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FIRST SECURITIES   ARCTIC SECURITIES

S.D. Standard Drilling Limited

New equity issue of USD 42 million

Investor presentation

23 November 2010

STANDARD DRILLING

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Agenda

I.	**Transaction details**
II.	Construction contract and yard
III.	Key financials
IV.	Jack-up market

Transaction summary

Private Placement

- Private placement of USDm 42 through the issue of 42,000,000 new shares in the Cypriot registered company, Standard Drilling Ltd
- An investor group of Ferncliff AS, Gross Management AS and Solan Capital AS will subscribe for the whole equity placement and a maximum of 50% of the equity placement will be sold to third party investors, all at equal terms
- Subscription price: USD 1 per share
- 42,000,000 shares outstanding post private placement
- Allocation criteria: (i) size of subscription, (ii) investor quality, and (iii) timeliness
- Use of proceeds: (i) fully finance the equity portion related to the construction of one jack-up at Keppel Fels, (ii) project management, and (iii) fees and SG&A
- Investor requirement: (i) Norwegian investors, (ii) international institutional investors, and (iii) US 144A (QIBs as defined in Rule 144A)
- Joint lead managers: First Securities AS and Arctic Securities AS

Timetable and key conditions

- Application period: 23 November 2010 at 09:00 CET – 30 November 2010 at 18:00 CET
- Application period may be closed or extended at any time
- Minimum subscription: equivalent of EUR 50,000
- Allocation: on or about 1 December 2010
- Settlement date: on or about 6 December 2010
- Documentation: investor presentation, application form and term sheet
- The private placement is subject to and conditional upon among others
  - Necessary shareholder resolutions (amending bye-laws, approval of issue and allocation)
- Proceeds to be held on escrow at the Manager's client accounts to all conditions are met
  - Shares to be issued immediately after all conditions being met
- All conditions expected to be met by 14 December 2010
- Immediate OTC listing
  - Aiming for Oslo Axess listing during 2011*
  - Undertaking from Ferncliff to provide minority shareholder protection; Ferncliff cannot sell its stake without inviting the other shareholders to participate at equal terms within a two year period

Executive summary - 400 ft KFELS B-Class Jack-up at attractive build cost and delivery

Anchor investors in place with impressive track record

- Investor group of Ferncliff AS, Gross Management AS and Solan Capital AS will subscribe for the whole equity placement and a maximum of 50% of the equity placement will be sold to third party investors
- Ferncliff track-record includes Standard Drilling ASA, Songa Offshore, Ferncliff Drilling, Global Tender Barges, Offshore Rig Services and Noble Denton
- All investors will enter at equal terms

Attractive contract terms

- Turnkey yard construction contract with Keppel FELS of USDm 179.3[1] – all-in cost of USDm ~185.4[1]
- Attractive delivery schedule with delivery in 20 months (July 2012). SDRL and ATW rigs have delivery in Q4 12-Q1 13
- Attractive 20/80 payment terms – new equity of USDm 42 will fully finance the project until delivery mid 2012
- Two fixed price options with strike price of USDm 183.3[1,2] and 185.3[1,2], respectively. Strikes within 6 and 9 months

High quality construction with proven design

- Keppel FELS is the world's leader in the design and construction of offshore jack-up rigs
- Over 30 orders of the KFELS B-Class secured worldwide since design was launched in 2000
- Keppel has on average delivered the KFELS B-Class on/ahead of schedule

Attractive project economics based on latest transaction

- On November 16th 2010 Transocean acquired a premium jack-up rig from PPL for a total consideration of USDm 195 with delivery in fourth quarter of 2011
- The PPL transaction implies a return on equity of 26% for the rig ordered by Standard Drilling. Including the value of both options, the equity return may be as high as 69% assuming both options being sold before exercise date
- All other premium jack-up companies financed out of Norway (Scorpion, Awilco, Sinvest, Petrojack, Odfjell Invest, Skeie Drilling & Production and Standard Drilling) have been acquired

Order books at high-end rig yards are building up

- Order-books at high-end rig yards are picking up, putting pressure on construction cost
- Before we see an uptick in construction cost, the 20/80 payment terms will be replaced by less favourable financing. This will make rig construction more expensive for an equity investor

1) Yard cost includes a 1% return commission which will be refunded to the Company at the first and last instalment (20% at the first instalment and 80% at the last instalment)

2) There may be an adjustment for the change in cost of steel, equipment and USDSGD exchange rate as at the time of the option exercise notice. The aggregate shall not be negative.

Agenda

Presentation of investors group

Investor group profiles

- **Øystein Stray Spetalen**
  - Renowned Norwegian investor with extensive successful investment track-record
  - Detailed description of relevant track-record of Øystein on the next two slides

- **Glen Ole Rødland**
  - Co-investor of Øystein Stray Spetalen in several projects/companies and employed at Ferncliff
  - He is a director of the board of several companies, including Strata Marine & Offshore AS, Skeie Capital Investment AS and Spectrum ASA (chairman of the board)
  - Glen Rødland is also a former employee of First Securities AS

- **Gunnar Hvammen**
  - Gunnar Hvammen was a rig broker in PF Bassøe/Loosbrock and Normarine Offshore Consultants, which he helped to found. Founder of Offshore Heavy Transport ASA. Senior partner in Fondsfinans ASA. Thereafter founder of several oil services related companies, including Songa Offshore.

Source: Bizweb, First Securities

A selection of Ferncliff case studies

Standard Drilling ASA/ Singapore Drilling

- Founded in 2006 by Spetalen under the name Standard Drilling
- Standard Drilling originally contracted 4 jack-up rigs at Labroy at total contract value of USDm 600
- Rig #2 and #4 were sold to Saipem in 2008 at USDm 200 average
- Rig #1 and #3 were sold to UMW with final settlement in December 2009 at USDm 170 average (UMW acquired a 51 % stake in the two rigs in 2007/2008)

Songa Offshore

- Spetalen was a founder with a 37.5 % stake in the acquisition of 2 semi-submersible rigs (Songa Venus and Songa Mercur) in 2004 from the Mexican company IPC

Songa Mercur

Songa Venus

Ferncliff Drilling

- Founded by Spetalen in 2006
- Ferncliff Drilling ordered a USDm 540 deepwater drillship (+ 1 option) at the Samsung yard in South Korea
- The company was sold to the Ofer Group two months later valuing Ferncliff Drilling at NOKm 800.

Source: First Securities, Company pages

A selection of Ferncliff case studies (cont.)

Global Tender Barges

- Ferncliff participated in the refinancing of GGS in 2007
- GGS acquired 3 tender rigs from Pride International at USDm 215 early 2008
- GGS was split into two listed companies June 2008
  - Spectrum (Seismic)
  - Global Tender Barges (Tender barges + Iran Seismic)
- GTB sold the 3 tender rigs at USDm 245 in 2009

Alligator

Barracuda

Al Baraka

Offshore Rig Services

- Spetalen invested NOKm 67 in the start-up phase of OFFRIG in 2005
- OFFRIG had 2 semi-submersible rigs under order + 2 options at Yantai Raffles Shipyard in China
- Spetalen had an active position in the company board
- OFFRIG was sold to Awilco Offshore in 2006 with a significant return on investment to initial shareholders

COSL Pioneer

Noble Denton

- Acquired in 2006
- Ferncliff had a 42 % stake at time of sale in 2009
- 2007: Indec, PMC and Lowe Offshore acquired
- 2008: SEAS and Brevik Engineering acquired
- Noble Denton was sold to Germanischer Lloyds AG for USDm 178

Source: First Securities, Company pages

Agenda

KFELS B-Class delivered by world leading jack-up construction yard

KFELS B-Class

- **The KFELS B-Class jack-up rig is a first class rig design**
  - Over 30 orders secured worldwide since design was launched in 2000
- **Preferred design by major drilling companies**
- **Cost-effective solution, proven for non-harsh environments**
- **Surpasses other rigs of similar size in terms of environmental ratings and load carry capacity**
- **Highly adaptable for harsher environment deployment**
- **Fully automated high-capacity jacking system and self-positioning fixation system**

Keppel FELS track record

- **Established in 1967, Keppel FELS is today a world leader in the design, construction, repair and conversion of jack-up rigs and semisubmersibles**
  - Keppel FELS is the wholly-owned offshore arm of Keppel O&M, a global leader in the offshore and marine industry with a network of 20 yards worldwide
- **Keppel FELS new build track record**
  - 49 Jack-ups
  - 10 Semisubmersibles
  - 7 Submersible Drill-barges
  - 4 Drilling tenders
  - 5 Drillships
  - 2 Tension Leg Platforms
  - 3 FPSOs
  - 3 Cable laying ships
  - 5 Topside decks
  - 3 Power plants

Source: Company pages

Rig specifications of 400ft KFELS B-Class (sister rig of West Juno)

Specifications	
Length overall	234 ft - 0 inches
Breadth overall	208 ft - 0 inches
Depth of hull at side	25 ft - 0 inches
Total length of legs	517 ft - 0 inches
Diameter of spud cans (flat to flat)	47 ft - 2 inches
Center of fwd leg to CL of aft legs	129 ft - 0 inches
Center to center of aft legs	142 ft - 0 inches
Classification	ABS MODU
Variable load incl. drilling load (kips)	7 500
Steel design operating temerature (°C)	-10
Cantilever maximum outreach @ 60ft (kips)	2 500
Cantilever maximum outreach @ 70ft (kips)	1 640
Heliport designed for service by	Sikorsky S-61N and S92

