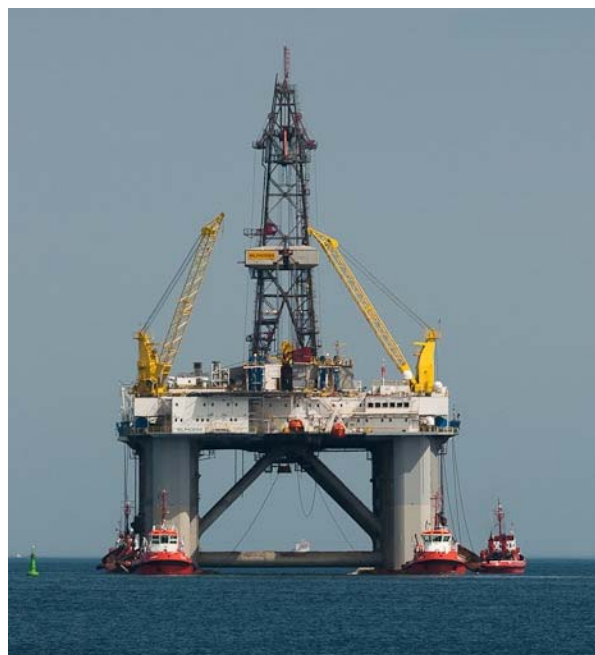


Listing Prospectus



**Listing of 30,031,500 Shares in
Awilco Drilling PLC
on Oslo Axess**

9 June 2011

IMPORTANT NOTICE

This prospectus (the "**Prospectus**") has been prepared by Awilco Drilling PLC (the "**Company**") in connection with the listing of its shares on Oslo Axess. The Prospectus has been prepared to comply with chapter 7 of the Securities Trading Act of the Kingdom of Norway of June 29, 2007 No. 75 (the "**Securities Trading Act**") and the related regulations, including the European Commission Regulation EC/809/2004. The Prospectus has been reviewed and approved by the Norwegian Financial Supervisory Authority (the "**FSA**"). The Prospectus has been prepared in English language only. The Prospectus has not been passported into any other country in the European Economic Area.

The information contained herein is only updated as of the date hereof and subject to change, completion or amendment without notice. In accordance with the Securities Trading Act Section 7-15, any new factor, significant error or inaccuracy that might emerge between the date of the Prospectus and the Listing will be included in a supplement to the Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances imply that the information herein is correct as of any date subsequent to the date of the Prospectus.

All inquiries relating to this Prospectus should be directed to the Company or the Managers. No other person has been authorized to give any information about, or make any representation on behalf of, the Company in connection with the Prospectus or the Listing, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company or the Managers.

An investment in the Company involves inherent risks. Potential investors should carefully consider the risk factors set out in Section 2 *Risk Factors* in addition to the other information contained herein before making any investment decision. An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment. The contents of this Prospectus are not to be construed as legal, business or tax advice. Any prospective investor should consult with their own legal adviser, business adviser and tax adviser as to legal, business and tax advice.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. The Company and the Managers require persons in possession of this Prospectus to inform themselves about and to observe any such restrictions. This Prospectus serves as a listing Prospectus as required by applicable laws and regulations only. The Prospectus does not constitute an offer to buy, subscribe or sell any of the securities described herein, and no securities are being offered or sold pursuant to it.

The Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold within the United States except to QIBs in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A, or outside the United States in compliance with Regulation S.

This Prospectus is subject to Norwegian law. Any dispute arising in respect of this Prospectus is subject to the exclusive jurisdiction of the Norwegian courts with Oslo District Court as legal venue in the first instance.

This Prospectus makes use of certain terms and definitions as explained in Section 14 *Definitions*, and which terms and definitions shall have the meaning given therein.

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1. Summary

The following summary should be read as an introduction to the Prospectus and in conjunction with it, and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus and in the appendices to this Prospectus. Any decision to invest in Awilco Drilling PLC should be based on a consideration of the Prospectus as a whole.

The Prospectus has been prepared in the English language only.

Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might under the applicable legislation have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.

1.1 About Awilco Drilling

1.1.1 Overview

Awilco Drilling was incorporated as a private limited company under the laws of England and Wales on 30 December 2009 and registered with the Companies House under the registration number 07114196.

The Company was converted to a public limited liability company by a special resolution passed at the Company's annual general meeting held on 13 April 2011, and the Company's name was changed to Awilco Drilling PLC.

1.1.2 Main assets – *WilPhoenix* and *WilHunter*

Awilco Drilling owns two semi submersible drilling rigs; *WilPhoenix* built in 1982 and upgraded in 2011, and *WilHunter* built in 1983 and upgraded in 1999 and 2011. Both rigs are standardized rigs used in the drilling of oil and gas wells in the UK sector of the North Sea, although they can also be used in other geographical regions.

The rigs were acquired by subsidiaries of Awilco Drilling pursuant to sale agreements with subsidiaries of Transocean in January 2010. Transocean, following its merger with GlobalSantaFe in 2007, was under obligation to reduce its exposure in UK waters, and the sale was done to comply with these obligations. The acquisition by Awilco Drilling was approved by UK authorities and Awilco Drilling has confirmed its firm intention to the Office of Fair Trading (OFT - the UK competition authorities) to operate these units in the UK sector of the North Sea for a period of three years from January 2010. For further details on *WilPhoenix* and *WilHunter*, please see Section 4.4 *Business overview*.

At the time of the acquisition, the *WilPhoenix* had been idle since 2008, while the *WilHunter* was operative. *WilHunter* continued to be employed on a bareboat contract to Transocean until November 2010.

As part of the effort to bring *WilPhoenix* back into operation and become an attractive unit in the market, the rig needed a significant upgrading. The *WilHunter* did not require any similar upgrading, but was due for classification renewal in May 2011. As a consequence, the rigs were brought to the Remontowa yard in Poland in April 2010 and November 2010, respectively. (see also Section 1.1.3 *Rig upgrades at Remontowa* below). In December 2010, an accommodation upgrade was added to the *WilHunter* project scope. Both rigs were redelivered in May 2011. The Company believes that its rigs, following the upgrade and maintenance, are among the better rigs available in the UK mid-water drilling market.

1.1.3 *Rig upgrades at Remontowa*

Both *WilPhoenix* and *WilHunter* have completed their upgrading and class work at the Remontowa Shipyard in Poland. The total project expenditure for the upgrading of both *WilPhoenix* and *WilHunter* is about USD 94 million. Both rigs were completed in May 2011 with commencement of drilling early June. For further details on scope of work, please see Section 4.5 *Rig upgrades at Remontowa*.

Wilhelmsen Marine Services AS assists the Company under a technical service agreement for the project management and follow-up of the upgrading projects at Remontowa Shipyard. For further details please see Section 11.4 *Transactions with related parties*.

1.1.4 *Contract status*

A Letter of Intent (“**LOI**”) was signed with AGR Petroleum Services for *WilPhoenix* in February 2011. The LOI was for 1 firm and 6 optional wells for operations in the UK. In addition, the Company entered into a Memorandum of Understanding (“**MOU**”) with SPD Limited for *WilHunter*, also in February 2011. The MOU is for 1 firm and 6 optional wells in the UK. Both AGR Petroleum Services and SPD Limited are well management companies that facilitate rig contracts, generally for smaller oil companies. At the same time, Awilco Drilling confirmed that it had signed a LOI with Nautical Petroleum PLC for 1 firm well and 1 optional well as part of the above mentioned SPD Limited multi-client, multi-well 2011 drilling program.

In March 2011, Awilco Drilling signed a contract with AGR Petroleum Services for 1 firm well and 6 optional wells for *WilPhoenix*, thereby confirming the LOI. The contract represents AGR’s multi well multi client 2011 drilling program. Drilling operations are expected to commence in early June 2011. Also in March AGR declared option wells number one, two and three of its contract with Awilco Drilling for the *WilPhoenix*. These options represent the second, third and fourth wells of AGR’s multi well multi client drilling programme. At the date of this prospectus, the combined contract value of the four firm wells for *WilPhoenix* is approximately USD 29 million.

In March 2011, the Company also signed a contract with Nautical Petroleum PLC for 1 firm well and 1 optional well for “*WilHunter*”, thereby confirming the LOI with Nautical under the MOU with SPD. The contract represents the first well in the SPD multi well multiclient 2011 drilling programme. Drilling operations are expected to commence in early June 2011. In April, MPX North Sea signed a drilling contract for 1 firm and 1 optional well, representing the second and third well of the SPD multi-well multi-client 2011 drilling programme. At the date of this prospectus, the contract value for the two firm wells for *WilHunter* is approximately USD 22 million.

1.2 **Board, Senior Management and employees**

1.2.1 *Board of Directors*

As at the date of this Prospectus, the Board of Directors of the Company consists of Sigurd E. Thorvildsen, Henrik Fougner, Daniel A. Gold, John Simpson, Synne Syrrist and Jon Oliver Bryce.

Further information about the Board of Directors of Awilco Drilling PLC is set out in Section 6 *Board of Directors and Senior Management* in this Prospectus.

1.2.2 *Senior management*

The Senior Management of Awilco Drilling currently consists of Jon Oliver Bryce (Chief Executive Officer), Roddy Smith (Chief Operating Officer), Ian Wilson (Finance Director), Claus Mørch (Technical Director), Jan Børge Usland (Commercial Advisor) and Knut M. Wadet (Commercial Advisor). Messrs. Bryce, Smith and Wilson are directly employed by the Company, while Messrs. Mørch, Usland and Wadet are engaged through management on hire contracts.

Further information about the Senior Management of Awilco Drilling PLC is set out in Section 6 *Board of Directors and Senior Management* in this Prospectus.

1.2.3 Employees

As of the date of this Prospectus, the Company has 23 onshore employees (employed directly through Awilco Drilling PLC) and 187 offshore employees (employed via by Awilco Drilling Pte Limited). As of 31 December 2010 the Company had 1 onshore employee. In addition 19 onshore employees and 87 offshore employees were hired through third parties as of 31 December 2010.

1.3 Selected consolidated financial information

Below is a summary of the audited consolidated financial statements for the Company for the accounting year 2010 and unaudited interim condensed consolidated financial statements for Q1 2011. The financial information is presented in accordance with IFRS as adopted by EU and derived from the Company's historical financial statements, as included in Appendix 3 *Report and Financial Statements 2010* and Appendix 4 *First Quarter Report 2011*.

Selected consolidated statement of position data	Unaudited	Unaudited	Audited
			From incorporation to 31 December
<i>(USD million unless specified)</i>	Q1 2011	Q1 2010	2010
Total non-current assets	241.7	193.7	209.3
Total assets	283.5	209.7	282.9
Total equity	109.5	52.9	123.8
Total non-current liabilities	123.3	132.0	129.9
Total current liabilities	50.6	24.8	29.1
Total liabilities and equity	283.5	209.7	282.9
Selected consolidated statement of comprehensive income data			
			From incorporation to 31 Dec 2010
<i>(USD million unless specified)</i>	Q1 2011	Q1 2010	
Total revenue	0	13.8	55.0
Gross profit (revenue less cost of sales)	(4.6)	13.2	39.8
Operating profit	(10.9)	9.9	34.4
Net profit	(14.3)	4.9	12.4
Selected consolidated cash flow data			
			From incorporation to 31 Dec 2010
<i>(USD million unless specified)</i>	Q1 2011	Q1 2010	
Net from operating activities	3.4	(2.1)	5.6
Net from investing activities	(35.6)	(36.6)	(55.3)
Net from financing activities	0	48.0	117.4
Cash and equivalents, end of period	35.6	9.4	67.7
Selected key figures			
Number of common shares, average in period (million)	27.00	9.44	14.61
Number of common shares, end of period (million)	27.00	11.00	27.00
Net earnings per common share (USD)	(0.53)	0.52	0.85

1.4 Capitalization and indebtedness

The table below gives an overview of the Company's consolidated capitalization and indebtedness per 31 March 2011, which has been derived from the Company's unaudited condensed consolidated financial statements included in Appendix 4 *First Quarter Report 2011*. Please see Section 10.4 for further details.

(USD million)	Unaudited Q1 2011
Owners' equity (A)	109.5
Total indebtedness (B)	134.3
Total capitalisation (A+B)	243.8
Liquidity (C)	35.5
Current financial receivable (D)	1.6
Current financial debt (E)	50.6
Long-term financial debt (F)	123.3
Net financial indebtedness (C+D-E-F)	136.9

Subsequent to 31 March 2011, the following main factors have impacted the Company's capitalization and indebtedness:

- In May, both of the Company's rigs were redelivered from the yard after their respective upgrading programmes, implying a total investment of approximately USD 29.0 million since 31 March 2011;
- USD 20.7 million of the USD 29.0 million has been invested from 31 March 2011 to the date of this Prospectus;
- Thus, the Company has a liability to Remontowa and other vendors in relation to the upgrading of the rigs of approximately USD 8.3 million at the date of this Prospectus;
- The Company has raised approximately USD 17.5 million in new equity through a private placement of shares in June 2011.

1.5 Major shareholders

As of 8 June the Company had 144 shareholders. The Shareholders recorded in VPS with a shareholding of 3% or more at the same data are set forth in the table below:

Name	Shares	%
Awilco Drilling AS	14,633,100	48.73%
Deutsche Bank AG London	4,313,201	14.36%
Odin Offshore	1,855,300	6.18%
Frank Mohn AS	1,500,000	4.99%
Shareholders with shareholding of 3% or more	22,301,601	74.26%
Others	7,729,899	25.74%
Total	30,031,500	100.00%

1.6 Share capital

As of the date of this Prospectus, the issued share capital of the Company is GBP 195,204.75 divided into 30,031,500 Shares of GBP 0.0065 each. All the Shares are paid in full.

The Company has only one class of Shares and all Shares carry one vote at general meetings of the Company. All the Shares of the Company have equal rights, including rights to dividends and voting rights.

1.7 Listing

At the date of the Prospectus none of the Company's Shares are listed on any regulated market, and no application for Listing of the Shares on a regulated market has been filed, other than the application for Listing as described herein.

On 25 March 2011 the Company applied for Listing, and on 27 April 2011 the Board of Directors of Oslo Børs approved the Listing in its meeting. The first day of Listing will be on 10 June 2011. The ticker code will be AWDR and the shares will be traded in NOK.

1.7.1 Reasons for the Listing on Oslo Axess

The purpose of the listing of the Company's shares on Oslo Axess is to give the Company access to a capital market that has in-depth knowledge of the oil service sector and especially rig companies. A listing will create liquidity in the Company's shares.

Oslo Børs is a well established and renowned stock exchange for energy related companies. A listing of the Company's shares on the Oslo Axess market will raise the Company's profile in Norway and internationally.

1.8 Expenses

Costs attributable to the listing will be borne by the Company. The total costs of the Listing are expected to amount to approximately USD 0.5 million which include cost related to fees to the Managers, Financial Supervisory Authority and Oslo Børs, costs to legal advisors and auditor, and printing and distribution of this Prospectus.

1.9 Advisors and auditors

Arctic Securities ASA and Fearnley Fonds ASA have acted as financial advisors in connection with the Listing. As of the date of this Prospectus, none of the Managers or its affiliates own any Shares in the Company.

Wiersholm, Mellbye & Bech, advokatfirma AS is Norwegian legal adviser and Stephenson Harwood is English legal advisor to Awilco Drilling in connection with the Listing.

The Company's statutory auditor is Ernst & Young, of Blenheim House, Fountainhall Road, Aberdeen, AB15 4DT, United Kingdom and has been the Company's auditor since its incorporation.

1.10 Summary of risk factors

A number of risk factors may adversely affect the Company. Set out below is a summary of the most relevant risk factors, as further described in Section 2 *Risk Factors*. It should be noted that the risk factors described below are of a general nature and are not the only risks that may affect the Company's business or the value of its shares. Additional risks not presently known to the Board of Directors, or considered immaterial at this time, may also impair its business operations and prospects.

1.10.1 Political, regulatory and market risks

The Company is exposed to the volatility inherent in the offshore drilling market, where it has virtually all its assets and operations. The market is cyclical and volatile, and is dependent on the underlying prices of oil and gas. Supply and demand for rigs varies over time and an oversupply could lead to weakening rates and rig utilisation. The market is highly competitive. The Company's operations are likely to be on the UK continental shelf, a mature region where demand may be declining. The Company's operations are subject to strict regulatory frameworks and costs to maintain the required standards may increase. The oil and gas industry could be exposed to risks related to terrorist attacks or other hostilities.

1.10.2 Operational risks

The Company has a small fleet of only two rigs, implying that downtime, failure or idle periods will have relatively higher impact than if the Company had a larger and more diverse fleet. Although both rigs are currently contracted, contract periods are relatively short and the Company may not be able to secure additional employment at rates considered satisfactory. As a company supplying drilling services, the Company may assume substantial liabilities. Drilling involves large operating hazards, some of which may not be possible to adequately cover through insurance. The Company's operations involve materials harmful to the environment, strict environmental regulations and potential liability in the case of discharge of such materials.

Technological developments may imply risks of obsolescence of the Company's assets. The service life of the Company's rigs is uncertain, and significant investments may be required to maintain operations over time.

The Company is dependent on attracting and retaining its management and senior personnel.

1.10.3 Financial and tax risks

The Company has a short operating history and limited financial information. The Company may not be able to secure long term financing on terms deemed satisfactory. The Company's borrowings cause leverage on values. Currency fluctuations may affect accounts and values. Margins are difficult to predict over time as employment and rig utilisation varies. The Company is subject to risks on its counterparties. The Company's business may be conducted in various countries which impose different tax structures.

1.10.4 Risks related to the shares and other risk factors

The Company's sole shareholder for purpose of UK law is DnB NOR Bank, and any person trading in the Company's shares does so in reliance on the Company's registrar agreement with DnB NOR Bank. The price of the Company's shares may be volatile and may react on factors related to the Company's performance as well as on external factors. There can be no assurance of a liquid market in the Company's shares. New share issuances may have negative impact on the value of issued shares. No arrangement has been made for trading of the Company's shares in markets requiring particular arrangements, such as in the USA.

The Company may become subject to disputes. The Company's assets may be arrested.

The Company is organised as a group where the parent company is a holding company, and where the ability of the holding company to pay dividends is dependent on distributions from its operating subsidiaries.

1.11 Documents on display

For a period of 12 months the following documents (or copies thereof), where applicable, may be inspected at the Company's registered office during normal business hours on Monday to Friday each week (except public holidays):

- a) The Articles of Association of the Company;
- b) The historical financial information of the Company and its subsidiary undertakings since incorporation to the publication of the Prospectus.
- c) All reports included or referred to in the Prospectus;
- d) This Prospectus

1.12 Articles of Association

The Articles of Association of the Company are included as Appendix 1 to this Prospectus.

1.13 Other issues

1.13.1 Disputes

The Company is not, and has not been since its incorporation, party to, or the subject to, any legal or arbitration proceedings which may have, or have had, significant effects on the Company's and/or the Group's financial position or profitability. The Company is further not aware of any such legal or arbitration proceedings being threatened.

1.13.2 Material contracts

The Company has not entered into contracts deemed to be outside of its ordinary business and which, in its view, can be deemed to represent material obligations or give material entitlements to the Company.

1.13.3 Transactions with close associates

The Company has entered into the following agreements with related parties:

- A technical service agreement with Wilhelmsen Marine Services AS (WMS) for the project management and follow up of the upgrading projects at Remontowa Yard in Poland
- A management agreement with AWILHELMSSEN Management AS (AWM) for services and assistance related to the set-up phase of the company
- Management-for-hire contracts with three persons full time from the AWILHELMSSEN Group during the set-up phase of the company
- A short term USD 10 million credit facility with Awilco Drilling AS and Tompkins Square Park S.Á.R.L. (a company controlled by QVT, the Company's second largest shareholder).

Please refer to Sections 11.4 *Transactions with related parties* and 10.1 *Debt financing arrangements and encumbrances on the Company's assets* for further details.

2. Risk factors

Before investing in the Company, investors should carefully consider all of the information contained in this Prospectus, and in particular the following risk factors, which may affect the Company's activities, the industry in which it operates and the Company's Shares. Such information is presented as at the date hereof and is subject to change, completion or amendment without notice.

If any of the following risks actually materialise, the Company's business, financial position and operating results could be materially and adversely affected. The risks described below are not exhaustive as additional risks not presently known to the Company, or which the Company currently deems immaterial, may also impair its business operations and adversely affect its share price.

An investment in the Company's Shares is recommended only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment and prospective investors should consult expert advisors as to the suitability of an investment in the Company.

2.1 Political, regulatory and market risks

2.1.1 Industry risks

The offshore contract drilling industry is cyclical and volatile. The Company's business depends on the level of activity of oil exploration, development and production in the North Sea and internationally. The availability of quality drilling prospects, exploration success, relative production costs, the stage of reservoir development, political concerns and regulatory requirements all affect customers' levels of activity and drilling campaigns. Demand for the Company's services may be adversely affected by declines in exploration, development and production activity associated with depressed oil prices. Even the perceived risk of depressed oil prices and changes in the UK North Sea tax regime often causes exploration and production companies to reduce their spending.

2.1.2 Commodity prices

The profitability and cash flow of the Company's operations will be dependent upon the market price of oil and gas, as the Company's customers are mainly oil companies. The price of oil and gas is known to fluctuate. Oil and gas prices are affected by numerous factors beyond the Company's control, including economic and political conditions, levels of supply and demand, the policies of the Organization of Petroleum Exporting Countries (OPEC), the level of production in non-OPEC countries, the cost of exploring for, developing, producing and delivering oil and gas, currency exchange rates and the availability of alternate energy sources and political and military conflicts in oil-producing and other countries. If the price of oil and gas products should drop significantly, this could have a material adverse effect on the Company.

2.1.3 Oversupply of rigs

Utilization rates, which are the number of days a rig actually works divided by the number of days the rig is available for work, and dayrates, which are the contract prices customers pay for rigs per day, are also affected by the total supply of comparable rigs available for service in the geographic markets in which the Company competes. Improvements in demand in a geographic market may cause the Company's competitors to respond by moving competing rigs into the market, thus intensifying price competition. Significant new rig construction could also intensify price competition. In the past, there have been prolonged periods of rig oversupply with correspondingly depressed utilization rates and dayrates largely due to earlier, speculative construction of new rigs. Improvements in dayrates and expectations of longer-term, sustained improvements in utilization rates and dayrates for drilling rigs may lead to construction of new rigs. These increases in the supply of rigs could depress the utilization rates and dayrates for the Company's rigs and materially reduce its revenues and profitability.

2.1.4 Competitors

The drilling market is highly competitive. Drilling contracts are often awarded on a competitive bid basis, with intense price competition frequently being the primary factor determining which qualified contractor is awarded the job. Many of the Company's competitors have significantly larger resources than the Company.

2.1.5 The UK continental shelf

Awilco Drilling's drilling units meet the stringent requirements of the UK continental shelf, and Awilco Drilling has confirmed its firm intention to the Office of Fair Trading (OFT) to operate these units in the UK sector of the North Sea for a period of three years from January 2010. The mature nature of this region could result in less drilling activity in the area, thereby reducing demand for Awilco Drilling's services. The UK continental shelf is a mature oil and natural gas production region that has experienced substantial seismic survey and exploration activity for many years. Because a large number of oil and natural gas prospects in this region have already been drilled, additional prospects of sufficient size and quality could be more difficult to identify. Oil and natural gas companies may be unable to obtain financing necessary to drill prospects in this region. The decrease in the size of oil and natural gas prospects, the decrease in production or the failure to obtain such financing may result in reduced drilling activity on the UK continental shelf and reduced demand for Awilco Drilling's services.

2.1.6 Regulations governing operations

The Company's services are affected by governmental laws and regulations. The industry in which the Company operates is dependent on demand for services from the oil and gas industry and, accordingly, is indirectly also affected by changing laws and regulations relating to the energy business in general. The laws and regulations affecting the Company's business and services include, among others laws, and regulations relating to;

- Protection of the environment
- Quality, health and safety
- Import-export quotas, wage and price controls, imposition of trade barriers and other forms of government
- Regulation and economic conditions
- Taxation

The Company and its customers are required to invest financial and managerial resources to comply with these laws and regulations. The Company cannot predict the future costs of complying with these laws and regulations, and any new laws or regulations could materially increase the Company's expenditures in the future. Existing laws or regulations or adoption of new laws or regulations limiting exploration or production activities by oil and gas companies or imposing more stringent restrictions on such activities could adversely affect the Company by increasing its operating costs, reducing the demand for its services and restricting its ability to operate its drilling units.

2.1.7 Risk relating to wars and terrorist attacks

War, military tension and terrorist attacks have, among other things, caused instability in the world's financial and commercial markets. This has in turn significantly increased political and economic instability in some of the geographic markets in which the Company operates (or may operate in the future) and has contributed to high levels of volatility in prices for, among other things, oil and gas. Continuing instability may cause further disruption to financial and commercial markets and contribute to even higher levels of volatility in prices. In addition, acts of terrorism, piracy, sabotage and threats of armed conflicts in or around the various areas in which the Company operates could limit or disrupt the Company's markets and operations, including disruptions from evacuation of personnel, cancellation of contracts or the loss of personnel or assets. Armed conflicts, terrorism,

piracy, sabotage and their effects on the Company or markets in which the Company operates may significantly affect the Company's business, financial condition, prospects and results of operations in the future.

2.2 Operational risks

2.2.1 *Dependence on a limited number of rigs*

Since the Company's fleet consists of only two rigs any operational downtime or any failure to secure employment at satisfactory rates will affect its results more significantly than for a company with a larger fleet. Furthermore, frequent rig mobilizations could be disruptive to the Company's financial results if it experiences delays due to adverse weather, third party services or physical damage to its rigs. To compensate for above risks the Company has arranged Loss of Hire insurance that on certain conditions and for a defined period provides alternative hire.

2.2.2 *Dependence on charter contracts and employment of rigs*

Following their redelivery from the Remontowa yard on completion of the ongoing upgrading process *WilPhoenix* and *WilHunter* will go on contract with AGR Petroleum Services and SPD Limited respectively. *WilPhoenix* currently has a contract for 4 firm and 3 optional wells while *WilHunter* has contracts for 2 firm and 5 optional wells. If the options are not exercised the contracts will terminate upon completion of the firm wells. The Company's ability to obtain new contracts will depend on the prevailing market conditions. In cases where the Company is not able to obtain new contracts in direct continuation, or where new contracts are entered into at dayrates substantially below the existing dayrates or on terms less favourable compared to existing contracts terms, the Company's revenues and profitability could be adversely affected.

2.2.3 *The Company may assume substantial liabilities*

Contracts in the offshore sector require high standards of safety, and it is important to note that all offshore contracts are associated with considerable risks and responsibilities. These include technical, operational, commercial and political risks, and it is impossible to insure against all the types of risk and liabilities mentioned. For instance, under some contracts the Company may have unlimited liability for losses caused by its own gross negligence.

2.2.4 *Operating hazards*

The Company's operations are subject to hazards inherent in the drilling industry, such as blowouts, loss of well control, lost or stuck drill strings, equipment defects, craterings, fires, explosions and pollution. Contract drilling and well servicing require the use of heavy equipment and exposure to hazardous conditions, which may subject the Company to liability claims by employees, customers and third parties. These hazards can cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations. The operation of the Company's drilling units is also subject to hazards inherent in marine operations, either while on-site or during mobilisation, such as capsizing, sinking, grounding, collision, damage from severe weather and marine life infestations. Operations may also be suspended because of machinery breakdowns, abnormal drilling conditions, and failure of subcontractors to perform or supply goods or services, or personnel shortages. Insurance coverage, both Loss of Hire and Hull and Machinery insurance, will prove compensation in such instances.

The Company's insurance policies and contractual rights to indemnity are based on the established industry standard "knock-for-knock" principles. However, it may not adequately cover losses, and the Company does not have insurance coverage or rights to indemnity for all risks. The Company currently maintains insurance coverage for property damage, occupational injury and illness, and general and marine third-party liabilities. Pollution and environmental risks are generally not totally insurable. As of the date of this Prospectus, the Company's drilling units, *WilHunter* and *WilPhoenix*, are covered by existing insurance policies.

The Company has adequate insurance coverage relevant for its envisaged operations. However, in all situations it will not provide sufficient funds to protect the Company from all liabilities that could result from its drilling operations. The amount of the Company's insurance cover may be less than the related impact on enterprise value after a loss. The Company's coverage includes policy limits. As a result, the Company retain the risk for any losses in excess of these limits. Any such lack of reimbursement may cause the Company to incur substantial costs. In addition, the Company could decide to retain substantially more risk through self-insurance in the future. Moreover, no assurance can be made that the Company has, or will be able to maintain in the future, adequate insurance against certain risks.

If a significant accident or other event occurs and is not fully covered by the Company's insurance or any enforceable or recoverable indemnity from a client, it could adversely affect the Company's consolidated statement of financial position, results of operations or cash flows.

2.2.5 *Technological developments*

The market for the Company's services is characterised by continual and rapid technological developments that have resulted in, and will likely continue to result in, substantial improvements in equipment functions and performance. As a result, the Company's future success and profitability will be dependent in part upon its ability to:

- Improve existing services and related equipment
- Address the increasingly sophisticated needs of its customers
- Anticipate changes in technology and industry standards and respond to technological developments on a timely basis

If the Company is not successful in acquiring new equipment or upgrading its existing equipment on a timely and cost effective basis in response to technological developments or changes in standards in the industry, this could have a material adverse effect on the Company's business.

2.2.6 *Environmental risks*

The Company's operations are subject to regulations controlling the discharge of materials into the environment, requiring removal and clean-up of materials that may harm the environment or otherwise relating to the protection of the environment. As an operator of mobile drilling units the Company may be liable (under applicable laws and regulations or contractually) for damages and costs incurred in connection with spills of oil and other chemicals and substances related to its operations, and the Company may also be subject to significant fines in connection with spills.

Laws and regulations protecting the environment have become more stringent in recent years, and may in some cases impose strict liability, rendering a person liable for environmental damage without regard to negligence. These laws and regulations may expose the Company to liability for the conduct of or conditions caused by others, or for acts that were in compliance with all applicable laws at the time they were performed. The application of these requirements or the adoption of new requirements could have a material adverse effect on the Company's financial position, results of operations or cash flows. The Company may be able to obtain some degree of contractual indemnification pursuant to which its clients agree to protect, hold harmless and indemnify against liability for pollution, well and environmental damage; however, there is no assurance that the Company can obtain such indemnities in all of its contracts or that, in the event of extensive pollution and environmental damage, its clients would have the financial capability or the willingness to fulfil their contractual obligations. Also, these indemnities may be held to be unenforceable as a result of public policy or for other reasons.

2.2.7 *Risks related to the upgrading of rigs*

The Company's rigs are to become operational in early June 2011 after significant programmes of reactivation, upgrade, testing and commissioning work. There is still a risk that equipment problems

may occur during the initial operational phase. Equipment problems could lead to operational downtime and a consequential reduction in rig revenue.

While the Company believes the upgrading projects have left the rigs in a good condition, the rigs will periodically need to undergo repairs or upgrading. The timing and costs of repairs on rigs are difficult to predict with certainty and may be substantial. Many of these expenses, such as dry-docking and certain repairs for normal wear and tear, are typically not covered by insurance. Large repair expenses could decrease the Company's profits. In addition, repair time means a loss of revenue.

2.2.8 *Dependence on senior management and other key personnel*

The Company's development and prospects are dependent upon the continued services and performance of its senior management and other key personnel. The loss of the services of any of the senior management or key personnel may have an adverse impact on the Company. In addition to the senior management the Company depends on professional and operational personnel. An inability to attract and retain such professional and operational personnel, or the unavailability of such skilled crews, could have an adverse impact on the Company.

2.2.9 *Service life*

The service life of the rigs to be operated by the Company will ultimately depend on their efficiency. There can be no assurance of how long the rigs will be in operation. The capital associated with the repair and maintenance of each rig increases with age. In addition, there may be technical risks associated with ageing rigs, including operational problems leading to unexpectedly high operating costs and/or lost earnings, and which may have a material adverse effect on the financial position of the Company.

2.3 Financial risks

2.3.1 *Lack of historical financial information*

The Company is a recently formed entity with a very limited operating history and only financial information for a limited period of time upon which prospective investors can evaluate the Company's likely performance.

2.3.2 *Liquidity risk*

The Company is dependent upon having access to long term funding. There can be no assurance that the Company may not experience net cash flow shortfalls exceeding the Company's available funding sources nor can there be any assurance that the Company will be able to raise new equity, or arrange new borrowing facilities, on favourable terms and in amounts necessary to conduct its ongoing and future operations, should this be required. The Company may not be able to secure new sources of liquidity or funding, should projected or actual liquidity fall below levels the Company requires. The factors giving rise to the Company's liquidity needs could also constrain the ability to replenish the liquidity of the Company. The Company may not have access to funding from banks and other lenders in the amounts or on the terms it may be seeking. These same factors could also impact the ability of the Company's shareholders to provide it with liquidity, and there can be no assurance that the Company could obtain additional shareholder funding. Failure to access necessary liquidity could require the Company to scale back its operations, postpone or cancel plans to acquire rigs or could have other materially adverse consequences for its business and its ability to meet its obligations.

2.3.3 *Borrowing and leverage*

Borrowings create leverage. To the extent income derived from assets obtained with borrowed funds exceeds the interest and other expenses that the Group will have to pay, the Group's net income will be greater than if borrowings were not made. Conversely, if the income from the assets obtained with borrowed funds is insufficient to cover the cost of such borrowings, the net income of the Group will be less than if borrowings were not made. The Group will borrow only when it is believed that such borrowings will benefit the Group after taking into account considerations such as the costs of the

borrowing and the likely returns on the assets purchased with the borrowed monies, but no assurances can be given that the Company will be successful in this respect.

2.3.4 Covenants compliance

The Company does not currently have any financial covenants related to its financing, however this may be the case with future financing. If the Company is unable to comply with the restrictions and covenants in the agreements governing its indebtedness or in future debt financing agreements, there could be a default under the terms of those agreements. The Company's ability to comply with these restrictions and covenants, including meeting financial ratios and measures, is dependent on its future performance and may be affected by events beyond its control. If a default occurs under these agreements, lenders could terminate their commitments to lend or accelerate the outstanding loans and declare all amounts borrowed due and payable. Borrowings under debt arrangements that contain cross-acceleration or cross-default provisions may also be accelerated and become due and payable. If any of these events occur, the Company cannot guarantee that the Company's assets will be sufficient to repay in full all of its outstanding indebtedness, and the Company may be unable to find alternative financing. Even if the Company could obtain alternative financing, that financing might not be on terms that are favourable or acceptable.

2.3.5 Currency fluctuations

Due to its international operations, Awilco Drilling may experience currency exchange losses when revenues are received and expenses are paid in nonconvertible currencies or when Awilco Drilling does not hedge an exposure to a foreign currency. Awilco Drilling may also incur losses as a result of an inability to collect revenues because of a shortage of convertible currency available to the country of operation, controls over currency exchange or controls over the repatriation of income or capital. In order to minimise the exposure to currency fluctuations Awilco Drilling enters into forward exchange contracts depending on requirements for future non-functional currency expenditures. During 2010 the principal currency exposures were relating to the major upgrade projects and the currency exposures were partly hedged. In 2011, once the project phase is complete and funds are being generated from operating activities, the company will seek to limit its currency risk, as the company will have income in USD and part of the costs in other currencies.

2.3.6 Operating costs

Most drilling contracts provide for the payment of a fixed dayrate during periods of operation, and reduced dayrates during periods of other activities. Many of the Company's operating costs are unpredictable and can vary based on events beyond the Company's control. The Company's gross margins will therefore vary over the terms of its contracts. If the Company's costs increase or it encounters unforeseen costs, it may not be able to recover them from its customers, which could adversely affect its financial position, results of operations and cash flows.

2.3.7 Counterparty risks

The revenues of the Company will depend on the financial position of its customers and also to a certain extent the willingness of these to honour their obligations towards the Company. There can be no guarantees that the financial position of the Company's customers and other contract parties will be sufficient to perform their obligations under the contracts with the Company. Failures by customers or other contract parties to comply with their contracts with the Company might have a significant adverse effect on the revenues and financial position of the Company.

2.4 Tax risks

The Company conducts its operations through subsidiaries in various countries. Tax laws and regulations are highly complex and subject to interpretation. Consequently, the Company is subject to changing tax laws, treaties and regulations in and between countries in which it operates. The Company's income tax expense is based upon its interpretation of the tax laws in effect in various countries at the time that the expense was incurred. A change in these tax laws, treaties or regulations,

or in the interpretation thereof, which is beyond the Company's control could result in a materially higher tax expense or a higher effective tax rate on the Company's earnings.

2.5 Risks relating to the Shares

2.5.1 *Risks related to the VPS registration*

In order to facilitate the Listing of the Shares on Oslo Axess and the registration of the Shares with the VPS, the VPS Registrar is registered as the legal owner of the Shares to be listed on Oslo Axess in the register of members which the Company is required to maintain pursuant to English law. The relationship between the VPS Registrar, the Company and Company's shareholders is regulated by the registrar agreement included as Appendix 2 to this Prospectus (the "Registrar Agreement"). In the event that the VPS Registrar Agreement is terminated, there can be no assurance that the Company will enter into a replacement agreement on substantially the same terms or at all. A termination of the VPS Registrar Agreement could, therefore, adversely affect the Listing of the Shares on Oslo Axess.

For the purpose of English law, the VPS Registrar will be regarded as the owner of the Shares. The beneficial owners of the Shares must look solely to the VPS Registrar for exercising any shareholder interest in the Company, including receiving payment of dividends and exercising voting rights.

2.5.2 *Volatility of the share price*

The trading price of the Shares could fluctuate significantly in response to quarterly variations in operating results, adverse business developments, interest rates, changes in financial estimates by securities analysts, matters announced in respect of major customers or competitors, changes to the regulatory environment in which the Company operates, or a variety of other factors outside the control of the Company.

The market price of the Shares could also decline due to sales of a large number of the Shares in the market or the perception that such sales could occur. Such sales could also make it more difficult for the Company to offer equity securities in the future at a time and at a price that are deemed appropriate.

2.5.3 *A liquid market for the Shares may not develop*

There can be no assurance that an active trading market for the Shares will develop, or be sustained. The market value of the Shares could be substantially affected by the extent to which a secondary market develops for the Shares following the completion of the Listing.

2.5.4 *Risks related to issuances of Shares*

It is possible that the Company may in the future decide to offer additional Shares or other securities in order to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. Any such additional offering could reduce the proportionate ownership and voting interests of holders of Shares, as well as the earnings per Share and the net asset value per Share of the Company, and any offering by the Company could have a material adverse effect on the market price of the Shares.

2.5.5 *Transfer restrictions*

The Shares have not been registered under the US Securities Act or any US state securities laws or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the US Securities Act and applicable securities laws. In addition, there can be no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings.

2.6 Other risks

2.6.1 *Risks associated with disputes*

The operating hazards inherent in the Company's business expose the Company to litigation, including personal injury litigation, environmental litigation, contractual litigation with clients, intellectual property litigation, tax or securities litigation, and maritime lawsuits including the possible arrest of the Company's drilling units. The Company is currently not involved in any litigation that, in the Company's view, may have a significant effect on the Company's financial position or profitability. However, the Company anticipates that the Company will in the future, be involved in litigation matters from time to time. The Company cannot predict with certainty the outcome or effect of any claim or other litigation matter. Any future litigation may have an adverse effect on the Company's business, financial position, results of operations and the Company's ability to pay dividends, because of potential negative outcomes, the costs associated with prosecuting or defending such lawsuits, and the diversion of management's attention to these matters.

2.6.2 *Requisition or arrest of assets*

The Company's rigs could be requisitioned by a government in the case of war or other emergencies or become subject to arrest. This could significantly and adversely affect the earnings of the Company as well as the Company's liquidity.

2.6.3 *Risks relating to group structure*

Awilco Drilling is a holding company and does not conduct any business operations of its own. Awilco Drilling's principal assets are the equity interests it owns in its operating subsidiaries, either directly or indirectly. As a result, Awilco Drilling is dependent upon cash dividends, distributions or other transfers it receives from its subsidiaries to repay any debt it may incur, and to meet its other obligations. The ability of Awilco Drilling's subsidiaries to pay dividends and make payments to Awilco Drilling will depend on their operating results and may be restricted by, among other things, applicable corporate, tax and other laws and regulations and agreements of those subsidiaries. For example, the corporate laws of some jurisdictions prohibit the payment of dividends by any subsidiary unless the subsidiary has a capital surplus or net profits in the current or immediately preceding fiscal year. Payments or distributions from Awilco Drilling's subsidiaries could also be subject to restrictions on dividends or repatriation of earnings under applicable local law, and monetary transfer restrictions in the jurisdictions in which Awilco Drilling's subsidiaries operate. Awilco Drilling's subsidiaries are separate and distinct legal entities. Any right that Awilco Drilling has to receive any assets of or distributions from any subsidiary upon the bankruptcy, dissolution, liquidation or reorganization of such subsidiary, or to realize proceeds from the sale of the assets of any subsidiary, will be junior to the claims of that subsidiary's creditors, including trade creditors.

3. Responsibility for the Prospectus

This Prospectus has been prepared by Awilco Drilling PLC in connection with the Listing described herein.

The Board of Directors of Awilco Drilling PLC (the “**Board of Directors**”) hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Aberdeen, 9 June 2011

Sigurd E. Thorvildsen
Chairman and Non-Executive
Director

Henrik Fougner
Non-Executive Director

Daniel A. Gold
Non-Executive Director

John Simpson
Non-Executive Director

Synne Syrrist
Non-Executive Director

Jon O. Bryce
Executive Director and CEO

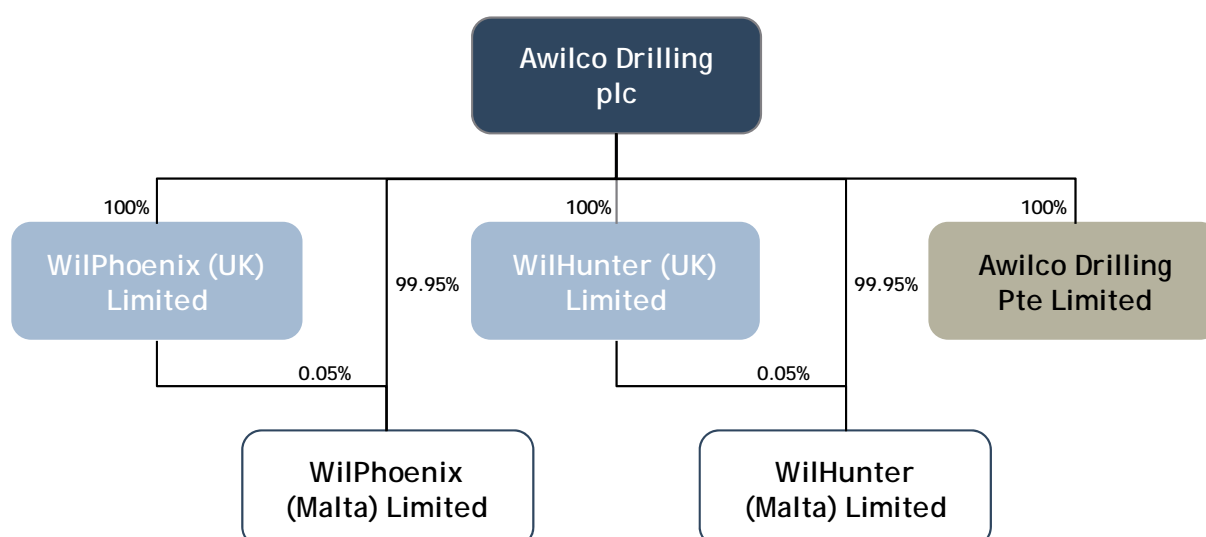
4. Presentation of Awilco Drilling

4.1 Incorporation, registered office and registration number

The parent company in the Awilco Drilling group of companies, Awilco Drilling PLC, was incorporated as a private limited liability company under the laws of England and Wales on 30 December 2009 and registered with the Companies House under the registration number 07114196. The Company was converted to a public limited company by a special resolution passed at the Company's annual general meeting held on 13 April 2011, and the Company's name was changed to Awilco Drilling PLC.

