



Prospectus

Thule Drilling ASA

(a public limited company organized under the laws of the
Kingdom of Norway)

(registration number 987 859 377)
www.thuledrilling.no

**Rights issue of up to 16,845,330 new
shares at a subscription price of NOK
13.06 per share with preferential
subscription rights for shareholders of
record as per 14 May 2007**

**Subscription period:
22 May - 5 June 2007,
both dates inclusive**

Managed by



21 May 2007

Important information

This Prospectus has been prepared in connection with the rights issue of 16,845,330 new shares of Thule Drilling ASA (“Thule Drilling” or the “Company”).

For the definitions of terms used throughout this Prospectus see Section 15 “Definitions and Glossary of Terms” of this Prospectus.

The Company has furnished the information in this Prospectus. This Prospectus has been prepared to comply with the Norwegian Securities Trading Act and related secondary legislation, including the EC Commission Regulation EC/809/2004. Oslo Børs has reviewed and approved this Prospectus in accordance with the Norwegian Securities Trading Act Section 5-7. This Prospectus has been published in an English version only.

All inquiries relating to this Prospectus should be directed to the Company or the Managers. No other person has been authorised to give any information about, or make any representation on behalf of, the Company in connection with the Offering and, if given or made, such other information or representation must not be relied upon as having been authorised by the Company or the Managers.

The information contained herein is as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company or its subsidiaries subsequent to the date of this Prospectus. Any new material information and any material inaccuracy that might have an effect on the assessment of the Offering arising after the publication of this Prospectus will be published and announced promptly as a supplement to this Prospectus in accordance with section 5-15 of the Norwegian Securities Trading Act. Neither the delivery of this Prospectus nor the completion of the Offering at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company’s affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

The distribution of this Prospectus may be restricted by law in certain jurisdictions. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions.

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each reader of this Prospectus should consult with its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser.

In the ordinary course of their respective businesses, the Managers and certain of their affiliates have engaged, and may continue to engage, in investment and commercial banking transactions with the Company and its subsidiaries.

Investing in the Company’s Shares involves risks. See Section 2 “Risk Factors” of this Prospectus.

THIS PAGE IS INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

1.	SUMMARY	2
2.	RISK FACTORS	9
3.	RESPONSIBILITY FOR THE PROSPECTUS	14
4.	THE OFFERING	15
5.	PRESENTATION OF THE COMPANY	22
6.	THE MARKET.....	33
7.	CONSOLIDATED FINANCIAL INFORMATION	38
8.	OPERATING AND FINANCIAL REVIEW	45
9.	CASH FLOW AND CAPITAL RESOURCES	47
10.	BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES.....	51
11.	SHARE CAPITAL AND SHAREHOLDER MATTERS	57
12.	TAXATION.....	63
13.	LEGAL MATTERS.....	66
14.	ADDITIONAL INFORMATION.....	69
15.	DEFINITIONS AND GLOSSARY OF TERMS.....	70

APPENDICES:

APPENDIX 1: ARTICLES OF ASSOCIATION

APPENDIX 2: ANNUAL REPORT FOR 2005

APPENDIX 3: ANNUAL REPORT FOR 2006

APPENDIX 4: SUBSCRIPTION FORM

1. SUMMARY

The following summary should be read as an introduction to the Prospectus, and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus, including the appendices hereto. Any decision to invest in the Shares should be based on consideration of the Prospectus as a whole by the investor.

In case a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation, have to bear the cost of translating the Prospectus before legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

1.1 DESCRIPTION OF THULE DRILLING

1.1.1 Introduction

Thule Drilling is a Norwegian company involved in the construction, ownership and future operation of drilling rigs. The Company currently has three jack-up drilling rigs under construction at the QGM yard in Dubai, of which one is currently scheduled to be delivered within the end of August 2007 and the remaining two are scheduled for completion in the third and fourth quarters of 2008. In addition, the Company owns one semi-submersible hull.

1.1.2 History

Thule Drilling was established in February 2005. The Company's founders had identified a business opportunity arising from a jack-up rig that had been subject to a "constructive total loss". A plan was developed to reconstruct the unit into a modern and efficient drilling rig to be named "Thule Power" at the QGM yard in Dubai. The project was scheduled for completion in July 2006 but a more extensive reconstruction process has taken more time and resources than originally planned.

The following table sets forth important event in the Company's history:

February 2005.....	Founded and registered
April 2005	Raised capital for the reconstruction of "Thule Power", then scheduled for completion in July 2006. Capital consisted of the equivalents of USD 40 million in equity and USD 40 million in debt.
August 2005	Raised approximately USD 30 million in equity and acquired two semi-submersible hulls for an aggregate price of USD 27 million.
January 2006.....	Raised approximately USD 78 million in equity and signed contracts with QGM for the construction of two jack-up newbuildings, then expected to be delivered in November 2007 and March 2008.
February 2006.....	Sold one of the semi-submersible hulls at a price of USD 40 million.
July 2006	Awarded contract with Saudi Aramco for "Thule Power", for a duration of four years from the then expected delivery of the rig in January 2007, and with penalties upon delivery to Saudi Aramco later than March 2007.
September 2006.....	Raised USD 130 million in bond financing to repay the initial bond loan and secure, in combination with a bank offer to borrow up to USD 75 million, what was then expected to be remaining funding requirement of the construction program, including a USD 22 million loan facility to QGM which at that time was in need of financial support.
December 2006.....	Experienced problems with "Thule Power" in connection with sea trials, requiring additional resources for remedial and causing delay in delivery onto contract.
Winter / spring 2007.....	Slower than expected progress in completing "Thule Power" and requirement of additional funding of QGM has caused further delays and additional capital requirements, partly remedied by the issuance of a USD 9 million certificate

	loan in January 2007 and the issuance of a USD 40 million bond loan in March 2007. The issuance of shares under this rights issue is expected to raise an additional USD 35 million which is expected to secure funding of the Company's requirements as currently anticipated.
May 2007.....	Current delivery schedule of the Company's rigs: "Thule Power" (jack-up under reconstruction) – within 31 August 2007 "Thule Energy" (jack-up newbuilding) – third quarter 2008 "Thule Force" (jack-up newbuilding) – fourth quarter 2008 "Thule Phoenix" (semi-summersible hull) – options are being considered

1.1.3 Developments in the Company's financial situation

Since September 2006, when the Company obtained bond financing and bank offer which represented expected full financing, the Company has experienced significant delays, cost escalations and capital requirements which have created a funding requirement of approximately USD 84 million. USD 49 million has been raised through the issuance of a certificate and a bond loan, while the remaining USD 35 million is expected to be raised by means of this right issue.

As a consequence, the Company will have secured funding for its requirements as currently anticipated. There are however significant risks and challenges involved in the Company's construction program and there can be no assurance that additional funding will not be required.

1.1.4 Business and market description

The business of Thule Drilling is to contract, own, manage and charter out drilling rigs. With its major assets being three jack-up drilling rigs under construction, the Company has been positioned to take advantage of an expected long-term demand for drilling rigs serving the oil and gas industry. The Company expects to operate its rigs, once delivered, mainly in areas like the Middle East, offshore West Africa, South East Asia or on the Indian Continental Shelf in water depths of up to 300ft. An overview of the market conditions for jack-up drilling rigs is provided in Section 6.

1.2 PURPOSE AND BACKGROUND OF THE OFFERING

The background for the Offering is set out in Section 1.1.3 above. The purpose of the Offering is to complete the Company's expected funding requirement to complete its three rigs under construction at QGM, including the funding of QGM as required.

It is deemed to be in the interest of all shareholders that such strengthening of the equity is arranged through a rights issue where existing shareholders have a preferential right to subscribe for the shares.

1.3 THE OFFERING

The following table sets forth key data related to the Offering:

<i>The Offering</i>	A rights issue of 16,845,330 shares to be issued by the Company, with preferential right for shareholders of record as per 14 May 2007.
<i>The shares offered</i>	16,845,330 new shares of the Company, par value NOK 0.20, ISIN NO 001 0263056.
<i>Subscription rights</i>	Non-transferable subscription rights have been issued to shareholders on record as per 14 May 2007. Each subscription right carries the right to subscribe for, and be allotted, one share in the Offering.
<i>Offer price</i>	NOK 13.06 per share
<i>Offer period</i>	Starting on 22 May 2007 and ending on 5 June 2007 at 17:00 CET.
<i>Allocation</i>	A letter confirming allocations is expected to be sent on 7 June 2007.
<i>Payment</i>	Payment shall be made, by debiting of each subscriber's account, on or about 11 June 2007.

<i>Delivery</i>	Delivery of the new shares is expected to take place on 13 June 2007 and the shares will thereafter become tradeable.
<i>Underwriting</i>	The full subscription of the Offering has been guaranteed by a consortium set out in Section 4.2.12.
<i>Proceeds</i>	The gross proceeds of the Offering will be approximately NOK 220 million. Total expenses are expected to be approximately NOK 8 million. The net proceeds to the Company will be approximately NOK 212 million.
<i>Dilution</i>	The Offering will represent 31% of the shares of the Company following the Offering.

1.4 SUMMARY OF RISK FACTORS

A number of risk factors may adversely affect the Company. Below is a summary of the most relevant risk factors described in Section 2. Please note that the risks below are not the only risks that may affect the Company's business or the value of the Shares. Additional risks not presently known to the Board of Directors or considered immaterial may also impair its business operations and prospects.

1.4.1 Market risk

The Company's business is subject to a number of market risks. This includes risks of a political and geopolitical nature (including the risk of war, armed conflicts and terrorist attacks), as well as risks associated with the demand and supply for its services. The Company's services are provided in an open market characterized by a large number of potential clients and suppliers. The number of units to supply the market, and the number of companies supplying these units, is rising in response to a generally improved market and a positive outlook for further demand growth. There can be no assurance that the factors supporting this positive outlook will actually materialize. A less positive demand development may lead to an overcapacity of drilling rigs in the future, which may have a negative impact on rates and on the Company's future revenues.

1.4.2 Operational risk

The Company's operations may be subject to a number of risks. This includes risks associated with the length and possible termination of drilling contracts, risks associated with substantial responsibilities assumed by the Company, risks associated with the service life and technical operation of the Company's drilling rigs, and the risks associated with the limited size of the organization of the Company. The Company has been in existence for a short period (since 2005) and has a limited operating history. Further, the timing and cost of repairs and maintenance on the Company's drilling rigs may be substantial and difficult to predict. In the course of its activities, the Company may become part to legal proceedings and disputes. All of these factors could have a significant impact on the Company's financial position.

1.4.3 Particular risks related to the Company's construction program at the QGM yard

The Company has a large and challenging investment program for the construction of three jack-up rigs at the QGM yard in Dubai. Various factors have contributed to the delay and cost increase of "Thule Power", the first rig under reconstruction. The construction of "Thule Energy" and "Thule Force" has also been delayed compared to the originally scheduled delivery dates. The reasons contributing to delays and cost increase include change orders, yard inadequacies, technical challenges and various other factors. The financial situation at QGM is not satisfactory, which has caused the Company to provide the yard with funding to ensure vital progress on its rig constructions. There can be no assurance that the yard will be able to complete the rig constructions within the time frame currently estimated, or that the yard will be able to complete within the budgeted amounts, or that the yard will not require additional funding to complete the rig constructions.

1.4.4 Marine and environmental risks

Drilling rigs are subject to perils particular to marine operations, including capsizing, grounding, collision and loss and damage from severe weather or storms. Such circumstances may result in severe damages and/or damage to property, the environment or persons.

1.4.5 Adequate insurance protection

The Company's operations are subject to risks inherent in the oil and offshore industry. The Company maintains insurance in accordance with industry standards. Its insurance is intended to cover risks associated with the conduct of the business, as well as environmental damage and pollution coverage.

1.4.6 Financial risk and risks relating to the Company's shares

The Company is exposed to financial risks which include risks for interest rate and currency fluctuations. In addition, its borrowings create leverage which will amplify the effects of rate, cost, and value movements.

In particular, investors should be aware that one of the Company's bond loans requires that the Offering is completed within 31 May 2007. A bondholders' meeting has been called for 25 May 2007 to grant an extension of this requirement until 30 June 2007. A failure to obtain such extension could have material negative impact on the Company and the Shares.

The trading price of the Shares could fluctuate significantly in response to quarterly variations in operating results, adverse business developments, interest rate, changes in financial estimates by securities analysts, matters announced in respect of major customers or competitors, or changes to the regulatory environment in which the Company operates. The market price of the Shares could decline due to sales of a large number of the Shares in the market or the perception that such sales could occur.

1.5 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

1.5.1 Board of directors

The directors of the Company are Hans Eirik Olav (chairman), Henrik A. Christensen, Brita Eilertsen, Anders-Ivar Olsen and Frederik Steenbuch.

1.5.2 Management and employees

Key members of the Company's management are Peter K. Gjessing (CFO and acting CEO), Colin Barden (COO), and Tore Berg (technical advisor). The Company employs five persons.

1.5.3 Management services provided by external parties

The Company relies on the services of Noble Denton to supervise the Company's construction program at the QGM yard. The Company relies on the services of KCA Deutag for the management of the Company's rig "Thule Power" under its contract with Saudi Aramco, and for the marketing (on a non-exclusive basis) of the Company's rigs "Thule Energy" and "Thule Force" under construction.

1.6 ADVISORS AND AUDITORS

The Managers for the Offering is Fearnley Fonds ASA, P.O. Box 1158 Sentrum, 0107 Oslo, Norway.

The Company's Norwegian legal counsel is Wiersholm, Mellbye & Bech advokatfirma AS.

The Company's independent auditor is Ernst & Young AS.

1.7 SUMMARY OF OPERATING AND FINANCIAL INFORMATION

The selected financial information set forth in this Prospectus should be read in conjunction with the financial statements and the notes to those statements as set out in Appendix 2 and 3.

1.7.1 Consolidated income statement

USD 1,000	Fourth quarter		Full year	
	2005 (unaudited)	2006 (unaudited)	2005 (based on audited accounts in NOK)	2006 (audited)
Operating revenue	0	600	0	21,937
Other operating expenses	-880	-1,023	-2,217	-4,907
Depreciation and amortization	-6	-9	-7	-36
Operating profit	-886	-424	-2,224	16,994
Net financial items	700	-2,449	-288	2,178
Profit before tax	-186	-2,882	-2,511	19,172
Tax expense	176	-2,594	176	-3,893
Net profit	-11	-5,476	-2,336	15,279
Basic and diluted earnings per share (USD)	-0.00	-0.15	-0.19	0.42

1.7.2 Condensed and consolidated balance sheet

USD 1,000	31.12.2005 (based on audited accounts in NOK)	31.12.2006 (audited)
Total non-current assets	68,581	254,382
Total current assets	40,962	85,886
Total assets	109,543	340,268
Paid in capital	668	1,135
Share premium reserve	67,021	143,033
Other equity	-1,591	13,870
Total equity	66,098	158,038
Deferred tax liability	0	1,482
Long term interest-bearing debt	36,294	127,634
Total non-current liabilities	36,294	129,116
Trade and other payables	4,709	46,469
Accruals, provision	2,442	6,645
Debt to related party companies	0	0
Total current liabilities	7,151	54,114
Total equity and liabilities	109,543	340,268

1.7.3 Significant changes to the Company's financial or trading position since 31 December 2006

Since 31 December 2006, the end of the last financial period for which interim financial information has been published, the following significant changes to the Company's financial or trading position have occurred:

- The Company has issued a new certificate loan in the amount of USD 9 million;
- The Company has issued a new bond loan in the amount of USD 40 million;
- The Company has extended to QGM additional financing of approximately USD 20 million.

1.8 SUMMARY OF CAPITALISATION AND INDEBTEDNESS

The following table sets forth a summary of the Company's capitalisation and indebtedness as per 31 March 2007 and provides an illustration of the effects of the completion of the Offering.

USD 1,000	31 March 2007	Effect of Offering
Shareholders equity (A)	158,038	35,000
Total current debt	48,693	
Total non-current debt	167,634	
Total indebtedness (B)	216,327	
Total capitalisation (A + B)	374,365	35,000
Liquidity (C)	78,355	35,000
Current financial receivable (D)		
Current financial debt (E)	48,693	
Non-current financial debt (F)	167,634	
Net financial indebtedness (C+D-E-F)	-137,972	35,000

1.9 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

1.9.1 Major shareholders

As of 14 May 2007, the Company had 452 shareholders in total, of which 390 were Norwegian and 62 were non-Norwegian. The shareholders recorded in VPS with a shareholding of 5% or more at the same date are shown in the table below:

	Name of shareholder	Number of shares	Percentage
1	NorInvest Ltd	5,734,300	15.5%
2	Deutsche Bank (Suisse) S.A.	3,751,500	10.2%
3	Morgan Stanley & Co. Inc.	2,348,825	6.4%
4	Sebastian Holdings Inc	<u>2,001,500</u>	<u>5.4%</u>
	Total	13,836,125	37.5%

Sebastian Holdings Inc., the Company's fourth largest shareholder, is related to the ultimate beneficial owner of the shares held by Deutsche Bank (Suisse) S.A., the Company's second largest shareholder. When combining these and other affiliated holdings, Sebastian Holdings Inc. represents an aggregate holding of approximately 18.2% in the Company.

The Company is not aware of any other shareholders or consolidated groups of shareholders owning more than 5% of the shares or being in position to take control over the Company.

1.9.2 Related party transactions

The Company has not engaged, and does not engage, in transactions with related parties that as a single transaction or in their entirety are material to the Company. An overview of related party transactions deemed not to be material is set forth in Section 13.3. All such transactions have, in the opinion of the Company, been provided on arm's length terms.

1.10 ADDITIONAL INFORMATION

1.10.1 Share capital and shareholder matters

The Company is as a Norwegian public limited liability company with registration number 987 859 377.

The Company's share capital is NOK 7,390,000 divided into 36,950,000 Shares with a nominal value of NOK 0.20 per Share and issued in accordance with Norwegian law. In addition, 692,000 Shares are under registration, subject to which the share capital will be NOK 7,528,400 divided into 37,642,000 Shares.

The Company's general meeting have granted to the Board of Directors an authorization to increase the share capital by up to NOK 3,695,000 through the issuance of up to 18,475,000 new Shares. The authority is only valid for rights issues. The authorization is valid until the earlier of 30 June 2008 and the date of the annual

general meeting in 2008. On the basis of this authorization, the Board of Directors passed a resolution on 14 May 2007 to offer to issue up to 16,845,330 new Shares in connection with the Offering.

The Company currently has no outstanding warrant and option arrangements giving the right to subscribe for new shares.

All issued Shares in the Company are vested with equal shareholder rights in all respects. There is only one class of shares, and all Shares are freely transferable.

The Shares are registered in VPS with ISIN NO 001 0263056. The registrar for the Shares is Nordea Bank Norge ASA.

1.10.2 Articles of Association

The Company's articles of association are included as Appendix 1 to this Prospectus.

The Company's purpose according to its articles of association shall be to contract, own, operate, and charter out rigs, and all matters related to this.

The Board of Directors shall have a minimum of three members and a maximum of seven members. The authority to sign on behalf of the Company can be exercised by two members of the Board of Directors jointly.

The articles of association do not contain any restrictions on the transferability of the Shares.

1.10.3 Documents on display

For the life of this Prospectus, the following documents may be inspected as indicated in the list below:

- The incorporation documents of the Company are available for review at the Company's offices at Karenslyst Alle 2, Oslo, Norway.
- The articles of association are included in this Prospectus as Appendix 1 or on the Company's web site www.thuledrilling.no.
- The Company's annual accounts and auditors' report for the 2005 financial year are included in Appendix 2 to this Prospectus and is available on the Company's website www.thuledrilling.no.
- The Company's annual accounts and auditors' report for the 2006 financial year are included in Appendix 3 to this Prospectus and are available for review at the Company's offices.

2. RISK FACTORS

2.1 GENERAL

Investing in Thule Drilling involves inherent risks. Prospective investors should consider, among other things, the risk factors set out herein in the Prospectus before making an investment decision. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations and adversely affect the price of the Company's Shares. If any of the following risks actually occur, the Company's business, financial position and operating results could be materially and adversely affected.

A prospective investor should consider carefully the factors set forth below, and elsewhere in the Prospectus, and should consult his or her own expert advisors as to the suitability of an investment in the Shares of the Company. 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 the investment.

2.2 MARKET RISK

2.2.1 Political risks

Changes in the legislative and fiscal framework governing the activities of the oil companies could have material impact on the demand for the Company's services by impacting exploration, production and development activity or affect the Company's operations directly. In particular, changes in political regimes will constitute a material risk factor for the Company's operations in foreign countries.

2.2.2 Oil prices

Historically, demand for offshore exploration, development and production has been volatile and closely linked to the price of hydrocarbons. Low oil prices typically lead to a reduction in exploration drilling as the oil companies' reduce their investment budgets, which could have a negative impact on the demand for the Company's equipment and services.

2.2.3 Geopolitical risks

The Company's operations may take place in regions that may be politically volatile. Changes in the legislative, political, regulatory and economic framework in any region could adversely affect the Company's operations directly or indirectly.

2.2.4 Competition

The Company's equipment and services are provided in an open market characterized by a large number of potential clients and a relatively small number of suppliers. The demand for the Company's services may be volatile and is subject to variations for a number of reasons, including such factors as changes in oil prices, changes in economic activities or political regimes, changes in drilling programs by oil companies, and other factors.

The number of units to supply the market, and the number of companies supplying these units, are rising in response to a gradual increase in market rates over the last few years. There is a risk that these additions, or future additional supplies, will create an oversupply in the market which may have a negative impact on future rates.

Should a situation occur where demand is reduced or there is an oversupply which makes the operation of the Company's rigs unprofitable, there are limited prospects to employ the Company's assets in other businesses.

2.2.5 Risk of war, other armed conflicts and terrorist attacks

War, military tension and terrorist attacks have among other things caused instability in the world's financial and commercial markets. This has in turn significantly increased political and economic instability in some of the geographic markets in which the Company operates, or may operate in the future, and has contributed to high levels of volatility in prices for among other things oil and gas. Continuing instability may cause further disruption to financial and commercial markets and contribute to even higher level of volatility in prices. In addition, acts of terrorism and threats of armed conflicts in or around various areas in which the Company operates (or may operate in the future) could limit or disrupt the Company's markets and operations, including

disruptions from evacuation of personnel, cancellation of contracts or the loss of personnel or assets. Armed conflicts, terrorism and their effects on the Company or its markets may significantly affect the Company's business and results of operations in the future.

2.3 OPERATIONAL RISK

2.3.1 Limited operating history

The Company was established in February 2005. As a consequence, it has a limited operating history. Financial information upon which prospective investors can evaluate the Company's likely future performance is available only for a limited historical period.

2.3.2 Particular risks related to the Company's construction program at the QGM yard

The Company has a large and challenging investment program for the construction of three jack-up rigs at the QGM yard in Dubai. Various factors have contributed to the delay and cost increase of "Thule Power", the first rig under reconstruction. The construction of "Thule Energy" and "Thule Force" has also been delayed compared to the originally scheduled delivery dates. The reasons contributing to delays and cost increase include change orders, rig enhancements, yard inexperience and inadequacies, technical challenges and various other factors. Furthermore, the financial situation at QGM is not satisfactory. Whilst the Company has provided QGM with funding to ensure progress on its rig constructions, the funding provided thus far has not been sufficient to create a sound financial situation for QGM, when taking into account QGM's commitments to complete the three rigs for the Company. There can be no assurance that QGM will be able to complete the rig constructions within the time frame currently laid out, or that the yard will be able to complete within the budgeted amounts, or that QGM will not require additional funding to complete the rig constructions. This may result in the Company having to provide QGM with additional financing in order to ensure the completion of the rigs. The Company's ability to recover any funding provided to QGM is highly uncertain. Furthermore, the value of the various rights and remedies of the Company under the construction contracts are highly uncertain, given the weak financial position of QGM.

