

**ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**QUARTER ENDED**

**JUNE 30, 2014**

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
QUARTER ENDED JUNE 30, 2014

C O N T E N T S

|  | <u>Page</u> |
|--|-------------|
| Consolidated Balance Sheets (Unaudited) .....                | 3           |
| Consolidated Statements of Operations (Unaudited) .....      | 4           |
| Consolidated Statements of Equity (Unaudited) .....          | 5           |
| Consolidated Statements of Cash Flows (Unaudited) .....      | 6           |
| Notes to Consolidated Financial Statements (Unaudited) ..... | 7           |
| Supplemental Information .....                               | 21          |

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

|  | June 30,<br>2014<br><u>(Unaudited)</u> | Decmeber 31,<br>2013<br><u></u> |
|--|--|---------------------------------|
| <b>ASSETS</b>  |  |                                 |
| <b>CURRENT ASSETS</b>  |  |                                 |
| Cash and cash equivalents  | \$ 24,488,766                          | \$ 57,927,336                   |
| Restricted cash  | 11,257,301                             | 8,962,930                       |
| Accounts receivable  | 9,498,095                              | 1,557,190                       |
| Accounts receivable - affiliates   | 726,754                                | 622,665                         |
| Prepaid expenses   | 474,234                                | 913,290                         |
| <b>TOTAL CURRENT ASSETS</b>  | <u>46,445,151</u>                      | <u>69,983,411</u>               |
| <b>PROPERTY AND EQUIPMENT</b>  |  |                                 |
| Drilling unit  | \$ 297,239,186                         | \$ -                            |
| Furniture, equipment and leasehold improvements  | 916,216                                | 748,022                         |
| Construction in progress   | 59,537,242                             | 328,856,887                     |
|  | <u>357,692,644</u>                     | <u>329,604,909</u>              |
| Less: accumulated depreciation and amortization  | 4,540,776                              | 434,596                         |
| <b>NET PROPERTY AND EQUIPMENT</b>  | <u>353,151,868</u>                     | <u>329,170,313</u>              |
| <br>   |  |                                 |
| INVESTMENT IN UNCONSOLIDATED AFFILIATE   | 5,047,993                              | 4,654,599                       |
| DEBT ISSUANCE COSTS  | 5,118,672                              | 5,445,885                       |
| OTHER ASSETS   | <u>600,586</u>                         | <u>25,175</u>                   |
| <b>TOTAL ASSETS</b>  | <u>\$ 410,364,270</u>                  | <u>\$ 409,279,383</u>           |
| <br>   |  |                                 |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |  |                                 |
| <b>CURRENT LIABILITIES</b>   |  |                                 |
| Accounts payable   | \$ 1,519,209                           | \$ 8,873,440                    |
| Accounts payable - related party   | (237,509)                              | 12,232                          |
| Other accrued liabilities  | 4,774,681                              | 3,734,636                       |
| Current portion of long-term debt  | 12,408,000                             | 12,408,000                      |
| Deferred revenue - current   | 3,818,997                              | 4,582,796                       |
| <b>TOTAL CURRENT LIABILITIES</b>   | <u>22,283,378</u>                      | <u>29,611,104</u>               |
| <b>LONG TERM LIABILITIES</b>   |  |                                 |
| Deferred revenue - non-current   | 41,094,957                             | 20,877,183                      |
| Long-term debt   | 183,456,000                            | 187,592,000                     |
| <b>TOTAL LONG-TERM LIABILITIES</b>   | <u>224,550,957</u>                     | <u>208,469,183</u>              |
| <br>   |  |                                 |
| <b>TOTAL LIABILITIES</b>   | 246,834,335                            | 238,080,287                     |
| <b>STOCKHOLDERS' EQUITY</b>  |  |                                 |
| Common stock, \$1 par value, 185,778,368 authorized at<br>June 30, 2014 and December 31, 2013 and<br>123,067,286 shares issued and<br>outstanding at June 30, 2014 and December 31, 2013<br>respectively | 123,067,286                            | 123,067,286                     |
| Additional paid-in capital   | 67,212,093                             | 67,073,189                      |
| Subscription receivable  | (1,500)                                | (1,500)                         |
| Accumulated deficit  | (26,747,944)                           | (18,939,879)                    |
| <b>TOTAL STOCKHOLDERS' EQUITY</b>  | <u>163,529,935</u>                     | <u>171,199,096</u>              |
| <br>   |  |                                 |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>  | <u>\$ 410,364,270</u>                  | <u>\$ 409,279,383</u>           |

