

NORSK TILLITSMANN ASA

www.trustee.no

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To the bondholders in:

**ISIN: NO 001 0354632 -FRN Sea Production Ltd Callable Senior Secured Bond Issue
2007/2012**

Oslo, 6 July 2010

Summons to Bondholders' Meeting – Request for consent to sale of Vessel and request for related waivers

1. Introduction

Norsk Tillitsmann ASA (the “**Loan Trustee**”) has been appointed as loan trustee for the bond issue “FRN Sea Production Ltd Callable Senior Secured Bond Issue 2007/2012” with ISIN NO 001 0354632 (the “**Loan**”) where Sea Production Ltd (the “**Borrower**” or the “**Company**”) is issuer and borrower.

All capitalized terms used but not defined herein shall have the meanings assigned to them in the loan agreement for the Loan (the “**Loan Agreement**”), or in this summons.

The information in this summons regarding the Issuer and market conditions are provided by the Issuer, and the Loan Trustee expressly disclaims all liability whatsoever related to such information.

2. Background of the Proposal

The Company has accounted for a request for a sale of a vessel and request for related waivers in a letter from the Company dated 2 July 2010 appended in **Exhibit 1** to the Summons for this Bondholders' Meeting. Bondholders are encouraged to read all documents carefully in their evaluation.

The Company has asked the Loan Trustee to summon for a Bondholders' Meeting to inter alia pre - approve the sale of the Aframax Tanker “MV Sea Jaguar” (the “**Vessel**”) for scrap on the basis set out in the attached letter, and to give waivers related to the process. The owner of the Vessel is the company Melrose Shipping Company Limited (“**Melrose**”) registered on Cyprus.

The security for the Loan which is related to the Vessel is the Vessel Mortgage, the Assignment of Insurances, (the Purchase Agreements) the Guarantee and Indemnity Agreement and the Share Pledge pertaining to such Vessel or its owner (the “**Vessel Security**” or “**Aframax Tanker Security**”).

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The Company commends the proposed sale of the Vessel for the approval of the Bondholders. The Company considers that the base redemption amount of USD7,500,000 in the Loan Agreement applicable to any sale of the Vessel does not reflect the actual current value of the Vessel, either in any sale or the value of the Vessel as security if a sale does not proceed. Additionally, the value of the Vessel is expected to reduce further as the condition of the Vessel continues to deteriorate over time if it is not sold now. Accordingly, the Company considers that realization of the current value of the Vessel and payment to Bondholders of all of the gross sale proceeds of the Vessel once it is sold (together with accrued interest and other amounts payable under the Loan Agreement) is of real benefit to the Bondholders.

The Company informs that the background of the sale is that the Vessel is old, suffering advanced steel corrosion, is surplus to Company's requirements, is incurring ongoing operating costs of about US\$60,000 to US\$100,000 per month and, based on third party valuations of the Vessel (attached as **Annexure A** to the letter in **Exhibit 1**), the value of the Vessel is between US\$4,000,000 to US\$6,000,000, with its value further diminishing with time.

The Company further informs that it will not be able to comply with all provisions in the Loan Agreement related to the sale, and the Company will therefore also put forward a request for a waiver of the three specific provisions relating to sale of the Vessel and release of the Vessel Security. The relevant clauses are clause 8.3, clause 10.3 and clause 10.4 and are appended in **Annexure B** to **Exhibit 1**.

As the Company points out in the letter in **Exhibit 1**, the application of clauses 8.3, 10.3 and 10.4 means that if the Vessel is sold, the Borrower shall redeem Bonds of par value USD 7,500,000 of the outstanding loan in accordance with the redemption structure provided in the Loan Agreement. The Loan Trustee shall only release the Aframax Tanker Security if the Borrower redeems Bonds of a par value of at least USD 7,500,000 of the outstanding loan in accordance with the redemption structure provided in the Loan Agreement.

The Company therefore also puts forward a request for a waiver of the base redemption amount of USD7,500,000 contained in clause 8.3, clause 10.3 and clause 10.4 of the Loan Agreement so that the redemption provisions are instead applied against the actual sale price of the Vessel of between USD4,000,000 to USD6,000,000. Note that the Company does not seek a waiver of the redemption structure provisions contained in clauses 10.3(i)-(iii) and 10.4(i)-(v) of the Loan Agreement.

