PROSPECTUS

BORR DRILLING LIMITED

(A company incorporated under the laws of Bermuda)

Listing of 7,640,327 New Shares

The information in this prospectus (the **"Prospectus"**) is provided as a basis for the listing of 7,640,327 new shares (the "**New Shares**") in Borr Drilling Limited (**"Borr Drilling"**), to be issued on or about 30 May 2018. Borr Drilling is a public limited company incorporated under the laws of Bermuda (the "**Company**" and, together with the Company's consolidated subsidiaries, the **"Group"**), and is listed on the Oslo Stock Exchange ("**Oslo Børs**").

The 525,000,000 ordinary shares issued by the Company (the "**Existing Shares**") prior to the issuance of the New Shares, are listed on Oslo Børs under the ticker code "**BDRILL**". The New Shares will be listed on Oslo Børs under the ticker code **"BDRILL"** as soon as practically possible following the issuance of the New Shares.

Both the Existing Shares and the New Shares (together, the "**Shares**") are registered in the Norwegian Central Securities Depository (the **"VPS"**) in book-entry form. All Shares rank in parity with one another and carry one vote.

THIS PROSPECTUS SERVES AS A LISTING PROSPECTUS FOR THE NEW SHARES ONLY. THE PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR INVITATION TO PURCHASE, SUBSCRIBE FOR OR SELL THE NEW SHARES. NO SHARES OR OTHER SECURITIES ARE BEING OFFERED OR SOLD IN ANY JURISDICTION PURSUANT TO THIS PROSPECTUS.

Investing in the Shares involves a high degree of risk; see section 2 "Risk Factors" beginning on page 22.

Managers:

DNB Markets,
a part of DNB Bank ASA

ABG Sundal Collier ASA	**Clarksons Platou Securities AS**	**Danske Bank**
Fearnley Securities AS	**Pareto Securities AS**	**Skandinaviska Enskilda Banken AB (publ.), Oslo branch**

The date of this Prospectus is 25 May 2018

IMPORTANT INFORMATION

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "**Norwegian Securities Trading Act**") and related secondary legislation, including the Commission Regulation (EC) no. 809/2004 implementing Directive 2003/71/EC of the European Parliament and the EU Council of 4 November 2003 regarding information contained in prospectuses, as amended, and as implemented in Norway (the "**Prospectus Directive**"). This Prospectus has been prepared solely in the English language.

The Financial Supervisory Authority of Norway (the "**Norwegian FSA**") has reviewed and, on 25 May 2018, approved this Prospectus in accordance with sections 7-7 and 7-8 of the Norwegian Securities Trading Act. This Prospectus is valid for a period of twelve months following the date of such approval.

The Norwegian FSA has not controlled or approved the accuracy or completeness of the information included herein. The approval by the Norwegian FSA only relates to the information included in accordance with predefined disclosure requirements. The Norwegian FSA has not made any form of control or approval relating to the corporate matters described in or referred to in this Prospectus.

The information contained herein is current as at the date hereof but is subject to change, completion and amendment without notice. Significant new factors, material mistakes or inaccuracies relating to the information herein that are capable of affecting the assessment of the value of the New Shares between the date this Prospectus was approved and the first day of trading of the New Shares on the Oslo Børs will, in accordance with section 7-15 of the Norwegian Securities Trading Act, be disclosed in a supplement hereto. The publication and distribution of this Prospectus shall not, under any circumstances, imply that there will be no change in the Group's affairs or that the information herein is correct at any date subsequent to the date of this Prospectus.

No person is authorised to give information or to make representations concerning the Group other than as set forth herein. If any such information is given or made, it should not be relied upon as having been authorised by the Company or the Managers or by any of their affiliates or advisors.

The distribution of this Prospectus may be restricted by law. This Prospectus does not constitute an offer or an invitation to purchase any of the New Shares and no one has taken any action that would permit a public offering of any of the New Shares on a secondary sale basis or the issue of any further shares in the Company to occur. This Prospectus shall not be distributed or published except in compliance with applicable laws and regulations. The Company and the Managers require persons in possession of this Prospectus to inform themselves about and to observe any such restrictions.

The Shares may only be traded in Bermuda in compliance with the provisions of the Investment Business Act of 2003, the Exchange Control Act 1972 and related regulations of Bermuda which regulate the sale of securities in Bermuda. Specific permission is required from the Bermuda Monetary Authority (the "**BMA**") for the issue by a Bermuda company of securities and the subsequent transfer thereof except in cases where the BMA has granted a general permission. The BMA has, in its policy dated 1 June 2005, stated that, where any securities (including shares) of a Bermuda company are listed on an appointed stock exchange, general permission is given for the issue and subsequent transfer of any securities of such company from and/or to a non-resident of Bermuda for as long as the securities of such company remain so listed.

Oslo Børs is deemed to be an appointed stock exchange under Bermuda law. In granting such permission, the BMA accepts no responsibility for the Group's financial soundness or the correctness of any of the statements made or expressed in this Prospectus. This Prospectus does not need to be filed with the Registrar of Companies in Bermuda in accordance with Part III of the Bermuda Companies Act 1981 as amended (the "**Bermuda Companies Act**") and the provisions incorporated therein following the enactment of the Companies Amendment Act 2013. Such provisions state that a prospectus in respect of securities issued by a Bermuda company which are listed on a stock exchange approved by the BMA does not need to be filed in Bermuda as long as the company in question complies with the requirements of such stock exchange in relation thereto.

The Shares may, in certain jurisdictions, be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under such securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdiction. See section 15 "Selling and transfer restrictions" for further information about such restrictions.

Any reproduction or distribution of this Prospectus, in whole or in part and any disclosure of its contents to the public in general, is prohibited.

This Prospectus shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with the Oslo City Court as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Prospectus.

The Company falls under the definition of a small and medium-sized enterprise under the Prospectus Directive as the Company, according to its latest consolidated accounts, had an average number of employees of less than 250 and an annual net turnover not exceeding EUR 50,000,000. Thus, the Prospectus has been prepared in accordance with the proportionate schedules for small and medium-sized enterprises pursuant to EC Commission Regulation 486/2012 regarding the format and content of the prospectus, the base prospectus, the summary and the final terms and in regards to the disclosure requirements. Consequently, the Company has applied checklist annex XXVI and annex III for this Prospectus.

TABLE OF CONTENTS

Appendices:

1. SUMMARY

*This summary (the "**Summary**") relates to the disclosure requirements known as the "Elements". These are numbered in sections A – D (A.1 – D.3) below.*

This Summary covers all the Elements required to be included in a summary for the category of securities which the Shares represents and an issuer of the Company`s type. Because some of the Elements are not required to be addressed, gaps may occur in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the Summary it is possible that no relevant information can be provided. In such case a short description of the Element is included with the mention of "not applicable" as the disclosure.

1.1 Section A – Introduction and warnings

A.1	Warnings	This Summary should be read as an introduction to the Prospectus. Any decision to invest in the Shares should be based on a review of the complete Prospectus. If a claim relating to the information contained herein is brought before a court, the plaintiff might, under the legislation of the relevant jurisdiction, have to bear the costs of translating the Prospectus to the local language before proceedings are initiated. Civil liability attaches only to those persons who are responsible for this Summary (including any translation thereof), but only to the extent this Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or if it does not provide, when read together with the other parts of the Prospectus, information which is material to investors when considering whether to invest in the Shares or not. For the definitions of terms used throughout this Prospectus, see section 17 "Definitions and glossary of terms".
A.2	Consent to use the Prospectus by financial intermediaries	Not applicable.

1.2 Section B – Issuer

B.1	Legal and Commercial Name	The Company’s legal name is Borr Drilling Limited. It is referred to commercially as Borr Drilling.
B.2	Domicile/ Legal Form/ Legislation/ Country of Incorporation	The Company is a public limited liability company incorporated under the laws of Bermuda with registration number 51741. The Company’s registered office and principal place of business is at Thistle House, 4 Burnaby Street, Hamilton HM11, Bermuda.

B.3	Key factors relating to operations/ Activities/ Products sold/ Services performed/ Principal markets	The Company's business comprises the owning and operation of jack-up drilling rigs which provide offshore drilling services to the oil and gas exploration and production industry worldwide. The Company focuses on the shallow water segment, i.e. drilling in water depths up to approximately 400 feet. The Company's strategy is to acquire and operate premium jack-up drilling rigs (delivered ex yard in 2001 or later) in advance of an expected recovery in the offshore drilling market and, on this basis, establish itself as the preferred provider of drilling services in the shallow water segment of the global offshore drilling market. The Group is the owner of a fleet of 23 rigs, consisting of 22 jack-up drilling rigs (**"Rigs"**), 15 of which are premium, and one semi-submersible. The Group will take delivery of five premium jack-up drilling rigs from PPL Shipyard Pte. Limited ("**PPL**") with delivery dates from the second quarter 2018 to the first quarter 2019. Further, the Group has nine premium jack-up drilling rigs on order from Keppel FELS Limited ("**Keppel**") with delivery dates from the second quarter 2018 to the fourth quarter 2020. Once all jack-up drilling rigs on order have been delivered, the Group will be the owner of 29 premium jack-up drilling rigs and seven standard jack-up drilling rigs (built before 2001), and one semi-submersible. Several of the Company's drilling units are contracted to customers for periods between a couple and several months, and the Company's future contracted revenue, or backlog, as of 25 May 2018, totalled approximately USD 179 million, with USD 29 million of this amount attributable to the Company's premium jack-up rigs. The Company expect approximately USD 83 million of the backlog to be realized during the next six months.
B.4a	Recent significant trends	The Company made its first investment on 2 December 2016 by agreeing to buy two premium jack-up drilling rigs (the "**Hercules Rigs**") from Hercules British Offshore Limited ("**Hercules**"). The transaction with Hercules (the "**Hercules Transaction**") was completed on 23 January 2017. The Hercules Rigs were acquired at a total price of USD 130 million, representing USD 65 million per Rig. The Company made its second investment on 23 May 2017 (the "**Transocean Transaction**"), by agreeing to buy all of the shares in issue in eight single purpose companies (the "**Transocean Companies**") from various subsidiaries of Transocean Inc. (**"Transocean"**) together with all of the rights and obligations of

		Transocean under five contracts, each for the construction of one jack-up drilling rig (the "**Keppel New Rigs**") under construction by Keppel (as subsequently novated and amended, the "**Keppel New Rig Contracts**"). The Transocean Companies owned ten jack-up drilling rigs (the "**Transocean Rigs**"). Three of the Transocean Rigs were chartered to the Transocean Charterer, on the terms of the original Transocean bareboat charter – two have since been redelivered to the Group (the "**Original Transocean Bareboat Charter"**). The consideration due from the Company to Transocean in the Transocean Transaction consisted of the above rights and cash, with a total value of approximately USD 1.35 billion. For further information about the Transocean Transaction, see section 10.8.1 "Historical investments". The Company and Keppel subsequently agreed to amend the terms of these (the "**Keppel Transaction**") as further described in section 10.8.1 "Historical investments" and section 5.10 "The New Rig Contracts". The Transocean Transaction and the Keppel Transaction (the "**May 2017 Transactions**") were both completed on 31 May 2017. On 6 October 2017, the Company signed a master agreement with PPL setting forth the terms pursuant to which PPL agreed to sell six premium jack-up drilling rigs and three premium jack-up drilling rigs under construction at its yard in Singapore (together, the "**PPL New Rigs**") to designated subsidiaries of the Company for a consideration of approximately USD 1.3 billion (the **"PPL Transaction"**). On 23 March 2018, the Company completed a private placement of 54,347,827 new shares in a private placement at a subscription price of USD 4.6 per share (the "**March 2018 Private Placement**"). This raised gross proceeds to the Company of USD 250 million which will be used for the acquisition of Paragon and general corporate purposes (including working capital). The March 2018 Private Placement was structured in two tranches, with tranche 1, ("**Tranche 1**") consisting of 48,367,827 new shares and tranche 2 ("**Tranche 2**") consisting of 5,985,000 new shares, subject to an authorised share capital increase approval granted on 5 April 2018. The Board of Directors (the "**Board**") resolved to issue 7,640,327 new shares (the "**New Shares**") as soon as practically possible following the approval of this Prospectus, and the New Shares will be admitted to trading on the Oslo Børs as soon as possible following the issuance, thus

		settling Tranche 2. It is expected that the New Shares will be issued on or about 30 May 2018. On 29 March 2018, the Company completed a voluntary offer to acquire the shares of Paragon Drilling Limited (**"Paragon"**). Through the voluntary offer, the Company acquired 99.41 percent of Paragon for a total consideration of approximately USD 239.9 million. At the date of the transaction, Paragon had a fleet of 23 rigs, consisting of 22 jack-up drilling rigs, of which two were premium, and one semi-submersible. In April and May 2018, the Company sold 15 of the standard jack-up rigs acquired from Paragon, resulting in the acquired Paragon fleet including a total of eight rigs as of the date hereof. On 16 May 2018, the Company entered into agreements to acquire five jack-up drilling rigs, three completed and two under construction, from Keppel (the "**Second Keppel Contracts**"). On 16 May 2018, Company issued USD 350 million in principal amounts of convertible bonds (the "**Convertible Bonds**") with a five-year tenor. In addition, the Company had secured a USD 200 million non-amortizing revolving bank loan facility with two-year duration (the "**Bank Facility**") and a USD 432 million delivery loan (the "**Delivery Loan**") from Keppel to finance the commitments under the Second Keppel Contracts and working capital.
B.5	Group	The Company is the parent company of the Group. The operations of the Group are managed by wholly owned subsidiaries of the Company.
B.6	Persons having an interest in the Issuer's capital or voting rights	As of 25 May 2018, the Company had 3,739 shareholders. Shareholders holding/controlling 5% or more of the Shares have an obligation to disclose this to the market, cfr. the Norwegian Securities Trading Act, section 13.5 "Disclosure obligations". The Company is not aware of any persons or entities, except for those set out below, whom, directly or indirectly, own and/or control more than 5% of the Shares as of the date of this Prospectus. The Company is, as of the date hereof, aware of the following major interests in the Shares: • Schlumberger Oilfield Holdings Limited (**"Schlumberger"**) owns 75,658,500 Shares representing 14.4% of the total Shares issued as of the time of this Prospectus. • Mr. Tor Olav Trøim, the Chairman of the Board, holds 43,260,588 Shares, representing 8.1% of the total Shares issued as of the time of this Prospectus through his affiliated company Magni Partners Limited (**"Magni**

		Partners") and a trust established for the benefit of Mr Trøim, Drew Holdings Limited (**"Drew"**). • According to a filing made on 1 September 2017, FMR LLC holds 26,910,958 Shares representing 5 % of the total Shares issued as of the time of this Prospectus. • According to a filing made on 30 October 2017, Folketrygdfondet holds 24,866,690 Shares, representing 4.7% of the total Shares issued as of the time of this Prospectus. • According to a filing made on 13 April 2018, Artemis Investment Management LLP holds 26,417,236 Shares representing 5% of the total Shares issued as of the time of this Prospectus. The Company is not aware of any other persons or entities that, directly or indirectly, jointly or severally, own or control more than 5% of the Shares. The Company is not aware of any arrangements that may result in, prevent, or restrict a change in control over the Company. The Company is not aware of any shareholders' agreements or other contractual arrangements among its shareholders.
B.7	Selected historical key financial information	The following selected financial information has been extracted from the Company's audited consolidated financial statements for the period from the incorporation of the Company on 8 August 2016 to 31 December 2016 and from 1 January 2017 to 31 December 2017. The Annual Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America (**"US GAAP"**). The selected financial information included herein should be read in connection with and is qualified in its entirety by reference to the Annual Financial Statements which are incorporated by reference in this Prospectus.

Selected statement of income data

Amounts in USD million	2017 (Audited)	2016 (Audited)
Operating revenues	0.1	-
Operating expenses		
Rig operating and maintenance expenses	(36.2)	-
Depreciation and amortization	(47.9)	-
General and administrative expenses	(21.0)	(0.8)
Cost for issuance of warrants	(4.7)	-
Total operating expenses	**(109.8)**	**(0.8)**
Operating loss	**(109.7)**	**(0.8)**
Other financial income (expense), net	21.7	-
Total financial items and other income/(expense), net	**21.7**	**(0.8)**
Loss before income taxes	**(88.0)**	**(0.8)**
Income tax expense	-	-
Net loss for the period	**(88.0)**	**(0.8)**
Net (loss) income attributable to non-controlling interests	**-**	**-**
Net loss for the period attributable to shareholders of Borr Drilling Limited	**(88.0)**	**-**
Basic loss per Share	**(0.34)**	**(0.075)**
Diluted loss per Share	**(0.34)**	**(0.075)**

Selected balance sheet data

Amounts in USD million	2017 (Audited)	2016 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	164.0	138.1
Restricted cash	39.1	-
Other current assets	22.4	-
Total current assets	**225.5**	**138.1**
Non-current assets		
Property, plant and equipment	0.1	-
Jack-up drilling rigs	783.3	-
Newbuildings	642.7	-
Marketable securities	20.7	-
Deposits and costs for business combinations and jack-up drilling rigs	-	20.0
Total non-current assets	**1,446.8**	**20.0**
Total assets	**1,672.3**	**158.1**
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	9.6	-
Accruals and other current liabilities	11.5	0.2
Total current liabilities	**21.1**	**0.2**
Non-current liabilities		
Long-term debt	87.0	-
Onerous contracts	71.3	-
Total non-current liabilities	**158.3**	**-**
Total liabilities	**179.4**	**0.2**
Commitments and contingencies	**-**	**-**
EQUITY		
Common shares of par value USD 0.01 per share	4.8	0.8
Additional paid in capital	1,587.8	157.8
Treasury shares	(6.7)	-
Other comprehensive income	(6.2)	-
Accumulated deficit	(88.8)	(0.8)
Non-controlling interest	2.0	-
Total equity	**1,492.9**	**157.8**
Total liabilities and equity	**1,672.3**	**158.1**

Selected statement of cash flow data

Amounts in USD million	2017 (Audited)	2016 (Audited)
Cash flows from operating activities		
Net (loss)/income	(88.0)	(0.8)
Adjustments to reconcile net (loss)/income to net cash provided by operating activities:		
Non-cash compensation expense related to stock options and warrants	8.2	0.4
Depreciation, amortisation and impairment of long term assets	47.9	-
Unrealised gain (loss) on financial instruments	(4.4)	-
Change in other current assets	(16.5)	-
Change in other current liabilities	20.1	0.2
Net cash (used in)/provided by operating activities	**(32.6)**	**(0.1)**
Cash flows from investing activities		
Decrease (Increase) in restricted cash	(39.1)	-
Purchase of plant and equipment	(0.1)	-
Purchase business combination (Acquisition)	(324.5)	-
Purchase of marketable securities	(26.9)	-
Payment and costs in respect of Newbuildings	(937.4)	-
Payments and costs in respect of Rigs	(119.8)	(14.0)
Net cash (used in)/provided by in investing activities	**(1,447.8)**	**(14.0)**
Cash flows from financing activities		
Proceeds from the issue of Shares, net of issuances cost and conversion of shareholder loan	1,415.0	139.2
Proceeds from related party shareholder loan	12.7	13.0
Purchase of treasury shares	(8.4)	-
Draw down of long term debt	87.0	-
Net cash (used in)/provided by financing activities	**1,506.3**	**152.2**
Net increase in cash and cash equivalents	**25.9**	**138.1**
Foreign exchange translation difference	-	-
Cash and cash equivalents at beginning of the period	138.1	-
Cash and cash equivalents at the end of period	**164.0**	**138.1**
Supplementary disclosure of cash flow information		
Interest paid, net of capitalized interest	-	-
Taxes paid	-	-

	Significant subsequent changes	On 4 January 2018, the Company took delivery of "Gerd", the second jack-up rig from PPL. On 5 January 2018, the Company took delivery of "Saga", the first newbuilding from Keppel. In January 2018, "Norve" commenced operations for BW Energy Dussafu B.V. in Gabon. In January 2018, Patrick Schorn, Executive Vice President of New Ventures in Schlumberger, joined the Board of Directors. On 24 February 2018, the Company took delivery of "Gersemi", the third jack-up rig from PPL. On 28 March 2018, the Company completed the voluntary tender offer to acquire the shares of Paragon. Through the voluntary tender offer, the Company acquired 99.41 percent of Paragon for a total consideration of approximately USD 239.9 million. On 23 March 2018, the Company completed the March 2018 Private Placement raising gross proceeds of USD 250 million. On 8 April 2018, the Company divested "M1161", one of the standard jack-up rigs acquired from Paragon. On 13 April 2018, the Company took delivery of "Grid", the fourth jack-up rig from PPL. On 23 April 2018, the Company divested "L786", one of the standard jack-up rigs acquired from Paragon. On 8 May 2018, two sales agreements were executed for two standard jack-up rigs and on 18 May 2018, further 13 sales agreements were signed for the sale of additional 13 standard jack-up drilling rigs. One of the rigs was delivered on 9 May 2018, 13 were delivered to the new owner on 23 May 2018, while the remaining rig "Brage" is expected to be delivered in June 2018. On 16 May 2018, the Company announced the completion of a USD 350 million convertible bonds issuance with a coupon of 3.875% per annum and a conversion premium of 37.5% above a reference price of USD 4.87 per share. In connection with this placement the Company has also entered into a call spread ("**Call Spread**"), which increases the effective conversion premium for the Company to 75% above the reference price. During May 2018, the Company also entered into a two-year USD 200 million secured revolving Bank Facility with DNB Bank ASA.

		On 16 May 2018, the Company further announced an agreement to acquire five additional jack-up drilling rigs from Keppel for a total price of approximately USD 742.5 million. As part of the transaction, the Company and Keppel agreed to delay the delivery of "Tivar" by 15 months to July 2020. The Company also secured a USD 432 million Delivery Loan. On 23 May 2018, the Company secured a new contract with an undisclosed counterparty for "Norve" in West Africa for 180 days at USD 80,000 per day. Apart from the above, there has been no significant change in the financial or trading position of the Group since 31 December 2017.
B.8	Selected key pro forma financial information	This Prospectus contains an unaudited pro forma condensed balance sheet as of 31 December 2017 (the **"Pro Forma Balance Sheet"**) to illustrate how the acquisition of Paragon and the acquisition of the Second Keppel Contracts, including the Convertible Bonds issuance, would have affected the Group's consolidated interim balance sheet as of 31 December 2017 if the closing had occurred on 31 December 2017.

The Pro Forma Balance Sheet

(In USD million)	Borr Drilling Limited Consolidated 31 December 2017	Paragon Offshore Limited Unaudited Condensed Consolidated 31 December 2017	Prospector Group Unaudited Condensed Consolidated 31 December 2017	Pro forma adjustments Paragon Transaction Unaudited	Pro forma adjustments Second Keppel Transaction Unaudited	Notes	Pro forma Unaudited 31 December 2017
ASSETS							
Current Assets							
Cash and cash equivalents	164.0	149.1	23.4	-179.4	253.8	A	410.9
Restricted cash	39.1	5.8	7.9	-7.9		B	44.9
Other current assets	22.4	61.2	7.8	-			91.3
Total current assets	**225.5**	**216.0**	**39.0**	**-187.2**	**253.8**		**547.1**
Non-current assets							
Property, Plant and Equipment	0.1	10.8	-	-			10.9
Jack-up drilling rigs	783.3	237.9	214.6	-173.7	445.5	C	1,507.6
Newbuildings	642.7	-	-	-	297.0	C	939.7
Rig contracts	-	-	-	44.4		D	44.4
Marketable securities	20.7	-	-	-			20.7
Other non-current assets	-	167.8	33.2	-191.0		E	10.0
Total non-current assets	**1,446.8**	**416.5**	**247.8**	**-320.3**	**742.5**		**2,533.3**
Total assets	**1,672.3**	**632.5**	**286.8**	**-507.5**	**996.3**		**3,080.4**
LIABILITIES AND EQUITY							
Current liabilities							
Trade payables	9.6	27.2	18.2	-11.4		F	43.5
Accruals and other current liabilities	11.5	38.6	26.4	-24.4		G	52.1
Total current liabilities	**21.1**	**65.8**	**44.6**	**-35.8**			**95.7**
Non-current liabilities							
Deferred tax	-	-	-	-			-
Long-term debt	87.0	86.4	94.8	-181.2	996.3	H	1,083.3
Onerous contracts	71.3	-	-	-			71.3
Accruals and other liabilities	-	10.8	0.9	-			11.7
Total non-current liabilities	**158.3**	**97.1**	**95.7**	**-181.2**	**996.3**		**1,166.2**
Total liabilities	**179.4**	**162.9**	**140.4**	**-217.0**	**996.3**		**1,261.9**
Commitments and contingencies	**-**	**-**	**-**	**-**			**-**
EQUITY							
Paid in capital	4.8	-	-	0.5		I	5.3
Additional paid in capital	1,587.8	547.6	-	-301.4		J	1,834.0
Treasury shares	-6.7		-	-			-6.7
Other comprehensive income	-6.2		-	-			-6.2
Accumulated deficit	-88.8	-77.9	146.5	10.4		K	-9.9
Non-controlling interest	2.0		-	-			2.0
Total equity	**1,492.9**	**469.6**	**146.5**	**-290.5**	**-**		**1,818.5**
		0.0					
Total liabilities and equity	**1,672.3**	**632.5**	**286.8**	**-507.5**	**996.3**		**3,080.4**

B.9	Profit forecast or	No profit forecasts or estimates are included in this Prospectus.

	estimate	
B.10	Qualifications in audit report	There are no qualifications in the audit reports.
B.11	Working capital	The Company is, as of the date of this Prospectus, of the opinion that the Group's working capital is sufficient for the Group's present requirements in a twelve months perspective.

1.3 **Section C – Securities**

C.1	Type of class of securities being offered	The Company has one class of Shares in issue and all Shares are equal in all respects. Each share has a par value of USD 0.01. The Shares have been issued under the Bermuda Companies Act. The Company's register of members (shareholders) is maintained in physical form at the Company's registered office in Bermuda. To achieve compatibility with the requirements of Bermuda company law as to the registration and transfer of shares, the Shares will be recorded in the Company's register of members in the name of DNB Bank ASA (**"DNB"**) which will hold these Shares as nominee on behalf of the beneficial owners. For the purpose of trading in the Shares on Oslo Børs, the Company will maintain a register in the VPS operated by DNB's securities services division (the "**Registrar**"). This register (the "**Sub-Register of Shareholders**") will record the beneficial ownership interests in the Shares. An investor will be registered in the Sub-Register of Shareholders as beneficial owner of the Shares and the interest traded on Oslo Børs will be referred to as shares in the Company. For the purpose of Bermuda law, the Registrar will, however, be regarded as the owner of the Shares. Investors registered as owners of the Shares in the Sub-Register of Shareholders will have to exercise their rights of ownership relating to the Shares through the Registrar as their nominee. The Shares are registered in book-entry form in the Sub-Register of Shareholders on International Securities Identification Number (**"ISIN"**) BMG 1466R1088. The New Shares will be listed on Oslo Børs as soon as practically possible following the approval of this Prospectus by the Norwegian Financial Supervisory Authority (the **"Norwegian FSA"**) and the issuance of the New Shares which is expected on or about 30 May 2018.
C.2	Currency	The par value of each Share is USD 0.01. Trading in the Shares on Oslo Børs (and the price quoted) is settled in NOK.
C.3	Number of shares/ Par value	At the date of this Prospectus, the Company has an authorised share capital of USD 6,250,000 divided on 625,000,000 Shares with a par value of USD 0.01. The Company has issued share capital of USD 5,250,000 divided on 525,000,000 Shares with a par value of USD 0.01.

C.4	Rights attached	The Company has one class of shares and each Share carries one vote. A beneficial owner of a Share can only exercise his voting and other shareholder rights through the Registrar (in its capacity as nominal owner) and must do so by instructing the Registrar to vote his Shares in accordance with his directions in the Company's general meeting.
C.5	Restrictions	Subject to the Bermuda Companies Act, the Company's bye-laws (the "**Bye-laws**") and memorandum of association (the "**Memorandum of Association**") and any applicable securities laws, there are no restrictions on trading in the Shares
C.6	Listing and admission to trading	The Existing Shares are listed on Oslo Børs under ticker code "BDRILL". The New Shares will be admitted to trading on the Oslo Børs as soon as practically possible following the approval of this Prospectus by the Norwegian FSA and the issuance of the New Shares which is expected on or about 30 May 2018.
C.7	Dividend policy	The Company has not distributed any dividends since its incorporation and does not intend to distribute any dividend in the near future.

1.4 **Section D – Risks**

D.1	Key risks specific to the industry and the Company	Investors should consider the following key risks specific to the offshore drilling industry and the Company: • The Company may not be able to secure employment for those of the Rigs that are stacked nor extend the employment for those Rigs that are working. The Company will then either have to sell assets or raise further financing in order to cover its operating cost. • Some of the oldest Rigs may, if no employment can be secured for them, have to be divested (sold for non-drilling purposes) at a net cost to the Company. • Reactivating the Rigs that are stacked may involve costs which cannot be recovered under any employment contract for which such Rig(s) are activated. • A decline in the demand for the Group's services and/or an increase in the supply of drilling services in the shallow water segment may lead to a reduction in day rate levels compared to those that prevail today. This may lead to asset impairments. • The completion of the construction of the New Rigs is subject to a number of risks which could cause delays in the delivery dates and/or increased costs to the Company. • The Group is, wherever its Rigs operate, subject to complex laws and regulations (including environmental laws) which can adversely affect the cost of conducting its business.
D.3	Key risks relating to the Shares	Investors should consider the following key risks related to the Shares: • Future issue of shares or other equities may dilute the holdings of shareholders and could materially affect the price of the Shares. • An investor purchasing Shares on the Oslo Børs will, as beneficial owner only, not be able to directly exercise his shareholder rights. • Investors` rights and responsibilities as shareholders will be governed by Bermuda law which differs in some respects, from the right and responsibilities of shareholders under other jurisdictions, including Norway and the United States, and the rights of the Company's shareholders under Bermuda law may not be as clearly established as shareholder rights are established under the laws of other jurisdictions. • Because the Group is incorporated under the laws of Bermuda, shareholders may face difficulty protecting their interests, and their ability to protect their rights through courts outside Bermuda, including the courts of United States and Norway, may be limited. • Shareholders outside Norway are subject to exchange rate risk.

2. RISK FACTORS

2.1 General

Investing in the Shares involves a high degree of risk. An investor considering such an investment should therefore carefully consider the following risk factors, being the principal known risks and uncertainties faced by the Group as of the date hereof, as well as the other information contained herein. Should any of the following risks materialise, it could have a material adverse effect on the Group's business, prospects, result of operations, cash flows and financial position. The price of the Shares may, as a consequence, decline, causing investors to lose all or part of their invested capital.

It is not possible to quantify the significance of each individual risk factor, as each of these may materialize to a greater or lesser degree. The order in which the individual risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of the severity or significance of any individual risk.

An investment in the Shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

The information is presented as of the date hereof and is subject to change, completion or amendment without notice.

2.2 Business risks

2.2.1 The Group may not be able to secure employment for the rigs it owns from time to time (a "Rig" or, collectively, the "**Fleet**") or extend the current employment of any Rig that is working.

14 of the rigs (the "**Rigs**"), the nine new rigs on order from Keppel FELS Limited (**"Keppel"**) and the five new rigs on order from PPL Shipyard Pte Limited (**"PPL"**) (together, the "**New Rigs**") are currently unemployed. The Company believes it will be able to secure satisfactory employment for most of the premium Rigs in the short to medium term, but no assurance can be given of this.

The level of activity in the offshore drilling industry is cyclical, volatile and impacted by oil and natural gas prices. Sustained periods of low oil and natural gas prices typically result in reduced demand for drilling services because the capital expenditure budgets of companies exploring for or producing oil and/or natural gas ("**E&P Companies**") are sensitive to changes in oil and natural gas prices. A decline in the activity level of the oil and natural gas industry could therefore have a material adverse effect on the demand for the Group's services and on the business, financial condition and results of the Group's operations.

The Group's focus will be on operations in the shallow water segment where the drilling costs are generally lower than in the deeper water environments. Hence, such areas will normally be preferred for new exploration over areas in deeper water. Activity in this segment therefore tends to be maintained longer. In recent years, oil and natural gas prices have decreased and exploration and development activities have fallen as a consequence. Any further decrease in exploration, development or production drilling expenditures by E&P Companies could have a material adverse effect on the Group's business, financial condition and results of operations.

The business in which the Group operates is extremely competitive. Contracts are generally awarded based on tender processes. Price competition is typically a key factor in determining a contract award.

Customers may also consider availability and location of rigs offered, operational and safety performance records, and condition and suitability of equipment. Competition among providers of offshore drilling services is global as rigs can be moved relatively easy from areas of low utilization and day rates to areas of greater activity and corresponding higher day rates. Costs connected with relocating rigs for these purposes are sometimes substantial. If the Group is unable to compete successfully for employment contracts, its revenues and profitability may suffer.

The offshore drilling industry has, historically, been cyclical with periods of high demand, limited supply and high day rates alternating with periods of low demand, excess supply and low day rates. Periods of low demand and excess supply intensify competition in the industry and may result in rigs being stacked or earning substantially lower day rates than the historical average for long periods of time. The industry is, at the moment, at the bottom of such a cycle. There can be no assurance when and if the market will improve.

The offshore drilling industry is influenced by additional factors including:

- the economics of non-conventional hydrocarbons;
- the political and military environment in oil and natural gas reserve jurisdictions;
- regulatory restrictions on offshore drilling;
- the discovery of new oil and natural gas reserves;
- the level of costs for offshore oil and natural gas and construction services; and
- oil and natural gas transportation costs;

Any of these factors, together with prolonged periods of low utilization and day rates, could reduce demand for the Group's services and adversely affect its business, financial condition or results of operations.

7 of the Rigs are built prior to 2001. It is not likely that all of these will be able to secure any employment until such time as the market has materially improved, if at all.

If no or only a limited employment of the Fleet is secured, the Group's cash reserves may be spent on running costs requiring further amounts of equity or other finance to be raised to finance continued operations.

2.2.2 The Group may have to divest some of the Rigs if not able to secure satisfactory employment for them.

The Group strategy is to offer the market premium jack-up drilling rigs. While a majority of the Rigs following delivery of the New Rigs will fall into this category, 7 of the Rigs are built prior to 2001. While the Company will seek employment opportunities for these Rigs, it may, if it proves difficult to employ these at acceptable day rates, be economically most beneficial to divest all or some of these.

This can involve a net cost to the Company.

2.2.3 The Group might not be able to acquire additional jack-up drilling rigs at attractive price levels or at all. Any such acquisitions could have an adverse effect on the Group's results of operations.

A key part of the strategy of the Company is to acquire additional, premium jack-up drilling rigs on attractive terms in order to grow the Fleet and position itself for an expected market recovery.

The consummation and timing of any future acquisitions will depend upon, among other things, the availability of attractive jack-up drilling rigs for sale, the Company`s ability to negotiate acceptable purchase agreements and its ability to obtain financing for such acquisitions on acceptable terms. No assurances can be given that the Company will be able to consummate any further acquisitions. This may thus limit the Group's future growth.

Further, any acquisitions could expose the Group to, among other things, the risk of incorrect assumptions related to revenue and costs, timing of a potential recovery in day rates, undetected defects and unforeseen consequences or other external events beyond the Group's control.

2.2.4 The market value of the Rigs and the New Rigs (when delivered) and any further rigs the Group acquires may decrease. This could cause the Group to incur losses if the Group decide to sell them. Further, a decline in day rates and utilization could force the Company to impair some or all of its Rigs.

The fair market value of the Rigs and the New Rigs (when delivered) may increase or decrease depending on a number of factors, including:

- general economic and market conditions affecting the offshore drilling industry, including competition from other offshore drilling companies;
- types, sizes and the technical specifications of the Rigs and the New Rigs (when delivered) and their condition;
- demand for the Rigs and the New Rigs (when delivered);
- costs of building new rigs;
- prevailing level of day rates for drilling services;
- governmental or other regulations; and
- technological advances.

If the Group sells a Rig or, at a time when the value thereof has decreased, such a sale may result in a loss. Such a loss could materially and adversely affect the Group's business, financial condition or results of operations.

The Group has acquired the Rigs and the New Rigs at lower prices than the historical average for similar jack-up drilling rigs. However, the Group will evaluate their book values whenever events or changes in circumstances indicate that the carrying amount of a Rig may not be recoverable. An impairment loss on property and equipment exists when the estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount.

2.2.5 If the Group was to reactivate speculatively any of its stacked Rigs or commit speculatively to order further new rigs, the Group will be exposed to a number of risks which, in turn, could adversely affect the Group's financial position, results of operations and cash flows.

If the Group was to reactivate speculatively any of the Rigs which are currently stacked or any Rigs which may be stacked in the future, or to speculatively enter into further construction contracts for new rigs, it will be exposed to a number of risks. For example, the reactivation process is subject to project management and execution risks and newbuilding projects are subject to the risks discussed below. Failure to execute a reactivation project on time and/or on budget, as well as a failure to contract such Rig or a new rig on acceptable terms or in a timely manner could materially adversely affect the Group's financial position, results of operations and cash flows.

2.2.6 An over-supply of new rigs in the market may lead to a reduction in day rates and could therefore materially impact the Group.

Prior to the recent industry downturn, industry participants have increased the supply of rigs by ordering new rigs. This has and will, when these are delivered, create a significant oversupply of rigs in the market. This together with the reduction of demand has caused a material decline in utilization and day rates. To the extent that rigs currently under construction have not been contracted for future work, there may be increased price competition as those rigs enter the market, leading to a further reduction in day rates. As a result, the Group's business, financial condition and results of operations would be materially adversely affected.

2.2.7 Upgrade, refurbishment and repair projects are subject to risks, including delays and cost overruns, which could have an adverse impact on the Group's available cash resources and results of operations.

The Group incurs upgrade, refurbishment and repair expenditures for its Rigs from time to time, typically when upgrades are required by industry standards and/or by law. Such expenditures are also necessary in response to requests by customers, inspections, regulatory or certifying authorities or when a Rig is damaged. Upgrade, refurbishment and repair projects are subject to execution risks of delay or cost overruns, including costs or delays resulting from the following:

- unexpected long delivery times for, or shortages of, key equipment, parts and materials;
- shortages of skilled labour and other shipyard personnel necessary to perform the work;
- unforeseen increases in the cost of equipment, labour and raw materials, particularly steel;
- unforeseen design and engineering problems;
- latent damages to or deterioration of hull, equipment and machinery in excess of engineering estimates and assumptions;
- unanticipated actual or purported change orders;
- Health, Safety and Environment (**"HSE"**) incidents;
- failures or delays of third-party service providers;
- disputes with shipyards and suppliers;
- delays and unexpected costs of incorporating parts and materials needed for the completion of projects;
- changes to a particular customers' specifications;
- failure or delay in obtaining acceptance of a Rig from a customer;
- financial or other difficulties at shipyards;
- adverse weather conditions; and

- inability or delay in obtaining flag-state, classification society, certificate of inspection, or regulatory approvals.

Significant cost overruns or delays could adversely affect the Group's business, financial condition and results of operations. Additionally, capital expenditures and deferred costs for upgrading and refurbishment projects, including any planned refurbishments and upgrades of the Rigs, could exceed the Group's planned capital expenditures. Failure to complete an upgrade, refurbishment or repair projects on time may, in some circumstances, result in the delay, renegotiation or cancellation of an employment contract and could put at risk planned arrangements to commence operations on schedule. The Group could also be exposed to contractual penalties for failure to complete an upgrade, refurbishment or repair project and consequentially a failure to commence operations in a timely manner. Rigs undergoing upgrade, refurbishment or repairs generally do not earn a day rate during the period they are out of service. Failure by the Group to minimize lost day rates resulting from the immobilization of its Rigs may materially adversely impact the Group's business, financial condition and results of operations.

2.2.8 Reactivation of stacked Rigs is subject to risks, including delays and cost overruns, which could have an adverse impact on available cash resources and results of operations.

The Group plan to reactivate those of the Rigs that are currently stacked once the market and availability of employment contracts allows for positive economic results of such reactivation. Reactivation projects are subject to execution risks of delay or cost overruns, including costs or delays.

Significant cost overruns or delays may adversely affect the Group's business, financial condition and results of operations. Capital expenditures and deferred costs for reactivation of stacked Rigs, could also exceed the Group's planned capital expenditures. Failure to complete a reactivation on time may, in some circumstances, result in the delay, renegotiation or cancellation of an employment contract and could put at risk planned arrangements to commence operations on schedule. The Group could also be exposed to contractual penalties for failure to complete a reactivation and commence operations in a timely manner.

2.2.9 Supplier capacity constraints or shortages in parts, crew or equipment, supplier production disruptions, supplier quality and sourcing issues or price increases could increase the Group's operating costs, decrease revenues and adversely impact the Group's operations.

The Group's reliance on third-party suppliers, manufacturers and service providers to secure equipment and crew used in the Group's drilling operations exposes it to volatility in the quality, price and availability of such items. Certain specialized parts, crew and equipment the Group uses in its operations may be available only from a single or a small number of suppliers. A disruption in the deliveries from such third-party suppliers, capacity constraints, production disruptions, price increases, defects or quality-control issues, recalls or other decreased availability or servicing of parts and equipment could adversely affect the Group's ability to meet its commitments towards its customers, adversely impact operations and revenues by resulting in uncompensated downtime, reduce day rates or the cancellation or termination of contracts, or increase the Group's operating costs.

2.2.10 There may be limits to the Group's ability to mobilize Rigs between geographic areas, and the duration, risks and associated costs of such mobilizations may be material to the Group's business.

The offshore drilling market is a global market as rigs can be moved easily from one area to another. However, the ability to move rigs can be impacted by several factors including, but not limited to, governmental regulation and customs practices, the significant costs and risk of damage related to moving a rig, availability of tugs and dry tow vessels, weather, political instability, civil unrest, military actions and the technical capability of a rig to relocate and operate in various environments. Additionally, the Group may not be paid for the time that a Rig is out of service due to a move being made. The Group may relocate a Rig to another geographic market without a customer contract, which could result in costs not reimbursable by future customers. Mobilisation and relocating activities could therefore have a material adverse effect on the Group's business, financial condition and results of operations.

2.2.11 The Group's business involves numerous operating hazards and insurance and contractual indemnity rights may not be adequate to cover any losses resulting therefrom.

The Group's operations are subject to the usual hazards inherent in the offshore drilling industry. These hazards include, but are not limited to blowouts, reservoir damage, punch through, loss of production, loss of control of the well, abnormal drilling conditions, mechanical or technological failures, craterings, fires and pollution and failure of employees to comply with applicable HSE guidelines. The occurrence of any of these events may result in the suspension of drilling operations, fines or penalties, claims or investigations by the customer, regulatory bodies and others affected by such events, severe damage or destruction of property and equipment involved, injury or death to Rig personnel, environmental damage and increased insurance costs. The Group may also be subject to personal injury and other claims of personnel as a result of the Group's drilling operations. Operations also may be suspended because of machinery breakdowns, abnormal operating conditions, failure of subcontractors to perform and personnel shortages.

In addition, the Group's operations are subject to perils peculiar to marine operations including capsizing, grounding, collision, sinking and loss or damage from severe weather. Severe weather could have a material adverse effect on the Group's operations, damaging Rigs as a consequence of high winds, turbulent seas, or unstable sea bottom conditions. Such occurrences could potentially cause the Group to curtail operations for significant periods of time while repairs are performed.

Damage to the environment could result from operations, particularly through blowouts, oil spillage or extensive uncontrolled fires. The Group may also be subject to fines, penalties resulting from property, environmental, natural resource and other damage claims by governments, oil and natural gas companies and other businesses operating offshore and in coastal areas, including claims by individuals living in or around coastal areas.

As is customary in the offshore drilling industry, the risks of the Group's operations are covered partially by insurance and partially by contractual indemnities from the Group's customers. However, insurance policies may not adequately cover losses and customers may not be financially able to indemnify the Group against all these risks. Also, the Group may not be able to enforce these indemnities due to legal or judicial factors. Additionally, the Group may be unable to agree terms in some customer contracts which would fully indemnify the Group from such damages and risks. As a result, the Group may not have insurance coverage or indemnification for all risks. Moreover, pollution and environmental risks

generally are not fully insurable. If a significant accident or other event resulting in damage to a rig, including severe weather, terrorist acts, war, civil disturbances, pollution or environmental damage, occurs and is not fully covered by insurance or a recoverable indemnity from a customer, it could materially adversely affect the Group's business, financial condition and results of operations.

2.2.12 The Group's insurance coverage may become inadequate to cover losses, more expensive, or may become unavailable in the future.

The Group's insurance coverage is subject to certain significant deductibles and does not cover all types of losses and, in some situations, may not provide full coverage for losses or liabilities resulting from the Group's operations. The Group may experience increased costs for available insurance coverage, which may impose higher deductibles and limit maximum aggregated recoveries, including for hurricane or cyclone-related windstorm damage or loss. Insurance costs may increase in the event of ongoing patterns of adverse changes in weather or climate. Although the Group believes its insurance cover is adequate, the Group's policies combined with such contractual indemnity rights as may be obtainable may not adequately cover all losses or may have exclusions of coverage for certain losses. The Group does not have insurance coverage or rights to indemnity for all risks. Moreover, the Group may not be able to maintain adequate insurance or obtain insurance coverage for certain risks in the future at premiums the Group consider reasonable. These insurance related risks could materially adversely affect the Group's business, financial condition and results of operations.

2.2.13 The Group may not be able to keep pace with technological developments and finance adequate capital expenditures in response to higher specification rigs being deployed within the industry.

While the majority of the Rigs are premium, the market for the Group's services will continuously undergo technological developments which may result in further improvements in the functionality and performance of rigs and equipment. Customers may thus, in the future demand the services of newer rigs, and may also impose restrictions on the maximum age of rigs. To the extent that the Group is unable to negotiate agreements for customer reimbursement for the cost of increasing the specification of the Rigs, the Group could be incurring higher capital expenditures than planned. Customer demand for newer, higher specification rigs might also result in newer rigs operating at higher overall utilization rates and day rates.

The Group has one of the younger fleets of jack-up drilling rigs in the industry. This profile will be strengthened when the New Rigs are delivered. However, the Group may be required to increase capital expenditure to maintain and improve the Rigs and/or purchase and order newer, higher specification drilling rigs to meet the needs of customers. Consequently, the Group's future success and profitability will depend, in part, upon the Group's ability to keep pace with technological developments. If, in response to technological developments or changes in standards in the industry, the Group is not successful in acquiring new rigs or upgrading the Rigs in a timely and cost-effective manner, the Group could lose business and profits. In addition, current competitors or new market entrants may develop new technologies, services or standards that could render some of the Group's services or the Rigs obsolete, which could have a material adverse effect on the Group's business, financial condition and results of operations.

2.2.14 The completion of the construction of the New Rigs which are not constructed is subject to various risks which could cause delays or cost overruns and have an adverse impact on the Group's results of operations.

Completion of the construction of the New Rigs which are not constructed is subject to a number of risks, including:

- unexpectedly long delivery times for, or shortages of, key equipment, parts and materials;
- unforeseen design and engineering problems leading to delays;
- labour disputes and work stoppages at Keppel's and/or PPL shipyards;
- HSE accidents and incidents or other safety hazards;
- disputes with Keppel and/or PPL or other suppliers;
- last minute changes to the specifications;
- financial or other difficulties at Keppel and/or PPL;
- adverse weather conditions or any other force majeure events; and
- inability or delay in obtaining flag-state, classification society, or regulatory approvals or permits.

Failure to complete the construction of any Newbuilding on time may result in the delay, renegotiation or cancellation of employment contracts secured for the New Rigs. Further, significant delays in the delivery of the New Rigs could have a negative impact on the Group's reputation and customer relationships. The Group could also be exposed to contractual penalties for failure to commence operations in a timely manner, or experience a loss due to non-payment under refund guarantees issued by Keppel's and PPL's respective parent, all of which would adversely affect the Group's business, financial condition and results of operations.

2.2.15 The Group is dependent on key employees (including its senior management team) and the Group's business could be negatively impacted if the Group is unable to attract and retain personnel necessary for its success.

The Group currently has a limited number of employees. Consequently, the Group is highly dependent on these and its ability to strengthen the management team through further recruiting. Senior managers of the Group possess skills that are important to the operation of the Group's business. The loss or an extended interruption in the services of the Group's senior personnel, or the inability to attract or develop a competent and complete senior management team, could have an adverse effect on the Group's business, financial condition and results of operations.

2.2.16 The Group may not be able to recruit and retain sufficient qualified employees and / or labour costs may increase.

The Group is in the process of establishing its own management organisation. This requires highly skilled personnel to operate and provide technical services and support in the Group's operations. Many of the buyers of drilling services require specific minimum levels of experience and technical qualification for certain positions on rigs which they contract. In periods of high utilization and demand for drilling services, it is more difficult and costly to recruit and retain qualified employees, especially in foreign countries that require a certain percentage of national employees. This limited availability of qualified personnel coupled with local regulations focusing on crew composition could impact the Group's ability to fully staff and operate the Rigs and could also increase the Group's future operating expenses, with a resulting reduction in the Group's net income.

2.2.17 The Group's international operations involve additional risks, which could adversely affect the Group's business.

The Group operate in various regions throughout the world and as a result may be exposed to political and other uncertainties, including risks of:

- terrorist acts, armed hostilities, war and civil disturbances;
- acts of piracy, in regions of the world such as the South China Sea, Strait of Malacca, off the coast of West Africa and in the Gulf of Aden off the coast of Somalia;
- significant governmental influence over many aspects of local economies;
- repudiation, nullification, modification or renegotiation of contracts;
- limitations on insurance coverage, such as war risk coverage, in certain areas;
- political unrest or revolutions;
- foreign and United States monetary policy and foreign currency fluctuations and devaluations;
- the inability to repatriate income or capital;
- complications associated with repairing and replacing equipment in remote locations;
- import-export quotas, wage and price controls and imposition of trade barriers;
- regulatory or financial requirements to comply with foreign bureaucratic actions;
- changing taxation policies, including confiscatory taxation;
- other forms of government regulation and economic conditions that are beyond its control;
- corruption;
- natural disasters;
- public health threats; and
- claims by employees, third parties or customers.

In addition, drilling operations are subject to various laws and regulations in the countries in which the Group operate, including laws and regulations relating to:

- the equipping and operation of rigs;
- repatriation of foreign earnings;
- oil and natural gas exploration and development;
- taxation of offshore earnings and the earnings of expatriate personnel; and
- use and compensation of local employees and suppliers by foreign contractors.

Some foreign governments favour or effectively require (i) the awarding of employment contracts to local contractors or to rig owners that are majority-owned by their own citizens, (ii) the use of a local agents or (iii) foreign contractors to employ local citizens and suppliers.

Furthermore, business operations require authorizations from various national and local government agencies. Obtaining these authorizations can be a complex and time-consuming process. The Group cannot guarantee that the Group will be able to obtain or renew the authorizations required to operate the Group's business in a timely manner or at all. This could result in the suspension or termination of operations or the imposition of material fines, penalties or other liabilities.

The above mentioned factors could adversely affect the Group's ability to compete in those regions. The Group is unable to predict future governmental regulations which could adversely affect the international drilling industry. The actions of foreign governments may adversely affect the Group's ability to compete effectively. As such, the Group may be unable to effectively comply with applicable laws and regulations, including those relating to sanctions and import/export restrictions, which may result in a material adverse effect on the Group's business.

2.2.18 The Group is subject to complex laws and regulations, including environmental laws and regulations that can adversely affect the cost, manner or feasibility of conducting its business.

The Group operations are subject to numerous HSE laws and regulations in the form of international conventions and treaties, national, state and local laws and regulations in force in the jurisdictions in which the Rigs operate or are registered. These can significantly affect the ownership and operation of the Rigs. These requirements include, but are not limited to, the MARPOL, the International Convention on Civil Liability for Oil Pollution Damage of 1969, the International Convention on Civil Liability for Bunker Oil Pollution Damage and various international, national and local laws and regulations that impose compliance obligations and liability related to the use, storage, treatment, disposal and release of petroleum products, asbestos, polychlorinated biphenyls and other hazardous substances that may be present at, or released or emitted from, the Group's operations. Furthermore, the International Maritime Organisation (the "**IMO**"), at the international level and the legislatures in the jurisdictions in which the Group operates, may pass or promulgate new climate change laws or regulations. Compliance with such laws, regulations and standards, where applicable, may require installation of costly equipment or operational changes and may affect the resale value or useful lifetime of the Rigs. The Group is required to obtain HSE permits from governmental authorities for the Group's operations. The Group may also incur additional costs in order to comply with other existing and future laws or regulatory obligations, including, but not limited to, costs relating to air emissions, including greenhouse gases, management of ballast waters, rig maintenance and inspection, development and implementation of emergency incidents. To the extent financial markets view climate change and emissions of greenhouse gases as a financial risk, this could negatively impact the Group's cost of and access to capital. Legislation or regulations that may be adopted to address climate change could also affect the markets for the Group's services by making them more or less desirable than services associated with competing sources of energy. If a major accident, such as the Macondo incident, was to occur again, this could lead to a regulatory response which may result in increased operating costs.

In the event the Group was to incur additional costs in order to comply with such existing or future laws or regulatory obligations, these costs could have a material adverse effect on the Group's business, results of operations, cash flows and financial condition and result of operations. A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of operations. The Group could also be held responsible for costs relating to contamination at third party waste disposal sites used by the Group or on its behalf. Environmental laws often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject the Group to liability without regard to whether the Group was negligent or at fault. For example, in certain jurisdictions, owners, operators and bareboat-charterers may be jointly and severally liable for the discharge of oil in territorial waters, including the 200 nautical mile exclusive economic zone. An oil spill could result in significant liability, including fines, penalties and criminal liability and remediation costs for natural resource damages under the laws of the jurisdictions in which the Group operates, as well as third-party damages and material adverse publicity. The Group is required to satisfy insurance and financial responsibility requirements for potential oil (including marine fuel) spills and other pollution incidents and the insurance may not be sufficient to cover all such risks. In addition, laws and regulations may impose liability on generators of hazardous substances, and as a result the Group could face liability for clean-up costs at third-party disposal locations. Environmental claims against the Group could result in a material adverse effect on the Group's business, financial condition and results of operations. Failure to obtain or maintain environmental, health or safety permits or approvals may result in a material adverse effect on the Group's business, results of operations, cash flows and financial condition.

Although the Rigs are separately owned by subsidiaries, it cannot be ruled out that the Company could be held liable for damages or debts owed by one of the Group Companies, including liabilities for oil spills under environmental laws. Therefore, it is possible that the Company could be subject to liability upon a judgment against any one group company ("**Group Company**").

The Rigs and the New Rigs (when delivered) could cause the accidental release of oil or hazardous substances. Any releases may be large in quantity, above the permitted limits or occur in protected or sensitive areas where public interest groups or governmental authorities have special interests. Any releases of oil or hazardous substances could result in fines and other costs, such as costs to upgrade Rigs, clean up the releases (which may not be covered by contractual indemnification or insurance) and comply with more stringent requirements in the Group's discharge permits, and claims for natural resource, personal injury or other damages. Moreover, these releases may result in customers or governmental authorities suspending or terminating the Group's operations in the affected area, which could have a material adverse effect on the Group's business, financial condition and results of operations.

2.2.19 Failure to comply with applicable anti-corruption laws, sanctions or embargoes, could result in fines, criminal penalties, drilling contract terminations and could have an adverse effect on the Group's business.

The Group will operate the Rigs in a number of countries, including in some developing economies, which can involve inherent risks associated with fraud, bribery and corruption. As a result, the Group may be subject to risks under the US Foreign Corrupt Practices Act, the UK Bribery Act and similar laws in other jurisdictions. The Group is committed to doing business in accordance with applicable anti-corruption laws as well as sanctions and embargo laws and regulations (including US Treasury Office of Foreign Asset Control, or Office of Foreign Assets Control requirements) and has adopted policies and procedures, (including a Code of Conduct), which are designed to promote legal and regulatory compliance with such laws and regulations. However, the Group's employees, agents and/or partners acting on its behalf may take actions determined to be in violation of such applicable laws and regulations. Any such violation could result in substantial fines, sanctions, deferred settlement agreements, civil and/or criminal penalties, curtailment of operations in certain jurisdictions, and might as a result materially adversely affect the Group's business, financial condition or results of operations. In addition, actual or alleged violations could damage the Group's reputation and ability to do business. Furthermore, detecting, investigating and resolving actual or alleged violations are expensive and can consume significant time and attention of senior management.

2.2.20 Any failure to comply with the complex laws and regulations governing international trade, including import, export, economic sanctions and embargoes could adversely affect the Group's operations.

The shipment of equipment and materials, including rigs, required for offshore drilling operations across international borders is subject to local import and export laws and regulations. Moreover, many countries control the export/import and re-export of certain goods, services and technology and may impose related export/import recordkeeping and reporting obligations. Governments may also impose economic sanctions and/or embargoes against certain countries, persons and other entities that may restrict or prohibit transactions involving such countries, persons and entities.

These various jurisdictional laws and regulations regarding export/import controls and economic sanctions are complex, constantly changing, may be unclear in some cases and may be subject to

changing interpretations. They may be enacted, amended, enforced or interpreted in a manner that could materially impact the Group's operations. Materials shipments and rig import/export may be delayed and denied for a variety of reasons, some of which are outside the Group's control. Delays or denials could cause unscheduled operational downtime or termination of customer contracts. Any failure to comply with applicable legal and regulatory international trade obligations could also result in criminal and civil penalties and sanctions, such as fines, imprisonment, debarment from government contracts, seizure of shipments and loss of import/export privileges.

2.2.21 Any change in relevant tax laws, regulations, or treaties, and the interpretations thereof, in a country in which the Group operates or earns income or is considered to be a tax resident, may result in an increased effective tax rate on the Group's worldwide earnings, which could have a material impact on earnings and cash flows from operations.

The Group will operate in many countries worldwide. As such, the Group will be subject to changes in applicable tax laws, regulations, or tax treaties, and the interpretation thereof in the various countries in which the Group operates or earn income or are deemed to be a tax resident. Such changes may result in a materially higher effective tax rate on earnings and could result in material changes to the financial results.

2.2.22 The loss of a major tax dispute or a successful challenge to the Group's intercompany pricing policies or operating structures, or the taxable presence of the Group Companies in certain countries could result in a higher effective tax rate on worldwide earnings, which could have a material impact earnings and cash flows from operations.

The Company is a Bermuda tax resident and has and will have subsidiaries in various countries throughout the world. Income taxes are based upon the relevant tax laws, regulations, and treaties that apply to the various countries in which the Group operates or earn income or is deemed to be a tax resident.

The Group's income tax returns are subject to examination and review. If any tax authority successfully challenges the Group's intercompany pricing policies or operating structures, or if any tax authority interprets a treaty in a manner that is adverse to the Group's structure, or if any tax authority successfully challenges the taxable presence of any of the key subsidiaries in a relevant jurisdiction, or if the Group loses a key tax dispute in a jurisdiction, the Group's effective tax rate on its earnings may increase substantially and earnings and cash flow from operations could be materially impacted.

2.3 **Financial risks**

2.3.1 Exchange rate fluctuations may have negative effect on the Company's business, financial conditions and results of operations.

The Company is exposed to different currencies through its operations. Changes in foreign exchange rates, to the extent the Company has not hedged such changes, may have a negative effect on the Company's business, financial condition, results of operations or prospects.

2.3.2 The Group will be exposed to the credit risks of key customers and certain other third parties.

When the Group enters into contracts for the Rigs, the Group will be subject to risks of loss resulting from the non-payment or non-performance by third parties of their obligations. Although the Group will

monitor and manage counterparty risks, some of the Group's customers and other parties may be highly leveraged and subject to their own operating and regulatory risks. During more challenging market environments, the Group will be subject to an increased risk of customers seeking to repudiate contracts. The ability of the Group's customers to perform their contractual obligations may also be adversely affected by restricted credit markets and economic downturns. Any bankruptcy, insolvency or inability by the Group's customers to settle their debts to the Group when they fall due may adversely affect the Group's business, financial condition, results of operations or prospects.

The Group will also have considerable risk in relation to joint-venture partners and other parties with whom the Group will collaborate, in particular related to the possible non-performance of such parties of their obligation towards the Group.

2.3.3 The Group is exposed to liquidity risk with respect to the dependency upon having access to long-term funding, including debt facilities or equity, in order to be able to fund its operations and capital expenditures.

The Group is dependent upon having access to long-term funding, including debt facilities or equity, to the extent its own cash flow from operations is insufficient to fund its operations and capital expenditures. In turn, the Group must secure and maintain sufficient equity capital to support any such borrowing facilities. The Group's main obligations to Keppel and PPL in respect of the New Rigs are described in section 5.10 "The New Rig Contracts". The Group is dependent upon loans and/or equity issues to finance the remaining obligations under the new rig contracts (the **"New Rig Contracts**").

While the Group has received offers for such financing, it cannot be guaranteed that it will be available on delivery of each and all of the New Rigs.

There can be no assurance that the Group will not experience net cash flow shortfalls exceeding the Group's available funding sources. Nor can there be any assurance that the Company will be able to raise new equity, or arrange borrowing facilities, on favourable terms and in amounts necessary to conduct its ongoing and future operations, should this be required. Any additional equity financing may be dilutive to existing shareholders.

2.3.4 The Group's existing or future debt arrangements could limit the Group's liquidity and flexibility in obtaining additional financing, in pursuing other business opportunities or the Company's ability to declare dividends to its shareholders in the future

The current indebtedness as described in section 10.4 "Capitalisation and indebtedness" and future indebtedness that the Group may incur could affect the Group's future operations, as a portion of the Group's cash flow from operations will be dedicated to the payment of interest and principal on such debt and will not be available for other purposes. Covenants contained in the Group's debt agreements require the Company, its subsidiaries and/or the Group to meet certain financial measures. These may affect the Group's flexibility in planning for, and reacting to, changes in its business and limit the Group's ability to dispose of assets or use the proceeds from such dispositions, withstand current or future economic or industry downturns or compete with others in the industry for strategic opportunities. In addition, such financial measures do and could further place restrictions on the Group's ability to declare dividends to its shareholders. The Group's ability to meet its debt service obligations and to fund planned expenditures, including construction costs for any current and future newbuild project(s), will be dependent upon the Group's future performance, which will be subject to general economic conditions, industry cycles and financial, business and other factors affecting the

Group's operations, many of which are beyond the Group's control. The Group's future cash flows may be insufficient to meet all of its debt obligations and contractual commitments, and any such insufficiency could adversely affect the Group's business. To the extent that the Group is unable to repay its indebtedness as it becomes due or at maturity, the Group may need to refinance its debt, raise new debt, sell assets or repay the debt with the proceeds from equity offerings. Additional indebtedness or equity financing may not be available to the Group in the future for the refinancing or repayment of existing indebtedness, and the Group may not be able to complete asset sales in a timely manner sufficient to make such repayments.

2.3.5 If the Group is unable to comply with the restrictions and financial covenants in the agreements governing its indebtedness, there could be a default under the terms of these agreements, which could result in acceleration of repayment of funds that have been borrowed

If the Group is unable to comply with the restrictions and covenants in the agreements governing its indebtedness or in current or future debt financing agreements, there could be a default or cancellation under the terms of those agreements. The Group's ability to comply with these restrictions and covenants, including meeting financial ratios and measures, is dependent on its future performance. If a default occurs under these agreements, lenders could terminate their commitments to lend or accelerate the outstanding loans and declare all amounts borrowed due and payable. The Group cannot guarantee that its assets will be sufficient to repay in full all of its outstanding indebtedness, and the Group may be unable to find alternative financing. Even if the Group could obtain alternative financing, that financing might not be on terms that are favourable or acceptable. The occurrence of such events may have a material adverse effect on the Group's results of operations, cash flow and financial condition.

2.3.6 The interest rates of debt facilities may fluctuate significantly and could have a material adverse effect on the Company’s business, financial condition and results of operation.

Interest rates are influenced by and are highly sensitive to many factors, including but not limited to governmental, monetary and tax policies, domestic and international economic and political conditions, and other factors beyond the Company’s control. The Company’s profitability may be adversely affected during any period of unexpected or rapid increase in interest rates. Changes in interest rates could have a material adverse effect on the Group's business, financial condition and results of operations.

2.3.7 The Company is exposed to changes in tax or VAT laws and regulations and changes in the interpretation and operation of such regulations.

Changes in laws and regulations regarding tax and other duties/charges, including but not limited to VAT, may involve new and changed parameters applicable to the Group and taxation of/charges for the Group at higher levels than as of the date hereof. Tax implications of transactions and dispositions of the Group are to some extent based on judgment of applicable laws and regulations pertaining to taxes and duties/charges. It cannot be ruled out that the relevant authorities and courts may assess the applicability of taxes and charges to any Group Company differently from the Company itself. An occurrence of one or more of the aforementioned factors may have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

2.4 Risks relating to the Shares

2.4.1 The price of the Shares may fluctuate significantly, and could cause investors to lose a significant part of their investment therein.

The price of the Shares could fluctuate significantly in response to a number of factors beyond the Company's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, announcements by the Company or its competitors of new product and service offerings, significant contracts, acquisitions or strategic relationships, publicity about the Company, its services or its competitors, lawsuits against the Company, unforeseen liabilities, changes in management, changes to the regulatory environment in which it operates or general market conditions.

2.4.2 Future sales or the possibility for future sales of a substantial number of Shares over a short period may affect the price of the Shares negatively.

The price of the Shares could decline as a result of sales of a large number of Shares in the market or the perception that such sale could occur. Such sale, or the possibility that such sales may occur, might also make it more difficult for the Company to issue or sell equity securities in the future at a time and at a price it deems appropriate.

2.4.3 Future issue of shares or other securities and conversion of the Convertible Bonds issued in May 2018 may dilute the holdings of shareholders and could materially affect the price of the Share.

It is possible that the Company in the future decides to issue additional Shares or other equity-based securities through directed offerings without guaranties pre-emptive rights for holders of the Shares at the time. Any such additional offering could reduce the proportionate ownership and voting interests of holders of Shares, as well as the Company's earnings per Share and its net asset value per Share.

On 16 May 2018, the Company issued USD 350 million in senior unsecured convertible bonds (the "**Convertible Bonds**") which are convertible into Shares of the Company. The Convertible Bonds have a conversion premium of 37.5% over USD 4.87. The initial conversion price is USD 6.6963. In connection with the issuance of the Convertible Bonds, the Company purchased call options with a strike of USD 6.6963 to mitigate the economic exposure from a potential exercise of the conversion rights embedded in the Convertible Bonds. In addition, the Company sold call options over the same number of Shares with a strike of USD 8.5225. Consequently, the effective conversion premium of the Convertible Bonds is 75% over USD 4.87 and if the share price of the Company increases above 75% over USD 4.87 conversion of Convertible Bonds may result in issuance of new shares in the Company which will reduce the proportionate ownership and voting interests of holders of Shares, as well as the Company's earnings per Share and its net asset value per Share.

2.4.4 An owner of a Share will, as beneficial owner only, not be able to directly exercise his shareholder rights.

The Shares, as traded on the Oslo Børs, reflect the beneficial ownership thereof only. Nominal ownership of all of the Shares is held by DNB Bank Asa ("**DNB**") and reflected in the Company's primary register of members (shareholders) kept in its head office in Bermuda.

A shareholder, who wishes to exercise any of his shareholder rights, must therefore do so by instructing DNB to act on his behalf in the Company's general meeting.

2.4.5 Investors' rights and responsibilities as shareholders will be governed by Bermuda law which differs in some respects, from the rights and responsibilities of shareholders under other jurisdictions, including Norway and the United States, and the rights of the Company's shareholders under Bermuda law may not be as clearly established as shareholder rights are under the laws of other jurisdictions.

The Group's corporate affairs are governed by the memorandum of association (the **"Memorandum of Association"**) and its bye-laws (the **"Bye-laws"**). The rights of the Company's shareholders and the responsibilities of the members of the Company`s board of directors (the **"Board"**) under Bermuda law may not be as clearly established as under the laws of other jurisdictions. In addition, the rights of shareholders as they relate to, for example, the exercise of shareholder rights, are governed by Bermuda law and the Bye-laws could differ from the rights of shareholders under other jurisdictions, including Norway and the United States. The holders of the Shares may have more difficulty in protecting their interests in the face of actions by the Board than if it were incorporated in the United States, Norway or another jurisdiction.

2.4.6 Because the Group is incorporated under the laws of Bermuda, shareholders may face difficulty protecting their interests, and their ability to protect their rights through courts outside Bermuda, including the courts of United States and Norway, may be limited.

The Group is incorporated under the laws of Bermuda. The Group's assets will be located in a number of other jurisdictions. As a result, it may be difficult for investors to effect service of process within certain jurisdictions, including the United States and Norway, in a way that will permit a court in such country to have jurisdiction over the Group.

2.4.7 Transfers of the Shares are subject to restrictions under the securities laws of the United States and other jurisdictions.

The Shares have not been registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or any U.S. state securities laws or in any other jurisdiction outside of Norway and are not expected to be registered is such jurisdiction in the near future. As such, the Shares may not be offered or sold by investors subject to the US Securities Act except pursuant to an exemption from the registration requirements of the US Securities Act. In addition, there can be no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings.