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

|   | Three Months Ended June 30, |                       | Six Months Ended June 30, |                       |
|---|-----------------------------|-----------------------|---------------------------|-----------------------|
|   | 2014                        | 2013                  | 2014                      | 2013                  |
|   | (Unaudited)                 |                       | (Unaudited)               |                       |
| <b>REVENUES</b>   |                             |                       |                           |                       |
| Contract drilling revenue   | \$ 17,110,663               | \$ -                  | \$ 17,808,579             | \$ -                  |
| Management fees   | 567,278                     | 6,500,730             | 1,113,482.30              | 10,173,727.43         |
| Reimbursables   | 2,509,011                   | -                     | 2,509,011                 | 235,725               |
| Amortization of deferred revenue  | 3,000,710                   | -                     | 3,429,383                 | -                     |
| Other income/consulting fees  | -                           | -                     | -                         | 90,567                |
| <b>TOTAL REVENUES</b>   | <b>23,187,662</b>           | <b>6,500,730</b>      | <b>24,860,455</b>         | <b>10,500,020</b>     |
| <b>OPERATING EXPENSES</b>   |                             |                       |                           |                       |
| Operating expenses  | 18,301,385                  | 6,566,374             | 24,717,835                | 11,353,571            |
| Depreciation and amortization expense   | 3,565,818                   | 35,683                | 4,106,181                 | 67,373                |
| <b>TOTAL OPERATING EXPENSES</b>   | <b>21,867,203</b>           | <b>6,602,057</b>      | <b>28,824,016</b>         | <b>11,420,944</b>     |
| <b>INCOME (LOSS) FROM OPERATIONS</b>  | <b>1,320,459</b>            | <b>(101,327)</b>      | <b>(3,963,561)</b>        | <b>(920,924)</b>      |
| <b>OTHER INCOME (EXPENSE)</b>   |                             |                       |                           |                       |
| Interest income   | 275                         | 164,484               | 1,071                     | 319,432               |
| Interest expense  | (2,609,230)                 | (1,903,978)           | (3,146,955)               | (1,903,978)           |
| Foreign currency exchange loss  | (10,768)                    | (7,210)               | (27,687)                  | (16,154)              |
| <b>TOTAL OTHER INCOME (EXPENSE)</b>   | <b>(2,619,724)</b>          | <b>(1,746,704)</b>    | <b>(3,173,570)</b>        | <b>(1,600,700)</b>    |
| <b>LOSS BEFORE EQUITY IN EARNINGS OF AFFILIATE<br/>AND FOREIGN INCOME TAX EXPENSE</b> | <b>(1,299,265)</b>          | <b>(1,848,031)</b>    | <b>(7,137,131)</b>        | <b>(2,521,624)</b>    |
| <b>EQUITY IN EARNINGS OF AFFILIATE</b>  | <b>235,231</b>              | <b>106,643</b>        | <b>393,394</b>            | <b>354,770</b>        |
| <b>FOREIGN INCOME TAX EXPENSE</b>   | <b>(1,058,657)</b>          | <b>(136,878)</b>      | <b>(1,064,328)</b>        | <b>(306,477)</b>      |
| <b>NET LOSS</b>   | <b>\$ (2,122,691)</b>       | <b>\$ (1,878,265)</b> | <b>\$ (7,808,065)</b>     | <b>\$ (2,473,332)</b> |
| <b>LOSS PER SHARE:</b>  |                             |                       |                           |                       |
| Basic and diluted   | \$ (0.02)                   | \$ (0.02)             | \$ (0.06)                 | \$ (0.03)             |
| <b>WEIGHTED AVERAGE SHARES OUTSTANDING:</b>   |                             |                       |                           |                       |
| Basic and diluted   | 123,067,286                 | 85,567,286            | 123,067,286               | 98,067,286            |

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY QUARTER ENDED JUNE 30, 2014  
(UNAUDITED)

|                              | Common Stock       |                       | Additional<br>Paid-in<br>Capital | Subscription<br>Receivable | Accumulated<br>Deficit | Total<br>Stockholders'<br>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                     | -                  | -                     | -                                | -                          | (6,312,416)            | (6,312,416)                                |
| Balance at December 31, 2013 | 123,067,286        | \$ 123,067,286        | \$ 67,073,189                    | \$ (1,500)                 | \$ (18,939,879)        | \$ 171,199,096                             |
| Stock issuance costs         |                    |                       | (22,798)                         | -                          | -                      | (22,798)                                   |
| Stock compensation expense   |                    |                       | 161,703                          | -                          | -                      | 161,703                                    |
| Net loss                     | -                  | -                     | -                                | -                          | (7,808,065)            | (7,808,065)                                |
| Balance at June 30, 2014     | <u>123,067,286</u> | <u>\$ 123,067,286</u> | <u>\$ 67,212,093</u>             | <u>\$ (1,500)</u>          | <u>\$ (26,747,944)</u> | <u>\$ 163,529,935</u>                      |

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

|   | Three Months Ended |                | Six Months Ended |                |
|---|--------------------|----------------|------------------|----------------|
|   | June 30,           |                | June 30,         |                |
|   | 2014               | 2013           | 2014             | 2013           |
|   | (Unaudited)        |                | (Unaudited)      |                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                 |                    |                |                  |                |
| Net loss  | \$ (2,122,691)     | \$ (1,878,265) | \$ (7,808,065)   | \$ (2,473,334) |
| Adjustments to reconcile net loss to net cash used in operating activities: |                    |                |                  |                |
| Equity in earnings of affiliate   | (235,231)          | (106,643)      | (393,394)        | (354,769)      |
| Depreciation and amortization expense                                       | 3,565,818          | 35,683         | 4,106,180        | 67,373         |
| Non-cash interest   | -                  | (164,484)      | -                | (319,414)      |
| Stock compensation expense  | 52,649             | 172,706        | 161,703          | 274,792        |
| Amortization of debt issue costs  | 154,161            | (1,661,589)    | 327,213          | (2,106,551)    |
| Changes in operating assets and liabilities:                                |                    |                |                  |                |
| Accounts receivable   | 16,884,509         | (1,415,526)    | (7,940,905)      | (3,819,878)    |
| Accounts receivable - affiliates  | (726,754)          | -              | (104,089)        | -              |
| Prepaid expenses  | 1,334,197          | 158,841        | 439,055          | (18,763)       |
| Accounts payable  | (2,852,508)        | (724,453)      | (7,422,463)      | 1,993,635      |
| Accounts payable - related parties  | 68,232             | -              | 56,000           | -              |
| Other accrued liabilities   | (1,650,740)        | 1,299,705      | (3,755,286)      | 873,864        |
| Deferred revenue  | (2,927,772)        | -              | 19,453,975       | -              |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES                         | 11,543,869         | (4,284,024)    | (2,880,077)      | (5,883,044)    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                 |                    |                |                  |                |
| Capital expenditures - rig and equipment                                    | 34,412             | -              | (297,239,186)    | -              |
| Cash paid for furniture, equipment and leasehold improvements               | (46,163)           | (11,182)       | (168,194)        | (141,269)      |
| Cash paid for construction in progress                                      | (3,299,348)        | (73,500,000)   | 273,877,468      | (73,500,000)   |
| Cash paid for restricted cash   | 1,006,104          | (38,475,647)   | (2,294,371)      | (42,257,008)   |
| NET CASH USED IN INVESTING ACTIVITIES                                       | (2,304,995)        | (111,986,829)  | (25,824,284)     | (115,898,277)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                 |                    |                |                  |                |
| Cash received from issuance of common stock                                 | 0                  | 78,384,039     | (22,798)         | 78,384,040     |
| Cash received from issuance of bonds payable                                |                    | 75,000,000     |                  | 75,000,000     |
| Cash paid for long term note  | (4,136,000)        |                | (4,136,000)      |                |
| Cash received (paid) for commitment and other related fees                  |                    |                |                  |                |
| Cash received (paid) for other assets                                       | 37,509             | -              | (575,411)        | 10,319         |
| NET CASH RECEIVED (USED) IN FINANCING ACTIVITIES                            | (4,098,491)        | 153,384,039    | (4,734,209)      | 153,394,359    |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS                        | 5,140,383          | 37,113,186     | (33,438,570)     | 31,613,038     |
| CASH AND CASH EQUIVALENTS, beginning of period                              | 19,348,383         | 7,793,424      | 57,927,336       | 13,293,572     |
| CASH AND CASH EQUIVALENTS, end of period                                    | \$ 24,488,766      | \$ 44,906,610  | \$ 24,488,766    | \$ 44,906,610  |
| <b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>                          |                    |                |                  |                |
| Capitalized interest  | \$ 1,164,507       | \$ 2,148,244   | \$ 4,557,822     | \$ 2,960,694   |
| Cash paid for interest  | \$ 2,609,230       | \$ -           | \$ 3,146,955     | \$ -           |
| Cash paid for income taxes  | \$ 1,058,657       | \$ 136,877     | \$ 1,064,328     | \$ 306,477     |

