

General Conditions of Purchase 1

1. INTRODUCTION

1.1 These general conditions of Purchase 1 ("General Conditions") shall, unless otherwise agreed in writing, apply to all of Odfjell Drilling's ("Buyer") purchasing of goods and services (the "Work"). The Work is an all including concept for Supplier's obligations.

2. PURCHASE ORDER AND ORDER CONFIRMATION – THE AGREEMENT

2.1 Supplier's quotations ("Offer") are non-binding upon Buyer until accepted by a purchase order ("PO"), issued by Buyer in compliance with these conditions which is acknowledged by Supplier.

2.2 The PO, the Offer and these General Conditions constitute the entire agreement (the "Agreement") between the parties. The Agreement is formed when the PO is issued and acknowledged by the Supplier. On receipt of a PO from Buyer, Supplier shall deliver a signed order confirmation in writing if Supplier accepts to perform the Work in the PO. If the Supplier fails to acknowledge the PO within five working days of its issuance, the Supplier is deemed to have accepted the PO and is obligated to commence the performance of the Work immediately. These General Conditions shall supersede any other terms and conditions submitted in connection with the Offer, order confirmation or otherwise.

2.3 In the event of any conflict or discrepancy between the provisions of the Agreement, the Agreement documents shall be given the following priority unless otherwise specifically stated in the Agreement:

1. The PO and its appendices
2. These General Conditions
3. The Offer and its appendices

2.4. The written and numbered PO shall specify type of goods/services, quantity, place and time of delivery and total price. If Supplier discovers any errors or discrepancies in the PO, Supplier shall notify Buyer and initiate corrective actions. Supplier shall refer to the PO number in all correspondence with Buyer and when invoicing.

2.5 Supplier shall not commence the Work without a PO. If an emergency occurs, an e-mail or requisition may be issued as an order to proceed solely by Buyer's procurement department, and shall be accepted by Supplier prior to receipt of PO.

3. SUPPLIER'S OBLIGATIONS

3.1 The Work shall be in compliance with the Agreement, any drawings, specifications or instructions given by the Buyer in accordance with the provisions of the Agreement, and generally accepted professional standards as well as any relevant classification rules applicable to Buyer's use of the Work. The Work shall be in compliance with any applicable laws and regulations, including any sanction-, anti-corruption law and data protection laws. Supplier shall obtain and maintain approvals and permissions which are necessary for fulfilling the Agreement.

3.2 The Supplier shall immediately notify the Buyer of any indistinctness, errors or omissions in drawings, specifications and instructions given by the Buyer. If the Supplier fails to immediately notify the Buyer of any indistinctness, error or omission which the Supplier discovered or ought to have discovered, the Supplier shall not be entitled to any adjustment in the purchase price and/or delivery time due to the indistinctness, error or omission, and the Supplier shall cover any direct costs incurred by the Buyer due to this not being notified.

3.3 Supplier shall satisfy all relevant obligations for quality, health, safety and environment (QHSE). The Buyer has established an environmental management system according to ISO 14001, and a quality management system according to ISO 9001. The Supplier is expected to show a conscious attitude to environmental and quality management and for arranging continuous improvements in its operations, as well as notifying the Buyer of any initiatives taken in this connection. The Supplier shall, in the same way as the Buyer, ensure compliance with recommendations from certifying/auditing parties.

3.4 Buyer encourages the Supplier to continuously evaluate, suggest and initiate a mutual dialogue in order to identify possible cost reduction measures to the Buyer.

3.5 In the event of any testing activity in relation to the Work, whether FAT (final acceptance test) or otherwise, the Buyer shall be given a five working days' notice and the opportunity to participate in such testing.

4. DELIVERY

4.1 Goods shall be delivered properly packed and marked, at the agreed place and time of delivery. All deliveries must be suitably packed for the final destination being an offshore location with all appropriate certification and MSDS (material safety data sheet) and/or D.G (dangerous goods) note supplied. All goods delivered to or within the EU, shall have the proper CE-marking at the time of delivery. Any heavy items shall be delivered so that they can be offloaded safely with a forklift. Awkward/deviating deliveries shall be notified Buyer in advance.

