



NORTHERN OCEAN LTD. RESULTS FOR THE FIRST QUARTER 2022

Highlights - First Quarter

- On January 12, 2022, the Company entered into management and marketing agreements with Odfjell Drilling ASA ("Odfjell") for the Company's 6th generation semi-submersible drilling rigs, *West Mira* and *West Bollsta*.
- On January 13, 2022, the Company completed the private placement ("Private Placement"), resulting in 40 million shares being issued at a price of \$0.50 per share, totaling \$20 million. A subsequent offering was made for up to eight million shares, which were provided from the Private Placement shares and resulted in no further cash proceeds for the Company. The subsequent offering subscription period was from March 14 to March 28, 2022, and approximately 6.8 million shares were subscribed and allocated.
- On January 14, 2022, the Company closed the amendment and extension processes for its bank debt and Sterna Finance Ltd ("Sterna") revolving credit facility, made related payments to the banks under the revised agreement, and borrowed additional funds under the revised Sterna revolving credit facility. In aggregate these amendments improved the Company's liquidity by \$70 million over a two-year period.
- On March 1, 2022, the drilling campaign for the *West Bollsta* with Lundin Norway AS was completed and the bareboat agreement with a subsidiary of Seadrill Ltd. ("Seadrill") concluded. Handover was completed from Seadrill to Odfjell at the shipyard in Bergen and the Company has no further engagements with Seadrill.

Subsequent Events

Between the balance sheet date and the date of this report there have been no subsequent events of note.

Results

In the first quarter, operating revenue was \$10.1 million compared to \$18.1 million in the previous quarter. Contract revenue of \$9.8 million included \$8.0 million of bareboat charter revenue and \$1.8 million of variation order deferred revenue. In the previous quarter contract revenue of \$17.7 million was recognized which included \$14.4 million of bareboat charter revenue and \$3.3 million of variation order deferred revenue. The reduction in contract revenue was due to the completion of the *West Bollsta's* drilling campaign with Lundin Norway AS on March 1, 2022, which resulted in the conclusion of the corresponding bareboat charter agreement with Seadrill. Other revenue, primarily earned from the provision of management services, was \$0.3 million in the quarter, compared to \$0.4 million in the previous quarter.

Total operating expenses were \$18.6 million compared to \$19.1 million in the previous quarter. Rig operating expenses increased to \$6.3 million compared to \$5.6 million in the previous quarter primarily due to the operations of the *West Bollsta* becoming the responsibility of the Company following the conclusion of the bareboat charter agreement with Seadrill.

Administrative expenses were \$2.5 million compared with \$2.7 million in the previous quarter.

The net loss from continuing operations before taxes in the first quarter was \$14.2 million compared with a loss of \$6.0 million in the previous quarter.

There were no non-cash gains in the first quarter, compared to a non-cash gain, net of taxes, of \$57.6 million in the previous quarter which resulted from the settlement agreement with Seadrill.

The net loss in the first quarter was \$14.2 million resulting in a basic and diluted loss per share of \$0.15.

Company Update

On January 12, 2022, the Company entered management and marketing agreements with Odfjell Drilling ASA for the Company's 6th generation semi-submersible drilling rigs, *West Mira* and *West Bollsta*.

On January 13, 2022, the Company completed the Private Placement and the Board of Directors proposed a subsequent offering of up to eight million shares, where shares from the Private Placement would be provided and no cash proceeds would be generated for the Company ("the Subsequent Offering").

On January 13, 2022, the Company announced that the Notice of Proposed Written Resolution of the Shareholders which was proposed on December 29, 2021, had been passed and the new nominal value of each share of the Company's issued and authorized share capital reduced from \$1.00 to \$0.50.

On January 14, 2022, the Company closed the amendment and extension processes for its bank debt in line with the announcement on December 23, 2021. The Company paid the banks the amortization payments of \$5.0 million originally due on March 3, 2021 for the *West Mira* facility and the \$5.0 million originally due on March 13, 2021 for the *West Bollsta* facility.

