

Denne melding til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst kontakt Nordic Trustee AS.

To the bondholders in:

ISIN: NO 001 067558.0 - Atlantica Tender Drilling Ltd. Second Lien Callable Bond Issue
2014/2020

Oslo, 16 October 2020

Notice of a Written Bondholders' Resolution

1. INTRODUCTION

Nordic Trustee AS acts as Bond Trustee for the above mentioned Bond Issue.

Reference is made to the bond agreement made between the Issuer and the Bond Trustee (originally among BassDrill Beta Ltd. and the Bond Trustee), originally dated 23 April 2013, amended and restated on 22 September 2014 and amended by an addendum no. 2 on 19 January 2016, by an amendment agreement on 25 October 2017, by a third amendment agreement dated 19 September 2019 and as further amended from time to time (the "**Bond Agreement**") in respect of the above mentioned Bond Issue.

All capitalised terms used herein shall have the meaning assigned to them in the Bond Agreement unless otherwise stated herein. References to Clauses and paragraphs are references to Clauses and paragraphs in the Bond Agreement.

The Issuer has requested that the Bond Trustee issue this request for a written Bondholders' resolution pursuant to Clause 16.5 (*Written Resolution*) of the Bond Agreement to consider approval of the Proposed Resolution (as defined below).

The information in this notice (the "Notice") regarding the Issuer and the described transactions is provided by the Issuer, and the Bond Trustee expressly disclaims all liability whatsoever related to such information.

Bondholders are encouraged to read this notice in its entirety.

2. BACKGROUND

The lenders under the Senior Bank Facility have agreed to an extension of the maturity date of the Senior Bank Facility until 30 September 2021, as well as certain other amendments to the terms and conditions of the Senior Bank Facility. The requirements related to the scheduled repayment of the Senior Bank Facility are described in the Bond Amendments (as defined below).

The Issuer has been in dialogue with the Bond Trustee and Bondholders representing approximately 54.4 % of the Voting Bonds regarding certain amendments to the Bond Issue, the main terms of which are as set out in the Bond Amendments (as defined below).

3. PROPOSAL

Based on the above, the Issuer hereby proposes that the Bondholders approve the following amendments to the Bond Agreement (the "**Bond Amendments**"):

- (a) The Maturity Date of the Bonds shall be extended to 31 October 2021.
- (b) Interest shall as from 31 October 2020 accrue on the par value of the Bonds at the total rate of 12 %, with 3.5 % interest payable in cash and 8.5 % interest payable-in-kind by issuance of additional Bonds in accordance with the procedures of the Securities Depository, in each case on the last day of each quarter (first time on 31 December 2020).
- (c) Requirements for build-up of cash in the Issuer Accounts shall be removed, and following the payments set out in item 3 (j) (i) and (ii) below the Issuer Accounts shall be closed.
- (d) The financial covenants set out in Clause 13.14 of the Bond Agreement shall be aligned with the Senior Bank Facility (and definitions adjusted accordingly) with the main terms being as follows:
 - (i) The minimum Liquidity requirement shall be amended to USD12,500,000, which shall be based on all freely available cash and bank deposits of the Group, with no restrictions on credit rating for banks in which eligible accounts are held;
 - (ii) Total equity of minimum USD10,000,000;
 - (iii) Interest coverage ratio of not less than 1.0 to 1.0;
 - (iv) Debt service coverage ratio of not less than 1.0 to 1.0;
 - (v) Positive working capital for the group (excluding the minimum liquidity requirement set out in item 3 (d) (i) above);
 - (vi) All definitions and provisions under the financial covenants chapter that are not relevant after the above adjustments or not applicable shall be adjusted or deleted (as may be appropriate); and
 - (vii) If additional financial covenants are included in the Senior Bank Facility, similar financial covenants no less beneficial for the Bondholders than those included in the Senior Bank Facility shall be included in the Bond Agreement.
- (e) The following changes are to be made to the following paragraphs of Clause 13.14 (Financial Covenants) of the Bond Agreement:
 - (i) paragraph (a) (Book Equity): The heading "Book Equity" shall be amended to "Total Equity";
 - (ii) paragraph (c) (Equity Ratio): to be deleted;
 - (iii) paragraph (f) (Senior Bank Asset Cover Ratio): to be deleted;
 - (iv) paragraph (i) (Definitions): definition of "*Equity Ratio*", "*Market Value*" and "*Senior Bank Asset Cover Ratio*" to be deleted; and
 - (v) paragraph (h): shall be amended to read:
"*The Interest Cover Ratio and the Debt Service Coverage Ratio shall be calculated on a 12-months rolling basis.*"
 - (vi) all definitions used in Clause 13.14 (Financial Covenants) shall be amended to reflect the covenants set out above.
- (f) The liquidity of the Group as of the last day of each month shall be reported to the Bond Trustee within 5 Business Days after the end of the month, and the minimum Liquidity in set out in (d) (i) above shall only be tested with reference to such reported amounts (however always based on available liquidity after payment of the scheduled instalment under the Senior Bank Facility and