The Company's registered office is SH Company Secretaries Limited, 1 Finsbury Circus, London EC2 7SH. Prior to listing this will change to Paul & Williamson, Union Plaza 1 Union Wynd, Aberdeen AB10 1DQ. Its head office is located at 12 Abercrombie Court, Prospect Road, Westhill, Aberdeen AB32 6FE, UK. The Company's telephone number is +44 1224 737900.

4.2 Legal and operational structure



Awilco Drilling PLC is the holding company of the Group and is the ultimate sole shareholder in the subsidiary companies. Awilco Drilling PLC owns 100% of WilPhoenix (UK) Limited and WilHunter (UK) Limited. Awilco Drilling PLC also has a 99.95% ownership of each of the Maltese entities with the remaining 0.05% being owned by WilPhoenix (UK) Limited for WilPhoenix (Malta) Limited and a similar amount owned by WilHunter (UK) Limited for WilHunter (Malta) Limited.

WilPhoenix (UK) Limited (previously named Awilco Arctic II Limited) and WilHunter (UK) Limited (previously named Awilco Arctic IV Limited) are the rig operating companies for the two rigs *WilPhoenix* and *WilHunter* respectively.

WilPhoenix (Malta) Limited and WilHunter (Malta) Limited are the rig owning entities and their primary function is to bareboat charter the rigs to the relevant UK operating entities.

Awilco Drilling Pte Limited is a Singapore-based company and provides personnel service to the UK operating companies.

4.3 History and development of Awilco Drilling

Awilco Drilling was incorporated on 30 December 2009 for the purpose of acquiring the two semi-submersible drilling rigs GSF Arctic II (renamed *WilPhoenix*) and GSF Arctic IV (renamed *WilHunter*) from subsidiaries of Transocean.

Awilco Drilling was established by Awilco AS, a company in the AWILHELMSEN Group which has fostered several companies previously listed on Oslo Børs.

The background for Transocean's sale of the rigs relates to the merger of Transocean and GlobalSantaFe in 2007. In connection with the merger, the combined company was deemed by the UK Office of Fair Trading (“OFT”) to have a too large market share in the UK drilling market. As a consequence, Transocean was required to sell off two rigs. The acquisition by Awilco Drilling was approved by UK authorities and Awilco Drilling confirmed its firm intention to the OFT to operate these units in the UK sector of the North Sea for a period of three years from January 2010.

The rigs were acquired from Transocean in January 2010 at an aggregate price of USD 205 million which was, in combination with working capital of USD 10 million, financed by seller's credit of USD 165 million and equity of USD 50 million. The equity was raised through a private placement in January 2010, after which the Company's shares were traded on the Norwegian OTC market.

WilPhoenix and *WilHunter* are typical rigs for drilling mid-water wells in the UK market, although they can also be used in other geographical regions. At the time of the acquisition, *WilPhoenix* had been idle since 2008, while *WilHunter* was operative. *WilHunter* continued to be employed on a bareboat contract to Transocean until mid-November 2010.

As part of the effort to bring *WilPhoenix* back into operation and become an attractive unit in the market, the rig needed a significant upgrading. The *WilHunter* did not require any similar upgrading, but was due for classification renewal in May 2011. As a consequence, the rigs were brought to the Remontowa yard in Poland in April 2010 and November 2010, respectively. In December 2010, an accommodation upgrade was added to the *WilHunter* project scope. Both rigs were redelivered from the yard in May 2011. The Company believes that its rigs, following the upgrade and maintenance, are among the better rigs available in the UK mid-water drilling market.

The aggregate upgrading, maintenance and classification is expected to amount to approximately USD 94 million for both rigs. This amount was part financed by a USD 65 million private placement of equity in October 2010, as well as by a USD 17.5 million private placement of equity in June 2011. The Company also has a working capital loan of up to USD 35 million provided by Transocean. In addition, the Company has established a short term shareholder loan of up to USD 10 million as a liquidity buffer.

In parallel with the upgrading of the rigs, Awilco Drilling has developed its organisation to provide the relevant in-house services for a UK drilling contractor, and to gradually reduce its dependency on its founder Awilco. Mr. Jon Oliver Bryce was appointed as the Company's CEO in July 2010. The Company has secured key management with extensive project and operational experience, and has secured crews for starting up operations with its rigs in early June 2011.

The Company's rigs are entering a market which is generally characterised by short-term contracts, mainly towards smaller oil companies. The contracts currently secured have an aggregate revenue of USD 51 million, with additional revenue if options are exercised. The Company believes that the current contracts will demonstrate the Company's ability to deliver as a drilling contractor, and will prove the standard and attractiveness of the Company's upgraded rigs.

4.4 Business overview

Awilco Drilling owns two semi submersible drilling rigs; *WilPhoenix* built in 1982 and upgraded in 2011, and *WilHunter* built in 1983 and upgraded in 1999 and 2011. Both of the rigs are typical “workhorse” rigs used for drilling of oil and gas wells on the UK sector of the North Sea, although they can also be used in other geographical locations.

The sale of the rigs was a condition for the approval by the UK Office of Fair Trading (OFT) of the

merger between GlobalSantaFe and Transocean in 2007. As part of the acquisition of the rigs, Awilco Drilling confirmed its firm intention to O/T to operate the rigs on the UK Continental Shelf (“UKCS”) for three years from January 2010.

Both *WilPhoenix* and *WilHunter* have been through substantial upgrading and class work at the Remontowa Shipyard in Poland, and were redelivered from the yard in May 2011. For further details on the rig upgrade, please see Section 4.5 *Rig upgrades at Remontowa* below.

The main particulars of the rigs are set forth in the table below:

	<i>WilPhoenix</i>	<i>WilHunter</i>
Type	Semi-submersible	Semi-submersible
Design	Friede & Goldman L-907 Enhanced Pacesetter	Friede & Goldman L-907 Enhanced Pacesetter
Generation	3 rd	3 rd
Flag	Vanuatu	Vanuatu
Built	1982	1983
Yard	Gotaverken Arendal – Sweden, upgraded 2011	Daewoo – Korea, upgraded 1999 and 2011
Water depth	1,250 ft	1,500 ft
Drilling depth	25,000 ft	25,000 ft
Accommodation	110	110
Variable loads	3,700 mt	3,645 mt
Draw works	Ideco Dresser E-3000, 3,000 hp	National-Oilwell 1625 DE
Mud pumps	2 Ideco T-1600 1600 hp 1 National Oilwell 12-P-160., 1,600 hp	2 National-Oilwell 12-P-160 1600 hp 1 Continental Emsco FB1600, 1,600 hp
Power	4 Nohab F 312 v ea. 2,650 hp	4 Ruston 12 cyl diesel ea. 3,320 hp
Cranes	3 Liebherr cranes, 2 x 120 ft booms, 1 x 80ft boom	3 National OS345 cranes 2 x 140ft booms, 1 x 80ft boom
Derrick	Dreco 195 ft x 40 ft	DSI 175 ft. x 40 ft.
Blow-out preventer	2 dbl Shaffer SLX 15,000 psi, 1 annular preventer Shaffer 10,000 psi and 1 annular preventer Shaffer 5,000 psi	2 Cameron 10,000 psi annular preventers and 2 Cameron 15,000 psi double ram preventers
Mooring system	4 double winches Norwinch / 2A-76-2 Elhydraulic and 8 Stevris MK 6, 12 mt	4 Skagit WMD-48 and 8 anchor chains

4.5 Rig upgrades at Remontowa

Both *WilPhoenix* and *WilHunter* have been undergoing upgrades and maintenance at the Remontowa Shipyard in Poland. Remontowa is a large repair and maintenance yard which has done several large rig conversions in the past, and which has also undertaken special periodic surveys of both *WilPhoenix* and *WilHunter* in the past.

The estimated total project cost for the upgrading of both *WilPhoenix* and *WilHunter* is USD 94 million. Both rigs are to be completed in May 2011 with estimated commencement of drilling in early June 2011.

The development of Awilco Drilling's operational organisation and business management systems are complete and ready for operation. The UK Safety Cases for *WilHunter* and the *WilPhoenix* have been accepted by the UK's Health and Safety Executive (HSE).

4.5.1 Scope of work – WilPhoenix

WilPhoenix has gone through a special periodic survey and extensive upgrading programme which delivered the following main enhancements to the rig:

- Increased variable deck load
- Complete new accommodation for 110 persons
- Four new lifeboats
- New sewage plant
- Engine overhaul programme
- New replacement of the power supply ("SCR") system
- Improved mud mix process system, incorporating new mechanised chemical handling system and heating, ventilating and air conditioning upgrade
- Improved solids control systems incorporating new replacement shale shaker and mud header box
- Installation of new disc brake drawworks
- Increase of the main deck by 500 m²
- Refurbishment programme of pipehandling equipment and drilling equipment

4.5.2 Scope of work – WilHunter

The project's initial work scope comprised two main areas of work relating to'

- the rig's special periodic survey and;
- a programme of upgrade and enhancement work

Subsequent to the commencement of project activity, Awilco Drilling expanded the rigs workscope to include a programme of upgrade and enhancement work, delivering the following main enhancements to the rig:

- An additional accommodation level and associated life boat replacement, increasing the maximum number of crew quarters from 97 persons on board (POB) to 110
- Increased office space
- A dedicated Heli-lobby

4.5.3 The Remontowa Shipyard

Remontowa was established in 1952 and is today a major player amongst European ship repair yards, which specializes in ship repairs and conversions, design and construction of new ships, offshore units and steel structures. On average, more than 200 vessels and offshore units are repaired or converted at Remontowa every year. The slipways and docks allow for the construction of ferries, container carriers, training and research ships, offshore units, floating docks and steel structures. Remontowa operates 7 floating docks. The yard's quays are fully equipped with the essential infrastructure, including 24 cranes able to lift up to 300 t.

The Quality Management System of Remontowa has been approved by Lloyd's Register Quality Assurance and Polish Register of Shipping acc. to the standards ISO 9001:2000.¹

4.5.4 Supervision agreement

During the planning and execution of the rig upgrading and maintenance, Awilco Drilling was assisted by Wilhelmsen Marine Services AS under a technical service agreement covering the project management and follow up of the upgrading projects at Remontowa Yard in Poland. For further details please see Section 11.4 *Transactions with related parties*.

4.6 Rig employment

The Company's rigs are typically suited to work on the UK sector of the North Sea and other international mid-water markets with the exception of Norway. The UK market is characterised by having several small oil companies as operators on smaller fields and on tail-end profile of older fields. Many of these small oil companies require relatively more support than larger oil companies during the drilling operations due to less in-house resources. It is therefore customary in the UK to have drilling organised through well management companies that facilitate rig contracts. These well management companies will charter rigs and offer these rigs, together with necessary support functions, for use by the smaller oil companies. Hence, a contract with one well management company can often cover more end-users, and is therefore often referred to as a "multi client multi well" program.

Both of the Company's rigs are currently on charter with such well management companies.

As part of the Company's acquisition of its two rigs from Transocean, which was motivated by Transocean's obligation to reduce its market position on the UK sector following the merger with GlobalSantaFe in 2007, Awilco Drilling confirmed to the UK Office of Fair Trading its firm intention to operate these rigs in UK waters for three years from January 2010.

4.6.1 WilPhoenix

A Letter of Intent ("LOI") was signed with AGR Petroleum Services for *WilPhoenix* in February 2011. The LOI was for 1 firm and 6 optional wells for operations in the UK. AGR Petroleum Services is a well management company that facilitate rig contracts, as described above.

In March 2011, Awilco Drilling signed a contract with AGR Petroleum Services for 1 firm well and 6 optional wells for *WilPhoenix*, thereby confirming the LOI. The contract represents AGR's multi well multi client 2011 drilling program. Drilling operations are expected to commence in early June 2011. Later in March AGR declared option wells number one, two and three of its contract with Awilco Drilling for the *WilPhoenix*. These options represent the second, third and fourth wells of AGR's multi well multi client drilling programme. The combined contract value of the current 4 firm wells of the AGR program is approximately USD 29 million.

4.6.2 WilHunter

In February 2011, a Memorandum of Understanding ("MOU") was signed with SPD Limited for the provision of *WilHunter*. The MOU was for 1 firm and 6 optional wells in the UK. SPD Limited is, like AGR, a well management company that facilitate rig contracts, generally for smaller oil companies. At the same time, Awilco Drilling confirmed that it had signed a LOI with Nautical Petroleum PLC for 1 firm well and 1 optional well as part of the above mentioned SPD Limited multi-client, multi-well 2011 drilling program.

The Company signed a contract with Nautical Petroleum PLC for 1 firm well and 1 optional well for *WilHunter* in March 2011, thereby confirming the LOI with Nautical under the MOU with SPD. The

¹ Source: <http://www.remontowa.com.pl/index.php?n=86>

contract represents the first well in the SPD multi-well multi-client 2011 drilling programme. Drilling operations are expected to commence in early June 2011.

In April, MPX North Sea signed a drilling contract for 1 firm and 1 optional well, representing the second and third well of the SPD multi-well multi-client 2011 drilling programme. The contract value for the current 2 firm wells of the SPD drilling program represents about USD 22 million.

4.7 Principal markets

The semi-submersible drilling rig market consists of a large number of players. Contracts are traditionally awarded on a competitive bid basis. Governing factors for a successful bid are in most cases based on; price, availability, technical compliance and operators experience and track record.

Competition for contracts is on a worldwide basis; however the competition may vary significantly from region to region at any particular time. Competing contractors may be able to relocate rigs from areas with low utilisation and day rates to areas with greater activity and relatively higher day rates. Orders of new rigs, upgrades of existing rigs and new technology could also increase the competitive universe.

A more detailed description of the Company's principal markets is given in Section 5 – *Market overview*.

Due to the Company's concentration of business activity, the Company has not prepared and presented any isolated breakdown of total revenues by category of activity and geographic market information.

4.8 Property, plant and equipment

As of 31 December 2010 the Company had non-current assets with an aggregated book value of USD 209.3 million. The table below gives an overview of key non-current assets in the Company:

Equipment	Ownership	Book Value (MUSD)
Rigs and related equipment	Owned	208.7
Other fixtures and equipment	Owned	0.6
Total book value		209.3

Apart from the Company's two existing rigs, *WilHunter* and *WilPhoenix*, along with related reserve equipment, the Company does not carry any other significant material tangible fixed assets. The USD 0.6 million recognised in the balance sheet as other fixtures and equipment is related to lease hold improvements, office furniture and computer equipment.

The only office premises of the Company, located in Aberdeen, Scotland, have been leased for a five year period from 19 August 2010. The Company can terminate the lease agreement with six months notice. Total annual leasing cost related to the office is USD 150,000.

The Company has no planned material tangible fixed asset investments other than the ongoing investment related to the completion of the upgrade at Remontowa as described in Section 4.5 *Rig upgrades at Remontowa*. The total investment of upgrading of the rigs is expected to amount to approximately USD 94 million for both rigs. USD 29.7 million of the USD 94 million was invested in 2010, and in Q1 the investments related to the upgrade was USD 35.3 million. As of 31 March 2011 approximately USD 29.0 million was due to Remontowa and other vendors in relation to the upgrade project. Of these, USD 20.7 million has been invested from 31 March 2011 to the date of this Prospectus. Thus, remaining investments in relation to the upgrading of the rigs is approximately USD 8.3 million at the date of this Prospectus.

Environmental issues that may affect the utilization of the Company's assets are discussed in Section 2.2.6 *Environmental risks*, and Section 4.9 *Health, safety, environmental and quality policy*.

4.9 Health, safety, environment and quality policy

Awilco Drilling is committed to maintaining a “best in class” Quality, Health, Safety and Environment (“QHSE”) Management System, forming an integral part of its corporate strategy. Further, Awilco Drilling's active employee involvement culture shall deliver the highest levels of both employee and customer satisfaction.

Awilco Drilling's primary goal is safe and efficient operation, with no accidents, injuries, environmental incidents or damages to assets. This goal shall be achieved by making the following commitments:

- Establish a positive, practical and “simple is best” safety culture, through combination of proactive employee input and effective management involvement
- Compliance and continuous development of Awilco Drilling's QHSE Management System, meeting and exceeding good industry practice and regulatory requirements
- Accurately measure and clearly report QHSE corporate and customer key performance indicators to meet and exceed expectations
- Maintain an organisation with a clearly defined structure, responsibilities and lines of communications ensuring common goals and targets are always understood
- Establish safe working practices for identifying business and operational risk, ensuring mitigation of risk at source or by the implementation of effective control measures
- Ensure risk associated with work activities are clearly and effectively communicated to employees and contractors involved in Awilco Drilling's business operations
- Provide the right resources and correct tools to enable Awilco Drilling's policies, objectives and standards to be met
- Ensure that personnel are suitably trained and competent to fulfil the assigned roles and responsibilities
- Develop and implement maintenance systems to ensure the technical integrity of all offshore drilling units and related property
- Implement worksite risk control and behavioural observation programmes that empower people to stop any work activity where an unsafe operation, task, act or behaviour is perceived

Awilco Drilling Senior Management will review and update the QHSE policy on an annual basis.

4.10 Other information

4.10.1 Basis for statements

The statements made by the Company regarding its competitive position are provided on a “going concern” basis and are not based on any assumptions of changes in the Company's relative competitive position, other than as described in this Prospectus.

4.10.2 Information on holdings

Except as described in this Prospectus, the Company does not have holdings in other undertakings that may have any significant effect on the assessment of its assets and liabilities, financial position or profits and losses.

4.10.3 New products introduced

Except for the completion of its two drilling rigs, the Company has not introduced any new products and/or services within the period covered by the historical financial information, and is not preparing any such new products or services.

4.10.4 Dependence on research and development, patents and licences

In the opinion of the Company, its business is not materially dependent on any research and development, nor on particular patents or licenses, industrial, commercial or financial contracts (with the exception of the financing arrangements set out in Section 8 *Financial Information*, or on new manufacturing processes. The Company does not involve in research and development activities and has not made investments into such activities in the past.

4.10.5 Exceptional factors

In the opinion of the Company, the information given in this Section 4 *Presentation of Awilco Drilling* and in the description of the markets in Section 5 *Market overview* has not been influenced by exceptional factors not described therein.

4.10.6 Trend information

The Company's principal focus and expertise is to provide drilling services, particularly on the UK continental shelf. Operation in this market is characterised by relatively short contracts, although longer contracts may also be available from time to time. With short contracts, the Company's revenues are influenced by rates that can fluctuate on the basis of changing supply and demand for drilling services. An overview of factors that are deemed to impact the market for the Company's services is given in Section 5 *Market overview*.

Except as described in this Prospectus, the Company has not experienced any changes or trends that are significant to the Company since the end of the last financial year, and as of the date of this Prospectus.

5. Market overview

Market data and certain industry forecasts used in this Prospectus have been obtained from market research, publicly available information and industry publications, certain of which are subscription based and therefore not publicly available. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Awilco Drilling has not independently verified such information and therefore cannot guarantee its accuracy and completeness. The information in this Prospectus that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

In this Prospectus, Awilco Drilling makes certain statements regarding its own competitive and market position. While the Senior Management believes that its internal surveys, estimates and market research are reliable, the Company has not independently verified this information.

5.1 The Company's market positioning

Awilco Drilling's principal business is to own offshore drilling rigs for use in offshore drilling for oil and gas, and to provide drilling services towards oil and gas companies using these rigs. This is a complex business which involves advanced assets and expensive equipment, and which requires specialised and trained personnel to operate efficiently and safely.

The equipment used in offshore drilling broadly depends on the water depth, drilling depth, and reservoir complexity for the specific well. In shallow waters, it will normally be cost efficient to use equipment standing on the seabed, so-called jack-up rigs, which can be used in water depths up to 300-400 feet. In deeper waters, it is necessary to use floating units such as semi-submersible rigs or drillships.

With its present assets and operations, the Company is focused on a segment of the offshore drilling market which is referred to as the "mid-water segment". This term is generally used to describe drilling operations taking place in water depths up to about 4,000 feet. The assets used to drill on these depths need to be floating units. To maintain their position during drilling operations, these units are either anchored or held in place by machinery. The vast majority of the units used in the mid-water segment are semi-submersible drilling rigs, although some drillships are also used in mid-water drilling.

Typical mid-water regions exist in many geographical areas. One of the largest concentrations of units for mid-water use is found on the UK continental shelf, which is where the Company's assets are currently contracted and where the Company is likely to maintain its operations of these rigs for the next few years.

5.2 The supply of drilling units to the global mid-water market

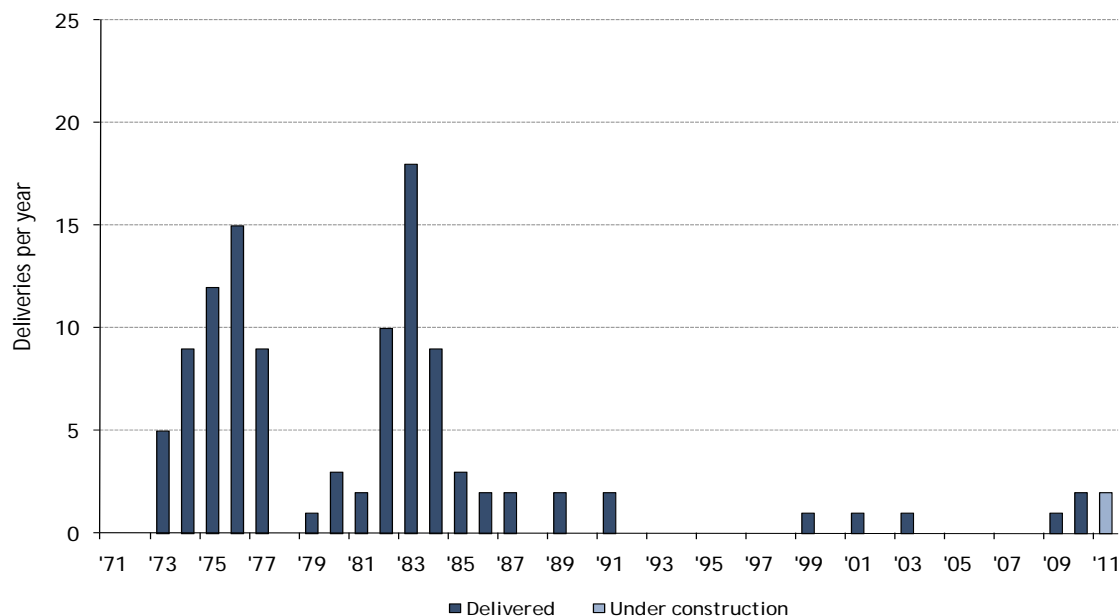
While mid-water units are semi-submersible rigs and drillships with water depth capacity of up to 4,000 feet, the mid-water market can also be served by units with higher water depth capacity. The larger units will however normally find more profitable operation in the deeper-water regions, and will also often be burdened with higher operating costs, thereby making them less competitive for mid-water drilling. It is therefore useful to look at the specialised mid-water units isolated from the deep-water or ultra deep-water segments.

The vast majority of the mid-water fleet consist of semi-submersible drilling rigs, with a majority of the rigs built in the 1970s and 1980s (see also Exhibit 5.1 below). This is often referred to as the second and third generations of semi-submersible drilling rigs, reflecting periods of large construction

activity for rigs. Subsequent deliveries have generally been for deeper-water units.

The table below illustrates annual deliveries of mid-water rigs. The fleet growth peaked in 1983, with 18 midwater rigs being delivered.

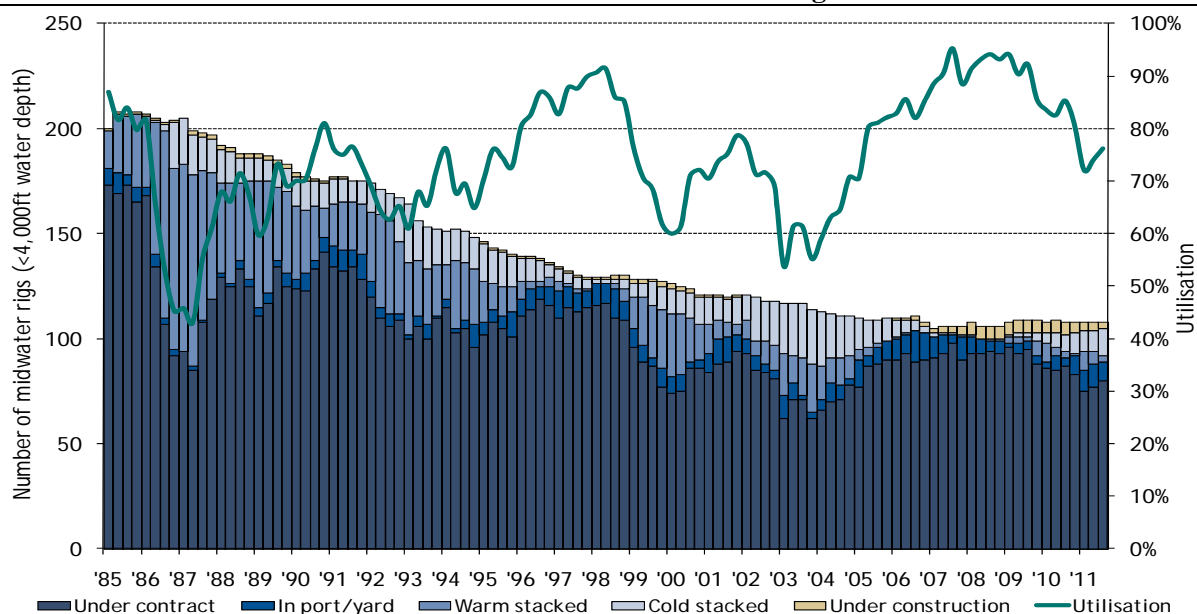
Exhibit 5.1: Mid-water rig deliveries



Source: Arctic Securities Equity Research and ODS Petrodata as of 3 June 2011 (subscription based)

New deliveries post 1990 in the mid-water market have been limited, with only 8 rigs built post 1990. As illustrated in the Exhibit 5.2 below, the result has been a steadily declining fleet size over the past 25 years. Today 109 rigs make up the global mid-water fleet².

Exhibit 5.2: Historical fleet overview and utilisation levels of the global mid-water fleet

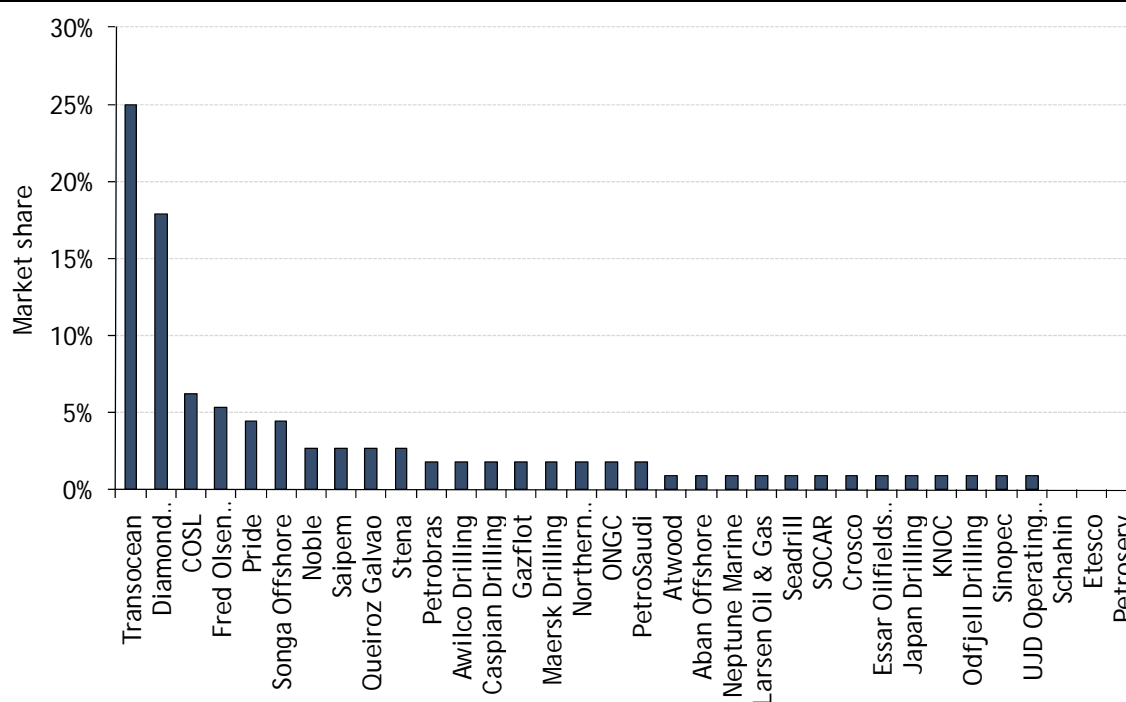


Source: Arctic Securities Equity Research and ODS Petrodata as of 3 June 2011 (subscription based)

² ODS Petrodata as of 3 June 2011 (subscription based)

The mid-water market is dominated by the two companies Transocean and Diamond Offshore, owning 28 and 20 mid-water rigs, respectively³.

Exhibit 5.3: Market share in the mid-water market



Source: Arctic Securities Equity Research and ODS Petrodata as of 3 June 2011 (subscription based)

5.3 Demand for drilling rigs

Drilling rigs are generally contracted to oil and gas companies who will use the rigs for exploration purposes or for drilling of production wells, which is often referred to as “E&P”. The primary demand drivers for E&P activity is energy demand and oil and gas price. In the case of exploration activity an important factor is also the oil companies’ expectations for the region.

5.3.1 Oil & Gas demand and prices

The oil price reached an all time high in the first half of 2008 at approximately USD 145 per barrel (Brent) due to shortage in supply and a strong demand⁴. The main reasons for the record-high prices in 2008 were strong demand for energy combined with limited supply, limited spare production capacity in OPEC, supply disruption in key regions like Russia, the Middle East and West Africa, and the risk of gas shortage in North America⁵.

The collapse of major financial institutions and general slow-down in activity spreading throughout the economy in 2008 pulled oil prices down to approximately USD 40 per barrel. Since then the oil price has rebounded sharply on back of increase economic activity and effective cuts in OPEC production.

In recent months a barrel of oil has been trading around USD 100 per barrel (Brent). This is more than double the prices seen in two years ago, in the midst of the financial crisis. Crude prices have been rising since September 2010 and gained momentum in late January from political unrest in North

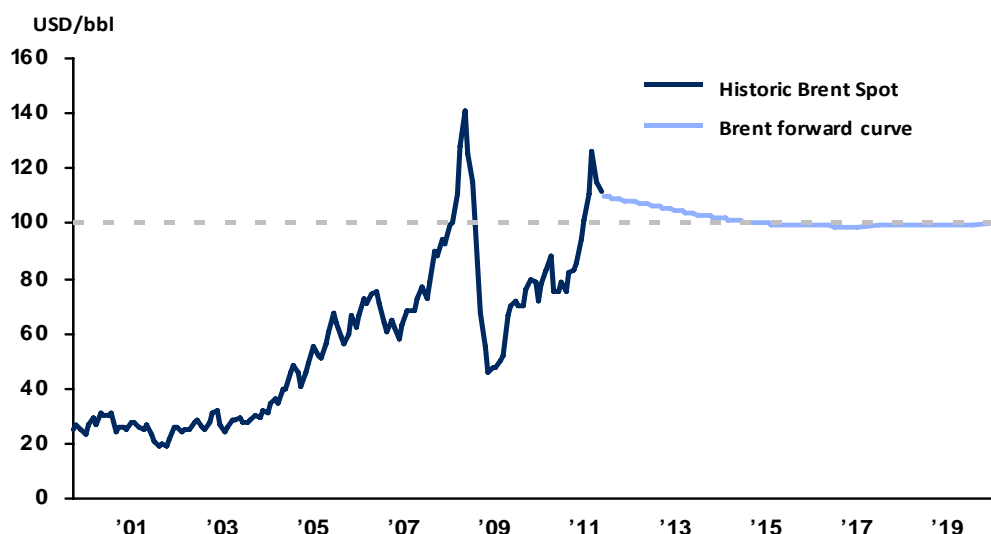
³ ODS Petrodata as of 3 June 2011 (subscription based)

⁴ Bloomberg data as of 3 June 2011 (Subscription based)

⁵ Khan, Mohsin S. (Aug 2009), “The 2008 Oil Price “Bubble””, (<http://www.iie.com/publications/pb/pb09-19.pdf>)

Africa, fears for the security of supply through the Suez Canal and SUMED pipeline, and of possible regional contagion affecting other Middle Eastern oil producers⁶.

Exhibit 5.4: Historical oil price and forward curve

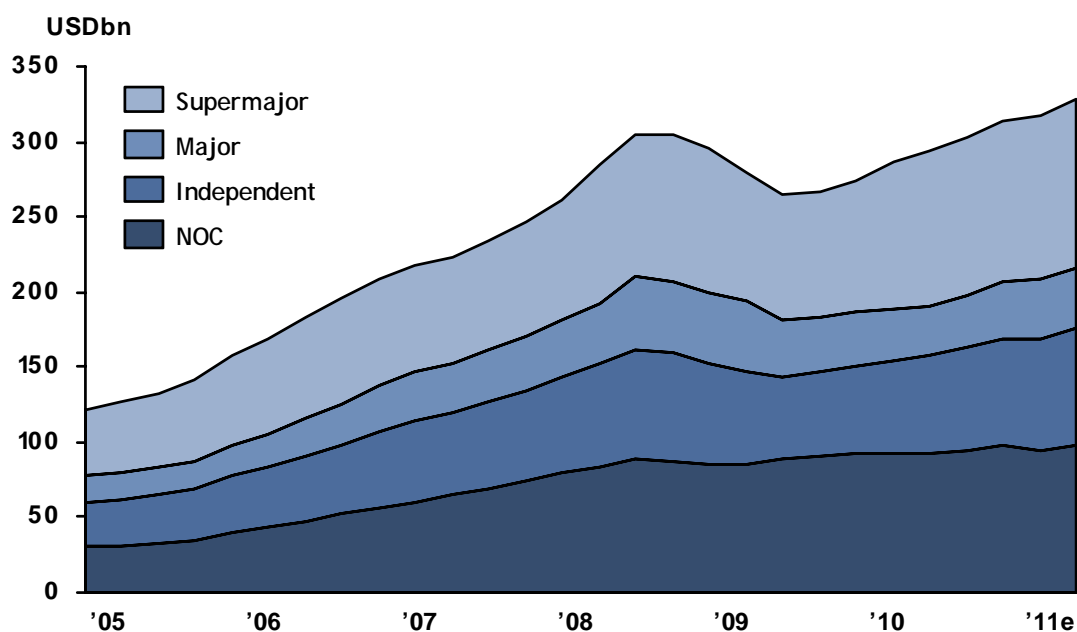


Source: Bloomberg as of 7 June 2011 (subscription based)

5.3.2 E&P spending

In the wake of the financial crisis and drop in oil price in late 2008, E&P spending decreased in 2009 and 2010 compared to 2008. As the oil price has remained at levels above USD 70-80 per barrel in recent quarters, oil companies have again started to increase E&P spending (see Exhibit 5.5 below). Budget estimates from the largest oil companies indicate that E&P spending in 2011 will be above the previous peak in 2008.

Exhibit 5.5: Global exploration and production spending



Source: Arctic Securities Equity Research as of 3 June 2011 (Data from companies' annual reports)

Note: E&P Spending figures included of 17 Independents, 7 NOCs, 5 Supermajors and 4 Majors

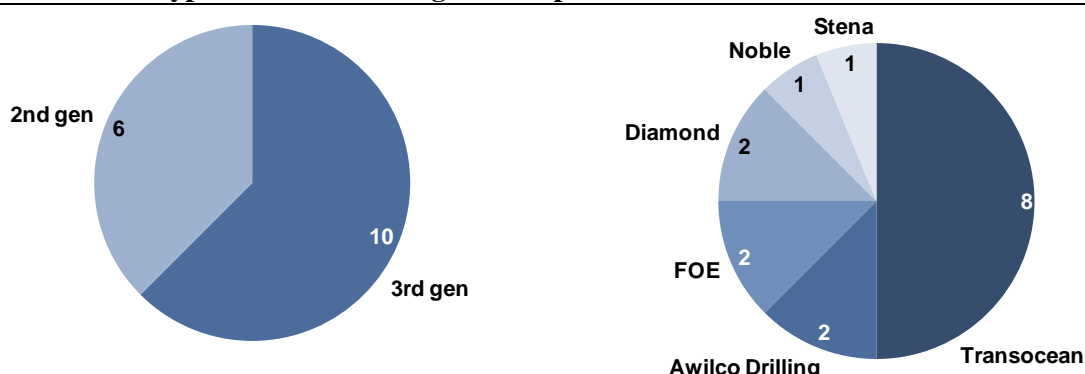
⁶ Jackson, James (Mar 2011), "The U.S. Trade Deficit, the Dollar and the Price of Oil, (<http://www.fas.org/sgp/crs/misc/RL34686.pdf>)

5.4 The UK midwater market

The UK mid-water market is a mature offshore region which has been producing oil and gas since the 1960s. The majority of the discoveries on the UK sector were made in the 1970s, and production peaked in the 1990s. Drilling activity in this region is predominantly production drilling on smaller fields and for tail-end production on older fields. The market is characterised by a large number of smaller oil companies, so-called independent operators.

There are currently 16 semi-submersible rigs operating in the UK part of the North Sea. The majority of the rigs are second and third generation semi-submersible rigs with water depth capabilities of 1,000-2,000 feet and delivered before 1984. Of the 16 semi-submersible rigs, Transocean owns 8 of these. Fred Olsen Energy, Diamond Offshore and Awilco Drilling own another two rigs each with Noble and Stena one each. Before the sale of *WilPhoenix* and *WilHunter* to Awilco Drilling, Transocean controlled some 11 of 19 rigs in the UK, corresponding to a market share of 65%⁷.

Exhibit 5.6: Type of floaters and rig owner operation in the UK



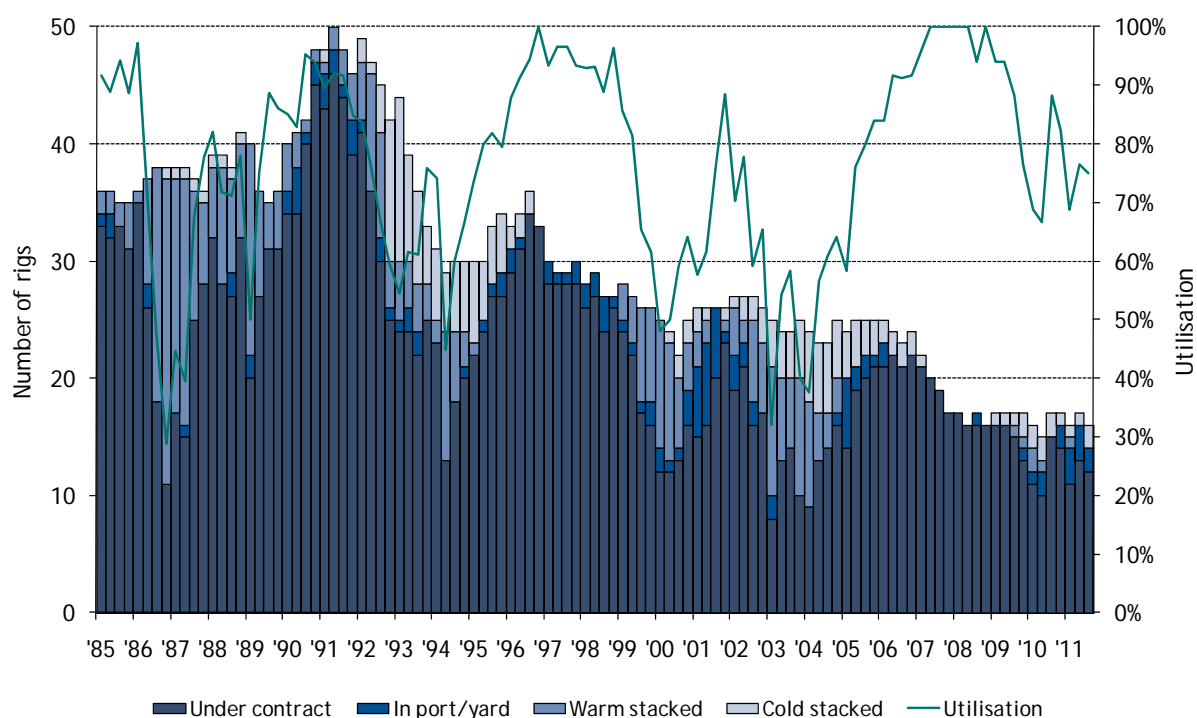
Source: Arctic Securities Equity Research and ODS Petrodata as of 3 June 2011 (subscription based)

Of the 16 rigs presently operating in the UK only two rigs are currently stacked, i.e. Transocean's Sedco 712 and JW McLean. An additional four rigs are currently idle. All of the marketed units, including *WilPhoenix* and *WilHunter*, have received firm contracts. This means that the marketed fleet has a 100% utilisation.

The number of rigs in the UK has been in steady decline since the early 1990s as the region is maturing. In recent years rigs left the region, seeking more long term engagements in e.g. Brazil. Historically, the UK market has been volatile and offered shorter term contract commitments to rig operators, compared to other regions.

However, with current oil prices and capital markets willing to fund small oil and gas companies focused on smaller fields and tail end production, UK floater market will continue to demand rigs for years to come.

⁷ ODS Petrodata as of 3 June 2011 (Subscription based)

Exhibit 5.7: Historical fleet overview and utilisation levels for floaters in the UK

Source: Arctic Securities Equity Research and ODS Petrodata as of 3 June 2011 (subscription based)

Exhibit 5.8: Detailed UK midwater fleet overview

Rig name	Manager	WD	Built	Gen.	Rig status	Opetator	Available
Sedco 712	Transocean	1,600	1983	3rd	Cold stacked		
J.W. McLean	Transocean	1,250	1974	2nd	Cold stacked		
Stena Spey	Stena	1,500	1983	3rd	Drilling	Chevron	Aug-11
Ocean Princess	Diamond	1,500	1975	2nd	Drilling	Talisman	Sep-11
WilPhoenix	AWDR	1,200	1982	3rd	Drilling	AGR	Dec-11
WilHunter	AWDR	1,500	1983	3rd	Drilling	SPD	Dec-11
Noble Ton v.Langeveld	Noble	1,500	1979	3rd	Drilling	Maersk	Apr-12
Ocean Nomad	Diamond	1,200	1975	2nd	Drilling	BG	Feb-12
Borgsten Dolphin	FOE	1,500	1975	2nd	Drilling	TAQA	Dec-11
GSF Arctic III	Transocean	1,800	1984	3rd	Drilling	ExxonM.	Dec-11
Transocean John Shaw	Transocean	1,800	1982	3rd	Drilling	EnQuest	Jan-12
Transocean Prospect	Transocean	1,500	1983	3rd	Drilling	ADTI	Jul-11
Sedco 704	Transocean	1,000	1974	2nd	Drilling	Shell	Dec-11
Sedco 714	Transocean	1,600	1983	3rd	Drilling	Total	Jun-12
Paul B. Loyd, Jr.	Transocean	2,000	1987	3rd	Drilling	BP	Sep-13
Byford Dolphin	FOE	1,500	1974	2nd	Drilling	BP	Apr-13

Source: Arctic Securities Equity Research and ODS Petrodata as of 3 June 2011 (subscription based)

Note: WD=Water depth (feet)

According to ODS Petrodata, there is an estimated demand for around 1,900 days including options currently being tendered or pre-tendered in the UK.

