

NORSK TILLITSMANN

NORWEGIAN TRUSTEE

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To the Bondholders in:

ISIN: NO 001 035463.2 - FRN Sea Production Ltd Senior Secured Callable Bond Issue 2007/2012

Oslo, 27 January 2012

Summons to Bondholders' Meeting

1. INTRODUCTION

Norsk Tillitsmann ASA (the "**Bond Trustee**") acts as trustee for the holders (the "**Bondholders**") of the USD 130,000,000 FRN Sea Production Limited Senior Secured Callable Bond Issue 2007/2012 (the "**Bonds**" or the "**Bond Issue**") issued by Sea Production Ltd (the "**Company**"). The terms and conditions of the Bonds are set out in the bond agreement dated 9 February 2007 between the Company and the Bond Trustee (on behalf of the Bondholders) as amended on 23 July 2010 and 23 August 2010 (the "**Bond Agreement**").

All capitalised terms used herein shall have the meaning assigned to them in the Bond Agreement or this summons (the "**Summons**") unless otherwise stated.

The information in this Summons regarding the legal, operational and financial status of the Company is provided by the Company, and the Trustee expressly disclaims all liability whatsoever related to such information.

Bondholders are encouraged to read this Summons in its entirety.

2. BACKGROUND

The current Maturity Date of the Loan is 14 February 2012 and the Borrower does not currently have sufficient funds available to it to repay the Loan in full on the current Maturity Date.

The Borrower is therefore in discussions with an informal ad hoc committee of Bondholders (the "**Committee**") holding 93.85% of the principal amount of the outstanding Bonds, in relation to a possible restructuring of the terms of the Loan including an extension of the Maturity Date.

The Borrower believes that, subject to appropriate terms being agreed, a restructuring of the terms of the Loan would be beneficial for all stakeholders. Furthermore, whilst there is no certainty that an agreement for such a restructuring can ultimately be reached, the Borrower believes that, as an interim step, it would be beneficial for all stakeholders to agree a short

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extension of the Maturity Date to enable the restructuring discussions to be completed. The Borrower therefore seeks an extension of the maturity date to 13 April 2012, with the other terms of the Bond Agreement remaining unchanged, save for amendments to Clause 10.4 and 13.2(k) as set out below. The Committee has indicated that its support for an extension of the Maturity Date to 13 April 2012 would be conditional upon the Borrower meeting its interest payment obligations on 14 February 2012.

Since the Borrower currently has limited cash resources it has been pursuing avenues to create short term liquidity. Langford Shipping Company Limited, a subsidiary of the Borrower and the owner of the M/V Sea Cat (the "Sea Cat"), has reached an agreement to sell the Sea Cat for scrap metal for gross sale proceeds of US\$6,255,399.78, subject, inter alia, to Bondholders approving an amendment to the Bond Agreement that would facilitate the transaction.

The Sea Cat is old, surplus to the Borrower's requirements and is incurring on-going operating costs of some US\$50-60,000 per month. Furthermore, the Borrower believes that, for the foreseeable future, the value of the Sea Cat is likely to continue to diminish. A sale of the Sea Cat would enable savings on operating costs, as well as reduce the amount of the Remaining Loan with a consequential reduction in interest costs.

In order to achieve a sale of the Sea Cat at the best available price, the Borrower appointed Pareto Securities Asia (Pte) Ltd and Compass Maritime Inc. (together, the "Brokers") to solicit offers for the vessel. The auction process conducted by the Brokers resulted in a number of offers to purchase the Sea Cat, the highest of which was the proposed gross sale price of US\$6,255,399.78.

3. THE PROPOSED AMENDMENTS

Based on the foregoing, the Borrower is seeking approval for the following amendments to the Bond Agreement:

1. *The approval of the sale of the M/V Sea Cat and accompanying waiver*

In relation to a sale of the Sea Cat, it is proposed that the Bondholders agree to amend the provisions of the second paragraph of Clause 10.4 of the Bond Agreement (that currently require that upon a sale of the M/V Sea Cat, the Borrower shall redeem Bonds of par value of US\$7,500,000 of the Remaining Loan in accordance with the redemption structure set out in Clause 10.4 of the Bond Agreement) on the following basis:

It is proposed that the Borrower shall be entitled to sell the Sea Cat for a purchase price which realises net cash sale proceeds of not less than US\$5,000,000, and that the net sale proceeds shall be applied to pay the interest due on the Loan on the Interest Payment Date on 14 February 2012 (to the extent this has not already been paid in full), and shall otherwise be applied in full to redeem outstanding Bonds at a price equal to 101% of par value (plus any accrued interest on the redeemed amount).

For the avoidance of doubt, where the sale of the Sea Cat is completed prior to the Interest Payment Date on 14 February 2012, the net sale proceeds shall be transferred to the Bond Trustee upon completion of the Sale and held by the Bond Trustee on behalf of the Bondholders for application as provided above on 14 February 2012.

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2. *The proposed deferral under the Bond Agreement*

It is proposed that conditional upon the interest due on the Bonds being paid in full on the Interest Payment Date on 14 February 2012, the Maturity Date of the Loan (currently 14 February 2012) shall be deferred until 13 April 2012.

