

## FLOATTEL INTERNATIONAL LTD

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE** is hereby given that a Special General Meeting of **Floatel International Ltd.** (the "**Company**") will be held at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda on **4 November 2010 at 3.00 p.m. CET** for the transaction of the following business:

To consider and, if thought fit, to pass the following resolutions, each of which will be proposed as resolutions requiring approval by a majority of votes cast:

1. To consider and, if thought fit, approve an increase in the size of the Board to seven (7) Directors.
2. To consider and, if thought fit, approve the appointment of Geir Sandvik and Merete Haugli as directors of the Company to serve until the next Annual General Meeting of the Company or until their appointment is terminated in accordance with the Bye-laws of the Company.
3. To consider and, if thought fit, authorise the Board to fill any vacancy on the Board as and when it deems fit.
4. To consider and, if thought fit, conditional on fulfilment of the conditions for listing on Oslo Børs/Oslo Axess and receipt of full commitment for subscription of an initial public offering of US\$ 25,000,000 or more:
  - (i) a conversion of the 30,000,000 authorised Preferred Shares of US\$0.01 each into 30,000,000 Common Shares of par value US\$0.01 each at a conversion rate of 1:1 (Preferred Shares: Common Shares) to the extent the offer price per share in the offering is US\$1.00 (based on par value US\$ 0.01 per share) or more and if lower in accordance with the alternative conversion method set out in Schedule 1 (*Preferred Shares*) of the Bye-laws; and
  - (ii) a conversion of the 30,000,000 authorised Class II Preferred Shares of par value US\$0.01 each into 30,000,000 Common Shares of par value US\$0.01 each at a conversion rate of 1:1 (Class II Preferred Shares: Common Shares) to the extent the offer price per share in the offering is US\$0.60 (based on par value US\$ 0.01 per share) or more and if lower in accordance with the alternative conversion method set out in Schedule 2 (*Class II Preferred Shares*) of the Bye-laws.(the "Conversion")
5. To consider and, if thought fit, conditional on fulfilment of the conditions for listing on Oslo Børs/Oslo Axess and consummation of the Conversion, approve a reverse split or consolidation of 430,000,000 Common Shares of par value US\$0.01 each currently issued and outstanding into 215,000,000 Common Shares of par value US\$0.02 (the

“Consolidation”) and to authorise the directors and officers to take or cause to be taken any and all other acts, deeds and things as the Company itself may lawfully and to execute whether under hand or seal (including updating the Register of Members and attending to all necessary legal formalities under the Companies Act 1981 of Bermuda) and deliver or cause to be executed and delivered all such further certificates, instruments and documents, and to incur and pay all fees and expenses as may be necessary to consummate the consolidation, the signature of any such person being due evidence for all purposes of approval of the terms thereof on behalf of the Company.

6. To consider and, if thought fit, approve the following amendments to the Bye-laws: (i) conditional on the admission of the Company’s Common Shares to trading on the Oslo Børs/Oslo Axess, to delete Bye-Law 46 (*Mandatory Offer Obligation*) in its entirety with effect from the first day of listing on Oslo Børs/Oslo Axess; and (ii) conditional upon the conversion of the Preferred Shares and Class II Preferred Shares into Common Shares, to delete Schedule 1 (*Preferred Shares*) and Schedule 2 (*Class II Preferred Shares*) in their entirety.
  
7. To consider and, if thought fit, conditional on fulfilment of the conditions for listing on Oslo Børs/Oslo Axess, consummation of the Conversion and consummation of the Consolidation, approve a diminution of the Company’s authorised share capital by the cancellation of 90,000,000 of the unissued Common Shares of par value US\$0.02 each of the Company so that the authorised share capital shall be diminished by US\$1,800,000 and to authorise the directors and officers to take or cause to be taken any and all other acts, deeds and things as the Company itself may lawfully and to execute whether under hand or seal (including updating the Register of Members and attending to all necessary legal formalities under the Companies Act 1981 of Bermuda) and deliver or cause to be executed and delivered all such further certificates, instruments and documents, and to incur and pay all fees and expenses as may be necessary to consummate the diminution, the signature of any such person being due evidence for all purposes of approval of the terms thereof on behalf of the Company.
  