6. Board of Directors and Senior Management

6.1 Board of Directors

The Company's Board of Directors was elected at the Company's annual general meeting held on 13 April 2011 and comprises the members set forth in the table below and further described below the table.

Name	Position (s)	Has served since	Term expires
Sigurd E. Thorvildsen	Chairman and Non-Executive Director	30 December 2009	2012
Henrik Fougner	Non-Executive Director	6 January 2010	2012
Daniel A. Gold	Non-Executive Director	30 November 2010	2012
John Simpson	Non-Executive Director	13 April 2011	2012
Synne Syrrist	Non-Executive Director	13 April 2011	2012
Jon Oliver Bryce	Executive Director and CEO	13 April 2011	2012

Sigurd E. Thorvildsen – Chairman and Non-Executive Director (Born 1965)

Mr. Thorvildsen is the CEO of the Awilhelmsen Group of companies. He has more than 20 years of experience from the shipping and offshore industry. Mr. Thorvildsen has previously held several senior positions, among them the position as CEO of Awilco AS, the Chairman of the Board of Awilco Offshore ASA and Awilco Heavy Transport ASA (later Ocean HeavyLift ASA). He holds a MSc in business and economics from the Norwegian Business School. Mr. Thorvildsen is a Norwegian citizen. The business address of Mr. Thorvildsen is Beddingen 8 Aker Brygge, 0250 Oslo, Norway.

Henrik Fougner – Non-Executive Director (Born 1963)

Mr. Fougner is the COO of the Awilhelmsen Group. He has more than 20 years of experience from the shipping, offshore and banking industries both in Norway and internationally. Mr. Fougner has previously held several senior positions, among them the position as CEO of Awilco Offshore ASA and CFO of Awilco AS. He holds a MSc in business and economics and an MBA, both from the Norwegian School of Economics and Business Administration. Mr. Fougner is a Norwegian citizen. The business address of Mr. Fougner is Beddingen 8 Aker Brygge, 0250 Oslo, Norway.

Daniel A. Gold – Non-Executive Director (Born 1968)

Mr. Gold is the CEO of QVT Financial LP, an asset management company with offices including New York, London, Singapore, and New Delhi. QVT Financial, through its managed funds, is an experienced global investor in the shipping and offshore industries. Mr. Gold holds an AB in Physics from Harvard College. Mr. Gold is an American citizen. The business address of Mr. Gold is QVT Financial LP, 1177 Avenue of the Americas, 9th Floor, New York, NY 10036, USA.

John Simpson – Non-Executive Director (Born 1947)

Mr. Simpson has over 30 years experience in banking and in shipping finance. Currently he is an Executive Director of Marine Capital Limited, a shipping investment management company. He also has a number of non-executive roles in the UK, including as Chairman of Sovereign Housing Group. Previously Mr Simpson was CEO of Den norske Bank (now DnB NOR) in London and Regional Director of DnB's Asia - Pacific operations. Mr Simpson is authorised by the UK FSA. He holds an MSc from the London Business School and a BSc from the University of Southampton. Mr. Simpson is a British citizen. The business address of Mr. Simpson is Marine Capital Limited, 4 Park Place, London SW1A 1LP, UK.

Synne Syrrist – Non-Executive Director (Born 1972)

Mrs. Syrrist has work experience as an independent consultant to Norwegian companies, and as financial analyst in Elcon Securities ASA and First Securities ASA. She has also an extensive non-executive board experience from both listed and private companies. She holds a Master of Science from the Norwegian Institute of Technology. Mrs. Syrrist is a Norwegian citizen. The business address of Mrs. Syrrist is Rundhaugveien 5a, 0495 Oslo, Norway.

Jon Oliver Bryce – Executive Director and CEO (Born 1968)

Mr. Bryce has more than 20 years of experience in the drilling industry and has held several senior positions, most recently as General Manager for Odfjell Drilling (UK) Ltd. His extensive experience includes international onshore and offshore operations. Mr. Bryce holds a Bachelor of Science degree in Engineering. Mr. Bryce is a British citizen. The business address of Mr. Bryce is 12 Abercrombie Court, Westhill, Aberdeen AB326FE, UK.

6.2 Board Sub-Committees**6.2.1 Audit committee**

The Company has established an audit committee. The members of the audit committee are Messrs. Simpson and Fougner.

The primary purpose of the audit committee is to act as a preparatory and advisory body for the Board and support the Board in the exercise of its responsibility for financial reporting, internal control and risk management.

6.2.2 Compensation committee

The Board has established a compensation committee. The members of the compensation committee are Messrs. Thorvildsen and Gold.

The primary purpose of the compensation committee is to assist the Board in discharging its duty relating to determining the Company's Senior Management compensation. The Company's compensation committee reports and makes recommendations to the Board, but the Board retains responsibility for implementing such recommendations.

6.3 Senior Management

The Company's Senior Management consists of six individuals. The description below sets out details of the members of the Company's Senior Management, including their title, management expertise and experience and business address as at the date of this Prospectus.

Name	Position
Jon Oliver Bryce	Chief Executive Officer
Roddy Smith	Chief Operating Officer
Ian Wilson	Finance Director
Claus Mørch	Technical Director
Jan Børge Usland	Commercial Advisor
Knut M. Wadet	Commercial Advisor

Jon Oliver Bryce – Chief Executive Officer (Born 1968)

Mr. Bryce has more than 20 years of experience in the drilling industry and has held several senior positions, most recently as General Manager for Odfjell Drilling (UK) Ltd. His extensive experience includes international onshore and offshore operations. Mr. Bryce holds a Bachelor of Science degree in Engineering. Mr. Bryce is a British citizen. The business address of Mr. Bryce is 12 Abercrombie Court, Westhill, Aberdeen AB326FE, UK.

Roddy Smith – Chief Operating Officer (Born 1967)

Mr. Smith has more than 25 years experience in the offshore and marine industries. During this time he has held a range of senior operational, management and development positions, most recently as Director QHSE at Northern Offshore Ltd. Mr. Smith holds a licence as a Master Mariner. Mr. Smith is a British citizen. The business address of Mr. Smith is 12 Abercrombie Court, Westhill, Aberdeen AB326FE, UK.

Ian Wilson – Finance Director (Born 1957)

Mr. Wilson has more than 25 years of experience in the drilling industry and has held several key positions most recently as Director – Finance and Administration for ENSCO's European and African operation. He has extensive experience in international and domestic operations and has worked in many different geographic jurisdictions. Mr. Wilson is a Chartered Accountant. Mr. Wilson is a British citizen. The business address of Mr. Wilson is 12 Abercrombie Court, Prospect Road, Westhill, Aberdeen, AB32 6FE, UK.

Claus Mørch – Technical Director (Born 1947)

Mr. Mørch had the overall technical responsibility in Awilco Offshore ASA. He has more than 35 years of experience from various newbuilding and conversion projects and from operation of rigs, ships and other shipping and offshore vessels. Mr. Mørch has the overall technical responsibility for the upgrading of the Company's rigs. Mr. Mørch is a Norwegian citizen. The business address of Mr. Mørch is Beddingen 8, Aker Brygge, 0250 Oslo, Norway.

Jan Børge Usland – Commercial Advisor (Born 1960)

Mr. Usland previously held the position as Director Business Development in Awilco Offshore ASA, where he had the overall responsibility for the follow-up and development of Premium Drilling. Mr. Usland has more than 25 years of experience from the offshore industry (previously held the position as marketing manager with an international drilling contractor, responsible for UK). Mr. Usland is a Norwegian citizen. The business address of Mr. Usland is Beddingen 8, Aker Brygge, 0250 Oslo, Norway.

Knut M. Wadet – Commercial Advisor (Born 1951)

Mr. Wadet previously held the position as Vice President in Awilco Offshore ASA, where he was responsible for the commercial management of the two accommodation units. Mr. Wadet has more than 35 years of experience from the offshore oil and gas and marine industries. Mr. Wadet is a Norwegian citizen. The business address of Mr. Wadet is Beddingen 8, Aker Brygge, 0250 Oslo, Norway.

6.4 Directorship, partnerships and management positions

The table below gives an overview of companies and partnerships of which the Directors and the Senior Management have been members of the administrative, management and supervisory bodies in the previous five years.

Name	Position in Awilco Drilling	Current directorships/partnerships/management positions	Directorships/partnerships/management positions last five years
Board of Directors:			
Sigurd E. Thorvildsen	Chairman and Non-Executive Director	Wilhelmsen Marine Services AS Awilco AS Expert AS Awilhelmsen Management AS Awilco Venture AS Linstow AS Awilco Invest AS Sector Speculare AS Awilhelmsen Capital AS Millenium Falcon AS Awilhelmsen Offshore AS Awilhelmsen Capital II AS Awilco Shipping AS Awilco Drilling AS Awilco LNG AS	Dyviships XII DIS Awilco Offshore AS Ocean HeavyLift ASA Awilco Offshore Semi AS Wilpower AS Wilcraft AS Port Rigmar AS AWO Rig Holding AS Awilco Drilling Ltd Wilcraft Ltd Wilpower Ltd Wilstrike Ltd WilPhoenix (UK) Ltd WilHunter (UK) Ltd
Henrik Fougner	Non-Executive Director	Awilhelmsen Management AS Awilco LNG 1 AS Awilco LNG 2 AS Awilco LNG 3 AS	Awilco Offshore Semi AS Wilpower AS Wilcraft AS Port Rigmar AS

		Awilco LNG AS Wilhelmsen Marine Services AS Awilco AS Expert AS Awilco Venture AS Petrotrym AS Spekter GNO II AS Petrojarl II AS KS Petrojarl II Linstow AS Awilco Invest AS Wilhelmsen Transport & Trading II AS Awilhelmsen Capital AS Awilhelmsen Offshore AS Awilhelmsen Capital II AS Awilco Shipping AS Awilco Drilling AS	Awilco Sea Beds AS Awilco Sea Beds II AS Wilstrike Pte Ltd Awilco Drilling Ltd Wilcraft Ltd Wilpower Ltd Wilstrike Ltd Awilco Offshore ASA WilPhoenix (UK) Ltd WilHunter (UK) Ltd
Daniel A. Gold	Non-Executive Director	QVT Overseas Ltd QVT Financial LP and its affiliates Biosynexus Inc	Strata Marine and Offshore Frigstad Discoverer Invest Ltd
John Simpson	Non-Executive Director	Leviathan Consultancy Ltd Anchor Capital Advisors (UK) Ltd Marine Capital Ltd South West London Health Partnerships Ltd (+ sub companies) East Anglian Student Tenancies Ltd Pontefract Shipping Ltd St Leger Shipping Ltd The Environment Trust for Richmond upon Thames The Sovereign Housing Group Ltd Western (Property Holdings) Ltd Auriga Environmental LLP	Sugar & Spice (Delectable Morsels) Ltd Astrolabe Investment Ltd South Coast Dreams Ltd Newmarket Shipping Ltd
Synne Syrrist	Non-Executive Director	Gregoire AS Castelar Corporate Finance AS DnB NOR ShippingInvest I ASA Global Rig Company ASA Norwegian Property ASA Vetro Solar AS Sector Epsilon AS Cetix Group AS	Blom ASA Eastern Drilling ASA APL ASA/PLC CopeInca ASA Faktor Eiendom ASA AGR Group ASA Ocean Heavylift ASA Wavefiled Inseis ASA Camposol AS/PLC Nordisk Industriutvikling AS Nordisk Energiforvaltning ASA Cecon ASA
Jon Oliver Bryce	Executive Director and CEO	Brookstone Property Management Ltd SC 252296 TRIO UK Ltd SC 265831 WilPhoenix (UK) Ltd WilHunter (UK) Ltd WilPhoenix (Malta) Ltd WilHunter (Malta) Ltd	Odfjell Drilling (UK) Ltd SC232018
Senior Management :			
Jon Oliver Bryce	Executive Director and CEO	As above	As above
Roddy Smith	Chief Operating Officer	WilHunter (Malta) Ltd WilPhoenix (Malta) Ltd	Northern Offshore Ltd Transocean GlobalSantaFe
Ian Wilson	Finance Director	None	Ensco Services Ltd Ensco Offshore U.K. Ltd

Claus Mørch	Technical Director	Spekter GNO AS	Awilco Sea Beds AS
		Petrojarl II AS	Awilco Sea Beds II AS
		KS Petrojarl II	Wilhelmsen Oil & Gas AS
		Wilhelmsen Marine Services AS	Awilco Offshore ASA
		Nessco AS	
		Petrotroll AS	
		Tamrotor Marine Compressors AS	
		Claus Theodor Mørch	
Jan Børge Usland	Commercial Advisor	Acon Consulting DA	Premium Drilling AS
		Petrotrym AS	Premium Drilling Inc
		Ucon Offshore AS	AWO Rig Holding AS
		Spekter GNO II AS	Awilco Offshore ASA
		Petrojarl II AS	
		KS Petrojarl II	
		WilPhoenix (UK) Ltd	
		WilHunter (UK) Ltd	
		WilPhoenix (Malta) Ltd	
Knut M. Wadet	Commercial Advisor	Awilco Drilling Pte Ltd	Awilco Sea Beds AS
		Spekter GNO AS	Awilco Sea Beds II AS
		Petrojarl II AS	Wilhelmsen Oil & Gas AS
		KS Petrojarl II	Awilco Offshore ASA

6.5 Other information about directors and members of management

No member of the Board or the Senior Management has, during the last five years preceding the date of this Prospectus:

- been involved in any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his capacity as a founder, director or senior manager of a company.

6.6 Holdings in shares and share options

Below is an overview of the Shares and Share Options held by the Directors and the Senior Management of the Company.

Board	Common Shares:	Share Options:
Sigurd E. Thorvildsen	0	0
Henrik Fougner	0	0
Daniel A. Gold	0	0
John Simpson	0	0
Synne Syrrist	0	0
Jon Oliver Bryce	0	55,000
Senior Management (except Jon Oliver Bryce):	Common Shares:	Share Options:
Roddy Smith	0	0
Ian Wilson	0	0
Claus Mørch	0	0
Jan Børge Usland	0	0
Knut M. Wadet	0	0
Total held by Board of Directors and Senior Management	0	55,000

As of the date of this Prospectus no restrictions are agreed on the disposal of Board of Directors' or Senior Managements' holdings in the Company's securities. There is no option programme for the Board of Directors as of the date of this Prospectus and no member of the Board of Directors holds any options in the Company. An option scheme for senior management with a total frame of up to 2% of the Company's issued share capital was approved at the annual general meeting on 13 April. At this date, the Company's CEO held 55,000 stock options awarded upon his appointment as CEO. These are part of the total, maximum 2% frame. See Section 6.9.8 below for further details.

6.7 Potential conflicts of interest

The Company's directors Messrs. Thorvildsen and Fougner are employed by the Awilhelmsen Group. Companies in the Awilhelmsen Group are providing certain services to the Company. Please see Section 11.4 *Transactions with related parties* below for a description of these arrangements. Awilco Drilling AS, which is a member of the Awilhelmsen Group, is one of the lenders under the loan facility described in Section 10.1.3 *Working capital facility provided by shareholders*.

The Company's director Mr. Gold is the CEO of QVT Financial LP. Tompkins Park Square S.A.R.L, an affiliate of QVT Financial LP, is one of the lenders under the loan facility described in Section 10.1.3 *Working capital facility provided by shareholders*.

Other than as described above, to the Company's knowledge there are currently no other actual or potential conflicts of interest between the Company and the private interests or other duties of any of the members of the Company's Senior Management or the Board of Directors. There are no family relationships between members of the Company's Senior Management and the Board of Directors.

6.8 Employees

As of the date of this Prospectus, the Company has 23 onshore employees (employed directly through Awilco Drilling PLC) and 187 offshore employees (employed by Awilco Drilling Pte Limited). As of 31 December 2010 the Company had 1 onshore employee. In addition 19 onshore employees and 87 offshore employees were hired through third parties as of 31 December 2010.

6.9 Remuneration, benefits and pension

6.9.1 Remuneration to directors

The remuneration to the Board of Directors in 2010 was a total of GBP 82,500, of which the current directors received the following amounts

Name	Remuneration (GBP)
Sigurd E. Thorvildsen	20,000
Henrik Fougner	15,000
Daniel A. Gold	2,500

The remaining GBP 45,000 was paid to directors who resigned and who were not re-elected.

6.9.2 Remuneration to management

On an annualised basis, the total remuneration to the existing members of the Senior Management in 2010 was as follows:

Name	Ordinary salary and benefits (GBP)	Other (GBP)	Pension benefits / premiums (GBP)	Total (GBP)
Jon Oliver Bryce	200,600	27,683	8,500	236,783
Roddy Smith	160,400	22,135	13,500	196,035
Ian Wilson	95,000	3,431	7,600	106,031
Claus Mørch	-	-	-	-
Jan Børge Usland	-	-	-	-
Knut M. Wadet	-	-	-	-

Mr. Bryce joined the company in July 2010, Mr. Smith joined the company in September 2010 and Mr. Wilson joined the company in November 2010.

The services of Messrs. Mørch, Usland and Wadet are provided to the Company through a “management for hire” contract with Awilco Drilling AS, a company in the Awilhelmsen group.

A description of post-termination arrangements is provided in Section 6.9.4.

6.9.3 Pensions

A pension scheme for employees of Awilco Drilling Pte Limited offshore personnel and Awilco Drilling PLC onshore personnel has been established. The pension scheme is managed by Brewin Dolphin Limited on behalf of Scottish Widows. The employee scheme is voluntary.

The total amounts set aside or accrued by the Company to provide pension, retirement or similar benefits as of 31 December 2010 was 0.

6.9.4 Benefit upon termination of employment

The employment contracts with the Senior Management of the Company can be terminated with 3 months notice. If the Company terminates the appointment of Jon Oliver Bryce, he is entitled to 3 month remuneration after the notice period. If the Company terminates the appointment of Roddy Smith, he is entitled to 6 month remuneration after the notice period.

No member of the Board of Directors or Senior Management, except from as described above, has service contracts with the Group providing for benefits upon termination of employment.

6.9.5 Loan to employees and Directors

No loans, guarantees or other commitments to any member of the Senior Management or Board of Directors have been granted. The Company has no loans outstanding to employees.

6.9.6 *Consultancy agreements with Board members*

The Company does not have consultancy agreements with any current members of the Board of Directors.

6.9.7 *Bonus plan*

There is currently a bonus scheme for the members of the Senior Management. The CEO bonus award level is discretionary. The COO bonus award is paid up to a maximum of 40% base salary. The company has implemented a senior management bonus scheme, with an award level of a maximum 30% base salary.

6.9.8 *Share Option Programme*

An option scheme with a total frame of up to 2% of the Company's issued share capital was approved at the annual general meeting on 13 April 2011. At this date, the Company's CEO held 55,000 stock options awarded upon his appointment as CEO. These are part of the total, maximum 2% frame. The strike price is NOK 29, the exercise period is 5 years and 25% of the options are "vested" after each of year 1, 2, 3 and 4, subject to no termination of employment has taken place during the first two year period.

7. Share capital and shareholder matters

7.1 Share capital

7.1.1 *Current share capital*

As of the date of this Prospectus, the share capital of the Company is GBP 195,204.75 divided into 30,031,500 Shares of GBP 0.0065 each. All the Shares are paid in full.

The Company's shares are registered in the UK Companies House with DnB NOR Bank ASA as the sole shareholder. A sub registry is maintained in VPS where the shares are registered with ISIN GB00B5LJSC86. The issued shares are fully paid. There are no shares not representing capital in the Company.

The number of shares issued at the beginning and end of 2010, which was the last fiscal year, was 1,000,000 and 27,000,000.

7.1.2 *Incorporation and changes to the share capital*

The Company was incorporated on 30 December 2009, with an issued share capital of USD 10 divided into 1,000,000 ordinary shares of USD 0.00001 each. These ordinary shares were issued in equal proportions of 500,000 each to both UK Artic Holding Company (Cayman) Limited and Awilco Drilling AS, being the subscribers to the memorandum of association.

The table below sets forth a summary of the changes to the share capital since incorporation:

Date	Event	Capital change	Share capital	Shares issued
Dec-09	Incorporation	USD 10	USD 10	1,000,000
Jan-10	Transfer of shares into VPS	-	USD 10	1,000,000
Jan-10	Cash issue at NOK 29	USD 100	USD 110	11,000,000
Sep-10	Redenomination into GBP		GBP 71.50	11,000,000
Sep-10	Consolidation of share capital	GBP 71,428.50	GBP 71,500	11,000,000
Oct-10	Cash issue at NOK 24	GBP 104,000	GBP 175,500	27,000,000
Jun-11	Cash issue at NOK 31	GBP 19,704.75	GBP 195,204.75	30,031,500

7.1.3 *Authorised but unissued capital*

The Company's annual general meeting on 13 April 2011 passed an ordinary resolution to confer authority on the Directors to allot ordinary shares in the Company up to an aggregate nominal amount of GBP 175,500 (such authority to expire on the earlier of the date of the Company's next annual general meeting or 30 June 2012).

7.1.4 *Holdings in the Company's own shares*

The Company does not have holdings in its own shares.

7.1.5 *Convertible loans and warrants*

The Company has no convertible loans outstanding. With the exception of the share option programme described in Section 6.9.8, there are no securities giving the right to subscribe for additional shares in the Company.

7.1.6 *Authority to issue shares*

The Company's annual general meeting on 13 April 2011 passed an ordinary resolution to confer authority on the Directors to allot Shares up to an aggregate nominal amount of GBP 175,500 (such authority to expire on the earlier of the Company's next annual general meeting or 30 June 2012).

3,031,500 Shares have been allotted since the annual general meeting on 13 April 2011. Therefore, as of the day of this Prospectus the directors continue to be able to allot Shares up to an aggregated

amount of GBP 155,795.25. The provisions of section 561 of the Companies Act 2006 confer on a Registered Shareholder, rights of pre-emption in respect of the allotment of Shares (or rights to subscribe for, or convert securities into, Shares). So should the Company decide to raise additional capital through the allotment of new Shares, such Shares must first be offered to existing Registered Shareholders on a pro rata basis. However, at the last annual general meeting of the Company on the 13 April 2011, the Directors were authorised to allot Shares up to an aggregate nominal amount of GBP 175,500 as if the pre-emption rights conferred by section 561 of the Companies Act 2006 did not apply, such authority to expire on the earlier of the Company's next annual general meeting or 30 June 2012. At the date of this prospectus, an aggregate nominal amount of GBP 19,704.75 has been allotted.

7.1.7 *Capital under option*

No capital of any member of the Company's group is under option or agreed to be put under option.

7.1.8 *Offers of the Company's Share*

The shares of the Company have not been subject to any mandatory or voluntary general offers.

7.2 *Shareholdings*

7.2.1 *Notifiable shareholdings*

As per 8 June 2011, the Company had a total of 144 Shareholders.

A Shareholder is required to notify the Company, in accordance with the Disclosure and Transparency Rule 5 of the Disclosure and Transparency Rules of the UK Financial Services Authority if, as a result of an acquisition or disposal of Shares, the percentage of voting rights he holds as a Shareholder (or holds or is deemed to hold through his direct or indirect beneficial interest in the Shares) reaches, exceeds, or falls below 3% of the Company's nominal value of that share capital. To the knowledge of the Company, only the 4 largest Shareholders of the Company hold more than 3% of the outstanding share capital of the Company as per 8 June 2011.

The Shareholders recorded in VPS with a shareholding of 3% or more at the same data are set forth in the table below:

Name	Type	Shares	%
Awilco Drilling AS	Nominee	14,633,100	48.73%
Deutsche Bank AG London		4,313,201	14.36%
Odin Offshore		1,855,300	6.18%
Frank Mohn AS		1,500,000	4.99%
Shareholders with shareholding of 3% or more		22,301,601	74.26%
Others		7,729,899	25.74%
Total		30,031,500	100.00%

The Company is aware that the shares held as nominee by Deutsche Bank AG London are held on behalf of funds under management by QVT Financial LP, an asset management company in which the Company's director Mr. Gold is the CEO.

As at 8 June 2011, (being the latest practicable date prior to the date of publication of this document), the Company is not aware of any other Shareholders or consolidated group of Shareholders having an interest in the Company's capital or voting rights which is notifiable under the laws of England, or which could exercise, directly or indirectly, jointly or severally, control over the Company nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

7.2.2 *Differences in voting rights*

None of the Shareholders of the Company has different voting rights from any other holder of Shares in respect of any Share held by them and all Shares have equal voting rights. Each Share carries the right to one vote at the Company's shareholders meeting and the VPS Registrar shall, as per the Registrar Agreement which is included as Appendix 2 to the Prospectus and as set out in Section 7.3 *VPS Registration* below, only vote for the Shares it holds as nominee for each VPS Shareholder, or issue a proxy to vote such Shares, in accordance with each investor's instructions.

7.2.3 *Shareholders with direct or indirect control*

Awilco Drilling AS holds 48.73% of the Shares in the Company. While Awilco Drilling AS does not hold a majority of the votes in the Company it gives Awilco Drilling AS a significant influence and the potential to exercise control over the Company. In particular, it means that Awilco Drilling AS will be in a position to block the passing of any special resolution at any general meeting of the Company since special resolutions must be passed by a majority of not less than 75%. This influence must be exercised in accordance with the Company's Articles of Association, applicable laws in England and Wales, and the rules of Oslo Børs. Reference is made to Section 7.4 *Articles of Association* for a summary of the Company's Articles of Association. Apart from the aforesaid, there are no specific measures in place regulating the influence which follows from holding a significant part of the Shares in the Company.

No Shareholders are subject to mandatory bid requirements for the Shares.

7.2.4 *Arrangements which may cause change in control*

The Company is not aware of any arrangements which may at a later date lead to a change in control.

7.3 **VPS registration**

Awilco Drilling is incorporated under the laws of England and Wales. In order to facilitate the Listing of the Company's Shares on Oslo Axess, trading of the Shares in the Norwegian market and the registration of the Shares with the VPS; DnB NOR Bank ASA (the "**VPS Registrar**") is registered as the holder of legal title to the Shares in the register of members which the Company is required to maintain under English law. The Company has been registered with the VPS with ISIN GB00B5LJSC86. The relationship between Awilco Drilling and the VPS Registrar is governed by the Registrar Agreement which is included as Appendix 2 to the Prospectus. The VPS Registrar holds all the Shares through the VPS as a nominee on behalf of each investor. The VPS Registrar has registered beneficial interests representing the Shares through the systems of the VPS. These beneficial interests are registered in the VPS under the category of a "share", and will be listed and traded on Oslo Axess. **References in this Prospectus to the "Shares" shall, where the context so requires, mean the beneficial interests in those Shares registered in the VPS. References in this Prospectus to "Shareholders" shall, where the context so requires, mean the holders of the beneficial interests to Shares registered in the VPS. Each Share registered with the VPS represents evidence of beneficial ownership of one Share.**

For the purpose of English law, the VPS Registrar will be regarded as the legal owner of the Shares. Investors holding Shares through the VPS ("**VPS Shareholders**") must look solely to the VPS Registrar for the payment of dividends, for the exercise of voting rights attaching to the Shares and for all other rights arising in respect of the Shares.

The VPS Registrar shall only vote for the Shares it holds as nominee for each VPS Shareholder, or issue a proxy to vote such Shares, in accordance with each investor's instructions. The Company will pay dividends directly to the VPS Registrar, which has undertaken, in turn, to distribute the dividends to the shareholders in accordance with the Registrar Agreement. VPS Shareholders who maintain a Norwegian address in the Norwegian Register or have supplied VPS with details of their Norwegian krone account will receive their dividend payment in NOK to such account. Dividends will however be resolved and paid by the Company in USD as this is the accounting currency of the Company. VPS

Shareholders whose address registered with the VPS is outside Norway and who have not supplied the VPS with details of any Norwegian kroner account, will receive dividends by cheque in their local currency. If it is not practical in the VPS Registrar's sole opinion to issue a cheque in a local currency, a cheque will be issued in USD.

The VPS Registrar has disclaimed any liability for any loss attributable to circumstances beyond the VPS Registrar's control, including, but not limited to, errors committed by others. The VPS Registrar is not liable for errors committed by the VPS or losses incurred as a result of VPS' conduct.

Each of the Company and the VPS Registrar may terminate the Registrar Agreement at any time with a minimum of three months' written notice, or immediately upon written notice of a material breach by the other party of the Registrar Agreement. In the event that the Registrar Agreement is terminated, the Company will use its reasonable best efforts to enter into a replacement agreement for purposes of permitting the uninterrupted Listing of the Shares on Oslo Axess.

The Registrar Agreement provides that the VPS Registrar shall assist in expediently forwarding all reports, accounts, financial statements, circulars or other similar documents issued by the Company to its shareholders, to each of the VPS Shareholders at the address recorded in the VPS in respect of each VPS Shareholder.

7.4 Articles of Association

Set forth below is information concerning the Company's Articles of Association which is included as Appendix 1 – Articles of Association of Awilco Drilling PLC of this Prospectus.

7.4.1 Articles of Association

The Articles of Association of the Company contain provisions, inter alia, to the following effect:

(A) Share Rights

Dividends and unclaimed dividends

The Company may, by ordinary resolution, declare a dividend to be paid to members in accordance with the respective rights and interests of the members and no dividend shall exceed the amount recommended by the Board.

The Board may pay interim dividends if it appears to the Board to be justified by the financial position of the Company. The Board may also pay fixed rate dividends whenever the financial position of the Company, in the opinion of the Board, justifies the payment. Provided if the Board acts in good faith, none of the Directors shall incur any liability to the holders of Shares conferring preferred rights for any loss they may suffer in consequence of the payment of an interim dividend on any Shares having deferred or non-preferred rights.

No dividend or other moneys payable by the Company on or in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share or by agreement made between the holder of the Shares and the Company.

All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall be forfeited and cease to remain owing by the Company.

Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any class of share in the Company, on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative, shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share

of which he is the holder.

Disclosure of interests in shares

If, at any time, the Board is satisfied that any member or other person appearing to be interested in shares of the Company has been duly served with a notice under section 793 of the Companies Act and is in default for 14 days after the section 793 notice has been given in supplying to the Company the information thereby required, then the Board may direct that, in respect of the shares in relation to which the default occurred:

- (i) if the default shares in which any one person is interested or appears to the Company to be interested represent less than 0.25 per cent. (in nominal value) of the issued shares of the class, the holders of the default shares shall not be entitled, in respect of those shares, to attend or vote either personally or by proxy at any general meeting or annual general meeting of the Company; or
- (ii) if the default shares in which any one person is interested or appears to the Company to be interested represent at least 0.25 per cent. (in nominal value) of the issued shares of the class, the holders of the default shares shall not be entitled, in respect of those shares: (i) to attend or vote either personally or by proxy at any general meeting or annual general meeting of the Company; or (ii) to receive any dividend or other distribution; or (iii) to transfer or agree to transfer any of those shares or any rights in them.

Transfer of shares

The instrument of transfer of a certificated share may be in any usual form or in any other form approved by the Board. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. The Board may refuse to register any instrument of transfer of a share which is not fully paid. The Board may also refuse to register any transfer of a share unless it is made:

- (i) in respect of only one class of shares; or
- (ii) in favour of more than four transferees.

Changes in share capital

Subject to the Companies Act and to the rights conferred on the holders of any other shares, any share may be issued with, or have attached to it, such rights or restrictions as the Company may by ordinary resolution determine or, if no such resolution is in effect or so far as the resolution does not make specific provision, as the Board shall determine. Subject to the Companies Act, any share may be issued on terms that it is to be redeemed or, at the option of the Company or the holder, is liable to be redeemed. Subject to the provisions of the Companies Act, any resolution by the Company and the provisions in the Company's Articles of Association, the Board may offer, allot (with or without conferring a right of renunciation), grant options over or otherwise deal with or dispose of any shares in the Company to such persons, at such times and generally on such terms as the Board may decide. Subject to the Companies Act, any share may be issued on terms that it is to be redeemed or is liable to be redeemed at the option of the Company or the holder. The terms and conditions and manner of redemption may be determined by the Board provided that this is done before the Shares are allotted.

Variation of rights

Whenever the capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares in issue may from time to time whether or not the Company is being wound up be varied in such manner as those rights may provide, or (if no such provision is made) either:

- (i) with the written consent of the holders of three quarters in nominal value of the issued shares of that class; or
- (ii) with the authority of a special resolution passed at a separate general meeting or annual general meeting of holders of those shares.

Lien and forfeiture

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all amounts payable (whether or not due) in respect of that share. The Board may either generally or in any particular case declare any shares to be wholly or in part exempt from such lien.

Subject to the terms of allotment, the Board may make calls on the members in respect of any moneys unpaid on their shares (whether in respect of nominal amount or premium). If that notice is not complied with, any share in respect of which it was given may, at any time before the payment required by the notice has been made, be forfeited by a resolution of the Board. The forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares which have not been paid before the forfeiture.

Untraced shareholders

The Company shall be entitled to sell, in such manner as the Board may decide and at the best price it considers reasonably obtainable at that time, the shares of a member or the shares to which a person is entitled by transmission if, among other, that during a period of 12 years at least three cash dividends have become payable in respect of the share to be sold and have been sent by the Company in accordance with its Articles of Association;

- (i) during that period of 12 years no cash dividend payable in respect of the share has been claimed, no cheque, warrant, order or other payment for a dividend has been cashed, no dividend sent by means of a funds transfer system has been paid and no communication has been received by the Company from the member or the person entitled by transmission to the share;
- (ii) on or after the expiry of that period of 12 years the Company has published advertisements both in a national newspaper and in a newspaper circulating in the area in which the last known address of the member or person entitled by transmission to the share or the address at which notices may be given in accordance with the Articles of Association of the Company is located, in each case giving notice of its intention to sell the share; and
- (iii) during the period of three months following the publication of those advertisements and after that period until the exercise of the power to sell the share, the Company has not received any communication from the member or the person entitled by transmission to the share.

The Company shall be obliged to account to the person entitled to the shares at the date of sale for an amount equal to the net proceeds and shall be deemed to be his debtor and not a trustee for him, in respect of them.

*(B) Annual and General Meetings**Convening of Annual General Meeting and general meetings*

The Board shall convene and the Company shall hold Annual General Meetings in accordance with the Companies Act.

The Board may convene an extraordinary general meeting whenever it thinks fit.

An Annual General Meeting and all other general meetings of the Company shall be called by at least such minimum period of notice as is prescribed under the Companies Act. The notice shall specify the place, day and time of the meeting, and the general nature of the business to be transacted. Notice of every general meeting shall be given to all members so entitled and also to the auditors (or, if more than one, each of them) and to each direct.

*(C) Directors**Number of Directors*

The Directors shall be not less than five and not more than eleven in number. The Company may by ordinary resolution vary the minimum and/or maximum number of Directors.

Appointment of Directors

Directors may be appointed by the Company by ordinary resolution or by the Board.

Retirement of Directors

At every Annual General Meeting of the Company, any Director then in office who has been appointed by the Board since the previous Annual General Meeting shall retire from office but shall be eligible for re-appointment.

Removal of Directors

A Director may also be removed from office by giving him notice to that effect signed by or on behalf of all the other Directors (or their alternates)

Alternate Director

Any Director may appoint as an alternate other Director, or any person, approved by resolution of the Directors, to exercise that Director's powers, and carry out that Director's responsibilities, in relation to the taking of decisions by the Directors in the absence of the appointing Director. An appointment or removal of an alternate Director must be effected by notice in writing to the Company signed by the appointing Director, or in any other manner approved by the Directors.

Proceedings of the Board

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Notice of a Board meeting may be given to a Director personally or by word of mouth or given in writing or by electronic means to him at such address as he may from time to time specify for this purpose. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number not being less than two, shall be two. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions vested in or exercisable by the Board.

A Board meeting may consist of a conference between Directors some or all of whom are in different places provided that each Director may participate in the business of the meeting whether directly, by telephone or by other electronic means which enables him to hear each of the other participating Directors addressing the meeting and if he so wishes, to address all of the other participating Directors simultaneously. A person so participating shall be deemed to be present at the meeting and shall be entitled to vote and to be counted in the quorum.

Remuneration of Directors

The Directors are entitled to remuneration and fees for their services to the Company in relation to the performance of the office of Director as may be determined by the Company at a general meeting. However, Directors who are employed by the Company shall be entitled to such remuneration in respect of such employment as the Directors may determine.

Pensions and other benefits

The Board may exercise all the powers of the Company to pay, provide or procure, among other grant of pensions, allowances, gratuities or other disability benefits, to or in respect of that Director.

Restrictions on voting

No Director may vote (or be counted in the quorum) in relation to any resolution of the Board concerning his own appointment (including fixing or varying of its terms), or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested.

Borrowing powers

The business of the Company shall be managed by the Board which may exercise all the powers of the Company, subject to the Companies Act, the Articles of Association and any ordinary resolution of the Company. The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (both present and future) and uncalled capital and, subject to the relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

7.5 Takeover rules**7.5.1 Mandatory bids**

Since Awilco Drilling is incorporated in England, any takeovers would partially be governed by the Norwegian Securities Trading Act and partially by the UK City Code on Takeovers and Mergers. Issues relating to the offer procedure and consideration (offer price, information on the bidder's decision to present a bid, the content of the offer document, the publication of the bid, etc.) will be regulated by Norwegian law, but issues relating to company law aspects of the offer (dialogue with employees, thresholds that trigger the obligations to make a mandatory offer, derogations from the obligation to launch an offer and restrictions on the ability of an offeree company to frustrate an offer etc.) will be regulated by the UK City Code on Takeovers and Mergers.

UK: Under the City Code, if an acquisition of an interest in shares, whether by a series of transactions over a period of time or not, were to increase the aggregate holding of the acquiror and its concert parties to an interest in shares carrying 30% or more of the voting rights in the Company, the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company. This requirement would also normally be triggered by any acquisition of an interest in shares by a person holding (together with its concert parties) an interest in shares carrying not less than 30% of the voting rights in the Company but who does not hold shares carrying more than 50% of such voting rights, if the effect of such acquisition were to increase that person's percentage of the voting rights.

In accordance with the City Code, a person will be deemed to have an interest in shares if he has long economic exposure, whether absolute or conditional, to changes in the price of the shares. In particular, a person will be treated as having an interest in shares if he owns or has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them. An interest in shares will also arise by the virtue of any agreement to purchase, option or derivative, if that person has the right or option to acquire them or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise and if a person is party to any derivative whose value is determined by reference to the price of the shares and which results, or may result, in his having a long position in the shares.

Norway: Awilco Drilling will be subject to the relevant parts of Norwegian mandatory offer regulations as of the date of the Listing and if a subsequent mandatory offer obligation is triggered pursuant to English law, the offer must be made in accordance with Chapter 6 of the Norwegian Securities Trading Act. The offer would be subject to approval by Oslo Børs before submission of the offer to the shareholders. The offer price per share must be at least as high as the highest price paid or agreed by the offeror in the six-month period prior to the date the mandatory offer obligation, and at least equal to the market price if it is clear that the market price was higher at the point the mandatory bid obligation was triggered. In the event that the acquirer after the mandatory bid obligation was triggered, but prior to the expiration of the bid period, acquires, or agrees to acquire, additional shares at a higher price, the acquirer is obliged to restate its bid at that higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

7.5.2 Squeeze-out rules

Under the Companies Act, if an offeror has, by virtue of acceptances of an offer, acquired or unconditionally contracted to acquire, not less than 90% of the shares to which the offer relates, the offeror is entitled compulsorily to acquire the remaining 10%. The consideration paid to the shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer. Equally, if an offeror has acquired or unconditionally contracted to acquire not less than 90% of the shares to which an offer relates, the remaining shareholders can compel the offeror to acquire their shares on the same terms.

7.6 Shareholder and dividend policy

7.6.1 Shareholder policy

The Company will inform its shareholders and the market in general on an ongoing basis of the Company's development, activities and special events, ensuring that as far as possible the pricing of the Company's shares reflects the underlying values and expectations on future profits. Such information will be included in the Company's annual reports, quarterly reports, press releases and investor presentations when appropriate.

7.6.2 Dividend policy

The Company's long-term objective is to pay a regular dividend in support of the Company's main objective to maximise returns to shareholders. However, currently the Company is focused on the development of capital intensive projects and this will limit any dividend payment in the medium term.

The level of the Company's dividends will be guided by current earnings, market prospects, capital expenditure requirements and investment opportunities.

Any future dividends declared will be at the discretion of the board of directors and will depend upon the Company's financial condition, earnings and other factors. The Company's ability to declare dividends is also regulated by the laws of England and Wales, which prohibits the payment of dividends if, at the time of distribution, Awilco Drilling will not be able to pay its liabilities as they fall due or the value of its assets is less than the sum of its liabilities, issued share capital and share premium.

In addition, since the parent company in Awilco Drilling is a holding company with no material assets other than the shares of its subsidiaries through which Awilco Drilling conducts its operations, its ability to pay dividends will depend on its subsidiaries distributing their earnings and cash flow. Some of the Company's loan agreements limit or prohibit the Company's and its subsidiaries' ability to make distributions without the consent of the Company's lenders.

The Company has not paid any dividends in the past.

7.7 Shareholder agreements, etc.

7.7.1 Lock-up agreements

No shareholders of the Company are subject to lock-up arrangements on their shares.

7.7.2 Shareholder agreements

As far as the Company is aware, there are no shareholders' agreements related to the shares of the Company.

7.8 Corporate governance

Under the rules applicable to companies listed on Oslo Axess, Awilco Drilling, as an English company, may elect to choose between corporate governance standards relating to the Norwegian Code of Practice for Corporate Governance (the “**Norwegian Code**”) or to the UK Code of Corporate Governance. Awilco Drilling has resolved that it will relate to the Norwegian Code. It should be noted, however, that Awilco Drilling may in the future decide that it will relate to the UK Code of Corporate Governance instead of the Norwegian Code.

The Norwegian Code is based on a “comply or explain” principle. This means that the Company must either comply with the recommendations of the Norwegian Code or explain why it chooses not to comply. Since Awilco Drilling is subject to English company law, which in several respects is different from Norwegian company law, it will to some extent deviate from certain recommendations of the Norwegian Code in order to comply with English law and practice.