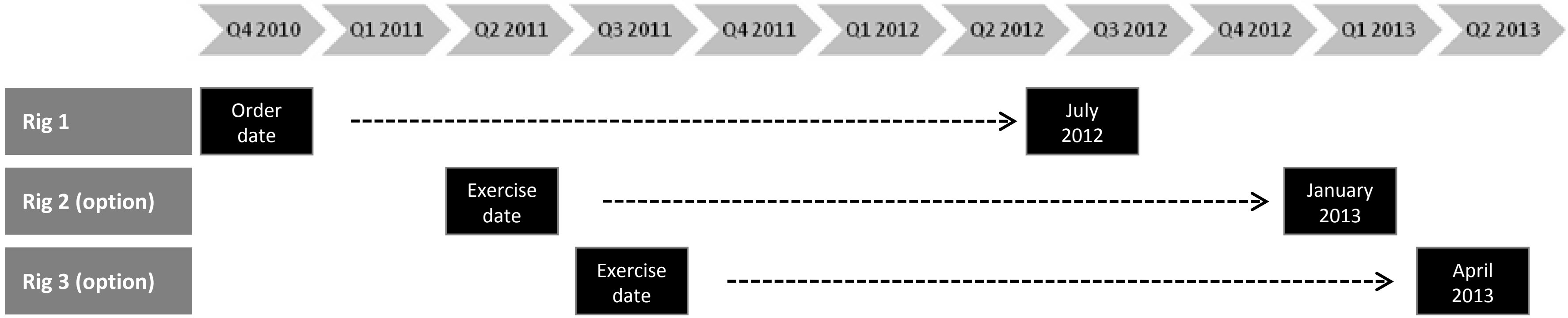
Elevating system/Fixations system	
Number of pinions	36
Maximum lifting capacity (kips)	46 800
Elevating speed at lifting capacity (ft/min)	1,4
Preload holding capacity (kips)	67 284
Fixation system	OTD FS 33G

Design Storm Survival Conditions			
Water depht (ft)	400	350	300
Variable load (kips)	5 000	5 000	5 000
Leg length (ft)	517	517	517
Max wave hight (ft)	39	49	55
Corresponding wave period (sec)	14	14	15
Max wind velocity (knot)	100	100	100
Current (knot)	1	1	10
Airgap (ft)	34	40	52
Penetration (ft)	15	15	15

Source: First Securities, Keppel

Turnkey contract and two options from Keppel FELS

Timeline



Construction contract

- **Turnkey contract for one jack-up with delivery in July 2012**
  - Construction period of 20 months
- **Attractive 20/80 payment schedule**
- **Keppel FELS with complete EPC responsibility**
- **Standard warranty periods to apply for rig and third party equipment**

Options

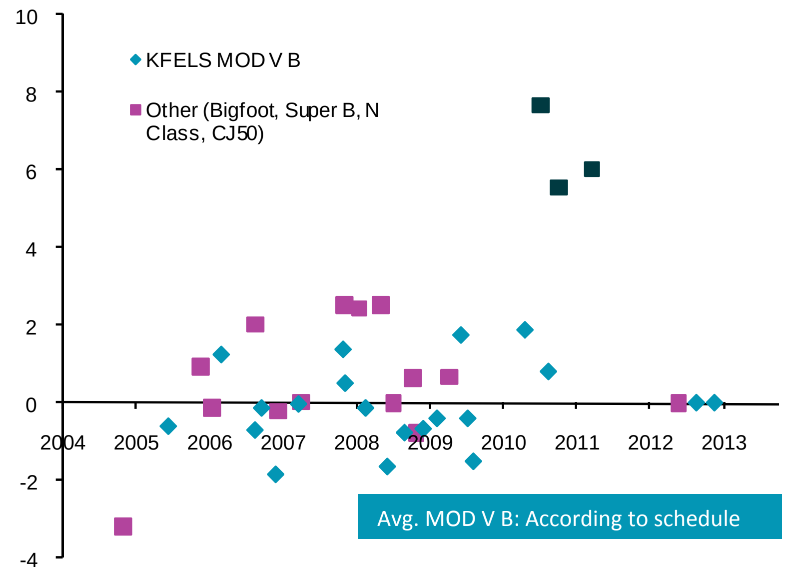
- **Two independent options at fixed price with option expire within 6 and 9 months**
  - **Rig 2** has a turnkey price of USDm 183.3[1,2]. Delivery date in Q1 2013 if exercised on strike date
  - **Rig 3** has a turnkey price of USDm 185.3[1,2]. Delivery date in Q2 2013 if exercised on strike date
  - If an option is exercised, Ferncliff will be paid a 0.25% cash fee of the turnkey price
- **Same terms as initial contract regarding turnkey, delivery timeline and payment structure**

1) Yard cost includes a 1% return commission which will be refunded to the Company at the first and last instalment (20% at the first instalment and 80% at the last instalment)
2) There may be an adjustment for the change in cost of steel, equipment and USDSGD exchange rate as at the time of the option exercise notice. The aggregate shall not be negative.

Source: Company

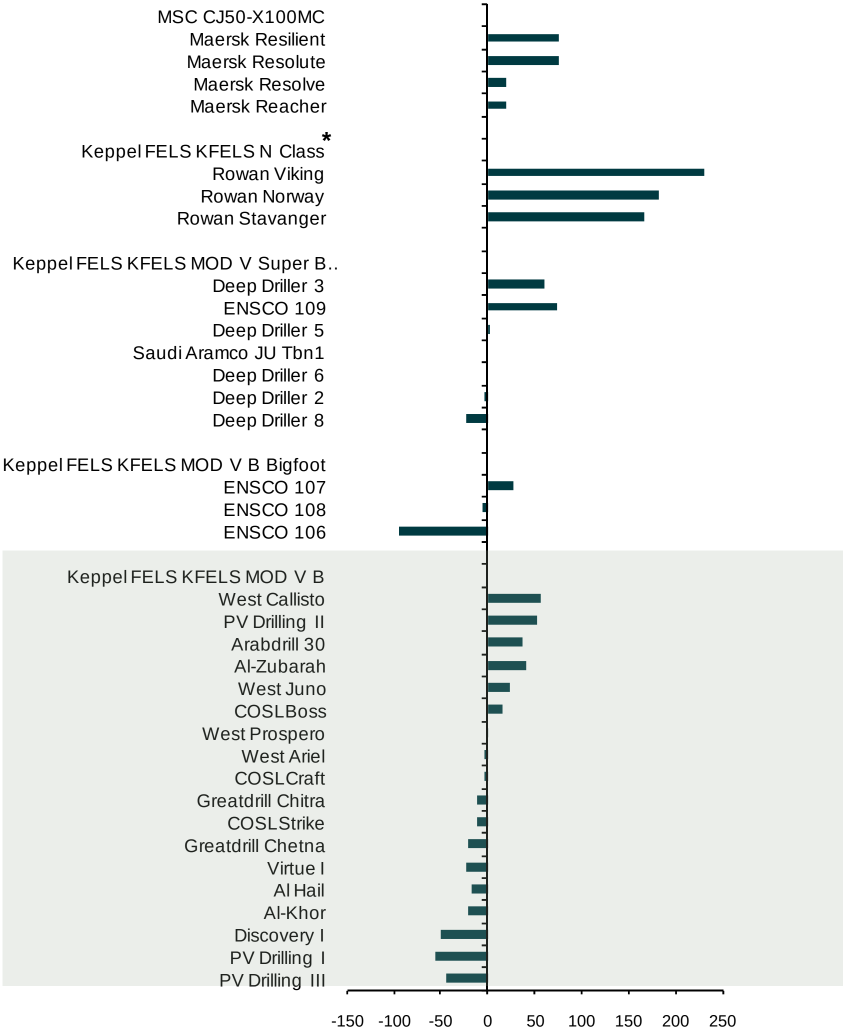
KFELS Class B jack-ups delivered on/ahead of schedule on average

Keppel FELS – Delivery date vs. initial delivery date (months)



(*) The three N-Class SKDP (now Rowan) jack-ups were delayed as part of a mutual agreement between SKDP and Keppel FELS due to a company restructuring of the former.

Days ahead (-)/over (+) original delivery schedule



Source: First Securities, based on ODS Petrodata

Agenda

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Project financing

Sources and Uses (USDm)

Project cost[1]	
Yard cost including interest compensation and drilling equipment[2]	179,3
Project management	3,0
SG&A	0,5
Fees	1,2
Contingencies	1,4
Uses of Funds	**185,4**

1) Expected additional mobilization, WC and start-up costs of approx USDm 8 at delivery

2) Yard cost includes a 1% return commission (USDm 1.793) which will be refunded to the Company at the first and last installment (20% at the first installment and 80% at the last installment)

Financing sources	
Equity	42,0
Yard financing	143,4
Sources of Funds	**185,4**

Comments

- **Turnkey contract of USDm 179.3**
  - Including drilling equipment and interest compensation
- **20/80 payment schedule (20% down payment and 80% on delivery)**
- **Ready-to-deliver cost of USDm 6.1**
  - Mobilization cost, WC and start-up costs are not included
- **Equity private placement of USDm 42**
  - Following a successful private placement Standard Drilling is fully funded until delivery mid 2012
  - The yard will finance the remaining USDm 143.4 until date of delivery
- **Investor group of Ferncliff AS, Gross Management AS and Solan Capital AS will subscribe for the whole equity placement and a maximum of 50% of the equity placement will be sold to third party investors**

Ferncliff fees

Ferncliff fees

- **Charter commission: 1.00%**

  If a contract is signed, Ferncliff be entitled to a charter commission of 1% of contract value

- **Sales fee: 1.00%**

  In case of a rig transaction, Ferncliff will be entitled to a sales fee of 1% of transaction price. Ferncliff sales fee will only be valid if the rig is sold at profit for equity investors

- **Option fee: 0.25%**

  If an option is exercised, Ferncliff will be entitled to a 0.25% cash fee of the turnkey price