3. Proposal

The Company puts forward a request to the Bondholders' Meeting to consider the approval of the following proposal (the "**Proposal**");

- (a) *Consent and agree to the sale of the Vessel for scrap metal for an amount between USD4,000,000-6,000,000.*
- (b) *Consent and agree to:*
 - (i) *all of the gross sale proceeds of the Vessel; plus*
 - (ii) *an amount equal to 2% of the gross sale proceeds of the Vessel; plus*
 - (iii) *accrued interest on the redeemed amount,*



being directly applied in reduction of the Remaining Loan instead of the base redemption amount of USD7,500,000 provided under the Loan Agreement.

- (c) Irrevocably waive any right that the Bondholders may have to hold, deem or treat any transaction contemplated by this letter, or any related transactions entered into by the Borrower or Melrose as constituting an Event of Default (however described) under, or a breach of any provision of, the Loan Agreement or any Aframax Tanker Security or other security document or otherwise triggering a right to call on or an obligation on the Borrower to repay or redeem all or any part of the Loan or the Bonds (other than as set out in paragraph 4(b) above), including without limitation, any rights which, but for this clause, might otherwise have arisen under clauses 8.3, 10.3 and 10.4 of the Loan Agreement.*
- (d) Upon the gross sale proceeds (plus accrued interest and other amounts payable under the Loan Agreement) being applied directly against the outstanding loan, discharge and forever release the Borrower or/ and Melrose from any and all obligations and liabilities it has arising under or in connection with the Aframax Tanker Security and execute all documents and do all other things required or advisable in order to give full effect to such discharges and releases.*

4. Evaluation

4.1 The Borrower's evaluation of the Proposal

The Company suggests that the above Proposal is in all parties' interests as it will realize the value of the Vessel now for distribution to the Bondholders and reduce the unnecessary operating costs currently being incurred by Melrose for the Vessel.

The Company considers that the base redemption amount of USD7,500,000 in the Loan Agreement applicable to any sale of the Vessel does not reflect the actual current value of the Vessel, either in any sale or the value of the Vessel as security if a sale does not proceed. Additionally, the value of the Vessel is expected to further reduce together with the continued deterioration of the condition of the Vessel over time if it is not sold now. Accordingly, the Company considers that realization of the current value of the Vessel and payment to Bondholders of all of the gross sale proceeds of the Vessel once it is sold (together with accrued interest and other amounts payable under the Loan Agreement) is of real benefit to the Bondholders.

The Company asks for the Bondholders' kind understanding that the Company will not be in a position to proceed with any sale of the Vessel if the base redemption amount of USD7,500,000 contained in the Loan Agreement is not waived as requested.

4.2 The Loan Trustee's evaluation of the Proposal

The Loan Trustee does not have any opinion related to the current value of the Vessel, but recognises that the Company requests a relaxation of the base redemption amount of USD7,500,000 (with the other mandatory redemption provisions under the Loan Agreement continuing to apply) without any additional compensation to the Bondholders.



The request is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee. The Bondholders must independently evaluate whether the proposed changes are acceptable.

5. Bondholders' meeting:

Bondholders are hereby summoned to a Bondholders' meeting:

Time: 15 July 2010 at 1300 hours (Oslo time),
Place: The premises of Norsk Tillitsmann ASA,
Haakon VII's gt 1, 01061 Oslo - 5th floor

Agenda:

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

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

The Bondholders' meeting approves the Proposal as described in Clause 3 in the summons to this Bondholders' Meeting and to make all necessary amendments to the Loan Agreement according to this.

The Bondholders meeting irrevocably grants the Loan Trustee a power of attorney, on the Bondholders' behalf to enter into or execute any agreement, instrument or other document, and to take any and all such other act that may be required to carry out the decisions made by the Bondholders' meeting.

To approve the above resolution, Bondholders representing at least 2/3 of the Bonds represented in person or by proxy at the meeting must vote in favour of the resolution. In order to have a quorum, at least 5/10 of the voting Bonds must be represented at the meeting. If the proposal is not adopted, the Bond Agreement will remain unchanged.

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

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



NORSK TILLITSMANN ASA

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

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

The Company advises that any enquiries may be directed to Mr. Michael Staheyeff, Director, at telephone +65 6309 2888.

