

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

MARCH 31, 2014

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
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FOR THE QUARTER ENDED MARCH 31, 2014

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ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	March 31, 2014 <u>(Unaudited)</u>	Decmeber 31, 2013 <u></u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 19,348,383	\$ 57,927,336
Restricted cash	12,263,405	8,962,930
Accounts receivable	26,382,604	2,179,855
Prepaid expenses	1,808,431	913,290
TOTAL CURRENT ASSETS	<u>59,802,824</u>	<u>69,983,411</u>
PROPERTY AND EQUIPMENT		
Drilling unit	297,273,598	
Furniture, equipment and leasehold imporvements	870,053	748,022
Construction in progress	56,237,894	328,856,887
	<u>354,381,544</u>	<u>329,604,909</u>
Less: accumulated depreciation and amortization	974,958	434,596
NET PROPERTY AND EQUIPMENT	<u>353,406,586</u>	<u>329,170,313</u>
INVESTMENT IN UNCONSOLIDATED AFFILIATE	4,812,763	4,654,599
DEBT ISSUANCE COSTS	5,272,833	5,445,885
OTHER ASSETS	<u>638,094</u>	<u>25,175</u>
TOTAL ASSETS	<u>\$ 423,933,100</u>	<u>\$ 409,279,383</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 4,235,253	\$ 8,873,440
Accounts payable - related party	68,232	12,232
Other accrued liabilities	6,187,908	3,734,636
Current portion of long-term debt	12,408,000	12,408,000
Deferred revenue - current	3,818,997	4,582,796
TOTAL CURRENT LIABILITIES	<u>26,718,390</u>	<u>29,611,104</u>
LONG TERM DEBT		
Deferred evenue - non-current	44,022,729	20,877,183
Bonds payable	187,592,000	187,592,000
TOTAL LONG-TERM LIABILITIES	<u>231,614,729</u>	<u>208,469,183</u>
TOTAL LIABILITIES	258,333,119	238,080,287
STOCKHOLDERS' EQUITY		
Common stock, \$1 par value, 185,778,368 authorized at March 31, 2014 and December 31, 2013 and 123,067,286 shares issued and outstanding at March 31, 2014 and December 31, 2013 respectively	123,067,286	123,067,286
Additional paid-in capital	67,159,444	67,073,189
Subscription receivable	(1,500)	(1,500)
Accumulated deficit	(24,625,249)	(18,939,879)
TOTAL STOCKHOLDERS' EQUITY	<u>165,599,981</u>	<u>171,199,096</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 423,933,100</u>	<u>\$ 409,279,383</u>

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended March 31,	
	2014	2013
	(Unaudited)	
REVENUES		
Contract drilling revenue	\$ 697,916	\$ -
Management fees	546,204	3,672,997
Reimbursables	-	235,725
Amortization of deferred revenue	428,673	-
Other income/consulting fees	-	90,567
TOTAL REVENUES	1,672,793	3,999,290
OPERATING EXPENSES		
Operating expenses	6,416,450	4,787,197
Depreciation and amortization	540,363	31,690
TOTAL OPERATING EXPENSES	6,956,813	4,818,887
LOSS FROM OPERATIONS	(5,284,020)	(819,597)
OTHER INCOME (EXPENSE)		
Interest income	797	154,948
Interest expense	(537,725)	-
Foreign currency exchange loss	(16,919)	(8,944)
TOTAL OTHER INCOME (EXPENSE)	(553,846)	146,004
LOSS BEFORE EQUITY IN EARNINGS OF AFFILIATE AND FOREIGN INCOME TAX EXPENSE	(5,837,866)	(673,593)
EQUITY IN EARNINGS OF AFFILIATE	158,164	248,126
FOREIGN INCOME TAX EXPENSE	(5,671)	(169,600)
NET LOSS	\$ (5,685,374)	\$ (595,067)
LOSS PER SHARE:		
Basic and diluted	\$ (0.05)	\$ (0.01)
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic and diluted	123,067,286	73,067,286

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES CONSOLIDATED STATEMENTS OF
 STOCKHOLDERS' EQUITY QUARTER ENDED MARCH 31, 2014
 (UNAUDITED)

	Common Stock		Additional Paid-in Capital	Subscription Receivable	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount				
Balance at December 31, 2012	73,067,286	73,067,286	38,299,854	(1,500)	(12,627,463)	98,738,177
Common stock issued	50,000,000	50,000,000	30,000,000	-	-	80,000,000
Stock issuance costs	-	-	(1,673,968)	-	-	(1,673,968)
Stock compensation expense	-	-	447,303	-	-	447,303
Net loss	-	-	-	-	(6,312,412)	(6,312,412)
Balance at December 31, 2013	123,067,286	\$ 123,067,286	\$ 67,073,189	\$ (1,500)	\$ (18,939,875)	\$ 171,199,100
Stock issuance costs			(22,798)	-	-	(22,798)
Stock compensation expense			109,053	-	-	109,053
Net loss	-	-	-	-	(5,685,374)	(5,685,374)
Balance at March 31 2014	<u>123,067,286</u>	<u>\$ 123,067,286</u>	<u>\$ 67,159,444</u>	<u>\$ (1,500)</u>	<u>\$ (24,625,249)</u>	<u>\$ 165,599,981</u>

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31,	
	2014	2013
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (5,685,374)	\$ (595,067)
Adjustments to reconcile net loss to net cash used in operating activities:		
Equity in earnings of affiliate	(158,164)	(248,126)
Depreciation expense	540,363	31,690
Non-cash interest	-	(154,930)
Stock compensation expense	109,053	109,053
Changes in operating assets and liabilities:		
Accounts receivable	(24,202,750)	(2,421,785)
Accounts receivable - affiliates	-	17,433
Prepaid expenses	(895,141)	(177,604)
Accounts payable	(4,638,187)	2,718,088
Accounts payable - related parties	56,000	-
Other accrued liabilities	(3,381,742)	(425,841)
Deferred revenue	22,381,747	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(15,336,470)</u>	<u>(1,147,089)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for furniture, equipment and leasehold improvements	(122,031)	(356,386)
Cash paid for construction in progress	(19,357,311)	(2,742,716)
Cash paid for restricted cash	<u>(3,300,475)</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(22,779,817)</u>	<u>(3,099,102)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issuance of common stock	(22,798)	(6,967)
Cash received for treasury stock, net	-	10,320
Cash received (paid) for commitment and other related fees	173,052	(1,257,310)
Cash paid for other assets	<u>(612,920)</u>	<u>-</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(462,666)</u>	<u>(1,253,957)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(38,578,953)	(5,500,148)
CASH AND CASH EQUIVALENTS, beginning of period	<u>57,927,336</u>	<u>13,293,572</u>
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 19,348,383</u>	<u>\$ 7,793,424</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Capitalized interest	<u>\$ 5,297,293</u>	<u>\$ 812,449</u>
Cash paid for interest	<u>\$ 537,725</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ 5,671</u>	<u>\$ 169,600</u>

