

NORSK TILLITSMANN

NORWEGIAN TRUSTEE

Dette brevet til obligasjonseierne er kun utarbeidet på engelsk. For ytterligere informasjon vennligst ta kontakt med Norsk Tillitsmann ASA på telefon +47 22 87 94 00.

To the Bondholders in:

**ISIN: NO 001 0622525 - 15 per cent EOAL Cyprus Holdings Limited Senior Secured
Callable Bond Issue 2011/2014**

Oslo, 13 January 2012

Summons to Bondholders' Meeting

1. INTRODUCTION

Norsk Tillitsmann ASA (the "Trustee" or "NTM") acts as trustee for the holders (the "Bondholders") of the USD 88,000,000 15 per cent Senior Secured Callable Bond Issue 2011/2014 (the "Bonds" or the "Bond Issue") issued by EOAL Cyprus Holdings Limited ("EOAL" or the "Company"). The terms and conditions of the Bonds are set out in the bond agreement dated 15 July 2011 between EOAL and NTM (on behalf of the Bondholders) (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 Issuer is provided by the Issuer, and the Trustee expressly disclaims all liability whatsoever related to such information.

Bondholders are encouraged to read this Summons and the enclosed memorandum from the Company (Annex C).

2. BACKGROUND

Since 25 April 2011, ARV1 has been operating off the coast of Angola pursuant to a 24 months firm charter agreement (the "Technoil Charter") between EOAL and Technoil - Technologia e Servicos LDA Angola ("Technoil"). The Company originally anticipated that the interest payments on the Bonds would be funded from the proceeds of the Technoil Charter, however the proceeds of the Technoil Charter have been disrupted ever since Technoil ceased to pay the fees due to EOAL under the Technoil Charter; the last payment that EOAL received from Technoil was on 12 August 2011. As a result of Technoil ceasing to pay the fees due to EOAL under the Technoil Charter, EOAL is unable to satisfy its obligation in Clause 13.4(b) of the Bond Agreement to transfer USD 6,375,000 (which should in fact be USD 6,600,000) from the Escrow Account to the Retention Account in order to pay the interest payment due to the Bondholders on 15 January 2012.

As a result of the disruption under the Technoil Charter, Homan Fenwick Willan, leading maritime lawyers engaged by EOAL, has issued a suspension notice to Technoil on behalf of the Company. Furthermore, EOAL is in the process of decommissioning ARV1 from its operations in Angola and relocating ARV1 to Singapore. In the meantime, EOAL and the Parent are continuing to pursue legal

action against Technoil. Whilst EOAL is confident in the merits of its claims against Technoil, it is uncertain as to the extent of, and timing of, any recoveries from Technoil. For the purposes of this Summons, the process of the Issuer and/or the Parent attempting to recover funds arising out of, in connection with or as a result of the Technoil Charter shall be referred to as the "**Technoil Recovery**".

On 29 December 2011, a tender was submitted on EOAL's behalf for a contract with Oil & Natural Gas Corporation Limited ("**ONGC**"), which would secure the employment of ARV1 for up to 2 firm years (the "**ONGC Contract**") off the coast of India. Prior to commencing its work under the ONGC Contract (if awarded), ARV1 will require some maintenance and repair work after a prolonged period without proper servicing in Angola, as well as some contract specific modifications and a statutory drydocking (the "**ARV1 Yard Work**") at Sembawang Shipyard in Singapore ("**Sembawang**"). EOAL's current intention is to relocate ARV1 to Sembawang to undergo the ARV1 Yard Work, and then, in the event the ONGC Contract is awarded to Cyprus Owning Company ARV1, to relocate ARV1 to the first site as required under the ONGC Contract. The Company expects to be informed by ONGC as to the award of the ONGC Contract by end of January 2012, but delays may occur.

As a consequence of the events described above:

(A) EOAL is unable to meet the requirements of Clause 13.4(b) of the Bond Agreement and is therefore seeking the approval of the Bondholders with respect to a proposal to defer the interest payment originally due and payable on 15 January 2012, and to release USD 6,600,000 from the Retention Account immediately to be applied to fund, amongst other things, bunker costs to move ARV1 from Angola to Singapore and to pay urgent accounts payable in relation to ARV1; and

(B) the Company began discussions with certain Bondholders and Bingham McCutchen (London) LLP ("**Bingham**") regarding the terms of the proposal contained herein. The Company has informed the Trustee that certain Bondholders (the "**Consenting Bondholders**"), holding in aggregate, over 2/3 of the Bonds, have agreed to vote in favour of the resolutions contained in this Summons pursuant to a letter of understanding with the Company.

