



English office translation.
In case of conflict the Norwegian version shall prevail.

INNKALLING TIL ORDINÆR GENERALFORSAMLING

I

SONGA BULK AS

(Org. nr. 917 811 288)
("Selskapet")

Det innkalles herved til ordinær generalforsamling i Songa Bulk AS i Selskapets forretningslokaler i Haakon VII's gate 1, 0161 Oslo, den 18. april 2017 kl. 11:00.

Styret har foreslått følgende:

Dagsorden

- 1 *Åpning av møtet*
- 2 *Valg av møteleder*
- 3 *Valg av én person til å medundertegne protokollen*
- 4 *Godkjenning av innkalling og forslag til dagsorden*
- 5 *Godkjenning av årsregnskap og årsberetning for regnskapsåret 2016*
- 6 *Fastsettelse av godtgjørelse til styrets medlemmer*
- 7 *Godkjenning av revisors honorar for 2016 og bytte av revisor*
- 8 *Omdanning av Selskapet til allmennaksjeselskap*
- 9 *Endring av styret*
- 10 *Godkjenning av styrefullmakt til kapitalforhøyelse*
- 11 *Endringer av Selskapets vedtekter*

NOTICE OF ANNUAL GENERAL MEETING

IN

SONGA BULK AS

(Org. No. 917 811 288)
(the "Company")

The shareholders of Songa Bulk AS are convened to an annual general meeting at the office premises of the Company in Haakon VII's gate 1, N-0161 Oslo, on 18 April 2017 at 11:00 hours (CET).

The board has proposed the following:

Agenda

- 1 *Opening of the meeting*
- 2 *Election of a chair of the meeting*
- 3 *Election of a person to co-sign the minutes*
- 4 *Approval of the notice and the proposed agenda*
- 5 *Approval of the annual financial statements and the annual report for the fiscal year 2016*
- 6 *Approval of the remuneration to the members of the board*
- 7 *Approval of the remuneration to the auditor for 2016 and change of auditor*
- 8 *Conversion of the Company to a public limited liability company*
- 9 *Amendments to the board of directors*
- 10 *Approval of authorisation to the board to increase the share capital*
- 11 *Amendments to the Company's articles of association*



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Aksjonærer som ønsker å delta på generalforsamlingen (enten ved oppmøte eller gjennom fullmakt) bes melde dette på vedlagte møteseddel- / fullmaktsskjema snarest mulig og senest innen tirsdag 18. april 2017 kl. 08:00.

Påmelding foretas elektronisk via Verdipapirsentralens Investortjenester, eventuelt ved email til genf@dnb.no eller ved post til Songa Bulk AS c/o DnB Bank ASA, Verdipapirservice, NO-0021 Oslo.

Innkallingen med vedlegg er elektronisk tilgjengelig under Selskapets utsteder-ID SBULK på www.newsweb.no

Shareholders who want to participate at the general meeting (either by way of attendance or by proxy) is requested to register participation as soon as possible and by Tuesday 18 April 2017 at 08:00 hours (CET) at the latest by using the attached attendance slip/proxy form.

Notice of attendance may be sent electronically through VPS Investor Services, or alternatively by e-mail to genf@dnb.no or regular mail to Songa Bulk AS c/o DnB Bank ASA, Verdipapirservice, NO-0021 Oslo.

This notice with appendices is available online under the Company's ticker SBULK at www.newsweb.no

Songa Bulk AS

7. april 2017 / 7 April 2017

Arne Blystad
Styrets leder/Chairman of the board

* * *



English office translation.
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Vedlegg 1 / Appendix 1:	Styrets forslag til vedtak The board's proposed resolutions
Vedlegg 2 (i) / Appendix 2 (ii):	Møteseddel og fullmakt Notice of attendance and proxy
Vedlegg 3 / Appendix 3:	Årsregnskapet og årsberetningen for regnskapsåret 2016 The annual financial statements and the annual report for the fiscal year 2016
Vedlegg 4 / Appendix 4:	Selskapets vedtekter The Company's articles of association



Vedlegg 1 / Appendix 1: Styrets forslag til vedtak / The board's proposed resolutions

SAK 5: GODKJENNELSE AV ÅRSREGNSKAP OG ÅRSBERETNING FOR REGNSKAPSÅRET 2016

Styret har utarbeidet årsregnskap og årsberetning for regnskapsåret 2016. Årsregnskapet innebærer at årets underskudd dekkes av Selskapets egenkapital. Det foreslås ikke at Selskapet utdeler utbytte for regnskapsåret 2016.

Årsregnskapet og årsberetningen følger vedlagt innkallingen som Vedlegg 3.

Styret foreslår at generalforsamlingen treffer følgende beslutning:

Årsregnskapet og årsberetningen for regnskapsåret 2016 godkjennes.

SAK 6: FASTSETTELSE AV GODTGJØRELSE TIL STYRETS MEDLEMMER

Styret foreslår at generalforsamlingen treffer følgende beslutning:

Det betales ikke godtgjørelse for møter frem til omdanning til allmennaksjeselskap.

SAK 7: GODKJENNELSE AV REVISORS HONORAR FOR 2016 OG BYTTE AV REVISOR

Selskapets revisor, BHL DA, har i henhold til avtale med Selskapet mottatt godtgjørelse etter regning med til sammen NOK 7000,- for 2016.

Styret foreslår at generalforsamlingen treffer følgende beslutning:

Godtgjørelse på NOK 7000,- for 2016 til Selskapets revisor, BHL DA, godkjennes.

PriceWaterhouseCoopers AS skal være revisor fra og med omdanningen til allmennaksjeselskap.

ITEM 5: APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS AND THE ANNUAL REPORT FOR THE FISCAL YEAR 2016

The board has prepared the annual financial statements and the annual report for the fiscal year 2016. The annual financial statements involve that the annual loss is covered by the Company's equity capital. A distribution of dividend for the fiscal year 2016 is not proposed.

The annual financial statements and the annual report are enclosed to this notice as Appendix 3.

The board proposes that the general meeting passes the following resolution:

The annual financial statements and the annual report for the fiscal year 2016 are approved.

ITEM 6: DETERMINATION OF THE REMUNERATION TO THE MEMBERS OF THE BOARD

The board proposes that the general meeting passes the following resolution:

No remuneration is payable for meetings prior to conversion to a public limited company.

ITEM 7: APPROVAL OF THE REMUNERATION TO THE AUDITOR FOR 2016 AND CHANGE OF AUDITOR

The auditor of the Company, BHL DA, has in accordance with an agreement with the Company received remuneration as per invoice in a total of NOK 7000,- for 2016.

The board proposes that the general meeting passes the following resolution:

The remuneration of NOK 7000,- for 2016 to the Company's auditor, BHL DA, is approved.

PriceWaterhouseCoopers AS is appointed as auditor with effect from the conversion to public limited company.



SAK 8: OMDANNING AV SELSKAPET TIL ALLMENNAKSJESELSKAP

I forbindelse med den planlagte noteringen av Selskapets aksjer på Oslo Axess må Selskapet omdannes fra et aksjeselskap til et allmennaksjeselskap. Styrets nye vedtekter følger vedlagt innkallingen som Vedlegg 4.

Begrunnelsen for og de viktigste virkninger av en slik omdanning vil være at Selskapet som allmennaksjeselskap kan innhente ny aksjekapital ved innbydelse til en ubestemt krets/offentlig tegningsinnbydelse og at aksjene vil kunne noteres på Oslo Axess. En annen virkning av omdanningen er at bestemmelsene i allmennaksjeloven ("**asal.**") vil få anvendelse på Selskapet.

Styret foreslår at generalforsamlingen treffer følgende beslutning:

- *Omdanning av Selskapet til et allmennaksjeselskap vedtas.*
- *Selskapet skal etter omdanningen kunne innby andre enn aksjeeierne eller bestemte navngitte personer til å tegne nye aksjer i Selskapet.*

SAK 9: ENDRING AV STYRET

For å oppfylle kravene til Selskapet etter allmennaksjeloven, Opptaksreglene for Oslo Axess ("**Opptaksreglene**") og Norsk anbefaling for eierstyring og selskapsledelse utgitt 30. oktober 2014 ("**NUES-anbefalingen**"), er enkelte endringer av styrets sammensetning påkrevet:

- Som følge av styrets forslag om at Selskapets styret skal bestå av fem medlemmer, må minst to av hvert kjønn være representert i styret, jf. asal. § 6-11a (1) nr. 2.
- Minst to av de aksjonærvalgte styremedlemmene må være uavhengig av selskapets daglige ledelse, vesentlige forretningsforbindelser og Selskapets større aksjeeiere, jf. Opptaksreglene pkt. 2.3.2 (1) og NUES-anbefalingen pkt. 8.

ITEM 8: CONVERSION OF THE COMPANY TO A PUBLIC LIMITED LIABILITY COMPANY

In relation to the planned listing of the Company's shares on Oslo Axess, the Company must be converted to a public limited liability company. The Board's proposed new articles of associations are enclosed to this notice as Appendix 4.

The reasons for, and the most substantial consequences of such conversion are that the Company may collect further share capital by invitation to an indefinite circle of persons/public invitation for subscription, and that the shares may be quoted on Oslo Axess. Another consequence of a conversion is that the Norwegian Public Limited Liability Companies Act ("**NPLCA**") will apply to Company.

The board proposes that the general meeting passes the following resolution:

- *Conversion of the Company to a public limited liability company is approved.*
- *The Company may, subsequent to the transformation, invite others than the shareholders or named persons to subscribe for shares in the Company.*

ITEM 9: AMENDMENTS TO THE BOARD OF DIRECTORS

To fulfil the requirements to the Company pursuant to the NPLCA, the Listing rules for Oslo Axess (the "**Listing Rules**") and the Norwegian Code of Practice for Corporate Governance published on 30 October 2014 (the "**Code of Practice**"), certain amendments to the board are required:

- As a consequence of the board's proposal of five members of the board, each gender must be represented by at least two members on the board, cf. section 6-11a first paragraph no. 1 of the NPLCA.
- At least two of the shareholder elected board members shall be independent of the Company's executive management, material business contacts and larger shareholders, cf. section 2.3.2 (1) of the Listing Rules and section 8 of the Code of Practice.