Yours sincerely

Norsk Tillitsmann ASA

Linn Verås

Enclosed: Bondholder's Form

Exhibit 1 – Letter from the Company

2 July 2010

Norsk Tillitsmann ASA
Haakon VII's Gate 1
N-0161 Oslo
NORWAY

Attention: Linn Verås

Dear Linn

SEA PRODUCTION LTD (THE "BORROWER") - LOAN AGREEMENT DATED 9 FEBRUARY 2007 WITH NORSK TILLITSMANN ASA ("NT") AS LOAN TRUSTEE FOR THE BONDHOLDERS (THE "LOAN AGREEMENT")

POTENTIAL SALE OF SEA JAGUAR FOR SCRAP METAL

I refer to our previous discussions in relation to the above matter.

As discussed, Melrose Shipping Company Limited ("Melrose"), as owner of the MV Sea Jaguar ("Vessel"), is contemplating selling the Vessel for scrap metal. Based on third party valuations of the Vessel (annexed as Annexure A to this letter), the value of the Vessel as at June 2010 is between US\$4,000,000 to US\$6,000,000.

1. Executive Summary

- (a) The Vessel is old, suffering advanced steel corrosion, is surplus to the Borrower's requirements, is incurring ongoing operating costs of about US\$60,000 to US\$100,000 per month and, based on a third party valuation of the Vessel (attached as Annexure A to this letter), the value of the Vessel as at June 2010 is between US\$4,000,000 to US\$6,000,000, with its value further diminishing with time.
- (b) Pursuant to clause 17.1(a) of the Loan Agreement, the Borrower and Melrose request that a Bondholders' meeting is held to consider and approve the proposal set out in this letter and summarized in paragraph 1 (c) below and provide the consents requested in paragraph 4 below.
- (c) On the basis that all sale proceeds (together with accrued interest and other amounts payable under the Loan Agreement) would be transferred to NT to apply directly against the outstanding loan and for distribution to the Bondholders, we kindly seek the Bondholders' approval to:
 - (i) the proposed sale of the Vessel for scrap for a potential sale price of between US\$4,000,000 to US\$6,000,000;

Sea Production Management AS Address & Contact:
Postboks 157
1325 Lysaker 1 Norway
Telephone: + 47 67 82 88 50
Telefax: + 47 67 82 88 60

Visiting Address:
Strandveien 50, Block B, 3rd Floor
1366 Lysaker 1 Norway

- (ii) a waiver of the base redemption amount of US\$7,500,000 provided in the Loan Agreement so that the redemption provisions that would otherwise be applicable upon any sale of the Vessel (as detailed in paragraph 3 below) be based instead on the actual sale price of the Vessel of between USD4,000,000 to USD6,000,000 (note that we do not seek a waiver of the redemption structure provisions set out in clauses 10.3(i)-(iii) and 10.4(i)-(v) of the Loan Agreement); and
- (iii) a release of the security provided by Melrose in relation to the Vessel (as detailed in paragraph 3 below),
- (d) We suggest that the above proposal is in all parties' interests as it will realize the value of the Vessel now for distribution to the Bondholders and reduce the unnecessary operating costs currently being incurred by Melrose for the Vessel.
- (e) We ask for the Bondholders' kind understanding that we will not be in a position to proceed with any sale of the Vessel if the base redemption amount of USD7,500,000 provided in the Loan Agreement is not waived as requested.

2. Present Situation of the Vessel

Melrose is contemplating selling the Vessel for scrap metal on the basis that the Vessel:

- (a) is 25 years old;
- (b) suffering advanced steel corrosion;
- (c) requires extensive dry-docking to be classed for anything other than layup;
- (d) is incurring operating costs of about US\$60,000 to US\$100,000 per month; and
- (e) is only worth, as at 23 June 2010 between US\$4,000,000 to US\$6,000,000, with its value further diminishing with time (please refer to the valuation dated 23 June 2010 and the valuations obtained in January 2009 enclosed at Annexure A of this letter).

As such, the Vessel is unnecessarily costing Melrose money and a sale would eliminate these unnecessary operating costs.

Unlike its "identical sister" vessel, MV Sea Cat, the Vessel is not in good condition and therefore, is not the preferred candidate for any FPSO (floating, production, storage, offtake) conversion. Accordingly, the Vessel is surplus to the Borrower's present requirements.

Melrose considers it sensible to realize the value of the Vessel through an immediate sale rather than allow the value of the Vessel to deteriorate further and incur additional operating costs.