accrued interests under the Senior Bank Facility and Bond Issue due if the last day of the relevant month is also a quarter date).

- (g) The Bondholder representative on the board of the Issuer shall also have a right to appointment to all relevant board committees.
- (h) The requirements related to repayment of the Senior Bank Facility in the Bond Agreement and the Intercreditor Agreement shall be amended to reflect the following repayment schedule:
 - (i) The outstanding principal amount of the Senior Bank Facility on the date of implementation of the Bond Amendments (following payments on that date) shall be USD 53,327,583;
 - (ii) quarterly repayments of USD 1,000,000 shall be made under the Senior Bank Facility, payable on the last day of each quarter;
 - (iii) the mechanism in relation to the SBF Cash Sweep Repayments shall be removed;
 - (iv) Extraordinary repayments shall be made under the Senior Bank Facility from any liquidity in excess of the applicable minimum liquidity threshold (ref. item 3 (d)(i) above), provided that (A) the Beta is engaged under the Petrobras contract and (B) no new Contract for the Delta is secured which requires an upgrade to the rig. The extraordinary repayments (if any) shall be calculated first time as per 31 March 2021 and as per each quarterly reporting date thereafter (with the calculation being based on available liquidity after payment of the scheduled instalment under the Senior Bank Facility and accrued interests under the Senior Bank Facility and Bond Issue due on the relevant quarter date), and be payable no later than 10 business days after the relevant quarter date. Notwithstanding the preceding, the extraordinary repayments shall not exceed MUSD 10 in aggregate; and
 - (v) the remaining outstanding amounts under the Senior Bank Facility shall be repaid in full on 30 September 2021.
- (i) The automatic acceleration provision agreed in the standstill letter dated 8 April 2020 shall be restricted to Events of Default pursuant to Clause 15.1 (f) (Insolvency proceedings and dissolution) (but excluding suspension of payments).
- (j) The Bond Amendments mentioned in (a) to (h) above shall be subject to inter alia the following conditions precedent:
 - (i) Transfer to the Paying Agent of an amount of USD2,782,031, equal to 1/3 of the WHT Claim (as defined below), to be used for prepayment of Bonds at 100% of par value in accordance with the procedures of the Securities Depository.
 - (ii) Transfer to the Paying Agent of an amount required to make payment of all accrued interest to the Bondholders up until 31 October 2020 amounting to approximately USD13,921,600 in accordance with the procedures of the Securities Depository, provided that (A) the Issuer may utilise any amounts sitting in the Issuer Accounts to make such payment and (B) no default interest shall accrue on unpaid amounts relating to the Bonds if such interest is paid on or before 31 October 2020 and any such default interest is hereby waived by the Bondholders;
 - (iii) the obligations of the Obligors under the Finance Documents shall be secured on a permanent basis in addition to the Security Interests set out in Clause 8.2 of the Bond Agreement, by first priority account pledges in favour of the Security Agent (on behalf of the Bond Trustee on behalf of the Bondholders and the finance parties under the Senior Bank Facility in accordance with the Intercreditor Agreement) over any bank account held by any Group Company (in addition to the Senior Bank Accounts), as and if required by