Styret foreslår at generalforsamlingen treffer følgende beslutning:

Med virkning fra tidspunktet Selskapet har blitt omdannet til et allmennaksjeselskap skal styret bestå av følgende medlemmer:

- Arne Blystad, styrets leder
- Magnus Roth, styremedlem
- Vibeke Gwendoline Fængsrud, styremedlem
- Christine Rødsæther, styremedlem

SAK 10: GODKJENNELSE AV STYREFULLMAKT TIL KAPITALFORHØYELSE

Styret foreslår at generalforsamlingen gir styret fullmakt til å gjennomføre kapitalforhøyelser. Fullmakten foreslås å kunne benyttes til kapitalforhøyelser for kjøp av ytterligere skip og/eller til oppgjør i aksjer ved kjøp av skip.

Styrets forslag innebærer at aksjeeiernes fortrinnsrett til de nye aksjene i medhold av asal. § 10-4 kan tilsidesettes helt, jf. § 10-5.

Styret foreslår at generalforsamlingen treffer følgende beslutning:

1. *Styret tildeles fullmakt til å forhøye Selskapets aksjekapital med inntil NOK 89.650.000 ved utstedelse av inntil 17.930.000 aksjer hver pålydende NOK 5.*
2. *Fullmakten kan benyttes (i) til kapitalforhøyelser for investeringer i skip, og (ii) ved bruk av aksjer som oppgjør ved kjøp av ytterligere skip.*
3. *Fullmakten gjelder til neste ordinære generalforsamling, men i alle tilfeller ikke lenger enn frem til 30. juni 2018.*
4. *Aksjeeiernes fortrinnsrett etter allmennaksjeloven § 10-4 skal kunne fravikes.*
5. *Fullmakten omfatter kapitalforhøyelse med*

The board proposes that the general meeting passes the following resolution:

With effect from the time that the Company has been converted to a public limited liability company, the board shall consist of the following members:

- Arne Blystad, chairman
- Magnus Roth, board member
- Vibeke Gwendoline Fængsrud, board member
- Christine Rødsæther, board member

ITEM 10: APPROVAL OF AUTHORISATION TO THE BOARD TO INCREASE THE SHARE CAPITAL

The board proposes that the general meeting grants the board an authorisation to increase the share capital. It is proposed that the authorisation may be utilised to raise capital to acquire additional vessels and/or use shares as consideration towards acquisition of vessels.

The proposal will imply that the shareholder's pre-emption rights pursuant to section 10-4 of the NPLCA to subscribe for the new shares, is consequently waived, cf. section 10-5.

The board proposes that the general meeting passes the following resolution:

1. *The board is granted an authorisation to increase the share capital of the Company up to NOK 89,650,000 by issuing of up to 17,930,000 shares each with a nominal value of NOK 5.*
2. *The authorisation may be used (i) to increase the share capital in relation to investments in vessels and (i) as consideration in shares in relation to acquisition of additional vessels.*
3. *The authorisation is valid until the next annual general meeting, but in all cases no later than up to 30 June 2018.*
4. *The shareholders' pre-emption rights pursuant to section 10-4 of the Norwegian Public Limited Liability Companies Act may be waived.*
5. *The authorisation includes increase of the*



innskudd i andre eiendeler enn penger og rett til å pådra Selskapet særlige plikter, jf. allmennaksjeloven § 10-14, jf. § 10-2.

6. *Fullmakten omfatter ikke beslutning om fusjon etter allmennaksjeloven § 13-5.*

SAK 11: ENDRING AV SELSKAPETS VEDTEKTER

Dersom vedtaket om omdanningen av Selskapet til et allmennaksjeselskap omtalt under sak 8 ovenfor godkjennes, er det nødvendig med visse vedtektsendringer for å vise at Selskapet ikke lenger er et aksjeselskap.

Selskapets vedtekter med de foreslåtte endringene følger vedlagt innkallingen som Vedlegg 4.

Styret foreslår at generalforsamlingen treffer følgende beslutning:

Selskapets vedtekter skal heretter lyde slik det fremgår av vedlegg 4 til innkallingen.

* * *

Ingen andre saker foreligger til behandling.

share capital with contribution in kind and a right to make the Company subject to certain duties, cf. section 10-14 cf. 10-2 of the Norwegian Public Limited Liability Companies Act.

6. *The authorisation does not include a resolution on mergers pursuant to section 13-5 of the Norwegian Public Limited Liability Companies Act.*

ITEM 11: AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

If the proposed conversion of the Company to a public limited liability company under item 8 above is approved, it is necessary to adopt certain amendments to the articles of associations to reflect that the Company no longer is a private limited liability company.

The articles of association with the proposed amendments are enclosed to this notice as Appendix 4.

The board proposes that the general meeting passes the following resolution:

The Company's articles of association are amended as set out in Appendix 4 enclosed to this notice.

* * *

No other items are on the agenda.



Ref.nr.:

Pinkode:

Innkalling til ordinær generalforsamling

Generalforsamling i Songa Bulk AS avholdes i selskapets forretningskontorer i Haakon VIIIs gate 1, 0161 Oslo, **tirsdag 18. april 2017 kl. 11:00.**

Dersom ovennevnte aksjeeier er et foretak, oppgi navnet på personen som representerer foretaket:

Navn på person som representerer foretaket
(Ved fullmakt benyttes blanketten under)

Påmeldings- og fullmaktsskjema

Undertegnede vil delta på generalforsamlingen den 18.04.2017 og avgi stemme for:

I alt for _____ antall egne aksjer
_____ andre aksjer i henhold til vedlagt(e) fullmakt(er)
_____ aksjer

Påmeldingen må være DNB Bank ASA i hende senest 18.04.2017 kl.08:00.

Påmelding foretas elektronisk via VPS Investortjenester.

Alternativt: e-post: genf@dnb.no Pr. post: DNB Bank ASA, Verdipapirservice, Postboks 1600 Sentrum, 0021 Oslo.

Sted	Dato	Aksjeeiers underskrift (Undertegnes kun ved eget oppmøte. Ved fullmakt benyttes delen nedenfor.)
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Fullmakt uten stemmeinstruks

Ref.nr.:

Pinkode:

Denne fullmakten gjelder fullmakt uten stemmeinstruks. Dersom du ønsker å avgi stemmeinstruks, vennligst gå til side 2.

Dersom du selv ikke kan møte på den ordinære generalforsamlingen, kan fullmakten benyttes av den du navngir, eller du kan sende fullmakten uten å påføre navn på fullmektigen. I så fall vil fullmakten anses gitt styrets leder, eller den han bemyndiger.

Fullmakten må være DNB Bank ASA, Verdipapirservice, i hende senest 18.04.2017 kl.08:00.

Elektronisk innsendelse av fullmakt via VPS Investortjenester. Alternativt: e-post: genf@dnb.no Pr. post: DNB Bank ASA, Verdipapirservice, Postboks 1600 Sentrum, 0021 Oslo.

Undertegnede: _____
gir herved (sett kryss):

☐ Styrets leder (eller den han bemyndiger),

☐ _____
(Fullmektigens navn med blokkbokstaver)

fullmakt til å møte og avgi stemme i Songa Bulk AS' ordinære generalforsamling 18.04.2017 for mine/våre aksjer.

Sted	Dato	Aksjeeiers underskrift (Undertegnes kun ved fullmakt)
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Angående møte- og stemmerett vises til aksjeloven. Det gjøres spesielt oppmerksom på at ved avgivelse av fullmakt skal det legges frem skriftlig og datert fullmakt fra aksjepostens reelle eier.
Dersom aksjeeier er et selskap, skal firmaattest vedlegges fullmakten.



Fullmakt med stemmeinstruks

Ref.nr.:

Pinkode:

Denne fullmakten gjelder fullmakt med stemmeinstruks. Dersom du ikke selv kan møte på den ordinære generalforsamlingen, kan du benytte dette fullmaktsskjemaet for å gi stemmeinstruks til en fullmektig. Du kan gi fullmakt med stemmeinstruks til den du navngir, eller du kan sende fullmakten uten å påføre navn på fullmektigen. I så fall vil fullmakten anses gitt til styrets leder eller den han bemyndiger. Fullmakten må være datert og signert.

Fullmakten må være DNB Bank ASA, Verdipapirservice, i hende senest 18.04.2017 kl. 08:00.

E-post: genf@dnb.no (skannet blankett) **Per post:** DNB Bank ASA, Verdipapirservice, Postboks 1600 Sentrum, 0021 Oslo.

Undertegnede: _____

gir herved (sett kryss):

☐ Styrets leder (eller den han bemyndiger),

☐ _____
(Fullmektigens navn med blokkbokstaver)

fullmakt til å møte og avgi stemme på den ordinære generalforsamlingen i Songa Bulk AS 18.04.2017 for mine/våre aksjer.

Stemmegivningen skal skje i henhold til instruksene nedenfor. Dersom det ikke krysses av i rubrikkene nedenfor, vil dette anses som en instruks om å stemme «for» forslaget i innkallingen. Dersom det blir fremmet forslag i tillegg til, eller som erstatning for forslaget i innkallingen, avgjør fullmektigen stemmegivningen.

Fullmektigen vil i så fall legge en for fullmektigen rimelig forståelse til grunn. Det samme gjelder dersom det er tvil om forståelsen av instruksene. Dersom en slik tolkning ikke er mulig, vil fullmektigen kunne avstå fra å stemme.

Dagsorden for ordinær generalforsamling 2017		For	Against	Abstain
2.	Valg av møteleder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Valg av én person til å medundertegne protokollen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Godkjenning av innkalling og forslag til dagsorden	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Godkjenning av årsregnskap og årsberetning for regnskapsåret 2016	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Fastsettelse av godtgjørelse til styrets medlemmer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Godkjenning av revisors honorar for 2016 og bytte av revisor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	Omdanning av Selskapet til allmennaksjeselskap	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	Endring av styret	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	Godkjenning av styrefullmakt til kapitalforhøyelse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.	Endring av Selskapets vedtekter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Sted	Dato	Aksjeeiers underskrift (Undertegnes kun ved fullmakt)
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Angående møte- og stemmerett vises til aksjeloven.

NB! Dersom aksjeeier er et selskap, skal firmaattest vedlegges fullmakten.



Ref.no.:

PIN code:

Notice of the Annual General Meeting

The annual general meeting of Songa Bulk AS will be held at the premises of the Company in Haakon VII's gate 1, 0161 Oslo, Norway on **Tuesday 18 April 2017 at 11:00 (CET)**.

If the above shareholder is a company,
enter the name of the person who represents the company: _____

Name of the person who represents the company
(In the case of proxy authorisation, please use the form below)

Registration and proxy form

I, the undersigned will attend the annual general meeting on 18.04.2017 and vote for:

_____ the number of my own shares
_____ other shares in accordance with the attached authorisation(s)
In total, for _____ shares

This registration must be received by DNB Bank ASA by 18.04.2017 at 08:00 at the latest.