Save as provided below Awilco Drilling is in compliance with the Norwegian Code:

- The Company has not established a nomination committee since this has not been considered necessary in the light of its shareholder structure. The Company will consider whether to establish a nomination committee on the basis of the development of the shareholder structure following the Listing.
- The chief executive officer of the Company is a member of the Board. It is considered appropriate for English companies to have a board which consists of a combination of executive and non-executive directors.
- The business of the Company is not defined in its Articles of Association since this is not customary in the articles of association of English companies.
- The Company has not prepared guidelines for the remuneration of the executive personnel since this has not been a requirement for private companies under English law. As from 2012 the directors will however present a remuneration report to the annual general meeting of the Company in accordance with the requirements of the Companies Act.
- The authorization given to undertake share capital increases has not been restricted to defined purposes, due to the scope of the Company’s business. The Company believes that further consolidation of the oil service industry will take place and the company intends to take part in this consolidation process.
- The Company has not prepared instructions for the board of directors since this is not customary in English companies.

7.9 Listing of the Company’s shares

At the date of the Prospectus none of the Company’s Shares are listed on any regulated market, and no application for Listing of the Shares on a regulated market has been filed, other than the application for Listing as described herein.

On 25 March 2011 the Company applied for Listing, and on 27 April 2011 the Board of Directors of Oslo Børs approved the Listing in its meeting. The first day of Listing will be on 10 June 2011.. The ticker code will be AWDR and the shares will be traded in NOK.

Costs attributable to the listing will be borne by the Company. The total costs of the Listing are expected to amount to approximately USD 0.5 million which include cost related to fees to the Managers, Financial Supervisory Authority and Oslo Børs; costs to legal advisors and auditor; and printing and distribution of this Prospectus.

8. Financial information

8.1 Historical financial information

8.1.1 General

Awilco Drilling was incorporated on 30 December 2009. In connection with its incorporation, the Company acquired two semi-submersible drilling rigs. The drilling rigs were acquired from third parties.

The Company has prepared financial statements for the period from its incorporation to 31 December 2010 and unaudited condensed interim report for the first quarter of 2011 (“**Q1 2011**”).

The Company’s financial statements are prepared in accordance with IFRS.

The financial information in this section has been derived from the Company’s full audited financial statements for the financial year ending 31 December 2010 and the Company’s unaudited condensed interim report for Q1 2011, which has been included in Appendix 3 *Report and Financial Statements 2010* and Appendix 4 *First Quarter Report 2011*.

8.1.2 Summary of significant accounting policies

Basis of preparation

Management has prepared cash flow forecasts for a period of 24 months from the balance sheet date. This demonstrates the ability of the group to pay its debts as they fall due for at least the next 24 months. The group has access to sufficient working capital facilities from Transocean and shareholders and the prospect of issuing new equity. The group has also reported a profit and positive net asset value as appears on the consolidated statement of comprehensive income and consolidated statement of financial position respectively.

On this basis, management has concluded that the group will remain a going concern for at least 12 months from the day of approval of the financial statements and have therefore prepared the financial statements on the going concern basis.

The group has elected to take the exemption under section 408 of the Companies Act 2006 to not present the company income statement. The profit recorded by the Company for the year was USD 12.4 million.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to the financial statements of the group for the period ended 31 December 2010 and applied in accordance with the provisions of the Companies Act 2006.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the company, using consistent accounting policies.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group’s entities are measured using United States Dollars (US\$) “the functional currency”. The consolidated financial statements are presented in (US\$) and all values are rounded to the nearest thousand dollars (US\$000) except when otherwise indicated, which is the Company’s functional currency and presentation currency. All subsidiaries

have US\$ as their functional currency.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the income statement. The principle foreign currencies used by the group are pounds sterling (£), euro (€) and Norwegian krone (NOK)

Revenue recognition

Revenue derived from charter-hire contracts or other service contracts is recognized in the period that services are rendered at rates established in the relevant contracts.

Cost of sales

Cost of sales includes rig operating costs and the depreciation cost for the two rigs.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- Deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Leases

Leases, where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight-line basis over the lease term.

Property, plant and equipment

Rigs and equipment are stated at cost less depreciation. The cost of an asset comprises its purchase price and directly attributable cost of bringing the asset to its working condition. When it can be clearly demonstrated that subsequent expenditures have resulted in an increase in future economic benefits expected to be obtained from the use of the assets beyond its originally assessed standard of performance, the expenditure is capitalized as an additional cost of the asset. A component of an asset

with a cost that is significant in relation to the total cost of the asset is depreciated separately. Components with a similar depreciation method and useful life are grouped together.

Depreciation is calculated using the straight-line method for each asset, after taking into account the estimated residual value, over its expected useful lives.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

- | | | |
|--------------------------------|---|-----------|
| • Semi-submersible rigs | – | 20 years |
| • Special purpose surveys | – | 5 years |
| • Other fixtures and equipment | – | 3-5 years |

The carrying values of plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. The remaining useful life of the rigs prior to completion of the shipyard projects was deemed to be 15 years and the assets were depreciated accordingly utilising a residual value of USD 15 million. The completion of the scope of work and resulting upgrade of the rig assets combined with a review of the remaining useful life of the reconditioned assets has resulted in a change to this accounting policy and the remaining useful life for depreciation purposes effective project completion date is 20 years. The residual value remains unchanged at USD 15 million.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

Financial assets

Financial assets are recognised when the company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss or loans and receivables, as appropriate. The company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial asset not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either:

The company has neither transferred nor retained substantially all the risks and rewards of the asset, but had transferred control of the asset, or

The company has transferred substantially all the risks and rewards of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the

company's continuing involvement in the asset. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as irrecoverable.

Inventories

Inventories of drilling equipment for future integrated drilling service wells are stated at the lower of cost incurred and net realisable value. These inventory items include spare parts and supplies relating to the operation of the semi-submersible drilling rigs.

Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents are as defined above and net of outstanding bank overdrafts.

Trade and other payables

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

Loans

Loans are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Loans are subsequently measured at their amortised cost applying the effective interest rate method.

Finance charges on the loans are recognised as finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Derivative financial instruments

The group uses derivative financial instruments such as forward currency contracts, to hedge its foreign currency risks. The derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

8.1.3 *Critical accounting judgements and key sources of estimation uncertainty Summary of significant accounting policies*

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimating uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year, are discussed below.

8.1.4 *Standards issued but not yet effective*

A number of standards, amendments to standards and interpretations have been issued but are not yet effective up to the date of issuance of the group's financial statements. To the extent that they are applicable the group intends to adopt these amendments and standards when they become effective. Listed below are those which the group reasonably expects to have an impact.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and de-recognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the group's financial assets. The group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

Improvements to IFRSs (issued in May 2010)

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amendments listed below, are considered to have a reasonable possible impact on the group:

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements

8.1.5 Consolidated statement of comprehensive income

TUSD	Unaudited Q1 2011	Unaudited Q1 2010	Audited From incorporation to 31 December 2010
Revenue	0	13,860	54,963
Cost of sales	(4,630)	(0,692)	(3,173)
Gross profit	(4,630)	13,168	51,790
General and administrative expenses	(3,118)	(692)	(5,373)
Depreciation	(3,120)	(2,673)	(11,995)
Operating profit/(loss)	(10,938)	9,854	34,422
Finance income	65	8	511
Finance expense	(1,121)	(3,043)	(17,650)
Profit/(loss) before taxation	(11,994)	6,819	17,283
Tax benefit/(expense)	(2,340)	(1,909)	(4,839)
Net profit/(loss)	(14,334)	4,910	12,444
Other comprehensive income	0	0	0
Total comprehensive income/(loss)	(14,334)	4,910	12,444
Attributable to minority interests	0	0	0
Attributable to shareholders of the parent	(14,334)	4,910	12,444
Average number of shares	27,000,000	9,444,444	14,605,479
Basic and diluted earnings per share	(0,53)	0,52	0,85
Interest coverage ratio (unaudited)	(9.75)	3.24	1.99

8.1.6 Consolidated statement of financial position

TUSD	Unaudited Q1 2011	Unaudited Q1 2010	Audited 31 December 2010
Assets			
Property, plant and equipment	241,730	193,719	209,323
Total non-current assets	241,730	193,719	209,323
Inventory	4,642	5,200	4,517
Prepayments	1,584	327	
Trade and other receivables	0	1,116	912
Derivative financial instruments	0	0	392
Cash and cash equivalents	35,518	9,353	67,707
Total current assets	41,744	15,996	73,528
Total assets	283,474	209,715	282,851
Equity and liabilities			
<i>Equity</i>			
Paid in capital	111,387	47,999	111,387
Retained earnings	(1,892)	4,910	12,44
Total equity	109,495	52,909	123,831
<i>Liabilities</i>			
Deferred tax liability		1,909	4,839
Loans	123,348	130,062	125,097
Total non-current liabilities	123,348	131,971	129,936
Accruals and provisions	21,097	494	5,881
Current tax payable	7,180	0	0
Trade and other creditors	11,354	318	13,953
Current portion of long-term debt	11,000	24,023	9,250
Total current liabilities	50,631	24,835	29,084
Total liabilities	173,979	156,806	159,020
Total equity and liabilities	283,474	209,715	282,851
Equity/Assets ratio (unaudited)	38.6%	25.2%	43.8%

8.1.7 Consolidated statement of changes in equity

TUSD	Share capital	Share premium	Retained earnings	Total equity
At incorporation	-	-	-	-
Issued during the period	271	115,752	-	116,023
Transaction costs	-	(4,636)	-	(4,636)
Total comprehensive income for period	-	-	12,444	12,444
Balance at 31 December 2010	271	111,116	12,444	123,831
Total comprehensive loss for Q1 2011 (unaudited)			(14,336)	(14,336)
Balance at 31 March 2011 (unaudited)	271	111,116	(1,892)	109,495

8.1.8 Consolidated statement of cash flow

TUSD	Unaudited Q1 2011	Unaudited Q1 2010	Audited From incorporation 31 December 2010
Operating activities			
Profit before tax	(11,994)	6,819	17,283
<i>Non-cash adjustments to reconcile profit before tax to net cash flows:</i>			
Revenue utilised for loan repayment	0	(10,915)	(33,772)
Depreciation	3,150	2,673	11,995
Net fair value gains on derivative financial instruments	0	0	(392)
Interest cost	2,977	3,053	16,069
Unrealised loss on exchange	0	0	44
<i>Working capital adjustments:</i>			
Increase in trade and other receivables	0	(1,116)	(38)
Increase in inventory	(126)	(147)	(155)
Increase in prepayments	(281)	(179)	(872)
Increase in trade and other payables	12,617	305	993
Increase in other payables and accruals	0	506	7,895
Interest paid	(2,977)	(3,053)	(13,582)
Interest received	0	0	119
Net cash flow from operating activities	3,367	(2,054)	5,587
Cash flows from investing activities			
Purchases of property, plant and equipment	(35,556)	(36,592)	(55,263)
Net cash flow from investing activities	(35,556)	(36,592)	(55,263)
Cash flows from financing activities			
Proceeds from issuance of share capital	0	50,000	116,109
Equity issue costs	0	(2,001)	(4,636)
Issue of loans	0	0	6,000
Net cash flow from financing activities	0	(47,999)	117,383
Net increase in cash and cash equivalents	(32,189)	9,353	67,707
Cash and cash equivalents at start of the period	67,707	0	0
Cash and cash equivalents at end of the period	35,518	9,353	67,707

8.2 Additional information about the financial statements**8.2.1 Level of consolidation**

The financial information is prepared on a consolidated group basis.

8.2.2 Operating segment

The Company is only operating rigs in the mid-water segment. The potential market for the rigs will be the international drilling market (i.e. all over the world) and will be exposed to the same risks and returns wherever the rigs are employed. As the rigs are managed as one business segment, the Company has only one reportable segment.

8.2.3 *Age of the latest financial information*

The latest full audited financial information presented in this Prospectus is in respect of the period from date of incorporation (30 December 2009) through 31 December 2010. In addition financial information from the unaudited condensed interim report for Q1 2011 is presented in this Prospectus.

8.2.4 *Name and address of auditors*

The auditor of Awilco Drilling is Ernst & Young LLP, of Blenheim House, Fountainhall Road, Aberdeen, AB15 4DT, United Kingdom and has been the Company's auditor since its incorporation. Ernst & Young LLP are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. Ernst & Young LLP has audited the Company's financial statements from the date of incorporation to 31 December 2010 and the audit report is included in the financial statement as included in Appendix 3 *Report and Financial Statements 2010*. Ernst & Young has not performed a review of interim financial information related to the unaudited condensed consolidated financial information for the quarter ended 31 March 2011 included in Appendix 4 *First Quarter Report 2011*. Ernst & Young has not audited, reviewed or produced any report on any other information provided in this Prospectus

9. Operating and financial review

9.1 Information on financial condition and operating results

9.1.1 *The period from 1 January 2011 to 31 March 2011*

The discussion below refers to the period from 1 January 2011 to 31 March 2011.

Operating revenues

The Company had gross operating loss of USD 14.3 million in Q1 2011, compared to an operating profit of USD 4.9 million in Q1 2011. There was no revenue earned during Q1 2011 as both rigs were in the shipyard for the duration of the quarter. The operating revenue for Q1 2010 relates to the bareboat contract with Transocean for WilHunter.

Operating expenses

In Q1 2011 the Company had rig operating expenses of USD 4.6 million relating to pre-operating expenses. Rig operating expenses for Q1 2010 were USD 0.7 million. The General and Administration expenses were USD 3.2 million, of which USD 1.0 million is one-off effects, compared to 0.6 million for Q1 2010.

Net financial income (expenses)

The loss before taxation was USD 12.0 million for Q1 2011 after charging depreciation, general and administrative expenses and finance income and finance expense, compared to profit before taxation of USD 6.8 million during Q1 2010.

Net financial expenses were USD 1.1 million in Q1 2011, of which interest expenses were USD 3.0 million. Net financial expenses during Q1 2010 were 3.0 million.

Net income (loss)

Loss for the period attributable to equity shareholders is the loss before tax of USD 12.0 million less income tax of USD 2.3 million resulting in a loss of USD 14.3 million. Profit during Q1 2010 totalled USD 4.9 million

Cash and cash equivalents

Cash and cash equivalents as at 31 March 2011 totalled USD 35.5 million which related to cash at bank and in hand, compared to USD 9.4 million at 31 March 2010.

Liabilities

Current liabilities at 31 March 2011 totalled USD 50.6 million compared to USD 24.8 million at 31 March 2010. Current portion of long-term debt at 31 March was USD 11.0 million relating to the Transocean seller's credit. Non-current liabilities total USD 123.3 million compared to USD 132.0 at 31 March 2010 and consist of long-term interest bearing debt of which USD 117.3 million relates to the Transocean sellers credit and USD 6 million relates to Transocean working capital debt.

Total equity

Total equity as at 31 March 2010 was USD 109.5 million, compared to USD 52.9 million at 31 March 2010. This is made up of USD 0.3 million called up capital issued in three tranches in January, September and October 2010. USD 111.1 million represents share premium less the costs of equity issue and the balance of USD (1.9) million relates to the loss since incorporation.

9.1.2 *The period form incorporation on 30 December 2009 to 31 December 2010*

The discussion below refers to the period from incorporation on 30 December 2009 to 31 December 2010 ("FY2010" or "the last financial year"). The Company has no prior year of operation.

Operating revenues

The Company had gross operating revenues of USD 55.0 million in FY2010. The revenues reflect the operation of one rig under a bareboat contract until November. The other rig was not employed during FY2010.

The drilling rigs *WilHunter* (formerly GSF Arctic IV) and *WilPhoenix* (formerly GSF Arctic II) were purchased from Transocean in January 2010. *WilHunter* operated under a bareboat charter with Transocean who was operating the rig on behalf of their client Nexen Petroleum. The contract was in the UKCS and the charter period continued through to 15th November 2010. The rig was then moved to the Remontowa shipyard, Gdansk in Poland for survey, repair and modification work. *WilPhoenix* was cold stacked at the time of purchase and has not contributed to revenue during 2010. It was towed from Scotland to the Remontowa shipyard in April 2010 and has been undergoing a major upgrade during this period.

Operating expenses

The Company had operating expense for 2010 was USD 15.2 million of which depreciation formed the largest element at USD 12.0 million. There were also General and Administrative expenses of USD 5.3 million.

Net financial income (expenses)

The profit before taxation was USD 17.3 million for the 2010 after charging depreciation, general and administrative expenses and finance income and finance expense.

Finance income at USD 0.5 million relates to interest income and gain on foreign exchange forward contracts.

Finance expense at USD 17.7 million relates to interest on loans of USD 16.2 million and loss on foreign exchange transactions of USD 1.5 million.

Net income (loss)

Profit for the period attributable to equity shareholders is the profit before tax of USD 17.3 million less income tax of USD 4.8 million resulting in a profit of USD 12.4 million.

Cash and cash equivalents

Cash and cash equivalents as at 31st December 2010 totalled USD 67.7 million which related to cash at bank and in hand.

Included in this cash balance was restricted cash of USD 2.5 million in relation to foreign exchange forward contracts. This restriction was lifted in February 2011 as all hedging contracts had matured in January 2011. Cash at bank earned interest at floating rates based on daily bank deposit rates.

Liabilities

Current liabilities total USD 29.1 million and consist of trade and other creditors totalling USD 19.9 million of which trade creditors is USD 14 million. Loans are USD 9.2 million of which the Transocean seller's credit was USD 8.2 million and USD 1 million was for the working capital loan with Transocean.

Non-current liabilities total USD 129.9 million and consist of deferred tax of USD 4.8 million and loans of USD 125.1 million of which USD 120.1 million relates to the Transocean sellers credit and USD 5.0 million relates to Transocean working capital debt.

Total equity

Total equity as at 31st December 2010 was USD 123.8 million. This is made up of USD 0.3 million called up capital issued in three tranches in January, September and October 2010. USD 111.1 million represents share premium less the costs of equity issue and the balance of USD 12.4 million relates to the retained profit for the year.

9.2 Cash position and cash flows

9.2.1 Working capital overview

As at 31 December 2010, the Company had cash and cash equivalents amounting to USD 67.7 million. As at 31 March 2011, the Company had cash and cash equivalents amounting to USD 35.5 million. Significant changes in cash and cash equivalents in the period after 31 March 2011 are primarily effects of the following matters:

- In May, both of the Company's rigs were redelivered from the yard after their respective upgrading programmes, implying a total investment of approximately USD 64 million in 2011;
- The Company has raised USD 17.5 million in additional equity through a private placement.

9.2.2 Cash flows from operating activities

The Company's net cash flow from operating activities amounted to USD 5.6 million in FY2010. One of the Company's rigs was not in operation in 2010, while the other rig was on contract for the majority of the year. For 2011, both rigs have been in yard for the first five months of the year and have generated no cash flow. Net cash flow from operating activities amounted to USD 3.4 million in Q1 2011. Cash flows for the remainder of 2011 will depend on the utilisation of the rigs and of the rates achieved.

9.2.3 Cash flows from investing activities

The Company's net cash flow from investing activities amounted to USD (55.1) million in FY2010, mainly reflecting the Company's purchase of the two drilling rigs for an aggregate price of USD 205 million. The net cash flow from investing activities does not reflect the part of the purchase price that was financed by seller's credit, a total of USD 165 million, in connection with the purchase of the two drilling rigs. Large additional investments have taken place in the first five months of 2011 in connection with the upgrading of the rigs. Net cash flow from investing activities amounted to USD (35.6) million in Q1 2011, and relates to the upgrading of the rigs. As of 31 March approximately USD 29.0 million was due to Remontowa and other vendors in relation to the upgrade project. Of these, USD 20.7 million has been invested from 31 March 2011 to the date of this Prospectus. Thus, remaining investments in relation to the upgrading of the rigs is approximately USD 8.3 million at the date of this Prospectus. For the remainder of 2011, there are currently no plans for additional investments other than the ongoing investment related to the completion of the upgrading programme for the two drilling rigs.

9.2.4 Cash flows from financing activities

The Company's net cash flows from financing activities amounted to USD 117.4 million in FY2010, mainly reflecting the Company's raising of equity. The net cash flow from financing activities does not reflect the drawing of seller's credit, a total of USD 165 million. The Company had no cash flow from financing activities in Q1 2011.

9.3 Significant changes in financial or trading position

With the following exceptions there have not been significant changes in the financial or trading position of the Group since 31 December 2010, which was the date of the last financial statements:

- In May, both of the Company's rigs were redelivered from the yard after their respective upgrading programmes, implying a total investment of approximately USD 64 million since FY2010;
- The Company has secured a debt facility for up to USD 10 million in March 2011.
- The Company has raised approximately USD 17.5 million in new equity through a private placement of shares in June 2011

9.4 Significant factors affecting income

Except as set out above, the Company's income from operations have not been affected by significant factors, unusual or infrequent events or new developments.

9.5 Significant external factors

With the exception of factors customary to the drilling business, as described in Section 11.5 *Environmental and other regulations in offshore drilling industry* and Section 2 *Risk Factors*, the Company is not aware of any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, directly or indirectly, its operations, or of proposed changes to such policies or factors that could materially affect its operations.

10. Capital resources

10.1 Debt financing arrangements and encumbrances on the Company's assets

The debt financing of Awilco Drilling consists of a seller's credit of USD 165 million, a working capital loan facility of USD 35 million from Transocean, and a working capital facility of USD 10 million from two shareholders.

10.1.1 Seller's credit from Transocean

The seller's credit consists of two facilities provided by subsidiaries of Transocean. There is a seller's credit of USD 82.5 million from GlobalSantaFe Overseas Limited to Awilco Arctic II Limited (later novated to WilPhoenix (Malta) Limited) and a seller's credit in the same amount from GlobalSantaFe International Drilling Inc to Awilco Arctic IV Limited (later novated to WilHunter (Malta) Limited). These two seller's credits are substantially on identical terms.

The seller's credits carry interest at a rate of 9% per annum, payable quarterly in arrears. Down payment is made by quarterly instalments of USD 1,375,000 over five years with a balloon repayment of the remaining outstanding amount five years after the closing of the purchase of the rigs. The company received bareboat hire of USD 3.6 million for a period before the transaction was consummated and 80% of this conditional payment was repaid to Transocean as an extraordinary instalment on the Seller's credit before the repayment of ordinary instalments started. During the period in which the bareboat charter with Transocean remained in force, i.e. until 15 November 2010, Awilco Arctic IV Limited (later novated to WilHunter (Malta) Limited) was required to make a down payment following the expiry of the charter party equal to USD 144,000 multiplied by the number of days from the last quarterly repayment date prior to the expiry of the charter party until the expiry of the charter party, less principal and interests amount paid for the same periods under both the seller's credits. The outstanding loan balance at the date of this Prospectus is USD 125.6 million.

On 27 January 2011, the seller's credit agreement with GlobalSantaFe Overseas Limited was novated from Awilco Arctic II Limited to WilPhoenix (Malta) Limited and the seller's credit agreement with GlobalSantaFe International Drilling Inc was novated from Awilco Arctic IV Limited to WilHunter (Malta) Limited. The original security was reconstituted following the novation, so that:

- (i) WilPhoenix (Malta) Limited has provided security for the seller's credit by way of a first preferred mortgage and first assignment of earnings and insurances over *WilPhoenix* in favour of GlobalSantaFe Overseas Limited;
- (ii) WilHunter (Malta) Limited has provided security for the seller's credit by way of a first preferred mortgage and first assignment of earnings and insurances over *WilHunter* in favour of GlobalSantaFe International Drilling Inc; and
- (iii) The Company has guaranteed the respective obligations of WilPhoenix (Malta) Limited and WilHunter (Malta) Limited under the seller's credit agreements pursuant to a parent company guarantee dated 14 January 2010.

10.1.2 Working capital loan

The working capital loan of USD 35 million is made by Transocean Inc to Awilco Arctic II Limited (later novated to WilPhoenix (Malta) Limited) and Awilco Arctic IV Limited (later novated to WilHunter (Malta) Limited). The loan amount may be drawn for certain specified working capital and upgrading purposes at any time during a period of 18 months from January 2010. Any loan drawn must be repaid in six equal quarterly instalments and must in any event be repaid in its entirety within 18 months of the end of the availability period, i.e. within January 2013. The borrowers are required to make mandatory repayments equal to 25% of their quarterly net income (as defined in the loan agreement). The working capital loan will carry interest at 10% per annum. The drawn amount at the date of this Prospectus is USD 35 million.

On 27 January 2011, the working capital loan agreement with Transocean Inc. was novated by Awilco Arctic II Limited and Awilco Arctic IV Limited to WilPhoenix (Malta) Limited and WilHunter (Malta) Limited respectively. The original security was reconstituted following the novation, so that:

- (i) WilPhoenix (Malta) Limited and WilHunter (Malta) Limited have provided security for their obligations under the working capital loan agreement by way of a second preferred mortgage and second assignment of earnings and insurances over their respective rigs in favour of Transocean Inc; and
- (ii) The Company has guaranteed the obligations of WilPhoenix (Malta) Limited and WilHunter (Malta) Limited under the working capital loan agreement pursuant to a parent company guarantee dated 14 January 2010.

10.1.3 Working capital facility provided by shareholders

The Company has entered into a short term draw down facility of US\$10 million with its two largest shareholders, represented by Awilco Drilling AS and Thompkins Square Park S.a.r.l. (a company controlled by QVT, indirectly the Company's second largest shareholder). Under this loan agreement, the Company may draw loans of up to USD 10 million. The loan falls due for repayment on 30 June 2012. The loan may be used for general working capital purposes. Any loans drawn under this loan agreement will carry interest at a rate of 12 % per annum. In addition, 3 % pro annum is payable on the committed amount (USD 10 million) regardless of whether the loan is drawn or not. The Company can, at any time, cancel the agreement or reduce the facility by half without any penalty or cost. The rationale for the facility is for the company to have a liquidity buffer during start-up of its operation.

10.1.4 Debt repayment schedule

Based on the Company's present borrowings as described above, scheduled debt repayments for each of the following years are as follows: 2011 - USD 14.0 million; 2012 – USD 34.3 million; 2013 – USD 16.9 million; 2014 – USD 11 million; and 2015 – USD 87.1 million.

10.2 Restrictions on use of capital resources

The Company's debt financing arrangements are for the uses described above. Apart from this, there are not particular restrictions on the use of the Company's capital resources.

10.3 Funding and Treasury policies

The Company's funding is done on case by case basis. Generally, the Company aims to secure funding of projects as investment decisions are made, so as not to have financing risks on committed investments.

In the treasury of the Company's funds, the Company employs a low risk profile based on maintaining funds required for future investment on readily available bank accounts or on short term interest bearing deposits.

10.4 Capitalization and indebtedness

The below tables have been derived from the Company's condensed financial statements for Q1 2011 as included in Appendix 4 *First Quarter Report 2011*.

10.4.1 Capitalization

TUSD	Unaudited First quarter 2011
Total current debt	
Secured	11,000
Unsecured	-
Total non-current debt	
Secured	123,348
Unsecured	-
Shareholder's equity	
a Share capital ¹⁾	271
b Other restricted equity ¹⁾	111,116
c Translation differences and other reserves	
d Retained earnings	(1,892)
Total capitalisation	243,843

Note: 1) The Company has since 31 March raised approximately USD 17.5 million in new equity (see Section 10.4.3 below)

10.4.2 Indebtedness

A. Cash ¹⁾	35,518
B. Cash equivalents	-
C. Trading securities	-
D. Liquidity (A+B+C)	35,518
E. Current financial receivables	1,584
F. Current bank debt	
G. Current portion of non-current debt	11,000
H. Other current financial debt	39,631
I. Current financial debt (F+G+H)	50,631
J. Net current financial indebtedness (I-E-D)	13,529
K. Non-current bank loans	-
L. Bond issues	-
M. Other non-current loans	123,348
N. Non-current financial debt (K+L+M)	123,348
O. Net financial indebtedness (J+N)	136,877

Note: 1) The Company has since 31 March raised approximately USD 17.5 million in new equity (see Section 10.4.3 below)

10.4.3 Subsequent changes to capitalization and indebtedness

Subsequent to 31 March 2010, the date of the last financial statements, the following main factors have impacted the Company's capitalization and indebtedness:

- In May, both of the Company's rigs were redelivered from the yard after their respective upgrading programmes, implying a total investment of approximately USD 29.0 million since 31 March 2011;

- USD 20.7 million of the USD 29.0 million has been invested from 31 March 2011 to the date of this Prospectus;
- Thus, the Company has a liability to Remontowa and other vendors in relation to the upgrading of the rigs of approximately USD 8.3 million at the date of this Prospectus;
- The Company has raised approximately USD 17.5 million in new equity through a private placement of shares in June 2011;

10.5 Overview of capital expenditures

The table below sets forth an overview of historical and planned consolidated investments and disposals for Awilco Drilling.

<i>Figures in USDm</i>	Capital expenditure 2009	Capital expenditure 2010	Capital expenditure 2011*
Rigs and Related Equipment	-	191.0	
Upgrade of Rigs		29.7	64.3
Other fixtures & Equipment	-	0.7	-
Total capital expenditure	-	221.4	64.3

*Note: * 2011 capital expenditure is ongoing investments*

The original purchase price of the rigs was USD 205 million representing USD 102.5 million for each rig. Included in the price of the *WilPhoenix* was inventory at a value of USD 2.8 million which was reallocated to current assets. An amount of USD 2.4 million in respect of the inventory for the *WilHunter* was also transferred to current assets. A conditional payment of USD 3.6 million was received from Transocean in early 2010 in respect of specific closing requirements in the agreements with Transocean for the *WilHunter* and was recorded as an adjustment to the cost price of the rig. Additionally, Awilco Drilling was given credit by Transocean an agreed lump sum compensation of USD 5.2 million in respect of outstanding contractual obligations on the completion of the bareboat charter of *WilHunter*. This was treated as an adjustment to the cost price of the rig. The original combined book cost of the rigs of USD 205 million is impacted by the above adjustments resulting in a net book cost in fixed assets in the amount of USD 191 million.

The table below sets forth an overview of the estimated investments of USD 94.0 million related to aggregate upgrading, maintenance and classification of the rigs.

<i>Figures in USDm</i>	2010	Q1 2011	Q2 2011(to the date of this Prospectus)	Remaining 2011	Total investments related to upgrading the rigs
Upgrade of Rigs	29.7	35.3	20.7	8.3	94.0

The total investment of upgrading of the rigs is expected to amount to approximately USD 94 million for both rigs. USD 29.7 million of the USD 94 million was invested in 2010, and in Q1 the investments related to the upgrade was USD 35.3 million. As of 31 March 2011 approximately USD 29.0 million was due to Remontowa and other vendors in relation to the upgrade project. Of these, USD 20.7 million has been invested from 31 March 2011 to the date of this Prospectus. Thus, remaining investments in relation to the upgrading of the rigs is approximately USD 8.3 million at the date of this Prospectus.

10.6 Planned and committed investments

The Company has no planned material tangible fixed asset investments other than the ongoing investments related to the completion of the upgrade at Remontowa described in Section 4.5 *Rig upgrades at Remontowa*. As of 31 March approximately USD 29.0 million was due to Remontowa and other vendors in relation to the upgrade project. Of these, USD 20.7 million has been invested from 31 March 2011 to the date of this Prospectus. Thus, remaining investments in relation to the upgrading of the rigs is approximately USD 8.3 million at the date of this Prospectus.

On 7 June the Company issued 3,031,500 new shares through a private placement, raising a total of USD 17.5 million. Through the proceeds from this private placement and existing cash, the Company has fully financed the planned and committed capital expenditure.

10.7 Working capital statement

In the opinion of the Company's board of directors, the Group has sufficient working capital for its present requirements.

11. Legal and regulatory issues

11.1 Jurisdiction and choice of law

This Prospectus is subject to Norwegian law, unless otherwise indicated herein.

Any dispute arising in respect of this Prospectus is subject to the exclusive jurisdiction of Oslo District Court.

11.2 Disputes

The Company is not, and has not been since its incorporation, party to, or the subject to, any legal or arbitration proceedings which may have, or have had, significant effects on the Company's and/or the Group's financial position or profitability. The Company is further not aware of any such legal or arbitration proceedings being threatened.

11.3 Material contracts

The Company has not entered into contracts deemed to be outside of its ordinary business and which, in its view, can be deemed to represent material obligations or give material entitlements to the Company.

11.4 Transactions with related parties

Awilco Drilling has management agreements with AWILHELMSSEN Management AS (“**AWM**”) and Wilhelmssen Marine Services AS (“**WMS**”). WMS is a fully owned subsidiary of the AWILHELMSSEN Group. Awilco Drilling AS owns 49% of the shares in the Company. Awilco Drilling AS, WMS, and AWILHELMSSEN Management AS are all fully owned companies within the AWILHELMSSEN Group.

Awilco Drilling has entered into a technical service agreement with WMS for the project management and follow up of the upgrading projects at Remontowa Yard in Poland. The contract can be terminated by either of the parties with a three months notice. The compensation is based on time accrued for the persons involved at cost plus a margin of 5%. In addition, WMS will be reimbursed for all costs incurred in relation to the agreement, including a cost of the pro-rata share of costs for office accommodation and equipment, at cost plus a margin of 5%. The technical service agreement will terminate following re-delivery of the rigs from the Remontowa Yard, scheduled to take place around the end of May 2011.

Awilco Drilling has entered into a management agreement with AWM for services and assistance related to the set-up phase of the Company. The contract can be terminated by either of the parties with a three months notice. The compensation is based on time accrued for the persons involved and all costs incurred in relation to the agreement, including a cost of the pro-rata share of costs for office accommodation and equipment, all at cost plus a margin of 5%. Current services provided under this agreement are investor relations, legal assistance and services related to capital raising. The investor relations services provided represent on average one person half time, while legal assistance and services in relation to capital raising are ad hoc services provided when needed. All services provided under the management agreement with AWM are expected to be phased out gradually during 2011.

In addition, Awilco Drilling currently has management-for-hire contracts with three persons full time from the AWILHELMSSEN Group. Claus Mørch is hired out to Awilco Drilling as Technical Director, and was in this capacity also the overall project manager for the upgrading and classing of the rigs at Remontowa Shipyard in Poland. Jan Børge Usland and Knut M. Wadet are hired out to Awilco Drilling as Commercial Advisors and provide work related to business development, general commercial advisory, budgeting, and operational follow-up. The management-for-hire contracts are expected to be phased out gradually during 2011.

Transactions entered into and trading balances at 31 December 2010, 31 March 2011 and at the date of this Prospectus with AWILHELMSSEN AS and its subsidiaries are as follows:

TUSD	Q2 2011 (to the date of this Prospectus)	Q1 2011	FY 2010
Purchase of management services	577	865	1,992
Amounts owed to AWILHELMSSEN AS and its subsidiaries	(960)	(815)	(597)

On 24 March 2011 the Company entered into a loan agreement with Awilco Drilling AS and Tompkins Square Park S.à.r.l. (a company controlled by QVT, the Company's second largest shareholder). Under this loan agreement, the Company may draw loans of up to USD 10 million. The loan falls due for repayment on 30 June 2012. The loan may be used for general working capital purposes. Any loans drawn under this loan agreement will carry interest at a rate of 12 % per annum. In addition, 3 % pro annum is payable on the committed amount (USD 10 million) regardless of whether the loan is drawn or not. The Company can, at any time, cancel the agreement or reduce the facility by half without any penalty or cost. The rationale for the facility is for the company to have a liquidity buffer during start-up of its operation.

11.5 Environmental and other regulations in offshore drilling industry

The Company's offshore drilling operations include activities that are subject to numerous international, federal, state and local laws and regulations, including the International Convention for the Prevention of Pollution from Ships, or MARPOL, the International Convention on Civil Liability for Oil Pollution Damage of 1969, generally referred to as CLC, the International Convention on Civil Liability for Bunker Oil Pollution Damage, or Bunker Convention, as well as laws specific to the jurisdictions in which the offshore units operate. These laws govern the discharge of materials into the environment or otherwise relate to environmental protection. In certain circumstances, these laws may impose strict liability, rendering the Company liable for environmental and natural resource damages without regard to negligence or fault on its part.

For example, the United Nations' International Maritime Organization, or IMO, adopted MARPOL and Annex VI to MARPOL to regulate the discharge of harmful air emissions from ships, which include rigs and drillships. Rigs and drillships must comply with MARPOL limits on sulfur oxide and nitrogen oxide emissions, chlorofluorocarbons, and the discharge of other air pollutants, except that the MARPOL limits do not apply to emissions that are directly related to drilling, production, or processing activities.

The Company's drilling units are subject not only to MARPOL regulation of air emissions, but also to the Bunker Convention's strict liability for pollution damage caused by discharges of bunker fuel in ratifying states. The Company believes that all of its drilling units are currently compliant in all material respects with these regulations. In October 2008, IMO's Maritime Environment Protection Committee, or MEPC, adopted amendments to the Annex VI regulations which entered into force on July 1, 2010, that will require a progressive reduction of sulfur oxide levels in heavy bunker fuels and create more stringent nitrogen oxide emissions standards for marine engines in the future. The Company may incur costs to comply with these revised standards.

Numerous governmental agencies issue such regulations to implement and enforce the laws of the applicable jurisdiction, which often involve lengthy permitting procedures, impose difficult and costly compliance measures, particularly in ecologically sensitive areas, and subject operators to substantial administrative, civil and criminal penalties or may result in injunctive relief for failure to comply. Some of these laws contain criminal sanctions in addition to civil penalties. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly compliance or limit contract drilling opportunities, including changes in response to a serious marine incident that results in significant oil pollution or otherwise causes significant adverse environmental impact, such as the April 2010 Deepwater Horizon oil spill in the Gulf of Mexico, could adversely

affect the Company's financial results. While the Company believes that it is in substantial compliance with the current laws and regulations, there is no assurance that compliance can be maintained in the future.

In addition to the MARPOL and OPA requirements described above, the Company's international operations in the offshore drilling segment are subject to various laws and regulations in countries in which it operates, including laws and regulations relating to the importation of and operation of drilling units and equipment, currency conversions and repatriation, oil and gas exploration and development, environmental protection, taxation of offshore earnings and earnings of expatriate personnel, the use of local employees and suppliers by foreign contractors and duties on the importation and exportation of drilling units and other equipment. New environmental or safety laws and regulations could be enacted, which could adversely affect the Company's ability to operate in certain jurisdictions. Governments in some countries have become increasingly active in regulating and controlling the ownership of concessions and companies holding concessions, the exploration for oil and gas and other aspects of the oil and gas industries in their countries. In some areas of the world, this governmental activity has adversely affected the amount of exploration and development work done by major oil and gas companies and may continue to do so. Operations in less developed countries can be subject to legal systems that are not as mature or predictable as those in more developed countries, which can lead to greater uncertainty in legal matters and proceedings.

Implementation of new environmental laws or regulations that may apply to drilling units may subject the Company to increased costs or limit the operational capabilities of its drilling units and could materially and adversely affect the Company's operations and financial condition.

12. Taxation

This discussion is based on current law and practice that may be subject to amendments. Such amendments could be effective on a retroactive basis. The discussion is intended to serve as a general guideline, and does not provide a complete description of all relevant issues (e.g., for investors for whom special laws, rules or regulations may be applicable). Investors are advised to contact their professional tax advisors for advice concerning individual tax consequences.

12.1 Taxation in UK

The following information, which relates only to United Kingdom taxation, is applicable to the Company and to persons who are resident (and, in the case of individuals only, ordinarily resident and domiciled) solely in the United Kingdom and who beneficially own shares in the Company as investments and not as securities to be realised in the course of a trade. The following statements are intended to apply only as a general guide to the position under current United Kingdom tax law and HM Revenue & Customs practice at the date of this prospectus. Investors should note that tax law and interpretation can change (possibly with retrospective effect) and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

The information is not exhaustive and potential investors:

- who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), 10% or more of the Company's shares;
- who are members of a special class of taxpayer, such as charities and UK Insurance Companies;
- who intend to acquire shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position,
- should consult their professional advisers without delay.

Investors who are neither resident nor ordinarily resident nor temporarily non-resident in the United Kingdom and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the United Kingdom with which the shares are connected will not normally be liable to United Kingdom taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of shares. Such investors should consult their own tax advisers concerning their tax liabilities.

12.1.1 The Company

It is the intention of the Directors to conduct the affairs of the Company so that it is resident in the UK for tax purposes and is not tax resident in any other jurisdiction. The Company will be subject to UK corporation tax on its worldwide profits, subject to any tax reliefs that may be available in respect of non-UK taxes paid.

12.1.2 Investors

Dividends

The Company will not be required to withhold tax at source in respect of any dividends it pays.

- Investors who are individuals, depending on their circumstances, should be entitled to a UK tax credit in respect of any dividend paid. The tax credit will equal one ninth of the amount of dividend paid. The income tax payable in respect of the dividend will be based on the amount of dividend paid plus the UK tax credit multiplied by the relevant income tax rate. The

individual should be entitled to deduct the UK tax credit from the income tax payable. However, if the income tax payable is less than the UK tax credit, the excess can not be used against any other income tax liability.

- Investors who are subject to corporation tax should be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax paid by the Company.

Disposals of Shares

- Any gain arising on the sale, redemption or other disposal of the Company's shares will, subject to any available relief or exemption and subject to personal circumstances, be taxed at the time of such sale, redemption or disposal as a capital gain (subject to the further information below in relation to investors subject to UK corporation tax).
- For investors within the charge to United Kingdom corporation tax, indexation allowance may reduce any chargeable gain arising on disposal of Shares but will not create or increase an allowable loss.

Individual Savings Accounts (ISAs)

The Company's shares should be eligible for inclusion in a stocks and shares ISA

Self-Invested Personal Pensions (SIPPs)

The Company's shares will constitute permitted investments for SIPPs

12.1.3 Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

The following comments are intended as a guide to the general United Kingdom stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply.

The Company does not intend that investors will be able to hold the Company's shares other than by way of depository interests traded through the Oslo Axess exchange. Accordingly, investors will not trade directly in shares and no UK stamp duty will be chargeable on the transfer of the investor's interests in the Company's shares.

The Company has received confirmation from HM Revenue and Customs (HMRC – the UK tax authorities) that the Company is exempted from paying stamp duty on future share issues. Accordingly no further SDRT will be payable by investors on transfers of interests in the Company's shares through the Oslo Axess exchange.

12.2 Norwegian Taxation

12.2.1 Taxation of dividends

12.2.1.1 Personal shareholders

Dividends distributed to Norwegian personal shareholders (i.e. shareholders who are individuals) are taxable as general income at a rate of 28 percent to the extent the dividends exceed a statutory tax-free allowance. The allowance is calculated on a share by share basis, and is equal to the tax purchase price of the share multiplied with a determined risk free interest rate based on the effective rate after tax of interest on treasury bills (Norwegian: Statskasseveksler) with three months maturity. Any part of the calculated allowance one year exceeding the dividend distributed on the share the same year (“unused allowance”) is added to the tax purchase price of the share and included in the basis for calculating the allowance the following year, and may also be carried forward and set off against future dividends received on the same share.

12.2.1.2 *Corporate shareholders*

Norwegian corporate shareholders (i.e. limited liability companies and similar entities) are exempt from tax on dividends received on shares in limited liability companies and similar entities resident in UK.

However, 3 percent of all tax-free income under the participation exemption method shall be entered as general income and taxed at the ordinary tax rate of 28 percent. Losses on realisation of shares may reduce the income from shares to zero, but not create a loss carry forward or reduce taxable income from other sources.

12.2.1.3 *Shares owned through partnerships*

Partnerships are as a general rule transparent for Norwegian tax purposes. Taxation occurs at partner level, and each partner is taxed on a current basis for its proportional share of the net income generated by the partnership.