8. To consider and, if thought fit, approve the following levels of remuneration in relation to the Directors and members of the Nomination and Remuneration Committee and Audit Committee to be effective from the date of the meeting until the end of financial year 2011:-

<b>Category</b>	<b>Remuneration</b>
Chairman	USD 50,000 per year
Each Board member	USD 30,000 per year
Chairman of the Audit committee	USD 12,500 per year
Chairman of the Nomination and Remuneration Committee	USD 12,500 per year
Members of the committees	USD 7,500 per year

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The background for and the details of the proposed resolutions are provided in Appendix 2.

The Shareholders are encouraged to participate by signing and submitting the Form of Proxy attached as Appendix 1 to:

**DNB NOR BANK ASA, REGISTRARS DEPT., ADDRESS: STRANDEN 21, 0021 OSLO, NORWAY, FAX NUMBER: +47 22 94 90 20 ON OR PRIOR TO 3 NOVEMBER 2010, 12.00 HOURS (NOON) CENTRAL EUROPEAN TIME**

BY ORDER OF THE BOARD

Secretary

28 October 2010

Registered Office: Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda

**FORM OF PROXY**  
**FLOATTEL INTERNATIONAL LTD.**

In order to participate in the **special general meeting** in Floatel International Ltd. to be held at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda at **3.00 p.m. CET on 4 November 2010** the shareholders must complete and ensure that this form of proxy by 3 November 2010 at 12 p.m. (noon) CET is received by DnB NOR Bank ASA, Registrars Dept., address: Stranden 21, 0021 Oslo, Norway, fax number: +47 22 94 90 20

DnB NOR Bank ASA, being a member of the above-named Company, hereby appoints the following person(s):

.....

.....

or, failing whom, the Chairman of the Meeting as our proxy to attend and, on a poll, to vote on our behalf at the special general meeting of the Company to be held at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda at **3 p.m. CET on 4 November 2010** (or at any adjournment thereof). We direct that our proxy will vote (or abstain from voting) on a poll on the resolutions set out in the Notice of special general meeting as indicated below:

**RESOLUTIONS**

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
1. To approve an increase in the size of the Board to seven (7) directors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the appointment of Geir Sandvik and Merete Haugli as directors of the Company to serve until the next Annual General Meeting of the Company or until their appointment is terminated in accordance with the Bye-laws of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To authorise the Board to fill any vacancy on the Board as and when it deems fit.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To approve, conditional on fulfilment of the conditions for listing on Oslo Børs/Oslo Axess and receipt of full commitment for subscription of an initial public offering of US\$ 25,000,000 or more:  (i) a conversion of the 30,000,000 authorised Preferred Shares of US\$0.01 each into 30,000,000 Common Shares of par value US\$0.01 each at a	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>conversion rate of 1:1 (Preferred Shares: Common Shares) to the extent the offer price per share in the offering is US\$1.00 (based on par value US\$ 0.01 per share) or more and if lower in accordance with the alternative conversion method set out Schedule 1 (<i>Preferred Shares</i>) of the Bye-laws; and</p> <p>(ii) a conversion of the 30,000,000 authorised Class II Preferred Shares of par value US\$0.01 each into 30,000,000 Common Shares of par value US\$0.01 each at a conversion rate of 1:1 (Class II Preferred Shares: Common Shares) to the extent the offer price per share in the offering is US\$0.60 (based on par value US\$ 0.01 per share) or more and if lower in accordance with the alternative conversion method set out in Schedule 2 (<i>Class II Preferred Shares</i>) of the Bye-laws. (the “<b>Conversion</b>”)</p>			
<p>5. To approve, conditional on fulfilment of the conditions for listing on Oslo Børs/Oslo Axess and consummation of the Conversion, a reverse split or consolidation of 430,000,000 Common Shares of par value US\$0.01 each currently issued and outstanding into 215,000,000 Common Shares of par value US\$0.02 (the “Consolidation”) and to authorise the directors and officers to take or cause to be taken any and all other acts, deeds and things as the Company itself may lawfully and to execute whether under hand or seal (including updating the Register of Members and attending to all necessary legal formalities under the Companies Act 1981 of Bermuda) and deliver or cause to be executed and delivered all such further certificates, instruments and documents, and to incur and pay all fees and expenses as may be necessary to consummate the consolidation, the signature of any such person being due evidence for all purposes of approval of the terms thereof on behalf of the Company.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>6. To approve the following amendments to the Bye-laws: (i) conditional on the admission of the Company’s Common Shares to trading on the Oslo</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>Børs/Oslo Axess, to delete Bye-Law 46 (<i>Mandatory Offer Obligation</i>) in its entirety with effect from the first day of listing on Oslo Børs/Oslo Axess; and (ii) conditional upon the conversion of the Preferred Shares and Class II Preferred Shares into Common Shares, to delete Schedule 1 (<i>Preferred Shares</i>) and Schedule 2 (<i>Class II Preferred Shares</i>) in their entirety.</p>									
<p>7. To approve, conditional on fulfilment of the conditions for listing on Oslo Børs/Oslo Axess, consummation of the Conversion and consummation of the Consolidation, a diminution of the Company's authorised share capital by the cancellation of 90,000,000 of the unissued Common Shares of par value US\$0.02 each of the Company so that the authorised share capital shall be diminished by US\$1,800,000 and to authorise the directors and officers to take or cause to be taken any and all other acts, deeds and things as the Company itself may lawfully and to execute whether under hand or seal (including updating the Register of Members and attending to all necessary legal formalities under the Companies Act 1981 of Bermuda) and deliver or cause to be executed and delivered all such further certificates, instruments and documents, and to incur and pay all fees and expenses as may be necessary to consummate the diminution, the signature of any such person being due evidence for all purposes of approval of the terms thereof on behalf of the Company.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
<p>8. To approve the following levels of remuneration in relation to the Directors and members of the Nomination and Remuneration Committee and Audit Committee to be effective from the date of the meeting until the end of financial year 2011:</p> <table border="0" data-bbox="247 1798 885 1982"> <thead> <tr> <th style="text-align: left;"><b>Category</b></th> <th style="text-align: left;"><b>Remuneration</b></th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>USD 50,000 per year</td> </tr> <tr> <td>Each Board member</td> <td>USD 30,000 per year</td> </tr> </tbody> </table>	<b>Category</b>	<b>Remuneration</b>	Chairman	USD 50,000 per year	Each Board member	USD 30,000 per year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Category</b>	<b>Remuneration</b>								
Chairman	USD 50,000 per year								
Each Board member	USD 30,000 per year								

Chairman of the Audit committee	USD 12,500 per year			
Chairman of the Nomination and Remuneration Committee	USD 12,500 per year			
Members of the committees	USD 7,500 per year			

**Please note that a vote to "abstain" is not a vote in law and will not be counted in the calculation of the votes cast for and against the resolution.**

**PLEASE COMPLETE THE DETAILS BELOW IN BLOCK CAPITALS AND SIGN AND DATE WHERE INDICATED**

Signature of shareholder or commonseal/signature of duly authorised officer of corporate shareholder

