

**NOTICE OF EXTRAORDINARY  
GENERAL MEETING OF**

**NORAM DRILLING COMPANY AS**

**REG NO 990 947 619**

The extraordinary general meeting of NorAm Drilling Company AS (the "**Company**") will be held at:

**the offices of  
Advokatfirmaet Thommessen AS**

**in Haakon VIIs Gate 10 in Oslo**

**1 November 2018 at 15.00 (CET)**

Reference is made to the enclosed attendance and proxy forms. For practical reasons, please complete the relevant form and return it by 31 October 2018 at 15:00 (CET).

The extraordinary general meeting will be opened by the chairman of the board of directors.

The board of directors proposes the following agenda:

- 1 REGISTRATION OF SHAREHOLDERS**
- 2 ELECTION OF A CHAIRMAN OF THE MEETING**
- 3 APPROVAL OF NOTICE AND AGENDA OF THE GENERAL MEETING**
- 4 ELECTION OF A PERSON TO SIGN THE MINUTES TOGETHER WITH THE CHAIRMAN**
- 5 SHARE CONSOLIDATION**
- 6 RIGHTS ISSUE**
- 7 MANAGEMENT SHARE ISSUE**

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The board of directors' basis for and proposal to resolutions for item 5, 6 and 7 of the agenda is included in this notice.

Shareholders who wish to attend the extraordinary general meeting are kindly requested to notify the Company in advance by using the enclosed attendance form.

Shareholders may be represented by proxy. A proxy form and instructions for the use of such proxy are enclosed. Proxy may, if desirable, be given to the chairman of the board of directors.

This notice, other documents regarding matters to be discussed in the extraordinary general meeting, including the documents to which this notice refers, draft resolutions for items on the proposed agenda, as well as the Company's Articles of Association, are available at the Company's internet site: [www.noramdrilling.no](http://www.noramdrilling.no).

Enclosures:

- The board of directors basis for and proposal to resolutions for item 5, 6 and 7 in the agenda
- Attendance Form
- Proxy Form

**NorAm Drilling Company AS**



Ole Hjertaker

Chairman of the board of directors

## INTRODUCTION TO ITEM 5 TO 7 IN THE AGENDA

The Company is experiencing an increasing demand for its drilling rigs and hence is planning to acquire and upgrade two additional land rigs from a third party. The acquisition will expand the Company's 'Super Spec' rig fleet without any increase in corporate overhead costs, and is expected to be well received by the Company's customers. The management believes the 'ready-to-drill' costs of the rigs combined with a short period to the rigs are operational, offer the investors an attractive return, combined with building the operational cash flow in the company going forward. The acquisition price of the rigs is confidential.

The board of directors proposes to raise additional equity in the aggregate amount of NOK 200 million (or approximately USD 24.2 million) for the purpose of part financing the acquisition and upgrade of the new rigs. The board of directors proposes that the general meeting resolves to conduct the capital raise by way of a share issue directed partly towards the Company's existing shareholders and partly towards certain employees and directors (the "**Capital Raise**"), as further described below.

In connection with the financing of the new rigs and the proposed Capital Raise, the Company has considered certain amendments to be made to the Company's existing senior secured bond issue with ISIN NO 001 0711948, and has concluded that it would be in the best interest of the Company to summon a bondholders' meeting for approval of certain amendments to the existing bond agreement. The main changes proposed are (i) an extension of the maturity date by two years (to June 2021), (ii) an amendment of the amortization schedule to semi-annual instalments in June and December, each in the amount of USD 5,000,000, (iii) certain call options for the Company, (iv) changes to the equity ratio covenant (30% through 2019 and thereafter 35%) and liquidity covenant (USD 5 million through 2019 and thereafter USD 10 million) and (v) certain adjustments to permit the acquisitions of the new rigs and to incur additional debt against security over the new rigs. The amendments to the bond issue will be conditional upon completion of the Capital Raise. The bondholders will receive an amendment fee of USD 1 million in connection with the changes to the terms of the bond issue.