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 2014

NOTE A - ORGANIZATION AND NATURE OF BUSINESS

Atlantica Tender Drilling Ltd. (“Atlantica” or the “Company”) was incorporated in Bermuda in September 2008 and effective April 29, 2011 became registered on the Norwegian OTC-list under the symbol “ATDL.” Atlantica is in the business of providing management and contract drilling services for oil and gas wells for the offshore tender assist market and related offshore oilfield services, for both Company-owned and affiliated vessels. The Company is headquartered in Houston, Texas.

The following entities are wholly-owned subsidiaries of the Company:

- Atlantica Management (USA) Inc. (“AM”), incorporated in the state of Texas
- Atlantica International Ltd. (“AI”), a Bermuda based entity
- Atlantica Beta Ltd. (“AB”), a Bermuda based entity
- BassDrill Beta Ltd. (“BDB”), a Malta based entity
- BassDrill Beta B.V. (“BDB-BV”), a Holland based entity
- BassDrill Brasil Servicos de Petroleo Ltda. (“BBB”), a Brazil based entity
- Atlantica International B.V. (“AI-BV”)
- Atlantica (Malta) Holding Ltd., (AMH) formerly known as BassDrill Beta Holding Ltd. (“BDBH”), a Malta based entity
- Atlantica Gamma Ltd. (AG), formerly known as BassDrill Gamma Ltd. (“BDG”), a Malta based entity
- Atlantica Delta Ltd. (AD), formerly known as BassDrill Delta Ltd. (“BDD”), a Malta based entity

The name changes for the former BassDrill companies was part of the larger rebranding efforts initiated in July 2013.

The Company’s primary assets and liabilities pertain to *BassDrill Beta*, owned by BDB, which the Company took delivery of from Dalian Shipbuilding Industry Corporation (“DSIC”) in November 2013 and was placed into service on a drilling contract with Petrobras in March 2014; AM; the Company’s 25.26% equity investment in BassDrill Alpha Ltd. (“BDA”) and the deposits made to DSIC and other construction costs incurred for the construction of two tender assist drilling rigs: *BassDrill Gamma*, a flat bottom barge that will be owned by AG and *BassDrill Delta*, a semi-submersible, that will be owned by AD.

As used herein, and unless otherwise required by the context, the term “Atlantica” refers to Atlantica Tender Drilling Ltd., and the terms “Company,” “we,” “our,” and words of similar import refer to Atlantica and its Subsidiaries. The use herein of such terms as “we,” “us,” “our” and “its,” or references to specific entities, is not intended to be a precise description of corporate relationships.

The unaudited interim consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”), and reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results for the interim period on a basis consistent with the annual consolidated financial statements. All such adjustments are of a normal recurring nature.

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The operating results for the interim periods are not necessarily indicative of the results to be expected for the full year.

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include the assets and liabilities of Atlantica and its Subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management reviews all significant estimates affecting its consolidated financial statements on a recurring basis and records the effect of any necessary adjustments in the consolidated financial statements. Adjustments made with respect to the use of estimates often relate to improved information not previously available. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of consolidated financial statements. While management believes current estimates are reasonable and appropriate, actual results could differ from those estimates.

Fair Value of Financial Instruments: The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, loan to unconsolidated affiliate, accounts payable and accrued liabilities. The carrying amounts of these accounts are representative of their respective fair values due to the short-term maturity of these instruments or their interest rate reflective of current market rates.

Revenue: Revenue is recognized as services are performed based on contracted day-rates and the number of operating days during the period.

AM and AI provide management and consulting services for the offshore tender assist market and related oilfield services to BDA and certain non-related companies. Such fees are day-rate based and are recorded as revenues in the period in which they are provided to the customers. Reimbursements received for the purchases of supplies, personnel services and other services provided on behalf of and at the request of our customers in accordance with a contract or agreement are recorded as revenues. The related costs are recorded as reimbursable expenses in the same period. The amounts are recorded in the consolidated statements of operations.

In connection with a customer contract, the Company may receive lump-sum fees for the mobilization of equipment and personnel. Mobilization fees and costs incurred to mobilize a rig from one geographic market to another are deferred and recognized on a straight-line basis over the initial term of such contract, excluding any option periods. Costs incurred to mobilize a rig without a contract are expensed as incurred. Fees or lump-sum payments received for capital improvements to rigs are deferred and amortized to income over the term of the related drilling contract. The costs of such capital improvements are capitalized and depreciated over the useful lives of the assets.

At March 31, 2014 and December 31, 2013, the Company received or recorded as accounts receivable \$48,270,399 and \$26,825,456, respectively, in deferred revenue related to mobilization fees and amortized \$428,673 of deferred revenue for the three-month period ended March 31, 2014. On March 19, 2014, *BassDrill Beta* went under contract with Petrobras at a special holding rate given that the Petrobras TLP was not yet ready to commence drilling operations. As a result of the extended delay of the then unknown duration, the Company opted to place the drilling rig into service effective March 19, 2014 instead of continuing to defer and capitalize the costs associated with the initial rig up of *BassDrill Beta* as the Company believes that the asset was ready for its intended use at that time.

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in Unconsolidated Affiliate: The Company accounts for its investment in BDA using the equity method of accounting as the Company has the ability to exercise significant influence over operating and financial affairs (see Note F). Under the equity method of accounting, the Company's proportionate share of the BDA's income or loss is reported in the consolidated statement of operations.