Registration can take place via VPS Investor Services.

Alternatively by e-mail: genf@dnb.no or by post: DNB Bank ASA, Securities Service, P O Box 1600 Sentrum, 0021 Oslo, Norway.

Place	Date	Signature of shareholder (To be signed only if the shareholder will attend. In the case of proxy authorisation, please use the section below.)
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Proxy without voting instructions

Ref.no.:

PIN code:

This proxy form is to be used for a proxy without voting instructions. If you wish to grant a proxy holder voting instructions, please go to page 2.

If you are unable to attend the annual general meeting, this proxy may be used by the proxy holder you are authorising, or you can send the proxy without stating the name of the proxy holder. In that case, the proxy will be considered granted to the chair of the board, or a person authorised by the chair.

The proxy form must be received by DNB Bank ASA, Securities Service, by 18.04.2017 at 08:00 at the latest.

The proxy form may be submitted via VPS Investor Services. Alternatively by e-mail: genf@dnb.no or by post: DNB Bank ASA, Securities Service, P O Box 1600 Sentrum, 0021 Oslo, Norway.

I, the undersigned: _____
hereby grant (please check):

☐ the chair of the board (or a person authorised by the chair),

☐ _____
(name of proxy holder in capital letters)

authorisation to attend and vote my/our shares at the annual general meeting of Songa Bulk AS on 18.04.2017.

Place	Date	Signature of shareholder (To be signed only in the case of proxy authorisation)
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With regard to the right to attend and vote, please see the Norwegian Private Limited Liability Companies Act. Please note in particular that when a proxy is used, written and dated authorisation from the real owner of the shares must be submitted.

If the shareholder is a company, the certificate of registration must be attached to the proxy authorisation.



Proxy with voting instructions

Ref.no.:

PIN code:

This proxy form is to be used for a proxy with voting instructions. If you cannot attend the annual general meeting yourself, you can use this proxy form to grant voting instructions to a proxy holder. You can grant a proxy with voting instructions to the proxy holder you are authorising, or you can send the proxy without stating the name of the proxy holder. In that case, the proxy will be considered granted to the chair of the board, or a person authorised by the chair. The proxy form must be dated and signed.

The proxy form must be received by DNB Bank ASA, Securities Service, by 18.04.2017 at 08:00 at the latest.

By e-mail: genf@dnb.no (scanned form) or by post: DNB Bank ASA, Securities Service, P O Box 1600 Sentrum, 0021 Oslo, Norway.

I, the undersigned: _____

hereby grant (please check):

☐ the chair of the board (or a person authorised by the chair),

☐ _____
(name of proxy holder in capital letters)

authorisation to attend and vote my/our shares at the annual general meeting of Songa Bulk AS on 18.04.2017.

Voting will take place in accordance with the instructions below. If the section below is not checked, this will be regarded as an instruction to vote "for" the proposal in the notice. If a proposal is submitted in addition to, or as a substitute for, the proposal in the notice, the proxy holder determines the voting. In that case, the proxy holder must present a reasonable justification. This also applies if there is any doubt about how to understand the instructions. If such an interpretation is not possible, the proxy holder may abstain from voting.

Agenda of the 2017 Annual General Meeting	For	Against	Abstain
2. Election of a chair of the meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Election of one person to sign the minutes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of the notice and the proposed agenda	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval of the annual financial statements and the annual report for the fiscal year 2016	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of remuneration for members of the board	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Approval of the remuneration to the auditor for 2016 and change of auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Conversion of the Company to a public limited liability company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Amendments to the board of directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Approval of authorisation to the board to increase the share capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Amendments to the Company's articles of association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Place	Date	Signature of shareholder (To be signed only in the case of proxy authorisation)
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With regard to the right to attend and vote, please see the Norwegian Private Limited Liability Companies Act.

NB! If the shareholder is a company, the certificate of registration must be attached to the proxy authorisation.



Songa Bulk – annual report 2016

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BOARD OF DIRECTORS' REPORT

2016

Songa Bulk AS was incorporated on 24 August 2016. During the 4th quarter of 2016, Songa Bulk AS and its subsidiaries (the 'Songa Bulk Group') was formed consisting of the parent company Songa Bulk AS and wholly owned subsidiaries Songa Maru AS, Songa Marlin AS and Songa Glory AS. At year end 2016, the Group owns one bulk carrier, a 82 687 dwt Kamsarmax, Songa Maru. Songa Bulk AS is listed on Oslo Stock Exchanges' marketplace Merkur Market.

The business of the Company is to own and operate vessels in the dry bulk shipping market. The Company was founded primarily as an investment vehicle to take exposure to fluctuating asset values of dry bulk vessels. This was done in the belief held by its founders that asset values were at a cyclically low level and that opportunities were present to make gains from increasing asset values over a period following the Company's foundation.

The Company's intention is to own modern and flexible tonnage which will be operated on short-term time charter contracts and in the spot market. The Company will have an efficient and low cost set-up and will have a conservative leverage profile, to ensure that operating expenses are held at a competitive level.

Dry-bulk market

A combination of negative seaborne demand and strong increase in tonnage supply set the stage for a historically weak start of the dry bulk market in 2016. By mid-February 2016, all tonnage segments were trading at freight rates less than half of the operating costs, with Capesize rates at one point seeing below \$1 000 per day. Asset values came under severe pressure and transactions done in the first two months of the year were at similar levels as in the early 1980's. Some shipping analysts argued that the oversupply of tonnage had structurally damaged the dry bulk market. A utilization well below 80% combined with a non-existing long term time charter market, lead to increased scrapping, especially during the first four months.

During the second half of the year, dry bulk rates gradually improved from the very lows of the 1st Quarter 2016.

Strong iron ore imports to China and a turnaround in Chinese coal imports helped the rates to move in the right direction. Having fallen for almost two and a half years, coal imports to China started to rise in the month of April 2016 and the imports gradually increased during the balance of the year. In addition, Chinese authorities implemented working hour cuts aiming at reducing oversupply as well as improving profitability for domestic miners. This was clearly the largest positive surprise to the dry bulk market in 2016. Bearing in mind that China still imports only about 6% of its total coal consumption, the sensitivity and potential upside of increased Chinese coal imports is substantial.

Even with some leveling off during the month of December, 4th Quarter 2016 saw rates moving up sharply with Capesize reaching a time charter rate in excess of \$20 000 per day by mid November 2016 and Panamax topping out at \$12 500 by early December 2016.

Looking at 2016 as a whole, the total seaborne trade ended up with a 2% growth.

- Iron ore at 1.42 billion mt (+4%)
- Coal at 1.13 billion mt (-0.4%)
- Grain at 472 million mt (+2.8%)
- Minor bulks at 1.89 billion mt (+1.5%)

The total dry bulk fleet in excess of 10 000 dwt had a net fleet growth of 2.2% and the total dry bulk fleet ended up at 785.4 million dwt.

Average weighted time charter earnings as reported by the Baltic Exchange for 2016 were:

Supramax (SM6TC): \$6 200 per day

Panamax (PC4TC): \$5 600 per day

Capesize (CS4TC): \$6 400 per day

Asset values were at their lowest by the end of 1st quarter 2016.

A five year old Supramax was priced at \$12 million, a similarly aged Panamax at \$13 million and a Capesize at \$23.75 million.

By the end of 2016, values were at \$15 million (Supramax), \$14 million (Panamax) and \$25 million (Capesize). Values were then back to levels reported at the beginning of the year with the exception of Supramax, which had 15% year on year value appreciation.

Financial Results

The Group reports a loss before taxes of \$1 165 755 and a loss after taxes of \$2 036 219 in 2016.

The operating loss in 2016 was \$861 675. 2016 is the start-up year for the Group and operating results are influenced by start-up costs and limited active operations as the first vessel was delivered in December 2016. An expense of \$399 581 relates to issued warrants to employees, which is a non-cash expense.

Net financial expenses were \$304 080. The main item is a non-cash financial expense of \$326 930 related to warrants issued to shareholder.

As a consequence of foreign exchange gain in NOK on bank deposits denominated in USD, the Group reports a tax expense of \$870 464 of which \$393 447 is payable.

Cash and bank deposits are \$57.7 million. Net proceeds from increase of capital was \$71.7 million while \$13.9 million was used in investing in vessels.

Health, safety and environment (HSE)

The Company's objective is to ensure safe and secure operations. The business operates in compliance with national and international requirements and regulations. There have been no work-related accidents resulting in sick leave to personnel on board in 2016. Neither has there been any pollution incidents related to the Company's vessel in 2016.

The working environment is considered good.

The Company aims to be a workplace free from discrimination on the basis of gender, race or religion on matters such as pay, promotion and recruitment, and aims to offer equal opportunities to men and women. At year end 2016, the Group had 2 employees onshore.

Going Concern

The consolidated financial statements of Songa Bulk have been prepared on basis of the going concern assumption and according to the International Financial Reporting Standards (IFRS) as adopted by the European Union. The Board of Directors confirms that the assumption is valid.

Risk factors

The Group is exposed to a variety of risks including market risk, credit risk and liquidity risk.

The most significant risk for the Group is the market risk related to the cyclical dry bulk market. Changes in national and international economic conditions, including for example interest rate levels, inflation, employment levels, may influence the valuation of real and financial assets. In turn, this may impact the demand for goods, services and assets globally and thereby the macro economy. The current macroeconomic situation is uncertain and there is a risk of negative developments. Such changes and developments – none of which will be within the control of the Company – may negatively impact the Company's investment activities, realization opportunities and overall investor returns.

The demand for, and the pricing of the underlying assets are outside of the Company's control and depend, among other things, on the global economy, global trade growth, as well as oil and gas prices. On the supply side there are uncertainties tied to ordering of new vessels and scope of future scrapping. The actual residual value of the vessels in the underlying investments, and/or their earnings after expiration of the fixed contract terms, may be lower than the Company estimates.

Outlook

Expectations were for a weak start of the dry bulk market in 2017. A modest increase in demand combined with still heavy new building deliveries during 1st half, brought about expectations for low freight rates also in 2017, but with a gradual improvement during 2nd half. This was reflected in the forward freight curves as late as end of November 2016, when the average Cape rate for 1st Quarter 2017 was trading at \$7 100 per day. At today's date, the average weighted time charter earnings for Quarter 1 looks set to end up around \$11 000 per day (Cape 5 T/C).

The main reason for the positive development is better than expected demand. Both iron ore and grain looks robust and the positive trend of last year's coal import to China has continued. Bearing in mind that Chinese coal import is only about 6% of the country's total consumption, the potential for further growth is huge even if the overall consumption should go down. Also the minor bulk commodities have witnessed a steady growth so far in 2017.