3. THE PROPOSED PLAN

In addition to certain amendments to the Bond Agreement as described below, the proposed restructuring plan (the "**Plan**") consists of six key elements; (i) the release of USD 6,600,000 from the Retention Account, (ii), a deferral of certain interest and amortisation payments, (iii) the issuance of additional payment in kind ("**PIK**") Bonds to the Bondholders, (iv) an additional 5.00 % premium in the event that the Bonds are declared to be in default, (v) a private placement as a result of which the Company will raise a minimum amount of USD 2,000,000 in equity, and (vi) sharing of any proceeds from the Technoil Recovery between the repayment of the deferred interest payments and for EOAL's working capital purposes.

1. The release of funds from the Retention Account

Subject to the terms set out below, the Bondholders shall agree to the release of USD 6,600,000 from the Retention Account to be applied to fund, amongst other things, bunker and transit costs to move ARV1 from Angola to Singapore and to pay urgent accounts payable in relation to ARV1 (the "**Release**", and the date on which the Release occurs, the "**Release Date**").

2. The proposed deferrals under the Bond Agreement

The interest payment due on 15 January 2012 (the "**Deferred Interest**") shall be deferred until 15 July 2012 or such earlier date on which the Issuer pays the Deferred Interest to the Bondholders (including default interest) (the "**Repayment Date**").

The obligation to replenish the Retention Account with monthly payments of 1/6 of the amount payable to meet the next interest payment shall be deferred until the Repayment Date on the following basis (the "**Replenishment Deferral**"). Monthly replenishments to the Retention Account will recommence on the 15th day of the month after the month in which the Repayment Date occurs, and the first replenishment shall be in an amount that is equivalent to all such replenishments that would have been made had the Issuer not received the benefit of the Replenish Deferral. By way of example, if the Repayment Date occurs during March 2012, then on 15 April 2012, the Issuer shall pay 3/6th of the 15 July 2012 interest payment into the Retention Account. Such replenishments to be referred to as the "**Replenishment Reinstatement**".

Further, the Issuer shall have the option to defer the payment of the USD 6,500,000 amortisation payment due on 15 July 2012 (the "**Deferred Amortisation**") such that the Deferred Amortisation shall be paid over three equal instalments on future amortisation payment dates in accordance with the call option pricing as follows: 1/3 of the Deferred Amortisation at 108.00 % of par value to be paid on 15 January 2013, 1/3 of the Deferred Amortisation at 108.00 % of par value to be paid on 15 July 2013 and 1/3 of the Deferred Amortisation at 106.00 % of par value to be paid on 15 January 2014.

For the avoidance of doubt, on 15 July 2012 the Company shall pay to the Bondholders the USD 6,600,000 interest payment that is due on 15 July 2012.

3. The issue of additional Bonds

In connection with, and at the time of, the release of funds from the Retention Account, the Issuer shall pay an amount equivalent to 2.50 per cent of the Bonds to the Bondholders. This amount shall be paid to the Bondholders by the issuance of additional Bonds on a pro-rata basis.

Further the Issuer agrees to pay the Bondholders an additional PIK coupon equivalent to 5.00 per cent per annum, which shall accrue from 15 January 2012 until both the Repayment Date and the Replenishment Reinstatement have occurred. Such PIK coupon shall be paid to the Bondholders by the issuance of additional Bonds on a pro rata basis on the date that the Replenishment Reinstatement is made.

4. The Private Placement

The Issuer shall seek to raise an additional USD 2,000,000 as equity, as a result of the Parent issuing new shares (the "**Private Placement**") and providing the Issuer with a shareholder loan, which shall be fully subordinated to the Bonds in accordance with Clause 13.3(a)(ii) of the Bond Agreement. The Private Placement shall be completed no later than 31 March 2012. Failure to complete the Private Placement by then shall be an additional Event of Default in the Bond Agreement.

5. Premium on Repayment upon an Event of Default

In the event that the Bonds are declared to be in default as a result of (i) non-payment, (ii) a failure to raise the Equity Increase or (iii) a failure to complete the Private Placement by 31 March 2012, there shall be an additional premium on the repayment of the Outstanding Bonds amounting to 5.00 per cent of the Outstanding Bonds (in addition to the call option pricing as referred to in Clause 15.6 of the Bond Agreement).

6. Technoil Recovery

The approval of the Plan is conditional upon the Company and the Parent agreeing that any proceeds from the Technoil Recovery shall be paid into the Earnings Account, to be applied as follows (i) up to 50% of the Technoil Recovery proceeds shall be paid into the Retention Account as is required for the purpose of making the repayment of the interest payment amount originally due on 15 January 2012 and the interest payment due on 15 July 2012 and (ii) the balance shall be available to the Issuer for the purposes of working capital for the Issuer.

The proposed amendments to the Bond Agreement

The Plan requires certain amendments to be made to the Bond Agreement in addition to those described above.