However, dividends from shares covered by the participation exemption method is not included in basis for taxation of the partner's proportional share of the net income generated by the partnership, but are treated as income under the participation exemption method. Thus, 3 percent of tax-free net income under the participation exemption method shall be entered as general income and taxed at the ordinary tax rate, regardless of whether such income is distributed to the partners or not.

For partners who are Norwegian personal shareholders further taxation occurs when the dividends received are distributed from the partnership to such partners. Such distributions will be taxed as general income at a rate of 28 percent. The Norwegian personal shareholders will be entitled to deduct a calculated allowance when calculating their taxable income.

Norwegian corporate shareholders holding shares through a partnership will be exempt from further taxation of their proportional part of dividends received and distributed by the partnership.

12.2.1.4 *Foreign shareholders*

Dividends received from UK companies by a personal shareholder resident outside Norway, is not subject to taxation in Norway unless the personal shareholder (i) holds the shares in connection with the conduct of business activities in Norway or (ii) has been a tax resident of Norway within the five calendar years preceding the year of the sale or disposition and whose gains are not exempt pursuant to the provisions of an applicable income tax treaty, whereby the shareholder is taxed in the same way as a similar Norwegian personal shareholder.

Dividends received from UK companies by a corporate shareholder resident outside Norway, is not subject to taxation in Norway, unless the shares are held in connection with the conduct of business activities in Norway, whereby the shareholder is taxed in the same way as a similar Norwegian corporate shareholder.

12.2.1.5 *Tax credit*

According to the treaty between the UK and Norway for the avoidance of double taxation, UK may impose withholding tax on dividends distributed to shareholders resident in Norway. The withholding tax shall not exceed (i) five percent of the gross amount of the dividends if the beneficial owner is a company which controls directly or indirectly at least 10 percent of the voting power in the Company, and (ii) fifteen percent in all other cases.

If the dividends are covered by the participation exemption and the Norwegian corporate shareholder is liable to limited taxation of 3 percent of the income (see above), the shareholder will not be entitled to tax credit.

In all other cases, a Norwegian shareholder will be entitled to a tax credit in Norway for withholding tax imposed in UK. The credit amount may not exceed the tax actually paid in UK or the tax paid in Norway on that same income.

12.2.2 Taxation upon realisation of shares

12.2.2.1 Personal shareholders

Sale or other disposal of shares is considered a realisation for Norwegian tax purposes.

A capital gain or loss generated by a Norwegian personal shareholder through a realisation of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the shareholder's general income in the year of disposal. The tax rate for general income is currently 28 percent. The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares realised.

The taxable gain/deductible loss on the realisation of shares is calculated per share as the difference between the consideration received and the tax purchase price of the share less costs incurred in relation to the acquisition or realisation of the share. Any unused allowance on a share (see above) may be set off against capital gains related to the realisation of the same share, but this may not lead to or increase a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realisation of a share will lapse.

If the shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

A Norwegian personal shareholder, who moves abroad and ceases to be tax resident in Norway as a result of this, will be deemed taxable in Norway for any potential gain of NOK 500.000 or more, on the shares held at the time the tax residency ceased, as if the shares were realised at that time. Gains of NOK 500,000 or less are though not taxable. If such gains exceed NOK 500,000, a deferral of the tax payment may be granted, provided that satisfactory guarantee is given. The payment may be postponed if adequate security is provided. If the personal shareholder moves to a jurisdiction within the EEA, a deferral of the payment of the taxes might be granted without such guarantee, provided that Norway, pursuant to a treaty, can request information from the other jurisdiction regarding the person's income- and wealth, and assistance in relation to the collection of taxes. Losses on shares, held at the time tax residency ceases will, to the same extent as a gain would be taxable, be tax deductible to the same extent as a gain would be taxable, if the personal shareholder moves to a jurisdiction within the EEA. In such case the loss is determined in the year of the emigration, but the taxation (loss deduction) will occur at the time the shares are actually sold or otherwise disposed of. The tax liability calculated under these provisions may be reduced if the value of the shares at the time of the realisation is less than the value at the time of the emigration, or if the gain is regarded taxable in another jurisdiction. If the shares are not realised within five years after the shareholder ceased to be resident in Norway for tax purposes, the tax liability described above will not apply. Any tax treaty in force between Norway and the state to which the shareholder has moved may influence the application of these rules.

12.2.2.2 Corporate shareholders

Norwegian corporate shareholders are exempt from tax on capital gains upon the realisation of shares in limited liability companies and similar entities resident in UK. Losses upon the realisation and costs incurred in connection with the purchase and realisation of such shares are not deductible for tax purposes.

However, 3 percent of all tax-free income under the participation exemption method shall be entered as general income and taxed at the ordinary tax rate cf. the description of tax issues related to corporate shareholders above.

12.2.2.3 *Shares owned through partnerships*

Partnerships are as a general rule transparent for Norwegian tax purposes. Taxation occurs at partner level, and each partner is taxed on a current basis for its proportional share of the net income generated by the partnership.

However, capital gains from shares covered by the participation exemption method is not included in basis for taxation of the partner's proportional share of the net income generated by the partnership, but are treated as income under the participation exemption method. Thus, 3 percent of tax-free net income under the participation exemption method shall be entered as general income and taxed at the ordinary tax rate, regardless of whether such income is distributed to the partners or not.

For partners who are Norwegian personal shareholders further taxation occurs when the capital gains received are distributed from the partnership to such partners. Such distributions will be taxed as general income at a rate of 28 percent. The Norwegian personal shareholders will be entitled to deduct a calculated allowance when calculating their taxable income.

Norwegian corporate shareholders holding shares through a partnership will be exempt from further taxation of their proportional part of capital gains received and distributed by the partnership.

12.2.2.4 *Foreign shareholders*

Capital gains derived from realization of shares in UK companies by a personal shareholder resident outside Norway, is not subject to taxation in Norway unless the personal shareholder (i) holds the shares in connection with the conduct of business activities in Norway or (ii) has been a tax resident of Norway within the five calendar years preceding the year of the sale or disposition and whose gains are not exempt pursuant to the provisions of an applicable income tax treaty, whereby the shareholder is taxed in the same way as a similar Norwegian personal shareholder.

Capital gains derived from realization of shares in UK companies by a corporate shareholder resident outside Norway, is not subject to taxation in Norway, unless the shares are held in connection with the conduct of business activities in Norway and the gains are not exempt pursuant to the provisions of an applicable income tax treaty, whereby the shareholder is taxed in the same way as a similar Norwegian corporate shareholder.

12.2.2.5 *Tax credit*

According to the treaty between the UK and Norway for the avoidance of double taxation, a Norwegian shareholder may only be taxed in Norway for capital gains derived from shares in companies resident in UK, unless the shareholder have been a resident of UK at any time during the six years immediately preceding the realisation of the shares.

If the Norwegian shareholder is liable to tax in UK, a Norwegian shareholder will be entitled to a tax credit in Norway for tax imposed in UK. The credit amount may not exceed the tax actually paid in UK or the tax paid in Norway on that same income.

12.2.3 *Net wealth tax*

Norwegian limited liability companies and certain similar entities are exempt from Norwegian net wealth tax.

For other Norwegian shareholders, shares will form part of their basis for calculation of Norwegian net wealth tax. Listed shares are valued at 100 percent of their quoted value as of 1 January in the assessment year (the year following the income year). The current marginal wealth tax rate is 1.1 percent.

Foreign shareholders are not subject to net wealth tax in Norway on shares in UK companies unless the holding of the shares are effectively connected with business activities carried out by the shareholder in Norway.

12.2.4 *Duties on the transfer of shares*

No stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares in Norwegian companies.

12.2.5 *Inheritance tax*

When shares are transferred either through inheritance or as a gift, such transfer may give rise to inheritance or gift tax in Norway if the decedent, at the time of death, or the donor, at the time of the gift, is a resident or citizen of Norway, or if the shares are effectively connected with a business carried out through a permanent establishment in Norway. However, in the case of inheritance tax, if the decedent was a citizen but not a resident of Norway, Norwegian inheritance tax will not be levied if inheritance tax or a similar tax is levied by the decedent's country of residence.

In the case of listed shares, the basis for the tax calculation is the market value of the shares on the time of the acquisition of the right of possession. The tax rates vary from 6 to 15 percent dependent on the relation between the decedent and the heir. No tax is calculated on inheritance or gifts under the threshold value of NOK 470,000.

13. Additional information

13.1 Documents on display

For a period of 12 months the following documents (or copies thereof), where applicable, may be inspected at the Company's registered office during normal business hours on Monday to Friday each week (except public holidays):

- a) The Articles of Association of the Company;
- b) The historical financial information of the Company and its subsidiary undertakings since incorporation to the publication of the Prospectus.
- c) All reports included or referred to in the Prospectus;
- d) This Prospectus

Copies of this Prospectus may also be obtained from the Managers during normal business hours for the same 12 month period.

Arctic Securities ASA

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N-0123 Oslo, Norway
Telephone: +47 21 01 31 00
Telefax: +47 21 01 31 37
www.arcticsec.no

Fearnley Fonds ASA

Grev Wedels Plass 9
N-0107 Oslo, Norway
Telephone: +47 22 96 60 00
Telefax: +47 22 96 63 60
www.fearnleyfonds.com

In addition this Prospectus can be downloaded from the web pages of the Company (www.awilcodrilling.com) and Arctic Securities (www.arcticsec.no).

13.2 Third party statements

The information in this Prospectus that has been sourced from third parties has been accurately reproduced and as far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate.

13.3 Cautionary note regarding forward looking statements

This Prospectus contains "forward looking statements" relating to the Company's business and the sectors in which it operates. Forward looking statements include all statements that are not historical facts, and can be identified by words such as "believes," "anticipates," "projects," "intends," "expects," or the negatives of these terms or similar expressions. These statements appear in a number of places in this Prospectus, principally in Section 2 *Risk Factors*, Section 4 *Presentation of Awilco Drilling* and Section 5 *Market Overview* and include statements regarding the Senior Management's intent, belief or current expectations with respect to, among other things:

- Maintaining or developing new and existing customer relationships
- Successfully growing the Company's business
- Redelivery of the rigs following upgrading
- Successfully managing liquidity
- Attracting, hiring, training and retaining qualified personnel to manage and operate the Company's rigs
- Identifying and consummating desirable acquisitions, joint ventures or strategic alliances
- Identifying and capitalizing on opportunities in new markets

Any forward looking statements contained in this Prospectus should not be relied upon as predictions of future events. There can be no assurance that the expectations expressed in these forward looking statements will prove to be correct. Actual results could differ materially from expectations expressed in the forward looking statements if one or more of the underlying assumptions or expectations proves to be inaccurate or is unrealized. Some important factors that could cause actual results to differ materially from those in the forward looking statements are, in certain instances, included with such forward looking statements or in Section 2 *Risk Factors*.

13.4 Disclaimer

The Company has furnished the information in this Prospectus in order to provide a presentation of the Company. Unless otherwise indicated, the source of information included in this Prospectus is the Company. The Managers make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Managers. Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents is prohibited. The Managers disclaim, to the fullest extent permissible by applicable law, any and all liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of the Prospectus or any such statement. In the ordinary course of their respective businesses, the Managers and certain of their affiliates have engaged, and may continue to engage, in investment banking transactions with the Company and its subsidiaries.

14. Definitions

When used in this Prospectus, the following terms shall have the meanings set out below, unless the context otherwise requires. Words importing the plural shall be construed to include the singular and vice versa.

Appendix	Any of the appendices to this Prospectus
Arctic Securities ASA	Arctic Securities ASA, acting as Manager.
Articles of Association	The articles of association of the Company
Awilco Drilling	Awilco Drilling PLC
AWM	AWILHELMSEN Management AS
Board of Directors	The Board of Directors of the Awilco Drilling PLC
Charter contract	Contract for the commercial lease of the Rigs
Common Shares	Ordinary shares of the Company with par value GBP 0.0065 at the date of this Prospectus
Company	Awilco Drilling PLC
Companies Acts	The Companies Act 2006 (as amended)
Director	A member of the Board
E&P	Exploration and Production
EEA	European Economic Area
EU	European Union
Fearnley Fonds ASA	Fearnley Fonds ASA, acting as Manager.
Finanstilsynet	Financial Supervisory Authority of Norway
FY2010	The period from incorporation on 30 December 2009 to 31 December 2010
Group	The Company and all of its subsidiaries
IEA	International Energy Agency – Autonomous intergovernmental organization established in the framework of the OECD in 1974
Listing	The listing of the Company's Shares on Oslo Axess.
LOI	Letter of Intent
Managers	Arctic Securities ASA and Fearnley Fonds ASA
MOU	Memorandum of Understanding
Norwegian Code	The Norwegian Code of Practice for Corporate Governance, as issued by The Norwegian Corporate Governance Board (NUES)
NSC	Norwegian Continental Shelf
NUES	The Norwegian Corporate Governance Board
OECD	Organization for Economic Co-operation and Development
OFT	UK Office of Fair Trading

OPEC	Organization of the Petroleum Exporting Countries
Q1 2011	First quarter of 2011
Prospectus	This Prospectus
Registered Shareholders	The registered holder of the legal title to any Share as recorded in the Company's register of members
Registrar Agreement	Agreement between DnB Nor Bank ASA and the Company dated 12 January 2010 in relation to registration of the Shares in VPS
Remontowa	Ship yard in Gdansk, Poland, where the upgrade work on <i>WilHunter</i> and <i>WilPhoenix</i> is taking place
Rigs	<i>WilPhoenix</i> and <i>WilHunter</i>
SDRT	Stamp Duty Reserve Tax
Securities Trading Act	The Norwegian Securities Act of 29 June 2007 no. 75 (in Norwegian: “verdipapirhandelloven”)
Senior Management	The senior management of Awilco Drilling PLC
Shares	Ordinary shares in the capital of the Company, each with a par value of GBP 0.0065.
UK	United Kingdom of Great Britain and Northern Ireland
UKCS	UK Continental Shelf
USD	United States Dollar, the lawful currency of the United States of America
VPS	The Norwegian Central Securities Depository (in Norwegian: “Verdipapirsentralen”)
WMS	Wilhelmsen Marine Services AS
Yard	Remontowa shipyard located in Gdansk, Poland, responsible for upgrading the Rigs .

Appendix 1 Articles of Association of the Company

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Company No: 7114196

THE COMPANIES ACTS 1985 TO 2006

PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

AWILCO DRILLING PLC

(As adopted by Special Resolution passed on 13 April 2011)

STEPHENSON HARWOOD
One, St Paul's Churchyard
London, EC4M 8SH
Tel: 020 7329 4422
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Ref: A1680/01-48-02883

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PART 1

INTERPRETATION AND LIMITATION OF LIABILITY

1

Defined terms

In the articles, unless the context requires otherwise-

"alternate" or "alternate director" has the meaning given in article 26;

"appointor" has the meaning given in article 26;

"these articles" means these articles of association of the Company, as from time to time altered;

"bankruptcy" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

"board" means the board of directors for the time being of the Company;

"call" has the meaning given in article 63;

"certificate" means a paper certificate (other than a share warrant) evidencing a person's title to specified shares or other securities;

"certificated" in relation to a share, means that it is not an uncertificated share or a share in respect of which a share warrant has been issued and is current;

"Chairman" has the meaning given in article 12;

"Chairman of the meeting" has the meaning given in article 34;

"clear days" means, in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

"Company" means Awilco Drilling PLC;

"director" means a director for the time being of the Company;

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<p>"distribution recipient" has the meaning given in article 84;</p> <p>"document" includes, unless otherwise specified, any document sent or supplied in electronic form;</p> <p>"electronic form" has the meaning given in section 1168 of the Companies Act 2006;</p> <p>"fully paid" in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company;</p> <p>"hard copy form" has the meaning given in section 1168 of the Companies Act 2006;</p> <p>"holder" in relation to shares means the person whose name is entered in the register of members as the holder of the shares, or, in the case of a share in respect of which a share warrant has been issued (and not cancelled), the person in possession of that warrant;</p> <p>"instrument" means a document in hard copy form;</p> <p>"member" has the meaning given in section 112 of the Companies Act 2006;</p> <p>"ordinary resolution" has the meaning given in section 282 of the Companies Act 2006;</p> <p>"paid" means paid or credited as paid;</p> <p>"participate" in relation to a directors' meeting, has the meaning given in article 9;</p> <p>"partly paid" in relation to a share means that part of that share's nominal value or any premium at which it was issued has not been paid to the Company;</p> <p>"Proxy Notice" has the meaning given in article 42;</p> <p>"Regulations" means the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) and any modification thereof or any regulations in substitution therefore for the time being in force;</p> <p>"shares" means shares in the Company;</p> <p>"Special Resolution" has the meaning given in section 283 of the Companies Act 2006;</p>	<p>"Statutes" means the Companies Acts, as defined by section 2 of the 2006 Act and every other statute, statutory instrument, regulation or order for the time being in force concerning companies and affecting the Company; and</p> <p>"Subsidiary" has the meaning given in section 1159 of the Companies Act 2006;</p> <p>"transmittee" means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law;</p> <p>"uncertificated" in relation to a share means that, by virtue of legislation (other than section 778 of the Companies Act 2006) permitting title to shares to be evidenced and transferred without a certificate, title to that share is evidenced and may be transferred without a certificate; and</p> <p>"writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.</p> <p>(a) any other words or expressions defined in any of the Statutes (in each case as in force on the date of adoption of these articles) have the same meaning in these articles except that the word "company" includes any body corporate;</p> <p>(b) any reference elsewhere in these articles to any statute or statutory provision includes a reference to any modification or re-enactment of it for the time being in force;</p> <p>(c) words importing the singular number include the plural number and vice versa, words importing one gender include the other gender and words importing persons include bodies corporate and unincorporated associations;</p> <p>(d) any reference to writing includes a reference to any method of reproducing words in a legible form and documents and information sent or supplied in electronic form or made available on a website are in 'writing' for the purposes of these articles;</p> <p>(e) any reference to doing something by electronic means includes doing it by an electronic communication;</p> <p>(f) any reference to a signature or to something being signed or executed includes an electronic signature or other means of verifying the authenticity of an electronic communication which the board may from time to time approve, a signature printed</p>
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<p>or reproduced by mechanical or other means or any stamp or other distinctive marking made by or with the authority of the person required to sign the document to indicate it is approved by such person;</p> <p>(g) any reference to a document being sealed or executed under seal or under the common seal of any body corporate (including the Company) or any similar expression includes a reference to its being executed in any other manner which has the same effect as if it were executed under seal;</p> <p>(h) any reference to a meeting shall not be taken as requiring more than one person to be present in person if any quorum requirement can be satisfied by one person;</p> <p>(i) any reference to a show of hands includes such other method of casting votes as the board may from time to time approve; and</p> <p>(j) where the Company has a power of sale or other right of disposal in relation to any share, any reference to the power of the Company or the board to authorise a person to transfer that share to or as directed by the person to whom the share has been sold or disposed of shall, in the case of an uncertificated share, be deemed to include a reference to such other action as may be necessary to enable that share to be registered in the name of that person or as directed by him.</p> <p>(2) Subject to the Statutes, a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required.</p> <p>(3) Headings to these articles are inserted for convenience only and shall not affect construction.</p>	<p>3 Number of directors</p> <p>The directors (other than alternate directors) shall not, unless otherwise determined by an ordinary resolution of the Company, be less than five nor more than eleven in number.</p> <p>4 Members' reserve power</p> <p>(1) The members may, by Special Resolution, direct the directors to take, or refrain from taking, specified action.</p> <p>(2) No such Special Resolution invalidates anything which the directors have done before the passing of the resolution.</p> <p>5 Directors may delegate</p> <p>(1) Subject to these articles, the directors may delegate any of the powers which are conferred on them under these articles-</p> <p>(a) to such person or committee;</p> <p>(b) by such means (including by power of attorney);</p> <p>(c) to such an extent;</p> <p>(d) in relation to such matters or territories; and</p> <p>(e) on such terms and conditions;</p> <p>as they think fit.</p> <p>(2) If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.</p> <p>(3) The directors may revoke any delegation in whole or part, or alter its terms and conditions.</p> <p>6 Committees</p> <p>(1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of these articles which govern the taking of decisions by directors.</p>
<p>PART 2</p> <p>DIRECTORS</p> <p>Directors' Powers and Responsibilities</p> <p>2 Directors' general authority</p> <p>Subject to these articles, the directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company but need not be a member of the Company.</p>	<p>U:LONLIVE 0637729.8</p> <p>4</p> <p>U:LONLIVE 0637729.8</p> <p>5</p>