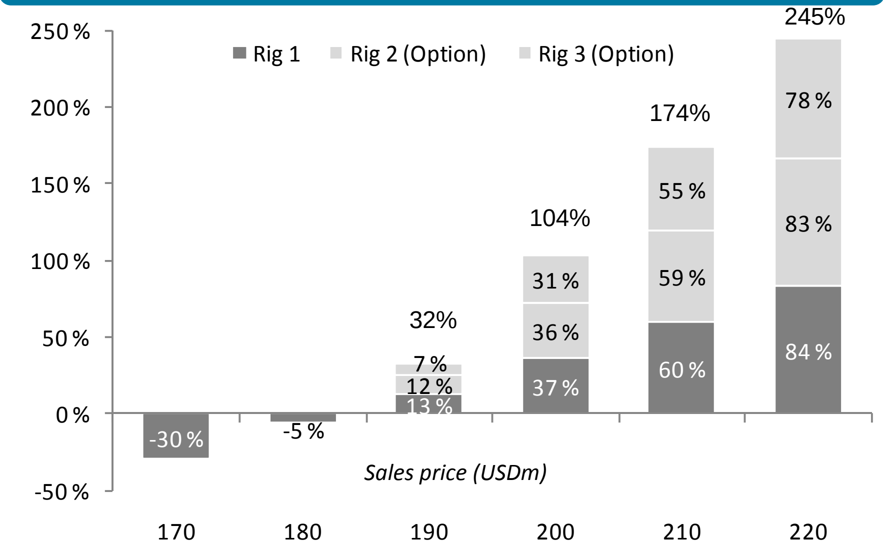
Option 1 (USDm 183.3):	USD 458,250
Option 2 (USDm 185.3):	USD 463,250

Source: Company

Return on equity with high leverage to rig values

- **The right hand graph shows return on equity based on an assumption of a transaction during 2011**
  - Fees of USDm 1.2 and project management fees of USDm 2 are included in rig capex
  - Ferncliff sales fee of 1% of sales price will only be valid if the rig is sold at profit for equity investors
  - Equity return of options is based on sale before exercise date
- **Based on PPL's sale of the Pacific Class 400 jack-up to Transocean at USDm 195 on November 16th 2010, equity investors in Standard Drilling would get a return of 25%**
  - If all rigs are sold within the exercise dates of both options, equity investors will get 68% return

Equity return if sold in 2011*



Value of equity if sold in 2011*

			170	180	190	200	210	220
	Sales price (sale of contract)	USDm	170	180	190	200	210	220
Rig 1	Fee to Ferncliff	1 %	-	-	(2)	(2)	(2)	(2)
Rig 1	Remaining capex	USDm	(141)	(141)	(141)	(141)	(141)	(141)
Rig 1	Value of equity Rig 1	"	30	40	48	58	67	77
Option 1	Strike price Option 1	"	183	183	183	183	183	183
Option 1	Fee to Ferncliff	1 %	-	-	(2)	(2)	(2)	(2)
Option 1	Value of equity Option 1	USDm	-	-	5	15	25	35
Option 2	Strike price Option 2		185	185	185	185	185	185
Option 2	Fee to Ferncliff	1 %	-	-	(2)	(2)	(2)	(2)
Option 2	Value of equity Option 2		-	-	3	13	23	33
	Total equity return	**"**	**-30 %**	**-6 %**	**33 %**	**104 %**	**174 %**	**245 %**

*Based on the assumption of Rig 1 being sold during 2011 and options sold before date of exercise (6 and 9 months, respectively)

Source: First Securities estimates , Company data

Proforma base case key figures

- **The right hand table shows earnings scenarios of one jack-up unit**
- **Based on day rate projections of USDk 140-160, the KFELS B-Class is an attractive investment**
  – Charter commission of 1% of contract price to Ferncliff if the company enters into a charter contract
- **Assuming USDm 42 in equity**
- **Earnings multiples**
  – EV/EBITDA of 5x-7x
  – P/E of 2x-4x
- **Free cash flow generation of USDm 5-12**

Earnings scenarios and valuation multiples

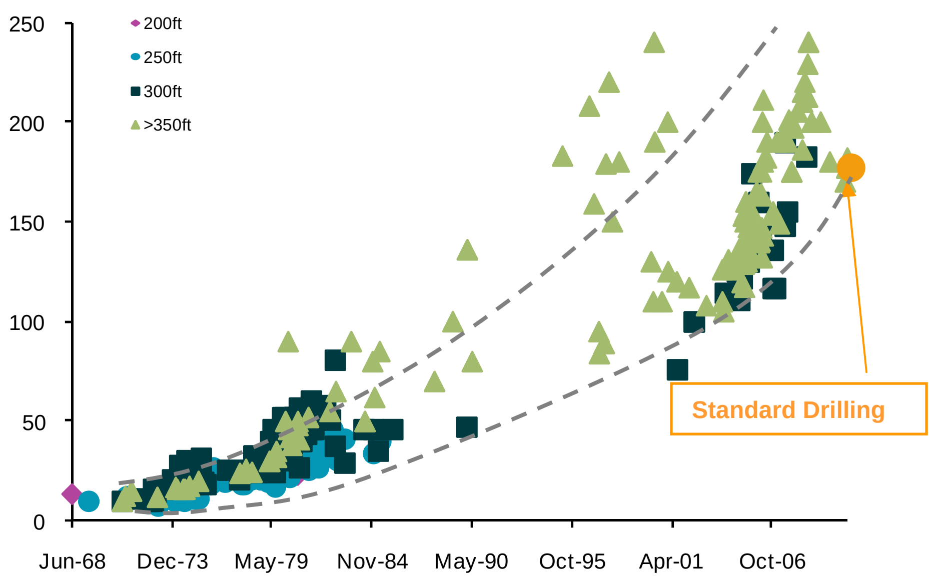
DAY RATES	USD/day	120 000	140 000	160 000	180 000	200 000
Utilisation		95 %	95 %	95 %	95 %	95 %
Daily opex		($55 000)	($55 000)	($55 000)	($55 000)	($55 000)
PROFORMA P&L						
Revenues	USDm	42	49	55	62	69
Opex	"	(20)	(20)	(20)	(20)	(20)
Charter Commission	1 %	(0)	(0)	(1)	(1)	(1)
Rig EBITDA	"	21	28	35	42	49
SG&A	"	(1)	(1)	(1)	(1)	(1)
EBITDA	"	**20**	**27**	**34**	**41**	**48**
Depreciation (30 yrs)	"	(6)	(6)	(6)	(6)	(6)
Operating profit	"	**14**	**21**	**28**	**35**	**41**
Net financials	10 %	(11)	(11)	(11)	(11)	(11)
Pre-tax profit	"	3	10	17	23	30
Taxes	0 %	-	-	-	-	-
Net profit	"	**3**	**10**	**17**	**23**	**30**
Cash earnings	USDm	9	16	23	30	36
Maintenance capex	"	-	-	-	-	-
Installment	"	(11)	(11)	(11)	(11)	(11)
Free cash flow to equity	"	(2)	5	12	18	25
Market capitalisation	USDm	42	42	42	42	42
Net debt at delivery	"	143	143	143	143	143
Enterprise value at delivery	"	**185**	**185**	**185**	**185**	**185**
EV/EBITDA		**9,2**	**6,9**	**5,5**	**4,6**	**3,9**
P/E		**14,9**	**4,3**	**2,5**	**1,8**	**1,4**

Source: First Securities estimates, Company data

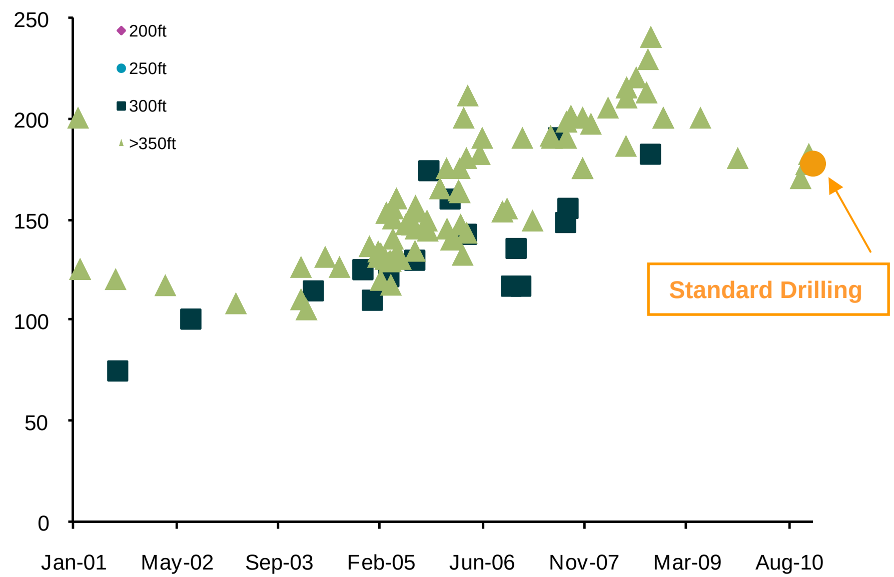
Agenda

Construction costs for premium jack-ups have moderated from approx. USD 220m to currently USD 170-180m

Construction cost jackups – long history (USDm)



Construction cost jackups – 10y history (USDm)

