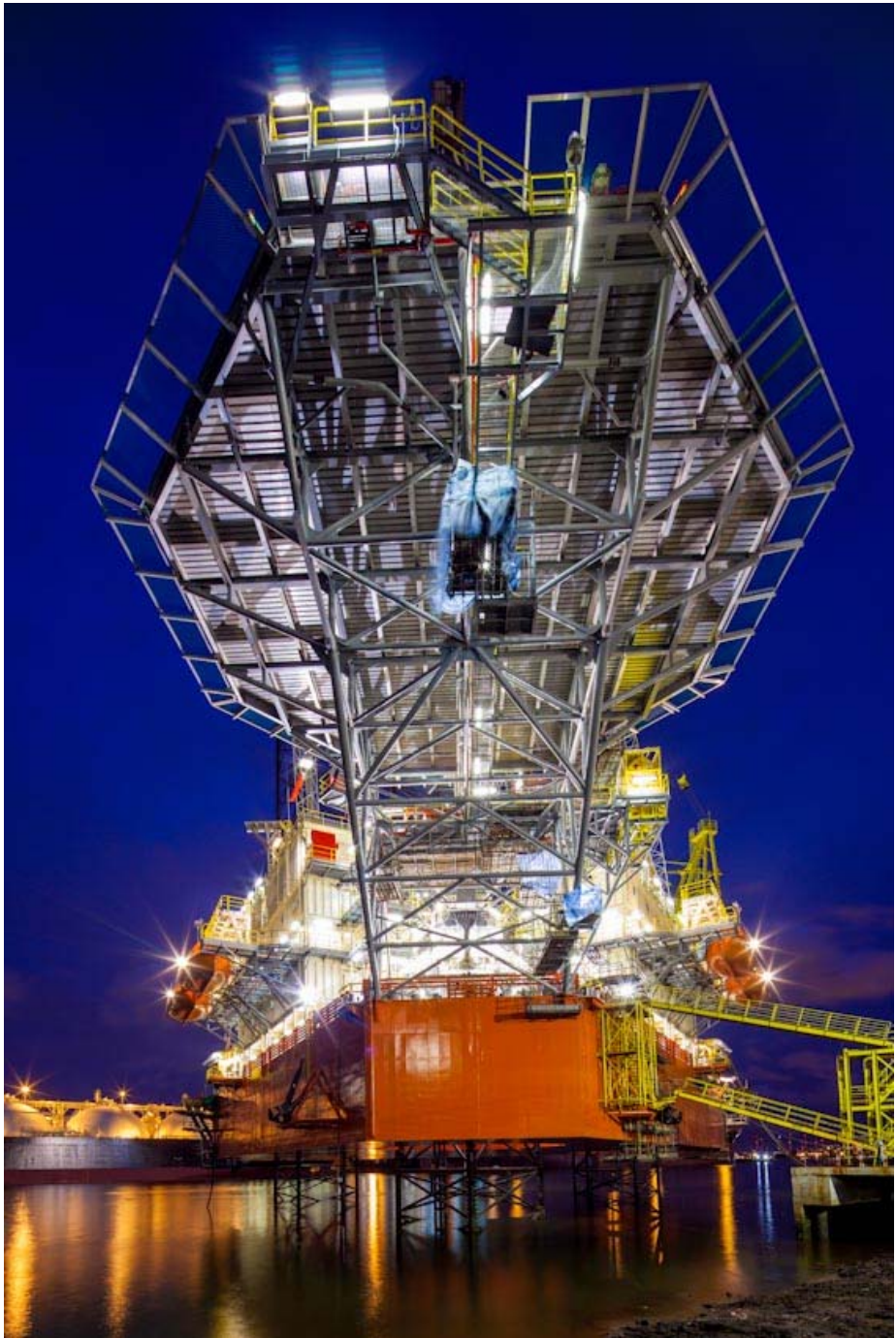


S.D. STANDARD DRILLING PLC
THIRD QUARTER REPORT 2012



S.D. Standard Drilling

Founded in December 2010, S.D. Standard Drilling (the “Company”) is currently building a fleet of premium jack-up rigs with deliveries beginning the fourth quarter of 2013 through May 2014.