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
QUARTER ENDED JUNE 30, 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”), a Holland-based entity
- Atlantica (Malta) Holding Ltd., (AMH), a-Malta based entity
- Atlantica Gamma Ltd. (AG), a Malta based entity
- Atlantica Delta Ltd. (AD), 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: *Gamma*, a flat bottom barge that will be owned by AG and *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  
CONSOLIDATED FINANCIAL STATEMENTS  
QUARTER ENDED JUNE 30, 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, accounts payable, accrued liabilities and long term debt. 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. 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 June 30, 2014 and December 31, 2013, the Company received or recorded as accounts receivable \$44,913,954 and \$26,662,251, respectively, in deferred revenue related to mobilization fees and amortized \$3,000,710 and \$3,429,383 of deferred revenue for the three and six-month period ended June 30, 2014, respectively. 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  
CONSOLIDATED FINANCIAL STATEMENTS  
QUARTER ENDED JUNE 30, 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 or six month periods ended June 30, 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 a contract, which was cancelled subsequent to June 30, 2014. In June 2014, the Company was required to fund an additional \$1,650,096 and the total of \$4,950,000 is included in restricted cash at June 30, 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 June 30, 2014

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 period ended June 30, 2014 and 2013, 2.4% and 7.2%, respectively, of the Company's revenues were received from BDA. For the six-month period ended June 30, 2014 and 2013, 4.5% and 8.6%, respectively, of the Company's revenues were received from BDA. The Company had receivables from BDA of \$726,754 and \$622,665 at June 30, 2014 and December 2013, respectively. With the commencement of the Petrobras contract 74% and 72% of the Company's revenues were received from Petrobras for the three and six-month period ended June 30, 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  
CONSOLIDATED FINANCIAL STATEMENTS  
QUARTER ENDED JUNE 30, 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 \$ 4,106,182 and \$67,373 for the six month periods ended June 30, 2014 and, 2013, respectively. Depreciation and amortization expense was \$ 3,565,818 and \$35,683 for the three month periods ended June 30, 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 June 30, 2013 and 2014 totaled \$413,589 and six month period ended June 30, 2013 of \$1,189,747, respectively (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 (see Note G). 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 June 30, 2013 and 2014 totaled \$64,649 and \$140,781, respectively and \$64,649 and \$277,350 for the six month period ended June 30, 2013 and 2014, respectively (all of which qualified for capitalization in the six month period ending June 2014, 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 (see Note G). 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 and six-month period ended June 30, 2014 totaled \$187,132 and \$372,233 (all of which qualified for capitalization in the six month period ending June 30, 2014, see *Capitalized Interest* below).

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
QUARTER ENDED JUNE 30, 2014

Capitalized Interest: Interest expenses were and are capitalized during construction of *BassDrill Beta*, *Gamma* and *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*, *Gamma* and *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 six-month periods ended June 30, 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.

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.

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
QUARTER ENDED JUNE 30, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

|   | June 30, 2014<br>(Unaudited) | December 31, 2013     |
|---|------------------------------|-----------------------|
| Drilling rig and equipment                | \$ 297,239,186               | \$ -                  |
| Leasehold Improvements                    | 109,999                      | 109,999               |
| Office furniture, fixtures, and equipment | 151,635                      | 151,635               |
| Computer hardware and software            | 473,320                      | 371,214               |
| Vehicles                                  | 181,261                      | 115,174               |
|   | <u>298,155,402</u>           | <u>748,022</u>        |
| Less: accumulated depreciation            | 4,540,776                    | 434,596               |
|   | 293,614,626                  | 313,426               |
| Construction in progress                  | 59,537,242                   | 328,856,887           |
| Total property and equipment              | <u>\$ 353,151,868</u>        | <u>\$ 329,170,313</u> |

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
QUARTER ENDED JUNE 30, 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:

|                              | Three Months Ended June 30, |                     | Six Months Ended June 30, |                     |
|------------------------------|-----------------------------|---------------------|---------------------------|---------------------|
|                              | 2014                        | 2013                | 2014                      | 2013                |
|                              | (Unaudited)                 |                     | (Unaudited)               |                     |
| Interest cost capitalized    | \$ 1,164,507                | \$ 2,148,244        | \$ 4,557,822              | \$ 2,960,694        |
| Interest cost expensed       | <u>2,609,230</u>            | <u>-</u>            | <u>3,146,955</u>          | <u>-</u>            |
| Total interest cost incurred | <u>\$ 3,773,737</u>         | <u>\$ 2,148,244</u> | <u>\$ 7,704,777</u>       | <u>\$ 2,960,694</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:

|  | June 30,<br>2014      | June 30,<br>2013      |
|--|-----------------------|-----------------------|
|  | (Unaudited)           |                       |
| Current assets                             | \$ 17,720,434         | \$ 16,744,124         |
| Property and equipment, net                | 83,758,209            | 85,528,029            |
| Other assets                               | <u>7,104,053</u>      | <u>7,366,936</u>      |
| Total assets                               | <u>\$ 108,582,695</u> | <u>\$ 109,639,089</u> |
| Current liabilities                        | \$ 10,682,581         | \$ 10,522,604         |
| Long-term liabilities                      | 77,691,250            | 80,465,000            |
| Stockholders' equity                       | <u>20,208,864</u>     | <u>18,651,485</u>     |
| Total liabilities and stockholders' equity | <u>\$ 108,582,695</u> | <u>\$ 109,639,089</u> |