3. Relevant Documentation and Provisions

As security for the Loan Agreement, Melrose executed the following documents:

- (a) the Second Preferred Mortgage on the Vessel dated 30 March 2007 granted by Melrose in favour of NT;
- (b) the Assignment of Insurances dated 30 March 2007 granted by Melrose in favour of NT;
- (c) the Guarantee and Indemnity Agreement dated 30 March 2007 granted by Melrose in favour of NT; and

- (d) the Second Priority Contract of Pledge of Share Certificates in Melrose dated 30 March 2007 granted by Melrose in favour of Nordea Bank Norge ASA and NT,

(collectively, the "Melrose Security").

The Loan Agreement contains three specific provisions relating to any sale of the Vessel and the release of the Melrose Security, namely clauses 8.3, 10.3 and 10.4 (and these provisions are replicated in Annexure B to this letter). Applying these provisions means that if the Vessel is sold, the Borrower shall redeem Bonds of par value USD7,500,000 of the outstanding loan in accordance with the redemption structure provided in the Loan Agreement. Similarly, the Loan Trustee shall only release the Melrose Security if the Borrower redeems Bonds of a par value of at least USD7,500,000 of the outstanding loan in accordance with the redemption structure provided in the Loan Agreement.

However, as the current value of the Vessel is estimated at between USD4,000,000 - 6,000,000, the Borrower would be unable to contemplate proceeding with a sale of the Vessel if the base redemption amount of USD7,500,000 provided in the Loan Agreement was not waived. Please note that the Borrower is not seeking a waiver of the redemption structure provisions contained in clauses 10.3(i)-(iii) and 10.4(i)-(v) of the Loan Agreement. As such, we consider it in all parties' interests to:

- (a) realize the value of the Vessel now before there is any further deterioration in value of the Vessel (and consequent deterioration in the value of the Melrose Security);
- (b) directly apply the sale proceeds against the outstanding loan. We consider it beneficial to the Bondholders to receive a lump sum payment now rather than delay until the Maturity Date (ie 14 February 2012) at which time the value of the Vessel will have deteriorated further; and
- (c) reduce Melrose's operating costs by disposing of an asset that is surplus to the Borrower's requirements.

4. Bondholder Consent

Pursuant to clause 17.1(a) of the Loan Agreement, the Borrower and Melrose request that a Bondholders' meeting is held to consider and approve the following matters:

- (a) *Consent and agree to the sale of the Vessel for scrap metal for between USD4,000,000-6,000,000.*
- (b) *Consent and agree to the sale proceeds of the Vessel (together with accrued interest and other amounts payable under the Loan Agreement) being directly applied in reduction of the outstanding loan instead of the base redemption amount of USD7,500,000 provided under the Loan Agreement (together with accrued interest and other amounts payable under the Loan Agreement).*
- (c) *Irrevocably waive any right that the Bondholders may have to hold, deem or treat any transaction contemplated by this letter, or any related transactions entered into by the Borrower or Melrose as constituting an Event of Default (however described) under, or a breach of any provision of, the Loan Agreement or any Melrose Security or other security document or otherwise triggering a right to call on or an obligation on the Borrower to repay or redeem all or any part of the Loan or the Bonds (other than as set out in paragraph 4(b) above), including without limitation, any rights which, but for this clause, might otherwise have arisen under clauses 8.3, 10.3 and 10.4 of the Loan Agreement.*
- (d) *Upon the sale proceeds (together with accrued interest and other amounts payable under the Loan Agreement) being applied directly against the outstanding loan, discharge and forever release Melrose from any and all obligations and liabilities it has*

arising under or in connection with the Melrose Security and execute all documents and do all other things required or advisable in order to give full effect to such discharges and releases.

We do trust that the proposal set out in this letter merits the Bondholders' approval and please do let me know if we are able to clarify anything further.

Yours sincerely

A handwritten signature in black ink, appearing to read "Michael Staheyeff". The signature is fluid and cursive, with a large initial "M" and a long, sweeping tail.