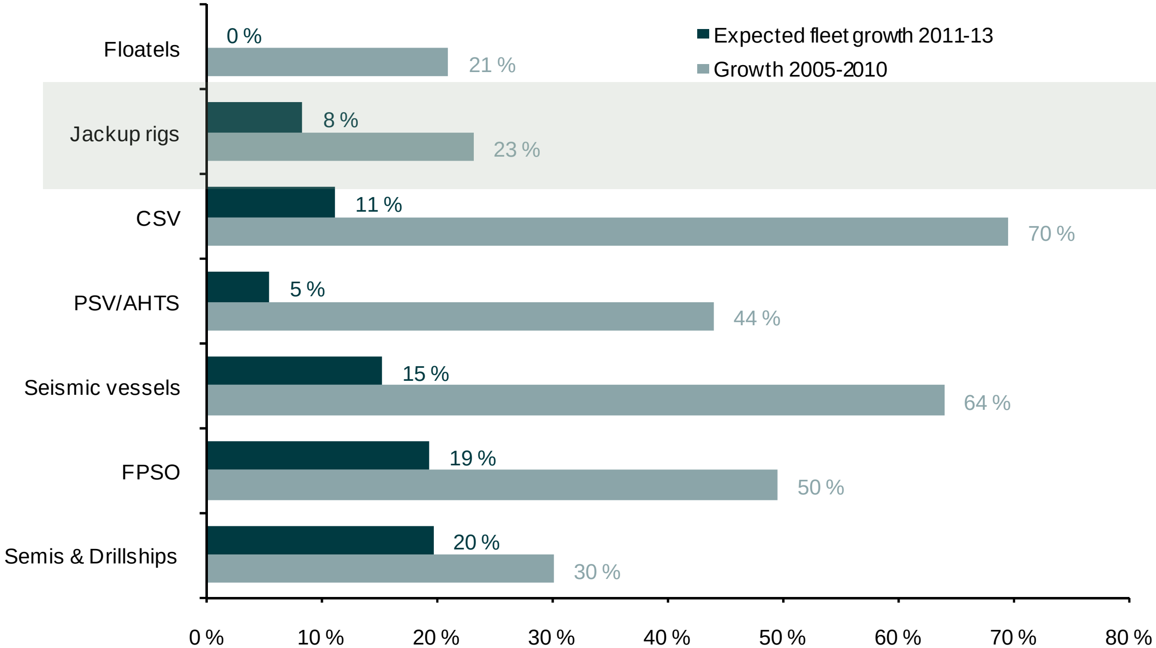


- **Yard cost of rigs has historically doubled every 10 years**
  - Relative to historical JU yard costs, current prices are in the lower end

- **While current newbuildings are contracted at favourable 20/80, newbuildings ordered in the order boom 2005-2007 were contracted at more unfavourable terms**
  - A 10/20/20/20/20/10 structure would add another USDm 15-20 in equity cost relative to current newbuildings with a 20/80 structure
  - This implies that current newbuilding prices are back to 2005 levels

Significantly less pronounced capacity additions within jack-ups compared to other oil service vessel categories

Historical and projected fleet growth of various oil service vessels



1) Fleet growth is net of attritions
2) Growth 2005 – 2010 includes vessels delivered from end of 2005 until end of 2010
3) CSV includes DSV, ROV, HL, Pipelay, MSV and Well Intervention vessels

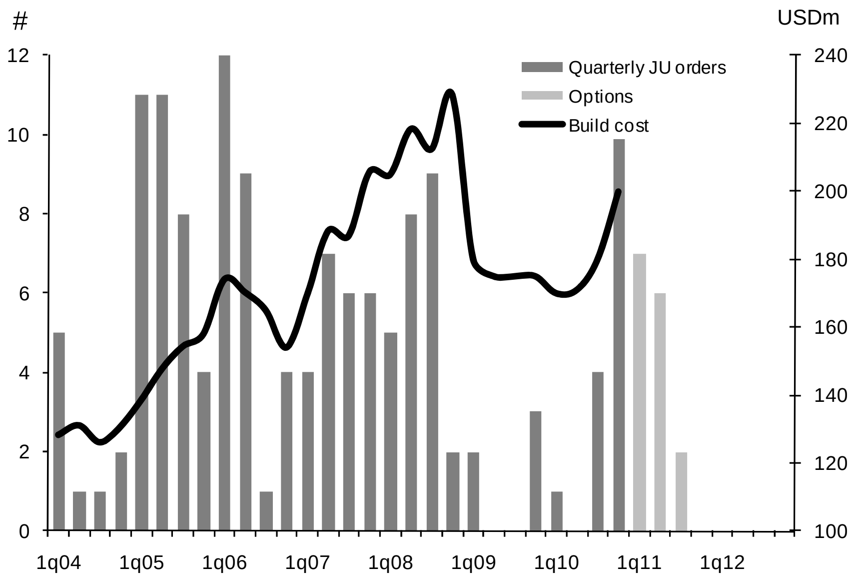
Comments

- **The jack-up rig market has the second lowest fleet growth in the entire oil service vessel universe**
- **Expected fleet growth of jack-ups for 2011-13 is currently at 8%**
- **Fleet growth of jack-ups from 2005-10 was 23%**

Source: ODS Petrodata, First Securities estimates

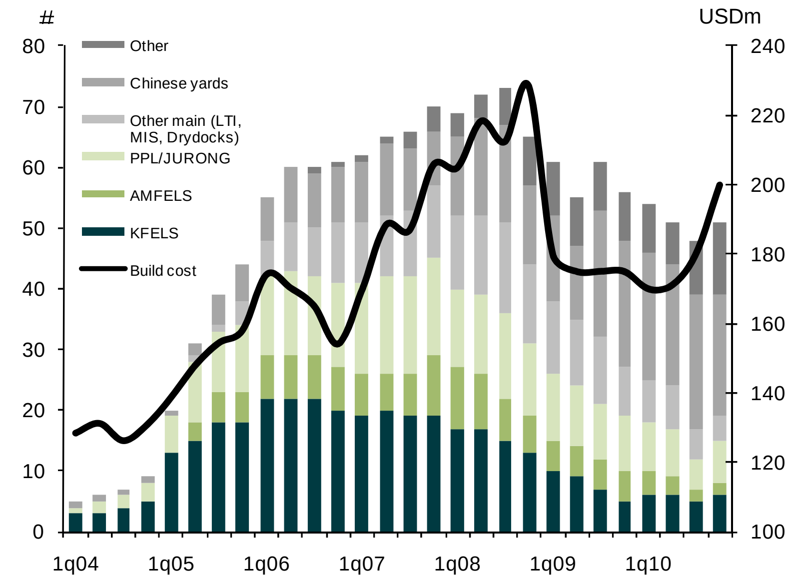
Number of JUs under order likely turned in 3Q10 - higher construction prices expected

Quarterly jack-up rig newbuild orders (#)



Includes high spec JU rig orders registered in ODS Petrodata at November 16. Standard Drilling order and options are included.
Build cost is estimated as the average of quarterly orders.

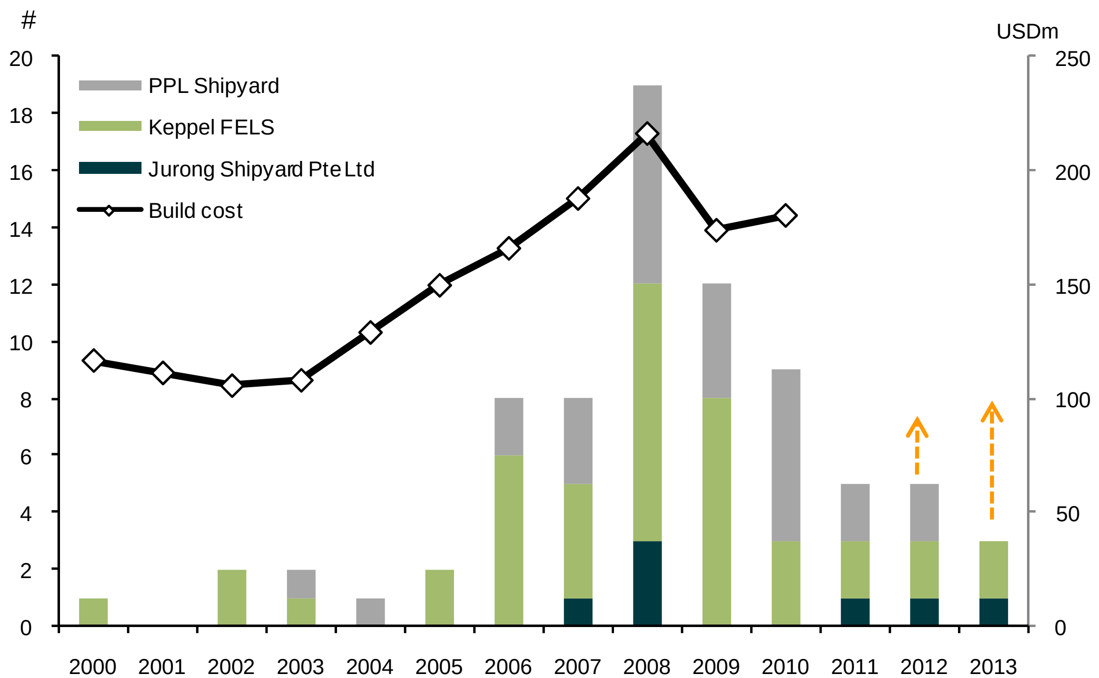
Quarterly accumulated jack-up order book (#)



Includes JU rig orders registered in ODS Petrodata at November 16. Standard Drilling order and options are included.
Build cost is estimated as the average of quarterly orders.

