



19 May 2009

FINAL PROPOSAL TO BONDHOLDERS IN THE USD 130 MILL 12% LOAN

With the arrest of Thule Power into its 9th week, the situation is unacceptable, and we believe also likewise for the bondholders. To sum up the situation:

1. Thule continues to be in default of its agreements with Royal Oyster, and we expect Royal Oyster to act accordingly very soon.
2. The work on Thule Power has come to a stop which means that we no longer know if/when the rig can be completed and at what cost, among other reasons due to deterioration of rig/work and inability to get third party suppliers back onboard.
3. The final negotiations between Royal Oyster and Chevron can fail at any time because of the arrest on Thule Power, and a solid long term revenue stream for all involved is thereby lost permanently.
4. The situation with unsecured creditors with maritime liens is escalating on a daily basis and there is a growing concern that it will soon be difficult to keep this under control, e.g. they are not lost on the fact that Thule Power continues to be under arrest and consequences thereof.

As a consequence of this situation, all remaining bond and shareholder value could be lost permanently very soon, ref previous correspondence on this matter. We urge you to look very closely at the risk/reward aspect of maintaining your current position.

For a very long time, Thule has worked relentlessly to resolve the wrongdoings perpetrated in the UAE against its shareholders and bondholders. This work has cost a lot of money and these costs and losses have all been borne by the shareholders. We are at a point where the management and BOD of Thule, as well as our cooperation partners in the UAE, cannot continue to work for the benefit of the bondholders when the only thing we receive in return is uncooperativeness and outright obstructions to carry out this vital work to preserve and protect our common assets. It defies logic. Equally important, we cannot continue to be in breach of the agreements with Royal Oyster, and we cannot continue telling Chevron that we are doing our best to continue work on the Thule Power, and for them to give us more time to resolve the arrest issue, when in fact work is coming to a stop, especially as the summer months are coming up and the heat will make the situation even worse, turning days and weeks of delay into months of delay.

We strongly believe it is in the interest of the bondholders to take a "leap of faith" and let us get on with the completion of Thule Power. With reference to previous proposals, and without prejudice to our legal rights, we would therefore like to propose as follows:

1. Thule readjusts its repayment schedule to reflect an up-front down payment of USD 34 million to the bondholders.
2. The subsequent payment schedule is also readjusted to reflect a continued monthly payment to the bondholders, taking due consideration of the approximately USD 22 million outstanding to other creditors, as well as the Royal Oyster payment schedule to Thule.

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3. The bondholders and/or a sufficient number of "instructing bondholders" confirm that the liens on the assets will be lifted in accordance with the sales agreements to Royal Oyster, e.g. after payments completed by Royal Oyster.
4. The bondholders withdraw the arrest with immediate effect so that Thule and Royal Oyster can complete and commission the rig and satisfy Chevron's request and timeframe for taking on the rig.
5. Other terms are negotiated "in good faith" after 1 through 4 is accepted by the bondholders.

Due to the urgency of the situation, we kindly request an acceptance to the above within 15:00 Oslo time tomorrow, 20 May 2009. Also due to the urgency of the situation we will treat "no reply" as a negative reply.

The above proposal is subject to an unconditional acceptance by the bondholders upon which Thule will request Royal Oyster's reaffirmation and acceptance.

Some additional facts that you should be aware of by now:

1. Royal Oyster has already invested about USD 20 million into the QGM yard as well as an additional USD 15 million for Dragon Engineering, which is sitting on QGM leased property.
2. Royal Oyster is daily covering substantial bills for Thule; about USD 2.4 mill for NOV equipment that would otherwise be gone (MIS/NOV/Thule tripartite agreement), USD 4.85 mill to Friede & Goldman mill will soon be covered, Bin Ghaleb has been paid USD 400.000, DLA Piper has been paid USD 200.000, ISS storage has been paid USD 236.000 and so on.
3. By the time Thule Power is ready to go on charter to Chevron, total payments by Royal Oyster in connection with our agreements will be USD 64 million, maybe more depending on the delivery time of Thule Power.
4. On delivery to Chevron, Royal Oyster will have tremendous sunk cost, without title to any of the assets they are paying for.
5. Thule Power will be on Chevron charter for 2+1 year, and within the first 14 months of this charter Royal Oyster will have paid for the rig.

One of your main concerns is stated to be that Thule Power is moved to QGM for completion. We believe this is a hypothetical and very much a legal argument, and that any merit it may have is heavily outweighed by the positive effect of such move. It must be self evident to everyone involved that it is in the bondholders', Thule's and Royal Oyster's interest that the rig is completed. The truth is that this is the best way for the bondholders to protect their interest in this vital asset.

We need to break this stalemate now, because the financial risks for all parties are simply unacceptable.

We await your decision by 15.00 Oslo time tomorrow.

Best regards,



Peter K. Gjessing
CEO
Thule Drilling ASA