Any further delay in the delivery of the rigs or any additional cost increases could have a material negative impact on the Company.

2.3.3 The Company may assume substantial responsibilities

It should be emphasised that contracts in the offshore sector require high standards of safety, and it is important to note that all offshore contracts are associated with considerable risks and responsibilities. These include technical, operational, commercial and political risks. The Company will obtain insurances deemed adequate for its business, but it is impossible to insure against all applicable risks and liabilities. For instance, under some contracts the Company will have unlimited liability for losses caused by its own gross negligence, whereas such liability in general will not be covered by the Company's insurance policies. The Company may also incur liability for pollution and other environmental damage without being able to recover said liabilities through insurances.

2.3.4 Drilling contracts

There is often some degree of uncertainty as to the duration of offshore drilling contracts because most of the agreements give the operator extension options, and early termination provisions. In certain cases, early termination provisions will be linked to compensation payable to the rig owners. In some cases, this does not apply. There can also be off-hire periods between drilling contracts and whilst on contracts when the rig is unable to perform due to breakdown and repairs. Uncompensated early terminations or postponement of one or more drilling contracts can have an adverse impact on the Company's earnings.

2.3.5 Risks relating to the Saudi Aramco contract

In July 2006, the Company was awarded a contract for "Thule Power" with the Saudi Arabian oil company Saudi Aramco. Due to the delay in delivery, Saudi Aramco has a right to terminate the contract or to reduce the day rate with 50% for a period equivalent to delay beyond 1 March 2007. Saudi Aramco also has the right to reduce the contract period with the equivalent to the delay in delivery beyond 1 March 2007. Although the Company has not received any notice from Saudi Aramco of any intention to terminate the contract, there can be no assurance that Saudi Aramco will not do so. If Saudi Aramco was to terminate the contract, this could have a material negative impact on the Company.

2.3.6 Service life and technical risks

The service life of the rigs to be operated by the Company will ultimately depend on their efficiency. There can be no assurance of how long the rigs will be in operation. There will always be some exposure to technical risks, with unforeseen operational problems leading to unexpectedly high operating cost and/or lost earnings, which may have a material adverse effect on the financial position of the Company.

2.3.7 Maintaining senior management and key personnel

The Company has a limited size of its organization. If the Company should be unable to retain key personnel, this could have material negative consequences for its operations and financial results.

2.3.8 Legal proceedings and contractual disputes

In course of its activities, the Company may become party to, legal proceedings and disputes. The Company makes provisions in such cases to cover the expected outcome of the proceedings and disputes, to the extent that negative outcomes are likely and reliable estimates can be made. However, the final outcome of legal proceedings and disputes are subject to uncertainties, and resulting liabilities may exceed booked provisions.

2.3.9 Marine and environmental risks

Rigs are subject to perils particular to marine operations, including capsizing, grounding, collision and loss and damage from severe weather or storms. Such circumstances may result in severe damages and/or damage to property, the environment or persons. Litigation from any such event may result in the Company being named as defendant in lawsuits asserting large claims. In the event of pollution, the Company may be subject to strict liability. Environmental laws and regulations applicable in the countries in which the Company operates have become more stringent in recent years. Such laws and regulations may expose the Company to liability for the conduct of or conditions caused by others, or for acts by the Company that were in compliance with all applicable laws at the time such actions were taken.

2.3.10 Unexpected repair costs

The timing and costs of repairs on the Company's rigs are difficult to predict with certainty and may be substantial. Many of these expenses, such as dry-docking and certain repairs for normal wear and tear, are typically not covered by insurance. Large repair expenses could decrease the Company's profits. In addition, repair time means a loss of revenue.

2.3.11 Adequate insurance protection

The Company's operations are subject to risks inherent in the oil and offshore industry. The Company maintains insurance in accordance with industry standards. Its insurance is intended to cover risks associated with the conduct of the business, as well as environmental damage and pollution coverage. The Company cannot assure that it has adequately insured against all risks, that any future claims will be paid, or that it will be able to procure adequate insurance coverage at commercially reasonable rates in the future. If environmental regulations become even more stringent, the insurance expenses may increase further or make insurance unavailable against the risk of environmental damage or pollution. Notwithstanding the above, as is standard in the offshore drilling industry, the Company will normally enter into contracts where liability provisions are based on the "knock-for-knock" principle, i.e. each party of a drilling contract is liable for injuries and damages to its personnel and equipment, howsoever caused. Furthermore, where the Company may have liability as a result of pollution or a blow-out caused by the Company's gross negligence or willful misconduct, the Company will always seek to limit its exposure to levels for which the Company is prepared to take financial risk or at insurable levels.

2.4 FINANCIAL RISK

2.4.1 Interest rate and currency fluctuations

The Company will be exposed to risks due to fluctuations in interest and exchange rates. The Company will attempt to minimise these risks as appropriate.

By the nature of the Company's business, its revenues are primarily earned in USD. The Company hold loans in USD and may incur incomes/costs in other currencies, including NOK and EUR. The Company's Shares will be sensitive to fluctuations in currency exchange rates, particularly the rate of NOK and USD.

2.4.2 Investment and trading risks in general

All securities investments involve the risk of loss of capital. Investment in the Company involves significant economic risks. Although the Company's investment and management strategy is expected to provide some protection from the risk of loss inherent in the ownership of assets, there can be no assurance that these strategies will completely protect against this risk or that the Company's investment objectives will be obtained.

2.4.3 Borrowing and leverage

Borrowings create leverage. To the extent income derived from assets obtained with borrowed funds exceeds the interest and other expenses that the Company will have to pay, the Company's net income will be greater than if borrowings were not used. Conversely, if the income from the assets obtained with borrowed funds is not sufficient to cover the cost of borrowings, the net income of the Company will be less than if borrowing were not used. Furthermore, the income must be sufficient to meet the repayment schedule for the borrowed funds in order to avoid default under the financing facilities. The Company will seek to borrow only when the directors of the Company believe that such borrowings will benefit the Company after taking into account considerations such as the costs of the borrowing, the repayment schedules and the likely returns on the assets financed with the borrowed monies. However, no assurance can be given that the income will exceed the interests and costs associated with the loan, nor be sufficient to repay the loan when due.

The Company's current borrowings consist of bonds and certificate loans, see Section 9.2.2 of this Prospectus. Each of these loans carry high interest rates, and fall due for repayment within a relatively short time. There can be no assurance that the Company will have sufficient earnings to make interest payments on the loans as they fall due. Furthermore, there can be no assurance that the Company will be able to repay or refinance the loans at maturity. Any failure of the Company to meet its obligations under its current borrowings could have material negative consequences for the Company.

The Company expects that it will need to raise additional capital to replace maturing debt in 2008. It has not yet been resolved whether such capital will be raised through debt or equity, through the sale of assets, or otherwise. Such refinancing may become costly and may impair shareholders' value significantly.

2.4.4 Risk of default

Investors should be aware, in particular, that one of the Company's bond loans requires that the Offering is completed within 31 May 2007. A bondholders' meeting has been called for 25 May 2007 to grant an extension of this requirement until 30 June 2007. A failure to obtain such extension could have material negative impact on the Company and the Shares.

2.5 RISK FACTORS RELATING TO THE SHARES

2.5.1 Price volatility of publicly traded securities

The trading price of the Shares could fluctuate significantly in response to quarterly variations in operating results, adverse business developments, interest rates, changes in financial estimates by securities analysts, matters announced in respect of major customers or competitors, changes to the regulatory environment in which the Company operates, or a variety of other factors outside the control of the Company.

There can be no assurance that there will be a liquid market for trading in the Company's Shares. A lack of liquidity may make it difficult for investors to sell shares. The Shares are currently quoted at the Over-the-Counter List maintained by the Norwegian Securities Dealers Association. However, the Shares are not listed on Oslo Børs or any other regulated market, and it is uncertain whether such a listing will be obtained. This increases the risk that there may be limited liquidity in the Shares.

The market price of the Shares could decline due to sales of a large number of the Shares in the market or the perception that such sales could occur. Such sales could also make it more difficult for the Company to offer equity securities in the future at a time and at a price that are deemed appropriate.

2.6 OTHER RISK

2.6.1 Enforceability of civil liabilities

The Company is a limited liability company organised under the laws of Norway. The directors of the Company and executives reside in Norway. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company or to enforce judgements on such persons or the Company in other jurisdictions.

3. RESPONSIBILITY FOR THE PROSPECTUS

3.1 Identification of persons responsible

The Board of Directors of Thule Drilling ASA has assumed the sole responsibility for the information given in the Prospectus and has signed the declaration set out below in this respect.

3.2 The Board of Directors of Thule Drilling ASA

The Board of Directors of Thule Drilling ASA accepts responsibility for the information contained in this Prospectus. The Directors hereby declare 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.

Oslo, 21 May 2007

The Board of Directors of Thule Drilling ASA

Hans Eirik Olav
(Chairman)

Henrik A. Christensen

Brita Eilertsen

Anders-Ivar Olsen

Frederik Steenbuch

4. THE OFFERING

4.1 REASONS FOR THE OFFERING AND USE OF PROCEEDS

The Company has a large and challenging investment program related to its three jack-ups under construction and reconstruction on the QGM yard in Dubai. The delivery of the first jack-up rig “Thule Power” was originally scheduled for July 2006, but has been delayed on several occasions due to various factors including change orders, yard inadequacies, technical challenges and other factors. These delays have caused direct cost escalations and have also caused additional financing costs. Further, as a direct consequence of delays in delivery of the rig, Saudi Aramco is entitled to a 50% reduced rate for a period corresponding to the delay beyond 1 March 2007. In addition, it has become evident that the financial situation at the QGM yard is not satisfactory, which has caused the Company to provide the yard with funding to ensure progress on its rig constructions and reconstruction.

Subsequent to September 2006, when the Company refinanced its debt and received bank offers in an amount that was expected at that time to secure full financing of its construction program, several factors have contributed to additional funding requirements:

- In December 2006, in connection with jack-up trials on the “Thule Power”, the rig experienced technical problems with its jacking equipment. The remedy of these problems, in combination with slower than expected progress in completing the rig, caused additional delay. As an effect of this delay, the rig would not be able to enter the contract with Saudi Aramco on time, impacting the rate to be paid by Saudi Aramco for the initial period of the contract. This caused a further financing requirement which is currently expected to amount to approximately USD 46 million.
- It has become apparent that QGM will require further funding to complete the three rig projects for Thule Drilling, in addition to the USD 22 million already lent. At present, this additional funding requirement is expected to be approximately USD 20 million.
- The Company had included in its funding plans that warrants would be exercised and give additional equity of USD 18 million. However, as an effect of a reduced share price only a small part of these warrants were exercised before they expired worthless.

In total, this has created a funding requirement of approximately USD 84 million which has been, and is being, raised by the following means:

- In January 2007, the Company issued a certificate of USD 9 million secured by its semisubmersible hull.
- In March 2007 the Company issued a bond loan of USD 40 million.
- This rights issue will raise approximately NOK 220 million in total, corresponding to approximately USD 35 million net of fees and expenses. These proceeds will be applied as part of the funding of the Company’s rig constructions and funding of QGM to ensure the progress on these rig constructions.

It has been deemed to be in the interest of all shareholders that such strengthening of the equity is arranged through a rights issue where existing shareholders have a preferential right to subscribe for the shares.

4.2 TERMS OF THE OFFERING

4.2.1 Overview of the Offering

The Offering consists of up to 16,845,330 new Shares to be issued by the Company, with preferential right to subscribe for the shareholders on record as per 14 May 2007. The new Shares will be ordinary shares of the Company, as further described in Section 11. The Shares are issued under the regulations of the Norwegian Public Limited Companies Act. The Offering is unconditional and irrevocable. No Shares are offered by shareholders of the Company by means of this Offering.

The following table sets forth the summary terms of the Offering, as further described below.

<i>The Offering</i>	A rights issue of 16,845,330 shares to be issued by the Company, with preferential and exclusive right to subscribe for shareholders of record as per 14 May 2007.
<i>The shares offered</i>	16,845,330 new ordinary shares of the Company, par value NOK 0.20, ISIN NO 001 0263056.
<i>Subscription rights</i>	Non-transferable subscription rights have been issued to shareholders on record as per 14 May 2007. Each subscription right carries the right to subscribe for, and be allotted, one share in the Offering.
<i>Offer price</i>	NOK 13.06 per share
<i>Offer period</i>	Starting on 22 May 2007 and ending on 5 June 2007 at 17:00 CET.
<i>Allocation</i>	A letter confirming allocations is expected to be sent on 7 June 2007.
<i>Payment</i>	Payment shall be made, by debiting of each subscriber's account, on or about 11 June 2007.
<i>Delivery</i>	Delivery of the new shares is expected to take place on 13 June 2007 and the shares will thereafter become tradeable.
<i>Underwriting</i>	The full subscription of the Offering has been guaranteed by a consortium set out in Section 4.2.12.
<i>Proceeds</i>	The gross proceeds from the Offering will be approximately NOK 220 million which will, net of fees and expenses, be paid to the Company as new share capital and paid-in premium.

4.2.2 Timetable

The following table sets forth the key dates of the Offering:

Key event	Date
Last inclusive date for subscription rights	14 May 2007
Commencement of subscription period	22 May 2007
End of subscription period	5 June 2007
Expected allotment date	7 June 2007
Expected payment date	11 June 2007
Expected issuance and delivery date of the new shares	13 June 2007

4.2.3 Offer price

The new Shares are offered at a subscription price of NOK 13.06 per share. This represents the weighted average trading price of the Share on the OTC market maintained by the Norwegian Securities Dealers Association during the five trading days preceding the extraordinary general meeting on 16 March 2007, less 20%.

The Board of Directors has deemed it necessary to offer the Shares at a discount to ensure investor interest for the Shares and to make it possible to establish an underwriting consortium for the Offering.

To minimize the dilutive effect for each shareholder, the Company has deemed that it is in the interest of all shareholders that the offering is arranged through a rights issue where existing shareholders have a preferential right to subscribe for the shares.

4.2.4 Subscription

In order to subscribe for new Shares in the Offering, a subscription form (a copy of which is appended hereto as appendix 5) must be correctly and completely filled out, signed, submitted to and received by the Managers before the expiration of the subscription period at the following address:

Fearnley Fonds ASA
Grev Wedels plass 9
P.O.Box 1158 Sentrum
N-0107 Oslo, Norway
Fax: +47-22936360

There is no minimum or maximum amount of subscription.

Neither Thule Drilling nor the Managers may be held responsible for delays in the mail system or subscription forms sent by fax not being received in time by the Managers. The subscriber is responsible for the correctness of the information inserted in the subscription form. No text must be added to the subscription form other than in the designated fields. Subscription forms received after the end of the subscription period and/or subscription forms being incorrect or incomplete may be disregarded at the sole discretion of the Company or the Managers without notice.

Investors who wish to subscribe must have a VPS account and a bank account with a Norwegian bank in order to apply for and be allotted shares in the Offering. If an investor does not have a VPS account, this can be established through the Managers or a Norwegian bank.

Subscriptions are irrevocable and binding for the investor when received by the Managers. If any investor enters multiple subscriptions, only the subscription form containing the highest number of shares subscribed for shall be registered.

To subscribe for shares, the investor must satisfy the applicable requirements pursuant to the Money Laundering Act No. 41 or 20 June 2003 and associated regulations. The investor is responsible for complying with applicable identification verification requirements, and each investor is encouraged to complete any such required procedures as early as possible in the subscription period. Insufficient identification may lead to the subscription being disregarded.

The Company is not aware of any intention of major shareholders or directors, managers or senior personnel to subscribe for share, with the exception that the shareholders that have undertaken to guarantee for the full subscription (as set out in Section 4.2.12) have stated their intention to subscribe for shares representing their relative ownership.

4.2.5 Subscription rights

The shareholders on record as per 14 May 2007 have a preferential right to subscribe for and be allotted shares based on their pro-rata ownership in the Company at that date. These preferential rights are documented through the issuance of subscription rights.

The Company has issued 0.447 subscription right for each share held in the Company as per 14 May 2007, rounded down to the nearest whole number of subscription rights. Each subscription right entitles the holder to subscribe for and be allotted one share in the Offering. The number of subscription rights issued to each shareholder appears on the pre-printed subscription form sent to each shareholder with this Prospectus.

The subscription rights were issued free of charge to the shareholders' VPS accounts on 21 May 2007. The subscription rights are identified by ISIN NO 001 0369275. The subscription rights are not transferable.

The subscription rights may only be used in connection with subscription and allocation in the Offering. Following the expiry of the subscription period, unused subscription rights will lapse and be of no value.

4.2.6 Over-subscription

Over-subscription is allowed.

4.2.7 Subscription period

The subscription period for the Offering is from and including 22 May 2007 to and including 5 June 2007 at 17:00 CET, by which time the subscription form must be received by the Managers.

4.2.8 Allotment of shares

Allotment of shares will take place on or about 7 June 2007.

In determining the allotment, subscriptions that are based on subscription rights will be allotted one share for each subscription right owned. In the event of over-subscription, the remaining shares offered will be allocated among the holders of subscription rights and thereafter to other subscribers in accordance with the regulations of the Norwegian Public Limited Companies Act. Fractions of shares will not be issued.

The result of the Offering will be made public through a notification on the message board of the OTC market maintained by the Norwegian Securities Dealers Association and will be available on its web site (www.nfmf.no). The allotment will be communicated to each subscriber who has been allotted shares by means of a letter from Nordea Bank Norge ASA in its capacity as the Company's registrar. The letter will state the number of shares allotted and the corresponding amount to be paid. The letter is expected to be sent on or about 7 June 2007.

4.2.9 Payment for allotted shares

In completing a subscription form, each subscriber in the Offering will authorize the Managers to debit the subscriber's Norwegian bank account for the total amount due for the shares allocated to him or her. The subscriber's bank account number must be stated on the subscription form. Accounts will be debited on or about 11 June 2007 for the shares allocated. Sufficient funds must be available in the bank account from 8 June 2007. The payments will be transferred to a blocked bank account of Nordea Bank Norge ASA until the new shares have been registered and issued in VPS.

Subscribers who do not have a Norwegian bank account must either establish such account or contact the Managers to arrange for payment of the subscription amount. It is the sole responsibility of such subscribers to contact the Managers sufficiently early and to take the necessary steps to arrange for timely payment. Neither the Managers nor the Company assume any responsibility for the consequences of a subscriber's failure to arrange for payment of the subscription amount.

Should any subscriber have insufficient funds in his or her account, or should payment be delayed for any reason, or should it be impossible to debit the account, interest will be payable on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments of 17 December 1976 No. 100. At the date of this Prospectus, such rate is 10.5% per annum. The Managers reserve the right to make up to three debits through 15 June 2007 if there are insufficient funds on the debiting date. Should payment not be made when due, the Managers reserve the right, at the risk and cost of the subscriber, to cancel the subscription and to re-allot or otherwise dispose of the allocated shares, on such terms and in such manners as the Managers may decide in accordance with applicable law. The original subscriber will remain liable for payment of the subscription price, together with any interest, costs, charges and expenses accrued, and the Managers may enforce payment for any such amount outstanding.

4.2.10 Delivery of allocated shares

The increase in the share capital is expected to be registered in the Norwegian Registry of Business Enterprises on 13 June 2007 and the new Shares are expected to be issued in VPS on the same date. Subject to receipt of payment from each subscriber, delivery of the new Shares is expected to take place on 13 June 2007. Any delay in the issuance of the new Shares will cause a corresponding delay in their delivery.

The Shares will be delivered in registered book-entry form in VPS, with Nordea Bank Norge ASA, Middelthunsgt 17, N-0368 Oslo, Norway as the registrar.

The allotted Shares will not be transferable until they have been fully paid and registered at the subscriber's account in VPS.

4.2.11 No over-allotment or stabilization

There will be no over-allotment or stabilization arrangements in connection with the Offering.

4.2.12 Guarantees for full subscription

A guarantee for the full subscription of the Offering has been provided by the following parties:

Underwriter	Number of shares guaranteed
Sebastian Holdings Inc., Britannic House, P.O.Box 555, Turks and Caicos Islands, BVI	8,422,665
NorInvest Ltd., Mill Mall, P.O. Box 964, Road Town, Tortola, BVI	5,359,877
AG Invest AS, Beddingen 24, N-0250 Oslo	765,697
JAG Invest AS, Lensmannspynten 8, N-3031 Drammen	765,697
Silvercoin Industries AS, Agatveien 22, N-1639 Gamle Fredrikstad	765,697
Valset Invest AS, Valset, N-7374 Røros	765,697
Total	16,845,330

Under the terms of the underwriting agreement, dated 26 March 2007, each underwriter shall be allocated such shares in the Offering that have not been validly subscribed for by holders of subscription rights. The allocation among the underwriters shall be made on a pro-rata basis following deduction for the subscriptions made by the underwriters. The underwriting agreement was originally valid until 31 May 2007 but has been extended until 30 June 2007. The underwriting commission is 2% of the guaranteed amount, corresponding to approximately NOK 4.4 million.

4.2.13 Trading and dealing arrangements

The Shares are not traded, and no application is currently expected to be made for trading, on a stock exchange. The Shares are subject to trading on the over-the-counter market maintained by the Norwegian Securities Dealers Association under the trading symbol “THUL”.

The Company has entered into a market-maker agreement with Terra Securities, whereby the market-maker undertakes to provide firm bid and offer prices for the Shares for a minimum of 85% of the opening hours for trading, for a minimum of the equivalent of four trading blocks, and with a maximum of 4% spread. The Company pays a fee of NOK 40,000 per quarter under the agreement.

4.2.14 Dilution

Based on the issue price per Share of NOK 13.06 and the issue of 16,845,330 Shares, a total number of Shares outstanding prior to the Offering of 36,950,000 and a market value of the Company’s Shares of NOK 20 (being the last known transaction price prior to the distribution of subscription rights in respect of the Offering), the Offering will have the following dilutive effects:

The Shares issued through the Offering will represent a total of 30.9% in the Company, and the Offering will have a diluting effect corresponding to NOK 2.15 per share compared to the market value prior to the Offering. The per Share dilution of ownership as a result of the Offering is 31.3%. The dilutive effect to shareholders who do not subscribe in the Offering will be NOK 2.15 per share, corresponding to approximately 11%.