Few available slots at high-end yards left – higher construction prices expected

Expected deliveries of jack-up rigs at high end rig yards



1) Includes rig orders registered in ODS Petrodata at November 16. Options are not included. Standard Drilling order is included.
2) Build cost is estimated as the average of annual orders of comparable rigs for the KFELS B-Class JU. Build cost estimated for 2000-2004 are based on only a few orders and may consequently fail to reflect the true market terms

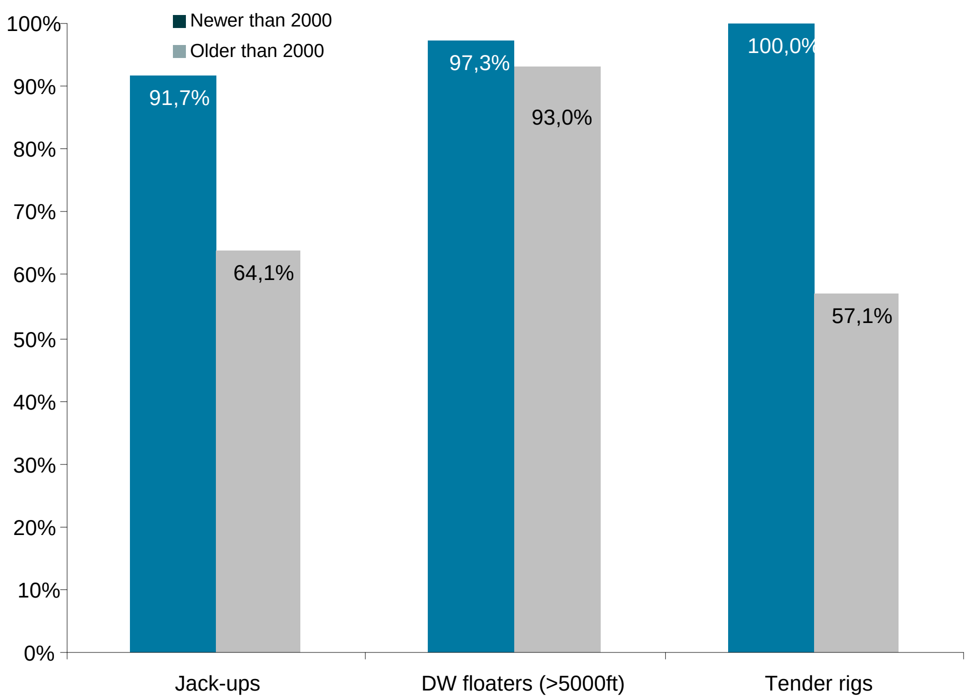
Comments

- **Keppel's next available slot will imply a delivery in July 2013, at the earliest**
  - Including yard options
- **PPL's next available slot will imply a delivery in March 2013, at the earliest**
  - Including yard options

Source: First Securities, based on ODS Petrodata

Also, significantly firmer market for new equipment than for the overall fleet

Fleet utilization rigs built -> 1999 vs. rigs built 2000 ->



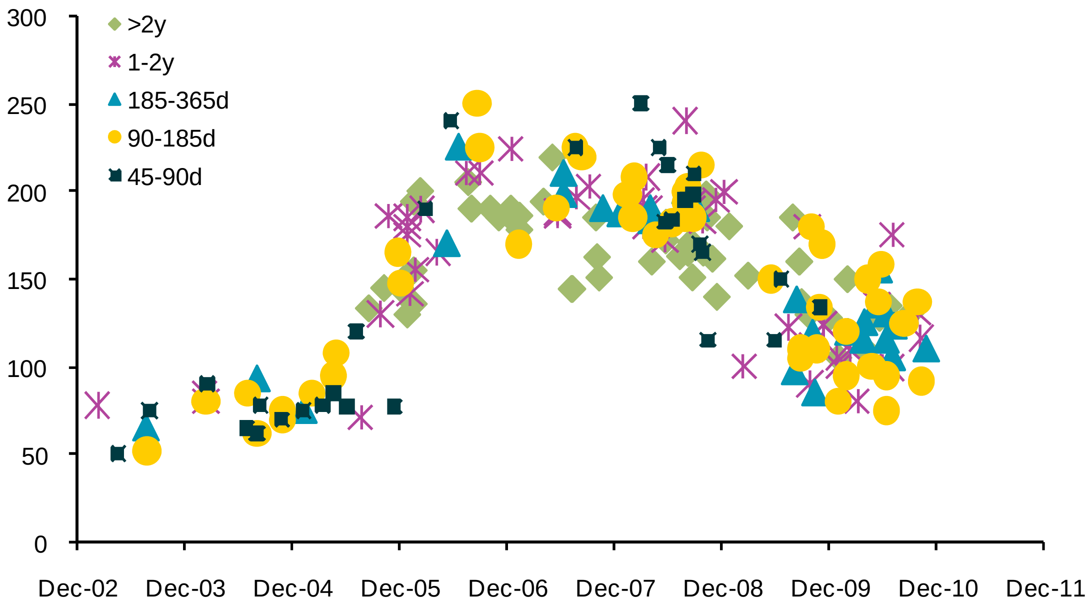
Comments

- **Newer drilling rigs enjoying substantially better utilization than older units across all segments**
  - Above 90% utilization in all segments for rigs built in 2000 or later
- **Macondo accident likely to result in increased focus on modern and advanced equipment given tighter regulatory requirements and focus on safety**

Source: ODS Petrodata, First Securities estimates

Upwards day rate trends for ultra premium jack-ups, current market level USD 130-140k/d

Day rate fixtures for jack-ups (>350ft, IC)



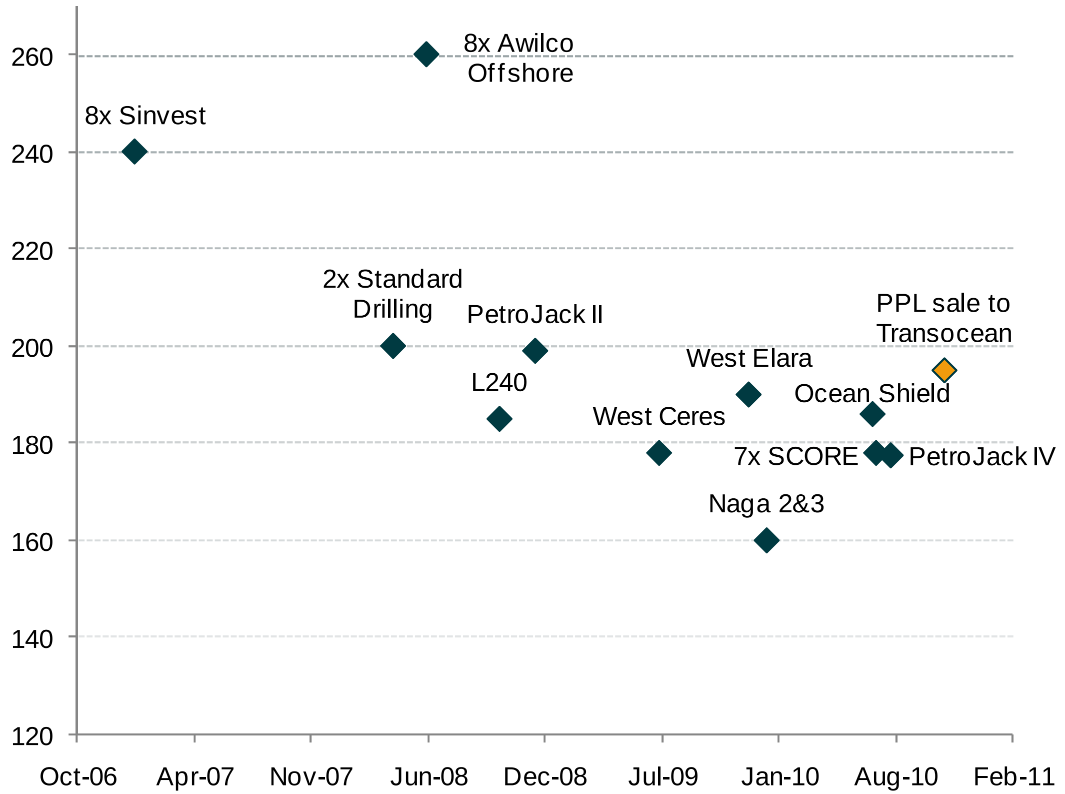
1) Excluding Norway, UK, Australia, Canada and US GoM.
2) Excludes sublets, shows contracts with duration > 45 days.

Comments

- **1-2y: 4 fixtures in Sep-Oct, including 2x SDRL fixtures in Vietnam (USD 116-131 k/d)**
- **< 1y: 7 fixtures in Sep-Nov, including 5 fixtures in SE Asia and 2 fixtures in West Africa (USD 92-137k/d)**

Positive sentiment in JU market also reflected in latest relevant transaction: Transocean acquisition of PPL JU at USDm 195

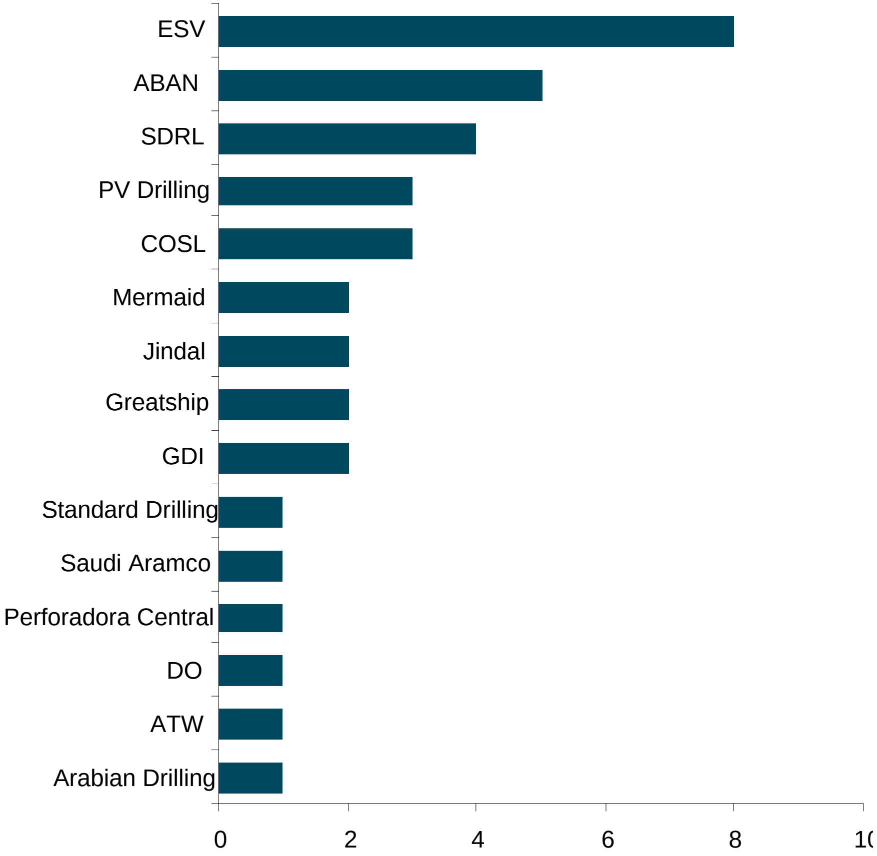
Precedent transactions of jack-ups (EV per rig, USDm)