<p>(2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from these articles if they are not consistent with them.</p> <p style="text-align: center;">Decision-Making by directors</p> <p>7 Directors to take decisions collectively</p> <p>Decisions of the directors may be taken-</p> <p>(a) at a directors' meeting, or</p> <p>(b) in the form of a directors' written resolution.</p> <p>8 Calling a directors' meeting</p> <p>(1) Any director may call a directors' meeting.</p> <p>(2) The Company secretary must call a directors' meeting if a director so requests.</p> <p>(3) A directors' meeting is called by giving notice of the meeting to the directors.</p> <p>(4) Notice of any directors' meeting must indicate-</p> <p>(a) its proposed date and time;</p> <p>(b) where it is to take place; and</p> <p>(c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.</p> <p>(5) Notice of a directors' meeting must be given to each director, but need not be in writing.</p> <p>(6) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than seven days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.</p>	<p>9 Participation in directors' meetings</p> <p>(1) Subject to these articles, directors participate in a directors' meeting, or part of a directors' meeting, when-</p> <p>(a) the meeting has been called and takes place in accordance with these articles, and</p> <p>(b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.</p> <p>(2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.</p> <p>(3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.</p> <p>10 Quorum for directors' meetings</p> <p>(1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.</p> <p>(2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.</p> <p>11 Meetings where total number of directors less than quorum</p> <p>(1) This article applies where the total number of directors for the time being is less than the quorum for directors' meetings.</p> <p>(2) If there is only one director, that director may appoint sufficient directors to make up a quorum or call a general meeting or annual general meeting to do so.</p> <p>(3) If there is more than one director-</p> <p>(a) a directors' meeting may take place, if it is called in accordance with the articles and at least two directors participate in it, with a view to appointing sufficient directors to make up a quorum or calling a general meeting or annual general meeting to do so, and</p>
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<p>(b) if a directors' meeting is called but only one director attends at the appointed date and time to participate in it, that director may appoint sufficient directors to make up a quorum or call a general meeting or annual general meeting to do so.</p> <p>12 Chairing directors' meetings</p> <p>(1) The general meeting of the Company may by ordinary resolution appoint a director to chair the meetings of the directors. If the general meeting has not made such appointment, or the director so appointed ceases for any reason to be a director, the board may appoint a director to chair its meetings.</p> <p>(2) The person so appointed for the time being is known as the Chairman.</p> <p>(3) The directors may appoint other directors as deputy or assistant chairmen to chair directors' meetings in the Chairman's absence.</p> <p>(4) The directors may terminate the appointment of the Chairman, deputy or assistant Chairman at any time.</p> <p>(5) If neither the Chairman nor any director appointed generally to chair directors' meetings in the Chairman's absence is participating in a meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.</p> <p>13 Voting at directors' meetings: general rules</p> <p>(1) Subject to the articles, a decision is taken at a directors' meeting by a majority of the votes of the participating directors.</p> <p>(2) Subject to the articles, each director participating in a directors' meeting has one vote.</p> <p>(3) Subject to the articles, if a director has an interest in an actual or proposed transaction or arrangement with the Company-</p> <p>(a) that director and that director's alternate may not vote on any proposal relating to it, but</p>	<p>(b) this does not preclude the alternate from voting in relation to that transaction or arrangement on behalf of another appointor who does not have such an interest.</p> <p>14 Chairman's casting vote at directors' meetings</p> <p>(1) If the numbers of votes for and against a proposal are equal, the Chairman or other director chairing the meeting has a casting vote.</p> <p>(2) But this does not apply if, in accordance with the articles, the Chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.</p> <p>15 Alternates voting at directors' meetings</p> <p>A director who is also an alternate director has an additional vote on behalf of each appointor who is-</p> <p>(a) not participating in a directors' meeting, and</p> <p>(b) would have been entitled to vote if they were participating in it.</p> <p>16 Conflicts of interest</p> <p>(1) If a directors' meeting, or part of a directors' meeting, is concerned with an actual or proposed transaction or arrangement with the Company in which a director is interested, that director is not to be counted as participating in that meeting, or part of a meeting, for quorum or voting purposes.</p> <p>(2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the Company is to be counted as participating in a decision at a directors' meeting, or part of a directors' meeting, relating to it for quorum and voting purposes.</p> <p>(3) This paragraph applies when-</p> <p>(a) the Company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in, or voting at, a directors' meeting;</p>
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<p>(b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or</p> <p>(c) the director's conflict of interest arises from a permitted cause.</p> <p>(4) For the purposes of this article, the following are permitted causes-</p> <p>(a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the Company or any of its subsidiaries;</p> <p>(b) subscription, or an agreement to subscribe, for shares or other securities of the Company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and</p> <p>(c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the Company or any of its subsidiaries which do not provide special benefits for directors or former directors.</p> <p>(5) Subject to paragraph (6), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chairman whose ruling in relation to any director other than the Chairman is to be final and conclusive.</p> <p>(6) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the Chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.</p> <p>17 Proposing directors' written resolutions</p> <p>(1) Any director may propose a directors' written resolution.</p> <p>(2) The Company secretary must propose a directors' written resolution if a director so requests.</p>	<p>(3) A directors' written resolution is proposed by giving notice of the proposed resolution to the directors.</p> <p>(4) Notice of a proposed directors' written resolution must indicate-</p> <p>(a) the proposed resolution, and</p> <p>(b) the time by which it is proposed that the directors should adopt it.</p> <p>(5) Notice of a proposed directors' written resolution must be given in writing to each director.</p> <p>(6) Any decision which a person giving notice of a proposed directors' written resolution takes regarding the process of adopting that resolution must be taken reasonably in good faith.</p> <p>18 Adoption of directors' written resolutions</p> <p>(1) A proposed directors' written resolution is adopted when all the directors who would have been entitled to vote on the resolution at a directors' meeting have signed one or more copies of it, provided that those directors would have formed a quorum at such a meeting.</p> <p>(2) It is immaterial whether any director signs the resolution before or after the time by which the notice proposed that it should be adopted.</p> <p>(3) Once a directors' written resolution has been adopted, it must be treated as if it had been a decision taken at a directors' meeting in accordance with the articles.</p> <p>(4) The Company secretary must ensure that the Company keeps a record, in writing, of all directors' written resolutions for at least ten years from the date of their adoption.</p> <p>19 Telephone board meeting</p> <p>(1) A board meeting may consist of a conference between directors some or all of whom are in different places provided that each director may participate in the</p>
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<p>business of the meeting whether directly, by telephone or by any other electronic means which enables him:</p> <p>(a) to hear each of the other participating directors addressing the meeting; and</p> <p>(b) if he so wishes, to address all of the other participating directors simultaneously.</p> <p>(2) A quorum is deemed to be present if at least the number of directors required to form a quorum, subject to the provisions of article 663, may participate in the manner specified above in the business of the meeting.</p> <p>(3) A board meeting held in this way is deemed to take place at the place where the largest group of participating directors is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates.</p> <p>20 Directors' discretion to make further rules</p> <p>Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.</p> <p>Appointment of directors</p> <p>21 Methods of appointing directors</p> <p>Any person who is willing to act as a director, either to fill a vacancy or as an additional director, and is permitted by law to do so, may be appointed to be a director-</p> <p>(a) by ordinary resolution, or</p> <p>(b) by a decision of the directors.</p> <p>22 Retirement of directors by rotation</p> <p>(1) At the first annual general meeting all the directors must retire from office.</p> <p>(2) At every subsequent annual general meeting any directors-</p>	<p>(a) who have been appointed by ordinary resolution or the directors since the last annual general meeting, or</p> <p>(b) who were not appointed or reappointed at one of the preceding two annual general meetings,</p> <p>must retire from office and may offer themselves for reappointment by the members.</p> <p>23 Termination of director's appointment</p> <p>(1) A person ceases to be a director as soon as-</p> <p>(a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;</p> <p>(b) a bankruptcy order is made against that person;</p> <p>(c) a composition is made with that person's creditors generally in satisfaction of that person's debts;</p> <p>(d) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;</p> <p>(e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have; or</p> <p>(f) notification is received by the Company from the director that the director is resigning from office as director, and such resignation has taken effect in accordance with its terms.</p> <p>(2) The Company by extraordinary resolution, or by ordinary resolution of which special notice has been given in accordance with the Statutes, may remove any director before his period of office has expired notwithstanding anything in these articles or in any agreement between him and the Company.</p>
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<p>(3) A director may also be removed from office by notice to that effect signed by or on behalf of all the other directors (or their alternates).</p> <p>24 Directors' remuneration</p> <p>(1) Directors may undertake any services for the Company that the directors decide.</p> <p>(2) Subject to article 24(3) below, the directors are entitled to such remuneration and fees for their services to the Company in relation to the performance of the office of director as may be determined by the Company in general meeting by ordinary resolutions-</p> <p>(3) Directors who are employed by the Company shall be entitled to such remuneration in respect of such employment as the directors may determine.</p> <p>(4) Subject to the articles, a director's remuneration may-</p> <p>(a) take any form, and</p> <p>(b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.</p> <p>(5) Unless the directors decide otherwise, directors' remuneration accrues from day to day.</p> <p>(6) Unless the directors decide otherwise, directors are not accountable to the Company for any remuneration which they receive as directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.</p> <p>25 Directors' expenses</p> <p>The Company may pay any reasonable expenses which the directors properly incur in connection with their attendance at-</p> <p>(a) meetings of directors or committees of directors,</p> <p>(b) general meetings or annual general meeting, or</p>	<p>(c) separate meetings of the holders of any class of shares or of debentures of the Company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.</p> <p>Alternate directors</p> <p>26 Appointment and removal of alternates</p> <p>(1) Any director (the "appointor") may appoint as an alternate any other director, or any other person approved by resolution of the directors, to-</p> <p>(a) exercise that director's powers, and</p> <p>(b) carry out that director's responsibilities,</p> <p>in relation to the taking of decisions by the directors in the absence of the alternate's appointor.</p> <p>(2) Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors.</p> <p>(3) The notice must-</p> <p>(a) identify the proposed alternate, and</p> <p>(b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.</p> <p>27 Rights and responsibilities of alternate directors</p> <p>(1) An alternate director has the same rights, in relation to any directors' meeting or directors' written resolution, as the alternate's appointor.</p> <p>(2) Except as the articles specify otherwise, alternate directors-</p> <p>(a) are deemed for all purposes to be directors;</p>
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<p>(b) are liable for their own acts and omissions;</p> <p>(c) are subject to the same restrictions as their appointors; and</p> <p>(d) are not deemed to be agents of or for their appointors.</p> <p>(3) A person who is an alternate director but not a director-</p> <p>(a) may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating), and</p> <p>(b) may sign a written resolution (but only if it is not signed or to be signed by that person's appointor).</p> <p>No alternate may be counted as more than one director for such purposes.</p> <p>(4) An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.</p>	<p>29 Power to borrow money</p> <p>(1) The directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (both present and future) and uncalled capital and, subject to the Statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.</p> <p>30 Secretary</p> <p>Subject to the Statutes, the secretary shall be appointed by the board for such term, at such remuneration and on such conditions as it thinks fit, and the board may remove from office any person so appointed (without prejudice to any claim for damages for breach of any contract between him and the Company).</p> <p>PART 3</p> <p>DECISION-MAKING BY MEMBERS</p> <p>Organisation of General Meetings</p> <p>31 Members can call general meeting if not enough directors</p> <p>If-</p> <p>(a) the Company has fewer than two directors, and</p> <p>(b) the director (if any) is unable or unwilling to appoint sufficient directors to make up a quorum or to call a general meeting to do so,</p> <p>then two or more members may call a general meeting (or instruct the Company secretary to do so) for the purpose of appointing one or more directors.</p> <p>32 Attendance and speaking at general meetings</p> <p>(1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during</p>
<p>28 Termination of alternate directorship</p> <p>(1) An alternate director's appointment as an alternate terminates-</p> <p>(a) when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;</p> <p>(b) on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;</p> <p>(c) on the death of the alternate's appointor; or</p> <p>(d) when the alternate's appointor's appointment as a director terminates, except that an alternate's appointment as an alternate does not terminate when the appointor retires by rotation at a annual general meeting and is then re-appointed as a director at the same general meeting.</p>	<p>16</p> <p>UONLIVE\0637729.8</p>
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<p>the meeting, any information or opinions which that person has on the business of the meeting.</p> <p>(2) A person is able to exercise the right to vote at a general meeting when-</p> <p>(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and</p> <p>(b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.</p> <p>(3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.</p> <p>(4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.</p> <p>(5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.</p> <p>33 Quorum for general meetings</p> <p>No business other than the appointment of the Chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum, save as herein otherwise provided, two members present in person or by proxy and entitled to vote shall be a quorum.</p> <p>34 Chairing general meetings</p> <p>(1) The Chairman shall chair general meetings if present and willing to do so.</p> <p>(2) If no Chairman has been appointed prior to the meeting, or if the Chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start-</p> <p>(a) the directors present, or</p>	<p>(b) (if no directors are present), the general meeting, must appoint a director or member to chair the meeting, and the appointment of the Chairman of the meeting must be the first business of the meeting.</p> <p>(3) The person chairing a meeting in accordance with this article is referred to as "the Chairman of the meeting".</p> <p>35 Attendance and speaking by directors and non-members</p> <p>(1) directors may attend and speak at general meetings, whether or not they are members.</p> <p>(2) The Chairman of the meeting may permit other persons who are not-</p> <p>(a) members of the Company, or</p> <p>(b) otherwise entitled to exercise the rights of members in relation to general meetings, to attend and speak at a general meeting.</p> <p>36 Adjournment</p> <p>(1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the Chairman of the meeting must adjourn it.</p> <p>(2) The Chairman of the meeting may adjourn a general meeting at which a quorum is present if-</p> <p>(a) the meeting consents to an adjournment, or</p> <p>(b) it appears to the Chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.</p> <p>(3) The Chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.</p> <p>(4) When adjourning a general meeting, the Chairman of the meeting must-</p>
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<p>(a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and</p> <p>(b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.</p> <p>(5) If the continuation of an adjourned meeting is to take place more than fourteen days after it was adjourned, the Company must give at least seven clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)-</p> <p>(a) to the same persons to whom notice of the Company's general meetings is required to be given, and</p> <p>(b) containing the same information which such notice is required to contain.</p> <p>(6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.</p> <p style="text-align: center;">Voting at General Meetings</p> <p>37 Voting: general</p> <p>A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.</p> <p>38 Errors and disputes</p> <p>(1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.</p> <p>(2) Any such objection must be referred to the Chairman of the meeting whose decision is final.</p> <p>39 Demanding a poll</p> <p>(1) A poll on a resolution may be demanded-</p> <p>(a) in advance of the general meeting where it is to be put to the vote, or</p>	<p>(b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.</p> <p>(2) A poll may be demanded by-</p> <p>(a) the Chairman of the meeting;</p> <p>(b) the directors;</p> <p>(c) two or more persons having the right to vote on the resolution; or</p> <p>(d) a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.</p> <p>(3) A demand for a poll may be withdrawn if-</p> <p>(a) the poll has not yet been taken, and</p> <p>(b) the Chairman of the meeting consents to the withdrawal.</p> <p>40 Procedure on a poll</p> <p>(1) Subject to the articles, polls at general meetings must be taken when, where and in such manner as the Chairman of the meeting directs.</p> <p>(2) The Chairman of the meeting may appoint scrutineers (who need not be members) and decide how and when the result of the poll is to be declared.</p> <p>(3) The result of a poll shall be the decision of the meeting in respect of the resolution on which the poll was demanded.</p> <p>(4) A poll on-</p> <p>(a) the election of the Chairman of the meeting, or</p> <p>(b) a question of adjournment, must be taken immediately.</p> <p>(5) Other polls must be taken within thirty days of their being demanded.</p>
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<p>(6) A demand for a poll does not prevent a general meeting from continuing, except as regards the question on which the poll was demanded.</p> <p>(7) No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded.</p> <p>(8) In any other case, at least seven days' notice must be given specifying the time and place at which the poll is to be taken.</p> <p>41 Proxies</p> <p>(1) A proxy need not be a member of the Company and a member may appoint more than one proxy to attend on the same occasion. If he does so he shall specify the number of shares held by him in respect of which each proxy is entitled to exercise rights. References in these articles to an appointment of proxy include references to an appointment of proxy and include references to an appointment of multiple proxies. The member is entitled to appoint proxies to exercise all or any of his rights to attend and speak and vote at a meeting of the Company.</p> <p>(2) The appointment of a proxy shall not preclude a member from attending and voting in person at the meeting at a show of hands or on the poll concerned. In the event that, and to the extent that, a member personally votes his shares, his proxy or proxies shall not be entitled to vote and any vote cast by a proxy in such circumstances shall be ignored.</p> <p>(3) The appointment of a proxy shall only be valid for the meeting mentioned in it and any adjournment of that meeting (including on any poll demanded at the meeting or any adjourned meeting).</p> <p>42 Content of Proxy Notices</p> <p>(1) Proxies may only validly be appointed by a notice in writing (a "Proxy Notice") which-</p> <p>(a) states the name and address of the member appointing the proxy;</p> <p>(b) identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;</p>	<p>(c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and</p> <p>(d) is delivered to the Company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.</p> <p>(2) The Company may require Proxy Notices to be delivered in a particular form, and may specify different forms for different purposes.</p> <p>(3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.</p> <p>(4) Unless a Proxy Notice indicates otherwise, it must be treated as-</p> <p>(a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and</p> <p>(b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.</p> <p>43 Delivery of Proxy Notices</p> <p>(1) Any notice of a general meeting must specify the address or addresses ("proxy notification address") at which the Company or its agents will receive Proxy Notices relating to that meeting, or any adjournment of it, delivered in hard copy or electronic form.</p> <p>(2) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid Proxy Notice has been delivered to the Company by or on behalf of that person.</p> <p>(3) Subject to paragraphs (4) and (5), a Proxy Notice must be delivered to a proxy notification address not less than 48 hours before the general meeting or adjourned meeting to which it relates.</p>
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<p>(2) A Special Resolution to be proposed at a general meeting may be amended by ordinary resolution, if-</p> <p>(a) the Chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and</p> <p>(b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.</p> <p>(3) If the Chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the Chairman's error does not invalidate the vote on that resolution.</p> <p>Restrictions on Members' Rights</p> <p>45 No voting of shares on which money owed to Company</p> <p>No voting rights attached to a share may be exercised at any general meeting, at any adjournment of it, or on any poll called at or in relation to it, unless all amounts payable to the Company in respect of that share have been paid.</p> <p>Application of Rules to Class Meetings</p> <p>46 Class meetings</p> <p>The provisions of the articles relating to general meetings apply, with any necessary modifications, to meetings of the holders of any class of shares.</p> <p>PART 4</p> <p>SHARES AND DISTRIBUTIONS</p> <p>Issue of Shares</p> <p>47 Powers to issue different classes of share</p> <p>(1) Subject to the articles, but without prejudice to the rights attached to any existing share, the Company may issue shares with such rights (including preferred, deferred or other special rights) or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to</p>	<p>(4) In the case of a poll taken more than 48 hours after it is demanded, the notice must be delivered to a proxy notification address not less than 24 hours before the time appointed for the taking of the poll.</p> <p>(5) In the case of a poll not taken during the meeting but taken not more than 48 hours after it was demanded, the Proxy Notice must be delivered-</p> <p>(a) in accordance with paragraph (3), or</p> <p>(b) at the meeting at which the poll was demanded to the Chairman, secretary or any director.</p> <p>(6) An appointment under a Proxy Notice may be revoked by delivering a notice in writing given by or on behalf of the person by whom or on whose behalf the Proxy Notice was given to a proxy notification address.</p> <p>(7) A notice revoking a proxy appointment only takes effect if it is delivered before-</p> <p>(a) the start of the meeting or adjourned meeting to which it relates, or</p> <p>(b) (in the case of a poll not taken on the same day as the meeting or adjourned meeting) the time appointed for taking the poll to which it relates.</p> <p>(8) If a Proxy Notice is not signed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.</p> <p>44 Amendments to resolutions</p> <p>(1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if-</p> <p>(a) notice of the proposed amendment is given to the Company secretary in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the Chairman of the meeting may determine), and</p> <p>(b) the proposed amendment does not, in the reasonable opinion of the Chairman of the meeting, materially alter the scope of the resolution.</p>
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<p>time by ordinary resolution determine (or, in the absence of any such determination, as the directors may determine).</p> <p>(2) If as a result of any consolidation and division or sub division of shares any members would become entitled to fractions of a share, the board may deal with the fractions as it thinks fit. In particular, the board may:</p> <p>(a) (on behalf of those members) aggregate and sell the shares representing the fractions to any person (including, subject to the Statutes, the Company) and distribute the net proceeds of sale in due proportion among those members (except that any proceeds in respect of any holding less than a sum fixed by the board may be retained for the benefit of the Company); or</p> <p>(b) subject to the Statutes, first, allot to a member credited as fully paid by way of capitalisation of any reserve account of the Company such number of shares as rounds up his holding to a number which, following consolidation and division or sub division, leaves a whole number of shares.</p> <p>(3) The Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares provided that this is done before the shares are allotted.</p> <p>(4) The directors may at any time after the allotment of any share but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the directors may think fit to impose.</p> <p>48 Allotment at a discount</p> <p>The shares of the Company shall not be allotted at a discount and save as permitted by the Statutes shall not be allotted except as paid up at least as to one-quarter of their nominal value and the whole of any premium thereon.</p>	<p>49 Payment of commissions on subscription for shares</p> <p>(1) The Company may pay any person a commission in consideration for that person-</p> <p>(a) subscribing, or agreeing to subscribe, for shares, or</p> <p>(b) procuring, or agreeing to procure, subscriptions for shares.</p> <p>(2) Any such commission may be paid-</p> <p>(a) in cash, or in fully paid or partly paid shares or other securities, or partly in one way and partly in the other, and</p> <p>(b) in respect of a conditional or an absolute subscription.</p> <p>(3) The Company may also on any issue of shares pay such brokerage as may be lawful.</p> <p>Interests in Shares</p> <p>50 Purchase of shares</p> <p>Subject to the provisions of the Statutes, the Company may purchase any of its own shares (including any redeemable shares).</p> <p>51 Financial assistance</p> <p>The Company shall not give any financial assistance for the acquisition of shares in the Company except and in so far as permitted by the Statutes.</p> <p>52 Power to reduce capital</p> <p>Subject to the Statutes and to any rights conferred on the holders of any class of shares, the Company may by special resolution reduce its share capital, any capital redemption reserve, share premium account or redenomination reserve in any way.</p> <p>53 Company not bound by less than absolute interests</p> <p>Except as required by Statute or pursuant to the provisions of these articles, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by Statutes or these articles, the Company is not bound by or</p>
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<p>compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.</p> <p style="text-align: center;">Shares not held in Certificated Form</p> <p>54 Uncertificated shares</p> <p>(1) Any share or class of shares of the Company may be issued or held on such terms, or in such a way subject to these articles and the Regulations, that-</p> <p>(a) title to it or them is not, or must not be, evidenced by a certificate, or</p> <p>(b) it or they may or must be transferred wholly or partly without a certificate.</p> <p>(2) The directors have power to take such steps as they think fit subject to these articles and the Regulations in relation to-</p> <p>(a) the evidencing of and transfer of title to uncertificated shares (including in connection with the issue of such shares) subject to the requirements of the relevant system concerned;</p> <p>(b) the conversion of certificated shares into uncertificated shares; or</p> <p>(c) the conversion of uncertificated shares into certificated shares.</p> <p>(3) If-</p> <p>(a) these articles give the directors power to take action, or require other persons to take action, in order to sell, transfer or otherwise dispose of shares, and</p> <p>(b) uncertificated shares are subject to that power, but the power is expressed in terms which assume the use of a certificate or other written instrument,</p> <p>the directors may take such action as is necessary or expedient to achieve the same results when exercising that power in relation to uncertificated shares.</p> <p style="text-align: right;">LONLIVE10637729.8 28</p>	<p>(4) In particular, the directors may take such action as they consider appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertificated share or otherwise to enforce a lien in respect of it.</p> <p>(5) The Company shall enter on the Register how many shares are held by each member in uncertificated form and in certificated form and shall maintain the Register in each case as required by the Regulations and the relevant system concerned. Unless the directors otherwise determine, shares which a member holds in uncertificated form must be treated as separate holdings from any shares which that member holds in certificated form.</p> <p>(6) A class of share shall not be treated as two classes by virtue only of that class comprising both certificated shares and uncertificated shares or as a result of any provision of these articles or the Regulations which applies only in respect of certificated or uncertificated shares.</p> <p>(7) The Company shall be entitled, in accordance with regulation 32(2)(c) of the Regulations, to require the conversion of an uncertificated share into certificated form to enable it to deal with that share in accordance with any provision in these articles.</p> <p style="text-align: center;">Share Certificates</p> <p>55 Share certificates to be issued except in certain cases</p> <p>(1) This article does not apply to-</p> <p>(a) uncertificated shares;</p> <p>(b) shares in respect of which a share warrant has been issued; or</p> <p>(c) shares in respect of which the Statutes permit the Company not to issue a certificate.</p> <p>(2) Subject to these articles, every person (other than a recognized clearing house (within the meaning of the Financial Services and Markets Act 2000) or a nominee of a recognized clearing house or of a recognized investment exchange (within the meaning of the Financial Services and Markets Act 2000) in respect of whom the Company is not by law required to complete and have ready for</p> <p style="text-align: right;">LONLIVE10637729.8 29</p>
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<p>delivery a certificate) upon becoming the holder of a certificated share and whose name is entered as a member on the Register shall be entitled without payment to receive within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) one certificate for all the certificated shares registered in his name.</p> <p>(3) In the case of shares of more than one class being registered in a member's name, a separate certificate for each class of certificated shares so registered, and where a member (except such a clearing house or nominee) transfers part of the shares of any class registered in his name he shall be entitled without payment to one certificate for the balance of certificated shares of that class retained by him.</p> <p>(4) In the case of joint holders, the Company shall not be bound to issue more than one certificate for all the shares in any particular class registered in their joint names, and delivery of a certificate for a share to any one of the joint holders shall be sufficient delivery to all.</p> <p>(5) A share certificate may be issued under seal or signed by at least one director and the secretary or by at least two directors (which may include any signature being applied mechanically or electronically). A share certificate shall specify the number and class and the distinguishing number (if any) of the shares to which it relates and the amount or respective amounts paid up on the shares, have affixed to them the Company's common seal and be otherwise executed in accordance with the Companies Acts. Any certificate so issued shall, as against the Company, be prima facie evidence of title of the person named in that certificate to the shares comprised in it.</p> <p>(6) A share certificate may be given to a member in accordance with the provisions of these articles on notices.</p> <p>(7) Except as otherwise specified in the articles, all certificates shall be issued free of charge but should a member require additional certificates, he shall pay for each additional certificate such reasonable sum (if any) as the directors may determine.</p> <p>(8) No certificate may be issued in respect of shares of more than one class.</p>	<p>(9) In respect of certificated shares of one class held jointly by more than one person the Company shall not be bound to issue more than one certificate, and delivery of a certificate for such shares to one of the joint holders of such shares shall be sufficient delivery to all such holders.</p> <p>56 Consolidated share certificates</p> <p>(1) A member may request the Company, in writing, to replace-</p> <p>(a) the member's separate certificates with a consolidated certificate, or</p> <p>(b) the member's consolidated certificate with two or more separate certificates representing such proportion of the shares as the member may specify.</p> <p>(2) When the Company complies with such a request it may charge such reasonable fee as the directors may decide for doing so.</p> <p>(3) A consolidated certificate must not be issued unless any certificates which it is to replace have first been returned to the Company for cancellation.</p> <p>57 Replacement share certificates</p> <p>(1) If a certificate issued in respect of a member's shares is-</p> <p>(a) damaged or defaced, or</p> <p>(b) said to be lost, stolen or destroyed,</p> <p>then upon proof thereof to the satisfaction of the directors and on such indemnity with or without security as the directors deem adequate being given, a new certificate in lieu thereof shall be given to such member.</p> <p>(2) Every certificate issued under the last preceding Article shall be issued without payment, but there shall be paid to the Company such exceptional out-of-pocket expenses of the Company in connection with the request (including, without limiting the generality of the foregoing, the investigation of such request and the preparation and execution of any such indemnity or security) as the directors think fit.</p>
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<p>58 Share warrants</p> <p>(1) The directors may issue a share warrant in respect of any fully paid share.</p> <p>(2) share warrants must be-</p> <p>(a) issued in such form, and</p> <p>(b) executed in such manner,</p> <p>as the directors decide.</p> <p>(3) A share represented by a share warrant may be transferred by delivery of the warrant representing it.</p> <p>(4) The directors may make provision for the payment of dividends in respect of any share represented by a share warrant.</p> <p>(5) Subject to the articles, the directors may decide the conditions on which any share warrant is issued. In particular, they may-</p> <p>(a) decide the conditions on which new warrants are to be issued in place of warrants which are damaged or defaced, or said to have been lost, stolen or destroyed;</p> <p>(b) decide the conditions on which bearers of warrants are entitled to attend and vote at general meetings;</p> <p>(c) decide the conditions subject to which bearers of warrants may surrender their warrant so as to hold their shares in certificated or uncertificated form instead; and</p> <p>(d) vary the conditions of issue of any warrant from time to time,</p> <p>and the bearer of a warrant is subject to the conditions and procedures in force in relation to it, whether or not they were decided or specified before the warrant was issued.</p> <p>(6) Subject to the conditions on which the warrants are issued from time to time, bearers of share warrants have the same rights and privileges as they would if</p>	<p>their names had been included in the register as holders of the shares represented by their warrants.</p> <p>(7) The Company must not in any way be bound by or recognise any interest in a share represented by a share warrant other than the absolute right of the bearer of that warrant to that warrant.</p> <p style="text-align: center;">Variation of Rights</p> <p>59 Variation of class rights</p> <p>(1) If at any time the share capital is divided into different classes of shares, the rights attached to any class or any of such rights may, subject to the provisions of the Statutes, whether or not the Company is being wound up, be abrogated or varied with the consent in writing of the holders of at least three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares), or with the sanction of a special resolution passed at a separate general meeting or an annual general meeting of the holders of the shares of that class.</p> <p>(2) The provisions of chapter 3 of part 13 of the 2006 Act (save as stated in section 334(2) to (3)) and the provisions of these articles relating to general meetings and annual general meeting shall, mutatis mutandis, so far as applicable apply, subject to the following provisions, namely:</p> <p>(a) the necessary quorum at any such meeting, other than an adjourned meeting, shall be two persons present holding at least one-third in nominal value of the issued shares of the class in question (excluding any shares of that class held as treasury shares) For the avoidance of doubt, where a member has appointed several proxies only one such proxy shall count towards the quorum and he is treated as holding only the shares in respect of which those proxies are authorised to exercise voting rights;</p> <p>(b) at an adjourned meeting one person present holding shares of the class in question or his proxy;</p> <p>(c) every holder of shares of the class shall, on a poll, have one vote in respect of every share of the class held by him; and</p>
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<p>(d) any holder of shares of the class in question present in person or by proxy may demand a poll.</p> <p>60 Issues of further shares</p> <p>The rights attached to any class of shares shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by the terms upon which such shares are for the time being held, be deemed not to be abrogated or varied by the creation or issue of further shares ranking <i>pari passu</i> therewith.</p> <p>Lien on Shares</p> <p>61 Lien on partly paid shares</p> <p>(1) The Company shall have a first and paramount lien on every share (not being a fully paid share) for all amounts payable (whether or not due) in respect of that share. The lien shall extend to every amount payable in respect of that share.</p> <p>(2) The directors may at any time either generally or in any particular case declare any share to be wholly or partly exempt from this article. Unless otherwise agreed, the registration of a transfer of a share shall operate as a waiver of the Company's lien (if any) on that share.</p> <p>62 Enforcement of lien</p> <p>(1) The Company may sell any share subject to a lien in such manner as the board may decide if an amount payable on the share is due and is not paid within fourteen clear days after a notice has been given to the holder or any person entitled by transmission to the share demanding payment of that amount and giving notice of intention to sell in default.</p> <p>(2) To give effect to any sale under this article, the board may authorise some person to transfer the share sold to, or as directed by, the purchaser. The purchaser shall not be bound to see to the application of the purchase money nor shall the title of the new holder to the share be affected by any irregularity in or invalidity of the proceedings relating to the sale.</p> <p>(3) The net proceeds of the sale, after payment of the costs, shall be applied in or towards satisfaction of the amount due and any residue shall (subject to a like lien</p>	<p>for any amounts not presently due as existed on the share before the sale), on surrender of the certificate for the shares sold, be paid to the holder or person entitled by transmission to the share immediately before the sale.</p> <p>(4) The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied-</p> <p>(a) first, in payment of so much of the sum for which the lien exists as is presently payable,</p> <p>(b) second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the Company for cancellation or a suitable indemnity has been given for any lost certificates, and subject to a lien equivalent,</p> <p>to the lien over the shares before the sale for any money presently payable in respect of the shares at the date of sale.</p> <p>(5) A statutory declaration in writing that the declarant is a director or the Company Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy the Company's Lien on a date specified in the declaration:</p> <p>(a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and</p> <p>(b) subject to compliance with any other formalities of transfer required by these articles or by Statutes, constitutes a good title to the share and to the person to whom the share is sold, re-allotted or disposed of</p> <p>Call on Shares</p> <p>63 Calls</p> <p>(1) Subject to the terms of allotment, the directors may make calls on the members in respect of any moneys unpaid on their shares (whether in respect of nominal amount or premium) and each member shall (subject to his receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be revoked or postponed as the board may decide.</p>
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<p>(2) Any call may be made payable in one sum or by instalments and shall be deemed to be made at the time when the resolution of the board authorising that call is passed.</p> <p>(3) A person on whom a call is made shall remain liable for it notwithstanding the subsequent transfer of the share in respect of which the call is made.</p> <p>(4) The joint holders of a share shall be jointly and severally liable for the payment of all calls in respect of that share.</p> <p>64 Interest on calls</p> <p>If a call is not paid before or on the due date for payment, the person from whom it is due shall pay interest on the amount unpaid, from the due date for payment to the date of actual payment, at such rate as the directors may decide, but the directors may waive payment of the interest, wholly or in part.</p> <p>65 Sums treated as calls</p> <p>A sum which by the terms of allotment of a share is payable on allotment, or at a fixed time, or by instalments at fixed times, shall for all purposes of these articles be deemed to be a call duly made and payable on the date or dates fixed for payment and, in case of non payment, these articles shall apply as if that sum had become payable by virtue of a call.</p> <p>66 Power to differentiate</p> <p>On any issue of shares the directors may make arrangements for a difference between the allottees or holders of the shares in the amounts and times of payment of calls on their shares.</p> <p>67 Payment of calls in advance</p> <p>The directors may, if it thinks fit, receive all or any part of the moneys payable on a share beyond the sum actually called up on it if the holder is willing to make payment in advance and, on any moneys so paid in advance, may (until they would otherwise be due) pay interest at such rate as may be agreed between the directors and the member paying the sum in advance.</p>	<p style="text-align: center;">Forfeiture on Shares</p> <p>68 Notice of unpaid calls</p> <p>(1) If the whole or any part of any call or instalment remains unpaid on any share after the due date for payment, the directors may give a notice to the holder requiring him to pay so much of the call or instalment as remains unpaid, together with any accrued interest.</p> <p>(2) The notice shall state a further day, being not less than fourteen clear days from the date of the notice, on or before which, and the place where, payment is to be made and shall state that, in the event of non payment on or before the day and at the place appointed, the share in respect of which the call was made or instalment is payable will be liable to be forfeited.</p> <p>(3) The directors may accept a surrender of any share liable to be forfeited.</p> <p>69 Forfeiture on non compliance with notice</p> <p>(1) If the requirements of a notice given under the preceding article are not complied with, any share in respect of which it was given may (before the payment required by the notice is made) be forfeited by a resolution of the directors. The forfeiture shall include all dividends declared and other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.</p> <p>(2) If a share is forfeited, notice of the forfeiture shall be given to the person who was the holder of the share or (as the case may be) the person entitled to the share by transmission, and an entry that notice of the forfeiture has been given, with the relevant date, shall be made in the register; but no forfeiture shall be invalidated by any omission to give such notice or to make such entry.</p> <p>70 Power to annul forfeiture or surrender</p> <p>The directors may, at any time before the forfeited or surrendered share has been sold, re-allotted or otherwise disposed of, annul the forfeiture or surrender upon payment of all calls and interest due on or incurred in respect of the share and on such further conditions (if any) as it thinks fit.</p>
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<p>71 Disposal of forfeited or surrendered shares</p> <p>(1) Every share which is forfeited or surrendered shall become the property of the Company and (subject to the Statutes) may be sold, re-allotted or otherwise disposed of, upon such terms and in such manner as the directors shall decide either to the person who was before the forfeiture the holder of the share or to any other person and whether with or without all or any part of the amount previously paid up on the share being credited as so paid up. The directors may for the purposes of a disposal authorise some person to transfer the forfeited or surrendered share to, or in accordance with the directions of, any person to whom the same has been disposed of.</p> <p>(2) A statutory declaration by a director or the Company Secretary of the Company that a share has been forfeited or surrendered on a specified date shall, as against all persons claiming to be entitled to the share, be conclusive evidence of the facts stated in it and shall (subject to the execution of any necessary transfer) constitute a good title to the share. The person to whom the share has been disposed of shall not be bound to see to the application of the consideration for the disposal (if any) nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings connected with the forfeiture, surrender, sale, re-allotment or disposal of the share.</p> <p>72 Arrears to be paid notwithstanding forfeiture or surrender</p> <p>A person any of whose shares have been forfeited or surrendered shall cease to be a member in respect of the forfeited or surrendered share and shall surrender to the Company for cancellation any certificate for the share forfeited or surrendered, but shall remain liable (unless payment is waived in whole or in part by the board) to pay to the Company all moneys payable by him on or in respect of that share at the time of forfeiture or surrender, together with interest from the time of forfeiture or surrender until payment at such rate as the board shall decide, in the same manner as if the share had not been forfeited or surrendered. He shall also be liable to satisfy all the claims and demands (if any) which the Company might have enforced in respect of the share at the time of forfeiture or surrender. No deduction or allowance shall be made for the value of the share at the time of forfeiture or surrender or for any consideration received on its disposal.</p>	<p style="text-align: center;">Transfer and Transmission of Shares</p> <p>73 Transfers of certificated shares</p> <p>(1) certificated shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of-</p> <p>(a) the transferor, and</p> <p>(b) (if any of the shares is partly paid) the transferee.</p> <p>(2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.</p> <p>(3) The Company may retain any instrument of transfer which is registered.</p> <p>(4) The transferor remains the holder of a certificated share until the transferee's name is entered in the register of members as holder of it.</p> <p>(5) The directors may refuse to register the transfer of a share (whether a certificated or an uncertificated share) if-</p> <p>(a) the share is not fully paid;</p> <p>(b) the transfer is not lodged at the Company's registered office or such other place as the directors have appointed;</p> <p>(c) the transfer is not accompanied by the certificate for the shares to which it relates, or such other evidence as the directors may reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf;</p> <p>(d) the transfer is in respect of more than one class of share; or</p> <p>(e) the transfer is in favour of more than four transferees.</p> <p>(6) If the directors refuse to register a transfer they shall, in the case of certificated shares, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal and (except in the case of</p>
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<p>fraud) return to him the instrument of transfer or, in the case of uncertificated shares, notify such person as may be required by the Regulations and the requirements of the relevant system concerned.</p> <p>74 Transfer of uncertificated shares</p> <p>All transfers of uncertificated shares shall be made in accordance with and be subject to the provisions of the Regulations and the requirements of the relevant system.</p> <p>75 Transmission of shares</p> <p>(1) If title to a share passes to a transferee, the Company may only recognise the transferee as having any title to that share.</p> <p>(2) Nothing in these articles releases the estate of a deceased member from any liability in respect of a share solely or jointly held by that member.</p> <p>(3) In relation to the transfer of any share (whether a certificated or an uncertificated share) the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.</p> <p>76 Transferees' rights</p> <p>(1) A transferee who produces such evidence of entitlement to shares as the directors may properly require-</p> <p>(a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and</p> <p>(b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.</p> <p>(2) But transferees do not have the right to attend or vote at a general meeting or annual general meeting in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares</p>	<p>77 Exercise of transferees' rights</p> <p>(1) transferees who wish to become the holders of shares to which they have become entitled must notify the Company in writing of that wish.</p> <p>(2) If the share is a certificated share and a transferee wishes to have it transferred to another person, the transferee must execute an instrument of transfer in respect of it.</p> <p>(3) If the share is an uncertificated share and the transferee wishes to have it transferred to another person, the transferee must-</p> <p>(a) procure that all appropriate instructions are given to effect the transfer, or</p> <p>(b) procure that the uncertificated share is changed into certificated form and then execute an instrument of transfer in respect of it.</p> <p>(4) Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transferee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.</p> <p>78 Transferees bound by prior notices</p> <p>If a notice is given to a member in respect of shares and a transferee is entitled to those shares, the transferee is bound by the notice if it was given to the member before the transferee's name has been entered in the register of members.</p> <p>Disclosure of interest in shares</p> <p>79 Disclosure of interests in shares</p> <p>(1) This article applies where the Company gives to the holder of a share or to any person appearing to be interested in a share a notice requiring any of the information mentioned in section 793 of the 2006 Act (a 'section 793 notice').</p> <p>(2) If a section 793 notice is given by the Company to a person appearing to be interested in any share, a copy shall at the same time be given to the holder, but the accidental omission to do so or the non receipt of the copy by the holder shall not prejudice the operation of the following provisions of this article.</p>
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<p>(3) If the holder of, or any person appearing to be interested in, any share has been given a section 793 notice and, in respect of that share (a "default share"), has been in default for a period of 14 days after the section 793 notice has been given in supplying to the Company the information required by the section 793 notice, the restrictions referred to below shall apply. Those restrictions shall continue for the period specified by the board, being not more than seven days after the earlier of:</p> <p>(a) the Company being notified that the default shares have been sold pursuant to an exempt transfer; or</p> <p>(b) due compliance, to the satisfaction of the board, with the section 793 notice.</p> <p>The board may waive these restrictions, in whole or in part, at any time.</p> <p>(4) The restrictions referred to above are as follows:</p> <p>(a) if the default shares in which any one person is interested or appears to the Company to be interested represent less than 0.25 per cent. (in nominal value) of the issued shares of the class, the holders of the default shares shall not be entitled, in respect of those shares, to attend or to vote, either personally or by proxy, at any general meeting or annual general meeting of the Company; or</p> <p>(b) if the default shares in which any one person is interested or appears to the Company to be interested represent at least 0.25 per cent. (in nominal value) of the issued shares of the class, the holders of the default shares shall not be entitled, in respect of those shares:</p> <p>(i) to attend or to vote, either personally or by proxy, at any general meeting or annual general meeting of the Company; or</p> <p>(ii) to receive any dividend or other distribution; or</p> <p>(iii) to transfer or agree to transfer any of those shares or any rights in them.</p>	<p>The restrictions in subparagraphs (a) and (b) above shall not prejudice the right of either the member holding the default shares or, if different, any person having a power of sale over those shares to sell or agree to sell those shares under an exempt transfer.</p> <p>(5) If any dividend or other distribution is withheld under paragraph (4)(b) above, the member shall be entitled to receive it as soon as practicable after the restriction ceases to apply.</p> <p>(6) If, while any of the restrictions referred to above apply to a share, another share is allotted in right of it (or in right of any share to which this paragraph applies), the same restrictions shall apply to that other share as if it were a default share. For this purpose, shares which the Company allots, or procures to be offered, pro rata (disregarding fractional entitlements and shares not offered to certain members by reason of legal or practical problems associated with issuing or offering shares outside the United Kingdom) to holders of shares of the same class as the default share shall be treated as shares allotted in right of existing shares from the date on which the allotment is unconditional or, in the case of shares so offered, the date of the acceptance of the offer.</p> <p>(7) For the purposes of this article:</p> <p>(a) an "exempt transfer" in relation to any share is a transfer pursuant to:</p> <p>(i) a sale of the share on a recognised investment exchange as defined in the Financial Services and Markets Act 2000 in the United Kingdom or on any stock exchange outside the United Kingdom on which shares of that class are listed or normally traded; or</p> <p>(ii) a sale of the whole beneficial interest in the share to a person whom the board is satisfied is unconnected with the existing holder or with any other person appearing to be interested in the share; or</p> <p>(iii) acceptance of a takeover offer (as defined for the purposes of Part 28 of the 2006 Act);</p>
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	<p>(b) the percentage of the issued shares of a class represented by a particular holding shall be calculated by reference to the shares in issue at the time when the section 793 notice is given; and</p> <p>(c) a person shall be treated as appearing to be interested in any share if the Company has given to the member holding such share a section 793 notice and either (i) the member has named the person as being interested in the share or (ii) (after taking into account any response to any section 793 notice and any other relevant information) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the share.</p> <p>(8) The provisions of this article are without prejudice to the provisions of section 794 of the 2006 Act and, in particular, the Company may apply to the court under section 794(1) of the 2006 Act whether or not these provisions apply or have been applied.</p> <p style="text-align: center;">Consolidation of Shares</p> <p>80 Fraction of shares</p> <p>Subject to any direction by the Company in general meeting, whenever as the result of any consolidation or division of shares members of the Company are entitled to any issued shares of the Company in fractions, the directors may deal with such fractions as they shall determine and in particular may sell the shares to which members are so entitled in fractions to any person (including, subject to the provisions of the Statutes, the Company) and pay and distribute to and amongst the members entitled to such shares in due proportions the net proceeds of the sales thereof save for individual entitlements (net of expenses) not exceeding £3 which may be retained for the benefit of the Company.</p> <p>81 Procedure for disposing of fractions of shares</p> <p>(1) This article applies where-</p> <p>(a) there has been a consolidation or division of shares, and</p> <p>(b) as a result, members are entitled to fractions of shares.</p> <p>(2) The directors may-</p> <p>(a) sell the shares representing the fractions to any person including the Company for the best price reasonably obtainable;</p> <p>(b) in the case of a certificated share, authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser; and</p> <p>(c) distribute the net proceeds of sale in due proportion among the holders of the shares.</p> <p>(3) Where any holder's entitlement to a portion of the proceeds of sale amounts to less than a minimum figure determined by the directors, that member's portion may be distributed to an organisation which is a charity for the purposes of the laws of England and Wales, Scotland or Northern Ireland.</p> <p>(4) The person to whom the shares are transferred is not obliged to ensure that any purchase money is received by the person entitled to the relevant fractions.</p> <p>(5) The transferee's title to the shares is not affected by any irregularity in or invalidity of the process leading to their sale.</p> <p style="text-align: center;">Distributions</p> <p>82 Procedure for declaring dividends</p> <p>(1) The Company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.</p> <p>(2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.</p> <p>(3) No dividend may be declared or paid unless it is in accordance with members' respective rights.</p> <p>(4) Unless the members' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each member's holding of shares on the date of the resolution or decision to declare or pay it.</p>
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<p>(5) If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.</p> <p>(6) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.</p> <p>(7) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.</p> <p>83 Calculation of dividends</p> <p>(1) Except as otherwise provided by the articles or the rights attached to shares, all dividends must be-</p> <p>(a) declared and paid according to the amounts paid up on the shares on which the dividend is paid, and</p> <p>(b) apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.</p> <p>(2) If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly.</p> <p>(3) For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.</p> <p>84 Payment of dividends and other distributions</p> <p>(1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means-</p> <p>(a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;</p> <p>(b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if</p>	<p>the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;</p> <p>(c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or</p> <p>(d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.</p> <p>(2) In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable-</p> <p>(a) the holder of the share; or</p> <p>(b) if the share has two or more joint holders, whichever of them is named first in the register of members; or</p> <p>(c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transferee.</p> <p>85 Deductions from distributions in respect of sums owed to the Company</p> <p>(1) If-</p> <p>(a) a share is subject to a lien, and</p> <p>(b) the directors are entitled to issue a enforcement notice in respect of it, they may, instead of issuing a enforcement notice, deduct from any dividend or other sum payable in respect of the share any sum of money which is payable to the Company in respect of that share to the extent that they are entitled to require payment under a enforcement notice.</p> <p>(2) Money so deducted must be used to pay any of the sums payable in respect of that share.</p> <p>(3) The Company must notify the distribution recipient in writing of-</p>
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<p>(a) the fact and amount of any such deduction;</p> <p>(b) any non-payment of a dividend or other sum payable in respect of a share resulting from any such deduction; and</p> <p>(c) how the money deducted has been applied.</p> <p>86 No interest on distributions</p> <p>The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by-</p> <p>(a) the terms on which the share was issued, or</p> <p>(b) the provisions of another agreement between the holder of that share and the Company.</p> <p>87 Unclaimed distributions</p> <p>(1) All dividends or other sums which are-</p> <p>(a) payable in respect of shares, and</p> <p>(b) unclaimed after having been declared or become payable,</p> <p>may be invested or otherwise made use of by the directors for the benefit of the Company until claimed.</p> <p>(2) The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.</p> <p>(3) If-</p> <p>(a) twelve years have passed from the date on which a dividend or other sum became due for payment, and</p> <p>(b) the distribution recipient has not claimed it,</p> <p>the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.</p>	<p>88 Non-cash distributions</p> <p>(1) Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any Company).</p> <p>(2) If the shares in respect of which such a non-cash distribution is paid are uncertificated, any shares in the Company which are issued as a non-cash distribution in respect of them must be uncertificated.</p> <p>(3) For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution-</p> <p>(a) fixing the value of any assets;</p> <p>(b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and</p> <p>(c) vesting any assets in trustees.</p> <p>89 Waiver of distributions</p> <p>Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if-</p> <p>(a) the share has more than one holder, or</p> <p>(b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,</p> <p>the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.</p>
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<p>means only if it is given in accordance with the requirements specified by the board.</p> <p>93 Manner of giving notices</p> <p>(1) A notice in writing, document or other communication may be given or served by the Company to any member either personally or by sending it through the post addressed to the member at his registered address (or if the member has no registered address to the postal address, if any, supplied by him to the Company as his address for the service of notices) or by leaving it at that address.</p> <p>(2) Subject to the Statutes, a notice, document or other communication may be given by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a web site where:</p> <p>(a) the Company and that member have agreed to the use of electronic communication for sending copies of documents to the member and;</p> <p>(i) the documents are documents to which the agreement applies; and</p> <p>(ii) copies of the documents are sent using electronic communication to such address (or to one of such addresses if more than one) as may for the time being be notified by the member to the Company for that purpose; or</p> <p>(iii) the Company and that member have agreed to that member having access to documents on a website (instead of documents being sent to him); and:</p> <p>(aa) the member has agreed (generally or specifically) that the notice, document or other communication may be sent or supplied to him by being made available on a website (and has not revoked that agreement), or the member has been asked by the Company to agree that the Company may send or supply notices, documents and other communications generally, or the notice, document or other communication in question, to him by making it</p>	<p>Record Dates</p> <p>90 Fixing of record dates</p> <p>(1) Notwithstanding any other of these articles, but without prejudice to any rights attached to any shares, the Company or the board may fix a date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared, paid or made.</p> <p>(2) In the absence of a record date being fixed, entitlement to any dividend, distribution, allotment or issue shall be determined by reference to the date on which the dividend is declared or the distribution, allotment or issue is made.</p> <p>Accounts</p> <p>91 Accounting records</p> <p>(1) The board shall cause accounting records of the Company to be kept in accordance with the Statutes.</p> <p>(2) No member (as such) shall have any right of inspecting any account, book or document of the Company, except as conferred by law or authorised by the board or by any ordinary resolution of the Company.</p> <p>Notices</p> <p>92 Form of notices</p> <p>(1) Except where otherwise expressly stated, any notice to be given to or by any person under these articles shall be in writing or, to the extent permitted by the Statutes and subject to paragraph (2), contained in an electronic communication.</p> <p>(2) The board may from time to time specify the form and manner in which a notice may be given to the Company by electronic means, including one or more addresses for the receipt of an electronic communication, and may prescribe such procedures as it thinks fit for verifying the authenticity or integrity of any such electronic communication. A notice may be given to the Company by electronic</p>
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<p>available on a website and the Company has not received a response within the period of 28 days beginning on the date on which the Company's request was sent and the member is therefore taken to have so agreed (and has not revoked that agreement);</p> <p>(bb) the member is sent a notification of the presence of the notice, document or communication on a website, the address of that website, the place on that website where it may be assessed, and how it may be accessed ("notification of availability");</p> <p>(cc) in the case of a notice of meeting, the notification of availability states that it concerns a notice of a company meeting, specifies the place, time and date of the meeting, and states whether it will be an annual general meeting; and</p> <p>(dd) the notice, document or communication continues to be published on that website, in the case of a notice of meeting, throughout the period beginning with the date of the notification of availability and ending with the conclusion of the meeting and in all other cases throughout the period specified by any applicable provision of the Statutes, or, if no such period is specified, throughout the period of 28 days beginning with the date on which the notification of availability is sent to the member, save that if the notice, document or communication is made available for part only of that period then failure to make it available throughout that period shall be disregarded where such failure is wholly attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid.</p> <p>(3) A member of the Company which is itself a company shall be deemed to have agreed that the Company may send a notice or other document in accordance with</p>	<p>paragraph 2(a) above if the member is deemed by a provision in the Statutes to have agreed that the notice or document may be so sent.</p> <p>(4) In the case of joint holders of a share, any notice, document or other communication given or served by the Company in any manner permitted by these articles to the joint holder who is named first in the register in respect of the joint holding shall be deemed to be given to all other holders of the share. The agreement of the first named holder that notices, documents and other communications may be given, sent or supplied in electronic form or by being made available on a website shall be binding on all the joint holders.</p> <p>(5) A member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom (not being an electronic address) at which notices may be given to him shall be entitled to have notices given to him at that address but, unless he does so, shall not be entitled to receive any notice from the Company.</p> <p>(6) For the avoidance of doubt, the provisions of this article 112 are subject to article 27.</p> <p>94 Notice in event failure of postal services</p> <p>If at any time by reason of the suspension or curtailment of postal services within the United Kingdom or any part of the United Kingdom, or of services for delivery by electronic means, the Company is unable in the opinion of the board effectively to convene a general meeting or annual general meeting by notices sent through the post (or by notification by post as to the availability of the notice of meeting on a website) or (in the case of those members in respect of whom an address has for the time being been notified to the Company, in a manner specified by the board, for the purpose of giving notices by electronic means) by electronic means, the board may decide that the only persons to whom notice of the affected general meeting or annual general meeting must be sent are:</p> <p>(a) the board;</p> <p>(b) the Company's auditors;</p>
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<p>(c) those members to whom notice to convene the general meeting or annual general meeting can validly be sent by electronic means; and</p> <p>(d) those members to whom notice to convene the general meeting or annual general meeting can validly be sent by means of a website and to whom notification as to the availability of the notice of meeting on a website can validly be sent by electronic means.</p> <p>In any such case the Company shall:</p> <p>(i) send confirmatory copies of the notice (or a confirmatory notification as to the availability of the notice on the Company's website in the case of those members to whom notice to convene the general meeting or annual general meeting can validly be sent by means of a website but to whom notification as of the availability of the notice of the meeting on a website cannot validly be sent by electronic means) by post or (as the case may be) by electronic means if, at least seven days prior to the date of the general meeting or annual general meeting, the posting of notices to addresses throughout the United Kingdom or (as the case may be) the sending of notices by electronic means again becomes, in the opinion of the board, practicable;</p> <p>(ii) advertise the notice of meeting in at least one national newspaper; and</p> <p>(iii) make the notice of meeting available on its website from the day the notice was sent until the conclusion of the meeting or any adjournment thereof.</p> <p>95 When notice is deemed given</p> <p>(1) Any notice in writing, document or other communication, if sent by first class post, shall be deemed to have been given on the day following that on which the envelope containing it is put into the post, or, if sent by second class post, shall be deemed to have been given on the second day following that on which the envelope containing it is put into the post and in proving that a notice, document or other communication has been given it shall be sufficient to prove that the letter, envelope or wrapper containing the notice, document or other communication was properly addressed, prepaid and put into the post.</p>	<p>(2) Any notice in writing, document or other communication not sent by post but left at a registered address or address at which a notice, document or other communication may be given shall be deemed to have been given on the day it was so left.</p> <p>(3) Any notice, document or other communication, if sent by electronic means (including through any relevant system), shall be deemed to have been given on the day following that on which the electronic communication was sent by or on behalf of the Company. Proof that a notice, document or other information in electronic form was sent will be sufficient to prove that the notice, document or other information was properly addressed subject to the provisions of section 1147(4) of the 2006 Act as to deemed delivery of documents or information by means of a website.</p> <p>(4) Any notice, document or other communication that has been made available on a website shall be deemed to have been received on the date on which notification of availability on the website is deemed to have been received in accordance with this article or, if later, the date on which it is first made available on the website.</p> <p>(5) A member present, either in person or by proxy, at any meeting of the Company or class of members of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which the meeting was convened.</p> <p>(6) Every person who becomes entitled to a share shall be bound by every notice (other than a notice in accordance with section 793 of the 2006 Act) in respect of that share which before his name is entered in the register was given to the person from whom he derives his title to the share.</p> <p>96 Record date for giving notices</p> <p>(1) For the purposes of giving notices of meetings, documents or other communications, whether under the Statutes, a provision in these articles or any other instrument, the Company may determine that persons entitled to receive such notices, documents or other communications are those persons entered on the register at the close of business on a day determined by it.</p>
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<p>(2) The day determined by the Company under paragraph (1) above may not be more than fifteen days before the day that the notice of the meeting, document or other communication is given.</p> <p>97 Notice to person entitled by transmission</p> <p>Where a person is entitled by transmission to a share, any notice or other communication shall be given to him, as if he were the holder of that share and his address noted in the register were his registered address. In any other case, any notice or other communication given to any member pursuant to these articles shall, notwithstanding that the member is then dead or bankrupt or that any other event giving rise to the transmission of the share by operation of law has occurred and whether or not the Company has notice of the death, bankruptcy or other event, be deemed to have been properly given in respect of any share registered in the name of that member as sole or joint holder.</p> <p style="text-align: center;">Untraced Members</p> <p>98 Sale of shares of untraced members</p> <p>(1) The Company may sell, in such manner as the board may decide and at the best price it considers to be reasonably obtainable at that time, any share of a member, or any share to which a person is entitled by transmission if:</p> <p>(a) during a period of twelve years at least three cash dividends have become payable in respect of the share to be sold and have been sent by the Company in accordance with these articles;</p> <p>(b) during that period of twelve years no cash dividend payable in respect of the share has been claimed, no cheque, warrant, order or other payment for a dividend has been cashed, no dividend sent by means of a funds transfer system has been paid and no communication has been received by the Company from the member or the person entitled by transmission to the share;</p> <p>(c) on or after the expiry of that period of twelve years the Company has published advertisements both in a national newspaper and in a newspaper circulating in the area in which the last known address of the member or person entitled by transmission to the share or the address at which</p>	<p>notices may be given in accordance with these articles is located, in each case giving notice of its intention to sell the share; and</p> <p>(d) during the period of three months following the publication of those advertisements and after that period until the exercise of the power to sell the share, the Company has not received any communication from the member or the person entitled by transmission to the share.</p> <p>(2) The Company's power of sale shall extend to any further share which, on or before the date of publication of the first of any advertisement pursuant to subparagraph (1)(c) above, is issued in right of a share to which paragraph (1) applies (or in right of any share to which this paragraph applies) if the conditions set out in subparagraphs (1)(b) to (d) are satisfied in relation to the further share (but as if the references to a period of twelve years were references to a period beginning on the date of allotment of the further share and ending on the date of publication of the first of the advertisements referred to above).</p> <p>(3) To give effect to any sale, the board may authorise some person to transfer the share to, or as directed by, the purchaser, who shall not be bound to see to the application of the purchase money; nor shall the title of the new holder to the share be affected by any irregularity in, or invalidity of, the proceedings relating to the sale.</p> <p>99 Application of proceeds of sale</p> <p>(1) The Company shall account to the person entitled to the share at the date of sale for a sum equal to the net proceeds of sale and shall be deemed to be his debtor, and not a trustee for him, in respect of them.</p> <p>(2) Pending payment of the net proceeds of sale to such person, the proceeds may either be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company, if any) as the board may from time to time decide.</p> <p>(3) No interest shall be payable in respect of the net proceeds and the Company shall not be required to account for any moneys earned on the net proceeds.</p>
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<p>(3) The board may also authorise any person to sign on behalf of the persons entitled to share in the distribution a contract for the acceptance by those persons of the shares or debentures to be allotted to them credited as fully paid under a capitalisation and any such contract shall be binding on all those persons.</p> <p>101 Capitalisation of reserves – employees' share schemes</p> <p>(1) This article (which is without prejudice to the generality of the provisions of the immediately preceding article) applies:</p> <p>(a) where a person is granted pursuant to an employees' share scheme a right to subscribe for shares in the Company in cash at a subscription price less than their nominal value; and</p> <p>(b) where, pursuant to an employees' share scheme, the terms on which any person is entitled to subscribe in cash for shares in the Company are adjusted as a result of a capitalisation issue, rights issue or other variation of capital so that the subscription price is less than their nominal value.</p> <p>(2) In any such case the board:</p> <p>(a) shall transfer to a reserve account a sum equal to the deficiency between the subscription price and the nominal value of the shares (the "cash deficiency") from the profits or reserves of the Company which are available for distribution and not required for the payment of any preferential dividend; and</p> <p>(b) (subject to paragraph (4) below) shall not apply that reserve account for any purpose other than paying up the cash deficiency upon the allotment of those shares.</p> <p>(3) Whenever the Company is required to allot shares pursuant to such a right to subscribe, the board shall (subject to the Statutes) appropriate to capital out of the reserve account an amount equal to the cash deficiency applicable to those shares, apply that amount in paying up the deficiency on the nominal value of those shares and allot those shares credited as fully paid to the person entitled to them.</p> <p>(4) If any person ceases to be entitled to subscribe for shares as described above, the restrictions on the reserve account shall cease to apply in relation to such part of</p>	<p>Capitalisation of Profits</p> <p>100 Capitalisation of reserves</p> <p>(1) The board may, with the authority of an ordinary resolution of the Company:</p> <p>(a) resolve to capitalise any sum standing to the credit of any reserve account of the Company (including share premium account and capital redemption reserve) or any sum standing to the credit of profit and loss account or retained earnings account not required for the payment of any preferential dividend (whether or not it is available for distribution); and</p> <p>(b) appropriate that sum as capital to the holders of ordinary shares in proportion to the nominal amount of the ordinary share capital held by them respectively and apply that sum on their behalf in paying up in full any new shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions or in paying up the whole or part of any amounts which are unpaid in respect of any issued shares in the Company held by them respectively, or otherwise deal with such sum as directed by the resolution provided that the share premium account and the capital redemption reserve and any sum not available for distribution in accordance with the Statutes may only be applied in paying up new shares to be allotted credited as fully paid up.</p> <p>(2) Where any difficulty arises in respect of any distribution of any capitalised reserve or other sum, the board may settle the difficulty as it thinks fit and in particular may make such provisions as it thinks fit in the case of shares or debentures becoming distributable in fractions (including provisions under which, in whole or in part, the benefit of fractional entitlements accrues to the Company rather than the members concerned) or ignore fractions and may fix the value for distribution of any fully paid up shares or debentures and may determine that cash payments be made to any members on the basis of the value so fixed in order to secure equality of distribution, and may vest any shares or debentures in trustees upon such trusts for the persons entitled to share in the distribution as the board may think fit.</p>
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<p>the account as is equal to the amount of the cash deficiency applicable to those shares.</p> <p>(5) No right shall be granted under any employees' share scheme under paragraph (1)(a) above and no adjustment shall be made as mentioned in paragraph (1)(b) above unless there are sufficient profits or reserves of the Company available for distribution and not required for the payment of any preferential dividend to permit the transfer to a reserve account in accordance with this article of an amount sufficient to pay up the cash deficiency applicable to the shares concerned.</p> <p style="text-align: center;">PART 5</p> <p style="text-align: center;">MISCELLANEOUS PROVISIONS</p> <p style="text-align: center;">Communications</p> <p>102 Means of communication to be used</p> <p>(1) Subject to the articles, anything sent or supplied by or to the Company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.</p> <p>(2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.</p> <p>(3) A director may agree with the Company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.</p> <p>103 Failure to notify contact details</p> <p>(1) If-</p>	<p>(a) the Company sends two consecutive documents to a member over a period of at least 12 months, and</p> <p>(b) each of those documents is returned undelivered, or the Company receives notification that it has not been delivered,</p> <p>that member ceases to be entitled to receive notices from the Company.</p> <p>(2) A member who has ceased to be entitled to receive notices from the Company becomes entitled to receive such notices again by sending the Company-</p> <p>(a) a new address to be recorded in the register of members, or</p> <p>(b) if the member has agreed that the Company should use a means of communication other than sending things to such an address, the information that the Company needs to use that means of communication effectively.</p> <p style="text-align: center;">Administrative Arrangements</p> <p>104 Seal</p> <p>(1) The Company may exercise the powers conferred by the Statutes with regard to having official seals and those powers shall be vested in the board.</p> <p>(2) The directors shall provide for the safe custody of every seal of the Company.</p> <p>(3) A seal shall be used only by the authority of the board or a duly authorised committee but that authority may consist of an instruction or approval given in writing or by electronic means by a majority of the directors or of the members of a duly authorised committee.</p> <p>(4) The directors may determine who shall sign any instrument to which a seal is applied, either generally or in relation to a particular instrument or type of instrument, and may also determine, either generally or in any particular case, that such signatures shall be dispensed with.</p> <p>(5) Unless otherwise decided by the board:</p>
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<p>(a) certificates for shares, debentures or other securities of the Company issued under seal need not be signed; and</p> <p>(b) every other instrument to which a seal is applied shall be signed by at least one director and the Company Secretary of the Company or by at least two directors or by a director in the presence of a witness.</p> <p>(6) Where the Statutes so permit, any instrument signed by one director and the Company Secretary of the Company or by two directors or by a director in the presence of a witness who attests to the signature and expressed, in whatever words, to be executed by the company shall have the same effect as if executed under the seal, provided that no instrument shall be so signed which makes it clear on its face that it is intended by the person or persons making it to be a deed without the authority of the directors or a committee authorised by the directors in that behalf. The directors may by resolution determine that such signatures or either of them shall be affixed by some mechanical or electronic method or system.</p> <p>105 Destruction of documents</p> <p>(1) The Company is entitled to destroy-</p> <p>(a) all instruments of transfer of shares which have been registered, and all other documents on the basis of which any entries are made in the register of members, from six years after the date of registration;</p> <p>(b) all dividend mandates, variations or cancellations of dividend mandates, and notifications of change of address, from two years after they have been recorded;</p> <p>(c) all share certificates which have been cancelled from one year after the date of the cancellation;</p> <p>(d) all paid dividend warrants and cheques from one year after the date of actual payment; and</p> <p>(e) all Proxy Notices from one year after the end of the meeting to which the Proxy Notice relates.</p>	<p>(2) If the Company destroys a document in good faith, in accordance with the articles, and without notice of any claim to which that document may be relevant, it is conclusively presumed in favour of the Company that-</p> <p>(a) entries in the register purporting to have been made on the basis of an instrument of transfer or other document so destroyed were duly and properly made;</p> <p>(b) any instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;</p> <p>(c) any share certificate so destroyed was a valid and effective certificate duly and properly cancelled; and</p> <p>(d) any other document so destroyed was a valid and effective document in accordance with its recorded particulars in the books or records of the Company.</p> <p>(3) This article does not impose on the Company any liability which it would not otherwise have if it destroys any document before the time at which this article permits it to do so.</p> <p>(4) In this article, references to the destruction of any document include a reference to its being disposed of in any manner.</p> <p>106 No right to inspect accounts and other records</p> <p>Except as provided by law or authorised by the directors or an ordinary resolution of the Company, no person is entitled to inspect any of the Company's accounting or other records or documents merely by virtue of being a member.</p> <p>107 Provision for employees on cessation of business</p> <p>The directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that Subsidiary.</p>
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<p style="text-align: center;">Directors' Indemnity and Insurance</p> <p>108 Indemnity of directors</p> <p>Subject to the Statutes, every person who is or was a director or other officer (excluding an auditor) of the Company or any associated company, directly or indirectly, shall be indemnified out of the assets of the Company against all liabilities incurred by him in the actual or purported execution or discharge of his duties or the exercise or purported exercise of his powers or otherwise in relation to or in connection with his duties, powers or office but:</p> <p>(a) this indemnity shall not apply to any liability to the extent that it is recovered from any other person; and</p> <p>(b) the indemnity is subject to such officer taking all reasonable steps to effect such recovery, to the intent that the indemnity shall not apply where an alternative right of recovery is available and capable of being enforced.</p> <p>109 Indemnity for qualifying pension scheme</p> <p>Subject to the Statutes, the Company may indemnify to any extent any person who is or was a director of an associated company that is a trustee of an occupational pension scheme, directly or indirectly (including by funding any expenditure incurred or to be incurred by him) against any liability incurred by him in connection with the Company's activities as trustee of an occupational pension scheme.</p> <p>110 Funds incurred in officer's defence</p> <p>Subject to the Statutes, the Company may at the discretion of the board provide every director or other officer (excluding an auditor) of the Company with funds to meet expenditure incurred or to be incurred by him (or to enable such director or officer to avoid incurring such expenditure) in defending any civil or criminal proceedings, any regulatory actions or investigations or in connection with any application under the provisions referred to in section 205(5) 2006 Act.</p> <p>111 Limited Liability</p> <p>The liability of the members is limited to the amount, if any, unpaid on the shares in the company respectively held by them.</p>	<p>112 Insurance</p> <p>(1) The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant director in respect of any relevant loss.</p> <p>(2) In this article 111-</p> <p>(a) a "relevant director" means any director or former director of the Company or an associated Company,</p> <p>(b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the Company, any associated Company or any pension fund or employees' share scheme of the Company or associated Company, and</p> <p>(c) companies are associated if one is a Subsidiary of the other or both are subsidiaries of the same body corporate.</p> <p style="text-align: center;">Winding Up</p> <p>113 Distribution of assets</p> <p>If the Company shall be wound up the liquidator may, subject to the Statutes, with the sanction of a special resolution of the Company and any other sanction required by the Statutes, divide amongst the members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities or other assets whereon there is any liability.</p>
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Appendix 2 Registrar Agreement