On January 14, 2022, the Company closed the amendment and extension process for the Sterna revolving credit facility in line with what was announced on December 23, 2021. From the facility the Company borrowed an additional \$2.2 million to settle interest accrued on the facility up to January 14, 2022, and \$15.0 million was withdrawn as cash, taking the outstanding balance to \$87.2 million. Following the withdrawals on January 14, 2022, the remaining available funds from the \$100.0 million facility are restricted for settling the future interest payments to Sterna as they fall due. Sterna shall also have the ability at its discretion to convert \$15.0 million of the loan amount into the Company's shares at a strike price of \$0.50 per share.

On March 1, 2022, the drilling campaign for the *West Bollsta* with Lundin Norway AS was completed, after which the bareboat charter agreement between the rig owning entity, HHI Deepwater Semi 2 Inc, a subsidiary of Northern Ocean Ltd, and Seadrill concluded. Following the completion of the drilling campaign, the rig was moved to Hanøytangen outside Bergen, Norway, to be warm stacked. Currently both the Company's 6th generation semi-submersible drilling rigs, *West Mira* and *West Bollsta*, remain warm stacked at Hanøytangen outside Bergen, Norway.

On March 14, 2022, the Subsequent Offering period commenced and was completed on March 28, 2022. The Company received subscriptions for approximately 6.8 million of subsequent offer shares, which were allocated from the Private Placement shares, resulting in no cash proceeds being generated for the Company.

Outlook

The Company sees a strengthening offshore drilling market, in particular for the ultra deepwater benign environment segment. However, this year may remain muted for the harsh environment segment despite an increase in interest for harsh units in international markets. Key macro indicators and current contract tenders are reflecting that 2023 and beyond will be quite active. Demand continues to increase for modern high specification rigs that can achieve high efficiencies whilst maintaining environmentally responsible operations. Modern Tier 1 rigs, such as the *West Bollsta* and *West Mira*, are well suited to meet these demand requirements.

With the financing amendments announced in 2021 now complete, and a successful transition of management services to a new manager, the Company is actively pursuing near term employment opportunities for both its drilling rigs in close cooperation with Odfjell. Both rigs remain in a warm idle condition under Odfjell's management, outside of Bergen, Norway, where preparations are being made to ensure an efficient and safe return to active drilling operations once employment is secured.

The Company, however, remains dependent on loans and/or equity issuances to finance its loan obligations and working capital in the next twelve months.

Forward Looking Statements

The Company's activities are subject to significant risks and uncertainties that can have an adverse effect on the Company's business, financial condition, results of operations and cash flow. See Note 1 to the unaudited condensed consolidated financial statements.

This Report contains certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates, sometimes identified by the words "believes", "expects", "intends", "plans", "estimates" and similar expressions. The forward-looking statements contained in this Report, including assumptions, opinions and views of the Company or cited from third-party sources, are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. The Company does not provide any assurance that the assumptions underlying such forward-looking statements are free from errors, nor does the Company accept any responsibility for the future accuracy of the opinions expressed in the presentation or the actual occurrence of the forecasted developments. No obligations are assumed to update any forward-looking statements or to conform these forward-looking statements to actual results.