2.4.8 Shareholders outside of Norway are subject to exchange rate risk.

The Shares will, when traded on the Oslo Børs, be priced in NOK. Accordingly, investors outside Norway may be subject to adverse movements in the price of NOK against their local currency, as the foreign currency equivalent of the price received in connection with any sale of the Shares on Oslo Børs could be materially adversely affected.

3. STATEMENT OF RESPONSIBILITY

This Prospectus has been prepared to provide information in connection with the listing ("**Listing**") of the New Shares on the Oslo Børs, as described herein.

The Board accepts responsibility for the information contained in this Prospectus and hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect its import.

25 May 2018

The Board of Borr Drilling Limited

Tor Olav Trøim
Chairman

Jan A. Rask	Fredrik Halvorsen	Patrick Schorn
Director	*Director*	Director

4. PRESENTATION OF INFORMATION

4.1 Presentation of financial information

The Company's audited consolidated financial statements for the period from its incorporation on 8 August 2016 to 31 December 2016 and for the period from 1 January 2017 to 31 December 2017 (the "**Annual Financial Statements**") have been prepared in accordance with the generally accepted accounting principles in the United States of America ("**US GAAP**"). The Annual Financial Statements have been audited by PricewaterhouseCoopers AS ("**PwC**") and their report is included therein. The Annual Financial Statements are incorporated by reference in this Prospectus.

4.2 Roundings

Percentages and certain amounts used in the following have been rounded for ease of presentation. Accordingly, figures shown as totals in certain tables may not be the precise sum of the figures that precede them.

4.3 Third party information

Certain sections of reproduced information are sourced from third parties.

In such cases, the source of the information is identified. Such third party information has been accurately reproduced. As far as the Company is aware and is able to ascertain from information published by that relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

4.4 Forward looking statements

This Prospectus contains forward-looking statements ("**Forward Looking Statements**") that reflect the Company's current views with respect to future events and financial and operational performance. Forward Looking Statements include all statements that are not historical facts, and can be identified by words such as (what follows are examples without excluding words having the same meaning): "anticipates", "believes", "expects", "intends", "may", "projects", "should", or the negatives of these terms or similar expressions. These statements appear in a number of places in this Prospectus, in particular in sections 7 "The March 2018 Private Placement", 8 "Market and industry overview" and section 9.10 "Operating and financial Information" and include statements regarding the Group's management's intent, beliefs or current expectations with respect to, among other things:

- strategies for the Group;
- global and regional economic conditions;
- rate levels, costs, including but not limited to stacking costs, and margins;
- competition and actions by competitors and others affecting the global or regional market for offshore drilling services;
- the Group's expected reactivation costs for those of the Rigs that are stacked, day rates required for breakeven and costs related to the stacking of Rigs;
- fluctuations in foreign exchange rates, interest rates, earnings, cash flows, dividends and other expected financial results and conditions;
- cash requirements and use of available cash;
- financing plans;
- anticipated capital spending;
- growth opportunities;
- development, production, commercialization and acceptance of new services and technologies;

- environmental and other regulatory matters; and
- legal proceedings.

No Forward Looking Statement contained in herein should be relied upon as predictions of future events. No assurance can be given that the expectations expressed in these Forward Looking Statements will prove to be correct. Actual results could differ materially from expectations expressed in the Forward Looking Statements if one or more of the underlying assumptions or expectations proves to be inaccurate or is unrealised.

5. PRESENTATION OF BORR DRILLING LIMITED

5.1 Overview

Borr Drilling Limited (including its subsidiaries, the **"Group"**) was incorporated in Bermuda on 8 August 2016 as a limited liability company under the name "Magni Drilling Limited". The Company is registered in the Bermuda Register of Companies with registration number 51741. On 13 December 2016, the Company changed its name to Borr Drilling Limited. The Company's commercial name is Borr Drilling. The Company has issued 525,000,000 Shares of USD 0.01 par value and are listed on Oslo Børs with ticker "BDRILL" under ISIN BMG 1466R1088 ("**ISIN**").

The Company's registered office is at:

Thistle House
4 Burnaby Street
Hamilton HM11
Bermuda
Website: www.borrdrilling.com

The Group's principal places of business are:

Borr Drilling Management AS	Borr Drilling Management DMCC
Klingenberggata 4	28th Floor, Reef Tower
0161 Oslo	Cluster O, Jumeriah Lake Towers
Norway	Dubai
	United Arab Emirates
Tel.: +47 22 48 30 00	Tel.: + 971 4 448 7501

The Company's constitutional documents are its Memorandum of Association and its Bye-laws which is attached as Appendix a.

The Company is subject to Bermuda law in general and the Bermuda Companies Act in particular.

5.2 Principal activities

The Company's business comprises the ownership of jack-up drilling rigs which provide drilling services to the oil and gas industry. The Company's services are focused on the shallow water segment, i.e. drilling in water depths up to approximately 400 feet.

The Company made its first investment on 2 December 2016 by agreeing to buy two premium jack-up drilling rigs (the "**Hercules Rigs**") from Hercules British Offshore Limited ("**Hercules**"). The transaction was completed on 23 January 2017 (the "**Hercules Transaction**"). The Hercules Rigs were acquired at a total price of USD 130 million, representing USD 65 million per Rig and named "Frigg" and "Ran".

The Company made its second investment through a transaction with Transocean Inc. ("**Transocean**") which completed on 31 May 2017 (the "**Transocean Transaction**"). On completion, the Company added ten jack-up drilling rigs to its fleet, three of which, at the time, were employed on bareboat charterparties (the "**Original Transocean Bareboat Charterparties**") to a subsidiary of Transocean (the "**Transocean Charterer**"). One of these Rigs remain employed under their Original Transocean Bareboat Charterparty as of the date hereof (the "**Existing Transocean Bareboat Charterparty"**) and is used by the Transocean Charterer under drilling contracts with Chevron for operations in Thailand.

Further, the Company acquired the rights and obligations under five construction contracts for new jack-up drilling rigs with Keppel. The terms of these contracts (the "**Keppel New Rig Contracts**") were subsequently amended through an agreement with Keppel (the "**Keppel Transaction**"). The total value of the Transocean Transaction and the Keppel Transaction was approximately USD 1.35 billion. One of the five Keppel New Rigs has been delivered to the Company as of the date hereof.

On 6 October 2017, the Company and PPL entered into a master agreement for the acquisition of nine premium "Pacific Class 400" jack-up drilling rigs (the "**PPL New Rigs**"). Six of the PPL rigs are completed while three PPL rigs are under construction and regulated under newbuilding contracts (the "**PPL Rigs**"). The consideration in the transaction with PPL (the "**PPL Transaction**") was approximately USD 1.3 billion, implying an average cost per rig of approximately USD 139.5 million. Four of the Completed PPL Rigs have been delivered to the Company as of the date hereof.

For further information about the Hercules Transaction, the Transocean Transaction and the Keppel Transaction (the "**May 2017 Transactions**"), the PPL Transaction and other significant investments, see section 10.8.1 "Historical investments".

On 29 March 2018, the Company concluded the acquisition of 99.41 percent of the shares of Paragon Offshore Limited (**"Paragon"**) for a total consideration of approximately USD 239.9 million (the **"Paragon Transaction"**). At the closing of the Paragon Transaction, Paragon owned two premium (delivered in 2001 and after) jack-up drilling rigs and 20 standard jack-up drilling rigs (built before 2001), and one semi-submersible rig (the **"Paragon Rigs"**). Subsequent to the acquisition of Paragon, the Company has divested 17 standard jack-up drilling rigs, of which 15 were acquired from Paragon.. For further information about the Paragon Transaction see section 6 "The Paragon Transaction".

On 16 May 2018, the Company entered into an agreement to acquire five premium jack-up drilling rigs, three completed and two under construction (the "**Second Keppel Contracts**") from Keppel (the "**Second Keppel Transaction**"). The agreed purchase price for the Keppel rigs was approximately USD 149 million per premium jack-up rig, aggregating to a total of approximately USD 742.5 million. As part of the transaction, the Company and Keppel agreed to delay the delivery of "Tivar" by 15 months to July 2020.

The Group is, as of the date of this Prospectus, the owner of 15 premium (delivered in 2001 and after) jack-up drilling rigs and 7 standard jack-up drilling rigs (built before 2001), and one semi-submersible. Further, the Group will take delivery of five premium rigs from PPL from June 2018 until the first quarter of 2019. The Group has. In addition, nine premium jack-up drilling rigs on order from Keppel with delivery dates from the second quarter 2018 to the fourth quarter 2020. The Fleet will consequently consist of 37 Rigs upon delivery of the New Rigs. For further information about the Fleet and the New Rig Contracts see section 5.6 "The Fleet" and section 5.10 "The New Rig Contracts".

The Company is positioned as the number one listed owner of premium jack-up drilling rigs in the world, (see figure 8.6 in section 8 "Market and industry overview").

5.3 History and development

The Company was incorporated by Taran Holdings Limited on 8 August 2016. Taran Holdings Limited was merged with Drew Holding Limited ("**Drew**") in October 2017 with the latter as the surviving entity.

The list below sets out the key events in the history of the Company to date:

- 8 August 2016: The Company was incorporated under the name of Magni Drilling Limited.
- 2 December 2016: The Company signed a purchase agreement for the acquisition of the Hercules Rigs with Hercules.
- 9 December 2016: The Company completed a private placement of 77.5 million Shares at a subscription price of USD 2, raising USD 155 million in gross proceeds (the "**December Private Placement**") and issued 7,750,000 warrants ("**Warrants**") to Magni Partners (Bermuda) Ltd ("**Magni Partners**") and 1,937,500 Warrants to Ubon Partners AS (**"Ubon"**).
- 13 December 2016: The Company was renamed Borr Drilling Limited.
- 19 December 2016: The Shares were introduced on the Norwegian OTC market.
- 23 January 2017: The Hercules Rigs were delivered.
- 15 March 2017: The Company signed a letter of intent with Transocean for the purchase of the Transocean rigs (the "**Transocean Rigs**") together with related spare parts and inventory related thereto and 5 contracts, each for the construction of one newbuilding at Keppel.
- 15 March 2017: The Company signed a heads of agreement with Keppel for the novation of the Keppel New Rig Contracts acquired from Transocean and various subsequent amendments of the price, payment terms and delivery dates set forth therein.
- 20 March 2017: Magni Partners exercised 4,650,000 of their Warrants and Ubon exercised 1,162,500 of their Warrants at a subscription price of USD 0.01 per Warrant.
- 21 March 2017: The Company completed a private placement of 228,600,000 Shares at a subscription price of USD 3.50 per share raising gross proceeds of approximately USD 800 million (the **"March 2017 Private Placement"**).
- 21 March 2017: The Company issued 4,736,887 Warrants with a subscription price of USD 3.50 plus 4% p.a. per Share to Schlumberger Oilfield Holdings Limited ("**Schlumberger**").
- 23 March 2017: Magni Partners exercised their remaining 3,100,000 Warrants and Ubon exercised their remaining 775,000 Warrants at a subscription price of USD 0.01 per Warrant.
- 26 March 2017: The Company entered into an agreement in principle with Schlumberger regarding a combination of services to potential customers.
- 23 May 2017: The Company signed final agreements with Transocean for the Transocean Transaction.

- 24 May 2017: The Company signed the novation agreements and the amendments agreements with Keppel for the Keppel Transaction.

- 31 May 2017: The Company closed the May 2017 Transactions.

- 12 June 2017: USD 275 million in pre-delivery instalments was paid to Keppel pursuant to the Keppel New Rig Contracts.

- 14 June 2017: Total E&P Nigeria Limited ("**Total Nigeria**") issued a conditional letter of commitment to the Company and Valiant Energy Services West Africa Limited ("**Valiant**") for a drilling contract (the "**Total LoC**").

- 22 June 2017: The Company signed a memorandum of agreement for cooperation in relation to the drilling contract specified in the Total LoC with Valiant (the "**Valiant MoA**").

- June to August 2017: The Company entered into forward contracts to purchase 7,800,000 shares in Atwood Oceanics Inc. (**"Atwood"**) for approximately USD 58 million with settlement in fourth quarter 2017.

- July 2017: The Company bought 2,470,000 own Shares at a price of NOK 27.50 per Share which were subsequently held in treasury.

- 1 August 2017: Simon William Johnson joined as the chief executive officer ("**CEO**") and Rune Magnus Lundetræ became Deputy CEO and chief financial officer of the Group ("**CFO**").

- 1 August 2017: The Company transferred 500,000 of the Shares held in treasury to Simon William Johnson as part of his remuneration package.

- During May – August 2017: The Company purchased securities issued by a rig company for approximately USD 27 million.

- 12 September 2017: The Company signed a letter of intent with BW Energy Dussafu B.V. ("**BWE**") for a drilling contract offshore Gabon for "Norve".

- In October 2017, the Company realised a gain of USD 15.3 million on forward contracts to purchase shares in Atwood.

- 6 October 2017: Borr Drilling and Schlumberger signed a definite collaboration agreement (the **"Collaboration Agreement"**) to offer integrated, performance-based drilling contracts in the offshore jack-up market by leveraging the Schlumberger global foot print, infrastructure and technical expertise and Borr Drilling's modern jack-up fleet.

- 6 October 2017: As a consequence of the signing of the Collaboration Agreement, the Company granted 4,736,887 Warrants with a subscription price of USD 3.50 plus 4% p.a. to Schlumberger.

- 6 October 2017: The Company agreed to purchase all Warrants held by Schlumberger at a price of USD 0.50 per Warrant, i.e. USD 4.7 million in total. Consequently, all outstanding Warrants were cancelled.

- 6 October 2017: The Company signed a master agreement for the acquisition of the PPL Rigs.

- 9 October 2017: The Company completed a private placement of 162,500,000 new shares at a subscription price of USD 4.00 per share raising gross proceeds of USD 650 million (the **"October Private Placement"**).

- 18 October 2017: The Company signed the collaboration agreement with Valiant and the equity transfer documents with Valiant Offshore Contractors Limited (**"VOCL"**).

- In October 2017, the Company paid USD 502.2 million as first instalment on the PPL Rigs under the PPL agreement.

- 13 November, 2017: the Total drilling contract (the "**Total Drilling Contract**") was signed

- 15 November 2017: The first of the PPL Rigs was delivered from the yard, namely "Galar", and the Company accepted the delivery financing (part of the delivery financing for the the Keppel New Rigs and the PPL Rigs, together referred to as the "**Delivery Financing"**), covering the whole of the second instalment of USD 83.7 million.

- 28 December 2017: The Company paid the second instalment for the first of the five Keppel New Rig, namely the "Saga", for USD 72.4 million of cash.

- 30 December 2017: "Frigg" commenced operations under its 12 month contract, with an optional period of additional 12 months, with Total Nigeria.

- 4 January 2018: The second of the PPL Rigs was delivered from the yard, namely "Gerd", and the Company accepted the Delivery Financing for this rig, covering the whole of the final instalment of USD 83.7 million.

- 5 January 2018: The first of the Keppel Newbuilds was delivered from the yard, namely the Saga.

- 11 January 2018: Mr. Patrick Schorn was appointed as new member of the Board of Directors.

- In January 2018: "Norve" commenced operations under its 140 to 160 days contract with BWE.

- 21 February 2018: The Company signed a tender offer agreement with Paragon regarding a tender offer for the acquisition of all the outstanding shares of Paragon (the **"Tender Offer Agreement"**).

- 24 February 2018: The third of the PPL Rigs was delivered from the yard, namely "Gersemi", and the Company accepted the Delivery Financing, covering the whole of the final instalment of USD 83.7 million.

- 27 February 2018: The Company launched a tender offer for all of the shares in Paragon.

- 22 March 2018: The Company announced that Simon Johnson's contract as Chief Executive Officer was terminated. The Board appointed Mr. Svend Anton Maier as CEO with immediate effect.

- 23 March 2018: The Company completed a private placement of 54,347,827 new shares at a subscription price of USD 4.60 per share raising gross proceeds of USD 250 million (the **"March 2018 Private Placement"**).

- 29 March 2018: The Company completed the acquisition of 99.41 percent of the shares of Paragon.

- 11 April 2018: The Company purchased 500,000 of its own shares from the Borr Group's former CEO, Mr. Simon Johnson at a price of USD 4.65 per share. The purchase was a part of the terms agreed on for his resignation from his position in Borr Drilling.

- 13 April 2018: The fourth of the PPL Rigs ("Grid") was delivered from the yard and the Company accepted the Delivery Financing, covering the whole of the final instalment of USD 83.7 million.

- 8 April 2018: The sale of Paragon M1161 was completed.

- 23 April 2018: The sale of Paragon L786 was completed.

- 30 April 2018: A master agreement was executed for the sale of 14 standard jack-up drilling rigs en bloc to a non-drilling company (the "**Master Agreement**").

- 8 May 2018: A sales agreement of the standard jack-up rig "Brage" was entered into. The delivery is expected in June 2018.

- 9 May 2018: The sale of one of the 14 standard jack-up drilling rigs included in the Master Agreement was completed.

- 16 May 2018: The Company announced the acquisition of five premium jack-up drilling rigs under construction from Keppel (the "**Second Keppel Transaction**").

- 16 May 2018: The Company issued Convertible Bonds with a principal amount of USD 350 million and secured a USD 432 million delivery loan from Keppel (the "**Delivery Loan**"). In connection with the Convertible Bonds issuance, the Company also entered into a call spread ("**Call Spread**"), which increases the effective conversion premium for the Company. As part of the Second Keppel Transaction, the Company and Keppel have agreed to defer delivery of the newbuild "Tivar" by 15 months to July 2020.

- During May 2018: The Company secured a USD 200 million non-amortizing revolving bank loan facility with two-year duration (the "**Bank Facility**").

- 23 May 2018: The sale of the remaining 13 of the 14 standard jack-up drilling rigs included in the Master Agreement was completed.

- 23 May 2018: The Company entered into a new contract with an undisclosed counterparty for "Norve" in West Africa for 180 days at USD 80,000 per day.

5.4 Strategy

The Company's strategy is to acquire and operate premium jack-up drilling rigs in advance of an expected recovery in the offshore drilling market and, on this basis, establish itself as the preferred provider of drilling services in the shallow water segment of the global offshore drilling market.

Acquire premium assets at attractive levels
The Company has acquired the Rigs at a discount to their newbuilding costs. The average purchase price is significantly lower than the historical construction cost of comparable rigs. The New Rigs have been acquired at a price of approximately 65% of their cost when ordered.

The Company has explored several different acquisition opportunities but do not see many remaining. The Company is thus close to having completed the building of the world's leading jack-up drilling company both in terms of operations and assets. The Company's focus will remain on premium jack-up drilling rigs with proven design, enhanced capabilities and best-in-class equipment, so as to secure efficient and reliable operations. The shallow water segment will be the Company's operational focus as demand is expected to recover sooner here than in the mid- and deep water segments.

Establish low cost operations
The Company aims to have the lowest all-in cash break-even cost in the jack-up drilling rig industry while obtaining customer and peer acceptance as a high quality contractor. The Company expects to have an advantage not only on operating expenditure costs, but also on financing costs due to lower debt levels than its industry peers.

Position as preferred operator
The Group continues to hire employees with long track-record in the industry and extensive networks among potential key customers. Based on a premium fleet, an experienced team and a solid industry network, the Company believes that the Group will be able to secure a highly competitive position as provider of offshore drilling services in the shallow water segment worldwide.

Actively manage the fleet for maximum value
The Company´s ambition is to maintain all of the Rigs that fall into the premium segment in top condition. Reactivation of those of the premium Rigs that are currently stacked will be made for select contract opportunities. However, a stacked rig will only be reactivated if the achievable day rate supports its reactivation costs. The management of the Company estimates that the current market day rate for premium jack-up rigs is now in the USD 60,000 – 70,000 per day range, sufficient to cover reactivation cost of a stacked rig within approximately one year. Once the market recovers, the Company will actively manage its Rigs through a mix of its own operations and sale of assets.

The Company will pursue available opportunities for the sale of its fleet of standard jack-up rigs if this can be achieved in a manner where they will leave the jack-up drilling market.

Maintain a solid balance sheet
The Company intends to maintain a strong balance sheet securing low cash cost and financing risk and flexibility for acquisitions. The Company's balance sheet is currently among the strongest in the industry. In the future, the Company will selectively consider adding leverage against contract backlog. The Company will also aim to distribute excess cash flow to shareholders once this is possible.

5.5 **Business plan**

Premium fleet of Rigs
The Fleet consists of both premium and standard jack-up drilling rigs. The Rigs will be capable of operating in all key jack-up drilling rig environments. Further, the similarities in design of the Rigs will allow crews to serve interchangeably among the Rigs. Additionally, the similarity in technical specifications and equipment makes spare parts interchangeable amongst the Rigs. This will reduce the capital requirements associated with keeping spare parts in stock and lower maintenance and supply chain costs.

Management, administrative, commercial and technical management services
The senior management team responsible for the management of the Group has extensive experience in the oil and gas industry in general and in the offshore drilling area in particular. In addition, the Company's senior management team has, over time, shown a strong ability to attract and retain competent personnel. The Company believes that the senior management team's background , technical expertise and strong relationships with potential customers, together with its ongoing recruiting efforts, will enable it to deliver superior service to customers and to operate effectively on a global basis going forward.

In order to build the Group´s position as a preferred contractor, the Company aims to provide best-in-class operations. The Company further intends to adhere to the highest corporate governance standards.

The Company is building an organization which will be capable of providing such administrative, commercial and technical management services as the Group shall require. The Company has incorporated a number of subsidiaries for the purpose of organising the management functions within the Group, see section 5.12 "Management structure" below.

The Company will either employ offshore crews directly or work with third-party crewing companies to staff its Rigs that are under contract. The Company will select the employees which are formally employed by the third-party crewing company and enter into written agreements with the third-party crewing companies for the crew services.

*Quality, Health, Safety and Environment (**"QHSE"**)*
The Company is focused on developing a strong QHSE culture and performance. After the Macondo incident, there has been an increased focus in QHSE issues by regulators. As a result, E&P Companies have imposed increasingly stringent QHSE rules on their contractors, especially when working on challenging wells and operations where the QHSE risks are higher.

Contracting
The Company intends to build a balanced portfolio of employment contracts for its Fleet, including, inter alia, spot/day rate, time charter and turnkey contracts. This will be based on diversity of customers and a mix of medium- and long-term contracts across all key jack-up drilling rig markets. Further, the Company intends to focus on building strong, long-term relationships with a diverse range of E&P Companies. The transformative collaboration between the Group and Schlumberger will allow the Group to compete for contracts with a new service model which the Company believes will be received favourably by most E&P Companies.

Integrated drilling service

An integrated drilling service is a concept in which all services and equipment (and even in some cases material procurement) is integrated in one contract. The model should be technically and economically feasible and thus attractive for most E&P Companies operating offshore, as it, potentially, could reduce the number of contracts required for a project from above ten to two or three. This indicates a significant cost saving potential. As a result, project management will become simpler, cheaper and more efficient. Further, this could lead to improved well design, better selection of rig equipment and technology and more efficient use of the same.

The collaboration between the Company and Schlumberger will provide a service which no other provider in the international offshore drilling industry is capable of due to the unique combination of services, technology, equipment and rigs the parties will have. By leveraging the technical expertise and engineering capabilities of the two companies, the collaboration will accelerate commercialization of an integrated shallow water drilling service. An integrated service is likely to provide enhanced value to E&P Companies operating offshore through improved operational performance, more accurate wellbore placement and lower drilling costs. All of this is essential to efficient and cost-effective offshore oil and gas operations. The collaboration with Schlumberger is thus expected to bring significant value to the Group.

See also section 5.8 “Geographical focus” and section 5.9 “Stacking and reactivation of Rigs”.

5.6 The Fleet

The Fleet consists, as of the date hereof, of 15 premium jack-up drilling rigs, one semi-submersible rig and 7 standard jack-up drilling rigs. The rigs details are set out in the table below.

Rig name	Customer / status	Rig design	Yard	Delivered	Estimated build cost (USDm)	Rig Water Depth (ft)	Drilling depth (ft)	Location	Comments
Premium jack-ups									
Atla	Available	F&G, JU 2000 (2003)	PPL Shipyard, Singapore	2003	125	400	30,000	United Arab Emirates	Warm stacked
Balder	Available	F&G, JU 2000 (2003)	PPL Shipyard, Singapore	2003	125	400	30,000	Cameroon	Warm stacked
Galar	Available	PPL Pacific Class 400 (2015)	PPL Shipyard, Singapore	2017	210 - 215	400	30,000	PPL shipyard, Singapore	Warm stacked
Gerd	Available	PPL Pacific Class 400 (2015)	PPL Shipyard, Singapore	2018	210 - 215	400	30,000	PPL shipyard, Singapore	Warm stacked
Gersemi	Available	PPL Pacific Class 400 (2015)	PPL Shipyard, Singapore	2018	210 - 215	400	30,000	PPL shipyard, Singapore	Warm stacked
Grid	Available	PPL Pacific Class 400 (2015)	PPL Shipyard, Singapore	2018	210 - 215	400	30,000	PPL shipyard, Singapore	Warm stacked
Idun	Available	KFELS Super B Bigfoot Class (2013)	Keppel Fels, Singapore	2013	242	350	35,000	Singapore	Warm Stacked
Prospector 5[1]	Available	F&G, JU2000E (2014)	Shanghai Waigaoqiao Shipbuilding, China	2014	211	400	35,000	United Kingdom	LOI received for 2H 2018/Q1 2019
Ran	Available	KFELS Super A (2013)	Keppel Fels, Singapore	2013	280 – 290	400	35,000	Netherlands	Warm stacked
Saga	Available	KFELS Super B Bigfoot Class (2018)	Keppel Fels, Singapore	2018	280 – 290	400	35,000	KFELS shipyard, Singapore	Warm stacked

Rig name	Customer / status	Rig design	Yard	Delivered	Estimated build cost (USDm)	Rig Water Depth (ft)	Drilling depth (ft)	Location	Comments
Odin	Available	KFELS Super B Bigfoot Class (2013)	Keppel Fels, Singapore	2013	236	350	35,000	Thailand	Warm stacked
Norve	BW Energy Dussafu	PPL Pacific Class 400 (2011)	PPL Shipyard, Singapore	2011	262	400	30,000	Gabon	Operating
Prospector 1[1]	Oranje-Nassau Energie	F&G, JU2000E (2013)	Dalian Shipbuilding Industry Co., China	2013	206	400	35,000	United Kingdom	Operating with option to extend
Mist	Chevron 1	KFELS Super B Bigfoot Class (2013)	Keppel Fels, Singapore	2013	242	350	35,000	Thailand	Operating
Frigg	Total	KFELS Super A (2013)	Keppel Fels, Singapore	2013	280 – 290	400	35,000	Nigeria	Operating with option to extend
Standard jack-ups									
C20051[1]	Perenco	CFEM T-2005-C (1982)	CFEM, France	1982	52	360	25,000	United Kingdom	Operating
L1112[1]	ONGC 3	Levingston 111-C	Levingston Shipbuilding, USA	1981	37	300	25,000	India	Operating
Dhabi II[1]	NDC (ADOC)	Baker Marine BMC-150 IC (1982)	Promet Private Ltd, Singapore	1981	28	150	20,000	United Arab Emirates	Operating
B152[1]	NDC (ADOC)	Baker Marine BMC-150 ILC (1982)	Baker Marine, USA	1982	33.3	150	25,000	United Arab Emirates	Operating
B391[1]	Spirit Energy	Baker Marine Europe Class (1981)	Promet Private Ltd, Singapore	1981	42	390	25,000	United Kingdom	Operating

Semi-submersible									
MSS1[1]	TAQA	Offshore Company (IDC) SCP III M2 (1979)	Hijos de J. Barreras, Spain	1979	40	1,500	25,000	United Kingdom	Operating with option to extend
Standard jack-ups stacked									
Baug		F&G, Mod VI Universe Class (1991)	Far East Levingston, Singapore	1991	100	394	30,000	United Kingdom	Not marketed
Eir		F&G, Mod VI Universe Class (1999)	Far East Levingston, Singapore	1999	179	394	30,000	United Kingdom	Not marketed

(1) Rigs acquired through the Paragon Transaction

Of the 23 rigs acquired from Paragon, 15 rigs have been divested. Hence, the fleet acquired from Paragon as of the date of this prospectus consists of two premium jack-up drilling rigs, one semi-submersible drilling rig and 5 standard jack-up drilling rigs.

The Board of the Company will continue to evaluate the future of uncontracted older jack-up drilling rigs (built prior to 2001). Based on the anticipated high reactivation cost, safety standards and drilling efficiency requirements, it is likely that most of these units will not be marketed for new drilling contracts (sold for non-drilling purposes). In connection with the divestments of the 15 rigs acquired from Paragon and two older jack-up drilling rigs acquired in the Transocean Transaction, the Company expect to record a gain of up to USD 16 million in its Q2-2018 results. The Company expects net cash neutral or non-material cash positive effects related to future divestments of standard jack-up drilling rigs.

5.7 Employment

Several of the Company's drilling units are contracted to customers for periods between a couple and several months, and the Company's future contracted revenue, or backlog, as of 25 May 2018, totalled approximately USD 179 million, with USD 29 million of this amount attributable to the Company's premium jack-up rigs. Backlog for the company's fleet is calculated as the contract daily rate multiplied by the number of days remaining on the contract, assuming full utilization (but excluding any contract extensions/options). Backlog excludes revenues for mobilization and demobilization, contract preparation, and customer reimbursable. The amount of actual revenues earned and the actual periods during which revenues are earned will be different from the backlog projections due to various factors. Downtime, caused by unscheduled repairs, maintenance, weather and other operating factors, may result in lower applicable daily rates than the full contractual operating daily rate. The actual amounts of revenues earned and the actual periods during which revenues are earned may differ from the amounts and periods shown in the table below due to, for example, shipyard and maintenance projects, downtime and other factors that result in lower revenues than the Company's average contract backlog per day. Out of the 10 rigs on charter to various counter parties, four rigs are operated pursuant to modified bareboat charter agreements, namely the Frigg, Mist, Prospector 1, Paragon L1112. The firm commitments that comprise the Company's contract backlog as of 25 May 2018 are as follows:

Rig name	Location	Counter	Dayrate	Contract	Contract	Description	Comments

		party	(USDk/day)	Start	End		
Premium jack-ups							
Norve	Gabon	BW Energy Dussafu	80	Jan-18	Aug-18	Operating	3 well program (estimated duration of 160-180 days)
	Gabon / Cameroon	undisclosed	80	Aug-18	Feb-19	Committed	180 days firm program
Prospector 1	The Netherlands	Oranje-Nassau Energie	66	Feb-18	Jun-18	Operating with option to extend	2-well program with 1 optional well
Mist	Thailand	Chevron		Jan-18	Oct-18	Operating	Operated via a bareboat charter to Transocean.
Frigg	Nigeria	Total		Dec-17	Dec-18	Operating	Firm period of 12 months and an optional period of 12 months
Standard jack-ups							
L1112	India	ONGC		Oct-15	Oct-18	Operating	Operated via a modified bareboat charter to Dynamic Drilling
C20051	United Kingdom	Perenco	54.5/51.5	Jun-18	Sep-18	Operating	6-well program
Dhabi II	United Arab Emirates	NDC (ADOC)		Apr-17	Jul-19	Operating	15 days zero-rate in Q1 2018 for planned helideck modification
B152	United Arab Emirates	NDC (ADOC)		Apr-17	Nov-19	Operating	

Rig name	Location	Counter party	Dayrate (USDk/day)	Contract Start	Contract End	Description	Comments
B391	United Kingdom	Spirit Energy	57	Mar-18	Dec-19	Operating	29-well program (estimated 648 days)
				Semi-submersible			
MSS1	United Kingdom	TAQA		Mar-18	Sep-19	Operating	14-well program (estimated 565 days) with 5 optional wells (estimated in 75 days each)

(1) The rig "Mist" is on charter to the Transocean Charterer, on the terms of the Existing Transocean Bareboat Charterparty. “Mist” is employed by the Transocean Charterer under a drilling contract with an oil major for operations in Thailand. The revenues under the Existing Transocean Bareboat Charter (after operating expenditure) are transferred to Transocean as part of the consideration in the Transocean Transaction.

(2) The Total Drilling Contract is concluded by Total Nigeria, Valiant and Borr International Operations I Inc. (a subsidiary of the Company) ("**Borr Operator**") that charter in “Frigg” from its owner, Borr Jack-Up I Inc., on bareboat terms. Borr Operator will, under the Total Drilling Contract, provide the use of "Frigg" and some senior services to Total Nigeria, while Valiant will provide local operational content.

5.8 Geographical focus

The Company is bidding for contracts globally. However, the Company’s current geographical focus is on the Middle East, North Sea, West Africa, South East Asia and Gulf of Mexico regions. This is based on the Company’s current assessment of potential contracting opportunities, including, pre-tender and tender activity. Several countries within these regions, such as Nigeria, have laws that regulate operations and/or ownership of rigs operating within their jurisdiction, including local content and/ or local partner requirements. In order to comply with these regulations, and successfully secure contracts to operate in these regions, the Company has employed personnel with long experience from securing contracts and operation rigs in countries within these regions. Adapting to above mentioned factors is, and will be, part of the Company’s ordinary course of business.

5.9 Stacking and reactivation of Rigs

11 of the premium Rigs are currently stacked. The Company believes that well planned and well managed stacking will reduce reactivation cost and the cost of mobilization of a Rig towards a contract significantly. The Company is therefore focusing on securing cost efficiencies during stacking while limiting future risk exposure upon reactivation. This means concentrating stacked Rigs in as few locations as possible to be able to share crew, running reduced but sufficient maintenance programs on

equipment and preserving critical equipment. The Company's approach to stacking is sequential and the following steps provide an overview of the process:

- Stacking preparation – mooring, intake survey/inspection, dehumidification, monitoring equipment and closing the accommodation module;
- Follow-up – labour (rotators), generators, fuel, remote monitoring, insurance, class – COC compliance, local permits;
- Reactivation – repairs, testing and replacing equipment, open accommodation module, survey/inspections, securing approvals/certificates;
- Special period survey – taken as part of the reactivation and/or during stacking; and
- New investments/required upgrades – secure marketable condition/right grade on equipment.

The Company's current all-in stacking cost (excluding overhead) per Rig is in the range of USD 1,000 to 8,000 per day. The estimated average reactivation cost will be around USD 7 – 9 million per Rig, depending on the status of the Rig at the time of reactivation and any new investments required maintaining and improving the Rigs' condition and class status.

5.10 **The New Rig Contracts**

5.10.1 The Keppel New Rig Contracts

The Company's Marshall Islands subsidiaries (Borr Skald Inc., Borr Tivar Inc., Borr Vale Inc. and Borr Var Inc.), (the "**Newbuild Subsidiaries**"), are each a party to a construction contract with Keppel for the construction of one Super B 400 Bigfoot Class jack-up drilling rig.

These rigs will be constructed at Keppel's yard in Singapore and have the following main characteristics:

New Rig	Design	Water depth (ft)	Drilling depth (ft)	Remaining delivery instalment (USD million)	Delivery time
Hull B365 tbn "Skald"	KFELS Super B	400	35,000	72.4	Q2 2018
Hull B366 tbn "Tivar"	KFELS Super B	400	35,000	147.4	Q3 2020
Hull B367 tbn "Vale"	KFELS Super B	400	35,000	147.4	Q4 2020
Hull B368 tbn "Var"	KFELS Super B	400	35,000	147.4	Q4 2020

For further information about the contracts with Keppel see section 10.8.3.1 "The Keppel New Rig Contracts".

5.10.2 The PPL Rigs

The Company's Marshall Islands subsidiaries Borr Gunnlod Inc. and Borr Groa Inc. are each party to a PPL sale and purchase agreement ("**SPA**") and will, pursuant to the terms thereof, take delivery of a Completed PPL Rig.

The PPL Rigs to be acquired by the Company's Marshall Islands subsidiaries Borr Gyme Inc., Borr Natt Inc. and Borr Njord Inc. are under construction.

As part of the consideration for the PPL Rigs, PPL is entitled to a back-end fee (**"Back-End Fee")**, payable together with the delivery loan principal of USD 3.25 million plus 25% of the increase in the market value of the relevant PPL Rig from 31 October 2017 until the repayment date, less the relevant Group Company's equity cost of ownership of each rig and any interest paid on the Delivery Financing.

The characteristics of these are as follows (the delivery instalments are excluding the Back-End Fee):

Rig	Design	Water depth (ft)	Drilling depth (ft)	First instalment (USD million)	Delivery instalment (USD million)	Delivery time
Hull P2053 tbn "Gunnlod"	Pacific Class 400	400	30,000	55.8	83.7	Q2 2018
Hull P2049 tbn "Groa"	Pacific Class 400	400	30,000	55.8	83.7	Q3 2018

5.10.3 The Second Keppel Contracts

The Company's Marshall Islands subsidiaries Borr Jack-Up XXVII Inc., Borr Jack-Up XXVIII Inc., Borr Jack-Up XXIX Inc., are each a party to a sale and purchase agreement with Keppel for the acquisition of a completed B-class rig.

The Company's Marshall Islands subsidiaries Borr Jack-Up XXX Inc. and Borr Jack-Up XXXI Inc. are each party to a construction contract with Keppel for the r construction of a B-Class jack-up drilling rig.

All of these rigs will be delivered from Keppel's yard in Singapore and have the following main characteristics:

Rig	Design	Water depth (ft)	Drilling depth (ft)	First instalment (USD million)	Delivery instalment (USD million)	Delivery time
Hull B358	Pacific Class 400	400	30,000	57.6	86.4	Q4 2019
Hull B360	Pacific Class 400	400	30,000	57.6	86.4	Q1 2020
Hull B361	Pacific	400	30,000	57.6	86.4	Q2 2020

Rig	Design	Water depth (ft)	Drilling depth (ft)	First instalment (USD million)	Delivery instalment (USD million)	Delivery time
	Class 400					
Hull M1222	Pacific Class 400	400	30,000	57.6	86.4	Q3 2020
Hull B1226	Pacific Class 400	400	30,000	57.6	86.4	Q4 2020

5.11 Competitive position

The Fleet is among the younger in the industry. Figure 8.6 in section 8 "Market and industry overview" below illustrates that the Group, when all the PPL Rigs and the Keppel rigs have been delivered, will have the largest fleet of premium jack-up drilling rigs globally.

5.12 Management structure

The Company's proprietary management organisation provides such administrative, financial, commercial and technical services as the Group requires to successfully managing its assets. This organisation is organised in separate management companies incorporated in the jurisdictions where the relevant personnel is located. The main location will be Dubai, UAE. The reason for this is its central geographical location in relation to the markets in Africa and South East Asia, an attractive regulatory environment and excellent communication connections.

The hub in Dubai is supplemented by a small organisation in Norway. Whenever one of the Rigs obtains an employment contract, a local administrative organisation will be established in the relevant jurisdiction.

The Company has, in order to implement the above-referred principles, incorporated three management companies, being:

- Borr Drilling Management DMCC in Dubai, UAE ("**Borr Drilling Management Dubai**")
- Borr Drilling Management AS in Oslo, Norway ("**Borr Drilling Management Oslo**")
- Borr Drilling Management UK Ltd. In London, United Kingdom

Each of these companies has concluded a written management agreement with the Company setting forth the terms and conditions pursuant to which it will provide management services to the Company and the Group.

The Board has furthermore designated individual employees in the management companies as senior executives in the Company and the Group. This designation is functional and does not create any employment relationship between the designated employee and the Company. Such relationship remains between the said employee and the management company in which he/she is formally employed.

The Company pays each management company an annual fee for the services provided by it to the Group which equals its cost base plus a margin required to comply with relevant transfer pricing rules.

The senior management positions at Group level to which individuals have been designated are:

- CEO
- CFO

These two positions will be supplemented by a chief operating officer ("**COO**") which the Company now is in the process of recruiting.

As of the date hereof, Borr Drilling Management Dubai has 41 full time employees and has, in addition, engaged five full time consultants. Borr Drilling Management AS in Oslo has seven full time employees and has engaged two full time consultants. Borr Drilling Management (UK) Limited in London has one full time employee and has, in addition, engaged one full time consultant. In addition, the Company has three full time employees and has, in addition, engaged 20 consultants in Singapore. Paragon has 120 onshore employees and 359 offshore employees.

The Company has, in order to cover its administrative needs in the initial phase of its development, relied on third party providers of administrative services. Such providers have been a mix of individuals and organisations. All of these have provided and are providing their services on market terms. It is expected that the Group's reliance on third party providers will be gradually reduced over the second half of the current year. Currently the key third party providers engaged by the Company are:

(i) Quorum Ltd., a Bermuda based provider of corporate secretary services which has been engaged to act as company secretary for the Company and to follow up on its reporting and other obligations to Bermuda authorities. The terms of this engagement are set out in an engagement letter with the Company, and

(ii) Ro Sommernes Advokatfirma DA, a Norwegian law firm, which is engaged as the Group's legal advisor providing Norwegian legal advice and co-ordinating such ad hoc legal advisors as the Group engage in other jurisdictions.

As explained in section 5.5 "Business plan", Borr Drilling will either employ offshore crews directly or work with third-party crewing companies to staff those of its Rigs that, from time to time, are under contract.

5.13 Material contracts outside the ordinary course of the Group's business

Other than the agreement entered into with Hercules on 2 December 2017, the agreements entered into with Transocean on 23 May 2017, the agreements entered into with Keppel on 24 May 2017, the agreement entered into with PPL on 6 October 2017, the agreement entered into with Paragon on 22 February 2018, the Master Agreement for the divestment of 14 rigs and the agreements entered into with Keppel on May 2018, no Group Company has entered into any material contract outside the ordinary course of the Group's business since its incorporation. These agreements are described in section 5.2 "Principal activities, section 5.10 "The New Rig Contracts" and section 10.8 "Investments".

5.14 Dependency on contracts, patents and licences etc.

The Company is of the opinion that neither the Company's existing business nor its profitability is dependent on any singular contract, patent or license.

5.15 Property, plants and equipment

As of 31 December 2017, the Rigs had a book value of USD 783.3 million and the New Rigs had a book value of USD 642.7 million. As of the same date the Company had other property, plant and equipment with book value of USD 0.1 million. The Company rents its property. For more information related to the Fleet and the New Rig Contracts, see sections 5.6 "The Fleet" and 5.10 "The New Rig Contracts".

5.16 Environmental regulations

The Group's operations will be subject to federal, state and local laws and regulations of the jurisdictions in which it, from time to time, operates. These will, typically, relate to the energy industry in general and the environment in particular. Environmental laws have in recent years become more stringent and have generally sought to impose greater liability on an increasing number of potentially responsible parties.

The Group's operations are subject to numerous stringent HSE laws and regulations in the form of international conventions and treaties and national, state and local laws and regulations in force in the jurisdictions in which the Group will operate or a Rig is located. These can significantly affect the operation of the Group. These requirements include, but are not limited to, the International Convention for the Prevention of Pollution from Ships (MARPOL), the International Convention on Civil Liability for Oil Pollution Damage of 1969, the International Convention on Civil Liability for Bunker Oil Pollution Damage and other international, national and local laws and regulations that impose compliance obligations and liability related to the use, storage, treatment, disposal and release of petroleum products, asbestos, polychlorinated biphenyls and other hazardous substances that may be present at, or released or emitted from, the Group's operations. Furthermore, IMO, at the international level, or national or regional legislatures in the jurisdictions in which the Group operates, including the European Union, may pass or promulgate new climate change laws or regulations. Compliance with such laws, regulations and standards, where applicable, may require installation of costly equipment or operational changes and may affect the resale value or useful lifetime of the Group's rigs. The Group is required to obtain HSE permits from governmental authorities for the Group's operations.

A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of operations. The Group could also be held responsible for costs relating to contamination at third party waste disposal sites used by the Group or on its behalf. Environmental laws often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject the Group to liability without regard to whether the Group has been negligent or at fault. For example, in certain jurisdictions, owners, operators and bareboat-charterers may be jointly and severally liable for the discharge of oil in territorial waters, including the 200 nautical mile exclusive economic zone. An oil spill could result in significant liability, including fines, penalties and criminal liability and remediation costs for natural resource damages under the laws of the jurisdictions in which the Group operates, as well as third-party damages and material adverse publicity. The Group is required to satisfy insurance and financial responsibility requirements for potential oil (including marine fuel) spills and other pollution incidents. The available insurance cover may not be sufficient to match all such risks. In addition, laws and regulations may impose liability on generators of hazardous substances, and as a result the Group could face liability for clean-up costs at third-party disposal locations.

Although each of the Rigs is owned by a subsidiary, the Company and the other Group Companies could, under certain circumstances, be held liable for damages (including liabilities for oil spills under environmental laws) or debts owed by a subsidiary. Therefore, it is possible that the Company could be subject to liability upon a judgment against a Group Company.

The Group strives to conduct its business activities in an environmentally sustainable manner. This is achieved through the use of written processes and risk management procedures focused on the proactive assessment of environmental risks associated with the Group's operations. These risk assessments help facilitate a reduction of the environmental impact of the Group's activities and help prevent the accidental release of oil and natural gas into the environment. While the Group's management is not currently aware of any situation involving an environmental claim that would likely have a material adverse effect on the Group, it is possible that an environmental claim could arise that could cause the Group's business to suffer.

5.17 Insurance

The Group's operations are subject to all the risks normally associated with offshore drilling operations and could result in damage to, or loss of, property, suspension of drilling operations or injury or death to employees or third parties. The Group's operations may be conducted in harsh environments where accidents involving catastrophic damage or loss of life could result. Litigation arising from such an event may result in the Group being named a defendant in lawsuits asserting large claims. As is customary in the drilling industry, the Group attempts to mitigate its exposure to some of these risks through indemnification arrangements and insurance policies.

The Group carries insurance coverage for its operations in line with industry practice and its insurance policies provide insurance cover for physical damage to the Rigs, loss of income for certain Rigs and third party liability.

The Group maintains Hull and machinery insurance (**"H&M Insurance"**) based on the market value for all of its rigs. In addition, the Group maintains war risk insurance for its Rigs in an amount equal to the total insured hull value (including hull and machinery value and hull interest value) subject to certain coverage limits, deductibles and exclusions, Protection and indemnity insurance (**"P&I Insurance"**) covering liability arising from its operations and loss of hire insurance ("**LOH Insurance**") for "Mist" which is currently operating under the Existing Transocean Bareboat Charter. The LOH Insurance covers loss of income up to certain maximum amounts due to the Rig being wholly or partially deprived of income as a consequence of damage to the rig which is recoverable under the H&M Insurance.

The terms of the Group's war risk policies include provisions whereby underwriters can give seven days' notice to the insured that the policies will be cancelled in the event of a change of risk or automatically in the event of any use of nuclear arms for war purposes or war between certain countries, which is standard for war risk policies in the offshore industry. Upon any proposed cancellation the insurer shall, before expiry of the seven-day period, submit new proposed terms for continuation of the insurance in the prevailing changed circumstances.

The P&I Insurance covers third party liabilities arising from the operation of the Rigs, including personal injury or death (for crew and other third-parties), collision, damage to fixed and floating objects, oil spills and pollution. For the Rigs which are stacked, the P&I Insurance cover is limited to USD 150 million per event (unless otherwise specifically stated in the policy) provided that if the aggregate of all claims against the Group as assured under the P&I Insurance cover exceeds USD 150 million, the insurer shall

not be liable to make any payments in respect of such claims which in the aggregate exceeds USD 150 million. For the Rig currently operating under the Existing Transocean Bareboat Charter, the limitation amount is USD 400 million per event on the same terms as stated above.

Management considers the Group's level of insurance coverage to be appropriate for the risks inherent in the Group's business. The determination of the appropriate level of insurance coverage is made on an individual asset basis taking into account several factors, including the age, market value, cash flow value and replacement value of the Rigs.

5.18 Legal and arbitration proceedings

No Group Company is, at the date hereof, and has during the previous 12 months, been involved in any governmental, legal or arbitration proceedings, nor is the Group aware of any such pending or threatened proceedings which may have significant effects on the Group's financial position or profitability.

5.19 Related party transactions

The Group has since the Company's incorporation on 8 August 2016 and until the date of this Prospectus completed a number of related party transactions. These can be summarized as follows:

Drew Holdings Limited ("Drew")

Drew is, following its merger with Taran Holdings Limited, a large shareholder in the Company and the Company has completed the following transactions with Drew since its incorporation:

- A short-term loan of USD 13.0 million was provided to the Company by Taran on 2 December 2016 to finance the deposit payable for the Hercules Rigs. The loan was repaid by way of set-off against Taran's subscription for Shares in the December Private Placement.
- A short-term loan of USD 12.75 million was provided by Taran to the Company on 15 March 2017 to partly finance the deposit payable for the Transocean Transaction. The loan was repaid by way of set-off against Taran's subscription for Shares in the March 2017 Private Placement.
- A revolving credit facility of USD 20.0 million was provided to the Company by Taran on 12 December 2016. The facility was never utilised and was cancelled on 31 May 2017.

Ubon

Mr. Fredrik Halvorsen is a director on the board of the Company and also owns 33.33% of the shares in Ubon.

On 9 December 2016, the Company issued 1,937,500 Warrants to Ubon. Each Warrant constitutes a right to purchase one new Share at a subscription price of USD 0.01. By 23 March 2017 all of the Warrants issued to Ubon had been exercised. The Warrants issued to Ubon were issued as compensation for Ubon's underwriting of the December Private Placement.

Magni Partners

Mr. Tor Olav Trøim is a director on the board of the Company and is the sole shareholder of Magni Partners.

Magni Partners is party to a corporate support agreement with Borr Drilling Limited dated 15 March 2017 pursuant to which it is providing strategic advice and assistance in sourcing investment opportunities, financing etc. To the date hereof and during the 12 month periods ending 31 December 2017 and 31 December 2016, the Company transacted with Magni Partners on the following transactions:

On 9 December 2016, the Company issued 7,750,000 Warrants to Magni Partners. The Warrants issued to Magni Partners were issued as compensation for Magni Partners' underwriting of the December Private Placement. Each Warrant constitutes a right to purchase one new Share at a subscription price of USD 0.01. By 23 March 2017 all of the Warrants issued to Magni Partners had been exercised.

During Q1 2017, Magni Partners received cash compensation of USD 1.4 million for various commercial services provided in connection with the acquisition of the Hercules Rigs.

Magni Partners received USD 2 million for their assistance in the March 2017 Private Placement (USD 1.75 million) and May 2017 Transactions (USD 0.25 million). The total cost for the March 2017 Private Placement (including the payment to the investment banks and Magni Partners) was USD 8.75 million, or 1.1 percent of the gross proceeds.

Magni Partners has provided assistance to the Company in relation to the PPL Transaction and the October Private Placement. Magni Partners received USD 1.5 million for this assistance. Total fees paid to investment banks and Magni Partners related to the October Private Placement are USD 8.75 million, which translate to approximately 1.3 percent of gross proceeds.

Magni Partners received no compensation for assistance provided in related to the Paragon Transaction, the March 2018 Private Placement, the Convertible Bonds issuance and the Second Keppel Transaction.

Schlumberger

On 21 March 2017, the Company issued 4,736,887 Warrants to subscribe to new Shares in the Company at a subscription price of USD 3.50 plus 4% p.a. per Share to Schlumberger for their role, support and participation in the March 2017 Private Placement.

On 6 October the Company granted further 4,736,887 Warrants to Schlumberger as a consequence of the final collaboration agreement being been concluded on the same date.

Further, on 6 October 2017, the parties agreed to cancel the Warrants against a compensation of approximately USD 4.7 million.

Option agreements

On 18 December 2016, Magni Partners and Ubon entered into an agreement with each of Rune Magnus Lundetræ and Svend Anton Maier through their individual companies, Primato AS (Rune Magnus Lundetræ) and SAM International Consulting (Svend Anton Maier). Under the agreements each of these purchased an option to buy 960,000 Shares from Magni Partners and Ubon (split with 80% on Magni Partners and 20% on Ubon). The purchase price for each Share is USD 2.0. The option premium due to Magni Partners and Ubon is USD 192,414 for each counterparty and has been settled. The amount of

the option premium has been set based on a calculation by an independent third party and reflected the fair value of the option at the time it was granted.

6. THE PARAGON TRANSACTION

6.1 Overview of Paragon

Paragon Offshore Limited was incorporated on 18 July 2017 as part of the financial restructuring of its predecessor, Paragon Offshore PLC (**"Old Paragon").**

Old Paragon had been spun off from Noble Corporation plc in 2013 taking over Noble Drilling's fleet of standard specification offshore drilling units. Old Paragon acquired a majority of the shares in Prospector Offshore Drilling S.A. ("**Prospector**") in November 2014. Prospector owned (through subsidiaries) two high specification jack-up rigs, namely the "Prospector 1" and the "Prospector 5" (the **"Prospector Rigs").**

Following the dramatic fall in the demand for offshore drilling services in 2015, Old Paragon announced, on 15 February 2016 that the company and certain of its subsidiaries (notably Prospector) had decided to commence proceedings under Chapter 11 of the US Bankruptcy Code for the purpose of restructuring its debt. A restructuring plan was then negotiated and agreed between Old Paragon and its creditors. This plan was confirmed by the US bankruptcy court with jurisdiction over the restructuring process on 7 June 2017.

The plan was based on a new parent company (Paragon) being incorporated in the Cayman Islands. This company (Paragon) took over all of Old Paragon's assets. Old Paragon creditors received settlement for their claims in, inter alia, shares in Paragon. Following closing of the restructuring, Paragon continued Old Paragon's ongoing business based on its fleet of standard specification jack-up drilling rigs and semi-submersible drilling rigs. Paragon did, however, close the acquisition of the Prospector Rigs at the time, due to the Chapter 11 proceedings applicable to Prospector not being concluded.

Instead, Paragon and Old Paragon concluded a purchase agreement in respect of all of the shares in Prospector which would, subject to the approval of Prospector's creditor and confirmation of the relevant US bankruptcy court, close at a later date. Paragon did, however, take on the day-to-day management of the Prospector Rigs under a management agreement.

Prospector had financed the Prospector Rigs by way of the lease agreements with SinoEnergy Corporation ("**SinoEnergy")**. SinoEnergy had, in turn, part financed the Prospector Rigs by a loan from Industrial and Commercial Bank of China (**"ICBC"**).

As of year-end 2017, and excluding the Prospector Rigs, Paragon had a fleet of 29 standard specification jack-up drilling rigs and 1 semi-submersible drilling rigs. Paragon employed approximately 200 individual's onshore (primarily located in Houston) and approximately 400 individuals offshore.

For the period 18 July to 31 December 2017, Paragon delivered a net loss of USD 77.9 million. At 31 December 2017, Paragon's total assets were valued at USD 632.5 million. Paragon's book equity capital was at USD 469.6 million. Paragon had, at the same time, approximately 100 shareholders, the majority of which were located in the US.

As a consequence of Paragon having been incorporated in July 2017, no accounts are available for any period prior thereto. Historical accounts for Old Paragon will not provide any comparable or meaningful information due to these covering the period prior to the overall restructuring of the assets and debt of Old Paragon in the Chapter 11 process.

6.2 Borr Drilling's strategic interest in Paragon

Since its incorporation, it has been Borr Drilling's stated ambition to act as a consolidator in the jack-up drilling rig industry.

Paragon had, due to its right to acquire the Prospector Rigs, its operating history and its staff, been identified by Borr Drilling as a possible acquisition target.

In view of this, the Board decided, in January 2018, to investigate whether it would be possible to acquire Paragon.

6.3 The Transaction

Following an initial contact in mid-January, negotiations commenced with the board of directors and management of Paragon towards the end of January.

It soon became clear that any acquisition would have to be structured as a voluntary tender offer ("**Tender Offer**") to Paragon's shareholders, consistent with US securities laws.

The price and terms of such offer were negotiated between the parties and documented in Tender Offer Agreement dated 21 February 2018, with the form of the Tender Offer to be extended to Paragon's shareholders attached as a schedule.

The agreed price in the Tender Offer was USD 42.28 per share. This could increase on a USD for USD basis with the amount collected by Paragon on a claim against an Indian charterer prior to the closing date of the offer (the **"Jindal Claim"**).

The Tender Offer Agreement contained two major conditions on Borr Drilling's part.

First, Borr Drilling would not be obliged to launch the Tender Offer unless Paragon's board had secured pre-acceptance thereof from shareholders representing no less than 2/3rds of all of the shares in Paragon.

Second, Borr Drilling would not complete the offer unless Paragon had secured its indirect and unencumbered ownership of the Prospector Rigs and the Chapter 11 proceedings in respect of the Prospector entities having been dismissed.

This condition meant that Paragon had to agree with SinoEnergy (and ICBC) to terminate the lease agreements and arrange for the relevant Prospector subsidiaries to acquire the Prospector Rigs before the closing date of the Tender Offer. Further, the US Bankruptcy court with jurisdiction over Prospector's Chapter 11 restructuring would have to approve of these transactions and the completion of Paragon's acquisition of Prospector from Old Paragon prior to such date.

The first condition was satisfied on 17 February 2018 when Borr Drilling was provided with signed irrevocable tender support agreements from the requisite number of shareholders. The Tender Offer was thus launched on 26 February 2018 with an acceptance period ending on 27 March 2018.

Paragon managed to collect USD 8.8 million of the Jindal Claim prior to the closing date of the Tender Offer of which the result that the effective price paid for each share in Paragon by Borr Drilling was USD 43.8843.

In respect of the second condition, Paragon managed to negotiate the terms of the termination of the lease agreements for the Prospector Rigs with SinoEnergy and ICBC and the terms of Prospector's acquisition (through wholly owned subsidiaries) thereof. Closing of this agreement, however, took more time to arrange than Paragon anticipated which resulted in the Tender Offer Period being extended to 27 March 2018. Satisfaction of the requirements of this second condition, including the Prospector Chapter 11 dismissal order, was achieved immediately before the extended closing of the Tender Offer.

With this agreement in hand, Paragon furthermore obtained the approval of the relevant US Bankruptcy Court to close the purchase of Prospector from Old Paragon.

At the closing of the Tender Offer at the close of business on 28 March 2018, 4,987,754 shares in Paragon had been tendered. They represented 99.41% of all of the shares in Paragon.

Consequentially, Borr Drilling paid a total of USD 239.9 million to the Paragon shareholders who had tendered their shares on 29 March 2018 when settlement of the Tender Offer took place.

As of year-end 2017, Paragon had a fleet of 29 standard drilling jack-ups, two premium drilling jack-ups and one semisubmersible. Nine of the standard drilling jack-ups were divested prior to the transaction between Paragon and Borr Drilling, and were consequently not a part of the transaction.

Following the acquisition of the outstanding shares, Paragon became a subsidiary of Borr Drilling including the Paragon rigs and employees.

6.4 **Subsequent transaction**

Borr Drilling extended a loan to Paragon in the amount of USD 86.4 million at closing to enable to repay a loan which had become due and payable as a consequence of the change of control in Paragon.

Borr Drilling is in the process of initiating a mandatory offer in respect of the shares in Paragon which were not tendered in the offer. It is expected that this process is finalized by the end of the year at the latest.

7. THE MARCH 2018 PRIVATE PLACEMENT

7.1 Overview

The Company completed a private placement of 54,347,827 new shares on 23 March 2018 (the March 2018 Private Placement). The subscription price for these Shares was USD 4.60 which was set by the Board. The March 2018 Private Placement thus raised gross proceeds to the Company of USD 250 million.

The completion of the March 2018 Private Placement implied a deviation from the existing shareholders pre-emptive rights to subscribe for and be allocated new shares. Due to the deviation from the existing shareholders pre-emptive rights, new investors benefited of being allocated new shares in the Company and existing shareholders that did not participate in the March 2018 Private Placement were diluted. The Board of Directors carefully considered such deviation and resolved that the March 2018 Private Placement was in the best interests of the Company and its shareholders. In reaching this conclusion the Board of Directors has inter alia considered the limited discount to previous trading prices, the dilutive effect of the share issue, the financing required for the Paragon Transaction, the investor interest in the transaction, the strengthening of the shareholder base that will be achieved by the March 2018 Private Placement, the liquidity in the shares, transaction costs, transaction efficiency and completion risks.

At the time of the March 2018 Private Placement, the Board only had authority to issue 46,707,500 additional shares within the authorised share capital of the Company. Consequently, the March 2018 Private Placement was structured with two tranches.

Tranche 1, ("**Tranche 1**") consisted of 48,367,827 new shares while tranche 2 ("**Tranche 2**") consisted of 5,980,000 new shares, subject to a special general meeting approving the increase in the authorised share capital of the Company.

Drew and Ubon accepted to wait for the delivery of their 5,980,000 shares until the Company's special general meeting had approved of an increase in the Company's authorised share capital and was consequently allocated shares in Tranche 2 of the March 2018 Private Placement.

In order to avoid that other investors would receive allocations subject to approval of the increase in the Company's authorised share capital by the special general meeting, it was agreed between the Company, the Managers and Magni Partners that the difference between the 48,367,827 shares in Tranche 1 and the 46,707,500 shares being available under the authorised share capital would be settled through a loan of 1,660,327 existing Shares from Magni Partners. This loan was to be settled by the issue of the same number of shares in the Company once the authorised capital had been increased after the special general meeting of the Company.

Tranche 1 was, on the basis of the above, settled on 27 March 2018. On the same date, Drew and Ubon prepaid their respective subscription amount ensuring that the Company received the full proceeds from the March 2018 Private Placement.

The Company's special general meeting commenced on 5 April 2018 resolved to increase the Company's authorised share capital by USD 1 million represented by 100,000,000 new shares of USD 0.01 par value. On this basis, the Board resolved to issue 7,640,327 new shares (the "**New Shares**") as soon as practically possible following the approval of this Prospectus, thus settling Tranche 2 and

enabling the Company to redeliver the Shares borrowed from Drew in order to settle Tranche 1. The issuance of the 7,640,327 New Shares is expected on or about 30 May 2018.

Drew and Ubon had agreed not to claim any interest on the prepayment of the Tranche 2 shares. Further, Drew will receive no interest on the loan of the Shares used to settle Tranche 1.

The New Shares will be tradable as soon as practically possible following issuance which is expected on or about 30 May 2018.

7.2 Participation of major existing shareholders and members of the Company's management, supervisory or administrative bodies in the March 2018 Private Placement

Drew was allocated 4.35 million New Shares in the March 2018 Private Placement. Drew is a close associate of Mr. Tor Olav Trøim, chairman of the Board of Directors of Borr Drilling.

Ubon, a company owned 33.3% by Mr. Fredrik Halvorsen, was allocated 1.63 million New Shares in the Tranche 2 of the March 2018 Private Placement. Ubon is a close associate of Mr. Fredrik Halvorsen, director of Borr Drilling.

7.3 Proceeds and expenses

The net proceeds from the March 2018 Private Placement will be used to finance the acquisition of Paragon and general corporate purposes (including working capital). Costs associated with the March 2018 Private Placement is estimated to be approximately USD 3.33 million, resulting in net proceeds of approximately USD 246.7 million to the Company. The Company will not charge any expenses directly to any investor in connection with the March 2018 Private Placement.

7.4 Rights attached to the New Shares

The New Shares issued in Tranche 1 have the same rights as those attached to the Existing Shares from the date of the issue which was 23 March 2018. The New Shares issued in Tranche 2 will have the same rights as those attached to the Existing Shares from the date of the issue thereof. From issue, The New Shares rank pari passu with the Existing Shares in all respects including the right to dividend. All Shares will have equal voting rights. All Shares carry one vote. Please refer to Section 12.8 "Summary of certain rights of the Company's shareholders under Bermuda law, the Memorandum of Association and the Bye-laws.

7.5 Dilution

Prior to the March 2018 Private Placement, the Company had 478,292,500 Shares in issue. 54,347,827 Shares have been issued in the March 2018 Private Placement. Consequently, the immediate dilutive effect to existing shareholders that did not participate in the March 2018 Private Placement will be 10.2%.

7.6 Managers and advisers

The following acted as Joint Lead Managers and Joint Bookrunners in connection with the March 2018 Private Placement:

- ABG Sundal Collier ASA (address: Munkedamsveien 45, 0250 Oslo, Norway);
- Clarksons Platou Securities AS (address: Munkedamsveien 62C, 0270 Oslo, Norway);

- Danske Bank (address: Bryggetorget 4, 0107 Oslo, Norway)
- DNB Markets, a part of DNB Bank ASA, (address: Dronning Eufemias gate 30, 0191 Oslo, Norway);
- Fearnley Securities AS (address: Grev Wedels Plass 9, 0151 Oslo, Norway);
- Pareto Securities AS (address: Dronning Mauds gate 3, 0250 Oslo, Norway); and
- Skandinaviska Enskilda Banken AB (publ.) Oslo branch (address: Filipstad Brygge 1, 0252 Oslo, Norway).

Ro Sommernes Advokatfirma DA (address: Fridtjof Nansens pl. 7, 0160 Oslo, Norway) acted as legal advisor to the Company in connection with the March 2018 Private Placement.

7.7 Interest of natural and legal persons

The Managers and their affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers, their employees and any affiliate may currently own Shares in the Company. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Total fees to be paid to the Managers related to the March 2018 Private Placement are USD 3.33 million, which translate to approximately 1.3 percent of gross proceeds.

Consequently, the Managers have an interest in the March 2018 Private Placement.

Beyond the above-mentioned, the Company is not aware of any interest, including conflicting ones, of any natural or legal person in the March 2018 Private Placement.

7.8 Jurisdiction and choice of law

The New Shares will be issued pursuant to the rules of the Bermuda Companies Act, the Memorandum of Association and the Bye-laws.

8. MARKET AND INDUSTRY OVERVIEW

The Company has used industry and market data obtained from independent industry publications, market research, and other publicly available information, including information from DNB Markets Equity Research[1] and Rystad Energy[2] in order to prepare the following overview of the offshore drilling industry. While the Company has compiled, extracted and reproduced data from external sources, the Company has not independently verified the correctness of such data. The Company therefore cautions investors not to place undue reliance on the above mentioned data. Unless otherwise indicated, the basis for any statements regarding the Group's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

The Company confirms that, where information has been sourced from a third party, such information has been accurately reproduced. As far as the Company is aware and is able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties is presented, the source of such information is identified.

Industry publications or reports generally state that the information they contain has been obtained from sources is believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and can thus not give any assurances as to the accuracy of market data, which has been extracted from such publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and do not, necessarily, reflect actual market conditions. Such statistics are based on market research, which, itself, is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, investors should be aware that statistics, statements and other information relating to markets, market sizes, market shares, market positions and other industry data set forth in the following (and projections, assumptions and estimates based on such data) may not be reliable indicators of the Group's future performance and the future performance of the offshore drilling industry.

The following discussion contains Forward-Looking Statements, see section 4.4 "Forward Looking Statements". The Forward-Looking Statements in this section are not guarantees of future outcomes and these future outcomes could differ materially from current expectations. Numerous factors could cause or contribute to such differences, and such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in section 2 "Risk factors" and elsewhere in this Prospectus.

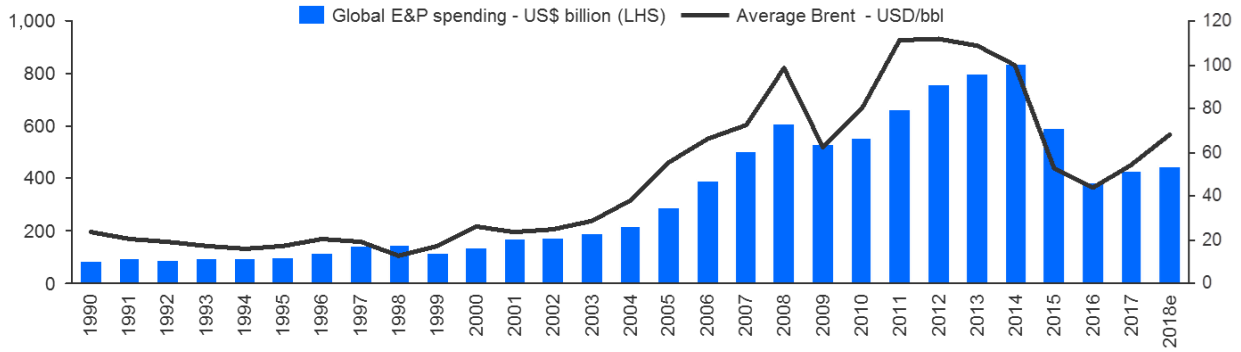
8.1 Introduction

The Group operates in the offshore drilling market which is a part of the international oil service industry. The fundamental driver of oilfield services and offshore drilling activity is the level of investment by and the E&P Companies' exploration, development and production of crude oil and natural gas. Historically, the level of upstream capital expenditure has been driven by future oil and natural gas price expectations. This correlation has recently been observed following the decline in

[1] Information from this source in the Prospectus is available at https://www.dnb.no/bedrift/markets.
[2] Information from this source in the Prospectus is available at https://www.rystadenergy.com/Products

crude oil prices in 2014, which had a negative impact on the demand for services across the oil service industry in general. As oil prices fell from an average of USD 109/barrel (Unit of Brent oil – **"Bbl"**) in H1 2014 to an average of USD 44/Bbl in 2016, the lower price along with uncertainty of future price development caused a material reduction in exploration and development spending, both in 2015 and in 2016. However, as the oil price has increased from the 2016 trough, exploration and development spending increased by 10% from 2016 to 2017. The figure below shows the correlations between global E&P spending on exploration and production and the oil price from 1990 to 2018e.