Michael Staheyeff
Director

ANNEXURE A

Third Party Valuation of the Vessel



Rubicon Offshore International Pte Ltd
1 Harbourfront Avenue
Keppel Bay Tower #14-05
Singapore 098632

LORENTZEN & STEMOCO

Oslo, June 22, 2010
TR/to

Dear Sirs,

With reference to your request for an opinion of fair market value on the vessel named below, based on the assumption that the vessel is in good and seaworthy condition, based on cash payment on normal commercial terms, prompt Charter free basis and also assuming that the vessel is in a fully maintained class, free of conditions and recommendations, undamaged and fully equipped, we are of the opinion that the fair market value of the vessel as of today is in the region of


Vessel's name	IMO No.	Dwt	When built	Value
MT "SEA JAGUAR"	8307129	89,600	01/1985	USD 5.25 mill

We would like to point out that this assessment is based on limited information, either obtained from relevant works of reference or technical descriptions supplied to us by your good self, the accuracy of which we do not accept any responsibility for. This assessment is also made without inspection of the vessel or its Classification Records, and the position should be verified by inspection. The above value is a statement of opinion and not to be taken as a representation of fact. Furthermore, the value is based solely upon our opinion of a fair market value at this present time and should not be applied to any other date.

Any person contemplating entering into a transaction or otherwise relying upon this Valuation should satisfy himself by inspection of the vessel or otherwise as to the correctness of the statements and assumptions which this Opinion of Value contains. This Opinion is given in good faith, but neither the company nor its officers shall in any circumstances whatsoever be held responsible for any errors or omissions herein or otherwise. No assurance is given that such a value will be sustained or can be realised in an actual transaction.

Furthermore, save for the exception given in the last paragraph, this Valuation has been provided solely for the private use of the person who commissioned it and to whom it is addressed. This Valuation is not for circulation or publication without our written consent, and no responsibility whatsoever can be accepted to any other person or entity. This Valuation shall not be used in any public offering in respect of shares, bonds or other financing institutions and any other third party. We reserve the right to withhold such consent at our sole discretion without providing any reason for such refusal.

While they are not to be circulated in the public domain, used for the purposes of an IPO or other such offer document, we can permit you to disclose the valuations of this vessel to the Owner and banks involved in the loan, provided the valuation is presented in full and they agree to the terms of the certificate.

Kind regards,
LORENTZEN & STEMOCO AS

Terje Røsegg

Lorentzen & Stemoco AS
Lilleakerveien 4

PO Box 7, Lilleaker
N-0216 Oslo, Norway

Phone +47 22 52 77 00
www.lorstem.com

Og.no
NO 938 053 103 MVA



Fearnleys

FEARNSALE

CERTIFICATE OF VALUATION

Vessel	Dwt	Built	Value MUS\$
MT Sea Jaguar	89,700	1985	4-4.5
MT Sea Cat	97,700	1985	6.5-7.5

as per today's date

This valuation is performed on "willing Seller and willing Buyer" basis and is given to the best of our knowledge and based on the sale & purchase marked condition prevailing at the time mentioned subject to the vessel being in sound condition and made available for delivery fairly prompt charter free and further subject to the conditions printed on the reverse side hereof.

* Vessel is laid up, with SS/DD due

Date: 29.01.2009

P. **Fearnleys**


Marius Hermanson

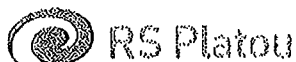


This valuation and particulars are statements of opinion and are not to be taken as representations of fact. The figures relate solely to our opinion of the market value as of the date given and should not be taken to apply to any other date.

We have not made a physical inspection of the vessel, nor have we inspected the classification records. Our opinion is based on information of the vessel stipulated in standard reference books. We assume no responsibility for the accuracy of such information. We have assumed for the purpose of the valuation that the vessel is in good and seaworthy condition with prompt charter free delivery (unless otherwise noted). We have not assessed validity of employment contracts or the standing of charterers. The valuation is provided on the basis of vessels being sold individually where more than one vessel have been valued.

Any person contemplating entering into a transaction or otherwise relying upon this valuation should satisfy himself by inspection of the vessel or otherwise as to the correctness of the statements and assumptions which the valuations contains. No assurance can be given that the values can be sustained or are realisable in actual transactions.

This valuation is provided solely for the use of the person to whom it is addressed and no responsibility can be accepted to any other person. The valuation should not be published or circulated without our written permission.



Sea Production Management AS
Att.: Sven Eskil Erlingsen
P.O. Box 157
1325 LYSAKER

Department: Sale and purch.
Telephone direct: 23 11 24 68
Telefax: 23 11 23 11
E-mail Internet: snp@platou.com

Our ref.: SJA / THA

Oslo, 28.01.09

VALUES

Upon your request, we value the below vessels as per 31st Decembor, 2008;

Vessel	Dwt	Built	Value
MT Sea Jaguar	89,700	1985	USD 6 mill.
MT Sea Cat	89,700	1985	USD 8-9 mill.