At the same time the dry bulk order book is shrinking and could reach 5% of the total dry bulk fleet when entering into 2nd half this year, which will be at a historical low

level. With a better tonnage balance and subsequently higher freight rates, there is always the threat of ordering of new buildings. However, the latest requirements for Water Ballast Treatment System as well as new emission standards, haven no doubt made the newbuilding scene more complicated for both yards and owners, which could potentially delay the ordering of new ships meeting the regulations.

Allocation of 2016 loss

The parent company, Songa Bulk AS, reports a net loss of \$1 892 617 in 2016. The board proposes that Songa Bulk AS allocates the net loss for the year to retained loss.

Subsequent events

On 23 January 2017, the Group took delivery of a Supramax bulk carrier, Songa Marlin. The purchase price was \$11.85 million of which 20% was paid in 2016.

On 31 January the Group successfully completed a share capital increase with gross considerations of \$5 million. An additional 75 000 warrants were granted to the founding shareholders.

On 1 February 2017, the Group took delivery of a Supramax bulk carrier, Songa Glory. The purchase price was \$14.85 million of which 10% was paid in 2016

On 8 February 2017, the Group entered into a memorandum of agreement for the purchase of a

Kamsarmax bulk carrier, Songa Flama. Expected delivery is April 2017. The purchase price is \$14.78 million.

On 17 February 2017, the Group successfully completed a share capital increase with gross considerations of \$100 million. An additional 325 000 warrants were granted to the founding shareholders.

On 22 February 2017, the Group took delivery of a Kamsarmax bulk carrier, Songa Genesis. The Purchase price was \$13.15 million.

On 17 March 2017, the Group entered into a memorandum of agreement for the purchase of a Kamsarmax bulk carrier, Songa Delmar. Expected delivery is May 2017. The purchase price is \$18.7 million.

On 23 March 2017, the Group entered into a memorandum of agreement for the purchase of a Kamsarmax bulk carrier, Songa Grain. Expected delivery is September 2017. The purchase price is \$14.14 million

On 29 March 2017, the Group entered into a memorandum of agreement for the purchase of a Kamsarmax bulk carrier, Songa Hadong. Expected delivery is April 2017. The purchase price is \$20.05 million.

On 30 March 2017, the Group entered into a memorandum of agreement for the purchase of an Ultramax bulk carrier, Songa Wave. Expected delivery is April 2017. The purchase price is \$23.3 million.

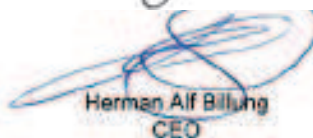
Oslo 31 March 2017


The Board of Directors of Songa Bulk AS


Anne Blystad
Chairman


Fredrik Platou
Board member


Magnus Roth
Board member


Herman Alf Billing
CEO


Ghikas Goumas
Board member

SONGA BULK GROUP

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

in USD	Note	Period from date of incorporation (24 August 2016) to 31 December 2016
Operating revenue	13	116 916
Total operating income		116 916
Voyage expenses		44 883
Operating expenses vessels	14	116 934
General and administrative expenses	15	779 299
Depreciation	4	37 476
Total operating expenses		978 592
Operating loss		-861 675
Financial income	16	34 747
Financial expenses	16	-338 827
Net financial expenses		-304 080
Loss before taxes		-1 165 755
Tax expense	17	870 464
Net loss		-2 036 219
Total comprehensive loss		-2 036 219
Basic and diluted loss per share	18	-0.349

Consolidated Statement of Financial Position

in USD	Note	31 December 2016
Vessels	4	11 107 586
Deposit vessels	4	3 855 000
Total non-current assets		14 962 586
Inventories		26 313
Trade receivables		2 950
Other receivables	5	131 940
Financial investments		1 311
Cash and cash equivalents	6	57 687 573
Total current assets		57 850 088
TOTAL ASSETS		72 812 673
Share capital	7	9 085 337
Share premium		63 756 111
Other paid-in capital		399 583
Retained loss		-2 036 219
Total equity		71 204 812
Financial liabilities at fair value through profit or loss		326 930
Total non-current liabilities		326 930
Trade payables		681 577
Tax payable	17	393 447
Other current liabilities	12	205 907
Total current liabilities		1 280 931
Total liabilities		1 607 861
TOTAL EQUITY AND LIABILITIES		72 812 673

Oslo 31 March 2017

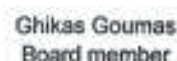
The Board of Directors of Songa Bulk AS



Arne Blystad
Chairman



Magnus Roth
Board member



Ghikas Goumas
Board member



Fredrik Platou
Board member



Herman Alf Billung
CEO

Consolidated Statement of Changes in Equity

in USD	Share capital	Share premium	Other paid-up capital	Retained earnings	Total equity
Incorporation 24 August 2016	3 654	-	-	-	3 654
Share issuance	9 081 683	65 188 317	-	-	74 270 000
Share issuance costs	-	-1 432 206	-	-	-1 432 206
Warrants issued to employees	-	-	399 583	-	399 583
Net loss	-	-	-	-2 036 219	-2 036 219
Balance 31 December 2016	9 085 337	63 756 111	399 583	-2 036 219	71 204 812

Consolidated Statement of Cash Flows

in USD	Period from date of incorporation (24 August 2016) to 31 December 2016
Loss before taxes	-1 165 755
Depreciation	37 476
Change in inventories	-26 313
Net change in trade receivables/payables	678 627
Employee benefit expenses in connection with issuance of warrants	399 583
Change in financial liabilities at fair value through profit or loss	326 930
Change in other short-term assets and liabilities	-404 362
Net cash flow from operating activities	-153 814
Purchase of vessels	-10 000 156
Paid deposit vessels	-3 855 000
Net cash flow used in investing activities	-13 855 156
Proceeds from share issuance	73 128 749
Share issuance costs	-1 432 206
Net cash flow from financing activities	71 696 543
Net change in cash and bank deposits	57 687 573
Cash and bank deposits at beginning of period	0
Cash and bank deposits at end of period	57 687 573

NOTES - CONSOLIDATED FINANCIAL STATEMENTS

Note 1 General

Corporate information and history

Songa Bulk AS (the Company) is a limited liability company incorporated and domiciled in Norway. The Company was incorporated 24 August 2016. The address of the main office is Haakon VII's gate 1, 0161 Oslo. The Norwegian Enterprise no. is 917 811 288.

Songa Bulk AS and its subsidiaries (the Group) are engaged in the transportation of bulk cargo. The group was formed during the 4th Quarter of 2016.

As of 31 December 2016 the Group owns one Kamsarmax bulk carrier, the Songa Maru. In addition, the Group paid deposits in 2016 under memorandum of agreements for delivery of two Supramax bulk carriers in 2017, Songa Marlin and Songa Glory.

On 4 November 2016, the Company simultaneously completed a share issuance by contribution in kind and a private placement. 14 854 000 shares were issued at a price of \$5 per share, a total proceed of \$74 270 000.

On 11 November 2016 the Company's shares were registered on the Norwegian Over-the-Counter market ("N-OTC").

On 19 December 2016 the Company's shares were registered with Oslo Stock Exchange market place Merkur Market.

Basis of preparation

These consolidated financial statements are prepared in accordance with the accounting principles prescribed by International Financial Reporting Standards (IFRS) as adopted by the European Union. They comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and related notes for the Group.

The consolidated financial statements have been prepared on a historical cost basis except for financial liabilities at fair value through profit or loss. The consolidated financial statements are prepared under the going concern assumption.

The accompanying notes that relate to the income statement are for the period from incorporation (24 August 2016) to 31 December 2016.

Note 2 Accounting policies

Use of estimates and judgements in preparation of the financial report

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that may affect assets, liabilities, revenues, expenses and information in notes to the financial statements. Estimates are management's best assessment based on latest available, reliable information. The effect of change in an accounting estimate is recognized in profit or loss in the period of the change.

The following areas involve significant judgements and estimates in the preparation of the consolidated financial statements:

- The fair value of equity instruments used in share-based payment transactions
- The fair value of financial liabilities at fair value through profit or loss

The Group has issued warrants to its founding shareholders. Based on certain criteria the warrants give the holders a right, but no obligation, to subscribe for one additional share at a price fixed in NOK.

Market prices for warrants are not available and therefore they are valued by use of an option pricing model. Warrants are valued by use of Monte Carlo Simulation based on 1 million observations. The following factors are taken into account when valuing the warrants: The exercise price of the warrants, the life of the warrants, the current price of the underlying shares, the expected volatility of the share price, the dividends expected on the shares and the risk-free interest rate for the life of the warrants. Factors are estimated based on management's best knowledge at the date of the valuation.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Songa Bulk AS and all subsidiaries as at 31 December 2016 over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated.

Functional and presentation currency

The consolidated financial statements are presented in USD, which is also the functional currency for all entities in the Group.

Transactions and balances in foreign currencies

Transactions in foreign currencies are converted to the functional currency at the rate at time of the transaction. Monetary items denominated in foreign currencies are converted into functional currency using the rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. Non-monetary items, which are measured at historical cost in a foreign currency, are converted at the currency rates on the dates of the initial transactions.

Balance sheet classification

The group presents assets and liabilities in statement of financial position based on current/non-current classification.

Current assets and current liabilities include items due less than one year from the balance sheet date, and items related to the operating cycle. Other assets are classified as non-current assets.

Vessels

Vessels are stated at historical cost, less accumulated depreciation and impairment. For vessels purchased, these costs include expenditures that are directly attributable to the acquisition of the vessels. Depreciation is calculated on a straight-line basis over the useful life of the assets, taking residual values into consideration, and adjusted for impairment charges, if any.

Vessels and related equipment have expected useful lives of 2.5 - 25 years. Future depreciations are based on depreciation schedules including residual values. Expected useful lives of long-lived assets, and residual values, are reviewed at each balance sheet date and, where they differ significantly from previous estimates, depreciation calculations are changed accordingly. Residual value for the ships is based on steel price times lightweight tonnage and is reassessed annually.

Ordinary repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Costs related to major inspections/classification (dry-docking) are recognized in the carrying amount of the vessels if certain recognition criteria are satisfied. The recognition is made when the dry-docking has been performed and is depreciated based on estimated time to the next inspection, normally 2.5 – 5 years. Any remaining carrying amount of the cost of the previous inspection is de-recognized.