Figure 8.1: Global E&P spending (USD billion 1990 – 2018e)



Source: DNB Markets Equity Research

8.2 The global offshore drilling market

The offshore contract drilling industry provides drilling, workover and well construction services to oil and gas companies through the use of mobile offshore drilling rigs. Historically, the offshore drilling industry has been highly cyclical. Offshore exploration and development spending has fluctuated substantially on an annual and regional basis depending on several factors, including amongst others:

- General worldwide economic activity;
- Worldwide supply and demand for crude oil and natural gas;
- Oil and gas operators' expectations regarding crude oil and natural gas prices;
- Disruption to exploration and development activities due to severe weather conditions;
- Anticipated production levels and inventory levels;
- Political, social and legislative environments in major oil-producing regions;
- Regional and global economic conditions and changes therein; and
- The attractiveness of the underlying geographical prospects, in both specific fields and geographic locations.

The profitability of the offshore drilling industry is largely determined by the balance between supply and demand for rigs. Offshore drilling contractors can mobilize rigs from one region of the world to another, or reactivate cold stacked rigs in order to meet demand in various markets.

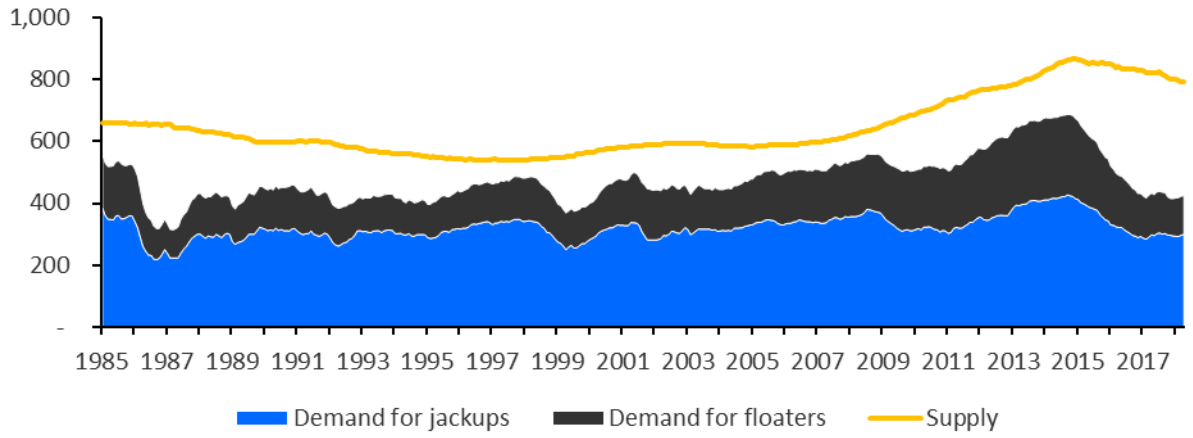
The shallow water segment of the drilling industry is particularly competitive with no single contractor having a dominant market share. Competitive factors include price, rig availability, rig operating features, workforce experience, operating efficiency, condition of equipment, safety record, contractor experience in a specific area, reputation and customer relationships.

Offshore drilling contractors typically operate their rigs under contracts received either by submitting proposals in competition with other contractors or following direct negotiations. The rate of

compensation specified in each contract depends on the number of available rigs capable of performing the work, the nature of the operations to be performed, the duration of work, the amount and type of equipment and services provided, the geographic areas involved and other variables. Generally, contracts for drilling services specify a daily rate of compensation and can vary significant in duration, from weeks to several years.

Global offshore drilling expenditure increased significantly in the period from 2004 to 2013 (with a temporary drop in 2009 and 2010). Approximately USD 478 billion was spent on offshore drilling services from 2000 to 2014 according to Rystad Energy's estimates. North America and North West Europe represented the major share of this. The significant decline in oil and gas prices during the latter part of 2014, and throughout 2015 and 2016, led to an abrupt reduction in demand for rigs in 2015 and onwards. The figure below illustrates the development in supply and demand in the offshore drilling market. The category "Demand" reflects the number of rigs actually working at any given time.

Figure 8.2: Supply and demand of offshore drilling rigs

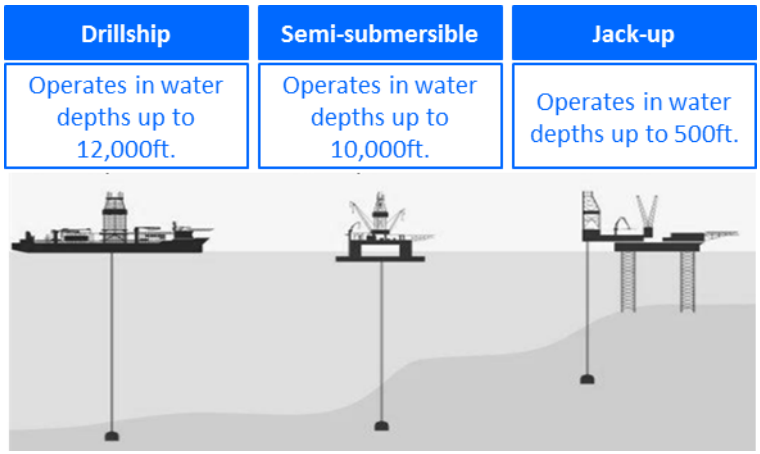


Source: DNB Markets Equity Research

Periods of high demand are typically followed by a shortage of rigs and consequently higher day rates which, in turn, make it profitable for industry participants to place orders for new rigs. This was the case prior to the oil price decline in 2014, where several industry participants ordered new rigs in response to the high demand in the market. However, despite the deteriorating market conditions between 2015 and 2016, the number of rigs available in the market continued to increase due to rigs coming off contract with no follow on work and due to the inflow of new rigs (albeit at a slower rate than originally planned), turning an excess rig demand into an excess supply of rigs and, consequently reducing day rates.

Most rigs are owned by industry participants who provide drilling services as their primary or only activity. Offshore drilling rigs are generally divided into three main categories as shown in the figure below.

Figure 8.3: Main rig categories by water depth



Source: DNB Markets

All offshore rigs provide varying levels of storage capacity, workspace, drilling and water depth capabilities as well as living quarters necessary to support well construction and maintenance services to its customer 24 hours a day. Main rig categories are separated by the water depth at which they can drill:

- **Drillships**: Generally self-propelled ships that can either be equipped with conventional mooring systems or dynamic positioning systems. Drillships are well suited for ultra deepwater drilling and drilling in remote locations due to their mobility and high load capacity.
- **Semi-submersible rigs:** Floating platforms with a ballasting system, operating in a "semi-submerged" position, with the lower hull ballasted below the waterline. Can either be moored or dynamically positioned and is well suited to medium water depth or harsh environments.
- **Jack-up rigs:** A jack-up drilling rig is towed to the drill site with its hull riding in the water and its legs raised. At the drill site, the jack-up drilling rig's legs are lowered until they penetrate the sea bed. Its hull is then elevated (jacked-up) until it is above the surface of the water. After the completion of drilling operations at a drill site, the hull is lowered until it rests on the water and the legs are raised. The rig can then be relocated to another drill site. Jack-up drilling rigs typically operate in shallow water depths, generally less than 400 ft. To move jack-up drilling rigs long distances (e.g. when mobilizing from one region to another), the rig is transported on board a heavy-lift vessel with the entire rig travelling above the water line.

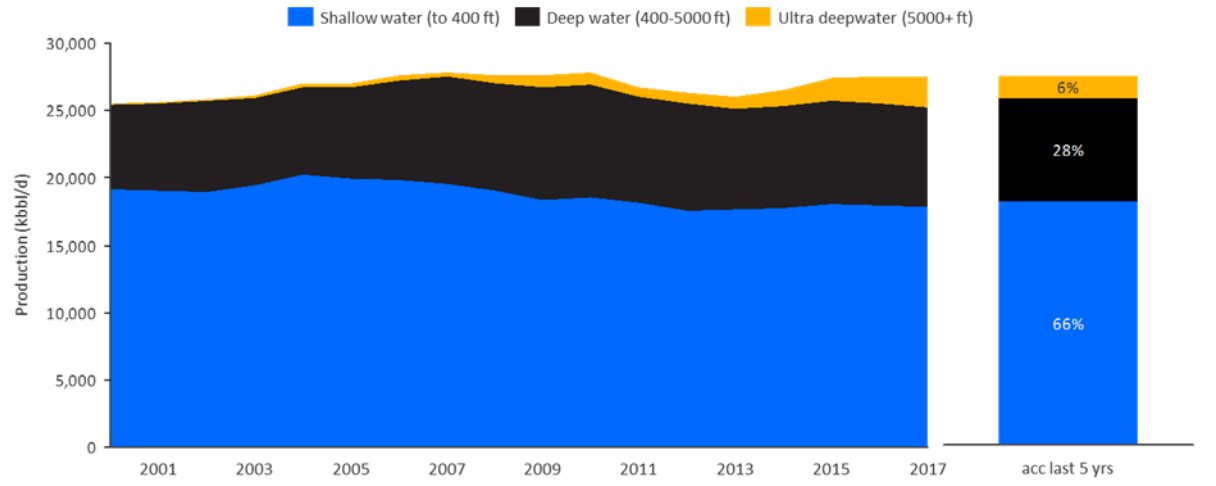
8.3 The jack-up drilling rig segment

The market

Jack-up drilling rigs can, in principle, be used to drill (a) exploration wells, i.e. explore for new sources of oil and gas or (b) new production wells in an area where oil and gas is already produced. The latter activity is referred to as development drilling. The shallow water oil and gas production is a low cost production, second only to Middle East onshore production in terms of cost. As a result and due to the shorter period from investment decision to cash flow, E&P Companies generally prefer shallow water developments over other offshore production categories.

As shown in figure 7.4 below, shallow water oil production, where jack-up drilling rigs are used, accounted for 66% of the global offshore production during the last five years. It therefore represents a key element in the global oil supply chain. The figure below shows the offshore oil production by water depth.

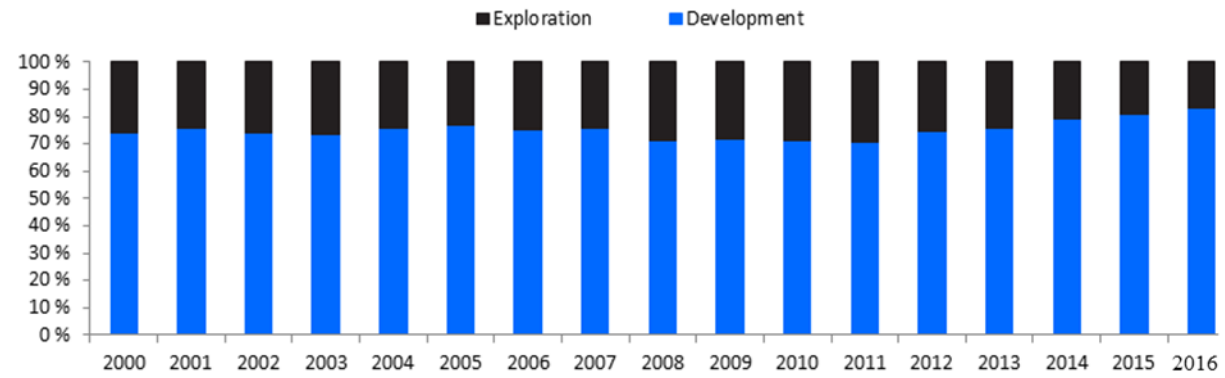
Figure 8.4: Offshore oil production by water depth



Source: Rystad Energy

Further, 83% out of the average 460 marketed jack-up drilling rigs globally were used for development drilling in 2016. The remaining 17% was used for exploration drilling. This makes the jack-up drilling rig market more resilient and less volatile compared to the other offshore drilling markets. The graph below shows the development in type of rig employment for jack-up drilling rigs between 2000 and 2016.

Figure 8.5: Development in type of rig employment for jack-ups 2000 – 2016



Source: DNB Markets Equity Research

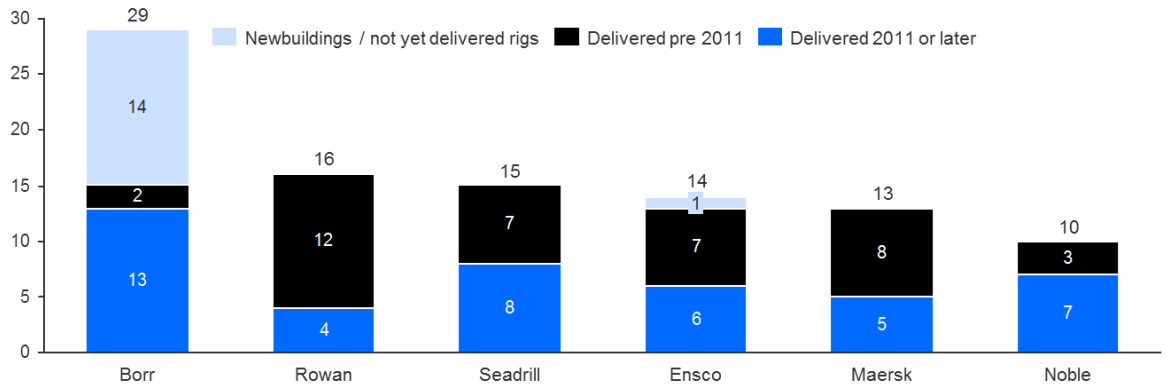
Categories of jack-up drilling rigs

There are several sub-categories within the jack-up drilling rig segment based on different attributes of the rigs, typically water depth capability, hook load capacity and cantilever reach. Some rigs can also be equipped to operate in harsh environment (lower temperature and harsher weather conditions).

The offshore drilling market has, over the last years, experienced a shift in demand towards premium rigs. In line with this trend, several drilling contractors are renewing their fleets through both newbuildings and acquisitions. Rigs delivered ex yard in 2001 or later are commonly referred to as premium rigs. Rigs delivered prior to 2001 are usually referred to as standard rigs.

One of the main reasons for the increased focus on premium rigs is an expected increase in the activity which requires equipment of higher standards due to more demanding wells. The Macondo incident has led to an increased focus on safe operations and HSE performance from the E&P Companies, shifting their preference to premium rigs. The global jack-up drilling rig fleet is generally facing an age challenge as the majority of the fleet is constructed before 1985, as illustrated later in this section. This potentially impacts negatively on safety and operational performance. The figure below shows the largest owners of premium rigs by number of rigs.

Figure 8.6: Largest premium jack-up rig owners by number of rigs



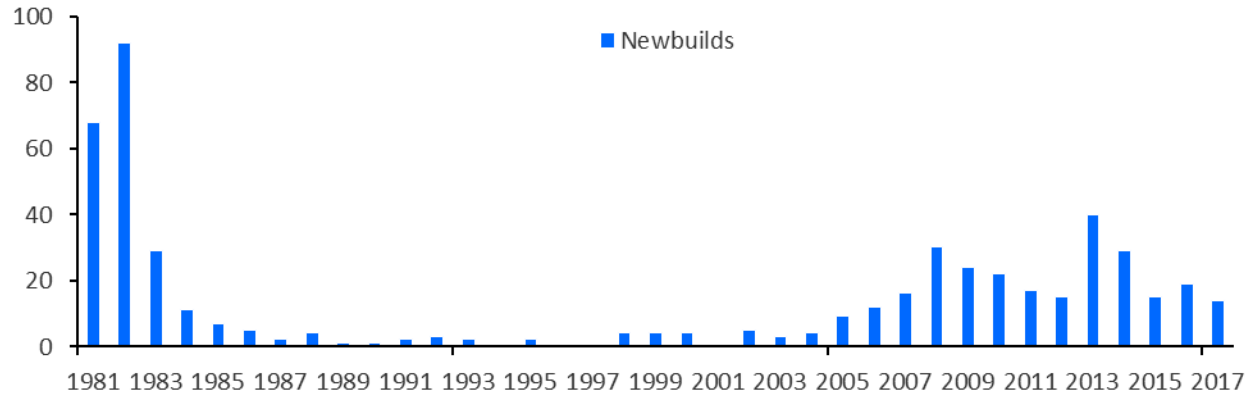
Listed owners only; the Company includes newbuilds, Seadrill excludes Chinese newbuilds and non-consolidated entities, Seadrill includes North Atlantic Drilling, Ensco includes Atwood Source: DNB Markets Equity Research

The global fleet

The global jack-up drilling rig fleet is currently at approximately 531units. In addition approximately 94 jack-up drilling rigs are under construction (of which a large number has been ordered by financially weak players and speculators). Over half of the jack-up rigs in the global fleet were built in the 1970s and 1980s. Between 2011 and 2016, 69 jack-up drilling rigs with an average age of 33 years were removed from service, significantly more than the period from 1995 to 2010, when 42 jack-up rigs with an average age of 27 years were removed. From 2017 to 2020 the number of jack-up drilling rigs older than 40 years will increase from 58 to 115. Older jack-up drilling rigs are set to be retired at an increasing rate, and although there are large variations in the condition of such rigs, the expected increased complexity of wells to be drilled and the general focus on safe operations and HSE performance by the E&P Companies is shifting demand towards premium rigs. Adjusted for older and lower quality standard rigs with no work, the supply situation therefore looks less challenging in the short to medium term than over the last couple of years.

The figure below shows the historical newbuild development of the global jack-up drilling rig fleet since 1980.

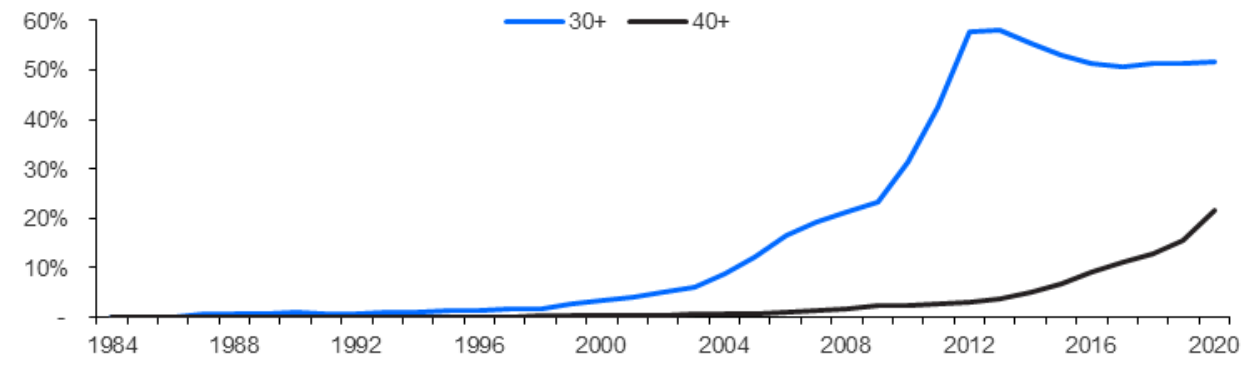
Figure 8.7: Historical newbuild development 1980 – 2017



Source: DNB Markets Equity Research

Currently, over 50% of the jack-up drilling rig fleet is more than 30 years old. A large portion of the older rigs are cold-stacked and will require significant capital expenditure in order to return to work / become competitive. The figure below shows the development in the number of jack-up drilling rigs older than 30 and 40 years in percent of the total jack-up drilling rig fleet.

Figure 8.8: Rigs older than 30 and 40 years old in percent of total jack-up drilling rig fleet



Source: DNB Markets Equity Research

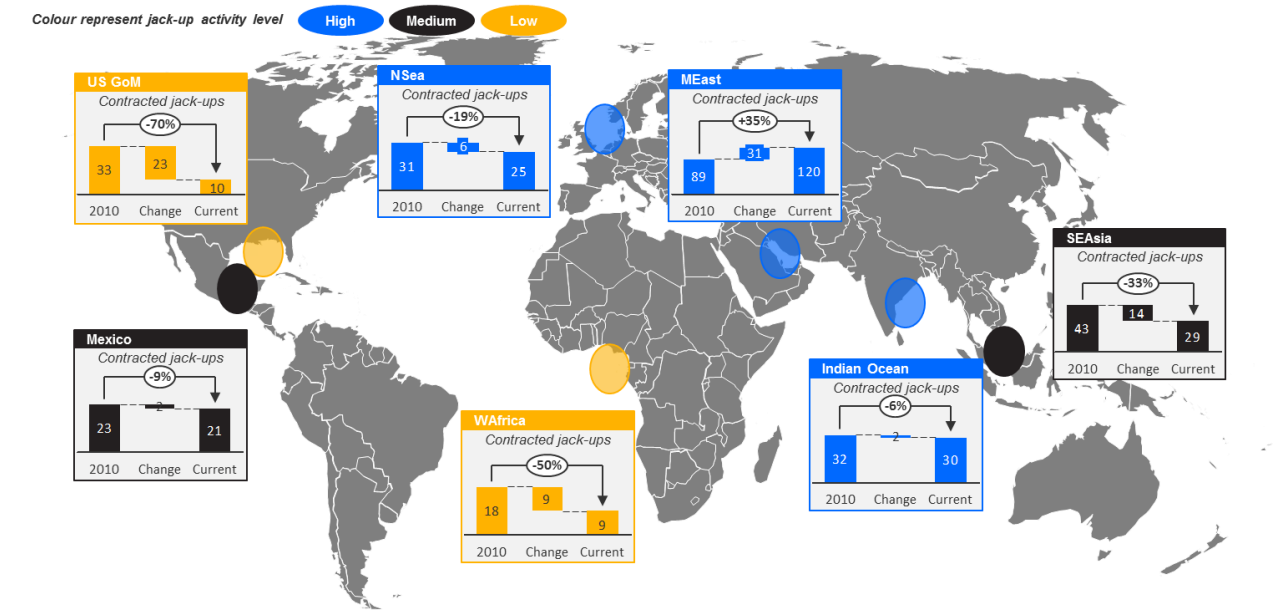
The supply and demand balance will also be impacted by older jack-up drilling rigs coming up for special period survey in 2017 and 2018. Many of these are likely to be phased out as the investment horizon over which upgrade investments must be defended is uncertain.

Since 2010, the geographical location of the working jack-up drilling rig fleet, has been most stable and high in the Middle East, the North Sea and South East Asia (representing more than 50% of the contracted fleet). These markets are still the most active and promising markets for premium rigs, with visible requirements developing in 2017 and beyond. The Middle East and South East Asia markets are also characterised by high NOC activity from E&P Companies that are owned wholly or with a majority share by national government ("**NOCs**") and low breakeven costs relative to other regions. The development in activity in West Africa has been negative, Mexico has been moderate, while the U.S.

Gulf of Mexico has collapsed and is no longer considered a relevant market for jack-up rigs. The jack-up drilling rig demand in the Indian Ocean is covered mainly by local operators and standard rigs.

The figure below shows the jack-up drilling rig market by region today compared to 2010.

Figure 8.9: Jack-up market current activity by region compared to 2010

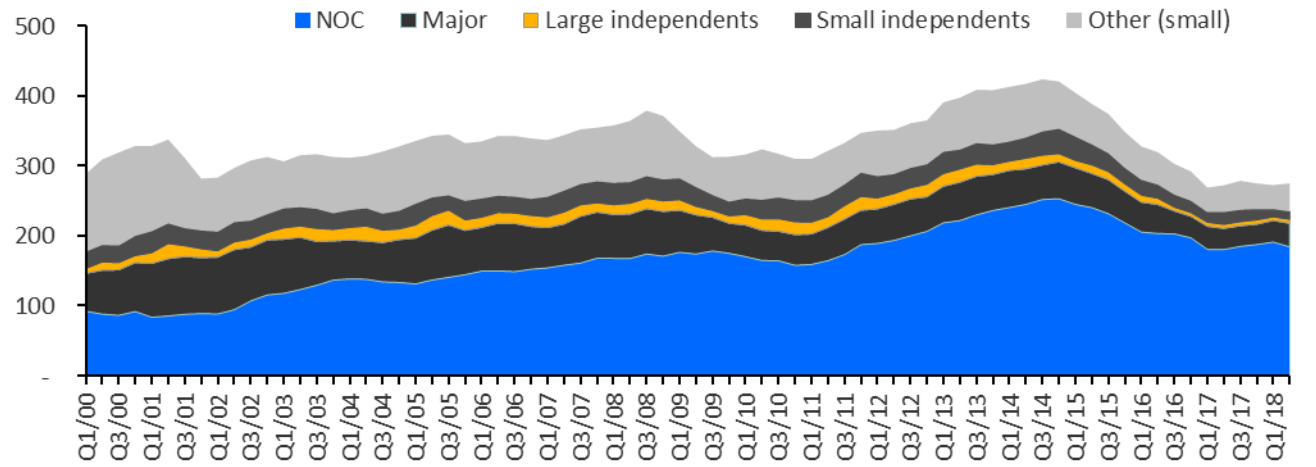


Source: DNB Markets Equity Research

Demand

Historically, demand for jack-up drilling rigs has been driven by NOCs. They have, since 2000, had more stable operational activities than other major E&P Companies. Large independents and small independent E&P Companies have generally become more deepwater focused. NOCs have represented an average of 49% of the total jack-up rig demand between 2010 and 2016. In comparison, the second largest jack-up drilling rig user by category, the major E&P Companies had, on average, 17% out of the total jack-up rig demand between 2010 and 2016. The figure below shows the development in jack-up drilling rig demand by type of operator.

Figure 8.10: Jack-up drilling rig demand by operator

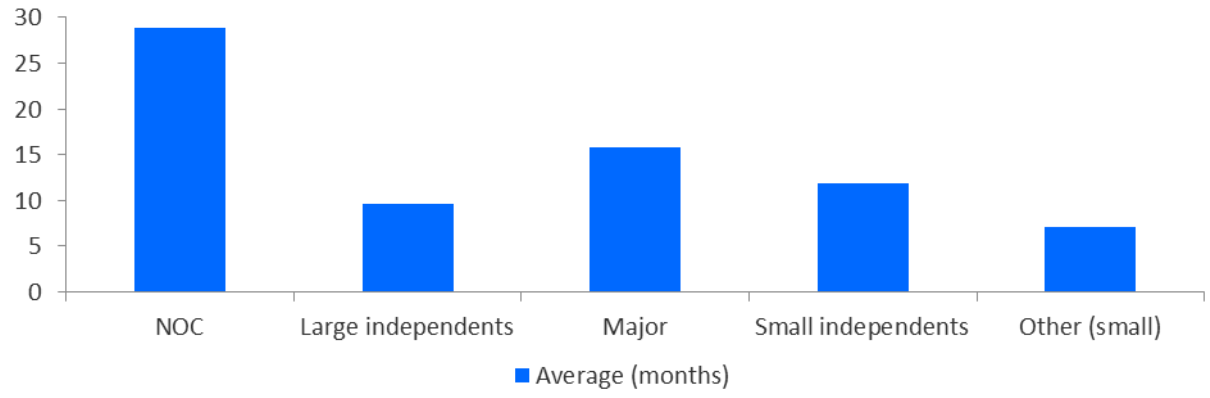


Source: DNB Markets Equity Research

NOCs typically take a long-term view of the offshore drilling market. This has resulted in an increase in offshore jack-up rig contract days in recent years. In contrast, independent E&P Companies generally take a shorter-term view of the offshore drilling market. These different approaches have resulted in a divergence of activity levels with independent E&P Companies being more prone to cancelling or delaying projects where the viability is threatened by persistent cost increases. On the other hand NOC's long term view tends to result in fewer project cancellations, longer contract lengths and ultimately, higher levels of sustained drilling activity.

The figure below illustrates the average jack-up drilling rig contract lengths by operator type.

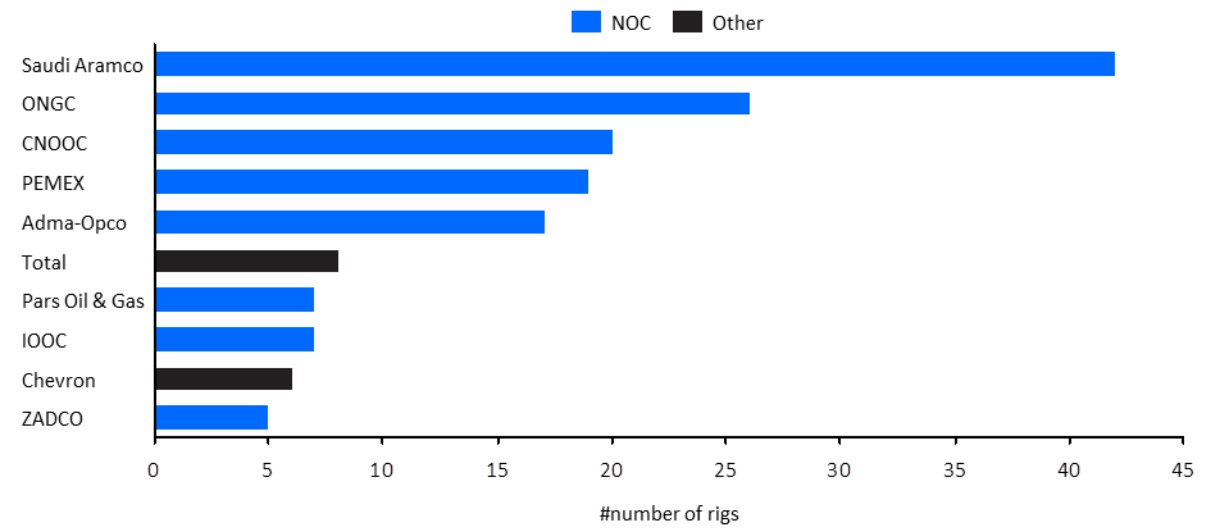
Figure 8.11: Average jack-up drilling rig contract lengths by operator type (contracts 2010 – 2017 YTD)



Source: DNB Markets Equity Research

As seen in the figure below, and as of May 2018, the NOCs who have contracted the largest number of offshore jack-up drilling rigs are Saudi Aramco, ONGC, CNOOC and Pemex. It is expected that these companies will continue with high levels of shallow water drilling activity. The figure below illustrates the top 10 operators in terms of number of contracted jack-up drilling rigs

Figure 8.12: Contracted jack-up drilling rigs by top 10 operators



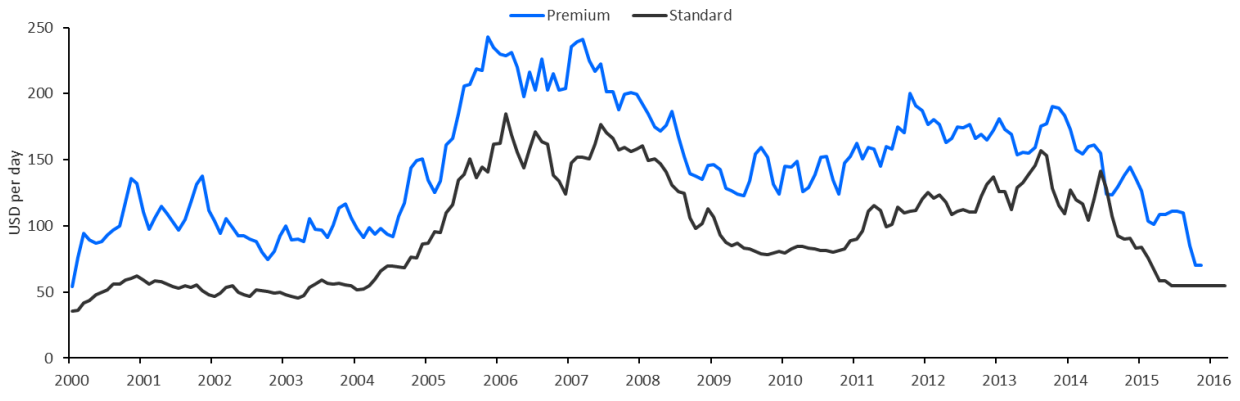
Note: Excluding owner-operated rigs

Source: DNB Markets Equity Research

Day rates

The global jack-up drilling rig market experienced a steady increase in day rates in the period 2010 to 2014. The significant increase was mainly due to an increased demand for drilling services caused by rapidly increasing oil and gas prices and investments in exploration during the period. The day rates have since fallen 50-60% from the level in 2014. The management of the Company estimates that the market for premium jack-up drilling rigs is now in the USD 60,000 – 70,000 per day range while being at USD 40,000 per day or less for older rigs. The figure below shows the development in day rates.

Figure 8.13: Premium vs. standard jack-up drilling rigs day rate (2000 – 2018YTD)



Ex. U.S. Gulf of Mexico

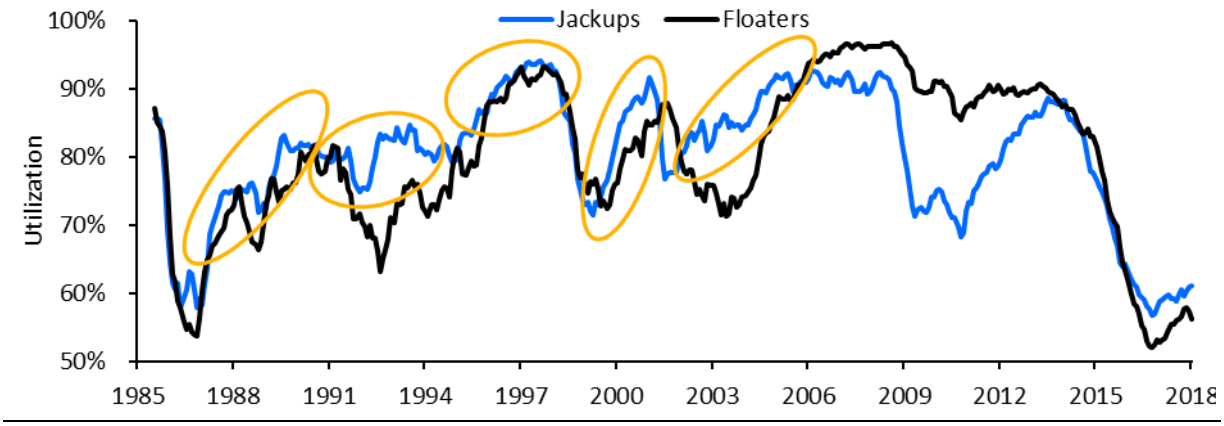
Source: DNB Markets Equity Research, Company

Utilization

Historically, the international jack-up drilling rig fleet has been able to maintain relatively high utilisation rates, even during turbulent markets conditions. However, in line with the rest of the industry, the global jack-up drilling rig market was adversely affected by the abrupt downturn in 2014 which resulted in oil companies cancelling and/or postponing their drilling projects. The upward trend since 2011 was broken and the average utilization rate for jack-up drilling rigs fell from approximately 88% in 2013 to approximately 58% in 2018. The utilization rate is approximately 58 % so far in 2018 as of the date of this Prospectus. The E&P Companies were left with excess drilling capacity and a desire to sublet, whereas the drilling contractors started to stack jack-up drilling rigs which did not have an obvious contract opportunity or required too much capex to keep running.

The jack-up drilling rig market's short cycle nature means that recovery is usually faster than in the floater market, which can be seen in the graph below. The main reason behind this is that E&P Companies prefer shallow water developments over deepwater as the market recovers, due to shorter periods from investment decision to cash flow. The figure below illustrates the development in total utilization for the global jack-up drilling rig fleet compared to the global floater fleet.

Figure 8.14: Total utilization for jack-up drilling rigs vs floaters



Excluding China rigs

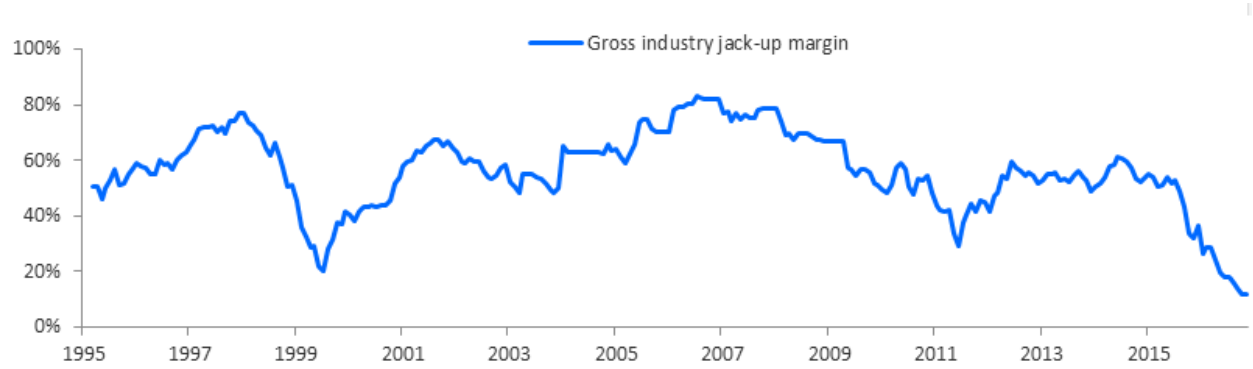
Source: DNB Markets Equity Research

Competition and margins

The offshore drilling industry is highly competitive with numerous participants, ranging from large international companies to smaller, locally owned companies and rigs owned by NOC's. The operations of the largest players are usually dispersed around the globe due to the high mobility of most rigs. Although the cost of moving a rig from one region to another and the availability of rig moving vessels may cause a short term imbalance between supply and demand in one region, significant variations between regions do not exist in the long-term due to rig mobility. The exception is the harsh environment market since non-harsh environment rigs are not capable of operating in these areas. Thus, the industry is characterized by a fiercely competitive, single and global market.

Although, the volatility of day rates and the fierce competitive nature of the jack-up market, the industry has delivered positive gross margins the past 20 years, and remain positive even in the current market. There has historically been a linear relationship between the margin and utilization. This can be seen in the two graphs below.

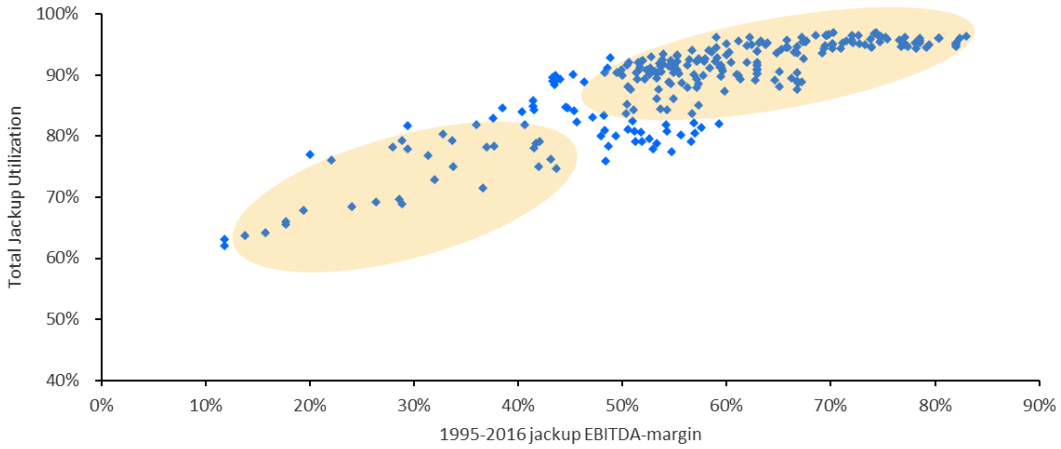
Figure 8.15: Gross industry jack-up drilling rig margin past 20 years



Day-rate less rig opex; est. pre-and including 2000 built jack-up drilling rigs margin until 2003, est. post 2000 built jack-up drilling rigs margin thereafter

Source: DNB Markets

Figure 8.16: Jack-up drilling rig margin over time versus utilization (1995 – 2016)



Source: DNB Markets Equity Research

Outlook

Brent Crude Oil prices have more than doubled since the low point of USD 27.9/Bbl on 20 January 2016 and is now at 78.4/Bbl (as of 25 May 2018). According to the International Energy Agency ("**IEA**"), global oil demand is expected to increase steadily to 118.8 million Bbl/d in 2040 from 93.9 million Bbl/d in 2016, and the average price of crude oil is predicted to rise to 136/Bbl (under the "current policy scenario" in year 2016 dollars) by 2040[3]. Overall demand is expected to increase with approximately 1.3

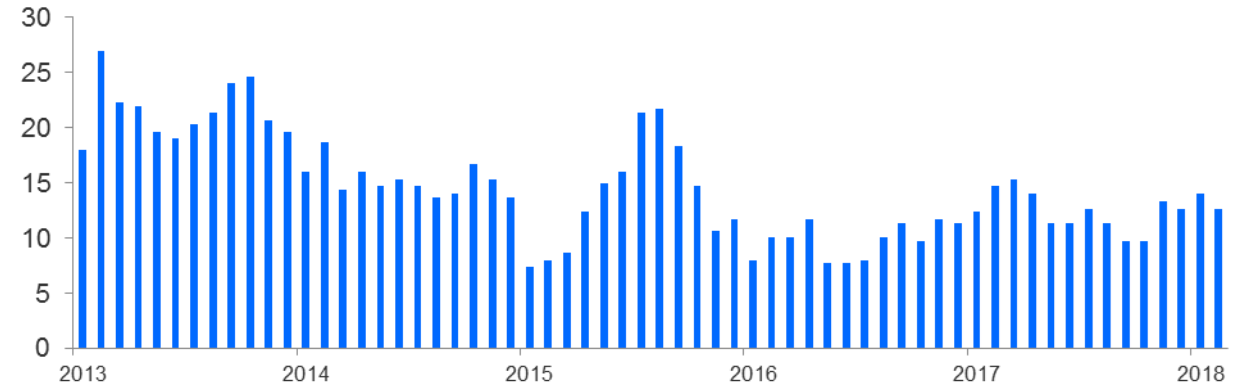
[3] Source: IEA, World Energy Outlook 2017, 13 November 2017

million Bbl/d (1.3%) from a total demand of 97.8 million Bbl/d to 99.1 million Bbl/d. Non-OECD is forecast to average out approximately 51.88 million Bbl/d in 2018, an increase of 1.32 million Bbl/d compared to 2017 and well above the OCED average of 47.26 million Bbl/d[4].

The Company is witnessing an increased interest for its premium Rigs. In addition to the public tenders, the Company sees a growing potential in West-Africa for near-term contracting opportunities. Further, Mexico has started a journey towards opening the country to investments from foreign companies for exploration and production of oil and gas, and is likely to demand premium rigs going forward.

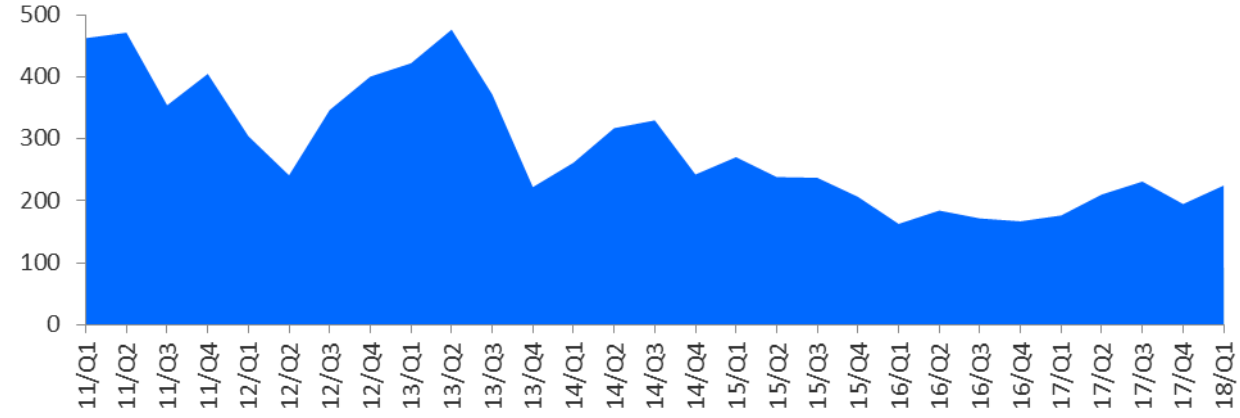
Recent increase in activity can also be seen from the improved tendering activity, with number of fixtures awarded and total duration of outstanding tenders and pre-tenders increasing. The development in number of jack-up fixtures awarded and total duration of outstanding tenders and pre-tenders can be seen in below figures.

Figure 8.17: Number of jack-up fixtures awarded



Source: DNB Markets Equity Research

Figure 8.18: Total duration of outstanding tenders and pre-tenders



Source: DNB Markets Equity Research

[4] Source: IEA Oil Market Report, 14 December 2017.

9. BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

9.1 General

The Board is responsible for the overall management of the Company and may exercise all of the powers of the Company not reserved for the Company's shareholders by the Bye-laws and Bermuda law.

The Bye-Laws states that the number of directors (the "**Directors**") shall not be less than two and that the shareholders shall determine, at the annual general meeting, the minimum and maximum number of directors within this limit. The Directors are, unless there is a casual vacancy, elected by the shareholders at the annual general meeting or any special general meeting called for that purpose. If there is a casual vacancy, the Board may appoint a Director to fill the vacancy provided always a quorum of Directors remains in office.

The Directors serve until the next annual general meeting following his/her election or until his/her successor is elected.

The Company's businesses address at Thistle House, 4 Burnaby Street, Hamilton HM11, Bermuda, serves as the c/o address for the Directors in relation to their directorships of the Company.

The address of Borr Drilling Management AS, serving as the Company's financial headquarter, is Klingenberggata 4, 0161 Oslo.

The address of Borr Drilling Management Dubai, serving as the Company's operational headquarter, is 28th Floor, Reef Tower, Cluster O, Jumeirah Lake Towers, Dubai, United Arab Emirates.

9.2 Board of Directors

9.2.1 Directors

The Board as at the date hereof consists of:

- Mr. Tor Olav Trøim (Chairman)
- Mr. Fredrik Halvorsen
- Mr. Jan A. Rask
- Mr. Patrick Schorn

Mr. Trøim has served as Director since the Company's incorporation. Mr. Halvorsen was elected as a Director on 12 December 2016. These two directors were re-elected at the Company's annual general meeting on 25 August 2017. Mr. Rask joined as Director on 31 August 2017. Mr. Schorn joined as Director on 11 January 2018.

Their terms expire on the annual general meeting in 2018.

The Board is compliant with the independence requirements in the Norwegian Code of Practice Corporate Governance (the "**Code**"). All of the Directors are independent of the Company's executive management and material business contacts while two Directors (Halvorsen and Rask) are independent

of the Company's major shareholders (shareholders holding more than 10 per cent of the Shares). Further, none of the Directors are members of the Company's management.

9.2.2 Brief biographies of the Directors

Set out below are brief biographies of the Directors, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which they are or have been a member of the administrative, management or supervisory bodies or partner in the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

Tor Olav Trøim (born 1963), Chairman of the Board

Mr. Trøim has served as a Director since the Company's incorporation and was the key initiator of the Company. He became the Chairman of the Board on 30 August 2017. Mr. Trøim is the founder and sole shareholder of Magni Partners. He is the senior partner (and an employee) of Magni Partners' subsidiary, Magni Partners Limited, in the UK. Mr. Trøim is a beneficiary of the Drew Trust, the sole shareholder of Drew. Mr. Trøim has 30 years of experience from energy related industries in various positions. Before founding Magni Partners in 2014, Mr. Trøim was a director of Seatankers Management Co. Ltd. from 1995 until September 2014. He was the Chief Executive Officer of DNO AS from 1992 to 1995 and an Equity Portfolio Manager with Storebrand ASA from 1987 to 1990. Mr. Trøim graduated with an MSc degree in naval architecture from the University of Trondheim, Norway in 1985. Mr. Trøim is a Norwegian citizen and a resident of the UK.

Current directorships and senior management positions	*Magni Partners (Bermuda) Limited (Founding Partner), Golar LNG Limited (Chairman), Golar LNG Partners LP (Chairman), Golar LNG Energy Limited (Chairman), Stolt-Nielsen SA. (Director) and Vålerenga Football Club AS (Director).*
Previous directorships and senior management positions last five years	*Seatankers Management Co. Ltd (Director), Seadrill Limited (Director), Golden Ocean Group Limited, Archer Limited, Seadrill Partners LLC (Director), Marine Harvest ASA (Director) and SapuraKencana Petroleum Berha (Director).*

Fredrik Halvorsen (born 1973), Director

Mr. Halvorsen has served as a Director since 12 December 2016. Mr. Halvorsen has founded Ubon Partners AS, a private investment company focused on technology and growth companies. He was the Founder and Chairman of Acano until its sale to Cisco Systems Inc. in 2016 and earlier in his career the CEO of Tandberg until it was acquired by Cisco Systems Inc. in 2010. He worked for Frontline Corporate Services Ltd from October 2010 until July 2013 and this capacity acted as transitional CEO and President of Seadrill Management UK Limited from January to July 2013. In addition, Mr. Halvorsen has held senior positions at Cisco Systems Inc. as well as McKinsey & Company.

Mr. Halvorsen graduated from the Norwegian School of Business Economics in 1997. Mr. Halvorsen is a Norwegian citizen and a resident of Oslo, Norway.

Current directorships and senior management positions	*Jazz Networks Ltd. (*Chairman*), Golar LNG Limited (Director) and Ubon Partner AS (Founder and Partner)*
Previous directorships and senior management positions last five years	*Acano AS (Chairman), Disruptive Technologies (Director) and Frontline Corporate Services Ltd (Director).*

Jan A. Rask (born 1955), Director

Mr. Rask has served has a Director since 30 August 2017. Mr. Rask has worked in the shipping and oil service industries for approximately 30 years and has held a number of positions of responsibility in finance, chartering and operations. Mr. Rask possesses particular knowledge of and experience in the offshore drilling industry. Mr. Rask also has extensive knowledge of international operations, leadership of complex organizations and other aspects of operating a major corporation. He has held a number of executive positions including president, CEO and Director of TODCO, Managing Director, Acquisitions and Special Projects, of Pride International, President, CEO and director of Marine Drilling Companies, President and CEO of Arethusa (Off-Shore) Limited. Mr. Rask holds a Bachelor degree from Stockholm School of Economics and Business Administration. Mr. Rask is a US citizen.

Current directorships and senior management positions	*Helix Energy Solutions Inc. (Director), EasyFill America LLC (Chairman) and Rask LLC (Chairman).*
Previous directorships and senior management positions last five years	*None.*

Patrick Schorn (born 1968), Director

Mr. Schorn is the Executive Vice President of New Ventures for Schlumberger Limited. Prior to his current role, he held various global management positions including President of Operations for Schlumberger Limited, President Production Group, President of Well Services, President of Completions and GeoMarket Manager Russia. He began his career with Schlumberger in 1991 as a Stimulation Engineer in Europe and held various management and engineering positions in France, United States, Russia, US Gulf of Mexico and Latin America. Mr. Schorn holds a Bachelor of Science degree in Oil and Gas Technology from the University "Noorder Haaks" in Den Helder, the Netherlands. Mr. Schorn is a Dutch citizen and a resident of the UK.

Current directorships and senior management positions	*Schlumberger (EVP, New Ventures) and OneLNG (Director).*
Previous directorships and senior management positions last five years	*Schlumberger (President of Operations), Schlumberger (Operations & Integration) and Schlumberger (President Production Group).*

9.2.3 Remuneration and benefits

No remuneration was paid to the Directors for their services in 2016 or 2017. Shares held by the current Directors.

The annual general meeting of the Company in 2017 resolved that the maximum, total remuneration to the Directors for the period until the annual general meeting in 2018 should not exceed USD 750,000.

Mr. Rask has agreed with the Board that his annual fee commencing on 30 august 2017 shall be USD 250,000 to be settled in new shares valued at USD 3.50.

The following table sets forward the shareholdings of the current Directors as of the date of this Prospectus including the New Shares to be issued:

Name	Position	Number of shares owned	Number of options	Average exercise price
Tor Olav Trøim	Director	43,260,588[5]	0	N/A

[5] Owned through Magni Partners and Drew, including forward contracts

Fredrik Halvorsen	Director	12,756,800[6]	0	N/A
Jan A. Rask	Director	0	0	N/A
Patrick Schorn	Director	0	0	N/A

9.3 Management

9.3.1 Overview of the senior management team

Ultimate responsibility for the management of the Company is vested in the Board.

The Board has decided that the Company shall have no employees and that all of the Company's management requirements shall be contracted in from subsidiaries and third parties. In doing so the Board will, at all times, retain sole authority on issues that are either of an unusual nature or of major importance to the Company and its activities. See section 5.12 "Management structure" below for description of the management structure.

The senior management team of the Company and the Group consists of three individuals holding the positions as CEO, CFO and chief operating officer ("**COO**") (the Company is in the process of hiring a new COO). The team may be supplemented by one or two other functions as the Group's organisation grows.

The appointment of the above functions is made by the Board among the employees in the Group's management companies. Their individual services as senior executive officers of the Group are integrated in the services their formal employer provides to the Company and the Group pursuant to the intra-group management agreements that have been concluded between the Company and each of Borr Drilling Management Dubai and Borr Drilling Management Oslo.

The names of the senior managers of the Group as at the date hereof, and their respective positions are presented in the table below:

Name	Position	Served since	Employer
Svend Anton Maier	CEO	22 March 2018	Borr Drilling Management Dubai
Rune Magnus Lundetræ	Deputy CEO and CFO	19 December 2016	Borr Drilling Management Oslo

The Company is in the process of hiring a new COO. Pending this, Mr. Svend Anton Maier is responsible for operations.

9.4 Brief biographies of the senior managers of the Group

Set out below are brief biographies of the senior managers of the Group, including their relevant management expertise and experience, significant principal activities performed by them outside the Group and names of companies and partnerships in which they are or have been a member of the administrative, management or supervisory bodies or partner during the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

[6] Owned through Ubon Partners AS

Svend Anton Maier (born 1964), CEO

Mr. Maier joined Borr Drilling Management Oslo on 19 December 2016. He transferred to the employment of Borr Drilling Management Dubai on 1 August 2017. He served as COO until 22 March 2018 when he was appointed as CEO from the same date. Mr. Maier has more than three decades of experience within the oil and gas industry. He worked for Seadrill Limited between 2007 and 2016. Prior to this, Mr. Maier worked for leading drilling companies such as Transocean and Ross Offshore. He holds a degree in Marine Engineering from Tønsberg Maritime Academy. Mr. Maier is a Norwegian citizen and a resident of Dubai.

Current directorships and senior management positions	*Prosafe SE (Board member).*
Previous directorships and senior management positions last five years	*Seadrill Limited (SVP) and North Atlantic Drilling Limited (Chief Operating Officer).*

Rune Magnus Lundetræ (born 1977), deputy CEO and CFO

Mr. Lundetræ joined Borr Drilling Management Oslo on 19 December 2016. He served as the Group's CEO until 31 July 2017. With effect from 1 August 2017 he was appointed as the Company and the Group's deputy CEO and CFO. Before joining Borr Drilling Management Oslo, Mr. Lundetræ worked as Managing Director of DNB Markets. He previously worked at Seadrill Limited for eight years, serving as chief financial officer from 2012 to 2015. Mr. Lundetræ holds an MSc of Accounting and Finance from the Norwegian School of Business and Economics (NHH) and London School of Economics. Mr. Lundetræ is a Norwegian citizen.

Current directorships and senior management positions	*Primato AS (Chairman), Primato Eiendom AS (Chairman), Steinkargt 24 AS (Chairman), Terrebrune AS (Chairman), Øvre Holmegate 34 AS (Chairman) and Montaag AS (Chairman).*
Previous directorships and senior management positions last five years	*Seadrill Limited (Chief Financial Officer), Seadrill Partners LLC (Chief Financial Officer) and North Atlantic Drilling Limited (Chief Financial Officer).*

9.4.1 Remuneration and benefits of the senior management team

The remuneration to the senior management team has four components. The first component is each individual's fixed salary. This is set based on the individual's position and responsibility and the international salary level for comparable positions in the industry. The second component is local compensation such as housing allowance, mandatory pension payments, etc. The third component is a variable bonus. This is discretionary. Bonuses will be granted based on the performance of the Group and each individual in relation to targets set annually. The fourth component is share options, see section 9.4.2 "Long Term Incentive Plan for the senior executive team and key employees" below.

During the year ended 31 December 2017, the Group paid its senior managers an aggregate compensation of USD 3.2 million. In addition, compensation expense in the aggregate amount of USD 0.1 million was expensed for the pension and retirement benefits. In addition to cash compensation, during 2017 an expense of USD 0.8 million relating to stock options granted to certain executives was recognized. The above include remuneration paid to Mr. Simon Johnson who served as the Group's CEO from 1 July 2017 to year-end.

Management will be remunerated according to international market standards for the offshore drilling industry. The remuneration will also take into account housing and other living costs in Oslo and Dubai.

9.4.2 Long Term Incentive Plan for the senior management team and key employees and directors

The Board has established a long-term incentive plan for the Group's employees and directors (the "**LTI Plan**"). The LTI Plan is based on the granting of options to subscribe to new Shares. Such options will, typically, be granted with a term of 5 years. Options granted will vest over the first three years with one third each year. The exercise price will, normally, be the market price at the date of grant. No consideration will be paid by the recipients for the options. Options will only be granted to full-time employees or directors of the Group. If such relationship with the Group is terminated, unvested options will lapse. Vested options must, in the same situation, be exercised within a certain period after the termination date. The Board has approved a set of general rules for the LTI Plan and, furthermore, allocated 10,000,000 of the Company's authorised but unissued share capital to the issue of shares is settlement of the exercised options granted under the LTI Plan.

On 15 June 2017, the Company granted 4,380,000 options to key employees of the Group. Out of these options 1,290,000 options were granted to Rune Magnus Lundetræ and 1,290,000 options were granted to Sven Anton Maier. The options were granted with a strike price of USD 3.50 per Share. The option period is 5 years from 12 June 2017. The options vest with 1/3 on each of the three first anniversaries in the option period.

On 3 July 2017, the Company granted an additional 2.8 million options to new employees with strike price of USD 3.50 per Share. Out of these 2 million options were granted to Mr. Simon Johnson. These were terminated upon Mr. Johnson's resignation from the Company in March 2018.

The option period is 5 years from 12 June 2017 for all options except for options granted to Mr. Simon Johnson which the option period is 5 years from 1 August 2017. The options shall vest with 1/3 on each of the three first anniversaries in the option period. The options were settled in conjunction with the termination of Mr. Simon Johnson's employment contract with the Company.

On 4 October 2017, a further 75,000 options were granted to employees on the same terms as the previous options.

On 18 October 2017, a further 1,800,000 options were granted to key employees with a strike price of USD 4.00. The options can be exercised according to the following schedule: 1/3 after one year, a further 1/3 after two years and the final 1/3 after three years. The share options lapse upon the 5th anniversary of the date of grant.

9.4.3 Ownership interests of the senior management team

The following table sets forward the shareholdings and share options of the senior members of the Group's management team as of the date hereof:

Name	Position	Number of shares owned	Number of options	Average exercise price USD
Svend Anton Maier	CEO	50,000	2,250,000	2.86
Rune Magnus Lundetræ	Deputy CEO, CFO	50,000[7]	2,250,000	2.86

The 2,250,000 options held by each of Rune Magnus Lundetræ and Svend Anton Maier comprise 1,290,000 options granted by the Company with a strike price of USD 3.50 and 960,000 options with a strike price of USD 2.00 purchased from Magni Partners and Ubon pursuant to an agreement between the parties dated on 18 December 2016. Rune Magnus Lundetræ and Svend Anton Maier entered into the agreement through their individual companies, Primato AS (Rune Magnus Lundetræ) and SAM International Consulting (Svend Anton Maier). The option premium due to Magni Partners and Ubon of USD 192,414 in total for each has been settled.

9.5 Benefits upon termination

Other than set out in section 9.4.1 "Remuneration and benefits of the senior management team", the employment contracts of the members of the Group's administrative, management or supervisory bodies' do not provide for benefits upon termination of employment (other than standard notice provisions).

9.6 Audit, compensation and nomination committee

9.6.1 Audit committee

The Company is not, pursuant to Bermuda law, required to have an audit committee. Consequently the Company has not established such a committee. The Board supervises the Company's internal control systems, ensures that the auditor is independent and ascertains that the annual and quarterly reporting gives a fair view of the Company's financial results and financial condition in accordance with generally accepted accounting principles.

[7] Owned through Primato AS

9.6.2 Compensation committee

The Board serves as the Company's compensation committee. The compensation policy is reviewed annually. The Board evaluates and determines the total remuneration to the CEO and the policy for remuneration to other members of the senior management team.

9.6.3 Nomination committee

The Company is not required to have a nomination committee under Bermuda law. The Company has, so far, seen no reasons to constitute such a committee. The Board will, continuously, consider it`s combined expertise and experience so as to ensure that the Board, collectively, has the knowledge and experience required to oversee and direct the activities of the Group.

9.7 Employees

As of the date hereof, Borr Drilling Management Dubai has 41full time employees and has, in addition, engaged five full time consultants. Borr Drilling Management AS in Oslo has seven full time employees and has engaged two full time consultants. Borr Drilling Management (UK) Limited in London has one full time employee and has, in addition, engaged one full time consultant. In addition, the Company has three full time employees and has, in addition, engaged 20 consultants in Singapore. Paragon has 120 onshore employees and 359 offshore employees.

9.8 Loans and guarantees

The Company has not granted any loans, guarantees or other commitments to any of the Directors or to any member of the senior executive team.

9.9 Conflict of interest, etc.

There are no potential conflicts of interest between the duties and obligations the Directors and the members of the senior management team have to the Company and their individual private interests and/or duties.

No family relations exist between any Director and the individuals in the senior management team.

During the last five years preceding the date of this Prospectus no Director or member of the senior management team has:

- received a conviction in relation to fraudulent offences;
- been involved in any bankruptcy, receivership or liquidation in his capacity as a member of the administrative, management or supervisory bodies; or
- received any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or ever been disqualified from a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct affairs of any issuer.

9.10 Corporate governance

As a company incorporated in Bermuda, the Company is subject to Bermuda laws and regulations with respect to corporate governance. Bermuda corporate law is based on English law. In addition, the Listing will subject the Company to certain aspects of Norwegian securities law, which include an obligation to report on the Company's compliance with the Code in its annual report on a comply or explain basis.

The Company is committed to ensuring that high standards of corporate governance are maintained and supports the principles set out in the Code.

It is the opinion of the Board that the Company, subject to the following exceptions, complies with the Code at the date hereof:

1. The Board's authority to increase the Company's issued share capital is limited to the extent of its authorized but not issued share capital at any time and is not restricted to specific purposes.
2. The appointment of an audit committee, a nomination committee and a remuneration committee is not required under Bermuda law. The Company has so far not seen sufficient reason to appoint such committees.
3. The Bye-laws permit the Board to grant share options to employees without requiring that the general meeting be presented with the volume or other terms and conditions of such scheme.
4. The Bye-laws permit general meetings being summoned with 7 days' notice (the notice period being exclusive of the day on which the notice is served and the day on which the meeting to which it relates is to be held). The effective notice period from the date a notice is announced until it is deemed to be received by a shareholder is, however, 11 days.
5. Pursuant to the Memorandum of Association the objects for which the Company was formed and incorporated are unrestricted.
6. The Board will consider and determine, on a case by case basis, whether independent third party evaluations are required when entering into agreements with close associates.
7. The chairman of the Board is elected by the Board and not by the shareholders as recommended in the Code. This is in compliance with normal procedures under Bermuda law.
8. There is no requirement in Bermuda law for the Board to prepare guidelines for its own work or management and the Board has so far not seen sufficient reason to do so.

10. OPERATING AND FINANCIAL INFORMATION

10.1 Basis for preparation, accounting principles and policies

The following selected financial information for the period 8 August 2016 (the date of the Company's incorporation) to 31 December 2016 and for the period 1 January 2017 to 31 December 2017 have been extracted from the Annual Financial Statements.

The Annual Financial Statements are presented in accordance with US GAAP. The amounts are, unless otherwise stated, presented in USD million.

The selected financial information set forth in section 9.10 "Operating and financial information" should be read in connection with, and is qualified in its entirety by reference to the Financial Statements which are included in the appendices.

The Financial Statements have been prepared by applying accounting principles consistently and presents in the opinion of Company, fairly the Company's results during the periods covered and financial position at the end of such period in accordance with US GAAP.

The Financial Statements present the consolidated financial position of the Group.

The Financial Statements include all of the assets and liabilities of the Group. All intercompany balances, transactions and internal sales have been eliminated on consolidation. Unrealized gains and losses arising from transactions with any associates are eliminated to the extent of the Group's interest in the entity.

The Group has one operating segment. This is reviewed as an aggregated sum of assets, liabilities and activities that exists to generate cash flows by the Board (which is the Company's "chief operating decision maker").

There have been significant changes in the financial position of the Group since 31 December 2017. These are described in section 10.11 "Significant changes in financial and trading position after 31 December 2017".

10.2 Selected historical financial information

10.2.1 Selected income information

The table below sets out a summary of the Company's audited, consolidated income statement information for the period from 8 August 2016 (day of incorporation) to 31 December 2016 and for the period from 1 January 2017 to 31 December 2017:

Amounts in USD million	2017 (Audited)	8 August – 31 December 2016 (Audited)
Operating revenues	**0.1**	**-**
Operating expenses		
Rig operating and maintenance expenses	(36.2)	-
Depreciation, amortisation and impairment of non-current assets	(47.9)	-
General and administrative expenses	(21.0)	(0.8)
Cost for issuance of warrants	(4.7)	-
Total operating expenses	**(109.8)**	**(0.8)**
Operating loss	**(109.7)**	**(0.8)**
Other financial income (expense), net	21.7	-
Total financial items and other income/(expense), net	**21.7**	**(0.8)**
Loss before income taxes	**(88.0)**	**(0.8)**
Income tax expense	-	-
Net loss for the period	**(88.0)**	**(0.8)**
Net (loss) income attributable to non-controlling interests	**-**	**-**
Net loss for the period attributable to shareholders of Borr Drilling Limited	**(88.0)**	**-**
Basic loss per Share	**(0.34)**	**(0.075)**
Diluted loss per Share	**(0.34)**	**(0.075)**

Consolidated statement of comprehensive (loss)/income

Loss after income taxes	**(88.0)**	**(0.8)**
Other comprehensive income	**(6.2)**	**-**
Total comprehensive loss for the period	**(94.2)**	**(0.8)**

10.2.2 Selected balance sheet information

The table below sets out a summary of the Company's audited consolidated, balance sheet as of 31 December 2016 and 31 December 2017:

Amounts in USD million	2017 (Audited)	2016 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	164.0	138.1
Restricted cash	39.1	-
Other current assets	22.4	-
Total current assets	**225.5**	**138.1**
Non-current assets		
Property, plant and equipment	0.1	-
Jack-up drilling rigs	783.3	-
Newbuildings	642.7	-
Marketable securities	20.7	-
Deposits and costs for business combinations and jack-up drilling rigs	-	20.0
Total non-current assets	**1,446.8**	**20.0**
Total assets	**1,672.3**	**158.1**
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	9.6	-
Accruals and other current liabilities	11.5	0.2
Total current liabilities	**21.1**	**0.2**
Non-current liabilities		
Long-term debt	87.0	-
Onerous contracts	71.3	-
Total non-current liabilities	**158.3**	**-**
Total liabilities	**179.4**	**0.2**
Commitments and contingencies	**-**	**-**
EQUITY		
Common shares of par value USD 0.01 per share	4.8	0.8
Additional paid in capital	1,587.8	157.8
Treasury shares	(6.7)	
Other comprehensive income	(6.2)	-
Accumulated deficit	(88.8)	(0.8)
Non-controlling interest	2.0	-
Total equity	**1,492.9**	**157.8**
Total liabilities and equity	**1,672.3**	**158.1**

10.2.3 Selected cash flow information

The table below sets out a summary of the Company's audited consolidated cash flow statement for the period from 8 August 2016 (day of incorporation) to 31 December 2016 and for the period from 1 January 2017 to 31 December 2017:

Amounts in USD million	2017 (Audited)	8 August – 31 December 2016 (Audited)
Cash flows from operating activities		
Net (loss)/income	(88.0)	(0.8)
Adjustments to reconcile net (loss)/income to net cash provided by operating activities:		
Non-cash compensation expense related to stock options and warrants	8.2	0.4
Depreciation, amortisation and impairment of long term assets	47.9	-
Unrealised loss on derivatives	(4.4)	-
Change in other current assets	(16.5)	-
Change in other current liabilities	20.1	0.2
Net cash (used in)/provided by operating activities	**(32.6)**	**(0.1)**
Cash flows from investing activities		
Decrease (increase) in restricted cash	(39.1)	-
Purchase of plant and equipment	(0.1)	-
Purchase business combination	(324.5)	-
Purchase of marketable securities	(26.9)	-
Payment and costs in respect of Newbuildings	(937.4)	-
Payments and costs in respect of Rigs	(119.8)	(14.0)
Net cash (used in)/provided by in investing activities	**(1,447.8)**	**(14.0)**
Cash flows from financing activities		
Proceeds from the issue of Shares, net of issuances cost and conversion of shareholder loan	1,415.0	139.2
Proceeds from related party shareholder loan	12.7	13.0
Purchase of treasury shares	(8.4)	-
Draw down of long term debt	87.0	-
Net cash (used in)/provided by financing activities	**1,506.3**	**152.2**
Net increase in cash and cash equivalents	**25.9**	**138.1**
Foreign exchange translation difference	-	-
Cash and cash equivalents at beginning of the period	138.1	-
Cash and cash equivalents at the end of period	**164.0**	**138.1**
Supplementary disclosure of cash flow information		
Interest paid, net of capitalized interest	-	-
Taxes paid	-	-

10.2.4 Statement of changes in equity

The table below sets out a summary of the Company's audited consolidated statement of changes in equity for the period from 8 August 2016 to 31 December 2016 and for the period from 1 January 2017 to 31 December 2017:

Amounts in USD million	Number of shares	Share Capital	Treasury shares	Additional paid in capital	Other comprehensive loss	Accumulated deficit	Non-controlling interest	Total equity
At incorporation 8 August 2016	**5**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Shares subdivided and capital contribution	5,000	-	-	-	-	-	-	-
Net share proceeds	77,500,000	0.8	-	151.4	-	-	-	152.2
Fair value of Warrants	-	-	-	10.7	-	-	-	10.7
Equity issuance costs, Warrants	-	-	-	(4.3)	-	-	-	(4.3)
Net loss for the period	-	-	-	-	-	(0.8)	-	(0.8)
Consolidated balance at 31 December 2016	**77,505,000**	**0.8**	**-**	**157.8**	**-**	**(0.8)**	**-**	**157.8**
Issue of Shares	228,600,000	2.3	-	797.8	-	-	-	800.1
Equity issuance costs	-	-	-	(9.0)	-	-	-	(9.0)
Issue of Shares	162,500,000	1.6	-	648.4	-	-	-	650.0
Equity issuance costs	-	-	-	(8.8)	-	-	-	(8.8)
Other transactions:			-				-	
Exercise of Warrants	9,687,500	0.1	-	-	-	-	-	0.1
Fair value of Warrants issued	-	-	-	7.7	-	-	-	7.7
Equity issuance costs, warrants	-	-	-	(3.0)	-	-	-	(3.0)
Purchase of Warrants	-	-	-	(4.7)	-	-	-	(4.7)
Employee benefit plans	-	-	1.7	1.8	-	-	-	3.5
Purchase of treasury shares	-	-	(8.4)	-	-	-	-	(8.4)
Total comprehensive loss for the period	-	-	-	-	(6.2)	(88.0)	-	(94.2)
Sale of shares to non-controlling interest	-	-	-	-	-	-	2.0	2.0
Other, net	-	-	-	(0.2)	-	-	-	(0.2)
Consolidated balance at 31 December 2017	**478,292,500**	**4.8**	**(6.7)**	**1,587.8**	**(6.2)**	**(88.8)**	**2.0**	**1,492.9**

10.3 **Operational and financial review**

10.3.1 Operational review

Key events in 2016

The Company was incorporated on 8 August 2016.