1. Clause 13.6(h) of the Bond Agreement shall be amended so that the maximum total invoice amount referred to in Clause 13.6(h) is reduced from USD 6,500,000 to USD 3,500,000, and a new subparagraph (i) shall be included which shall allow for the maximum total invoice amount to be increased in certain circumstances.
2. A further information covenant will be included as a new Clause 13.2 (i) imposing an obligation on the Issuer to provide the Bondholders with material updates relating to the Technoil Recovery and monthly management cash flows.
3. A new covenant shall be included in Clause 13.5 of the Bond Agreement which shall prohibit the Company and its subsidiaries from funding any expenditure related to ARV3.
4. A new Event of Default shall be included in Clause 15.1 (l) of the Bond Agreement pursuant to which the failure by the Company to appoint an additional non-executive director nominated by Bondholders representing at least 1/2 of the Outstanding Bonds within 28 days after the Parent has received such a nomination from Bondholders shall constitute an Event of Default.

As is required under Clause 8.1.3 of the Bond Agreement, in the event that the Cyprus Owing Company ARV1 enters into the ONGC Contract, it shall enter into a new assignment of earnings and insurances with the Trustee which specifically relates and refers to the ONGC Contract.

In addition, irrespective of whether the Cyprus Owing Company ARV1 is awarded the ONGC Contract, the Bondholders will be granted an English law Deed of Covenants over ARV1 in a form satisfactory to the Trustee.

Legal costs of the Bondholders

The Release described above shall be subject to the payment in full by the Company and/or the Parent of the fees, expenses and disbursements of Bingham McCutchen (London) LLP and the costs and expenses of the Trustee (together, the “**Release Costs**”). The Release Costs shall be paid out of the funds currently held in the Retention Account, such that the Release to the Company of the funds currently held in the Retention Account is made net of the Release Costs, and the Trustee shall pay/receive the Release Costs on the Release Date.

To enable the Issuer to conduct the proposed change of the Bond Agreement, the Issuer has requested the Trustee to summon a Bondholders’ Meeting to consider the approval of the proposed changes.

EOAL has engaged Pareto Securities AS and RS Platou Markets (collectively the “**Advisors**”) as its financial advisors with respect to the Restructuring Proposal as defined below. Bondholders may

accordingly contact Pareto Securities Fixed Income Sales at +47 22 87 87 70 or RS Platou Markets Corporate Finance at +47 22 87 86 86 for further information. The Advisors are acting exclusively as advisors to the Company and to no other parties in connection with the Restructuring Proposal. No due diligence investigations have been carried out by the Advisors with respect to the Company and the Advisors expressly disclaims any and all liability whatsoever in connection with the Restructuring Proposal (including but not limited to the information contained herein and Annex C).

4. THE RESTRUCTURING PROPOSAL

The Company proposes a resolution to be passed by the Bondholders, whereby the Bond Agreement is amended according to the below:

1. Approve the release of USD 6,600,000 from the Retention Account to the Issuer;
2. Approve the Deferred Interest to be deferred until the Repayment Date;
3. Approve the Replenish Deferral;
4. Approve the Deferred Amortisation;
5. Approve the additional Bonds
6. Approve the application of the proceeds from the Technoil Recovery;
7. Approve the payment of the Release Costs;
8. Approve the new Deed of Covenants; and
9. Approve the proposed amendments to the Bond Agreement.

5. EVALUATION OF THE RESTRUCTURING PROPOSAL

EOAL's evaluation:

The Issuer believes that the Restructuring Proposal is the best possible solution available for all stakeholders including the Bondholders in view of the Company's current financial situation and the prevailing conditions in the capital markets.

In the event that the relocation of the ARV1 from Angola to Singapore is unsuccessful in the near term, the Company's potential contract with ONGC will be at risk, and hence the Company's prospects of a successful repayment of the Bonds will be severely diminished.

On the contrary, if successful, the relocation of the ARV1 will improve the Company's future ability to service its bond debt.

The Company has informed the Trustee that it has received confirmations from Bondholders representing more than 2/3 of the total outstanding amount under the Bond Issue to vote in favour of the Restructuring Plan.

Non-reliance of the Trustee:

The Restructuring Proposal is put forward to the Bondholders without further evaluation or recommendations from the Trustee, the Consenting Bondholders or Bingham. 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 Restructuring Proposal.

