



AWILCO DRILLING

Pareto Conference

1 September 2010

Agenda

1. Company Snapshot
2. Rig upgrade & reactivation projects
3. Funding
4. Market Outlook
5. Company Strategy

1. Company Snapshot

Introducing Jon Oliver Bryce

- Awilco Drilling CEO – Jon Oliver Bryce
- 20 years experience in the drilling industry, working for a range of drilling contractors in a range of different countries and operating environments
- Joined Awilco Drilling in July 2010, previously working for Odfjell Drilling as UK General Manager



“To build Awilco Drilling and create shareholder value”

Introducing Awilco Drilling Limited

- UK based company, established in December 2009 with headquarters in Aberdeen, Scotland.
- Awilco Drilling is an autonomous drilling contractor organisation, with start-up support provided by Awilco AS
- Acquired two “workhorse” 3rd generation mid-water semi submersibles suitable for work in the UK sector of the North Sea from Transocean.
- Market cap’ approximately USD 51 million, Awilco AS owns 52%
- Currently listed on the Norwegian OTC, listing on Oslo Stock Exchange planned.

“Establishing Awilco Drilling in the UKCS, based on a unique rig acquisition opportunity”

Introducing the Awilco Drilling Rigs

- *WilPhoenix (Arctic II being renamed):*
 - Friede & Goldman L-907 Enhanced Pacesetter
 - Built 1983 at Daewoo in Korea
 - 1250 ft water depth / 25,000 ft drilling depth
 - Cold stacked since mid 2008
 - Currently undergoing a reactivation & upgrade programme



- *WilHunter (Arctic IV to be renamed):*
 - Friede & Goldman L-907 Enhanced Pacesetter
 - Built 1982 at Gotaverken Arendal, Sweden /upgraded in 1999
 - 1500 ft water depth / 25,000ft drilling depth
 - Operated by Transocean under bareboat until October 2010
 - “In Class” through May 2011



“Following the upgrading, both rigs will compete with any mid-water semi in the UK market”

Establishing full operating organisation in Aberdeen

Why are we building our own organisation?

- **Cheaper**
- **More control**
- **More flexibility to grow**

- Key management with extensive project and operational drilling experience in place
- Target is to be fully operational as duty holder by Q4 2010
- Crew recruiting is ongoing and on track for start-up of operation late Q1 2011

“Building blocks to success in place”

2. Rig Upgrade & Reactivation Projects

What normally goes wrong with upgrading projects

- Unforeseen hull & steel renewal
 - DNV Steel Survey conducted from April to date, giving no requirement for renewal
 - Both rigs have worked in UK waters for the majority of their working lives (not a climate favourable to corrosion)
- Upgrading to deeper water
 - No change of water depths in the projects
- Upgrading rig specification for operations within Norwegian continental shelf
 - Both rigs to work on the UK continental shelf

“Minimising exposure to historic rig upgrade problems”

Rig Upgrade & Reactivation Projects

- Both rigs shall undergo Special Periodic Surveys (SPSs) inspection and repair programmes.
- The WilPhoenix shall also undergo a programme of performance and operational enhancements based on specific rig feedback received from operators.
- The WilPhoenix project work shall be undertaken in the Remontowa shipyard, Gdansk, Poland.
 - Remontowa is an established shipyard for vessel and rig project work
 - Remontowa has previously undertaken SPS work on both the Phoenix and Hunter rigs
 - Awilco AS has undertaken numerous vessel projects at Remontowa



“Remontowa is a know quantity, helping to further reduce project risks”

Project Scope of Work - WilPhoenix

- Project Cost USD 75 million, Project Schedule 7 months
- Enhancement Upgrades
 - New increased accommodation for 110 persons
 - Increased Variable Deck Load (VDL) / Additional deck area – 500m²
 - New and improved mud handling/working environment
 - New power supply system
- SPS & Maintenance Upgrades
 - Upgrading of anchor winches
 - General maintenance and Class Renewal
 - Overhall & Refurbishment of Well Control System

“Delivering substantial enhancements to a well known UK rig for UK customers”

Risk mitigation – WilPhoenix

- During the last six months, main cost items have been established, verified and benchmarked
- The SPS inspection work relating to the rig hull and structure is now almost completed, with no required steel renewals
- Experienced project management team with proven track record for delivering upgrading & conversion projects at Remontowa



“Confidence in reactivation budget and contingency”

Project Scope of Work - WilHunter

- Special Periodic Survey (SPS) due in May 2011
- Rig scheduled to be operational ready in Q1/Q2 2011
- Unit in good condition
- Special Periodic Survey (SPS) work scope identified
- Current Capex estimate \$15M, Project Schedule 3 months

“The WilHunter is well regarded by UK operators, incl. current customer Nexen”