4.2.15 Selling restrictions

No action has been or will be taken in any jurisdiction other than in Norway that would permit a public offering of the Company’s shares, or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Offering in any jurisdiction where action for that purpose is required. Accordingly, the Shares offered through the Offering may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Company’s Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

4.2.16 Resolution of the Offering

The extraordinary general meeting on 16 March 2007 made the following unanimous resolution (translated from Norwegian):

“The Board of Directors is authorized to increase the Company’s share capital by up to NOK 3,695,000. The authority does not include a right to set aside the pre-emptive rights of existing shareholders. The authority shall remain in force until the annual general meeting in 2008, but in no event later than 30 June 2008. All previous authorities to the Board of Directors to increase the share capital are withdrawn”

In a board meeting on 14 May 2007, the Board of Directors made the following resolution based on this authorization (translated from Norwegian):

- (i) *The Company's share capital is increased by NOK 3,369,066 through the issue of 16,845,330 new shares with par value NOK 0.20 per share.*
- (ii) *The shares are subscribed with preferential rights for shareholders on record as per 14 May 2007. The subscription rights shall not be transferable. If the preferential right is not fully exercised, the shareholders who have exercised preferential right and who want to take over additional shares, may subscribe the part of the capital increase which has not been subscribed. The shares in question shall in such case be allotted among these shareholders as far as possible in proportion to the number of subscription rights each of them has used.*
- (iii) *The subscription price is NOK 13.06 per share.*
- (iv) *The subscription period is from 22 May to 5 June 2007, both dates inclusive. The subscription shall be made on a separate subscription form.*
- (v) *The last day of payment for allotted shares shall be 11 June 2007. Payment shall take place by debiting each subscriber's account in accordance with a proxy given in the subscription form. The debited amount shall be transferred to a separate account in the name of the company.*
- (vi) *The new shares give right to dividends from the date when the share capital increase is registered in the Registry of Business Enterprises.*
- (vii) *An underwriting consortium has been established to secure the full subscription of all shares in the rights issue. The guarantee is provided on a pro-rata basis between the underwriters, with no mutual responsibility. The underwriters shall be entitled to a underwriting fee equal to 2% of the total amount underwritten.*
- (viii) *Section 4 of the Articles of association is amended so that it reflects the share capital and number of shares after the share capital increase.*

4.2.17 Description of the new shares

Reference is made to Section 11 for a description of the Company's Shares. The new Shares will be of the same class as the existing Shares of the Company and will be entitled to the same rights, including dividend rights and voting rights, from the time the new capital is registered with the Norwegian Register of Business Enterprises. There will be no restrictions on the free transferability of the Shares. With the exception of the redemption provisions in the event of a shareholder holding more than 90% of the Company's Shares, as set out in Section 4-25 of the Norwegian Public Limited Companies Act, there are no mandatory takeover bids or squeeze-out or sell-out rules in relation to the Shares. The Company has been subject to one voluntary offer for its Shares which was withdrawn as conditions in the offer were not met, as further described in Section 11.6.10.

4.3 MANAGERS

The Offering is being managed by Fearnley Fonds ASA, P.O. Box 1158 Sentrum, 0107 Oslo, Norway. The manager is entitled to a management and placing commission of 1.5% of the gross proceeds from the Offering, corresponding to approximately NOK 3.3 million.

In their capacity as managers, Fearnley Fonds ASA have, at the request of and in co-operation with the Board of Directors and the management of the Company, assisted in the preparation of this Prospectus. While the managers have endeavoured to assist the Company in providing as accurate and complete presentation of the Company as possible, the managers have relied on information provided to them by the Company. Accordingly, the managers are not in a position to assume any responsibility for the information provided herein. The Managers make no representation or warranty, expressed or implied, as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Managers. The managers expressly disclaim any legal or financial liability for the correctness or completeness of the information set out in the Prospectus.

The following table sets forth the ownership interests of the managers as per the date hereof:

Fearnley Fonds ASA	225 shares
Employees of Fearnley Fonds ASA	0 shares

4.4 EXPENSES AND NET PROCEEDS

Costs attributable to the Offering will be borne by the Company. The total costs are expected to amount to approximately NOK 8 million, being made up of underwriting commission (NOK 4.4 million), management commission (NOK 3.3 million), and auditor expenses (NOK 50,000) in addition to fees to Oslo Børs and costs

of printing and distribution. The net proceeds are estimated to be approximately NOK 212 million, corresponding to approximately USD 35 million.

5. PRESENTATION OF THE COMPANY

5.1 HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1 The legal and commercial name

The Company's legal and commercial name is Thule Drilling ASA.

5.1.2 Place of registration and registration number

The Company has its place of registration in the municipality of Oslo, Norway. The Company is registered in the Norwegian Register of Business Enterprises with registration number 987 859 377.

5.1.3 Date of incorporation

The Company was incorporated on 7 February 2005. The Company is not subject to a limited life.

5.1.4 Domicile and legal form, legislation, and contact data

The Company is incorporated as a public limited company under the laws of the Kingdom of Norway, in particular the Public Limited Companies Act of 13 June 1997 no. 45. The Company's registered office and principal place of business is in Oslo, Norway. The Company's registered address is Karenslyst allé 2, 0278 Oslo and the mailing address is P.O. Box 341 Skøyen, 0213 Oslo, Norway. The Company's telephone number is (+47) 24 15 39 00 and the facsimile number is (+47) 85 02 93 11. The Company's web page is www.thuledrilling.no.

5.1.5 Important events in the development of the Company's business

Thule Drilling was established in February 2005. The Company's founders had identified a business opportunity arising from a jack-up rig that had been subject to a "constructive total loss". A plan was developed to reconstruct the unit into a modern and efficient drilling rig at the QGM yard in Dubai. The rig was named "Thule Power". The project was originally scheduled for completion in July 2006 but various factors have contributed to a more extensive reconstruction that has taken more time and resources.

In connection with its establishment, the Company raised total funding of approximately USD 80 million, consisting of the equivalents of USD 40 million in equity and USD 40 million in debt, which was at that time expected to cover the funding requirement for "Thule Power". The Company established a trading facility for its shares on the OTC list in Norway and the shares have been subject to continuous trading.

In August 2005, the Company acquired two semi-submersible rig hulls. In connection with the purchase of these units for a total price of USD 27 million, the Company raised additional equity in the amount of approximately USD 30 million. One of the units were sold in February 2006 at a price of USD 40 million, while the remaining unit is still owned.

As part of its agreement with the QGM yard to reconstruct the "Thule Power", the Company obtained rights to place additional orders at the yard. In cooperation with the yard, the Company considered various rig designs and concluded in January 2006 to construct two additional jack-up rigs which would be complete newbuildings. In connection with the placing of this order, the Company raised approximately USD 78 million of new equity.

In July 2006, the Company was awarded a contract for the "Thule Power" with the Saudi Arabian oil company Saudi Aramco. The contract is for a duration of four years from the then scheduled delivery in January 2007, and with certain penalties and termination rights for Saudi Aramco upon delivery onto contract later than 1 March 2007. The contract is further described in Section 5.6.1.

The Company refinanced its existing bond financing and secured part financing for its newbuilding program in September 2006 through a new bond loan of USD 130 million, of which approximately USD 46 million was placed on escrow to secure the repayment of the initial bond loan (including interest). Part of the proceeds from the new bond loan was used to provide the QGM yard with a USD 22 million loan to cover its yard upgrading activities and secure working capital at the yard. In combination with this bond financing, the Company also received an offer for a bank facility of up to USD 75 million which is expected to be drawn when "Thule Power" is on contract with Saudi Aramco.

Since the bond financing in September 2006, which (in combination with the offered bank facility and revenues from the contract on “Thule Power”) was expected to represent full financing of the Company’s construction program, several factors have contributed to additional funding requirements:

- In December 2006, in connection with jack-up trials on the “Thule Power”, the rig experienced technical problems with its jacking equipment. The remedy of these problems, in combination with slower than expected progress in completing the rig, caused additional delay. As an effect of this delay, the rig would not be able to enter the contract with Saudi Aramco on time, impacting the rate to be paid by Saudi Aramco for the initial period of the contract. This caused a further financing requirement which is expected to amount to approximately USD 46 million.
- It has become apparent that QGM will require further funding to complete the three rig projects for Thule Drilling, in addition to the USD 22 million already lent. At present, this additional funding requirement is expected to be approximately USD 20 million.
- The Company had included in its funding plans that warrants would be exercised and give additional equity funding of USD 18 million. However, as an effect of a reduced share price only a small part of these warrants were exercised before they expired worthless.

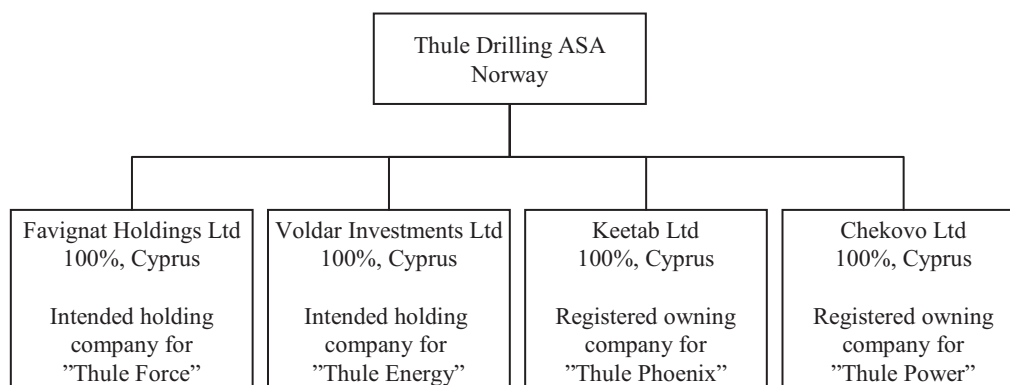
In total, this has created a funding requirement of approximately USD 84 million which has been, and is being, raised by the following means:

- In January 2007, the Company issued a certificate of USD 9 million secured by its semisubmersible hull.
- In March 2007 the Company issued a bond loan of USD 40 million.
- This rights issue will raise approximately USD 35 million, net of fees and expenses.

As a consequence, the Company will have secured funding for its requirements as currently anticipated. There are however significant risks involved in the Company’s construction program and there can be no assurance that additional funding will not be required.

5.2 LEGAL STRUCTURE OF THULE DRILLING

The Company is a group holding company for the subsidiaries set out below. The following chart depicts the Company’s corporate structure and includes all companies in the group.



Set out below is a description of the companies in the Group.

5.2.1 Thule Drilling ASA

Thule Drilling ASA is the parent company of the Group and is located in Norway. Thule Drilling ASA was established as a public limited company in 7 February 2005. Thule Drilling ASA is a holding company whose main activities are to manage the strategic, legal, corporate and financial matters of the Group. The Group’s material assets are owned through 100% owned subsidiary companies.

5.2.2 Favignat Holdings Ltd

This company was registered with the Registrar of Companies, Cyprus, as a Limited Liability Company on 17 December 2005. The company currently owns the newbuilding contract for “Thule Force”.

5.2.3 Voldar Investments Ltd

This company was registered with the Registrar of Companies, Cyprus, as a Limited Liability Company on 30 December 2005. The company currently owns the newbuilding contract for “Thule Energy”.

5.2.4 Keetab Ltd

This company was registered with the Registrar of Companies, Cyprus as a Limited Liabilities Company on 15 December 2005. The company is registered as the owner of the semi-submersible rig hull “Thule Phoenix”. The company has no other material assets or liabilities.

5.2.5 Chekovo Ltd

This company was registered with the Registrar of Companies, Cyprus as a Limited Liability Company on 4 October 2005. The company is registered as the owner of the jack-up drilling rig “Thule Power”, and is party to the reconstruction contract for “Thule Power”. The company has no other material assets or liabilities.

5.3 BUSINESS OBJECTIVES AND STRATEGY

The objective of the Company, as set out in its articles of association, is to contract, own, operate, and charter out rigs, and all matters relating to this.

Thule Drilling’s strategy is to take advantage of the present shortage of nearly all kinds of assets within the offshore service sector by building, reconstructing, upgrading or modifying drilling rigs, service, accommodation or production platforms or ships in the most economic and efficient way to create an early cash flow and maximum return on invested capital.

5.4 OVERVIEW OF THE COMPANY’S BUSINESS AND ASSETS

5.4.1 Overview

Thule Drilling is involved in the construction, ownership and future operation of drilling rigs. The Company currently has three jack-up drilling rigs under construction at the QGM yard in Dubai, of which one is currently scheduled to be completed in mid-July 2007 and the remaining two are scheduled for completion in the third and fourth quarters of 2008. In addition, the Company owns one semi-submersible hull.

The jack-up drilling rigs are designed for all major shallow-water drilling regions constituting approximately 85% of all available drilling areas. Thule Drilling's jack-up drilling rigs, when completed, will be ideally suited for operation in the Middle East, but will also be well suited for areas such as the Gulf of Mexico, Indian Ocean, Mediterranean, Australia/New Zealand, West Africa (Nigeria/Angola) and South East Asia. The rigs are not designed to operate in harsh environment regions such as in the North Sea and off the east coast of Canada.

With the exception of the business described below, the Company has not introduced any significant new products or services. Reference is made to Section 9.2.2 for a description of encumbrances on the Company’s assets.

5.4.2 “Thule Power”

5.4.2.1 Background

“Thule Power” was originally built by the PPL Shipyard in Singapore in 1982 as a cantilever jack-up drilling rig of the Baker Marine 200 IC design. The unit was built for Sedneth Drilling and named “Sedneth 202”. The unit was later sold to Arabian Drilling Company and renamed “Arabdrill 19”. The rig served principally in the Arabian Gulf and also on a four-year contract offshore Nigeria.

In October 2002, “Arabdrill 19” suffered a “punch-through” of a leg resulting in buckling of the leg which caused the drilling rig to capsize. As a result of the capsize, damage was sustained to the hull both at the stern and port side. The unit subsequently sank offshore Khafji, Saudi Arabia. The underwriters, Qatar Insurance Company, declared “Arabdrill 19” a constructive total loss under the former owner’s insurance policies. In March 2003, “Arabdrill 19” was salvaged and brought alongside QGM's facilities.

In January 2005, the founders of the Company identified a business opportunity arising from the then stripped hull of “Arabdrill 19”. This business plan was to reconstruct the hull, based on an attractive construction

package offered by QGM and the services provided by consultants Noble Denton, into a modern and efficient drilling rig. A preliminary contract with QGM was agreed in February 2005 and concluded in March 2005. The Company secured the right to acquire the hull at an aggregate price of USD 2.5 million in April 2005 and completed the funding which was then expected to be sufficient for the reconstruction project.

The illustration below provides an overview of the history of “Arabdrill 19” and an illustration of the rig as it will appear after reconstruction.



5.4.2.2 The reconstruction of “Thule Power”

“Thule Power” is being reconstructed into a modern and technically advanced jack-up drilling rig with water depth capacity of 250 feet and drilling depth capacity of 30,000 feet, upgraded from its original capacities of 200 feet water depth and 20,000 feet drilling depth. Below are the main technical specifications of “Thule Power”:

Item	Data	Item	Data
Operating water depth:	250 feet	Mud pumps:	2 x National Oilwell Hex 240
Drilling depth:	30,000 feet	Top drive:	Varco TDS 8A
Max. cantilever reach:	45 feet	Draw-works:	Varco ADS 10T – 3,750 HP
BOP stack:	Cameron 10K 13-5/8"	Generators:	4 x Caterpillar 2,500 HP
Max. variable load:	2,000 tons	Accommodation:	108 persons

The reconstruction includes the following main work:

Area of rig	Key work
Hull	Cleaning, blasting and repairs to damaged areas. Additional internal stiffening for increased loads. Addition of sponsons to facilitate extra weight when afloat.
Legs	Cleaning, blasting and repair and strengthening of existing legs. Installation of an additional 50 ft of legs. Addition of spud cans.
Jacking gear	Refurbishment of gearwheels. Repairs to jacking guides. Replacement of old hydraulic system with new electric drive system. Addition of an extra layer of jacking gears to handle increased weight.
Cantilever	Repairs and strengthening for increased weights. Modifications to drilling sub structure. Installation of new skidding gear.
Marine systems	Installation of power generation package, utilities, piping, cabling etc. Installation of two new deck cranes.
Drilling system	Installation of new 1.5 million pound derrick with top drive, pipe racking systems etc. Installation of two new state of the art mud pumps and high pressure piping systems.
Living quarters	Fabrication and installation of new living quarters in three module sections with capacity for 105 personnel, galley, mess rooms, offices etc. Fabrication and installation of helideck.
Safety systems	Installation of 2 x 105 man lifeboats, life rafts and life saving appliances. Installation of fire and gas detection system. Installation of fire fighting system.
Documentation	Rig will be classed ABS SEDU and comply with IMO MODU code and other international standards. Certified operations manual.

The reconstruction work has mainly been performed by QGM. Owing to the requirement for capabilities not available at QGM, the rig was transferred to Dubai Drydocks for a 75 days stay in October 2006 for the installation of spud cans and top sections of the legs. During jacking operations while at Dubai Drydocks, damage was caused to two of the rig's jacking gears. The cause of the damage has been identified and the operating procedure has been modified to avoid similar incidents in future operation. Damaged parts have been replaced and the jacking gears and systems have been fully accepted by the classification society.

As of early May 2007, the rig is approaching its final stages of completion. The cantilever with drill floor, derrick and all drilling equipment installed was skidded onboard the hull of Thule Power in April 2007 in accordance with the revised plan. All machinery and equipment is installed on board but with some piping and cabling still remaining. Testing and commissioning has partly been done on some of the machinery and equipment while final integrated testing will take place from the end of June 2007. Inclination tests and final jacking trials are scheduled for mid June. All tools, spares, downhole drilling equipment have been delivered, or are underway well in advance of final completion and mobilization to the contract with Saudi Aramco. It is currently estimated that the rig will be completed and delivered under the contract within the end of August 2007.

The total project cost for "Thule Power" is currently expected to be approximately USD 110 million, while the total construction cost (net of financial items and administration) is expected to be approximately USD 93 million. The project cost reflects the rig in a ready to drill mode with all spares, consumables and certain client requested equipment not normally carried by the contractor like testing equipment including burner boom and other 3rd party equipment and services. Also included in the project cost are all finance cost during construction including fees to financial advisors, supervision at yard and administration. The project cost does not, however, include any allocation for the funding of the QGM yard. The Company believes that these estimates are based on realistic assumptions, although unforeseen events could have a negative impact on both costs and schedules.

An overview of the contract terms regarding the reconstruction of "Thule Power" is given in Section 13.2.1. As a general comment, although the contract provides for various indemnification, damage and guarantee arrangements in the event of cost overruns, delays, rectifications and termination, the financial situation at QGM is such that the Company believes these arrangements to have a limited value, if any. However, a 12 month warranty for defects from functional acceptance of the rig or from the date QGM has performed any rectification work is still intact and insured under the "construction all risk insurance" held by QGM.

5.4.3 “Thule Energy” and “Thule Force”

On 15 January 2006 the Company entered into two separate contracts with QGM to construct two jack-up drilling rigs to be named “Thule Energy” and “Thule Force”. The units are of the Friede & Goldman Super M2 design, which is considered by the Company as ideal for operations in the Middle East, offshore West Africa, South East Asia and on the Indian Continental Shelf in water depths of up to 300ft.

The following is a summary of the main technical specifications of “Thule Energy” and “Thule Force”.

Item	Data	Item	Data
Operating water depth:	300 ft	Mud pumps:	2 x National Oilwell Hex 240X
Drilling depth:	30,000 ft	Top drive:	Varco TDS 8A
Max. cantilever reach:	57.5 ft	Drawworks:	Varco ADS 10T – 3,750 HP
BOP stack:	Cameron 10K - 13-5/8"	Generators:	5 x MTU 16V40000 – 2,400 HP
Variable load:	2,718 tons	Accommodation:	105 persons

The rigs were originally contracted for delivery in November 2007 and March 2008. However, as a result of the challenges in the completion of “Thule Power” the resources at QGM have been allocated towards “Thule Power” at the expense of “Thule Energy” and “Thule Force”. There are presently about 500 workers employed on the two units. Upon the completion of “Thule Power” the workforce on the units will be more than doubled.

At present the status of completion is approximately as follows:

- “Thule Energy”: About 80% of the hull including spud cans are completed; about 30% of legs are completed; all equipment and machinery have been secured at the prices prevailing in January 2006 and with no known delays relatively to a revised construction plan which calls for delivery in the third quarter of 2008.
- “Thule Force”: About 50% of hull and spud cans are completed; about 15% of legs are completed; all equipment and machinery have been secured at the prices prevailing in January 2006 and with no known delays relatively to a revised construction plan which calls for delivery in the fourth quarter of 2008.

The construction costs for each of “Thule Energy” and “Thule Force” is currently expected to be approximately USD 130 million. The construction cost reflects the rig in a ready to drill mode and supervision at yard. The cost does not, however, include finance cost during construction, administration, or any allocation for additional funding of the QGM yard. QGM is entitled to a “timely completion” bonus of USD 5 million per rig, to be deducted from the USD 22 million loan facility provided by the Company to QGM in September 2006, upon deliveries within three months after the originally scheduled delivery dates. This bonus is included in the construction cost above. The Company believes that these estimates are based on realistic assumptions, although unforeseen events could have a negative impact on both costs and schedules.

An overview of the contract terms regarding the construction of “Thule Energy” and “Thule Force” is given in Section 13.2.2. As a general comment, although the contracts provide for various indemnification, damage, and guarantee arrangements in the event of cost overruns, delays, rectifications and termination, the financial situation at QGM is such that the Company believes these arrangements to have a limited value, if any. However, a 12 month warranty for defects from functional acceptance of the rig or from the date QGM has performed any rectification work is still intact and insured under the “construction all risk insurance” held by QGM.

5.4.4 “Thule Phoenix”

“Thule Phoenix” (formerly “Seascout”) was built in 1974 by Bethlehem Steel’s Beaumont, Texas yard as a semi-submersible drilling rig. The rig was designed by Breit Engineering. The unit is presently laid up at Mobile Middle Bay Port, Alabama, USA, where it was moved in July 2005. The rig was previously cold stacked in Pascagoula, Mississippi for four years, when it was owned by the US drilling contractor Atwood Oceanics. The rig was previously classed in ABS, but the certificates have expired. “Thule Phoenix” has a lifetime ban from its previous owners prohibiting it from being rebuilt to a drilling rig.

The hull is basically a bare deck, with only limited marine equipment remaining, like mooring system and main engines. The pontoons, columns and deck are in reasonably good condition.

The table below sets forth the main technical specifications of “Thule Phoenix”.

Item	Data	Item	Data
Water depth capacity:	1,000 feet	Variable deck load	2,000 tons
Length overall:	214 feet	Width overall:	194 feet

Thule Drilling is considering different alternatives for “Thule Phoenix”, including a sale. A conversion to an accommodation unit with a capacity of about 500 persons is also being considered. The cost of such conversion will to a large extent depend on the final specifications. The unit could also be converted to a tender rig like its sister unit “Seahawk”, which is working for Hess offshore Equatorial Guinea. A similar unit is also working in the floating production mode for Petrobras off Brazil.

5.5 MANAGEMENT OF THE COMPANY’S RIGS

The Company has entered into an agreement with the UK/German drilling contractor KCA Deutag for the marketing of its rigs. KCA Deutag is owned by the UK company Abbot Group plc which is listed on the London Stock Exchange.

The agreement in respect of “Thule Energy” and “Thule Force” is non-exclusive. Thule Drilling and KCA Deutag are cooperating in submitting bids for most long-term tenders in areas suitable for Thule Drilling's two newbuilding jack-up drilling rigs. The format of the cooperation, whether KCA Deutag is fronting as Contractor or engaged as Manager under the various tenders depends on tax regulations, risk assessments and political issues. Jointly the two companies appear as a fully integrated contractor towards the oil companies when tendering.