S.D. Standard Drilling was established to capitalize on the strong market opportunity and demand for premium jack-up rigs due to an aging worldwide rig fleet that requires replacement with rigs fitted with new technologies and environmental features that are more desirable by customers in the current regulatory environment.

Our fleet of modern KFELS MOD V B-Class rigs which are under construction at Keppel FELS shipyard in Singapore. Our site supervision team of 13 professionals on site at Keppel FELS oversees every aspect of construction.

Our Company is run with a financially conservative profile. S.D. Standard Drilling was established with a conservative financial profile and has demonstrated its ability to access the financial markets to raise cash. With an established financial market for the type of rigs that the Company builds, S.D. Standard Drilling is well-positioned to build on its strong balance sheet going forward and capitalize on strong market conditions that exist in the offshore drilling rig market.

S.D. Standard Drilling’s shares are listed on the Oslo Axess Stock Exchange and trade under the symbol SDSD.

Third Quarter Report 2012

Selected Financial Information

	Three Months Ended		Nine Months Ended	
	2012 Q3	2011 Q3	2012 Q3	2011 Q3
<i>(Amounts in USD 000)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Operating Revenue			-	-
Operating profit/(loss)before depreciation	14 439	(1 303)	10 774	(2 600)
Operating margin, %	-	-	-	-
Operating profit/(loss)	14 436	(1 303)	10 769	(2 600)
Profit/(Loss) for the period before taxes	14 602	(1 303)	11 103	(2 600)
Profit/(Loss) for the period	14 602	(1 303)	11 100	(2 600)

Highlights Third Quarter 2012

- Financial and legal closing of the UMW Oil and Gas transaction, for Offshore Driller B324 Ltd, was completed in Q3 2012. UMW Oil and Gas did not exercise an option to purchase rig B337.
- Financial and legal closing of the Arabian Drilling Company transaction, for rig B325, was completed in Q3 2012.
- The fleet construction progress is on plan.
- Cash position at the end of Q3 2012 was USD 249.3 million.
- The good HSEQ performance continued during Q3 2012 with no serious incidents. The safety record throughout the construction program to date has been without serious injury to personnel or damage to equipment.

Subsequent Events

- On 26 November 2012, a Sale and Purchase Agreement (SPA) entered into with CP Latina for the sale of rig B337 became effective. The consideration for the sale of the rig amounts to USD 67.9 million. Financial and legal closing of transaction will take place on 15 January 2013.
- On 26 November 2012, an Option Agreement became effective whereby CP Latina has a first right of refusal to purchase a second rig under construction (hull no B338 or alternatively B339). The Option Agreement expires 15 January 2013 and the price, if the first right of refusal or option is exercised, is USD 60.4m for B338 or, alternatively, USD 59.4m for B339.

RESULTS

RESULTS FOR THIRD QUARTER 2012

The Company is currently in the midst of completing a construction program for a fleet of four jack-up rigs.

The operating profit for the three month ended on 30 September 2012 was USD 14.4 million. The operating profit includes gain on disposal of the subsidiary Offshore Driller B324 Ltd and gain on disposal of the rig under construction (B325) of USD 8.4 million and USD 8.2 million, respectively. Net financial income was USD 166 thousand, thus net profit for the period was USD 14.6 million.

The annualized run rate for SG&A is currently at USD 8.3 million and we expect this number to increase towards delivery of the remaining rigs.

LIQUIDITY AND CAPITAL STRUCTURE

The cash position at 30 September 2012 was USD 249.3 million. During nine months of 2012, net cash used in operating activities was USD 5.6 million and net cash generated from investing activities was USD 132.5 million, whereof disposal of assets generated USD 135.5 million. After closing the two rig transactions in Q3, the remaining capital commitment to Keppel FELS shipyard was reduced from USD 902.4 million to USD 614.4 million. Considering the cash balance at the end of Q3, net unfunded commitments to Keppel FELS shipyard is USD 365.1 million.