4.2 Unless otherwise stated in the Agreement, the Work shall be delivered DDP at Buyer's site in accordance with INCOTERMS latest version. Supplier shall submit all required documents for export and import of goods to place of delivery.

4.3 Applicable documentation shall always be part of the delivery. All documentation connected to delivery shall be filed by Supplier and be available to Buyer for at least 10 years after delivery.

4.4 Title to Work shall pass to Buyer progressively as it is manufactured or parts of the Work are identified, marked or separated for the purpose of the Agreement or when the Work is paid for by Buyer if this occurs earlier.

4.5 Goods shall be delivered free from any liens, claims, attachments or other encumbrances, and Supplier hereby waives and renounces any right to retention or detention that he has or may have in the Work. Supplier shall indemnify the Buyer in respect of the Supplier's non-compliance with this article.

5. PRICE AND PAYMENT

5.1 The price is fixed and firm and is not subject to escalation. All prices shall be in the currency stated in the PO.

5.2 Supplier shall invoice on delivery of goods or otherwise at completion of the Work or agreed milestones. Invoices must be addressed to the buying company, refer to the Agreement and be clearly marked according to the instructions in the PO.

5.3 Buyer shall pay 45 calendar days after receipt of a correct and complete invoice. Buyer has the right to return incorrect or incomplete invoices which are not in accordance with article 5.2. This includes insufficiently documented invoices and/or deliveries as set out in article 4.2. In such case the period of

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credit does not start to run before Buyer has received a correct invoice and/or the required documentation. Buyer's obligation to pay extends only to amounts which have been properly invoiced and which are not disputed by Buyer. Buyer can make deductions and set-offs from invoiced amounts for advance payments, amounts Supplier has credited Buyer, parts of invoiced amounts which Buyer has notified are inadequately documented or in any other way disputed and amounts Buyer is otherwise permitted to deduct or set-off under this Agreement (incl. art. 12.2 or 16.5 of these General Conditions). Payment of an invoice does not entail acceptance of what was delivered, price or that Buyer waives any rights according to the Agreement.

5.4 Invoices which are submitted later than 90 calendar days after the delivery or completion of the Work will not be paid.

5.5 Unless expressly stated otherwise in the PO, all amounts payable by Buyer under this Agreement are inclusive of all taxes and duties (existing or new and including any value added and sales taxes) payable in respect of the Work. Supplier shall be solely responsible for all taxes, duties, national insurance or other withholdings or contributions which are or may be payable out of, or as a result of the receipt of any amount paid or payable in respect of, the Work. Supplier shall indemnify Buyer in respect of all such taxes, national insurance or other withholdings or contributions.

5.6 Without limiting 5.5, the Buyer is entitled to withhold and remit taxes from payments due to the Supplier to the extent that such withholding and remittance is required by applicable laws and regulations. The Buyer shall remit to the appropriate authorities all amounts withheld by it and provide documentation of same to the Supplier.

6. VARIATIONS

6.1 Buyer is entitled to make any variations to the Work, or part thereof. Such variations may include increase or reduction of scope of work, character, quality, nature or design, as well as execution and change of delivery time, provided that such variations are within what the parties could reasonably expect when entering into the Agreement.

6.2 The variation shall be formalized by Buyer's issuance of a written variation order (VO). Supplier's obligations under this Agreement apply to all variations to the Work. The price in the VO shall reflect the price level of the original PO.

6.3 If Buyer instructs Supplier to perform work which in the opinion of the Supplier is not part of its obligations under the Agreement and has an effect on price and/or delivery time, the Supplier shall submit a variation order request (VOR) to Buyer. A VOR shall be clearly identified as such, and include the reasons for issuing the request, as well as the effects of the variation. The Buyer shall respond to a VOR by issuing a VO or a disputed VO (DVO). If Supplier does not issue a VOR, without undue delay, Supplier has thereby confirmed that the instruction does not increase the price or change the delivery time of the Work.