The Company analyzes its equity method investee (BDA) for impairment during each reporting period to evaluate whether an event or change in circumstances has occurred in that period that may have a significant adverse effect on the fair value of its investment. The Company records an impairment charge for other-than-temporary declines in fair value when the fair value is not anticipated to recover above cost within a reasonable period after the measurement date, unless there are mitigating factors that indicate impairment may not be required. If an impairment charge is recorded, subsequent recoveries in fair value are not reflected in earnings until the investee is sold. There were no impairments for the three-month periods ended March 31, 2014 or 2013.

Cash and Cash Equivalents: The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash: The Senior Secured Term Loan (see Note G) requires the Company to maintain a debt service reserve account equal to three months of interest and one installment payment.

The Senior Secured Bonds (see Note G) requires the Company to maintain a debt service account for the purpose of covering the semiannual interest payments.

In January 2014, the Company was required to fund a performance bank guarantee for \$3,299,904 in conjunction with the *BassDrill Gamma* contract and is included as restricted cash at March 31, 2014.

Accounts Receivable and Allowance for Doubtful Accounts: Accounts receivable is made up of contract receivables recorded at the invoiced amount and do not bear interest.

Earnings are charged with a provision for doubtful accounts based on a current review of the collectability of accounts. No allowance for doubtful accounts was recorded by the Company at March 31, 2014. The Company recorded bad debt expense of \$260,640 at December 31, 2013.

Concentrations of Credit Risk: The Company's customer concentration may impact its overall credit risk, either positively or negatively, in that these entities may be similarly affected by changes in economic or other conditions affecting the drilling industry. For the three month periods ended March 31, 2014 and 2013, 44% and 27%, respectively, of the Company's revenues were received from BDA. The Company had receivables from BDA of \$701,111 and \$622,665 at March 31, 2014 and December 2013, respectively. With the commencement of the Petrobras contract 56% of the Company's revenues were received from Petrobras for the three month period ended March 31, 2014,

The Company is subject to concentrations of credit risk with respect to cash and cash equivalents, which the Company attempts to minimize by maintaining cash and cash equivalents with major high credit quality financial institutions. At times cash balances may exceed limits federally insured by the United States Federal Deposit Insurance Corporation or other similar government institutions in other countries. Additionally, certain of the Company's cash balances are maintained in foreign banks, which are not covered by deposit insurance.

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Exchange Transactions: The Company's functional currency is the United States (U.S.) dollar as the Company primarily contracts with contractors, finances capital, and purchases equipment and services using the U.S. dollar. Transactions that are completed in a foreign currency are translated into U.S. dollars, and any gain or loss is recorded in the consolidated statements of operations.

Property and Equipment: Property and equipment is carried at cost less accumulated depreciation. Depreciation on equipment is calculated on the straight-line method over the estimated useful lives of the assets. The method of depreciation does not change when equipment becomes idle. Depreciation and amortization expense was \$ 540,363 and \$31,690 for the three month periods ended March 31, 2014 and, 2013, respectively. The estimated useful lives, in years, are defined below:

Barge and related marine equipment	30 years
Mast equipment package, spare parts, and related equipment	4 - 15 years
Office furniture, fixtures, vehicles and equipment	3 years
Computer hardware and software	3 years

Construction in Progress: The carrying value of the rigs under construction (*BassDrill Gamma*, and *BassDrill Delta*) represents the accumulated costs at the balance sheet date. Cost components include payments for yard installments and variation orders, construction supervision, equipment, spare parts and capitalized interest. No charges for depreciation will be made until commissioning of *BassDrill Gamma*, and *BassDrill Delta* is completed, and the vessels are ready for their intended use.

Deferred Financing Costs: In April 2011, the Company paid \$2,430,000 to a lender for its commitment to provide post-delivery date financing of up to \$125,000,000 for *BassDrill Beta*. Additionally, quarterly commitment fees of approximately \$625,000 commenced on July 29, 2011 and were paid quarterly through April 2013 when the commitment was canceled and replaced by the Senior Secured Bonds and Senior Secured Term Loan. Amortization of such amounts and other related financing costs for the three month period ended March 31, 2013 of \$812,449 (all of which qualified for capitalization, see *Capitalized Interest* below over the revised, anticipated commitment period through termination of the facility in April 2013) was capitalized as an additional cost of constructing *BassDrill Beta*.

In April 2013, the Company, through its wholly owned subsidiary BassDrill Beta Ltd., issued \$75,000,000 in Senior Secured Bonds. In connection with the bond issuance, the Company paid \$2,647,949 in debt issuance costs. Amortization of such amounts and other related financing costs for the three-month period ended March 31, 2014 totaled \$136,569 (\$ 126,788 of which qualified for capitalization, see *Capitalized Interest* below).

In November 2013, the Company through its wholly owned subsidiary BassDrill Beta Ltd., undertook \$125,000,000 in debt under a Senior Secured Term Loan Facility Agreement. In connection with the debt issuance, the Company incurred \$3,411,758 in debt issuance costs. Amortization of such amounts and other related financing costs for the three-month period ended March 31, 2014 totaled \$185,101 (\$ 149,433 of which qualified for capitalization, see *Capitalized Interest* below).

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalized Interest: Interest expenses were and are capitalized during construction of *BassDrill Beta*, *BassDrill Gamma* and *Bass Drill Delta* based on accumulated expenditures for the applicable project at the Company's current rate of borrowing. The amount of interest expense capitalized in an accounting period is determined by applying an interest rate (the "capitalization rate") to the average amount of accumulated expenditures for the asset during the period. The capitalization rate used in an accounting period is based on the rates applicable to borrowings outstanding during the period. The Company does not capitalize amounts beyond the actual interest expense incurred in the period. As the average accumulated expenditures for *BassDrill Beta*, *BassDrill Gamma* and *Bass Drill Delta* exceed the amounts of the specific new borrowing associated with the asset (which debt was not/will not be funded until delivery occurs), the capitalization rate applied to such expenditures is a weighted average of the rates applicable to other borrowings of the Company.