6. SUMMONS FOR BONDHOLDERS' MEETING

Bondholders are hereby summoned to a Bondholders' Meeting:

Time: Monday 30 January 2012 at 13:00 hours (Oslo time)

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

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 approve the release of USD 6,600,000 from the Retention Account to the Company to be applied to fund, amongst other things, bunker and transit costs to move ARV1 from Angola to Singapore and to pay urgent accounts payable in relation to ARV1.*
2. *The Bondholders approve the deferral of the interest payment originally due on the 15 January 2012 until 15 July 2012 or such earlier date which the Issuer pays the interest payment originally due on 15 January 2012 (including default interest) (the "Repayment Date").*
3. *The Bondholders accept that the obligation to replenish the Retention Account with monthly payments of 1/6 of the amount payable to meet the next interest payment, shall be deferred until the Repayment Date on the following basis: Monthly replenishments to the Retention Account will re-commence on the 15th day of the month after the month in which the Repayment Date occurs, and the first replenishment shall be in an amount that is equivalent to all such replenishments that would have been made had the Issuer not received the benefit of the Replenishment Deferral. By way of example, if the Repayment Date occurs during March 2012, then on 15 April 2012, the Issuer shall pay 3/6th of the 15 July 2012 interest payment into the Retention Account.*
4. *The Bondholders approve that the Issuer shall have the option (by serving a notice on the Trustee (for distribution to the Bondholders via www.stamdata.no) prior to 15 July 2012 confirming that the Company shall exercise the option) to defer the payment of the USD 6,500,000 amortisation amount due on 15 July 2012 (the "Deferred Amortisation") such that it shall pay the Deferred Amortisation over three equal instalments on future amortisation payment dates in accordance with the call option pricing as follows: 1/3 of the Deferred Amortisation at 108.00 % of par value to be paid on 15 January 2013, 1/3 of the Deferred Amortisation at 108.00 % of par value to be paid on 15 July 2013 and 1/3 of the Deferred Amortisation at 106.00 % of par value to be paid on 15 January 2012.*

5. *It shall be a condition to the Bondholders' approval of the Release that the Company shall issue to the Bondholders on the Release Date additional Bonds on a pro rata basis of an amount equivalent to 2.50 per cent of the Outstanding Bonds.*

Further, the Company shall pay the Bondholders an additional PIK coupon equivalent to 5.00 per cent per annum, which shall accrue from 15 January 2012 until both the Repayment Date and the Replenishment Reinstatement have occurred. Such PIK coupon shall be paid to the Bondholders by the issuance of additional Bonds on a pro rata basis on the date that the Replenishment Reinstatement is made.

6. *The Bondholders approve that the proceeds from the Technoil Recovery shall be paid into the Earnings Account, to be applied as follows (i) 50% of the Technoil Recovery proceeds shall be paid into the Retention Account or such lesser amount as is required for the purpose of making the repayment of the interest payment amount originally due on 15 January 2012 and 15 July 2012 and (ii) the balance shall be available to the Company for the purposes of working capital for the Company.*
7. *The Bondholders approve that the Release described above shall be subject to the payment in full by the Company and/or the Parent of the fees, expenses and disbursements of Bingham McCutchen (London) LLP and the costs and expenses of the Trustee (together, the "Release Costs"). The Release Costs shall be paid out of the funds currently held in the Retention Account, such that the Release to the Company of the funds currently held in the Retention Account is made net of the Release Costs, and the Trustee shall pay/receive the Release Costs on the Release Date.*
8. *It shall be a condition to the Bondholders' approval of the Release that the Company shall provide to the Bondholders on or before the Release Date an English law governed Deed of Covenants over ARV1 in a form satisfactory to the Trustee.*
9. *The Bondholders also approve the following additional amendments to be made to the Bond Agreement:*

a. Addition of new Clause 15.1(k) and (l):

"(k) Failure to raise equity

The Issuer has not, by 31 March 2012, received additional cash equity in the amount of at least \$2,000,000 and provided evidence of same to the Trustee (in a form satisfactory to the Trustee)."

"(l) Appointment of independent director

The Parent has not appointed to its board of directors an additional non-executive director nominated by Bondholders representing at least 1/2 of the Outstanding Bonds (which such nomination may be in writing or at a Bondholders' Meeting) within 28 days after the Parent has received such a nomination from Bondholders, and if any non-executive director initially appointed upon the nomination of Bondholders is removed, if the Parent does not appoint a replacement non-executive director to its board of directors within 28 days after receiving a further nomination for a new director from Bondholders provided in each case that the individual nominated by Bondholders is legally eligible to act as a director of the Parent, and shall be paid a directors' fee not exceeding US\$50,000 per annum."

b. Clause 15.6 to be amended such that the final sentence shall be replaced with the following:

“Declaration of default shall be deemed as a mandatory prepayment situation and:

(a) where a default is declared under:

(i) Clause 15.1(a) (Non-payment),

(ii) Clause 15.1(k) (Failure to raise equity); or

(iii) Clause 15.2 (Breach of other obligations) but only where the default is a breach of the Issuer’s obligations in Clause 13.8 (Conditions Subsequent) to ensure that the Equity Increase is made,

The Outstanding Bonds shall be repaid at (i) the same prices as set out in Clause 10.3 (Call Option), plus (ii) 5.00% of the Outstanding Bonds; and

(b) where a default is declared under:

(i) Clause 15.1(b) (Breach of other obligations) other than a breach of the Issuer’s obligations in Clause 13.8 (Conditions Subsequent) to ensure that the Equity Increase is made; or

(ii) Clause 15.1(c) (Cross default) through to Clause 15.1(j) (Material Adverse Effect)

the Outstanding Bonds shall be repaid at the same prices as set out in Clause 10.3 (Call Option).”

c. Clause 13.6 (h) to be amended as follows and a new Clause 13.6 (i) to be added:

Fourth sentence of Clause 13.6 (h) to be replaced with: “The total invoices to the Issuer from the Parent cannot exceed USD 3,500,000 on an annual basis.”