The Board of Directors
Northern Ocean Ltd.
Hamilton, Bermuda
May 27, 2022

Questions should be directed to:
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NORTHERN OCEAN LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS <i>(in thousands of \$)</i>	Jan 1 to Mar 31, 2022	Jan 1 to Mar 31, 2021	2021
Contract revenue	9,830	24,739	56,648
Reimbursable revenue	—	1,666	9,685
Other income	269	272	1,445
Total operating revenues	10,099	26,677	67,778
Rig operating expenses	6,271	18,965	51,978
Reimbursable expenses	—	1,629	7,565
Depreciation	9,887	10,451	42,657
Provision for doubtful debts	—	—	5,441
Administrative expenses	2,466	1,716	10,147
Total operating expenses	18,624	32,761	117,788
Net operating loss	(8,525)	(6,084)	(50,010)
Interest income	6	2	5
Interest expense	(5,640)	(4,921)	(19,643)
Foreign exchange (loss) gain	(2)	440	(88)
Other financial expenses	(2)	(524)	(1,930)
Net loss from continuing operations before taxes	(14,163)	(11,087)	(71,666)
Tax (charge) credit	(64)	(260)	3,067
Net loss from continuing operations	(14,227)	(11,347)	(68,599)
Related party settlement gain, net of taxes	—	—	57,574
Net loss	(14,227)	(11,347)	(11,025)
Basic and diluted loss from continuing operations per share (\$)	(0.15)	(0.18)	(1.07)
Basic and diluted income from related party settlement gain, net of taxes, per share (\$)	0.00	0.00	0.90
Basic and diluted loss per share (\$)	(0.15)	(0.18)	(0.17)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS <i>(in thousands of \$)</i>	Jan 1 to Mar 31, 2022	Jan 1 to Mar 31, 2021	2021
Net loss	(14,227)	(11,347)	(11,025)
Foreign currency translation loss	(63)	(73)	(418)
Other comprehensive (loss) income	(63)	(73)	(418)
Comprehensive (loss) income	(14,290)	(11,420)	(11,443)

See accompanying notes that are an integral part of these unaudited condensed consolidated financial statements.

NORTHERN OCEAN LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEET <i>(in thousands of \$)</i>	Mar 2022	Dec 2021
ASSETS		
Short term		
Cash and cash equivalents	37,436	5,461
Restricted cash	284	10,152
Accounts receivable, net	4,913	—
Related party receivables	652	3,514
Other current assets	2,198	4,637
Long term		
Drilling units	943,153	953,750
Fixtures and fittings	6	5
Deferred tax	—	35
Total assets	988,642	977,554
LIABILITIES AND EQUITY		
Short term liabilities		
Current portion of long-term debt	9,981	10,000
Other current liabilities	7,676	7,454
Deferred revenue	110	1,924
Related party payables	99	79
Long term liabilities		
Long-term debt	379,291	389,531
Deferred revenue	2,907	2,934
Related party long-term debt	87,236	70,000
Commitments and contingencies (Note 14)		
Total equity	501,342	495,632
Total liabilities and equity	988,642	977,554

See accompanying notes that are an integral part of these unaudited condensed consolidated financial statements.

NORTHERN OCEAN LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <i>(in thousands of \$)</i>	Jan 1 to Mar 31, 2022	Jan 1 to Mar 31, 2021	2021
NET (LOSS) INCOME	(14,227)	(11,347)	(11,025)
Adjustment to reconcile net (loss) income to net cash (used in) provided by operating activities;			
Amortization of deferred charges	521	506	1,979
Amortization of deferred revenue	(1,841)	(4,310)	(19,459)
Provision for doubtful debts	—	—	5,441
Depreciation	9,887	10,451	42,657
Unrealized foreign exchange (gain) loss	(63)	(107)	(418)
Tax	64	260	(3,067)
Related party settlement gain, net of taxes	—	—	(57,574)
Change in operating assets and liabilities;			
Receivables	(4,913)	430	1,855
Unbilled receivables	—	1,311	8,913
Other current assets	3,118	(699)	1,752
Other current liabilities	226	(917)	(7,127)
Related party balances	5,117	(541)	13,087
Deferred revenue	—	1,176	1,177
Net cash (used in) provided by operating activities	(2,111)	(3,787)	(21,809)
INVESTING ACTIVITIES			
Additions to drilling units	—	(1,910)	(206)
Additions to fixtures and fittings	(2)	—	—
Net cash used in investing activities	(2)	(1,910)	(206)
FINANCING ACTIVITIES			
Net proceeds from share issuances	20,000	—	—
Proceeds from related party long-term debt	15,000	—	—
Repayment of long-term debt	(10,000)	—	—
Debt fees paid	(780)	—	—
Net cash provided by (used in) financing activities	24,220	—	—
Net change	22,107	(5,697)	(22,015)
Cash, cash equivalents and restricted cash at start of the period	15,613	37,628	37,628
Cash, cash equivalents and restricted cash at end of the period	37,720	31,931	15,613

See accompanying notes that are an integral part of these unaudited condensed consolidated financial statements.