Impairment of Long-lived Assets: The carrying values of long-lived assets that are held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of the asset by estimating the undiscounted future net cash flows expected to result from the asset, including eventual disposition. If the undiscounted future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value.

Income Taxes: We are a Bermuda limited liability company. Bermuda does not impose corporate income taxes unless activities are carried out in Bermuda. No activities were carried out in Bermuda in the three-month periods ended March 31, 2014 and 2013. Consequently, we have provided income taxes based on the laws and rates in effect in the countries in which operations are conducted, or in which we and/or our subsidiaries are considered resident for income tax purposes. We operate in multiple countries under different legal forms. As a result, we are subject to the jurisdiction of numerous domestic and foreign tax authorities, as well as to tax agreements and treaties among these governments. Our operations in these different jurisdictions are taxed on various bases including, (i) actual income before taxes, (ii) deemed profits (which are generally determined by applying a tax rate to revenues rather than profits) and (iii) withholding taxes based on revenue. Determination of taxable income in any jurisdiction requires the interpretation of the related tax laws and regulations and the use of estimates and assumptions regarding significant future events, such as the amount, timing and character of deductions, permissible revenue recognition methods under the tax law and the sources and character of income and tax credits. Changes in tax laws, regulations, agreements and treaties, foreign currency exchange restrictions or our level of operations or profitability in each tax jurisdiction could have an impact upon the amount of income taxes that we provide during any given year.

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 QUARTER ENDED MARCH 31, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-Based Compensation: The Company has established an employee share ownership plan under which certain of its officers and board members have been and may be allocated additional options to acquire shares in the ultimate parent, Atlantica Tender Drilling Ltd. The compensation cost for stock options is recognized as an expense over the service period based on the fair value of the options granted.

The fair value of the share options issued under the Company's share option plan is determined at grant date taking into account the terms and conditions upon which the options are granted, and using a valuation technique that is consistent with generally accepted valuation methodologies for pricing financial instruments, and that incorporates all factors and assumptions that knowledgeable, willing market participants would consider in determining fair value. The fair value of the share options is recognized as personnel expenses within operating expenses with a corresponding increase in stockholders' equity over the period during which the employees become unconditionally entitled to the options.

Stock compensation expense is initially recognized based upon options expected to vest with appropriate adjustments to reflect actual forfeitures.

Related Parties: Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. All transactions between related parties are based on the principle of arm's length (estimated market value).

Earnings Per Share: Basic earnings per share ("EPS") is calculated based on the income (loss) for the period available to common stockholders divided by the weighted average number of shares outstanding for basic EPS for the period. Diluted EPS includes the effect of the assumed conversion of potentially dilutive instruments, which for the Company includes share options. The determination of dilutive earnings per share requires the Company to potentially make certain adjustments to the weighted average shares outstanding used to compute basic earnings per share unless anti-dilutive.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	March 31, 2014 <u>(Unaudited)</u>	Decmeber 31, 2013 <u></u>
Drilling rig and equipment	\$ 297,273,598	\$ -
Leasehold improvements	109,999	109,999
Office furniture, fixtures and equipment	151,635	151,635
Computer hardware and software	427,157	371,214
Vehicle	181,261	115,174
	<u>298,143,651</u>	<u>748,022</u>
Less: accumulated depreciation	974,958	434,596
	<u>297,168,693</u>	<u>313,426</u>
Construction in progress	56,237,894	328,856,887
	<u>56,237,894</u>	<u>328,856,887</u>
Total property and equipment	<u>\$ 353,406,586</u>	<u>\$ 329,170,313</u>

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 QUARTER ENDED MARCH 31, 2014

NOTE D - INTEREST COST

The Company capitalizes interest cost as a component of construction in progress. The following is a summary of interest cost incurred:

	<u>Three Months Ended March 31,</u>	
	<u>2014</u>	<u>2013</u>
	(Unaudited)	
Interest cost capitalized	\$ 5,297,293	\$ 812,449
Interest cost expensed	<u>537,725</u>	<u>-</u>
Total interest cost incurred	<u>\$ 5,835,018</u>	<u>\$ 812,449</u>

NOTE E - LOAN TO UNCONSOLIDATED AFFILIATE

In connection with the December 2011 refinancing of BDA's long-term debt and to provide BDA additional working capital, the Company and certain other BDA shareholders entered into shareholder loan agreements on a proportional basis to each shareholder's equity interest in BDA totaling \$10,000,000. This unsecured loan earned interest at 20% and did not require the payment of principal or interest until repayment of the loan in its entirety. The loan and accrued interest was repaid in its entirety in July 2013.

NOTE F - INVESTMENT IN UNCONSOLIDATED AFFILIATE

The Company's investment in BDA is 25.26%. In July 2013, the Company received a pro-rata share of a capital distribution from BDA in the amount of \$5,305,430.

BDA is a Bermuda-based vessel owning company in the business of providing offshore tender assist drilling units to the offshore market.

Condensed balance sheet information for BDA is as follows:

	<u>March 31,</u>	<u>Decmeber 31,</u>
	<u>2014</u>	<u>2013</u>
	(Unaudited)	
Current assets	\$ 17,470,712	\$ 16,744,124
Property and equipment, net	84,877,126	85,528,029
Other assets	<u>7,236,609</u>	<u>7,366,936</u>
Total assets	<u>\$ 109,584,447</u>	<u>\$ 109,639,089</u>
Current liabilities	\$ 11,229,321	\$ 10,522,604
Long-term liabilities	79,077,500	80,465,000
Stockholders' equity	<u>19,277,627</u>	<u>18,651,485</u>
Total liabilities and stockholders' equity	<u>\$ 109,584,447</u>	<u>\$ 109,639,089</u>

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 QUARTER ENDED MARCH 31, 2014

NOTE F - INVESTMENT IN UNCONSOLIDATED AFFILIATE (Continued)

Condensed statement of operations information for BDA is as follows:

	Three Months Ended March 31,	
	2014	2013
	(Unaudited)	
Operating revenues	\$ 10,993,435	\$ 10,959,762
Costs and expenses	<u>7,431,841</u>	<u>7,413,432</u>
Income from operations	3,561,594	3,546,331
Other expense, primarily interest	<u>(1,874,465)</u>	<u>(1,532,124)</u>
Income before income tax expense	1,687,129	2,014,206
Foreign income tax expense	<u>(1,060,987)</u>	<u>(1,026,615)</u>
Net income	<u>\$ 626,142</u>	<u>\$ 987,591</u>

NOTE G - FINANCING ARRANGEMENTS

Senior Secured Term Loan

In May 2013, the Company, through its wholly owned subsidiary BassDrill Beta Ltd., entered into a \$125,000,000 Senior Secured Term Loan Facility (“Facility”), maturing in June 2018, collateralized by all credit rights arising from the *BassDrill Beta’s* drilling contract, respective credit rights against the Brazilian bank and rights in connection with the investments made with amounts deposited in the debt service reserve account (see *Restricted Cash* in Note B). The Facility bears interest at 4.25% plus LIBOR, payable quarterly commencing February 2014. The Company has entered into a swap agreement fixing LIBOR at 0.845% for \$100,000,000 of the \$125,000,000, for a period of three years commencing November 2013. The Facility requires quarterly principal payments of \$4,136,000 commencing May 2014 with a balloon payment of \$54,688,000 at final maturity. The Facility further requires the Company to comply with certain financial covenants at the Borrower (as defined below) and Parent levels as noted below. These covenants are required to be tested and reported semi-annually:

- Borrower (BDB, BDB-BV, and BBB, collectively, the “Beta Obligated Group”):
 - Interest coverage ratio of not less than 2.5 : 1.0
 - Debt service coverage ratio of not less than 1.1 : 1.0
 - Leverage ratio not exceeding 0.75 : 1.0
 - Book equity minimum of \$70,000,000 from delivery date
 - The market value of the rig is at least 135% of the Facility during the period which *BassDrill Beta* is operating under its drilling contract with Petrobras and 150% of the Facility after completion of the drilling contract with Petrobras.

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 QUARTER ENDED MARCH 31, 2014

NOTE G - FINANCING ARRANGEMENTS (Continued)

- Parent (Atlantica):
 - Interest coverage ratio of not less than 2.5 : 1.0
 - Book equity minimum of \$90,000,000
 - Increased by \$40,000,000 following delivery of *BassDrill Gamma*
 - Increased by \$65,000,000 following delivery of *BassDrill Delta*
 - Equity ratio of minimum 0.3 : 1.0
 - The market value of the rig is at least 135% of the Facility during the period which *BassDrill Beta* is operating under its drilling contract with Petrobras and 150% of the Facility after completion of the drilling contract with Petrobras.

Senior Secured Bonds

In April 2013, the Company issued, through its wholly owned subsidiary BassDrill Beta Ltd., \$75,000,000 of Senior Secured Bonds (“Bonds”), maturing in April 2018 that are collateralized by *BassDrill Beta*. The Bonds bear interest at 8.5%, with interest payments payable semiannually, commencing October 24, 2013 with principal due at maturity. The Bonds further require the Company to comply with certain financial covenants, at the Borrower level (Beta Obligated Group), as noted below. These covenants are required to be tested and reported semi-annually:

- The issuer shall have access to liquidity in excess of \$15 million
- The market value of the rig is at least 120% of the aggregated outstanding amount Senior Bank Facility and the Bond Issuance
- Minimum current ratio of 1:1

Future Maturities of Long-term Debt

The above financing arrangements are payable in future years as follows:

<u>Year Ending December 31</u>	
2014	\$ 12,408,000
2015	16,544,000
2016	16,544,000
2017	16,544,000
2018	137,960,000
	<u>\$ 200,000,000</u>

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 2014

NOTE H - LOSS PER SHARE

The components of the numerator and denominator for the calculation of basic and diluted loss per share resulting from continuing operations are as follows:

	<u>Three Months Ended March 31,</u>	
	<u>2014</u>	<u>2013</u>
	Basic and Diluted (Unaudited)	
Numerator for loss per share		
Net loss	<u>\$ (5,685,374)</u>	<u>\$ (595,067)</u>
Denominator for loss per share		
Weighted-average shares outstanding	123,067,286	73,067,286
Effect of stock options *	<u>-</u>	<u>-</u>
Weighted-average shares for per share calculation	<u>123,067,286</u>	<u>73,067,286</u>
Per share loss from continuing operations	<u>\$ (0.05)</u>	<u>\$ (0.01)</u>

* For the three month period ended March 31, 2014 and 2013, we have excluded all share-based awards (see Note J) from the calculation since the effect would have been anti-dilutive.

NOTE I - COMMITMENTS AND CONTINGENCIES

In October 2012, the Company entered into a turn-key contract with DSIC (the "Builder") to design and construct a tender support barge (*BassDrill Gamma*). The delivery point is alongside the Builder's shipyard in Dalian, China for a contract price of \$123,997,500 subject to adjustment in accordance with certain provisions. The Company made a 15% installment payment of \$18,599,625 in October 2012; and the 2nd and final installment payment of \$105,397,875, plus any outstanding increase or minus any decrease due to adjustments, is due upon delivery, which is expected in the fourth quarter of 2014. Any amounts not paid by due dates bear interest at LIBOR (one month) plus 1.5%. In the event the delivery date is delayed, there are provisions in the agreement that will require the Builder to pay penalties of \$5,000 per day escalating to \$42,500 if delayed more than 61 days but limited to no more than \$6,000,000.

In March 2013, the Company was awarded a contract for a 17-well program estimated to last 44 months with Total E&P Congo for a new tender support semi for operations in off-shore West Africa. In April 2013, the Company entered into a turn-key contract with DSIC to design and construct a tender support semi (*BassDrill Delta*). The delivery point is alongside the Builder's shipyard in Dalian, China for a contract price of \$212,000,000 subject to adjustment with certain provisions. The Company made a 15% installment payment of \$31,800,000 in April 2013 and the 2nd and final installment payment of \$180,200,000, plus any outstanding increase or minus any decrease due to adjustments, is due upon delivery, which is expected in the second quarter of 2015. Any amounts not paid by due dates bear interest at LIBOR (one month) plus 1.5%. In the event the delivery date is delayed, there are provisions in

NOTE I - COMMITMENTS AND CONTINGENCIES (Continued)

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 2014

the agreement that will require the Builder to pay penalties of \$30,000 per day escalating to \$60,000 if delayed more than 61 days but limited to no more than \$9,000,000.