The agreement in respect of “Thule Power” is linked to the contract entered into with Saudi Aramco for the lease of the rig, as set out below. Under this agreement, KCA Deutag undertakes all management functions (including technical management) of the rig.

Prior to entering into the agreement with KCA Deutag, the Company had contracted with another party in November 2005 for a bareboat charter for “Thule Power”. The agreement contained various subjects and included a time limit by which such subjects should be lifted by the Company’s counterpart. It was a condition under this agreement that the counterpart should conclude a charter party with the Saudi Arabian oil company Saudi Aramco within 15 December 2005. Despite Thule Drilling being prepared to accept extending this deadline several times, the counterpart was unable to obtain any contract with Saudi Aramco. Following expiration of the final deadline requested by the counterpart and beyond which the Company was no longer prepared to accept any extension as requested by the counterpart, Thule Drilling consequently declared the agreement null and void. The counterpart has objected to this decision, and insists that it still has a right to charter “Thule Power”. In a letter dated 30 March 2006, the counterpart threatened legal action against the Company if the dispute is not resolved; however, no formal claim or legal action has been raised against the Company. The Company considers the counterpart’s arguments to be groundless.

5.6 CONTRACTS

5.6.1 Contract for “Thule Power”

“Thule Power” has been contracted for a four year drilling contract with the Saudi Arabian oil company Saudi Aramco, as described below. The agreement has been made through KCA Deutag Saudi Arabia Drilling Ltd (“KCADSA”), a subsidiary of KCA Deutag. Under the agreement, Saudi Aramco charters the rig from KCADSA, while KCADSA leases the rig from the Company’s subsidiary Chekovo Limited under an agreement reflecting the drilling contract terms between KCADSA and Saudi Aramco. The agreement gives KCADSA full operating responsibility under the drilling contract.

The agreement is for a four year period from 31 January 2007 which was the expected delivery date for “Thule Power” at the time of entering into the agreement. The contract contains provisions whereby Saudi Aramco has the right to cancel the contract upon delivery of “Thule Power” after 1 March 2007, or alternatively reduce the day rate by 50% for a period equal to any delay after 1 March 2007. In addition, Saudi Aramco has the option to reduce the four year period by the equivalent of the delay beyond 1 March 2007. Saudi Aramco has an option to extend the contract with one year.

Although Saudi Aramco is now entitled to cancel the contract, the Company has not received any notice of such intention. Saudi Aramco has been regularly informed about the progress on completion of “Thule Power”.

The lease rate to the Company reflects the total operating day rate with Saudi Aramco of about USD 152,000 per day (inclusive mobilization) for the year contract, less operating cost, local taxes and fees/margins to KCADSA. There are certain adjustment mechanisms in relation to the lease rate payable by KCADSA; however the lease rate over the period is expected to be approximately USD 90,000 per day, but is also exposed to the risk and performance of repair/down time during the rig's operation.

Based on the prevailing rate and cost assumptions, and assuming the delivery onto contract with Saudi Aramco in the end of August 2007, the aggregate net rate expected to be earned from the firm contract period (excluding the option period) is expected to be approximately USD 115 million.

5.6.2 Contracts for “Thule Energy” and “Thule Force”

No contract arrangements have been entered into for “Thule Energy” and “Thule Force”.

5.7 THE COMPANY'S RELATIONS TO THE QGM YARD

5.7.1 Introduction

All of the Company's reconstruction and construction programs are undertaken at QGM. The ability of QGM to complete these programs are therefore of vital importance to the Company. As set out various places in this Prospectus, there have been, and remain, significant challenges related to QGM and the completion of the Company's programs.

5.7.2 Description of the yard

Thule Drilling's reconstruction contract for “Thule Power” and the construction contracts for “Thule Energy” and “Thule Force” have been entered into with QGM, a privately owned yard with its holding company registered in the British Virgin Islands.

QGM Group LLC was founded in 1982 and is headquartered in Dubai. It operates an inspection, repair and maintenance site at Hamriyah Free Zone port in Sharjah in the United Arab Emirates. QGM is managing the entire reconstruction and constructions for Thule Drilling at its Hamriyah yard facility.

The Hamriyah yard facility was first established in 2003 and was upgraded from 2005 to undertake the engineering and other services related to the reconstruction and construction of the three jack-ups for Thule Drilling. The yard has a dedicated waterfront jetty with easy access to international waters. The total site area in Hamriyah is 150,000 m² (leased with a remaining lease period in excess of 20 years) and is suited for building 3-4 medium sized jack-ups simultaneously. The United Arab Emirates has an extensive fabrication and ship/offshore yard industry which gives QGM access to a large pool of resources and subcontractors.

QGM employs about 1,200 people and USD 15-20 million has been invested in infrastructure, office accommodation, housing for expatriate workers, workshops, cranes and strengthening of the jetty.

The illustration below provides an overview of the main yard facility of 100,000 m². Two more storage and fabrication yards are located nearby. The illustration shows the construction of “Thule Power” at the lower right part while “Thule Energy” and “Thule Force” are shown as hull modules in the middle.

by the Company will depend on the amounts repaid under the repayment schedule and will range between 35% and 100%.

Thule Drilling is of the opinion that QGM is in breach with covenants under the loan agreement and has served a notice of default. This is based on the substantial delay in the completion of “Thule Power” and the foreseen delay in completion of “Thule Energy” and “Thule Force”, as well as QGM’s inability to financially survive without Thule Drilling’s financial support. QGM maintains the position that it is not in breach with such covenants.

The Company and QGM have found practical arrangement under which payments from QGM to third parties are to be verified and accepted by the Company prior to payment.

5.7.4 Requirements for additional financing

Due to the delay of “Thule Power” and expected additional costs incurred by the yard to complete the two new-builds, additional funding will be required for QGM to avoid financial distress and possible bankruptcy. It is currently envisaged that this funding requirement will be approximately USD 20 million, although unforeseen events could lead to additional amounts.

Thule Drilling and QGM have an ongoing dialog regarding how this financing should be structured, and how the future relationship between the parties shall be arranged. This could include potential integration between the two companies and change of controlling interest of QGM.

5.7.5 Options to construct additional rigs

On 7 June 2005 Thule Drilling entered into 13 separate option agreements with QGM, each giving the right to construct one additional jack-up drilling rig. Although these option agreements take the form of rig construction options, the designs, specifications and prices are not set out in the agreements. The effect of these options is therefore primarily to secure the Company availability of the yard for the period covered by the options, being until April 2011 as the last ordering date. The use of any of these options will in any event require that QGM and the Company agree on construction contracts, detailed specifications, and prices.

From a formal point of view, the construction contracts of “Thule Energy” and “Thule Force” represented the exercising of options 3 and 4. Options 1, 2 and 5 have expired.

5.8 EXCEPTIONAL FACTORS

The information given in this Section 5 and in the description of the markets in Section 6 have not been influenced by exceptional factors not described therein.

5.9 DEPENDENCE ON RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES ETC.

In the opinion of the Company, its business is not materially dependent on any research and development, nor on particular patents or licences, industrial, commercial or financial contracts (with the exception of the material contracts set out in Section 13.2), or on new manufacturing processes. The Company does not involve in research and development activities and has not made spendings into such activities in the past.

5.10 INFORMATION ON HOLDINGS

The Company does not have holdings in other undertakings that may have any significant effect on the assessment of its assets and liabilities, financial position or profits and losses.

5.11 BASIS FOR STATEMENTS

The statements made by the Company regarding its competitive position is based on a “going concern” basis.

5.12 TREND INFORMATION

With the Company’s business primarily being related to construction of its rigs, the Company has not been exposed to trends in production, sales or inventory, or costs and selling prices since the end of the last financial year to the date of this Prospectus. Except as set out in the description of the Company’s business in this Section 5 and in the description of the Company’s markets in Section 6, the Company is not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effects on the Company’s prospects for the current financial year.

5.13 SELECTED HISTORICAL FINANCIAL INFORMATION

The tables below sets forth selected historical financial information for Thule Drilling on a consolidated basis:

5.13.1 Consolidated income statement

USD 1,000	Fourth quarter		Full year	
	2005 (unaudited)	2006 (unaudited)	2005 (based on audited accounts in NOK)	2006 (audited)
Operating revenue	0	600	0	21,937
Other operating expenses	-880	-1,023	-2,217	-4,907
Depreciation and amortization	-6	-9	-7	-36
Operating profit	-886	-424	-2,224	16,994
Net financial items	700	-2,449	-288	2,178
Profit before tax	-186	-2,882	-2,511	19,172
Tax expense	176	-2,594	176	-3,893
Net profit	-11	-5,476	-2,336	15,279
Basic and diluted earnings per share (USD)	-0.00	-0.15	-0.19	0.42

Conversion rates applied: 6.2551 NOK/USD for 31.12.2006 and 6.7687 NOK/USD for 31.12.2005 as described in section 7.1.




5.13.2 Condensed and consolidated balance sheet

USD 1,000	31.12.2005 (based on audited accounts in NOK)	31.12.2006 (audited)
Total non-current assets	68,581	254,382
Total current assets	40,962	85,886
Total assets	109,543	340,268
Paid in capital	668	1,135
Share premium reserve	67,021	143,033
Other equity	-1,591	13,870
Total equity	66,098	158,038
Deferred tax liability	0	1,482
Long term interest-bearing debt	36,294	127,634
Total non-current liabilities	36,294	129,116
Trade and other payables	4,709	46,469
Accruals, provision	2,442	6,645
Debt to related party companies	0	0
Total current liabilities	7,151	54,114
Total equity and liabilities	109,543	340,268

6. THE MARKET

6.1 THE COMPANY'S MARKET POSITIONING

Thule Drilling, through its construction program, is primarily exposed to the market for jack-up drilling rigs. Jack-up drilling rigs are employed in offshore drilling activities for the global oil and gas industry, both in exploration drilling activities and in well service drilling activities. In their choice of drilling equipment for offshore use, oil and gas companies can employ various types of rigs and ships depending on the requirements at the specific location. The table below provides an overview of the different main classes of drilling equipment available to the oil and gas companies.

<i>Jack-ups</i>	<i>Semisubmersibles</i>	<i>Drillships</i>
		
<p><i>Jack-ups have legs that are lowered to the seabed, whereafter the hull is jacked up clear of the sea surface. Depth capability is limited to leg length. Some of the largest units can operate in 450ft water depth but the majority of the fleet is equipped for 250-300ft water depth.</i></p>	<p><i>Semis are floating units implying that their depth capacity is not limited to a leg length. They have hulls or pontoons that are filled with ballast water to provide stability. When drilling, they are kept in position by anchors or dynamic positioning. Semis are often referred to in "generations", with the last generations being the last built and largest units with water depth capacity up to 10,000ft.</i></p>	<p><i>Drillships have ordinary ship hulls and a derrick on top for drilling through moonpool the hull. Being ships, they have an advantage in more efficient movement between drilling operations. Like semis, the drillships may be anchored or equipped with dynamic positioning. Drillships represent a smaller element of the market.</i></p>

6.2 THE MARKET FOR OFFSHORE DRILLING UNITS

Unless stated otherwise, the source for market data in this section is Fearnley Fonds ASA based on subscribed information from ODS-Petrodata, updated as per April 2007.

6.2.1 The global rig fleet

The global fleet of jack-up rigs consist of 396 units. Of these, some 33 units are in shipyards for upgrade/repair and mandatory surveys while 14 units are "cold stacked" (meaning that they will require significant upgrade to be returned to service) or out of service. In addition, there are 68 jackups under construction with delivery in the period from 2007 to 2010. The order book represents 17% of the existing fleet. The average age of the current fleet of jack-up rigs is 24 years.

The global fleet of floating drilling units, based on semisubmersibles and drillships, consists of 204 units. Some 20 units are currently in yard while eight are "cold stacked" or out of service. There are currently 51 units under construction or on order for delivery in the period from 2007 to 2010. The order book represents 25% of the current fleet. The average age of the floating drilling units is currently 22 years.

The following tables set forth an overview of the current fleet and newbuilding programs for jack-up and floating drilling units:

Jack-ups – fleet overview

<u>Current fleet size (# units)</u>	<u>396</u>
in yard	33
stacked/out of services	14
Avg. age (years)	24

<u>Under construction/on order:</u>	<u>68</u>
delivery 2007	20
delivery 2008	31
delivery 2009	14
delivery 2010	3

Of the newbuilding fleet, 20 jack-ups are scheduled for delivery in 2007, 31 units in 2008, 14 in 2009 and further 3 in 2010. Six jack-ups are located in the Caspian Sea and as such are not part of the global competitive fleet.

Floaters (semisubmersibles and drillships) – fleet overview

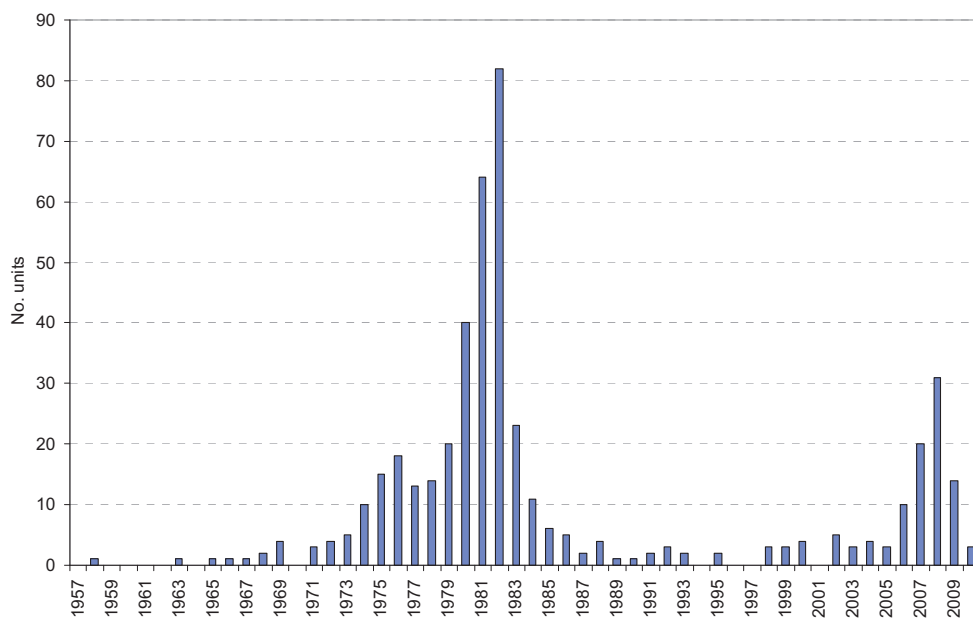
<u>Current fleet size (# units)</u>	<u>204</u>
in yard	20
stacked/out of services	6
Avg. age (years)	22

<u>Under construction/on order:</u>	<u>51</u>
delivery 2007	3
delivery 2008	15
delivery 2009	25
delivery 2010	8

Of the current newbuilding fleet, 3 floaters are scheduled for delivery in 2007, 15 in 2008, 25 in 2009 and 8 in 2010.

The chart below provides an illustration of the age profile of the current jack-up fleet, including the units on order.

Jack-up drilling rigs by year of delivery, including newbuildings



There are 68 jackups under construction today, compared to the current fleet of 396 units. This gives a build to book of 17%. Compared to the previous jackup construction boom in the late 1970s to the early 1980s the current order book is relatively modest, as appears from the chart above. 310 jackups were constructed in the 10 year period starting in 1974. Only 63 jackups were constructed during the following 21 years (including 10 in 2006). Average attrition of jackups (due to fires, accidents, hurricanes etc.) over the last 10 years is approximately 4 units/year.

The majority of the jackups under construction, a total of 58 of the 68 in the order book, are so-called Ultra Premium units that are capable of operating in water depths of 350ft or more, and with drilling depth capacities of 30,000ft. Nine of the units have a rated water depth of 300ft, including “Thule Energy” and “Thule Force”. Of the nine 300ft water depth units under construction, three have already secured contracts.

6.2.2 Rig demand, utilization and rate development

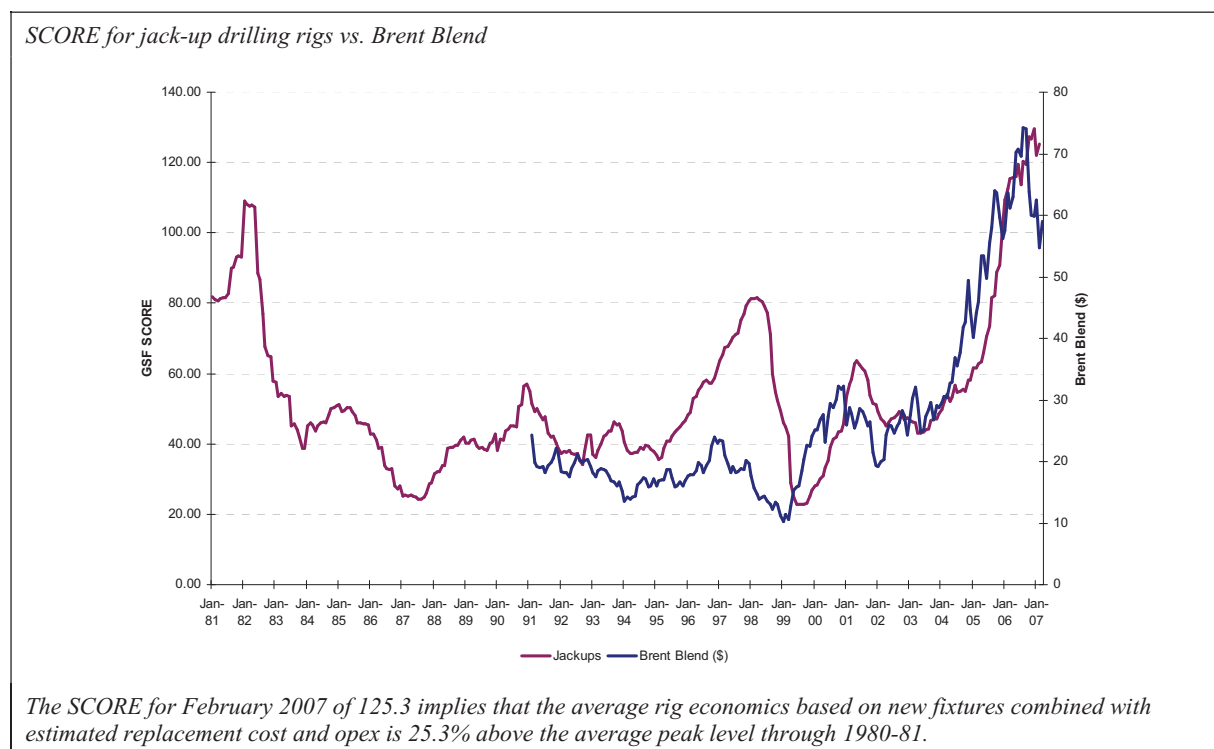
Offshore rig activity is closely related to oil companies' investments related to the exploration and production of oil and gas (commonly referred to as E&P spending). E&P activity is driven by the requirement to grow production at a sustainable rate to meet demand while replacing production lost through depletion.

E&P spending and the offshore rig activity have historically been highly cyclical. Such levels of spending may be influenced significantly by oil and natural gas prices and expected changes or instability of such prices, as well as other factors, including demand for oil and gas and regional and global economic conditions.

There is a close correlation between oil prices and drilling rig economics. Historically, the drilling rig economics are driven by the oil price development with a lag of approximately one year. The steep increases in the oil price since 2003 is the key driver for the strengthening of rig dayrates over the last few years.

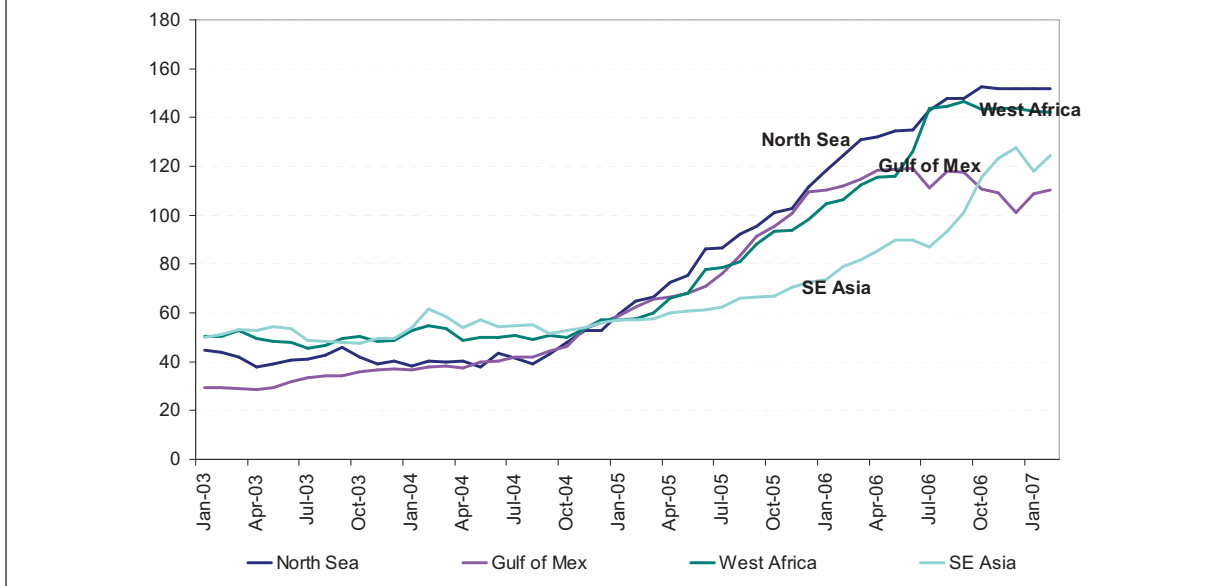
A good illustration of the improved economics of drilling is provided by the SCORE index, an index published by the drilling contractor GlobalSantaFe and made available through its web site www.globalsantafe.com. SCORE is an acronym for "Summary of Current Rig Economics". SCORE is an empirical formula for rig economics which takes into account rig dayrates, operating expenses, and capital expenditures / replacement costs. The SCORE index is closely related to jack-up dayrates. The SCORE index was at its bottom level in June 1999 of 22.8 and climbed to its latest peak in December 2006 of 129.6. The latest published SCORE index (February 2007) was 125.3, while the average SCORE for the period since 1980 is 53.1.

The chart below provides an illustration of the SCORE index compared to the price of Brent Blend oil.



The chart below provides an illustration of the regional development in the SCORE index. This regional development combines jack-up and floating drilling units. Over time, the regional developments tend to converge since rig owners will move the units between regions. Such moves are however both costly and time consuming. It appears from the chart that the economics in the U.S. Gulf of Mexico tend to be weaker than the other regions, which can be explained by a high concentration of lower-specified jack-ups that are unable to compete in the international markets.