NORTHERN OCEAN LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY <i>(in thousands of \$ except number of shares)</i>	Jan 1 to Mar 31, 2022	2021
Number of shares outstanding		
Balance at beginning of period	63,802,378	63,802,378
Shares issued	40,000,000	—
Balance at end of period	103,802,378	63,802,378
Share capital		
Balance at beginning of period	63,803	63,803
Shares issues	20,000	—
Reduction in nominal value of shares	(31,902)	—
Balance at end of period	51,901	63,803
Additional paid in capital		
Balance at beginning of period	488,334	488,334
Reduction in nominal value of shares	31,902	—
Balance at end of period	520,236	488,334
Accumulated other comprehensive (loss) income		
Balance at beginning of period	(346)	72
Other comprehensive (loss) income	(63)	(418)
Balance at end of period	(409)	(346)
Retained deficit		
Balance at beginning of period	(56,159)	(45,134)
Net loss	(14,227)	(11,025)
Balance at end of period	(70,386)	(56,159)
Total equity	501,342	495,632

See accompanying notes that are an integral part of these unaudited condensed consolidated financial statements.

NORTHERN OCEAN LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Northern Ocean Ltd., or the Company, was incorporated under the laws of Bermuda on March 3, 2017 with its principal executive office located in Hamilton, Bermuda, for the purpose of ownership of offshore drilling rigs. The Company is engaged in offshore drilling for the oil and gas industry in harsh environments worldwide.

As of the date of this report, the Company owns two semi-submersible rigs, *West Mira* and *West Bollsta*, which were delivered to the Company in December 2018 and June 2019, respectively.

On December 29, 2021, the Company issued a Notice of Proposed Written Resolution of the Shareholders, proposing the reduction of the nominal value of each Share from \$1.00 to \$0.50.

On January 13, 2022, the Company announced that the Notice of Proposed Written Resolution of the Shareholders had been passed and the new nominal value of each share of the Company's issued and authorized share capital is \$0.50.

On January 13, 2022, the Company completed the Private Placement previously announced on December 23, 2021, and the Board of Directors proposed a subsequent offering of up to eight million shares, to be satisfied from the Private Placement shares. The Subsequent Offering period commenced March 14, 2022 and ended on March 28, 2022, at which point the Company received subscriptions for approximately 6.8 million subsequent offer shares. The shares were satisfied from the Private Placement shares, resulting in no cash proceeds being generated for the Company.

On January 14, 2022, the Company closed the amendment and extension process for its bank debt in line with what was announced on December 23, 2021. The Company paid the banks the amortization payments of \$5.0 million due on March 3, 2021 for the *West Mira* facility and the \$5.0 million due on March 13, 2021 for the *West Bollsta* facility.

On January 14, 2022, the Company closed the amendment and extension process for the Sterna revolving credit facility in line with what was announced on December 23, 2021. From the facility the Company borrowed an additional \$2.2 million to settle interest accrued on the facility up to January 14, 2022, and \$15.0 million was withdrawn as cash, taking the outstanding balance to \$87.2 million. Following the withdrawals on January 14, 2022, the remaining available funds from the facility are restricted for settling the future interest payment to Sterna as they fall due. Sterna shall also have the ability at its discretion to convert \$15.0 million of the loan amount into the Company's shares at a strike price of \$0.50 per share.

Following the completion of the contract for *West Bollsta* with Lundin on March 1, 2022, the Company's 6th generation semi-submersible drilling rigs, *West Mira* and *West Bollsta*, are both currently warm stacked at Hanøytangen outside Bergen, Norway. Rig management and marketing services for both rigs have been transferred to Odfjell during the first quarter of 2022.