.....  
 Print Name: \_\_\_\_\_ Date: \_\_\_\_\_

**Notes:**

1. A proxy need not be a member of the Company but must attend the Meeting to represent you. You may appoint as your proxy a person of your own choice by inserting his name in the space provided. If no name is inserted in the space provided the Chairman will be deemed appointed as the proxy.
2. Please indicate with a cross in the appropriate box how you wish your votes to be cast. In the absence of any specific direction, the proxy will vote (or abstain from voting) at his or her discretion. On any other business which properly comes before the special general meeting (including any motion to amend any resolution or to adjourn the Meeting) the proxy will vote or abstain at his or her discretion.
3. To be valid, this Form of Proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be received by DnB NOR Bank ASA, Registrars Dept., address: Stranden 21, 0021 Oslo, Norway, fax number: +47 22 94 90 20, **on or prior to 3 November 2010, 12.00 hours (noon) Central European Time.**
4. In the case of a corporate shareholder, this Form of Proxy should be executed by executed by a Director or a duly authorised officer or other person authorised to sign the same.

## APPENDIX 2

### I. BOARD SIZE

At the Annual General Meeting of the Company held on 29 June 2010, the number of Directors that can be appointed to the Board was set at five (5) members. There are currently five (5) Directors serving on the Board. In anticipation of the proposed election of additional directors, it is desirable for the size of the Board to be increased from five (5) to seven (7) directors.

### II. BOARD COMPOSITION

Conditional upon an affirmative vote to increase the size of the Board to seven (7) directors, it is proposed that the following directors be appointed to serve until the next Annual General Meeting of the Company or until their appointment is terminated in accordance with the Bye-laws of the Company:

#### **Geir Sandvik (Born 1949)**

Geir Sandvik is an independent consultant. He is the Chairman of the Board of Hydroenergi AS, and a director of Pareto World Wide Offshore AS, Master Marine AS, Beerenberg Corp., Neptune Offshore AS, and BassDrill Alpha Ltd. He is also the Chairman of the Board's Audit committee at Beerenberg Corp. From 1994 to 2006 Sandvik held various management positions with Pareto Securities ASA's Corporate Finance division, managing nearly 150 IPOs and share issues and 80 M&A transactions. Prior to Pareto, Sandvik was the Executive Vice President and CFO of Transocean Offshore, Executive Vice President and CFO of Astrup Høyer AS, Vice President Finance of Aker and Vice President Finance of Royal Viking Line. Sandvik holds a title of siviløkonom from the Norwegian School of Economics and Business Administration in Bergen. He is citizen of Norway and lives in Oslo.

#### **Merete Haugli (Born 1964)**

Merete Haugli is a professional board member who currently holds various directorships, thereunder in RS Platou AS, Acta Holding ASA, Comrod ASA, Folketrygdfondet (deputy member). She furthermore undertakes consultancy assignments in the areas of personal coaching, HR related matters and Corporate Governance issues, for a variety of clients. Former directorships include Aktivkapital ASA, ABG Sundal Collier ASA, Technor ASA, SEB ASA and Formuesforvaltning ASA. Haugli has previously held positions with various licensed financial institutions in Norway, thereunder Skandinaviska Enskilda Banken, Private Banking ASA, First Securities ASA and Forvaltningsselskapet Optimum AS. She has also in the past held a directorship and acted as consultant for the compliance department in ABG Sundal Collier ASA. From 2002 to 2005 she was the Assistant Chief of Police, responsible for the department of organized economic crime at the Oslo Police

District. Education from the Norwegian School of Management and is currently finalizing a 4 year graduate study at Huma Nova in Gothenburg and Oslo, in Psychosynthesis Therapy, to be completed during the spring of 2011.

### **III. BOARD VACANCIES**

From time to time (as a result of death, resignation, illness, termination or otherwise), a director may vacate his seat on the Board. In order to ensure a full compliment of directors are elected to the Board, it is proposed that the shareholders authorise the Board to fill any vacancy on the Board as and when it deems fit.