Impairment of vessels

The vessels are reviewed for indication of impairment at each reporting date, and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's net selling price and its value in use. The net selling price is the amount obtainable from the sale of an asset in an arms length transaction less the costs of disposal, while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Deposit vessels

In the event where the Company has paid deposits at the balance sheet date for future delivery of vessels, the deposits are presented as non-current assets at the actual deposit paid. The carrying amount includes any expenses that are directly attributable to entering into the agreements for future delivery of the vessel.

Inventories

Inventories, which comprise principally of bunker fuel, lube oil and stores are stated at the lower of cost and net realizable value. Cost is determined on a first-in, first-out (FIFO) basis.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group regularly reviews its accounts receivables and estimates the amount of uncollectible receivables each period and establishes an allowance for uncollectible amounts. The amount of the allowance is based on the age of unpaid amounts, information about

the current financial strength of customers, and other relevant information

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash. Cash and cash equivalents are recorded at their nominal values on the balance sheet.

Financial liabilities

Financial liabilities comprise of warrants issued to shareholders, other than shareholders that are also employed by the Group, under a warrant agreement. The warrant agreement is a contract that will or may be settled in the entity's own equity instruments and is a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. Warrants are classified in the category "at fair value through profit or loss".

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Revenue recognition

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Freight revenues from time charters are accounted for as operating leases under IAS 17 and are recognized on a straight-line basis over the rental periods of such charters, as service is performed.

Voyage and operating expenses

Voyage expenses mainly consist of bunker fuel expenses in connection with purchase of the vessel and delivery to charterers. Operating expenses vessels include crew costs, repairs and maintenance, insurance, lube oils, communication expenses and fees to technical managers. Operating expenses are recognized when incurred.

Share-based payments

Share-based payment transactions through issuance of warrants to shareholders, that are also employed by the Group, are measured at fair value of the warrants at the issuance date as value of services received cannot be estimated reliably. Fair value is measured by Monte Carlo simulation. Share-based payments are recognized as an employee expense, at the time of issuance when there are no performance vesting conditions present, with a corresponding increase of equity.

Taxes

The vessel owning companies are subject to taxation under the Norwegian tonnage tax regime. Under the tonnage tax regime, profit from operations are exempt from taxes. Taxable profit is calculated on the basis of financial income after deduction of a portion of financial expenses. The portion is calculated as financial assets in percent of total assets. Tonnage tax is payable based on the net tonnage of vessels. Tonnage tax is classified as an operating expense.

The parent company is subject for ordinary Norwegian taxation. Tax expense comprise tax payable and deferred tax expense. Tax payable is measured at the amount expected to be paid to authorities while deferred tax assets/liabilities are calculated based on temporary differences at the reporting date. Deferred tax assets are recognized to the extent that it is probable that they can be utilized in the future.

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Share issuance

Share issuance costs related to a share issuance transaction are recognised directly in equity after deduction of tax.

Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence.

Events after financial position date

New information regarding the Group's financial position as of the balance sheet date is taken into consideration in the financial statements. Events occurring after the financial position date, that do not affect the financial position as of the balance sheet date, but which will affect the financial position in the future, are disclosed if significant.

Standards issued but not yet effective

The following standards are not yet effective and have not been early adopted by the Group.

IFRS 9 Financial instruments

The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2015. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of

classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after 1 January 2018. Management is still assessing the impact of the new standard.

IFRS 15 Revenue from contracts with customers

The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018. Management are still assessing the impact of the new standard. The impact of the new standard will depend on assessments and conclusions made on the industry level in the coming year.

IFRS 16 Leases

The standard was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard is effective for annual periods beginning on or after 1 January 2019. Management is still assessing the impact of this new standard.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

Note 3 Segment information

The group operates within one single segment, which is the shipping dry-bulk segment.

Note 4 Vessels and deposit dry bulk vessels

in USD	Dry bulk vessels	Deposit dry-bulk vessels
Additions 2016	11 145 062	3 855 000
Cost at 31 December 2016	11 145 062	3 855 000
Depreciation 2016	37 476	-
Acc. depr. at 31 December 2016	37 476	-
Net carrying amount at 31 December 2016	11 107 586	3 855 000

At 31 December 2016, the Group owns one Kamsarmax bulk carrier, Songa Maru. In addition, the Group has paid deposit for two more vessels at 31 December 2016 for delivery in 2017. See also note 21 Subsequent events.

The vessel is depreciated on a straight-line basis over the expected remaining useful life, which is 17 years from purchase date.

Supplemental information

On behalf of Songa Maru AS, Blystad Shipholding AS paid a 10% deposit amount of the total purchase consideration to buy the vessel Songa Maru. Subsequently, Songa Bulk AS purchased Songa Maru AS from Blystad Shipholding AS for a consideration of USD nil and the remaining portion of the purchase consideration of USD 10 000 156 for the vessel was paid in cash.

Note 5 Other receivables

in USD	31 December 2016
VAT receivables	71 687
Pre-paid expenses	55 308
Other receivables	4 945
Total other receivables	131 940

Note 6 Cash and cash equivalents

in USD	31 Desember 2016
Bank deposits denominated in USD	56 350 939
Bank deposits denominated in NOK	1 336 634
Total cash and cash equivalents	57 687 573

Of the bank deposits, \$32 121 is related to restricted bank accounts for tax withholding purpose.

Note 7 Share capital and shareholders

	Number of shares	Share capital (USD)	Share premium (USD)
Incorporation 24 August 2016	100	3 654	-
Share split 28 October 2016 (1:60)	6 000	3 654	-
Private placement 4 November 2016	14 854 000	9 081 683	65 188 317
Share issuance costs	-	-	-1 432 206
Balance at 31 December 2016	14 860 000	9 085 337	63 756 111

Authorized share capital is NOK 74 300 000. All issued shares are fully paid at 31 December 2016.

The Group has issued warrants to its founding shareholder. For further information see note 8.

List of largest shareholders as of 31 December 2016:

Shareholder	Share holding	Share holding in %
Blystad Shipholding AS	3 006 000	20.23 %
Canomaro Bulk AS	2 000 000	13.46 %
Eika Norge	733 700	4.94 %
Morgan Stanley & Co. LLC	575 854	3.88 %
UBS AG, London Branch	563 000	3.79 %
Ringnes Holding AS	500 000	3.36 %
Investire Invest AS	400 000	2.69 %
Verdipapirfondet Delphi Norge	400 000	2.69 %
Solan Capital AS	366 800	2.47 %
Apollo Asset Limited	300 000	2.02 %
Tyns-Ring AS	300 000	2.02 %
Bergen Kommunale Pensjonskasse	244 600	1.65 %
NHO - P665AK	216 718	1.46 %
Borea Global Equities Spesialfond	200 000	1.35 %
Drægebø	200 000	1.35 %
Nergaard Investment Partners AS	200 000	1.35 %
Ola Rustad A.S	200 000	1.35 %
Centennial AS	196 300	1.32 %
Eika Balansert	171 200	1.15 %
F H Lorentzen AS	170 000	1.14 %
Total 20 largest shareholders	10 944 172	73.65 %
Other shareholders	3 915 828	26.35 %
Total	14 860 000	100.00 %

Note 8 Warrants

On 4 November 2016 the shareholder of Songa Bulk AS was issued with warrants. Following the subscription two employees were issued with warrants. The number of warrants issued was equal to 7.5% of the shares issued in the private placement on 4 November 2016 and are detailed in the table below. The same warrant holders are also entitled to warrants equal to 7.5% of any subsequent issuance of shares carried out in a period of 12 months after 4 November 2016 up to an aggregate amount of \$100 million in proceeds. Each warrant gives the holders the right, but no obligation, to subscribe for one share at a price equal to the share subscription price in each respective share issuance. The warrants are valid for a period of 5 years from 4 November 2016.

Warrants held by shareholders that are also employed by the Group are accounted for as employee benefit expenses with a corresponding increase in equity. Total recognized amount in 2016 was \$399 583. Warrants held by shareholder that is not employed by the Group are recognized as financial liabilities, since the strike price is not in the functional currency of the entity, and valued at fair value through profit or loss each period. Total recognized amount in 2016 was \$326 930.

Granted warrants with subscription price NOK 40.89:

Warrant holders	No of warrants	Tranche 1		No of warrants	Tranche 2		No of warrants	Tranche 3	
		Value per warrant (NOK)	Value per warrant (USD)		Value per warrant (NOK)	Value per warrant (USD)		Value per warrant (NOK)	Value per warrant (USD)
Employees	201 094	5.87	0.72	201 094	5.84	0.71	201 094	4.54	0.56
Non-employees	164 531	5.87	0.72	164 531	5.84	0.71	164 532	4.54	0.56

Conditions for exercise are such that tranche 1 vests at subscription price + 25%, tranche 2 vests at subscription price + 50% and tranche 3 vests at subscription price + 75%. The price increase is measured from the average volume weighted trading price for a period of 10 trading days with minimum trading volume equal to the NOK equivalent of USD 1 million. The warrant subscription price is equal to the original subscription price of the share issuance for all three tranches.

Warrants are valued by use of Monte Carlo Simulation with 1 000 000 observations. The Monte Carlo model projects future share prices for the Company based on a risk-neutral framework (similar to the financial modelling used for other models such as Black-Scholes model or a binomial model). By using identical assumptions and sufficient number of simulations, a Monte Carlo simulation without special conditions would yield somewhat identical results to a Black-Scholes or binomial model. However, a Monte Carlo simulation allows for greater flexibility and customization of the assumptions and plan design parameters, which is necessary to value such a plan dependent on uncertainty with respect to vesting dates and quantity becoming exercisable. The following inputs to the Monte Carlo model is applied:

Interest rate: 0.593%

Volatility: 25%

Note 9 Share-based payments

The Group has issued warrants to employees as described in note 8. The warrants were issued under a warrant agreement between the founding shareholders and Songa Bulk AS. The warrants issued to employees have been expensed as detailed in note 19 since there are no service or performance requirements determining the vesting of the warrants.

	November 2016 warrants	Exercise price (NOK)
Granted during the year	603 282	40.89
Outstanding at 31 December 2016	603 282	40.89
Exercisable at 31 December 2016	0	
Remaining contractual life	4.8 years	

Note 10 Financial risk factors

Financial market risk

The Songa Bulk Group owns and operates dry bulk vessels for transportation of dry cargo worldwide. Through its operations the Group is exposed to financial risks such as market risk (including currency risk), credit risk, liquidity risk and other risks that may influence the value of assets, liabilities and cash flows.

To reduce and manage these risks, management periodically assesses the Group's financial market risk in general, as well as evaluating hedging strategies for specific exposures as they arise. The primary strategy used for reducing the financial market risks is the use of derivatives, where appropriate.