The Company's activities are subject to significant risks and uncertainties that can have an adverse effect on the Company's business, financial condition, results of operations and cash flow. Such risks and uncertainties include, among others, decreasing market value of the rigs, failure to acquire future assets, developing into an operating business, securing funding for new rigs and maintaining sufficient operating liquidity. In addition, public health threats, such as the Coronavirus, influenza and other highly communicable diseases or viruses, outbreaks of which have from time to time occurred in various parts of the world in which we operate could adversely impact our operations as well as the operations of our customers. The Company also needs to comply with certain financial covenants under the terms of its existing term loan facility and failure to do so would require the outstanding loan to be repaid. Further, the success and growth of the Company's business is depending on the level of activity in the offshore oil and gas industry generally and the drilling industry specifically. Both such industries are highly competitive and are significantly impacted by the price of oil, which can be very volatile. Further, the Company has a limited number of rigs which makes it vulnerable in the event of a loss of revenue of any such rigs due to market developments, technical or regulatory matters, and should the Company not be able to obtain favorable contracts for its rigs.

2. BASIS OF ACCOUNTING

The unaudited condensed consolidated financial statements are stated in accordance with accounting principles generally accepted in the United States. The unaudited condensed consolidated financial statements do not include all of the disclosures required in annual and interim consolidated financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2021.

The Company has adopted update *ASU 2020-06 (ASC 470-20 Debt with Conversion and Other Options)* effective from January 1, 2022. The new standard reduces the number of accounting models for convertible debt instruments, resulting in fewer embedded conversion features being separately recognized from the host contract as compared with the previous guidance. The standard update is relevant for the amended and restated Sterna revolving credit facility closed on January 14, 2022, which contained a conversion option. Prior to the update the embedded beneficial conversion feature would have been recognized separately by allocating a portion of the proceeds equal to the intrinsic value of that feature to additional paid-in capital. Adopting *ASU 2020-06* has resulted in the Company accounting for the debt in its entirety as a liability.

Going concern assumption

These consolidated financial statements are prepared under the going concern assumption. In January 2022, the Company completed a Private Placement of 40 million new shares generating proceeds of \$20.0 million, extended the repayment profiles of its bank debt and Sterna revolving credit facility, including deferring the 2022 amortizations totaling \$40.0 million, and drew down an additional \$15.0 million from the Sterna revolving credit facility. The Company, however, remains dependent on loans and/or equity issuances to finance its loan obligations and working capital in the next twelve months, which raises substantial doubt about the Company's ability to continue as a going concern.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about receivables and contract liabilities from our contracts with customers at March 31, 2022:

<i>(in thousands of \$)</i>	
Accounts receivable, net	4,913
Current contract liabilities (deferred revenue)	110
Non-current contract liabilities (deferred revenue)	2,907

The current deferred revenue and non-current deferred revenue balances of a combined \$3.0 million relate to a grant received from the Norwegian government due to the fact the *West Mira* was built with systems which reduce NOx emissions. This grant is being credited to the Consolidated Statement of Operations over the estimated useful life of the *West Mira*.

<i>(in thousands of \$)</i>	
Total contract liabilities at December 31, 2021	4,858
Deferred revenue accruing in the period	—
Amortization of deferred revenue	(1,841)
Total contract liabilities at March 31, 2022	3,017
Current contract liabilities	110
Long term contract liabilities	2,907

4. INCOME TAXES

Bermuda

Under current Bermuda law, the Company is not required to pay taxes in Bermuda on either income or capital gains. The Company has received written assurance from the Minister of Finance in Bermuda that, in the event of any such taxes being imposed, the Company will be exempted from taxation until March 31, 2035.

Other Jurisdictions

The Company has subsidiaries, which were incorporated in the Marshall Islands and they are not subject to income tax. Certain of the Company's subsidiaries and branches in Norway and the USA are subject to income tax in their respective jurisdictions. The tax paid by subsidiaries and branches that are subject to income tax is not material.

Deferred tax

Deferred tax assets and liabilities are based on temporary differences that arise between carrying values of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes and the future tax benefits of tax loss carry forwards.

The Company does not have any unrecognized tax benefits, material accrued interest or penalties relating to income taxes.