### **IV. CONVERSION**

#### **Schedule 1 (Preferred Shares) of the Bye-laws currently provides that:**

1. The Preferred Shareholders shall have the option at any time to convert each Preferred Share into one Common Share,
2. If a Material Third Party Offering is made at an issue price that is less than US\$1.00, the Preferred Shareholders shall have the option to convert each Preferred Share into a number of Common Shares determined by the quotient of (a) the Purchase Price per share of the Preferred Shares in the numerator, \$1.00 on the current basis, adjusted for stock splits, re-combinations or stock dividends and (b) the issue price per share of the Material Third Party Offering in the denominator.
3. "Material Third Party Offering" shall mean the first offering of Common Shares following the issue of the Preferred Shares equal to at least 10% of the Common Shares that are then outstanding to a person or persons who are not at the time of issue of the Preferred Shares, shareholders of the Company. For the avoidance of doubt, any conversion by Keppel Fels Limited of debt into Common Shares pursuant to the Contract Addendum (No. 3) to the Contract between Keppel Fels Limited and Floatel Reliance Ltd. dated 20 October 2007 in connection with Builders' Hull No. B307 shall not constitute a Material Third Party Offering.
4. Upon the closing of an initial public offering of Common Shares of the Company the proceeds of which are at least US\$25,000,000, all outstanding Preferred Shares shall automatically convert to Common Shares at the Conversion Rate, as determined by the Preferred Shareholders, of either (i) one Common Share for each Preferred Share or (ii) for each Preferred Share, an amount of Common Shares determined by the quotient of (a) the Purchase Price per share of the Preferred Shares in the numerator, \$1.00 on the current basis, adjusted for stock splits, recombinations or stock dividends and (b) the initial public offering price of the Common Shares in the denominator. The conversion shall be made without reference to any accrued dividends.

#### **Schedule 2 (Class II Preferred Shares) of the Bye-laws provides that:**

1. The Class II Preferred Shareholders shall have the option at any time to convert each Class II Preferred Share into one Common Share,
2. If a Material Third Party Offering is made at an issue price that is less than US\$0.60, the Class II Preferred Shareholders shall have the option to convert each Preferred Share into

a number of Common Shares determined by the quotient of (a) the Purchase Price per share of the Class II Preferred Shares in the numerator, \$0.60 on the current basis, adjusted for stock splits, recombinations or stock dividends and (b) the issue price per share of the Material Third Party Offering in the denominator.

3. "Material Third Party Offering" shall mean the first offering of Common Shares following the issue of the Class II Preferred Shares equal to at least 10% of the Common Shares that are then outstanding to a person or persons who are not at the time of issue of the Class II Preferred Shares, shareholders of the Company. For the avoidance of doubt, any conversion by Keppel Fels Limited of debt into Common Shares pursuant to the Contract Addendum (No. 3) to the Contract between Keppel Fels Limited and Floatel Reliance Ltd. dated 20 October 2007 in connection with Builders' Hull No. B307 shall not constitute a Material Third Party Offering.
4. Upon the closing of an initial public offering of Common Shares of the Company the proceeds of which are at least US\$25,000,000, all outstanding Class II Preferred Shares shall automatically convert to Common Shares at the Conversion Rate, as determined by the Preferred Shareholders, of either (i) one Common Share for each Class II Preferred Share or (ii) for each Class II Preferred Share, an amount of Common Shares determined by the quotient of (a) the Purchase Price per share of the Preferred Shares in the numerator, \$0.60 on the current basis, adjusted for stock splits, recombinations or stock dividends and (b) the initial public offering price of the Common Shares in the denominator. The conversion shall be made without reference to any accrued dividends.

Accordingly, with effect upon a completion of an initial public offering of Common Shares of the Company of US\$ 25,000,000 or more all Preferred Shares and Class II Preferred Shares shall automatically convert to Common Shares. The Board recommends that the shareholders approve, conditional on fulfilment of the conditions for listing on Oslo Børs/Oslo Axess and receipt of full commitment for subscription of an initial public offering of US\$ 25,000,000 or more: (i) a conversion of the authorised and issued Preferred Shares at a rate of 1:1 (Preferred Shares: Common Shares) to the extent the offer price per share in the offering is US\$1.00 (based on par value US\$ 0.01 per share) or more and if lower in accordance with the alternative conversion method set out in Schedule 1 of the Bye-laws; and (ii) a conversion of the authorised and issued Class II Preferred Shares at a conversion rate of 1:1 (Class II Preferred Shares: Common Shares) to the extent the offer price per share in the offering is US\$0.60 (based on par value US\$ 0.01 per share) or more and if lower in accordance with the alternative conversion method set out in Schedule 2 of the Bye-laws.

