<b>Tap Issuance</b>" and the "<b>Tap Bonds</b>"). The terms and conditions of the Tap Bonds will be identical to the terms of the initial issuance of the Super Senior Bonds, save for their principal amount, and, following their issuance, the Tap Bonds shall (without limitation to their being a separate tranche) form part of the same issuance of Bonds as the Super Senior Bonds for all purposes, including voting, ranking, security and distributions, and all references herein to the Super Senior Bonds shall thereafter be deemed to include the Tap Bonds. The Tap Bonds will be offered on a first refusal basis to the holders of the Super Senior Bonds at the time of issuance of the Tap Bonds, who will be entitled to</p>
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## NORDIC TRUSTEE

		<p>subscribe at least pro rata to their holdings of Super Senior Bonds.</p> <p>12. <b>Allocation:</b> The Manager will be obliged to purchase US\$ 0.998 of Super Senior Bonds (and, as applicable, Tap Bonds) for each US\$ 1.00 of Super Senior Bonds (and, as applicable, Tap Bonds) purchased by the Bondholders, provided that the aggregate principal nominal amount of the Super Senior Bonds may not exceed US\$ 5,000,000 (or, in the case of a Tap Issuance, US\$ 10,000,000 in total). Bondholders will be entitled to subscribe for Super Senior Bonds at least pro rata to their holding of Bonds at the time of issuance of the Super Senior Bonds.<sup>7</sup></p> <p>Subject always to the maximum permitted principal amount of the Super Senior Bonds and/or the Tap Bonds, to the extent that the Company wishes to issue Super Senior Bonds (or, as applicable, Tap Bonds) towards funding the reactivation of the Rig, and Bondholders do not elect to subscribe for an amount of Super Senior Bonds (or, as applicable, Tap Bonds) which (when added to the Super Senior Bonds/Tap Bonds subscribed for by the Manager in accordance with its obligation above, and Super Senior Bonds/Tap Bonds (if any) subscribed for by third party buyers) are sufficient to fully fund such reactivation, the Manager shall be entitled (but not obliged) to subscribe for additional Super Senior Bonds (and, as applicable, Tap Bonds) to meet the shortfall required to fully fund such reactivation.</p> <p>13. <b>Trustee:</b> Nordic Trustee ASA</p> <p>14. <b>Manager:</b> Pareto Securities AS (or such other manager chosen by the Company)</p> <p>15. <b>Documentation:</b> To be based on documentation for the Bonds with logical amendments to reflect the terms set out in this Term Sheet.</p>
10.	<b>Conditions</b>	<p>The implementation of the Transaction will be subject to customary conditions, in particular:</p> <ol style="list-style-type: none"> <li>1. negotiation and agreement of final terms and definitive legal documentation evidencing the Transaction.</li> <li>2. receipt of the requisite approvals from the Bondholders' Meeting;</li> <li>3. receipt of the requisite approvals from Shareholders (66.67%) for the amendment of the constitutional documents of the Company;</li> <li>4. the Company or ParentCo not having entered into any bankruptcy, liquidation, administration, receivership or any other insolvency procedure (or any analogous proceeding in any other jurisdiction), whether voluntary or involuntary; and</li> <li>5. receipt of the requisite approvals from the board and shareholders of the Managers</li> </ol>
11.	<b>Costs</b>	The costs and expenses of the Parties relating to preparing and agreeing this Term Sheet and the implementation of the Transaction will be paid by each Party.
12.	<b>Termination</b>	This Term Sheet and any agreements hereunder shall terminate automatically on the Long-Stop Date or at such earlier time as may be agreed in writing by the Parties. Following termination, the following sections will continue to be in full force and effect and binding on the Parties: sections, 11, 12, 13, 14 and 15.
13.	<b>Acquisition of Bonds</b>	Nothing in this Term Sheet shall prevent the Manager or its affiliates from acquiring Bonds in the open market and any Bonds so acquired will receive the same treatment as that contemplated under this Term Sheet for Bonds held by Bondholders generally.

<sup>7</sup> For the avoidance of doubt, the maximum principal amount limits and pro rata pre-emption rights, apply only in relation to the initial Super Senior Bonds financing and Tap Issuance, and shall not apply in relation to any Super Senior Bonds that are issued to the Manager in relation to the Fixed Management Fee as set out in the proviso to section 4.1 above.

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14.	<b>Reservation of Rights</b>	Nothing in this Term Sheet will effect a modification or waiver of any rights under existing agreements or documents including the Bond Agreement and the Management Agreement, or to any of the Parties' rights thereunder, or otherwise, which are hereby fully reserved.
15.	<b>Governing Law</b>	This Term Sheet will be governed by and construed in accordance with English law and any disputes relating to this Term Sheet shall be subject to the exclusive jurisdiction of the English courts.