- the agent under the Senior Bank Facility, to be in form and substance acceptable to the Security Agent;
- (iv) the requirements relating to Intra-Group Loans shall be replaced and aligned with the requirements under the Senior Bank Facility so that they cover all loans from a Group Company to another Group Company and shall be assigned under first priority assignments in favour of the Security Agent (on behalf of the Bond Trustee on behalf of the Bondholders and the finance parties under the Senior Bank Facility in accordance with the Intercreditor Agreement);
 - (v) Any logical, incidental or necessary amendments to the Intercreditor Agreement, including but not limited to (a) that the reference to the amortization schedule / profile of the Senior Bank Facility as of "the date of this Intercreditor Agreement" shall be amended to the Effective Date in the definition of "First Secured Obligations" and Clause 5 (b) of the Intercreditor Agreement, (b) removal of references to closed accounts and (c) update of the references to Intra-Group Loans as referred to in item 3 (j)(iv) above.
 - (vi) evidence that the Senior Bank Facility is amended to reflect the repayment requirements set out in item 3 (h) above;
 - (vii) evidence that the Senior Bank Facility is amended to reflect that requirement for build-up of cash on any retention account is removed;
 - (viii) Evidence that Petrobras has made a recent payment of USD 8,354,448 in relation to a WHT payment under the Existing Drilling Contract relating to the Beta (the "**WHT Claim**");
 - (ix) Evidence of payment in the amount of USD 5,572,417, equal to 2/3 of the proceeds received from the WHT Claim, made towards the Senior Bank Facility in order to reduce principal amount of the Senior Bank Facility (as part of the payments to bring the amount of the Senior Bank Facility down to the amount set out in item 3 (h) (i));
 - (x) Evidence that interest provisions in the Senior Bank Facility have been amended in order to reflect that interest (LIBOR + margin) under the Senior Bank Facility as from 31 October 2020 shall be based on a margin of 5.25% p.a., to be split in 3.50% + LIBOR cash pay interest and 1.75% PIK interest, payable on the last day of each quarter (first time on 31 December 2020); and
 - (xi) evidence of a key employee retention plan in a form acceptable to the Bond Trustee (acting on the instructions from a simple majority of the Bondholders).

The Bond Amendments, any logical amendments incidental to or as a consequence of the Bond Amendments and/or any other amendments to the Bond Agreement approved by the Bond Trustee (after consultation with a simple majority of the Bondholders) (together the "**Proposed Amendments**") shall be reflected in an amendment and restatement agreement to the Bond Agreement (the "**Amendment and Restatement Agreement**").

4. FURTHER INFORMATION

Bondholders holding more than 2/3 of the Voting Bonds have informed the Issuer that they support the Proposed Amendments.

For more detailed information and questions to the Issuer, please contact Reese McNeel at reese.mcneel@atlanticatd.com or telephone +47 415 08 186.

For further questions to the Bond Trustee, please contact Ellen Søliland at mail@nordictrustee.com / soiland@nordictrustee.com or telephone +47 22 87 94 54.

5. EVALUATION OF THE PROPOSED RESOLUTION

The Proposed Resolution is put forward to the Bondholders without further evaluation or recommendation from the Bond Trustee, and the Bond Trustee emphasises that each Bondholder should cast its vote based on its own evaluation of the proposal. Nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee. The Bondholders must independently evaluate whether the Proposed Resolution is acceptable and vote accordingly. The Bond Trustee urges each Bondholder to seek advice in order to evaluate the Proposed Resolution.