Derivative instruments are only implemented for the purpose of hedging financial risks. The Group does not trade or use instruments with the objective of earning financial gains from interest rate or exchange rate fluctuations alone. The Group only employs conventional derivative instruments in contracts with highly rated and reputable financial institutions and commodities brokers.

For 2016, the Group did not have any hedging contracts or other derivative instruments.

Currency risk exposure

Revenues, expenses, assets and liabilities of the Group are mainly denominated in USD. The Group is exposed to currency risk in connection with the following items:

General and administrative expenses

General and administrative expenses as salaries, fees to lawyers and other fees such as share issuance costs are mainly denominated in NOK. Exchange rate fluctuations between USD and NOK will have an effect on the actual recognized expenses in the financial statements.

Warrants

The fair value of warrants recognized at fair value through profit or loss is valued in NOK. The change in value to be recognized in profit or loss will be affected by any fluctuations in the USD/NOK exchange rate.

Taxable income

Taxable income is denominated in NOK. Monetary items denominated in other currencies, which is mainly USD, will be translated to NOK for tax purposes. Any change in the foreign exchange rates will affect the taxable income and income tax payable.

Credit risk exposure

The Group is exposed to credit risk in the case that receivables from customers and other parties are not paid. The customers are in general large companies with excellent credit rating. For new customers, a credit evaluation is performed. In 2016 the Group had one customer only.

Liquidity risk exposure

Liquidity risk may arise if a company is not able to pay its financial obligations at due date. The Group applies cash flow forecasting to ensure that the activities are adequately financed at all times. Cash flows from operations and from planned financing activities are considered sufficient to settle all financial obligations.

Note 11 Financial instruments

Set out below is a comparison by category for carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements. The estimated fair value amounts of the financial instruments have been determined using appropriate market information and valuation techniques.

In USD	31 December 2016	
	Carrying amount	Fair Value
<i>Financial assets:</i>		
Trade receivables	2 950	2 950
Other receivables	76 632	76 632
Financial investments	1 311	1 311
Cash and cash equivalents	57 687 573	57 687 573
<i>Financial liabilities:</i>		
Non-current liabilities	326 930	326 930
Trade payables	681 577	681 577
Income taxes payable	393 447	393 447
Other current liabilities	114 627	114 627

Categories of financial instruments

In USD	Cash and loans and receivables	At fair value through profit or loss	Available for sale	Liabilities at amortized cost	Total
<i>Financial assets:</i>					
Trade receivables	2 950	-	-	-	2 950
Other receivables	76 632	-	-	-	76 632
Financial investments	-	-	1 311	-	1 311
Cash and cash equivalents	57 687 573	-	-	-	57 687 573
<i>Financial liabilities:</i>					
Non-current liabilities	-	326 930	-	-	326 930
Trade payables	-	-	-	681 577	681 577
Income taxes payable	-	-	-	393 447	393 447
Other current liabilities	-	-	-	114 627	114 627

Maturity of financial liabilities

In USD	< 1 year	2-5 years	Total at 31 December 2016
Non-current liabilities	-	326 930	326 930
Trade payables	681 577	-	681 577
Income taxes payable	393 447	-	393 447
Other current liabilities	114 627	-	114 627
Total financial liabilities	1 189 651	326 930	1 516 581

Note 12 Other current liabilities

in USD	31 December 2016
Prepaid revenues	91 280
Accrued expenses	57 104
Public dues payable	46 416
Other liabilities	11 107
Total other current liabilities	205 907

Note 13 Operating revenue

in USD	2016
Time charter revenue	116 916
Total operating revenue	116 916

Note 14 Operating expenses vessels

in USD	2016
Crew costs	70 534
Management fees	23 790
Other operating expenses vessels	22 610
Total operating expenses vessels	116 934

Note 15 General and administrative expenses

in USD	2016
Salaries and other employee benefit expenses	123 975
Warrants issued to employees	399 581
Fees to auditor, lawyers and other professional fees	181 246
Other general and administrative expenses	74 497
Total general and administrative expenses	779 299

Auditors fee was \$827.

Note 16 Financial items

in USD	2016
<i>Financial income:</i>	
Interest income	23 921
Foreign exchange gain	10 826
Total financial income	34 747
<i>Financial expenses:</i>	
Interest expenses	2 905
Warrants at fair value through profit or loss	326 930
Other financial expenses	8 992
Total financial expenses	338 827

Note 17 Income tax

in USD	2016
<i>Basis for tax expense and tax payable:</i>	
Loss before taxes	-1 165 755
Effects of foreign exchange gains and losses on current items	3 780 898
Effects of Norwegian tonnage tax legislation	140 201
Other permanent differences between accounting and tax	726 512
Basis for tax expense	3 481 856
Basis for tax payable in tax expense	3 481 856
Share issuance costs directly in equity	-1 911 846
Taxable income	1 570 011
<i>Tax expense:</i>	
Tax payable	870 464
Tax expense	870 464
<i>Reconciliation of tax expense for the year:</i>	
Loss before taxes	-1 165 755
Tax expense calculated on the relevant tax rate (25%)	-291 439
Tax expense	870 464
Difference	1 161 903
<i>Difference comprise of:</i>	
Tax effect of foreign exchange gains and losses on current items	945 225
Tax effect of Norwegian tonnage tax legislation	35 050
Tax effect of other permanent differences	181 628
Total difference	1 161 903
<i>Tax payable in statement of financial position:</i>	
Tax payable in tax expense	870 464
Tonnage tax payable	944
Tax effect of share issuance costs directly in equity	-477 962
Tax payable in statement of financial position	393 447

Note 18 Earnings per share

in USD	2016
Net loss attributable to ordinary equity holders	-2 036 219
Basic and diluted weighted average number of ordinary shares outstanding	5 833 338
Basic and diluted earnings per share	-0.349

Note 19 Related party transactions

In November 2016 the Group entered into an agreement to acquire all the shares in Songa Maru AS from Blystad Shipholding AS for nil consideration. Blystad Shipholding AS is owned and controlled by the Chairman Arne Blystad and his immediate family.

The Group has entered into a corporate service agreement with Arne Blystad AS for the rendering of administrative services, IT and office services and accounting and reporting services. Arne Blystad AS is a company owned and controlled by the Chairman Arne Blystad and his immediate family. Total expenses under the agreement in 2016 was \$ 20 555.

The Group has entered into a technical management agreement with Songa Shipmanagement Ltd. for the rendering of technical services for Songa Maru. Songa Shipmanagement Ltd. is a company owned and controlled by the Chairman Arne Blystad and his immediate family.

Key management and board of directors compensation:

No directors fees were paid in 2016.

Key management consists of the Chief Executive Officer and Chief Operational Officer. Total compensation and benefits of the key management were as follows:

in USD	2016
Salary	101 095
Pension cost	7 757
Other remuneration	407
Value of warrants issued	399 581
Total compensation and benefits	508 840

Shares and warrants owned directly or indirectly by directors and key management:

in USD	No. of shares	% No. of shares	No. of warrants
Arne Blystad, chairman	3 006 000	20.23	493 594
Herman Alf Billung, CEO	60 000	0.4	493 594
Per Kristian Aamlid, COO	20 000	0.1	109 688

Note 20 Commitments

The Group has paid deposits in 2016 for two Supramax bulk carriers for delivery in January and February 2017. Under Memorandum of Agreements the Group is committed to pay the settlement amount for the vessels upon delivery. Total commitments are \$22 845 000.

Note 21 Subsequent events

On 23 January 2017, the Group took delivery of a Supramax bulk carrier, Songa Marlin. The purchase price was \$11.85 million of which 20% was paid in 2016.

On 31 January the Group successfully completed a share capital increase with gross considerations of \$5 million. An additional 75 000 warrants were granted to the founding shareholders.

On 1 February 2017, the Group took delivery of a Supramax bulk carrier, Songa Glory. The purchase price was \$14.85 million of which 10% was paid in 2016

On 8 February 2017, the Group entered into a memorandum of agreement for the purchase of a Kamsarmax bulk carrier, Songa Flama. Expected delivery is April 2017. The purchase price is \$14.78 million.

On 17 February 2017, the Group successfully completed a share capital increase with gross considerations of \$100 million. An additional 325 000 warrants were granted to the founding shareholders.

On 22 February 2017, the Group took delivery of a Kamsarmax bulk carrier, Songa Genesis. The Purchase price was \$13.15 million.

On 17 March 2017, the Group entered into a memorandum of agreement for the purchase of a Kamsarmax bulk carrier, Songa Delmar. Expected delivery is May 2017. The purchase price is \$18.7 million.

On 23 March 2017, the Group entered into a memorandum of agreement for the purchase of a Kamsarmax bulk carrier, Songa Grain. Expected delivery is September 2017. The purchase price is \$14.14 million

On 29 March 2017, the Group entered into a memorandum of agreement for the purchase of a Kamsarmax bulk carrier, Songa Hadong. Expected delivery is April 2017. The purchase price is \$20.05 million.

On 30 March 2017, the Group entered into a memorandum of agreement for the purchase of an Ultramax bulk carrier, Songa Wave. Expected delivery is April 2017. The purchase price is \$23.3 million.