Clause 13.6 (i): “The maximum total invoice amount set out in 13.6 (h) may be increased (up to a total of USD 6,500,000 on an annual basis) if each of the following applies;

(i) if the Parent provides a service to the Issuer or its subsidiaries that is required by them for the purpose of operating their business and such service is provided by the Parent at the same or less cost than would be provided by a bona fide third party provider on arm’s length terms;

(ii) if the Parent can also demonstrate an increase in the scope of its work relative to the work that was previously being provided by the Parent; and

(iii) the scope of work that is the subject of additional services can be clearly demonstrated, to the satisfaction of the Trustee, to be beneficial to the Issuer. ”

d. Addition of new Clause 13.2 (i):

“(i) provide the Bondholders with the following information (to be posted on www.stamdata.no):

(a) any material updates to the status of the Technoil Recovery; and

(b) monthly management cash flows, within 14 days of each month end until the month end immediately following the payment in full of the interest payment originally due 15 January 2012 and the interest payment due on 15 July 2012.”

e. Clause 13.5 to be amended to include a sub-paragraph (k) as follows:

“Expenditure relating to ARV3

The Issuer and its subsidiaries shall not fund any expenditure that arises out of or in connection with ARV3, including by means of intercompany loans or dividends.”

f. Addition of new definitions as follows:

“ARV3” means the vessel “Norman Bridge” to be renamed “ARV3”, with official number 731850, registered in the UK ship register (MCA)

“Technoil Recovery” means the process of the Issuer and/or Parent attempting to recover funds arising out of, in connection with or as a result of the charter agreement between Cyprus Owning Company ARV1 and Technoil-Technologica a Servicos LDA Angola”

10. NTM is given the power of attorney to enter into the necessary agreements in connection with documenting the decisions made by this Bondholders' Meeting as well as to carry out the necessary completion work, 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.

-o0o-

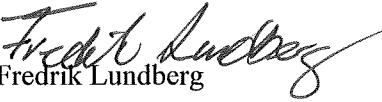
Please find attached a Bondholder's Form from the Securities Depository (VPS), indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the Bondholders' Meeting. (If the Bonds are held in custody, i.e., the owner 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 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


Fredrik Lundberg

Enclosed:
Annex A: Bondholder's Form of Attendance/Proxy Form
Annex B: Term Sheet
Annex C: Memorandum to support the Summons

Equinox Offshore Accommodation Limited

Proposed terms and conditions to agreement between the Parent, Issuer and Bondholders to an amendment of the Loan Agreement

1. INTRODUCTION

- 1.1 Reference is made to the loan agreement dated 15 July 2011 (the "**Loan Agreement**") in connection with the 15% senior secured callable bond issue 2011/2014 (the "**Bonds**") issued by EOAL Cyprus Holdings Limited (the "**Issuer**") and guaranteed by, amongst others, Equinox Offshore Accommodation Limited (the "**Parent**").
- 1.2 Unless expressly defined in this termsheet (the "**Termsheet**"), capitalised terms defined in the Loan Agreement have the same meaning where used in this Termsheet.
- 1.3 This Termsheet is to be attached to a letter of understanding that is addressed to the Issuer, with a copy to the Parent and Loan Trustee, and is to be entered into by certain Bondholders (the "**LOU**").
- 1.4 The purpose of the LOU is to provide comfort to the directors of the Parent and Issuer that the Summons (as defined in the LOU) will be passed by the requisite percentage of Bondholders at the forthcoming Bondholders' Meeting (as defined in the LOU).

2. PROPOSED RELEASE

Subject to the terms contained in this Termsheet, the Bondholders shall release \$6,600,000 from the Retention Account to be applied to fund, amongst other things, bunker costs to move ARV1 from Angola to Singapore and to pay urgent accounts payable in relation to ARV1 (the "**Release**", and the date on which the Release occurs, the "**Release Date**").