5. EARNINGS PER SHARE

The computation of basic and diluted earnings per share is based on the weighted average number of shares outstanding and net income (loss). The Company does not have any dilutive instruments. The components of the numerator and the denominator in the calculation are as follows:

	Jan 1 to Mar 31, 2022	Jan 1 to Mar 31, 2021	2021
Net loss from continuing operations (in thousands of \$)	(14,227)	(11,347)	(68,599)
Related party settlement gain, net of taxes (in thousands of \$)	—	—	57,574
Net (loss) income (in thousands of \$)	(14,227)	(11,347)	(11,025)
Weighted average number of ordinary shares (in thousands)	98,025	63,802	63,802

6. RESTRICTED CASH

Following the payment of the \$5.0 million originally due on March 3, 2021 for the *West Mira* facility and the \$5.0 million originally due on March 13, 2021 for the *West Bollsta* facility, the restricted cash consists of cash held in a restricted account for payroll taxes.

7. DRILLING UNITS

Movements in the carrying value of Drilling units in the quarter ended March 31, 2022 may be summarized as follows:

<i>(in thousands of \$)</i>	Cost	Accumulated depreciation	Net carrying value
Balance at December 31, 2021	1,028,975	(75,225)	953,750
Adjustment to previously capitalized balance	(710)	—	(710)
Depreciation	—	(9,887)	(9,887)
Balance at March 31, 2022	1,028,265	(85,112)	943,153

8. OTHER CURRENT ASSETS

Other current assets at March 31, 2022 may be summarized as follows:

<i>(in thousands of \$)</i>	
Deposit held	114
VAT receivable	319
Other	1,765
	2,198

9. OTHER CURRENT LIABILITIES

Other current liabilities at March 31, 2022 may be summarized as follows:

<i>(in thousands of \$)</i>	
Accounts payable	600
Accrued administrative expenses	457
Accrued operating expense	3,626
Other payables	553
Accrued interest expense	2,440
	7,676

10. DEBT

Debt at March 31, 2022 may be summarized as follows:

<i>(in thousands of \$)</i>	
U.S. dollar denominated floating rate debt:	
\$200.0 million term loan facility - <i>West Mira</i>	165,000
\$200.0 million term loan facility - <i>West Bollsta</i>	175,000
\$50.0 million term loan facility - <i>West Mira and West Bollsta</i>	50,000
Total debt - gross of deferred charges	390,000
Short-term portion of debt issuance costs	(19)
Long-term portion of debt issuance costs	(709)
Total debt	389,272
Short term debt	9,981
Long term debt	379,291
Total debt	389,272

The outstanding debt as of March 31, 2022 is repayable as follows:

<i>(in thousands of \$)</i>	
Year 1	10,000
Year 2	40,000
Year 3	340,000
Year 4	—
Year 5	—
Thereafter	—
	390,000

On January 14, 2022, the Company closed the amendment and extension process for its bank debt in line with what was announced on December 23, 2021. It was simultaneously agreed to pay to the banks the amortization payments of \$5.0 million originally due on March 3, 2021 for the *West Mira* facility and the \$5.0 million originally due on March 13, 2021 for the *West Bollsta* facility. As a result, \$10.0 million was paid to the banks on January 14, 2022. This amount had been set aside in a restricted account secured on behalf of the lenders.

The Company is in compliance with the covenants set out in the bank debt and Sterna agreements.

Assets pledged

(in thousands of \$)

Drilling units	943,153
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Deferred charges

(in thousands of \$)

Debt arrangement fees	6,690
Accumulated amortization	(5,962)
	728

11. SHARE CAPITAL

On December 29, 2021, and with reference to the Company's announcement on December 23, 2021 concerning a Private Placement and a subsequent offering of shares with each such share to be issued at a subscription price of \$0.50 (see Note 1), the Company, by virtue of Bye-laws 65-68 and 80 of the Company's Bye-laws, issued a Notice of Proposed Written Resolution of the Shareholders, proposing the reduction of the nominal value of each Share from \$1.00 to \$0.50 (the "Proposal"). The majority requirement for the Proposal is 50% of the issued share capital of the Company (a "Relevant Majority") and the Proposal is carried out as soon as votes supporting the Proposal is cast by a Relevant Majority.

On January 13, 2022, with reference to the Company's announcement on December 29, 2021 regarding the Proposal, the Company announced that the Proposal has been carried by a Relevant Majority. The new nominal value of each share of the Company's issued and authorized share capital is \$0.50.