The above valuation assumes the vessels to be in sound condition, free of average damage, free of charter commitments and there being a willing seller and willing buyer. It is furthermore based upon our opinion of the conditions prevailing on the Sale and Purchase market at the time mentioned and should not be taken to apply to any other date. No assurance can be given that the value will be sustained or that it is realisable in an actual transaction.

We have not physically inspected the vessels nor have we inspected their classification records. The valuation and particulars are given in good faith but are statements of opinion and are not to be taken as representations of fact. Any person contemplating entering a transaction or otherwise relying upon this valuation should satisfy himself by inspection of the vessels or otherwise as to the correctness of the statements and assumptions which the valuation contains.

This valuation is provided solely for the private use of the person to whom it is addressed, it is not for circulation or publication without obtaining our written permission and no responsibility can be accepted to any other person.

It must be appreciated that the current financial turmoil has made the assessment of values uncertain. Information on comparable transactions and market demand has, where available, been very limited. These circumstances should be considered by anyone contemplating entering a transaction.

Yours Sincerely,
for R.S. Platou Shipbrokers a.s.

Thomas Holst Argel

R.S. Platou Shipbrokers a.s

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NO 985 514 262 MVA

Sea Production Management AS
Att: Mr Sven Eskil Erlingsen
P.O. Box 157
N-1325 Lysaker

Thursday, January 15, 2009



**NORDIC
SHIPPING**

Nordic Shipping AS

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Url: nordic-shipping.no

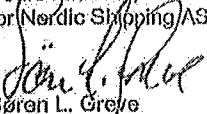
CERTIFICATE OF VALUATION

Dear Sirs,

To the best of our ability, but without any guarantee of accuracy on our part, we have today concluded valuation of the below named vessels as per 31.12.2008 based upon the current market conditions at that time and on the assumption that the vessels are in good working order for commercial use:

NAME	DWT	BUILT	VALUE, MUSD
M/T "SEA JAGUAR"	89700	1985	4.5-6
M/T "SEA GAT"	89700	1985	8-10

Yours faithfully,
for Nordic Shipping AS


Søren L. Greve
Managing Director

Please read our terms & conditions on page two of this document.



TERMS & CONDITIONS

This Certificate is for the private use of the party who commissioned it and is not for circulation or publication. No liability can be accepted to any other person.

The valuation set forth on this Certificate is solely a statement of our opinion of the fair and reasonable market value of the subject vessels on the basis of a willing buyer and willing seller including balance of charter, if stated. The figure relates to the value at the date given and should not be taken to apply to any other date. No assurance can be given that the valuation can be sustained or is realizable in an actual transaction. No assessment has been made of the validity of the charter parties or the financial standing of the charterers.

In giving such opinion we have assumed in all respects the accuracy of the information concerning the characteristics and condition of the subject vessels set forth in this Certificate. Our opinion is based on part of such information as published in standard reference works or obtained by us from such other sources as we have deemed appropriate. We assume no responsibility whatsoever for the accuracy of any information concerning the vessels. We note that the information available in published reference works may be inaccurate or out-of-date.

We have conducted no inspection of the vessels or of the vessel's classification society records. We have assumed that the vessels are in the condition noted in this Certificate solely for the purpose of expressing our opinion as to the vessel's value in such condition and it is to be understood that we express no opinion as to the actual condition of the vessel in any respect.

Nothing contained in this Certificate constitutes any representation or warranty as to condition value or any other fact or matter, and no one is entitled to rely on any statement or matter contained in this Certificate as a representation or warranty made by us. All persons are cautioned to conduct such independent investigation as they may deem necessary in order to determine the accuracy of any statements, matters or opinions set forth in this Certificate.

S.L.F.

ANNEXURE B

Relevant Provisions of the Loan Agreement

Relevant Definitions:

"Aframax Tankers" mean M/V Sea Cat and M/V Sea Jaguar.

"Aframax Tanker Security" means the part of the Loan Security established in relation to each Aframax Tanker, being the Vessel Mortgage, the Assignment of Insurances, (the Purchase Agreements), the Guarantee and the Share Pledge pertaining to such Vessel or its owner.

"Remaining Loan" means the aggregate principal amount of all Bonds outstanding in the Loan less the principal amount of the Bonds redeemed by the Borrower and discharged through the Securities Depository."