## **V. PROPOSED CONSOLIDATION OF SHARES**

Under the Bermuda Company Act, the share capital of a company consists of an authorized capital and an issued capital. The authorized capital is the maximum amount of share capital that the company is authorised by its constitutional documents to issue to its shareholders. Part of the authorized capital can remain unissued. The part of the authorised capital which has been issued to the shareholders is referred to as the issued capital of the company.

As at the date of this notice, the authorized share capital of the Company is US\$4,300,000 consisting of:

- (i) 370,000,000 Common Shares of par value US\$0.01 each of which 120,408,472 shares are issued;
- (ii) 30,000,000 Preferred Shares of par value US\$0.01 each of which 5,922,125 shares are issued; and
- (iii) 30,000,000 Class II Preferred Shares of par value US\$0.01 each of which 25,000,000 shares are issued.

Pursuant to section 45(1)(c) of the Companies Act 1981 (as amendment) and Bye-law 15.1.2 of the Company's bye-law, the Company can effect a reverse stock split by consolidating all or any of its share capital into shares of larger par value than the existing shares. The Board therefore proposes that the shareholders consolidate the 430,000,000 Common Shares of par value US\$0.01 each into 215,000,000 Common Shares of par value US\$0.02 each to ensure compliance with the requirements for share value under the Oslo Børs Listing Rules.

## VI. PROPOSED AMENDMENT OF THE BYE-LAWS

The Board of Directors recommends that the shareholders approve the following amendments to the Bye-Laws:

conditional on the admission of the Company's Common Shares to trading on the Oslo Børs/Oslo Axess, the deletion in its entirety of Bye-law 46 (Mandatory Offer Obligation) with effect from the first day of listing on Oslo Børs/Oslo Axess as mandatory law regarding offers will apply from the first day of listing.

Bye-law 46 currently provides as follows:

### “46. Mandatory offer obligation

46.1 If any person, either alone or together with his Associates, through acquisition becomes the owner of shares carrying 30 per cent. or more of the voting rights of the Company (30 per cent. being the “**Threshold**”), then such Shareholder shall, save as set out below, be obliged to make an offer (the “**Mandatory Offer**”) for the purchase of the remaining issued shares in the Company, with the exception of those shares held by such Shareholder's Associates (those Shareholders other than the Shareholder and his Associates being the “**Eligible Shareholders**”).

46.2 Immediately upon any person, either alone or together with his Associates, becoming owner of shares equal to or in excess of the Threshold (the “**Relevant Date**”), such Shareholder shall notify the Chairman of the Board, which notification shall state whether such Shareholder:

46.2.1 intends to make a Mandatory Offer; or

46.2.2 sell such number of shares (the “**Excess Shares**”) as would cause the number of Shares held by him, either alone or together with his Associates, to fall below the Threshold, and

until such time as a Mandatory Offer is made under paragraph (a) or the sale of the Excess Shares is effected under paragraph (b), the voting rights attached to the Excess Shares of such Shareholder shall be incapable of being exercised and such Excess Shares shall not carry any right to any dividends or other distributions.