In October 2012, the Company renegotiated its existing office space when it entered into a five-year lease for administrative offices in Houston, Texas. The monthly lease commitment ranges from \$12,180 to \$21,156 per month. In April 2013, the Company entered into an office lease in Brazil in preparation for the Beta Operations which began in January 2014, with monthly commitments of \$6,856. Rent expense was \$84,439 and \$60,614 for the three-month periods ended March 31, 2014 and 2013, respectively.

Future minimum non-cancelable lease payments are as follows:

<u>Year Ending December 31</u>	
2014	\$ 287,061
2015	315,833
2016	325,988
2017	336,143
2018	23,995
	<u>\$ 1,289,020</u>

The Company may in the future be involved as a party to various legal proceedings that are incidental to the ordinary course of business. The Company regularly analyzes current information and, as necessary, provides accruals for probable liabilities on the eventual disposition of these matters. As of March 31, 2014, there were no threatened or pending legal matters that would have a material impact on the Company's consolidated financial statements.

NOTE J - SHARE OPTION PLAN

The fair value of share options granted is recognized as operating expenses over the vesting period. During the three-month periods ended March 31, 2014 and 2013, \$86,255 and \$102,087, respectively, was expensed in the consolidated statements of operations. There was no effect on income taxes in the consolidated financial statements related to the options. However, if the options are exercised, a tax benefit will be recorded if the gain is recorded as deductible in any jurisdiction for tax purposes. If the Company has to expense social security taxes related to the benefit of options exercised, such expenses will be recorded at the exercise date.

The Atlantica Share Option Plan permits the Board of Directors, at its discretion, to grant options to acquire shares in the Company to employees of the Company or its subsidiaries. The options granted are not transferable, and the subscription price is set at \$1.706 per share adjusted upwards by 12% per annum from the date of grant until the date the option is exercised. Options granted under the plan will vest three and a half years after the date of the grant. The maximum number of shares authorized for awards of equity share options is 4,734,000. Authorized, unissued shares of the Company may be used to satisfy exercised options, or the Company, at its discretion, may satisfy such exercised options in cash.

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 2014

NOTE J - SHARE OPTION PLAN (Continued)

During 2013, 530,000 share options were granted to four key employees. For the valuation of the options granted, the following assumptions were applied; risk-free interest rate of 0.51%, share price volatility of 44.9%, dividend yield of 0% and an expected option term of three and a half years.

During 2012, 333,334 share options were granted to one key member of executive management. For the valuation of the options granted, the following assumptions were applied; risk-free interest rate of 0.54%, share price volatility of 45.5%, dividend yield of 0% and an expected option term of three and a half years.

For accounting purposes, the fair value of the granted share options was estimated on the date of the grant using a Black Scholes option valuation model. The risk-free interest rates are estimated using the published United States treasury yield curve in effect at the time of grant for instruments with a similar term. The dividend yield of 0% is used in the valuation model as no dividends are anticipated to be paid during the term of the options. We have assumed that 100% of the options will vest.

Share options issued in 2013 and 2012 under the Atlantica Plan may be exercised up to five years after the grant date. Options issued under the Atlantica Plan may be exercised at the earlier of a mandatory offer for all the shares of the Company (on certain conditions) or three and a half years after the grant date. As of March 31, 2014, no options granted are exercisable and there were no forfeitures. The weighted average grant-date fair value of options granted for the three-month periods ended March 31, 2014 and 2013 was \$0.353 and \$0.362 per share, respectively.

As of March 31, 2014, total unrecognized compensation costs related to all unvested share-based awards totaled \$482,406, which is expected to be recognized as additional expenses of \$341,881 in 2014, \$84,315 in 2015 and \$56,210 thereafter.

NOTE K - DEFINED CONTRIBUTION RETIREMENT PLAN

In August 2011, the Company introduced a defined contribution plan for all employees based in the United States. Under the plan, the Company contributes to the employee's retirement plan amounts ranging from one to four percent of the employee's annual salary. Such contributions for the three-month periods ended March 31, 2014 and 2013 were \$53,218 and \$34,529, respectively.

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 2014

NOTE L - RELATED PARTY TRANSACTIONS

The Company transacts business with the following related parties:

- BassInvest
- BDA
- AXON Energy Products
- Bassoe Offshore AS (“BassOff AS”)
- Bassoe Offshore USA (“BassOff USA”)
-

AM has a management services agreement with BDA to provide it management services for the operation of *BassDrill Alpha*. Fees for such services were \$405,000 and \$360,000 for the three-month periods ended March 2014 and 2013, respectively. Additionally, AM also earned a performance bonus of \$141,204 and \$94,858 for the three-month periods ended March 31, 2014 and 2013, respectively.

The Company has agreements with BassInvest, BassOff AS and BassOff USA to provide the Company certain design and technology services and reimburse certain costs related to the construction of *BassDrill Beta*. Fees and reimbursements for such services were approximately \$62,045 and \$0 for the three-month periods ended March 2014 and 2013, respectively.

In October 2013, the Company loaned AXON Energy Products, a Company with common ownership, \$1,394,372 to assist AXON with completion of the mast equipment package (MEP) needed for construction of Beta. This loan earns interest at 0.5% and matures three days after Axon receives payment in full from DSIC for the guideline winch skid Axon constructed for the *BassDrill Beta*.

NOTE M - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

All of our gross earnings from management and consulting fees are receivable in U.S. dollars, and the majority of our other transactions, assets and liabilities are denominated in U.S. dollars, the functional currency of the Company. However, the Company has operations and assets in a number of countries worldwide and incurs expenditures in other currencies, causing its results from operations to be affected by fluctuations in currency exchange rates, primarily relative to the U.S. dollar. The Company will also be exposed to changes in interest rates on floating interest rate debt in the future. There is, thus, a risk that currency and interest rate fluctuations will have a negative effect on the value of the Company’s cash flows.