Clause 8.3 of the Loan Agreement provides:

"Upon the Borrowers redemption of Bonds of a par value of at least USD7,500,000 of the Remaining Loan as described in Clause 10.3, the Loan Trustee shall release the relevant Aframax Tanker Security for one of the Aframax Tankers (at the Borrowers discretion), and for both if the Borrower redeems at least Bonds of par value USD 15,000,000 of the Remaining Loan."

Clause 10.3 of the Loan Agreement provides:

"For the purpose of release of Aframax Tanker Security as described under Clause 8.3, and subject to the Borrower complying with the provisions of Clauses 8.4 and 8.5, the Borrower may redeem Bonds of par value USD7,500 000 for each Aframax Tanker as follows:

- (i) at any time before but not included the Interest Payment Date in February 2010 at 103% of par plus accrued interests on redeemed amount,
- (ii) at any time from and included the Interest Payment Date in February 2010, to but not included the Interest Payment Date in February 2011 at 102% of par plus accrued interests on redeemed amount,
- (iii) at any time from and included the Interest Payment Date in February 2011, to but not included the Maturity Date at 101% of par plus accrued interests on redeemed amount.

Should the Borrower exercise its redemption right as mentioned above, the Loan Trustee and the Bondholders must be informed of this (the Bondholders in writing via VPS) no later than 30 - thirty - Banking Days before the date of redemption.

Partial redemption of the Loan must be carried out by drawing of lots between the Bonds (by a full repayment of individual Bonds, allocated randomly between the Bonds).

Bonds redeemed by the Borrower in accordance with this clause shall be discharged against the Remaining Loan."

Clause 10.4 of the Loan Agreement provides:

"If the any of the FPSO Vessels are sold or disposed of, or if the Conversion Contracts are sold, assigned (other than as a part of the Bank Loan Security), cancelled for any reason howsoever or disposed of, or if any of the Borrower's shares in the three Guarantors controlling directly or indirectly the FPSO Vessels are sold, or in the event of a total loss or a constructive total loss of any of the FPSO Vessels, the Borrower shall redeem 100% of the Remaining Loan as follows:

- (i) If occurring anytime from and included Disbursement Date to, but not included, the Interest Payment Date in February 2008, the Borrower shall redeem 100% of the outstanding Bonds at a price equal to 105.00% of par value (plus accrued interest on redeemed amount),*
- (ii) If occurring anytime from and included the Interest Payment Date in February 2008 to, but not included, the interest Payment Date in February 2009, the Borrower shall redeem 100% of the outstanding Bonds at a price equal to 104.00% of par value (plus accrued interest on redeemed amount),*
- (iii) If occurring anytime from and included the Interest Payment Date in February 2009 to, but not included, the Interest Payment Date in February 2010, the Borrower shall redeem 100% of the outstanding Bonds at a price equal to 103.00% of par-value (plus accrued interest on redeemed amount),*
- (iv) If occurring anytime from and included the Interest Payment Date in February 2010 to, but not included, the Interest Payment Date in February 2011, the Borrower shall redeem 100% of the outstanding Bonds at a price equal to 102.00% of par value (plus accrued interest on redeemed amount),*
- (v) If occurring anytime from and included the interest Payment Date in February 2011 to but not included the Maturity Date, the Borrower shall redeem 100% of the outstanding Bonds at a price equal to 101.00% of par value (plus accrued interest on redeemed amount).*

If an Aframax Tanker is sold, if any of the Borrower's shares in a Guarantor owning an Aframax Tanker are sold, or in the event of a total loss or a constructive total loss of an Aframax Tanker, the Borrower shall redeem Bonds of par value USD7,500,000 of the Remaining Loan in accordance to the redemption structure described above.

If any of the Purchase Agreements are cancelled, the Borrower shall redeem 100% of the Remaining Loan in accordance to the redemption structure described above if the Purchase Agreement cancelled relates to the purchase of a company controlling a FPSO Vessel and USD7,500,000 of the Remaining Loan if the Purchase Agreement relates to the purchase of a company controlling an Aframax Tankers.

Partial redemption of the Loan must be carried out by drawing of lots between the Bonds (by a full repayment of individual Bonds, allocated randomly between the Bonds).

Bonds redeemed by the Borrower in accordance with this clause shall be discharged against the Remaining Loan."