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
QUARTER ENDED JUNE 30, 2014

NOTE F - INVESTMENT IN UNCONSOLIDATED AFFILIATE (Continued)

Condensed statement of operations information for BDA is as follows:

|                                   | Three Months Ended June 30, |                    | Six Months Ended June 30, |                     |
|-----------------------------------|-----------------------------|--------------------|---------------------------|---------------------|
|                                   | 2014                        | 2013               | 2014                      | 2013                |
|                                   | (Unaudited)                 |                    | (Unaudited)               |                     |
| Operating revenues                | \$ 11,993,391               | \$ 10,910,755      | \$ 22,984,117             | \$ 21,870,517       |
| Costs and expenses                | <u>7,998,937</u>            | <u>7,927,956</u>   | <u>15,376,565</u>         | <u>15,297,337</u>   |
| Income from operations            | 3,994,454                   | 2,982,799          | 7,607,552                 | 6,573,180           |
| Other expense, primarily interest | <u>(1,905,550)</u>          | <u>(1,544,554)</u> | <u>(3,831,520)</u>        | <u>(3,120,729)</u>  |
| Income before income tax expense  | 2,088,904                   | 1,438,245          | 3,776,033                 | 3,452,451           |
| Foreign income tax expense        | <u>(1,157,666)</u>          | <u>(1,037,416)</u> | <u>(2,218,653)</u>        | <u>(2,064,032)</u>  |
| Net income                        | <u>\$ 931,237</u>           | <u>\$ 400,829</u>  | <u>\$ 1,557,380</u>       | <u>\$ 1,388,420</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 (“Loan”), 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 Loan 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 that commenced November 2013. The Loan requires quarterly principal payments of \$4,136,000 commencing May 2014 with a balloon payment of \$54,688,000 at final maturity. The Loan 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 Loan 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  
CONSOLIDATED FINANCIAL STATEMENTS  
QUARTER ENDED JUNE 30, 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 Loan during the period which *BassDrill Beta* is operating under its drilling contract with Petrobras and 150% of the Loan 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 that commenced 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 of the Loan and Bonds
- Minimum current ratio of 1:1

*Future Maturities of Long-term Debt*

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

| <u>Twelve Months Ending June 30</u> |                |
|-------------------------------------|----------------|
| 2015                                | 16,544,000     |
| 2016                                | 16,544,000     |
| 2017                                | 16,544,000     |
| 2018                                | 146,232,000    |
|                                     | \$ 195,864,000 |

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
QUARTER ENDED JUNE 30, 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:

|   | Three Months Ended June 30, |                   | Six Months Ended June 30, |                   |
|---|-----------------------------|-------------------|---------------------------|-------------------|
|   | 2014                        | 2013              | 2014                      | 2013              |
|   | Basic and Diluted           |                   | Basic and Diluted         |                   |
|   | (Unaudited)                 |                   | (Unaudited)               |                   |
| Numerator for loss per share                      |                             |                   |                           |                   |
| Net loss  | \$ (2,122,691)              | \$ (1,878,265)    | \$ (7,808,065)            | \$ (2,473,332)    |
| Denominator for loss per share                    |                             |                   |                           |                   |
| Weighted-average shares outstanding               | 123,067,286                 | 85,567,286        | 123,067,286               | 98,067,286        |
| Effect of stock options *                         | -                           | -                 | -                         | -                 |
| Weighted-average shares for per share calculation | <u>123,067,286</u>          | <u>85,567,286</u> | <u>123,067,286</u>        | <u>98,067,286</u> |
| Per share loss from continuing operations         | \$ <u>(0.02)</u>            | \$ <u>(0.02)</u>  | \$ <u>(0.06)</u>          | \$ <u>(0.03)</u>  |

\* For the three and six-month periods ended June 30, 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 (*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 2<sup>nd</sup> 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 (*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 2<sup>nd</sup> 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 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.



ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
QUARTER ENDED JUNE 30, 2014

NOTE I - COMMITMENTS AND CONTINGENCIES (Continued)

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 \$79,785 and \$64,485 for the three-month periods ended June 30, 2014 and 2013, respectively. Rent expense was \$164,224 and \$125,100 for the six-month periods ended June, 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 June 30, 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 June 30, 2014 and 2013, \$52,649 and \$172,705, respectively, was expensed in the consolidated statements of operations. During the six-month periods ended June 30, 2014 and 2013, \$161,703 and \$274,792 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  
CONSOLIDATED FINANCIAL STATEMENTS  
QUARTER ENDED JUNE 30, 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 June 30, 2014, no options granted are exercisable and there were no forfeitures. The weighted average grant-date fair value of options granted for the six-month periods ended June 30, 2014 and 2013 was \$0.353 and \$0.362 per share, respectively. 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 June 30, 2014, total unrecognized compensation costs related to all unvested share-based awards totaled \$350,729, which is expected to be recognized as additional expenses of \$210,204 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 June 30, 2014 and 2013 were \$42,333 and \$30,181 respectively. Such contributions for the six-month periods ended June 30, 2014 and 2013 were \$95,550 and \$64,710, respectively

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
QUARTER ENDED JUNE 30, 2014

NOTE L - RELATED PARTY TRANSACTIONS

The Company transacts business with the following related parties:

- BassInvest AS
- 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 \$409,500 and \$379,000 for the three-month periods ended June 30, 2014 and 2013, respectively. Fees for such services were approximately \$814,500 and \$739,000 for the six-month period ended June 30, 2014 and 2013, respectively. Additionally, AM earned a performance bonus of \$157,544 and \$98,513 for the three-month periods ended June 30, 2014 and 2013, respectively and \$298,748 and \$195,818 for the six-month periods ended June 30, 2014 and 2013, respectively.

The Company has agreements with BassInvest AS, 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, Gamma and Delta*. Fees and reimbursements for such services were approximately \$40,000 and \$0 for the three-month periods ended June 30, 2014 and 2013, respectively. Fees and reimbursements for such services were approximately \$96,000 and \$530,602 for the six-month periods ended June 30, 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.