<p>REGISTRAR AGREEMENT</p> <p>RELATED TO REGISTRATION IN THE NORWEGIAN CENTRAL SECURITIES DEPOSITORY</p> <p>BETWEEN</p> <p><i>Awilco Drilling Limited</i></p> <p>AND</p> <p><i>DnB NOR Bank ASA</i> <i>Registrars Department</i></p> <p>L:\2010\13_11_08\01.10_0914-007</p> <p>66</p>	<p>This Agreement is entered into this 12 thday of January 2010 by and between:</p> <p>Awilco Drilling Limited, a company under the laws of England and Wales with registered number 7114196 and having its registered office at c/o McGrigors LLP, 5 Old Bailey, London EC4M 7EQ (hereinafter the "Company")</p> <p>and</p> <p>DnB NOR Bank ASA, as represented by the Registrar's Department ("Verdipapirservice"), a company under the laws of the Kingdom of Norway with address 0021 Oslo, Norway (hereinafter the "Registrar").</p> <p>WHEREAS the Company is existing and operating under the laws of England and Wales;</p> <p>WHEREAS all the issued shares of the Company are registered in the Norwegian Central Securities Depository ("Verdipapirsentralen" - hereinafter referred to as "VPS");</p> <p>WHEREAS the Company's main Register of shareholders will be kept with the Company's UK solicitors, McGrigors LLP at 5 Old Bailey, London, EC4M 7BA);</p> <p>WHEREAS the Registrar is willing to (i) act as registrar on behalf of the Company in all matters relating to the VPS and thereby as the connecting link between the VPS and the Company and (ii) act as record keeper on behalf of the Shareholders whose shares are registered in the VPS Register;</p> <p>WHEREAS all the shares of the Company registered in the VPS Register shall be registered in the Company's main register of shareholders maintained by McGrigors LLP, via a custodian as determined and appointed by the Registrar from time to time.</p> <p>NOW, THEREFORE, the parties have entered into the following:</p> <p>1. DEFINITIONS</p> <table><tr><td>VPS</td><td>The Norwegian Central Securities Depository ("Verdipapirsentralen"), a Norwegian computerised, book-entry based system, in which ownership and transactions related to securities are recorded.</td></tr><tr><td>The VPS Register</td><td>The register of Shareholders maintained in the VPS.</td></tr><tr><td>Shareholder</td><td>Person or legal entity registered in the VPS Register as owner of a share or shares of the Company.</td></tr></table> <p>66 V.7.</p>	VPS	The Norwegian Central Securities Depository ("Verdipapirsentralen"), a Norwegian computerised, book-entry based system, in which ownership and transactions related to securities are recorded.	The VPS Register	The register of Shareholders maintained in the VPS.	Shareholder	Person or legal entity registered in the VPS Register as owner of a share or shares of the Company.
VPS	The Norwegian Central Securities Depository ("Verdipapirsentralen"), a Norwegian computerised, book-entry based system, in which ownership and transactions related to securities are recorded.						
The VPS Register	The register of Shareholders maintained in the VPS.						
Shareholder	Person or legal entity registered in the VPS Register as owner of a share or shares of the Company.						

<p>2. UNDERTAKINGS BY THE REGISTRAR</p> <p>2.1 Subject to the Registrar having received the necessary information from the Company, the Registrar undertakes to keep records of entries taken from the VPS Register with regard to the following:</p> <ul style="list-style-type: none"> (a) the name and address of each Shareholder; (b) the number of shares held by each Shareholder; (c) the date each Shareholder was registered in the VPS Register as a Shareholder; (d) the date any person ceased to be a Shareholder; and (e) provide service to the Oslo Stock Exchange/Oslo Børs, investment firms and the Shareholders of the Company in matters related to this Agreement and the VPS system. <p>Information concerning (c) and (d) above will be retained for 10 years following the date referred to in (d). Additional information might be retained in order to comply with any applicable Norwegian legislation in force from time to time.</p> <p>2.2 Further, subject to the Registrar having received the necessary information from the Company, the Registrar undertakes to distribute all dividends or other cash amounts declared and paid by the Company in accordance with the VPS system for payment of dividends. Any dividends to be paid through the VPS must be available in a bank account held with the Registrar a minimum of two banking days prior to date of payment to the Shareholders. To Shareholders who maintain a Norwegian address and/or have supplied the VPS with details of their Norwegian kroner account such dividend will be paid in Norwegian kroner. Shareholders registered in the VPS Register whose address is outside Norway and who have not supplied the VPS with details of any Norwegian kroner account, will receive dividends by cheque in their local currency. If it is not practical in the Registrar's sole opinion to issue a cheque in a local currency, a cheque will be issued in U.S. dollars. The issuing and mailing of cheques will be executed in accordance with the standard procedures of DnB NOR Bank ASA, Foreign Payments Department. The exchange rate(s) that is applied will be DnB NOR Bank ASA's exchange rate on the date of issuance.</p> <p>2.3 Whenever the Company calls for a general meeting of shareholders, the Registrar agrees not to attend or vote at such meeting other than in accordance with proxies from Shareholders registered in the VPS.</p> <p>2.4 In the event of any change or alteration of the share capital of the Company all necessary amendments must be made in the VPS system. For the purpose of this clause, any instructions from the Company shall be accompanied by relevant documentation specifying the new share capital of the Company or any other alterations hereto.</p> <p>In addition to the undertakings stated above, the Registrar shall, subject to a separate agreement between the Company and the Registrar, provide advice and technical assistance in connection with:</p>	<ul style="list-style-type: none"> • Sending the Shareholders of the Company at their registered addresses any notice, report, accounts, financial statements, circular or other similar document (each a "Document") relating to the affairs of the Company. • Preparing, organising and assisting the Company when a Shareholder meeting and/or an annual or extraordinary general meeting of the Company is called for. • Issues with and without pre-emptive rights for former/existing Shareholders. • Issues directed towards employees, and/or special groups, both in Norway and abroad. • Bonus issues, with and without payment for excess holdings of shares. • Write-downs of the nominal value of the Company's share capital. • Share splits. • Merger(s) and/or demerger(s). • Sales of shares to employees or purchases of shares in the market. • Subscriptions of convertible bonds, with or without pre-emptive rights for the Company's existing/former Shareholders, which may be converted to shares at a future date. • Acquisitions. • Special assignments. <p>2.5 However, notwithstanding the above, the Registrar does not undertake any obligation to render any tax reporting services to any tax authorities or to collect any tax on behalf of any tax authorities.</p> <p>2.6 The Registrar undertakes to hold any shares registered in its name for the Shareholders only.</p> <p>3. UNDERTAKINGS BY THE COMPANY</p> <p>The Company undertakes to:</p> <ul style="list-style-type: none"> a) Inform the Registrar of any decision made by the Company that is relevant for the continued registration of the Company and its Shareholders in the VPS Register and other relevant information, in order to enable the Registrar to comply with this Agreement. b) Inform the Registrar of all details of any proposed dividend by the Board of Directors of the Company and all other details connected thereto before the General Meeting of the Company announces the proposed dividend in order to enable the Registrar to comply with this Agreement. VPS needs this information in order to process dividend payments. c) Pay to the Shareholders of the Company any dividend declared by the Company to a bank account held with the Registrar in accordance with the VPS system for payment of dividends, see clause 2.2. d) Provide the Registrar with a copy of its Articles of Incorporation, Articles of Registration, and Articles of Association, or any similar documents, and immediately inform the Registrar of any amendment to such articles, and provide the view of the Company regarding if such changes is relevant for the registration with the Registrar.
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<p>4. INFORMATION FROM THE VPS REGISTER</p> <p>4.1 Within 10 days after the end of each year the Registrar shall produce and send to the Company an updated list of the Shareholders registered in the VPS Register as at year's end.</p> <p>4.2 At the request of the Company, the Registrar shall order from VPS and send to the Company a printout or printouts of the Company's shareholders' register, address labels or statistics from the VPS.</p> <p>4.3 If anyone other than the Company requests address labels for the Shareholders from the VPS, the Registrar shall request permission from the Company prior to releasing such address labels.</p> <p>4.4 If investment firms, financial newspapers or other persons request a transcript of the Company's 20 largest Shareholders, the Registrar is authorised by the Company to release such transcripts to the requesting party.</p> <p>4.5 Any statistics of the Shareholders of the Company may be released to any requesting party subject to a separate agreement between the Company and the Registrar, or the Company's general consent to release such statistics.</p> <p>4.6 If the shares of the Company are registered in more than one share register, a portion of shares equal to the number of shares registered in the VPS Register are registered in the Companies main register in the name of the Registrar or its custodian bank. If claimed by a Shareholder registered in VPS Register, the Registrar may submit an application to the Board of Directors and request transfer of shares from the account of the Registrar in the Company's main register to a new account in the name of the Shareholder in question, corresponding to all shares registered on that shareholder in VPS Register. Consequently the change in registration in the main register will be reflected in the VPS Register. The Board of Directors should not unreasonably withhold the reply to such an application. Such an application from the Registrar is including, but not limited to, proceedings in connection with a take-over of the Company.</p> <p>5. OWNERSHIP RESTRICTIONS</p> <p>5.1 The Registrar may not reject, stop or reverse any transfer of shares in the VPS system. The Registrar may, upon request from the Company, provide information on the combined number of shares held by investors sorted by their citizenships, as reported to the VPS system by VPS securities account administrators. Such information will enable the Company to estimate whether it, in accordance with its Articles of Association, should contact any investor in order for the investor to reverse transfer of shares for reason such transfer of shares having violated any Company Articles of Association, as applicable.</p> <p>5.2 The Registrar may, upon request from the Company, enter a restriction legend into the VPS system. Investors will upon purchase of Company shares receive a written holding statement via the VPS system on which the restriction legend will be stated, thus notifying investors that the Company may demand the investor to reverse the Company shares purchase if having violated any Company Articles of Association, as applicable.</p>	<p>6. PAYMENTS</p> <p>6.1 The Company agrees to pay the Registrar for the latter's services at the Registrar's standard rates as they apply from time to time, which may include reasonable internal and external fees, costs and expenses including internal and external legal fees. The Registrar shall send monthly invoices to the Company detailing the fees, costs and expenses payable including out-of-pocket expenses and costs incurred by the Registrar. In addition, the Company shall pay all expenses (including internal and external legal fees) incurred by Registrar in its capacity as Registrar.</p> <p>6.2 The Company agrees to pay the account operator fee in advance in 3 instalments per year to the Registrar. The total amount of the account operator fee for the previous year will be calculated by the VPS and charged to the Company by the Registrar during the first quarter the following year.</p> <p>6.3 The Company shall pay for the services of the Registrar in accordance with the standard charges of the Registrar which may include reasonable internal and external fees, costs and expenses including internal and external legal fees. The Registrar shall render monthly invoices to the Company detailing the fees, costs and expenses payable including out-of-pocket expenses and costs incurred by the Registrar. In addition the Company shall pay all expenses (including reasonable internal and external legal fees) incurred by the Registrar in its capacity as Registrar.</p> <p>7. CONFIDENTIALITY</p> <p>Any information regarding the Company or otherwise relating to its affairs, which may be obtained by the Registrar in connection with the performance of its duties as Registrar in accordance with this Agreement, will be treated as private and confidential and will not be disclosed to any third person unless required by applicable law.</p> <p>8. LIABILITY</p> <p>8.1 VPS liability</p> <p>In accordance with article 9-1 of the Norwegian Act Concerning the Registration of Financial Instruments ("The Securities Registry Act") (Office translation):</p> <p>"The Central Securities Depository is liable for financial loss inflicted on anyone as a result of errors that occur in connection with securities registration operations. This does not apply in the event that the Depository proves that the error is due to circumstances outside the Depository's control, the consequences of which the Depository could not reasonably be expected to avoid or surmount.</p> <p>The Securities Depository is liable for other financial losses in the event that such loss is due to negligence on the part of the Depository or another entity for which the Depository is answerable.</p> <p>The liability for damages as specified in the first sub-article above only applies to direct losses and such liability is in any event limited to a maximum of NOK 500 million for any individual error".</p>
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<p>As regards liability for other losses, in its business terms and conditions VPS has confined this to only apply to direct losses ensuing from events within VPS' control and limited to a maximum of NOK 2.5 million per wrongful act or omission. In addition, VPS operates with a deductible of NOK 10,000 per damage event.</p> <p>The Company may have the Registrar, as Registrar for the Company, present any claims the Company has against VPS, but the Registrar cannot under any circumstances be held liable for errors committed by VPS or losses incurred as a result of VPS' conduct.</p> <p>In the event that the Registrar does not receive full settlement from VPS due to the deductible, the Registrar may demand payment of the corresponding amount from the Company.</p> <p>8.2. Liability of the parties</p> <p>Each party is liable for any direct losses suffered by the other party as a result of breach of contract by the first party. The parties are not liable for indirect damage or indirect loss of any nature.</p> <p>A party cannot under any circumstances be held liable for any loss attributable to circumstances beyond the that party's control, including, but not limited to:</p> <ol style="list-style-type: none"> errors committed by others, including errors attributable to sub-suppliers, incorrect or incomplete information from VPS, the Company, Shareholders, Shareholders' registrars or investment firms, or power failures, errors in or outages of electronic data processing systems, telecommunication networks etc., fire, water damage, strike, changes in legislation, orders or injunctions issued by the authorities or the suspension or cessation of monetary or securities settlements. <p>9. TAX LIABILITY</p> <p>9.1 The Registrar does not undertake any liability for taxes or duties to any authorities, whether Norwegian or foreign, in its capacity acting as Registrar in accordance with this Agreement. Further, the Registrar does not undertake any obligation to render any tax reporting to any tax authorities, or to collect any tax on behalf of any tax authorities.</p> <p>9.2. The Company will indemnify the Registrar of any claim for taxes or duties or other liability that may occur as a result of the Registrar either receiving, delivering or holding Company shares in connection with the Company being registered in the VPS or the Company's shares being so registered, or the Registrar issuing or cancelling Company shares in or out of the VPS system in accordance with Company instructions, or by the Registrar performing its duties in accordance with this Agreement.</p> <p>10. TERMINATION OR CHANGE OF PROVISIONS OF AGREEMENT</p> <p>10.1 This Agreement may be terminated by either party with a minimum of three months prior written notice.</p> <p style="text-align: right;">66 66</p>	<p>10.2 Either of the parties may terminate this Agreement immediately on giving written notice to the other party in the event of the non-performance of payment obligations or any other material breach of the Agreement. In respect of the Company's payment obligations under the Agreement, payment failure shall only give grounds of termination if such failure is not remedied on or before the 15th business day after the Registrar gives the Company notice of such failure. The Registrar may terminate this Agreement immediately in the event that the Company becomes unable to pay its debts.</p> <p>10.3 The provisions of this Agreement may be subject to change provided applicable law and/or the general business terms of VPS so require, or with the prior written consent of both parties.</p> <p>11. STANDARD CONDITIONS</p> <p>By signature of the Agreement the Company also accepts the standard conditions of DnB NOR Markets (the "Standard Conditions") in the condition they exist upon the signing of the Agreement. The Standard Conditions are enclosed in appendix 1 and constitute an integrated part of the Agreement. In the event of any conflict between the terms of this Agreement and the terms of the Standard Conditions, this Agreement shall prevail.</p> <p>12. GOVERNING LAW AND JURISDICTION</p> <p>This Agreement shall be governed by and construed in accordance with the laws of the Kingdom of Norway. The Company and the Registrar submit to the exclusive jurisdiction of the Norwegian court with respect to any dispute arising out of or in connection with this Agreement, venue to be Oslo Municipal Court.</p> <p style="text-align: center;">This Agreement is issued in two originals, one for each of the parties.</p> <p style="text-align: center;">Oslo, 12 th day of January 2010</p> <p>Awilco Drilling Limited for DnB NOR Bank ASA</p> <p><i>[Signature]</i> <i>[Signature]</i></p>
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Appendix 3 Report and Financial Statements

<p style="text-align: center;">Awilco Drilling Limited</p> <hr/> <p>Directors</p> <p>Sigurd Einar Thorvoldsen (appointed 30 December 2009) Tom Furulund (appointed 6 January 2010) Henrik Fougner (appointed 6 January 2010) Mark Andrew Russell (appointed 12 February 2010) Hege Hidle (appointed 12 February 2010) Daniel Allen Gold (appointed 30 November 2010)</p> <p>Secretary</p> <p>SH Company Secretaries Limited One, St. Pauls Churchyard London EC4M 8SH</p> <p>Auditors</p> <p>Ernst & Young LLP Registered Auditor Blenheim House Fountainhall Road Aberdeen AB15 4DT</p> <p>Bankers</p> <p>DnB Nor Bank ASA N-0021 Oslo</p> <p>Registered office</p> <p>One St. Paul's Churchyard London EC4M 8SH</p>	<p style="text-align: center;">Awilco Drilling Limited</p> <p style="text-align: center;">Report and Financial Statements</p> <p style="text-align: center;">Period from incorporation to 31 December 2010</p>
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<div data-bbox="256 1686 301 1861"> <p>Awilco Drilling Limited Registered No. 7114196</p> </div> <div data-bbox="347 1675 373 1861"> <p>Directors' report</p> </div> <div data-bbox="416 1245 467 1861"> <p>The directors present their report and financial statements for the period ended 31 December 2010. These consolidated financial statements have been prepared under International Financial Reporting Standards as adopted by the European Union.</p> </div> <div data-bbox="480 1541 497 1861"> <p>The company was incorporated on 30 December 2009.</p> </div> <div data-bbox="512 1691 529 1861"> <p>Results and dividends</p> </div> <div data-bbox="531 1270 564 1861"> <p>The profit after taxation for the period (from incorporation to 31 December 2010) amounted to US\$12 million. The directors do not recommend a dividend.</p> </div> <div data-bbox="587 1733 606 1861"> <p>Principal activity</p> </div> <div data-bbox="608 1245 729 1861"> <p>The principal activity of the group is the owner and operator of two semi-submersible drilling rigs. One of the rigs, WillHunter (formerly GSF Arctic IV) operated for most of the period under a bareboat charter to Transocean. The WillPhoenix (formerly GSF Arctic II) was idle and was relocated to the Remontowa shipyard in Poland in April 2010 to undergo a major upgrade and modification project. Both rigs are currently undergoing upgrade project work and are expected to be redelivered from the shipyard well within the start-up window of the firm contracts. The rigs are then scheduled to operate under contract in the UK sector of the North Sea.</p> </div> <div data-bbox="754 1733 772 1861"> <p>Business review</p> </div> <div data-bbox="775 1245 948 1861"> <p>The group purchased two semi-submersible drilling rigs from Transocean in January 2010. The purchase was financed by an equity issue and by a sellers credit facility granted by Transocean. The sole source of revenues during the period was in respect of a bareboat charter of WillHunter to Transocean who was operating the rig on behalf of one of their clients. This was a continuation of contractual arrangements in place at the time of acquisition. The bareboat charter continued through 15 November 2010 at which time the rig was relocated to the Remontowa shipyard in Poland to undergo survey, repair and modification work. During the course of the period focus has been on establishing an infrastructure to enable effective management and control of the drilling rigs both during the project period and in preparation for the operating periods. The establishment of the onshore organisation is virtually complete and substantial progress has been made on the recruiting of the offshore work force.</p> </div> <div data-bbox="957 1245 992 1861"> <p>The rig projects continue in the Remontowa shipyard, Gdansk and are projected to be delivered on time and within budget.</p> </div> <div data-bbox="1003 1245 1056 1861"> <p>The anticipated upturn in UKCS drilling tender activity has materialised with numerous independent operator, major operator and well management tenders being issued in January 2011. The level of demand is higher than anticipated indicating healthy rig utilisation levels during 2011.</p> </div> <div data-bbox="1066 1245 1200 1861"> <p>A contract has been signed for the WillPhoenix with AGR Petroleum Services for one firm well and six optional wells. The contract represents AGR's multi well multi-client 2011 drilling programme and drilling operations are expected to commence early May 2011. A Memorandum of Understanding has been signed for the WillHunter with SPD Limited for one firm well plus six optional wells and a contract programme for one firm well plus one optional well. Drilling operations are expected to commence early May 2011. The rigs continue to be marketed to all UKCS customers for work commencing Q3/Q4 of 2011.</p> </div>	<div data-bbox="256 831 301 1001"> <p>Awilco Drilling Limited Registered No. 7114196</p> </div> <div data-bbox="347 819 373 1001"> <p>Directors' report</p> </div> <div data-bbox="410 804 427 1001"> <p>Business review (continued)</p> </div> <div data-bbox="429 618 446 1001"> <p>The group's financial performance during the period is as follows:</p> </div> <div data-bbox="466 385 654 1001"> <table> <tr> <th></th><th>From incorporation to 31 December 2010 US\$000</th></tr> <tr> <td>Revenue</td><td>54,963</td></tr> <tr> <td>Operating profit</td><td>34,422</td></tr> <tr> <td>Profit for the period attributable to equity shareholders</td><td>12,444</td></tr> <tr> <td>Gross profit %</td><td>72%</td></tr> <tr> <td>Number of employees and contractors at period end</td><td>104</td></tr> </table> </div> <div data-bbox="668 385 721 1001"> <p>The total revenue for the period relates to a bareboat contract with Transocean for WillHunter. The group had rig operating expenses of US\$15 million relating to operating and lay-up costs, and general and administration expenses of US\$5 million.</p> </div> <div data-bbox="737 784 754 1001"> <p>Key performance indicators (KPIs)</p> </div> <div data-bbox="756 385 842 1001"> <p>The use of KPIs in assessing the performance of the group and management during 2010 has been limited due to the non-operational mode of the organisation. The principal focus for 2010 has been to establish the group, implement management systems and co-ordinate the upgrade projects to ensure timely delivery and be within budget. KPIs for the operational phase of the group will include the following KPIs which will be reviewed on a regular basis by management and subsequently reported to the board of directors. Principal KPIs will be as follows:</p> </div> <div data-bbox="877 804 895 1001"> <p>Financial (actual versus budget)</p> </div> <div data-bbox="896 873 960 1001"> <p>Revenue Operating expenses Gross margin Utilisation percentage</p> </div> <div data-bbox="975 736 994 1001"> <p>Quality health safety environment (QHSE)</p> </div> <div data-bbox="995 784 1043 1001"> <p>Total recordable incident rate (TRIR) Uncontrolled spills/discharges Compliance with audit program</p> </div> <div data-bbox="1059 931 1077 1001"> <p>Operations</p> </div> <div data-bbox="1078 790 1142 1001"> <p>Non productive time (NPT) Customer feedback Overdue work orders Maintenance time versus repair time</p> </div> <div data-bbox="1158 857 1176 1001"> <p>Human resources (HR)</p> </div> <div data-bbox="1177 831 1276 1001"> <p>Personnel turnover – onshore Personnel turnover – offshore Personnel retention Sickness/absenteeism Training compliance Competence compliance</p> </div>		From incorporation to 31 December 2010 US\$000	Revenue	54,963	Operating profit	34,422	Profit for the period attributable to equity shareholders	12,444	Gross profit %	72%	Number of employees and contractors at period end	104
	From incorporation to 31 December 2010 US\$000												
Revenue	54,963												
Operating profit	34,422												
Profit for the period attributable to equity shareholders	12,444												
Gross profit %	72%												
Number of employees and contractors at period end	104												

Awilco Drilling Limited
Registered No. 7114196

Directors' report

Business review (continued)

It should be noted that the applicability of KPIs may vary subject to the benefit of either retaining the above KPIs or identifying additional KPIs that will assist in determining the overall effectiveness of the organisation.

Principal risks and uncertainties

The primary risks are ones that impact utilisation rates for each of the rigs, (QHSE) issues associated with our operations and exposure to liquidity and credit risk.

Utilisation rates for the rigs

The risk to utilisation rates may arise through deferred commencement of drilling contracts either through delays incurred on the shipyard project work or delays encountered by operators not able to commence in accordance with plan. There is also the possibility of gaps and idle periods during the year due to the unpredictable nature of the well management contracts. Additionally there is a utilisation risk associated with the possibility of mechanical down time following major modification upgrades.

QHSE

To mitigate any risk with regards to QHSE the group has in place a QHSE management plan which attempts to ensure that all our operations are conducted within normal industry standards and procedures. We also seek to ensure safe and efficient operations, with no accidents, injuries, environmental incidents or damage to assets.

Liquidity

As described in note 23 to the financial statements the group's objective is to maintain sufficient liquidity in order to support the needs of the business and meet the repayments of the debt and commitments as they fall due. In order to achieve this, the group has access to additional working capital facilities from Transocean and the prospect of issuing new equity. As described in note 24, the company has also entered into a short term loan agreement to ensure sufficient liquidity buffer for the 12 month period from first day of listing.

Credit

As the group begins to provide services to new customers it will become exposed to credit risk. Management are currently developing policies to address this.

Future developments

The group is currently undergoing a legal entity restructure. The principal part of this process involved the transfer of the rig assets and related debt from the UK operating companies, Awilco Arctic II Ltd and Awilco Arctic IV Ltd to two Maltese entities, WilPhoenix (Malta) Ltd and WillHunter (Malta) Ltd respectively. This transfer was concluded on 1 February 2011. Additionally, the company names of the UK operating companies, Awilco Arctic II Ltd and Awilco Arctic IV Ltd have been renamed WilPhoenix (UK) Ltd and WillHunter (UK) Ltd. The formation of a Singapore company for the provision of personnel services to the UK operating entities is currently underway and will be completed in March 2011.

The company is undertaking a listing process on the Oslo Access stock exchange and progress is going according to plan. The application for listing will be made in March 2011 and the first day of listing is expected in early May 2011.

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Awilco Drilling Limited
Registered No. 7114196

Directors' report

Directors

The directors who served during the period were those listed below:

Sigurd Einar Thorsvoldsen (appointed 30 December 2009)
Tom Furulund (appointed 6 January 2010)
Henrik Fougner (appointed 6 January 2010)
Mark Andrew Russell (appointed 12 February 2010)
Hege Hilde (appointed 12 February 2010)
Daniel Allen Gold (appointed 30 November 2010)

Insurance

The company insures its directors and officers, against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

Going Concern

Management has prepared cash flow forecasts for a period of 24 months from the balance sheet date. This demonstrates the ability of the group to pay its debts as they fall due for at least the next 24 months. The group has access to sufficient working capital facilities from Transocean and shareholders, and the prospect of issuing new equity. The group has also reported a profit and positive net asset value as appears on the consolidated statement of comprehensive income and consolidated statement of financial position respectively.

On this basis, management has concluded that group will remain a going concern for at least 12 months from the day of approval of the financial statements and have therefore prepared the financial statements on the going concern basis.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving the report is aware, there is no relevant audit information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditors.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The directors are required to prepare financial statements for each financial year which present fairly the financial position of the group and the company and the financial performance and cash flows of the group and the company for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

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Awilco Drilling Limited
Registered No. 7114196

Directors' report

Statement of directors' responsibilities (continued)

- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and the company's financial position and financial performance;
- state that the group and the company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.


The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibility statement

Each of the directors listed on page 1 confirm that to the best of their knowledge:

- The financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the group and the undertakings included in the consolidation taken as a whole; and
- The directors' report includes a fair review of the development and performance of the business and position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the board


Sigurd Einar Thorvildsen
Director
24 March 2011

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Independent auditors' report to the members of Awilco Drilling Limited

We have audited the financial statements of Awilco Drilling Limited for the period ended 31 December 2010 which comprise consolidated statement of comprehensive income, consolidated and company statements of financial position, consolidated and company statements of changes in equity, consolidated and company statement of cash flow and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the group's and the company's affairs at 31 December 2010 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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Independent auditors' report
to the members of Awilco Drilling Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Moir Lawrence (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen
25 March 2011

Awilco Drilling Limited

Consolidated statement of comprehensive income
for the period ending 31 December 2010

	Notes	From incorporation to 31 December 2010 £'000
Revenue		
Cost of sales	5	54,963 (15,168)
Gross profit		39,795 (5,373)
General and administrative expenses		
Operating profit	6	34,422
Finance income	9	51
Finance expense	10	(17,650)
Profit before taxation		17,283
Income tax expense	11	(4,839)
Profit for the period attributable to equity shareholders		12,444

There is no comprehensive income other than the profit for the period.

Basic and diluted earnings per share

12 0.85

Total comprehensive income for the period is attributable to the owners of the company, as there is no non-controlling interest.

Awilco Drilling Limited


Consolidated statement of financial position

31 December 2010

	Notes	31 December 2010 US\$000
Non-current assets		
Property, plant and equipment	13	209,323
		<u>209,323</u>
Current assets		
Inventory		4,517
Trade and other receivables	15	912
Derivative financial instruments	16	392
Cash and cash equivalents	17	67,707
		<u>73,528</u>
Total assets		<u>282,851</u>
Current liabilities		
Trade and other payables	18	19,834
Loans	19	9,250
		<u>29,084</u>
Non-current liabilities		
Deferred tax liabilities	11	4,839
Loans	19	125,097
Total liabilities		<u>159,020</u>
Net assets		<u>123,831</u>
Equity		
Called up share capital	21	271
Share premium account	21	111,116
Retained earnings		12,444
		<u>123,831</u>
Total Shareholders' funds		<u>123,831</u>

The notes on pages 16 to 33 are an integral part of the financial statements. These financial statements were approved by the board of directors on 24 March 2011.

Signed on behalf of the board


Sigmund Einar Thorvildsen
Director

Awilco Drilling Limited


Company statement of financial position

at 31 December 2010

	Notes	31 December 2010 US\$000
Non-current assets		
Property, plant and equipment	13	626
Investment in subsidiaries	14	200
Amount due from subsidiary undertakings	22	49,785
		<u>50,611</u>
Current assets		
Trade and other receivables	15	531
Cash and cash equivalents	17	56,854
		<u>57,385</u>
Total assets		<u>107,996</u>
Current liabilities		
Trade and other payables	18	1,911
		<u>1,911</u>
Total liabilities		<u>1,911</u>
Net assets		<u>106,085</u>
Equity		
Called up share capital	21	271
Share premium account	21	111,116
Retained earnings		(5,302)
		<u>106,085</u>
Total Shareholders' funds		<u>106,085</u>

The notes on pages 16 to 33 are an integral part of the financial statements. These financial statements were approved by the board of directors on 24 March 2011.

Signed on behalf of the board


Sigmund Einar Thorvildsen
Director

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Awilco Drilling Limited

Consolidated statement of changes in equity
 for the period ended 31 December 2010

	Share Capital US\$000	Share premium US\$000	Retained earnings US\$000	Total equity US\$000
At incorporation	-	-	-	-
Issued during the period (note 21)	271	115,752	-	116,023
Transaction costs (note 21)	-	(4,636)	-	(4,636)
Total comprehensive income for the period	-	-	12,444	12,444
At 31 December 2010	271	111,116	12,444	123,831

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Awilco Drilling Limited

Company statement of changes in equity
 for the period ended 31 December 2010

	Share capital US\$000	Share premium US\$000	Retained earnings US\$000	Total equity US\$000
At incorporation	-	-	-	-
Issued during the period (note 21)	271	115,752	-	116,023
Transaction costs (note 21)	-	(4,636)	-	(4,636)
Total comprehensive income for the period	-	-	(5,302)	(5,302)
At 31 December 2010	271	111,116	(5,302)	106,085

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Awilco Drilling Limited		From incorporation to 31 December 2010	
Consolidated statement of cash flows		US\$000	
for the period ended 31 December 2010		Notes	17
Operating activities			
Profit before tax			17,283
Adjustments to reconcile profit before tax to net cash flows:			
Revenue utilised for loan repayment			(33,772)
Depreciation			11,945
Net fair value gains on derivative financial instruments			(392)
Net interest			16,069
Unrealised loss on exchange			44
Working capital adjustments:			
Increase in trade and other receivables			(38)
Increase in inventory			(155)
Increase in prepayments			(872)
Increase in trade and other payables			8,925
Increase in other payables and accruals			7,895
Interest paid			(13,582)
Interest received			119
Net cash flow from operating activities			5,587
Investing activities			
Purchase of property, plant and equipment			(55,263)
Net cash flow used in investing activities			(55,263)
Financing activities			
Proceeds from issue of share capital			116,019
Equity issue costs			(4,636)
Issue of loans			6,000
Net cash flow from financing activities			117,383
Net increase in cash and cash equivalents			67,707
Cash and cash equivalents at beginning of period			–
Cash and cash equivalents at end of period			67,707
			17

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Awilco Drilling Limited

Company statement of cash flows
for the period ended 31 December 2010

From incorporation to 31 December 2010		US\$000	
		Notes	17
Operating activities			
Loss before tax			(7,363)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation			32
Interest income			(93)
Working capital adjustments:			
Increase in prepayments			(531)
Increase in trade and other payables			746
Increase in other payables and accruals			1,170
Interest received			93
Net cash flow in operating activities			(5,946)
Investing activities			
Purchase of property, plant and equipment			(658)
Investment in newly incorporated subsidiary undertakings			(200)
Cash advanced to subsidiary undertakings			(53,951)
Cash received from subsidiary undertakings			6,226
Net cash flow used in investing activities			(48,583)
Financing activities			
Proceeds from issue of share capital			116,019
Equity issue costs			(4,636)
Net cash flow from financing activities			111,383
Net increase in cash and cash equivalents			56,854
Cash and cash equivalents at beginning of period			–
Cash and cash equivalents at end of period			56,854
			17

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Notes to the financial statements

at 31 December 2010

1. General information

The group and company financial statements of Awilco Drilling Limited for the period ended 31 December 2010 were authorised for issue by the board of directors on 25 March 2011. The company was incorporated in the United Kingdom under the Companies Act 2006. The address of the registered offices is given on page 1. The nature of the group's operations and its principal activities are set out in the directors' report.

2. Accounting policies.

Going concern

Management has prepared cash flow forecasts for a period of 24 months from the balance sheet date. This demonstrates the ability of the group to pay its debts as they fall due for at least the next 24 months. The group has access to sufficient working capital facilities from Transocean and shareholders, and has the prospect of issuing new equity. The group has also reported a profit and positive net asset value in the consolidated statement of comprehensive income and consolidated statement of financial position respectively.

On this basis, management has concluded that the group will remain a going concern for at least 12 months from the day of approval of the financial statements and have therefore prepared the financial statements on the going concern basis.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to the financial statements of the group for the period ended 31 December 2010 and applied in accordance with the provisions of the Companies Act 2006.

The group has elected to take the exemption under section 408 of the Companies Act 2006 to not present the company income statement. The loss recorded by the company for the period was US\$5.3 million.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the company, using consistent accounting policies.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using United States Dollars (US\$) "the functional currency". The consolidated financial statements are presented in (US\$) and all values are rounded to the nearest thousand dollars (US\$000) except when otherwise indicated, which is the company's functional currency and presentation currency. All subsidiaries have US\$ as their functional currency.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the income statement. The principal foreign currencies used by the group are Pounds Sterling (£), Euro (€) and Norwegian Kroner (NOK)

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Notes to the financial statements

at 31 December 2010

2. Accounting policies (continued)

Revenue recognition

Revenue derived from charter-hire contracts or other service contracts is recognized in the period that services are rendered at rates established in the relevant contracts. Certain contracts include mobilization fees payable at the start of the contract. In cases where the fee covers a general upgrade of a rig or equipment which increases the value of the rig or equipment beyond the contract period, the fee is recognized as revenue over the firm contract period whereas the investment is depreciated over the remaining lifetime of the asset. In cases where the fee covers specific upgrades or equipment specific to the contract, the mobilisation fees are recognized as revenue over the firm contract period.

Cost of sales

Cost of sales includes rig operating costs and the depreciation cost for the two rigs.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- Deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Leases

Leases, where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight-line basis over the lease term.

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Notes to the financial statements

at 31 December 2010

2. Accounting policies (continued)

Property, plant and equipment

Rigs and equipment are stated at cost less depreciation. The cost of an asset comprises its purchase price and directly attributable cost of bringing the asset to its working condition. When it can be clearly demonstrated that subsequent expenditures have resulted in an increase in future economic benefits expected to be obtained from the use of the assets beyond its originally assessed standard of performance, the expenditure is capitalized as an additional cost of the asset. A component of an asset with a cost that is significant in relation to the total cost of the asset is depreciated separately. Components with a similar depreciation method and useful life are grouped together.

Depreciation is calculated using the straight-line method for each asset, after taking into account the estimated residual value, over its expected useful lives.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Semi-submersible rigs	15 years
Special purpose surveys	5 years
Other fixtures and equipment	3-5 years

The carrying values of plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

Financial assets

Financial assets are recognised when the company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss or loans and receivables, as appropriate. The company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial asset not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

The company has neither transferred nor retained substantially all the risks and rewards of the asset, but had transferred control of the asset, or

The company has transferred substantially all the risks and rewards of the asset.

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Notes to the financial statements

at 31 December 2010

2. Accounting policies (continued)

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as irrecoverable.

Inventories

Inventories of drilling equipment and spares for future integrated drilling service wells are stated at the lower of cost incurred and net realisable value. These inventory items include spare parts and supplies relating to the operation of the semi-submersible drilling rigs.

Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents are as defined above and net of outstanding bank overdrafts.

Trade and other payables

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

Loans

Loans are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Loans are subsequently measured at their amortised cost applying the effective interest rate method.

Finance charges on the loans are recognised as finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

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Notes to the financial statements

at 31 December 2010

2. Accounting policies (continued)

Derivative financial instruments

The group uses derivative financial instruments such as forward currency contracts, to hedge certain foreign currency risks. The derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The group does not designate any derivative financial instruments as hedges nor apply hedge accounting. Any gains or losses arising from changes in the fair value of derivatives are taken to the income statement.

3. Critical accounting judgements and key sources of estimation uncertainty

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year, are discussed below.

Useful economic lives

The group's drilling rigs are being depreciated over their estimated useful lives of 15 years on a straight line basis and assuming a US\$2million residual value each. These estimates and associated assumptions have been assessed as reasonable by management against industry standards.

4. Standards issued but not yet effective

A number of standards, amendments to standards and interpretations have been issued but are not yet effective up to the date of issuance of the group's financial statements. To the extent that they are applicable the group intends to adopt these amendments and standards when they become effective. Listed below are those which the group reasonably expects to have an impact.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting, and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the group's financial assets. The group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

Improvements to IFRSs (issued in May 2010)

The IASB issued improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amendments listed below, could have a possible impact on the group's financial position and performance:

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements

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Notes to the financial statements

at 31 December 2010

5. Revenue

Revenue represents the invoiced amount of services provided after the deduction of rebates and retrospective discounts. All items are stated net of value added tax.

The group only has one segment – providing drilling services in the UK. As a result no further segmental information has been provided. All revenue was generated from one customer, Transocean in the UK.

6. Operating profit

This is stated after charging:

	From incorporation to 31 December 2010	US\$000
Depreciation		11,995
Operating lease expense on land and buildings		120
		<u>12,115</u>

7. Auditors' remuneration

The group and company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services.

	From incorporation to 31 December 2010	US\$000
Audit of financial statements ¹		77
Statutory audits for subsidiaries		31
Other audit services		41
Taxation services		229
		<u>378</u>

¹US\$38,200 of this relates to the company.