Interest Rate Risk Management

The Company’s exposure to interest rate risk relates mainly to its future floating interest rate debt and balances of surplus funds placed with financial institutions. The Company’s intention is to obtain the most favorable interest rate borrowings available without increasing its foreign currency exposure. Surplus funds are generally placed in deposits in banks. Such deposits are available daily in order to provide the Company with flexibility to meet all requirements for working capital and capital investments. The extent to which the Company plans to utilize interest rate swaps and other derivatives to manage its interest rate risk will be determined by the net debt exposure and its views on future interest rates.

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 2014

NOTE M - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

The objective of the undesignated interest rate swaps is to manage interest rate risk exposure on the Senior Secured Term Loan (see Note H). The interest rate swap agreements effectively modify the Company's exposure to interest rate risk by converting a portion of the variable-rate Senior Secured Term Loan to a fixed rate of approximately 5.09% through May 2017, thus reducing the impact of the interest-rate changes on future interest expense. The Company has not designated these interest rate swaps as hedges due to future, unquantifiable differences between the notional and recorded debt caused by uncertain, mandatory prepayments in the future; therefore, the Company does not apply hedge accounting to its interest rate derivative instruments. At March 31, 2014, the Company valued the interest rate swaps at approximately \$202,408.

Foreign Currency Risk Management

The Company does not presently use foreign currency forward contracts and other derivatives to manage its exposure to foreign currency risk on any assets, liabilities or future anticipated transactions as the existing exposure is not deemed significant.

Credit Risk

The Company has financial assets, including cash and cash equivalents and other receivables. These assets expose the Company to credit risk arising from possible default by the counterparty. The Company considers the counterparties to be creditworthy financial institutions and businesses and does not expect any significant loss to result from non-performance by such counterparties. The Company, in the normal course of business, does not demand collateral.

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 2014

P&L	Atlantica Tender Drilling Ltd.	Atlantica Management	Atlantica International	BassDrill Delta	BassDrill Gamma	BassDrill Beta Holdings	Beta Obligated Group				Total Beta Obligated Group	ATDL Eliminations	Consolidated Balance
							BassDrill Beta Malta	BassDrill Beta B.V.	BassDrill Beta Brazil	Beta Eliminations			
REVENUES													
Contract drilling revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 638,811	\$ 59,105	\$ -	\$ 697,916	\$ -	\$ 697,916
Management fees	-	2,078,204	-	-	-	-	-	-	-	-	-	(1,532,000)	546,204
Charter hire revenue	-	-	-	-	-	-	1,495,000	-	-	(1,495,000)	-	-	-
Amortization deferred revenue	-	-	-	-	-	-	418,253	-	-	-	418,253	-	418,253
Consulting fees	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	2,078,204	-	-	-	-	1,913,253	638,811	59,105	(1,495,000)	1,116,169	(1,532,000)	1,662,373
OPERATING EXPENSES													
Operating expenses	257,284	2,330,587	308,528	64,331	149,581	31,148	1,127,442	1,544,214	2,319,915	(1,495,000)	3,496,571	\$ (232,000)	6,406,030
Depreciation and amortization	-	29,389	-	-	-	-	510,547	-	7,411	-	517,958	(6,984)	540,363
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES	257,284	2,359,976	308,528	64,331	149,581	31,148	1,637,989	1,544,214	2,327,326	(1,495,000)	4,014,528	(238,984)	6,946,393
LOSS FROM OPERATIONS	(257,284)	(281,772)	(308,528)	(64,331)	(149,581)	(31,148)	275,264	(905,403)	(2,268,221)	-	(2,898,359)	\$ (1,293,016)	(5,284,020)
OTHER INCOME (EXPENSE)													
Interest income/expenses	(833,223)	-	-	-	-	-	645,865	-	-	-	645,865	724,286	536,928
Foreign currency exchange gain (loss)	2,041	10	519	1,187	993	606	9,517	565	1,480	-	11,562	-	16,919
TOTAL OTHER INCOME (EXPENSE)	(831,183)	10	519	1,187	993	606	655,383	565	1,480	-	657,428	724,286	553,846
LOSS BEFORE EQUITY IN INCOME (LOSSES) OF AFFILIATE AND FOREIGN INCOME TAX EXPENS	573,898	(281,783)	(309,046)	(65,519)	(150,574)	(31,754)	(380,118)	(905,968)	(2,269,701)	-	(3,555,787)	\$ (2,017,302)	(5,837,866)
EQUITY IN INCOME (LOSSES) OF AFFILIATE	158,164	-	-	-	-	-	-	-	-	-	-	-	158,164
FOREIGN INCOME TAX EXPENSE	-	-	-	-	(86)	-	-	-	(5,585)	-	(5,585)	-	(5,671)
NET LOSS	\$ 732,062	\$ (281,783)	\$ (309,046)	\$ (65,519)	\$ (150,660)	\$ (31,754)	\$ (380,118)	\$ (905,968)	\$ (2,275,286)	\$ -	\$ (3,561,372)	\$ (2,017,302)	\$ (5,685,374)

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
QUARTER ENDED MARCH 31, 2014