Regional SCORE index (combined of jack-up and floating drilling units) since 2003

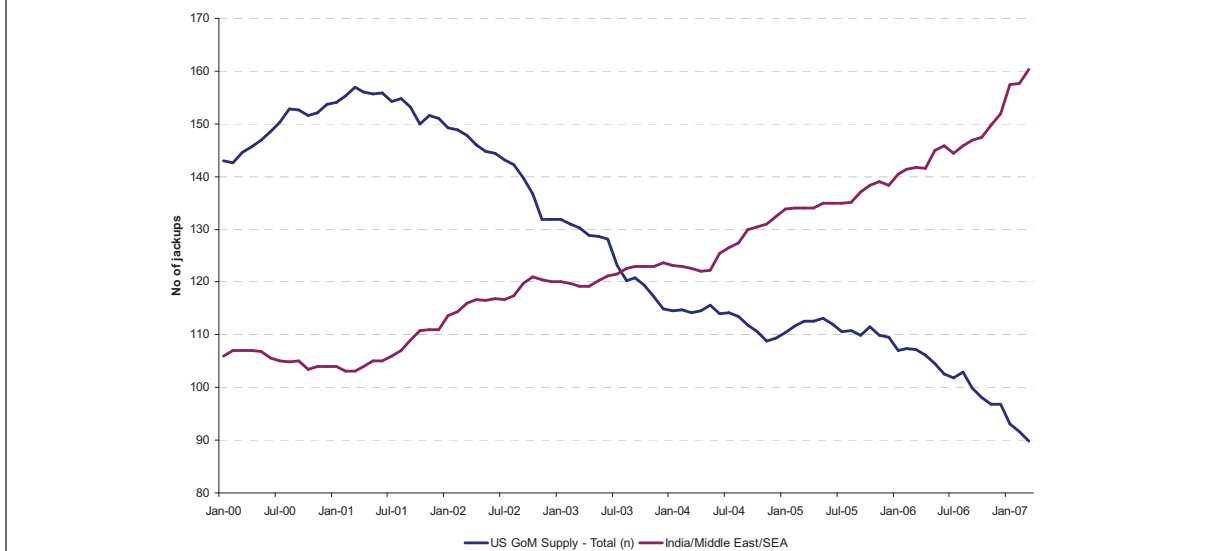


Source: GlobalSantaFe, 2007

The operators in India, Middle East and the South East Asia have been the main takers of jackups in the up-cycle of the last few years. In just five years, these years have replaced the U.S. Gulf of Mexico as the leading market for jack-up drilling rigs. As of today, 40% of the global jackup fleet is located in these regions, compared to 28% at the beginning of 2001.

The chart below provides an illustration of the migration of jack-up rigs from the U.S. Gulf of Mexico to other drilling regions.

Fleet development U.S. Gulf of Mexico vs. India / Middle East / South East Asia

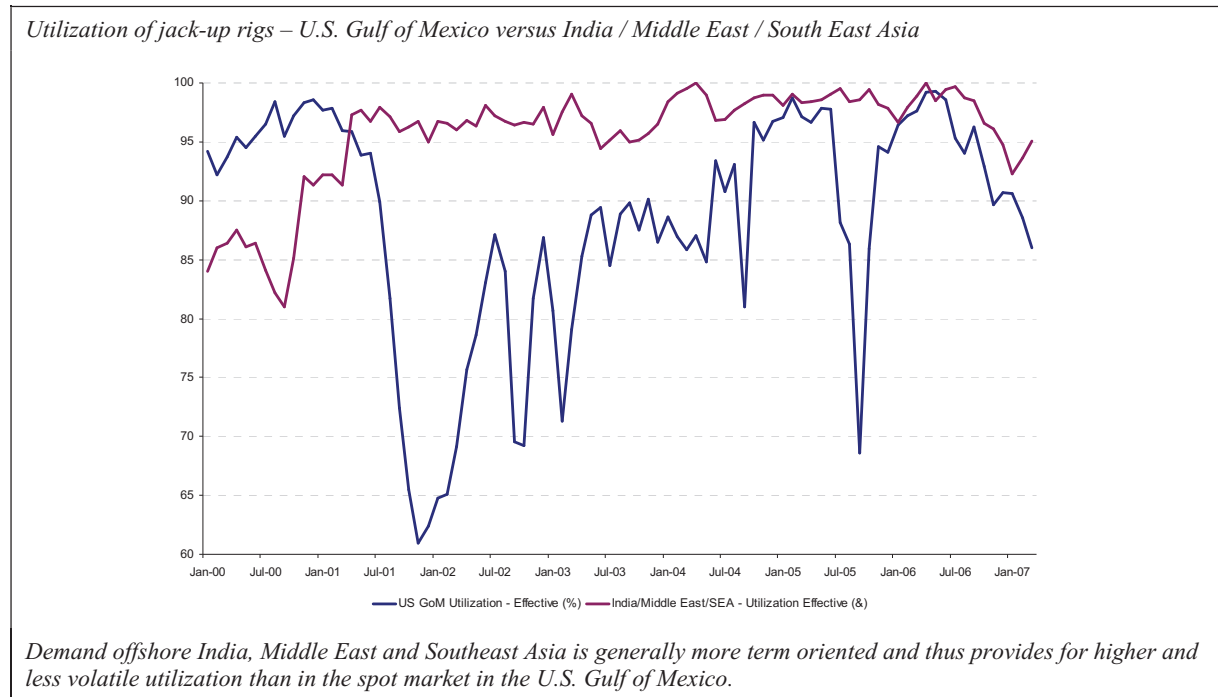


The jackup fleet in India, Middle East and South East Asia has grown from 105 units at the beginning of 2000 to 160 units today (excl. newbuilding projects). In the same period jackups in the U.S. Gulf of Mexico has decreased to 90 units from 143 units.

While the market in the U.S. Gulf of Mexico is predominantly characterized by short term contracts, the markets offshore India, Middle East and the South East Asia are to a larger extent characterized by longer term commitments. This is driven by several factors, including among others the large developments of liquid natural

gas (LNG) in these regions. The appearance of more long term commitments provides for higher and less volatile utilization than observed in the U.S. Gulf of Mexico.

The chart below provides an illustration of the utilization rates in the key regions for jack-up rigs, illustrating the volatility in the spot oriented U.S. Gulf of Mexico versus the stability in the growing regions offshore India, Middle East and South East Asia.



Operators in the growing regions offshore India, Middle East and South East Asia are likely to continue to provide the largest share of the long term demand going forward. Of a total of approximately 100 tenders presently in the market with rig requirements of one year or longer, 57 are located in these three regions. Only in the Middle East there are currently 43 tenders for long term requirements. Other large regions with demands for long term rig employment (one year or more) are Mexico with 9, North West Europe with 13, South America with 4 and West Africa with 7.

7. CONSOLIDATED FINANCIAL INFORMATION

7.1 INTRODUCTION

The Company was established in February 2005. It has prepared audited financial accounts for 2005 and 2006 which are enclosed hereto as appendices 2 (in respect of 2005) and 3 (in respect of 2006). The age of the last financial audited financial information is therefore less than six months at the time of issuance of this Prospectus. The Company has not prepared any interim financial statements subsequently to the accounts for 2006. All tables containing financial data in this Section 7 have been extracted from the Company's audited financial statements.

The audited accounts for 2005 were prepared with NOK as presentation currency. With effect from the third quarter of 2006, the Company changed its presentation currency to USD to reflect the functional currency of the Company's operations. Accordingly, the tables herein showing accounts for 2005 are based on accounts originally prepared in NOK. Monetary items denominated in other currencies than USD are revalued based on the exchange rate of the balance sheet date 31.12.2006 at 6.2551 NOK/USD and for 31.12.2005 at 6.7687 NOK/USD. The original accounts for 2005, prepared in NOK, are shown in Appendix 2 hereto.

The Company prepares parent company and consolidated financial statements. For purpose of this Prospectus, the financial information is presented on a consolidated basis.

The financial year follows the calendar year.

7.2 SUMMARY OF ACCOUNTING POLICIES

The accounting policies stated below have been applied in the preparation of the Company's accounts for 2006, as set out in appendix 3 to this Prospectus.

7.2.1 General

The financial statements have been prepared and presented in compliance with the Norwegian Accounting Act, and generally accepted accounting principles in Norway. The financial statements for the year ended 31 December 2006 were authorized for issuance in accordance with a resolution of the Board of Directors on 7 May 2007.

7.2.2 Consolidation

The consolidated financial statements incorporate the financial statements of the parent company Thule Drilling ASA and its wholly owned subsidiaries. The consolidated accounts for the group have been prepared as a single economic entity. Intercompany transactions have been eliminated in the consolidated accounts. The consolidated accounts have been prepared in accordance with the same accounting principles for both parent and subsidiaries.

7.2.3 Use of estimates

The preparation of the financial statements requires management to apply estimates and assumptions that affect the profit and loss statement, the valuation of assets and liabilities, and the disclosure of contingent assets and liabilities at the balance sheet date. The more critical estimates for the 2006 accounts are the Black-Scholes calculation on options, assessment of the loan to associates and related parties, and deferred tax calculation.

7.2.4 Foreign currency

Monetary items denominated in a non-Norwegian currency are revalued based on the exchange rate of the balance sheet date 31.12.2006 at 6.2551 NOK/USD and for 31.12.2005 at 6.7687 NOK/USD. The functional currency of the Company's entities is USD. The reporting currency is USD.

7.2.5 Revenues

The Company's main activity is to build jack-up drilling rigs, enter into drilling contracts and operate its units.

The income is recognized on the basis of day rates and actually accrued time. Income is recognized when it is probable that the transaction will generate future financial advantages that will be due to the Company and the

size of the amount can be measured reliably. Income is reported exclusive of value added tax and after deduction of possible discounts. Income and expenses related to activities lasting past the turn of the year are accrued in accordance to the number of days that the activity lasts prior to and after the closing of the annual accounts.

The total cost is revalued currently. For contracts that are assumed to result in a loss, the total estimated loss is recognized immediately. Mobilization and demobilization fees are taken to income in the actual period of services provided to the customer.

7.2.6 Taxes

Taxes are recorded as they accrue. Thus the tax on ordinary result is related to the financial statement's ordinary result before tax. Taxes related to equity transactions are recorded against the equity.

The tax on ordinary result comprise taxes payable (tax on the year's taxable income) and changes in net deferred tax. A deferred tax asset is capitalized when it is probable that it can be used to reduce future taxes payable.

7.2.7 Balance sheet classification

Assets acquired for the purpose of permanent holdings or uses are classified as fixed assets. Other assets are classified as current assets. Receivables that fall due within one year are always classified as current assets. Corresponding principles have been applied with respect to the classification of long-term and current liabilities.

Fixed assets are valued at cost, but written down to recoverable amount when the reduction of value is expected to be more than temporary. Recoverable amount is the higher of market value and value in use. Fixed assets with a limited economic lifetime are systematically depreciated. Long-term liabilities are recorded at amortized costs at the time of issue. Long-term liabilities are not revalued as a result of changes in the interest rate levels.

Current assets are valued at the lower of cost or market. Current liabilities are recorded at nominal value received at the time of issue.

Some items are valued based on other principles and methods, as described in the following.

7.2.8 Fixed assets

Fixed assets are depreciated over their expected life. The straight-line method is used as the general model for calculating depreciation expense, and expected residual values have been taken into account. The elements of the rigs will be decomposed and treated separately with respect to depreciation.

The Company capitalizes interest expense on debt drawn to finance the building / reconstruction of its rigs. The capitalization is net of interest income from the interim placement of the borrowed funds. Planned periodic maintenance is capitalized and charged to the profit and loss statement over the period to the next docking.

Newbuilding contracts are capitalized under fixed assets valued at the payments made to the yard. As for other PPE items impairment analyses are made, if required.

7.2.9 Impairment of assets

Fixed assets and other non-current assets are reviewed for indication of impairment at each reporting date, and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

7.2.10 Accounts receivable and other receivables

Accounts receivables and other receivables are recorded at face value with a provision for expected bad debt expense. The provision for bad debt is based on assessments of the individual overdue items.

7.2.11 Cash flow statement

The statement of cash flow has been prepared according to the indirect method. The indirect method involves reporting gross cash flow from investment and financing activities, while the accounting result is reconciled against net cash flow from operational activities. Cash in hand and cash equivalents comprise cash, bank

deposits and other short-term, liquid investments which immediately and at insignificant exchange rate risk can be converted into known cash amounts and with due dates of less than three months from purchase date.

7.2.12 Long-term interest bearing debt

Loans are recognized at fair value when disbursement takes place, deducted for transaction expenses. In the subsequent periods the loan is recognized at amortized cost calculated by use of effective interest rate. The difference between the disbursed loan (deducted transaction expenses) and the amount payable at maturity are recognized over the term of the loan.

7.2.13 Provisions

Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or when a reliable estimate of the obligation can be made.

7.2.14 Pension obligation

The Company has a defined contribution plan for its personnel. Contributions are paid to pension insurance plans, and once the contributions have been paid, there are no further payment obligations. Contributions to defined contribution plans are charged to the income statement in the period to which the contributions relate.

7.2.15 Equity compensation benefits

The share option program allows selected employees to acquire shares of the Company. The fair value of the options granted is recognized as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and allocated over the period during which the employees vest in the options. The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

7.2.16 Shares in subsidiaries

Shares in subsidiaries are stated at cost.

7.2.17 Changes in presentation currency

The presentation currency for the parent company is changed from NOK to USD, applying the temporal method.

7.2.18 Judgements and estimation uncertainty

The preparation of consolidated financial statements in conformity with NGAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The most significant estimates and assumptions relate to our fixed asset impairment tests and the useful lives for depreciation of fixed assets. We evaluate these estimates on an ongoing basis, utilizing historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from estimates. Further, applying the Black & Scholes model require assumptions.

7.2.19 Derivative financial instruments and hedging

The Company had no financial instruments for either hedging or trading purposes as of 31.12.06.

7.2.20 Leases

The determination of whether an arrangement is or contains a lease, is based on the substance of the arrangement, and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangements conveys a right to use the asset.

Financial leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged financial expenses directly.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

7.2.21 Business segments

Construction of jack-up drilling rigs represent the only business area of the Company today.

7.3 CONSOLIDATED FINANCIAL INFORMATION

7.3.1 Condensed and consolidated income statements

Figures in USD 1,000	Fourth quarter		Full year	
	2005 (unaudited)	2006 (unaudited)	2005 (based on audited accounts in NOK)	2006 (audited)
Operating revenues	0	600	0	21,937
Other operating revenues	0	0	0	0
Operating revenue	0	600	0	21,937
General and administrative expenses	-880	-1,023	-2,217	-4,907
Depreciation and amortization	-6	-9	-7	-36
Operating expenses	-886	-1,032	-2,224	-4,943
Operating profit	-886	-432	-2,224	16,994
Net interest	292	-2,061	358	-1,081
Net currency	408	-388	-646	3,259
Net financial items	700	-2,449	-288	2,178
Profit before tax	-186	-2,882	-2,511	19,172
Tax expense	176	-2,594	176	-3,893
Net profit	-11	-5,476	-2,336	15,279
Basic and diluted earnings per share (USD)	-0.00	-0.15	-0.19	0.42

7.3.2 Condensed and Consolidated balance sheet

USD 1,000	31.12.2005 (based on audited accounts in NOK)	31.12.2006 (audited)
ASSETS		
Intangible fixed assets	1,321	0
Tangible fixed assets	67,238	145,095
Financial assets	21	11,799
Total non-current assets	68,581	254,382
Trade receivables	0	0
Prepayments and other receivables	429	2,196
Cash and cash equivalents	40,533	83,690
Total current assets	40,962	85,886
Total assets	109,543	340,268
EQUITY AND LIABILITIES		
Paid in share capital	668	1,135
Share premium reserve	67,021	143,033
Other equity	-1,591	13,870
Total equity	66,098	158,038
Deferred tax liability	0	1,482
Long term interest bearing debt	36,294	127,634
Total non-current liabilities	36,294	129,116
Trade and other payables	4,709	46,469
Accruals, provision	2,442	6,645
Debt to related party companies	0	0
Total current liabilities	7,151	53,114
Total equity and liabilities	109,543	340,268

7.3.3 Cash flow statements

USD 1,000	Fourth quarter		Full year	
	2005	2006	2005	2006
Profit before tax	11	597	-2,511	19,172
Adjusted for:				
Depreciation and amortization	6	9	7	36
Gain from disposal of fixed assets	0	-362	0	-21,628
Increase/decrease receivables and payables	182	1,017	420	-84
Amounts classified as investing/financing act.	292	-224	944	-4,407
Increase/decrease other income and expenditure	256	-1,029	-391	-87
Net cash from operating activities	455	8	-1,531	1,816
Investments in tangible fixed assets	-22,959	2,067	-60,568	-188,270
Proceeds from sale of tangible fixed assets	0	0	0	41,190
Investments in financial assets	-22	-63,650	-22	-11,799
Net cash flow used in investing activities	-22,981	-61,583	-60,590	-158,879
Proceeds from interest bearing debt, net	85	7,436	39,690	127,303
Payment of interest bearing debt	-1	-46	-0	-4,113
Proceeds from issuance of shares	0	0	65,766	76,479
Net cash flow from financing activities	84	7,390	105,457	199,669
Effects of changes in exchange rates on cash	-820	2,158	-3,448	551
Net change in cash and cash equivalents	-23,262	-52,027	40,517	43,157
Cash / cash equivalents at beginning of period	135,717	135,717	15	40,533
Cash / cash equivalents at end of period	40,533	83,690	40,533	83,690

7.3.4 Equity reconciliation

At 31 December 2006 the Company's equity was USD 158.0 million compared with USD 66.1 million at the year-end 2005. The equity-to-assets ratio was 47%.

Figures in USD 1,000	Share capital	Share premium	Other paid-in capital	Profit/loss carried forward	Total
Total equity at 1 January 2006	668	67,021	745	-2,336	66,098
Options			182		182
Issue of 15.75 mill. shares at NOK 33.75	647	78,335			78,802
Total share issue costs, net of tax		-2,323			-2,323
Net profit for the year 2006				15,279	15,279
Total equity at 31 December 2006	1,135	143,033	927	29,886	174,981

7.3.5 Segment information

Business segments

All of the Company's revenues are, and are expected to be, generated from one business segment and all of its assets are related to this business segment.

Geographical segments

The Company's services are, and are expected to be, provided in a global market for offshore drilling. This market is global by nature and the Company believes that there is limited relevance in a geographical segmentation of its operations.

7.4 INDEPENDENT AUDITOR

The Company's independent auditor is Ernst & Young AS, Oslo Atrium, P.O.Box 20, N-0051 Oslo. Ernst & Young AS has been the Company's auditor since the incorporation of the Company in February 2005. Ernst &

Young AS is a member of the Norwegian Institute of Public Accountants. Ernst & Young AS has audited the Company's accounts for 2005 and 2006, as presented in this Prospectus as appendix 2 and 3. Ernst & Young AS has not audited or reviewed or produced any report on other information provided in this Prospectus.

The auditor's report for 2005 was given without qualifications or disclaimers.

The auditors' report for 2006 was given without qualifications, but with the following comment: "Without qualifying our opinion, we emphasise that there are uncertainties related to the delivery date of the rig "Thule Power" (under construction) and as a consequence, there are uncertainties related to the future cash flows of the Group. Further, the Company has partly financed the yard (QGM). There is uncertainty related to the yard's ability to repay the loan, without Thule Drilling ASA enforcing their rights through pledged assets etc. No provisions or impairment charges are made with respect to these uncertainties. In this connection, we refer to the Board of Directors report and Note 14 and Note 19."

8. OPERATING AND FINANCIAL REVIEW

Investors should read the following discussion of the financial condition and results of operations in conjunction with the financial statements included in this Prospectus. The following discussion contains forward-looking statements that are based on current assumptions and estimates by the Company's management regarding future events and circumstances. The Company's actual results could differ materially from those expressed or implied by the forward-looking statements as a result of many factors, including those described in Section 2 "Risk factors".

8.1 INFORMATION ON FINANCIAL CONDITION AND OPERATING RESULTS

8.1.1 Comparison for the twelve months which ended 31 December 2006 and 31 December 2005

The discussions below refer to the twelve months period which ended 31 December 2006 for the consolidated accounts compared to the same period in 2005.

Operating revenue

As per 31 December 2006, Thule Drilling had an operating income of USD 21.9 million, compared to USD 0 million for the same period in 2005. The main driver of the revenues in 2006 was the sale of the semi-submersible rig "Thule Challenge" in April.

Operating expenses

As per 31 December 2006, the Company's operating expenses were USD 4,9 million compared to USD 2.2 million for the same period in 2005.

Operating margin

The operating margin was 78% for 2006 compared to 0% for 2005.

Profit before tax

Profit before taxes amounted to approximately USD 19.2 million for 2006, compared to a loss of USD 2.5 million for 2005.

Net financial expenses

Net financial expenses were USD 2.2 million in 2006 compared to USD 0.3 million in 2005. Net financial expenses are primarily related to interest expense and exchange rate changes. Currency fluctuations contributed positively with USD 3.3 million in 2006 compared to a currency loss of USD 0.6 million in 2005.

Cash and cash equivalents

Cash and cash equivalents as per 31 December 2006 was USD 83,7 million compared to USD 40.5 million at the end of 2005.

Liabilities

Net interest-bearing debt for the Company was USD 167.2 million at 31 December 2006 compared to USD 36.1 million at the end of 2005.

Total equity

At 31 December 2006 the Company's equity was USD 158.0 million compared with USD 66.1 million at the year-end 2005. The equity-to-assets ratio was 47% at the end of 2006.

Balance

The Company had a total balance of USD 340.2 million as per 31 December 2006 compared to USD 109.5 million at the end of 2005. The increase was a result of an increase of fixed assets (rigs under construction) of approximately USD 175,3 million and an increase in current assets (cash and cash equivalents) of USD 43,1 million, being financed by an increase in long term liabilities of USD 127.5 million and an increase in equity of USD 92 million.

8.1.2 Significant changes in the Company's financial or trading position since 31 December 2006

Since 31 December 2006, the end of the last financial period for which interim financial information has been published, there have not been significant changes in the financial or trading position of the Company (on a consolidated basis) with the following exceptions:

- The Company has issued a new certificate loan in the amount of USD 9 million, the "11 per cent Thule Drilling ASA Senior Secured Note Issue 2007/2008" dated 31 January 2007;
- The Company has issued a new bond loan in the amount of USD 40 million, the "13.75 per cent Thule Drilling ASA Senior Secured Note Issue 2007/2008" dated 23 March 2007;
- The Company has extended to QGM additional financing of approximately USD 20 million, distributed between additional loans of USD 10 million and advance payments on milestones of the rig newbuilds of USD 10.4 million.

8.2 SIGNIFICANT FACTORS AFFECTING INCOME

Except as set out above, the Company's income from operations have not been affected by significant factors, unusual or infrequent events or new developments.

8.3 SIGNIFICANT EXTERNAL FACTORS

The Company is not aware of any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, directly or indirectly, its operations, or of proposed changes to such policies or factors that could materially affect its operations.

9. CASH FLOW AND CAPITAL RESOURCES

9.1 CASH FLOWS

The Company will require capital to fund its ongoing operations, its investment program, its debt service and potential acquisitions. As per 31 December 2006, the Company had cash and cash equivalents of USD 83.7 million, compared to USD 40.5 million at the end of 2005. Out of the cash and cash equivalents held at the end of 2006, a total of USD 65.7 million were restricted while USD 18.0 million were available to the Company.

The restricted cash at the end of 2006 was mainly held in favour of repayment of debt (USD 44.3 million), as guarantees in connection with rig contracts (USD 20.4 million) and as guarantees for rig tenders (USD 1.0 million).