Prior to the completion of the Capital Raise and the registration of the new shares, the board of directors proposes that a share consolidation in the ratio of 20:1 should be carried out (the "**Share Consolidation**"). Some of the Company's shareholders have a shareholding that cannot be divided by 20, and such shareholdings will therefore be rounded up to the nearest whole share after the consolidation. The Underwriters (as defined below) have undertaken to cover any shortfall of shares by transferring shares from the Underwriters in the accordance with their portion of the underwriting commitment. The Share Consolidation shall have effect from registration of the Capital Raise in the Norwegian Register of Business Enterprises.

The board of directors proposes that the Capital Raise should be carried out (i) in part by way of a rights issue in the amount of NOK 195 million directed towards the existing shareholders of the Company (the "**Rights Issue**") and (ii) in part by way of a share issue in the amount of NOK 5 million directed towards certain Company employees and directors (the "**Management Share Issue**"). The purpose of the Management Share Issue is to further align the interests of the shareholders and key employees and directors, and is seen as important to attract and retain such employees and directors.

In connection with the Capital Raise, the Company has entered into a subscription and underwriting agreement (the "**Subscription and Underwriting Agreement**") with Geveran

Trading Co. Ltd, Ship Finance International Limited, Camaca AS and Pactum AS (together the "**Underwriters**"), guaranteeing subscription of all the shares in the Rights Issue and the Management Share Issue if the Capital Raise is not fully subscribed by eligible participants. The Underwriters will receive an underwriting fee of 2% of the total subscription amount in connection with the Rights Issue and the Management Share Issue. The board of directors is of the opinion that the Subscription and Underwriting Agreement is in the best interest of the Company in order to secure the acquisition of the rigs as the selling party has requested that the completion of the transaction shall not be subject to any financing conditions.

The aggregate Capital Raise shall be carried out as follows:

- (i) The invited employees and directors will subscribe for shares under the Management Share Issue.
- (ii) The Company's existing shareholders will subscribe for shares under the Rights Issue.
- (iii) Oversubscription will be permitted in the Rights Issue, and in case the Management Share Issue is not fully subscribed by eligible employees and directors, shares will be allocated to eligible subscribers in the Rights Issue that have oversubscribed if the number of shares in the Rights Issue is not sufficient to cover such oversubscription.
- (iv) The Underwriters will underwrite and subscribe for the shares that have not been subscribed for under (i) - (iii).

The subscription period in the Rights Issue and the Management Share Issue will be open for two weeks starting on or about 5 November 2018 and ending on or about 19 November 2018.

## **ITEM 5 IN THE AGENDA**

The board of directors proposes that the general meeting resolves to make a share consolidation in the ratio 20:1, and in connection therewith to amend article 4 of the articles of association to read as follows:

*"The Company's share capital is NOK 26,784,634 divided into 13,392,317 shares, each with a nominal value of NOK 2."*

Norwegian translation:

*"Aksjekapitalen er kr. 26 784 634, fordelt på 13 392 317 aksjer pålydende kr. 2."*

## **ITEM 6 IN THE AGENDA**

The board of directors proposes that the general meeting makes the following resolution to increase the share capital in relation to the Rights Issue:

- (i) The share capital shall be increased with NOK 19,500,000 by the issuance of 9,750,000 new shares.
- (ii) The par value of the shares shall be NOK 2.
- (iii) The subscription price per share shall be NOK 20.
- (iv) The Company's shareholders as of the date of the general meeting as registered as such in the Company's shareholders' register in the Norwegian Central Securities Depository (VPS) on 5 November 2018 ("**Existing Shareholders**") shall have preferential right to subscribe for and be allocated shares in the same ratio as they own shares as of the date of the general meeting. Subscription rights will be issued and the subscription rights shall be registered in the Norwegian Central Securities Depository (VPS). Each Existing Shareholder will be granted one subscription right for every 1.37 existing share in the Company (subject to completion of the share consolidation referred to in item 5 above), rounded to the nearest whole number. Over-subscription by Existing Shareholders is permitted.
- (v) The shares shall be subscribed for on a separate subscription form. The subscription period shall commence on 5 November 2018 and expire at 16:00 (CET) on 19 November 2018. The subscription period may not be shortened, but the board of directors may resolve to extend the subscription period.
- (vi) Payment shall be made no later than 21 November 2018 to the Company's bank account. The Company shall have the right to use the proceeds of the capital increase prior to the registration of the capital increase with the Norwegian Register of Business Enterprises.
- (vii) The new shares shall be allocated by the board of directors. The following allocation criteria shall apply:
  - 1. Allocation of shares to subscribers will be made in accordance with granted and acquired subscription rights which have been validly exercised during the subscription period. Each subscription right will give the right to subscribe for and be allocated one new share.
  - 2. If not all subscription rights are validly exercised, subscribers having exercised their subscription rights and who have over-subscribed, will be allocated additional new shares on a pro rata basis based on the number of subscription rights exercised by each such subscriber. To the extent that pro rata allocation is not possible, the Company will determine the allocation by the drawing of lots.
- (vii) The new shares carry rights to dividends and other rights in the company from the registration of the share capital increase in the Norwegian Register of Business Enterprises.

- (viii) Shares which have not been subscribed by and allocated to other subscribers in the rights issue at the end of the subscription period shall be allocated pro rata between the Underwriters, who have committed themselves to subscribe for any new shares that are not validly subscribed for and allocated in the rights issue.
- (viii) The costs related to the share capital increase are estimated to NOK 4,100,000, including a fee of 2% of the total subscription amount to the underwriters of the rights issue.
- (ix) Article 4 of the articles of association is amended accordingly.

#### **ITEM 7 IN THE AGENDA**

The board of directors proposes that the general meeting makes the following share capital increase resolution in relation to the Management Share Issue:

- (i) The share capital shall be increased by NOK 500,000 by the issuance of 250,000 new shares.
- (ii) The par value of the shares shall be NOK 2.
- (iii) The subscription price per share shall be NOK 20.
- (iv) The shareholders' preferential right pursuant to Section 10-4 of the Norwegian Private Limited Liabilities Companies Act is deviated from, cf. Section 10-5.
- (v) Shares may be subscribed by members of the board of directors and the senior management, and shareholders eligible to participate in the Rights Issue.
- (viii) The new shares shall be allocated by the board of directors. The following allocation criteria shall apply:
  - 1. The members of the board of directors and the senior management will be allocated shares, at the board of directors' discretion.
  - 2. In case the Management Share Issue is not fully subscribed by the members of the board of directors and the senior management, shares will be allocated to eligible subscribers in the Rights Issue that have oversubscribed if the number of shares in the Rights Issue is not sufficient to cover such oversubscription.
- (vi) The shares shall be subscribed for on a separate subscription form. The subscription period shall commence 5 November 2018 and expire at 16:00 (CET) on 19 November

2018. The board of directors may resolve to extend the subscription period.

- (vii) Payment shall be made no later than 21 November 2018 to the Company's bank account. The Company shall have the right to use the proceeds of the capital increase prior to the registration of the capital increase with the Norwegian Register of Business Enterprises.
- (viii) The new shares carry rights to dividends and other rights in the company from the registration of the share capital increase in the Norwegian Register of Business Enterprises.
- (ix) Shares which have not been subscribed by and allocated to other subscribers in the share issue (ref. (viii) 2. above) shall be allocated pro rata between the Underwriters, who have committed themselves to subscribe for any new shares that are not validly subscribed for and allocated to in the management share issue.
- (x) The costs related to the share capital increase are estimated to NOK 150,000, including a fee of 2% of the total subscription amount to the underwriters of the rights issue.
- (xi) Article 4 of the articles of association is amended accordingly.