46.3 If a Shareholder does not intend to make a Mandatory Offer, such Shareholder must effect the sale of his Excess Shares within 4 weeks of the Relevant Date (the “**Relevant Sale Period**”). If such Excess Shares are not sold within the Relevant Sale Period, the Board and the Registrar may dispose of the Excess Shares of such Shareholder at the best price reasonably obtainable in all the circumstances. In such circumstances, the Excess Shares may not be transferred otherwise than in accordance with this Bye-law and any other purported transfer of such Excess Shares shall not be registered in the books of the Company or the VPS and shall be null and void. Any one or more of the Directors may act as the attorney(s) of any Shareholder in relation to the execution of documents and other actions to be taken for the sale of Excess Shares determined by the Board under this Bye-law. For the purposes of this Bye-law, the term "Registrar" shall include any affiliate or nominee of the Registrar.

46.4 If a Shareholder (“**Offerer**”) does intend to make a Mandatory Offer, such Mandatory Offer must be made in accordance with the provisions of Bye-law 46.5 no later than four weeks from the Relevant Date (the “**Relevant Offer Period**”). For the purposes of this Bye-law, a Mandatory Offer shall be deemed made at the time of submission of an offer document to the Eligible Shareholders in accordance with Bye-law 46.5 (the “**Offer Date**”). The Mandatory Offer may not be made conditional.

46.5 A Mandatory Offer shall be made in accordance with the following terms:

46.5.1 The offer price per share (the “**Offer Price**”) shall be equal to the highest price paid or agreed to be paid by the Offeror for any shares during the 6 months preceding the Relevant Date (the “**Relevant Price**”) provided that:

- (i) if the market price per share on the Relevant Date is higher than the Relevant Price, the Offer Price shall equal the market price; and
- (ii) to the extent that the Offeror acquires any further shares during the Relevant Offer Period and the price paid or agreed to be paid by the Offeror for such shares is higher than the Offer Price shall be deemed to be such higher price;

46.5.2 The Mandatory Offer must provide for settlement by the Offeror in cash, provided however that the Offeror may also offer a non-cash alternative. Settlement of the Mandatory Offer must take place no later than 14 days after the deadline for receipt of acceptances.

46.5.3 The period between the Offer Date and the deadline for receipt of acceptances (the “**Acceptance Period**”) shall not be shorter than 4 weeks and not longer than 6 weeks. The Offeror may within the Acceptance Period make a new offer (a “**New Offer**”). The Eligible Shareholders shall in such case have the right to choose between the terms of the Mandatory offer and the New Offer. In circumstances where a New Offer is made, the Acceptance Period shall be extended to ensure that at the Eligible Shareholders have at least 2 weeks in which to accept the terms of the Mandatory Offer or the New Offer. The terms of any New Offer must be sent to all Eligible Shareholders.

46.5.4 The terms of the Mandatory Offer must not contain any differentiation between Eligible Shareholders, all of whom must be eligible to participate in the Mandatory Offer.

46.5.5 The Offeror shall prepare a written offer document (the “**Offer Document**”) setting out the terms of the Mandatory Offer, the deadline for receipt of acceptances and all such information which is of importance to the Eligible Shareholders in their evaluation of the Mandatory Offer, which Offer Document

shall be signed by or on behalf of the Offeror. Without limitation, the following shall specifically be stated in the Offer Document:

- (i) the Offeror's name, address and, if the Offeror is an undertaking, the type of organisation and registered number;
- (ii) information concerning the Offeror's Associates, including the basis for the relationship with each such Associate;
- (iii) the number of shares of other financial instruments entitling the Offeror and his Associates to receive additional shares;
- (iv) the Offer Price, time-limit for settlement, and form of settlement;
- (v) the basis for the evaluation of any non-cash alternative, if such non-cash alternative is offered by the Offeror;
- (vi) the deadline for receipt of acceptances of the Mandatory Offer and the manner in which such acceptance must be given;
- (v i) how the Mandatory Offer is to be financed by the Offeror;
- (vii) details of any special advantages granted or expected to be granted to the management or corporate bodies of the Company following completion of the Mandatory Offer;
- (viii) details of contact between the Offeror and management or other corporate bodies of the Company prior to the making of the Mandatory Offer;
- (viii) the Offeror's purpose in taking control of the Company pursuant to the Mandatory Offer and the Offeror's plans for future operations, reorganisation etc.;
- (ix) the significance of the Mandatory Offer for the employees of the Company, including the legal, financial and work-related effects of the Mandatory Offer; and
- (x) the legal and tax consequences of the Mandatory Offer.