On 2 December 2016, the Company signed the purchase agreement for the Hercules Rigs with Hercules for a total consideration of USD 130 million. A deposit of USD 13 million was paid to Hercules.

On 9 December 2016, the Company resolved to increase its issued share capital through the issue of 77,500,000 new shares in a private placement and to issue 9,687,500 warrants to subscribe for new shares at their par value to Magni Partners (7,750,000) and Ubon (1,937,500) as compensation for their support of the same and other services.

On 12 December 2016, the Company completed the December Private Placement raising gross proceeds of USD 155 million.

Key events in 2017

On 23 January 2017, the Group closed the purchase of the Hercules Rigs.

On 15 March 2017, the Company signed a letter of intent documenting the main commercial terms agreed for the Transocean Transaction and paid a deposit towards the purchase price in the amount of USD 32 million to Transocean.

On 15 March 2017, the Company signed a heads of agreement with Keppel for the novation of the Keppel New Rig Contracts to designated subsidiaries of the Company and various amendments to the terms thereof (the price, payment terms and delivery dates).

On 16 March 2017, the Company resolved to increase its issued share capital through the issue of 228,600,000 new Shares in the March 2017 Private Placement.

On 20 March 2017, Magni Partners and Ubon exercised 5,812,500 Warrants with a subscription price of USD 0.01 thus increasing the Company's paid in share capital with USD 58,125.

On 21 March 2017, the Company completed the March 2017 Private Placement, raising gross proceeds of approximately USD 800.1 million. Further, the Company issued 4,736,887 Warrants to Schlumberger, exercisable at a price of USD 3.50 plus an annual rate of 4% with a term of four years.

On 23 March 2017, Magni Partners and Ubon exercised their remaining 3,875,000 Warrants thus increasing the Company's paid in share capital with USD 38,750.

On 26 March 2017, the Company agreed to issue a further 4,736,887 Warrants to Schlumberger on the same terms as the Warrants already issued to them if and when a comprehensive collaboration agreement is signed by the parties.

On 23 May 2017, the Company signed final agreements on the term of the Transocean Transaction with Transocean.

On 24 May 2017, the Company signed final agreements in respect of the Keppel Transaction with Keppel.

On 31 May 2017, the Company closed the May 2017 Transactions.

On 12 June 2017, the Company paid a pre-delivery instalment to Keppel of USD 275 million pursuant to the Keppel New Rig Contracts.

On 14 June 2017, Total Nigeria issued the Total LoC.

On 22 June 2017, the Company signed the Valiant MoA.

May 2017: The Company purchased securities issued by a rig company for approximately USD 5.5 million.

June – August 2017: The Company entered into forward contracts to purchase 7,800,000 shares (including purchases made in August 2017) in Atwood. The total contract amount is approximately USD 58 million with settlement in the fourth quarter 2017.

During July 2017, the Company bought 2,470,000 Shares at a price of NOK 27.50 per Share which were subsequently held in treasury.

On 1 August 2017, Simon William Johnson joined as CEO and Rune Magnus Lundetræ became Deputy CEO and CFO.

On 1 August 2017, the Company transferred 500,000 of the Shares held in treasury to Simon William Johnson as part of his remuneration package.

During May – August 2017: The Company purchased securities issued by a rig company for approximately USD 27 million.

On 12 September 2017 The Company’s sub signed a letter of intent with BWE for a drilling contract offshore Gabon for "Norve".

In October 2017, the Company realised a gain of USD 15.3 million on forward contracts to purchase shares in Atwood.

6 October 2017: Borr Drilling and Schlumberger signed a definite Collaboration Agreement to offer integrated, performance-based drilling contracts in the offshore jack-up market by leveraging the Schlumberger global foot print, infrastructure and technical expertise and Borr Drilling's modern jack-up fleet.

6 October 2017: As a consequence of the signing of the Collaboration Agreement, the Company granted 4,736,887 Warrants with a subscription price of USD 3.50 plus 4% p.a. to Schlumberger.

On 6 October 2017 the Company agreed to repurchase all of 9,473,774 Warrants held by Schlumberger at a price of USD 0.50 per Warrant, USD 4.7 million in total. Consequently, all Warrants issued to Schlumberger were then cancelled.

On 6 October 2017, the Company signed a master agreement for the acquisition of the PPL Rigs.

On 9 October 2017, the Company completed a private placement of 162,500,000 new shares at a subscription price of USD 4.00 per share raising gross proceeds of USD 650 million.

On 18 October 2017, the Company signed the collaboration agreement with Valiant and the equity transfer documents with VOCL.

In October 2017, the Company paid USD 502.2 million as first instalment on the PPL Rigs under the PPL agreement

On 13 November 2017 the Total Drilling Contract was signed.

On 15 November 2017, the first of the PPL Rigs was delivered from the yard, namely "Galar", and the Company accepted the Delivery Financing, covering the whole of the second instalment of USD 83.7 million.

On 28 December 2017, the Company paid the second cash instalment (USD 72.4 million) for the first of the five Keppel New Rigs, namely the "Saga".

On 30 December 2017, "Frigg" commenced operations under its 12 month contract, with an optional period of additional 12 months, with Total Nigeria.

10.3.2 Material factors affecting the Company's results of operation

The Company's results of operation will be impacted by several factors, including, but not limited to:

- stacking and maintenance costs for those of the Rigs that are unemployed;
- overall demand for offshore drilling services in the shallow water segment;
- the Group's ability to secure contracts for the Rigs and to renew existing contracts for those Rigs that are employed;
- the costs of reactivating Rigs having been stacked once contracts for employment are secured;
- day rates in contracts;
- the utilization rate of Rigs employed;
- the cost of operating Rigs that are employed;
- the development of the market value of the Rigs; and
- the cost of divesting Rigs.

10.3.3 Financial review

Profit and loss
No operating revenues were reported in 2016 and USD 0.1 million was reported for 2017.

Total operating expenses were USD 0.8 million in 2016 and USD 109.8 million in 2017. Total operating expenses consists of rig operating and maintenance expenses, depreciation and amortization, cost for issuance of warrants, and general and administrative expenses.

Total rig operating and maintenance expenses were USD Nil in 2016 and USD 36.2 million in 2017. The Hercules Rigs were acquired on 23 January 2017 and the Transocean Rigs were acquired on 31 May 2017 and the increase from 2016 is due to stacking costs related to these.

Total depreciation of Rigs was USD Nil in 2016 and USD 47.9 million in 2017. This relates to depreciation charges for the Rigs.

Total general and administrative expenses were USD 0.8 million in 2016 and USD 21.0 million in 2017. The increase was mainly due to fees related to the transactions completed and costs increased due to additional services related to the running and management support of the Company e.g. salaries, consulting and professional fees.

Cash flow
Net cash flow generated from operating activities was negative with USD 0.1 million for the period ended 31 December 2016 and negative with USD 32.6 million for 2017.

Net cash flow used in investment activities was USD 14.0 million in 2016 and USD 1,447.8 million during 2017. The investments were mainly the purchase of the Hercules Rigs and the Transocean Rigs as well as the payments made to Keppel and PPL related to the New Rigs. During 2017, the Company also purchased securities issued by a rig company for approximately USD 26.9 million.

Net cash flow from financing activities was USD 152.2 million in 2016 and USD 1,506.3 million in 2017. The main drivers are the December Private Placement in 2016, the March 2017 Private Placement in Q1 2017, and the October 2017 Private Placement, generating gross proceeds of USD 155.0 million, USD 800.1 million and USD 650 million, respectively.

Financial position
As of 31 December 2016, the Company had total assets of USD 158.1 million. As at 31 December 2017, the Company had total assets of USD 1,672.3 million. The increase in total assets was primarily driven by the completion of the Hercules Transaction, the May 2017 Transactions and the PPL Transaction, in addition to an increase in cash and cash equivalents.

As of 31 December 2016, the Company's cash and cash equivalents amounted to USD 138.1 million. As of 31 December 2017, the Company's cash and cash equivalents amounted to USD 164.0 million, and USD 203.1 million if including USD 39.1 million of restricted cash.

Total liabilities were USD 0.2 million as of 31 December 2016 and USD 179.4 million as of 31 December 2017.

As of 31 December 2016, equity was USD 157.8 million which corresponded to an equity ratio of 99.8 percent. As of 31 December 2017, equity was USD 1,492.9 million which corresponded to an equity ratio of 89.3 percent.

10.4 **Capitalisation and indebtedness**

10.4.1 Capitalisation

The following table sets forth information about the Company's unaudited consolidated capitalization as of 31 December 2017 adjusted to reflect the changes represented by the Paragon Transaction and March 2018 Private Placement, PPL Rig deliveries and the Second Keppel Transaction, the Bank Facility and Convertible Bonds up until the date of this Prospectus.

The December 31, 2017 figures are extracted from the Company's 2017 balance sheet.

(In USD million)	31 December 2017	Adjustments related to the Paragon Transaction and March 2018 Private Placement (unaudited)	Adjustment related to PPL Rig deliveries (unaudited)	Adjustment related to the Second Keppel Transaction, Bank Facility and Convertible Bonds (unaudited)	Note	As adjusted (Unaudited)
Total current debt						
Guaranteed	-	-	-			-
Secured	-	-	-			-
Unguaranteed/ Unsecured	21.1	74.6	-	-	(1)	95.7
Total non-current debt						
Guaranteed		-	-			-
Secured	87.0	-	261.0	651.5	(2)	999.5
Unguaranteed/ Unsecured	71.3	11.7	-	344.8	(2)	427.7
Total debt (A)	**179.4**	86.3	261.0	996.3		1522.9
Equity						
Shares	4.8	0.5	-		(3)	5.3
Additional paid in capital	1587.8	246.2	-		(3)	1834.0
Treasury shares	-6.7	-	-			-6.7
Other comprehensive income	-6.2	-	-			-6.2
Accumulated deficit	-88.8	78.9	-	-	(3)	-9.9
Non-controlling interest	2.0	-	-			2.0
Total equity (B)	**1492.9**	325.6	-	-		1818.5
Total capitalization (A+B)	**1672.3**	411.9	261.0	996.3		3341.4

Also see section of the Prospectus 5.10 “The New Rig Contracts” for an overview of the commitments of the Company related to the New Rigs Contracts.

Notes to the adjustments to reflect the Paragon Transaction and March 2018 Private Placement, PPL Rig deliveries and the Second Keppel Transaction, Bank Facility and Convertible Bonds in the table above:

***Note 1 Total* current debt**

Paragon Transaction and the March 2018 Private Placement

Adjustment to unguaranteed / unsecured current debt of USD 74.6 million follows from (i) trade payables with a book value of USD 33.9 million as at 31 December 2017 and accruals and other current liabilities with a book value of USD 39.6 million as at 31 December 2017 acquired through the Paragon Transaction executed on 29 March 2018 and (ii) a USD 1 million provision for costs incurred related to the Paragon Transaction.

***Note 2 Total* non-current debt**

Paragon Transaction and the March 2018 Private Placement

Adjustment to unguaranteed / unsecured non-current debt of USD 11.7 million follows from non-current accruals and other liabilities with a book value of USD 11.7 million as at 31 December 2017 acquired through the Paragon Transaction executed on 29 March 2018.

PPL Rig deliveries

Adjustment to secured non-current debt due to PPL delivery of USD 261 million reflects 3 new rigs delivered in 2018 and first priority mortgage of USD 87 million per Rig. The USD 87 million includes a Back-End Fee, payable together with the delivery loan principle, of USD 3.25 million.

Second Keppel Transaction, Bank Facility *and Convertible Bonds*

Adjustment to secured total non-current debt follows from the USD 200 million Bank Facility (USD 197 million net after issuance costs), the Delivery Loan principal from Keppel of USD 432 million and the USD 22.5 million Back-end Fee related to the Keppel rigs. The USD 22.5 million Back-end fee related to the Keppel rigs is payable together with the Delivery Loan principal. Adjustment to unsecured total non-current debt follows from the USD 350 million Convertible Bonds issued (USD 344.8 million net after issuance cost). The conversion right is classified as a derivative liability and included in the carrying amount of the Convertible Bonds.

To mitigate the economic exposure from a potential exercise of the conversion rights embedded in the Convertible Bonds, the Company has purchased from and sold to Goldman Sachs International call options over 52,268,060 Shares with a strike of USD 6.6963 and USD 8.5225. The average maturity of the options is 14 May 2023.

Unguaranteed/unsecured debt of the Company amounting to USD 71.3 million represents onerous contracts relating to the element of contract backlog and remaining yard instalments to be made to Keppel for three newbuildings.

***Note 3* Equity**

Paragon Transaction and the March 2018 Private Placement

Adjustment to shares and additional paid in capital is to reflect the March 2018 Private Placement with net proceeds of USD 246.7 million.

Adjustment to accumulated deficit is the net effect on accumulated deficit from the Paragon Transaction executed on 29 March 2018.

Book values as at 31 December 2017 of liabilities acquired through the Paragon Transaction executed on 29 March 2018 are extracted from the consolidated Financial Statements of Paragon for the period from 1 January 2017 to 31 December 2017.

Rigs are placed as security for secured non-current debt in the Company as of 31 December 2017 and as at the date of this Prospectus.

10.4.2 Indebtedness

The following table sets forth information about the Company's unaudited consolidated net financial indebtedness as of 31 December 2017 adjusted to reflect the changes represented by the Paragon Transaction and March private placement, PPL Rig deliveries and the Second Keppel Transaction, Bank Facility and Convertible Bonds up until the date of this Prospectus.

The 31 December 2017 figures are extracted from the Company's 2017 balance sheet in the Annual Financial Statement for 2017.

(In USD million)	31 December 2017	Adjustments related to the Paragon Transaction and March 2018 Private placement (unaudited)	Adjustment related to PPL Rig deliveries (unaudited)	Adjustment related to the Second Keppel Transaction, Bank Facility and Convertible Bonds (unaudited)	Note	As adjusted (Unaudited)
(A) Cash and cash equivalents	164.0	-9.8		225.8	(1)	380.0
(B) Trading securities	20.7	-				20.7
(C) Total liquidity (A)+(B)	**184.7**	-9.8		225.8		400.7
		-				
(D) Restricted cash	39.1	5.8			(2)	44.9
(E) Total liquidity and restricted cash (C)+(D)	**223.8**	-4.0		225.8		445.6
(F) Current bank debt	-	-				-
(G) Current portion of non-current debt	-	-				-
(H) Other current financial debt	-	-				-
(I) Current financial debt (F)+(G)+(H)	**0.0**	-				-
		-				-
(J) Net current financial indebtedness (I)-(E)	**-223.8**	4.0		-225.8		-445.6
		-				-
(K) Non-current bank loans	-	-	-	197.0	(3)	197.0
(L) Bonds issued	-	-		344.8	(4)	344.8
(M) Other non-current loans	87.0	-	261.0	454.5	(5)	802.5
(N) Non-current financial indebtedness (K)+(L)+(M)	**87.0**	-	261.0	996.3		1344.3

		-			-
(O) Net Financial Indebtedness (J)+(N)	**-136.8**	4.0	261.0	770.5	898.7

Notes to the adjustments to reflect the Paragon Transaction and the March 2018 Private Placement, PPL Rig deliveries and the Second Keppel Transaction, Bank Facility and Convertible Bonds in the table above:

Note 1 Cash and cash equivalents

Paragon Transaction and the March 2018 Private Placement

Adjustment to cash and cash equivalent is the net effect of cash and cash equivalents acquired through the Paragon Transaction executed on 29 March 2018, the rig acquisition, cash consideration for the purchase of 100% of the shares in Paragon, settlement of long terms debt of Paragon and proceeds from the March 2018 Private Placement. Cash and cash equivalents in Paragon as at 31 December 2017 amounts to USD 172.5 million, cash and cash equivalents used for the rig acquisition is USD 98.4 million, net proceeds from March 2018 Private Placement amounts to USD 246.7 million, cash consideration for the shares in Paragon amounts to USD 241.3 million and settlement of the long term debt of Paragon amounts to USD 89.3 million.

Second Keppel Transaction, Bank Facility and Convertible Bonds

Adjustment to cash and cash equivalent is the net effect of the up-front payment for the Keppel rigs of USD 288 million and net proceeds from the Bank Facility and Convertible Bonds issue of USD 197 million and USD 344.8 million. Total consideration for the Keppel rigs amounts to USD 742.5 million, of which USD 288 million is payable up-front while the USD 22.5 million Back-end Fee is deferred and Keppel has provided a Delivery Loan principal of USD 432 million. Further, cash and cash equivalents have been adjusted to reflect the net premium paid when entering into the call option agreements with Goldman Sachs International.

Note 2 Restricted cash

Paragon Transaction and the March 2018 Private Placement

Adjustment to restricted cash of USD 5.8 million is restricted cash as at 31 December 2017 acquired through the acquisition of Paragon completed on 29 March 2018.

Note 3 Non-current bank loans

Second Keppel Transaction, Bank Facility and Convertible Bonds

Adjustment to Non-current bank loans of USD 197 million follows from the USD 200 million revolving Bank Facility net of issuance costs.

Note 4 Convertible Bonds issued

Second Keppel Transaction, Bank Facility and Convertible Bonds

Adjustment to Convertible Bonds issued of USD 344.8 million follows from the USD 350 million Convertible Bonds net of issuance costs. The conversion right is classified as a liability and included in the carrying amount of the Convertible Bonds.

Note 5 Other non-current loans

PPL Rig deliveries

Adjustment to other non-current loans due to PPL delivery of USD 261 million is to reflect 3 new rigs delivered in 2018 and first priority mortgage of USD 87 million per Rig. The USD 87 million includes a Back-End Fee, payable together with the Delivery Loan principal, of USD 3.25 million.

Second Keppel Transaction, Bank Facility and Convertible Bonds

Adjustment to other non-current loans follows from the Delivery Loan principal from Keppel of USD 432 million and the USD 22.5 million Back-end Fee related to the Keppel rigs. The Back-end Fee is payable together with the Delivery Loan principal.

Book values as at 31 December 2017 of liabilities acquired through the Paragon Transaction executed on 29 March 2018 are extracted from the consolidated financial statements of Paragon for the period from 1 January 2017 to 31 December 2017.

Also see section 5.10 of the Prospectus "The New Rig Contracts" for an overview of the commitments of the Company related to the New Rig Contracts.

There have been no other material changes regarding capitalisation and net financial indebtedness since 31 December 2017.

Unguaranteed/unsecured debt of the Company amounting to USD 71.3 million represents onerous contracts, see footnote 2 to the capitalization table.

As part of the consideration for the PPL Rigs, the seller is entitled to a Back-End Fee, payable together with the delivery loan principal of USD 3.25 million plus 25% of the increase in the market value of the relevant PPL Rig from 31 October 2017 until the repayment date, less the relevant Group Company's equity cost of ownership of each rig and any interest paid on the delivery financing.

To mitigate the economic exposure from a potential exercise of the conversion rights embedded in the Convertible Bonds, the Company has purchased and sold call options over its shares, see note 2 to the capitalization table and note 1 to the net financial indebtedness table above.

As of 31 December 2017 and as of the date of this Prospectus, the Company did not have any other contingent or indirect indebtedness.

10.5 Working capital statement

The Company is, as of the date of this Prospectus, of the opinion that the Group's working capital is sufficient for the Group's present requirements in a twelve months perspective.

10.6 Contingent and indirect indebtedness

As part of the consideration for the PPL Rigs, the seller is entitled to a Back-End Fee, payable together with the delivery loan principal of USD 3.25 million plus 25% of the increase in the market value of the relevant PPL Rig from 31 October 2017 until the repayment date, less the relevant Group Company's equity cost of ownership of each rig and any interest paid on the Delivery Financing.

To mitigate the economic exposure from a potential exercise of the conversion rights embedded in the Convertible Bonds, the Company has purchased from and sold to Goldman Sachs International call options over 52,268,060 Shares with a strike of USD 6.6963 and USD 8.5225. The average maturity of the options is 14 May 2023.

10.7 **Trend information**

The Group operates within the offshore contract drilling market which is a part of the international oil service industry. The fundamental driver of the offshore drilling market is the level of activity in the exploration, development and production of crude oil and natural gas. This is, in turn, a reflection of the level of investments made by the upstream oil and gas industry. Historically, the level of upstream capital expenditure has been driven by expectations for future oil and natural gas price. This correlation has been observed following the decline in crude oil prices in 2014. This had a negative impact on the demand across the oil service industry. The oil price fell from an average of USD 109/Bbl in H1 2014 to an average of USD 54/Bbl in 2015, and USD 45/Bbl in 2016. 2017 started off with an increase in oil prices before dropping throughout the second quarter and ending the quarter below USD 45/Bbl. The lower price along with uncertainty of future price development caused a material reduction in spending by E&P Companies through 2015/2016 and into 2017. This led to an abrupt reduction in demand for offshore drilling services in 2015 and onwards, with the number of working jack-up drilling rigs hitting a low of 284 rigs in February 2017. As a result, day rates for offshore drilling rigs have dropped significantly from the levels seen in 2014. Recently there has been an increase in tendering activity for jack-up drilling rigs in key regions lifting the working jack-up drilling rig count to around 330 rigs. Consequently, the jack-up rig count is above the long-term historical average of 322 rigs.

The Company is exposed to the market trends described above and in section 8.3 “The jack-up drilling rig segment”, and was successful in winning its first drilling contract in July 2017 and won its second contract in September 2017. The Company’s revenues and costs trends will therefore correlate closer with market trends as more Rigs secure employment.

10.8 **Investments**

10.8.1 Historical Investments

The following overview describes the Company's historical investments in the period covered by the historical financial information i.e. since the incorporation of the Company in August 2016.

Number	Transaction	Amount
1	The Hercules Transaction	USD 130 million
2	The Transocean Transaction	USD 1.35 billion
3	Deposit payment to Transocean	USD 32 million
4	Moving cost reimbursement to Transocean	USD 3.7 million
5	Transocean Bareboat Charter payments	-
6	Acquisition of listed shares in Atwood	USD 58 million
7	Purchase of securities issued by a rig company	USD 27 million
8	Company share repurchase	USD 8.4 million
9	Transfer of treasury shares	-
10	The PPL Transaction	USD 1,255.5 million
11	Forward contracts to purchase shares in various listed rig companies	USD 79.1 million
12	Delivery of "Galar" and payment of second instalment	USD 83.7 million
13	Payment of second instalment for the delivery of "Saga"	USD 72.4 million
14	Payment of second instalment for "Gerd"	USD 83.7 million
15	Payment of second instalment for "Gersemi"	USD 83.7 million
16	The Paragon Transaction	USD 239.9 million
17	Company share repurchase	USD 2.33 million
18	Payment of second instalment for "Grid"	USD 83.7 million
19	The Second Keppel Transaction	USD 742.5 million
20	Call option purchase	-

(1) On 23 January 2017, the Company completed delivery of the Hercules Rigs. Total consideration paid to Hercules for these was USD 130 million.

(2) On 31 May 2017, the May 2017 Transactions were completed by way of formal transfer from Transocean to the Company of all of the shares in the eight companies which own the ten Transocean Rigs and the novation of the five Keppel New Rig Contracts to subsidiaries of the Company. The total value of the May 2017 Transactions was approximately USD 1.35 billion (including the base purchase price of USD 320 million to Transocean, the remaining payments to Keppel under the Keppel New Rig Contracts at signing of the Transocean Transaction and the

estimated payment to Transocean under the Original Transocean Bareboat Charters). In total, the May Transaction comprised 11 premium jack-ups and 4 standard jack-ups.

(3) The Company paid a deposit of USD 32 million to Transocean on 15 March 2017. Hence, the cash payment to Transocean on closing was approximately USD 289 million (representing the base purchase price of USD 320 million minus the deposit already paid, a net liability adjustment of USD 0.2 million, plus the estimated cost of inventory related to the New Rigs in the amount of USD 0.3 million and a reimbursement for transfer taxes in the amount of USD 0.5 million).

(4) Furthermore, the Company reimbursed Transocean for the cost of moving two of the Transocean Rigs from Congo to Cameroon in an amount of USD 3.7 million.

(5) Three of the Transocean Rigs were on contract with an external customer at the time of closing. Two of the rigs ”Idun” and “Odin”, ended their contracts in July 2017 and April 2018 respectively. As part of the agreement, the Company pays the amounts received under the Existing Transocean Bareboat Charter by the owner of the remaining rig, “Mist”, on to Transocean, without any deductions other than costs related to the contracts of the rig. “Mist” will end its contract with Chevron in October 2018, where upon the Transocean Bareboat Charterparty will terminate.

(6) During the period May to August 2017, the Company entered into forward contracts to purchase 7,800,000 shares in Atwood, a listed rig company, for a total amount of approximately USD 58 million with settlement in fourth quarter 2017. In October 2017, the Company exited this position and realised a gain of USD 15.3 million on forward contracts to purchase shares in Atwood.

(7) During May to August 2017, the Company have purchased securities issued by a rig company for approximately USD 27 million.

(8) In July 2017, the Company bought 2,470,000 own Shares at a price of NOK 27.50 per Share which were subsequently held in treasury.

(9) In August 2017, the Company transferred 500,000 of the Shares held in treasury to Simon William Johnson as part of his remuneration package.

(10) The Company and PPL entered into a master agreement on 6 October 2017 with agreed forms of SPA and construction contracts scheduled thereto for the acquisition of nine premium "Pacific Class 400" jack-up drilling rigs, six of which have been completed, and of which four have already been delivered to the Company, and three of which are under construction.

The agreed purchase price for each of the PPL Rigs is approximately USD 139.5 million aggregating to a total of approximately USD 1,255.5 million.

The cash consideration under the PPL transaction shall be settled in two instalments, of which the first instalment of USD 55.8 million per rig, a total of USD 502.2 million for all nine rigs, was paid in full by the Company on the 31 October 2017. The balance of USD 83.7 million per rig, a total of USD 753.3 million for all nine rigs, is payable on delivery of each PPL Rig. The Company has taken delivery of four of the nine PPL Rigs, namely the Galar, Gerd, Gersemi and Grid, as of

the date hereof. Galar was delivered on 15 November 2017, Gerd was delivered on 4 January 2018, Gersemi was delivered on 24 February 2018, and Grid was delivered on 13 April 2018. The Company has accepted the Delivery Financing for all four rigs, covering the whole of the second instalment of USD 83.7 million per rig. The Delivery Financing for each of the PPL Rigs is secured by first priority rig mortgage and an assignment of insurances of the relevant PPL Rig (not cross-collateralised) and the obligations of the rig owner are secured by a guarantee from the Company.

PPL is entitled to a Back-End Fee, payable after five years from delivery of each rig, of USD 3,250,000 plus 25% of the increase in the market value of the relevant PPL Rig from 31 October 2017 until the repayment date less the relevant Group Company's net cost of ownership of the Rig and any interest paid on the delivery financing.

(11) As of today the Company has forward contracts to purchase shares in other listed drilling companies for an aggregate amount of approximately USD 79.1 million, expiring in May 2018.

(12) On 15 November 2017, the first of the PPL Rigs was delivered from the yard, namely “Galar”, and the Company paid the second instalment of USD 83.7 million based on the Delivery Financing.

(13) On 28 December 2017, the Company paid the second instalment of USD 72.4 million for the delivery the first of the five Keppel New Rigs, namely “Saga”.

(14) On 4 January 2018, the Company paid the second instalment of USD 83.7 million for the second of the PPL Rigs, namely “Gerd”, and the Company utilised the Delivery Financing for the final instalment.

(15) On 24 February 2018, the Company paid the second instalment of USD 83.7 million for the third of the PPL Rigs, namely “Gersemi”, and the Company utilised the Delivery Financing for the final instalment.

(16) On 29 March 2018, the Company concluded the acquisition of 99.41 percent of the shares of Paragon for a total consideration of approximately USD 239.9 million. At completion, the Paragon fleet consisted of two premium (delivered in 2001 and after) jack-up drilling rigs and 20 standard jack-up drilling rigs (built before 2001), and one semi-submersible. For further information about the Paragon Transaction see section 6 "The Paragon Transaction".

(17) On 11 April, 2018, the Company purchased 500,000 of its own shares from the Borr Group’s former CEO, Mr. Simon Johnson at a price of USD 4.65 per share. The purchase was a part of the terms agreed on for his resignation from his position in the Borr Group. Total consideration amounted to USD 2.33 million.

(18) On 13 April 2018, the Company paid the second instalment of USD 83.7 million for the fourth of the PPL Rigs, namely “Grid”, and the Company utilised the Delivery Financing for the final instalment.

(19) On 16 May 2018, the Company entered into an agreement to acquire five jack-up drilling rigs under construction from Keppel (the Second Keppel Transaction). The agreed purchase price is

USD 149 million for each of the rigs aggregating to a total consideration of approximately USD 742.5 million.

The Company will take delivery of the first of the five rigs in Q4 2019, with the remaining rigs being delivered quarterly thereafter until the last rig is delivered in Q4 2020.

The acquisition shall be settled in two instalments, of which the first instalment of USD 57.6 million per rig, a total of USD 288 million for all five rigs, will be paid in full by the Company upon closing of the Second Keppel Transaction. The balance of USD 86.4 million per rig, a total of USD 432 million for all five rigs, is payable on delivery of each rig. The Company has accepted the Delivery Loan for all five rigs, covering the whole of the second instalment of USD 86.4 million per rig. The Delivery Loan for each of the rigs is secured by first priority rig mortgage and an assignment of insurances of the relevant rig (not cross-collateralised) and the obligations of the rig owner are secured by a guarantee from the Company.

Keppel is entitled to a Back-End Fee, payable after five years from delivery of each rig, of USD 4.5 million to be paid upon settlement of the Delivery Loan.

In connection with the acquisition of the five Keppel rigs, the Company issued USD 350 million Convertible Bonds with a coupon of 3.875% and a conversion premium of 37.5% above a reference price of USD 4.87 per share. In connection with the placement, the Company entered into a Call Spread, which increases the effective conversion premium for the Company to 75% above the reference price.

Furthermore, the Company also entered into a secured USD 200 million two-year non-amortizing revolving Bank Facility with a Nordic bank during May 2018.

(20) On 16 May 2018, the Company purchased from Goldman Sachs International call options over 52,268,060 Shares with a strike of USD 6.6963 to mitigate the economic exposure from a potential exercise of the conversion rights embedded in the Convertible Bonds. The call options sold are European options exercisable only at maturity and are cash settled. The Company has, as of the date of this Prospectus, no other options to buy or sell Shares.

For expected delivery date for the not yet delivered rigs, please see section 10.8.3.1 “The Keppel New Rig Contracts”, 10.8.3.2 “Delivery Financing – The Keppel New Rigs” and 10.8.3.4 “Delivery Financing – The Second Keppel Contracts”.

10.8.2 Historical divestments

On 8 April 2018, the Sale of Paragon M1161 was completed.

On 23 April 2018, the Company divested “L786”, one of the standard jack-up rigs acquired from Paragon.

On 8 May 2018, two sales agreements were executed for two standard jack-up rigs and on 18 May 2018 further 13 sale agreements were signed for the sale of additional 13 standard jack-up drilling rigs. One of the rigs was delivered on 9 May 2018, 13 were delivered to the new owner on 23May 2018, and the remaining rig “Brage” is expected to be delivered in June 2018. A gain of up to USD 16 million is expected to be recorded from the agreement, and are deemed as insignificant to the Company.

10.8.3 Ongoing and future investments and divestments

10.8.3.1 The Keppel New Rig Contracts

The first instalment under each Keppel New Rig Contract has been paid by Transocean and is secured by an on demand refund guarantee from a reputable international bank which has been assigned to the Company under the Novation Agreements.

Pursuant to the amended terms of the Keppel New Rig Contracts, the Company paid aggregate pre-delivery instalments of a total of USD 275 million to Keppel on 12 June 2017. The amount was split between instalments of USD 100 million for each of Hulls B364 (delivered to the Company and named "Saga") and Hull B365 tbn "Skald" and USD 25 million for each of Hulls B366 tbn "Tivar", B367 tbn "Vale" and B368 tbn "Var". Each instalment is secured by a parent guarantee from Keppel Offshore & Marine Limited. The Company will pay the remainder of the purchase price for each Keppel New Rig to Keppel upon the delivery thereof.

On 28 December 2017, the Company paid the second (and remaining) instalment for the first of the five Keppel New Rigs, namely the "Saga", for USD 72.4 million of cash.

10.8.3.2 Delivery Financing – The Keppel New Rigs

The Company has received an offer for delivery financing in an amount of up to USD 130 million for each of Hull B367 tbn "Vale" and Hull B368 tbn "Var". The delivery financing is optional for each of these and will, if drawn, be secured by a first priority mortgage over each New Rig and a first priority assignment of the benefit of any payments under its insurance policies. The Company will have to provide a guarantee for the obligations of the Group Company making use of this offer and each of the borrower and the Company (as guarantor) will be bound by covenants and undertakings in line with market practise in the industry. The terms of the delivery financing are market compatible. Final terms must be agreed before the delivery financing is available to the Group. The Company will, prior to delivery of each of these New Rigs from Keppel, consider the available options for the financing of the same.

The Company will, as required, finance the remaining commitments related to the Keppel Contracts through a combination of existing cash, cash flow from operations, Delivery Financing, other debt financings and/or further equity issues. The Company currently has very low interest bearing debt and consequently should have flexibility to obtain debt financing for parts or all of the remaining payments under the Keppel Contracts.

The remaining payments and expected delivery dates of the Keppel New Rigs are set out in the table below:

Rig	Design	Yard	Delivery instalment (USD million)	Delivery time
Hull B365 tbn "Skald"	KFELS Super B	Keppel Fels, Singapore	72.4	Q2 2018
Hull B366 tbn "Tivar"	KFELS Super B	Keppel Fels, Singapore	147.4	Q3 2020

Hull B367 tbn "Vale"	KFELS Super B	Keppel Fels, Singapore	147.4	Q4 2020
Hull B368 tbn "Var"	KFELS Super B	Keppel Fels, Singapore	147.4	Q4 2020

10.8.3.3 Delivery Financing – The PPL Rigs

The Company has received an offer for the financing of the delivery payment for each of the PPL Rigs, i.e. an amount of USD 83.7 million per PPL Rig.

As set out in the offer, interest will accrue and can be paid as a bullet amount on repayment of the financing or at any earlier time. The term of the loan is five years and there are no instalments until the repayment date.

The obligation of each of the Group Companies which will acquire a PPL Rig to pay the PPL Instalment shall be secured by a parent guarantee from the Company in favour of PPL.

The remaining payments and expected delivery dates of the PPL Rigs are set out in the table below (delivery instalment is excluding Back-End Fee):

Rig	Design	Yard	Initial payment (USD million)	Delivery instalment (USD million)	Delivery time
Hull P2053 tbn "Gunnlord"	PPL Pacific Class 400	PPL, Singapore	55.8	83.7	Q2 2018
Hull P2049 tbn "Groa"	PPL Pacific Class 400	PPL, Singapore	55.8	83.7	Q3 2018
Hull P2047 tbn "Gyme"	PPL Pacific Class 400	PPL, Singapore	55.8	83.7	Q3 2018
Hull P2048 tbn "Natt"	PPL Pacific Class 400	PPL, Singapore	55.8	83.7	Q4 2018
Hull P2052 tbn "Njord"	PPL Pacific Class 400	PPL, Singapore	55.8	83.7	Q1 2019

10.8.3.4 Delivery Financing - The Second Keppel Contracts

The Company has secured financing of the delivery payment for each of the acquired rigs, equal to the final instalment of USD 86.4 million per rig, aggregating to a total of USD 432 million. The term of the loan is five years with the full drawn amount payable at maturity. The Company has provided a guarantee for the obligations of the Group Company under the Second Keppel Contract, which will include obligations of the Group Companies under the financing.

Keppel is entitled to a Back-end Fee of USD 4.5 million per rig to be paid upon settlement of the delivery financing.

The remaining payments and expected delivery dates of the rigs are set out in the table below (delivery instalment is excluding Back-End Fee):

Rig	Design	Yard	Initial payment (USD million)	Delivery instalment (USD million)	Delivery time
Hull B358	KFELS Super B	Keppel Fels, Singapore	57.6	86.4	Q4 2019
Hull B360	KFELS Super B	Keppel Fels, Singapore	57.6	86.4	Q1 2020
Hull B361	KFELS Super B	Keppel Fels, Singapore	57.6	86.4	Q2 2020
Hull M1222	KFELS Super B	Keppel Fels, Singapore	57.6	86.4	Q3 2020
Hull M1226	KFELS Super B	Keppel Fels, Singapore	57.6	86.4	Q4 2020

10.8.3.5 Divestments

The Board of the Company will continue to evaluate the future of the uncontracted older jack-up drilling rigs (built prior to 2001). Based on the anticipated high reactivation cost, safety standards and drilling efficiency requirements, it is likely that most of these units will not be marketed for new drilling contracts (divested).

10.8.4 Capital resources

As of 31 December 2017, the Company's cash and cash equivalents amounted to USD 164.0 million, and USD 203.1 million if including USD 39.1 million of restricted cash. The Company has, as a consequence of the March 2018 Private Placement received gross proceeds of USD 250 million. The Company will use parts of its cash to pay the sellers of Paragon approximately USD 239.9 million. The Company has, as a consequence of the Convertible Bonds issue received gross proceeds of USD 350 million. In addition, the Company has secured the Bank Facility of USD 200 million with two year maturity and no amortization. The Company will use approximately USD 288 million to pay for the Second Keppel New Rig Contracts.

As shown in the table in 10.2.1 "Selected income information", the Company recorded negative results in 2016 and 2017. The material factors impacting the operating results described in section 10.3.2 "Material factors affecting the Company's results of operation" will decide whether the Company's operating results will turn positive and generate positive cash flow which can fund the ongoing and future investments of the Group as described in section 10.8.3 "Ongoing and future investments and divestments".

The Company will, if required, finance its operations and any remaining commitments related to the New Rig Contracts through further equity issues or debt financing.

There are limited restrictions on the transfer of capital resources between the Company's subsidiaries.

10.9 **Auditor**

The Company's auditor is PricewaterhouseCoopers AS with registration number 987 009 713 and business address at Dronning Eufemias gate 8, 0191 Oslo, Norway. PwC is a member of Den Norske

Revisorforening (The Norwegian Institute of Public Accountants). PwC has acted as the Company's statutory auditor since the Company`s incorporation. Accordingly, no auditor of the Group has resigned, been removed or failed to be re-appointed during the period covered by the historical financial information discussed herein.

The auditor's report to the Annual Financial Statements is incorporated by reference to the Prospectus. Other than this report, neither PwC nor any other auditor has audited or reviewed in accounts of the Group or produced any report on any other information provided in this Prospectus.

10.10 Research and development, patents and licenses

The Company has not been engaged in any research and development activities since its incorporation.

The Group does not own any material patents nor does it depend on any material third party licenses.

10.11 Significant changes in financial and trading position after 31 December 2017

On 4 January 2018, the Company took delivery of "Gerd", the second jack-up rig from PPL.

On 5 January 2018, the Company took delivery of "Saga", the first newbuilding from Keppel.

In January 2018, "Norve" commenced operations for BWE in Gabon.

In January 2018, Patrick Schorn, Executive Vice President of New Ventures in Schlumberger, joined the Board of Directors.

On 24 February 2018, the Company took delivery of "Gersemi", third jack-up rig from PPL.

On 23 March 2018, the Company completed the March 2018 Private Placement raising gross proceeds of USD 250 million.

On 29 March 2018, the Company completed the voluntary offer to acquire the shares of Paragon. Through the voluntary offer, the Company acquired 99.41 percent of Paragon for a total consideration of approximately USD 239.9 million.

On 11 April 2018, the Company purchased 500,000 of its own shares from the Group's former CEO, Mr. Simon Johnson at a price of USD 4.65 per share. The purchase was a part of the terms agreed on for his resignation from his position in the Group. Following the purchase, the Company holds 2,470,000 of its own shares in treasury.

On 13 April 2018, the fourth of the PPL Rigs ("Grid") was delivered from the yard and the Company accepted the Delivery Financing, covering the whole of the final instalment of USD 83.7 million.

On 8 April 2018, the Sale of Paragon M1161 was completed.

On 23 April 2018, the sale of Paragon L786 was completed.

On 30 April 2018, a Master Agreement was executed for the sale of 14 standard jack-up drilling rigs en bloc to a non-drilling company.

On 8 May 2018, a sales agreement of the standard jack-up rig “Brage” was entered into. The delivery is expected in June 2018.

On 9 May 2018, the sale of one of the 14 standard jack-up drilling rigs included in the Master Agreement was completed.

On 16 May 2018, The Company announced the acquisition of five premium jack-up drilling rigs under construction from Keppel.

On 16 May 2018, the Company issued Convertible Bonds with a principal amount of USD 350 million and secured a USD 432 million Delivery Loan from Keppel. In connection with the Convertible Bonds issuance, the Company also entered into a Call Spread, which increases the effective conversion premium for the Company. As part of the Second Keppel Transaction, the Company and Keppel have agreed to defer delivery of the newbuild “Tivar” by 15 months to July 2020.

During May 2018: The Company secured a USD 200 million non-amortizing revolving Bank Facility with two-year duration.

23 May 2018: The sale of the remaining 13 of the 14 standard jack-up drilling rigs included in the Master Agreement was completed.

On 23 May 2018, the Company secured a new contract with an undisclosed counterparty for “Norve” in West Africa for 180 days at USD 80,000 per day.

As soon as practically possible following the approval of this prospectus, the Company will issue the New Shares.

Apart from the above, there has been no significant change in the financial or trading position of the Group since 31 December 2017.

11. UNAUDITED PRO FORMA FINANCIAL INFORMATION

On 21 February 2018 the Company announced the Tender Offer to purchase all outstanding shares in Paragon at a purchase price of USD 42.28 per share to be settled in cash. Following the favourable settlement of a claim in favour of Paragon (Jindal) the consideration for the shares increased by USD 8.8 million. With this, the total purchase price for all outstanding shares amounts to USD 241.3 million.

Prior to and as a condition for completion of the Paragon Transaction, Paragon was required to take full ownership of the legal entities owning the two rigs Prospector 1 and 5, which were subject to a previously established sale-leaseback agreement between Prospector Offshore Drilling Ltd ("**Prospector Group**") and affiliates of SinoEnergy. On 14 February 2018, relevant parties entered into a settlement agreement and Sino subsequently transferred Prospector 1 and 5 back to Prospector Group, whereupon the leasing agreement was terminated (in all; the **"Rig Acquisition"**). On 28 March 2018, the ownership of the legal entities owning the two rigs Prospector 1 and 5 were transferred to Paragon.

Further, as a condition for closing of the Paragon Transaction Borr settled the long term debt of Paragon amounting to USD 86.4 million as at 31 December 2017.

For the purposes of the pro forma financial information it is assumed that the Rig Acquisition has occurred and that Prospector Group has been transferred to Paragon as at the balance sheet date 31 December 2017.

The Paragon Transaction closed on 29 March 2018 and it is for the purpose of this pro forma financial information assumed that 100% of the shares in Paragon were acquired by the Company.

Together with the Paragon Transaction, the Company completed a private placement (the March 2018 Private Placement) by issuing 54,347,827 shares, raising USD 250 million in gross proceeds (USD 4.6 per share).

The Paragon Transaction, the settlement of long term debt of Paragon, the Rig Acquisition and the March 2018 Private Placement are for the purpose of this pro forma financial information together referred to as the Paragon Transaction.

On 16 May 2018 the Company announced the acquisition of five rigs under construction from Keppel for a total consideration of USD 742.5 million. The construction of three of the rigs are recently completed and the remaining 2 are still under construction. Of the total consideration of USD 742.5 million, the Company will pay USD 288 million up-front while Keppel will provide a Delivery Loan of USD 432 million payable in five years. Further, USD 22.5 million of the consideration is a Back-end Fee and is payable together with the Delivery Loan principal. Following this rig acquisition the Company entered into a two-year Bank Facility amounting to USD 200 million and issued five-year Convertible Bonds in the amount of USD 350 million. The acquisition of Keppel rigs and related financing are for the purpose of this pro forma financial information together referred to as the Second Keppel Transaction.

The Paragon Transaction and the Second Keppel Transaction each resulted in "a significant gross change" for the Company, as defined in Commission Regulation (EC) No. 809/2004 of 29 April 2004 which sets out the requirements to the pro forma financial information which needs to be included in a prospectus. Annex II of the Commission Regulation requires the preparation of a pro forma balance sheet ("**Pro Forma Balance Sheet"**) as of 31 December 2017 as if the Paragon Transaction and the

Second Keppel Transaction occurred on that date and a pro forma statement of profit and loss for 2017 as if the Paragon Transaction and the Second Keppel Transaction occurred on 1 January 2017.

Due to the following reasons, no pro forma profit and loss financial information has been prepared as if the Paragon Transaction and the Second Keppel Transaction were completed on 1 January 2017:

The Paragon Transaction
Paragon has completed a restructuring as part of filing Chapter 11 process and emerged from bankruptcy on 18 July 2017. In connection with filing Chapter 11, Paragon is subject to the requirements of FASB ASC 852, *Reorganizations.*

Since the structure before and after 18 July 2017 is not comparable, Paragon does according to this standard not present financial information for the full year 2017 but separately for the period from 1 January 2017 through 18 July 2017 and for the period from 18 July 2017 through 31 December 2017. The main differences between these periods are;

1. In accordance with FASB ASC 852, Reorganizations, Paragon accounted for the restructuring using fresh-start accounting. Assets and liabilities were recorded at fair value on 18 July 2017.

2. Paragon recorded a restructuring gain of USD 896 million in the period from 1 January 2017 through 18 July 2017. The gain recorded is the net effect after gain on settlement of debt (refinancing), impairment of assets and professional fees.

3. In the period from 19 July 2017 through 31 December 2017 Paragon has recorded lower depreciation expenses due to the impairment recorded when applying fresh start accounting and lower financial expenses due to the refinancing.

4. Prospector Group was at the balance sheet date 31 December 2017 still under bankruptcy proceedings and is accounted for under the equity method of accounting by Paragon in the period from 19 July 2017 through 31 December 2017 while being consolidated line by line for the period from 1 January 2017 through 20 July 2017. As a consequence, revenues, operating expenses and financial expenses of Prospector Group are reflected in the statement of profit and loss of Paragon for the period from 1 January 2017 through 20 July 2017 only.

Due to the implications of fresh start accounting on the profit and loss statement for 2017, the profit and loss statement is not representative for Paragon's activities in 2017. Hence, no pro forma profit and loss information has been prepared.

The Second Keppel Transaction
The Second Keppel Transaction is an asset transaction. The Keppel rigs have not operated and there is, accordingly, no historical financial information available for these.

The unaudited pro forma condensed financial information has been prepared for illustrative purposes only to show how the Paragon Transaction and the Second Keppel Transaction might have affected the Company's unaudited consolidated balance sheet as of 31 December 2017 as if they occurred at the balance sheet date.

Because of its nature, the unaudited pro forma condensed financial information addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position if the

Paragon Transaction and the Second Keppel Transaction had in fact occurred on that date and is not representative of the results of operations for any future periods. Investors are cautioned not to place undue reliance on this unaudited pro forma financial information.

The Company's independent accountant, PwC, has issued a report on the Pro Forma Balance Sheet included in Appendix b hereto. The report is prepared in accordance with ISAE 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus."

11.1 General information and purpose of the Pro Forma Balance Sheet

The unaudited condensed pro forma financial information has been compiled in connection with the preparation of this Prospectus for the listing of the shares issued as part of the March 2018 Private Placement on Oslo Børs (Oslo Stock Exchange) in order to comply with the Norwegian Securities Trading Act and the applicable EU-regulations pursuant to section 7-7 of the Norwegian Securities Trading Act. This information is not in compliance with SEC ("**SEC**") Regulation S-X, and had the securities been registered under the U.S: Securities Act of 1933, this unaudited condensed pro forma financial information, including the report by the auditor, would have been amended and / or removed from the Prospectus.

The unaudited pro forma balance sheet as at 31 December 2017 has been compiled based on:

- the consolidated balance sheet of the Company as of 31 December 2017 included in the Consolidated Financial Statements for the period from 1 January 2017 to 31 December 2017 which were prepared in accordance with US GAAP. These financial statements are incorporated by reference to this Prospectus;
- the consolidated balance sheet of Paragon as of 31 December 2017 included in the consolidated Financial Statements for the period from 1 January 2017 to 31 December 2017 which were prepared in accordance with US GAAP. These financial statements are included in Appendix c to this Prospectus.
- The consolidated balance sheet of Prospector Group extracted from note 6 to the financial statements of Paragon for the period from 1 January 2017 to 31 December 2017 prepared in accordance with US GAAP and are included in Appendix c to this Prospectus.
- Acquisition agreement with Keppel FELS Limited

The unaudited condensed pro forma financial information has been prepared under the assumption of going concern.

The assumptions underlying the pro forma adjustments are described in the notes to the Pro Forma Balance Sheet and in section 11.3 "Accounting principles", section 11.4 "Prospector restructuring and Sino settlement agreement Prospector 1 and 5 (Rig Acquisition)" and section 11.5 "Purchase Price Allocation" below. Neither these pro forma adjustments nor the resulting pro forma balance sheet have been audited in accordance with Norwegian, International or United States generally accepted auditing standards.

Certain reclassifications have been done to conform Paragon's and Prospector Group's 31 December 2017 balance sheets to that of the Company. The adjusted balance sheets of Paragon and Prospector Group are included as appendix d to this pro forma financial information.

The unaudited condensed pro forma financial information for the Company does not include all of the information required for financial statements prepared under US GAAP, and should be read in conjunction with the historical financial information of the Company.

Although management has endeavoured to prepare the pro forma balance sheet using the best available information, the pro forma balance sheet must not be considered final or complete, and may be amended in future publications of financial information.

11.2 Description of the impact on the profit and loss for 2017 if the Paragon Transaction was completed on 1 January 2017

If the Paragon Transaction was completed on 1 January 2017, the Company would have accounted for rig operating and maintenance expenses, depreciation, general and administrative expenses and finance expenses from Paragon.

A description of relevant rig contracts (duration and terms) is included in section 5.7 of the Prospectus. Rig operating and maintenance expenses, depreciation, general and administrative expenses for the rigs acquired could be extracted from (i) the statement of profit and loss for the period from 19 July 2017 through 31 December 2017 and (ii) note 6 showing profit and loss information for Prospector Group included in the consolidated financial statements for 2017 of Paragon. These financial statements are included in Appendix c to this Prospectus.

Several of the rigs of Paragon are cold stacked or will be cold stacked at the end of relevant contract periods in 2018 and 2019. If these rigs where divested in 2017 costs related to divestment would be incurred. When determining the fair value of these rigs it is assumed that the potential sales proceeds are in excess of the cost related to divesting and the fair value in the preliminary purchase price allocation is set to USD 1 million per rig.

The terms of the debt of Paragon issued after Paragon emerged from chapter 11 are disclosed in section 6 of the Prospectus.

11.3 Accounting principles

The unaudited pro forma balance sheet is prepared in a manner consistent with the accounting policies of the Company (US GAAP) applied by the Company in 2017. The Company will not adopt any new policies in 2018 as a result of the Paragon Transaction or the Second Keppel Transaction.

Effective from January 1, 2017 the Company adopted the new revenue recognition standard “Revenue from Contracts with Customers” which supersedes the revenue recognition requirements in Topic 605, “Revenue Recognition,” including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. In addition, ASU No. 2014-9 supersedes the cost guidance in Subtopic 605-35, “Revenue Recognition—Construction-Type and Production-Type Contracts,” and creates new Subtopic 340-40, “Other Assets and Deferred Costs—Contracts with Customers.” Please refer to the financial statements for 2017 for a description of the accounting policies.

The Company and Paragon prepare their respective consolidated financial statements in accordance with US GAAP and management has not identified any differences between the Company's accounting policies and those applied by Paragon that would impact the unaudited condensed pro forma financial

information. As noted above, the Company has adopted the new revenue recognition guidance effective 1 January 2017. As a Private Company Paragon has not yet adopted the new guidance. As part of assessments performed for the purpose of the pro forma financial statements, no differences between the Company's and Paragon's revenue recognition policy has been identified.

In the preparation of the pro forma balance sheet, the principle of acquisition accounting as set out in ASC 805 *Business Combinations* under US GAAP has been followed, which will also be applied in the Company's next published financial statements that include the effects of the Paragon Transaction. The purchase price allocation is presented in subsection 11.5 "Paragon Purchase Price Allocation".

11.4 Prospector restructuring and Sino settlement agreement Prospector 1 and 5 (Rig Acquisition)

As a result of deconsolidation of the Prospector Group by Paragon on 20 July 2017 following a filing for relief under Chapter 11 of the Bankruptcy code, the net assets of Prospector Group were presented as an investment in equity method affiliate in the 31 December 2017 consolidated balance sheet of Paragon.

Up until the Rig Acquisition, Prospector Group leased Prospector 1 and 5 (two high specification jack up rigs) under sale-leaseback agreements with Sino. Prior to completion of the Paragon Transaction Paragon has completed the Rig Acquisition and all necessary steps to transfer Prospector Group that was subject to chapter 11 proceedings to Paragon.

For the purposes of the pro forma financial information it is assumed that the Rig Acquisition had occurred and that the Prospector Group had been transferred to Paragon on the balance sheet date 31 December 2017.

The agreed settlement payment to Sino and the Prospector Joint Administration as part of the Prospector Rig Acquisition amounts to USD 139.4 million. According to the agreement, this settlement is covered by cash available in Prospector Group consisting of USD 33.05 million long-term restricted cash classified as other non-current assets, USD 7.87 million of short-term restricted cash classified as other current assets and USD 23.4 million in cash and cash equivalents. The remaining cash settlement of USD 75 million is settled by Paragon. See note A, B and C below.

Total lease liability recorded by Prospector Group as at 31 December 2017 amounts to USD 120.2 million consisting of USD 25.4 million of current liabilities and USD 94.8 million of non-current liabilities. The lease liability is for the purpose of the pro forma balance sheet reflected as settled, see note H and I below.

The amount recorded as investment in equity method affiliate in Paragon's 31 December 2017 balance sheet is USD 157.9 million. See note F below reflecting the relevant pro forma balance sheet adjustment.

As at as at 31 December 2017 Prospector Group has an intercompany payable on Paragon of USD 11.4 million. This payable is eliminated for the purpose of the pro forma balance sheet, as this will be considered as an intercompany item when Paragon has taken over Prospector Group. See note G below. Paragon has recorded this receivable as part of the investment in equity method affiliate.

11.5 **Paragon Purchase Price Allocation**

The Company has performed a preliminary purchase price allocation ("**PPA**") in accordance with ASC 805 *Business Combinations*. This allocation has formed the basis for the presentation in the pro forma balance sheet. The final PPA may significantly differ from the preliminary PPA and this could materially have affected the presentation in the pro forma balance sheet. The main uncertainty relates to the fair values of rigs and rig contracts.

For the purposes of the unaudited pro forma financial information, the purchase price is based on an agreed consideration of USD 42.28 per share for a total of 5,498,686 shares according to the Tender Offer Agreement. Following the favourable settlement of the Jindal claim the consideration for the shares increased by USD 8.8 million and in total the acquisition price is USD 241.3 million.

The preliminary allocation of the purchase price has been based on the acquisition date balance sheet of Paragon which includes the termination of the sale and lease agreement with Sino – hence reflecting full ownership of the two rigs Prospector 1 and 5 as of 29 March 2018, based on available financial information. The table below shows a reconciliation of book value of equity of Paragon, fair value (adjustments) of identifiable assets and liabilities and the purchase price as of the acquisition date 29 March 2018:

Acquisition date book value of equity	408.7
Fair value adjustments Jack-up drilling rigs (1)	(173.7)
Fair value of rig contracts (2)	44.4
Fair value of identifiable net assets	**279.4**
Gain on bargain purchase (3)	(38.1)
Purchase price	**241.3**

(1) In the PPA as of the acquisition date 29 March 2018, acquired drilling rigs have an estimated total fair value of USD 266.5 million. At the acquisition date Paragon owns 23 drilling rigs after having sold 9 drilling rigs in the period from 31 December 2017 and up to the acquisition date 29 March 2018. The book value of these 23 drilling rigs as at the acquisition date amounts to USD 440.2 million and the acquisition date fair value adjustment is USD 173.7 million. The pro forma adjustment to drilling rigs of USD 173.7 million (see note C to the unaudited pro forma condensed balance sheet 31 December 2017) results in a fair value of USD 278.8 million in the pro forma balance sheet as of 31 December 2017.
The main assets that are acquired in the Paragon Transaction are the Prospector 1 and Prospector 5 rigs and a semi-submersible drilling rig held by Paragon. These rigs have been valued based on a combination of broker estimates and discounted cash flow valuation. The fair value adjustment of the Prospector 1 and 5 rigs amounts to USD 8.6 million and the fair value adjustment of the semi-submersible rig amounts to USD -47.9 million. In addition, Paragon owned 20 jack-up rigs at the acquisition date. These jack-up rigs are older and either cold stacked or currently under contracts that will end in 2018 and 2019. Subsequent to the acquisition date 15 of these rigs have been divested.
In the current market, we observe market expectations that older cold-stacked rigs will not come back into the market again. Consequently, in the fair value assessment of Paragon's jack-up rigs as at the acquisition date it is assumed that they will not tender for new contracts in the future. Thus, the fair value of these jack-up rigs is assumed to be comparable to cold-stacked values. When determining the fair value of these jack-up rigs it is assumed that the potential sales proceeds are in excess of the cost related to divesting and the fair value in the preliminary

purchase price allocation is set to USD USD 1 million per jack-up rig. The consequential fair value adjustment for these jack-up rigs is USD -134.4 million.

(2) The fair value adjustment to rig contracts relates to the order backlog of remaining rigs currently on contract; see (1) above.

(3) The gain on bargain purchase reflects the fact that Paragon has been in a distressed situation and that certain liabilities assumed in the offer price do not meet the identification criteria for liabilities in accordance with US GAAP. The bargain purchase will be recorded as a gain in the Company's interim Q1 2018 financial report.

11.6 Unaudited pro forma condensed balance sheet 31 December 2017

(In USD million)	Borr Drilling Limited Consolidated	Paragon Offshore Limited Unaudited Condensed Consolidated	Prospector Group Unaudited Condensed Consolidated	Pro forma adjustments Paragon Transaction Unaudited	Pro forma adjustments Second Keppel Transaction Unaudited	Notes	Pro forma Unaudited
	31 December 2017	31 December 2017	31 December 2017				31 December 2017
ASSETS							
Current Assets							
Cash and cash equivalents	164.0	149.1	23.4	-179.4	253.8	A	410.9
Restricted cash	39.1	5.8	7.9	-7.9		B	44.9
Other current assets	22.4	61.2	7.8	-			91.3
Total current assets	**225.5**	**216.0**	**39.0**	**-187.2**	**253.8**		**547.1**
Non-current assets							
Property, Plant and Equipment	0.1	10.8	-	-			10.9
Jack-up drilling rigs	783.3	237.9	214.6	-173.7	445.5	C	1,507.6
Newbuildings	642.7	-	-	-	297.0	C	939.7
Rig contracts	-	-	-	44.4		D	44.4
Marketable securities	20.7	-	-	-			20.7
Other non-current assets	-	167.8	33.2	-191.0		E	10.0
Total non-current assets	**1,446.8**	**416.5**	**247.8**	**-320.3**	**742.5**		**2,533.3**
Total assets	**1,672.3**	**632.5**	**286.8**	**-507.5**	**996.3**		**3,080.4**
LIABILITIES AND EQUITY							
Current liabilities							
Trade payables	9.6	27.2	18.2	-11.4		F	43.5
Accruals and other current liabilities	11.5	38.6	26.4	-24.4		G	52.1
Total current liabilities	**21.1**	**65.8**	**44.6**	**-35.8**			**95.7**
Non-current liabilities							

Deferred tax	-	-	-	-			-
Long-term debt	87.0	86.4	94.8	-181.2	996.3	H	1,083.3
Onerous contracts	71.3	-	-	-			71.3
Accruals and other liabilities	-	10.8	0.9	-			11.7
Total non-current liabilities	**158.3**	**97.1**	**95.7**	**-181.2**	**996.3**		**1,166.2**
Total liabilities	**179.4**	**162.9**	**140.4**	**-217.0**	**996.3**		**1,261.9**
Commitments and contingencies	**-**	**-**	**-**	**-**			**-**
EQUITY							
Paid in capital	4.8	-	-	0.5		I	5.3
Additional paid in capital	1,587.8	547.6	-	-301.4		J	1,834.0
Treasury shares	-6.7		-	-			-6.7
Other comprehensive income	-6.2		-	-			-6.2
Accumulated deficit	-88.8	-77.9	146.5	10.4		K	-9.9
Non-controlling interest	2.0		-	-			2.0
Total equity	**1,492.9**	**469.6**	**146.5**	**-290.5**	**-**		**1,818.5**
		-					
Total liabilities and equity	**1,672.3**	**632.5**	**286.8**	**-507.5**	**996.3**		**3,080.4**

See appendix d to this prospectus for historical financial information of Paragon and Prospector Group

11.7 Notes to the unaudited pro forma condensed balance sheet 31 December 2017

The unaudited pro forma condensed balance sheet reflects the following pro forma adjustments:

(A) Cash and cash equivalents were adjusted as follows:

Pro forma adjustments Paragon Transaction	
Gross proceeds from issue of shares in the private placement (1)	250.0
Equity issuance costs (2)	(3.3)
Cash settlement for the purchase of 100% of the shares in Paragon (3)	(241.3)
Settlement Payment Prospector 1 and 5 sale-leaseback agreements covered by cash and cash equivalents of Prospector Group and Paragon (4)	(98.4)
Settlement of long term debt Paragon (5)	(86,4)
Pro forma adjustment to cash and cash equivalents	**(179.4)**

(1) Represents the expected gross proceeds to be received from the issuance of 54,347,827 new shares at a subscription price of USD 4.60.

(2) Reflects the direct cost that the Company expects to incur in connection with the share issuance.

(3) The acquisition of 100% of the shares of Paragon will be settled in cash (USD 241.3 million). The amount includes the contingent consideration of USD 8.8 million following settlement of the Jindal claim.

(4) Reflects the estimated amount of the sale-leaseback settlement to be covered by cash and cash equivalents which equals USD 75 million (cash settled by Paragon) plus USD 23.4 million (cash settled by Prospector Group with cash and cash equivalents). See section 11.4.

(5) As a condition for closing of the Paragon Transaction Borr settled the long term debt of Paragon amounting to USD 86.4 million as at 31 December 2017

Pro forma adjustments Second Keppel Transaction	
Up-front cash consideration Keppel rigs (1)	(288.0)
Net proceeds from Bank Facility (2)	197.0
Net proceeds from issue of Convertible Bonds (3)	344.8
Pro forma adjustment to cash and cash equivalents	**253.8**

(1) Total consideration for the rigs amounts to USD 742.5 million. USD 22.5 million of the payment is deferred and Keppel will provide a Delivery Loan principal of USD 432 million.

(2) Represents the net proceeds from the Bank Facility of USD 200 million.

(3) Represents the net proceeds from the issue of Convertible Bonds of 350 million.

(B) Restricted cash was adjusted as follows:

Pro forma adjustments Paragon Transaction	
Restricted cash Prospector Group used to settle with Sino (1)	(7.9)
Pro forma adjustment to restricted cash	**(7.9)**

(1) Represents the short term restricted cash of Protector used to settle with Sino. See section 11.4.

(C) Drilling rigs and Newbuildings were adjusted as follows:

Pro forma adjustments Paragon Transaction	
Fair value adjustment rigs Paragon purchase price allocation (1)	(173.7)
Pro forma adjustment to Jack-up drilling rigs	(173.7)

(1) Represents the acquisition date estimated fair value adjustment of rigs with a book value of USD 440.2 million based upon a preliminary fair value estimate of USD 266.5 million. See note section 11.5.

Pro forma adjustments Second Keppel Transaction	
Acquisition price Keppel rigs (1)	445.5
Pro forma adjustment to drilling rigs	445.5

(1) Represents the acquisition price for the 3 Keppel rigs for which the construction is completed and the rigs are available for its intended use

Pro forma adjustments Second Keppel Transaction	
Acquisition price Keppel rigs (1)	297.0
Pro forma adjustment to newbuidlings	297.0

(1) Represents the acquisition price for the 2 Keppel rigs under construction

(D) Rig contracts were adjusted as follows:

Pro forma adjustments Paragon Transaction	
Fair value adjustment rig contracts Paragon purchase price allocation	44.4
Pro forma adjustment to rig contracts	**44.4**

(E) Other non-current assets were adjusted as follows:

Pro forma adjustments Paragon Transaction	
Elimination of investment in equity method affiliate (1)	(157.9)
Restricted cash Prospector Group used to settle with Sino (2)	(33.1)
Pro forma adjustment to other non-current assets	**(191.0)**

(1) Represents Prospector Group as recorded as an investment in equity method affiliate recorded by Paragon in the 31 December 2017 balance sheet. The amount consists of the total equity of Prospector Group of USD 146.5 million and book value on receivable on Prospector Group of USD 11.4 million. See section 11.4.

(2) Represents the long term restricted cash of Prospector Group used to settle with Sino. See section 11.4.

(F) Trade payables were adjusted as follows:

Pro forma adjustments Paragon Transaction	
Prospector Group payable on Paragon (1)	(11.4)
Pro forma adjustment to trade payables	**(11.4)**

(1) Represents the elimination of Prospector Group trade payable on Paragon. See section 11.4.

(G) Accruals and other current liabilities were adjusted as follows:

Pro forma adjustments Paragon Transaction	
Transaction costs (1)	1.0
Current lease liability Prospector 1 and 5 (2)	(25.4)
Total pro forma adjustment to accruals and other current liabilities	**(24.4)**

(1) Expected transaction costs relating to legal and other professional fees to be expensed.

(2) Represents the current lease liability Prospector 1 and 5 settled as part of the settlement agreement with Sino. See section 11.4.

(H) Long term debt was adjusted as follows:

Pro forma adjustments Paragon Transaction	
Non-current lease liability Prospector 1 and 5 (1)	(94.8)
Settlement of long term debt Paragon (2)	(86.4)
Pro forma adjustment to long term debt	**(181.2)**

(1) Represents the non-current lease liability Prospector 1 and 5 settled as part of the settlement agreement with Sino. See section 11.4.

(2) As a condition for closing of the Paragon Transaction Borr settled the long term debt of Paragon amounting to USD 86.4 million as at 31 December 2017

Pro forma adjustments Second Keppel Transaction	
Bank Facility (1)	197.0
Convertible Bonds (2)	344.8
Delivery Loan from Keppel (3)	432.0
Deferred payments Keppel rigs (4)	22.5
Pro forma adjustment to long term debt	**996.3**

(1) Represents the Bank Facility amount of USD 200 million net of debt issuance costs of USD 3 million

(2) Represents the USD 350 Convertible Bonds nominal amount net of issuance costs of USD 5.3 million. The conversion right is classified as a derivative liability and included in the USD 344.8 million. To mitigate the economic exposure from a potential exercise of the conversion rights embedded in the Convertible Bonds, the Company has purchased from and sold to Goldman Sachs International call options over 52,268,060 Shares with a strike of USD 6.6963 and USD 8.5225. The average maturity of the options is 14 May 2023.

