GRAM, HAMBRO & GARMAN

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Oslo, 27/03/2009
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Dear Sirs,

RE.: THULE DRILLING ASA

On 27 October 2008 Thule Drilling ASA ("Thule") entered into a Memorandum of Understanding with Royal Oyster Group LLC ("Royal Oyster") whereby all of Thule's shares in Voldar Investments Ltd and Favignat Holdings Ltd., the owners of Thule Energy and Thule Force, and in its BVI subsidiary would be sold to Royal Oyster in consideration of payment of a total of USD 275 million. You were promptly informed of the Memorandum of Understanding and on 13 November 2008 Norsk Tillitsmann ASA were offered to review the Memorandum of Understanding, but declined. However, you accepted and reviewed a copy of the Memorandum of Understanding. No objections were made.

On 20 November 2008, Thule sent a proposed repayment schedule to Norsk Tillitsmann ASA, based on cash flow generated by the sale to Royal Oyster pursuant to the Memorandum of Understanding.

In a meeting in November 2008, between representatives of Thule, Mr. Thomas Berg-Nielsen, Mr. Richard Sjøqvist and Mr. Ola Nygaard, it was demanded that 90% of the shares in Thule should be distributed to the bondholders and that the remaining 10% should be distributed with 50% to the management of Thule and the remaining 5 % should be retained by the shareholders of Thule.

By a proposal from the bondholders, dated 8 December 2008, it was proposed that the loans would be extended against, among other an undertaking from Thule to pay higher interest, grant the bondholders 50% equity in Thule, 100% of the sales proceeds to be used for repayment of the loans and interest, i.e. leaving Thule without necessary working capital. Nevertheless, the proposal was better then the previous proposal by the bondholders whereby it was suggested that 90% of the shares in Thule should be distributed to the bondholders, and 5% to each of the administration of Thule and the shareholders of Thule.

On 10 December 2008 you and Norsk Tillitsmann ASA were provided with a copy of the draft agreement between Thule and Royal Oyster. No objections were made to the structure of the draft agreement.

On 15 and 16 December 2008 Thule entered into agreements with Royal Oyster for the sale of all the shares in all its subsidiaries against payment of a total consideration of USD 420 Million to be paid in instalments before delivery of the shares. All the agreements were conditional upon approval by the board of directors of Thule, the purpose of which was to provide Thule with time to seek an agreement with the bondholders/Norsk Tillitsmann ASA before the subject was lifted and the agreements became unconditional.

All the agreements with Royal Oyster provided for Royal Oyster to pay for the relevant sales objects in full prior to delivery of title thereto free of mortgages and encumbrances. Hence, in the event that Royal Oyster should fail to pay one or several instalments under the agreements, Thule would have a retention right and the bondholders would still have their mortgages intact until the various assets were paid in full. For Thule Power, it was also agreed that the rig would be on a bare boat hire to Royal Oyster until the purchase price was paid in full and title to the shares in the owning company would be transferred to Royal Oyster. Bare boat hire was included in the instalments payable by Royal Oyster monthly from delivery of the rig under the charter party, i.e. charter hire would be paid monthly in advance.

On 19 December 2008 Thule sent a proposal to Norsk Tillitsmann ASA whereby Thule requested acceptance for the agreements with Royal Oyster and proposed amendments to the Loan Agreements, including a new repayment plan based on the cash flow generated under the conditional agreements with Royal Oyster. Copies of the agreements and a proposal for main terms for amendments to the loan agreements were given to Mr. Richard Sjøqvist in a meeting on 22 December 2008.

On 23 December 2008 Mr. Thomas Berg-Nilsen of Fearnley informed the chairman of Thule, Mr. Hans Eirik Olav, by telephone that Thule's proposal was not accepted by the bondholders, but that the bondholders nevertheless did not intend to default the loans. Thule promptly informed Norsk Tillitsmann ASA of the telephone conversation and that Thule was unable on this basis to lift the subject board approval in the agreements with Royal Oyster.

Late at night on 30 December 2008, i.e. when the subject board approvals were due to be lifted, Mr. Richard Sjøqvist and Mr. Thomas Berg-Nielsen called Mr. Hans Eirik Olav to discuss the agreements with Royal Oyster.