Should the closing of the sale of rig B337 happen as anticipated the company estimates the net cash position to increase with approximately USD 68 million and the remaining capital commitment to Keppel FELS shipyard to be reduced by USD 153.6 million to USD 460.8 million.

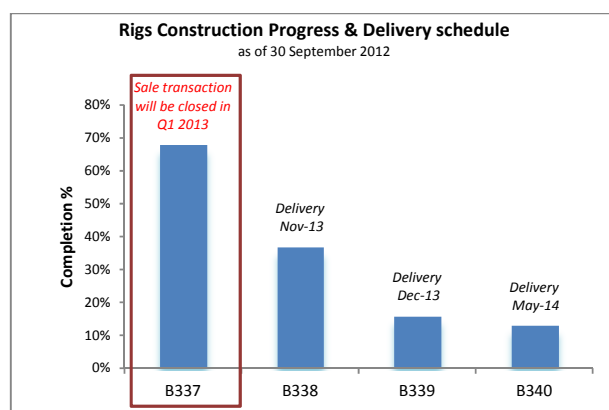
The Company is working to secure debt-financing for the unfunded commitments and discussions are continuing with a range of financial institutions regarding preferred funding sources. The Company expects to finance the remaining rigs at attractive terms in the commercial bank market.

There were no significant changes to the Company's shareholders during Q3 2012. As of 30 September 2012, the Company had 517 shareholders. The share price as of 30 September 2012 was NOK 8,20 (USD 1,43).

RIGS UNDER CONSTRUCTION

The rig construction program is on schedule and we expect that all rigs will be delivered from Keppel FELS shipyard in accordance with contractual delivery dates.

Rig spares were identified and priced. Planning for testing and commissioning is ongoing.



MARKET AND OUTLOOK

The jack-up market continued to strengthen during Q3 2012. With three rigs under construction and the first delivery to take place in November 2013 the Company has strong interest indicated from potential customers.

On Behalf of the Board of Directors of

S.D. Standard Drilling Plc.

27 November 2012

Gunnar Hvammen
Chairman

Martin Nes
CEO

INTERIM CONDENSED CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	Note	Three Months Ended		Nine Months Ended	
		2012 Q3	2011 Q3	2012 Q3	2011 Q3
<i>(Amounts in USD 000)</i>					
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Operating Revenue		-	-	-	-
Operating Expenses		-	-	-	-
Gross profit/(loss)		-	-	-	-
Other gains and losses	3	16 676	-	16 676	-
Administration expenses		(2 237)	(1 303)	(5 902)	(2 600)
Operating profit/(loss) before depreciation		14 439	(1 303)	10 774	(2 600)
Depreciation and amortization		(3)	-	(5)	-
Operating profit/(loss)		14 436	(1 303)	10 769	(2 600)
Finance Income		173	-	372	-
Finance Costs		(7)	-	(38)	-
Profit/(Loss) for the period before tax		14 602	(1 303)	11 103	(2 600)
Income tax expense		-	-	(3)	-
Profit/(Loss) for the period		14 602	(1 303)	11 100	(2 600)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		14 602	(1 303)	11 100	(2 600)
Earnings/(loss) per share					
Basic/diluted earnings/(loss) per share	4	0,06	(0,01)	0,04	(0,02)

**INTERIM CONDENSED CONSOLIDATED STATEMENT
OF FINANCIAL POSITION
AT 30 SEPTEMBER 2012**

<i>(Amounts in USD 000)</i>	Note	30.09.2012	31.12.2011
ASSETS		<i>Unaudited</i>	<i>Audited</i>
Rigs-Under Construction	5	117 231	272 625
Intangible assets		49	-
Equipment and machinery		41	9
Non-current receivable		1 434	1 434
Total non-current assets		118 755	274 068
Trade and other receivables		338	110
Cash and bank balances		249 283	122 401
Asset classified as held for sale	6	39 934	-
Total current assets		289 555	122 511
Total Assets		408 310	396 579
EQUITY AND LIABILITIES			
Ordinary shares		2 620	2 620
Share premium		359 950	359 950
Reserves	7	1 424	282
Accumulated profits/(losses)		41 563	30 463
Total equity		405 557	393 315
Trade and other payables		2 746	3 257
Current tax liabilities		7	7
Total current liabilities		2 753	3 264
Total Equity and Liabilities		408 310	396 579