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
QUARTER ENDED JUNE 30, 2014

NOTE M - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

*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.

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 June 30, 2014, the Company valued the interest rate swaps at approximately \$80,844.

*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  
CONSOLIDATED FINANCIAL STATEMENTS  
QUARTER ENDED JUNE 30, 2014

NOTE N – SUBSEQUENT EVENTS

In September 2014, ATDL accepted an offer for a USD 350 million senior secured term loan. The bank facility is offered and fully underwritten by ABN AMRO Bank and DNB Bank ASA. The new bank facility is in part a refinancing and replacement of the USD 125,000,000 senior secured term loan facility agreement dated 31 May 2013 entered into by BassDrill Beta Ltd. as borrower. Under the new USD 350,000,000 facility, ATDL will be the borrower.

Furthermore, ATDL has successfully completed a placement of bonds with a notional value of USD 75,000,000. The bond issue comprises an amendment and restatement of the USD 75,000,000 BassDrill Beta Ltd. bond issued in 2013, a replacement of ATDL in the place of BassDrill Beta Ltd. as issuer of the bonds, and hence, with the recent placement of additional bonds, an increase to a total amount of USD 150,000,000.

With the new senior secured term loan, as well as the amendment, restatement and issuance of additional bonds, ATDL has successfully secured a total of USD 500 million debt finance to complete the company's targeted debt funding (approx. 75% LTV) of its three wholly owned rigs, Beta, Gamma and Delta.

## **SUPPLEMENTAL INFORMATION**

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES  
SUPPLEMENTAL INFORMATION  
QUARTER ENDED JUNE 30, 2014

| P&L  | Atlantica Tender<br>Drilling Ltd. | Atlantica<br>Management | Atlantica<br>International | Atlantica<br>International B.V. | BassDrill<br>Delta | BassDrill<br>Gamma | BassDrill<br>Beta Holdings | Beta Obligated Group    |                        |                          |                      | Total Beta<br>Obligated<br>Group | ATDL<br>Eliminations | Consolidated<br>Balance |                   |
|--|-----------------------------------|-------------------------|----------------------------|---------------------------------|--------------------|--------------------|----------------------------|-------------------------|------------------------|--------------------------|----------------------|----------------------------------|----------------------|-------------------------|-------------------|
|  |                                   |                         |                            |                                 |                    |                    |                            | BassDrill<br>Beta Malta | BassDrill<br>Beta B.V. | BassDrill<br>Beta Brazil | Beta<br>Eliminations |                                  |                      |                         |                   |
| REVENUES   |                                   |                         |                            |                                 |                    |                    |                            |                         |                        |                          |                      |                                  |                      |                         |                   |
| Contract drilling revenue                          | \$ -                              | \$ -                    | \$ -                       | \$ -                            | \$ -               | \$ -               | \$ -                       | \$ -                    | \$ -                   | \$ 15,685,844            | \$ 1,424,820         | \$ -                             | \$ 17,110,663        | \$ -                    | \$ 17,110,663     |
| Management fees                                    | -                                 | 3,206,278               | -                          | -                               | -                  | -                  | -                          | -                       | -                      | -                        | -                    | -                                | -                    | (2,639,000)             | 567,278           |
| Charter hire revenue                               | -                                 | -                       | -                          | -                               | -                  | -                  | -                          | -                       | 10,465,000             | -                        | -                    | (10,465,000)                     | -                    | -                       | -                 |
| Amortization deferred revenue                      | -                                 | -                       | -                          | -                               | -                  | -                  | -                          | -                       | 2,927,772              | -                        | -                    | -                                | 2,927,772            | -                       | 2,927,772         |
| Reimbursable Income / Expense                      | -                                 | -                       | -                          | -                               | -                  | -                  | -                          | -                       | -                      | -                        | 2,509,011            | -                                | 2,509,011            | -                       | 2,509,011         |
| Consulting fees                                    | -                                 | -                       | -                          | -                               | -                  | -                  | -                          | -                       | -                      | -                        | -                    | -                                | -                    | -                       | -                 |
| <b>TOTAL REVENUES</b>                              | <b>-</b>                          | <b>3,206,278</b>        | <b>-</b>                   | <b>-</b>                        | <b>-</b>           | <b>-</b>           | <b>-</b>                   | <b>-</b>                | <b>13,392,772</b>      | <b>15,685,844</b>        | <b>3,933,830</b>     | <b>(10,465,000)</b>              | <b>22,547,446</b>    | <b>(2,639,000)</b>      | <b>23,114,724</b> |