6. WRITTEN BONDHOLDERS' RESOLUTION

Bondholders are hereby provided with a voting request for a Written Resolution pursuant to Clause 16.5 of the Bond Agreement. For the avoidance of doubt, no Bondholders' Meeting will be held.

It is proposed that the Bondholders resolve the following (the "**Proposed Resolution**"):

"The Bondholders approve by Written Resolution the Proposed Amendments as described in Clause 3 of the Notice.

The Bond Trustee is hereby authorised and instructed to prepare, negotiate, finalise and enter into the necessary agreements and documentation in connection with execution, delivery and performance of the Amendment and Restatement Agreement, as well as to enter into any amendments required to the Finance Documents (including the Intercreditor Agreement) and take any other action as may be required in relation to the implementation of the Proposed Amendments. In addition, the Bond Trustee is hereby authorised to take any other necessary or desired actions on the instruction of a simple majority of the total number of Voting Bonds."

The Proposed Resolution will be passed if either: (a) Bondholders representing at least a 2/3 majority of the total number of Voting Bonds vote in favour of the relevant Proposed Resolution prior to the expiry of the Voting Period (as set out below); or (b) (i) a quorum representing at least 50% of the total number of Voting Bonds submits a timely response to the Notice, and (ii) the votes cast in favour of the relevant Proposed Resolution represent at least a 2/3 majority of the Voting Bonds that timely responded to the Notice.

If no resolution is passed prior to the expiry of the Voting Period, the number of votes shall be calculated at the close of business on the last day of the Voting Period, and a decision will be made based on the quorum and majority requirements set out in clause 16.3 (*Resolutions passed at Bondholders' Meetings*).

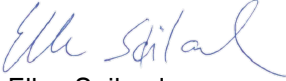
The effective date of a Written Resolution passed prior to the expiry of the Voting Period is the date when the resolution is approved by the last Bondholder that results in the necessary voting majority being achieved.

Voting Period: The Voting Period shall expire ten (10) Business Days after the date of this Notice, being on no later than 2 November 2020 at 12:00 Oslo time. The Bond Trustee must have received all votes necessary in order for the Written Resolution to be passed with the requisite majority under the Bond Agreement prior to the expiration of the Voting Period.

How to vote: A duly completed and signed Voting Form (attached hereto as Schedule 1), together with proof of ownership/holdings must be received by the Bond Trustee no later than at the end of the Voting Period and must be submitted by scanned e-mail to mail@nordictrustee.com.

Yours sincerely

Nordic Trustee AS



Ellen Søliland

Enclosed: Schedule 1 – Voting Form

SCHEDULE 1 – VOTING FORM

ISIN: NO 001 067558.0 - Atlantica Tender Drilling Ltd. Second Lien Callable Bond Issue 2014/2020

The undersigned holder or authorised person/entity, votes either in favour of or against the Proposed Resolution in the summons dated 16 October 2020.

In favour of the Proposed Resolution

Against the Proposed Resolution.

ISIN ISIN NO001067558.0	Amount of bonds owned
Custodian name	Account number at Custodian
Company	Day time telephone number
	Email

Enclosed to this form is the complete printout from our custodian/VPS,¹ verifying our bondholding in the bond issue as of: ----

We acknowledge that Nordic Trustee AS in relation to the Written Resolution for verification purposes may obtain information regarding our holding of bonds on the above stated account in the securities register VPS.

.....
Place, date

.....
Authorised signature

Return:
Nordic Trustee AS
P.O. Box 1470 Vika
N-0116 Oslo

Telefax: +47 22 87 94 10
Tel: +47 22 87 94 00
Mail mail@nordictrustee.no

¹ If the bonds are held in custody other than in the VPS, evidence provided from the custodian - confirming that (i) you are the owner of the bonds, (ii) in which account number the bonds are hold, and (iii) the amount of bonds owned.