

## Golden Close Maritime Corp. Ltd. - ISIN NO 001072202.8

### Report Q1 2016 (unaudited)

Deep Sea Metro Ltd. Group (Group)  
Deep Sea Metro Ltd. (Parent)  
Golden Close Maritime Corp. Ltd. (Issuer)  
Golden Close Maritime Corp. Ltd. Group (Issuer Group)

#### Business activities

Deepsea Metro I ended its contract with Vietgazprom in Vietnam on 21 January 2016 and has since been laid up in Malaysia. In April 2016, the Deepsea Metro I was awarded a conditional letter of award (LoA) for a drilling contract for Petronas offshore Malaysia. The LoA is subject to successful completion of acceptance test and comprises one firm well with an estimated duration of 60-70 days with estimated contract value of USD 11-13 million plus four optional wells. Including the optional wells, the contract could extend up to 245 days with an estimated contract value of USD 46 million. The contract commencement is expected to take place late June/early July 2016.

The vessel is currently performing its 5-year special periodic survey and is preparing for drilling operations for Petronas.

The Chloe Marine Corporation Ltd. Group is presented as discontinued operations in the report Q1 2016 for Deep Sea Metro Ltd. Group. The drillship Deepsea Metro II was sold through a judicial auction on 15 March 2016.

#### Market Outlook and Risk Factors

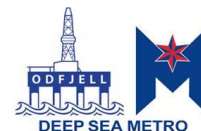
The Issuer Group provides drilling services for the oil and gas industry, which historically has shown a cyclical development. The level of activity in the offshore oil and gas industry will, among other things, depend on the general climate in the global economy, oil and gas prices, investment patterns for oil and gas exploration, production and drilling, and regulatory issues with respect to operational safety and environmental hazards. Financial performance will also depend on the demand and supply balance for mobile drilling units.

The weakening of the drilling and oil service market has further continued into 2016 and the Company does not see any signs of improvement near- to medium term. The soft market is due to the substantial supply of newbuilds, especially in the UDW market where the trend of postponing the remaining newbuild deliveries has continued. At the same time, oil companies still focus on cost cutting programs and capital discipline which have further reduced demand for drilling capacity. The results are an increasing number of stacked units and continued downward pressure on day rates and asset values.

There are contract opportunities for Deepsea Metro I in the current and near term market, but competition is fierce and reduced day rates alone do not clear the market. The Company expects the deep- and ultra deepwater market to be oversupplied for a period going forward. The Issuer and the drillship manager seek new drilling contracts for Deepsea Metro I wherever possible, in an effort to keep Deepsea Metro I employed and avoid long-term stacking.

#### Financial risk factors

The Issuer is dependent on new contract(s) to secure operational cash flow or capital contribution to fulfil its operational and financial obligations under its bond loan.



The Issuer is in breach with the asset coverage ratio and the minimum free liquidity financial covenants under its bond agreement and did not pay the quarterly interest payment due in April 2016.

The Issuer and the drillship manager focus on securing employment for Deepsea Metro I and thereby avoid cold stacking of the drillship. There is a joint understanding between the Issuer and its bondholders that keeping the unit warm and occupied on short- to medium term contracts in today's challenging drilling market is the best way of maintaining the value of the drillship, even if prevailing day rates does not allow the Issuer to properly service its debt obligations.

Further, the Issuer, its bondholders and the drillship manager is currently in a dialogue where the intention and aim is to agree on a longer-term plan for the Issuer, including extending the drillship management agreement and amending the bond agreement, or at least formally waive the financial covenants.

The Board is of the opinion that there is a realistic chance of getting the involved parties to agree on a longer term plan for the Issuer but acknowledges that it cannot control the process, nor guarantee a successful outcome. However, the Board trusts that the established joint understanding of the current situation and the efforts put in place will lead to a longer term plan for the Issuer.

## **Ownership**

Deep Sea Metro Ltd. ("the Parent") was incorporated under the laws of Bermuda as a private limited liability company on 4 September 2008. The company was founded by Metro Exploration Holding Corp. and Odfjell Drilling Ltd. as a joint cooperation.

The Parent has two shareholders. Metro Exploration Holding Corp. holds 60% of the shares and voting rights, while Odfjell Drilling holds 40% of the shares and the voting rights.

As of 3 February 2016 the authorised share capital was reduced by USD 999,999,000 by reducing the par value of each of the shares from USD 1.00 to USD 0.000001. As of 31 March 2016, the authorised share capital was USD 1,000 whereof 960.558.240 shares were issued at par value USD 0.000001. Each share carries one vote, and otherwise confers equal rights in the Company.

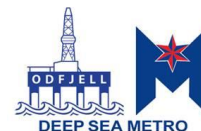
In March 2016, Deep Sea Metro Ltd made a redistribution of capital of USD 19,800,000 to the shareholders.

The Parent is a holding company for the continued operations of one drillship-owning company, Golden Close Maritime Corp. Ltd., which it owns 100 per cent.