| OPERATING EXPENSES                                 |                                   |                         |                            |                                 |                    |                    |                            |                         |                        |                          |                      |                                  |                      |                         |                   |
| Operating expenses                                 | 225,396                           | 2,079,079               | 196,521                    | 42,871                          | 60,780             | 92,502             | 36,567                     | 2,806,142               | 10,938,724             | 13,943,865               | (10,465,000)         | 17,223,731                       | \$ (1,729,000)       | 18,228,448              |                   |
| Depreciation and amortization                      | -                                 | 32,213                  | -                          | -                               | -                  | -                  | -                          | 3,573,563               | -                      | 8,661                    | -                    | 3,582,224                        | (48,620)             | 3,565,818               |                   |
| Bad debt expense                                   | -                                 | -                       | -                          | -                               | -                  | -                  | -                          | -                       | -                      | -                        | -                    | -                                | -                    | -                       |                   |
| <b>TOTAL OPERATING EXPENSES</b>                    | <b>225,396</b>                    | <b>2,111,292</b>        | <b>196,521</b>             | <b>42,871</b>                   | <b>60,780</b>      | <b>92,502</b>      | <b>36,567</b>              | <b>6,379,704</b>        | <b>10,938,724</b>      | <b>13,952,526</b>        | <b>(10,465,000)</b>  | <b>20,805,955</b>                | <b>(1,777,620)</b>   | <b>21,794,265</b>       |                   |
| <b>LOSS FROM OPERATIONS</b>                        | <b>(225,396)</b>                  | <b>1,094,986</b>        | <b>(196,521)</b>           | <b>(42,871)</b>                 | <b>(60,780)</b>    | <b>(92,502)</b>    | <b>(36,567)</b>            | <b>7,013,068</b>        | <b>4,747,120</b>       | <b>(10,018,696)</b>      | <b>-</b>             | <b>1,741,491</b>                 | <b>\$ (861,380)</b>  | <b>1,320,459</b>        |                   |
| OTHER INCOME (EXPENSE)                             |                                   |                         |                            |                                 |                    |                    |                            |                         |                        |                          |                      |                                  |                      |                         |                   |
| Interest income/expenses                           | (1,654,638)                       | -                       | -                          | -                               | -                  | -                  | -                          | 4,263,594               | -                      | -                        | -                    | 4,263,594                        | (-)                  | 2,608,956               |                   |
| Foreign currency exchange gain (loss)              | 1,128                             | -                       | 3,087                      | 1                               | 780                | 692                | 485                        | (388)                   | 608                    | 4,375                    | -                    | 4,595                            | -                    | 10,768                  |                   |
| <b>TOTAL OTHER INCOME (EXPENSE)</b>                | <b>(1,653,510)</b>                | <b>-</b>                | <b>3,087</b>               | <b>1</b>                        | <b>780</b>         | <b>692</b>         | <b>485</b>                 | <b>4,263,206</b>        | <b>608</b>             | <b>4,375</b>             | <b>-</b>             | <b>4,268,189</b>                 | <b>(-)</b>           | <b>2,619,724</b>        |                   |
| <b>LOSS BEFORE EQUITY IN INCOME (LOSSES)</b>       | <b>-</b>                          | <b>-</b>                | <b>-</b>                   | <b>-</b>                        | <b>-</b>           | <b>-</b>           | <b>-</b>                   | <b>-</b>                | <b>-</b>               | <b>-</b>                 | <b>-</b>             | <b>-</b>                         | <b>-</b>             | <b>-</b>                |                   |
| <b>OF AFFILIATE AND FOREIGN INCOME TAX EXPENSE</b> | <b>1,428,114</b>                  | <b>1,094,986</b>        | <b>(199,608)</b>           | <b>(42,872)</b>                 | <b>(61,561)</b>    | <b>(93,195)</b>    | <b>(37,052)</b>            | <b>2,749,862</b>        | <b>4,746,512</b>       | <b>(10,023,071)</b>      | <b>-</b>             | <b>(2,526,698)</b>               | <b>\$ (861,380)</b>  | <b>(1,299,265)</b>      |                   |
| <b>EQUITY IN INCOME (LOSSES) OF AFFILIATE</b>      | <b>235,231</b>                    | <b>-</b>                | <b>-</b>                   | <b>-</b>                        | <b>-</b>           | <b>-</b>           | <b>-</b>                   | <b>-</b>                | <b>-</b>               | <b>-</b>                 | <b>-</b>             | <b>-</b>                         | <b>-</b>             | <b>235,231</b>          |                   |
| <b>FOREIGN INCOME TAX EXPENSE</b>                  | <b>-</b>                          | <b>(8,561)</b>          | <b>-</b>                   | <b>-</b>                        | <b>-</b>           | <b>-</b>           | <b>-</b>                   | <b>-</b>                | <b>-</b>               | <b>(1,050,096)</b>       | <b>-</b>             | <b>(1,050,096)</b>               | <b>-</b>             | <b>(1,058,657)</b>      |                   |
| <b>NET LOSS</b>                                    | <b>\$ 1,663,344</b>               | <b>\$ 1,086,425</b>     | <b>\$ (199,608)</b>        | <b>\$ (42,872)</b>              | <b>\$ (61,561)</b> | <b>\$ (93,195)</b> | <b>\$ (37,052)</b>         | <b>\$ 2,749,862</b>     | <b>\$ 4,746,512</b>    | <b>\$ (11,073,167)</b>   | <b>\$ -</b>          | <b>\$ (3,576,794)</b>            | <b>\$ (861,380)</b>  | <b>\$ (2,122,691)</b>   |                   |

ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES  
SUPPLEMENTAL INFORMATION  
QUARTER ENDED JUNE 30, 2014

| BS  | Atlantica Tender<br>Drilling Ltd. | Atlantica<br>Management | Atlantica<br>International | Atlantica<br>International B.V. | BassDrill<br>Delta   | BassDrill<br>Gamma   | BassDrill<br>Beta Holdings | Beta Obligated Group    |                        |                          |                        | Total Beta<br>Obligated<br>Group | ATDL<br>Eliminations    | Consolidated<br>Balance |  |
|---|-----------------------------------|-------------------------|----------------------------|---------------------------------|----------------------|----------------------|----------------------------|-------------------------|------------------------|--------------------------|------------------------|----------------------------------|-------------------------|-------------------------|--|
|   |                                   |                         |                            |                                 |                      |                      |                            | BassDrill<br>Beta Malta | BassDrill<br>Beta B.V. | BassDrill<br>Beta Brazil | Beta<br>Eliminations   |                                  |                         |                         |  |
| ASSETS  |                                   |                         |                            |                                 |                      |                      |                            |                         |                        |                          |                        |                                  |                         |                         |  |
| CURRENT ASSETS                                  |                                   |                         |                            |                                 |                      |                      |                            |                         |                        |                          |                        |                                  |                         |                         |  |
| Cash and cash equivalents                       | \$ 6,258,033                      | \$ 5,666,358            | \$ 537,472                 | \$ 1,500,000                    | \$ 461,361           | \$ 257,110           | \$ 2,575                   | \$ 410,553              | \$ 9,150,726           | \$ 244,578               | \$ -                   | \$ 9,805,857                     | \$ -                    | \$ 24,488,766           |  |
| Accounts receivable                             | 47,556                            | 174,943                 | 15,707                     | 1,531,733                       | -                    | 52,706               | -                          | 11,960,000              | 6,376,159              | 603,477                  | (11,960,000)           | 6,979,636                        | (2,480,814)             | 6,321,467               |  |
| Accounts receivable - affiliates                | -                                 | -                       | -                          | -                               | -                    | -                    | -                          | -                       | -                      | -                        | -                      | -                                | -                       | -                       |  |
| Accrued Receivables                             | 1,323,354                         | -                       | -                          | -                               | -                    | -                    | -                          | -                       | -                      | 2,509,011                | -                      | 2,509,011                        | (1,323,354)             | 2,509,011               |  |
| Note receivable - affiliates                    | 1,394,372                         | -                       | -                          | -                               | -                    | -                    | -                          | -                       | -                      | -                        | -                      | -                                | -                       | 1,394,372               |  |
| Intercompany accounts receivable                | 91,065,288                        | -                       | -                          | -                               | -                    | -                    | -                          | 16,432,396              | -                      | -                        | (16,432,396)           | -                                | (91,065,288)            | -                       |  |
| Prepaid expenses                                | 17,513                            | 65,924                  | 4,078                      | -                               | 1,998                | 82,296               | -                          | 213,724                 | 6,900                  | 81,801                   | -                      | 302,424                          | -                       | 474,234                 |  |
| Other Current Assets                            | -                                 | -                       | -                          | -                               | -                    | -                    | -                          | -                       | -                      | -                        | -                      | -                                | -                       | -                       |  |
| <b>TOTAL CURRENT ASSETS</b>                     | <b>100,106,117</b>                | <b>5,907,225</b>        | <b>557,257</b>             | <b>3,031,733</b>                | <b>463,359</b>       | <b>392,113</b>       | <b>2,575</b>               | <b>29,016,672</b>       | <b>15,533,785</b>      | <b>3,438,866</b>         | <b>(28,392,396)</b>    | <b>19,596,928</b>                | <b>(94,869,457)</b>     | <b>35,187,850</b>       |  |
| PROPERTY AND EQUIPMENT                          |                                   |                         |                            |                                 |                      |                      |                            |                         |                        |                          |                        |                                  |                         |                         |  |
| Furniture, equipment and leasehold improvements | -                                 | 712,065                 | -                          | -                               | -                    | -                    | -                          | 301,478,124             | -                      | 204,151                  | -                      | 301,682,275                      | (4,238,938)             | 298,155,402             |  |
| Construction in progress                        | -                                 | -                       | -                          | -                               | 37,768,163           | 26,663,599           | -                          | -                       | -                      | -                        | -                      | -                                | (4,894,521)             | 59,537,242              |  |
|   | -                                 | 712,065                 | -                          | -                               | 37,768,163           | 26,663,599           | -                          | 301,478,124             | -                      | 204,151                  | -                      | 301,682,275                      | (9,133,459)             | 357,692,644             |  |
| LESS:   |                                   |                         |                            |                                 |                      |                      |                            |                         |                        |                          |                        |                                  |                         |                         |  |
| Accumulated depreciation and amortization       | -                                 | (484,680)               | -                          | -                               | -                    | -                    | -                          | (4,084,110)             | -                      | (27,589)                 | -                      | (4,111,699)                      | 55,603                  | (4,540,776)             |  |
| <b>NET PROPERTY AND EQUIPMENT</b>               | <b>-</b>                          | <b>227,385</b>          | <b>-</b>                   | <b>-</b>                        | <b>37,768,163</b>    | <b>26,663,599</b>    | <b>-</b>                   | <b>297,394,015</b>      | <b>-</b>               | <b>176,562</b>           | <b>-</b>               | <b>297,570,577</b>               | <b>(9,077,856)</b>      | <b>353,151,868</b>      |  |
| LOAN TO UNCONSOLIDATED AFFILIATE                | -                                 | -                       | -                          | -                               | -                    | -                    | -                          | -                       | -                      | -                        | -                      | -                                | -                       | -                       |  |
| INTERCOMPANY LOAN RECEIVABLE                    | 77,559,168                        | -                       | -                          | -                               | -                    | -                    | -                          | -                       | -                      | -                        | -                      | -                                | (77,559,168)            | -                       |  |
| INVESTMENT IN UNCONSOLIDATED AFFILIATE          | 5,047,993                         | -                       | -                          | -                               | -                    | -                    | -                          | -                       | -                      | -                        | -                      | -                                | -                       | 5,047,993               |  |
| DEFERRED FINANCING COSTS                        | 127,184                           | -                       | -                          | -                               | -                    | -                    | -                          | 4,991,488               | -                      | -                        | -                      | 4,991,488                        | -                       | 5,118,672               |  |
| INVESTMENT IN SUBSIDIARIES                      | 1                                 | -                       | -                          | -                               | -                    | -                    | -                          | 22,778                  | 1,123,500              | -                        | (1,146,277)            | -                                | (1)                     | -                       |  |
| RESTRICTED CASH                                 | -                                 | -                       | -                          | -                               | -                    | 4,950,000            | -                          | 6,307,301               | -                      | -                        | -                      | 6,307,301                        | -                       | 11,257,301              |  |
| OTHER ASSETS                                    | 1,500                             | 6,004                   | -                          | -                               | -                    | -                    | -                          | 584,829                 | -                      | -                        | -                      | 584,829                          | 9,753                   | 602,086                 |  |
| <b>TOTAL ASSETS</b>                             | <b>\$ 182,841,963</b>             | <b>\$ 6,140,614</b>     | <b>\$ 557,257</b>          | <b>\$ 3,031,733</b>             | <b>\$ 38,231,522</b> | <b>\$ 32,005,712</b> | <b>\$ 2,575</b>            | <b>\$ 338,317,083</b>   | <b>\$ 16,657,284</b>   | <b>\$ 3,615,428</b>      | <b>\$ (29,538,673)</b> | <b>\$ 329,051,122</b>            | <b>\$ (181,496,729)</b> | <b>\$ 410,365,770</b>   |  |