SONGA BULK AS

FINANCIAL STATEMENTS

Income Statement

in USD	Note	Period from date of incorporation (24 August 2016) to 31 December 2016
Operating revenue	3	2 950
Total operating income		2 950
Employee benefit expenses	4	523 557
Other operating expenses	5	232 830
Total operating expenses		756 387
Operating loss		-753 437
Interest income from group companies	10	41 667
Other financial income	6	34 944
Other financial expenses	7	-335 132
Net financial expenses		-258 521
Loss before taxes		-1 011 958
Tax expense	8	880 659
Net loss		-1 892 617

Balance sheet

in USD	Note	31 December 2016
Investments in subsidiaries	9	37 732
Total financial non-current assets		37 732
Total non-current assets		37 732
Accounts receivable		2 950
Receivables from group companies	10	15 434 572
Other receivables	11	71 786
Total receivables		15 509 308
Other financial instruments		1 311
Total investments		1 311
Cash and cash equivalents	12	56 927 101
Total current assets		72 437 720
TOTAL ASSETS		72 475 452

Balance sheet

in USD	Note	31 December 2016
Share capital	15	9 085 337
Share premium	15	63 754 433
Other paid-in equity		399 582
Total paid-in equity		73 239 352
Retained loss		-1 892 617
Total retained earnings		-1 892 617
Total equity	14	71 346 735
Other non-current liabilities	13	326 930
Total non-current liabilities		326 930
Liabilities to group companies		40 779
Accounts payable		290 244
Taxes payable	8	392 502
Public duties payable		46 416
Other current liabilities		31 846
Total current liabilities		801 787
Total liabilities		1 128 717
TOTAL EQUITY AND LIABILITIES		72 475 452

Oslo 31 March 2017

Board of Directors of Songa Bulk AS



Anne Blystad
Chairman



Magnus Roth
Board member



Ghikas Goumas
Board member



Fredrik Platou
Board member



Herman Alf Billung
CEO

Cash Flow Statement

in USD		Period from date of incorporation (24 August 2016) to 31 December 2016
Loss before taxes		-1 011 958
Net change in trade receivables/payables		287 294
Employee benefit expenses in connection with issuance of warrants		399 583
Financial expenses related to warrants to shareholder		326 930
Change in other short-term assets and liabilities		-440 902
Net cash flow from operating activities		-439 053
Investments in subsidiaries and other shares		-39 043
Investments by lending to subsidiaries		-14 289 667
Net cash flow used in investing activities		-14 328 710
Proceeds from share issue		73 128 749
Share issuance costs		-1 433 884
Net cash flow from financing activities		71 694 865
Net change in cash and bank deposits		56 927 101
Cash and bank deposits at beginning of period		0
Cash and bank deposits at end of period		56 927 101

NOTES - FINANCIAL STATEMENTS

Note 1 General information

Songa Bulk AS is the parent company in the Songa Bulk Group. The Songa Bulk Group is the owner and operator of dry cargo vessels. Songa Bulk AS is incorporated in Norway and has its head office in Oslo. The consolidated financial statements can be obtained from Songa Bulk AS, Haakon VII's gate 1, 0161 Oslo.

Note 2 Accounting principles

Basic principles

The accounts are prepared in accordance with the 1998 Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway (NGAAP).

The financial statements are prepared on a historical cost basis under the going concern assumption.

The accompanying notes that relate to the income statement are for the period from incorporation (24 August 2016) to 31 December 2016.

Classification and valuation of balance sheet items

Assets intended for long-term ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables payable within one year are classified as current assets. Analogous criteria are applied when classifying liabilities.

Non-current assets are valued at cost, but are written down to their fair value if a reduction in value is expected to not be of a temporary nature.

Current assets are valued at the lower of cost or net realisable value. Current liabilities are recorded in the balance sheet at the nominal amount at the time the debt is established.

Currency

The financial statements are presented in USD which is also the functional and accounting currency of the company.

Foreign currency transactions are translated at the exchange rate on the date of the transaction. Monetary items in a foreign currency are translated at the exchange rate on the balance sheet date.

Investments in subsidiaries

Investments in subsidiaries are accounted for using the cost method. Investments are written down to their fair value if a reduction in value is expected to not be of a temporary nature.

Receivables

Receivables are booked at nominal amount less any expected loss.

Cash and cash equivalents

Cash and cash equivalents consist of bank deposits. They are accounted at their nominal value.

Non-current liabilities

Non-current liabilities comprise of warrants issued to shareholders, other than shareholders that are also employed by the group, under a warrant agreement. Warrants are booked at the higher of cost and fair value.

Revenue recognition

Revenue is recognized when it is earned, which is when the service is performed. The revenue is recognized at the value of the consideration at the time of the transaction.

Costs

Costs are normally reported in the same period as the corresponding revenue. If costs are not corresponding directly to any revenue, allocation is determined on the basis of assessment criteria.

Share-based payments

Share-based payment transactions through issuance of warrants to shareholders, that are also employed by the Company, are measured at fair value of the warrants the issuance date as value of services received cannot be estimated reliably. Share-based payments are recognized as an employee expense, with a corresponding increase of equity.

Taxes

The tax expense consist of tax payable and any changes in deferred tax. Tax is charged to the income statement except where it relates to items that are recognized directly in equity.

Deferred tax is calculated on any temporary differences between tax values and accounting values using the relevant tax rate. Deferred tax assets and deferred tax liabilities are presented net. Deferred tax assets are recorded in the balance sheet whenever it is probable that it can be utilized.

Share-issuance costs

Share issuance costs related to a share issuance transaction are recognized directly in equity after deduction of tax.

Cash flow statement

The cash flow statement is prepared using the indirect method.

Related party transactions

Transactions with related parties are carried out at market terms. Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence.

Subsequent events

New information regarding the Group's financial position as of the balance sheet date is taken into consideration in the financial statements. Events occurring after the financial position date, that do not affect the financial position as of the balance sheet date, but which will affect the financial position in the future, are disclosed if significant.

Note 3 Revenue

Revenue consists of Management fee revenues through the rendering of services to subsidiaries.

Note 4 Employee benefit expenses

in USD	2016
Salary and salary-related expenses	101 095
Value of issued warrants to employees	399 582
Social security tax	14 716
Pension cost	7 757
Other remuneration	407
Total employee benefit expenses	523 557

At year-end 2016 the company had a total of 2 employees.

Total compensation and benefits of the Chief Executive Officer:

in USD	2016
Salary and salary-related expenses	59 767
Value of issued warrants to employees	326 930
Pension cost	3 258
Other remuneration	315
Total compensation	390 270

Note 5 Other operating expenses

in USD	2016
Fees to auditors, lawyers and other professional fees	160 758
Fees for corporate services	20 555
Other operating expenses	51 516
Total other operating expenses	232 830

Fee to auditors for statutory audit was \$295 in 2016.

Note 6 Other financial income

in USD	2016
Interest income	23 812
Foreign exchange gain	11 132
Total other financial income	34 944

Note 7 Other financial expenses

in USD	2016
Value change of financial liability in connection with warrants issued to shareholder	326 930
Other financial expenses	8 202
Total other financial income	335 132

Note 8 Tax expense

in USD	2016
<i>Basis for tax expense and tax payable:</i>	
Loss before taxes	-1 011 958
Effects of foreign exchange gains and losses on current items	3 808 082
Other permanent differences between accounting and tax	726 512
Basis for tax expense	3 522 636
Basis for tax payable in tax expense	3 522 636
Share issuance costs directly in equity	-1 911 846
Group contribution	-40 779
Taxable income	1 570 011
<i>Tax expense:</i>	
Tax payable	880 659
Tax expense	880 659
<i>Reconciliation of tax expense for the year:</i>	
Loss before taxes	-1 011 958
Tax calculated on the relevant tax rate (25%)	-252 990
Tax expense	880 659
Difference	1 133 649
<i>Difference comprise of:</i>	
Tax effect of foreign exchange gains and losses on current items	952 021
Tax effect of other permanent differences	181 628
Total difference	1 133 649
<i>Tax payable in statement of financial position:</i>	
Tax payable in tax expense	880 659
Tax effect of share issuance costs directly in equity	-477 962
Tax effect of group contribution	-10 195
Tax payable in statement of financial position	392 502

Note 9 Investments in subsidiaries

Subsidiary	Business office	Shareholding / voting rights
Songa Maru AS	Oslo	100%
Songa Marlin AS	Oslo	100%
Songa Glory AS	Oslo	100%

Note 10 Receivables from group companies

The company has receivables from group companies of \$15 434 572. Receivables are subject to calculation of quarterly interests of 3 Months LIBOR + a margin set on arms lengths basis. The receivables are subject to assessment of repayment or other settlements at any time.

Note 11 Other current receivables

in USD	2016
VAT receivable	68 903
Prepaid expenses	2 883
Total other current receivables	71 786

Note 12 Cash and cash equivalents

in USD	2016
Bank deposits denominated in USD	55 598 245
Bank deposits denominated in NOK	1 328 856
Total cash and cash equivalents	56 927 101

Restricted cash related to employee taxes at 31 December 2016 was USD \$32 121.

Note 13 Non-current liabilities

Non-current liabilities are liabilities related to warrants issued to shareholders. See note 16 for further details.

Note 14 Equity

in USD	Share capital	Share premium	Other paid-up capital	Retained earnings	Total equity
Incorporation 24 August 2016	3 654	-	-	-	3 654
Share issuance	9 081 683	65 188 317	-	-	74 270 000
Share issuance costs	-	-1 433 884	-	-	-1 433 884
Warrants issued to employees	-	-	399 582	-	399 582
Period loss	-	-	-	-1 892 617	-1 892 617
Balance 31 December 2016	9 085 337	63 754 433	399 582	-1 892 617	71 346 735

Note 15 Share capital and shareholders

	Number of shares	Share capital (USD)	Share premium (USD)
Incorporation 24 August 2016	100	3 654	-
Share split 28 October 2016 (1:60)	6 000	3 654	-
Private placement 4 November 2016	14 854 000	9 081 683	65 188 317
Share issuance costs	-	-	-1 433 884
Balance at 31 December 2016	14 860 000	9 085 337	63 754 433

Authorized share capital is NOK 74 300 000. All issued shares are fully paid at 31 December 2016.

The Group has issued warrants to its founding shareholder. For further information see note 16.

List of largest shareholders as of 31 December 2016:

Shareholder	Share holding	Share holding in %
Blystad Shipholding AS	3 006 000	20,23 %
Canomaro Bulk AS	2 000 000	13,46 %
Eika Norge	733 700	4,94 %
Morgan Stanley & Co. LLC	575 854	3,88 %
UBS AG, London Branch	563 000	3,79 %
Ringnes Holding AS	500 000	3,36 %
Investire Invest AS	400 000	2,69 %
Verdipapirfondet Delphi Norge	400 000	2,69 %
Solan Capital AS	366 800	2,47 %
Apollo Asset Limited	300 000	2,02 %
Tyns-Ring AS	300 000	2,02 %
Bergen Kommunale Pensjonskasse	244 600	1,65 %
NHO - P665AK	216 718	1,46 %
Borea Global Equities Spesialfond	200 000	1,35 %
Drægebø	200 000	1,35 %
Nergaard Investment Partners AS	200 000	1,35 %
Ola Rustad A.S	200 000	1,35 %
Centennial AS	196 300	1,32 %
Eika Balansert	171 200	1,15 %
F H Lorentzen AS	170 000	1,14 %
Total 20 largest shareholders	10 944 172	73,65 %
Other shareholders	3 915 828	26,35 %
Total	14 860 000	100,00 %

Shares and warrants owned directly or indirectly by directors and key management:

in USD	No. of shares	% No. of shares	No. of warrants
Arne Blystad, chairman	3 006 000	20.23	493 594
Herman Alf Billung, CEO	60 000	0.4	493 594
Per Kristian Aamlid, COO	20 000	0.1	109 688

Note 16 Warrants

On 4 November 2016 the shareholder of Songa Bulk AS was issued with warrants. Following the subscription two employees were issued with warrants. The number of warrants issued was equal to 7.5% of the shares issued in the private placement on 4 November 2016 and are detailed in the table below. The same warrant holders are also entitled to warrants equal to 7.5% of any subsequent issuance of shares carried out in a period of 12 months after 4 November 2016 up to an aggregate amount of \$100 million in proceeds. Each warrant gives the holders the right, but no obligation, to subscribe for one share at a price equal to the share subscription price in each respective share issuance. The warrants are valid for a period of 5 years from 4 November 2016.

