Sevan Drilling ASA

Sevan Drilling ASA (“the Company”) was separated from Sevan Marine ASA in May 2011 and listed as Sevan Drilling ASA on Oslo Axess at Oslo Børs (Ticker: SEVDR) on 4 May 2011. Sevan Drilling was listed on the main list on Oslo Børs on 13 February 2012.

Sevan Drilling is a pure play Ultra Deep Water drilling contractor with perpetual rights to the Sevan rig design. As of February 2012 the company has one rig – Sevan Driller – in operation under a six-year contract with Petrobras. The second rig – Sevan Brasil – is scheduled to commence operation for Petrobras on a six-year contract in the second quarter of 2012. Sevan Drilling Rig no. 3 and Sevan Drilling Rig no. 4 are under construction and will be delivered in 2013 and 2014.

In addition, Sevan Drilling has options for two additional construction contracts with Cosco Shipyard in China.

History
2006: Established as a subsidiary of Sevan Marine to build Drilling Rigs
2007: Ordered Rig #1 (Sevan Driller) Established Management Team and Key Operations Positions Signed first contract with Petrobras
2008: Ordered Rig #2 (Sevan Brasil) Secured second contract with Petrobras
2009: Took delivery of Sevan Driller
2010: Sevan Driller commenced operation for Petrobras in June Negotiated lump sum turn-key contracts and options for Sevan Drilling Rig no. 3-6
2011: Restructured financing on Sevan Driller and Sevan Brasil (bank loans) Raised USD 360 million at IPO and placed order for Sevan Drilling Rig no. 3 and 4 Sevan Marine sold last remaining stake in Sevan Drilling

Sevan Drilling’s long term strategy is to capitalise on the Sevan technology and cost advantage to build up a deep water drilling fleet.

Sevan Drilling has a strong safety focus within the company, both in operations and in projects and this are reflected in our safety statistics:
• The Company has exceeded 9 million man hours in construction without a Loss Time Injury (LTI)
• The Company has over 567 days of operations without an LTI
• Total Recordable Injury Rate (per 200,000 man-hours) in 2011 was 0.43 for Operations and 0.38 for the company - including projects

Sevan Drilling ASA - in general
Sevan Drilling ASA is domiciled in Oslo and currently employs approximately 350 employees in Norway, Singapore, China and Brazil.

The largest shareholders are (holding above 5%):
• Seadrill Ltd – 96,000,000 shares – 28.52%
• BNYM AS EMEA ASIA 25 – 17,913,077 shares – 5.32%
• Skagen Vekst – 17,599,671 shares – 5.23%

Sevan Technology
The Sevan design is a cylindrical shaped unit introducing a new concept to the offshore drilling industry compared with traditional semi-submersibles and drill ships. The idea originated with cylindrical shaped Floating Production, Storage and Offloading (FPSO) vessels and provides high variable deck load capacity along with internal storage and favorable motion characteristics. The size of the hull is scalable with the smallest size so far being the Sevan 300 (300,000 Bbls of storage capacity), our design the Sevan 650 (650,000 Bbl capacity) and the Goliath vessel at 1b Bbls of storage capacity.

The vessels have essentially no pitch or roll (back to front or side to side movement) and do not need to be concerned with turning into the waves or the wind direction. Because the vessel always has the same profile related to the wind and wave direction it should cost less to hold on location and provide a more stable platform. The one motion that the vessel does have is heave (up and down movement) which is compensated for by the bilge keel or bilge box on the vessel (a “lip” at the base of the keel) and motion compensators (DAT cylinders) to allow movement without creating excessive stress on the riser. The bilge box is a 3 m lip on Sevan Driller and this has been extended to 11.5 m on Sevan Brasil.

The main advantage to the vessel design (aside from motion) is that we have a very high variable deck load capacity (20,000 m³) along with substantial storage capacity within the hull. Finally, the hull design is almost ideal for arctic conditions, either with ice pack or floating ice. Although the first rigs do not have strengthened hulls it is very possible to fully enclose the drill floor area and the shape of the hull is excellent for ice conditions.

Sevan Driller
The Sevan Driller is the first of the Sevan designed rigs and the first of the rigs completed at Cosco Quidong shipyards (construction was started at Cosco Nantong and moved to Quidong in 2008). The rig has a six-year contract with Petrobras expiring in June 2016, the contract was first signed with Petrobras International to use the rig in GOM but before the rig commenced operations the contract was changed to utilise the rig offshore Brazil. The base rate for the contract is USD 434,000/day plus up to a 10% bonus element. The bonus starts when the utilisation exceeds 93% technical uptime and hits the maximum of 10% at a technical uptime of 98%.

Sevan Driller is fully financed through equity and a bank facility of USD 480 million.

Sevan Brasil
The Sevan Brasil has been constructed at Cosco Quidong. The sea trials are just completed and next step is dismantling the thrusters and preparing the rig for transport. The heavy lift transport window is the first week of March. The rig will be transported to Brazil aboard the Dockwise Mighty Servant and the scheduled transit time is 35 days. Upon arrival in mid-April we will load the riser package (manufactured in Brazil), re-install the thrusters and begin importation and acceptance testing.

The rig has a six-year contract with Petrobras which is due to commence 31 May 2012.

Sevan Brasil is fully financed through equity and a bank facility of USD 925 million.

Sevan Drilling Rig no. 3 and Sevan Drilling Rig no. 4
Construction contracts for Sevan Drilling Rig no. 3 and Sevan Drilling Rig no. 4 were negotiated in 2010 and early 2011 and these are full lump sum turnkey contracts with Cosco shipyards at an all-in price of USD 526 million.

Sevan Drilling Rig no. 3 is progressing according to plan. Keel-laying took place 8 October 2011 and erection of main hull is ongoing. Fabrication of the drill-floor has started. Sevan Drilling Rig no. 3 is scheduled to be delivered in the fourth quarter of 2013.

Sevan Drilling Rig no. 4 is progressing according to plan. Keel-laying took place 16 December 2011 and erection of lower part of main hull is ongoing. Sevan Drilling Rig no. 4 is scheduled to be delivered second quarter of 2014.

Sevan Drilling Rig no. 5 and Sevan Drilling Rig no. 6
Options for Sevan Drilling Rig no. 5 and Sevan Drilling Rig no. 6 were negotiated at the same time as the contracts for Sevan Drilling Rig no. 3 and 4 were agreed. The costs for these two rigs are the same as for Sevan Drilling Rig no. 3 and 4 but it can be adjusted upwards depending on the USD / RMB exchange rate. The current time we do not see a substantial increase in costs due to exchange rate. These options expire in December 2012.