On 2 January 2009, Thule received the following e-mail from Ore Hill:

> *I've just returned from out of the country and expected to see a press release affirming the Sale to Oysters by Thule's Board of Directors. I assume the Board fulfilled their legal and fiduciary duty to sanction such an attractive deal as it fully recompenses debtors of Thule while leaving attractive upside to equity holders, such as Ore Hill's investors. If the Board has not formally approved the transaction, why not? And when will the board vote? I assume your legal advisors are informing you of the risks of delaying approval of such a successful outcome, but just checking in since we haven't seen anything in the press, from you or Thomas/Ola.*

Thule replied to Ore Hill that it had not been able to lift the subject board approval in the absence of an agreement with Norsk Tillitsmann/the bondholders.

On 5 January 2009 Thule lifted the subject board approval under the agreements with Royal Oyster without having an agreement with the bondholders. When lifting the subject board approval, Thule was in the firm belief that "saving" the agreement with Royal Oyster would be to the benefit of both the bondholders and Thule, particularly in a deteriorating market. Furthermore, the lifting of the subject board approval was made after discussions with Royal Oyster, during which it was Royal Oyster made it clear that no payment would be made in the absence of an undertaking form the bondholders to discharge their mortgages/encumbrances on the shares/rigs upon payment in full of the purchase price for the relevant asset.

In January 2009 Norsk Tillitsmann ASA blocked the General Escrow Account, which is defined as an un-blocked account.

On 22 January 2009, Thule sent an outline/explanation of its previous proposal to Mr. Ola Nygaard of Norsk Tillitsmann ASA.

On 5 February 2009, Thule received draft amendments to the loan agreements from Mr. Thomas Berg-Nilsen, which included a request for penny warrants representing 50% of the shares in Thule.

On 11 February 2009 Thule had yet another meeting with Norsk Tillitsmann ASA without any progress being made. Norsk Tillitsmann ASA asked why the sale of the shares in the company owning Thule Phoenix had not been completed. It was explained that Thule could not complete the sale in the absence of an agreement with the bondholders/Norsk Tillitsmann ASA to discharge their mortgages and encumbrances in the shares and the rig.

On 20 March 2009, Dagens Næringsliv published an article on Norsk Tillitsmann demanding arrest in the assets of Norinvest Ltd. In the article Richard Sjøqvist is quoted saying that *"the agreement with Royal Oyster is appears to be utterly mystical"* and that this does not appear to be real. Furthermore, he appears to have compared the agreements with Royal Oyster with the sale of a car on credit to someone unknown. In fact the agreements with Royal Oyster does not represent a sale on credit. Royal Oyster has agreed to pay the entire purchase price for the various assets in instalments before title is transferred from Thule to Royal Oyster.

On 24 March 2009, one week before the first instalments were due to be paid by Royal Oyster, Norsk Tillitsmann ASA arrested Thule Power. As a consequence, the agreements with Royal Oyster will fail unless the arrest is lifted and an agreement reached within 31 Mach 2009, when the first instalment from Royal Oyster is due to be paid.

In respect of the legal proceedings initiated by Norsk Tillitsmann ASA in it own name, in which claims are made on behalf of the bondholders, we draw your attention to the Supreme Court cases reported in Rt. 1989 at p. 338 and Rt. 2006 at p. 238. From these cases it follows that the plaintiff in legal proceedings shall be the person or legal entity that allege to have a claim against the defendant, and that agreements to the contrary are ineffective. Hence under Norwegian procedural law, Norsk Tillitsmann ASA does not have standing to sue on behalf of the bondholders. From Rt. 1989 at p. 338 we quote the following:

Det må antas å følge av tvistemålsloven som alminnelig regel at den som ikke selv pretenderer å inneha det krav som gjøres gjeldende for domstolene, ikke uten særskilt hjemmel kan opptre som saksøker for dette i eget navn, jfr. kjennelse av Høyesteretts kjæremålsutvalg inntatt i Rt-1969-1032. Tvistemålsloven krav til partsangivelse har selvsagt som forutsetning et sannhetsprinsipp. Den som angis som part, må også være den reelle part, dvs. pretendere å ha det krav han i eget navn gjør gjeldende. Kravet til samsvar mellom formell og reell partsstilling tilsies av forskjellige hensyn. I prosesser for domstolene må både den annen part og dommerne ha et ubetinget krav på å vite hvem som er den reelle part, og dette må innebære at det er denne som til enhver tid skal være angitt som part når det ikke er hjemmel for unntak. Spørsmålet vil kunne ha betydning f.eks. i forbindelse med inhabilitet, rettskraft, ansvar for saksomkostninger og bestemmelser som regulerer situasjonen når en part dør, går konkurs eller taper sin rettslige handleevne.