(3) Keppel will provide a Delivery Loan principal of USD 432 million payable in 5 years constituting 60 % of the consideration for the rigs.

(4) USD 22.5 million of the consideration for the Keppel rigs is deferred and payable together with the Delivery Loan principal.

(I) Paid in capital was adjusted as follows:

Pro forma adjustments Paragon Transaction	
Issuance of common shares (1)	0.54
Elimination of ordinary shares in Paragon (2)	(0.005)
Total pro forma adjustment to paid in capital	**0.5**

(1) 54,347,827 shares to be issued in private placement at par value of USD 0.01.

(2) Elimination of paid in capital in Paragon against accumulated deficit.

(J) Additional paid in capital was adjusted as follows:

Pro forma adjustments Paragon Transaction	
Gross proceeds from share issue (1)	250.0
Par value of shares (1)	(0.5)
Equity issuance costs (2)	(3.3)
Elimination of additional paid in capital in Paragon (3)	(547.6)
Total pro forma adjustment to additional paid in capital	**(301.4)**

(1) 54,347,827 shares to be issued in private placement with a subscription price of USD 4.6. USD 0.5 million of the consideration is attributable to paid in capital.

(2) Reflects the direct cost that the Company expects to incur in connection with the private placement.

(3) Elimination of additional paid in capital in Paragon against accumulated deficit.

(K) Accumulated deficit was adjusted as follows:

Pro forma adjustments Paragon Transaction	
Prospector Group restructuring settlement payment (section 11.4)	(139.4)
Prospector 1 and 5 current and non-current lease liability settled (note G and H)	120.2
Elimination of investment in equity method affiliate (note E)	(157.9)
Elimination of Prospector Group payable on Paragon (note F)	11.4
Jack-up drilling rigs fair value adjustment (note C)	(173.7)
Rig contracts fair value adjustment (note D)	44.4
Transaction cost acquisition (note G)	(1.0)
Elimination of additional paid in capital in Paragon (note L)	547.6
Cash consideration 100% of shares in Paragon (note A)	(241.3)
Pro forma adjustment to accumulated deficit	10.4

12. CORPORATE INFORMATION, SHARE CAPITAL AND SHAREHOLDER MATTER

12.1 General corporate information

The Company was incorporated on 8 August 2016 under the name "Magni Drilling Limited". Following a name change on 13 December 2016, the Company's legal name is Borr Drilling Limited, and the Company's commercial name is Borr Drilling. Its official Bermuda registration number is 51741. The Company is incorporated in Bermuda in accordance with, and operates under, Bermuda law. The registered address of the Company is Thistle House, 4 Burnaby Street, Hamilton HM 11, Bermuda. The Company's website is "www.borrdrilling.com". The content of www.borrdrilling.com is not incorporated by reference into and does not otherwise form part of this Prospectus.

Beneficial ownership of the Shares is recorded in book-entry form in the VPS on ISIN BMG 1466R1088. The Company's registrar ("**Registrar**") is DNB, Securities Services, Dronning Eufemias gate 30, NO 0191 Oslo, Norway.

The Company has one class of shares. All Shares have equal voting rights and each Share carries one vote in the Company's shareholder meeting. Other than the options described in section 12.6 "Share Options", the Company has not issued any share options or other rights to subscribe for or acquire new shares issued by the Company.

12.2 Legal structure

The Company is a holding company and will not have any other assets than shares in and loans to its subsidiaries. The operations of the Group are and will continue to be carried out by individual Group Companies.

Each Rig and New Rig Contract is owned by a Group Company whose purpose is to hold and operate such asset(s) only, see the chart below. Whenever employment of a Rig is secured, a local operating entity (a new Group Company) will be established in the jurisdiction where such employment is located and, as a guiding principle, the relevant rig bareboat chartered to this entity.

The Company has also incorporated several subsidiaries to provide management services to the Group as further described in section 5.12 "Management structure" below.

The following table sets out information about the Company's subsidiaries:

Company	Country of incorporation	Field of activity	Per cent holding:
Borr Jack-Up I Inc.	Marshall Islands	The owner of “Frigg”	100
Borr Ran Inc.	Marshall Islands	The owner of “Ran”	100
Borr Saga Inc.	Marshall Islands	The owner of “Saga”	100
Borr Skald Inc.	Marshall Islands	Buyer under the Newbuilding Contract for Hull B365 tbn “Skald”	100
Borr Tivar Inc.	Marshall Islands	Buyer under the Newbuilding Contract for Hull B366 tbn “Tivar”	100
Borr Vale Inc.	Marshall Islands	Buyer under the Newbuilding Contract for Hull B367 tbn “Vale”	100
Borr Var Inc.	Marshall Islands	Buyer under the Newbuilding Contract for Hull B368 tbn “Var”	100
Constellation II Ltd.	Cayman Islands	The owner of “Balder”	100
Borr Baug Ltd.	Bahamas	The owner of “Baug”	100
Borr Idun Ltd.	Cayman Islands	The owner of “Idun”	100
Borr Mist Ltd.	Cayman Islands	The owner of “Mist”	100
Borr Atla Ltd.	Cayman Islands	The owner of “Atla”	100
Borr Brage Ltd.	Cayman Islands	The owner of “Brage” and “Fonn”	100
Borr Jack-Up XIV Inc.	British Virgin Islands	The owner of “Norve”	100
Borr Odin Ltd.	Cayman Islands	The owner of “Odin”	100
Borr Jack-Up XVI Inc.	Marshall Islands	The owner of "Eir"	90
Borr Galar Inc.	Marshall Islands	The owner of “Galar”	100
Borr Gerd Inc.	Marshall Islands	The owner of “Gerd”	100
Borr Gersemi Inc.	Marshall Islands	The owner of “Gersemi”	100
Borr Grid Inc.	Marshall Islands	The owner of “Grid”	100
Borr Gunnlod Inc.	Marshall Islands	Buyer under the SPA for Hull P2053 tbn “Gunnlod”	100
Borr Groa Inc.	Marshall Islands	Buyer under the SPA for Hull P2049 tbn “Groa”	100
Borr Gyme Inc.	Marshall Islands	Buyer under the Newbuilding Contract for Hull P2047 tbn “Gyme”	100
Borr Natt Inc.	Marshall Islands	Buyer under the Newbuilding Contract for Hull P2048 tbn “Natt”	100
Borr Njord Inc.	Marshall Islands	Buyer under the Newbuilding Contract for Hull P2052 tbn “Njord”	100
Borr Drilling Management DMCC	Dubai, UAE	Provides management services to the Group	100
Borr Drilling Management AS	Norway	Provides management services to the Group	100
Borr Drilling Management (UK) Ltd.	United Kingdom	Provides management services to the Group	100
Borr Drilling Equipment Pool Inc	Marshall Islands	The owner of certain spare parts	100
Borr International Operations I Inc.	Marshall Islands	Designated as the operating company for international operations	100

Company	Country of incorporation	Field of activity	Per cent holding:
Borr International Resources Ltd	British Virgin Islands	Labour Company	100
Borr SEA Operations Inc.	Marshall Islands		100
Paragon Offshore Ltd.	Cayman Islands	Holding company	99.41
Paragon International Finance Company	Cayman Islands	Finance company	99.41
Paragon Offshore Global Services Ltd.	Cayman Islands	Labour company	99.41
Paragon Offshore Operations Ltd.	Cayman Islands	Operating company	99.41
Paragon Offshore Cameroon S.À. R.L.	Cameroon	Operating company	99.41
Paragon Offshore Enterprises Ltd.	Cayman Islands	Labour company	99.41
Paragon Offshore Holdings Ltd.	Cayman Islands	Holding company	99.41
Paragon Offshore Holdings US Inc.	Delaware, U.S.	Holding company	99.41
Paragon Offshore International Ltd	Cayman Islands	Operating and labour company	99.41
Paragon Offshore Services LLC	Delaware, U.S.	Management company	99.41
Prospector Offshore Drilling S.À. R.L.	Luxembourg	Holding company	99.41
Prospector Rig 1 Contracting Company S.À. R.L.	Luxembourg	Rig owning and labour company	99.41
Prospector Rig 5 Contracting Company S.À. R.L.	Luxembourg	Rig owning and labour company	99.41
Prospector Offshore Drilling (Singapore) PTE Ltd.	Singapore	Labour company	99.41
Prospector Offshore Drilling (UK) Ltd.	Scotland		99.41
Prospector Offshore Drilling Ltd.	Cyprus	Not active	99.41
Paragon Offshore (GOM) Inc.	Delaware, U.S.	Not active	99.41
Paragon Offshore (Land Support) Ltd.	Scotland	Management company, disregarded entity	99.41
Paragon Asset (UK) Ltd	Cayman Islands	Labour company, disregarded entity	99.41
Paragon Offshore (North Sea) Ltd.	Cayman Islands	Operating company, disregarded entity	99.41
Paragon Asset Company Ltd.	Cayman Islands	Rig owning company, disregarded entity	99.41
Paragon (Middle East) Ltd.	Cayman Islands	Rig owning company, disregarded entity	99.41
Paragon Offshore Drilling LLC	Delaware, U.S.	Rig owning and operating company, disregarded entity	99.41
Paragon Offshore Leasing (Switzerland) GmbH	Switzerland	Rig owning company, disregarded entity	99.41
Paragon Offshore (Nederland) B.V.	Netherlands	Management and operating company, disregarded entity	99.41
Borr Jack-Up XXVII Inc.	Marshall Islands	Buyer under the SPA for KFELS Hull B358	100
Borr Jack-Up XXVIII Inc.	Marshall Islands	Buyer under the SPA for KFELS Hull	100

Company	Country of incorporation	Field of activity	Per cent holding:
		B360	
Borr Jack-Up XXIX Inc	Marshall Islands	Buyer under the SPA Contract for KFELS Hull B361	100
Borr Jack-Up XXX Inc	Marshall Islands	Buyer under the Newbuilding Contract for Hull M1222	100
Borr Jack-Up XXXI Inc	Marshall Islands	Buyer under the Newbuilding Contract for Hull M1226	100

12.3 Authorized and issued share capital

As of the date of this Prospectus, the Company's authorized 625,000,000 shares and issued share capital is USD 5,250,000.00 represented by 525,000,000 Shares with a par value of USD 0.01. All the Shares have been issued in accordance with the requirements of the Bermuda Companies Act and the Bye-laws and are fully paid. As soon as practically possible following the approval of this Prospectus, the Company will issue 7,640,327 New Shares, increasing the issued share capital to USD 5,326,403.27, represented by 532,640,327 Shares with a par value of USD 0.01. The issuance of the New Shares is expected on or about 30 May 2018.

The Board has been authorised to issue further shares up to the number of shares representing the authorized share capital.

Likewise, the Board is entitled to propose and issue warrants and loans convertible into new shares limited to the available authorised but unissued share capital at any time.

The table below shows the development in the Company's authorised and issued share capital over the period from the incorporation of the Company to the date hereof:

Date	Type of change	Par value (USD)	Authorised capital (USD)	Issued capital (USD)	Shares in issue	Price paid per share (USD)
8 August 2016	Initial share issue	10.00	50	50	5	10.00
6 December 2016	Change in par value. Increase in authorised capital	0.01	2,000,000	50	5,000	-
9 December 2016	Private placement 77,500,000 Shares	0.01	2,000,000	775,050	77,505,000	2.00
20 March 2017	Exercise of Warrants 5,812,500 new Shares	0.01	2,000,000	833,175	83,317,500	0.01
21 March 2017	Private placement 228,600,000	0.01	2,000,000	3,119,175	311,917,500	3.50

	new Shares					
23 March 2017	Exercise of Warrants 3,875,000 new Shares	0.01	4,000,000	3,157,925	315,792,500	0.01
24 March 2017	Increase in authorised capital	0.01	4,000,000	3,157,925	315,792,500	-
25 August 2017	Increase in authorised capital	0.01	5,250,000	3,157,925	315,792,500	-
10 October 2017	Private Placement of 162,500,000 new Shares	0.01	5,250,000	4,782,925	478,292,500	4.00
23 March 2018	Private Placement of 46,707,500 new Shares (Tranche 1)	0.01	5,250,000	5,250,000	525,000,000	4.60
5 April 2018	Increase in authorised capital	0.01	1,000,000	5,250,000	525,000,000	-

12.4 Treasury shares

The Company has, pursuant to the Bye-laws, the ability to acquire and own Shares. As of the date hereof the Company holds 2,470,000 Shares in treasury. The face and book value of these shares are USD 24,700 and approximately USD 9 million, respectively.

12.5 Major shareholders

As of 25 May 2018, the Company had 3,739 shareholders. The following table provides an overview of the 20 largest shareholders of the Company as of said date.

	Shareholder	Type	Shares	Ownership
1	SCHLUMBERGER OILFIELD HOLDINGS LTD		129,254,128	14.41%
2	Euroclear Bank S.A./N.V.	NOM	75,658,500	11.27%
3	FOLKETRYGDFONDET		21,554,023	8.67%
4	SKAGEN KON-TIKI		18,781,247	3.81%
5	Goldman Sachs International	NOM	17,071,440	3.69%
6	RASMUSSENGRUPPEN AS		15,907,900	3.25%
7	CLEARSTREAM BANKING S.A.	NOM	11,126,800	3.02%
8	FID ADV NEW INSIGHTS FD-SUB B		10,585,770	2.98%
9	JPMorgan Chase Bank, N.A., London	NOM	10,172,000	2.85%
10	Drew Holdings Ltd		8,750,000	2.52%
11	UBON PARTNERS AS		8,113,785	2.12%
12	Brown Brothers Harriman (Lux.) SCA	NOM	7,750,000	1.43%
13	FIDELITY FUNDS		7,500,000	1.43%
14	PRUDENTIAL ASSURANCE COMP. LIMITED		7,496,000	1.39%
15	BNP Paribas	NOM	6,677,000	1.36%

	Shareholder	Type	Shares	Ownership
16	VERDIPAPIRFONDET DNB NORGE (IV)		6,486,532	1.35%
17	JPMorgan Chase Bank, N.A., London	NOM	6,122,340	1.28%
18	Magni Partners (Bermuda) Ltd		5,107,200	1.18%
19	FRANKLIN INT SMALL CAP GRWT FD		4,642,850	1.14%
20	Drew Holdings Ltd		4,555,148	1.09%
	Sum (20 shareholders)		**383,312,663**	**70.26%**
	Other (3,719 shareholders)		94,979,837	29.74%
	Total (3,739 shareholders)		**478,292,500**	**100.0%**

Shareholders holding/controlling 5% or more of the Shares have an obligation to notify the market of this according to the Norwegian Securities Trading Act, cfr. Section 13.5 "Disclosure obligations". The Company is not aware of any persons or entities, except for those set out below, who, directly or indirectly, own and/or control more than 5% of the Shares as of the date of this Prospectus.

The Company is, as of the date hereof, aware of the following major interests in the Shares:

- Schlumberger owns 75,658,500 Shares which represent 14.4% of the total Shares authorised and issued as of the time of this Prospectus.

- Mr. Tor Olav Trøim, the Chairman of the Board, holds 43,260,588 Shares, representing 8.1% of the total Shares authorised and issued as of the time of this Prospectus through his affiliated company Magni Partners and a trust established for the benefit of Mr Trøim, Drew Holdings Limited.

- According to a filing made on 1 September 2017, FMR LLC holds 26,910,958 Shares representing 5% of the total Shares authorised and issued as of the time of this Prospectus.

- According to a filing made on 30 October 2017, Folketrygdefondet holds 24,866,690 Shares representing 4.7% of the total Shares authorised and issued as of the time of this Prospectus.

- According to a filing made on 13 April 2018, Artemis Investment Management LLP holds 26,417,236 Shares representing 5% of the total Shares authorised and issued as of the time of this Prospectus.

The Company is not aware of any other persons or entities who, directly or indirectly, jointly or severally, own or control more than 5% of the Shares. The Company is not aware of any arrangements that may result in, prevent, or restrict a change in control over the Company. The Company is not aware of any shareholders' agreements or other contractual arrangements among its shareholders.

The Shares have not been subject to any public takeover bids.

Further, no shareholders of the Company are, to the Company's knowledge, bound by any lock-up obligations or arrangements for their Shares.

12.6 Share Options

On 15 June 2017, the Company granted 4,380,000 options to employees and directors of the Group. The options were granted with a strike price of USD 3.50. The option period is 5 years from 15 June 2017 and shall vest with 1/3 on each of the three first anniversaries.

In July and October 2017, the Company granted an additional 2,875,000 options to employees of the Group with a strike price of USD 3.50. The Company granted a further 1,800,000 options to key employees with a strike price of USD 4.00. The option period is 5 years. The options shall vest with 1/3 on each of the three first anniversaries of this date.

Following the resignation of Mr. Simon Johnson as CEO of the Group, the 2,000,000 options granted to him have been cancelled. Hence a total of 6,855,000 options are currently outstanding with Group employees as holders thereof.

See section 9.4.2 "Long Term Incentive Plan for the senior management team and key employees and directors" for details on the granting of options to subscribe to new Shares for senior executive team, key employees and directors.

In May 2018, the Company purchased from Goldman Sachs International call options over 52,268,060 Shares with a strike of USD 6.6963 to mitigate the economic exposure from a potential exercise of the conversion rights embedded in the Convertible Bonds.

In May 2018, the Company sold to Goldman Sachs International call options over 52,268,060 Shares with a strike of USD 8.5225. The call options are European options exercisable only at maturity and are cash settled. The Company has, as of the date of this prospectus, no other options to buy or sell Shares.

12.7 Dividends and dividend policy

12.7.1 Dividend policy

The Company has not distributed any dividends since its incorporation and does not intend to distribute any dividends in the near future.

12.7.2 Legal constraints on the distribution of dividends

A Bermuda company may not, as per Section 54 of the Bermuda Companies Act, declare or pay a dividend, or make a distribution out of contributed surplus equity, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realizable value of the company's assets would thereby be less than its liabilities or in circumstances that would result in an unlawful reduction of share capital or share premium. "**Contributed Surplus**" is for the purpose of Section 54 of the Bermuda Companies Act to include proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the Company.

Under the Bye-laws, the Board may declare dividends and distributions without the approval of the shareholders in general meetings.

12.7.3 Manner of dividend payments

Although any future payments of dividends on the Shares will be denominated in USD, such dividends will be distributed through the VPS in NOK. Investors whose registered address in the VPS is outside Norway and who have not supplied the VPS with details of any NOK account, will receive dividends by cheque in their local currency based on the prevailing exchange rate between NOK and this. If it is not, in the sole opinion of the Registrar, practical to issue a cheque in a local currency, a cheque will be issued in USD. The issuing and mailing of cheques will be executed in accordance with the standard procedures of the Registrar. The exchange rate(s) that is applied will be DNB's rate on the date of issuance. Dividends will be credited automatically to the VPS registered shareholders' NOK accounts, or in lieu of such registered NOK account, by cheque, without the need for shareholders to present documentation proving ownership of the Shares registered in their name in the VPS.

12.8 Summary of certain rights of the Company's shareholders under Bermuda law, the Memorandum of Association and the Bye-laws

Company purpose pursuant to the Memorandum of Association

Pursuant to clause 6 of the Memorandum of Association, the purpose for which the Company was formed and incorporated is unrestricted.

Special shareholder meetings

The Bye-laws provide that the Board may, whenever it thinks fit, and shall, when required by the Bermuda Companies Act, convene a special general meeting of the shareholders.

Under the Bermuda Companies Act, a special general meeting of shareholders must be convened by the board of directors of a company on the requisition of shareholders holding not less than one-tenth of the paid-up capital of the company as at the date the request is made.

Shareholder action by written consent

The Bermuda Companies Act provides that, except in the case of the removal of an auditor or director and subject to a company's bye-laws, anything which may be done by resolution of a company in a general meeting or by resolution of a meeting of any class of the members of a company, may be done by resolution in writing. The Bye-laws provide that such resolution must be signed by a simple majority of all of the shareholders (or such greater majority as may be required by the Bermuda Companies Act or the Bye-laws).

Shareholder meeting quorum; voting requirement; voting rights

The Bye-laws provide that, save as otherwise provided, the quorum at any general meeting shall be two or more Shareholders, either present in person or represented by proxy, holding shares carrying voting rights entitled to be exercised at such meeting. Except where a greater majority is required by the Bermuda Companies Act or the Bye-laws, any question proposed for consideration at any general meeting shall be decided on by a simple majority of votes cast provided that any resolution to approve an amalgamation or merger shall be decided on by a simple majority of votes cast and the quorum necessary for such meeting shall be two persons holding, or representing by proxy, at least 33 1/3% of the issued shares of the Company. There is no cumulative voting. Every shareholder of the Company who is present in person or by proxy has one vote for every Share of which he or she is the holder. The Company has not, pursuant to its bye-laws, applicable laws or regulations made pursuant to law, been given a discretionary right to bar the exercise of voting rights.

Notice of shareholder meetings

The Bermuda Companies Act requires that all companies hold a general meeting at least once in each calendar year (which meeting shall be referred to as the "annual general meeting") and that shareholders be given at least five days' advance notice of a general meeting, but the accidental omission to give notice to, or the non-receipt of a notice of a meeting by, any person entitled to receive notice does not invalidate the proceedings of the meeting.

The Bye-laws provide that an annual and special shareholder meeting shall be called by not less than 7 days' notice in writing, and that the notice period shall be exclusive of the day on which the notice is served or deemed to be served and of the day on which the meeting to which it relates is to be held. A notice is deemed to be received two days after the date on which it is sent.

If a general meeting is called on shorter notice, it will be deemed to have been properly called if it is so agreed

(i) in the case of a meeting called as an annual general meeting by all the shareholders entitled to attend and vote thereat; and
(ii) in the case of any other special general meeting by a majority in number of the shareholders having the right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

No shareholder is entitled to attend any general meeting by proxy unless a proxy signed by or on behalf of the shareholder addressed to the company secretary is deposited (by post, courier, facsimile transmission or other electronic means) at the Company's registered office at least 48 hours prior to the time appointed for holding the general meeting.

Notice of shareholder proposals

Under the Bermuda Companies Act, shareholders holding not less than one-twentieth of the total voting rights of all shareholders having a right to vote at the meeting to which the requisition relates, or not less than 100 shareholders, may, at their own expense (unless the company otherwise resolves), require a company to give notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting and/or to circulate a statement (of not more than 1000 words) in respect of any matter referred to in a proposed resolution or any business to be conducted at the annual general meeting.

Board meeting quorum; voting requirement

The Bye-laws provide that the quorum necessary for the transaction of the business of the Board may, subject to the requirements of the Bermuda Companies Act, be fixed by the Board and, unless so fixed at any other number, shall be a majority of the Directors present in person or by proxy. Questions arising at any meeting of the Board shall be determined by a majority of votes cast. In the event of an equality of votes, the motion shall be deemed to have been lost.

Number of Directors

Under the Bermuda Companies Act, the minimum number of directors on the board of directors of a company is one. The minimum number of directors may be set higher in the bye-laws of a company (and is set at two by the Bye-laws. The maximum number of directors may be set by the shareholders at a general meeting or in accordance with the bye-laws of the relevant company. The maximum number of directors is usually fixed by the shareholders in a general meeting. Only the shareholders may increase or decrease the number of directors last approved by the shareholders.

Removal of Directors

The Bye-laws and the Bermuda Companies Act provide that the shareholders of the Company may, at a special general meeting called for that purpose, remove any Director. Any Director whose removal is to be considered at such a special general meeting is entitled to receive not less than 14 days' notice and shall be entitled to be heard at the meeting.

Newly created directorships and vacancies on the Board

Under the Bermuda Companies Act, the directors shall be elected at each annual general meeting of the company or elected or appointed by the shareholders in such other manner and for such term as may be provided in the bye-laws for the relevant company. Additionally, a vacancy created by the removal of a director at a special general meeting may be filled at that meeting by the election of another director or in the absence of such election, by the other directors. Unless the bye-laws of a company provide otherwise (which the Bye-laws do not) and provided there remains a quorum of directors in office, the remaining directors may fill a casual vacancy on the board. Under the Bye-laws, any vacancy in the Board may be filled by the election or appointment by the shareholders at a general meeting, and the Board may also fill any vacancy in the number left unfilled. A Director so appointed will hold office until the next annual general meeting of the Company.

Interested Directors

Under the Bye-laws, any Director may hold any other office or place of profit with the Company (except that of auditor) for such period and on such terms as the Board may determine and shall be entitled to remuneration as if such Director were not a Director. So long as a Director declares the nature of his interest at the first opportunity at a meeting of the Board or by writing to the Board as required by the Bermuda Companies Act, a Director shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any office or employment to which the Bye-laws allow him to be appointed or from any transaction or arrangement in which the Bye-laws allow him to be interested, and no such transaction or arrangement shall be liable to be avoided on the ground of any interest or benefit, and such Director shall count in the quorum and be able to vote at any meeting of the Board at which the matters in question are to be considered.

Duties of the Directors

The Bermuda Companies Act also imposes a duty on directors and officers of a Bermuda company to: (i) act honestly and in good faith with a view to the best interests of the company they serve; and (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Bye-laws provide that the Company's business is to be managed and conducted by the Board.

At common law, members of a board of directors owe a fiduciary duty to the company they serve to act in good faith in their dealings with or on behalf of such company and exercise their powers and fulfil the duties of their office honestly. This duty includes the following elements:

(i) a duty not to make a personal profit from opportunities that arise from the office of director;

(ii) a duty to avoid conflicts of interest; and

(iii) a duty to exercise powers for the purpose for which such powers were intended.

The Bermuda Companies Act provides that, if a director or officer has an interest in a material contract or proposed material contract with a company or any of its subsidiaries or has a material interest in any person that is a party to such a contract, such director or officer must disclose the nature of that interest at the first opportunity either at a meeting of directors or in writing to the board of directors. In addition, the Bermuda Companies Act imposes various duties on directors and officers of a company with respect to certain matters of management and administration of such company.

Director liability

The Bye-laws provide that no Director or alternate director or officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other such person or any person involved in the formation of the Company, or for any loss or expense incurred by the Company through the insufficiency or deficiency of title to any property acquired by the Company, or for the insufficiency of deficiency of any security in or upon which any of the monies of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person with whom any monies, securities, or effects shall be deposited, or for any loss occasioned by any error of judgment, omission, default, or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in relation to the execution of his duties, or supposed duties, to the Company or otherwise in relation thereto.

The Bermuda Companies Act permits a company to exempt or indemnify any director, officer or auditor from loss or liability in circumstances where it is permissible for the company to indemnify such director, officer or auditor, as indicated in "Indemnification of Directors and officers" below.

Indemnification of Directors and officers

The Bermuda Companies Act permits a company to indemnify its directors, officers and auditor with respect to any loss arising or liability attaching to such person by virtue of any rule of law concerning any negligence, default, breach of duty, or breach of trust of which the director, officer or auditor may be guilty in relation to the company they serve or any of its subsidiaries; provided that the company may not indemnify a director, officer or auditor against any liability arising out of his or her fraud or dishonesty. The Bermuda Companies Act also permits a company to indemnify a director, officer or auditor against liability incurred in defending any civil or criminal proceedings in which judgment is given in his or her favour or in which he or she is acquitted, or when the Supreme Court of Bermuda grants relief to such director, officer or auditor. The Bermuda Companies Act permits a company to advance moneys to a director, officer or auditor to defend civil or criminal proceedings against them on condition that these moneys are repaid if the allegation of fraud or dishonesty is proved against them. The Supreme Court of Bermuda may relieve a director, officer or auditor from liability for negligence, default, breach of duty or breach of trust if it appears to the court that such director, officer or auditor has acted honestly and reasonably and, having regard to all the circumstances of the case, ought fairly to be excused.

The Bye-laws provide that every Director, alternate director, officer, person or member of a duly authorized committee of the Company, resident representative of the Company and their respective heirs, executors or any administrator of the Company as well as current and former directors and officers of the Company's subsidiaries, shall be indemnified and held harmless out of the funds of the Company to the fullest extent permitted by Bermuda law against all liabilities, loss, damage or expense (including but not limited to liabilities under contract, tort and statute or any applicable foreign law or regulation and all reasonable legal and other costs and expenses properly payable) incurred or suffered by him or her as such Director, alternate director, officer, person or member of a duly authorised committee of the Company or resident representative, and the indemnity contained in the Bye-law shall

extend to any person acting as such Director, alternate director, officer, person or committee member or resident representative in the reasonable belief that he or she has been so appointed or elected notwithstanding any defect in such appointment or election. Such indemnity shall not extend to any matter which would render it void pursuant to the Bermuda Companies Act.

Variation of shareholders rights
As previously stated, the Company currently has one class of shares.

The Bye-laws provide that, subject to the Bermuda Companies Act, all or any of the rights for the time being attached to any class of shares (the Shares included) for the time being issued may, from time to time, be altered or abrogated with the consent in writing of the holders of not less than 75% in nominal value of the Shares at a general meeting voting in person or by proxy. The Bye-laws specify that the rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking pari passu therewith.

Amendment of the Memorandum of Association
The Bermuda Companies Act provides that the memorandum of association of a company may be amended by a resolution passed at a general meeting of shareholders of which due notice has been given. Except in the case of an amendment that alters or reduces a company's share capital, the holders of an aggregate of not less than 20% in par value of a company's issued share capital or any class thereof, or the holders of not less than 20% of a company's debentures entitled to object to amendments to the memorandum of association, have the right to apply to the Bermuda Supreme Court for an annulment of any amendment to the memorandum of association adopted by shareholders at any general meeting. Upon such application, the alteration will not have effect until it is confirmed by the Bermuda Supreme Court. An application for an annulment of an amendment to the memorandum of association passed in accordance with the Bermuda Companies Act may be made on behalf of persons entitled to make the application by one or more of their number as they may appoint in writing for the purpose. No application may be made by shareholders voting in favour of the amendment.

Amendment of the Bye-laws
Under Bermuda law, the adoption of a company's bye-laws and any rescission, alteration, or other amendment thereof must be approved by a resolution of the board of directors and by a resolution of the shareholders, provided that any such amendment shall only become operative to the extent that it has been confirmed by a resolution of the shareholders. The Bye-laws provide a resolution of the shareholders to approve the adoption or amendment of the Bye-Laws shall be decided on by a simple majority of votes cast.

Inspection of books and records; shareholder lists
The Bermuda Companies Act provides the general public with a right of inspection of a Bermuda company's public documents at the office of the Registrar of Companies in Bermuda. These documents include the Company's Memorandum of Association and all amendments thereto. The Bermuda Companies Act also provides shareholders of a Bermuda company with a right of inspection of a company's bye-laws, minutes of general (shareholder) meetings and the audited financial statements. The Bermuda register of shareholders is also open to inspection by the members of the public free of charge. A Bermuda company is required to maintain its share register at its registered office in Bermuda or upon giving notice to the Registrar of Companies at such other place in Bermuda notified to the Registrar of Companies. A company may, in certain circumstances, establish one or more branch

registers outside of Bermuda. A Bermuda company is required to keep at its registered office a register of its directors and officers that is open for inspection by members of the public without charge. The Bermuda Companies Act does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records.

Amalgamations, mergers and business combinations

The Bermuda Companies Act is silent on whether a company's shareholders are required to approve a sale, lease or exchange of all or substantially all of a company's property and assets. The Bermuda Companies Act does require, however, that shareholders approve amalgamations and mergers.

Pursuant to the Bermuda Companies Act, an amalgamation or merger of two or more non-affiliated companies requires approval of the board of directors and the approval of the shareholders of each Bermuda company by a three-fourths majority and the quorum for such a meeting must be two persons holding or representing by proxy more than one-third of the issued shares of the company, unless the bye-laws otherwise provide (which the Bye-laws do, as set out below). For purposes of approval of an amalgamation or merger, all shares whether or not otherwise entitled to vote, carry the right to vote. A separate vote of a class of shares is required if the rights of such class would be altered by virtue of the amalgamation or merger.

The Bye-laws provide that the Board may, with the sanction of a resolution passed by a simple majority of votes cast at a general meeting of the Company's shareholders with the necessary quorum for such meeting of two persons at least holding or representing 33 1/3% of the issued shares of the Company (or the class, where applicable) amalgamate or merge the Company with another company.

Pursuant to the Bermuda Companies Act, a company may be acquired by another company pursuant to a scheme of arrangement effected by obtaining the agreement of such company and of the holders of its shares, representing in the aggregate a majority in number and at least 75% in value of the shareholders (excluding shares owned by the acquirer, who would act as a separate class) present and voting at a court-ordered meeting held to consider the scheme of arrangement. The scheme of arrangement must then be sanctioned by the Bermuda Supreme Court. If a scheme of arrangement receives all necessary agreements and sanctions, upon the filing of the court order with the Bermuda Registrar of Companies, all holders of common shares could be compelled to sell their shares under the terms of the scheme of arrangement.

Appraisal rights

Under the Bermuda Companies Act, a shareholder who did not vote in favour of an amalgamation or merger between non-affiliated companies and who is not satisfied that he or she has been offered fair value for his or her shares may, within one month of the giving of the notice of the shareholders' meeting to consider the amalgamation, apply to the Bermuda Supreme Court to appraise the fair value of his or her shares. If the court appraised value is greater than the value received or to be received in the amalgamation or merger, the acquiring company must pay the Court appraised value to the dissenting shareholder within one month of the appraisal, unless it decides to terminate the amalgamation or merger.

Under another provision of the Bermuda Companies Act, the holders (the purchasers) of 95% or more of the shares of a company may give notice to the remaining shareholders requiring them to sell their shares on the terms described in the notice. Within one month of receiving the notice, any remaining shareholder may apply to the Bermuda Supreme Court for an appraisal of its shares. Within one month of the court's appraisal, the purchasers are entitled to either acquire all shares involved at the price fixed by the court or cancel the notice given to the remaining shareholders. Where shares had been

acquired under the notice at a price less than the court's appraisal, the purchasers must either pay the difference in price or cancel the notice and return to each shareholder concerned the shares acquired and each shareholder must repay the purchaser the purchase price.

Dissenter's rights

The Bermuda Companies Act also provides that, where an offer is made for shares or a class of shares in a company by another company not already owned by, or by a nominee for, the offeror or any of its subsidiaries and, within four months of the offer, the holders of not less than 90% in value of the shares which are the subject of the offer approve the offer. The offeror may by notice, given within two months from the date such approval is obtained, require the dissenting shareholders to transfer their shares on the same terms of the offer. Dissenting shareholders will be compelled to sell their shares to the offeror unless the Bermuda Supreme Court, on application within a one month period from the date of such offeror's notice, orders otherwise.

Shareholder suits

Class actions and derivative actions are generally not available to shareholders under Bermuda law. Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong to the company where the act complained of is alleged to be beyond the corporate power of the company or illegal, or would result in the violation of the company's memorandum of association or bye-laws. Furthermore, consideration would be given by a Bermuda court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than that which actually approved it. However, generally a derivative action will not be permitted where there is an alternative action available that would provide an adequate remedy. Any property or damages recovered by derivative action go to the company, not to the plaintiff shareholders. When the affairs of a company are being conducted in a manner which is oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the court, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company or that the company be wound up. A statutory right of action is conferred on subscribers to shares of a Bermuda company against persons (including directors and officers) responsible for the issue of a prospectus in respect of damage suffered by reason of an untrue statement contained in the Prospectus, but this confers no right of action against the Bermuda company itself. In addition, an action can be brought by a shareholder on behalf of the company to enforce a right of the company (as opposed to a right of its shareholders) against its officers (including directors) for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.

Pre-emptive rights

Under the Bermuda Companies Act, no shareholder has a pre-emptive right to subscribe for additional issues of a company's shares unless, and to the extent that, the right is expressly granted to the shareholder under the bye-laws of a company or under any contract between the shareholder and the company.

The Bye-laws do not provide for pre-emptive rights.

Form and transfer of Shares

Subject to the Bermuda Companies Act, the Bye-laws and any applicable securities laws, there are no restrictions on trading in the Shares. The Board is however required by the Bye-laws to decline to

register the transfer of any Share to a person where the Board is of the opinion that such transfer might breach any law or requirement of any authority or any stock exchange or quotation system upon which the Shares are listed, from time to time, until it has received such evidence as the Board may require to satisfy itself that no such breach would occur.

Issuance of Shares

The Board's mandate to increase the Company's issued share capital is limited to the extent of the authorised share capital of the Company in accordance with its Memorandum of Association and Bye-laws, which are in accordance with Bermuda law.

The authorised share capital of the Company may be increased by a resolution passed by a simple majority of votes cast at a general meeting of the Company's shareholders.

Capital reduction

The Company may, by a resolution passed by a simple majority of votes cast at a general meeting of the Company's shareholders, cancel Shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

Redeemable preference Shares

The Bye-laws provide that, subject to the Companies Act, preference shares may, with the sanction of a resolution of the Board, be issued on terms that they are:

(i) to be redeemed on the happening of a specified event or an a given date; and/or

(ii) liable to be redeemed at the option of the Company; and/or

(iii) if authorized by the Memorandum of Association liable to be redeemed at the option of the holder.

The terms and manner of redemption shall be provided for in such resolution of the Board and shall be attached to but shall not form part of the Bye-laws. The Company has not issued any redeemable preference shares as at the date of this Prospectus.

Annual accounts

The Board is required to cause to be kept accounting records sufficient to give a fair presentation in all material respects of the state of the Company's affairs. The accounting records are kept at the Company's registered office or at such other place(s) as the Board thinks fit. No shareholder has any right to inspect any accounting records of the Company except as required by law, a stock exchange or quotation system upon which the Shares or listed or as authorized by the Board or by a resolution passed by a simple majority of votes cast at a general meeting of the Company's shareholders. A copy of every balance sheet and statement of income, which is to be presented before the Company in a general meeting, together with a copy of the auditor's report is to be sent to each the Company's shareholder in accordance with the requirements of the Bye-laws and the Bermuda Companies Act.

Dividends

The Company shareholders have a right to share in the Company's profit through dividends. The Board may from time to time declare cash dividends (including interim dividends) or distributions out of contributed surplus to be paid to the Company's shareholders according to their rights and interests as

appear to the Board to be justified by the position of the Company. The Board is prohibited by the Bermuda Companies Act from declaring or paying a dividend, or making a distribution out of contributed surplus, if there are reasonable grounds for believing that (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities. The Board may deduct from a dividend or distribution payable to any shareholder all monies due from such shareholder to the Company on account of calls or otherwise. The Bye-laws provide that any dividend or distribution out of contributed surplus unclaimed for a period of six years from the date of declaration of such dividend or distribution shall be forfeited and shall revert to the Company, and that the payment by the Board of any unclaimed dividend or distribution into a separate account shall not constitute the Company a trustee in respect thereof. There are no dividend restrictions or specific procedures for non-Bermudian resident shareholders under Bermuda law or the Bye-laws and/or the Memorandum of Association.

Winding up

In the event of the winding up and liquidation of the Company, the liquidator may, with the sanction of a resolution passed by a simple majority of votes cast at a general meeting of the Company's shareholders, and any other sanction required by the Bermuda Companies Act, divide among the shareholders in specie or kind all or any part of the assets of the Company and may for such purposes set such values as he deems fair upon any property to be divided and may determine how such division is to be carried out between the shareholders or different classes of shareholders. The liquidator may, with the like sanction, vest all or part of the Company's assets in trustees upon such trust for the benefit of the shareholders, however, no shareholder will be compelled to accept any shares or other assets in respect of which there is any liability.

12.9 Registration of the Shares

The Company's register of shareholders is maintained in physical form in Bermuda at the Company's registered office at Thistle House, 4 Burnaby Street, Hamilton HM 11, Bermuda.

All shares admitted to trading on Oslo Børs must be registered in the VPS, which is Norway's paperless centralized securities registry. To achieve compatibility of the requirements of Bermuda company law as to the registration and transfer of shares with Norwegian requirements, the Shares will, for the purpose of Bermuda company law, be entered in the Company's register of shareholders in the name of the Registrar, which will hold such shares as nominee on behalf of the beneficial owners.

For the purpose of enabling trading in the Shares on Oslo Børs, the Company will maintain a register in VPS operated by the Registrar as the Company's account operator, where the beneficial ownership interests in and all transfers thereof will be recorded. These arrangements are set out in a registrar agreement with DNB (the **"Registrar Agreement"**).

In accordance with market practice in Norway and requirements of VPS and Oslo Børs, the investors will be registered in VPS as beneficial owners of the Shares and the instruments listed and traded on Oslo Børs will be referred to as shares in the Company. For the purpose of Bermuda law, the Registrar will, however, be regarded as the owner of the Shares and investors registered as owners of the Shares in VPS will have to exercise, indirectly through the Registrar as their nominee, all rights of ownership relating to the Shares. The investors registered as owners in VPS must look solely to the Registrar for the payment of dividends, for the exercise of voting rights attached to the Shares, and for all other rights arising in respect of the Shares. The Registrar Agreement provides that, whenever the Registrar receives any notice, report, accounts, financial statements, circular or other similar document relating to the Company's affairs, including notice of a shareholders' meeting, the Registrar shall ensure that a

copy of such document is promptly sent to the investors registered as owners in VPS, along with any proxy card form or other relevant materials.

All transactions related to securities registered with the VPS must be recorded in the VPS and the transactions are recorded through computerized book-entries. No physical share certificates are or can be issued for securities registered with VPS. VPS confirms each entry by sending a notification of the transaction to the relevant investor, regardless of beneficial ownership. The evidence of ownership through the VPS is the only formality required in order to acquire and sell beneficial ownership of the Shares on Oslo Børs. To effect these entries, the investor must establish a securities account with a Norwegian account operator unless the investor's securities are registered in the name of a nominee. Norwegian banks, licensed investment firms in Norway and Norwegian branches of credit institutions established within the The European Economic Area **(the "EEA")** are allowed to act as account operators. Subject to the qualifications set out above, the entry of a transaction in VPS is under Norwegian law prima facie evidence in determining the legal rights of parties as towards the issuing company and against a third party claiming an interest in the security.

The Company may terminate the Registrar Agreement with 90 days prior written notice. The Registrar may terminate the Registrar Agreement with justifiable cause with 90 days prior written notice. Either the Company or the Registrar may terminate the Registrar Agreement immediately upon written notice of any material breach of the Registrar Agreement by the other party, unless such breach is rectified within 10 business days. The Company's failure to fulfil payment obligations shall always be considered a material breach of the Registrar Agreement. In the event the Registrar Agreement is terminated, the Company will use its reasonable best efforts to enter into a replacement agreement for the purposes of permitting the uninterrupted listing of the Shares on Oslo Børs. There can be no assurance however, that it would be possible to enter into such an agreement on substantially the same terms or at all. A termination of the Registrar Agreement could, therefore, adversely affect the Listing of the Shares on Oslo Børs.

The Registrar's liability for loss has been restricted under the Registrar Agreement. The Registrar has also disclaimed liability for any losses suffered as a result of VPS' errors or negligence. VPS is liable for any direct economic loss resulting from an error in connection with its registration activities unless the error is caused by matters outside the control of VPS and which VPS could not reasonably be expected to avoid or of which VPS could not reasonably be expected to overcome the consequences. VPS' liability is capped at NOK 500 million. The courts may reduce or set aside VPS' liability if the person who has suffered the loss has contributed to the loss wilfully or negligently.

The Shares are registered in the VPS under the ISIN BMG 1466R1088.

13. SECURITIES TRADING IN NORWAY

13.1 Introduction

Oslo Børs was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. As at 31 December 2016, the total capitalisation of companies listed on Oslo Børs amounted to approximately NOK 2,133 billion. Shareholdings of investors not resident in Norway as a percentage of total market capitalisation as at 31 December 2016 amounted to approximately 37 per cent.

13.2 Trading of equities and settlement

Trading of equities on Oslo Børs is carried out in the electronic trading system Millennium Exchange. This trading system is also in use in all markets operated by the London Stock Exchange, including the Borsa Italiana, as well as by the Johannesburg Stock Exchange.

Official trading on the Oslo Børs takes place between 09:00 hours central European time, ("**CET**") and 16:20 hours (CET) each trading day, with pre-trade period between 08:15 hours (CET) and 09:00 hours (CET), closing auction from 16:20 hours (CET) to 16:25 hours (CET) and a post-trade period from 16:25 hours (CET) to 17:30 hours (CET). Reporting of after exchange trades can be done until 17:30 hours (CET).

The settlement period for trading on the Oslo Børs is two trading days (T+2). This means that securities will be settled on the investor's account in VPS two days after the transaction, and that the seller will receive payment after two days.

Oslo Clearing ASA, a wholly-owned subsidiary of SIX x-clear AG, a company in the SIX group, has a license from the Norwegian FSA to act as a central clearing service. It has, from 18 June 2010, offered clearing and counterparty services for equity trading on Oslo Børs.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian securities trading Act (the "**Norwegian Securities Trading Act**"), branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed on Oslo Børs if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the Norwegian FSA or the Oslo Børs except for the general obligation of investment firms that are members of the Oslo Børs to report all trades in listed securities.

13.3 Information, control and surveillance

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it is unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company (i.e. precise information about its financial instruments, itself or other matters which are likely to have a significant effect on the price of the relevant or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure that confidentiality in relation to the information is maintained and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

13.4 **The VPS and transfer of Shares**

The Registrar maintains a branch register reflecting the beneficial ownership of each Share in the VPS. This is considered a sub-register to the primary share register of the Company maintained at its registered office in Bermuda pursuant to the provisions of the Bermuda Companies Act. The Registrar is recorded therein as the nominal owner of all of the Shares.

Bermuda law permits the transfer of shares listed or admitted to trading on Oslo Børs to be effected in accordance with the rules of Oslo Børs (provided that it remains an "Appointed Stock Exchange" as per Bermuda law). Accordingly, beneficial ownership to the Shares will be evidenced and transferred without a written instrument by VPS in accordance with the Company's Bye-laws, as long as they are listed or admitted to trading on Oslo Børs.

VPS is the Norwegian paperless centralized securities register. It operates a computerized book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. VPS and Oslo Børs are both wholly-owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with VPS are made through computerized book entries. No physical share certificates are, or may be, issued. VPS confirms each entry by sending a transcript to the shareholder registered in its register (irrespective of any underlying beneficial interests therein). To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being, Norway's central bank), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the registration of a transaction in a VPS account is prima facie evidence for determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. As for the Company, it is, however, important to note that the rights attributable to a Share must be exercised, in relation to the Company, through the Registrar.

A transferee or assignee of the beneficial interest in the Shares may not exercise the rights of a beneficial shareholder in relation to the Registrar unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such acquisition, and the acquisition is not prevented by law, the Bye-laws or otherwise.

VPS is liable for any loss suffered by an investor as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside VPS' control which VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

VPS must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

13.5 Disclosure obligations

If a person's, entity's or consolidated group's ownership or control proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify the Oslo Børs and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

These rules apply to the beneficial ownership interest in the Shares recorded in the VPS as well.

13.6 Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to an application for listing, on a Norwegian regulated market, or any incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

These rules apply to the beneficial ownership interest in the Shares recorded in the VPS as well.

13.7 Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a company whose shares are listed on a Norwegian regulated market (with the exception of certain foreign companies) to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and the Oslo Børs decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify the Oslo Børs and the company in question. The notification is required to state

whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by the Oslo Børs before the offer is submitted to the shareholders or made public.

The offer price per share must generally be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, the Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, the Oslo Børs may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a company listed on a Norwegian regulated market (with the exception of certain foreign companies) is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

These principles will apply to the beneficial ownership of the Shares as well.

13.8 **Compulsory acquisition of shares**

Under Bermuda law, an acquiring party is generally able to acquire, compulsorily, the shares of minority holders in a company.

This can be achieved by a procedure under the Companies Act known as a “scheme of arrangement”. A scheme of arrangement may be effected by obtaining the agreement of the company and of holders of common shares, comprising in the aggregate a majority in number representing at least 75 percent in value of the shareholders (excluding shares owned by the acquirer) present and voting at a meeting ordered by the Bermuda Supreme Court held to consider the scheme of arrangement. Following such approval by the shareholders, the Bermuda Supreme Court must then sanction the scheme of

arrangement. If a scheme of arrangement receives all necessary agreements and sanctions, upon the filing of the court order with the Registrar of Companies in Bermuda, all holders of common shares could be compelled to sell their shares under the terms of the scheme of arrangement.

If the acquiring party is a company, by acquiring, pursuant to a Tender Offer, 90 percent in value of the shares not already owned by, or by a nominee for, the acquiring party (the offeror), or any of its subsidiaries – if an offeror has, within four months after the making of an offer for all the shares not owned by, or by a nominee for, the offeror, or any of its subsidiaries, obtained the approval of the holders of 90 percent or more in value of all the shares to which the offer relates, the offeror may, at any time within two months beginning with the date on which the approval was obtained, require by notice any non-tendering shareholder to transfer its shares on the same terms, including as to the form of consideration, as the original offer. In such circumstances, non-tendering shareholders could be compelled to transfer their shares, unless the Bermuda Supreme Court (on application made within a one-month period from the date of the offeror's notice of its intention to acquire such shares) orders otherwise.

Where the acquiring party or parties hold not less than 95 percent of the shares of a company, by acquiring, pursuant to a notice given to the remaining shareholders, the shares of such remaining shareholders – when such notice is given, the acquiring party is entitled and bound to acquire the shares of the remaining shareholders on the terms set out in the notice, unless a remaining shareholder, within one month of receiving such notice, applies to the Bermuda Supreme Court for an appraisal of the value of their shares. This provision only applies where the acquiring party offers the same terms to all holders of shares whose shares are being acquired.

The above procedure will require that the sub-register of shareholders (the "**Sub-Register of Shareholders**") of the Company in the VPS is closed down and the beneficial interest in the Shares reflected therein is transferred to the primary shareholder register kept by the Company in Bermuda.

14. TAXATION

14.1 Introduction

The following summary does not purport to be a comprehensive description of all the tax issues that may be relevant to consider in connection with a decision to purchase, own or dispose of the Shares. Shareholders who wish to clarify their own tax situation in such context should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway and Bermuda and shareholders who cease to be residents of Norway or Bermuda for tax purposes (due to domestic tax law or under tax treaties) while owning Shares should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to any such change in tax residency.

14.2 Bermuda taxation applicable to the Company

There will, as of the date hereof, be no income or profit tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company in Bermuda. The Minister of Finance of Bermuda has, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, as amended, given the Company an assurance that, in the event any legislation is enacted in Bermuda imposing any tax computed on profits, income, capital asset, gain or appreciation, such tax shall not, until after 31 March 2035, be applicable to the Company or any of its operations or the Shares or any debentures or other obligations of the Company, except insofar as such tax will be payable by the Company in respect of real property owned or leased by the Company in Bermuda.

Given the limited duration of this assurance, it is not certain that the Company will not be subject to any Bermuda taxation after 31 March 2035.

14.3 Other jurisdictions

The Company is, as of the date hereof, not deemed to be a tax resident in any other jurisdictions than Bermuda and does not expect this to change.

As for the Group, individual Group Companies will, when operating in a jurisdiction, normally be taxed on its income and capital gain generated in such jurisdiction as per local rules.

Tax (in the nature of value added tax ("**VAT**") and tariffs) may also be levied on such Group Companies if it imports a rig into such jurisdiction for the purpose of employing it there.

Finally, some jurisdictions may apply withholding taxes on dividends and other payments by an operating entity to the Company.

The Company will, always, seek to organise its activities in a jurisdiction so as to reduce the taxes payable as much as possible within the scope of local legislation.

14.4 **The shareholders**

14.4.1 Bermuda

The Company's shareholders will not, based on their shareholding in the Company only, be taxable in Bermuda as of the date hereof.

The assurance obtained by the Company from the Minister of Finance of Bermuda referred to in Section 14.2 "Bermuda taxation applicable to the Company" above covers taxation of the Company's shareholders as well. Hence, in the event any legislation is enacted in Bermuda imposing any tax on the Shares or dividends paid on the Shares or in the nature of estate duties or inheritance tax on the transfer of Shares, such tax shall not, until after 31 March 2035, be applicable on the Company's shareholders except insofar as such shareholders may be tax resident in Bermuda.

14.5 **Norwegian taxation**

14.5.1 General

The summary is based on the laws in force in Norway as of the date of this Prospectus, and is subject to any subsequent changes in such laws, administrative practises or interpretations. Such changes could, possibly, be made on a retroactive basis.

Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian shareholders or companies refers to the tax residency rather than the nationality of the owner of Shares.

14.6 **Taxation of dividends**

14.6.1 Norwegian personal shareholders

Dividends received by shareholders in the Company who are natural persons resident in Norway for tax purposes (a "**Norwegian Personal Shareholders**") are taxable as ordinary income at a rate of 24% (proposed to be reduced to 23% from 2018) to the extent the dividends received exceed a statutory tax-free allowance (Nw. *skjermingsfradrag*). Such amount is, for the purpose of calculating the tax liability, multiplied with a factor of 1.24, resulting in an effective tax rate of 29.76% (24% x 1.24) on dividends exceeding the statutory tax-free allowance.

The statutory tax-free allowance is calculated on a singular by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk free interest rate based on the effective interest rate after tax on Norwegian treasury bills (Nw. *statskasseveksler*) with three months maturity. The statutory tax-free allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year.

Norwegian Personal Shareholders who transfer any Shares will thus not be entitled to deduct the statutory tax-free allowance for each Share transferred when determining the taxable amount in the year of transfer. Any part of the calculated statutory tax-free allowance in one year exceeding the dividends actually paid on a Share in such year (the "**Excess Allowance**") may be carried forward and set off against future dividends received on, or gains made upon the realization of, the same Share.

14.6.2 Norwegian corporate shareholders

Shareholders who are limited liability companies (and similar entities who are taxed directly) and resident in Norway for tax purposes (a "**Norwegian Corporate Shareholders**") are largely exempt from tax on dividends received from shares issued by companies resident in the European Economic Area (the "**EEA**") pursuant to the Norwegian participation exemption method (Nw. *fritaksmetoden*). However, as the Company is a tax resident of Bermuda (which for Norwegian tax purposes is deemed a "low-tax jurisdiction" and outside of the EEA), it does not qualify as an object under the Norwegian tax exemption method. Consequently any dividends on the Shares distributed to a Norwegian Corporate Shareholder will be taxed as ordinary income at a rate of 24% (2017).

14.6.3 Foreign shareholders

As a general rule, dividends received by shareholders who are not tax resident in Norway, will not be subject to Norwegian taxation in respect of any Shares owned. However, if such shareholder is carrying on a business activity in Norway or is managing a business activity from Norway and the Shares are effectively connected with such business activity, such shareholder will, generally, be subject to the same dividend taxation principles as Norwegian Corporate Shareholders, cfr. Above.

14.7 **Taxation of any capital gains on realization of Shares**

14.7.1 Norwegian Personal Shareholders

Any sale, redemption or other disposal of the Shares will be considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through the disposal of Shares is thus taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the Norwegian Personal Shareholder's ordinary income in the year of disposal of the Shares. Ordinary income is taxable at a rate of 24%. (2017). However, the taxable capital gain (after utilizing any Excess Allowance, cfr. Below) and/or any other tax deductible loss shall be adjusted by a factor of 1.24, resulting in a marginal effective tax rate of 29.76%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of Shares disposed of.

Any taxable gains/deductible losses are calculated on a per share basis as the difference between the consideration paid for the share and the Norwegian Personal Shareholder's cost price (including costs incurred in relation to its acquisition or realization) of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct the statutory tax-free allowance provided that such allowance has not already been used to reduce the taxable dividend income. Please refer to section 14.6.1 "Taxation of dividends" above for a description of the calculation of the statutory tax-free allowance. The allowance may only be deducted in order to reduce a taxable gain and cannot increase or produce a deductible loss, i.e. any Excess Allowance upon the realization of a Share will be annulled.

If a Norwegian Personal Shareholder owns Shares acquired at different points in time, the Shares that were acquired first will be regarded as the first to be disposed of.

14.7.2 Norwegian Corporate Shareholders

Norwegian Corporate Shareholders are generally exempt from tax on capital gains derived from any realization of shares in entities resident in the EEA, pursuant to the Norwegian participation exemption method (Nw. *fritaksmetoden*). However, as the Company is resident of Bermuda (which for Norwegian tax purposes is deemed a "low-tax jurisdiction" and outside the EEA), any capital gain or loss derived by a Norwegian Corporate Shareholder from a disposal of Shares will generally be taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for computation of general income in the year of realization at a rate of 24% (2017).

If a loss realized through the realization of Shares exceeds the ordinary income of the Norwegian Corporate Shareholder in that year, the excess amount can be carried forward and set off against the next year's ordinary income. If the Norwegian Corporate Shareholder owns Shares acquired at different points in time, the Shares that were acquired first will be regarded as the first to be disposed of.

14.7.3 Foreign shareholders

Capital gains derived by the sale or other realization of Shares by shareholders not resident in Norway for tax purposes are not subject to taxation in Norway unless the Shares are effectively connected with a business activity carried out in or managed from Norway.

14.8 **Controlled Foreign Corporation taxation**

If shareholders who are tax resident in Norway (and foreign shareholders that hold shares in connection with a business that is tax resident in Norway), in the aggregate, directly or indirectly own or control 50% or more of the share capital of a company resident in a what for Norwegian tax purposes is deemed a "low-tax jurisdiction" at the beginning and end of a fiscal year, or more than 60% at the end of a fiscal year, then such shareholders may become subject to Controlled Foreign Corporation (**"CFC"**) taxation (Nw. *NOKUS*) in Norway.

A jurisdiction is considered a "low-tax jurisdiction" if the tax on the company's total profits amount to less than two thirds of the comparable tax that would be assessed on the company had it been tax resident in Norway. Bermuda is currently on the list of countries that are considered low tax jurisdictions. In the event that the conditions regarding ownership and/or control pursuant to Norwegian CFC taxation are fulfilled and apply to the Company, the Company's annual profits will be taxable (at a rate of 24% - 2017) for the shareholders who are tax resident in Norway according to their proportionate share of the Company's equity. A loss may be carried forward for deduction in future profits but only in relation to the Company's profits. This taxation will apply regardless of whether, and to what extent, the Company's profits are distributed to these shareholders. The Company's profits will, for the purpose of the calculation of the tax liability, be calculated according to Norwegian tax rules as if the Company was a Norwegian resident.

For a Norwegian Corporate Shareholder who is subject to such taxation, dividends distributed by the Company are exempt from further taxation in Norway to the extent the dividends received do not exceed such shareholder's share of the Company's net income.

Special rules may apply to shareholders resident in Norway for tax purposes if the Company ceases to be subject to such taxation in Norway. Special rules will also apply to the calculation of taxable gains/losses upon realization of Shares by a Norwegian Corporate Shareholder that is or has been subject to such taxation.

14.9 **Net wealth tax**

The value of Shares will be included in the computation of the basis for the annual net wealth tax applicable to Norwegian Personal Shareholders. The marginal net wealth tax rate is 0.85% of the value assessed. The value for listed shares is, for assessment purposes, equal to the quoted trading price as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year).

Norwegian Corporate Shareholders are not subject to net wealth tax.

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Individuals who are tax resident outside Norway may, however, be liable for the net wealth tax if the shareholding is effectively connected with a business activity carried out in or managed from Norway.

14.10 **Inheritance tax**

A transfer of Shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

14.11 **VAT and transfer taxes**

No VAT, stamp or similar transfer taxes/duties are currently imposed in Norway on the transfer of shares, whether on acquisition or disposal.

15. SELLING AND TRANSFER RESTRICTIONS

General

The Shares may, in some jurisdictions, be subject to restrictions on transferability. Hence, the Shares cannot be transferred or resold except as permitted under applicable securities laws and regulations in such jurisdictions. Any failure to comply with such restrictions, whenever applicable, may constitute a violation of the securities laws in such jurisdiction.

The Company has no plans for the registration of the Shares for trading in any other market than that which exists on Oslo Børs in the near future.

United States of America

No Shares will be registered under the US Securities Act, or under the securities laws of any state of the United States in the near future. Accordingly, the Shares may not be offered or sold, directly or indirectly, in or into the United States other than in compliance with Regulation S under the US Securities Act, or pursuant to any other exemption from the registration requirements of the US Securities Act and always in compliance with applicable state securities laws of the United States.

16. ADDITIONAL INFORMATION

16.1 Documents on display

Copies of the following documents will be available for physical inspection at Borr Drilling Management AS' offices at Klingenberggata 4, 0160 Oslo, Norway, during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus.

- The Bye-laws and Memorandum of Association.
- The Annual Financial Statements for 2016 and 2017.
- This Prospectus.
- Report on the unaudited pro forma financial information issued by PwC.
- Audited accounts for Paragon Offshore Limited for 2017
- Historical financial information of Paragon and Prospector

16.2 Incorporated by reference

The following table sets forth an overview of documents incorporated by reference in this Prospectus. No information other that the information referred to in the table below is incorporated by reference. Where parts of a document is referenced, and not the document as a whole, the remainder of such document is either deemed irrelevant to an investor in the context of the requirements if this Prospectus, or the corresponding information is covered elsewhere in this Prospectus.