3. DEFERRALS UNDER THE LOAN AGREEMENT

- 3.1 Payment of the interest amount that is due on 15 January 2012 shall be deferred until the Repayment Date (as defined below).
- 3.2 The obligation contained in Clause 13.4(b) of the Loan Agreement to replenish the Retention Account with monthly payments of 1/6 of the amount payable to meet the next interest payment, shall be deferred until the Repayment Date on the following basis. Monthly replenishments to the Retention Account will re-commence on the 15th day of the month after the month in which the Repayment Date occurs, and the first replenishment shall be in an amount that is equivalent to all such replenishments that would have been made had the Issuer not received the benefit of the deferral. By way of example, if the Repayment Date occurs during March 2012, then on 15 April 2012, the Issuer shall pay 3/6th of the 15 July 2012 interest payment into the Retention Account.
- 3.3 The replenishments to be made in accordance with paragraph 3 shall be referred to as the "**Replenishment Reinstatement**".

4. TERMS OF THE RELEASE AND DEFERRALS

Payments

- 4.1 On or before 15 July 2012, the Issuer shall pay to the Bondholders the \$6,600,000 interest amount originally due on 15 January 2012 (including default interest that will have accrued

thereon in accordance with Clause 11.4 of the Loan Agreement) (the date of such payment being the “**Repayment Date**”).

- 4.2 For the avoidance of doubt, on 15 July 2012, the Issuer shall also pay to the Bondholders the \$6,600,000 interest amount due on 15 July 2012.
- 4.3 The payments mentioned in paragraph 4.1 and 4.2 shall together be referred to as the “**2012 Interest Payments**”.
- 4.4 The payment of the \$6,500,000 amortisation amount due on 15 July 2012 (the “**July Amortisation**”) shall be deferred such that the Issuer shall pay the July Amortisation in accordance with the following schedule:
- (a) 1/3rd of the July Amortisation shall be paid to the Bondholders on 15 January 2013 at a price equal to 108.00% of par value;
 - (b) 1/3rd of the July Amortisation shall be paid to the Bondholders on 15 July 2013 at a price equal to 108.00% of par value; and
 - (c) 1/3rd of the July Amortisation shall be paid to the Bondholders on 15 January 2014 at a price equal to 106.00% of par value.

Notwithstanding the above in this paragraph 4.4, the Issuer shall have the option to pay the entire July Amortisation on 15 July 2012 in accordance with Clauses 10.1.1 and 10.1.2 of the Loan Agreement.

Additional Notes

- 4.5 Upon the Release Date, the Issuer agrees to pay to the Bondholders an amount equivalent to 2.50 per cent of the Outstanding Bonds, which amount shall be paid to the Bondholders by the issuance of additional Bonds on a pro rata basis.
- 4.6 The Issuer agrees to pay the Bondholders an additional payment in kind (“**PIK**”) coupon equivalent to 5.00 per cent per annum, which shall accrue from 15 January 2012 until both the Repayment Date and the Replenishment Reinstatement have occurred. Such PIK coupon shall be paid to the Bondholders by the issuance of additional Bonds on a pro rata basis on the date that the Replenishment Reinstatement is made.

Additional Events of Default

- 4.7 Clause 15.1 of the Loan Agreement shall be amended to include a sub-paragraph (k) that shall contain the following additional Event of Default:

“(k) *Failure to raise equity*

The Issuer has not, by 31 March 2012, received additional cash equity in the amount of at least \$2,000,000 and provided evidence of same to the Loan Trustee (in a form satisfactory to the Loan Trustee).”

- 4.8 Clause 15.1 of the Loan Agreement shall be amended to include a sub-paragraph (l) that shall contain the following additional Event of Default:

“(l) *Appointment of independent director*

The Parent has not appointed to its board of directors an additional non-executive director nominated by Bondholders representing at least 1/2 of the Outstanding Bonds (which such nomination may be in writing or at a Bondholders’ Meeting) within 28 days after the Parent has received such a nomination from Bondholders, and if any non-executive director initially appointed upon the nomination of Bondholders is removed, if the Parent does not appoint a replacement non-executive director to its board of directors within 28 days after receiving a further nomination for a new director from Bondholders provided in each case that the individual nominated by Bondholders is legally eligible to act as a director of the Parent, and shall be paid a directors’ fee not exceeding US\$50,000 per annum.

Premium on Repayment upon a default:

- 4.9 Clause 15.6 of the Loan Agreement shall be amended such that the final sentence shall read:

“*Declaration of default shall be deemed as a mandatory prepayment situation and:*

(a) where a default is declared under:

- (i) Clause 15.1(a) (Non-payment),*
- (ii) Clause 15.1(k) (Failure to raise equity); or*
- (iii) Clause 15.2 (Breach of other obligations) but only where the default is a breach of the Issuer’s obligations in Clause 13.8 (Conditions Subsequent) to ensure that the Equity Increase is made,*

the Outstanding Bonds shall be repaid at (i) the same prices as set out in Clause 10.3 (Call Option), plus (ii) 5.00% of the Outstanding Bonds; and

(b) where a default is declared under:

- (iv) Clause 15.1(b) (Breach of other obligations) other than a breach of the Issuer’s obligations in Clause 13.8 (Conditions Subsequent) to ensure that the Equity Increase is made; or*
- (v) Clause 15.1(c) (Cross default) through to Clause 15.1(j)(Material Adverse Effect)*

the Outstanding Bonds shall be repaid at the same prices as set out in Clause 10.3 (Call Option).”