6.4 Supplier is obliged to implement a VO or DVO without undue delay even if the parties do not agree on the effect on price and delivery time. If the parties disagree on the VO/DVO's impact on price, Buyer shall pay the amounts which are not disputed, as a provisional settlement. A VO/DVO which is due to Supplier shall not result in a change of price or delivery time in favour of the Supplier.

6.5 Any disputes regarding VOs/DVOs shall be handled in accordance with article 20. If the Supplier has not initiated legal proceedings within 6 months after the issuance of a VO/DVO, the amount stated in the VO/DVO shall be final and binding upon the parties.

7. SUSPENSION

7.1 Buyer can at any time notify Supplier that the Work shall be suspended temporarily, in whole or in part. The notification shall specify the part of Work being suspended, the effective date of the suspension and if possible the duration of the suspension. The Supplier shall resume the Work as soon as Buyer has given Supplier notification of this.

7.2 Buyer shall compensate Supplier's direct and documented costs which are a direct result of the suspension.

8. CANCELLATION

8.1 Buyer may, at its sole discretion, cancel the Agreement or part thereof by giving a written notification to Supplier. The Supplier shall cease all Work as specified in the notice, and use its best efforts to reduce costs related to the cancellation.

8.2 Buyer shall compensate Supplier for the documented costs for the part of the Work performed, and necessary direct cost incurred by Supplier as a result of the cancellation.

9. GUARANTEE LIABILITY AND DEFECTS

9.1 Supplier guarantees that the Work shall be performed according to the Agreement. Supplier also guarantees that the Work shall comply with applicable laws and regulations, current technical standards and will be in conformity with the PO, and that any design performed by Supplier is fit for the intended purpose. Supplier further guarantees that materials and equipment used are new and of high quality. A condition covered by the guarantee shall be rectified by Supplier free of charge within reasonable time.

9.2 The guarantee period expires 24 months after the Work has been taken into use for its intended purpose, but not later than 36 months after delivery. The guarantee period for services is 24 months from the time the services are rendered.

9.3 Should the Work have any defects, Supplier shall immediately, or at such time as otherwise instructed by Buyer, carry out the necessary rectification work at no cost for Buyer. If Supplier does not remedy a defect within reasonable time, Buyer, or such third party as the Buyer may instruct, after having notified Supplier, can carry out the necessary rectification for account and risk of Supplier. In addition, Buyer may claim compensation and/or damages for breach of this Agreement and/or otherwise according to applicable law.

9.4 If Supplier has performed rectification work/made a redelivery during the guarantee period, a new 24 months guarantee period shall apply for the rectified/redelivered parts of the Work from the date of completion of the rectification work.

9.5 If a defect in the Work implies that there has been a material breach of this Agreement, the Buyer may terminate the agreement and claim compensation in accordance with article 16.

10. RETURN OF GOODS

10.1 Unused, incorrectly delivered or standard goods made for stock, in new, resalable condition may be returned by Buyer for credit provided written request is issued by Buyer and received by Supplier within one year after the purchase date.

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10.2 Requests for return of goods must show original PO number, description of goods and date of purchase. The credit given shall be based on the original price and will be issued following Supplier's receipt of the goods.

11. INDEMNIFICATION

11.1 Each of the parties shall indemnify the other party in respect of personal injury to or loss of human life among personnel of the indemnifying party's Group and loss of or damage to property of the indemnifying party's Group, and which arises in connection with the Work.

11.2 Each party shall also indemnify the other party in respect of damage and loss inflicted by its Group on a third party which arises in connection with the Work.

11.3 The Supplier shall indemnify Buyer in respect of any infringement or alleged infringement of third party patent rights or other intellectual property rights relating to the Work.

11.4 Neither party shall be liable to the other for indirect or consequential losses which arises in connection with the Work.

11.5 The indemnity in article 11.1 shall apply irrespective of the cause of the relevant injury, loss or damage and even where the same is caused by negligence or breach of duty (statutory, contractual or otherwise) of the indemnified a party of a member of its Group.