8. Staff costs

	From incorporation to 31 December 2010	US\$000
Wages and salaries		412
Social security costs		51
		<u>463</u>

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Awilco Drilling Limited

Notes to the financial statements

at 31 December 2010

The average monthly number of employees employed as at 31 December 2010 was as follows:

	2010
No.	1
Management	

In addition to the above, the group had 13 average number of personnel from an external personnel company at the total cost of US\$2.7 million.

9. Finance income

	From incorporation to 31 December 2010 US\$000
Interest income	119
Gain on foreign exchange forward contracts	392
Total finance income	511

10. Finance expense

	From incorporation to 31 December 2010 US\$000
Interest on loans	16,188
Loss on foreign exchange transactions	1,462
Total finance expenses	17,650

Interest on loans includes US\$3.3 million in respect of grossing up for withholding taxes paid or accrued for during the period (see note 19).

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Awilco Drilling Limited

Notes to the financial statements

at 31 December 2010

11. Income tax

(a) Income tax on profit on ordinary activities

Income tax charged in the income statement

	From incorporation to 31 December 2010 US\$000
UK corporation tax on the profit for the period	–
Total current income tax	–
Deferred income tax:	
Origination and reversal of temporary differences:	4,839
Total deferred income tax	4,839
Income tax charge in the income statement	4,839

(b) Reconciliation of the total income tax charge

The income tax expense in the income statement for the period does not differ from the accounting profit before taxation multiplied by standard rate of corporation tax in the UK of 28%.

(c) Deferred income tax

The deferred income tax included in the balance sheet is as follows:

	2010 US\$000
Deferred tax liability	
Temporary differences relating to property plant and equipment	(8,771)
Deferred tax asset	
Unused tax losses	3,932
	(4,839)

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Awilco Drilling Limited

Notes to the financial statements

at 31 December 2010

12. Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	From incorporation to 31 December 2010	31 December 2010
	US\$'000	US\$'000
Profit for the period attributable to equity shareholders	12,444	12,444
		31 December 2010
Weighted average number of ordinary shares for basic earnings per share		No '000
		14,605

Total earnings and weighted average number of shares outstanding during the period is the same for the diluted earnings per share.

13. Property, plant and equipment

Group

	Semi submersible drilling rigs	Special purpose surveys	Other fixtures and equipment	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Cost:				
At incorporation	206,073	14,587	658	221,318
Additions	206,073	14,587	658	221,318
At 31 December 2010				
Depreciation:				
At incorporation	(11,963)	–	(32)	(11,995)
Provided	(11,963)	–	(32)	(11,995)
At 31 December 2010				
Net book value:				
At 31 December 2010	194,110	14,587	626	209,323

On 14 January 2010, the group acquired two semi-submersible drilling rigs for a total consideration of US\$191 million, in connection with which, the group was granted a five year seller's credit (see note 19). These rigs are pledged as security for the seller's credit and working capital loan (see note 19). Included in the semi submersible drilling rigs is asset under construction costs of US\$15 million relating to the costs of the upgrade being performed on the rigs and these are not subject to depreciation until completion.

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Awilco Drilling Limited

Notes to the financial statements

at 31 December 2010

13. Property, plant and equipment

(continued)

	Company	Office fixtures and equipment	Other equipment	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Cost:				
At incorporation	445	213	–	658
Additions	445	213	–	658
At 31 December 2010				
Depreciation:				
At incorporation	–	–	(24)	(32)
Provided	(8)	(8)	(24)	(32)
At 31 December 2010				
Net book value:				
At 31 December 2010	437	189	–	626

14. Investments

	Company	2010	US\$'000
Company shares in subsidiary undertakings			
At incorporation			200
At 31 December 2010			200

At incorporation, the company acquired WilPhoenix (UK) Ltd and Will Hunter (UK) Ltd, newly incorporated companies (see note 22).

15. Trade and other receivables

	Group	Company	2010	US\$'000
Trade receivables				
Prepayments and other receivables	38			224
VAT receivable	332			307
	542			
	912			531

No trade receivables past due or impaired as at 31 December 2010.

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Awilco Drilling Limited

Notes to the financial statements

at 31 December 2010

16. Derivative financial instruments

Foreign exchange forward contracts

Group 2010 US\$000
392

The foreign currency forward contracts as at 31 December 2010 were entered into in order to minimise the group's exposure to losses resulting from adverse fluctuations in foreign currency exchange rates on planned payments of approximately £2 million and £6 million on the upgrading project. The fair value of the forward exchange contracts, as shown above, is recorded as other financial income in the statement of comprehensive income, and classified as other assets in the statement of financial position.

17. Cash and cash equivalents

Group 2010 US\$000	Company 2010 US\$000
67,707	56,854

Cash at bank and in hand

Cash at bank earns interest at floating rates based on daily bank deposit rates. The company had restricted cash of US\$2,500,000 in relation to the foreign exchange forward contract (see note 16). The restriction was lifted mid February 2011 as all hedging contracts had matured late January 2011.

18. Trade and other payables

Group 2010 US\$000	Company 2010 US\$000
13,953	1,911
2,606	–
3,275	–
19,834	1,911

Trade and other payables
Interest payable
Withholding tax payable

Awilco Drilling Limited

Notes to the financial statements

at 31 December 2010

19. Loans

Current loans:	
Seller's credit (see (a) below)	8,250
Working capital loan (see (b) below)	1,000
Total current loans	9,250
Non-current loans:	
Seller's credit (see (a) below)	120,097
Working capital debt (see (b) below)	5,000
Total non-current loans	125,097
Total loans	134,347

a) Deferred payment deed (seller's credit)

In connection with the acquisition of the rigs from Transocean, the group was granted a five year seller's credit from Transocean of US\$162 million. The borrowings are secured by first priority mortgages on the drilling rigs. The interest rate is 9%, plus grossing up for any withholding taxes which may arise. Repayment terms are quarterly repayments of US\$2.8 million over five years and a final repayment of US\$87 million. Under the bareboat agreement for WTHunter, Transocean retained 80% of the income as repayment of the borrowings (instalments and interest cost).

b) Working capital loan agreement

The group has entered into an agreement with Transocean for a three year working capital facility of US\$35 million and the funds will be available for draw down over a period of 18 months, up to and including 14 July 2011. The loans are specified for the purpose of providing funds for working capital and/or capital expenditure for WTHunter and WTHunter, mainly (80%) for reactivation. The borrowings will be secured by second priority mortgages on the drilling rigs. The interest rate is 10% plus grossing up for any withholding taxes which may arise. The repayment terms are in 6 equal quarterly instalments after the final draw down date as stated above. The repayments may be accelerated depending on a calculation of available funds made in accordance with the agreement.

Group 2010 US\$000	
	Loans repayment:
	within one year
	in two to five years
	9,250
	125,097
	<hr/>
	134,347

Notes to the financial statements

at 31 December 2010

20. Commitments and contingencies

Obligations under operating leases

At 31 December 2010 the group had future minimum lease payments under non-cancellable operating leases as set out below:

	Group 2010 US\$'000	Company 2010 US\$'000
Payments due under operating leases for land and buildings: within one year	93	93
in two to five years	372	372
	465	465

Capital commitments

The total project cost for the WillPhoenix reactivation project is US\$70 million. At the end of the period, approximately US\$27million had been spent and US\$44 million was committed (e.g. full accommodation arrangement, drilling and well control equipment, general services from the yard etc.)

The total project cost for the WillHunter is US\$20 million of which approximately US\$2million had been spent and US\$2.6 million was committed as at the period end.

21. Share capital

Authorised

Ordinary shares of £ 0.0065 each

	Group 2010 No. '000	Company 2010 No. '000
	30,000	30,000

Allotted, called up and fully paid

	Group 2010 No. '000	Company 2010 No. '000
At incorporation	1	1
Authorised, issued and fully paid up on 14 January 2010	10,999	10,999
Sub-total before the redenomination on 23 September 2010	11,000	11,000

Notes to the financial statements

at 31 December 2010

21. Share capital (continued)

Allotted, called up and fully paid

	Group 2010 No. '000	Company 2010 No. '000
After the redenomination, bonus issue and consolidation on 23 September 2010	11,000	110
Issued on 1 October 2010	16,000	161
At 31 December 2010	27,000	271

On incorporation, the company's issued share capital was 1,000 shares of US\$0.00001 each.

On 14 January 2010 an additional 10,999,000 shares of US\$0.00001 each was issued at a price of \$5.

On 23 September 2010 the share capital of the company was redenominated from 11,000,000 shares of US\$0.00001 each to 11,000,000 shares of £0.000065 each.

On the same day and following the redenomination the company issued an additional 10,989,000,000 of ordinary shares of £0.000065 at a par value as a bonus issue to the credit of the share premium account.

On the same day and following the bonus issue the company consolidated the share capital from £71,500 divided into 11,000,000,000 ordinary shares of £0.000065 each to £71,500 divided into 11,000,000 ordinary shares of £0.0065 each.

On 1 October 2010 an additional 16,000,000 shares of £0.0065 each was issued each at a price of NOK24.

	Group 2010 US\$'000	Company 2010 US\$'000
Share premium	-	-
At incorporation:	-	-
Issued during the period:		
Share premium on 14 January 2010 issue	50,000	50,000
Transaction costs on 14 January 2010 issue	(2,001)	(2,001)
Bonus issue on 23 September 2010	(72)	(72)
Share premium on 1 October 2010 issue	65,824	65,824
Transaction costs on 1 October 2010 issue	(2,635)	(2,635)
At 31 December 2010	111,116	111,116

Notes to the financial statements

at 31 December 2010

22. Related party transactions

Group

The financial statements include the financial statements of the group and the subsidiaries listed below

Name	Country of Incorporation	% Interest
WilPhoenix (UK) Ltd	United Kingdom	100
WillHunter (UK) Ltd	United Kingdom	100

During the period the group entered into transactions, in the ordinary course of business, with AWILHELMSEN AS, which is a major shareholder through its subsidiaries.

Transactions entered into and trading balances outstanding at 31 December 2010 with AWILHELMSEN AS and its subsidiaries, are as follows:

Purchase of management services	2010
	US\$000
	1,992
Amounts owed to AWILHELMSEN AS and its subsidiaries	(597)

Sales and purchases between related parties are made at normal market prices. Outstanding balances are unsecured, interest free and cash settlement terms vary between 30 and 90 days. The company has not provided or benefited from any guarantees for any related party receivables or payables. The company has not made any provision for doubtful debts relating to amounts owed by related parties.

Directors and other key management personnel

The remuneration of directors and other key management personnel of the group is as follows

Short-term employee benefits	2010
	US\$000
	591

Included in the short-term employee benefits are director's emoluments of US\$128 thousand. Six directors received remuneration in respect of their services to the company during the year.

Company

The company entered into the following transactions and had the following balances with its wholly owned subsidiaries

Transactions:	2010
Transfer of funds to WilPhoenix (UK) Ltd	US\$000
Transfer of funds from WilPhoenix (UK) Ltd	31,108
Transfer of funds to WillHunter (UK) Ltd	(1,728)
Transfer of funds from WillHunter (UK) Ltd	22,843
Transfer of group relief to WillHunter (UK) Ltd	2,060
Transfer of funds from WillHunter (UK) Ltd	(4,498)
	49,785

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Notes to the financial statements

at 31 December 2010

22. Related party transactions (continued)

Balance:

Amounts receivable from WilPhoenix (UK) Ltd	29,380
Amounts receivable from WillHunter (UK) Ltd	20,405
	49,785

Entity with significant influence over the group

Awilco Drilling AS, a wholly owned subsidiary of AWILHELMSEN AS, owns 49% of the ordinary shares in Awilco Drilling Limited (52% on incorporation).

23. Capital management, financial risk management objectives and policies

The group's and the company's principal financial liabilities comprise loans, trade and other payables. The main purpose of these financial liabilities is to finance the group's operations. The group has trade and other receivables, and cash and short-term deposits that arrive directly from its operations. In addition, the group has derivative forward exchange contracts.

The group and the company are exposed to market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises foreign currency risk. Financial instruments affected by market risk are trade payables and accruals.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group's and company's exposure to the risk of changes in foreign exchange rates relates primarily to the group's and company's operating activities (when expenses are denominated in a different currency from the company's functional currency).

The group manages its foreign currency risk by holding cash in the foreign currency required to settle foreign current liabilities, unless the group has insufficient cash resources available, in which case, it enters into hedging transactions for significant foreign currency commitments.

The directors consider that the group and the company have minimal sensitivity to foreign currency risk and hence have not presented sensitivity analysis.

Management has assessed the fair values of the financial instruments generally approximate to the carrying values.

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily for trade receivables). The company has credit risk due its receivables from subsidiary undertakings.

Customer credit risk is managed by the group and the maximum exposure to credit risk at the reporting date is the carrying value the financial assets including cash and cash equivalents and the derivative instrument.

Liquidity risk

The group's objective is to maintain sufficient liquidity in order to support the needs of the business and meet the repayments of the debt and commitments as they fall due. In order to achieve this, the group has access to shareholders' loans and the prospect of issuing new equity.

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Notes to the financial statements

at 31 December 2010

23. Capital management, financial risk management objectives and policies (continued)

The table below summarises the maturity profile of the group's financial liabilities based on contractual undiscounted payments.

Group	On demand	Less than 3 months	3 to 12 months	1-5 years	over 5 years	Total
At incorporation	–	–	–	–	–	–
Interest bearing loans	–	3,234	17,822	155,875	–	176,931
Trade and other payables	–	17,228	–	–	–	17,228
Capital commitments	–	–	46,200	–	–	46,200
At 31 December 2010	–	20,462	64,022	155,875	–	240,359
Company	On demand	Less than 3 months	3 to 12 months	1-5 years	over 5 years	Total
At incorporation	–	–	–	–	–	–
Trade and other payables	–	1,911	–	–	–	1,911
At 31 December 2010	–	1,911	–	–	–	1,911

Capital management

Capital includes called up share capital, share premium and retained earnings.

The group and the company are in a formative period, and their objective is to ensure they have enough capital to support their liquidity requirements. The company does not yet have any plans or policies with regards to dividends payments.

The company's capital is monitored at a group level. The group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The group includes within net debt, loans, trade and other payables, less cash and cash equivalents.

	Group 2010	US\$'000
Loan (note 19)	134,347	
Trade and other payables (note 18)	19,834	
Cash and cash equivalents (note 17)	(67,707)	
Net debt	86,474	
Capital	123,860	
Capital and net debt	210,334	
Gearing ratio	41%	

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Notes to the financial statements

at 31 December 2010

24. Subsequent events

A contract has been signed for the WitPhoenix with AGR Petroleum Services for one firm well and six optional wells. The contract represents AGR's multi well multi-client 2011 drilling programme and drilling operations are expected to commence early May 2011. A Memorandum of Understanding has been signed for the WitPhoenix with SPD Limited for one firm well plus six optional wells and a contract has been signed with Nautical Petroleum plc, as part of the SPD multi well multi-client drilling programme, for one firm well plus one optional well. Drilling operations are expected to commence early May 2011. The rigs continue to be marketed to all UKCS customers for work commencing Q3/Q4 of 2011.

The company is undergoing a restructure and part of this process involved the transfer of the rig assets and related debt from the UK operating companies, WitPhoenix (UK) Ltd and WitHunter (UK) Ltd, to two Maltese entities, WitPhoenix (Malta) Ltd and WitHunter(Malta) Ltd respectively.

The company is undertaking a listing process on the Oslo Asset stock exchange and progress is going according to plan. The application for listing will be made in March 2011 and the first day of listing is expected in early May 2011.

The company has entered into a short term draw down facility of US\$10 million with its two largest shareholders, represented by Awilco Drilling AS and Tompkins Square Park S.A.r.l. The funds will be available for draw down for a period including 30 June 2012 and shall be used for general working capital purposes. The loan is unsecured. It bears an interest rate of 12%, in addition to a commitment fee of 3% of the committed amount. There is no arrangement fee. The company can, at any time, cancel or reduce the facility by half without any cost. The rationale for the facility is for the company to have a liquidity buffer during start-up of its operations.

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Appendix 4 First Quarter 2011 Report

Principal activities

During the quarter the upgrading and class-work on WilPhoenix and WilHunter continued to progress and contracts for both rigs were secured.

Contract Status – WilPhoenix

A Letter of Intent ("LOI") was signed with AGR Petroleum Services for WilPhoenix in February 2011. The LOI was for 1 firm and 6 optional wells for operations in the UK. AGR Petroleum Services is a well management company that facilitate rig contracts, as described above.

In March 2011, Awilco Drilling signed a contract with AGR Petroleum Services for 1 firm well and 6 optional wells for WilPhoenix, thereby confirming the LOI. The contract represents AGR's multi well multi client 2011 drilling program. Drilling operations are to commence in direct continuation of the rig's mobilisation. At the end of the quarter, the contract value of the firm well of the AGR program was approximately USD 7 million.

Contract Status – WilHunter

In February 2011, a Memorandum of Understanding ("MOU") was signed with SPD Limited for the provision of WilHunter. The MOU is for 1 firm and 6 optional wells in the UK. SPD Limited is, like AGR, a well management company that facilitate rig contracts, generally for smaller oil companies. At the same time, Awilco Drilling confirmed that it had signed a LOI with Nautical Petroleum PLC for 1 firm well and 1 optional well as part of the above mentioned SPD Limited multi-client, multi-well 2011 drilling program.

The Company signed a contract with Nautical Petroleum PLC for 1 firm well and 1 optional well for WilHunter in March 2011, thereby confirming the LOI with Nautical under the MOU with SPD. The contract represents the first well in the SPD multi well multi client 2011 drilling programme. Drilling operations are to commence in direct continuation of the rig's mobilisation. At the end of the quarter, the combined contract value of the firm well of the SPD program was approximately USD 5 million.

In addition to the secured contracts, Awilco Drilling continued its marketing activities of both WilPhoenix and WilHunter, and received a number of additional market enquiries during the quarter.

Project – WilPhoenix

During the first quarter the WilPhoenix project continued at the Remontowa Shipyard Gdansk, Poland.

The project work scope continued with the three main areas of work relating to (1) the rigs special periodic survey (SPS) and (2) a programme of maintenance and refurbishment work (3) a programme of upgrade and enhancement work.

The upgrade and enhancement work programme consists of the following deliverables:

- Increased variable deckload (VDL) to be in line with other rigs of similar design
- Complete new accommodation for 110 persons
- Four new lifeboats
- New sewage plant
- Complete strip down and renewal of parts as needed for all generator engines
- Renewal of the SCR control system
- Improved mud pit system giving improved well control and working environment
- Four new shakers and improved lay out for mud handling and working environment
- Installation of new drawworks
- Increase of the main deck by 500 m²

WilPhoenix departed the Remontowa Shipyard on 26 May 2011.



FIRST QUARTER 2011

Awilco Drilling PLC is a UK based offshore drilling company owning and operating two semi submersible drilling rigs.

The Company is listed on the Norwegian OTC under the ticker code **AWDR**.

Financial Results – First Quarter 2011

At the end of Q1 2011 Awilco Drilling PLC (Awilco Drilling) had both rigs at Remontowa Shipyard in Poland, undergoing Special Periodic Surveys and upgrading.

Comprehensive Income Statement

Awilco Drilling reports total comprehensive loss for the first quarter 2011 of USD 14.3 million.

There was no revenue earned during the quarter as both rigs were in the shipyard for the duration of the quarter.

In the first quarter Awilco Drilling had rig operating expenses of USD 4.6 million relating to pre-operating expenses. The general and administration expenses were USD 3.2 million of which USD 1.0 million is one-off effects.

EBITDA for the first quarter was USD 7.8 million loss while the operating loss was USD 10.9 million.

Interest expenses amounted to USD 3.0 million, which relates to accrued interest on the Seller's credit with Transocean and accrued interest on the drawn amount of the Working Capital Loan.

Net other financial items show a gain of USD 1.9 million in the quarter and this relates to gain on foreign exchange and translation.

Loss before tax was USD 12.0 million. The tax charge for the quarter was USD 2.3 million arising from the transfer of the rig assets to the Maltese rig owning companies in accordance with the planned restructuring of the company. The resulting net loss was USD 14.3 million. Earnings per share (EPS) for the fourth quarter were USD -0.53.

Statement on financial position

As of 31 March 2011, total assets amount to USD 283.5 million.

At the same date, Awilco Drilling had USD 35.5 million in cash and cash equivalents.

Long term interest-bearing debt at the end of the quarter was USD 123.3 million. There were no repayments of long-term interest bearing debt during the quarter.

Audited Financial Statements 2010

The audited Financial Statements for the year ended 31st December was approved by the Board on 24 March 2011 and by the Annual General Meeting on 13 April 2011.

<p>Project - WilHunter During the first quarter the WilHunter project also progressed at the Remontowa Shipyard Gdansk, Poland.</p> <p>The original project workscope comprised of two main areas of work relating to (1) the rigs special periodic survey (SPS) and (2) a programme of maintenance and refurbishment work. Subsequent to the commencement of project activity, Awilco Drilling expanded the rigs workscope to include a programme of upgrade and enhancement work. This work comprised of an additional accommodation level and associated life boat replacement. The accommodation upgrade will increase the maximum number of crew quarters from today's 97 persons on board (POB) to 110.</p> <p>As of the date of this report, WilHunter is delivered from the Remontowa Shipyard and undergoing its last preparations before departure for its drilling location.</p> <p>Project - Cost The total project cost for the upgrading of both WilPhoenix and WilHunter is projected to be approximately USD 94 million of which USD 70 million relates to WilPhoenix and USD 24 million relates to WilHunter.</p> <p>The following items included in the project cost were not included in the original project scope:</p> <table> <tr> <td>WilPhoenix:</td> <td>– 4 new anchor chains</td> <td>USD 3.5 million</td> </tr> <tr> <td></td> <td>– Extended Mudhandling system upgrade</td> <td>USD 3.0 million</td> </tr> <tr> <td>WilHunter:</td> <td>– Accommodation upgrade and life-boat capacity</td> <td>USD 4.0 million</td> </tr> <tr> <td></td> <td>– BOP upgrade for increased pressure tolerance</td> <td>USD 1.0 million</td> </tr> </table> <p>Capital Requirements and Funding The previously announced equity issue is estimated to be approximately USD 15-20 million and is planned to be raised in late May/early June 2011, prior to the listing on Oslo Stock Exchange (Oslo Avesst). The net proceeds from the equity issues will fund the final payments in respect of the WilPhoenix upgrade and reactivation costs and final payments in respect of the SPS and accommodation upgrade for WilHunter, as well as the Company's working capital needs. The new equity will, together with the company's cash balance and the available funds for draw down, be sufficient to fund the projects as described above.</p> <p>At the end of Q1 2011 USD 6 million was drawn down on the working capital facility from Transocean. At the date of this report, the full amount of the working capital loan facility of USD 35 million has been drawn.</p> <p>In March, the Company entered into a short term draw down facility of USD 10 million with its two largest shareholders, represented by Awilco Drilling AS and Thompkins Square Park S.a.r.l. (a company controlled by QVT, indirectly the Company's second largest shareholder). The rationale for the facility is for the company to have a liquidity buffer during start-up of its operation. The loan falls due for repayment on 30 June 2012 and may be used for general working capital purposes. The loan bears an interest rate of 12 % per annum, in addition to a commitment fee of 3 % per annum of the committed amount (USD 10 million). There is no arrangement fee. The Company can, at any time, cancel the agreement or reduce the facility by half without any penalty or cost. At the date of this report no amount has been drawn down.</p>	WilPhoenix:	– 4 new anchor chains	USD 3.5 million		– Extended Mudhandling system upgrade	USD 3.0 million	WilHunter:	– Accommodation upgrade and life-boat capacity	USD 4.0 million		– BOP upgrade for increased pressure tolerance	USD 1.0 million	<p>Company Restructure During the previous quarter the board decided to implement a restructuring of the ownership of the rigs within the group. During Q1 the restructuring was completed and the rigs are now owned by Maltese companies.</p> <p>Business Management System and Organisation The development of Awilco Drilling's business management system and organisation has progressed according to plan and schedule during the first quarter. The development of Awilco Drilling's process, procedures and controls has also continued according to plan and schedule.</p> <p>At the end of Q1 2011, Awilco Drilling's Aberdeen based employees numbered 21 permanent personnel supported by 6 contractors. Awilco Drilling Pte Ltd offshore personnel numbered 142 permanent personnel, all of whom have been assigned to the relevant rig to support and complete the rig upgrade projects in Poland in preparation for going operational. The Awilco Group continues to supply project and support personnel via the technical and management agreements.</p> <p>As of the date of this report the Company's business management system and organisation are ready for start-up of operation.</p> <p>Market Outlook The UK Semi Submersible drilling market has during the winter season experienced some seasonal availability, however activity in the UK market has now picked up and all units actively marketed have secured work. We expect the tightness to continue throughout the summer and well into 3rd quarter. The general outlook for the UK market remains strong.</p> <p>Subsequent Events</p> <ul style="list-style-type: none"> In April, the WilPhoenix Safety Case and the amendment to the WilHunter Safety Case were accepted by the UK Health and Safety Executive (HSE). In April AGR Petroleum Services Limited declared option wells numbered one, two and three of its contract with Awilco Drilling for the WilPhoenix. These options represent the second, third and fourth wells of AGR's multi well multi-client 2011 drilling programme. At the date of this report, the combined contract value for the 4 firm wells of the AGR drilling program represents about USD 29 million. In April, MPX North Sea Ltd signed a drilling contract for 1 firm and 1 optional well for WilHunter, representing the second and third well of the SPD multi-well multi-client 2011 drilling programme. The contract value for the firm well of this contract is about USD 11 million. In April, Awilco Drilling Limited was re-registered as a public limited liability company under the name of Awilco Drilling PLC. Late April, Oslo Stock Exchange approved Awilco Drilling's listing application. The Company is to have its first day of listing on 10 June 2011 at the latest. In May, the Nautical Petroleum PLC well contract for WilHunter was increased in length, bringing the firm part of the contract value up from USD 5 million to USD 11 million. At the date of this report, the combined contract value for the 2 firm wells of the SPD drilling program represents about USD 22 million. In May, both rigs were delivered from the Remontowa Shipyard in Poland. As of the date of this report, WilPhoenix is en route to its drilling location and WilHunter is undergoing its last preparations before departure for its drilling location.
WilPhoenix:	– 4 new anchor chains	USD 3.5 million											
	– Extended Mudhandling system upgrade	USD 3.0 million											
WilHunter:	– Accommodation upgrade and life-boat capacity	USD 4.0 million											
	– BOP upgrade for increased pressure tolerance	USD 1.0 million											

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Oslo, 26 May, 2011

The Board of Directors of Awilco Drilling PLC

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Company background

Awilco Drilling was incorporated in December 2009. Awilco Drilling owns two semi submersible drilling rigs: W/Phoenix built in 1982 and W/Hunter built in 1983 and upgraded in 1999.

Awilco Drilling was listed on the Norwegian OTC list in January 2010. Awilco Drilling's headquarters are located in Aberdeen, UK.

The total number of outstanding shares of Awilco Drilling at the date of this report is 27 000 000.

www.awilcodrilling.com

Forward Looking Statements

This report contains certain forward-looking statements that involve risks and uncertainties. Forward-looking statements are sometimes, but not always, identified by such phrases as "will", "expect", "is expected to", "should", "may", "is likely to", "tends" and "believes". These forward-looking statements reflect current views with respect to future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. These statements are based on various assumptions, many of which are based, in turn, upon further assumptions, including Awilco Drilling's assumptions regarding the future performance of the oil and gas industry, the future performance of the offshore drilling industry, oil and gas prices, technological developments, government regulations, changes in economical conditions or political events, and the ability of the Company to obtain financing on favourable terms, changes of the spending plan of our customers, changes in the market for offshore drilling services and other factors. The Company does not intend to update or revise its forward-looking statements to reflect changes in assumptions or to reflect the occurrence of unanticipated events. The Company undertakes no obligation to update or revise its forward-looking statements to reflect changes in assumptions or to reflect the occurrence of unanticipated events, or to comply with delivery schedules on a timely basis and other important factors mentioned from time to time in our reports.

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Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q1 2011 (unaudited)	Q1 2010 (unaudited)	31 Dec 2010 audited
Contract revenue	0	13 960	54 963
Reimbursable	0	0	0
Other revenue	0	13 960	54 963
Rig operating expenses	4 630	692	3 173
Reimbursable	0	0	0
General and administrative expenses	3 188	641	5 373
Depreciation	3 120	2 673	11 995
	10 938	4 006	20 541
Operating (loss)/profit	(10 938)	9 854	34 422
Interest income	65	8	119
Interest expense	(3 042)	(3 053)	(16 188)
Other financial items	1 921	10	(1 070)
Net financial items	(1 056)	(3 035)	(17 139)
Loss before tax	(11 994)	6 819	17 283
Tax benefit (expense)	(2 560)	(1 160)	(14 283)
Net (loss)/profit	(14 554)	4 910	12 444
Other comprehensive income	0	0	0
Total comprehensive (loss)/income	(14 554)	4 910	12 444
Attributable to minority interests	0	0	0
Attributable to shareholders of the parent	(14 554)	4 910	12 444
Average number of shares	27 000 000	9 444 444	14 605 479
Basic and diluted earnings per share	(0.53)	0.52	0.85

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Condensed statement of financial position

in USD thousands

	31.03.2011 (audited)	31.3.2010 (unaudited)	31.12.2010 (audited)
Rigs, machinery and equipment	241 730	193 719	209 323
Other non-current assets	0	0	0
	<u>241 730</u>	<u>193 719</u>	<u>209 323</u>
Trade and other receivables	0	1 116	912
Prepayments	1 584	327	0
Inventory	4 642	5 200	4 517
Derivative financial instruments	0	0	392
Cash and cash equivalents	35 518	9 353	67 707
	<u>41 744</u>	<u>15 996</u>	<u>73 528</u>
Total assets	<u>283 474</u>	<u>209 715</u>	<u>282 851</u>
Paid in capital	111 387	47 999	111 387
Other equity	(1 892)	4 910	12 444
Revaluation reserves	0	0	0
Minority interests	0	0	0
	<u>109 495</u>	<u>52 909</u>	<u>123 831</u>
Deferred tax liability	0	1 909	4 839
Long-term interest-bearing debt	123 348	130 062	125 097
Other non-current liabilities	0	0	0
	<u>123 348</u>	<u>131 971</u>	<u>129 936</u>
Current portion of long-term debt	11 000	24 023	9 250
Trade and other creditors	11 354	318	13 953
Accruals and provisions	21 097	494	5 881
Current tax payable	7 180	0	0
	<u>50 631</u>	<u>24 835</u>	<u>29 084</u>
Total equity and liabilities	<u>283 474</u>	<u>209 715</u>	<u>282 851</u>

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Condensed statement of changes in equity for the period from

1st January 2011 to 31 March 2011

in USD thousands

	Paid-in-equity	Transition differences	Other equity (retained earnings)	Total equity
Equity at incorporation of the company (30.12.2009)	0	0	0	0
Equity issue at 14 January 2010	50 000	0	0	50 000
Equity issue at 04 October 2010	65 805	0	0	65 805
Equity issue costs	(2 901)	0	0	(2 901)
Stamp duty tax	(1 517)	0	0	(1 517)
Translation differences	0	0	12 444	12 444
Share-based payment income for the period	111 387	0	0	111 387
Balance as at 31 December 2010	0	0	(14 326)	(14 326)
Total comprehensive loss for quarter 1	111 387	0	(1 892)	109 495
Balance as at 31 March 2011	0	0	(1 892)	109 495

Condensed statement of cash flow for the period

(thousands)

	Q1 2011	Q1 2010
Cash flow from operating activities		
Loss before tax	(11 994)	6 819
Revenue utilised for loan repayment	0	(10 915)
Depreciation	3 150	2 673
Net financial gains on derivative financial instruments	0	0
Interest cost	2 977	3 003
(Increase)/decrease in trade and other receivables	0	(1 116)
(Increase)/decrease in stock	(126)	(147)
(Increase)/decrease in prepayment and accruals	(281)	(179)
(Increase)/decrease in trade and other payables	12 617	306
(Increase)/decrease in provisions and accruals	0	306
Net cash flow from operating activities	(2 627)	(3 052)
Cash flow from investing activities		
Purchases of property, plant and equipment	(35 556)	(36 592)
(Increase)/decrease in investments	0	0
Proceeds from sale of property, plant and equipment	0	0
Net cash flow from investing activities	(35 556)	(36 592)
Cash flow from financing activities		
Proceeds from issue of share capital	0	50 000
Equity issue costs	0	(2 001)
Issue of loans	0	0
Repayment of loans	0	0
Net cash flow from financing activities	0	47 999
Net increase/(decrease) in cash and cash equivalents	(32 183)	9 353
Cash and cash equivalents at beginning of the period	67 707	0
Exchange rate effects	0	0
Cash and cash equivalents at the end of the period	<u>35 518</u>	<u>9 353</u>

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<p>SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES</p> <p>Basis of preparation These interim condensed financial statements have been prepared in accordance with IAS 34 "Interim financial reporting". These condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2010. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The same accounting policies and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2010.</p> <p>Basis of consolidation The consolidated financial statements incorporate the financial statements of Awilco Drilling PLC and entities controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.</p> <p>Foreign currency translation <i>Functional and presentation currency</i> Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in USD, which is the Company's functional currency and presentation currency. All subsidiaries have USD as their functional currency.</p> <p><i>Transaction and balances</i> Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the income statement.</p> <p>Revenue recognition Revenue derived from charter-hire contracts or other service contracts is recognized in the period that services are rendered at rates established in the relevant contracts. Certain contracts include mobilization fees payable at the start of the contract. In cases where the fee covers a general upgrade of a rig or equipment which increases the value of the rig or equipment beyond the contract period, the fee is recognized as revenue over the firm contract period whereas the investment is depreciated over the remaining lifetime of the asset. In cases where the fee covers specific upgrades or equipment specific to the contract, the mobilisation fees are recognized as revenue over the firm contract period. The related investment is depreciated over the firm contract period. In cases where the fee covers specific operating expenses at the start up of the contract the fees are recognized in the same period as the expenses.</p> <p>Property, plant and equipment Rigs and equipment are stated at cost less depreciation. The cost of an asset comprises its purchase price and directly attributable cost of bringing the asset to its working condition. When it can be clearly demonstrated that expenditures have resulted in an increase in future economic benefits expected to be obtained from the use of the assets beyond its originally assessed standard of performance, the expenditure is capitalized as an additional cost of the asset. A component of an asset with a cost that is significant in relation to the total cost of the asset is depreciated separately. Components with similar depreciation method and useful life are grouped together.</p>	<p>Depreciation is calculated using the straight-line method for each asset, after taking into account the estimated residual value, over its expected useful lives. Components of fixed assets with different economic useful lives are depreciated over their respective useful lives.</p> <p>Cash and cash equivalents Cash represents cash on hand and deposits at bank that are repayable on demand. Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash with original maturities of three months or fewer and which are subject to an insignificant risk of change in value.</p> <p>Accounts receivable Accounts receivables are carried at amortized cost. The interest element is disregarded if it is insignificant. Should there be objective evidence of a fall in value, the difference between the carrying amount and the present value of future cash flows is recognized as a loss, discounted by the receivable amount's effective interest rate.</p> <p>Share capital Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are recognized as a reduction of equity, net of tax, from the proceeds.</p> <p>Long-term interest bearing debt All borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. First year instalment of long-term debt are classified as current liability.</p> <p>Tax The tax expense consists of the tax payable and changes in deferred tax. Deferred tax is calculated at the nominal income tax rate of net temporary differences existing between accounting and tax values, and any carry forward losses for tax purposes at year-end. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.</p> <p>Segment information The Company is only operating rigs in the mid water segment. The potential market for the rigs will be the international drilling market (i.e. all over the world) and will be exposed to the same risks and returns wherever the rigs are employed. As the rigs are managed as one business segment, the Company has only one reportable segment.</p> <p>Earnings per share Basic earnings per share ("Basic EPS") are calculated as net profit or loss for the period by the weighted average number of shares outstanding during the period.</p> <p>Estimates The preparation of financial statements in accordance with IFRS requires management to exercise judgment and to make estimates and assumptions that affect the application of policies, reported amounts of revenue, expenses, assets and liabilities and disclosures. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.</p>
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Note 3 - Related party transactions

In USD thousands except per share data

In the normal course of its business, Awilco Drilling enters into a number of transactions with AWILHEIMSEN, which is a major shareholder through its wholly owned subsidiary Awilco Drilling AS.

Transactions with AWILHEIMSEN are specified as follows:

	Q1 2011
Sales	-
Purchases	865
Receivables	-
Payables	(815)

Note 4 - Segment Information

The Company owns the semi submersible rigs WIPPhoenix, and WIPHunter. Both rigs are in Rennebuwa shipyard for reactivation and are expected to be ready for operation in the second half of 2011. The rigs will be the first of a new generation of drilling rigs, all of which the company will own and operate. The rigs will be managed by the company and will be managed as one business segment, the company has only one reportable segment.

Note 5 - Corporation taxes

Corporation tax provision is based on the tax laws and rates in the countries the rigs are operated and where the rigs are owned. In Q1 the rigs were not operational but average tax rates have been applied consistent with the prevailing average tax rate for the year. A tax charge of USD 3 million has arisen in Q1 as a result of the transfer of the rig assets to the Maltese rig owning entities in accordance with the planned restructuring of the company. The charge arises due to creation of a balancing charge when transferring the assets at fair market value.

If the operation of the rigs change among foreign jurisdictions, and the methods of taxation in these jurisdictions varies, there will not necessarily be any correlation between the income tax provision and income before tax.

Note 6 - Subsequent events

In April, the Safety Cases for the WIPPhoenix and WIPHunter was accepted by the UK Health and Safety Executive (HSE).

In April AGR Petroleum Services Limited declared option wells numbered one, two and three of its contract with Awilco Drilling for the WIPPhoenix. These options represent the second, third and fourth wells of AGR's multi well multi-client 2011 drilling programme. At the date of this report, the combined contract value for the 4 firm wells of the AGR drilling program represents about USD 29 million.

In April, MPX North Sea Ltd signed a drilling contract for 1 firm and 1 optional well, representing the second and third well of the SPD multi-well multi-client 2011 drilling programme. The contract value for the firm well of this contract is about USD 11 million.

In April, Awilco Drilling Limited was re-registered as a public company under the name of Awilco Drilling PLC.

Late April, Oslo Stock Exchange approved Awilco Drilling's listing application. The Company is to have its first day of listing on 10 June 2011 at the latest.

In May, the Nautical Petroleum PLC well contract for WIPHunter was increased in length, bringing the firm part of the contract value up to USD 5 million to USD 11 million. At the date of this report, the combined contract value for the 2 firm wells of the SPD drilling program represents about USD 22 million.

In May, the rig upgrading projects were completed and WIPPhoenix and WIPHunter were mobilised to the locations of their drilling contracts in the UK North Sea.

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Notes

Note 1 - Rigs and equipment

In USD thousands, except per share data

	Semi submersible drilling rigs/SPS	Other fixtures and equipment	Total
Acquisition cost per opening balance	228 661	658	229 319
Acquisition cost of disposals	35 380	250	35 630
Depreciation of fixed assets	-	0	0
Acquisition cost at ending balance	225 091	804	255 875
Accumulated depreciation per opening balance	(19 292)	(82)	(19 374)
Depreciation of disposals	(2 789)	(25)	(2 814)
Accumulated depreciation per ending balance	(12 084)	(61)	(12 145)
Net carrying amount at end of period	240 907	829	241 736
Expected useful life	5-15 years	3-10 years	
Depreciation rates	6.57% - 20%	10% - 33%	
Depreciation method	Straight line	Straight line	

The company is considering changing the expected useful life of the rigs from 15 years to 20 years and this decision will be made subsequent to delivery of the rigs.

Note 2 - Debt and financing

Revised Estimated Based Capital Costs

In connection with the acquisition of the rigs from Transocean, the Company was granted a five year Seller's Credit from Transocean of USD 35 million. The credit is secured by a first charge on the rigs. The credit is repaid by quarterly payments of USD 2.5 million over five years and a final repayment of USD 57 million.

Working Capital Loan Agreement

Awilco Drilling entered into an agreement with Transocean for a three year Working Capital facility of USD 35 million, and the funds will be available for draw down over a period of 18 months, including 14 July 2011. The Loans are specified for the purpose of providing funds for working capital and/or capital expenditure for WIPPhoenix and WIPHunter. The borrowings are secured by second priority mortgages on the drilling rigs. The interest rate is 10 %.

	WIPPhoenix	WIPHunter	Total
Seller's credit at time of consummation of transaction	82 500	82 500	165 000
Drawdown on Working Capital Loan	(51 152)	(51 152)	(102 304)
Total debt to Transocean per end of accounting period	83 000	51 348	134 348
Current portion of long term debt	5 500	5 500	11 000
Long term debt to Transocean per end of period	77 500	45 848	123 348
	83 000	51 348	134 348

(1) Drawdown on Working Capital Loan

In total USD 6 has been drawn on the Working Capital loan. Interest accrued on or before 14 July 2011 will be accumulated and paid

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Note 7 – Capital commitments

The total project cost for the WIPPhoenix reactivation project and the WIPHunter Special survey and accommodation upgrade is USD 94M. As at quarter end a total \$29.0 million of the combined project cost was committed (e.g. full accommodation arrangement, drilling and well control equipment, general services from the yard etc.).

The upgrading costs will be funded through existing Cash Balances, undrawn Working Capital Loan and new equity to be raised in the capital market.

Note 8 – Share capital

As of 31st March 2011 total outstanding shares in the Company was 27,000,000 with a nominal value per share of GBP 0.0065. The share capital and share premium reserve below are expressed in USD at the exchange rate at time of conversion from USD to GBP.

	Shares	Par value per share	Share capital	Share premium reserve
Share capital per 31 March 2011	27 000 000	£0.0065	175 500.00	111 330 606
Basic/diluted average number of shares, 1 October - 31 December	27 000 000			
Basic/diluted average number of shares, YTD	27 000 000			
Ranking	Shares	Ownership		
AWILCO Drilling AS	13 250 000	49.07 %		
Bank of Norway	3 591 807	13.30 %		
Bank of New York	1 668 000	6.18 %		
Oslo Offshore	1 500 000	5.56 %		
Frank Mohr AS	775 000	2.87 %		
Sleips AS Tudor	729 249	2.70 %		
JP Morgan Clearing	624 000	2.31 %		
Continental Indusier	571 834	2.12 %		
Europcar Bank SA	552 640	2.05 %		
Regni AS	515 000	1.91 %		
Saburo Investments	468 800	1.85 %		
Skandinaviska Enskilda Banken	310 000	1.15 %		
JP Morgan Chase Bank	271 193	1.00 %		
Deutsche Bank AG London	250 000	0.93 %		
Bank of Montreal	200 000	0.74 %		
KLP Aktje Norge VFF	164 000	0.61 %		
MP Penjon PK	107 000	0.40 %		
Ole Kell Tjeigen	100 000	0.37 %		
Finn Harald Ruud	100 000	0.37 %		
Indeo AS	100 000	0.37 %		
Uthmaniyah	100 000	0.37 %		
LGW AS	100 000	0.37 %		
Other shareholders	1 380 877	5.15 %		
	27 000 000	100.00 %		

Note 9 – Derivative Financial Instrument

As at year end there were financial hedge contracts in place with a year end fair value gain of \$362,000. The contract matured during first quarter and no further forward contracts were entered into during the quarter.



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