Amendment to total SG&A and engineering costs

- 4.10 Clause 13.6(h) of the Loan Agreement shall be amended such the figure “USD 6,500,000” in the following sentence is replaced with the figures “USD 3,500,000”:

“The total invoices to the Issuer from the Parent cannot exceed USD 6,500,000 on an annual basis.”

it being understood that all SG&A costs shall be included within the “USD 3,500,000” figure.

- 4.11 Clause 13.6 of the Loan Agreement shall be amended to include a sub-paragraph (i) that shall contain the following regulation for increase of the cap set out in 16.6 (h):

“The maximum total invoice amount set out in 13.6 (h) may be increased (up to a total of USD 6,500,000 on an annual basis) if each of the following applies;

(i) if the Parent provides a service to the Issuer or its subsidiaries that is required by them for the purpose of operating their business and such service is provided by the Parent at the same or less cost than would be provided by a bona fide third party provider on arm’s length terms;

(ii) if the Parent can also demonstrate an increase in the scope of its work relative to the work that was previously being provided by the Parent; and

(iii) the scope of work that is the subject of additional services can be clearly demonstrated, to the satisfaction of the Loan Trustee, to be beneficial to the Issuer. ”

Payment of Bondholders’ legal fees

- 4.12 The Release shall be subject to the payment in full by the Issuer and/or Parent of the fees, expenses and disbursements of Bingham McCutchen (London) LLP, and the costs and expenses of the Loan Trustee (together, the “**Release Costs**”).
- 4.13 The Release Costs shall be paid out of the funds currently held in the Retention Account, such that the Release to the Issuer of the funds currently held in the Retention Account is made net of the Release Costs, and the Loan Trustee shall pay/receive the Release Costs on the Release Date.

Technoil contract proceeds

- 4.14 The Issuer and Parent agree that any proceeds that are received by the Issuer and/or Parent arising out of, in connection with or as a result of the charter agreement between Cyprus Owing Company ARV1 and Technoil - Technologia e Servicos LDA Angola (the “**Technoil Recovery**”) shall be paid into the Earnings Account, to be applied as follows (i) 50% of the Technoil Recovery proceeds shall be paid into the Retention Account as is required for the purpose of making the 2012 Interest Payments and (ii) the balance shall be available to the Issuer for the purposes of working capital for the Issuer.

Additional information covenants:

- 4.15 Clause 13.2 of the Loan Agreement shall be amended to include a sub-paragraph (i) that shall contain the following additional information covenants:

“(i) provide the Bondholders with the following information:

- (a) *any material updates to the status of the Technoil Recovery; and*
- (b) *monthly management cashflows, within 14 days of each month end until the month end immediately following the payment in full of the 2012 Interest Payments.”*

Expenditure on ARV3

- 4.16 Clause 13.5 of the Loan Agreement shall be amended to include a sub-paragraph (k) which shall include the following additional corporate and operational covenant:

“Expenditure relating to ARV3

The Issuer and its subsidiaries shall not fund any expenditure that arises out of or in connection with ARV3, including by means of intercompany loans or dividends.”

5. ADDITIONS AND/OR AMENDMENTS TO THE SECURITY PACKAGE

- 5.1 In the event that Cyprus Owing Company ARV1 enters into a charter agreement with Oil & Natural Gas Corporation Limited (“**ONGC**”) with respect to the charter of ARV1 (the “**ONGC Charter Agreement**”), Cyprus Owing Company ARV1 shall enter into a new assignment of earnings and insurances with the Loan Trustee which specifically relates and refers to the ONGC Charter Agreement.
- 5.2 It shall be a condition to the Bondholders’ approval of the Release that the Company shall provide to the Bondholders on or before the Release Date an English law governed Deed of Covenants over ARV1 in a form satisfactory to the Loan Trustee.

6. RESERVATION OF RIGHTS

The provisions in this Termsheet do not constitute any amendments to or waivers of any provision of any Finance Document unless and until approved by the requisite number of Bondholders at a Bondholders’ Meeting.

7. GOVERNING LAW

- 7.1 This Termsheet is, and any non-contractual obligations arising out of or in connection with it are, governed by English law and shall be subject to the non-exclusive jurisdiction of the courts of English and Wales.



