



## **Letter to Shareholders No. 1 from Thule Drilling ASA**

Lysaker, 8 June 2005.

So far, Thule Drilling ASA's only engagement has been the rebuilding of a damaged jack-up drilling rig into a modern 250-foot drilling rig with a drilling capacity of 30,000 feet. The progress is described in more detail below.

During the period after the share issue, the positive trend in the market for drilling rigs has continued, and a number of contracts have been awarded at higher levels than those that formed the basis at the time of the share issue.

At present Thule Drilling ASA has approximately 75 shareholders and is quoted on the OTC list in Oslo, Norway.

In the time ahead we will strive to promote greater attention to the company as well as greater volume in trading of the share.

### **Grant of options for construction of new jack-up drilling rigs.**

Before the share issue in Thule Drilling ASA, TECO Invest AS - the initiator behind Thule Drilling ASA which at present controls 520,000 shares as well as 1.3 million warrants in Thule Drilling ASA - secured option agreements with the QGM yard in Dubai for the construction of new rigs. The option agreements have been transferred free of charge to Thule Drilling ASA.

In terms of the agreements, the rigs will potentially be built on the same principle as for "Thule Power": net fixed prices, "open book policy" with a success fee, provided that the rigs are delivered at the agreed time. The option agreements are unilateral in favour of the option holder, which after the transfer is Thule Drilling ASA. Thule Drilling ASA assumes no obligations before any exercise of the options takes place. If desired, Thule may also sell one or more of the options to third parties if Thule itself does not wish to exercise the options.

We regard this as a great opportunity for Thule Drilling ASA. At the present time we would call this an unforeseen possibility, where we have the rights to the QGM yard's capacity for several years ahead for building up to 14 units including "Thule Power". It is expected that it will be possible to build the rigs 15-20 % cheaper than in Singapore. The main reasons are the yard's margin, lower labour costs in general, and lower overheads. In addition, Thule will be able to



take delivery of the rigs about 15 months earlier than for a newbuilding ordered from a shipyard in Singapore today.

The rigs will be supplied with almost the same technical specifications as the rigs supplied by PPL and Keppel in Singapore. The rigs can operate at a water depth of 375 feet, and have a drilling capacity of 30,000 feet.

### **QGM Group**

The shipyard is a half-hour's drive from "downtown" Dubai, located in the emirate of Sharjah in the new free zone of Hamriyah. This area is growing vigorously, with regard to shipyard activity, refineries and various import facilities. The yard area covers 100,000 sq m and has a quay about 200 m long. The workshop is expanding rapidly at present, and will be streamlined for newbuildings of jack-up rigs.

### **Dubai**

In recent years Dubai has become the most important hub in the Middle East, which is explained by its openness as well as its tolerance for Western culture. Further, the country is endowed with large oil reserves, is making a strong commitment to tourism, and has the world's largest repair yard for ships as well as several large offshore-related yards. The fact that the country now also has newbuilding facilities for jack-up rigs further strengthens the activity in the area.

### **Design / Construction management**

Noble Denton – [www.nobledenton.com](http://www.nobledenton.com) – is currently developing a jack-up design. If desired, Thule will be able to build according to these specifications. Nobel Denton is one of the world's leading consulting companies in maritime industry with broad experience in all segments of the offshore sector. The group has been involved in jack-up technology since the first rigs were built for the North Sea in the 1960s.

Noble Denton will also assist Thule with follow-up of the construction, and will if desired also assist as consultant for Thule when the rigs go into operation.

### **Project status JU "Thule Power"**

The formal take-over and registration of the rig in the Liberia register took place on 19 May 2005. Work on rebuilding of the drilling rig started earlier, and delivery as a rig ready for drilling has been agreed for 9 July 2006. Contracts with various equipment vendors regarding delivery date, installation and trials are on the whole in place. Detailed engineering and the planning process are under way and undergoing quality assurance by Noble Denton, which has had a construction inspection team in place for about a month. Cleaning, sandblasting and coating of the hull and legs are also under way. Work on the rig and cooperation with the yard have not resulted in any negative surprises. The specified time and cost estimate (USD 75 million + buffer USD 5 million) is realistic, and it is the Board's opinion that the rebuilding of "Thule Power" is on schedule.



### **Stock exchange listing**

Unfortunately there was too little time before the holidays to have the application for a stock exchange listing for Thule Drilling ASA processed. The draft application and prospectus are available, and the process will be resumed for consideration by the Oslo Stock Exchange's Board of Directors in September 2005.

### **Expansion of the Board of Directors at Thule Drilling ASA**

In connection with the expected stock exchange listing, the current Board of Directors wishes to increase the number of directors from 3 to 5 members. The company will provide further information about this later.

### **Future marketing and operations**

Thule Drilling intends to have a relatively small administration in Norway, and will either develop a separate operating organization locally in the Middle East/South East Asia, where it is expected that "Thule Power" and if applicable the new option rigs will operate. Alternatively, an external manager/drilling contractor will be appointed.

During the coming months Thule Drilling will start marketing "Thule Power", and at the same time survey the possibilities of long-term deployment for the option rigs, including bareboat charter to interested drilling contractors or long-term drilling contracts for oil companies.

Kai Solberg-Hansen has formally been appointed as CEO of the company from 1 June this year.

Thule Drilling ASA

The Board of Directors and Management

For further information, please contact: Kai Solberg-Hansen (CEO) telephone +47 67 200 300 or email: [kai.solberg-hansen@thuledrilling.no](mailto:kai.solberg-hansen@thuledrilling.no)

Web Page: <http://www.thuledrilling.no/>