Sections in the Prospectus	**Reference document and link**
10	2016 Annual Financial Statements: http://borrdrilling.com/wp-content/uploads/2017/08/Borr-Drilling-Consolidated-Financial-Statements-2016.pdf
10	2017 Annual Financial Statements: http://borrdrilling.com/wp-content/uploads/2018/04/Annual-Report-2017-Borr-Drilling-Limited.pdf

17. DEFINITION AND GLOSSARY OF TERMS

Annual Financial Statements	The audited consolidated financial statements of the Company for the period from its incorporation on 8 August 2016 to 31 December 2016 and 1 January 2017 to 31 December 2017
Atwood	Atwood Oceanics Inc.
Back-End Fee	A fee at the back-end of the transaction
Bank Facility	The USD 200 million revolving non-amortizing bank facility with two-year duration with a Nordic bank
Bbl	A barrel of crude oil
Bermuda Companies Act	The Companies Act 1981 of Bermuda
BMA	Bermuda Monetary Authority
Board	The board of directors of Borr Drilling Limited
Borr Drilling	The Company Borr Drilling Limited
Borr Drilling Management Dubai	Borr Drilling Management DMCC of Dubai, UAE
Borr Drilling Management Oslo	Borr Drilling Management AS of Oslo, Norway
Borr Operator	Borr International Operations Inc., a wholly owned subsidiary of the Company
BWE	BW Energy Dussafu B.V.
Bye-laws	The Company's Bye-laws as in force from time to time
Call Spread	An option spread strategy that is created when equal number of call options are bought and sold simultaneously
CEO	The Group's designated chief executive officer
CET	Central European Time
CFC	Controlled Foreign Corporation
CFO	The Group's designated chief financial officer
Code	The Norwegian Code of Practice for Corporate Governance as of 30 October 2014
Collaboration Agreement	Agreement between Borr Drilling and Schlumberger to offer integrated, performance-based drilling contracts in the offshore jack-up market by leveraging the Schlumberger global foot print, infrastructure and technical expertise and Borr Drilling's modern jack-up

	fleet
Company	Borr Drilling Limited
Completed PPL Rigs	Six premium rigs acquired from PPL as part of the PPL Transaction that were completed
Contributed Surplus	The proceeds arising from donated Shares, credits resulting from the redemption or conversion of Shares at less than their par value and donations of cash and other assets to the Company
Convertible Bonds	The USD 350 million senior unsecured Convertible Bonds issued on 16 May 2018, with a five-year duration, coupon of 3.875% per annum and a conversion premium of 37.5% above the reference price of USD 4.87 per share
COO	The Group's designated chief operating officer
December Private Placement	The private placement of 77.5 million Shares in December 2016 which raised gross proceeds of approximately USD 155 million to the Company
Delivery Financing	The Keppel New Rigs: The Company has received an offer for delivery financing in an amount of up to USD 130 million for each of Hull B367 tbn "Vale" and Hull B368 tbn "Var" The Company has entered into a credit agreement for delivery finance for Hull Nos. B358, B360, B361, M1222 and M1226 in the amount of USD86.4m per rig. The PPL Rigs: The Company has received an offer for the financing of the delivery payment for each of the PPL New Rigs, i.e. an amount of USD 83.7 million per PPL New Rig
Delivery Loan	Part of the Delivery Financing regarding Hull Nos. B358, B360, B361, M1222 and M1226 – the USD 432 million delivery loan provided by Keppel payable in five years, whereof USD 22.5 million of the consideration is a Back-end Fee and is payable together with the delivery loan principal
Directors	The individual members of the Board at any time
DNB	DNB Bank ASA
Drew	Drew Holdings Limited, a private limited company incorporated and resident in Bermuda

E&P Companies	Companies engaged in the exploration for and/or production of crude oil and natural gas
EEA	The European Economic Area covering the members of the European Union, Norway, Iceland and Liechtenstein
Excess Allowance	Any part of the calculated statutory tax-free allowance in one year exceeding the dividends actually paid on a Share in such year
Existing Shares	The 525,000,000 ordinary shares in the Company issued prior to 25 April 2018 which are listed on the Oslo Stock Exchange
Fleet	All of the Group's Rigs at any time
Forward Looking Statements	Statements that are not historical facts, usually identified by words such as (what follows are examples without excluding words having the same meaning): “anticipates”, “believes”, “expects”, “intends”, “may”, “projects”, “should”, or the negatives of these terms or similar expressions
Group	The Company and its subsidiaries
Group Company	A subsidiary of the Company
H&M Insurance	Hull and machinery insurance
Hercules	Hercules British Offshore Limited
Hercules Rigs	The two jack-up drilling rigs acquired from Hercules, renamed "Frigg" and "Ran"
Hercules Transaction	The acquisition of the Hercules Rigs from Hercules which was completed at 23 January 2017
HSE	Health, Safety and Environment
ICBC	Industrial and Commercial Bank of China
IEA	International Energy Agency
IMO	The International Maritime Organisation
ISIN	International Securities Identification Number
Jindal Claim	Arbitration award Paragon had against Jindal Drilling and Industries. On 21 March 2018, Paragon announced it had received USD 8.8 million as full and final settlement thereof.
Keppel	Keppel FELS Limited
Keppel New Rig Contracts	Five construction contracts for a Keppel New Rig

	between Keppel and each of Borr Saga Inc., Borr Skald Inc., Borr Tivar Inc., Borr Vale Inc. and Borr Var Inc.
Keppel New Rigs	Five jack-up drilling rigs under construction at Keppel's yard in Singapore pursuant to the Keppel New Rig Contract
Keppel Transaction	The amending of the terms of the five newbuildings contracts acquired from Transocean in the Transocean TransactionKeppel New Rig Contracts
Listing	The listing of the Shares on Oslo Børs
LOH Insurance	Loss of hire insurance
LTI Plan	Long-term incentive plan for the Group's employees and directors
Magni Partners	Magni Partners (Bermuda) Limited
Managers	ABG Sundal Collier ASA, Clarksons Platou Securities AS, Danske Bank, DNB Markets, a part of DNB Bank ASA, Fearnley Securities AS, Pareto Securities AS, Skandinaviska Enskilda Banken AB (publ.), Oslo branch and Sparebank 1 Markets AS
March 2017 Private Placement	The private placement of 226.8 million Shares in March 2017 which raised gross proceeds of approximately USD 800 million to the Company
March 2018 Private Placement	The private placement of 54,347,827 Shares in March 2018 which raised gross proceeds of approximately USD 250 million to the Company
May 2017 Transactions	The Transocean Transaction and the Keppel Transaction
Memorandum of Association	The Company's memorandum of association of 4 August 2016, as subsequently amended
New Shares	The 7,640,327 shares issued on as soon as practically possible following the approval of this Prospectus (subscribed for by the relevant investors in the March 2018 Private Placement)
New Rig Subsidiaries	Borr Skald Inc., Borr Tivar Inc., Borr Vale Inc. and Borr Var Inc., each of which is party to a construction contract with Keppel Borr Gunnlod Inc., Borr Groa Inc., each of which is party to a sale and purchase agreement with PPL Borr Gyme Inc., Borr Natt Inc. and Borr Njord Inc., each

	of which is party to a construction contract with PPL Borr Jack-Up XXVII Inc., Borr Jack-Up XXVIII Inc. and Borr Jack-Up XXIX Inc., each of which is party to a sale and purchase agreement with Keppel Borr Jack-Up XXX Inc. and Borr Jack-Up XXXI Inc. each of which is party to a construction contract with Keppel
New Rig Contracts	Four separate contracts for the construction of jack-up drilling rigs at Keppel between Keppel and the New Rig Subsidiaries (as novated and amended) Three construction contracts for jack-up drilling rigs at PPL between PPL and certain New Rig Subsidiaries Three sale and purchase agreements and two further construction contracts for the delivery of jack-up drilling rigs from Keppel to the relevant New Rig Subsidiaries
New Rigs	Nine jack-up drilling rigs on order from Keppel and five jack-up drilling rigs on order from PPL, all pursuant to the New Rig Contracts
NOC	E&P Companies that are owned, wholly or with a majority share by national governments
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities which are taxed directly) and resident in Norway for tax purposes
Norwegian FSA	The Financial Supervisory Authority of Norway (Nw. "Finanstilsynet")
Norwegian Personal Shareholders	Natural persons resident in Norway for tax purposes
Norwegian Securities Trading Act	The Norwegian securities trading act of 29 June 2007 no. 75 (Nw. "Verdipapirhandelloven")
October Private Placement	The private placement of 162,500,000 new shares in completed on 9 October 2017 which raised gross proceeds of approx. USD 650 million to the Company
Old Paragon	Refers to the predecessor of Paragon Offshore Limited, Paragon Offshore PLC, prior to the restructuring
Oslo Børs	The Oslo Stock Exchange
P&I Insurance	Protection and indemnity insurance
Paragon	Paragon Offshore Limited

Paragon Rigs	Two premium jack-up drilling rigs, 20 standard jack-up drilling rigs, and one semi-submersible drilling rig
Paragon Transaction	The acquisition of 99.41 percent of the shares of Paragon in March 2018
PPA	Purchase Price Allocation
PPL	PPL Shipyard Pte. Ltd.
PPL Contracts	The sale and purchase agreements and newbuilding contracts for the PPL New Rigs
PPL New Rigs	Nine premium jack-up drilling rigs, of which four have been delivered, contracted for delivery and/or constructions pursuant to the PPL Contracts
PPL Rigs	Nine premium jack-up drilling rigs acquired from PPL
PPL Transaction	Purchase of the PPL Rigs
Pro Forma Balance Sheet	The balance sheet prepared to reflect the effects of the acquisition on the combined Company's balance sheet as if it was conducted prior to 31 December, 2017
Prospector	Prospector Offshore Drilling Ltd
Prospector Group	Prospector Offshore Drilling Ltd and the associated subsidiaries
Prospector Rigs	The premium jack-up drilling rigs Prospector 1 and Prospector 2
Prospectus	This prospectus issued on 25 May 2018 with all attachments hereto
Prospectus Directive	The Commission Regulation (EC) no. 809/2004, as amended
PwC	PricewaterhouseCoopers AS
QHSE	Quality, Health, Safety and Environment
Registrar	DNB Bank ASA's securities services division
Registrar Agreement	An agreement between the Company and the Registrar setting forth the terms upon which the Registrar shall establish and operate a register of the beneficial ownership interests in the Shares
Rig Acquisition	The settlement agreement between Prospector Group and affiliates of SinoEnergy and transfer of Prospector 1 and Prospector 5 back to Prospector Group
Rigs	The jack-up drilling rigs which the Group owns from

	time to time (excluding undelivered New Rigs)
Schlumberger	Schlumberger Oilfield Holdings Limited
SEC	The US Security Exchange Commission
Second Keppel Contracts	Three SPAs and two construction contracts for a Keppel B-Class Rig between Keppel and each of Borr Jack-Up XXVII Inc., Borr Jack-Up XXVIII Inc., Borr Jack-Up XXIX Inc., Borr Jack-Up XXX Inc. and Borr Jack-Up XXXI Inc. all dated 16 May 2018
Second Keppel Transaction	The acquisition of five jack-up drilling rigs from Keppel pursuant to the Second Keppel Contracts
Shares	The 532,640,327 ordinary shares in the Company (the Existing Shares and the New Shares (to be issued as soon as practically possible))
SPA	Sale and Purchase Agreement
SinoEnergy	SinoEnergy Corporation
Sub-Register of Shareholders	A register of the beneficial owners of the Shares kept in electronic form in the VPS by the Registrar
Summary	Section 1 of this Prospectus
Tender Offer	Offer to purchase some or all of shareholder's shares in a corporation
Total Drilling Contract	A drilling contract for "Frigg" date 13 November 2017 into between Total Nigeria, Nigeria National Petroleum, Valiant and Borr Operator
Total LoC	The conditional letter of commitment dated 14 June 2017 from Total Nigeria to the Company and Valiant setting forth the main terms of a drilling contract for in Nigeria
Total Nigeria	Total E&P Nigeria Limited
Tranche 1	The 48,367,827 shares issued on 23 March 2018
Tranche 2	The 5,980,000 shares issued on or about 30 May 2018
Transocean	Transocean Inc.
Existing Transocean Bareboat Charter	One separate bareboat charter party between the owner of the "Mist" and the Transocean Charterer in respect of the "Mist"
Original Transocean Bareboat Charter	Three separate bareboat charter parties between each of the owners of the jack-up drilling rigs "Odin", "Mist" and "Idun" acquired from Transocean

Tender Offer Agreement	Tender offer agreement with Paragon
Transocean Charterer	Transocean Eastern Pty. Ltd., a wholly owned subsidiary of Transocean
Transocean Companies	The eight single purpose companies acquired from Transocean in the Transocean Transaction
Transocean Rigs	The ten jack-up drilling rigs owned by the Transocean Subsidiaries together with the spare parts and inventory belonging to them
Transocean Transaction	Acquisition of all of the shares in issue in the Transocean Subsidiaries and the rights and obligations under the five New Rig Contracts with Keppel
Ubon	Ubon Partners AS
US GAAP	Generally Accepted Accounting Principles in the United States of America
US Securities Act	The United States Securities Act of 1933, as amended
Valiant	Valiant Energy Service West Africa Limited
Valiant MoA	The memorandum of agreement with Valiant dated 22 June 2017 setting forth the principles for their collaboration in relation to a drilling contract in Nigeria
VAT	Value Added Tax
VOCL	Valiant Offshore Contractors Limited, an affiliate of Valiant
VPS	The Norwegian Central Securities Depository ("Verdipapirsentralen")
Warrants	A warrant issued by the Company entitling the owner to subscribe to one new ordinary share in the Company of USD 0.01 par value at terms defined by the Company

AMENDED AND RESTATED BYE-LAWS

OF

BORR DRILLING LIMITED

I HEREBY CERTIFY that the within-written Bye-laws are a true copy of the Bye-laws of **Borr Drilling Limited (formerly Magni Drilling Limited)** as adopted at the Statutory General Meeting on the 10th day of August 2016 as amended and restated by the Directors and the Shareholder by Unanimous Written Resolutions on the 12 day of December, 2016 and by the Shareholders at the Annual General Meeting on 25th August, 2017

Secretary

TABLE OF CONTENTS

BYE-LAWS

OF

Magni Drilling Limited

DEFINITIONS

1.1. In these Bye-laws, and any Schedule, unless the context otherwise requires:

"**Alternate Director**" means such person or persons as shall be appointed from time to time pursuant to Bye-law 103;

"**Annual General Meeting**" means a meeting convened by the Company pursuant to Section 71(1) of the Principal Act;

"**Associate**" means:

(a) in respect of an individual, such individual's spouse, former spouse, sibling, aunt, uncle, nephew, niece or lineal ancestor or descendant, including any step-child and adopted child and their issue and step parents and adoptive parents and their issue or lineal ancestors;

(b) in respect of an individual, such individual's partner and such partner's relatives (within the categories set out in (a) above);

(c) in respect of an individual or body corporate, an employer or employee (including, in relation to a body corporate, any of its directors or officers);

(d) in respect of a body corporate, any person who controls such body corporate, and any other body corporate if the same person has control of both or if a person has control of one and persons who are his Associates, or such person and persons who are his Associates, have control of the other, or if a group of two or more persons has control of each body corporate, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person of whom he is an Associate. For the purposes of this paragraph, a person has control of a body corporate if either (i) the directors of the body corporate or of any other body corporate which has control of it (or any of them) are accustomed to acting in accordance with his instructions or (ii) he is entitled to exercise, or control the exercise of, one-third or more of the votes attaching to all of the issued shares of the body corporate or of another body corporate which has control of it (provided that where two or

more persons acting in concert satisfy either of the above conditions, they are each to be taken as having control of the body corporate);

"**Bermuda**" means the Islands of Bermuda;

"**Board**" means the Board of Directors of the Company or the Directors present at a meeting of Directors at which there is a quorum;

"**Branch Register**" means a branch of the Register for the shares which is maintained by a Registrar pursuant to the terms of an agreement with the Company;

"**Business Day**" means a day on which banks are open for the transaction of general banking business in each of London, United Kingdom and Hamilton, Bermuda;

"**Bye-laws**" means these Bye-laws in their present form or as they may be amended from time to time;

"**the Companies Acts**" means every Bermuda statute from time to time in force concerning companies insofar as the same applies to the Company including, without limitation, the Principal Act;

"**Company**" means the company incorporated in Bermuda under the name of **Magni Drilling Limited** on the 9th day of August 2016;

"**Company Website**" means the website of the Company established pursuant to Bye-law 159;

"**Director**" means such person or persons as shall be elected or appointed to the Board from time to time pursuant to these Bye-laws, or the Companies Acts;

"Electronic Record" means a record created, stored, generated, received or communicated by electronic means and includes any electronic code or device necessary to decrypt or interpret such a record;

"**Electronic Transactions Act**" means the Electronic Transactions Act 1999;

"Finance Officer" means such person or persons other than the Resident Representative appointed from time to time by the Board pursuant to Bye-law 119 and 131 to act as the Finance Officer of the Company;

"General Meeting" means an Annual General Meeting or a Special General Meeting;

"**Listing Exchange**" means any stock exchange or quotation system upon which the shares are listed from time to time;

"**Officer**" means such person or persons as shall be appointed from time to time by the Board pursuant to Bye-law 131;

"**paid up**" means paid up or credited as paid up;

"**Principal Act**" means the Companies Act 1981;

"**Register**" means the Register of Shareholders of the Company and except in the definitions of "Branch Register" and "Registration Office" in this Bye-law and except in Bye-laws 52 and 52A, includes any Branch Register;

"**Registered Office**" means the registered office for the time being of the Company;

"**Registrar**" means such person or body corporate who may from time to time be appointed by the Board as registrar of the Company with responsibility to maintain a Branch Register;

"**Registration Office**" means the place where the Board may from time to time determine to keep the Register and/or the Branch Register and where (except in cases where the Board otherwise directs) the transfer and documents of title are to be lodged for registration;

"**Resident Representative**" means any person appointed to act as the resident representative of the Company and includes any deputy or assistant resident representatives;

"**Resolution**" means a resolution of the Shareholders or, where required, of a separate class or separate classes of Shareholders, adopted either in a General Meeting or by written resolution, in accordance with the provisions of these Bye-laws;

"**Seal**" means the common seal of the Company, if any, and includes any duplicate thereof;

"**Secretary**" means the person appointed to perform any or all of the duties of the secretary of the Company and includes a temporary or assistant Secretary and any person appointed by the Board to perform any of the duties of the Secretary;

"**Shareholder**" means a shareholder or member of the Company;

"**Special General Meeting**" means a general meeting, other than the Annual General Meeting;

"**Treasury Shares**" means any share that was acquired and held by the Company, or as treated as having been acquired and held by the Company, which has been held continuously by the Company since it was acquired and which has not been cancelled; and

CONSTRUCTION

1.2 In these Bye-laws, unless the contrary intention appears:

(a) Words importing only the singular number include the plural number and vice versa;

(b) Without prejudice to the generality of paragraph (a), during periods when the Company has elected or appointed only one (1) Director as permitted by the Principal Act references to "**the Directors**" shall be construed as if they are references to the sole Director of the Company;

(c) Words importing only the masculine gender include the feminine and neuter genders respectively;

(d) Words importing persons include companies or associations or bodies of persons, whether corporate or un-incorporate wherever established;

(e) For the purposes of these Bye-laws a corporation shall be deemed to be present in person if its representative duly authorised pursuant to the Companies Acts is present;

(f) References to a meeting will not be taken as requiring more than one person to be present if the relevant quorum requirement can be satisfied by one person;

(g) References to writing shall include typewriting, printing, lithography, facsimile, photography and other modes of reproducing or reproducing words in a legible and non-transitory form including electronic transfers by way of e-mail or otherwise and shall include any manner permitted or authorized by the Electronic Transactions Act;

(h) Unless otherwise defined herein, any words or expressions defined in the Principal Act in force on the date when these Bye-Laws or any part thereof are adopted shall bear the same meaning in these Bye-Laws or such part (as the case may be);

(i) Any reference in these Bye-Laws to any statute or section thereof shall, unless expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time; and

(j) Headings in these Bye-Laws are inserted for convenience of reference only and shall not affect the construction thereof.

REGISTERED OFFICE

2. The Registered Office shall be at such place in Bermuda as the Board shall from time to time appoint.

SHARES

3. At the time these Bye-laws are adopted, the share capital of the Company is divided into one class of 50 ordinary shares of par value USD 10.00 each.

4. Subject to the provisions of these Bye-laws, the unissued shares of the Company (whether forming part of the original capital or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant warrants, options or other securities with rights to convert such securities into shares of the Company over any unissued shares of the Company or otherwise dispose of the Company's unissued shares to such persons at such times and for such consideration and upon such terms and conditions as the Board may determine.

5. The Board may, in connection with the issue of any shares, exercise all powers of paying commission and brokerage conferred or permitted by law.

6. No shares shall be issued until they are fully paid except as may be prescribed by an Resolution.

7. The holders of the Shares shall, subject to the provisions of these Bye-laws:

(a) be entitled to one vote per share;

(b) be entitled to such dividends or distributions as the Board may from time to time declare;

(c) in the event of a winding up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company;

(d) generally be entitled to enjoy all the rights attaching to shares.

POWER TO PURCHASE OWN SHARES

8. The Company shall have the power to purchase shares for cancellation.

9. The Company shall have the power to acquire shares to be held as Treasury Shares.

10. The Board may exercise all of the powers of the Company to purchase or acquire shares, whether for cancellation or to be held as Treasury Shares in accordance with the Principal Act.

10A. The Board may exercise all powers of the Company to (i) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (iii) subdivide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum, so, however, that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and (iv) make provision for the issue and allotment of shares which do not carry any voting rights.

11. At any time that the Company holds Treasury Shares, all of the rights attaching to the Treasury Shares shall be suspended and shall not be exercised by the Company. Without limiting the generality of the foregoing, if the Company holds Treasury Shares, the Company shall not have any right to attend and vote at a General Meeting including a meeting under Section 99 of the Principal Act or sign written resolutions and any purported exercise of such a right is void.

12. The Company may not by virtue of any Treasury Shares held by it participate in any offer by the Company to Shareholders or receive any distribution (including in a winding up) but without prejudice to the right of the Company to sell or dispose of the Treasury Shares for cash or other consideration or to receive an allotment of shares as fully paid bonus shares in respect of the Treasury Shares.

13. Except where required by the Principal Act, Treasury Shares shall be excluded from the calculation of any percentage or fraction of the share capital, or shares, of the Company.

MODIFICATION OF RIGHTS

14. Subject to the Companies Acts, all or any of the special rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the holders of not less than seventy five percent of the issued shares of that class or with the sanction of a resolution passed at a separate general meeting of the holders of such shares voting in person or by proxy. To any such separate general meeting, all the provisions of these Bye-laws as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be two or more persons holding or representing by proxy any of the shares of the relevant class, that every holder of shares of the relevant class shall be

entitled on a poll to one vote for every such share held by him and that any holder of shares of the relevant class present in person or by proxy may demand a poll; provided, however, that if the Company or a class of Shareholders shall have only one Shareholder, one Shareholder present in person or by proxy shall constitute the necessary quorum.

15. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking pari passu therewith.

CERTIFICATES

16. Subject to the Companies Acts, no share certificates shall be issued by the Company unless the Board has either for all or for some holders of such shares (who may be determined in such manner as the Board thinks fit) determined that the holder of such shares may be entitled to share certificates. In the case of a share held jointly by several persons, delivery of a certificate to one of several joint holders shall be sufficient delivery to all.

17. Subject to being entitled to a share certificate under the provisions of Bye-law 16, the Company shall be under no obligation to complete and deliver a share certificate unless specifically called upon to do so by the person to whom the shares have been allotted.

18. If a share certificate is defaced, lost or destroyed it may be replaced without fee but on such terms (if any) as to evidence and indemnity and to payment of the costs and out of pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, in case of defacement, on delivery of the old certificate to the Company.

19. All certificates for share or loan capital or other securities of the Company (other than letters of allotment, scrip certificates and other like documents) shall, except to the extent that the terms and conditions for the time being relating thereto otherwise provide, be issued under the Seal or bearing the signature of at least one person who is a Director or Secretary of the Company or a person expressly authorized to sign such certificates on behalf of the Company. The Board may by resolution determine, either generally or in any particular case, that any signatures on any such certificates need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon.

19A. Notwithstanding any provisions of these Bye-laws:

(a) the Board shall, subject always to the Companies Acts and any other applicable laws and regulations and the facilities and requirements of any relevant system concerned, have power to implement any arrangements it

may, in its absolute discretion, think fit in relation to the evidencing of title to and transfer of uncertificated shares, and to the extent such arrangements are so implemented, no provision of these Bye-laws shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer of shares in uncertificated form; and

(b) unless otherwise determined by the Board and as permitted by the Companies Acts and any other applicable laws and regulations, no person shall be entitled to receive a certificate in respect of any share for so long as the title to that share is evidenced otherwise than by a certificate and for so long as transfers of that share may be made otherwise than by a written instrument.

LIEN

20. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys, whether presently payable or not, called or payable, at a date fixed by or in accordance with the terms of issue of such share in respect of such share, and the Company shall also have a first and paramount lien on every share (other than a fully paid share) standing registered in the name of a Shareholder, whether singly or jointly with any other person, for all the debts and liabilities of such Shareholder or his estate to the Company, whether the same shall have been incurred before or after notice to the Company of any interest of any person other than such Shareholder, and whether the time for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Shareholder or his estate and any other person, whether a Shareholder or not. The Company's lien on a share shall extend to all dividends payable thereon. The Board may at any time, either generally or in any particular case, waive any lien that has arisen or declare any share to be wholly or in part exempt from the provisions of this Bye-law.

21. The Company may sell, in such manner as the Board may think fit, any share on which the Company has a lien but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of the sum presently payable and giving notice of the intention to sell in default of such payment, has been served on the holder for the time being of the share.

22. The net proceeds of sale by the Company of any shares on which it has a lien shall be applied in or towards payment or discharge of the debt or liability in respect of which the lien exists so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the holder of the share immediately before such sale. For giving effect to any such sale the Board may authorise some person to transfer the share sold to the purchaser thereof. The purchaser shall be registered as the holder of the share and he shall not be bound to see to the application of the

purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the sale.

CALLS ON SHARES

23. The Board may from time to time make calls upon the Shareholders in respect of any moneys unpaid on their shares (whether on account of the par value of the shares or by way of premium) and not by the terms of issue thereof made payable at a date fixed by or in accordance with such terms of issue, and each Shareholder shall (subject to the Company serving upon him at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Board may determine.

24. A call may be made payable by installments and shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed.

25. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

26. If a sum called in respect of the share shall not be paid before or on the day appointed for payment thereof the person from whom the sum is due shall pay interest on the sum from the day appointed for the payment thereof to the time of actual payment at such rate as the Board may determine, but the Board shall be at liberty to waive payment of such interest wholly or in part.

27. Any sum which, by the terms of issue of a share, becomes payable on allotment or at any date fixed by or in accordance with such terms of issue, whether on account of the nominal amount of the share or by way of premium, shall for all the purposes of these Bye-laws be deemed to be a call duly made, notified and payable on the date on which, by the terms of issue, the same becomes payable and, in case of non-payment, all the relevant provisions of these Bye-laws as to payment of interest, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

28. The Board may on the issue of shares differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

FORFEITURE OF SHARES

29. If a Shareholder fails to pay any call or installment of a call on the day appointed for payment thereof, the Board may at any time thereafter during such time as any part of such call or installment remains unpaid serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

30. The notice shall name a further day (not being less than 14 days from the date of the notice) on or before which, and the place where, the payment required by the notice is to be made and shall state that, in the event of non-payment on or before the day and at the place appointed, the shares in respect of which such call is made or installment is payable will be liable to be forfeited. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Bye-laws to forfeiture shall include surrender.

31. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

32. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share; but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice as aforesaid.

33. A forfeited share shall be deemed to be the property of the Company and may be sold, re-offered or otherwise disposed of either to the person who was, before forfeiture, the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Board shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Board may think fit.

34. A person whose shares have been forfeited shall thereupon cease to be a Shareholder in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares with interest thereon at such rate as the Board may determine from the date of forfeiture until payment, and the Company may enforce payment without being under any obligation to make any allowance for the value of the shares forfeited.

35. An affidavit in writing that the deponent is a Director or the Secretary and that a share has been duly forfeited on the date stated in the affidavit shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration (if any) given for the share on the sale, re-allotment or disposition thereof and the Board may authorise some person to transfer the share to the person to whom the same is sold, re-allotted or disposed of, and he shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

36. Subject to the Companies Acts and to such of the restrictions contained in these Bye-Laws as may be applicable, any Shareholder may transfer all or any of his shares.

37. Except where the Company's shares are listed or admitted to trading on a Listing Exchange, shares shall be transferred by an instrument of transfer in the usual common form or in any other form which the Board may approve. The instrument of transfer of an share shall be signed by or on behalf of the transferor and, where any share is not fully-paid, the transferee.

38. The Board may, in its absolute discretion, decline to register any transfer of any share which is not a fully-paid share. The Board may also decline to register any transfer unless:

    (a) the instrument of transfer is duly stamped (if required) and lodged with the Company, accompanied by the certificate (if any) for the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer,

    (b) the instrument of transfer is in respect of only one class of share.

39. Subject to any directions of the Board from time to time in force, the Secretary may exercise the powers and discretions of the Board under Bye-laws 37 and 38.

40. Where the Company's shares are listed or admitted to trading on a Listing Exchange Bye-laws 37 and 38 shall not apply, and shares may be transferred in accordance with the rules and regulations of the Listing Exchange. Where applicable, all transfers of uncertificated shares shall be made in accordance with and be subject to the facilities and requirements of the transfer of title to shares in that class by means of any relevant system concerned and, subject thereto, in accordance with any arrangements made by the Board pursuant to Bye-law 18. The Board may also make such additional regulations as it considers appropriate from time to time in connection with the transfer of the Company's publicly traded shares and other securities.

41. Where the shares are not listed or admitted to trading on a Listing Exchange and are traded over-the-counter, shares may be transferred in accordance with the Companies Acts and where appropriate, with the permission of the Bermuda Monetary Authority. The Board shall decline to register the transfer of any shares unless the permission of the Bermuda Monetary Authority has been obtained.

42. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.

43. The Board shall decline to register the transfer of any share, and shall direct the Registrar to decline (and the Registrar shall decline) to register the transfer of any interest in any share held through a Branch Register, to a person where the Board is of the opinion that such transfer might breach any law or requirement of any authority or any Listing Exchange until it has received such evidence as it may require to satisfy itself that no such breach would occur.

44. If the Board declines to register a transfer it shall, within three months after the date on which the instrument of transfer was lodged, send to the transferee notice of such refusal.

45. No fee shall be charged by the Company for registering any transfer, probate, letters of administration, certificate of death or marriage, power of attorney, distringas or stop notice, order of court or other instrument relating to or affecting the title to any share, or otherwise making an entry in the Register relating to any share.

46. Notwithstanding anything contained in these Bye-laws (save for Bye-law 41) the Directors shall not decline to register any transfer of shares, nor may they suspend registration thereof where such transfer is executed by any bank or other person to whom such shares have been charged by way of security, or by any nominee or agent of such bank or person, and whether the transfer is effected for the purpose of perfecting any mortgage or charge of such shares or pursuant to the sale of such shares under such mortgage or charge, and a certificate signed by any officer of such bank or by such person that such Ordinary Shares were so mortgaged or charged and the transfer was so executed shall be conclusive evidence of such facts,

TRANSMISSION OF SHARES

47. In the case of the death of a Shareholder, the survivor or survivors, where the deceased was a joint holder, and the estate representative, where he was sole holder, shall be the only person recognised by the Company as having any title to his shares; but nothing herein contained shall release the estate of a deceased holder (whether the sole or joint) from any liability in respect of any share held by him solely or jointly with other persons. For the purpose of this Bye-law, estate representative means the person to whom probate or letters of administration has or have been granted in Bermuda or, failing any such person, such other person as the Board may in its absolute discretion determine to be the person recognised by the Company for the purpose of this Bye-law.

48. Any person becoming entitled to a share in consequence of the death of a Shareholder or otherwise by operation of applicable law may, subject as hereafter provided and upon such evidence being produced as may from time to time be required by the Board as to his entitlement, either be registered himself as the holder of the share or elect to have some person nominated by him registered as the

transferee thereof. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have his nominee registered, he shall signify his election by signing an instrument of transfer of such share in favour of his nominee. All the limitations, restrictions and provisions of these Bye-laws relating to the right to transfer and the registration of transfer of shares shall be applicable to any such notice or instrument of transfer as aforesaid as if the death of the Shareholder or other event giving rise to the transmission had not occurred and the notice or instrument of transfer was an instrument of transfer signed by such Shareholder.

49. A person becoming entitled to a share in consequence of the death of a Shareholder or otherwise by operation of applicable law shall (upon such evidence being produced as may from time to time be required by the Board as to his entitlement) be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of the share to receive notices of or to attend or vote at general meetings of the Company or, save as aforesaid, to exercise in respect of the share any of the rights or privileges of a Shareholder until he shall have become registered as the holder thereof. The Board may at any time give notice requiring such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within sixty days the Board may thereafter withhold payment of all dividends and other moneys payable in respect of the shares until the requirements of the notice have been complied with.

50. Subject to any directions of the Board from time to time in force, the Secretary may exercise the powers and discretions of the Board under Bye-laws 47, 48 and 49.

REGISTERED HOLDERS AND THIRD PARTY INTERESTS

51. Except as ordered by a court of competent jurisdiction or as required by law, no person shall be recognised by the Company as holding any share upon trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as otherwise provided in these Bye-laws or by law) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

REGISTER OF SHAREHOLDERS

52. The Secretary shall establish and maintain the Register in the manner prescribed by the Companies Acts. Unless the Board otherwise determines, the Register shall be open to inspection in the manner prescribed by the Companies Acts between 10.00 a.m. and 12.00 noon on every working day. Unless the Board otherwise determines, no Shareholder or intending Shareholder shall be entitled to have entered in the Register or any branch register any indication of any trust or

any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share and if any such entry exists or is permitted by the Board it shall not be deemed to abrogate any of the provisions of Bye-law 51.

52A. Subject to the provisions of the Companies Acts, the Board may resolve that the Company may keep one or more Branch Registers in any place in or outside of Bermuda, and the Board may make, amend and revoke any such regulations as it may think fit respecting the keeping of such branch registers. The Board may authorise any share on the Register to be included in a Branch Register or any share registered on a Branch Register to be registered on another Branch Register, provided that at all times the Register is maintained in accordance with the Companies Acts.

INCREASE OF CAPITAL

53. The Company may from time to time increase its capital by such sum to be divided into shares of such par value as the Company by Resolution shall prescribe.

54. The Company may, by the Resolution increasing the capital, direct that the new shares or any of them shall be offered in the first instance either at par or at a premium or (subject to the provisions of the Companies Acts) at a discount to all the holders for the time being of shares of any class or classes in proportion to the number of such shares held by them respectively or make any other provision as to the issue of the new shares.

55. The new shares shall be subject to all the provisions of these Bye-laws with reference to lien, the payment of calls, forfeiture, transfer, transmission and otherwise.

ALTERATION OF CAPITAL

56. The Company may from time to time by Resolution:

(a) cancel shares which, at the date of the passing of the Resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled; and

(b) change the currency denomination of its share capital.

57. Where any difficulty arises in regard to any division, consolidation, or sub-division of shares, the Board may settle the same as it thinks expedient and, in particular, may arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale in due proportion amongst the Shareholders who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to the purchaser thereof,

who shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

58. Subject to the Companies Acts and to any confirmation or consent required by law or these Bye-laws, the Company may by Resolution from time to time convert any preference shares into redeemable preference shares.

REDUCTION OF CAPITAL

59. Subject to the Companies Acts, its memorandum of association and any confirmation or consent required by law or these Bye-laws, the Company may from time to time by Resolution authorise the reduction of its issued share capital or any capital redemption reserve fund or any share premium or contributed surplus account in any manner.

60. In relation to any such reduction, the Company may by Resolution determine the terms upon which such reduction is to be effected including in the case of a reduction of part only of a class of shares, those shares to be affected.

GENERAL MEETINGS AND WRITTEN RESOLUTIONS

61. The Board shall convene and the Company shall hold General Meetings as Annual General Meetings in accordance with the requirements of the Companies Acts at such times and places as the Board shall appoint. The Board may, whenever it thinks fit, and shall, when required by the Companies Acts, convene General Meetings other than Annual General Meetings which shall be called Special General Meetings. Any such Annual or Special General Meeting shall be held at the Registered Office of the Company in Bermuda or such other location suitable for such purpose.

62. Except in the case of the removal of auditors and Directors and subject to these Bye-laws, anything which may be done by resolution of the Company in general meeting or by resolution of a meeting of any class of the Shareholders of the Company may, without a meeting be done by resolution in writing, signed by a simple majority of all of the Shareholders (or such greater majority as is required by the Companies Acts or these Bye-laws) or their proxies, or in the case of a Shareholder that is a corporation (whether or not a company within the meaning of the Companies Acts) on behalf of such Shareholder, being all of the Shareholders of the Company who at the date of the resolution in writing would be entitled to attend a meeting and vote on the resolution. Such resolution in writing may be signed by, or in the case of a Shareholder that is a corporation (whether or not a company within the meaning of the Companies Acts), on behalf of, all the Shareholders of the Company, or any class thereof, in as many counterparts as may be necessary.

63. Notice of any resolution to be made under Bye-law 62 shall be given, and a copy of the resolution shall be circulated, to all members who would be entitled to attend a meeting and vote on the resolution in the same manner as that required for a notice of a meeting of members at which the resolution could have been considered, provided that the length of the period of notice of any resolution to be made under Bye-law 62 be not less than 7 days.

64. A resolution in writing is passed when it is signed by, or, in the case of a member that is a corporation (whether or not a company within the meaning of the Companies Acts) on behalf of, such number of the Shareholders of the Company who at the date of the notice represent a majority of votes as would be required if the resolution had been voted on at a meeting of Shareholders.

65. A resolution in writing made in accordance with Bye-law 62 is as valid as if it had been passed by the Company in general meeting or, if applicable, by a meeting of the relevant class of Shareholders of the Company, as the case may be. A resolution in writing made in accordance with Bye-law 62 shall constitute minutes for the purposes of the Companies Acts and these Bye-laws.

66. The accidental omission to give notice to, or the non-receipt of a notice by, any person entitled to receive notice of a resolution does not invalidate the passing of a resolution.

NOTICE OF GENERAL MEETINGS

67. An Annual General Meeting shall be called by not less than 7 days' notice in writing and a Special General Meeting shall be called by not less than 7 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, day and time of the meeting, and, in the case of a Special General Meeting, the general nature of the business to be considered. Notice of every General Meeting shall be given in any manner permitted by these Bye-laws. Shareholders other than those required to be given notice under the provisions of these Bye-laws or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company.

68. Notwithstanding that a meeting of the Company is called by shorter notice than that specified in this Bye-law, it shall be deemed to have been duly called if it is so agreed:

    (a) in the case of a meeting called as an Annual General Meeting, by all the Shareholders entitled to attend and vote thereat;

    (b) in the case of any other meeting, by a majority in number of the Shareholders having the right to attend and vote at the meeting, being a

majority together holding not less than 95 percent in nominal value of the shares giving that right;

provided that notwithstanding any provision of these Bye-Laws, no Shareholder shall be entitled to attend any general meeting unless notice in writing of the intention to attend and vote in person or by proxy signed by or on behalf of the Shareholder (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) addressed to the Secretary is deposited (by post, courier, facsimile transmission or other electronic means) at the Registered Office at least 48 hours before the time appointed for holding the general meeting or adjournment thereof.

69. The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send such instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive such notice shall not invalidate the proceedings at that meeting.

69A. The Board may convene a Special General Meeting whenever it thinks fit. A Special General Meeting shall also be convened by the Board on the written requisition of Shareholders holding at the date of the deposit of the requisition not less than one tenth in nominal value of the paid-up capital of the Company which as at the date of the deposit carries the right to vote at a general meeting of the Company. The requisition must state the purposes of the meeting and must be signed by the requisitionists and deposited at the registered office of the Company, and may consist of several documents in like form each signed by one or more of the requisitionists.

PROCEEDINGS AT GENERAL MEETINGS

70. No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman, which shall not be treated as part of the business of the meeting. Save as otherwise provided by these Bye-Laws, the quorum at any general meeting shall be constituted by two or more Shareholders, either present in person or represented by proxy, holding shares carrying voting rights entitled to be exercised at such meeting.

71. If within five minutes (or such longer time as the chairman of the meeting may determine to wait) after the time appointed for the meeting, a quorum is not present, the meeting, if convened on the requisition of Shareholders, shall be dissolved. In any other case, it shall stand adjourned to such other day and such other time and place as the chairman of the meeting may determine and at such adjourned meeting two Shareholders present in person or by proxy (whatever the number of shares held by them) shall be a quorum provided that if the Company shall have only one Shareholder, one Shareholder present in person or by proxy shall constitute the

necessary quorum. The Company shall give not less than 5 days' notice of any meeting adjourned through want of a quorum and such notice shall state that the sole Shareholder or, if more than one, two Shareholders present in person or by proxy (whatever the number of shares held by them) shall be a quorum.

72. A meeting of the Shareholders or any class thereof may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously and participation in such a meeting shall constitute presence in person at such meeting.

73. Each Director shall be entitled to attend and speak at any general meeting of the Company.

74. The Chairman (if any) of the Board or in his absence the Director who has been appointed as the head of the Board shall preside as chairman at every general meeting. If there is no such Chairman or such Director, or if at any meeting neither the Chairman nor such Director is present within five (5) minutes after the time appointed for holding the meeting, or if neither of them is willing to act as chairman, the Directors present shall choose one of their number to act or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, the persons present and entitled to vote on a poll shall elect one of their number to be chairman.

75. The chairman of the meeting may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for three months or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

76. Save as expressly provided by these Bye-laws, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTING

77. Save where a greater majority is required by the Companies Acts or these Bye-laws, any question proposed for consideration at any general meeting shall be decided on by a simple majority of votes cast, provided that any resolution to approve an amalgamation or merger shall be decided on by a simple majority of votes cast and the quorum necessary for such meeting shall be two persons at least holding or representing by proxy 33 1/3% of the issued shares of the Company (or the class, where applicable).

78. At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands or by a count of votes received in the form of electronic records unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

(a) the chairman of the meeting; or

(b) any Shareholder or Shareholders present in person or represented by proxy and holding between them not less than one tenth of the total voting rights of all the Shareholders having the right to vote at such meeting; or

(c) a Shareholder or Shareholders present in person or represented by proxy holding shares conferring the right to vote at such meeting, being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all such shares conferring such right.

79. Unless a poll is so demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has, on a show of hands or on a count of votes received in the form of electronic records, been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost shall be final and conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence of the fact without proof of the number of votes recorded for or against such resolution.

80. If a poll is duly demanded, the result of the poll shall be deemed to be the resolution of the meeting at which the poll is demanded.

81. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner and either forthwith or at such time (being not later than three months after the date of the demand) and place as the chairman shall direct. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll.

82. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded and it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

83. On a poll, votes may be cast either personally or by proxy.

84. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

85. In the case of an equality of votes at a general meeting, whether on a show of hands, a count of votes received in the form of electronic records or on a poll, the chairman of such meeting shall not be entitled to a second or casting vote.

86. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.

87. A Shareholder who is a patient for any purpose of any statute or applicable law relating to mental health or in respect of whom an order has been made by any Court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such Court and such receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as such Shareholder for the purpose of general meetings.

88. No Shareholder shall, unless the Board otherwise determines, be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

89. If (i) any objection shall be raised to the qualification of any voter or (ii) any votes have been counted which ought not to have been counted or which might have been rejected or (iii) any votes are not counted which ought to have been counted, the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

PROXIES AND CORPORATE REPRESENTATIVES

90. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised by him in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

91. Any Shareholder may appoint a standing proxy or (if a corporation) representative by depositing at the Registered Office a proxy or (if a corporation) an authorisation and such proxy or authorisation shall be valid for all general meetings and adjournments thereof or, resolutions in writing, as the case may be, until notice of revocation is received at the Registered Office which if permitted by the Principal Act may be in the form of an electronic record. Where a standing proxy or authorisation exists, its operation shall be deemed to have been suspended at any

general meeting or adjournment thereof at which the Shareholder is present or in respect to which the Shareholder has specially appointed a proxy or representative. The Board may from time to time require such evidence as it shall deem necessary as to the due execution and continuing validity of any such standing proxy or authorisation and the operation of any such standing proxy or authorisation shall be deemed to be suspended until such time as the Board determines that it has received the requested evidence or other evidence satisfactory to it.

92. Subject to Bye-law 91, the instrument appointing a proxy together with such other evidence as to its due execution as the Board may from time to time require, shall be delivered at the Registered Office which if permitted by the Principal Act may be in the form of an electronic record (or at such place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case or the case of a written resolution, in any document sent therewith) prior to the holding of the relevant meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, before the time appointed for the taking of the poll, or, in the case of a written resolution, prior to the effective date of the written resolution and in default the instrument of proxy shall not be treated as valid.

93. Instruments of proxy shall be in any common form or in such other form as the Board may approve and the Board may, if it thinks fit, send out with the notice of any meeting or any written resolution forms of instruments of proxy for use at that meeting or in connection with that written resolution. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a written resolution or amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall unless the contrary is stated therein be valid as well for any adjournment of the meeting as for the meeting to which it relates.

94. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Registered Office which if permitted by the Principal Act may be in the form of an electronic record (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other documents sent therewith) one hour at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, or the day before the effective date of any written resolution at which the instrument of proxy is used.

95. Subject to the Companies Acts, the Board may at its discretion waive any of the provisions of these Bye-laws related to proxies or authorisations and, in particular, may accept such verbal or other assurances as it thinks fit as to the right of any

person to attend and vote on behalf of any Shareholder at general meetings or to sign written resolutions.

96. Notwithstanding any other provision of these Bye-laws, any Shareholder may appoint an irrevocable proxy by depositing at the Registered Office an irrevocable proxy and such irrevocable proxy shall be valid for all general meetings and adjournments thereof, or resolutions in writing, as the case may be, until terminated in accordance with its own terms, or until written notice of termination is received at the Registered Office signed by the proxy. The instrument creating the irrevocable proxy shall recite that it is constituted as such and shall confirm that it is granted with an interest. The operation of an irrevocable proxy shall not be suspended at any general meeting or adjournment thereof at which the Shareholder who has appointed such proxy is present and the Shareholder may not specially appoint another proxy or vote himself in respect of any shares which are the subject of the irrevocable proxy.

APPOINTMENT AND RETIREMENT OF DIRECTORS

97. The number of Directors shall be such number not less than two as the Company by Resolution may from time to time determine and each Director shall, subject to the Companies Acts and these Bye-laws, hold office until the next Annual General Meeting following his election or until his successor is elected.

98. The Company shall, at the Annual General Meeting and may in a general meeting by Resolution, determine the minimum and the maximum number of Directors and may by Resolution determine that one or more vacancies in the Board shall be deemed casual vacancies for the purpose of these Bye-laws. Without prejudice to the power of the Company in any general meeting in pursuance of any of the provisions of these Bye-laws to appoint any person to be a Director, the Board, so long as a quorum of Directors remains in office, shall have power at any time and from time to time to appoint any individual to be a Director so as to fill a casual vacancy.

99. The Company may in a Special General Meeting called for that purpose remove a Director provided notice of any such meeting shall be served upon the Director concerned not less than fourteen days before the meeting and he shall be entitled to be heard at that meeting. Any vacancy created by the removal of a Director at a Special General Meeting may be filled at the Special General Meeting by the election of another person as Director in his place or, in the absence of any such election by the Board.

PROCEEDINGS OF DIRECTORS

100. The quorum for the transaction for the business of the Directors shall be two.

RESIGNATION AND DISQUALIFICATION OF DIRECTORS

101. The office of a Director shall be vacated upon the happening of any of the following events:

(a) if he resigns his office by notice in writing delivered to the Registered Office or tendered at a meeting of the Board;

(b) if he becomes of unsound mind or a patient for any purpose of any statute or applicable law relating to mental health and the Board resolves that his office is vacated;

(c) if he becomes bankrupt or compounds with his creditors;

(d) if he is prohibited by law from being a Director;

(e) if he ceases to be a Director by virtue of the Companies Acts or is removed from office pursuant to these Bye-laws.

ALTERNATE DIRECTORS

102. Director may at any time, by notice in writing signed by him delivered to the Registered Office of the Company or at a meeting of the Board, appoint any person (including another Director) to act as Alternate Director in his place during his absence and may in like manner at any time determine such appointment. If such person is not another Director such appointment unless previously approved by the Board shall have effect only upon and subject to being so approved. The appointment of an Alternate Director shall determine on the happening of any event which, were he a Director, would cause him to vacate such office or if his appointor ceases to be a Director.

103. An Alternate Director shall be entitled to receive notices of all meetings of Directors, to attend, be counted in the quorum and vote at any such meeting at which any Director to whom he is alternate is not personally present, and generally to perform all the functions of any Director to whom he is alternate in his absence.

104. Every person acting as an Alternate Director shall (except as regards powers to appoint an alternate and remuneration) be subject in all respects to the provisions of these Bye-laws relating to Directors and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for any Director for whom he is alternate. An Alternate Director may be paid expenses and shall be entitled to be indemnified by the Company to the same extent mutatis mutandis as if he were a Director. Every person acting as an Alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director). The signature of an Alternate Director to any

resolution in writing of the Board or a committee of the Board shall, unless the terms of his appointment provides to the contrary, be as effective as the signature of the Director or Directors to whom he is alternate.

DIRECTORS' FEES AND ADDITIONAL REMUNERATION AND EXPENSES

105. The amount, if any, of Directors' fees shall from time to time be determined by the Company by Resolution and in the absence of a determination to the contrary in general meeting, such fees shall be deemed to accrue from day to day. Each Director may be paid his reasonable travelling, hotel and incidental expenses in attending and returning from meetings of the Board or committees constituted pursuant to these Bye-laws or general meetings and shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director. Any Director who, by request, goes or resides abroad for any purposes of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Bye-law.

DIRECTORS' INTERESTS

106. A Director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Bye-law.

107. A Director may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

108. Subject to the Companies Acts, a Director may notwithstanding his office be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested; and be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is interested. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

109. So long as, where it is necessary, he declares the nature of his interest at the first opportunity at a meeting of the Board or by writing to the Directors as required by the Companies Acts, a Director shall not by reason of his office be accountable to the Company for any benefit which he derives from any office or employment to which these Bye-laws allow him to be appointed or from any transaction or arrangement in which these Bye-laws allow him to be interested, and no such transaction or arrangement shall be liable to be avoided on the ground of any interest or benefit.

110. Subject to the Companies Acts and any further disclosure required thereby, a general notice to the Directors by a Director or officer declaring that he is a director or officer or has an interest in a person and is to be regarded as interested in any transaction or arrangement made with that person, shall be a sufficient declaration of interest in relation to any transaction or arrangement so made.

POWERS AND DUTIES OF THE BOARD

111. Subject to the provisions of the Companies Acts and these Bye-laws the Board shall manage the business of the Company and may pay all expenses incurred in promoting and incorporating the Company and may exercise all the powers of the Company. No alteration of these Bye-laws shall invalidate any prior act of the Board which would have been valid if that alteration had not been made. The powers given by this Bye-law shall not be limited by any special power given to the Board by these Bye-laws and a meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.

112. The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any other persons.

113. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.

114. The Board on behalf of the Company may provide benefits, whether by the payment of gratuities or pensions or otherwise, for any person including any Director or former Director who has held any executive office or employment with the Company or with any body corporate which is or has been a subsidiary or affiliate of the Company or a predecessor in the business of the Company or of any such subsidiary or affiliate, and to any member of his family or any person who is or was dependent on him, and may contribute to any fund and pay premiums for

the purchase or provision of any such gratuity, pension or other benefit, or for the insurance of any such person.

115. The Board may from time to time appoint one or more of its body to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and may revoke or terminate any such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company which may be involved in such revocation or termination. Any person so appointed shall receive such remuneration (if any) (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and either in addition to or in lieu of his remuneration as a Director.

DELEGATION OF THE BOARD'S POWERS

116. The Board may by power of attorney appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Bye-laws) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney and of such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

117. The Board may entrust to and confer upon any Director or officer any of the powers exercisable by it upon such terms and conditions with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, and may from time to time revoke or vary all or any of such powers but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.

118. The Board may delegate any of its powers, authorities and discretions to any person or to committees, consisting of such person or persons (whether a member or members of its body or not) as it thinks fit. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed upon it by the Board. Further, the Board may authorize any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any deed, agreement, document or instrument on behalf of the Company.

PROCEEDINGS OF THE BOARD

119. The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the motion shall be deemed to have been lost. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Board.

120. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is given to him personally or by word of mouth or sent to him by post, cable, telex, telecopier, electronic means or other mode of representing or reproducing words in a legible and non-transitory form at his last known address or any other address given by him to the Company for this purpose. Written notice of Board meetings shall be given with reasonable notice being not less than 24 hours whenever practicable. A Director may waive notice of any meeting either prospectively or retrospectively.

121. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be a majority of the Board present in person or by proxy. Any Director who ceases to be a Director at a meeting of the Board may continue to be present and to act as a Director and be counted in the quorum until the termination of the meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

122. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or proposed contract, transaction or arrangement with the Company and has complied with the provisions of the Companies Acts and these Bye-laws with regard to disclosure of his interest shall be entitled to vote in respect of any contract, transaction or arrangement in which he is so interested and if he shall do so his vote shall be counted, and he shall be taken into account in ascertaining whether a quorum is present.

123. So long as a quorum of Directors remains in office, the continuing Directors may act notwithstanding any vacancy in the Board but, if no such quorum remains, the continuing Directors or a sole continuing Director may act only for the purpose of calling a general meeting.

124. The Chairman (if any) of the Board or, his absence the Director who has been appointed as the head of the Board shall preside as chairman at every meeting of the Board. If there is no such Chairman or Director or if at any meeting the Chairman or Director is not present within five (5) minutes after the time appointed for holding the meeting, or is not willing to act as chairman, the Directors present may choose one of their number to be chairman of the meeting.

125. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Bye-laws for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board.

126. A resolution in writing signed by all the Directors for the time being entitled to receive notice of a meeting of the Board or by all the members of a committee for the time being shall be as valid and effectual as a resolution passed at a meeting of the Board or, as the case may be, of such committee duly called and constituted. Such resolution may be contained in one document or in several documents in the like form each signed by one or more of the Directors (or their Alternate Directors) or members of the committee concerned.

127. A meeting of the Board or a committee appointed by the Board may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously and participation in such a meeting shall constitute presence in person at such meeting. A meeting of the Board or committee appointed by the Board held in the foregoing manner shall be deemed to take place at the place where the largest group of participating Directors or committee members has assembled or, if no such group exists, at the place where the chairman of the meeting participates which place shall, so far as reasonably practicable, be at the Registered Office of the Company.

128. All acts done by the Board or by any committee or by any person acting as a Director or member of a committee or any person duly authorised by the Board or any committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated their office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director, member of such committee or person so authorised.

OFFICERS

129. The Board may appoint any person whether or not he is a Director to hold such office as the Board may from time to time determine. Any person elected or appointed pursuant to this Bye-law shall hold office for such period and upon such terms as the Board may determine and the Board may revoke or terminate any such election or appointment. Any such revocation or termination shall be without prejudice to any claim for damages that such officer may have against the Company or the Company may have against such officer for any breach of any contract of service between him and the Company which may be involved in such revocation or termination. Save as provided in the Companies Acts or these Bye-laws, the powers and duties of the officers of the Company shall be such (if any) as are determined from time to time by the Board.

REGISTER OF DIRECTORS AND OFFICERS

130. The Secretary shall establish and maintain a register of the Directors and Officers of the Company as required by the Companies Acts. Every officer that is also a Director and the Secretary must be listed officers of the Company in the Register of Directors and Officers. The register of Directors and Officers shall be open to inspection in the manner prescribed by the Companies Acts between 10.00 a.m. and 12.00 noon on every working day.

MINUTES

131. The Directors shall cause minutes to be made and books kept for the purpose of recording:

(a) all appointments of officers made by the Directors;

(b) the names of the Directors and other persons (if any) present at each meeting of Directors and of any committee;

(c) of all proceedings at meetings of the Company, of the holders of any class of shares in the Company, and of committees;

(d) of all proceedings of managers (if any).

SECRETARY AND RESIDENT REPRESENTATIVE

132. The Secretary and Resident Representative, if necessary, shall be appointed by the Board at such remuneration (if any) and upon such terms as it may think fit and any Secretary so appointed may be removed by the Board.

133. The duties of the Secretary shall be those prescribed by the Companies Acts together with such other duties as shall from time to time be prescribed by the Board.

134. A provision of the Companies Acts or these Bye-laws requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in the place of, the Secretary.

THE SEAL

135. The Company may, but need not, have a Seal and one or more duplicate Seals for use in any place in or outside Bermuda.

136. If the Company has a Seal it shall consist of a circular metal device with the name of the Company around the outer margin thereof and the country and year of incorporation across the centre thereof.

137. The Board shall provide for the custody of every Seal, if any. A Seal shall only be used by authority of the Board or of a committee constituted by the Board. Subject to these Bye-laws, any instrument to which a Seal is affixed shall be signed by at least one Director or the Secretary, or by any person (whether or not a Director or the Secretary), who has been authorised either generally or specifically to attest to the use of a Seal.

138. The Secretary, a Director or the Resident Representative may affix a Seal attested with his signature to certify the authenticity of any copies of documents.

DIVIDENDS AND OTHER PAYMENTS

139. The Board may from time to time declare cash dividends or distributions out of contributed surplus to be paid to the Shareholders according to their rights and interests including such interim dividends as appear to the Board to be justified by the position of the Company. The Board may also pay any fixed cash dividend which is payable on any shares of the Company half yearly or on such other dates, whenever the position of the Company, in the opinion of the Board, justifies such payment.

140. Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide:

(a) all dividends or distributions out of contributed surplus may be declared and paid according to the amounts paid up on the shares in respect of which the dividend or distribution is paid, and an amount paid up on a share in advance of calls may be treated for the purpose of this Bye-law as paid-up on the share;

(b) dividends or distributions out of contributed surplus may be apportioned and paid pro rata according to the amounts paid-up on the shares during any portion or portions of the period in respect of which the dividend or distribution is paid.

141. The Board may deduct from any dividend, distribution or other moneys payable to a Shareholder by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company.

142. No dividend, distribution or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.

143. Any dividend, distribution, interest or other sum payable in cash to the holder of shares may be paid through or any relevant system for such payments, by cheque or warrant sent through the post addressed to the holder at his address in the Register or, in the case of joint holders, addressed to the holder whose name stands first in

the Register in respect of the shares at his registered address as appearing in the Register or addressed to such person at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first in the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends, distributions or other moneys payable or property distributable in respect of the shares held by such joint holders.

144. Any dividend or distribution out of contributed surplus unclaimed for a period of six years from the date of declaration of such dividend or distribution shall be forfeited and shall revert to the Company and the payment by the Board of any unclaimed dividend, distribution, interest or other sum payable on or in respect of the share into a separate account shall not constitute the Company a trustee in respect thereof.

145. The Board may direct payment or satisfaction of any dividend or distribution out of contributed surplus wholly or in part by the distribution of specific assets, and in particular of paid-up shares or debentures of any other company, and where any difficulty arises in regard to such distribution or dividend the Board may settle it as it thinks expedient, and in particular, may authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for distribution or dividend purposes of any such specific assets and may determine that cash payments shall be made to any Shareholders upon the footing of the values so fixed in order to secure equality of distribution and may vest any such specific assets in trustees as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Shareholders.

RESERVES

146. The Board may, before recommending or declaring any dividend or distribution out of contributed surplus, set aside such sums as it thinks proper as reserves which shall, at the discretion of the Board, be applicable for any purpose of the Company and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit. The Board may also without placing the same to reserve carry forward any sums which it may think it prudent not to distribute.

CAPITALISATION OF PROFITS

147. The Company may, upon the recommendation of the Board, at any time and from time to time pass a Resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund which is available for distribution or to the credit of any share premium account or any capital redemption reserve fund and accordingly that such amount be set free for distribution amongst the Shareholders or any class of Shareholders who would be entitled thereto if distributed by way of dividend and in the same proportions, on the footing that the same be not paid in cash but be applied either in or towards paying up amounts for the time being unpaid on any shares in the Company held by such Shareholders respectively or in payment up in full of unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid amongst such Shareholders, or partly in one way and partly in the other, and the Board shall give effect to such Resolution, provided that for the purpose of this Bye-law, a share premium account and a capital redemption reserve fund may be applied only in paying up of unissued shares to be issued to such Shareholders credited as fully paid and provided further that any sum standing to the credit of a share premium account may only be applied in crediting as fully paid shares of the same class as that from which the relevant share premium was derived.

RECORD DATES

148. Notwithstanding any other provision of these Bye-Laws, the Directors may fix any date as the record date for:

(a) determining the Shareholders entitled to receive any dividend or other distribution;

(b) determining the Shareholders entitled to receive notice of and to vote at any general meeting of the Company.

ACCOUNTING RECORDS

149. The Board shall cause to be kept accounting records sufficient to give a true and fair view of the state of the Company's affairs and to show and explain its transactions, in accordance with the Companies Acts.

150. The records of account shall be kept at the Registered Office or at such other place or places as the Board thinks fit, and shall at all times be open to inspection by the Directors: PROVIDED that if the records of account are kept at some place outside Bermuda, there shall be kept at an office of the Company in Bermuda such records

as will enable the Directors to ascertain with reasonable accuracy the financial position of the Company at the end of each three month period. No Shareholder (other than an officer of the Company) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the Board or by Resolution.

151. A copy of every balance sheet and statement of income and expenditure, including every document required by law to be annexed thereto, which is to be laid before the Company in general meeting, together with a copy of the auditors' report, shall be sent to each person entitled thereto in accordance with the requirements of the Companies Acts. Pursuant to Bye-law 116, the Board may delegate to the Finance Officer responsibility for the proper maintenance and safe keeping of all of the accounting records of the Company and (subject to the terms of any resolution from time to time passed by the Board relating to the extent of the duties of the Finance Officer) the Finance Officer shall have primary responsibility for (a) the preparation of proper management accounts of the Company (at such intervals as may be required) and (b) the periodic delivery of such management accounts to the Registered Office in accordance with the Companies Acts.

AUDIT

152. Save and to the extent that an audit is waived in the manner permitted by the Companies Acts, auditors shall be appointed and their duties regulated in accordance with the Companies Acts, any other applicable law and such requirements not inconsistent with the Companies Acts as the Board may from time to time determine.

SERVICE OF NOTICES AND OTHER DOCUMENTS

153. Any notice or other document (including a share certificate) may be served on or delivered to any Shareholder by the Company either personally or by sending it through the post (by airmail where applicable) in a pre-paid letter addressed to such Shareholder at his address as appearing in the Register or by delivering it to or leaving it at such registered address. In the case of joint holders of a share, service or delivery of any notice or other document on or to one of the joint holders shall for all purposes be deemed as sufficient service on or delivery to all the joint holders. Any notice or other document if sent by post shall be deemed to have been served or delivered two days after it was put in the post, and in proving such service or delivery, it shall be sufficient to prove that the notice or document was properly addressed, stamped and put in the post.

154. Any notice of a general meeting of the Company shall be deemed to be duly given to a Shareholder if it is sent to him by cable, telex, telecopier or other mode of representing or reproducing words in a legible and non-transitory form at his address as appearing in the Register or any other address given by him to the

Company for this purpose. Any such notice shall be deemed to have been served twenty-four hours after its despatch.

155. Any notice or other document shall be deemed to be duly given to a Shareholder if it is delivered to such Shareholder by means of an electronic record in accordance with Section 2A of the Principal Act.

156. Any notice or other document delivered, sent or given to a Shareholder in any manner permitted by these Bye-laws shall, notwithstanding that such Shareholder is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Shareholder as sole or joint holder unless his name shall, at the time of the service or delivery of the notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed as sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

ELECTRONIC COMMUNICATIONS

157. It shall be a term of issue of each share in the Company that each Shareholder shall provide the secretary or the registrar of the Branch Register with an email address for electronic communications by and with the Company and any notice or other document shall be deemed to be duly given to a Shareholder if it is delivered to such Shareholder by means of an electronic record in accordance with Section 2A of the Principal Act. A Shareholder may change such Shareholder's address for electronic communications by sending a notice to the Secretary.

158. The Company may establish an extranet or other similar facility (the "**Company Website**") and publish on the Company Website the Company's memorandum of association and Bye-laws, Register, register of directors and officers, notices of annual general meeting and special general meeting, proxy and voting forms, Shareholder resolutions in writing proposed for execution by voting shareholders, financial statements, prospectuses and circulars and any other documents of the Company required by the Principal Act to be provided to or accessible by Shareholders or which the Board wishes to make applicable to Shareholders.

159. An email sent to a Shareholder at the email address for such Shareholder provided pursuant to Bye-law 158 above notifying the Shareholder that the Company has published a document on the Company Website and which is otherwise in compliance with the provisions of Section 2A of the Principal Act shall constitute notice of publication of the document and the Company shall be deemed to have delivered the documents referred in the email to the Shareholder.

WINDING UP

160. If the Company shall be wound up, the liquidator may, with the sanction of a Resolution of the Company and any other sanction required by the Companies Acts, divide amongst the Shareholders in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purposes set such values as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trust for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Shareholder shall be compelled to accept any shares or other assets upon which there is any liability.

INDEMNITY

161. Subject to the provisions of Bye-law 171, no Director, Alternate Director, Officer, person or member of a committee authorised under Bye-law 119, Resident Representative of the Company or his heirs, executors or administrators shall be liable for the acts, receipts, neglects, or defaults of any other such person or any person involved in the formation of the Company, or for any loss or expense incurred by the Company through the insufficiency or deficiency of title to any property acquired by the Company, or for the insufficiency of deficiency of any security in or upon which any of the monies of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person with whom any monies, securities, or effects shall be deposited, or for any loss occasioned by any error of judgment, omission, default, or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in relation to the execution of his duties, or supposed duties, to the Company or otherwise in relation thereto.

162. Subject to the provisions of Bye-law 169, every Director, Alternate Director, Officer, person or member of a committee authorised under Bye-law 119, Resident Representative of the Company and their respective heirs, executors or administrators shall be indemnified and held harmless out of the funds of the Company to the fullest extent permitted by Bermuda law against all liabilities, loss, damage or expense (including but not limited to liabilities under contract, tort and statute or any applicable foreign law or regulation and all reasonable legal and other costs and expenses properly payable) incurred or suffered by him as such Director, Alternate Director, Officer, person or committee member or Resident Representative and the indemnity contained in this Bye-law shall extend to any person acting as such Director, Alternate Director, Officer, person or committee member or Resident Representative in the reasonable belief that he has been so appointed or elected notwithstanding any defect in such appointment or election.

163. Every Director, Alternate Director, Officer, person or member of a committee duly authorised under Bye-law 119, Resident Representative of the Company and their respective heirs, executors or administrators shall be indemnified out of the funds of the Company against all liabilities incurred by him as such Director, Alternate Director, Officer, person or committee member or Resident Representative in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, or in connection with any application under the Companies Acts in which relief from liability is granted to him by the court.

164. To the extent that any Director, Alternate Director, Officer, person or member of a committee duly authorised under Bye-law 119, Resident Representative of the Company or any of their respective heirs, executors or administrators is entitled to claim an indemnity pursuant to these Bye-laws in respect of amounts paid or discharged by him, the relative indemnity shall take effect as an obligation of the Company to reimburse the person making such payment or effecting such discharge.

165. The Board may arrange for the Company to be insured in respect of all or any part of its liability under the provision of these Bye-laws and may also purchase and maintain insurance for the benefit of any Directors, Alternate Directors, Officers, person or member of a committee authorised under Bye-law 119, employees or Resident Representatives of the Company in respect of any liability that may be incurred by them or any of them howsoever arising in connection with their respective duties or supposed duties to the Company. This Bye-law shall not be construed as limiting the powers of the Board to effect such other insurance on behalf of the Company as it may deem appropriate.

166. Notwithstanding anything contained in the Principal Act, the Company may advance moneys to an Officer or Director for the costs, charges and expenses incurred by the Officer or Director in defending any civil or criminal proceedings against them on the condition that the Director or Officer shall repay the advance if any allegation of fraud or dishonesty is proved against them.

167. Each Member agrees to waive any claim or right of action he might have, whether individually or by or in the right of the Company, against any Director, Alternate Director, Officer of the Company, person or member of a committee authorised under Bye-law 118, Resident Representative of the Company or any of their respective heirs, executors or administrators on account of any action taken by any such person, or the failure of any such person to take any action in the performance of his duties, or supposed duties, to the Company or otherwise in relation thereto.

168. The restrictions on liability, indemnities and waivers provided for in Bye-laws 161 to 168 inclusive shall not extend to any matter which would render the same void pursuant to the Companies Acts.

169. The restrictions on liability, indemnities and waivers contained in Bye-laws 161 to 168 inclusive shall be in addition to any rights which any person concerned may otherwise be entitled by contract or as a matter of applicable Bermuda law.

CONTINUATION

170. Subject to the Companies Acts, the Company may with the approval of the Board by resolution adopted by a majority of Directors then in office, approve the discontinuation of the Company in Bermuda and the continuation of the Company in a jurisdiction outside Bermuda.

ALTERATION OF BYE-LAWS

171. These Bye-laws may be amended from time to time in the manner provided for in the Companies Acts, provided that any such amendment shall only become operative to the extent that it has been confirmed by Resolution.

REQUIREMENT TO SUPPLY INFORMATION TO THE COMPANY

172. (1) It shall be a term of issue of any share in the Company that the Company may by notice in writing requires any registered shareholder to give such further informant as may be required in accordance with Bye-law 172.

(2) A notice under this Bye-law 172 may require the person to whom it is addressed:-

(a) to give particulars of his own past or present interest in shares comprised in relevant share capital of the Company;

(b) where the interest is a present interest and any other interest in the shares subsists to give (so far as lies within his knowledge) such particulars with respect to that other interest as may be required by the notice;

(c) where his interest is a past interest, to give (so far as lies within his knowledge) particulars of the identity of the person who held that interest immediately upon his ceasing to hold it.

(3) The particulars referred to in Bye-laws 172(2)(a) and 172(2)(b) include particulars of the identity of persons interested in the shares in question and of whether person interested in the same shares are or were parties to any agreement or arrangement relating to the exercise of any rights conferred by the holding of the shares.

(4) A notice under this Bye-law 172 must require any information given in response to the notice to be given in writing within such reasonable time as may be specified in the notice.

REMOVAL OF VOTING RIGHTS WHERE DEFAULT

173. (1) If any shareholder of the Company, or any other person appearing to be interested in shares held by such shareholder, has been duly served with a notice under Bye-law172 and is in default for the prescribed period in supplying to the Company the information thereby required, then (unless the Board otherwise determines) in respect of:-

(a) the shares comprising the shareholding account in the register of members of the company (including any branch register) which comprises or includes the shares in relation to which the default occurred (all or the relevant number as appropriate of such shares being the "default shares", which expression shall include any further shares which are issued in respect of such shares); and

(b) any other shares in the company held by the shareholder;

the shareholder shall not (for so long as the default continues) nor shall any transferee to whom any of such shares are transferred other than pursuant to an approved transfer pursuant to Bye-law 172 be entitled to vote either personally or by proxy at a shareholders' meeting or to exercise any other right conferred by virtue of being a shareholder in relation to shareholders' meetings of the Company.

174. (a) **Deemed interest where not the registered holder**

A person is taken to have an interest in shares of:-

(a) he enters into a contract for their purchase by him (whether for cash or other consideration); or

(b) not being the registered holder, he is entitled to exercise any right conferred by the holding of the shares or is entitled to control the exercise of any such right.

(b) **Further deemed interests**

A person is taken to have an interest in shares if, otherwise than by virtue of having an interest under a trust:-

(a) he has a right to call for delivery of the shares to himself or to his order; or

(b) he has a right to acquire an interest in shares or is under an obligation to take an interest in shares,

whether in any case the right or obligation is conditional or absolute.

(c) **Entitlement to exercise rights**

For purposes of Bye-law 174[●], a person is entitled to exercise or control the exercise of any right conferred by the holding of shares if he:-

(a) has a right (whether subject to conditions or not) the exercise of which would make him so entitled; or

(b) is under an obligation (whether so subject or not) the fulfillment of which would make him so entitled.

(d) **Joint interests**

Persons having a joint interest are taken each of them to have that interest.

(e) **Unidentifiable interests**

It is immaterial that shares in which a person has an interest are unidentifiable.

(f) **Restrictions on the exercise of rights ignored**

A reference to an interest in shares is to be read as including an interest of any kind whatsoever in the shares; and accordingly there are to be disregarded any restraints or restrictions to which the exercise of any right attached to the interest is or may be subject.

(g) A transfer of shares is an approved transfer if the Board is satisfied that the transfer is made pursuant to a bona fide sale of the whole of the beneficial ownership of the shares to a party unconnected with the shareholder or with any person appearing to be interested in such shares including any such sale made through the Listing Exchange.

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Borr Drilling Limited
Attn: Board of Directors
Thistle House
4 Burnaby Street
Hamilton HM11
Bermuda

Independent Auditor's Report on the Compilation of the Unaudited Pro Forma Financial Information Included in the Prospectus

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Borr Drilling Limited (the "Company") by the Board of Directors and Management of the Company. The unaudited pro forma financial information consists of the unaudited condensed pro forma consolidated balance sheet as of 31 December 2017, and related notes as set out in Section 11 of the Prospectus issued by the Company. The applicable criteria on the basis of which the Board of Directors and Management of the Company has compiled the unaudited pro forma financial information are specified in EU Regulation No 809/2004 as included in the Norwegian Securities Trading Act and described in Section 11 of the Prospectus.

The unaudited pro forma financial information has been prepared by the Board of Directors and Management of the Company for illustrative purposes only to show how the acquisition of all outstanding shares in Paragon Offshore Limited and the acquisition of five newbuild jack-up drilling rigs from Keppel FELS Limited (the "Transactions") by Borr Drilling Limited as set out in Section 11 of the Prospectus, might have affected the Company's consolidated balance sheet as of 31 December 2017, as if the Transactions had occurred at 31 December 2017. As part of this process, information about the Company's and the acquired entities' financial position has been extracted by the Board of Directors and Management of the Company from the consolidated financial information of the Company,the consolidated financial information of Paragon Offshore Limited as of 31 December 2017 and the acquisition agreement with Keppel FELS Limited.

The Board of Directors' and Management's Responsibility for the Pro Forma Financial Information

The Board of Directors' and Management are responsible for compiling the pro forma financial information on the basis of the requirements of EU Regulation No 809/2004 as included in the Norwegian Securities Trading Act.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Practitioner's Responsibilities

Our responsibility is to express an opinion, as required by Annex II item 7 of EU Regulation No 809/2004 about whether the unaudited pro forma financial information has been compiled by the Board of Directors and Management of the Company on the basis stated and that this basis is consistent with the accounting policies of the Company.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether the Board of Directors and Management of the Company has compiled the unaudited pro forma financial information on the basis stated in Section 11 of the Prospectus and whether this basis is consistent with the accounting policies of the Company.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of pro forma financial information included in a Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented at 31 December 2017.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors and Management of the Company in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria;
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- the unaudited pro forma financial information has been properly compiled on the basis stated in Section 11 of the Prospectus; and
- the basis is consistent with the accounting policies of the Company.

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This report is issued for the sole purpose of the Transactions. Our work has not been carried out in accordance with auditing, assurance or other standards and practices generally accepted in the United States and accordingly should not be used or relied upon as it had been carried out in accordance with those standard practices. Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Transactions described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any other transactions than the Transactions.

Stavanger, 25 May 2018
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorized Public Accountant

Paragon Offshore Limited

Financial Statements and Footnotes

For the period ended: December 31, 2017

The financial information contained in this report includes disclosures or adjustments in accordance with U. S. Generally Accepted Accounting Principles regarding material events that have occurred subsequent to December 31, 2017, and through the date of this report.

Report date: March 8, 2018

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Report of Independent Auditors

To the Management of Paragon Offshore Limited

We have audited the accompanying consolidated financial statements of Paragon Offshore plc and its subsidiaries (the "Predecessor" or "Company"), which comprise the consolidated balance sheet as of December 31, 2016 and the related consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows for the period from January 1, 2017 to July 18, 2017, and for each of the years ended December 31, 2016 and 2015.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Paragon Offshore plc and its subsidiaries as of December 31, 2016 and the results of their operations and their cash flows for the period from January 1, 2017 to July 18, 2017, and for each of the years ended December 31, 2016 and 2015 in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company filed a petition on February 14, 2016 with the United States Bankruptcy Court for the district of Delaware for reorganization under the provisions of Chapter 11 of the Bankruptcy Code. The Company's Fifth Joint Chapter 11 filing was substantially consummated on July 18, 2017 and the Company emerged from bankruptcy. In connection with its emergence from bankruptcy, the Company adopted fresh start accounting. Also as discussed in Note 1, the Company is in the process of winding down its operations, which raises substantial doubt about the Company's ability to continue as a going concern. Management's plans are discussed in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to these matters.