Høyesterett skal bemerke at det her er tale om preseptoriske prosessuelle regler som ikke gir rom for slike interne avtaler om hvem som skal stå som part, eller slike fullmaktssynspunkter som lagmannsretten har bygget på.

The above quote can be translated as follows:

It must be assumed to follow from the code on civil procedure as a common rule that one who do not himself pretend to have the claim made before the courts, cannot without particular authority act as plaintiff for this in its own name, cf. ruling by the Supreme Court reported in Rt. 1969 at p. 1032. The Civil Procedure Code's requirement for naming the litigants has off course as presumption a principle of truth. The one, who is named as a party, must be the actual party, i.e. pretend to have the claim that he in his own name asserts. The requirement of consistency between formal and actual position as party is required for various reasons. In litigation before the courts must both the other party and the judges have an unconditional right to know who the real party is, and this must entail that it is him that at any time shall be named a party when no authority for exceptions exist. The question may be relevant for example in connection with disqualification, res judicata, liability for litigation costs and regulations on the situation when a party dies, goes bankrupt or is incapacitated.

The Supreme Court shall note that this is a matter of mandatory procedural rules which do not give room for such internal agreements on whom shall be named as party, or such proxy views that the court of appeals have based its ruling on.

On 24 March 2009, after learning about the arrest of Thule Power, Thule asked Norsk Tillitsmann ASA for a meeting. As of now no positive response has been received. We realize that there is mutual mistrust between the bondholders/Norsk Tillitsmann ASA and Thule. Despite this mistrust, the way forward should be through dialogue. Silence is no solution.

We have been informed by Mr. Anders Ivar Olsen that Royal Oyster is in final negotiations with Chevron for a long term bare boat charter party for Thule Power. This has also been confirmed by

Royal Oyster in a letter to National Oilwell, a copy of which is enclosed for your private and confidential information.

MIS has completed it's work on Thule Power and has asked for the rig to be removed in order to enable MIS to receive another rig at its yard. In order to permit MIS to continue its other business and to avoid MIS accruing maritime liens on the rig, which will have priority before the mortgages, we respectfully ask the bondholders/Norsk Tillitsmann ASA to consent to the removal of the rig to the QGM-yard, which is within the jurisdiction of court that passed the arrest order.

As it is in the joint interest of the parties to save costs and increase value, Thule respectfully ask for the bondholders/Norsk Tillitsmann ASA to consent to the continuation of the commissioning of the rig while the arrest proceedings are ongoing and to contribute to the cost of commissioning while the rig is arrested.

During the meetings we have from time to time reminded of the fiduciary duty of the bonsholders/Norsk Tillitsmann ASA as mortgagees towards Thule as debtor and mortgagor, cf. the supreme court case reported in Rt. 1990 at p. 94 from which we quote the following:

> *Høyesterett har allerede i sin plenumsdom i Rt-1915-435 lagt til grunn at en panthaver som går til realisasjon av sitt pant, har plikt til å vise aktsomhet så det ikke unødig påføres eieren tap, og at domstolene for å sikre eieren mot slikt tap vil kunne fravike det oppgjør som ellers ville ha fulgt av reglene for tvangsauksjon. Siden den gang har det i stigende grad blitt fastslått i vår rett at det skal være en rimelig balanse mellom det man erverver og det man yter ved de enkelte avtaler i et marked. Jeg viser til den utvikling som på formuerettens område har gitt seg utslag i avtaleloven § 36. Spesielle hensyn gjør seg imidlertid gjeldende ved tvangsfullbyrdelse. Jeg går ikke nærmere inn på hvor langt prinsippet i avtaleloven § 36 kan få anvendelse ved tvangsauksjon. For jeg antar under enhver omstendighet at den praksis som har utviklet seg i forhold til tvangsfullbyrdelsesloven § 143 annet ledd og § 158 tredje ledd, med den vidtgående tilsidesettelsen av eiernes interesser i strid med lovens formål og forutsetninger, må anses som et misbruk av den formelle rett når denne praksis gir seg utslag i et så klart økonomisk misforhold som i denne sak.*

The above quote can be translated as follows:

> *In its plenary judgment published in the Supreme Court Report Rt-1915-435, the Norwegian Supreme Court has already ruled that a mortgagor who forecloses on the mortgage has a duty of care to ensure that the owner of the mortgages asset does not suffer unnecessary loss, and that the courts, to protect the owner against such loss, may waive the settlement which would otherwise have resulted from the rules governing enforced sales. Since then our legislation has increasingly stipulated that there must be a reasonable balance between*