SIGNED for and on behalf of  
**BASSDRILL ALPHA LTD.**

acting by .....  
its Director

}  
.....  
Signature of Director

SIGNED for and on behalf of  
**BASSDRILL ALPHA PARENT LTD.**

acting by .....  
its Director

}  
.....  
Signature of Director

SIGNED for and on behalf of  
**ATLANTICA MANAGEMENT (USA), INC.**

acting by .....  
its Director

}  
.....  
Signature of Director

**SCHEDULE**  
**FORM OF ADDENDUM LETTER AGREEMENT TO MANAGEMENT**  
**AGREEMENT**

[ *BassDrill Alpha Ltd* ]

Atlantica Management USA Inc  
[                      ]

[●] September 2016

Dear Sirs

**Management Agreement dated 27 June 2008 (“Management Agreement”)**

We write further to the Management Agreement. In the light of the recent restructuring of BassDrill Alpha (the “Owner”) and the plans we are making to obtain employment for and to reactivate the BassDrill Alpha drilling unit (the “Unit”), we each wish to record the further agreement we have reached in relation to the Services to be provided by the Manager and certain other matters pursuant to the Management Agreement. These are:

1. In addition to the matters described in Clause 1.1 of the Management Agreement the Services shall include the following:
  - (i) ensuring that the Unit is safely stacked and properly maintained during the current and any subsequent period when the Unit is out of service, including arrangement for provision of a competent crew and maintenance personnel, maintaining the Unit in accordance with any requirements of the classification society and flag state;
  - (ii) where so instructed by the Owner, carrying out all work necessary in order to reactivate the Unit and prepare it for mobilisation and employment under its next Drilling Contract. Such reactivation and preparation shall include without limitation preparing a technical specification incorporating any requirements of the classification society, flag state and/or special survey, recommending suppliers and contractors and obtaining quotations for the performance of the reactivation and mobilisation, supervising the performance of the reactivation works, including reviewing any proposed engineering, physical inspection of the reactivation work, monitoring of the reactivation yard and any other suppliers and contractors engaged on such work, supervision of tests and trials, monitoring of cost and reporting to Owner on all of these, progress of work and any cost overruns;
  - (iii) providing to the Owner in good time and no later than 21 days prior to commencement of any periodical dry docking, details of any works and an estimate of the time and costs of any works to be undertaken at such dry docking, arrangement and supervision of dry dockings, repairs, alterations and the upkeep of the Unit in accordance with best drilling unit management practices;
  - (iv) ensuring that the Unit is seaworthy and operated in compliance with all regulations under which the Unit is required to operate by the flag state, classification authority and any other applicable law and regulations, including without limitation ensuring that the Manager is deemed to be the “Company” as defined by the ISM Code and is responsible for the performance of the duties of the Company under the ISM Code;

## NORDIC TRUSTEE

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- (v) provision of competent and seaworthy crew personnel with suitable experience to supervise the maintenance and general efficiency of the Unit in compliance with the requirements of any Drilling Contract;
- (vi) investigating and obtaining all permits, licences and other authorisations necessary for the Unit to remain in and be exported from the Republic of Congo in full compliance with Congolese laws. Investigating and advising Owner on any customs or export duties or taxes that may be payable on the export of the Unit.
- (vii) such other services as the Parties may from time to time agree.

2. In addition and as part of the Services:

2.1 the Manager shall procure and ensure that the Unit is fully insured in the Owner's name for its account with first class insurers for not less than the value as determined and informed, from time to time, by the Board of Directors of Owner for the duration of this Agreement in respect of the following:

- (i) hull and machinery including any equipment thereon and coverage for collision liability (including but not limited to crew negligence) and excess liabilities;
- (ii) full Protection and Indemnity risks, including wreck removal, diversion expenses and standard pollution insurance cover (with a combined single limit of indemnity of not less than the amount determined, from time to time, by the Board of Directors of Owner) by a P&I Club that shall be a member of the International Group of Protection and Indemnity Clubs;
- (iii) War Risks (including but not limited to blocking and trapping, protection and indemnity, terrorism and crew risks); and
- (iv) any other additional insurance as may from time to time be agreed.

3. Words and expressions defined in the Management Agreement shall, unless the context otherwise requires bear the same meaning when used in this Letter.

4. This Letter shall be governed by and construed in accordance with the laws of England. Any dispute arising out of or in connection with this Letter shall be determined in accordance with Clause 13 of the Management Agreement the provisions of which shall apply mutatis mutandis.

We trust that the above reflects our agreement and should be grateful if you would sign and return one copy of this Letter to us.

Yours sincerely

For and on behalf of  
**BassDrill Alpha Limited**

We confirm our agreement to this letter

For and on behalf of  
**Atlantica Management USA Inc**