46.5.6 The Offer Document shall be sent to the Chairman of the Board no later than 2 weeks before the expiry of the Relevant Offer Period. The Board shall review and approve the terms of the Offer Document prior to the circulation of the Offer Document by the Offeror the Eligible Shareholders. The Board may either approve the Offer Document or request that additional information be included in the Offer Document, in either case as soon as possible after receipt. Further, the Board shall use reasonable endeavours to ensure that an Offer Document received from an Offeror in accordance with his paragraph is approved by the expiry of the Relevant Offer Period.

46.5.7 The Board shall be entitled to require that the Offeror includes a statement from the Board concerning the Mandatory Offer in the Offer Document.

46.6 The Board has full authority to determine the application of Bye-laws 46.1 to 46.5. Any resolution or determination of, or decision or exercise of any discretion or power by, the Board or any Director acting in good faith under or in pursuance to the provisions of Bye-laws 46.1 to 46.5 shall be final and conclusive; and anything done by, or on behalf of, or on the authority of, the Board or any Director acting in good faith pursuant to the provisions of Bye-laws 46.1 to 46.5 shall be conclusive and binding on all persons concerned and shall not be open to challenge, whether as to its validity or otherwise on any ground whatsoever. The Board shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this Bye-law.”

- (ii) conditional upon the conversion of the Preferred Shares and Class II Preferred Shares into Common Shares as contemplated in proposal IV (CONVERSION), to delete Schedule 1 (*Preferred Shares*) and Schedule 2 (*Class II Preferred Shares*) in their entirety.

The text of Schedule 1 (*Preferred Shares*) and Schedule 2 (*Class II Preferred Shares*) is set out above under proposal IV (CONVERSION).

## **VII. DIMINUTION**

Pursuant to section 45(1)(f) of the Companies Act 1981 (as amendment) and Bye-law 15.1.5 of the Company’s bye-law, the Company can effect a diminution by cancelling shares which, at the date of passing of the applicable shareholder resolution in that regard, have not been taken or agreed to be taken by the person, and diminish the amount of the Company’s share capital by the amount of the shares so cancelled.

The Norwegian Code of Practise for Corporate Governance recommends that the authorisation to issue shares vested with the board of directors shall be limited. The Company proposes to reduce the authorised capital to ensure that the Company better complies with the recommendations for good corporate governance in Norway in connection with the listing on Oslo Børs/Oslo Axess.

The Board recommends that, conditional on fulfilment of the conditions for listing on Oslo Børs/Oslo Axess, consummation of the Conversion and consummation of the Consolidation, the Shareholders approve a diminution of the Company’s authorised share capital by the cancellation of 90,000,000 of the unissued Common Shares of par value US\$0.02 each of the Company so that the authorised share capital shall be diminished by US\$180,000,000. The resulting authorised share capital will be US\$2,500,000 (consisting of 125,000,000 Common Shares of par value US\$0.02 each).

## **VIII. REMUNERATION OF DIRECTORS AND COMMITTEE MEMBERS**

In order for the Company to attract desirable members to its board of directors, the Board recommends that the Shareholders’ approve the following levels of remuneration in relation to the Directors and members of the Nomination and Remuneration Committee and Audit Committee to be effective from the date of the meeting until the end of the financial year 2011:-

<b>Category</b>	<b>Remuneration</b>
Chairman	USD 50,000 per year
Each Board member	USD 30,000 per year
Chairman of the Audit committee	USD 12,500 per year
Chairman of the Nomination and Remuneration Committee	USD 12,500 per year
Members of the committees	USD 7,500 per year