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The shareholders are advised to read the Company's first and second quarter reports in order to make themselves familiar with material events since 31 December 2017 to be considered when assessing whether to subscribe for new shares. The following was stated in the second quarter report:

*"The Group is financed through equity and a bond loan. A waiver given in November 2017 reduced our minimum required cash to MUSD 5.0 and a required rate of equity to 25 % effective January 1, 2018. This waiver expired June 30, 2018. An additional waiver was granted in May 2018 that reduced the minimum cash required to MUSD 5.0 and the rate of equity to 23.5 % effective July 1, 2018 through January 1, 2019 in exchange for a MUSD 0.2 amendment fee and a one-time principal payment of MUSD 2.0 on July 31, 2018 in exchange for the elimination of the scheduled principal payment of MUSD 6.0 on June 3, 2018."*

Since the second quarter the Company has renewed four rig contracts with day rates at or above the day rates in effect in the second quarter. During the same period the WTI has remained stable.

The Company's annual accounts, directors' report and audit report for 2017, as well as first and second quarter reports for 2018, are available at the Company's website ([www.noramdrilling.com](http://www.noramdrilling.com)).

**Attendance form - General Meeting 1 November 2018 at 15:00 (CET) at the offices of Advokatfirmaet Thommessen AS in Haakon VIIIs gate 10 in Oslo**

Notice of attendance in the general meeting may be given using this form. Should you be prevented from attending after submitting the notice of attendance, a written and dated proxy may be delivered in the general meeting.

The undersigned will attend the general meeting of NorAm Drilling Company AS to be held on 1 November 2018 and (cross):

Vote for my/our shares

Vote for shares in accordance with the attached proxy(ies)

Name of shareholder: \_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_  
Place

\_\_\_\_\_  
Signature

Please return the Attendance Form to the company either by post or email to be received by the company no later than 31 October 2018, 15:00 (CET) as follows:

NorAm Drilling Company AS  
P.O. Box 1327 - Vika  
0112 Oslo, Norway  
E-post: post@noramdrilling.no



**Proxy form - General meeting 1 November 2018 of NorAm Drilling Company AS**

If you for some reason are prevented from meeting in the general meeting, you may use this proxy.

The undersigned shareholder in NorAm Drilling Company AS gives by this (tick the relevant box):

<input type="checkbox"/>	The Chairman of the Board, Ole Hjertaker, or whoever he may authorize
<input type="checkbox"/>	In case the Chairman of the Board is not going to chair the meeting: He or she who is chairing the General Meeting
<input type="checkbox"/>	_____ Name of the proxy

proxy to attend the General Meeting and to cast a vote for my/our shares at the General Meeting of NorAm Drilling Company AS.

In case a proxy is sent without mentioning the proxy’s name, the proxy is considered to be granted to the Chairman of the Board or whoever he may authorize. The voting shall be done in accordance with the instructions mentioned below this. **In case the box below is not ticked off, this will be considered as an instruction to vote "in favour of" the motions in the notice**, yet the proxyholder decides upon the voting if there is put forward a motion in addition to or instead of the motions in the notice.

Matter	In favour	Against	Desist	The proxy decides
2. Election of a person to chair the General Meeting				
3. Approval of notice and agenda				
4. Election of person to co-sign the minutes				
5. Share consolidation				
6. Rights issue				
7. Management share issue				

Navn på aksjeeier: \_\_\_\_\_

Adresse: \_\_\_\_\_

Antall Aksjer: \_\_\_\_\_

\_\_\_\_\_  
 Date                      Place                      Signature

Please return the Attendance Form to the company either by post or e-mail to be received by the company no later than 31 October 2018, 15:00 (CET) as follows:

NorAm Drilling Company AS  
 P.O. Box 1327 - Vika  
 0112 Oslo, Norway  
 E-post: post@noramdrilling.no