The Company's cash flows from operating activities amounted to USD 1.8 million in 2006 compared to a negative cash flow of USD 1.5 million in 2005. Until the delivery of "Thule Power" onto contract, currently scheduled to take place within the end of August 2007, the Company does not expect to have any sources of revenue. Payment under the contract will be in arrears and no rate payments are expected to take place until October 2007. Until such revenues are generated, the cash flows from operation are expected to be negative to cover the Company's ongoing operating and interest expenses. Upon generation of such revenues, the cash flows from operation will be made up of earned rates less its operating expenses, financial items and taxes.

The Company's cash flows used in investing activities were USD 158.9 million in 2006 compared to USD 60.6 million in 2005. The Company continues to use significant cash flows in its investment activities related to the reconstruction of "Thule Power" and the construction of "Thule Energy" and "Thule Force". In addition, the funding provided to QGM implies a negative cash flow for the Company. The Company expects that the total funding requirement for the period from 2007 through the completion of its current investment program in 2008 will be approximately USD 163 million. Further information about the Company's capital expenditures, including investments in the past, is set forth in Section 9.4 below.

The Company's cash flows from financing activities amounted to USD 199.7 million compared to USD 105.5 million in 2005. As the Company has limited cash flows from operating activities, financing continues to be the primary source of cash flow to fund its cash flows required for investing activities. Including the proceeds from this Offering, the Company will have raised approximately USD 84 million and have paid down USD 45 million in 2007, for a total net amount of USD 39 million. The Company expects to draw an additional up to USD 75 million and to repay USD 20 million upon the delivery of its rig "Thule Power" later in 2007. Further information about the Company's funding is provided in Sections 9.2 and 9.3.

9.2 INFORMATION CONCERNING THE COMPANY'S CAPITAL RESOURCES

9.2.1 Equity financing

As per 31 December 2006, the Company had raised a total of USD 145 million in net proceeds of equity and had USD 13 million in total accumulated profits on a consolidated basis. The equity raised consisted of private placements in April 2005 (USD 40 million gross), September 2005 (USD 30 million gross) and January / February 2006 (a total of USD 78 million gross).

After year-end, the Company has raised proceeds of USD 2.6 million from the exercise of warrants in May 2007. The completion of this Offering will give net proceeds of approximately USD 35 million.

9.2.2 Debt financing arrangements and encumbrances on the Company's assets

As per 31 December 2006, the Company had net bond borrowings of USD 130 million. In addition, it had bond borrowings of approximately USD 40 million plus accrued interest which were offset by restricted cash held on escrow account for the repayment of these borrowings upon maturity in May 2007. Further information about these borrowings, borrowings taken up since year-end and expected new borrowings are set out below.

In April 2005, the Company raised NOK 250 million (approximately USD 40 million) in bond financing as part financing to reconstruct the "Thule Power". The bond loan was referred to as the "10% Thule Drilling ASA Senior Secured Bond Issue 2005/2007 with Warrants". This bond loan matured in full on 10 May 2007. The funds required to repay this bond loan were secured by a bond issue in September 2006, as described below, which were placed on a separate and blocked escrow account. The escrow account also contained the interest amount required to fulfil the interest payment obligation in connection with the last annual payment term, for a

total of NOK 275 million which was made up of the principal amount of NOK 250 million and NOK 25 million in annual interest.

In September 2006, the Company raised USD 130 million in bond financing with maturity in full in September 2009. The bond loan bears interest at a rate of 12%. The bond is secured inter alia by a first priority mortgage in “Thule Power” until delivery, at which time it will become subordinated to the bank loan from Fortis Bank as described below, and with first priority mortgage in “Thule Energy” and “Thule Force”.

On 15 November 2006, the Company received a term sheet for a bank facility of up to USD 75 million from Fortis Bank. While the offer expired in February 2007, the Company received a renewed offer with basically the same terms on 28 March 2007. This renewed offer is still subject to final negotiations. According to Fortis Bank’s offer, the facility will carry interest at a rate of Libor + 1.50% and will have a four year repayment profile with a 20% balloon at the end. If the loan agreement is entered into, the Company expects the bank facility to be drawn in connection with the delivery of “Thule Power”, scheduled to take place within the end of August 2007. The bank facility will be secured inter alia by a first priority mortgage in “Thule Power”.

In January 2007, the Company raised USD 9 million through a one year certificate. The certificate is secured with first priority in the Company’s semi-submersible hull “Thule Phoenix”. The certificate matures in full in January 2008 and bears interest at a rate of 11%.

In March 2007, the Company raised USD 40 million through a bond loan with maturity in September 2008. The loan is expected to be partially redeemed by USD 20 million upon the drawing of the bank facility from Fortis Bank, to take place upon the delivery of “Thule Power”. This bond loan bears interest at a rate of 13.75%. It is secured inter alia by a second priority mortgage in “Thule Power” until delivery and drawing on the bank facility from Fortis Bank, at which time it will become subordinated to third priority mortgage, and with second priority mortgage in “Thule Energy” and “Thule Force”. This bond loan has also been guaranteed by a group of six investors on a pro-rata basis for a period until the completion of this Offering, when the guarantee will expire. While the terms of this bond loan require that the Offering is completed within 31 May 2007, a bondholders’ meeting has been called for 25 May 2007 to grant the extension of this requirement until 30 June 2007.

Based on its current financing arrangements, and assuming the entering into of the loan agreement with Fortis Bank as set out above, the Company expects to make repayments over the next five years as follows:

Year	2007	2008	2009	2010	2011
Amount in USD million	66	46	147	17	20

9.2.3 Restrictions on use of capital resources

In the view of the Company, there are no restrictions on the use of capital resources which can be viewed as having materially affected, or having an effect of materially affecting, directly or indirectly, its operations.

9.2.4 Funding and treasury policies

In its funding, the Company generally seeks to secure adequate funding at early stages of each project and to seek to offset some of the risks inherent in its business and construction program by reducing financial risks in its projects.

In the treasury of its funds, the Company employs a low risk profile based on maintaining funds required for future investment on readily available bank accounts or on short term interest bearing deposits.

9.3 CAPITALISATION AND INDEBTEDNESS

The following tables set forth the Company’s capitalization and indebtedness as of 31 December 2006, with adjustments to show the effects of changes in capital and indebtedness to 31 March 2007 and the effects on the capitalization of the completion of the Offering.

9.3.1 Capitalization

(figures in USD million)	31.12.2006	31.03.2007	Offering effects
Total current debt (A)	53.1	48.7	
- guaranteed	-	-	
- secured	46.3	48.7	
- unguaranteed / unsecured	6.8	-	
Total non-current debt (B)	129.1	167.6	
- guaranteed	0	40.0	
- secured	127.6	127.6	
- unguaranteed / unsecured	1.5	-	
Shareholders' equity (C)	145.1	145.1	+35.0
- share capital	1.1	1.1	+0.5
- legal reserve	-	-	-
- other reserves	144.0	144.0	+34.5
Total capitalization (A+B+C)	327.3	361.4	

9.3.2 Indebtedness

(figures in USD million)	31.12.2006	31.03.2007	Offering effects
A Cash	-	-	
B Cash equivalent	83.7	78.3	+35.0
C Trading securities	-	-	
D Liquidity (A+B+C)	83.7	78.3	+35.0
E Current financial receivable	-	-	
F Current bank debt	-	-	
G Current portion of non current debt	13.4	-	
H Other current financial debt	39.7	48.7	
I Current financial debt (F+G+H)	53.1	48.7	
J Net current financial indebtedness (I-E-D)	-30.6	-30.5	
K Non current bank loans	-	-	
L Bonds issued	127.6	167.6	
M Other non current loans	1.5	-	
N Non current financial indebtedness (K+L+M)	129.1	167.6	
O Net financial indebtedness (J+N)	98.8	89.3	

The company financial ratios are as follows:

Description	31.03.2006	31.12.2006	31.03.2007 (unaudited)	Basis
Current Ratio	1.78	1.62	0.78	Current Asset/Current Liabilities
Quick Ratio	1.78	1.62	0.78	CA- Inventories/CL
Debt Equity Ratio	1.66	0.87	0.79	Equity/Total Liabilities

9.4 OVERVIEW OF CAPITAL EXPENDITURES

The following table sets forth the Company's historical and expected capital expenditures. The Company has not made firm commitments into investment except for those set out in the table below.

(figures in USD million)	2005	2006	2007	2008	Sum
"Thule Power"	32	47	14		93
"Thule Energy"	-	74	50	7	130
"Thule Force"	-	66	45	19	130
"Thule Challenge"	16				16
"Thule Phoenix"	13				13
Lending to QGM		14	28		42
Sum	61	201	137	26	425

Of the expected investments in 2007, amounting to USD 137 million, the Company had made investments of USD 62 million as per 30 April 2007, distributed between "Thule Power" (USD 8.7 million), "Thule Energy" (USD 23.9 million), "Thule Force" (USD 17.4 million), and QGM (USD 11.9 million).

Materially all of the Company's investments are made in the United Arab Emirates where the rigs are being constructed and where QGM is located. As set out in Section 9.1, the primary source of financing of the funds required for the Company's capital expenditures is funds raised from financing activities as the Company is not yet in a position to generate cash flows from its operations.

9.5 SOURCES OF FUNDS TO COMPLETE CAPITAL EXPENDITURES

The anticipated sources of funds required to fulfil the Company's commitments set out in Section 9.4 are, in respect of each year:

- For 2007, where capital expenditures are expected to be USD 137 million, the Company expects to cover its funding requirements from funds already raised, funds being raised through this Offering, and funds being borrowed in accordance with the offer from Fortis Bank as set out in Section 9.2.2, as well as from net operating cash flows generated upon the delivery of "Thule Power" onto contract.
- For 2008, where capital expenditures are expected to be USD 26 million, the Company expects to cover its funding requirements from funds already raised, from new equity or debt replacing debt that matures, and from net operating cash flows generated from the contract for "Thule Power".

The Company expects that new debt or equity financing will be required in 2008 to replace debt maturing during the year. Based on current assumptions, such maturities are expected to be USD 46 million. No plans or resolutions have yet been made for such capital raising. These plans will be considered at a time closer to the deliveries of the Company's rigs "Thule Energy" and "Thule Force".

9.6 WORKING CAPITAL STATEMENT

In the opinion of the Company's Board of Directors, based on the completion of this Offering, the Company expects to have sufficient working capital for its requirements in 2007, as currently anticipated. The Directors believe that additional capital will need to be raised early in 2008 to replace debt maturing during the year. It is the expectation of the Company that such financing can be secured through debt or equity financing at a time closer to the expected deliveries of its rigs "Thule Energy" and "Thule Force", assuming that these projects develop in accordance with plan. It has however not yet been resolved how such capital requirement will be covered, whether through the sale of assets, raising of equity, or raising of new debt.

The Company's Board of Directors will stress that there are significant risks involved in the Company's construction program and there can be no assurance that additional funding will not be required as a consequence of additional delays or cost overruns.

10. BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

10.1 BOARD OF DIRECTORS

In accordance with Norwegian law, the Board of Directors is responsible for administering the Company's affairs and for ensuring that the Company's operations are organized in a satisfactory manner.

The composition of the Board of Directors is in accordance with the recommendation in the Norwegian Code of Practice for Corporate Governance dated 28 November 2006.

The Company's articles of association provides that the Board of Directors shall have no fewer than three members and no more than seven members. According to Norwegian law, the CEO and at least half of the members of the Board of Directors must either be resident in Norway, or be citizens of and resident in an EU/EEA country. The members of the Board of Directors are elected by the general meeting of shareholders.

The directors are elected for periods until the subsequent annual general meeting of the shareholders. Directors may be re-elected. There is no limit on the number of terms that any director may serve.

The following table sets forth the directors of the Company and their current holdings of securities issued by the Company:

Name	Position	Director since	Shares	Options
Hans Eirik Olav	Chairman	November 2005	15,000	25,000
Henrik A. Christensen	Director	February 2005	18,000	50,000
Brita Eilertsen	Director	September 2005	0	25,000
Anders-Ivar Olsen	Director	May 2006	0	0
Frederik M. Steenbuch	Director	November 2005	0	25,000

- **Hans Eirik Olav, Chairman.** Mr. Olav, born 1956, was appointed Chairman on 6 February 2007. He has extensive experience from various operating and board positions. He holds an MBA in Finance from the University of Miami and a bachelor degree from the University of Georgia. He serves in an advisory position to Sebastian Holdings Inc. which has direct and affiliated holdings corresponding to 18.2% in the Company. In connection with the resignation of the Company's former CEO on 19 April 2007, it was agreed that Mr. Olav will participate actively in the day-to-day work of the Company until a new CEO is in place. Mr. Olav resides in Oslo, Norway.
- **Henrik A. Christensen, director.** Mr. Christensen, born 1962, served as Chairman until 6 February 2007 and has alternately served as director and Chairman. He is a partner at the law firm Ro, Sommernes & Co and was formerly a partner at the law firm Wiersholm Mellbye & Bech. He has extensive experience from various board memberships. He holds a Cand. Jur. degree from the University of Oslo, Law School. Mr. Christensen resides in Oslo, Norway.
- **Brita Eilertsen, director.** Mrs. Eilertsen, born 1962, holds a Master of Business and Economics degree ("siviløkonom") from the Norwegian School of Economics and Business Administration (NHH) and an AFA degree (Authorised Financial Analyst) from NHH/NFF. She has worked as an investment banker at Enskilda Securities. She holds several board positions. Mrs Eilertsen resides in Oslo, Norway.
- **Frederik M. Steenbuch, director.** Mr. Steenbuch, born 1948, works as a consultant in the offshore oil industry through his fully owned company Capricorn Offshore AS with one of his most recent major assignments was as SVP Marketing & Sales for Aker Drilling. He has previously been the CEO in Offshore Heavy Transport ASA, Heerema Marine Contractors Nederland BV, Northern Offshore ASA and Wilrig AS. He has relevant experience from various former board memberships, as well as from different property companies and non-professional organizations. Mr. Steenbuch resides in Oslo, Norway.
- **Anders-Ivar Olsen, director.** Mr. Olsen, born 1962, has an MBA degree and extensive international experience from shipping and the commodity industry. He is related to NorInvest Ltd, which holds 5,734,300 shares (15.4%) in the Company. He resides in Oslo, Norway.

The Company's business address serves as c/o address in respect of the Company's directors.

10.2 AUDIT COMMITTEE AND REMUNERATION COMMITTEE

The Company does not have an audit committee or remuneration committee as a subcommittee of its Board of Directors.

10.3 CORPORATE ASSEMBLY

The Company does not have a corporate assembly.

10.4 FOUNDERS

The Company was founded by Teco Invest AS, a Norwegian company with its address in the municipality of Bærum.

10.5 MANAGEMENT AND EMPLOYEES

On 19 April 2007, the Company made an agreement with its former Chief Executive Officer, Mr. Kai Solberg-Hansen, that he would resign from his position at the Company. Mr. Solberg-Hansen will continue to assist the Company on a consultancy basis as required. According to his employment agreement, the parties have agreed that he shall receive one year's salary, amounting to NOK 1.5 million, as severance pay.

The following persons have senior positions in the management of the Company:

- **Peter K. Gjessing, Chief Financial Officer and acting Chief Executive Officer.** Peter K. Gjessing, born 1965, has served as CFO since November 2005. He has previously been Finance Manager of LillestrømBanken, Head of Accounting and Finance of Combined Cargo UAE LLC (Abu Dhabi) and Financial Analyst and Finance Manager at the Torvald Klaveness Group in Oslo. Mr Gjessing holds a Bachelor of Science in Business Administration from University of California, Berkeley and an MBA from the Wharton School, University of Pennsylvania. Mr. Gjessing assumed the position as acting CEO on 19 April 2007, when the Company agreed with its previous CEO that he would resign. He holds 30,000 shares and 50,000 options.
- **Colin R. Barden, Chief Operating Officer.** Colin Barden has been engaged as COO from April 2007. He will be residing in Dubai and work at the QGM premises in Hamriyah, UAE. His main responsibility will be to look after the construction of the Company's jack-up new-build program at the QGM yard. Mr Barden is reporting to the Company's CEO. Mr. Barden's background is Construction Manager at ABG Shipyard, India (4 jackup rigs under construction) from September 2006. He was Operations Manager for Atlantic Marine Oilfield services 2004-2006, independent consultant 1999-2004, Project and Drilling Manager 1998-1999, and has held various senior positions in the offshore/contracting industry, thereof AP Moeller / Maersk (1978-96) and various other companies from 1970. He holds 0 shares and 0 options.
- **Tore Berg, Technical advisor.** Tore Berg, born 1940, has served as technical advisor since April 2005 through his wholly owned company InterRig I AS. Prior to this engagement, he has worked as an independent consultant within the offshore and shipping industry. His experience includes being expert witness in arbitrations, and being owner's representative for Tor Drilling Inc. as well as Prosafe ASA / Prosafe Offshore Ltd. in connection with the reconstruction of semi-submersibles in USA and Mexico, project director for the completion of the semi-submersible drilling rig Eirik Raude in Halifax, Canada, CEO of Tanker Navigation ASA, CEO of Discoverer ASA. Mr. Berg spent almost 30 years in various senior marketing, commercial and technical positions with the rig division of Wilh. Wilhelmsen, and then as SVP Operations with Wilrig. Mr. Berg has comprehensive experience with technical management within offshore and shipping. He has been a board member in Ocean Rig ASA. Mr. Berg is a naval architect and marine engineer from the Norwegian University of Science and Technology. He holds 20,000 shares and 75,000 options.

The Company's business address serves as c/o address in respect of the Company's key personnel.

The total number of employees in the Company is five in addition to three persons hired on consultancy basis.

10.6 MANAGEMENT AND SERVICE AGREEMENTS

10.6.1 Project management agreement

Noble Denton is providing project management services for Thule Drilling as set forth in the Project Management Agreement dated 17 March 2005, and extension of said agreement to count for “Thule Energy” and “Thule Force”, dated 22 March 2006.

Noble Denton is providing project management services related to the reconstruction of “Thule Power” as well as the construction of “Thule Energy” and “Thule Force”. Under this agreement, Noble Denton will have a minimum of four experienced engineers assigned on a permanent basis at QGM and throughout the reconstruction period with additional support when required from Noble Denton's Middle East, London and Houston offices. The London and Houston offices provide jack-up drilling rig engineering expertise.

Noble Denton provides general project management services including:

- Performing technical review of the Reconstruction Contract and drilling rig specification.
- Assuming overall responsibility as Thule Drilling’s representatives for the supervision of QGM.
- Monitoring procurement and materials management, costs, man-hours, project planning, construction schedules.
- Verifying the quality of completed work and make regular reports on progress, any problems, budget and variations.
- Ensuring that “Thule Power” is fully commissioned for operations on completion of construction.
- Providing in service support after the drilling unit commences operation.

Noble Denton receives a management fee based on the amount of resources required by Thule Drilling. Total management fees to Noble Denton are estimated to constitute approximately USD 3.5 million for “Thule Power” and USD 2.0 million for each of “Thule Energy” and “Thule Force”.

The project management agreement with Noble Denton terminates when the construction of the three rigs is completed, tests and trials successfully carried out and the rigs delivered to and accepted by Thule Drilling. Thule Drilling may terminate the project management agreement at any time. Noble Denton may terminate the project management agreement in the event of a material breach by Thule Drilling.

10.6.2 Consultancy agreements

Tore O. Berg has been engaged as technical advisor by the Company through a service agreement with his wholly owned company; InterRig I AS. The minimum period of the agreement is for the completion of reconstruction of “Thule Power” and can be terminated by either party by two months notice.

Arne Martin Bolstad has been engaged as Project Supervisor since September 2006 through a service agreement with his wholly owned company, Deep Water Oil & Gas Consulting Ltd. The expected employment period is related to the completion of the construction of the “Thule Energy” and “Thule Force” projects, and can be terminated by either party by six months notice.

Frederik Steenbuch, member of the Company’s Board of Directors, is providing certain administrative assistance to the Company’s management, mainly relating to marketing and tendering of the jack-ups. He is remunerated on an hourly basis, and reports to the CEO. Mr. Steenbuch’s services is limited to 40% of normal working hours.

10.7 ADDITIONAL INFORMATION ABOUT DIRECTORS AND MANAGERS

The table below sets forth, for each relevant person, the following information in each column:

- (a) companies and partnerships in which the person has been a member of administrative, management or supervisory bodies or partner for the last five years;
- (b) that none of the tabled persons have been subject to any convictions in relation to fraudulent offences for the last five years;
- (c) that, with the exception set forth, none of the tabled persons have been subject to bankruptcies, receiverships, and liquidation with which the person was acting in the capacity of a member of the administrative, management or supervisory body or a senior manager for the last five years;

- (d) that none of the tabled persons have been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) for the last five years, or been disqualified by a court from acting as a member of the administrative, management or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer for the last five years.

Person	(a)	(b)	(c)	(d)
Directors				
Hans Eirik Olav, Chairman	Current positions: Xcelera Inc, Future Information Research Management ASA, Juno Finans AS	None	Liquidation of Wide Computing AS	None
Henrik A. Christensen	Current positions: Home Invest AS, Home Capital AB, Norefjell Prosjektutvikling AS, Standard Marine AS, Storebrand Optimer ASA, SuperOffice ASA, Choice Hotels Scandinavia ASA, Home Properties AB Positions not nonger held: Wiersholm, Mellbye & Bech Advokatfirma AS, Teco Coating Services ASA; Offrig Drilling ASA, Opticom ASA; Investra AS	None	None	None
Brita Eilertsen	Current positions: Blom ASA, Choice Hotel Scandinavia AS, Europay Norge AS, Carnegie Kapitalforvaltning AS, Itera Consulting ASA, La Dessa AS, Vermix Pharma AS	None	None	None
Frederik M. Steenbuch	Current positions: Capricorn Offshore AS, Capricorn Investment AS, Aker Drilling ASA, Heerema Marine Contractors (The Netherlands), Offshore Heavy Transport Management AS, Offshore Heavy Transport ASA, Ocean Rig ASA, MPU Enterprise AS, MOST, Inc., Aberdeen Eiendomsfond I KS & AS, Lørenveien 68 KS & AS, Stålfjæra Kombibyggs KS & AS, Nordic Heavy Lift ASA (subject to approvals).	None	None	None
Anders-Ivar Olsen	Current positions: Unistar Holdings Inc, NorInvest Ltd, Brutel AS, Knightfield AS, Bank2 ASA Positions not longer held: Heimkvil AS, Komplet Bygg Østlandet AS, ECOonline AS, Jobbdirekte AS, Taboca AS	None	None	None
Officers and senior managers				
Peter K. Gjessing	Current positions: None Positions not longer held: Lillestrøm Kulturbygg AS, Lillestrøm Byutvikling AS, Torvet Øst Lillestrøm AS, Skedsmo Invest AS, LillestrømBanken, Combined Cargo UAE LLC (Abu Dhabi), Torvald Klaveness Group	None	None	None
Colin Barden	Current positions: None Positions not longer held: ABG Shipyard Ltd (India), Atlantic Oilfield Services (Dubai)	None	None	None

Tore O. Berg	Current positions: InterRig I AS	None	None	None
	Positions not longer held: Tor Drilling Inc., Tor Drilling Ltd			

10.8 CONFLICTS OF INTEREST

The Company is not aware of any potential conflicts of interest in respect of its directors or officers between any duties to the Company and their private interests and/or other duties, except for the potential situations set out below:

- One of the Company's directors, Mr. Henrik A. Christensen, also has the position as Chairman in another company constructing offshore drilling rigs, OffRig Drilling ASA. However, since the companies are building rigs of very different designs, the Company considers it as unlikely that a conflicting situation should occur. Should a conflict of interest arise, Mr. Christensen will not participate when the Board of Directors considers the relevant matter.
- One of the Company's directors, Mr. Frederik Steenbuch, may from time to time take assignments for other drilling contractors on an "ad hoc" basis through his consulting company Capricorn Offshore AS. This was the case e.g. in 2006 for Aker Drilling. Such assignments could give rise to conflicts of interest. Where there may be reasons to consider that a conflict could arise, Mr. Steenbuch has an obligation to inform the Company in advance of accepting any such assignment. Should a conflict of interest arise, Mr. Steenbuch will not participate when the Board of Directors considers the relevant matter.

