I. An introduction to Energy Drilling

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Corporate & Ownership Structure

Global Fund Capital (S’pore Private Equity Investor)

HITECVISION

energy ventures

See Hup Seng (S’pore Listed Co.) + ED Management

energy drilling

EDrill-1 Pte. Ltd.
EDrill-2 Pte. Ltd.
EDrill-3 Pte. Ltd.
Energy Drilling Management Pte. Ltd.

100%
Ståle Rød - Executive Chairman Energy Drilling

Ståle Rød joined Smedvig ASA in 1981 and served as Project Manager, General Manager, Chief Operating Officer, Chief Financial Officer and also as interim Chief Executive Officer from 1998 to 1999. From 1996 he served as Managing Director for the Tender Rig Division for Smedvig and from 2006 for Seadrill as Executive Vice President for the Tender Rig Division. He retired from Seadrill in 2009 and served as consultant for the Seadrill Tender Rig Division up to July 2011. He holds a degree in Civil Engineering from Stavanger Technical College, a degree in Business Administration from Norwegian School of Business Administration (BI) in Oslo and an MBA from University of Wisconsin, Madison, USA.

Alf C. Thorkildsen - Senior Partner HiTec Vision

Mr. Thorkildsen joined Hitecvision in 2013 from the position as Chief Executive Officer of Seadrill. During his tenure, Seadrill grew to be the world’s largest driller by market capitalisation and enterprise value. Mr. Thorkildsen joined Seadrill in 2006 as CFO. Prior to this, he was the CFO of Smedvig ASA, a leading Norwegian drilling company, which was acquired by Seadrill in 2006. Mr. Thorkildsen started his career in 1980 in Larsen and Hagen Shipping and worked thereafter for 20 years in Shell in numerous senior positions. Mr. Thorkildsen has a degree in business from Handelsakademiet in Norway and an MBA from Arizona State University.

Kjell E. Jacobsen - Managing Partner Energy Ventures

Kjell Jacobsen has over 30 years of industry experience. From 2001 to 2005, Mr. Jacobsen was the President and CEO of Smedvig ASA. After Seadrill acquired Smedvig, Mr. Jacobsen served as President and CEO of Seadrill Management AS (Seadrill Ltd) from 2005 to 2008. He managed the integration of Seadrill and Smedvig, and then executed a USD 14 billion growth program via acquisitions and new-builds, transforming Seadrill into the second largest deepwater driller globally at that time. Mr. Jacobsen spun-out Seadrill’s platform drilling and well services division into Seawell Limited. Mr. Jacobsen has held senior positions in Statoil and Citibank both in Oslo and London. Education: Norwegian Naval Academy, Norwegian School of Economics and Business Administration (NHH) INSEAD Top Advanced Management Program. Mr. Jacobsen is a Board Member of: READ Cased Hole, Meta, and Energy Drilling

Jan Erik Rugland - Partner HiTec Vision

Ian Lew - Director Global Fund Capital
Ståle Rød – Executive Chairman

Ståle Rød joined Smedvig ASA in 1981 and served as Project Manager, General Manager, Chief Operating Officer, Chief Financial Officer and also as interim Chief Executive Officer from 1998 to 1999. From 1996 he served as Managing Director for the Tender Rig Division for Smedvig and from 2006 for Seadrill as Executive Vice President for the Tender Rig Division. He retired from Seadrill in 2009 and served as consultant for the Seadrill Tender Rig Division up to July 2011. He holds a degree in Civil Engineering from Stavanger Technical College, a degree in Business Administration from Norwegian School of Business Administration (BI) in Oslo and an MBA from University of Wisconsin, Madison, USA.

Marcus Chew – Chief Executive Officer

Marcus is a qualified naval architect and has over 25 years of experience in the rig building industry. He started in 1987 with Keppel FELs and served as Naval Architect, Project Engineer, Project Manager, Marketing Manager, General Manager Engineering. He successfully built and delivered several multi-million offshore projects including the Petrobras P-18 production semi-submersible and Saga Varg FPSO. In 1997 he joined Smedvig (now known as Seadrill) as Director of Business Development and concurrently Director of Projects where he successfully managed the building and commissioning of a complete new fleet of 10 modern tender rigs in the market over the last 12 years. He holds a Diplome d’Ingénieur from Ecole Centrale de Nantes and a post graduate PMD from Harvard Business School.

Larry Robbins – Vice President Operations

Larry Robbins has 39 years in drilling industry starting in 1972. He served as Operations Manager for Smedvig/Seadrill since 1993, and served as the Vice President of Operations from 2010. He has an Engineering Degree from University of Texas at Arlington in 1972.

Lyle Ewashen – Vice President Marketing

Lyle Ewashen has 22 years offshore drilling experience in North Atlantic, offshore West Africa, Gulf of Suez, Gulf of Thailand and South China Sea. He has been a Toolpusher and Rig Manager for tender assist rigs in the past and was the Marketing Manager for tender rigs at Seadrill. Mr. Ewashen holds an Associate of Arts degree from Santa Monica College and a Bachelor of Architecture from Carleton University, Ottawa, Canada.
Energy Drilling Management team has delivered (10) tender assist drilling rigs between 1998 and 2011.