ATLANTICA TENDER DRILLING LTD. & SUBSIDIARIES  
SUPPLEMENTAL INFORMATION  
QUARTER ENDED JUNE 30, 2014

| BS  | Atlantica Tender<br>Drilling Ltd. | Atlantica<br>Management | Atlantica<br>International | Atlantica<br>International B.V. | BassDrill<br>Delta   | BassDrill<br>Gamma   | BassDrill<br>Beta Holdings | Beta Obligated Group    |                        |                          |                        | Total Beta<br>Obligated<br>Group | ATDL<br>Eliminators     | Consolidated<br>Balance |
|---|-----------------------------------|-------------------------|----------------------------|---------------------------------|----------------------|----------------------|----------------------------|-------------------------|------------------------|--------------------------|------------------------|----------------------------------|-------------------------|-------------------------|
|   |                                   |                         |                            |                                 |                      |                      |                            | BassDrill<br>Beta Malta | BassDrill<br>Beta B.V. | BassDrill<br>Beta Brazil | Beta<br>Eliminators    |                                  |                         |                         |
| <b>CURRENT LIABILITIES</b>                        |                                   |                         |                            |                                 |                      |                      |                            |                         |                        |                          |                        |                                  |                         |                         |
| Accounts payable                                  | \$ 42,840                         | \$ 50,346               | \$ 12,824                  | \$ 1,574,536                    | \$ 378,199           | \$ 379,061           | \$ -                       | \$ 315,933              | \$ 12,224,190          | \$ 982,095               | \$ (11,960,000)        | \$ 1,562,217                     | \$ (2,480,814)          | \$ 1,519,209            |
| Accounts payable - affiliates                     | -                                 | -                       | -                          | -                               | (216,524.29)         | (12,324.60)          | -                          | (4,993.21)              | -                      | (3,667.34)               | -                      | (8,660.55)                       | -                       | (237,509)               |
| Intercompany accounts payable                     | -                                 | 4,582,297               | 314,859                    | 1,500,069                       | 38,363,294           | 32,153,280           | 149,728                    | 13,895,761              | 561,736                | 15,976,659               | (16,432,396)           | 14,001,761                       | (91,065,288)            | -                       |
| Accrued liabilities                               | 16,478                            | 493,030                 | 31,130                     | -                               | -                    | -                    | -                          | 5,103,690               | 203,457                | 250,252                  | -                      | 5,557,399                        | (1,323,355)             | 4,774,681               |
| 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              |
| <b>TOTAL CURRENT LIABILITIES</b>                  | <b>59,318</b>                     | <b>5,125,673</b>        | <b>358,813</b>             | <b>3,074,605</b>                | <b>38,524,969</b>    | <b>32,520,017</b>    | <b>149,728</b>             | <b>35,537,387</b>       | <b>12,989,383</b>      | <b>17,205,340</b>        | <b>(28,392,396)</b>    | <b>37,339,714</b>                | <b>(94,869,458)</b>     | <b>22,283,378</b>       |
| Deferred Revenue - Non Current                    | -                                 | -                       | -                          | -                               | -                    | -                    | -                          | 41,094,957              | -                      | -                        | -                      | 41,094,957                       | -                       | 41,094,957              |
| Long-Term Debt                                    | -                                 | -                       | -                          | -                               | -                    | -                    | -                          | 183,456,000             | -                      | -                        | -                      | 183,456,000                      | -                       | 183,456,000             |
| Intercompany Long-Term Debt                       | -                                 | -                       | -                          | -                               | -                    | -                    | -                          | 77,559,168              | -                      | -                        | -                      | 77,559,168                       | (77,559,168)            | -                       |
| <b>TOTAL LONG-TERM LIABILITIES</b>                | <b>-</b>                          | <b>-</b>                | <b>-</b>                   | <b>-</b>                        | <b>-</b>             | <b>-</b>             | <b>-</b>                   | <b>302,110,125</b>      | <b>-</b>               | <b>-</b>                 | <b>-</b>               | <b>302,110,125</b>               | <b>(77,559,168)</b>     | <b>224,550,957</b>      |
| <b>TOTAL LIABILITIES</b>                          | <b>59,318</b>                     | <b>5,125,673</b>        | <b>358,813</b>             | <b>3,074,605</b>                | <b>38,524,969</b>    | <b>32,520,017</b>    | <b>149,728</b>             | <b>337,647,511</b>      | <b>12,989,383</b>      | <b>17,205,340</b>        | <b>(28,392,396)</b>    | <b>339,449,838</b>               | <b>(172,428,626)</b>    | <b>246,834,335</b>      |
| <b>STOCKHOLDERS' EQUITY</b>                       |                                   |                         |                            |                                 |                      |                      |                            |                         |                        |                          |                        |                                  |                         |                         |
| Common stock                                      | 123,067,286                       | -                       | -                          | -                               | -                    | -                    | -                          | 100                     | 53,967                 | -                        | (22,778)               | 31,289                           | (31,289)                | 123,067,286             |
| Additional paid-in capital                        | 67,212,093                        | -                       | -                          | -                               | -                    | -                    | -                          | (100)                   | -                      | 1,123,500                | (1,123,500)            | (100)                            | 100                     | 67,212,093              |
| Subscription receivable                           | -                                 | -                       | -                          | -                               | -                    | -                    | -                          | -                       | -                      | -                        | -                      | -                                | -                       | -                       |
| Accumulated deficit                               | (7,496,734)                       | 1,014,941               | 198,444                    | (42,872)                        | (293,446)            | (514,305)            | (147,153)                  | 669,571                 | 3,613,935              | (14,713,412)             | (1,146,277)            | (10,429,906)                     | (9,036,914)             | (26,747,944)            |
| <b>TOTAL STOCKHOLDERS' EQUITY</b>                 | <b>182,782,646</b>                | <b>1,014,941</b>        | <b>198,444</b>             | <b>(42,872)</b>                 | <b>(293,446)</b>     | <b>(514,305)</b>     | <b>(147,153)</b>           | <b>669,571</b>          | <b>3,667,901</b>       | <b>(13,589,912)</b>      | <b>(1,146,277)</b>     | <b>(10,398,716)</b>              | <b>(9,068,103)</b>      | <b>163,531,435</b>      |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b> | <b>\$ 182,841,963</b>             | <b>\$ 6,140,614</b>     | <b>\$ 557,257</b>          | <b>\$ 3,031,733</b>             | <b>\$ 38,231,522</b> | <b>\$ 32,005,712</b> | <b>\$ 2,575</b>            | <b>\$ 338,317,083</b>   | <b>\$ 16,657,284</b>   | <b>\$ 3,615,428</b>      | <b>\$ (29,538,673)</b> | <b>\$ 329,051,122</b>            | <b>\$ (181,496,729)</b> | <b>\$ 410,365,770</b>   |