> *performance and consideration with respect to the individual contracts in a market. I refer to the developments which, in the area of property law, find expression in Section 36 of the Contracts Act. Particular considerations apply, however, in the case of legal enforcement. I will not discuss in detail the extent to which the principle expressed in Section 36 of the Contracts Act can be applied with respect to enforced sales. For I assume that, under any circumstance, the practice that has developed with respect to Section 143, paragraph 2 and Section 158, paragraph 3 of the Enforcement Act, with its far-reaching disregard for owners' interests in contravention of the act's purpose and underlying premises, must be deemed an abuse of the formal requirements of the law, when this practice results in such a clear financial imbalance as in this case.*

The bondholders/Norsk Tillitsmann ASA have opted not to cooperate with Thule's efforts to sell its assets to Royal Oyster and thereby securing repayment of the loans with interest. The total purchase price agreed with Royal Oyster for Thule Power is USD 140 million to be paid over a period of 14 months. At present the estimated market value of the rig when completed, commissioned and ready to drill is estimated to be in the region of USD 60 – 80 million. The great difference in the purchase price and the market value of the rig is due to the fact that the agreement with Royal Oyster is very favourable and to some extent also market deterioration. Hence, it should be in the joint interest of the parties to preserve the agreements between Thule and Royal Oyster. A sale through an auction or otherwise is not likely to yield more than today's market value of the rig. Before any amount is payable to the bondholders as mortgagees, all maritime liens must be discharged. A significant portion of the claims against QGM Group LLC, which in the agreement with Royal Oyster is estimated to be USD 35 million, relates to deliveries of necessaries to Thule Power. There is a significant risk that these creditors or their successors will assert maritime liens for the claims.

Now that the bondholders/Norsk Tillitsmann ASA have arrested the rig, all the contracts between Thule and Royal Oyster are at risk. On behalf of Thule, we reserve the right to hold the bondholders and/or Norsk Tillitsmann ASA liable for any loss caused by their failure to comply with their fiduciary duty towards Thule and the mortgagors.

Yours faithfully,

GRAM, HAMBRO & GARMAN

Hans P. Bjerke

CC: Thule Drilling ASA v/Hans Eirik Olav

Royal Oyster General Trading (LLC)

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Ref: RO-221-09
Date: 02, Mar, 2009

To: Mr. Bill Kent
NOV

Subject Royal Oyster Rig location and business

Dear Mr. Kent
Further to your corresponding with Mr. Hans Eirik Olav, we are pleased to inform you that Royal Oyster General Trading (LLC) has recently acquired 4 rigs from Thule Drilling ASS, namely Thule Phoenix, Thule Power , Thule Energy and Thule force ,

Presently Thule Phoenix is in Alabama-USA and we plan to sell it out or convert it to an accommodation /work over unit in future after towing her to our yard in UAE.

Regarding Thule Power, she is presently in MIS yard for final commissioning and we have plans to charter her out to Chevron for work in West Africa. The other alternative we are working on is a sale to NDC Abu Dhabi as we have taken part in their tender and awaiting technical appraisal.

For partly build Thule Force and Thule Energy we are in middle of negotiation with Dragon Oil co. to cut the hull in modules and transfer all parts to Caspian Sea –Astrakhan and complete the rig there and charter them to Dragon Oil for 5 years. We have also participated in the NDC Abu Dhabi tender and we are waiting for a reply if they approve our rig technically, so we can negotiate the deal with them.

Our business plan is to develop the QGM yard as a new build and maintenance /refurbishment yard for rig owners in the region.

Thanking you, best regards

Dr.H.Bakhtari

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Ref: RO-222-09
Date: 02, Mar, 2009

To: Mr. Bill Kent
NOV

Subject Royal Oyster Rig location and business

Dear Mr. Kent

Further to your corresponding with Mr. Hans Eirik Olav, we are pleased to inform you that Royal Oyster Group is generally planning to develop their business in Rig Building and repairs.

Royal Oyster General Trading LLC do not own any other oil rigs than those purchased from Thule Drilling ASA.

I can also confirm that the majority of our business is with US and European companies .

We have no intention to involve any drilling operation directly anywhere in the world.

Our rigs will be either chartered out or sold out to well known international drilling companies which are not US Sanctioned countries.

Thanking you, best regards

Dr.H.Bakhtari