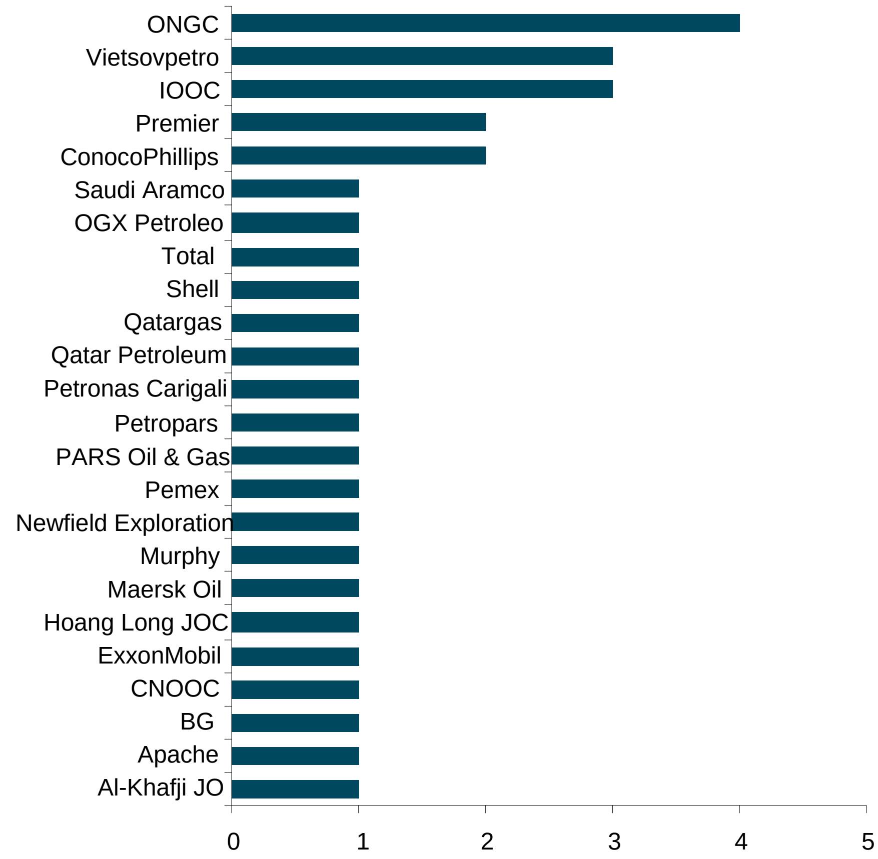
Source: First Securities estimates, Companies

The KFELS Mod V jack-up designed is renowned and currently in use by both supermajors and NOCs as well as independents

Contractors – KFELS MOD V* jack-ups



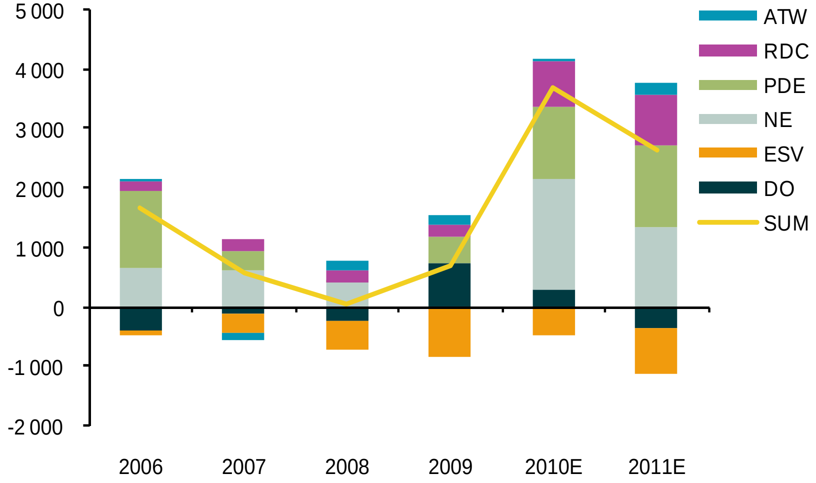
Current operators – KFELS Mod V* jack-ups



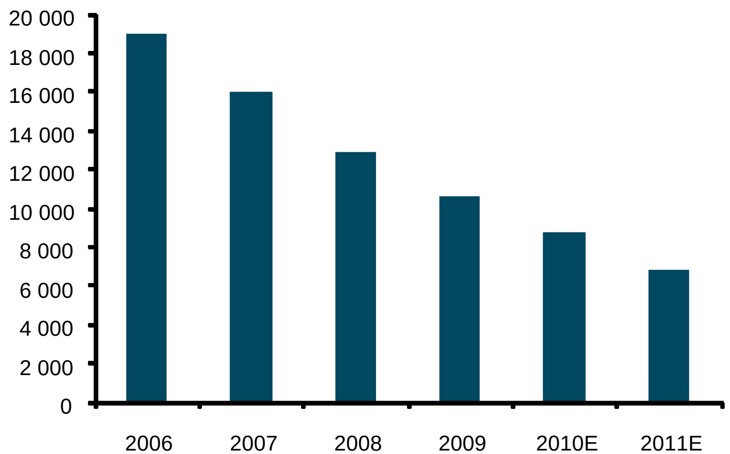
*) All projects have budgeted for USD 8-9m post delivery costs related to
Includes Mod V-A, V-B, V-B Bigfoot, V-Super B and V-enhanced B

The established contractors have strong balance sheets and massive cash flow in 2011 to fund further fleet renewal

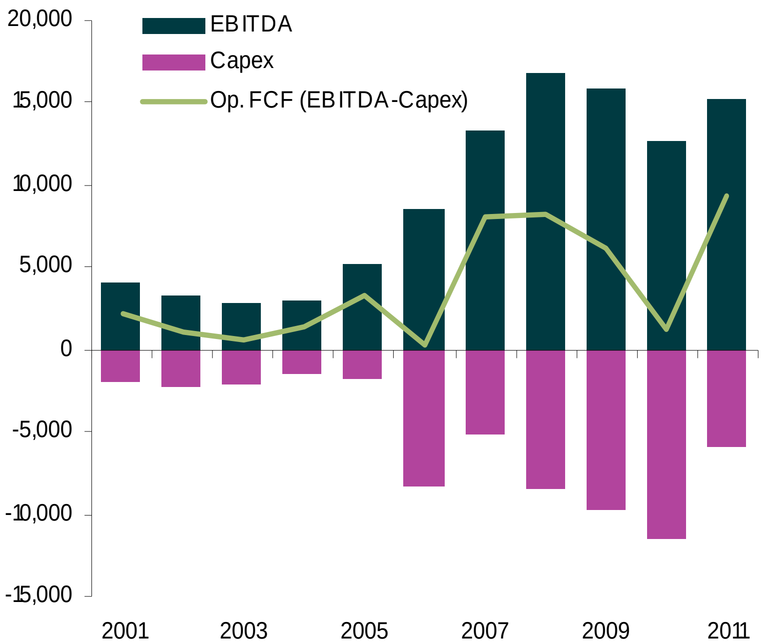
Net debt US drillers (USDm)



Net debt Transocean (USDm)



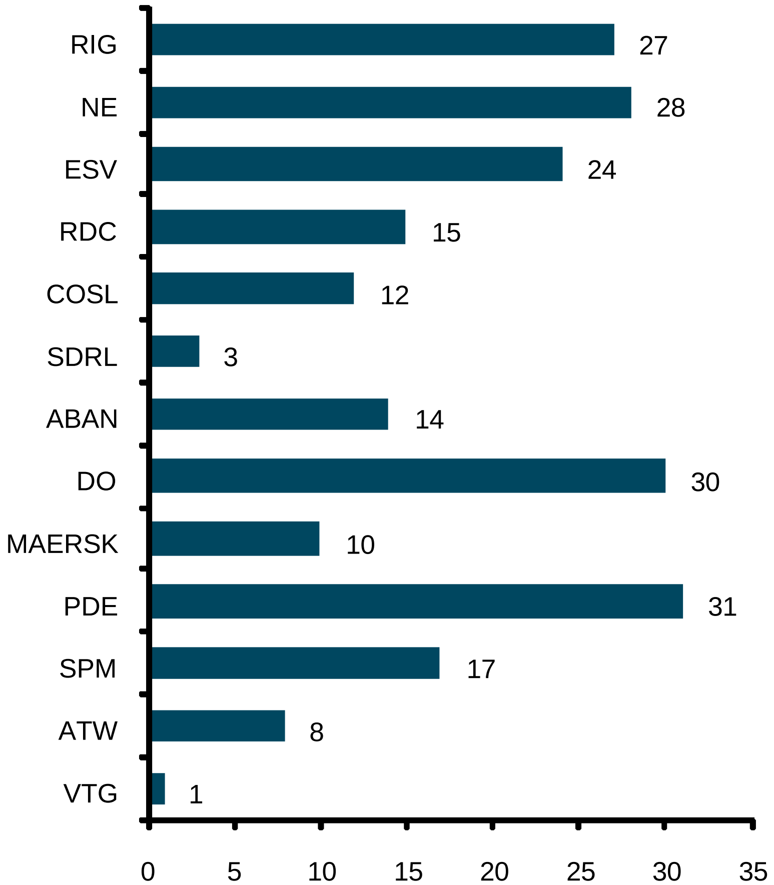
Aggregate cash flow (USDm) established listed drillers*