**INTERIM CONDENSED CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

<i>(Amounts in USD 000)</i>	Share Capital	Share Premium	Share Option Reserve	Accumulated Profits/(Losses)	Total
Balance at 01.01.2011	420	40 530	-	(86)	40 864
Comprehensive income					
Profit/(Loss) for the period	-	-	-	(2 600)	(2 600)
Transactions with owners					
Share capital increase	2 200	327 800	-	-	330 000
Share issue costs	-	(8 380)	-	-	(8 380)
Balance at 30.09.2011 (unaudited)	2 620	359 950	-	(2 686)	359 884
Balance at 01.01.2012	2 620	359 950	282	30 463	393 315
Comprehensive income					
Profit/(Loss) for the period	-	-	-	11 100	11 100
Employee share option scheme					
Value of employee services	-	-	1 142	-	1 142
Balance at 30.09.2012 (unaudited)	2 620	359 950	1 424	41 563	405 557

**INTERIM CONDENSED CONSOLIDATED STATEMENT
OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

	Note	Nine Months Ended	
		2012 Q3	2011 Q3
<i>(Amounts in USD 000)</i>			
		<i>Unaudited</i>	<i>Unaudited</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) for the period before income tax		11 103	(2 600)
Other gains and losses	3	(16 676)	-
Expense recognized in respect of employee share options		1 142	-
Interest income		(372)	-
Increase in trade and other receivables		(249)	(71)
Decrease in trade and other payables		(573)	(707)
Income tax paid		(3)	-
Net cash used in operating activities		(5 628)	(3 378)
CASH FLOWS FROM INVESTING ACTIVITIES			
Advance received for sale of rig		-	28 400
Purchases of equipment and machinery		(32)	(6)
Additions to rigs under construction		(3 266)	(158 016)
Net proceeds from disposal of assets		135 485	-
Purchase of intangible assets		(49)	-
Increase in restricted cash		-	(28 400)
Interest received		372	-
Net cash generated from/(used in) investing activities		132 510	(158 022)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares, net		-	204 113
Net cash generated from financing activities		-	204 113
Net increase in cash and cash equivalents		126 882	42 713
Cash and cash equivalents at beginning of period		122 401	6 140
Cash and cash equivalents at end of period		249 283	48 853

NOTES TO THE FINANCIAL INFORMATION

NOTE 1 – INCORPORATION AND PRINCIPAL ACTIVITIES

Country of Incorporation

S.D. Standard Drilling Plc. (the “Company”) is a limited liability Company incorporated and domiciled in Cyprus on 2 December 2010 in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The Company was converted into a public company on 23 December 2010. On 25 March 2011 the Company’s shares were listed on Oslo Axess. The address of the Company’s registered office is 213 Arch. Makarios Avenue, Maximos Plaza, Tower 1, 3rd floor, 3030 Limassol, Cyprus.

Principal Activities

The Company and the entities controlled by the Company, hereafter referred to as the “Group”, were established for the purpose of building a premium oilfield services company through superior assets, systems and people.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The interim condensed consolidated financial statements for the three months ended 30 September 2012, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. The interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2011. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011.

At the date of approval of these interim condensed consolidated financial statements, a number of accounting standards and interpretations were issued by the International Accounting Standards Board but were not yet effective. The effect of those standards is not expected to be material to the Group.

NOTE 3 – OTHER GAINS AND LOSSES

<i>(Amounts in USD 000)</i>	Three Months Ended		Nine Months Ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Gain on disposal of investment in subsidiary	8 429	-	8 429	-
Gain on disposal of Rig under construction B325	8 247	-	8 247	-
	16 676	-	16 676	-

On 26 June 2012, the Group entered into an agreement to sell the shares held in the subsidiary company Offshore Driller B324 Ltd which owns rig B324, currently under construction at Keppel FELS shipyard in Singapore, to UMW Oil and Gas incorporated in Malaysia. The transaction was closed in Q3 2012.