3. Funding

Financing and Funding Requirements

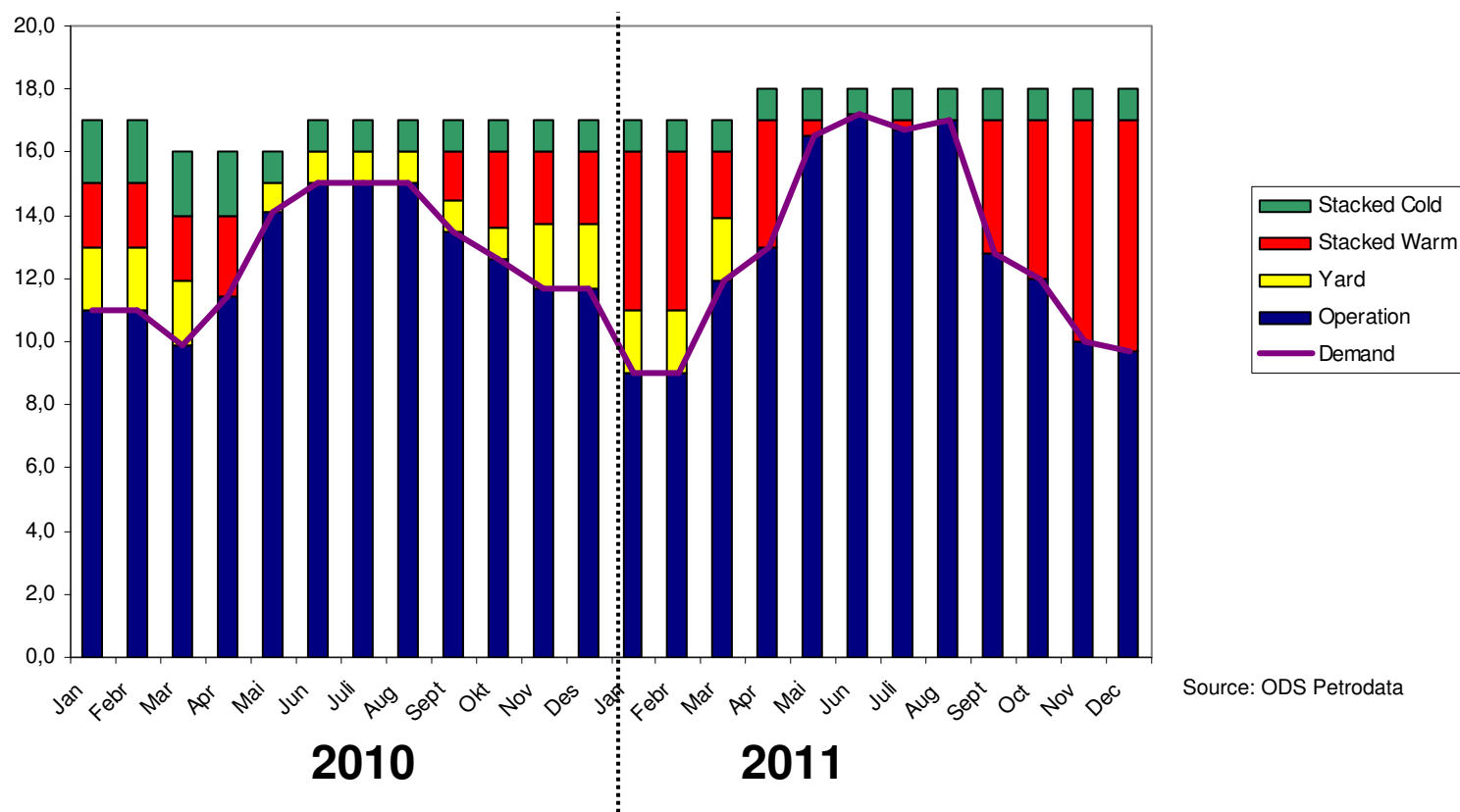
Purchase price	205 mill	
Initial working capital	10 mill	
Upgrading and reactivation projects	90 mill	
<u>Pre-operational cost and working capital</u>	<u>15 mill</u>	
Total	320 mill	(-> 160 mill per rig)
Seller's credit	165 mill	
Equity issue January 2010	50 mill	
Working capital loan from Transocean	35 mill	
<u>New equity needed</u>	<u>70 mill</u>	
Total	320 mill	

“Equity capital will facilitate investment in Awilco Drilling’s assets”

4. Market Outlook

Market Data for UK mid-water semis

Identified demand for 2011 is already at the same level or higher than 2010, new requirements continue to be released



Source: ODS Petrodata

UK Market Snapshot

- Sustained “high” Oil price under-pinning operator confidence
- Fundamentals for the UK drilling market are good
- Positive feedback from UK operators on the establishment of Awilco Drilling Ltd
- High level of activity for 2011 in the UK driven by smaller / independent operators
- WilPhoenix and WilHunter are well recognised drilling units in the UK
- Limited influx of new competition / barriers to entry
- UKCS is less affected by events of Macondo & the Deep Water market

“The market is right for Awilco Drilling”

5. Company Strategy

The Company's strategy is two-phased

Phase 1:

- Establish the Awilco Drilling organisation as an autonomous duty holder
- Successfully deliver rig reactivation and special survey projects
- Ensure revenue through attractive contracts

Phase 2:

- Grow Awilco Drilling

"Building the Brand & Creating Value"

Q&A