Memorandum to Support Bondholder Summons

Background

- As of 30 November 2011, there was approximately USD 21.2 million outstanding in overdue receivables from the direct charterer of the ARV1, Technoil Tecnologia e Servicos E Servicos Limitada ("TechNoil").
- Due to the amount outstanding from TechNoil, Equinox Offshore Accommodation Limited (the "Company") and EOAL Cyprus Holdings Limited (the "Issuer") intend to relocate the ARV1 from Angola within the immediate term to undertake a potential contract commencing early in the second quarter of 2012.
- The ARV1 will require some maintenance and repair work prior to undertaking the potential contract after a prolonged period without proper servicing in Angola, as well as some contract specific modifications and a statutory drydocking. These works are intended to be done in Singapore commencing on arrival.

Funding needs

- Additional funding required for the Issuer until the ARV1 is chartered (assumed end March 2012) in the amount of approximately USD 8.5 million.
- The Company intends to raise capital in the immediate term to fund the relocation of the ARV1, undertake necessary pre project works and the delivery of the vessel to the next project.
- A mobilization fee is due on delivery of the vessel to site.
- The capital raised under the attached proposal will be used to address short term liquidity requirements and to fund recovery proceedings in relation to the Angola contract.
- Equinox Offshore ARV 3 B.V., a subsidiary of the Company, has entered into a bridge loan agreement for a loan of USD 60 million at 8.0% interest p.a. The loan matures 16 April 2012 or such other date as the lender may in its sole discretion agree in writing to at the borrower's

request. The Company has not secured any of the funds to repay this loan as of today. The loan is guaranteed by the Company.

Charter for ARV1

- The Company is bidding for several contracts for the ARV1.
- The most likely charter for the vessel is a contract which has an initial firm period of two years, and under which the Company would expect to secure a higher dayrate than that under its current contract.
- A tender for the potential contract was submitted on 29 December 2011. If the Company wins the tender the Company expects to be informed by charterer of the award of the contract well within the first quarter.

Recovery of funds in Angola

- Equinox has retained law firms Holman Fenwick Willan (Singapore) and VORYS lawyers (Houston, USA) as well as counsel in Singapore, in relation to planned recovery proceedings against TechNoil and several project participants.
- The focus of the recovery proceedings will be against parties who have been directly involved with the contracting structure in Angola, who have obtained benefits from the charter of the ARV1.
- The estimated costs for taking the matter to a full trial will be funded outside the immediate capital need of USD 8.5 million.

Details regarding ARV3

- In December 2012 Equinox Offshore ARV 3 B.V. acquired the vessel "Norman Bridge" (to be renamed "ARV3")
- A charter contract has been entered into for the provision of an accommodation and repair vessel to support works in Brazil for a five year firm and up to a five year additional optional period with Petrobras Netherlands B.V.
- Equinox Offshore ARV 3 B.V. also holds the conversion contract with Sembawang Shipyard and a management contract with VShips.
- The acquisition and conversion of ARV3 is financed with a short term bridge financing.

- Please see chapter "Funding needs" above for more details regarding the funding of ARV3.

Financial forecasts

- The Company has made a detailed, month by month, financial forecast for the Issuer assuming that the Company is awarded the two year charter contract with start-up 1 April 2012.
- The conclusion of this analysis is that the Issuer, assuming an equity injection of USD 2 million at end of March, will be able to operate as a going concern until July without any additional capital needs. The working capital and the transit to Singapore will primarily be funded by the released funds from the interest retention account and the cost that will be incurred from the yard stay at Sembawang Shipyard will be funded by the expected mobilization fee.
- Before mid July, the Issuer will need to finance a shortfall of between USD 5 million and USD 10 million. The Company expects to find a financing solution to this shortfall in light of the proposed long term contract for the ARV1, which at that time would be a firm contract, and which is expected to return a project EBITDA to the Issuer between USD 30 million and USD 35 million per annum.

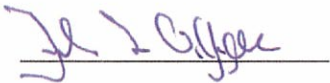
Specification of Funds Required

USES		Sources	
Initial extraction from Angola			
I	Most urgent portion of Accounts Payable	2,70	
II	Bunker costs from Angola to Singapore	1,44	
III	Crew costs from Angola to Singapore	0,32	
IV	Provisions	0,05	
V	Spare parts	1,30	
VI	Legal fees - TechNoll	0,05	
VII	Legal fees - bondholders	0,12	
VIII	Transaction fees	0,20	
IX	Contingendes	0,42	
	Sub total (1)	6,60	6,60
Mobilisation for ONGC contract			
X	Upgrade cost of vessel at Sembawang	5,10	
XI	Bunkers for voyage out of Singapore to India	0,50	
XII	Crew costs from Singapore to India	0,15	
XIII	Contingendes	1,25	
	Sub total (2)	7,00	7,00
Grand total (1)+(2)		13,60	13,60
			Release of bond interest retention account
			New equity to be raised
			Mobilization fee



signed on behalf of

EOAL Cyprus Holdings Limited



signed on behalf of

Equinox Offshore Accommodation Limited