On 6 July 2012, the Group entered into an agreement to novate the construction agreement for the rig B325 owned by the subsidiary company Offshore Driller B325 Ltd, to Arabian Drilling Company incorporated in the Kingdom of Saudi Arabia. The transaction was closed in Q3 2012.

NOTES TO THE FINANCIAL INFORMATION

NOTE 4 – EARNINGS/ (LOSS) PER SHARE

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

<i>(Amounts in USD 000)</i>	Three Months Ended		Nine Months Ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Basic/diluted EPS				
Profit/(Loss) attributable to equity holders of the Company	14 602	(1 303)	11 100	(2 600)
Weighted average number of ordinary shares in issue (thousands)	262 000	262 000	262 000	162 073
Basic/diluted earnings/(loss) per share	0,06	(0,01)	0,04	(0,02)

NOTE 5 – RIGS UNDER CONSTRUCTION

<i>(Amounts in USD 000)</i>	30.09.2012	31.12.2011
Balance at the beginning of period/year	272 625	37 308
Installments to Keppel FELS Limited	-	153 600
Jack-up rig B319 derecognized on disposal of subsidiary	-	(40 435)
Jack-up rig B324, derecognized on disposal of subsidiary	(59 486)	-
Jack up rig B325 derecognized on disposal of rig	(59 323)	-
Jack up rig B337 classified as held for sale (note 6)	(39 934)	-
Other capitalized costs related to construction of the rigs	3 349	2 879
Addition from acquisition of subsidiary companies	-	116 651
Contingent commission fee	-	2 622
Balance at the end of period/year	117 231	272 625

Capital Commitments

Capital expenditures contracted for as of 30 September 2012 but not recognized in the Financial Statements:

<i>(Amounts in USD 000)</i>	30.09.2012	31.12.2011
Installments to Keppel FELS Limited (80% payable at delivery)	614 400	902 400
Construction supervision	5 667	10 342
Total remaining capital commitments at the end of period/year	620 077*	912 742

*USD 154.4 million relates to Assets classified as held for sale.

NOTE 6 – ASSETS CLASSIFIED AS HELD FOR SALE

<i>(Amounts in USD 000)</i>	30.09.2012	31.12.2011
Jack up rig B337 held for sale	39 934	-
Total jack up rigs held for sale	39 934	-

On 26 November 2012, a Sale and Purchase Agreement (SPA) entered into with CP Latina for the sale of rig B337 became effective. The consideration for the sale of the rig amounts to USD 67.9 million. Financial and legal closing of transaction will take place on 15 January 2013.

On 26 November 2012, an Option Agreement became effective whereby CP Latina has a first right of refusal to purchase a second rig under construction (hull no B338 or alternatively B339). The Option Agreement expires 15 January 2013 and the price, if the first right of refusal or option is exercised, is USD 60.4m for B338 or, alternatively, USD 59.4m for B339.

NOTE 7 – SHARE OPTION RESERVE

A total number of 8 200 000 share options were in existence at the end of Q3 2012, each granting the right to its owner to acquire one ordinary share of the Company, at predetermined strike prices. Weighted average exercise price of the share options is USD 1,33. As at the end of the period, 1 400 000 options are exercisable at a weighted average exercise price of USD 1,30 per share.

NOTE 8 – APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been approved by the Board of Directors of the Company on 27 November 2012.

S.D. Standard Drilling

Financial Calendar (Release of Financial Reports)

Q4 2012

28 February 2013

S.D. Standard Drilling Plc

213 Arch. Makarios Avenue

Maximos Plaza

Tower 3, Office 401

CY 3030

Limassol, Cyprus

Tel: +357 25875474

S.D. Standard Drilling (Singapore) Pte Ltd

10 Collyer Quay,

Ocean Financial Centre

#37 – 06/10

Singapore 049315

Tel: + 65 6808 6500

www.standard-drilling.com