There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any member of the Company's directors, officers, senior personnel have been selected, with the possible following exceptions:

- Mr. Hans Eirik Olav, the Chairman of the Board of Directors, serves in an advisory position to Sebastian Holding Inc., which has direct and affiliated holdings corresponding to 18.2% of the Company's shares.
- Mr. Anders-Ivar Olsen, a director of the Company, is related to NorInvest Ltd which holds a total of 15.5% of the Company's shares.

There are no restrictions on the members of the Company's directors, managers or senior personnel on disposal of their shares.

The Company is not aware of any family relations between members of the administrative, management or supervisory bodies of the Company.

10.9 REMUNERATION AND BENEFITS

10.9.1 Board and management remuneration

The following table sets forth remuneration paid in 2006 to the directors and managers for which disclosure is required in connection with the Company's accounts (figures in USD 1,000).

Name / position	Board rem.	Salary	Bonus	Pension	Other	Options	Total
Former CEO		240	-	8	37	46	331
CFO, acting CEO		88	-	7	8	15	118
Henrik A. Christensen (chairman, now director)	36						36
Tore Enger (former chairman and director)	36						36
Brita Eildertsen (director)	16						16
Johan Fr. Friis (former director)	16						16
Hans Eirik Olav (director, now chairman))	12						12
Frederik Steenbuch (director)	12						12
Total:	128						577

The remuneration set out above to the Board of Directors is in respect of 2005. The remuneration to the members of the Board of Directors for 2006 shall be determined by the Company in its annual general meeting in 2007, which is scheduled to be held in May 2007. The options have only been expensed for accounting purposes based on calculated value and has not been reported as part of wages.

10.9.2 Benefits upon termination of employment

The former CEO was entitled to a termination compensation equal to 12 months' salary if his employment was terminated by the Company or terminates as a result of merger or acquisitions. In connection with his resignation, it was agreed that he would receive such compensation as severance pay. The acting CEO is entitled to 6 months' salary, corresponding to NOK 450,000 (based on his salary as CFO), upon termination of his employment by the Company. No other members of the administrative, management or supervisory bodies have service contracts with the Company or any of its subsidiaries providing for benefits upon termination of employment.

10.9.3 Pension and other benefits set aside or accrued

No amount has been set aside or accrued for pensions, retirements, or similar benefits.

10.9.4 Loans granted to directors or officers

No loans have been granted by the Company to directors or officers of the Company.

10.9.5 Remuneration from group companies

No directors or officers of the Company receive any remuneration from other group companies.

10.9.6 Arrangements to involve employees in the Company's capital

At an extraordinary general meeting of the Company held on 13 September 2005, the shareholders approved the establishment of a stock option program for Thule Drilling's directors and management for up to 1,000,000 options. A total of 900,000 options have been issued under this program. No premium has been paid for any of the options. A total of 500,000 of these options have expired without being exercised. The 400,000 remaining outstanding options can be exercised in the period from 15 August to 5 September 2007 at a price of NOK 39.43 per share. The exercise price of the options is subject to customary adjustment mechanisms, with such price being adjusted to NOK 37.19 as an effect of the Offering. The options can be settled in cash or shares. Although the authorization to issue shares to honor these options has been cancelled, it will be proposed to be reinstated this in the annual general meeting in 2007.

With the exception of this program, there are no other arrangements for involving the employees of Thule Drilling in its capital.

11. SHARE CAPITAL AND SHAREHOLDER MATTERS

11.1 SHARE CAPITAL AND SHARES

The Company's share capital as per the date of the most recent balance sheet and as at the date hereof is NOK 7,390,000 divided into 39,650,000 Shares each with a nominal value of NOK 0.20 per Share and issued in accordance with the Norwegian Public Limited Companies Act. All the Shares are fully paid. The number of shares outstanding at the beginning of the last financial year was 21,200,000. All Shares issued during the last financial year were issued against cash settlement. There are no shares not representing capital.

In addition, in connection with exercise of warrants in April 2007, the Company has resolved the issuance of 692,000 new shares that are currently under registration in the Norwegian Registry of Business Enterprises. These shares were subscribed at a price of NOK 23.09. Upon the registration of these shares, the Company's share capital will be NOK divided into 37,642,000 Shares each with a nominal value of NOK 0.20. There are no further warrants outstanding in the Company.

The Shares in the Company are equal in all respects and there are no different voting rights or classes of shares. Each Share carries one vote at the Company's general meeting and all Shares are freely transferable. The Shares are issued under the laws of the Kingdom of Norway. The Shares have ISIN NO 001 0263056. The Shares are registered in VPS with Nordea Bank Norge ASA, Middelthunsgt 17, N-0368 Oslo, Norway as the registrar.

No Shares of the Company are held by the Company itself or by any of its subsidiaries.

11.2 OUTSTANDING AUTHORISATIONS

11.2.1 Authorisation to issue Shares

An extraordinary general meeting held on 16 March 2007 granted an authorization to the Company's Board of Directors to increase the Company's share capital by up to NOK 3,695,000 through the issuance of up to 18,475,000 new shares. The authority does not include a right to set aside the pre-emptive rights of existing shareholders. The authority shall remain in force until the annual general meeting in 2008, but in no event later than 30 June 2008. In connection with granting this authorization, the general meeting cancelled all previous authorizations. No Shares have yet been issued on the basis of this authorization. However, the Board of Directors passed a resolution on 14 May 2007 pursuant to this authorization to issue up to 16,845,330 new Shares in the Offering.

11.2.2 Authorisation to repurchase Shares

The Board of Directors holds no authorisation for the Company to repurchase its own Shares.

11.3 RIGHTS TO ACQUIRE SHARES

The Company has no outstanding convertible securities or exchangeable securities.

The Company currently has no outstanding warrants or stock options giving the right to acquire Shares. Reference is made, however, to the description of the Company's option arrangement with directors and management in Section 10.9.6. The holders have not paid any premium on these options. Due to cancellation of the board authorisation to issue the Shares under the arrangement, these options must currently be regarded as having cash settlement.

There is no other capital of the Company or other group companies which is under option or agreed, conditionally or unconditionally, to be put under option.

11.4 HISTORICAL DEVELOPMENT IN SHARE CAPITAL AND NUMBER OF SHARES

The table below sets forth the historical development in share capital and number of Shares of the Company. All shares of the Company have been issued against cash settlement.

Time	Event	Change		Share price (NOK)		After change	
		Share capital (NOK)	Shares	Subscr.	Nominal	Share capital (NOK)	Shares
Feb-05	Incorporation	100,000	10,000,000	0.01	0.01	100,000	10,000,000
Apr-05	Reverse split 1:20	-	-9,500,000	-	0.20	100,000	500,000
Apr-05	Private placement	2,640,000	13,200,000	19.00	0.20	2,740,000	13,700,000
Sep-05	Private Placement	1,500,000	7,500,000	26.50	0.20	4,240,000	21,200,000
Jan-06	Private Placement	1,800,000	9,000,000	33.75	0.20	6,040,000	30,200,000
Feb-06	Private Placement	1,300,000	6,750,000	33.75	0.20	7,390,000	36,950,000
May-06	Warrant exercise*	138,400	692,000	23.09	0.20	7,528,400	37,642,000

* under registration

11.5 OWNERSHIP STRUCTURE

11.5.1 Major shareholders

As of 14 May 2007 the Company had a total of 452 shareholders divided into 390 Norwegian and 62 non-Norwegian owners.

The table below shows the 20 largest shareholders in the Company as per 14 May 2007:

	Name of shareholder as per VPS registry	Number of shares	Percentage
1	NORINVEST LTD	5,734,300	15.5%
2	DEUTSCHE BANK (SUISS)	3,751,500	10.2%
3	MORGAN STANLEY & CO. CLIENT EQUITY ACCOUNT	2,348,825	6.4%
4	SEBASTIAN HOLDING IN C/O BRITANNIC MANAGE	2,001,500	5.4%
5	CREDIT SUISSE SECURI (EUROPE) PRIME BROKE	1,218,500	3.3%
6	REGNI AS	1,200,900	3.3%
7	SKAGEN VEKST	1,093,500	3.0%
8	JAG INVEST AS C/O KJELL ARNE HERMA	848,900	2.3%
9	SILVERCOIN INDUSTRIE	777,000	2.1%
10	AG INVEST AS	769,000	2.1%
11	HÜBERT LEIF D.Y.	750,000	2.0%
12	SKANDINAVISKA ENSKIL A/C CLIENTS ACCOUNT	668,900	1.8%
13	SELVAAG INVEST AS	599,500	1.6%
14	OLYMPIA HOLDING AS	563,500	1.5%
15	VBI CORPORATION ATTN.ALEXANDE M. VIK	555,600	1.5%
16	VALSET INVEST AS	550,000	1.5%
17	LARSEN INVEST AS	525,000	1.4%
18	REMCO AS	475,000	1.3%
19	SEBASTIAN HOLDING	432,500	1.2%
20	GALTEN AS	400,000	1.1%
	Total 20 largest	25,263,925	68.4%
	Others	11,686,075	31.6%
	Total	36,950,000	100.0%

To the knowledge of the Company, the following shareholders each have holdings which would have required notification under the Norwegian Securities Trading Act section 3-2 if acquired at a time when the Company's shares were listed:

Name of shareholder	Number of shares	Percentage
NorInvest Ltd.	5,734,300	15.5%
Deutsche Bank (Suisse) S.A.	3,751,500	10.2%
Morgan Stanley & Co.Inc.	2,348,825	6.4%
Sebastian Holdings Inc.	2,001,500	5.4%

Sebastian Holdings Inc.(the Company's fourth largest shareholder), is related to the ultimate beneficial owner of the shares held by Deutsche Bank (Suisse) S.A. (the Company's second largest shareholder), VBI Corporation (number 15 on the shareholder list) and Sebastian Holding (number 19 on the shareholder list). When combining these holdings, Sebastian Holdings Inc. represents an aggregate holding of approximately 18.2% in the Company.

None of the Company's major shareholders or other shareholders have different voting rights.

The Company is not aware of any shareholders who individually or as a group exercise direct or indirect control over its operations, nor is it aware of any arrangements which may at a later date lead to a change in control.

11.6 THE ARTICLES AND CERTAIN ASPECTS OF NORWEGIAN COMPANIES LAW

11.6.1 The Articles of Association

The Company's articles of association are limited in scope, as is customary for Norwegian public limited liability companies. The Norwegian Public Limited Companies Act applies to the Company. The Company's articles of association are included hereto in Appendix 1 in their official Norwegian form and in an office translation.

In accordance with the Article 3 the objective of the Company shall be to contract, own, operate, and charter out rigs, and all matters relating to this.

The Board of Directors shall have a minimum of three members and a maximum of seven members. The Company is represented by signature of two members of the Board of Directors jointly. The Company shall have a chief executive officer.

The annual general meeting of shareholders shall resolve the following issues:

- Approval of the annual financial statement and annual report, and the questions of declaring dividends.
- Any other matter which by virtue of law or the articles of association pertain to the general meeting.

11.6.2 The general meeting of shareholders

The general meeting of shareholders is the highest authority of a Norwegian public limited company. The annual general meeting must be held within six months of the end of the financial year. The annual general meeting shall approve the annual accounts, determine the remuneration of the members of the Board of Directors and approve the remuneration of the Company's auditor. An extraordinary general meeting shall be called if the Board of Directors resolves to do so, or if the Company's auditor or shareholders representing 5% or more of the Shares and votes so requires.

In accordance with the Norwegian Public Limited Companies Act written notice shall be sent to all shareholders with known address at the latest two weeks prior to the general meeting. The shareholders may participate in person or by proxy. Shareholders who intend to participate in the general meeting shall notify the company accordingly within a certain period, to be stipulated in the notice. The period may not expire earlier than five days before the meeting.

11.6.3 The Board of Directors

The administration of the Company pertains to the Board of Directors, which oversees the proper organisation of the business of the Company. The Board of Directors shall supervise the administration of the Company.

The members of the Board of Directors are elected by the Company's general meeting by a majority vote. The general meeting also resolves the annual remuneration of the members of the Board of Directors.

11.6.4 The management of the Company

The Board of Directors employs the Chief Executive Officer of the Company and resolves his remuneration. The CEO conducts the day-to-day business in accordance with the guidelines and instructions of the Board of Directors.

The CEO employs any other members of the executive management and determines their remuneration.

11.6.5 Voting rights

Each share in the Company carries one vote at the general meeting.

As a general rule, resolutions that shareholders are entitled to make pursuant to Norwegian law or the articles of association require approval by a simple majority of the votes cast. In the case of election of directors to the Board of Directors, the persons who obtain the most votes cast are deemed elected to fill the positions up for election. However, as required under the Norwegian law, certain decisions, including resolutions to waive pre-

emptive rights in connection with a share issue, to approve a merger or demerger, to amend the articles of association, to authorize an increase or reduction in the share capital, to authorize an issuance of convertible loans or warrants or to authorize the Board of Directors to purchase the Company's Shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a shareholders' meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares receive the approval of all the holders of such shares or class of shares as well as the majority required for amendments to the articles of association. Decisions that (i) would reduce any existing shareholder's right in respect of dividend payments or other rights to the assets of the Company or (ii) restrict the transferability of the shares require a majority vote of at least 90% of the share capital represented at the general meeting in question as well as the majority required for amendments to the articles of association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amendments to the articles of association. The Company's articles of association do not contain conditions that are more significant than the Norwegian Public Limited Companies Act in any of these respects.

In general, in order to be entitled to vote, a shareholder must be registered as the beneficial owner of Shares in the share register kept by the VPS. Beneficial owners of shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor are any persons who are designated in the register as holding such shares as nominees.

Readers should note that there are varying opinions as to the interpretation of Norwegian law in respect of the right to vote for nominee-registered shares. For example, Oslo Børs has in a statement on 21 November 2003 held that in its opinion "nominee-shareholders" may vote in general meetings if they prove their actual shareholding prior to the general meeting.

11.6.6 No restriction on ownership of the Shares

Neither the Company's articles of association nor the Norwegian Public Limited Liability Companies Act restricts ownership of the Shares. There are no limitations under Norwegian law to the rights of non-residents or foreign owners to hold or vote the Shares. The articles of association do not contain provisions for disclosure of ownership.

11.6.7 Freely transferable Shares

There are no limitations on the transferability of the Shares under Norwegian law or the Company's articles of association.

11.6.8 Additional issuances and preferential rights

All issuances of Shares by the Company, including bonus issues, require an amendment of the articles of association, which requires support by at least two-thirds of the votes cast as well as at least two-thirds of the share capital represented at a shareholders' meeting. Furthermore, under the Norwegian Public Limited Liability Companies Act the Company's shareholders have a pre-emptive right to subscribe for new Shares being issued. The pre-emptive rights may be set aside by a resolution of a general meeting by two-thirds of the votes cast as well as at least two-thirds of the share capital represented at the general meeting. The setting aside of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares, irrespective of class.

Under Norwegian law, bonus issues may be distributed, subject to shareholder approval, by transfer from the Company's free equity or from its share premium reserve. Such bonus issues may be effected either by issuing Shares or by increasing the par value of the Shares outstanding.

The issuance of Shares upon exercise of preferential right to holders who are citizens or residents of certain jurisdictions, including the United States, may require the Company to file a registration statement or similar document under such jurisdiction's laws and regulations. In the event that the Company does not file such registration statement or similar document, the holders who are citizens or residents in the relevant jurisdiction may not be able to exercise their preferential right.

11.6.9 Dividends

Under Norwegian law, no interim dividends may be paid in respect of a financial period as to which audited financial statements have not been approved by the annual general meeting of shareholders, and any proposal to pay a dividend must be recommended or accepted by the Board of Directors and approved by the shareholders at a general meeting. The shareholders at a general meeting may vote to reduce (but not to increase) the dividends proposed by the Board of Directors.

Dividends in cash or in kind are payable only out of (i) the annual profit according to the adopted income statement for the last financial year, (ii) retained profit from previous years, and (iii) distributable reserves, after deduction of (a) any uncovered losses, (b) the book value of research and development, (c) goodwill, (d) net deferred tax assets recorded in the balance sheet for the last financial year, (e) the aggregate value of any treasury shares that the Company has purchased or been granted security over during the preceding financial years, (f) any credit or security given pursuant to sections 8-7 to 8-9 of the Norwegian Public Limited Companies Act and provided always that such distribution is compatible with good and prudent business practice with due regard to any losses which may have occurred after the last balance sheet date or which may be expected to occur. The Company cannot distribute any dividends if the equity, according to the balance sheet, amounts to less than 10% of the total balance sheet without a two months' creditor notice period.

Under Norwegian foreign exchange controls currently in effect, transfers of capital to and from Norway are not subject to prior government approval. However, all payments to and from Norway shall be registered with the Norwegian Currency Registry. Such registration is made by the entity performing the transaction. Further, each physical transfer of payments in currency shall be notified to the Norwegian customs. Consequently, a non-Norwegian resident may receive dividend payments without Norwegian exchange control consent if such payment is made through a licensed bank.

The Board of Directors will consider the amount of dividend (if any) to recommend for approval by the Company's shareholders, on an annual basis, based upon the earnings of the Company for the years just ended and the financial situation of the Company at the relevant point in time. Please see Section 11.7.2 for a description of the Company's dividend policy.

11.6.10 Mandatory offer requirement – Take-Over Bids

Norwegian law does not contain any mandatory offer requirements for the shares of companies that are not listed on a stock exchange. The Company's articles of association do not contain provisions for such mandatory offers.

The Company has been subject to a voluntary offer by Vanguard Oil & Gas International Ltd on 23 March 2007. The offer price was NOK 27 per Share. The offer was conditional upon (i) Vanguard receiving acceptances from shareholders representing minimum 51% of the Shares, (ii) satisfactory financial, legal and technical due diligence and (iii) no material adverse change in the business or financial position of Thule Drilling and that the business has been conducted in the ordinary course of business since the date of the offer.

On 26 March 2007, the Board of Directors issued a recommendation to the shareholders to reject the offer, citing the fact that Vanguard Oil & Gas International Ltd reserved the right to acquire only 51% of the Shares as well as the due diligence condition contained in the offer.

On 31 March 2007, Vanguard Oil & Gas International Ltd announced the withdrawal of its offer, since the minimum acceptance condition had not been satisfied by the expiry of the acceptance period.

The Company has not been subject to any other public takeover bids by third parties during the current or last financial years.

11.6.11 Compulsory acquisition

If a shareholder, directly or via subsidiaries, acquires shares representing more than 90% of the total number of issued shares as well as more than 90% of the total voting rights attached to such shares, then such majority shareholder has the right (and each remaining minority shareholder of the Company have the right to require such majority shareholder) to effect compulsory acquisition for cash of the shares not already owned by such majority shareholder. Such compulsory acquisition would imply that the majority shareholder has become the owner of the thus acquired shares with immediate effect. If the majority shareholder has not completed a mandatory offer he will have to do so simultaneously with the compulsory acquisition under the current legislation. Upon effecting the compulsory acquisition the majority shareholder would have to offer the minority shareholders a specific price per share, the determination of which price would be at the discretion of the majority shareholder. Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months' duration, request that the price be set by the Norwegian courts. Absent such request or other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the two months deadline. The cost of such court procedure would, as a general rule, be for the account of the majority shareholder, and the courts would have full discretion in respect of the valuation of the shares as per the effectuation of the compulsory acquisition.

11.6.12 Insolvency/Liquidation

According to the Norwegian Public Limited Companies Act, the Company may be liquidated by a resolution in a general meeting of the Company passed by a two-thirds majority of the aggregate votes cast as well as two thirds of the aggregate share capital represented at such meeting. The Shares rank pari passu in the event of a return on capital by the Company upon a liquidation or otherwise.

11.6.13 Provisions to delay, defer, or prevent a change in control

The Company's articles of association do not contain provisions that could have an effect of delaying, deferring or preventing a change in control of the Company.

11.7 SHAREHOLDER AND DIVIDEND POLICY

11.7.1 Shareholder policy

The Company will inform its shareholders and the market in general on an ongoing basis of the Company's development, activities and special events, ensuring that as far as possible the pricing of the Company's Shares reflects the underlying values and expectations on future profits. Such information will be included in the Company's annual reports, quarterly reports, press releases and investor presentations when appropriate.

11.7.2 Dividend policy

The Company has large expected capital expenditures and is currently in no position to pay dividends.

The Company's dividend policy will be reconsidered when the drilling rigs currently under construction and reconstruction have been delivered. In determining its dividend at such time, the Company will consider such factors as available liquidity, covenants in financing arrangements, planned investments, and tax implications.

The Company has not paid any dividends in the past.

11.8 SHAREHOLDER AGREEMENTS ETC.

11.8.1 Lock-up agreements

No shareholders of the Company have lock-up arrangements.

11.8.2 Shareholder agreements

As far as the Company is aware, there are no shareholders' agreements related to the Shares in the Company.

11.9 CORPORATE GOVERNANCE

The Norwegian Code of Practice for Corporate Governance does not apply to the Company since it is not listed on a stock exchange. However, the Company has prepared a corporate governance policy which was adopted by its Board of Directors on 13 February 2006. The Company believes that its corporate governance is in compliance with the Code of Practice with the following exception:

- The Company does not have a nomination or compensation committee.

12. TAXATION

Set out below is a summary of certain Norwegian tax matters related to the purchase, holding and disposal of shares. The summary is based on Norwegian laws, rules and regulations applicable as of the date of this Information Memorandum, and is subject to any changes in law occurring after such date. Such changes could possibly be made on a retroactive basis. The summary does not address foreign tax laws. The summary is of a general nature and does not purport to be a comprehensive description of all the Norwegian tax considerations that may be relevant for a decision to acquire, own or dispose of the shares. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway should consult with and rely upon local tax advisors with respect to the tax position in their country of residence.

Please note that for the purpose of the summary below, a reference to a Norwegian or foreign shareholder refers to the tax residency rather than the nationality of the shareholder.

12.1 TAX CONSEQUENCES RELATED TO THE OWNERSHIP AND DISPOSAL OF SHARES – NORWEGIAN SHAREHOLDERS

This section summarizes Norwegian tax rules relevant to shareholders that are residents of Norway for Norwegian tax purposes (“Norwegian shareholders”).