BS	Atlantica Tender Drilling Ltd.	Atlantica Management	Atlantica International	BassDrill Delta	BassDrill Gamma	BassDrill Beta Holdings	Beta Obligated Group				Total Beta Obligated Group	ATDL Eliminations	Consolidated Balance
							BassDrill Beta Malta	BassDrill Beta B.V.	BassDrill Beta Brazil	Beta Eliminations			
ASSETS													
CURRENT ASSETS													
Cash and cash equivalents	\$ 2,071,132	\$ 4,334,766	\$ 2,203,585	\$ 104,794	\$ 389,704	\$ 2,575	\$ 10,040,126	\$ 74,076	\$ 127,626	\$ -	\$ 10,241,828	\$ -	\$ 19,348,383
Accounts receivable	5,009	367,528	1,280,285	7,308	-	-	1,511,007	-	-	(1,495,000)	16,007	(182,000)	1,494,137
Accounts receivable - affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Receivables	833,223	-	-	-	-	-	22,800,000	638,811	59,105	-	23,497,916	(833,223)	23,497,916
Note receivable - affiliates	1,394,372	-	-	-	-	-	-	-	-	-	-	-	1,394,372
Intercompany accounts receivable	94,414,446	-	-	-	-	-	4,915,677	-	-	(4,915,677)	-	(94,414,446)	-
Prepaid expenses	36,577	60,161	9,563	-	116,848	-	721,719	-	859,743	-	1,581,462	-	1,804,610
TOTAL CURRENT ASSETS	98,754,759	4,762,455	3,493,433	112,102	506,552	2,575	39,988,528	712,887	1,046,473	(6,410,677)	35,337,212	(95,429,669)	47,539,419
PROPERTY AND EQUIPMENT													
Furniture, equipment and leasehold improvements	-	688,792	-	-	-	-	301,512,536	-	181,261	-	301,693,797	(4,238,938)	298,143,651
Construction in progress	-	-	-	35,605,366	24,617,048	-	-	-	-	-	-	(3,984,521)	56,237,894
	-	688,792	-	35,605,366	24,617,048	-	301,512,536	-	181,261	-	301,693,797	(8,223,459)	354,381,544
LESS:													
Accumulated depreciation and amortization	-	(452,467)	-	-	-	-	(510,547)	-	(18,928)	-	(529,475)	6,984	(974,958)
NET PROPERTY AND EQUIPMENT	-	236,325	-	35,605,366	24,617,048	-	301,001,989	-	162,333	-	301,164,322	(8,216,476)	353,406,586
LOAN TO UNCONSOLIDATED AFFILIATE													
INTERCOMPANY LOAN RECEIVABLE	77,559,168	-	-	-	-	-	-	-	-	-	-	(77,559,168)	-
INVESTMENT IN UNCONSOLIDATED AFFILIATE													
DEFERRED FINANCING COSTS	-	-	-	-	-	-	5,272,833	-	-	-	5,272,833	-	5,272,833
INVESTMENT IN SUBSIDIARIES	1	-	-	-	-	-	22,778	1,123,500	-	(1,146,277)	-	(1)	-
RESTRICTED CASH	-	-	-	-	3,299,904	-	8,963,501	-	-	-	8,963,501	-	12,263,405
OTHER ASSETS	1,500	6,004	-	-	-	-	622,337	-	-	-	622,337	9,753	639,594
TOTAL ASSETS	\$ 181,128,190	\$ 5,004,785	\$ 3,493,433	\$ 35,717,468	\$ 28,423,504	\$ 2,575	\$ 355,871,967	\$ 1,836,387	\$ 1,208,806	\$ (7,556,954)	\$ 351,360,206	\$ (181,195,561)	\$ 423,934,600

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES
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BS	Atlantica Tender Drilling Ltd.	Atlantica Management	Atlantica International	BassDrill Delta	BassDrill Gamma	BassDrill Beta Holdings	Beta Obligated Group				Total Beta Obligated Group	ATDL Eliminators	Consolidated Balance
							BassDrill Beta Malta	BassDrill Beta B.V.	BassDrill Beta Brazil	Beta Eliminators			
CURRENT LIABILITIES													
Accounts payable	\$ 44,824	\$ 61,986	\$ 1,254,888	\$ 118,805	\$ 296,716	\$ -	\$ 2,600,802	\$ 1,508,800	\$ 93,664	\$ (1,495,000)	\$ 2,708,266	\$ (182,000)	\$ 4,303,485
Accounts payable - affiliates	-	-	-	(232,643.65)	-	-	393,496.22	-	-	-	393,496.22	-	160,853
Intercompany accounts payable	-	4,582,399	1,814,859	36,063,193	28,547,898	112,676	23,215,323	1,398,212	3,595,563	(4,915,677)	23,293,421	(94,414,446)	-
Accrued liabilities	16,715	431,883	25,634	-	-	-	6,341,739	7,985	36,324	-	6,386,048	(833,224)	6,027,056
Deferred Revenue - Current	-	-	-	-	-	-	3,818,997	-	-	-	3,818,997	-	3,818,997
Current portion of long-term debt	-	-	-	-	-	-	12,408,000	-	-	-	12,408,000	-	12,408,000
TOTAL CURRENT LIABILITIES	61,538	5,076,269	3,095,382	35,949,354	28,844,614	112,676	48,778,357	2,914,997	3,725,551	(6,410,677)	49,008,228	(95,429,670)	26,718,390
Deferred Revenue - Non Current	-	-	-	-	-	-	44,022,729	-	-	-	44,022,729	-	44,022,729
Long-Term Debt	-	-	-	-	-	-	187,592,000	-	-	-	187,592,000	-	187,592,000
Intercompany Long-Term Debt	-	-	-	-	-	-	77,559,168	-	-	-	77,559,168	(77,559,168)	-
TOTAL LONG-TERM LIABILITIES	-	-	-	-	-	-	309,173,897	-	-	-	309,173,897	(77,559,168)	231,614,729
TOTAL LIABILITIES	61,538	5,076,269	3,095,382	35,949,354	28,844,614	112,676	357,952,254	2,914,997	3,725,551	(6,410,677)	358,182,125	(172,988,838)	258,333,119
STOCKHOLDERS' EQUITY													
Common stock	123,067,286	-	-	-	-	-	100	53,967	-	(22,778)	31,289	(31,289)	123,067,286
Additional paid-in capital	67,159,444	-	-	-	-	-	(100)	-	1,123,500	(1,123,500)	(100)	100	67,159,444
Subscription receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated deficit	(9,160,078)	(71,484)	398,052	(231,886)	(421,110)	(110,101)	(2,080,286)	(1,132,577)	(3,640,245)	(1,146,277)	(6,853,108)	(8,175,534)	(24,625,249)
TOTAL STOCKHOLDERS' EQUITY	181,066,652	(71,484)	398,052	(231,886)	(421,110)	(110,101)	(2,080,286)	(1,078,610)	(2,516,745)	(1,146,277)	(6,821,919)	(8,206,723)	165,601,481
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	181,128,190	5,004,785	3,493,433	35,717,468	28,423,504	2,575	355,871,967	1,836,387	1,208,806	(7,556,954)	351,360,206	(181,195,561)	423,934,600