It is also holding company for discontinued operations of Chloe Marine Corporation Ltd., which it owns 100 per cent. Deep Sea Metro Ltd. has not issued any guarantees and has no liabilities towards Chloe Marine Corporation Ltd. Deep Sea Metro Ltd. do not expect to recover any proceeds from the forthcoming liquidation of the Chloe Marine Corporation Ltd. Group. As a result, the fair value of the disposal of Chloe Marine Corporation Ltd Group is recognised to be USD 0 in the Group financial statements.

## **Financial information**

The financial figures have been prepared in accordance with simplified IFRS (International Financial Reporting Standards) pursuant to section 3-9 of the Norwegian Accounting Act and with the Directives of simplified IFRS specified by the Norwegian Ministry of Finance on 21 January 2008.



### Deep Sea Metro Ltd. Group

Quarterly figures for Deep Sea Metro Ltd. Group in Q1 2016 comprise Golden Close Maritime Corporation Ltd. Group and Deepsea Metro Ltd. Chloe Marine Corporation Ltd. Group is presented as discontinued operations.

The Group's operating revenue in Q1 2016 was USD 6 million, compared to USD 23 million in Q4 2015. The reduction in revenue is due to Deepsea Metro I ending its contract with Vietgazprom in Vietnam on 21 January 2016 and being laid up in Malaysia for the remainder of the quarter.

Operating expenses amount to USD 17 million in Q1 2016 compared to USD 25 million in Q4 2015. Q4 2015 had a cost of USD 5 million due to bad debt provision on a receivable towards Golden Close Maritime Corporation Ltd. Lower operating expenses are also related to Deepsea Metro I being partly laid up in Q1 2016.

The operating profit was negative with USD 10.8 million in Q1 2016 compared to a loss of USD 2.5 million in Q4 2015.

Net financial loss was USD 9.6 million in Q1 2016, at level with Q4 2015.

Tax expenses were USD 0.9 million in Q1 2016.

As of 31 March 2016, the total assets amounted to USD 412 million, compared to USD 433 million as of 31 December 2015.

Cash and cash equivalents were USD 53 million as of 31 March 2016 compared to USD 81 million at 31 December 2015. Other current assets were USD 21 million at 31 March 2016 compared to USD 29 million at 31 December 2015.

The book value of Deepsea Metro I is USD 337 million at 31 March 2016.

The bond loan is classified as short-term liabilities at 31 March 2016 due to the financial position and the re-contracting risk of Deepsea Metro I. Figures are presented net of capitalized financing fees. Liabilities amounted to USD 412 million as per 31 March 2016, same as per 31 December 2015.

On 31 March 2016, the total equity of the Group was negative with USD 0.5 million compared to a positive equity of USD 41 million as per 31 December 2015. The change in equity is mainly explained by loss in the period and redistribution of capital to shareholders.

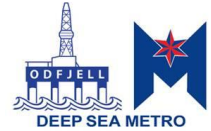
### Golden Close Maritime Corp. Ltd. Group

The Issuer Group reported total revenue at USD 6 million in Q1 2016, compared to USD 23 million in Q4 2015. The reduction in revenue is due to Deepsea Metro I ending its contract with Vietgazprom in Vietnam on 21 January 2016 and being laid up in Malaysia for the remainder of the quarter.

Operating expenses amount to USD 17 million in Q1 2016 compared to USD 20 million in Q4 2015. Lower operating expenses are related to Deepsea Metro I being laid up since 21 January 2016. The operating profit was negative with USD 10.8 million in Q1 2016 compared to positive of USD 2.5 million in Q4 2015.

Net financial loss was USD 9.7 million in Q1 2016, at level with Q4 2015.

The Issuer Group reported a net loss of USD 21 million in Q1 2016 compared to net loss of USD 6 million in Q4 2015.



At 31 March 2016, the total assets of the Issuer Group were USD 411 million compared to USD 433 million at 31 December 2015.

Cash and cash equivalents amounted to USD 53 million at 31 March 2016 compared to USD 61 million at 31 December 2015. Other current assets are USD 21 million at 31 March 2016 compared to USD 29 million at 31 December 2015.

Liabilities in Golden Close Maritime Corporation Ltd. are classified as short term at 31 March 2016 due to the financial position and the re-contracting risk of Deepsea Metro I. Figures are presented net of capitalized financing fees. Liabilities amounted to USD 412 million as per 31 March 2016, same as per 31 December 2015.

Total equity of the Issuer Group was negative USD 0.8 million as of 31 March 2016 compared to USD 20.5 million as of 31 December 2015. The reduction is due to loss in the period.

25 May 2016

The Board of Directors

Deep Sea Metro Ltd.  
Golden Close Maritime Corp. Ltd.  
Hamilton, Bermuda

#### ENCLOSURE

#### **Significant accounting principles**

The accounting principles used in the preparation of this first quarter report for 2016 are consistent with those used in the annual financial statements for the year ending 31 December 2015. These consolidated condensed financial statements should be read together with the annual financial statements for 2015, which include a full description of the group's accounting policies.