12.1.1 Taxation of dividends

12.1.1.1. Personal shareholders

Dividends distributed to Norwegian personal shareholders (i.e. shareholders who are individuals) are taxable as general income at a rate of 28% to the extent the dividends exceed a calculated tax-free allowance. The allowance is calculated on a share by share basis, and is equal to the cost price of the share (including RISK-adjustments per 1 January 2006) multiplied with a determined risk free interest rate based on the arithmetic average rate after tax of interest on treasury bills (Norwegian: statskasseveksler) with three months maturity. Any part of the calculated allowance one year exceeding the dividend distributed on the share the same year (“unused allowance”) may be carried forward and is added to the cost price of the share and included in the basis for calculating the allowance the following year.

12.1.1.2. Corporate shareholders (Limited liability companies)

Norwegian corporate shareholders (i.e. limited liability companies and similar entities) are exempt from tax on dividends received on shares in Norwegian limited liability companies and similar entities.

12.1.1.3. Shares owned through partnerships

Partnerships are as a general rule transparent for Norwegian tax purposes. Taxation occurs at partner level, and each partner is taxed on a current basis for its proportional share of the net income generated by the partnership at a rate of 28%, regardless of whether such income is distributed to the partners or not. However, shareholders resident in Norway for tax purposes owning shares through a partnership are not taxed on a current basis for their proportional share of dividends received by the partnership. For partners who are Norwegian personal shareholders taxation occurs when the dividends received are distributed from the partnership to such partners. Such distributions will be taxed as general income at a rate of 28%. The Norwegian personal shareholders will be entitled to deduct a calculated allowance when calculating their taxable income, see “Personal shareholders” above. Norwegian corporate shareholders holding shares through a partnership will be exempt from taxation of their proportional part of dividends received by the partnership.

12.1.2 Taxation upon realisation of shares

12.1.2.1. Personal shareholders

Sale or other disposal of shares is considered a realisation for Norwegian tax purposes. A capital gain or loss generated by a Norwegian personal shareholder through a realisation of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from general income in the year of disposal. The tax rate for general income is currently 28%. The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares realised.

The taxable gain/deductible loss related to the realisation of shares is calculated per share as the difference between the consideration received and the cost price of the share, including any RISK-adjustments up to 1 January 2006 and costs incurred in relation to the acquisition or realisation of the share. Any unused allowance on a share (see above) may be set off against capital gains related to the realisation of the same share, but this

may not lead to or increase a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realisation of a share will be annulled.

If the 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, on a first-in first-out basis.

A Norwegian personal shareholder who moves abroad and ceases to be tax resident in Norway as a result of this, will be deemed taxable in Norway for potential capital gain of NOK 500.000 or more, related to the shares held at the time the tax residency ceased, as if the shares were realised at this time. The payment may be postponed with adequate security. If the shares are sold within five years after the tax residency cease, the tax assessment might be changed if the actual gain is less than the calculated potential gain. However, the recalculation can not create a deductible loss.

If the person moves to a jurisdiction within the EEA, potential losses related to shares held at the time tax residency ceases will be taken into account when calculating the potential capital gain of NOK 500.000 or more. Also, there is no demand for adequate security, if the EEA state and Norway have an mutual agreement on exchange of information and assistance with collection of taxes.

If the shares are not realised within five years after the shareholder ceased to be resident in Norway for tax purposes, the tax liability calculated under these provisions will not apply.

Norwegian personal shareholders who move abroad and cease to be resident in Norway for tax purposes as a result of this, are taxable for any capital gain (regardless of the NOK 500,000 threshold as described above) related to shares in Norwegian companies which is realised within five years from the cease of the Norwegian tax residency, unless the shareholder was taxed on the basis of potential gain as described above.

12.1.2.2. Corporate shareholders (Limited liability companies)

Norwegian corporate shareholders are exempt from tax on capital gains upon the realisation of shares in Norwegian limited liability companies and similar entities. Losses upon the realisation and costs incurred in connection with the purchase and realisation of such shares are not deductible for tax purposes.

12.1.2.3. Shares owned through partnerships

Partnerships are transparent for Norwegian tax purposes. The taxation occurs at partner level, and each partner is taxed on a current basis for its proportional share of the net income generated by the partnership at a rate of 28%, regardless of whether such income is distributed to the partners or not. However, shareholders resident in Norway for tax purposes owning shares through a partnership is not taxed on a current basis for their proportional share of capital gain generated by the partnership.

For partners who are Norwegian personal shareholders taxation occurs when the capital gains received are distributed from the partnership to such partners. Such distributions will be taxed as general income at a rate of 28%. The Norwegian personal shareholders will be entitled to deduct a calculated allowance when calculating their taxable income, see “Personal shareholders” above.

Norwegian corporate shareholders holding shares through a partnership will be exempt from taxation of their proportional part of capital gains received by the partnership.

12.1.3 Net Wealth Tax

Norwegian limited liability companies and certain similar entities are exempt from Norwegian net wealth tax. For other Norwegian shareholders, shares will form part of their basis for calculation of Norwegian net wealth tax. Unlisted shares are valued at 85% of their stock value as of 1 January in the assessment year. The current marginal wealth tax rate is 1.1%.

12.2 TAX CONSEQUENCES RELATED TO THE OWNERSHIP AND DISPOSAL OF SHARES – FOREIGN SHAREHOLDERS

This section summarizes Norwegian tax rules relevant to shareholders that are not residents of Norway for Norwegian tax purposes (“foreign shareholders”). The potential tax liabilities for foreign shareholders in the jurisdiction where they are resident for tax purposes or other jurisdictions will depend on tax rules applicable in the relevant jurisdiction.

12.2.1 Taxation of dividends

Dividends paid by Norwegian limited liability companies and similar entities to foreign shareholders, both corporate and personal shareholders, are as a general rule subject to withholding tax in Norway at a rate of 25%,

unless otherwise provided for in an applicable income tax treaty or the recipient is covered by the specific regulations for shareholders resident within the EEA (see below). The withholding obligation lies with the company distributing the shares.

Foreign personal shareholders who are resident within the EEA for tax purposes are subject to Norwegian withholding tax on dividends received from Norwegian companies at the regular rate or at a reduced rate determined in an applicable tax treaty. If the tax withheld by the distributing company exceeds the tax that would have been payable had the shareholder been a resident of Norway as described above, such shareholders may individually apply for a refund of the amount exceeding the tax that would have been payable had the shareholder been resident in Norway.

Foreign corporate shareholders who are tax resident within the EEA are exempt from Norwegian withholding tax on dividends distributed from Norwegian limited liability companies and similar entities, provided that the shareholder is the beneficial owner of the dividends.

In accordance with the present administrative system in Norway, a distributing company will normally deduct withholding tax at the applicable reduced rate when dividends are paid directly to an eligible foreign shareholder based on the information registered with the VPS (the Norwegian Central Securities Depository) as to the tax residence of the foreign shareholder. Dividends paid to foreign shareholders in respect of nominee registered shares will be subject to withholding tax at the general rate of 25 % unless the nominee, by agreeing to provide certain information regarding beneficial owners, has obtained approval for reduced treaty-rate withholding from the Central Office for Foreign Tax Affairs (Sentralskattekontoret for utenlandssaker). Foreign shareholders who have suffered a higher withholding tax than set out by an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

If a foreign shareholder is carrying on business activities in Norway, and the relevant shares are effectively connected with such business activities, dividends distributed to such shareholder will be subject to the same taxation as Norwegian shareholders, as described above.

12.2.2 Taxation of capital gains upon the realisation of shares

Capital gains related to the realisation of shares in Norwegian companies by a foreign personal shareholder will not be subject to taxation in Norway unless the personal shareholder (i) holds the shares in connection with the conduct business activities in Norway or (ii) has been a tax resident of Norway within the five calendar years preceding the year of the sale or disposition (and whose gains are not exempt pursuant to the provisions of an applicable income tax treaty).

Capital gains related to the realisation of shares in Norwegian companies by foreign corporate shareholders are not subject to taxation in Norway.

Capital gains related to the realisation of shares in Norwegian companies owned by a foreign partnership will not be subject to taxation in Norway unless the partnership holds the shares in connection with the conduct business activities in Norway.

12.2.3 Net Wealth Tax

Foreign shareholders are not subject to net wealth tax in Norway on shares in Norwegian companies unless the shareholder is an individual and the shareholding is effectively connected with business activities carried out by the shareholder in Norway.

12.3 DUTIES ON THE TRANSFER OF SHARES

No stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares in Norwegian companies.

12.4 INHERITANCE TAX

When shares are transferred either through inheritance or as a gift, such transfer may give rise to inheritance or gift tax in Norway if the decedent, at the time of death, or the donor, at the time of the gift, is a resident or citizen of Norway, or if the shares are effectively connected with a business carried out through a permanent establishment in Norway. However, if the decedent was a citizen but not a resident of Norway, and the shares are effectively connected with a business carried out through a permanent establishment abroad, Norwegian inheritance tax will not be levied if inheritance tax or a similar tax is levied by the country where the establishment is located.

13. LEGAL MATTERS

13.1 DISPUTES

The Company has not in the previous 12 months been involved in or threatened with governmental, legal or arbitration proceedings which may have, or have had, significant effects on the Company's or group's financial position or profitability, with the following possible exception:

- In a letter dated 20 April 2007, a group of investors holding 1,495,000 warrants of the Company have claimed that such warrants should expire on 2 July 2007 instead of 2 May 2007. The background for the claim is that the web pages of the Norwegian OTC market contained information of 2 July 2007 expiration date for a period from October 2005 until January 2007, when the fault was corrected and notified to the market. The group of investors have threatened legal action to recover any losses that the investors may suffer as an effect of the shorter duration of the warrants. The Company maintains the position that no investors should have reason to have been misled by this information since the correct date has been informed through the underlying documents for the issuance of these securities, being the agreement between the Company and Norsk Tillitsmann AS (acting as trustee for the underlying bond loan) dated 4 May 2005, in addition to other communication from the Company to the market. The Company considers the investors' claim to be groundless.

13.2 MATERIAL CONTRACTS

13.2.1 The reconstruction contract with QGM in respect of "Thule Power"

Thule Drilling entered into the Reconstruction Contract for Thule Power on 17 March 2005. The Reconstruction Contract was subsequently amended on 8 September 2005.

The total reconstruction contract price of USD 61.1 million, excluding potential change orders, was agreed with QGM. This total amount is made up of USD 25.3 million payable to QGM as the contract price and approximately USD 35.8 million which the Company will pay to suppliers of major materials and equipment under direct agreements with them. The system of direct purchases by the Company has been implemented in order for the Company to have better overall financial control of the project, as well as to satisfy requests from suppliers due to QGM's creditworthiness. The reconstruction contract includes a provision that if for any reason the aggregate amounts actually payable to such suppliers should exceed the amounts agreed, except as a result of change orders requested by the Company, QGM has agreed to indemnify the Company for the excess amount. However, with the financial position of QGM, the Company currently regards this indemnification of limited value, if any.

Delivery of the reconstructed rig was originally scheduled for 9 July 2006, but following change orders issued by the Company, slow progress and underestimation of time and resources needed to complete and enhance the rigs, delivery has been delayed to the current schedule which provides for delivery within the end of August 2007. The reconstruction contract includes a provision that if delivery is delayed by more than seven days, and the delay is not due to "force majeure" or other permissible delays, QGM is obligated to pay the Company liquidated damages of USD 50,000 for each day of delay after a seven day grace period, up to a maximum amount of USD 750,000. However, with the current financial position of QGM, the Company regards this liquidated damages clause with QGM's to be of limited value, if any.

QGM provides a 12 month warranty for defects from functional acceptance of "Thule Power" or from the date QGM has performed any rectification work. This warranty is insured through the "construction all risk insurance" provided by QGM.

In case of termination for failure (including insolvency etc.) by QGM, the Company is entitled to damages for defects and other breaches of the reconstruction contract and any extra costs for using third parties to finalise the performance of the work. Neither party is permitted to claim consequential damages.

QGM has arranged for "construction all risk insurance" up to the amount of replacement value, general liability insurance of minimum USD 2.0 million and certain other applicable insurances.

The reconstruction contract provides that title to the work under construction shall belong to the Company.

The Company can require QGM to provide a performance bond of USD 757,500. The parties have, however, agreed that until a satisfactory performance bond is provided, the Company will withhold USD 757,500 of the

payments due to QGM under the reconstruction contract as security for any claims by the Company. In view of the financial status of QGM, the Company regards this security to be of limited value, if any.

The reconstruction contract is governed by English law with use of independent expert or arbitration in London as agreed alternative dispute resolution mechanisms.

In light of the financial situation of QGM, the value of the rights of the Company under the reconstruction contract is highly uncertain.

13.2.2 The construction contracts with QGM in respect of “Thule Force” and “Thule Energy”

The Company entered into two construction contracts with QGM on 15 January 2006 for the construction of “Thule Energy” and “Thule Force” respectively. The construction contracts were amended on 24 April 2006.

The total contract price agreed for each jack-up drilling rig is USD 120 million, excluding potential change orders. This total amount is made up of USD 63.3 million payable to QGM as the contract price and approximately USD 56.7 million which the Company will pay to suppliers of major materials and equipment under direct agreements with them. As in the “Thule Power” reconstruction contract, the approach of direct purchases by the Company has been implemented in order for Thule Drilling to have better financial control of the projects, as well as to satisfy demands from suppliers due to QGM's limited financial credibility. If for any reason the aggregate amounts actually payable to such suppliers should exceed the amounts agreed, except as a result of change orders requested by the Company, QGM has agreed to indemnify the Company for the excess amount. However, with the current financial position of QGM, the Company regards this indemnification of limited value, if any.

Delivery of “Thule Energy” was originally due for end November 2007 while delivery of “Thule Force” was due for end of March 2008. This has now been amended to third and fourth quarters 2008 respectively. QGM will be entitled to a bonus payment of USD 35,000 per day in case of completion prior to the original scheduled delivery date. If delivery is delayed by more than seven days, and the delay is not due either to “force majeure” or other permissible delays, QGM will have to pay liquidated damages of USD 50,000 for each day of delay after a seven day grace period, up to a maximum amount of USD 500,000. However, with the current financial position of QGM, the Company regards this liquidated damages clause with QGM's to be of limited value, if any.

QGM provides a 12 month warranty for defects from functional acceptance of the rig or from the date QGM has performed any rectification work. This warranty is insured through the “construction all risk insurance” provided by QGM.

In case of termination for failure (including insolvency etc.) by QGM, the Company is entitled to damages for defects and other breaches of the construction contract and any extra costs for using third parties to finalise the performance of the work. Neither party is permitted to claim consequential damages.

The construction contracts provide that title to the work under construction shall belong to the Company. There can however be no assurance that this contractual right will be enforceable under the laws of the United Arab Emirates.

QGM is obliged to arrange for insurance of the work and materials on the basis of “construction all risk insurance” up to the amount of replacement value, general liability insurance of minimum USD 2.0 million and certain other insurances.

No parent guarantee or bank guarantee is required to be provided by QGM under the contracts in order to secure its proper performance.

The construction contracts are governed by English law with use of independent expert or arbitration in London as agreed alternative dispute resolution mechanisms.

In light of the financial situation of QGM, the value of the rights of the Company under the reconstruction contract is highly uncertain.

13.2.3 The project management agreement with Noble Denton

Noble Denton is providing project management services for Thule Drilling as set forth in the Project Management Agreement dated 17 March 2005, and extension of said agreement to count for “Thule Energy” and “Thule Force”, dated 22 March 2006. The project management agreement is described in Section 10.6.1.

13.2.4 The Saudi Aramco contract

The Company has been awarded a drilling contract for “Thule Power” with the Saudi Arabian oil company; Saudi Aramco. The contract is described in Section 5.6.1 of this Prospectus.

13.3 RELATED PARTY AGREEMENTS

The Company has not engaged, and does not engage, in transactions with related parties that as a single transaction or in their entirety are material to the Company.

Notwithstanding the above, the Company has for the period from 2005 to the date hereof been party to transactions deemed by their nature and extent not to be material, as set forth below. All of such transactions have, in the opinion of the Company, been provided on arm’s length terms.

- **Administrative management agreement with Teco Management AS.** For a period from 6 April 2005 to 1 May 2006, the Company had an agreement with Teco Management AS, a company related to its former director Mr. Tore Enger, to provide management services. The agreement was approved by an extraordinary general meeting of the Company on 4 November 2005. Teco Management AS received total remuneration under the agreement of approximately USD 489,000 for 2005 and USD 366,000 for 2006.
- **Commission agreement with Teco Management AS.** For a period from 6 September to 1 May 2006, the Company had a commission agreement with Teco Management AS, a company related to its former director Mr. Tore Enger. The agreement was approved by an extraordinary general meeting of the Company on 4 November 2005. Teco Management AS received no remuneration under the agreement.
- **Legal services provided by a director.** The Company’s director Mr. Henrik A. Christensen has provided legal advice to the Company. Such services have been charged in an amount of USD 43,149 for 2005, USD 66,047 for 2006 and USD 24,400 for 2007.
- **Consultancy services provided by a director.** The Company’s director Mr. Frederik A. Steenbuch has provided consultancy services to the Company through his company Capricorn Offshore AS. Such services have not yet been invoiced but are currently estimated to have amounted to approximately USD 22,125 for 2007.

14. ADDITIONAL INFORMATION

14.1 DOCUMENTS ON DISPLAY

For the life of this Prospectus the following documents may be inspected as indicated in the list below:

- The incorporation documents of the Company are available for review at the Company's offices at Karenslyst allé 2, Oslo, or requested by telefax to +47 85 02 93 11.
- The Company's articles of association are included in this Prospectus as Appendix 1 or on the Company's web-site www.thuledrilling.no.
- The Company's annual accounts and auditors' report for the 2005 financial year are included in Appendix 2 to this Prospectus and is available on the Company's website www.thuledrilling.no.
- The Company's annual accounts and auditors' report for the 2006 financial year are included in Appendix 3 to this Prospectus and are available for review at the Company's offices.

14.2 STATEMENT REGARDING SOURCES

The Company confirms that when information in this Prospectus has been sourced from a third party it has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

14.3 STATEMENT REGARDING EXPERT OPINIONS

This Prospectus does not refer to any expert opinions.

14.4 ENVIRONMENTAL ISSUES

The Company is not aware of any environmental issues, new regulations or other factors that are likely to have a material negative effect on the utilization of its assets. The Company's rigs, when completed, will be in compliance with the relevant regulations for operation in the regions targeted for the rigs.

14.5 JURISDICTION AND CHOICE OF LAW

This Prospectus is subject to Norwegian law, unless otherwise indicated herein. Any dispute arising in respect of this Prospectus is subject to the exclusive jurisdiction of Oslo District Court.

15. DEFINITIONS AND GLOSSARY OF TERMS

The following definitions and abbreviations apply in this Prospectus, unless the context requires otherwise:

Company definitions

Thule Drilling, the Company	Thule Drilling ASA and, unless the context requires otherwise, its consolidated subsidiaries.
QGM.....	QGM Group LLC, a company incorporated in the United Arab Emirates, having its registered address at Al Jadaf Dry Dock, Dubai.
Noble Denton.....	Noble Denton Consultants Ltd, a company incorporated in the United Kingdom, having its registered address at 39 Tabernacle Street, London EC2A 4AA, United Kingdom.

Rigs and rigs under construction

Thule Power.....	A jack-up drilling rig currently registered under the Liberian flag with official number 12689 and with Chekovo Limited as its registered owner.
Thule Phoenix.....	A semi-submersible hull currently registered under the Liberian flag with official number 12777 and with Keetab Limited (Cyprus) as registered owner.
Thule Energy	An offshore jack-up drilling rig currently under construction by QGM
Thule Force.....	An offshore jack-up drilling rig currently under construction by QGM

Other definitions, terms and abbreviations

Board of Directors	The board of directors of the Company
Managers.....	Fearnley Fonds ASA
NOK.....	Norwegian Kroner
Offering.....	The offering of 16,845,330 new shares of the Company as set forth in this document
Prospectus	This document
Shares.....	Shares in the Company
USD	United States Dollars
VPS.....	Verdipapirsentralen, the Norwegian Central Securities Depository

Appendix 4: Subscription form

Thule Drilling ASA

Rights issue 2007

SUBSCRIPTION FORM

INSTRUCTIONS FOR THE SUBSCRIBER

Subscription takes place in the period from 22 May 2007 to 5 June 2007 at 17:00 CET, both dates inclusive, through the subscription agent:

Fearnley Funds ASA
Grev Wedels plass 9
Postboks 1158 Sentrum
N-0107 Oslo, Norway

Tel: +47 22936000
Fax: +47 22936360

For each share held on 14 May 2007, the shareholders will have a preferential right to subscribe for 0.447 shares in the rights issue. The number of rights issued to each shareholder has been rounded down to the nearest whole number. Each subscription right gives the right to subscribe for one new share at a price of NOK 13.06 per share. The subscription right are not transferable. Oversubscription is allowed.

As part of the subscription, each subscriber gives Nordea Bank Norge ASA, Issuer Services, an authorization to debit a specified bank account for the amount allotted. The subscriber must ensure that sufficient funds are available on the account to be debited. In the event that insufficient funds are available the board of directors of Thule Drilling ASA shall have the right to cancel the subscription or to sell the allotted shares at the risk and expense of the subscriber.

NOTE: Subscription rights that are not used for subscriptions will lapse and have no value. See the prospectus issued in connection with the rights issue for further details. Allotment is expected to take place on or about 7 June 2007 and debiting of the bank account is expected to take place on 11 June 2007.

SPECIFICATION OF THE SUBSCRIPTION

Subscriber's VPS account	Rights owned	Number of shares subscribed for	(Reference number)				
ISIN for the subscription rights: NO 001 0369275		<div style="display: flex; align-items: center;"> <div style="font-size: 2em; margin-right: 10px;">↪</div> <table border="1"> <tr> <td>Subscription price per share</td> <td>Amount subscribed for</td> </tr> <tr> <td>NOK 13.06 =</td> <td>NOK</td> </tr> </table> </div>	Subscription price per share	Amount subscribed for	NOK 13.06 =	NOK	
Subscription price per share	Amount subscribed for						
NOK 13.06 =	NOK						

In accordance with the terms hereon and in the prospectus, I/we hereby subscribe for shares as set out above.

Authorization to debit my/our bank account (MUST BE COMPLETED):

I/we hereby give a single purpose authorization to Nordea Bank Norge ASA, Issuer Services, to debit my/our bank account in Norway for the allotted amount (shares allotted x NOK 13.06)	_____ Bank account (11 digits)
---	--------------------------------

Place / date
Must be dated in the subscription period

Binding signature. The subscriber must be of age.
If the subscription is done by proxy, documentation in the form of company certificate and/or proxy must be attached.

INFORMATION ABOUT THE SUBSCRIBER

Subscriber's VPS account	CONTACT ACCOUNT OPERATOR IF INFORMATION REQUIRES UPDATING:
Subscriber's surname	
Subscriber's family name or company name	
Postal address	
Zip code / place	
Person or enterprise number (MUST BE COMPLETED)	
Bank account for dividends (11 digits)	
Nationality of subscriber	
Contact details or nominee	



Thule Drilling ASA

Karenslyst allé 2

P.O. Box 341 Skøyen

NO-0213 Oslo

Norway

Telephone: +47 24 15 39 00

Telefax: +47 85 02 93 11

www.thuledrilling.no

Fearnley Fonds ASA

Grev Wedels Plass 9

P.O. Box 1158 Sentrum

0107 Oslo

Norway

Telephone: +47 22 93 60 00

Telefax: +47 22 93 63 60

www.fearnleys.no