PricewaterhouseCoopers LLP

March 8, 2018

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Report of Independent Auditors

To the Board of Directors and Management of Paragon Offshore Limited

We have audited the accompanying consolidated financial statements of Paragon Offshore Limited and its subsidiaries (the "Successor" or "Company"), which comprise the consolidated balance sheet as of December 31, 2017 and the related consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for the period from July 18, 2017 to December 31, 2017.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Paragon Offshore Limited and its subsidiaries as of December 31, 2017 and the results of their operations and their cash flows for the period from July 18, 2017 to December 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, on July 18, 2017, Paragon Offshore Plc (the "Predecessor") transferred certain direct and indirect subsidiaries and certain other assets to the Company pursuant to the fifth amended plan of reorganization for debtors filed with the Bankruptcy Court. Also as discussed in Note 1 to the consolidated financial statements, the Company signed a tender agreement on February 22, 2018 to sell all of its outstanding shares to a third party. Our opinion is not modified with respect to these matters.

PricewaterhouseCoopers LLP

March 8, 2018

GLOSSARY OF CERTAIN DEFINED TERMS

Adjusted EBITDA	Net income (loss) before taxes plus interest expense, depreciation and amortization, losses on impairments, foreign currency losses, reorganization items, and other non-operating expenses less gains on the sale of assets, interest income and foreign currency gains
AOCL	Accumulated Other Comprehensive Loss
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Bankruptcy Code	United States Bankruptcy Code
Bankruptcy Court	United States Bankruptcy Court for the District of Delaware
Consensual Plan	Fifth amended plan of reorganization for the Debtors as filed with the Bankruptcy Court on May 2, 2017 which was confirmed on June 7, 2017 and which became effective on July 18, 2017 (as amended and supplemented)
Debt Facilities	The Predecessor's Revolving Credit Facility, Term Loan Facility and Senior Notes, collectively
Debtors	The Former Parent Company and the following subsidiaries: Paragon Offshore Finance Company, Paragon International Finance Company, Paragon Offshore Holdings US Inc., Paragon Offshore Drilling LLC, Paragon FDR Holdings Ltd., Paragon Duchess Ltd., Paragon Offshore (Luxembourg) S.à r.l., PGN Offshore Drilling (Malaysia) Sdn. Bhd., Paragon Offshore (Labuan) Pte. Ltd., Paragon Holding SCS 2 Ltd., Paragon Asset Company Ltd., Paragon Holding SCS 1 Ltd., Paragon Offshore Leasing (Luxembourg) S.à r.l., Paragon Drilling Services 7 LLC, Paragon Offshore Leasing (Switzerland) GmbH, Paragon Offshore do Brasil Ltda., Paragon Asset (ME) Ltd., Paragon Asset (UK) Ltd., Paragon Offshore International Ltd., Paragon Offshore (North Sea) Ltd., Paragon (Middle East) Limited, Paragon Holding NCS 2 S.à.r.l., Paragon Leonard Jones LLC, Paragon Offshore (Nederland) B.V., and Paragon Offshore Contracting GmbH
Distribution	The August 1, 2014 pro rata distribution by Noble to its shareholders of all the Predecessor's issued and outstanding ordinary shares. Noble shareholders received one ordinary share of the Predecessor for every three shares of Noble owned
Effective Date	July 18, 2017 and the date on which the Consensual Plan became effective and the Debtors emerged from the Paragon Bankruptcy cases
Exchange Act	United States Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
Former Parent Company	Paragon Offshore plc (in administration)
Joint Administrators	Two partners of Deloitte, LLP who, on May 23, 2017 were appointed by the English Court, pursuant to paragraph 13 of Schedule B1 to the Insolvency Act 1986 and following the May 17, 2017 filing of an administration application by the board of directors of the Predecessor, to be the joint administrators of the Former Parent Company.

Lessors	Subsidiaries of SinoEnergy Capital Management Ltd. who are parties to the Sale-Leaseback Transaction
LIBOR	London Interbank Offered Rate
New Term Loan Facility	The Successor's $85 million new senior first lien debt entered into on July 18, 2017 under the Amended and Restated Senior Secured Term Loan Agreement with the Secured Lenders with a maturity date on July 18, 2022
Noble	Noble Corporation plc
Noble Separation Agreements	Several definitive agreement entered into by the Predecessor with Noble or its subsidiaries in connection with the Spin-Off that, among other things, set forth the terms and conditions of the Spin-Off.
OPEC	Organization of Petroleum Exporting Countries
Paragon Bankruptcy cases	The chapter 11 cases commenced by the Debtors filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court on February 14, 2016
Petrobras	Petróleo Brasileiro S.A.
Predecessor	The Former Parent Company, together with its subsidiaries, prior to the Effective Date and predecessor of Paragon Offshore Limited and its subsidiaries
Prospector Bankruptcy cases	The chapter 11 cases commenced by the Prospector Debtors filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court on July 20, 2017
Prospector Debtors	The Former Parent Company, Prospector Offshore, Prospector Rig 1 Contracting Company S.à.r.l, and Prospector Rig 5 Contracting Company S.à.r.l
Prospector Group	Prospector Offshore and its direct and indirect subsidiaries
Prospector Offshore	Prospector Offshore Drilling S.à.r.l.
Revolving Credit Facility	The Predecessor's commitments in the amount of $800 million provided by a group of lenders on June 17, 2014 under a senior secured revolving credit agreement
Sale-Leaseback Transaction	Sale-leaseback agreements with subsidiaries of SinoEnergy Capital Management Ltd. for two high specification jackup units, *Prospector 1* and *Prospector 5,* entered into on July 24, 2015
SEC	United States Securities and Exchange Commission
Senior Notes	The Predecessor's 6.75% senior notes due in 2022 and 7.25% senior notes due in 2024, collectively
Spin-Off	The Predecessor's separation from Noble on August 1, 2014
Successor	Paragon Offshore Limited, together with its subsidiaries, on and subsequent to the Effective Date and successor of the Former Parent Company and its subsidiaries
Term Loan Facility	The Predecessor's $650 million term loan debt entered into on June 18, 2014 under the senior secured term loan agreement
Total S.A.	Total E&P U.K. Limited and Elf Exploration U.K. Limited
U.K.	United Kingdom

U.S. GAAP	Accounting principles generally accepted in the United States
VIE	Variable interest entity

PARAGON OFFSHORE LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Successor	Predecessor		
	July 18, 2017 to December 31, 2017	January 1, 2017 to July 18, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Operating revenues				
Contract drilling services	$ 54,651	$ 124,663	$ 574,976	$ 1,368,731
Labor contract drilling services	—	—	16,876	29,108
Reimbursables and other	1,380	4,760	44,324	94,589
	56,031	129,423	636,176	1,492,428
Operating costs and expenses				
Contract drilling services	78,702	96,853	360,783	769,373
Labor contract drilling services	—	(566)	13,691	20,599
Reimbursables	936	3,296	37,366	81,291
Depreciation and amortization	24,636	66,860	220,237	339,268
General and administrative	13,778	17,312	43,560	59,475
Loss on impairments	18,745	391	129,915	1,181,358
Gain on sale of assets, net	(833)	(1,383)	—	(13,217)
Gain on repurchase of long-term debt	—	—	—	(4,345)
	135,964	182,763	805,552	2,433,802
Operating loss before interest, reorganization items and income taxes	(79,933)	(53,340)	(169,376)	(941,374)
Interest expense, net	(2,952)	(39,610)	(77,271)	(130,036)
Other, net	986	3,452	(553)	(310)
Reorganization items, net	—	895,931	(70,670)	—
Other non-operating items	1,069	—	—	—
Earnings from equity method affiliate	1,519	—	—	—
Income (loss) before income taxes	(79,311)	806,433	(317,870)	(1,071,720)
Income tax benefit (provision)	1,371	2,078	(20,486)	72,108
Net income (loss)	$ (77,940)	$ 808,511	$ (338,356)	$ (999,612)
Net income attributable to non-controlling interest	—	—	—	(31)
Net income (loss) attributable to Paragon	$ (77,940)	$ 808,511	$ (338,356)	$ (999,643)
Income (loss) per share				
Basic and diluted	$ (15.58)	$ 8.94	$ (3.87)	$ (11.65)
Weighted-average shares outstanding				
Basic and diluted	5,002	88,892	87,534	85,785

See accompanying notes to the consolidated financial statements.

PARAGON OFFSHORE LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Successor	Predecessor		
	July 18, 2017 to December 31, 2017	January 1, 2017 to July 18, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Net income (loss)	$ (77,940)	$ 808,511	$ (338,356)	$ (999,612)
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments	—	2,977	(2,666)	(7,430)
Adjustments to pension plans	—	(82)	6,022	2,560
Total other comprehensive income (loss), net	—	2,895	3,356	(4,870)
Total comprehensive income (loss)	$ (77,940)	$ 811,406	$ (335,000)	$ (1,004,482)

See accompanying notes to the consolidated financial statements.

PARAGON OFFSHORE LIMITED
CONSOLIDATED BALANCE SHEETS
(In thousands)

	Successor	Predecessor
	December 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 149,096	$ 883,794
Restricted cash	5,776	8,707
Accounts receivable, net of allowance for doubtful accounts (Note 3)	34,037	65,644
Prepaid and other current assets	27,129	69,380
Total current assets	216,038	1,027,525
Property and equipment, at cost	270,819	2,336,504
Accumulated depreciation	(22,138)	(1,523,732)
Property and equipment, net	248,681	812,772
Investment in equity method affiliate	157,908	—
Restricted cash	—	37,880
Other long-term assets	9,914	25,554
Total assets	$ 632,541	$ 1,903,731
LIABILITIES AND EQUITY		
Current liabilities		
Current maturities of long-term debt	$ —	$ 29,737
Accounts payable and accrued expenses	27,150	61,853
Accrued payroll and related costs	27,347	43,683
Taxes payable	6,733	33,248
Interest payable	1,379	497
Other current liabilities	3,167	21,548
Total current liabilities	65,776	190,566
Long-term debt	86,370	165,963
Deferred income taxes	—	6,282
Other liabilities	10,766	29,114
Liabilities subject to compromise	—	2,344,563
Total liabilities	162,912	2,736,488
Commitments and contingencies (Note 18)		
Equity		
Predecessor Ordinary shares, $0.01 par value, 186,457,393 shares authorized; with 88,438,804 issued and outstanding as of December 31, 2016	—	884
Predecessor additional paid-in capital	—	1,438,265
Successor Ordinary Shares, $0.001 par value, 15,000,000 share authorized; with 5,017,556 issued and outstanding as of December 31, 2017	5	—
Successor additional paid-in capital	547,564	—
Accumulated deficit	(77,940)	(2,233,248)
Accumulated other comprehensive loss	—	(38,658)
Total shareholders' equity (deficit)	469,629	(832,757)
Total liabilities and equity	$ 632,541	$ 1,903,731

See accompanying notes to the consolidated financial statements.

PARAGON OFFSHORE LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In thousands)

		Ordinary Shares		Additional Paid-in Capital	Accumulated Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity (Deficit)	Non Controlling Interest	Total Equity (Deficit)
		Shares	Amount						
Predecessor	**Balance as of December 31, 2014**	84,753	$ 848	$ 1,423,153	$ (895,249)	$ (37,144)	$ 491,608	$ 2,641	$ 494,249
	Net income (loss)	—	—	—	(999,643)	—	(999,643)	31	(999,612)
	Adjustments to distribution by former parent	—	—	(9,493)	—	—	(9,493)	—	(9,493)
	Employee related equity activity:								
	Amortization of share-based compensation	—	—	16,089	—	—	16,089	—	16,089
	Vesting of restricted stock unit awards	1,273	12	(780)	—	—	(768)	—	(768)
	Acquisition of Prospector non-controlling interest	—	—	487	—	—	487	(2,672)	(2,185)
	Other comprehensive loss, net	—	—	—	—	(4,870)	(4,870)	—	(4,870)
Predecessor	**Balance as of December 31, 2015**	86,026	$ 860	$ 1,429,456	$ (1,894,892)	$ (42,014)	$ (506,590)	$ —	$ (506,590)
	Net loss	—	—	—	(338,356)	—	(338,356)	—	(338,356)
	Employee related equity activity:								
	Amortization of share-based compensation	—	—	9,009	—	—	9,009	—	9,009
	Vesting of restricted stock unit awards	2,413	24	(200)	—	—	(176)	—	(176)
	Other comprehensive income, net	—	—	—	—	3,356	3,356	—	3,356
Predecessor	**Balance as of December 31, 2016**	88,439	$ 884	$ 1,438,265	$ (2,233,248)	$ (38,658)	$ (832,757)	$ —	$ (832,757)
	Net income	—	—	—	808,511	—	808,511	—	808,511
	Employee related equity activity:								
	Amortization of share-based compensation	—	—	2,981	—	—	2,981	—	2,981
	Vesting of restricted stock unit awards	572	6	(31)	—	—	(25)	—	(25)
	Other comprehensive income, net	—	—	—	—	2,895	2,895	—	2,895
	Elimination of Predecessor equity	(89,011)	(890)	(1,441,215)	1,424,737	35,763	18,395	—	18,395
	Issuance of Successor equity	5,000	5	546,122	—	—	546,127	—	546,127
Predecessor	**Balance as of July 18, 2017**	5,000	$ 5	$ 546,122	$ —	$ —	$ 546,127	$ —	$ 546,127
Successor	**Balance as of July 18, 2017**	5,000	$ 5	$ 546,122	$ —	$ —	$ 546,127	$ —	$ 546,127
	Net loss	—	—	—	(77,940)	—	(77,940)	—	(77,940)
	Employee related equity activity:								
	Amortization of share-based compensation	—	—	1,994	—	—	1,994	—	1,994
	Vesting of restricted stock unit awards	18	—	(552)	—	—	(552)	—	(552)
Successor	**Balance as of December 31, 2017**	5,018	$ 5	$ 547,564	$ (77,940)	$ —	$ 469,629	$ —	$ 469,629

See accompanying notes to the consolidated financial statements.

PARAGON OFFSHORE LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Successor: July 18, 2017 to December 31, 2017	Predecessor: January 1, 2017 to July 18, 2017	Predecessor: Year Ended December 31, 2016	Predecessor: Year Ended December 31, 2015
Cash flows from operating activities				
Net income (loss)	$ (77,940)	$ 808,511	$ (338,356)	$ (999,612)
Adjustments to reconcile net income (loss) to net cash from operating activities:				
Depreciation and amortization	24,636	66,860	220,237	339,268
Earnings from equity method affiliate	(1,519)	—	—	—
Loss on impairments	18,745	391	129,915	1,181,358
Gain on sale of assets, net	(833)	(1,383)	—	(13,217)
Gain on repurchase of long-term debt	—	—	—	(4,345)
Deferred income taxes	(3,174)	(6,385)	24,010	(61,870)
Share-based compensation	1,994	1,348	9,441	16,193
Provision for doubtful accounts	—	—	—	39,239
Recoveries of doubtful accounts	—	—	(5,878)	—
Reorganization items and fresh start related adjustments, net	—	(895,931)	26,116	—
Other, net	—	1,231	1,081	—
Net change in other assets and liabilities (Note 19)	(21,650)	(65,713)	186,806	(13,281)
Net cash provided by (used in) operating activities	(59,741)	(91,071)	253,372	483,733
Cash flows from investing activities				
Capital expenditures	(10,500)	(5,413)	(43,405)	(202,909)
Change in accrued capital expenditures	2,802	(313)	(8,377)	(14,638)
Proceeds from sale of assets	8,363	2,800	—	30,816
Acquisition of Prospector Offshore Drilling S.A. non-controlling interest	—	—	—	(2,185)
Cash outflow related to deconsolidation of equity method affiliate	(20,173)	—	—	—
Cash outflow related to legal separation of Former Parent Company and its Liquidating Subsidiaries	—	(6,876)	—	—
Change in restricted cash	34,507	(41,595)	(18,557)	(15,528)
Net cash provided by (used in) investing activities	14,999	(51,397)	(70,339)	(204,444)
Cash flows from financing activities				
Net Activity – Revolving Credit Facility	—	—	—	11,000
Additional Borrowings – Revolving Credit Facility	—	—	—	543,500
Proceeds from Sale-Leaseback Financing, net	—	—	—	291,576
Repayments on Sale-Leaseback Financing	—	(32,463)	(72,810)	(28,854)
Payment of Secured Lender claims	—	(410,000)	—	—
Payment of Bondholders' claims	—	(105,000)	—	—
Repayment of Term Loan Facility	—	—	—	(6,500)
Repayment of Prospector Senior Credit Facility	—	—	—	(265,666)
Repayment of Prospector Bonds	—	—	—	(101,000)
Purchase of Senior Notes	—	—	—	(6,546)
Tax withholding on restricted stock units	—	(25)	—	—
Net cash provided by (used in) financing activities	—	(547,488)	(72,810)	437,510
Net change in cash and cash equivalents	(44,742)	(689,956)	110,223	716,799
Cash and cash equivalents, beginning of period	193,838	883,794	773,571	56,772
Cash and cash equivalents, end of period	$ 149,096	$ 193,838	$ 883,794	$ 773,571
Supplemental information for non-cash activities (Note 19)				

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—ORGANIZATION, CURRENT EVENTS, AND BASIS OF PRESENTATION

Paragon Offshore plc (in administration), (the "Former Parent Company"), (together with its subsidiaries) is the "Predecessor" of Paragon Offshore Limited (together with its subsidiaries, the "Successor"), a leading provider of standard specification offshore drilling services. Reference to "we," "us," "our" or the "Company" throughout the document is intended to mean the contract drilling operations and business conducted by both the Predecessor and Successor companies.

The Predecessor is a public limited company registered under the Companies Act 2006 of England. In July 2014, Noble Corporation plc ("Noble") transferred to the Predecessor the assets and liabilities (the "Separation") constituting most of Noble's standard specification drilling units and related assets, liabilities and business. On August 1, 2014, Noble made a pro rata distribution to its shareholders of all of the Predecessor's issued and outstanding ordinary shares (the "Distribution" and, collectively with the Separation, the "Spin-Off").

The Successor is an exempted company limited by shares incorporated under the laws of the Cayman Islands.

On July 18, 2017 (the "Effective Date"), the Successor acquired substantially all of the Predecessor's assets pursuant to the Consensual Plan which became effective and had been confirmed by the Bankruptcy Court on June 7, 2017 (as defined and described below). In connection with the Paragon Bankruptcy cases and the Consensual Plan, on and prior to the Effective Date, the Predecessor and certain of its subsidiaries effectuated certain restructuring transactions, pursuant to which the Predecessor formed Paragon Offshore Limited, as a wholly-owned subsidiary of the Predecessor. On the Effective Date, in order to separate the results and financial position of the Former Parent Company and its Liquidating Subsidiaries from the ongoing operational business, the Predecessor transferred to Paragon Offshore Limited certain direct and indirect subsidiaries and certain other assets of the Predecessor (excluding Prospector Offshore Drilling S.à r.l. ("Prospector Offshore") and its direct and indirect subsidiaries (collectively, the "Prospector Group")). In accordance with the Consensual Plan, the Former Parent Company and certain remaining subsidiaries (excluding the Prospector Group) (the "Liquidating Subsidiaries") will, in due course, be wound down and dissolved by the Joint Administrators in accordance with applicable law. The Successor will constitute the ongoing operational business after the Effective Date.

Our primary business is contracting our rigs, related equipment and work crews to conduct oil and gas drilling and workover operations for exploration and production customers on a dayrate basis around the world. We currently operate in significant hydrocarbon-producing geographies throughout the world, including the North Sea, the Middle East and India. Our fleet includes 22 jackups and one semisubmersible. This includes the Prospector Group's two high specification heavy duty/harsh environment jackups. As of December 31, 2017, our contract backlog was $200 million and includes contracts with national, international and independent oil and gas companies. Our contract backlog as of December 31, 2017 includes the Prospector Group's backlog of $8 million.

Paragon Offshore plc (in administration) Emergence from Bankruptcy

On February 14, 2016 (the "Petition date"), Paragon Offshore plc (in administration) and its Debtors commenced their chapter 11 cases (the "Paragon Bankruptcy cases") by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. During the bankruptcy proceedings, the Debtors operated their business as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court.

On May 2, 2017, as a result of a successful court-ordered mediation process with representatives of the lenders under the Revolving Credit Facility and the Term Loan Facility (collectively, the "Secured Lenders") and the holders of the Senior Notes (the "Bondholders"), the Predecessor filed its fifth amended plan of reorganization for the Debtors (the "Consensual Plan") with the Bankruptcy Court.

On May 17, 2017, the board of directors of the Predecessor filed an administration application with the High Court of Justice, Chancery Division, Companies Court of England and Wales (the "English Court") for the appointment of two partners of Deloitte LLP, as joint administrators of the Former Parent Company, and on May 23, 2017, the English Court granted an order, pursuant to paragraph 13 of Schedule B1 to the Insolvency Act 1986 appointing these partners as joint administrators (the "Joint Administrators") of the Former Parent Company. The power to manage the affairs, business and property of the Former Parent Company and the Liquidating Subsidiaries is vested in the Joint Administrators. The appointment of the Joint Administrators was a necessary component of the Consensual Plan.

On June 7, 2017, the Bankruptcy Court entered an order (the "Confirmation Order") confirming the Consensual Plan.

On July 18, 2017, the Effective Date, the Consensual Plan became effective pursuant to its terms and the Debtors emerged from the Bankruptcy Cases.

On the Effective Date, the following events occurred in connection with the effectiveness of the Consensual Plan:

- All outstanding obligations under the Senior Notes and the indenture governing such obligations were cancelled and discharged, and the Predecessor and certain of its subsidiaries were released from their respective obligations under the Revolving Credit Facility and the Term Loan Facility.

- The Predecessor, Successor, certain of the reorganized Debtors and the Joint Administrators entered into a Litigation Trust Agreement (the "Litigation Trust Agreement") with Drivetrain, LLC, as Litigation Trust Management, and certain members of a litigation trust committee, pursuant to which a trust (the "Litigation Trust") was established for the benefit of certain holders of allowed claims under the Consensual Plan. Pursuant to the Consensual Plan and the Confirmation Order, the Predecessor and the reorganized Debtors transferred to the Litigation Trust certain claims against Noble relating to the Predecessor's separation from Noble (the "Noble Claims"). In addition, Noble may assert damages against the Predecessor for indemnification amounts that would have been owed to Noble pursuant to the Noble Separation Agreements (as defined in Note 18, *"Commitments and Contingencies"*). Pursuant to the terms of the Litigation Trust Agreement, a subsidiary of the Successor agreed to provide the Litigation Trust with an interest-free delayed draw term loan of up to $10 million in cash to fund the reasonable costs and expenses associated with the administration of the Litigation Trust (the "Litigation Trust Term Loan"). The Litigation Trust may prosecute the Noble Claims and conduct such other action as described in and authorized by the Consensual Plan, make timely and appropriate distributions to the beneficiaries of the Litigation Trust and otherwise carry out the provisions of the Litigation Trust Agreement. None of the Predecessor, Successor or any of the reorganized Debtors is a beneficiary to, or investor in, the Litigation Trust.

- The Predecessor issued a distribution, pro rata, to each of the Secured Lenders (the "Secured Lender Distribution") and to each of the Bondholders (the "Bondholder Distribution"). The Secured Lender Distribution consisted of: (i) approximately $410 million in cash, (ii) allocation of new senior first lien debt in the original aggregate principal amount of $85 million maturing in 2022, (iii) 50% of the equity of the Successor, (iv) 50% of certain Class A interests in the Litigation Trust, which are entitled to a preferential right of recovery from the first $10 million of assets of the Litigation Trust (after giving effect to the repayment of the Litigation Trust Loan) (the "Class A Litigation Trust Interests") and (v) 25% of certain Class B interests in the Litigation Trust, which are entitled to distribution of the remaining assets of the Litigation Trust (the "Class B Litigation Trust Interests"). The Bondholder Distribution consisted of: (i) approximately $105 million in cash, (ii) 50% of the equity of the Successor, (iii) 50% of the Class A Litigation Trust Interests, (iv) 75% of the Class B Litigation Trust Interests, (v) payment of certain Bondholder professionals' fees and expenses and (vi) payment of up to $850,000 of reasonable and documented fees and expenses of the indentured trustee for the Bondholders.

- The Prospector Group was not transferred from the Predecessor to the Successor on the Effective Date; however, it will not be wound down and dissolved by the Joint Administrators. As such, the Prospector Group is intended to constitute part of our ongoing operational business after the Effective Date. Therefore, on the Effective Date, the Successor, Predecessor, and the Joint Administrators entered into a management agreement (the "Management Agreement"), pursuant to which the Successor has the economic benefit of and operational control over the Prospector Group subject to certain restrictions on the existing share pledges over Prospector Offshore. In addition, the Successor agreed to continue to procure the provision of management services to the Prospector Group while the Prospector Group remains held by the Predecessor. Further, pursuant to the Management Agreement, the Predecessor undertook to transfer the Prospector Group to the Successor at such time as the Successor obtains the consents required by the Sale-Leaseback Transaction to such transfer or such consent is no longer required (as described below). Because the Management Agreement grants the Successor control over the Prospector Group, under the variable interest entity ("VIE") accounting guidance, the Successor continued to consolidate the Prospector Group in its consolidated financial statements on the Effective Date.

- The Predecessor deregistered under the Exchange Act and suspended its SEC reporting obligations. The Predecessor's shares were not cancelled on the Effective Date. These shares do not represent the equity of the Successor nor any right to receive any equity or other interest in (or property of) the Successor as the

Predecessor and Successor are two separate and distinct entities. As of the date of this report, the shares of the Successor are not traded on any market and are worthless.

Following the Effective Date, the Predecessor held approximately $11 million of cash on trust to discharge the fees, expenses and disbursements of the administration of the Predecessor, including the fees and expenses of the Joint Administrators, and the wind down of the Former Parent Company and its Liquidating Subsidiaries, excluding the Prospector Group.

Prospector Chapter 11 Filing and Execution of the Settlement Agreement

The Prospector Group has an interest in two high specification jackup units, *Prospector 1* and *Prospector 5* (collectively, the "Prospector Rigs") pursuant to two sale-leaseback agreements (the "Lease Agreements") executed with subsidiaries of SinoEnergy Capital Management Ltd. (the "Lessors"). In connection with the Lease Agreements, the Predecessor's shares in Prospector Offshore (the "Prospector Shares") are pledged in favor of the Lessors. In order to transfer the Prospector Group to the Successor as contemplated by the Consensual Plan, the Successor must obtain a consent to the transfer from the Lessors.

On July 20, 2017, the Former Parent Company, Prospector Offshore, Prospector Rig 1 Contracting Company S.à r.l., and Prospector Rig 5 Contracting Company S.à r.l. (collectively, the "Prospector Debtors") commenced their chapter 11 cases (the "Prospector Bankruptcy cases") by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court in order to implement a restructuring plan to effectuate the transfer of the Prospector Group to the Successor.

During these proceedings, the Prospector Rigs have continued to be operated by the Successor under the Management Agreement without any impact to customers, suppliers, or employees. The Prospector Debtors have continued to operate their business as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code.

On February 15, 2018, the Former Parent Company entered into a consensual settlement agreement (the "Settlement Agreement") with the Lessors. Under the terms of the Settlement Agreement, the Lessors will be paid certain agreed amounts totaling approximately $135 million, representing the outstanding principal balance on the Lease Agreements with the Lessors, lease termination fees, expenses, and a consent fee, in exchange for which the Lessors will cause ownership of the Prospector Rigs to be transferred to the Successor. On March 5, 2018, the Bankruptcy Court approved the Settlement Agreement. We intend to complete our obligations under the Settlement Agreement, including the pay off of the sale-leaseback and acquisition of the Prospector rigs, and dismiss the related bankruptcy cases, as soon as possible.

Acquisition by Borr Drilling

On February 22, 2018, we signed a tender offer agreement (the "Tender Offer Agreement") with Borr Drilling Limited ("Borr"), a public limited liability company incorporated under the laws of Bermuda and listed on the Oslo Stock Exchange, pursuant to which, on the terms and subject to the conditions thereof, Borr agreed to commence a tender offer to acquire all of our outstanding shares (the "Shares") at a purchase price of $42.28 per share (the "Offer"). The Offer commenced on February 26, 2018 and will remain open for 20 business days (the "Offer Period"). The Offer Period is expected to expire at 12:01 A.M. Eastern Time on March 24, 2018, unless extended (such date, including any extension, being referred to as the "Expiration Date"). The transaction is expected to close on March 27, 2018, subject to the satisfaction of the Offer conditions. The conditions, among other customary conditions include, that (a) at least 3,361,763 Shares, representing at least 67% of the outstanding Shares have been validly tendered and not withdrawn before the Expiration Date, (b) no material adverse change shall have occurred prior to closing, and (c) we shall have completed all actions necessary to acquire ownership of the Prospector Rigs and the Prospector Group. The Offer is not subject to financing conditions.

In connection with, and as a condition to Borr's willingness to enter into and perform its obligations under the Tender Offer Agreement, Borr entered into individual tender support agreements (each, a "Tender Support Agreement"), with certain of our shareholders (the "Tendering Shareholders"). Subject to the terms and conditions of each Tender Support Agreement, the Tendering Shareholders have agreed, among other things, to irrevocably tender all of their Shares pursuant to the Offer. The Tendering Shareholders beneficially own, in the aggregate, 3,407,072 Shares, representing approximately 67.9% of the total outstanding Shares as of February 21, 2018.

Basis of Presentation and Fresh-Start Accounting

Upon emergence from bankruptcy on the Effective Date, we adopted fresh-start accounting in accordance with ASC 852, which resulted in the Predecessor becoming a new Successor entity for financial reporting purposes. As such, fresh-start accounting is reflected in the accompanying consolidated balance sheet as of December 31, 2017 and fresh-start adjustments are included in the accompanying statement of operations for the period from January 1, 2017 through July 18, 2017.

All financial information presented prior to the Effective Date represents the consolidated results of operations, financial position and cash flows of the Predecessor. All financial information presented after the Effective Date represents the consolidated results of operations, financial position and cash flows of the Successor. As a result of the application of fresh-start accounting and the effects of the implementation of the Consensual Plan, the Successor's financial statements subsequent to July 18, 2017 are not comparable to the Predecessor's financial statements prior to that date.

The accompanying consolidated financial statements have been prepared assuming that we will continue as a going concern and contemplate the realization of assets and the satisfaction of liabilities in the normal course of business.

NOTE 2—NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU No. 2014-09 ("ASU 2014-09"), which creates ASC Topic 606, *Revenue from Contracts with Customers* and supersedes the revenue recognition requirements in Topic 605 and industry-specific standards that currently exist under U.S. GAAP. The amendments in this ASU are intended to provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices and improve disclosure requirements. This ASU can be adopted either retrospectively or as a cumulative-effect adjustment as of the date of adoption. In March, April, May and November 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, ASU No. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow Scope Improvements and Practical Expedients,* and ASU 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*, respectively. These updates clarify important aspects of the guidance and improve its operability and implementation. ASC Topic 606 is effective for private company financial statements issued for annual reporting periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019. We are evaluating the provisions of ASU 2014-09, concurrently with the provisions of ASU 2016-02 (defined below) since we have determined that our drilling contracts contain a lease component, and our adoption of ASU 2016-02, therefore, will require that we separately recognize revenues associated with lease and nonlease components. Nonlease components or the provision of contract drilling services will be accounted for under ASU 2014-09. We are in the process of reviewing our revenue streams under these ASUs and have identified a subset of contracts that we believe are representative of our operations and have initiated an analysis of the related performance obligations and pricing arrangements in such contracts. We are still evaluating methods of adoption and what impact the adoption of this guidance will have on our financial condition, results of operations, cash flows or financial disclosures which will be based on contract-specific facts and circumstances that could introduce variability to the timing of our revenue recognition relative to current accounting standards.

In February 2016, the FASB issued ASU No. 2016-02, which creates ASC Topic 842, *Leases (*"ASU 2016-02"). This ASU requires an entity to separate lease components from nonlease components in a contract. The lease components would be accounted for under ASU 2016-02, which requires lessees to recognize a right-of-use asset and a lease liability for capital and operating leases with lease terms greater than twelve months. Lessors must align certain requirements with the updates to lessee accounting standards and potentially derecognize a leased asset and recognize a net investment in the lease. This ASU also requires key qualitative and quantitative disclosures by lessees and lessors to help users of financial statements better understand the amount, timing and uncertainty of cash flows arising from leases. This update is effective for private company financial statements issued for annual reporting periods beginning after December 15, 2019, and interim reporting periods within fiscal years beginning after December 15, 2020. A modified retrospective approach is required. Under this ASU, we have determined that our drilling contracts contain a lease component, and our adoption, therefore, will require that we separately recognize revenues associated with the lease and service components. We are evaluating the provisions of ASU 2016-02, concurrently with the provisions of ASU 2014-09 and expect to adopt both updates concurrently in 2019. We are still evaluating what impact the adoption of this guidance will have on our financial condition, results of operations, cash flows or financial disclosures.

In June 2016, the FASB issued ASU No. 2016-13, which creates ASC Topic 326, *Financial Instruments - Credit Losses*. The new guidance introduces new accounting models for expected credit losses on financial instruments and applies to: (1) loans, accounts receivable, trade receivables and other financial assets measured at amortized cost, (2) loan commitments and certain other off-balance sheet credit exposures, (3) debt securities and other financial assets measured at fair value through other comprehensive income, and (4) beneficial interests in securitized financial assets. The scope of the new guidance is broad and is designed to improve the current accounting models for the impairment of financial assets. The guidance is effective for private company financial statements issued for annual reporting periods beginning after December 15, 2020, and interim periods within that reporting period. Early adoption is permitted for annual reporting periods beginning after December 15, 2018, and interim periods within that reporting period. A modified retrospective approach is required. We are evaluating what impact the adoption of this guidance will have on our financial condition, results of operations, cash flows or financial disclosures.

In August 2016 the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, a consensus of the FASB's Emerging Issues Task Force. The new guidance is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The ASU addresses how the following cash transactions are presented: (1) debt prepayment or debt extinguishment costs; (2) settlement of zero-coupon debt instruments; (3) contingent consideration payments made after a business combination; (4) proceeds from the settlement of insurance claims; (5) proceeds from the settlement of corporate-owned life insurance policies; (6) distributions received from equity method investments; and (7) beneficial interests in securitization transactions. The ASU also addresses how to present cash receipts and cash payments that have aspects of multiple cash flow classifications. The guidance is effective for private company financial statements issued for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted provided that all of the amendments are adopted in the same period. The guidance requires application using a retrospective transition method. We do not expect that our adoption will have a material impact on our cash flows or financial disclosures.

In October 2016 the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*. This ASU requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. Consequently, the amendments in this ASU eliminate the exception for an intra-entity transfer of an asset other than inventory. The guidance is effective for private company financial statements issued for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted for all entities as of the beginning of an annual reporting period for which financial statements (interim or annual) have not been made available for issuance. This ASU should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Predecessor early adopted this guidance on a modified retrospective basis for the quarter ended March 31, 2017, and it had no impact on prior periods as reported in our financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and restricted cash. The new guidance is intended to reduce diversity in practice on the presentation of restricted cash in the statement of cash flows. The guidance is effective for private company financial statements issued for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. This ASU should be applied using a retrospective transition method to each period presented. We are evaluating what impact the adoption of this guidance will have on our financial condition, results of operations, cash flows or financial disclosures.

In January 2017 the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*. The amendments in this update provide a more robust framework to use in determining when a set of assets and activities is a business. The objective of this ASU is to add guidance that will assist entities in evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses and may affect many areas of accounting including acquisitions, disposals, goodwill and consolidations. The guidance is effective for private company financial statements issued for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The amendments in this update should be applied prospectively on or after the effective date. No disclosures are required at transition. We do not expect that our adoption will have a material impact on our financial condition, results of operations, cash flows or financial disclosures and the impact will be based on whether it is necessary for us to determine if we have acquired or sold a business in any period after the effective date.

In February 2017, the FASB issued ASU No. 2017-05, O*ther Income - Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets* which will be effective at the same time as ASC Topic 606. ASU No. 2017-05 clarifies the scope, definition and accounting of a financial asset that meets the definition of an "in-substance nonfinancial asset" and adds guidance for partial sales of nonfinancial assets. We are evaluating what impact the adoption of this guidance will have on our financial condition, results of operations, cash flows or financial disclosures.

In March 2017 the FASB issued ASU No. 2017-07, *Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The amendments in this update require that an employer disaggregate the service cost component from the other components of net benefit cost and provide guidance on how to present the service cost component and the other components of net benefit cost in the income statement. The guidance is effective for private company financial statements issued for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The amendment for the service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost should be applied

retrospectively. We do not expect that our adoption will have a material impact on our financial condition, results of operations, cash flows or financial disclosures.

NOTE 3—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

We consolidate entities in which we have a majority voting interest and entities that meet the criteria for variable interest entities for which we are deemed to be the primary beneficiary for accounting purposes, except for certain subsidiaries that were deconsolidated on July 20, 2017 as a result of their voluntary filing for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. Accordingly, we apply the equity method of accounting for an investment if we have the ability to exercise significant influence over an entity that meets the variable interest entity criteria, but for which we are not deemed to be the primary beneficiary. A primary beneficiary requires both the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses and the right to receive benefits from the VIE that potentially could be significant to the VIE. In accordance with U.S. GAAP, when a subsidiary whose financial statements were previously consolidated becomes subject to the control of a government, court, administrator or regulator (including filing for protection under the Bankruptcy Code), whether solvent or insolvent, deconsolidation of that subsidiary is generally required.

We eliminate intercompany transactions and accounts in consolidation, including certain subsidiaries that were deconsolidated on July 20, 2017 and are reported as "Investment in equity method affiliate" and "Earnings from equity method affiliate" on the Successor's consolidated financial statements.

Reorganization and Fresh-Start Accounting

In connection with filing chapter 11 of the Bankruptcy Code on February 14, 2016, we are subject to the requirements of FASB ASC 852, *Reorganizations* ("ASC 852"). ASC 852 is applicable to companies under bankruptcy protection and requires amendments to the presentation of key financial statement line items. ASC 852 generally does not change the manner in which financial statements are prepared. However, it does require that the financial statements for periods subsequent to the filing of the Paragon Bankruptcy cases distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business.

Revenues, expenses, realized gains and losses, and provisions for losses that can be directly associated with the reorganization of the business and bankruptcy proceedings must be reported separately as reorganization items in the consolidated statements of operations. The balance sheets as of the Petition date and just prior to emergence from bankruptcy, must distinguish pre-petition liabilities subject to compromise from both those pre-petition liabilities that are not subject to compromise and from post-petition liabilities. Liabilities subject to compromise are pre-petition obligations that are not fully secured and that have at least a possibility of not being repaid at the full claim amount by the plan of reorganization. Liabilities subject to compromise must be reported at the amounts expected to be allowed by the Bankruptcy Court, even if they may be settled for lesser amounts as a result of the plan of reorganization.

Upon emergence from bankruptcy on the Effective Date, we adopted fresh-start accounting in accordance with ASC 852, which resulted in the Predecessor becoming a new Successor entity for financial reporting purposes. We qualified for fresh-start accounting because (1) the reorganization value of our assets immediately prior to confirmation was less than the post-petition liabilities and allowed claims and (ii) the holders of existing voting shares of the Predecessor received less than 50% of the voting shares of the post-emergence Successor entity.

Upon adoption of fresh-start accounting, our assets and liabilities were recorded at their fair values as of the Effective Date. The Effective Date fair values of our assets and liabilities differed materially from the recorded values of our assets and liabilities as reflected in our historical consolidated balance sheets. The effects of the Consensual Plan and the application of fresh-start accounting were reflected in our consolidated balance sheet as of the Effective Date and the related adjustments thereto were recorded in the Predecessor's consolidated statement of operations as reorganization items for the period from January 1, 2017 through July 18, 2017.

The Successor's consolidated balance sheets and consolidated statement of operations subsequent to July 18, 2017 are not comparable to the Predecessor's consolidated balance sheets and statement of operations prior to the Effective Date. As a result, our consolidated financial statements and related notes are presented with a black line division which delineates the lack of comparability between the amounts presented on or after July 18, 2017 and dates prior. Our financial results for future periods following the application of fresh-start accounting are different from historical trends and differences may be material.

Operating Revenues and Expenses

Our typical dayrate drilling contracts require our performance of a variety of services for a specified period of time. We determine progress towards completion of the contract by measuring efforts expended and the cost of services required to perform under a drilling contract, as the basis for our revenue recognition. Revenues generated from our dayrate basis drilling contracts and labor contracts are recognized on a per day basis as services are performed and begin upon the contract commencement, as defined under the specified drilling or labor contract. Dayrate revenues are typically earned, and contract drilling expenses are typically incurred ratably over the term of our drilling contracts. We review and monitor our performance under our drilling contracts to confirm the basis for our revenue recognition. Revenues from bonuses are recognized when earned.

It is typical in our dayrate drilling contracts to receive compensation and incur costs for mobilization, equipment modification, or other activities prior to the commencement of the contract. Any such compensation may be paid through a lump-sum payment or other daily compensation. Pre-contract compensation and costs are deferred until the contract commences. The deferred pre-contract compensation and costs are amortized, using the straight-line method, into income over the term of the initial contract period, regardless of the activity taking place. This approach is consistent with the economics for which the parties have contracted. Once a contract commences, we may conduct various activities, including drilling and well bore related activities, rig maintenance and equipment installation, movement between well locations or other activities.

In connection with our adoption of fresh-start accounting upon emergence from bankruptcy on July 18, 2017, a gain of approximately $1.3 million was recorded to write-off deferred mobilization revenues; therefore, we reported no deferred revenues as of December 31, 2017. Deferred revenues from drilling contracts totaled $2.1 million as of December 31, 2016. Such amounts are included in either "Other current liabilities" or "Other liabilities" in our Consolidated Balance Sheet as of December 31, 2016, based upon the expected time of recognition of such deferred revenues. In connection with our adoption of fresh-start accounting upon emergence from bankruptcy on July 18, 2017, a loss of approximately $1.5 million was recorded to write-off the balance of deferred mobilization costs; therefore, we reported no deferred costs as of December 31, 2017. Deferred costs associated with deferred revenues from drilling contracts totaled $3 million as of December 31, 2016. Such amounts are included in either "Prepaid and other current assets" or "Other assets" in our Consolidated Balance Sheets as of December 31, 2016, based upon the expected time of recognition of such deferred costs.

We record reimbursements from customers for "out-of-pocket" expenses as revenues and the related direct cost as operating expenses.

Cash and Cash Equivalents and Restricted Cash

We consider all highly liquid investments with maturities of three months or less to be cash equivalents. The following table reflects the short-term and long-term restricted cash balances included in our Consolidated Balance Sheets as of December 31, 2017 and December 31, 2016.

(In thousands)	Successor December 31, 2017	Predecessor December 31, 2016
Capital expenditure reserve for Sale-Leaseback Transaction [1]	$ —	$ 3,003
Operating reserve for Sale-Leaseback Transaction [1]	—	5,204
Escrow restricted for the future payment of bankruptcy professional fee claims and general unsecured creditor claims	5,108	—
Other	668	500
Total short-term restricted cash	**$ 5,776**	**$ 8,707**
Rental reserve for Sale-Leaseback Transaction [2]	—	28,617
Outstanding performance bond	—	9,263
Total long-term restricted cash	**$ —**	**$ 37,880**

(1) Our short-term restricted cash balance as of December 31, 2017 does not include $8 million related to the restricted cash balance of the deconsolidated Prospector Group held to satisfy the capital expenditure and operating reserve requirements of our Sale-Leaseback Transaction. See Note 6, "*Investment in Equity Method Affiliate*."

(2) Our long-term restricted cash balance as of December 31, 2017 does not include $33 million related to the restricted cash balance of the deconsolidated Prospector Group held to satisfy the rental reserve requirements of our Sale-Leaseback Transaction. See Note 6, "*Investment in Equity Method Affiliate.*"

Allowance for Doubtful Accounts

We utilize the specific identification method for establishing and maintaining allowances for doubtful accounts. We review accounts receivable on a quarterly basis to determine the reasonableness of the allowance. We monitor the accounts receivable from our customers for any collectability issues. An allowance for doubtful accounts is established based on reviews of individual customer accounts, recent loss experience, current economic conditions, and other pertinent factors.

In connection with our adoption of fresh-start accounting upon emergence from bankruptcy, the carrying value of our trade receivables was adjusted to fair value, eliminating the Successor's allowance for doubtful accounts as of July 18, 2017. We had no allowance for doubtful accounts as of December 31, 2017. Our allowance for doubtful accounts was $25 million as of December 31, 2016. Our Predecessor and Successor had an immaterial amount of bad debt expense and no recoveries for the year ended December 31, 2017. Our Predecessor had $6 million of recoveries and $13 million of write-offs for the year ended December 31, 2016 compared to bad debt expense of $38 million for the years ended December 31, 2015. Bad debt expense and recoveries are reported as a component of "Contract drilling services operating costs and expenses" in our Consolidated Statements of Operations.

Long-lived Assets and Impairments

The carrying amount of our property and equipment, consisting primarily of offshore drilling rigs and related equipment, are based on our estimates, assumptions and judgments relative to capitalized costs, useful lives and salvage values of our rigs. These estimates, assumptions and judgments reflect both historical experience and expectations regarding future industry conditions and operations.

Successor property and equipment were recorded at fair value upon adoption of fresh-start accounting. Accumulated depreciation and impairment were therefore reset to zero as of that date. Subsequent purchases of major replacements and improvements have been recorded at cost.

When assets are sold, retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and a gain or loss is recognized. Property and equipment are depreciated using the straight-line method over their estimated useful lives as of the date placed in service or date of major refurbishment.

Scheduled maintenance of equipment is performed based on the number of hours operated in accordance with our preventative maintenance program. Routine repair and maintenance costs are charged to expense as incurred.

The amount of depreciation expense we record is dependent upon certain assumptions, including an asset's estimated useful life, rate of consumption and corresponding salvage value. We periodically review these assumptions and may change one or more of these assumptions. Changes in our assumptions may require us to recognize, on a prospective basis, increased or decreased depreciation expense. In connection with the adoption of fresh-start accounting, the useful lives for drilling rigs and equipment were reset based on fair value assumptions and standardization of rig components. The new useful lives of the drilling rig components range between 3 and 30 years.

In accordance with our policy, the estimated useful lives of our property and equipment are as follows:

	Years
Drilling rigs	7 - 30
Drilling machinery and equipment	3 - 5
Other	3 - 10

We evaluate the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For assets classified as held and used, we determine recoverability by evaluating the estimated undiscounted future net cash flows based on projected dayrates and utilization. An impairment loss on our long-lived assets exists when the estimated undiscounted cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. For property and equipment whose carrying values are determined not to be

recoverable, we calculate an impairment loss as a difference between the fair value and carrying amount. We estimate the fair values by applying either an income approach, using projected discounted cash flows, or a market approach. Estimates of discounted future cash flows typically include (i) discrete financial forecasts, which rely on management's estimates of revenue and operating expenses, (ii) long-term growth rates, and (iii) estimates of useful lives of the assets. Such estimates of future discounted cash flows are highly subjective and are based on numerous assumptions about future operations and market conditions. In a market approach, the fair value would be based on unobservable third-party estimated prices that would be received in exchange for the assets in an orderly transaction between market participants.

Fair Value Measurements

We estimate fair value at a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market for the asset or liability, respectively. Our valuation techniques require inputs that we categorize using a three-level hierarchy, from highest to lowest level of observable inputs, as follows:

(1) Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets,
(2) Level 2 - Direct or indirect observable inputs, including quoted prices or other market data, for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, and
(3) Level 3 - Unobservable inputs that require significant judgment for which there is little or no market data.

When multiple input levels are required for a valuation, we categorize the entire fair value measurement according to the lowest level of input that is significant to the measurement even though we may have also utilized significant inputs that are more readily observable.

Our cash and cash equivalents, accounts receivable and accounts payable are by their nature short-term. As a result, the carrying values included in the accompanying Consolidated Balance Sheets approximate fair value.

Foreign Currency

Our reporting currency is the U.S. dollar. All subsidiaries of the Predecessor and Successor maintain their books and records in their functional currency. The functional currency of the Predecessor was primarily the U.S. dollar. The functional currency is the U.S. dollar for all our Successor's operations. We therefore define foreign currency transactions as any transaction denominated in a currency other than the U.S. dollar. Monetary assets and liabilities denominated in a foreign currency are measured to U.S. dollars at the rate of exchange in effect as of each respective period end; items of income and expense are measured at average monthly rates; and property and equipment and other non-monetary assets are measured at historical rates. Realized and unrealized gains and losses on foreign currency transactions are recorded in "Other, net" on our Consolidated Statement of Operations.

Certain Significant Estimates and Contingent Liabilities

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. On an ongoing basis, the Company evaluates its estimates, including those related to allowance for doubtful accounts, long-lived asset impairment, useful lives for depreciation, income taxes, insurance claims, employment benefits and contingent liabilities. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions.

Income Taxes

We operate through various subsidiaries in numerous countries throughout the world. Due to our global presence, we are subject to tax laws, policies, treaties and regulations, as well as the interpretation or enforcement thereof, in the U.K., the U.S., and any other jurisdictions in which we or any of our subsidiaries operate, were incorporated, or otherwise considered to have a tax presence. Our income tax expense is based upon our interpretation of the tax laws in effect in various countries at the time that the expense was incurred. If the taxing authorities do not agree with our assessment of the effects of such laws, policies, treaties and regulations, or the interpretation or enforcement thereof, this could have a material adverse effect on us including

the imposition of a higher effective tax rate on our worldwide earnings or a reclassification of the tax impact of our significant corporate restructuring transactions.

In certain jurisdictions, we have recognized deferred tax assets and liabilities. Judgment and assumptions are required in determining whether deferred tax assets will be fully or partially utilized. When we estimate that all or some portion of certain deferred tax assets such as net operating loss carryforwards will not be utilized, we establish a valuation allowance for the amount ascertained to be unrealizable. We continually evaluate strategies that could allow for future utilization of our deferred tax assets. Any change in the ability to utilize such deferred tax assets will be accounted for in the period of the event affecting the valuation allowance. If facts and circumstances cause us to change our expectations regarding future tax consequences, the resulting adjustments could have a material effect on our financial results or cash flow.

In certain circumstances, we expect that, due to changing demands of the offshore drilling markets and the ability to redeploy our offshore drilling units, certain units will not reside in a location long enough to give rise to future tax consequences. As a result, no deferred tax asset or liability has been recognized in these circumstances. Should our expectations change regarding the length of time an offshore drilling unit will be used in a given location, we will adjust deferred taxes accordingly.

Earnings/Loss per Share

Our unvested share-based payment awards, which contain non-forfeitable rights to dividends, are participating securities and are included in the computation of earnings per share pursuant to the "two-class" method. The "two-class" method allocates undistributed earnings between ordinary shares and participating securities; however, in a period of net loss, losses are not allocated to our participating securities. The diluted earnings per share calculation under the "two-class" method would also include the dilutive effect of potential shares issued in connection with stock options. The dilutive effect of stock options would be determined using the treasury stock method. The diluted earnings per share calculation under the two class method is the same as our basic earnings per share calculation since we currently have no stock options or other potentially dilutive securities outstanding.

Subsequent Events

The Company's consolidated financial statements were evaluated for subsequent events through March 8, 2018, the date the consolidated financial statements were available to be issued.

Reclassifications

Certain amounts in prior periods have been reclassified to conform to the current year presentation. Such reclassifications did not have a material effect on our consolidated statement of financial position, results of operations or cash flows.

NOTE 4 — FRESH-START ACCOUNTING

Upon emergence from bankruptcy on the Effective Date, we adopted fresh-start accounting in accordance with ASC 852, which requires the Successor to allocate its reorganization value to the fair value of assets in conformity with the guidance for the acquisition method of accounting for business combinations.

Reorganization Value

Reorganization value represents the fair value of the Successor's total assets and is intended to approximate the amount a willing buyer would pay for the assets immediately before restructuring.

Enterprise value represents the estimated fair value of an entity's interest-bearing debt and shareholders' equity after adjustment for certain cash items. As part of the Consensual Plan and prior to the Effective Date, an independent financial advisor estimated a range of enterprise values of approximately $550 million and $675 million, with a midpoint of $612.5 million. As discussed below, on the Effective Date, using numerous projections and assumptions, we estimated an enterprise value of $557 million which was within the range provided by the independent financial advisor and approved by the Bankruptcy Court.

The following table reconciles the enterprise value to the estimated fair value of the Successor's ordinary shares issued as of the Emergence date.

(In thousands)		
Enterprise value	**$**	**556,760**
Plus: Cash and cash equivalents		193,838
Plus: Prospector Group long-term restricted cash		32,286
Less: Fair value of new senior first lien debt issued to the Secured Lenders		(85,000)
Less: Fair value of Sale-Leaseback Transaction		(151,757)
Fair value of Successor ordinary shares issued upon emergence	**$**	**546,127**

A reconciliation of the reorganization value is provided in the table below. The estimated enterprise value, after adding cash (including long-term restricted cash) plus the estimated fair values of all the Successor's non-debt liabilities, is intended to approximate the reorganization value.

(In thousands)		
Enterprise value	**$**	**556,760**
Plus: Cash and cash equivalents		193,838
Plus: Prospector Group long-term restricted cash		32,286
Plus: Current liabilities		108,918
Plus: Other liabilities		11,622
Reorganization value of Successor assets	**$**	**903,424**

Reorganization value and enterprise value were estimated using numerous projections and assumptions that are inherently subject to significant uncertainties and resolution of contingencies that are beyond our control. Accordingly, those estimates are not necessarily indicative of actual outcomes, and there can be no assurance that the estimates, projections or assumptions will be realized.

In order to estimate the enterprise value of the Successor, we relied on the net asset value method (the "NAV Method"), a form of cost approach. The NAV Method is a valuation technique commonly used in the valuation of asset intensive businesses and consists of adjusting the book value of the assets and liabilities to fair value. The results of adjusting certain items to fair value is reflected in the column "Fresh-Start Adjustments" in the balance sheets below.

The discounted cash flow method (the "DCF Method") was used to corroborate our concluded enterprise value under the NAV Method. The DCF Method estimates the value of a business by calculating the present value of expected future unlevered after-tax free cash flows to be generated by such business. This analysis is supported through a comparison of indicated values resulting from the use of other valuation techniques including a comparison of financial multiples implied by the estimated enterprise value to a range of multiples of publicly held companies with similar characteristics.

The financial projections used to estimate the expected future unlevered after-tax free cash flows were based on our 5-year forecast. The projections were prepared by management based on a number of estimates including various assumptions regarding the anticipated future performance of the Successor, industry performance, general business and economic conditions and other matters, many of which are beyond our control. The DCF Method also includes assumptions of the weighted average cost of capital (the "Discount Rate"), an estimate of residual growth for both revenues and expenses to reflect the period beyond the 5-year plan, and a terminal value based on a terminal EBITDA multiple. The Discount Rate is calculated by weighting the after-tax required returns on debt and equity by their respective percentages of total capital and resulted in a Discount Rate of 12.0%. Because we are expected to operate into perpetuity, we calculated a terminal value using an EBITDA multiple that we believe represents the enterprise value at the end of a discrete projection period.

Consolidated Effective Date Balance Sheet

The adjustments set forth in the following consolidated balance sheets:

(i) reflect the effect of the consummation of the transactions contemplated by the Consensual Plan (reflected in the column "Reorganization Adjustments") which includes the restructuring transactions to wind down and dissolve the Former Parent Company and its Liquidating Subsidiaries by the Joint Administrators in accordance with the applicable law;

(ii) reflect the effect to legally separate the results and financial position of the Former Parent Company and its Liquidating Subsidiaries from the ongoing operational business after the Effective Date. The Former Parent Company and its Liquidating Subsidiaries will, in due course, be wound down and dissolved by the Joint Administrators in accordance with applicable law (reflected in the column "In Administration Restructuring"); and

(iii) reflect the fair value adjustments as a result of the adoption of fresh-start accounting (reflected in the column "Fresh-Start Adjustments").

The explanatory notes highlight methods used to determine fair values or other amounts of the assets and liabilities as well as significant assumptions or inputs.

(In thousands)	Predecessor July 18, 2017	Reorganization Adjustments	In Administration Restructuring	Fresh-Start Adjustments	Successor July 18, 2017
ASSETS					
Current assets					
Cash and cash equivalents	$ 778,640	$ (577,925) (a)	$ (6,877) (i)	$ —	$ 193,838
Restricted cash	6,819	39,783 (a)	—	—	46,602
Accounts receivable, net	52,253	—	(607) (i)	9,408 (j)	61,054
Due from Former Parent Company and Liquidating Subsidiaries	—	11,439 (b)	—	—	11,439
Prepaid and other current assets	50,084	—	(12,638) (i)	8,647 (k)	46,093
Total current assets	887,796	(526,703)	(20,122)	18,055	359,026
Property and equipment, at cost	2,330,383	—	(54,985) (i)	(1,763,953) (l)	511,445
Accumulated depreciation	(1,578,329)	—	47,880 (i)	1,530,449 (l)	—
Property and equipment, net	752,054	—	(7,105)	(233,504) (l)	511,445
Restricted cash	41,560	(9,274) (b)		—	32,286
Other long-term assets	22,964	—	(7,826) (i)	(14,471) (m)	667
Total assets	$ 1,704,374	$ (535,977)	$ (35,053)	$ (229,920)	$ 903,424
LIABILITIES AND EQUITY					
Current liabilities					
Current maturities of long-term debt	$ 28,344	$ —	$ —	$ —	$ 28,344
Accounts payable and accrued expenses	75,962	(4,527) (c)	(4,725) (i)	—	66,710
Accrued payroll and related costs	35,207	—	(3,001) (i)	—	32,206
Taxes payable	11,251	—	(5,764) (i)	578 (j)	6,065
Interest payable	3,272	(3,261) (d)	—	—	11
Other current liabilities	11,160	—	(6,032) (i)	(1,202) (n)	3,926
Total current liabilities	165,196	(7,788)	(19,522)	(624)	137,262
Long-term debt	135,261	85,000 (e)	—	(11,848) (o)	208,413
Other liabilities	26,528	—	(14,480) (i)	(426) (n)	11,622
Liabilities subject to compromise	2,379,355	(2,379,355) (f)	—	—	—
Total liabilities	2,706,340	(2,302,143)	(34,002)	(12,898)	357,297
Predecessor ordinary shares	890	—	(890) (i)	—	—
Successor ordinary shares	—	5 (g)	—	—	5
Predecessor additional paid-in capital	1,441,215	—	(1,441,215) (i)	—	—
Successor additional paid-in capital	—	546,122 (g)	—	—	546,122
Accumulated deficit	(2,408,308)	1,220,039 (h)	1,424,737 (i)	(236,468) (q)	—
Accumulated other comprehensive loss	(35,763)	—	16,317 (i)	19,446 (p)	—
Total shareholders' equity (deficit)	(1,001,966)	1,766,166	(1,051)	(217,022)	546,127
Total liabilities and equity	$ 1,704,374	$ (535,977)	$ (35,053)	$ (229,920)	$ 903,424

(a) Reflects payments and the funding of escrow accounts on the Effective Date from implementation of the Consensual Plan:

(In thousands)		
Payment of Secured Lender claims	$	(410,000)
Payment of Bondholders' claims		(105,000)
Payment of final interest to Secured Lenders		(3,261)
Payment of professional fee claims		(8,984)
Payment to operating and contingency escrow accounts of the Joint Administrators		(10,702)
Payment of lending related fees		(195)
Total payments	**$**	**(538,142)**
Funding of professional fee claims escrow (Restricted cash)		(34,783)
Funding of general unsecured claims escrow (Restricted cash)		(5,000)
Total funding of escrow accounts (Restricted cash)	**$**	**(39,783)**
Total payment and reclassification of Cash and cash equivalents	**$**	**(577,925)**

(b) Pursuant to the Consensual Plan, following the Effective Date, the Successor maintains claims that are receivable in cash from the Former Parent Company and its Liquidating Subsidiaries, in the amount of $11.4 million. Of this amount, $9.3 million was held as restricted cash by the Former Parent Company.

(c) Reflects adjustment to and reclassification of claims accruals associated with liabilities subject to compromise balance on the Effective Date. Unpaid claims accrual amounts relate to general unsecured creditor, administrative expense and rejected contract claims. Also, reflects payment of professional fees incurred during the pendency of the bankruptcy proceedings as indicated in (a).

(d) Reflects payment of final interest to Secured Lenders as indicated in (a).

(e) Reflects the fair value issuance of new senior first lien debt to the Secured Lenders in the original aggregate principal amount of $85 million maturing in 2022 in connection with the Consensual Plan.

(f) Reflects the settlement of Liabilities subject to compromise in accordance with the Consensual Plan as follows:

(In thousands)		
Revolving Credit Facility	$	709,100
Predecessor Term Loan Facility		641,875
Senior Notes due 2022, bearing fixed interest at 6.75% per annum		456,572
Senior Notes due 2024, bearing fixed interest at 7.25% per annum		527,010
Interest payable on Senior Notes		37,168
General unsecured creditor claim		7,630
Liabilities subject to compromise of the Predecessor	**$**	**2,379,355**
Cash payment of Secured Lender claims		(410,000)
Cash payment of Bondholders' claims		(105,000)
Fair value of new senior first lien debt issued to the Secured Lenders		(85,000)
Fair value of new equity issued to the Secured Lenders and Bondholders		(546,127)
Adjustment of general unsecured creditor claim and rejected contract claim accruals		(4,457)
Gain on settlement of Liabilities subject to compromise (debt forgiveness)	**$**	**1,228,771**

(g) Represents the issuance of new equity, 50% of 5,000,000, $0.001 par value shares, to each of the Secured Lenders and the Bondholders, respectively, in connection with the Consensual Plan.

(h) Reflects the cumulative impact of reorganization adjustments discussed above:

(In thousands)	Earnings/(deficit)
Gain on settlement of liabilities subject to compromise (f)	$ 1,228,771
Reorganization expense for the payment of lending related fees (a)	(195)
Reorganization expense for the payment to operating and contingency escrow accounts of the Joint Administrators (a)	(10,702)
Reorganization gain for receivable from Former Parent Company and Liquidating Subsidiaries (b)	2,165
Net impact to retained earnings	**$ 1,220,039**

(i) Reflects the legal separation of the Former Parent Company and its Liquidating Subsidiaries and their related balances as of July 18, 2017. Such balances are removed from the ongoing operational business of the Successor after the Effective Date. The Former Parent Company and its Liquidating Subsidiaries will, in due course, be wound down and dissolved by the Joint Administrators in accordance with applicable law.

(j) Represents adjustment of third party receivable balance and withholding taxes payable to estimated fair value as a result of a signed settlement agreement on outstanding litigation for which collection is considered to be highly probable. Estimated fair value is based on the face amount of the receivable per the settlement agreement due to the short-term nature of the receivable which will be collected in January 2018.

(k) Represents the adjustments of deferred mobilization costs to an estimated zero fair value as well as a fair value adjustment for a favorable contract. A market analysis of all contracts was performed at the Effective Date to determine if we had any off-market contracts. The purchase price adjustment that was recorded on the *Prospector 5* contract as of the date of the Predecessor's acquisition of the Prospector Group was re-evaluated and it was determined that the actual contract dayrate continued to be significantly greater than the current market dayrate as of the Effective Date. The fair value adjustment was determined using the income approach and the estimated Discount Rate. The resulting fair value adjustment will be amortized through Contract Drilling Services Revenue of the Prospector Group on a straight-line basis over the term of the contract through November 2017.

(l) An adjustment of $234 million (after consideration for the separation of the Former Parent Company and Liquidating Subsidiaries' property and equipment, net balance of approximately $7 million) was recorded to decrease the net book value of property and equipment to estimated fair value. In conjunction with the adjustment to fair value, accumulated depreciation was eliminated and depreciable lives were revised downward to reflect the remaining lives of the assets at fair value. The fair value of our fleet was determined utilizing the income approach and market approach depending on the circumstances of each rig. The DCF Method under the income approach estimates the future cash flows that an asset is expected to generate and was used for those rigs forecasted to operate into the future. Future cash flows are converted to a present value equivalent using the estimated Discount Rate. The key assumptions used for the DCF Method were consistent with those used to determine the reorganization value disclosed above. For rigs in the process of being sold for scrap, management's estimated salvage values were used as an indication of fair value. For rigs that are currently stacked, and for which management intends to hold for the indefinite future in the hope of future contracts, but without a specific operating forecast, or rigs with a letter of intent from potential buyers, we relied on the market approach using either broker estimates or purchase prices, respectively, to approximate fair value. Drilling machinery and equipment and other includes our capital spares, leasehold improvements, office and technology equipment. The fair value of drilling machinery and equipment and other was based on management's estimates. The components of property and equipment, net for the Predecessor carrying value as of July 18, 2017 and the Successor fair value at July 18, 2017 are summarized in the following table:

(In thousands)	Successor July 18, 2017	Predecessor July 18, 2017
Drilling rigs	$ 481,530	$ 685,134
Drilling machinery and equipment and other	29,915	66,920
Property and equipment, net	**$ 511,445**	**$ 752,054**

(m) Represents the adjustments of deferred equipment survey and inspection costs, deferred mobilization costs, and the indicated loss recorded on our Sale-Leaseback Transaction to an estimated zero fair value. In addition, amount includes the fair value adjustment for our defined benefit pension plan balance. See (n) below.

(n) Represents the adjustments of deferred mobilization revenue to an estimated zero fair value. In addition, amount includes the fair value adjustment of the liability related to our defined benefit pension plans. See (m) above.

(o) Represents the adjustment of the outstanding capital lease obligation on the Sale-Leaseback Transaction to estimated fair value. The long-term lease agreements were valued by discounting the remaining rental payments based on the rate of return associated with the level of risk of future financing options of the Successor.

(p) Represents the adjustment to AOCL, including deferred pension actuarial losses and cumulative translation adjustment, to reflect as zero upon emergence.

(q) Reflects the cumulative impact of fresh-start adjustments, in order of the items discussed above:

(In thousands)	Earnings/(deficit)
Third party receivable balance, net of withholding taxes payable fair value adjustment (j)	$ 8,830
Deferred mobilization expense write-off (k)(m)	(1,534)
Favorable contract fair value adjustment (k)	10,047
Property and equipment fair value adjustment (l)	(233,504)
Deferred equipment survey and inspection cost write-off (l)	(4,443)
Indicated loss on Sale-Leaseback Transaction write-off (m)	(4,385)
Deferred mobilization revenue write-off (n)	1,329
Defined benefit pension plan adjustment (m)(n)	(5,210)
Obligation on Sale-Leaseback Transaction fair value adjustment (o)	11,848
Adjustment to AOCL - pension actuarial loss (p)	(14,410)
Adjustment to AOCL - cumulative translation adjustment (p)	(5,036)
Net impact to retained earnings (deficit)	**$ (236,468)**

NOTE 5—PROPERTY AND EQUIPMENT AND OTHER ASSETS

Property and equipment consists of drilling rigs, drilling machinery and equipment and other property and equipment.

(In thousands)	Successor December 31, 2017	Predecessor December 31, 2016
Drilling rigs	$ 234,494	$ 1,463,199
Drilling rigs under Sale-Leaseback Transaction	—	469,018
Drilling machinery and equipment	23,933	345,172
Other	12,392	59,115
Property and equipment, at cost	270,819	2,336,504
Less: Accumulated depreciation	(22,138)	(1,496,006)
Less: Accumulated amortization under Sale-Leaseback Transaction	—	(27,726)
Property and equipment, net	$ 248,681	$ 812,772

Successor depreciation expense was $25 million for July 18, 2017 to December 31, 2017. Predecessor depreciation expense was $67 million for the period from January 1, 2017 to July 18, 2017 and $220 million and $339 million for the years ended December 31, 2016 and 2015, respectively. This includes depreciation expense for underwater inspection in lieu of drydocking costs ("UWILD"). UWILD costs are capitalized in "Other long-term assets" on the Consolidated Balance Sheet. Amortization of our leased drilling rigs under the Sale-Leaseback Transaction is recorded in depreciation expense for the years ended December 31, 2016 and 2015.

As a result of the deconsolidation of the Prospector Group on July 20, 2017, the Prospector Rigs, our leased drilling rigs under the Sale-Leaseback Transaction, are not consolidated in the Successor's "Property and equipment, net." The net book value for the Prospector Rigs, included in "Investment in equity method affiliate" on our Consolidated Balance Sheet as of December 31, 2017 was $215 million. Also excluded from the Successor's "Property and equipment, net" is approximately $2 million of assets held for sale. This amount is included in "Other current assets" on the Consolidated Balance Sheet and comprises the net book value of the *Paragon L1115* and *Paragon M842*. The *Paragon C20052*, *Paragon M821*, *Paragon L1116*, *Paragon L1113*, *Paragon B301*, *Paragon L781*, *Paragon L1114*, and the *Paragon L785* were also classified as assets held for sale with no net book value. The *Paragon L1115* was sold in January 2018 to a third party for approximately $2 million. The *Paragon M821*, *Paragon L1116*, *Paragon L1113*, *Paragon B301*, *Paragon L781*, *Paragon L1114* were sold together in February 2018 to a third party for a total of approximately $4 million. The *Paragon M842* and *Paragon C20052* was also sold in February 2018 to a third party for approximately $5 million.