12. DELAYS

12.1 If Supplier has reason to believe that the progress in delivering the Work is deviating from the timeframe contemplated by the Agreement, it shall immediately notify Buyer in writing. Supplier shall without undue delay inform Buyer about the cause of the delay, estimated duration of the delay, assumed impact on the progress plan and proposed remedial actions to recover or limit the delay. Such notification does not exempt Supplier from its obligations in accordance with the PO. If Supplier's remedial actions are inadequate, Buyer may instruct Supplier to initiate extra remedial actions considered necessary. The costs of all remedial actions shall be borne by Supplier.

12.2 In case of delay by Supplier in delivering all or part of the Work, Buyer is entitled to liquidated damages of 0.5 % of the price per calendar day commenced, until delivery is effected in accordance with this Agreement, limited to 15 % of the PO price. Buyer has the right to set-off the liquidated damages against amounts owed by it under this Agreement or any claim which the Supplier may have against Buyer.

13. TERMINATION

13.1 Buyer is entitled, by written notice to Supplier, to terminate the Agreement with immediate effect if Supplier commits a material breach of the Agreement. The following is a non-exhaustive list of agreed material breaches of the Agreement: Supplier initiates liquidation or otherwise becomes insolvent; Supplier introduces closure; Supplier suspends payments;; material defect in the Work; violation of article 15; stoppage of Work; Buyer becomes or it is evident that Buyer will become entitled to claim maximum liquidated damages or Supplier does not fulfil its obligations in respect of insurance.

13.2 Buyer may claim compensation for any claims, costs, damages and losses incurred by Buyer due to the material breach of Agreement by Supplier.

13.3 Any article in these General Conditions which may also serve its purpose after the termination of the Agreement, shall survive such termination.

14. FORCE MAJEURE

14.1 If events occur which (i) the parties could not reasonably foresee when entering into the Agreement, (ii) lie outside their control, (iii) have effects the parties cannot reasonably avoid or overcome, and (iv) which prevents delivery or completion of the Work, the parties are temporarily released from fulfilling the Agreement.

14.2 The party who wishes to plead force majeure must notify the other party in writing without undue delay. Moreover, written notification must be given when the force majeure situation has ceased and the parties' obligations according to the Agreement shall resume.

14.3 The part whose performance under this Agreement is unaffected by the force majeure event shall have a right to terminate the Agreement in writing, with immediate effect, if the force majeure situation lasts more than 60 calendar days. The parties bear their own costs due to force majeure.

15. ANTI CORRUPTION AND BUSINESS ETICHS

15.1 Each of the Parties represents and warrants that it will not, whether in Norway or abroad, do or omit to do anything in defiance of the Norwegian criminal act (Nw.: straffeloven), the UK Bribery Act, the US Foreign Corruption Practices Act and/or any other applicable anti-bribery and corruption laws of any country in which the Party conducts business. Any breach of the obligations in this article 15 shall be regarded as a material breach of the Agreement.

15.2 The Supplier further undertakes to comply at all times with the Odfjell Drilling Group code of business conduct (as it may be revised and updated from time to time), the current version of which can be downloaded from www.odfjelldrilling.com.

16. MINIMUM WAGE & WORKING CONDITIONS

16.1 In the event that the Work or portions of the Work performed under the Agreement is performed at a Norwegian shipyard then the following applies for such Work:

16.2 The Work is subject to a collective agreement that has been partially generalized in accordance with act no. 1993-06-04-58 on generalization of collective agreements etc. (Nw.: Lov om allmenngjøring av tariffavtaler m.v.). This means that all employees of the Supplier shall have at least the wages and working conditions as stipulated in regulation 2013-03-22-381 on partial generalization of the industry convention, section for shipping and shipbuilding industry (Nw.: Forskrift om delvis allmenngjøring av Industrioverenskomsten/VO-delen for skips og verftindustrien).