For the avoidance of doubt the Borrower shall still be required to pay to the Bondholders in full the interest that is due on the Loan on the Interest Payment Date of 14 February 2012.

3. *Restriction on distributions to shareholders*

It is proposed that the Bondholders agree to amend the provisions of Clause 13.2(k) of the Bond Agreement such that no dividend payment, repurchase of shares or any other distributions to shareholders may be made by the Borrower before all outstanding amounts under the Loan have been paid in full.

To enable the Borrower to secure the proposed changes to the Bond Agreement, the Borrower has requested the Bond Trustee to summon a Bondholders' Meeting to consider the approval of the proposed changes.

4. **EVALUATION OF THE PROPOSALS**

The Borrower's evaluation:

The Company believes that the proposal is the best interim solution for all stakeholders including the Bondholders in view of the Company's current financial situation.

The Borrower has informed the Bond Trustee that it has received indications from the Committee that the Bondholders comprising the Committee shall vote in favour of the proposals.

Non-reliance of the Bond Trustee:

The proposal is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee or the Committee. The Bondholders must independently evaluate whether the proposed changes are acceptable. It is recommended that the Bondholders seek counsel from their legal and financial advisers regarding the effect of the proposals.

5. **SUMMONS FOR BONDHOLDERS' MEETING**

Bondholders are hereby summoned to a Bondholders' Meeting:

Time: Tuesday, 7 February 2012 at 13:00 hours (Oslo time)

Place: The premises of Norsk Tillitsmann ASA, Haakon VII's gt 1 (5th floor), 01061 Oslo

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Agenda:

Pursuant to the Bond Agreement, the meeting will be opened and presided over by a representative from Norsk Tillitsmann.

1. Approval of the Summons
2. Approval of the agenda
3. Election of two persons to co-sign the minutes together with the chairman
4. Request for amendments of the Bond Agreement

It is proposed that the Bondholders' Meeting resolve the following:

1. *The Bondholders agree that the second paragraph of Clause 10.4 of the Bond Agreement shall be amended to insert the following at the end of the existing paragraph:*

"...provided that if the Aframax Tanker known as M/V Sea Cat (the "Sea Cat") is sold for a purchase price which realises net cash sale proceeds of USD 5,000,000 or more, the Borrower shall use the net sale proceeds to pay the interest due on the Loan on the Interest Payment Date of 14 February 2012 (to the extent such interest has not already been paid in full), and use the full balance of the net sale proceeds to redeem outstanding Bonds at a price equal to 101% of par value (plus any accrued interest on the redeemed amount), and where the sale of the Sea Cat is completed prior to the Interest Payment Date of 14 February 2012, the net sale proceeds shall be transferred to the Loan Trustee upon completion of the sale and held by the Loan Trustee on behalf of the Bondholders for application as provided above on 14 February 2012."

2. *The Bondholders agree that Clause 13.2(k) of the Bond Agreement shall be deleted and replaced with the following:*

"not make any dividend payment, repurchase of shares or make other distributions to its shareholders until all amounts outstanding under the Loan have been paid in full,".

3. *Conditional upon the interest due on the Bonds on the Interest Payment Date of 14 February 2012 being paid in full on that date, the Bondholders agree to amend the definition of "Maturity Date" so that the words "14 February 2012" are replaced with "13 April 2012".*

4. *The Loan Trustee is given the power of attorney to enter into the necessary agreements in connection with documenting the decisions made by this Bondholders' Meeting, including, but not limited to, make amendments to the Bond Agreement.*

The above mentioned resolution will, according to the Bond Agreement, require a qualified majority of 2/3 of the Bonds represented at the Bondholders' Meeting voting in favour of such proposal and a minimum 1/2 of the Voting Bonds being represented at the Bondholder's Meeting. Bondholders may be represented in person or by proxy.

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Please find attached a Bondholder's Form from the Securities Depository (VPS), indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the Bondholders' Meeting. (If the Bonds are held in custody, i.e., the owner is not registered directly in the VPS, the custodian must confirm; (i) the owner of the Bonds, (ii) the aggregate nominal amount of the Bonds and (iii) the account number in VPS on which the Bonds are registered.)

The individual Bondholder may authorise the Norsk Tillitsmann to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising Norsk Tillitsmann to vote, must then be returned to Norsk Tillitsmann in due time before the meeting is scheduled (by scanned e-mail, telefax or post – please see the first page of this letter for further details).

In the event that Bonds have been transferred to a new owner after the Bondholder's Form was made, the new Bondholder must bring to the Bondholders' Meeting or enclose with the proxy, as the case may be, evidence which the Bond Trustee accepts as sufficient proof of the ownership of the Bonds.

For practical purposes, we request those who intend to attend the Bondholders' Meeting, either in person or by proxy other than to Norsk Tillitsmann, to notify Norsk Tillitsmann by telephone or by e-mail (as set out at the first page of this letter) within 16:00 hours (4 pm) (Oslo time) the Banking Day before the meeting takes place.

Yours sincerely
Norsk Tillitsmann ASA

for 
Linn Verås

Enclosed:
Annex A: Bondholder's Form of Attendance/Proxy Form