- SKD T-9
  - Type: Tender Barge
  - Year Delivered: 2003

- W. Alliance
  - Type: Tender Barge
  - Year Delivered: 2001

- SKD T-10
  - Type: Tender Barge
  - Year Delivered: 2007

- W. Setia
  - Type: Tender Barge
  - Year Delivered: 2006

- SKD T-11
  - Type: Tender Barge
  - Year Delivered: 2008

- W. Berani
  - Type: Tender Barge
  - Year Delivered: 2007

- SKD T-12
  - Type: Tender Barge
  - Year Delivered: 2010

- W. Jaya
  - Type: Tender Barge
  - Year Delivered: 2007

- W. Menang
  - Type: Tender Semi
  - Year Delivered: 1999

- W. Vencedor
  - Type: Tender Semi
  - Year Delivered: 2009

- W. Berani
  - Type: Tender Barge
  - Year Delivered: 2011

EDrill management team has over 30 years experience in developing, operating and managing tender rigs.

- Developed specifications, managed construction and optimized operations for major operators.
- Introduced technical solutions advancing tender assist rigs as superior development drillers.
- Made new design innovations such as moving the concept from shallow to deep water.
Tender Assist Rig Fleet

**EDrill-1 (Tender Barge)**
- **Year Built:** 2014
- **Yard:** COSCO Guangzhou Shipyard
- **Rig Value:** $135 mm
- **Contract Status:** On-charter

**EDrill-3 (Semi-tender)**
- **Year Built:** Under construction
- **Yard:** COSCO Guangzhou Shipyard
- **Rig Value:** $235 mm
- **Contract Status:** Under bid evaluation

**EDrill-2 (Tender Barge)**
- **Year Built:** 2015
- **Yard:** COSCO Guangzhou Shipyard
- **Rig Value:** $135 mm
- **Contract Status:** Awaiting LOA

**EDrill-4 (Semi-tender)**
- **Year Built:** Future
- **Yard:** COSCO Guangzhou Shipyard
- **Rig Value:**
- **Contract Status:** Option contract
What is a tender rig?

- A tender rig is a vessel moored alongside a platform and contains crew quarters, mud tanks, mud pumps, and power generation systems. The rig carries its own drilling equipment and has a crane capable of erecting the derrick on the platform, thereby eliminating the need for a separate derrick barge and related equipment.

Characteristics

### Production Drilling

- Used for production drilling in both shallow and deep water fields

### Mobility

- Tender rigs are proven to move quickly and efficiently

### Lower CAPEX

- Tender rigs require the least capex relative to other assets in its class

  \[ \Rightarrow \text{Good ROIC and ROE} \]

### Longer Contract Duration

- Contracts for tender assist rigs tend to be extended due to the nature of infield production drilling
Supply of tender rigs

- Total competitive supply is 31 rigs (15 barges, 10 semis, 6 under construction)
- 28% of the worldwide tender barge fleet is Cold Stacked and unlikely to re-enter service (+25 years old).
- Recently scrapped barges include SKD’s T-3, T-4, T-6 and T-7.
- Adequate funding remains a significant barrier to entry for less experienced market entrants.
- Consolidation a possibility in this market.
Our view about Chinese yards

- Chinese yards have reached the same level of technical competence as Singaporean and Korean yards.

- Concerns regarding quality are no longer justified.

- Concerns with schedule remains valid (although this is not a problem during this downturn and actually welcomed by rig owners).

- Competitive pricing and attractive financing schemes a big advantage.

- Chinese yards are very well placed to take advantage of the next upswing in the offshore market.

- Energy Drilling is very satisfied with the quality of work at Cosco Guangdong Shipyard and the co-operative spirit in resolving problems. We consider Cosco as a solid long term partner.
The important role of Sinosure

- Sinosure helps Chinese yards to secure construction finance from local commercial banks by providing owner’s default insurance.

- Sinosure plays a very important role in helping rig owners secure long term financing from local and foreign commercial banks at attractive terms to take delivery of rigs built in China.

- Sinosure need to engage rig owners early to allow them to take advantage of the schemes available.

- Sinosure is taking the right step in co-operating with foreign banks to package the finance facilities.

- Energy Drilling is working with Sinosure and DNB to secure attractive long term financing to take delivery of semi tender Edrill-3 under construction in Cosco.
Market Outlook for the next two years

- Painful time for the entire oil and gas sector, especially tough for drillers and service companies.

- Oil at $70/bbl is no better than $50/bbl as far as encouraging new investment. Cashflow may be better for the operators but not the contractors. Very few and selective new investment will be undertaken.

- Excess capacity in deepwater floaters (25 stacked and 21 more coming off contract in 2015) and jack-ups (50 without contract and 125 newbuild to be delivered within 2017) will need to be absorbed before any possible recovery in dayrates.

- Many projects are postponed. Very few drilling contracts awarded. Some contracts are terminated early and few options are exercised.

- Shipyards facing extremely tough times with terminations and postponement of delivery. Very few orders will be placed. Insufficient projects to keep yards working at capacity and stay profitable.
Long term outlook remains bullish

- $60 oil equates to savings of $5 billion/day in energy cost worldwide. This will have a net positive impact on global GDP.

- Aggressive cost cutting will make investment attractive again for oil at $80/bbl.

- US and Canada rig count is down over 50% from end of 2014 and decline in tight oil production will be drastic.

- Global excess capacity is approx. 4 MMbbls/day. The shale oil production in the US is approx. 5 MMbbls/day. Excess capacity will nearly dry up if shale oil production is reduced significantly.

- Global annual demand growth is currently at 1 MMbbl/day. Even without reduction in supply, a more balanced supply/demand situation will be established by end 2017.

- Oil and gas is still the most competitive form of energy and will remain so for the foreseeable future.

- The Energy Consumption Equation:
  
  \[ E = \text{Human population} \times \text{Per Capita Consumption}. \]

  Both the factors on the right side are growing.