16.3 The Supplier shall ensure that employees within Supplier's own organization and employees of any of the Supplier's sub-contractors or sub-suppliers do not have lesser wage and working conditions than as is stipulated in the above mentioned regulation. This only applies to employees who directly contribute to fulfilling the Agreement.

16.4 All agreements which are entered into by the Supplier with the Supplier's sub-contractors and sub-suppliers to perform Work under the Agreement shall contain equivalent provisions to this article 16.

16.5 In the event that the Supplier does not comply with the obligations stipulated in this article 16, the Buyer may withhold payment until the breach has been rectified. The Supplier shall indemnify Buyer in

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respect of any non-compliance by the Supplier with this article 16 and Buyer may set-off the amount to which it is entitled under such indemnity against any payment due to the Supplier. The Supplier shall, upon request, submit documentary evidence of the wage and working conditions which have been applied. This requirement is also applicable to the Supplier's sub-contractors and sub-suppliers, and the Supplier shall procure their compliance with the same.

17. AUDIT

17.1 Buyer has the right to perform audit of the Supplier, sub-suppliers and subcontractors upon a three -3- weeks written notice. This right applies to all matters concerning the Agreement. Buyer shall have access to all relevant documentation connected with the Agreement. Supplier shall procure that its sub-suppliers and sub-contractors participate in such audit and comply with this article 17 as if they were parties to this Agreement.

17.2 If the audit reveals non-conformities, Supplier shall correct these accordingly. Buyer has a right to perform an audit for up to two years after the expiry of the year in which the Work was delivered.

18. INSURANCE

18.1 Supplier shall at its own expense provide and maintain insurance policies covering the liability possibly incurred by it as a result of the Agreement. The insurances shall not cease before delivery of the Work has taken place. If requested, Supplier shall submit original insurance certificates to Buyer.

19. CONFIDENTIALITY

19.1 All information which the parties exchange shall be kept confidential. Each of the parties may use or transfer information to others to the extent necessary for fulfilling the Agreement. The parties shall not publish or advertise information in connection with the Agreement without the other party's written approval.

19.2 Notwithstanding article 19.1, Buyer (and its Group members) shall be permitted to disclose information of the kind referred to in article 19.1 as required by applicable law or regulation, stock exchange rules, for the purposes of obtaining finance or in connection with any relevant corporate or business asset transaction.

20. ASSIGNMENT AND SUB-CONTRACTING

20.1 Buyer may transfer the Agreement, or any of its rights or obligation thereunder, to a third party.

20.2 Supplier may not transfer the Agreement or any its rights or obligations thereunder to a third party without the prior written consent of the Buyer.

20.3 Supplier may not sub-contract any part of the Work without the prior written consent of the Buyer. Notwithstanding any such approved sub-contracting, Supplier shall remain fully responsible for the Work.

21. CHOICE OF LAW AND DISPUTES

21.1 The Agreement shall be subject to and interpreted in accordance with Norwegian law.

21.2 The parties shall seek to achieve an amicable settlement for disputes which may arise in connection with the Agreement. If an amicable settlement is not reached, disputes shall be settled in an ordinary court process with Bergen as the legal venue. Until the dispute is settled, Supplier shall continue to fulfil the Agreement.

22. MISCELLANEOUS

22.1 (Definitions) In this Agreement:

(a) "Group" means in respect of a party, itself, its holding company, its subsidiaries, and the subsidiaries of that holding company, where terms "holding company" and "subsidiary" have the meanings given in the UK Companies Act 2006. In the case of Buyer, companies shall be deemed to be subsidiaries for the purposes of this definition if the shareholding of a Group company therein is forty percent or greater;

(b) "indemnify" means to indemnify the other party on demand and on an after tax basis from and against all claims, demands, actions, awards, judgments, settlements, costs, expenses, liabilities, damages and losses (including all interest, fines, penalties, management time and legal and other professional costs and expenses) incurred by the other party (or any of its subsidiaries or associated companies, employees, officers, agents and contractors) as a result of or in connection with the matter to which the indemnity relates.