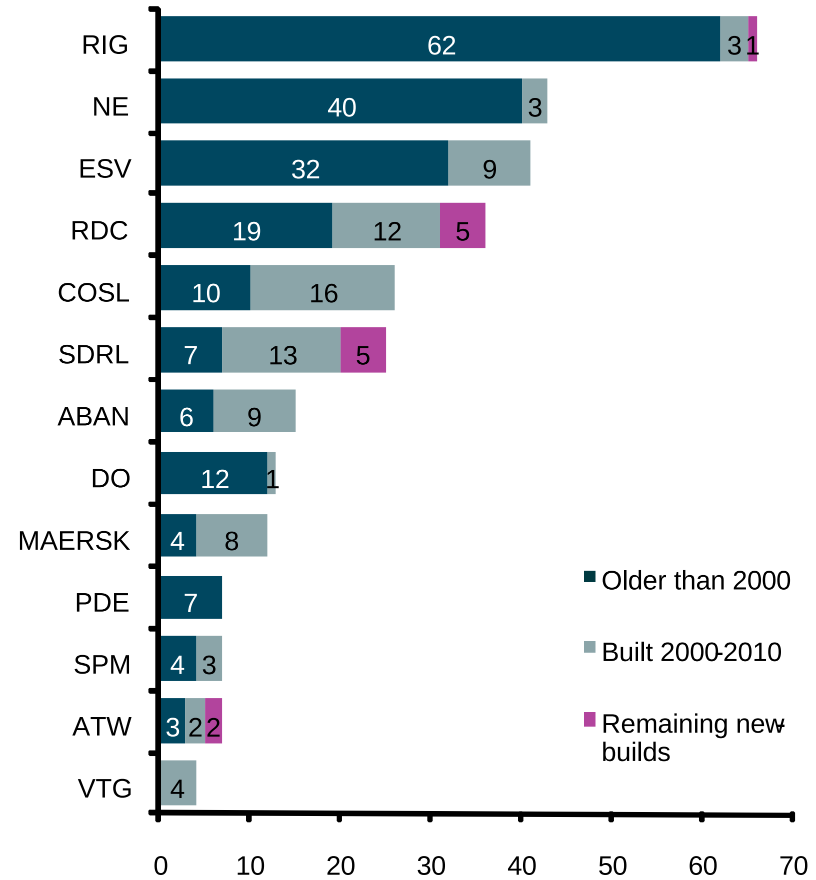
*) Aggregate of Atwood, Diamond, Ensco, Fred Olsen, Noble, Pride, Rowan, Seadrill (pro forma incl Smedvig) and Transocean (pro forma incl GSF)

Fleet renewal required for most of the US large cap offshore drillers

Average age jack-ups (yrs)



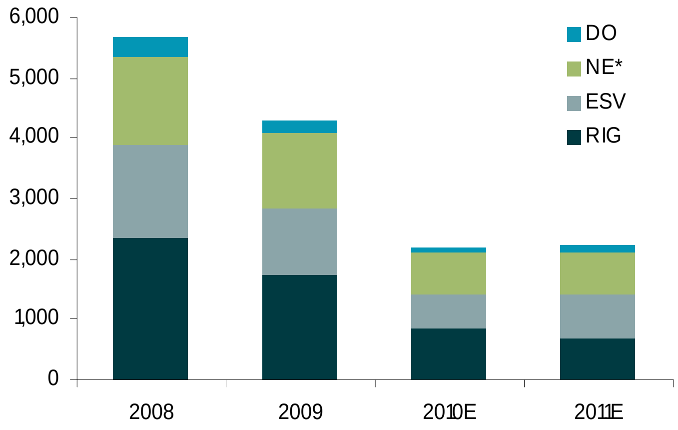
Jack-up fleet by rig age (# of rigs)



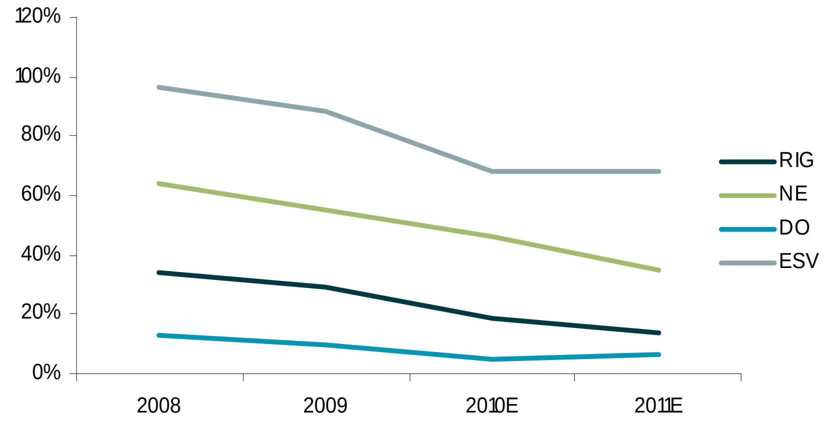
Source: ODS Petrodata

In particular RIG is facing headwinds in its jack-up operation

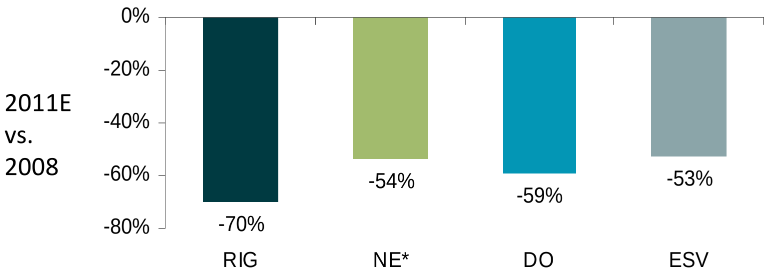
EBTIDA from jack-up segment (USDm)



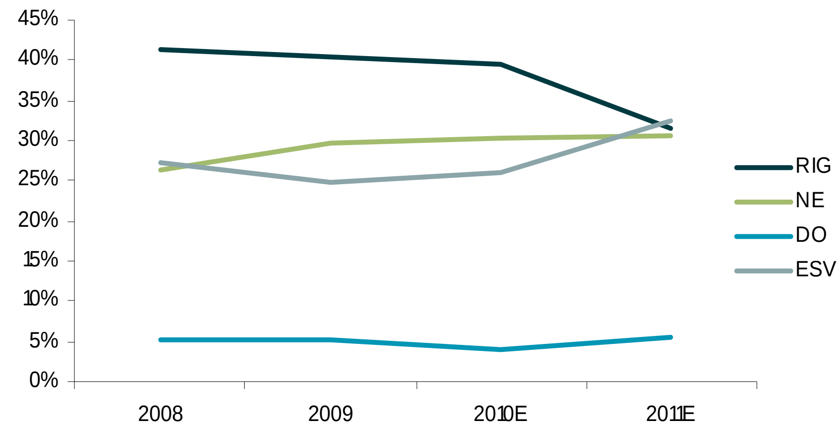
Jack-ups as % of company EBITDA



Jack-up EBITDA 2011E vs. 2008



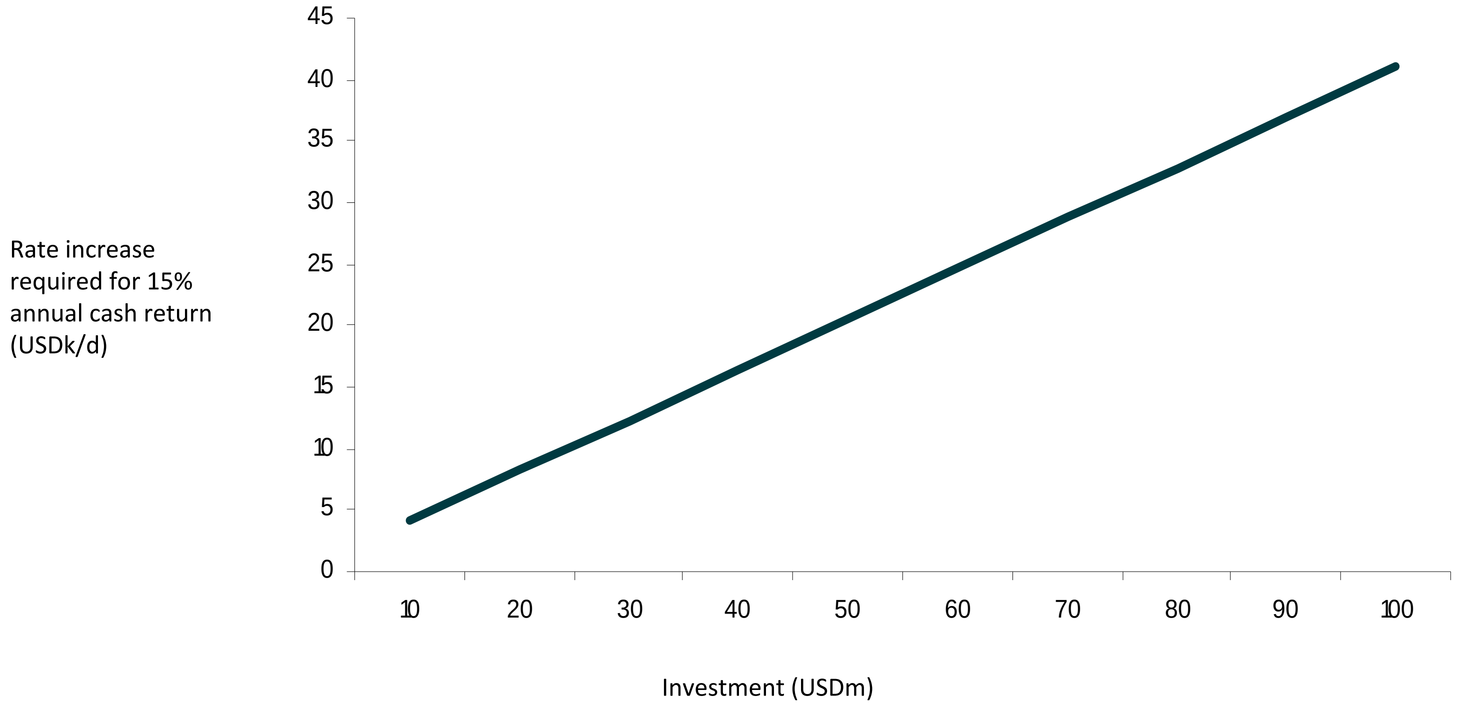
% of aggregate jack-up EBITDA



Source: Companies, FS estimates

Required day rate increases for upgrade investments

Required day rate increase (USDk/d) given 15% cash return hurdle rate for upgrade investment*



*) Annualized EBITDA based on USD 55k/d opex, 95% utilization and day rate as specified

Source: FS estimates

Risk factors

Investing in Standard Drilling involves inherent risks. Prospective investors should consider, among other things, the risk factors set out below 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 and ability to service its debt. If any of the following risks actually occur, Standard Drilling'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 Investor Presentation, 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.