Warrants held by shareholders that are also employed by the Group are accounted for as employee benefit expenses with a corresponding increase in equity. Total recognized amount in 2016 was \$399 583. Warrants held by shareholder that is not employed by the Group are recognized as financial liabilities, since the strike price is not in the functional currency of the entity, and valued at fair value through profit or loss each period. Total recognized amount in 2016 was \$326 930.

Granted warrants with subscription price NOK 40.89:

Warrant holders	No of warrants	Tranche 1		No of warrants	Tranche 2		No of warrants	Tranche 3	
		Value per warrant (NOK)	Value per warrant (USD)		Value per warrant (NOK)	Value per warrant (USD)		Value per warrant (NOK)	Value per warrant (USD)
Employees	201 094	5.87	0.72	201 094	5.84	0.71	201 094	4.54	0.56
Non-employees	164 531	5.87	0.72	164 531	5.84	0.71	164 532	4.54	0.56

Conditions for exercise are such that tranche 1 vests at subscription price + 25%, tranche 2 vests at subscription price + 50% and tranche 3 vests at subscription price + 75%. The price increase is measured from the average volume weighted trading price for a period of 10 trading days with minimum trading volume equal to the NOK equivalent of USD 1 million. The warrant subscription price is equal to the original subscription price of the share issuance for all three tranches.

Warrants are valued by use of Monte Carlo Simulation with 1 000 000 observations. The Monte Carlo model projects future share prices for the Company based on a risk-neutral framework (similar to the financial modelling used for other models such as Black-Scholes model or a binomial model). By using identical assumptions and sufficient number of simulations, a Monte Carlo simulation without special conditions would yield somewhat identical results to a Black-Scholes or binomial model. However, a Monte Carlo simulation allows for greater flexibility and customization of the assumptions and plan design parameters, which is necessary to value such a plan dependent on uncertainty with respect to vesting dates and quantity becoming exercisable. The following inputs to the Monte Carlo model is applied:

Interest rate: 0.593%

Volatility: 25%

Note 17 Financial risk factors

Financial market risk

Songa Bulk AS owns subsidiaries, which operates dry bulk vessels for transportation of dry cargo worldwide. Through operations in subsidiaries, the Company is exposed to financial risks such as market risk (including currency risk), credit risk, liquidity risk and other risks that may influence the value of assets, liabilities and cash flows.

To reduce and manage these risks, management periodically assesses the Company's financial market risk in general, as well as evaluating hedging strategies for specific exposures as they arise. The primary strategy used for reducing the financial market risks is the use of derivatives, where appropriate.

Derivative instruments are only implemented for the purpose of hedging financial risks. The Company does not trade or use instruments with the objective of earning financial gains from interest rate or exchange rate fluctuations alone. The Company only employs conventional derivative instruments in contracts with highly rated and reputable financial institutions and commodities brokers.

For 2016, the Company did not have any hedging contracts or other derivative instruments.

Currency risk exposure

The Company is exposed to currency risk in connection with the following items:

General and administrative expenses

General and administrative expenses as salaries, fees to lawyers and other fees such as share issuance costs are mainly denominated in NOK. Exchange rate fluctuations between USD and NOK will have an effect on the actual recognized expenses in the financial statements.

Warrants

The fair value of warrants recognized at fair value through profit or loss is valued in NOK. The change in value to be recognized in profit or loss will be affected by any fluctuations in the USD/NOK exchange rate.

Taxable income

Taxable income is denominated in NOK. Monetary items denominated in other currencies, which is mainly USD, will be translated to NOK for tax purposes. Any change in the foreign exchange rates will affect the taxable income and income tax payable.

Credit risk exposure

The Company is exposed to credit risk through subsidiaries operations in the case that receivables from customers and other parties are not paid. The customers are in general large companies with excellent credit rating. For new customers, a credit evaluation is performed.

Liquidity risk exposure

Liquidity risk may arise if a company is not able to pay its financial obligations at due date. The Company applies cash flow forecasting to ensure that the activities are adequately financed at all times. Cash flows from operations and from planned financing activities are considered sufficient to settle all financial obligations.

Note 18 Related party transactions

In November 2016 the Company entered into an agreement to acquire all the shares in Songa Maru AS from Blystad Shipholding AS for nil consideration. Blystad Shipholding AS is owned and controlled by the Chairman Arne Blystad and his immediate family.

The Company has entered into a corporate service agreement with Arne Blystad AS for the rendering of administrative services, IT and office services and accounting and reporting services. Arne Blystad AS is a company owned and controlled by the Chairman Arne Blystad and his immediate family. Total expenses under the agreement in 2016 was \$20 555.

Note 19 Subsequent events

On 31 January the Group successfully completed a share capital increase with gross considerations of \$5 million. An additional 75 000 warrants were granted to the founding shareholders.

On 17 February 2017, the Group successfully completed a share capital increase with gross considerations of \$100 million. An additional 325 000 warrants were granted to the founding shareholders.



To the Annual Shareholders' Meeting of Songa Bulk AS

BHL DA
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1337 Sandvika

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Telefon: 66 85 59 00
E-post: ta@bhl.no
Internett: www.bhl.no

Medlemmer av
Den norske Revisorforening

Ansvarlig revisor:
Thomas Andersen

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Songa Bulk AS showing a loss of USD 1 892 617 in the financial statements of the parent company and a loss of USD 2 036 219 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at December 31, 2016, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
- The financial statements of the group, which comprise the balance sheet at 31 December 2016, and statement of comprehensive income, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Other Information

Management is responsible for the other information. The other information comprises the Board of Directors report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the parent company use the going concern basis of accounting insofar as it is not likely that the enterprise will be wound up. The financial statements of the group use the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Sandvika, 31. March 2017

BHL DA

Thomas Andersen
State Authorised Public Accountant



Vedlegg 4 / Appendix 4: Selskapets vedtekter / The Company's articles of association

Articles of Association for Songa Bulk ASA (Org.no 917 811 288) (as per 18 April 2017)

§ 1 Firma

Selskapets foretaksnavn er Songa Bulk ASA.
Selskapet er et allmennaksjeselskap.

§ 2 Forretningskommune

Selskapet skal ha sitt forretningskontor i Oslo kommune.

§ 3 Selskapets virksomhet

Selskapets virksomhet er investeringer (direkte eller indirekte) innen tørrbulk, drift av tørrbulkskip samt annen virksomhet som står i forbindelse med dette.

§ 4 Aksjekapital og aksjer

Selskapets aksjekapital er NOK 179.300.000 fordelt på NOK 35.860.000 aksjer hver pålydende NOK 5. Selskapets aksjer skal være registrert i Verdipapirsentralen ASA (VPS).

§ 5 Styre og signatur

Selskapets styre skal ha inntil seks (6) styremedlemmer som velges av generalforsamlingen.

Selskapets firma tegnes av styrets leder alene, to styremedlemmer i fellesskap eller daglig leder alene.

§ 6 Generalforsamlingen – innkalling

På den ordinære generalforsamling skal følgende saker behandles og avgjøres:

1. Godkjenning av årsregnskapet og årsberetningen, herunder utdeling av utbytte;
2. Valg av styremedlemmer og revisor (derom disse er på valg);
3. Andre saker som etter loven eller vedtektene hører under generalforsamlingen.

Aksjonærer som ønsker å delta på generalforsamling skal gi selskapet melding om

§ 1 Company name

The Company's business name is Songa Bulk ASA.
The company is a public limited liability company.

§ 2 Municipality

The company shall have its business offices in the municipality of Oslo.

§ 3 The Company of the business

The business of the company is investments (directly or indirectly) in dry bulk, operation of dry-bulk ships and other activities related thereto.

§ 4 Share capital and shares

The share capital of the company is NOK 179,300,000 divided into 35,860,000 shares each with a face value of NOK 5. The Company's shares shall be registered in the Norwegian Central Securities Depository ASA (VPS).

§ 6 Board and signatory powers

The board of the company shall consist of up to six (6) board members elected by the general meeting.

The signatory powers are held by the chairman of the board separately, by two board members jointly or by the general manager separately.

§ 7 General meeting – summons

The annual general meeting shall address and decide:

1. Approval of the annual accounts and the board's statement, including distribution of dividends;
2. Election of board members and auditor (if these are to be elected);
3. Any other business which by law or the Articles of Association is required to be dealt with by the general meeting.

Shareholders that wish to attend a general meeting shall notify the company prior to a deadline, to be set out in



dette innen en frist som settes i innkallingen, som ikke kan være tidligere enn to virkedager før generalforsamlingen. Dersom slik melding ikke er gitt kan selskapet nekte aksjonæren å delta.

Når dokumenter som gjelder saker som skal behandles på generalforsamlingen, er gjort tilgjengelige for aksjeeierne på selskapets internettsider, gjelder ikke allmennaksjelovens krav om at dokumentene skal sendes til aksjeeierne. Dette gjelder også dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen.

§ 7 Elektronisk kommunikasjon

Selskapet kan bruke elektronisk kommunikasjon når det skal gi meldinger, varsler, informasjon, dokumenter, underretninger ol. til aksjonærene etter allmennaksjeloven.

§ 8 Levetid – oppløsning

Selskapet skal ha en levetid på inntil ti (10) år slik at selskapet skal oppløses senest innen 4. november 2026.

the notice. The deadline cannot expire earlier than two business days before the general meeting. If a shareholder has not provided notice within the may attendance be denied.

When documents regarding matters which are to be dealt with at the general meeting have been made available on the internet site of the company, the requirements in the Norwegian Public Limited Liability Companies Act which state that these documents shall be sent to the shareholders, shall not apply. This exemption is also applicable with regards to documents which according to statutory law shall be included in or attached to the notice of the general meeting.

§ 8 Electronic communication

The Company may use electronic communication to provide messages, notices, information, documents etc. pursuant to the Norwegian Public Limited Liability Companies Act to the shareholders.

§ 9 Term – liquidation

The term of the Company is maximum ten (10) years, such that the Company shall be liquidated within 4 November 2026.

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