Amortization of our leased drilling rigs under the Sale-Leaseback Transaction was recorded in depreciation expense during the Predecessor period. Predecessor amortization of the Prospector Rigs was $11 million for January 1, 2017 to July 18, 2017, and $19 million and $19 million for the years ended December 31, 2016 and 2015, respectively. Successor depreciation expense for the Prospector rigs, included in "Earnings from equity method affiliate" on our Consolidated Statement of Operations for the period from July 20, 2017 to December 31, 2017 was $2 million.

Our capital expenditures totaled $11 million for the Successor period from July 18, 2017 to December 31, 2017 and $5 million, $52 million and $218 million for the Predecessor period from January 1, 2017 to July 18, 2017 and the years ended December 31, 2016 and 2015, respectively. Included in accounts payable were $5 million and $2 million of capital accruals as of December 31, 2017 and 2016, respectively.

Loss on Impairment

In connection with the application of fresh-start accounting on July 18, 2017, we recorded fair value adjustments disclosed in Note 4, *"Fresh-Start Accounting"*.

In addition, during the fourth quarter ended December 31, 2017, we identified indicators of impairment, including the failure to secure contract tenders on two jackups and viable options, including letters of intent from potential buyers, to sell other rigs. These indicators required us to perform an impairment assessment of our fleet of drilling rigs. Based on this analysis, we recognized an impairment loss of $19 million on three jackups for the Successor period from July 18, 2017 to December 31,

2017. We recorded an impairment loss of $0.4 million on one jackup for the Predecessor period from January 1, 2017 to July 18, 2017.

During the year ended December 31, 2016, we identified indicators of impairment in the fourth quarter of 2016, including the possibility for the continued reduction in contracting activity from the delay in our emergence from bankruptcy after the Bankruptcy Court denied confirmation of our Original Plan; no significant improvement in the drilling market in 2016 coupled with our decision to exit our operations in Brazil; and a change in the Company's strategy to focus on fewer markets and utilize a smaller fleet. Because of these indicators, we concluded that triggering events existed, which required us to perform an impairment assessment of our fleet of drilling rigs. We determined the fair value of our fleet using a market approach (for scrap or stacked rigs) and an income approach (for operating rigs) utilizing a weighted average cost of capital of approximately 14% and significant unobservable inputs, representative of a Level 3 fair value measurement, including the following assumptions and estimates:

- dayrate revenues by rig;
- utilization rate by rig if active, warm stacked or cold stacked (expressed as the actual percentage of time per year that the rig would be used at certain dayrates);
- revenue escalation rates and factors;
- operating costs and related days and downtime percentages for each rig if active, warm stacked or cold stacked;
- estimated annual capital expenditures and costs for rig replacements and/or enhancement programs;
- estimated maintenance, inspection or other costs associated with a rig returning to work;
- remaining useful life and salvage value for each rig; and
- estimated proceeds that may be received on disposition of a rig.

The underlying assumptions for utilization and dayrate scenarios were developed using a methodology that examines historical data for each rig, which considers the rig's age, rated water depth and other attributes and then assesses its future marketability in light of the current and projected market environment at the time of assessment. Other assumptions, such as operating, maintenance and inspection costs, are estimated using historical data adjusted for known developments and future events that are anticipated by management at the time of the assessment. Management's assumptions are necessarily subjective and are an inherent part of our asset impairment evaluation, and the use of different assumptions could produce results that differ from those reported. Management's assumptions involve uncertainties about future demand for our services, dayrates, expenses and other future events, and management's expectations may not be indicative of future outcomes. Significant unanticipated changes to these assumptions could materially alter our analysis in testing an asset for potential impairment. For example, changes in market conditions that exist at the measurement date or that are projected by management could affect our key assumptions. Other events or circumstances that could affect our assumptions may include, but are not limited to, a further sustained decline in oil and gas prices, cancellations of our drilling contracts or contracts of our competitors, contract modifications, costs to comply with new governmental regulations, growth in the global oversupply of oil and geopolitical events, such as lifting sanctions on oil-producing nations.

We compared the carrying value of each rig to its relative recoverable value determined using undiscounted cash flow projections for each rig. For each rig with a carrying value in excess of its undiscounted cash flows, we computed its impairment based on the difference between the carrying value and fair value of the rig. Based on this analysis and other operational analyses, we determined that two floaters, six jackups, and certain capital spares were impaired. In aggregate, we recognized non-cash impairment losses of approximately $130 million during the year ended December 31, 2016, which is included in "Loss on impairments" in our Consolidated Statements of Operations.

During the year ended December 31, 2015, we identified triggering events, including the downward movement of crude oil prices, the release of the *Paragon DPDS2*, the increased probability of lower activity in Brazil and Mexico and the resultant projected declines in dayrates and utilization. These indicators required us to perform an impairment assessment of our fleet of drilling rigs. Based on that analysis and other operational analysis, we recognized an impairment loss of $1.1 billion on five floaters, sixteen jackups, certain capital spares and the deposits related to the three high specification jackups for the year ended December 31, 2015.

Goodwill Impairment

Goodwill related to the Company's previous acquisitions was included on the balance sheet as of December 31, 2014 and therefore required assessment during the year ended December 31, 2015. As of December 31, 2017, 2016 and 2015, we had no goodwill.

For purposes of evaluating goodwill, we have a single reporting unit, which represents our Contract Drilling Services provided by our fleet of mobile offshore drilling units. Given the events that impacted the Company during the year ended December 31, 2015, including the decrease in contractual activities, a sustained decline in the Company's market capitalization and credit rating downgrades, the Company concluded that there were sufficient indicators to require a goodwill impairment analysis during the fourth quarter of 2015 in conjunction with our annual goodwill assessment. Based on this analysis, the Company determined goodwill was impaired and recognized a non-cash impairment charge of approximately $37 million for the year ended December 31, 2015, which is included in "Loss on impairments" in our Consolidated Statements of Operations.

Sales of Assets, net

For the period from July 18, 2017 to December 31, 2017, the Successor recorded a pre-tax net gain on the sale of assets of $1 million related to our sales of the *Paragon DPDS1*, *Paragon DPDS2*, *Paragon DPDS3* and the *Paragon L1111* subsequent to the Effective Date. The *Paragon MDS1* and *Paragon MSS3* were also sold subsequent to the Effective Date with no net gain on sale. These rigs were sold to unrelated third parties for total net proceeds of approximately $8 million. For the period from January 1, 2017 to July 18, 2017, the Predecessor recorded a pre-tax net gain on the sale of assets of $1 million related to our sales of the *Paragon L782* and *Paragon L783* prior to the Effective Date. The *Paragon B153* and *Paragon MSS2* were also sold prior to the Effective Date with no net gain on sale. These rigs were sold to unrelated third parties for total net proceeds of approximately $3 million.

For the pendency of the bankruptcy proceedings during the year ended December 31, 2016, we did not have any asset sales.

For the year ended December 31, 2015, the Predecessor recorded a pre-tax net gain on the sale of assets of $13 million primarily related to our sale of the *Paragon M822* for $24 million to an unrelated third party. In connection with the sale, we recorded a pre-tax gain of approximately $17 million. This gain was offset by the sale of drill pipe that we would no longer utilize in our operations and for which we recorded a pre-tax loss of approximately $4 million.

NOTE 6— INVESTMENT IN EQUITY METHOD AFFILIATE

The Prospector Group was not transferred from the Predecessor to the Successor on the Effective Date; however, it will not be wound down and dissolved by the Joint Administrators. As such, the Prospector Group is intended to constitute part of our ongoing operational business. On the Effective Date, the Prospector Group remained held by the Predecessor; however, pursuant to the Management Agreement, the Successor has the power to direct the activities that most significantly impact the Prospector Group's economic performance, and the obligation to absorb losses and the right to receive benefits that could potentially be significant to the Prospector Group. As a result, the Prospector Group is a VIE for accounting purposes for which the Successor is the primary beneficiary, and as of the Effective Date, the Successor continued to consolidate the Prospector Group in our consolidated financial statements.

On July 20, 2017, the Prospector Debtors commenced the Prospector Bankruptcy cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court in order to implement a restructuring plan to effectuate the transfer of the Prospector Group to the Successor. In accordance with U.S. GAAP, when a subsidiary whose financial statements were previously consolidated (as the Prospector Group's were with ours) becomes subject to the control of a government, court, administrator or regulator (including filing for protection under the Bankruptcy Code), whether solvent or insolvent, deconsolidation of that subsidiary is generally required. Accordingly, the Prospector Group is no longer fully consolidated with the Successor subsequent to the Prospector Debtors' voluntarily filing for reorganization on July 20, 2017. Our investment in the Prospector Group is recorded under the equity method of accounting effective July 20, 2017. The equity method requires us to present the net assets of the Prospector Group at July 20, 2017 as an investment and recognize the income or loss from the Prospector Group in our results of operations during the reorganization period. As a result of fresh-start accounting on the Effective Date, we did not record a gain or loss on the deconsolidation of the Prospector Group since the Prospector Group's net assets approximated fair value on July 20, 2017. When the Prospector Group emerges from the jurisdiction of the Bankruptcy Court, the subsequent accounting will be determined based upon the applicable circumstances and facts at such time.

The financial statements below represent the condensed consolidated financial statements of the Prospector Group. The financial statements below have been prepared assuming that the Prospector Group will continue as a going concern and contemplate the realization of assets and the satisfaction of liabilities in the normal course of business. The Prospector Group's ability to continue as a going concern is contingent upon the Bankruptcy Court's approval of it's financial restructuring as

described above. This represents a material uncertainty related to events and conditions that raises substantial doubt on the Prospector Group's ability to continue as a going concern and, therefore, the Prospector Group may be unable to utilize its assets and discharge its liabilities in the normal course of business.

During the period that the Prospector Group is operating as debtors-in-possession under chapter 11 of the Bankruptcy Code, it may sell or otherwise dispose of or liquidate assets or settle liabilities, subject to the approval of the Bankruptcy Court or as otherwise permitted in the ordinary course of business (and subject to restrictions in the Lease Agreements), for amounts other than those reflected in the financial statements below. Further, the results of the financial restructuring could materially change the amounts and classifications of assets and liabilities reported in these financial statements. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities or any other adjustments that might be necessary should the Prospector Group be unable to continue as a going concern.

Intercompany transactions among the Prospector Group have been eliminated in the financial statements presented below. Intercompany transactions between the Prospector Group and the Successor are included in the Prospector Group's financial statements presented below. However, "Investment in equity method affiliate" as reported on the Successor's Consolidated Balance Sheet as of December 31, 2017 and "Earnings from equity method affiliate" as reported on the Successor's Consolidated Statement of Operations for the Successor period from July 20, 2017 to December 31, 2017 do not include intercompany transactions between the Prospector Group and the Successor, which eliminate upon consolidation of the two, respectively.

PROSPECTOR GROUP'S CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(DEBTOR-IN-POSSESSION)
(Unaudited)
(In thousands)

	July 20, 2017 to December 31, 2017
Operating revenues	
Contract drilling services	$ 28,902
Reimbursables and other	1,818
	30,720
Operating costs and expenses	
Contract drilling services	11,082
Contract drilling services - affiliate	6,750
Reimbursables	1,227
Depreciation and amortization (Note 5)	6,529
General and administrative	485
	26,073
Operating income before interest, reorganization items and income taxes	4,647
Interest expense, net	(5,973)
Other, net	(185)
Reorganization items, net	(3,480)
Loss before income taxes	(4,991)
Income tax provision	(240)
Net Loss	$ (5,231)

PROSPECTOR GROUP'S CONDENSED CONSOLIDATED BALANCE SHEET
(DEBTOR-IN-POSSESSION)
(Unaudited)
(In thousands)

	December 31, 2017
ASSETS	
Current assets	
Cash and cash equivalents	$ 23,408
Restricted cash	7,867
Accounts receivable, net of allowance for doubtful accounts	6,858
Prepaid and other current assets	912
Total current assets	39,045
Property and equipment, at cost	221,768
Accumulated depreciation	(7,168)
Property and equipment, net (Note 5)	214,600
Restricted cash	33,053
Other assets	120
Total assets	$ 286,818
LIABILITIES AND EQUITY	
Current liabilities	
Current maturities of long-term debt (Note 9)	$ 25,391
Accounts payable and accrued expenses	6,793
Accounts payable - affiliate	11,446
Accrued payroll and related costs	590
Taxes payable	389
Other current liabilities	26
Total current liabilities	44,635
Long-term debt (Note 9)	94,797
Other liabilities	924
Total liabilities	140,356
Equity	
Total equity	146,462
Total liabilities and equity	$ 286,818

NOTE 7—SHARE-BASED COMPENSATION

In December 2017, we granted time-vested restricted stock units ("TVRSU's") under the Paragon Offshore Limited Long Term Incentive Plan for our employees and directors (the "Employee and Director Plan").

Shares available for issuance and outstanding restricted stock units under the Employee and Director Plan as of December 31, 2017 are as follows :

(In shares)	Employee and Directors
Shares available for future awards or grants	56,870
Outstanding unvested restricted stock units	468,443

The TVRSU's under the Employee and Director Plan are valued on the date of award at an estimated share price. In order to estimate the share price of our TVRSU grant, we estimated the business enterprise value and fair value of equity on a non-controlling, marketable basis using the NAV Method and calculated the marketable fair value per share based on the outstanding and granted shares of the Company. Due to the fact that we are a privately held company and our shares do not trade freely on an open exchange, we then applied a discount for lack of marketability on the marketable fair value per share. In order to determine an appropriate discount for lack of marketability we utilized a protective put analysis, restricted stock studies, and pre-IPO studies.

The total compensation for TVRSU's that ultimately vests is recognized using a straight-line method over a 2.6 year service period. The shares and related nominal value are recorded when the restricted stock unit vests and additional paid-in capital is adjusted as the share-based compensation cost is recognized for financial reporting purposes.

A summary of restricted stock activity for the Successor period from July 18, 2017 to December 31, 2017 is as follows:

	TVRSU's Outstanding	Weighted Average Award-Date Fair Value
Outstanding as of July 18, 2017	—	$ —
Awarded	498,686	43.50
Vested	(30,243)	43.50
Outstanding as of December 31, 2017	468,443	$ 43.50

On the Effective Date, all the Predecessor's TVRSU's, cash-settled awards ("CS-TVRSU's") and performance-vested restricted stock units ("PVRSU's") were extinguished and deemed cancelled. No new awards were granted during the Predecessor period from January 1, 2017 to July 18, 2017.

The Predecessor recognized all remaining unrecognized share-based compensation expense related to the cancelled awards in "Reorganization items, net" on the Consolidated Statement of Operations for the period from July 1, 2017 to July 18, 2017.

A summary of restricted stock activity for the Predecessor period from January 1, 2017 to July 18, 2017 is as follows:

	TVRSU's Outstanding	Weighted Average Award-Date Fair Value	CS-TVRSU's Outstanding	Share Price	PVRSU's Outstanding	Weighted Average Award-Date Fair Value
Outstanding as of December 31, 2016	1,910,893	$ 5.31	1,292,601		602,219	$ 5.39
Vested	(845,107)	5.20	(530,604)		—	—
Forfeited	(1,065,786)	5.41	(761,997)		(602,219)	5.39
Outstanding as of July 18, 2017	—		—	$ —	—	

NOTE 8— EARNING (LOSS) PER SHARE

Weighted average shares outstanding, basic and diluted, have been computed based on the weighted average number of ordinary shares outstanding during the applicable period.

Our unvested restricted stock units, which contain non-forfeitable rights to dividends, are deemed to be participating securities and are included in the computation of earnings per share pursuant to the "two-class" method. The "two-class" method allocates undistributed earnings between ordinary shares and participating securities; however, in a period of net loss, losses are not allocated to our participating securities. No earnings were allocated to unvested share-based payment awards in the Successor's loss per share calculation for the period from July 18, 2017 to December 31, 2017 and the Predecessor's loss per share calculation for the years ended December 31, 2016 and 2015 due to our net losses each respective period.

Restricted stock units do not represent ordinary shares outstanding until they are vested and converted into ordinary shares. Our outstanding share-based payment awards consist solely of restricted stock units. The diluted earnings per share calculation under the two class method is the same as the basic earnings per share calculation as we currently have no stock options or other potentially dilutive securities outstanding.

Shareholders of the Predecessor did not receive a recovery under the Consensual Plan.

Successor period loss per share is based on five million shares issued to the Secured Lenders and the Bondholders pursuant to the Consensual Plan.

The following table includes the computation of basic and diluted net income (loss) and earning (loss) per share:

	Successor	Predecessor		
	July 18, 2017 to	January 1, 2017 to	Year Ended December 31,	
(In thousands, except per share amounts)	December 31, 2017	July 18, 2017	2016	2015
Allocation of income (loss) - basic and diluted				
Net income (loss) attributable to Paragon	$ (77,940)	$ 808,511	$ (338,356)	$ (999,643)
Earnings allocated to unvested share-based payment awards	—	(14,146)	—	—
Net income (loss) to ordinary shareholders - basic and diluted	$ (77,940)	$ 794,365	$ (338,356)	$ (999,643)
Weighted average shares outstanding				
Basic and diluted	5,002	88,892	87,534	85,785
Weighted average unvested share-based payment awards	22	1,583	4,418	6,197
Income (loss) per share				
Basic and diluted	$ (15.58)	$ 8.94	$ (3.87)	$ (11.65)

NOTE 9—DEBT

A summary of long-term debt at December 31, 2017 and 2016 is as follows:

(In thousands)	Successor December 31, 2017	Predecessor December 31, 2016
New Term Loan Facility with Secured Lenders	$ 85,000	$ —
New Term Loan Facility with Secured Lenders - PIK Interest [(1)]	1,370	—
Sale-Leaseback Transaction[(2)]	—	196,418
Unamortized debt issuance costs	—	(718)
Total debt	86,370	195,700
Less: Current maturities of long-term debt [(2)]	—	(29,737)
Long-term debt	$ 86,370	$ 165,963

(1) Paid-in-kind ("PIK") interest is calculated on the New Term Loan Debt. We are required to pay a minimum of 1% of interest in cash and the remaining portion of interest payable is reclassified into the outstanding debt balance upon the maturity date of the quarterly LIBOR borrowing.

(2) As a result of the deconsolidation of the Prospector Group on July 20, 2017, the Sale-Leaseback Transaction obligation is not consolidated in the Successor's "Current maturities of long-term debt" or "Long-term debt" as of December 31, 2017. See Note 6, *"Investment in Equity Method Affiliate"* for the Prospector Group's Condensed Consolidated Balance Sheet as of December 31, 2017 and the related long-term debt and current maturities of long-term debt balances.

New Term Loan Facility with Secured Lenders

On the Effective Date, we entered into the Amended and Restated Senior Secured Term Loan Facility with lenders to provide for loans in the aggregate principal amount of $85 million, which are deemed outstanding pursuant to the Consensual Plan (the "New Term Loan Facility"). The maturity date of the New Term Loan Facility is July 18, 2022. Until such maturity date, the New Term Loan Facility shall bear interest at a rate per annum equal to (i) the alternative base rate plus an applicable margin of 5.00% or (ii) adjusted LIBOR plus an applicable margin of 6.00%.

We may elect to prepay any borrowing outstanding under the New Term Loan Facility without premium or penalty (except with respect to any break funding payments which may be payable pursuant to the terms of the New Term Loan Facility).

The New Term Loan Facility contains restrictions on certain merger and consolidation transactions; our ability to sell or transfer certain assets; payment of dividends; making distributions; redemption of stock; incurrence or guarantee of debt; issuance of loans; prepayment; redemption of certain debt; as well as incurrence or assumption of certain liens.

Predecessor Revolving Credit Facility, Term Loan Facility and Senior Notes

On the Effective Date, in connection with the effectiveness of the Consensual Plan, all outstanding obligations of the Predecessor under the Senior Notes and the indenture governing such obligations were cancelled and discharged, and the Predecessor and certain of its subsidiaries were released from their respective obligations under the Revolving Credit Facility and the Term Loan Facility.

On June 17, 2014, the Predecessor entered into the Revolving Credit Agreement with lenders that provided commitments in the amount of $800 million. The Revolving Credit Agreement, which was secured by substantially all of our rigs, had a term of five years and matured in July 2019. Borrowings under the Revolving Credit Facility bore interest, at our option, at either (i) an adjusted LIBOR, plus an applicable margin ranging between 1.50% to 2.50%, depending on our leverage ratio, or (ii) a base rate plus an applicable margin ranging between 1.50% to 2.50%. As of December 31, 2016, the approximate $703 million balance of the Revolving Credit Facility net of unamortized deferred debt issuance costs was classified as liabilities subject to compromise in the consolidated financial statements. The Predecessor continued to make interest payments on the Revolving Credit Facility in the ordinary course of business, based on Bankruptcy Court approval up to the Effective Date. Accordingly, interest payable on the Revolving Credit Facility was not classified as liabilities subject to compromise in the Consolidated Balance Sheet as of December 31, 2016.

On July 18, 2014, the Predecessor issued $1.08 billion of Senior Notes and also borrowed $650 million under the Term Loan Facility. The Term Loan Facility was secured by substantially all of our rigs. The proceeds from the Term Loan Facility and the Senior Notes were used to repay $1.7 billion of intercompany indebtedness to Noble incurred as partial consideration for the Separation.

The Predecessor's Senior Notes consisted of $500 million of 6.75% senior notes and $580 million of 7.25% senior notes, which matured on July 15, 2022 and August 15, 2024, respectively. The approximate $1 billion balance of the Predecessor's Senior Notes, accrued pre-petition interest, and unamortized deferred debt issuance costs was classified as liabilities subject to compromise in the accompanying consolidated financial statements as of December 31, 2016. As interest on the Predecessor's unsecured Senior Notes subsequent to February 14, 2016 was not expected to be an allowed claim, the Predecessor's ceased accruing interest on the Senior Notes on this date. Results for the Predecessor periods from January 1, 2017 to July 18, 2017 and year ended December 31, 2016 would have included contractual interest expense of $39 million and $62 million, respectively. These costs would have been incurred had the unsecured Senior Notes not been classified as subject to compromise.

Borrowings under the Term Loan Facility bore interest at an adjusted LIBOR rate plus 2.75%, subject to a minimum LIBOR rate of 1% or a base rate plus 1.75%, at the Predecessor's option. The Term Loan Facility had a maturity date of July 2021. The loans under the Term Loan Facility were issued with .50% original issue discount. As of December 31, 2016, the approximate $635 million balance of the Term Loan Facility, unamortized deferred debt issuance costs and unamortized discount were classified as liabilities subject to compromise in the accompanying consolidated financial statements. The Predecessor continued to make interest payments on the Term Loan Facility in the ordinary course of business, based on Bankruptcy Court approval up to the Effective Date. Accordingly, interest payable on the Term Loan Facility was not classified as liabilities subject to compromise in the Consolidated Balance Sheet as of December 31, 2016.

See Note 4 - "*Fresh-Start Accounting"* which reflects the settlement of the liabilities subject to compromise balance comprising the Predecessor Debt Facilities as of the Emergence date and in accordance with the Consensual Plan.

Sale-Leaseback Transaction

On July 24, 2015, the Predecessor executed a combined $300 million Sale-Leaseback Transaction with the Lessors for the Prospector Rigs. The Predecessor sold the Prospector Rigs to the Lessors and immediately leased the Prospector Rigs from the Lessors for a period of five year pursuant to the Lease Agreements for each of the Prospector Rigs, respectively. Net of fees and expenses and certain lease prepayments, the Predecessor received net proceeds of approximately $292 million, including amounts used to fund certain required reserve accounts. The *Prospector 5* ended its drilling contract with Total S.A. in December 2017. The *Prospector 1* is not operating as of December 2017 and has commenced operations under its drilling contract with Oranje-Nassau Energie B.V. in February 2018.

The Sale-Leaseback Transaction has been accounted for as a capital lease.

On July 20, 2017, the Prospector Debtors commenced the Prospector Bankruptcy cases. The commencement of the Prospector Bankruptcy cases constituted an event of default that accelerated the Prospector Group's obligations under the Sale-Leaseback Transaction and in accordance with U.S. GAAP, resulted in the deconsolidation of the Prospector Group. Any efforts to enforce payments related to these obligations are automatically stayed as a result of the filing of the petitions and are subject to the applicable provisions of the Bankruptcy Code. The Prospector Group continues to make lease payments, including interest, to the Lessors in the ordinary course of business.

The following table includes the total minimum annual rental payments. In addition, it includes amounts representing interest on those rental payments using weighted-average effective interest rates of 5.2% for the *Prospector 1* and 7.5% for the *Prospector 5* and amortization of the fair value adjustment recorded as a discount to the obligation in conjunction with fresh-start accounting. The final payoff amount in 2020 is not reported net of any cash held in reserve accounts required under the Lease Agreements.

(In thousands)	2018	2019	2020	2021	Thereafter	Total
Minimum annual rental payments	$ 32,371	$ 30,660	$ 83,713	$ —	$ —	$146,744
Interest on rental payments	(6,980)	(5,395)	(2,075)	—	—	(14,450)
Amortization of fair value adjustment	(4,721)	(4,721)	(2,664)	—	—	(12,106)
	$ 20,670	$ 20,544	$ 78,974	$ —	$ —	$120,188

Following the third and fourth anniversaries of the closing dates of the Lease Agreements, the Prospector Group has the option to repurchase each Prospector Rig for an amount as defined in the Lease Agreements. At the end of the lease term, the Prospector Group has an obligation to repurchase each Prospector Rig for a maximum amount of $88 million per rig, less any pre-payments made by us during the term of the Lease Agreements. As of December 31, 2017, the Prospector Group's 2020 obligation for the *Prospector 1* is expected to be $71 million and for the *Prospector 5* is expected to be $12 million. These amounts include final rental payments as well as the repurchase amounts of $63 million and $5 million for *Prospector 1* and *Prospector 5*, respectively, after consideration of the Prospector Group's prepayments of Excess Cash Amounts pursuant to the Lease Agreement.

	Successor	Predecessor	
(In thousands)	July 18, 2017 to December 31, 2017	January 1, 2017 to July 18, 2017	Year Ended December 31, 2016
Prospector 1 - Rental payments	$ 7,728	$ 7,602	$ 25,087
Prospector 1 - Excess cash sweep payments	124	3,188	11,892
Prospector 5 - Rental payments	13,064	12,851	25,986
Prospector 5 - Excess cash sweep payments	17,281	14,379	25,717
Total payments	$ 38,197	$ 38,020	$ 88,682

The Lease Agreements obligate the Prospector Group to make certain termination payments upon the occurrence of certain events of default, including payment defaults, breaches of representations and warranties, termination of the underlying drilling contract for each rig, covenant defaults, cross-payment defaults, certain events of bankruptcy, material judgments and actual or asserted failure of any credit document to be in force and effect. The Lease Agreements contain certain representations, warranties, obligations, conditions, indemnification provisions and termination provisions customary for sale and leaseback financing transactions. The Lease Agreements contain certain affirmative and negative covenants that, subject to exceptions, limit the Prospector Group's ability to, among other things, incur additional indebtedness and guarantee indebtedness, pay inter-company dividends or make other inter-company distributions or repurchase or redeem capital stock, prepay, redeem or repurchase certain debt, make loans and investments, sell, transfer or otherwise dispose of certain assets, create or incur liens, enter into certain types of transactions with affiliates, consolidate, merge or sell all or substantially all of our assets, and enter into new lines of business.

In addition, the Prospector Group is required to maintain a cash reserve of $11.5 million for each of the Prospector Rigs throughout the term of the Lease Agreements. During the term of the initial drilling contract for each of the Prospector Rigs, the Prospector Group was also required to pay to the Lessors any excess cash amounts earned under such contract, after payment of rig rental payments and operating expenses for such Prospector Rig and maintenance of any mandatory reserve cash amounts (the "Excess Cash Amounts"). These excess cash payments represent prepayment for the remaining rental payments under the applicable Lease Agreement (the "Cash Sweep"). See Note 3 - "S*ummary of Significant Accounting Policies*" for a discussion on the Prospector Group's restricted cash balances. Following the conclusion of the initial drilling contract for each Rig, the Cash Sweep was reduced, requiring the Prospector Group to make prepayments to the Lessors of up to 25% of the Excess Cash Amounts. Currently, both the *Prospector 1* and the *Prospector 5* are subject to lower Cash Sweep prepayments up to 25% of the Excess Cash.

NOTE 10—LIABILITIES SUBJECT TO COMPROMISE

See Note 4 - "*Fresh-Start Accounting"* which reflects the settlement of the liabilities subject to compromise balance as of the Effective Date in accordance with the Consensual Plan.

The following table reflects pre-petition liabilities that are subject to compromise included in our Consolidated Balance Sheet as of December 31, 2016. See Note 9 - *"Debt"* for a specific discussion on the debt instruments and related balances subject to compromise:

(In thousands)	Successor December 31, 2017	Predecessor December 31, 2016
Revolving Credit Facility	$ —	$ 709,100

Term Loan Facility	—	641,875
Senior Notes due 2022, bearing fixed interest at 6.75% per annum	—	456,572
Senior Notes due 2024, bearing fixed interest at 7.25% per annum	—	527,010
Interest payable on Senior Notes	—	37,168
Debt issuance costs on Revolving Credit Facility	—	(5,891)
Discount and debt issuance costs on Term Loan Facility	—	(7,259)
Debt issuance costs on Senior Notes	—	(14,012)
Liabilities subject to compromise	$ —	$ 2,344,563

As a result of the filing of the Paragon Bankruptcy cases on February 14, 2016, the Predecessor classified pre-petition liabilities that were not fully secured and had at least a possibility of not being repaid at the full claim amount by the Consensual Plan as liabilities subject to compromise in the Predecessor's consolidated financial statements. In accordance with ASC 852, pre-petition liabilities that are subject to compromise are required to be reported at the amounts expected to be allowed, even if they may be settled for lesser amounts. If there was uncertainty about whether a secured claim is under-secured, or would have been impaired under the Consensual Plan, the entire amount of the claim was included in liabilities subject to compromise. As of December 31, 2016, the amounts classified as liabilities subject to compromise represented the Predecessor's estimate of claims expected to be allowed under the Consensual Plan prior to its approval.

The Revolving Credit Facility, Senior Notes, and Term Loan Facility were affected by the Consensual Plan. As such, the outstanding balances of these debt instruments and related accrued pre-petition interest (for the Senior Notes only), unamortized discount (for Term Loan Facility only) and unamortized debt issuance costs were classified as liabilities subject to compromise in the Predecessor's Consolidated Balance Sheet as of December 31, 2016.

Generally, actions to enforce or otherwise effect payment of pre-bankruptcy filing liabilities are stayed. Although payment of pre-petition claims is generally not permitted, the Bankruptcy Court approved the Debtors' "first day" motions allowing, among other things, the payment of obligations related to human capital, supplier relations, customer relations, business operations, tax matters, cash management, utilities, case management and retention of professionals. As a result of this approval, the Predecessor continued to pay certain pre-petition claims in designated categories and subject to certain terms and conditions in the ordinary course of business, and we did not classify these liabilities as subject to compromise in the Consolidated Balance Sheets as of December 31, 2016. This treatment was designed to preserve the value of our business and assets. With respect to pre-petition claims, the Predecessor notified all known claimants of the deadline to file a proof of claim with the Court. In addition, the Predecessor paid undisputed post-petition claims in the ordinary course of business during the pendency of the Bankruptcy Cases.

NOTE 11—REORGANIZATION ITEMS

ASC 852 requires that transactions and events directly associated with the reorganization be distinguished from the ongoing operations of the business. We use "Reorganization items, net" on our Consolidated Statements of Operations to reflect the net revenues, expenses, gains and losses that are the direct result of the reorganization of the business for the Predecessor period. The following table summarizes the components included in "Reorganization items, net":

	Predecessor	
(In thousands)	January 1, 2017 to July 18, 2017	Year Ended December 31, 2016
Gain on settlement of liabilities subject to compromise	$ 1,228,781	$ —
Fresh-start adjustments	(236,468)	—
Professional fees and other	(96,382)	(70,670)
Total Reorganization items, net	$ 895,931	$ (70,670)

Included in "Reorganization items, net" for January 1, 2017 to July 18, 2017, is approximately $44 million of cash paid for professional fees.

Included in "Reorganization items, net" for the year ended December 31, 2016 is approximately $45 million of cash paid for professional fees.

Subsequent to the Effective Date, the Successor incurred a net gain of $1.1 million, directly related to the Paragon Bankruptcy cases. These charges were recorded as "Other non-operating items" in the Successor's Consolidated Statements of Operations for the period from July 18, 2017 to December 31, 2017.

NOTE 12—INCOME TAXES

Income before income taxes consists of the following:

	Successor	Predecessor		
	July 18, 2017 to	January 1, 2017 to	Year Ended December 31,	
(In thousands)	December 31, 2017	July 18, 2017	2016	2015
United States	$ (4,544)	$ (245,080)	$ 2,106	$ (456,093)
Non-U.S.	(74,767)	1,051,513	(319,976)	(615,627)
Total	$ (79,311)	$ 806,433	$ (317,870)	$ (1,071,720)

The income tax provision/benefit consists of the following:

	Successor	Predecessor		
	July 18, 2017 to	January 1, 2017 to	Year Ended December 31,	
(In thousands)	December 31, 2017	July 18, 2017	2016	2015
Current - United States	$ —	$ 526	$ (13,835)	$ (17,354)
Current - Non-U.S.	1,803	3,781	10,311	7,116
Deferred - United States	—	—	14,751	(66,583)
Deferred - Non-U.S.	(3,174)	(6,385)	9,259	4,713
Total	$ (1,371)	$ (2,078)	$ 20,486	$ (72,108)

The Successor's effective tax rate for the period July 18, 2017 to December 31, 2017 was approximately 1.7%, on a pre-tax loss of $79 million. The Predecessor's effective tax rate for the period January 1, 2017 to July 18, 2017 was approximately (0.3%), on pre-tax income of $806 million. The Predecessor's annual effective tax rate for the year ended December 31, 2016 and 2015 was approximately (6.4%), on a pre-tax loss of $318 million and approximately 6.7%, on a pre-tax loss of $1.1 billion, respectively. The change in our effective tax rate from period to period is primarily attributable to changes in the profitability or loss mix of our operations in various jurisdictions. As our operations continually change among numerous jurisdictions, and methods of taxation in these jurisdictions vary greatly, there is little direct correlation between the income tax provision/benefit and income/loss before taxes.

A reconciliation of the Cayman and U.K. statutory tax rate to our effective rate is shown below:

	Successor	Predecessor		
	July 18, 2017 to December 31, 2017	January 1, 2017 to July 18, 2017	Year Ended December 31, 2016	2015
Cayman / U.K. statutory income tax rate	— %	19.3 %	20.0 %	20.3 %
Tax rates different from the statutory rate	(2.0)%	(19.8)%	(17.9)%	(4.8)%
Tax effect of asset impairment	— %	— %	— %	1.8 %
Change in valuation allowance	4.0 %	— %	(8.8)%	(11.1)%
Adjustments to uncertain tax positions	(0.3)%	0.2 %	0.3 %	0.5 %
Total	1.7 %	(0.3)%	(6.4)%	6.7 %

In December 2017, The U.S. enacted the Tax Cuts and Jobs Act which includes a number of changes to existing U.S. tax laws that have an impact on our income tax provision, including a reduction of the U.S. corporate income tax rate from 35% to 21% for the tax years beginning after December 31, 2017. We recognized income tax effects of the Tax Cuts and Jobs Act in our financial statements for the year ended December 31, 2017 in accordance with Staff Accounting Bulletin No. 118 ("SAB 118"), which provides SEC staff guidance for the application of accounting standards for income taxes in the reporting period in which the Tax Cuts and Job Act was enacted. Our financial results reflect 1) the income tax effects of the Act for which the accounting is complete 2) provisional amounts for those specific income tax effects of the Act for which the accounting is incomplete but a reasonable estimate could be determined, and 3) no adjustments for income tax effects for which the accounting is incomplete and a reasonable estimate could not be determined. We will continue to monitor the guidance and refine our calculations and estimates over the next 12 months.

The components of the net deferred taxes are as follows:

(In thousands)	Successor December 31, 2017	Predecessor December 31, 2016
Deferred tax assets		
Deferred loss on asset dispositions	$ 9,558	$ 81,571
Accrued expenses not currently deductible	2,899	24,454
Net operating losses	99,230	25,071
Excess of tax basis over book basis of Property and Equipment	39,296	17,314
Bad debt	—	2,836
Other	4,850	8,367
Deferred tax assets	155,833	159,613
Less: Valuation allowance	(152,123)	(146,731)
Net deferred tax assets	3,710	12,882
Deferred tax liabilities		
Excess of net book basis over remaining tax basis of Property and equipment	—	(7,842)
Deferred taxes on unremitted earnings	—	(6,043)
Contract market valuation	—	(1,708)
Deferred foreign exchange gain	—	(1,176)
Other	(535)	(2,395)
Deferred tax liabilities	(535)	(19,164)
Net deferred tax asset (liabilities)	$ 3,175	$ (6,282)

The deferred tax assets related to our Successor's net operating losses were generated in various tax jurisdictions worldwide, a portion of which will expire in 2037 and 2038, if not utilized. We recognize a valuation allowance for deferred

tax assets when it is more-likely-than-not that the benefit from the deferred tax asset will not be realized. The amount of deferred tax assets considered realizable could increase or decrease in the near-term if estimates of future taxable income change.

We conduct business globally and, as a result, we file numerous income tax returns, or are subject to withholding taxes, in various jurisdictions. In the normal course of business we are generally subject to examination by taxing authorities throughout the world, including major jurisdictions we operate or used to operate, such as Cyprus, Denmark, Egypt, Equatorial Guinea, India, Israel, Luxembourg, Mexico, the Netherlands, Nigeria, Qatar, Saudi Arabia, Singapore, Switzerland, the United Kingdom, the United States, and Tanzania. We are no longer subject to examinations of tax matters for years prior to 1999.

The following is a reconciliation of the liabilities related to our unrecognized tax benefits, excluding interest and penalties:

(In thousands)	
Predecessor	
Gross balance at January 1, 2017	$ 10,634
Additions based on tax positions related to the current year	—
Additions for tax positions of prior years	589
Reductions for tax positions of prior years	—
Expiration of statutes	—
Tax settlements	—
Gross balance at July 18, 2017	11,223
Related tax benefits	—
Net balance at July 18, 2017	$ 11,223
Successor	
Gross balance at July 18, 2017	$ 3,920
Additions based on tax positions related to the current year	—
Additions for tax positions of prior years	—
Reductions for tax positions of prior years	—
Expiration of statutes	—
Tax settlements	—
Gross balance at December 31, 2017	3,920
Related tax benefits	—
Net balance at December 31, 2017	$ 3,920

	Predecessor	
(In thousands)	**2016**	**2015**
Gross balance at January 1,	$ 10,426	$ 29,679
Additions based on tax positions related to the current year	—	—
Additions for tax positions of prior years	1,176	1,056
Reductions for tax positions of prior years	(738)	(4,966)
Expiration of statutes	(230)	(221)
Tax settlements	—	(15,122)
Gross balance at December 31,	10,634	10,426
Related tax benefits	—	—
Net balance at December 31,	$ 10,634	$ 10,426

The liabilities related to our unrecognized tax benefits comprise the following:

(In thousands)	Successor December 31, 2017	Predecessor December 31, 2016
Unrecognized tax benefits, excluding interest and penalties	$ 3,920	$ 10,634
Interest and penalties included in "Other liabilities"	2,744	7,872
Unrecognized tax benefits, including interest and penalties	$ 6,664	$ 18,506

We include, as a component of our income tax provision, potential interest and penalties related to liabilities for our unrecognized tax benefits within our global operations. Interest and penalties resulted in an income tax expense of $0.2 million, $1 million, $1 million and $1 million for the period July 18, 2017 to December 31, 2017 for the Successor, the period January 1, 2017 to July 18, 2017, years ended December 31, 2016 and 2015 for the Predecessor, respectively.

At December 31, 2017, the liabilities related to our unrecognized tax benefits, including estimated accrued interest and penalties, totaled $6.6 million, and if recognized, would reduce our income tax provision by $6.6 million. At December 31, 2016, the liabilities related to our unrecognized tax benefits totaled $19 million. It is reasonably possible that our existing liabilities related to our unrecognized tax benefits may increase or decrease in the next twelve months primarily due to the progression of open audits or the expiration of statutes of limitation. However, we cannot reasonably estimate a range of potential changes in our existing liabilities for unrecognized tax benefits due to various uncertainties, such as the unresolved nature of various audits.

NOTE 13—RESTRUCTURING CHARGES

During 2016 and 2017, we initiated a workforce reduction program across our offshore crews, onshore bases and corporate office to align the size and composition of our workforce with our expected future operating and capital plans and our strategy to focus on fewer markets and utilize a smaller fleet. The workforce reduction program was in response to the lack of significant improvement in the drilling market coupled with our decision to exit operations in certain markets, such as Mexico, Brazil, West Africa and Canada.

As related to the workforce reduction, appropriate communications to impacted personnel have been completed. As a result, the Predecessor recorded restructuring expense of $4 million for the period from January 1, 2017 to July 18, 2017 and the Successor recorded restructuring expense of $2 million for the period from July 18, 2017 to December 31, 2017 consisting of employee severance and other termination benefits which were included in "Contract drilling services", "Labor contract drilling services" and "General and administrative" operating costs and expenses on our Consolidated Statement of Operations. During 2017, the Predecessor paid approximately $10 million and the Successor paid approximately $2 million in restructuring and employee separation related costs.

In 2016, the Predecessor recorded restructuring expense of $12 million consisting of employee severance and other termination benefits. During 2016, the Predecessor paid approximately $7 million in restructuring and employee separation related costs.

We had $4 million and $10 million of accrued restructuring expense consisting of employee severance and other termination benefits in "Accrued payroll and related costs" on our Consolidated Balance Sheets as of December 31, 2017 (Successor) and December 31, 2016 (Predecessor), respectively.

NOTE 14—EMPLOYEE BENEFIT PLANS

Defined Benefit Plans

The Predecessor sponsored two non-U.S. noncontributory defined benefit pension plans, the Paragon Offshore Enterprise Ltd and the Paragon Offshore Nederland B.V. pension plans, which cover certain Europe-based salaried employees.

As of January 1, 2017, all active employees under the defined benefit pension plans were transferred to a defined contribution pension plan as related to their future service. The accrued benefits under the defined benefit plan were frozen and all employees

became deferred members. The transfer to a defined contribution pension plan was accounted for as a curtailment during the year ended December 31, 2016. Our defined benefit pension plans were recorded at fair value upon adoption of fresh-start accounting on July 18, 2017.

For the Predecessor period from January 1, 2017 to July 18, 2017 and for the years ended 2016, and 2015 pension benefit expense related to our defined benefit pension plans totaled $0.3 million, $6 million and $6 million, respectively. Information on these plans, based on actuary estimates, is presented in the tables below.

A reconciliation of the changes in projected benefit obligations ("PBO") for our pension plans is as follows:

	Successor	Predecessor	
(In thousands)	July 18, 2017 to December 31, 2017	January 1, 2017 to July 18, 2017	January 1, 2016 to December 31, 2016
Benefit obligation at beginning of period	$ 127,478	$ 132,214	$ 116,068
Service cost	—	42	4,562
Interest cost	896	1,128	2,254
Actuarial loss (gain)	4,298	(12,937)	24,393
Benefits and expenses paid	(472)	(616)	(1,349)
Plan participants' contribution	—	—	563
Foreign exchange rate changes	(247)	7,647	(5,068)
Other: curtailment gain		—	(9,209)
Benefit obligation at end of period	$ 131,953	$ 127,478	$ 132,214

A reconciliation of the changes in fair value of plan assets is as follows:

	Successor	Predecessor	
(In thousands)	July 18, 2017 to December 31, 2017	January 1, 2017 to July 18, 2017	January 1, 2016 to December 31, 2016
Fair value of plan assets at beginning of period	$ 126,987	$ 136,668	$ 115,165
Actual return on plan assets	5,194	(16,942)	20,588
Employer contribution	—	—	5,639
Benefits paid	(472)	(616)	(938)
Plan participants' contributions	—	—	563
Expenses paid	—	—	(411)
Foreign exchange rate changes	(246)	7,877	(3,937)
Fair value of plan assets at end of period	$ 131,463	$ 126,987	$ 136,669

The funded status of the plans is as follows:

	Successor	Predecessor
(In thousands)	December 31, 2017	December 31, 2016
Funded status	$ (491)	$ 4,455

Amounts recognized in the Consolidated Balance Sheets consist of:

(In thousands)	Successor December 31, 2017	Predecessor December 31, 2016
Other assets - noncurrent	$ 921	$ 4,455
Other liabilities - noncurrent	(1,412)	—
Net pension asset (liability)	(491)	4,455
Accumulated other comprehensive loss recognized in financial statements	—	14,329
Net amount recognized	$ (491)	$ 18,784

Amounts recognized in AOCL consist of:

(In thousands)	Successor December 31, 2017	Predecessor December 31, 2016
Net loss	$ —	$ (14,329)
Accumulated other comprehensive income (loss)	$ —	$ (14,329)

Pension cost includes the following components:

	Successor	Predecessor		
	July 18, 2017 to	January 1, 2017 to	Year Ended December 31,	
(In thousands)	December 31, 2017	July 18, 2017	2016	2015
Service cost	$ 871	$ 42	$ 4,562	$ 5,375
Interest cost	(836)	1,128	2,254	1,946
Expected return on plan assets	(30)	(881)	(1,806)	(1,773)
Amortization of prior service credit	—	—	(18)	(18)
Amortization net actuarial loss	—	25	757	755
Net curtailment gain	—	—	(201)	—
Net pension expense	$ 5	$ 314	$ 5,548	$ 6,285

For the Predecessor year ended December 31, 2016, the pension gains and losses were recognized on a net-of-tax basis in AOCL and were amortized from AOCL to net periodic benefit cost over the expected average remaining working lives of the employees participating in the plan. As a result of the curtailment for the Predecessor year ended December 31, 2016, the prior service credit included in AOCL associated with years of service no longer expected to be rendered was recorded as a gain for the year ended December 31, 2016.

In 2017, the balance in AOCL, including deferred pension actuarial losses, was reflected as zero upon adoption of fresh-start accounting on July 18, 2017 and recorded to “Reorganization items, net” in the Predecessor’s Consolidated Statements of Operations for the period from January 1, 2017 to July 18, 2017.

Defined Benefit Plans - Disaggregated Plan Information

Disaggregated information regarding our pension plans is summarized below:

(In thousands)	Successor December 31, 2017	Predecessor December 31, 2016
Projected benefit obligation	$ 131,953	$ 132,214
Accumulated benefit obligation	131,953	132,214
Fair value of plan assets	131,463	136,669

Defined Benefit Plans - Key Assumptions

The key assumptions for the plans are summarized below:

Weighted Average Assumptions Used to Determine Benefit Obligations	Successor December 31, 2017	Predecessor December 31, 2016
Discount rate	1.09% to 1.49%	1.15% to 1.42%
Rate of compensation increase	Not applicable	3.6%

Weighted Average Assumptions Used to Determine Net Periodic Benefit Cost	Successor	Predecessor		
	July 18, 2017 to December 31, 2017	January 1, 2017 to July 18, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Discount rate	1.09% to 1.49%	1.26% to 1.62%	1.15% to 1.42%	2.6% to 2.9%
Expected long-term return on plan assets	1.09% to 1.49%	1.03% to 1.06%	1.03% to 1.06%	1.3%
Rate of compensation increase	Not applicable	3.6%	3.6%	3.6%

The discount rates used to calculate the net present value of future benefit obligations are determined by using a yield curve of high quality bond portfolios with an average maturity approximating that of the liabilities.

We employ third-party consultants who use a portfolio return model to assess the initial reasonableness of the expected long-term rate of return on plan assets. To develop the expected long-term rate of return on assets, we considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets for the portfolio.

Defined Benefit Plans - Plan Assets

At December 31, 2017, assets of Paragon Offshore Enterprise Ltd and Paragon Offshore Nederland B.V. pension plans were invested in instruments that are similar in form to a guaranteed insurance contract. There are no observable market values for the assets (Level 3); however, the amounts listed as plan assets were materially similar to the anticipated benefit obligations that were anticipated under the plans. During the years ended December 31, 2016 and prior, both the Paragon Offshore Enterprise Ltd and the Paragon Offshore Nederland B.V. pension plans had a targeted asset allocation of 100% debt securities with the objective of earning a favorable return against the Barclays Capital Euro - Treasury AAA 1 - 3 year benchmark.

The actual fair value of our pension plans as of December 31, 2017 and 2016 is as follows:

	(In thousands)	Carrying Amount	Estimated Fair Value Measurements: Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Successor	**December 31, 2017**				
	Fixed Income securities:				
	Corporate Bonds	$ —	$ —	$ —	$ —
	Other	131,463	—	—	131,463
	Total	$ 131,463	$ —	$ —	$ 131,463
Predecessor	**December 31, 2016**				
	Fixed Income securities:				
	Corporate Bonds	$ 36,089	$ —	$ 36,089	$ —
	Other	100,580	—	—	100,580
	Total	$ 136,669	$ —	$ 36,089	$ 100,580

The following table details the activity related to the guaranteed insurance contract during the years.

		Market Value
Predecessor	Balance as of December 31, 2015	$ 86,937
	Assets sold/benefits paid	(938)
	Return on plan assets	14,581
	Balance as of December 31, 2016	100,580
	Assets sold/benefits paid	$ (616)
	Increase due to Corporate Bonds	36,089
	Return on plan assets	(9,064)
	Balance at July 18, 2017	$ 126,989
Successor	Balance as of July 18, 2017	$ 126,989
	Assets sold/benefits paid	(472)
	Return on plan assets	4,946
	Balance as of December 31, 2017	131,463

Defined Benefit Plans - Cash Flows

In 2017 we made no contributions to our pension plans. In 2016, we made total contributions of $6 million to our pension plans. We expect our aggregate minimum contributions to our plans in 2018, subject to applicable law, to be $0.5 million.

The following table summarizes our benefit payments at December 31, 2017 estimated to be paid within the next ten years:

		Payments by Period					
	Total	2018	2019	2020	2021	2022	Five Years Thereafter
Estimated benefit payments	$ 26,398	1,367	1,583	1,786	2,009	2,286	17,367

Other Benefit Plans

We sponsor a 401(k) defined contribution plan and a profit sharing plan. Other post-retirement benefit expense related to these other benefit plans included in the accompanying Consolidated Statements of Operations was $0.7 million for the Successor period from July 18, 2017 to December 31, 2017, $1.5 million for the Predecessor period from January 1, 2017 to July 18, 2017 and $1 million for the years ended December 31, 2016 and 2015 for the Predecessor.

NOTE 15—FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value of Debt

On the Effective Date, in connection with the effectiveness of the Consensual Plan, all outstanding obligations of the Predecessor under the Senior Notes and the indenture governing such obligations were cancelled and discharged, and the Predecessor and certain of its subsidiaries were released from their respective obligations under the Revolving Credit Facility and the Term Loan Facility.

The estimated fair values of our Senior Notes and Term Loan Facility were based on the quoted market prices for similar issues (Level 2 measurement).

The estimated fair value of our Senior Notes due July 15, 2022, excluding debt issuance costs of $6 million for December 31, 2016, and our Senior Notes due August 15, 2024, excluding debt issuance costs of $8 million for December 31, 2016, are as follows:

	Predecessor	
	Liabilities Subject to Compromise December 31, 2016	
(In thousands)	Carrying Value	Estimated Fair Value
6.75% Senior Notes due July 15, 2022	$ 456,572	$ 83,324
7.25% Senior Notes due August 15, 2024	527,010	93,544
Total senior unsecured notes	$ 983,582	$ 176,868

The estimated fair value of our Term Loan Facility, bearing interest at 5.5% as of December 31, 2016, excluding unamortized discount and debt issuance costs of $7 million for December 31, 2016, is as follows:

	Predecessor	
	Liabilities Subject to Compromise December 31, 2016	
(In thousands)	Carrying Value	Estimated Fair Value
Term Loan Facility	$ 641,875	$ 244,113

The carrying amount of the Predecessor's variable-rate debt, the Revolving Credit Facility, which was subject to compromise as of December 31, 2016, approximates fair value as such debt bore short-term, market-based interest rates. The carrying amount of the Successor's variable-rate debt, the New Term Loan Facility, approximates fair value as such debt bears short-term, market-based interest rates. The Predecessor and Successor have classified these instruments as Level 2, respectively, as valuation inputs used for purposes of determining the fair value disclosure are readily available published LIBOR rates.

NOTE 16—CONCENTRATION OF MARKET AND CREDIT RISK

The market for our services is the offshore oil and gas industry, and our customers consist primarily of government-owned oil companies, major integrated oil companies and independent oil and gas producers. We perform ongoing credit evaluations of our customers and do not require material collateral. We maintain reserves for potential credit losses when necessary. Our results of operations and financial condition should be considered in light of the fluctuations in demand experienced by drilling contractors as changes in oil and gas producers' expenditures and budgets occur. These fluctuations can impact our results of

operations and financial condition as supply and demand factors directly affect utilization and dayrates, which are the primary determinants of our net cash provided by operating activities.

Revenues from Total S.A. accounted for approximately 27%, 24% and 16% of our total operating revenues in 2017, 2016 and 2015, respectively. Revenues from Dynamic Drilling accounted for approximately 26%, 9%, and 4% of our total operating revenues in 2017, 2016 and 2015, respectively. Revenues from National Drilling Company accounted for approximately 22%, 17%, and 9% of our total operating revenues in 2017, 2016 and 2015, respectively. Revenues from Oranje-Nassau Energie accounted for approximately 18%, 5%, and 4% of our total operating revenues in 2017, 2016 and 2015, respectively. Revenues from Petrobras accounted for approximately 17% and 21% of our total operating revenues in 2016 and 2015, respectively. No other single customer accounted for more than 10% of our total operating revenues in 2017, 2016 or 2015.

NOTE 17—ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table includes the components of AOCL for the years ended December 31, 2017, 2016 and 2015 and changes in AOCL by component for the years ended December 31, 2017 and 2016. All accounts within the tables are shown net of tax.

(In thousands)	Defined Benefit Pension Items (1)	Foreign Currency Items	Total
Predecessor			
Balance as of December 31, 2015	$ (20,351)	$ (21,663)	$ (42,014)
Activity during period:			
Other comprehensive loss before reclassification	5,509	(2,666)	2,843
Amounts reclassified from AOCL	513	—	513
Net other comprehensive income (loss)	6,022	(2,666)	3,356
Balance as of December 31, 2016	$ (14,329)	$ (24,329)	$ (38,658)
Balance as of December 31, 2016	$ (14,329)	$ (24,329)	$ (38,658)
Activity during period:			
Other comprehensive loss before reclassification	—	2,977	2,977
Amounts reclassified from AOCL	(82)	—	(82)
Net other comprehensive income (loss)	(82)	2,977	2,895
Elimination of Predecessor AOCL	14,411	21,352	35,763
Balance as of July 18, 2017	$ —	$ —	$ —
Successor			
Balance as of July 18, 2017	$ —	$ —	$ —
Activity during period:			
Other comprehensive loss before reclassification	—	—	—
Amounts reclassified from AOCL	—	—	—
Net other comprehensive income (loss)	—	—	—
Balance as of December 31, 2017	$ —	$ —	$ —

(1) Defined benefit pension items relate to actuarial losses, prior service credits, and the amortization of actuarial losses and prior service credits. In 2017, the balance in AOCL, was reflected as zero upon adoption of fresh-start accounting on July 18, 2017 and recorded to "Reorganization items, net" in the Predecessor's Consolidated Statements of Operations for the period from January 1, 2017 to July 18, 2017. Reclassifications from AOCL were recognized as expense on our Consolidated Statements of Operations through either "Contract drilling services" or "General and administrative for the year ended December 31, 2016. See Note 14 - *"Employee Benefit Plans"* for additional information.

NOTE 18—COMMITMENTS AND CONTINGENCIES

Operating Leases

Future minimum lease payments for operating leases for years ending December 31 are as follows:

(in thousands)	2018	2019	2020	2021	2022	Thereafter	Total
Minimum lease payments	$ 4,291	$ 2,195	$ 1,747	$ 1,683	$ 266	$ —	$ 10,182

Total rent expense under operating leases was approximately $8 million and $13 million for the years ended December 31, 2017 and 2016, respectively.

Litigation

In March 2018, we entered into a settlement agreement with a former customer relating to an outstanding arbitration award we had against such customer. The settlement agreement contemplates the payment of the settlement amount in two installments, both in March 2018. Under the settlement agreement, we expect to receive approximately $4 million by March 9, 2018 and between $5 million and $9 million by March 20, 2018, depending on certain conditions. If the customer makes all payments required under the settlement agreement, the arbitration award will be settled in full and dismissed. We cannot be certain that our customer will make the payments required under the settlement agreement, and if they fail to make such payments, we will continue enforcement proceedings under the existing arbitration award.

We are a defendant in certain claims and litigation arising out of operations in the ordinary course of business, the resolution of which, in the opinion of management, will not have a material adverse effect on our financial position, results of operations or cash flows. There is inherent risk in any litigation or dispute and no assurance can be given as to the outcome of these claims.

Tax Contingencies

We operate in a number of countries throughout the world and our tax returns filed in those jurisdictions are subject to review and examination by tax authorities within those jurisdictions. As of December 31, 2017, the Successor has tax assessments of approximately $10 million. We have contested, or intend to contest, these assessments, including through litigation if necessary. Tax authorities may issue additional assessments or pursue legal actions as a result of tax audits, and we cannot predict or provide assurance as to the ultimate outcome of such assessments and legal actions.

A tax law was enacted in Brazil, effective January 1, 2015, that under certain circumstances would impose a 15% to 25% withholding tax on charter hire payments made to a non-Brazilian related party exceeding certain thresholds of total contract value. Although we believe that our operations are not subject to this law, the tax has been withheld at the source by our customer and we have recorded approximately $8 million withholding tax expense since inception of the law. We have been in discussions with our customer over the applicability of this legislation, and while we have reached a settlement agreement with our customer in regards to the amount withheld, we cannot be certain any of this amount will be collected.

Insurance

We maintain certain insurance coverage against specified marine perils, which include physical damage and loss of hire for certain units.

We maintain insurance in the geographic areas in which we operate, although pollution, reservoir damage and environmental risks generally are not fully insurable. Our insurance policies and contractual rights to indemnity may not adequately cover our losses or may have exclusions of coverage for some losses. We do not have insurance coverage or rights to indemnity for all risks, including loss of hire insurance on most of the rigs in our fleet or named windstorm perils with respect to our rigs cold-stacked in the U.S. Gulf of Mexico. Uninsured exposures may include expatriate activities prohibited by U.S. laws and regulations, radiation hazards, certain loss or damage to property on board our rigs and losses relating to shore-based terrorist acts or strikes. If a significant accident or other event occurs and is not fully covered by insurance or contractual indemnity, it could materially adversely affect our financial position, results of operations or cash flows. Additionally, there can be no assurance that those parties with contractual obligations to indemnify us will necessarily be financially able to indemnify us against all these risks.

Other

As of December 31, 2017, we had letters of credit of $38 million and performance bonds totaling $28 million supported by surety bonds outstanding. Approximately $10 million of the letters of credit related to the Successor activity, and $28 million of the letters of credit back surety bonds that support performance bonds issued by the Predecessor. Under the Consensual Plan, the Successor is not obligated to repay the issuing banks if the letters of credit are drawn by the beneficiaries. On the Effective Date, we entered into the Letter of Credit Agreement (the "LC Agreement") among lenders and issuing banks of the letters of credit. Pursuant to the LC Agreement, the Successor must pay a 2.5% monthly fee for all letters of credit that were outstanding at the emergence date until such time as the letter of credit is extinguished. The LC Agreement has a term of five years. The performance bonds of $28 million outstanding at December 31, 2017 were primarily obligations of the Predecessor.

Separation Agreements

In connection with the Spin-Off, the Predecessor entered into several definitive agreements with Noble or its subsidiaries (collectively, the "Noble Separation Agreements") that, among other things, set forth the terms and conditions of the Spin-Off and provide a framework for the Predecessor's relationship with Noble after the Spin-Off, including the following agreements:

- Master Separation Agreement;
- Tax Sharing Agreement;
- Employee Matters Agreement;
- Transition Services Agreement relating to services Noble and Paragon will provide to each other on an interim basis; and
- Transition Services Agreement relating to Noble's Brazil operations.

On the Effective Date, the Predecessor rejected the Separation Agreements pursuant to the terms of the Consensual Plan. As a result of rejecting the Tax Sharing Agreement, the Predecessor is no longer entitled to indemnity from Noble with respect to the tax liabilities. In addition, Noble may assert claims against the Predecessor for indemnification amounts that would have been owed to Noble pursuant to the Tax Sharing Agreement.

NOTE 19—SUPPLEMENTAL CASH FLOW INFORMATION

The net effect of changes in other assets and liabilities on cash flows from operating activities is as follows:

	Successor	Predecessor		
	July 18, 2017 to	January 1, 2017 to	Year Ended December 31,	
(In thousands)	December 31, 2017	July 18, 2017	2016	2015
Accounts receivable	$ 5,835	$ 13,391	$ 204,446	$ 233,812
Other current assets	19,383	6,881	32,859	(5,383)
Other assets	(6,129)	2,451	9,656	(479)
Accounts payable and accrued payroll	(43,810)	(65,918)	(36,615)	(57,246)
Other current liabilities	3,027	(19,689)	(14,969)	(132,195)
Other liabilities	44	(2,829)	(8,571)	(51,790)
Net change in other assets and liabilities	$ (21,650)	$ (65,713)	$ 186,806	$ (13,281)

Additional cash flow information is as follows:

(In thousands)	Successor July 18, 2017 to December 31, 2017	Predecessor January 1, 2017 to July 18, 2017	Predecessor Year Ended December 31, 2016	Predecessor Year Ended December 31, 2015
Cash paid (refunded) during the period for:				
Interest	$ 676	$ 41,247	$ 75,487	$ 124,763
U.S. and Non-U.S. income taxes	942	4,657	(9,506)	66,657
Supplemental information for non-cash activities:				
Assets related to Sale-Leaseback Transaction	$ —	$ —	$ —	$ 465,043
Adjustments to distributions by former parent	—	—	—	9,493
Accrued capital expenditures	4,565	1,615	1,928	10,305
Netting of VAT receivables and payables	—	12,307	—	—

NOTE 20—SEGMENT AND RELATED INFORMATION

As of December 31, 2017, our contract drilling operations were reported as a single reportable segment, Contract Drilling Services, which reflects how our business is managed, and the fact that all of our drilling fleet is dependent upon the worldwide oil industry. The mobile offshore drilling units that comprise our offshore rig fleet operate in a single, global market for contract drilling services and are often redeployed globally due to changing demands of our customers, which consisted largely of major non-U.S. and government owned/controlled oil and gas companies throughout the world. Our contract drilling services segment currently offers contract drilling operations in the North Sea, the Middle East and India and included operations in Brazil, Mexico, West Africa and Southeast Asia in prior periods.

Operations by Geographic Area

The following table presents revenues and identifiable assets by country based on the location of the service provided:

Revenues (In thousands)	Successor July 18, 2017 to December 31, 2017	Predecessor January 1, 2017 to July 18, 2017	Predecessor Year Ended December 31, 2016	Predecessor Year Ended December 31, 2015
Country:				
India	$ 24,817	$ 31,183	$ 55,882	$ 71,743
United Arab Emirates	19,479	27,477	109,886	135,747
United Kingdom	10,250	47,649	181,512	305,499
Brazil	—	665	131,192	368,502
The Netherlands	1,485	22,397	90,764	242,128
Mexico	—	52	16,230	133,970
Cameroon	—	—	16,102	70,901
Qatar	—	—	—	36,234
Denmark	—	—	—	8,382
USA	—	—	—	340
Other	—	—	34,608	118,982
	$ 56,031	$ 129,423	$ 636,176	$ 1,492,428

Identifiable Assets (In thousands)	Successor December 31, 2017	Predecessor December 31, 2016
Country:		
USA	$ 190,819	$ 177,317
United Kingdom	185,251	666,823
United Arab Emirates	108,910	193,596
The Netherlands	96,111	574,243
Denmark	43,384	76,304
Qatar	4,122	16,544
India	2,621	85,673
Brazil	1,323	35,017
Mexico	—	46,620
Cameroon	—	13,822
Other	—	17,772
	$ 632,541	$ 1,903,731

Appendix d - Historical financial information of Paragon and Prospector

The consolidated balance sheet of Paragon Limited has been extracted from the financial statements of Paragon for the year ended 31 December 2017 prepared in accordance with USGAAP and incorporated by reference to this Prospectus.

The consolidated balance sheet of Prospector Group has been extracted from note 6 to the financial statements of Paragon for the year ended 31 December 2017 prepared in accordance with USGAAP and incorporated by reference to this Prospectus.

Certain adjustments have been done to conform Paragon's and Prospector Group's December 31, 2017 balance sheets to that of the Company. The table below shows these balance sheets prepared in accordance with US GAAP and the adjustments made to conform to the December 31, 2017 balance sheet of the Company prepared in accordance with US GAAP.

HISTORICAL FINANCIAL INFORMATION OF PARAGON

(In USD millions)	Paragon Offshore Limited Unaudited Historical Condensed Consolidated	Adjustments	Note	Paragon Offshore Limited Unaudited Condensed Consolidated
	December 31, 2017			**December 31, 2017**
ASSETS				
Current Assets				
Cash and cash equivalents	149.1			149.1
Restricted cash	5.8			5.8
Accounts receivable	34.0	-34.0	(1)	-
Other current assets	27.1	34.0	(1)	61.2
Total current assets	**216.0**	**-**		**216.0**
Non-current assets				
Property, Plant and Equipment	248.7	-237.9	(2)	10.8
Jack-up drilling rigs	-	237.9	(2)	237.9
Investment in equity method affiliate	157.9	-157.9	(3)	-
Other non-current assets	9.9	157.9	(3)	167.8
Total non-current assets	**416.5**	**-**		**416.5**
Total assets	**632.5**	**-**		**632.5**
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	27.2			27.2
Accrued payroll and related costs	27.3	-27.3	(4)	-
Taxes payable	6.7	-6.7	(4)	-
Interest payable	1.4	-1.4	(4)	-
Accruals and other current liabilities	3.2	35.5	(4)	38.63
Total current liabilities	**65.8**	**-**		**65.8**

Non-Current liabilities			
Long-term debt	86.4		86.4
Accruals and other liabilities	10.8		10.8
Total non-current liabilities	**97.1**	**-**	**97.1**
Total liabilities	**162.9**	**-**	**162.9**
EQUITY			
Paid in capital	0.005		0.005
Additional paid in capital	547.6		547.6
Accumulated deficit	-77.9		-77.9
Total equity	**469.6**	**-**	**469.6**
Total liabilities and equity	**632.5**	**-**	**632.5**

HISTORICAL FINANCIAL INFORMATION OF PROSPECTOR

(In USD millions)	Prospector Unaudited Historical Condensed Consolidated	Adjustments	Note	Prospector Unaudited Historical Condensed Consolidated
	December 31, 2017			**December 31, 2017**
ASSETS				
Current Assets				
Cash and cash equivalents	23.4			23.4
Restricted cash	7.9			7.9
Accounts receivable	6.9	-6.9	(1)	-
Other current assets	0.9	6.9	(1)	7.8
Total current assets	**39.0**	**-**		**39.0**
Non-current assets				
Property, Plant and Equipment	214.6	-214.6	(2)	-
Jack-up drilling rigs	-	214.6	(2)	214.6
Restricted cash	33.1	-33.1	(3)	-
Other non-current assets	0.1	33.1	(3)	33.2
Total non-current assets	**247.8**	**-**		**247.8**
Total assets	**286.8**	**-**		**286.8**
LIABILITIES AND EQUITY				
Current liabilities				
Current maturities of long-term debt	25.4	-25.4	(4)	-
Trade payables	6.8	11.4	(5)	18.2
Accounts payable - affiliate	11.4	-11.4	(5)	-
Accrued payroll and related costs	0.6	-0.6	(4)	-
Taxes payable	0.4	-0.4	(4)	-
Accruals and other current liabilities	0.0	26.4	(4)	26.4
Total current liabilities	**44.6**	**-**		**44.6**

Non-Current liabilities			
Long-term debt	94.8		94.8
Accruals and other liabilities	0.9		0.9
Total non-current liabilities	**95.7**	**-**	**95.7**
Total liabilities	**140.4**	**-**	**140.4**
EQUITY			
Accumulated deficit	146.5		146.5
Total equity	**146.5**	**-**	**146.5**
Total liabilities and equity	**286.8**	**-**	**286.8**

Notes to the historical financial information of Paragon and Prospector Group:

(1) In order to make the balance sheet comparable to that of Borr Drilling accounts receivable has been reclassified to other current assets.
(2) In order to make the balance sheet comparable to that of Borr Drilling property, plant and equipment has been reclassified to jack-up drilling rigs.
(3) In order to make the balance sheet comparable to that of Borr Drilling Investment in equity method affiliate (associated companies) and restricted cash have been reclassified to other non-current assets.
(4) In order to make the balance sheet comparable to that of Borr Drilling accrued payroll and related costs, taxes payable, interest payable and current maturities of long term debt have been reclassified to accruals and other current liabilities.
(5) In order to make the balance sheet comparable to that of Borr Drilling accounts payable affiliate has been reclassified to trade payables