FINANCIAL RISK

Interest rate and currency fluctuations

- **The Company will be exposed to risks due to fluctuations in interest and currency exchange rates. Standard Drilling may attempt to minimise these risks by implementing hedging arrangements as appropriate, but will not be able to avoid these risks.**
- **Financial reporting, including income and expenses, of the Company are primarily in USD. Currency fluctuations may influence the value of the Company's shares. The value of non-USD currency denominated charter contracts and indebtedness will be affected by changes in currency exchange rates or exchange control regulations. Currency exchange rates are determined by forces of supply and demand in the currency exchange markets. These forces are affected by the international balance of payments, economic and financial conditions, government intervention, speculation and other factors. Changes in currency exchange rates relative to the USD may affect the USD value of the Company's assets and thereby impact upon the Company's total return on such assets. Currency fluctuations relative to the USD of an investor's currency of reference may adversely affect the value of an investor's investments.**

Borrowing and leverage

- **Borrowings and leverage normally generate interest costs which may cause significant negative impact to the Company's financial accounts. Repayment of debt may be challenging and cause the Company to enter into bankruptcy proceedings. The Company seeks to undertake substantial leverage and may depend on debt facilities to finance its jack-up rig construction project.**

Existing financing risk

- **As of 20 November 2010, the Company had no interest bearing debt. Potential debt facilities impose debt service obligations and significant operating and financial restrictions on the Company, which may prevent the Company from capitalizing on business opportunities or adversely affect the Company's ability to operate its business. Although the Company intend to replace these financings as deemed necessary or appropriate, any new sources of financing are subject to conditions in the credit market, which are currently volatile. There can be no assurance that the Company will be able to procure new financing or that the terms of any new financing will be favourable. If the Company is unable to procure new financing or the terms of any new financing is less favourable, the results of operations or financial condition could adversely be affected and there could also be a risk that the Company are forced to enter into bankruptcy proceedings.**

Fluctuating value of the fleet

- **The value of the jack-up rig owned by the Company may fluctuate with market conditions. Any downturn in the market could have a material adverse effect on the Company's asset value. In such a case, sales of the Company's jack-up could be forced at prices that may represent a potential loss of value.**

RISK IN CONNECTION WITH THE COMPANY'S SHARES

Investment and trading risks in general

- **Any investment in the Company's shares is associated with an element of risk. Standard Drilling operates in a market featuring open and fierce competition, and a number of factors outside the Company's control may affect its performance.**

Price volatility of unlisted securities

- **The Company's shares are not listed on any stock exchange or regulated market. As such there is no liquid trade in the Company's shares which will provide continuous pricing of the shares.**

Risk factors, cont'd

OPERATIONAL RISK

Construction risk

- **Standard Drilling is currently in the early stages of the construction of a jack-up rig at Keppel FELS shipyard in Singapore. Delivery date and cost estimate are referred to in this Investor Presentation. Although the Company has thoroughly evaluated its investment budget, negotiated its contract with the yard, etc., no guarantee that the jack-up rig will be delivered at estimated time and cost can be given. There has not been conducted any due diligence of the jack-up rig or its construction contract.**

Jack-up rig operation

- **The Company will be exposed to operational risks associated with offshore operations, such as breakdown, bad weather, technical problems, force majeure situations (nation wide strikes etc), collisions and grounding, that may have a material adverse effect on the earnings and value of the Company. There are several factors that could contribute to an accident, including, but not limited to, human errors, weather conditions and faulty constructions.**

Management and personnel

- **The Company's success depends upon the leadership and performance of its management. The loss of one or more of the senior managers without adequate or timely replacement could have a material adverse effect on the Company's business, results of operations, financial condition or prospects. The Company is dependent upon its ability to attract and retain highly skilled technical, engineering, operations, finance, business development, managerial and marketing personnel throughout the world. Limitations on the Company's ability to hire and train the required number of personnel would reduce its capacity to undertake contracts and may have an adverse impact on its business, results of operations, financial condition or prospects.**

Political instability

- **Many of the areas where the Company has potential business partners and where its jack-up rig may be located are characterised by political instability. The jack-up may be located in the immediate proximity of platforms, other rigs and other offshore oilfield infrastructure which could be subject to terrorist attacks. This may represent a security risk exposure to the units. Even though the jack-up has insurance coverage against terrorist attacks, such an incident could result in a substantial loss of revenue and large policy claims to be handled, and no assurance can be given that the Company will have sufficient insurance coverage in place for any such losses.**

Insurance

- **Operational risks can cause personal injury, the loss of the unit, operational disruption, off hire and termination of contract. In order to mitigate these risks, the Company has implemented an insurance program in line with market practice, and additional insurance is always considered when a specific project is considered to be of a high risk nature. This can include loss of hire coverage notwithstanding that such insurance is costly, but no assurance can be given that the Company will have sufficient insurance coverage against all such losses.**

Laws and regulations

- **Due to changing community expectations and the direct impact of various oil spill incidents around the world in recent years, regulation of uncontrolled discharges to the marine environment via international conventions and legislation has become increasingly stringent and thus potentially poses a material risk to the Company. In addition to those laws and regulations which apply to the Company in a country of operation, oil companies typically attempt to devolve increased risk and liability to the contractor and require indemnification for an increased range of pollution events which can impact negatively on insurance premiums and cause substantial losses to the Company if such a situation were to occur.**
- **Laws and regulations also affect the construction and ongoing operational cost of the Company's jack-up rig as health and safety requirements become progressively stringent over time. The Company's jack-up rig is outfitted with modern equipment that meets prevailing (as opposed to historical) standards and the cost to maintain compliance with these standards increases each year.**

Risks associated with upgrade, refurbishment and repair projects

- **The Company incur upgrade, refurbishment and repair expenditures for the jack-up rig from time to time, including when the Company acquire other units or when repairs or upgrades are required by law, in response to an inspection by a governmental authority on relocation between contracts, or when a unit is damaged. These upgrades, refurbishment and repair projects are subject to risks, including delays and cost overruns, which could have an adverse impact on our available cash resources and results of operations.**

Risks associated with disputes

- **The Company might enter into disputes with its suppliers and contractors. Such disputes could result in a loss of revenue and/or claims from suppliers/contractors.**

Risk factors, cont'd

COMMERCIAL RISK

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, financial 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 relevant entity in the Company may have unlimited liability for losses caused by its own gross negligence, whereas such liability in general will not be covered by insurance policies. The Company may also incur liability for pollution and other environmental damage without being able to recover said liabilities through insurances.**

Market risks

- **The demand for jack-up rigs will always fluctuate depending on global market drivers such as global oil and gas price levels, political climate, economical climate, operators' willingness to invest, levels of exploration and development for oil and gas, increases in the number of jack up rigs available for contracts, etc. Fluctuations in the oil price have historically been shown to have a significant impact on the demand for services such as those the Company provides. New entrants in the market could also have a negative effect on the contractual prices as well as market value of the Company's assets.**

Political and regulatory risks

- **Changes in the legislative and fiscal framework governing the activities of the oil companies could have a material impact on exploration and development activity in general 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. As many of the Company's potential business partners and locations are located at highly sensitive areas from a political point of view, this is a risk factor that has to be taken into consideration.**

Requisition or arrest of the assets

- **Jack-up rigs could be requisitioned by a government in the case of war or other emergencies or become subject to arrest. This could significantly and adversely affect the earnings of the Company as well as the Company's liquidity.**

Oil prices

- **Historically, demand for offshore exploration, development and production services have been volatile and impacted by the price of hydrocarbons. Extended periods of low oil prices historically lead to a reduction in exploration drilling as the oil companies scale down their investment budgets. The sharp reduction in production costs on new oil fields may reduce the strong historical correlation between day-rates and oil prices. Nevertheless, a decrease in oil prices may have a material adverse impact on the financial position of the Company.**

Service life and technical risks

- **The service life of a new jack-up rig is generally assumed to be more than 30 years, but will ultimately depend on its capability. There can be no assurance that the Company's jack-up will be successfully deployed for such period of time. There will always be some exposure to technical risks, with unforeseen operational problems leading to unexpectedly high operating costs and/or lost earnings, which may have a material adverse effect on the financial position of the Company.**

Credit risk of clients

- **Lack of payments from customers/clients may significantly and adversely impair the Company's liquidity. Standard Drilling gives due consideration to the credit quality of its potential clients during contract negotiations to minimize the risk of payment delinquency, but no assurance can be given that the Company will be able to avoid this risk.**

Failing to obtain new contracts for the units

- **The company does not currently have any contract for its jack-up rig. There can be given no assurance that the Company will be able to get new contracts for it's jack-up in a timely manner. If a delay in obtaining a contract for it's jack-up extends beyond such contingency period, the Company may be required to obtain additional financing.**