On January 13, 2022, with reference to the Company's announcement on December 29, 2021 regarding the Private Placement, the Company announced that the Private Placement had been completed. Following the Private Placement and registration in the relevant register of members, the Company has 103,802,378 fully paid common shares outstanding and authorized share capital of the Company of \$968,098,811 divided into 1,936,197,622 common shares of a par value of \$0.50 each.

12. FAIR VALUES

The carrying value and estimated fair value of the Company's financial instruments as of March 31, 2022 are as follows:

(in thousands of \$)	Carrying Value	Fair Value
Assets:		
Cash and cash equivalents	37,436	37,436
Restricted cash	284	284
Liabilities:		
Floating rate debt	389,272	389,272
Related party long term debt	87,236	81,503

The estimated fair value of financial assets and liabilities are as follows:

(in thousands of \$)	Fair Value	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	37,436	37,436	—	—
Restricted cash	284	284	—	—
Liabilities:				
Floating rate debt	389,272	—	389,272	—
Related party long term debt	81,503	—	—	81,503

The following methods and assumptions were used to estimate the fair value of each class of financial instrument;

Cash and cash equivalents – the carrying values in the balance sheet approximate fair value.

Restricted cash – the carrying value in the balance sheet approximates fair value.

Floating rate debt (being total debt less the carrying value of deferred charges) - the fair value of floating rate debt has been determined using level 2 inputs and is considered to be equal to the carrying value since it bears variable interest rates, which are reset on a quarterly basis.

Related party long term debt - the fair value has been determined using level 3 inputs being the discounted expected cash flows of the outstanding debt.

13. RELATED PARTY TRANSACTIONS

Hemen Holding Ltd, or Hemen Holding, a Cyprus holding company, indirectly controlled by trusts established by Mr. John Fredriksen, for the benefit of his immediate family, owned 39.1% of the Company's outstanding ordinary shares at March 31, 2022. The Company transacts business with the following related parties, being companies in which Hemen Holding, or companies affiliated with Hemen Holding, has a significant interest - Seatankers Management Co. Ltd, or Seatankers, Sterna Finance Ltd, or Sterna, Frontline Management (Bermuda) Limited, or Frontline Management, Flex LNG Limited, or Flex, Front Ocean Management AS and Front Ocean Management Ltd. (together “Front Ocean”) and Northern Drilling Ltd or Northern Drilling.

Related party balances

Sterna

On January 14, 2022, the Company closed the amendment and extension process for the Sterna revolving credit facility in line with what was announced on December 23, 2021. From the facility the Company borrowed an additional \$2.2 million to settle interest accrued on the facility up to January 14, 2022, and \$15.0 million was withdrawn as cash, taking the outstanding balance to \$87.2 million. Following the withdrawals on January 14, 2022, the remaining available funds from the facility are restricted for settling the future interest payment to Sterna as they fall due. Sterna shall also have the ability at its discretion to convert \$15.0 million of the loan amount into the Company's shares at a strike price of \$0.50 per share. The loan from Sterna is repayable on April 17, 2025.

Frontline, Flex, Front Ocean and Seatankers transactions

The Company and its subsidiaries receive treasury, accounting, corporate secretarial and advisory services from these entities and was charged \$0.1 million in the quarter ended March 31, 2022.

Northern Drilling transactions

The Company provides management services to Northern Drilling and charged \$0.2 million in the quarter ended March 31, 2022.

A summary of balances due from related parties at March 31, 2022 is as follows:

<i>(in thousands of \$)</i>	
Northern Drilling	652
	652

A summary of short term balances due to related parties at March 31, 2022 is as follows:

<i>(in thousands of \$)</i>	
Flex	50
Seatankers	5
Frontline Ocean	44
	99

A summary of long term balances due to related parties at March 31, 2022 is as follows:

<i>(in thousands of \$)</i>	
Sterna	87,236

14. COMMITMENTS AND CONTINGENCIES

As of March 31, 2022, the Company had no capital commitments.

15. SUBSEQUENT EVENTS

Between the balance sheet date and the date of this report there have been no subsequent events of note.