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To the bondholders in:

**FRN Electromagnetic Geoservices ASA Senior Unsecured Callable Bond Issue 2013/2016 with ISIN NO 001 068253.7**

Oslo, 5 November 2015

## **SUMMONS TO BONDHOLDERS' MEETING 19 NOVEMBER 2015 AT 13:00 NORWEGIAN TIME – REQUEST FOR EXTENDED MATURITY DATE AND OFFER TO ACQUIRE BONDS FOR REDUCTION OF OUTSTANDING AMOUNT**

Nordic Trustee ASA (the “**Bond Trustee**”) is appointed as bond trustee for the bond issue with ISIN NO 001 068253.7 (the “**Bond Issue**”) issued by Electromagnetic Geoservices ASA (the “**Issuer**” or “**EMGS**”) pursuant to the terms of a bond loan agreement dated 18 June 2013 (the “**Bond Agreement**”) between the Issuer and the Bond Trustee (on behalf of itself and the Bondholders).

All capitalised terms used herein shall have the same meaning assigned to them in the Bond Agreement unless otherwise stated.

*The information in this summons regarding the Issuer and market conditions is provided by the Issuer, and the Bond Trustee expressly disclaims all liability whatsoever related to such information.*

The Issuer requested the Bond Trustee to convene a Bondholders' Meeting to consider a request for an extended maturity for the Bond Issue, and a reduction in the outstanding amount under the Bond Issue.

### **1. Background**

On 29 September 2015, EMGS announced the implementation of cost reduction measures in response to challenging market conditions in general for the oil service industry.

Due to the prevailing low prices for oil and gas, the oil service industry is experiencing reduced demand for its services from oil companies. Although the market conditions currently are challenging, the Issuer believes that the Issuer's technology and flexible business model leaves EMGS well positioned for an upturn in the market. However, in order to preserve such a position, the Issuer is, in addition to implementing specific cost reductions, also looking to extend the Maturity Date and to offer to acquire Bonds and thereby reduce the outstanding amount under the Bond Issue. As a further response to the market conditions and in order to strengthen EMGS' general financial position, the Issuer is proposing to carry out a fully underwritten rights issue with minimum gross proceeds of NOK 214,000,000 and maximum gross proceeds of NOK 278,000,000 (the “**Rights Issue**”).

The Company has informed the Bond Trustee that Bondholders representing more than 2/3 of the Bond Issue have undertaken to vote in favour of the Proposal.

## 2. The offer to acquire Bonds

The Issuer will, subject to the Proposal as set out in section 3 below being approved, offer to acquire 22.86% of the Outstanding Bonds at a price of 80% of the nominal value of each Bond plus interest which is accrued but unpaid on such Bonds up to, but excluding the Settlement Date (the “**Offer Price**”), and further on the terms and conditions as set out below (the “**Offer**”). The Offer will be made to all Bondholders on equal terms and the Issuer will offer to acquire 22.86% of the Outstanding Bonds from each Bondholder.

If one or several Bondholders do not wish to tender 22.86% of their Outstanding Bonds pursuant to the Offer, other Bondholders may tender more than 22.86% of their Outstanding Bonds (an “**Exceeding Tender**”). In case of several Exceeding Tenders, any Outstanding Bonds available under the Offer for such Exceeding Tenders shall be allocated pro rata to existing number of Bonds held among the Bondholders who have delivered Exceeding Tenders.

Any Outstanding Bonds tendered in the Offer shall be redeemed and cancelled, and the number of Outstanding Bonds and outstanding amount under the Bond Agreement reduced accordingly.

The Offer will be announced through a stock exchange notice and to Bondholders on Stamdata within 3 Business Days after the Bondholders’ Meeting held on or about 19 November 2015 approving the Proposal. Bondholders interested in tendering Bonds in the Offer could contact the Advisor at the contact details below to make sure that they are informed when the Offer period commences. The Offer period will be no less than two and no more than three Business Days. The date for settlement for the Offer (the “**Settlement Date**”) will be no later than 5 Business Days after the close of the Rights Issue, expected to be on or about 15 December 2015, and in any case no later than 31 December 2015.

Acceptance of the Offer must be made in writing using a separate Bondholder Offer Form and submitted to the Advisor (as defined in section 4 below). The Bondholder Offer Form will be included in the announcement of the Offer.

Bondholders should note that, the Rights Issue is underwritten by certain underwriters (the “**Underwriting**”) up to the maximum amount under the Rights Issue (NOK 278,000,000). The size of the Rights Issue will, however, depend to what extent the Offer is completed by Bondholders tendering Outstanding Bonds up to the maximum amount of NOK 64,000,000. The size of the Rights Issue, and consequently also the Underwriting, will be adjusted according to the following formulae:

Rights Issue = Minimum amount under the Rights Issue (NOK 214,000,000) + (Outstanding Bonds to be acquired in the Offer \* 80%)

The Offer is subject to and conditional upon fulfilment of the Conditions as defined and set out in section 3 below.

## 3. The Proposal

Based on the above, the Issuer proposes the following resolution (the “**Proposal**”) be passed by the Bondholders:

- (a) The definition of “Maturity Date” is amended to read:

*“‘Maturity Date’ means 27 June 2019 or an earlier maturity date as provided for in this Bond Agreement. Any further adjustment may be made according to the Business Day Convention.”*

- (b) Assuming completion of the Offer, the maximum aggregate amount to be tendered by Bondholders under the Offer is NOK 80,000,000. In case of completion of the Offer at the maximum amount, Clause 2.2.1, first paragraph is amended to read:

*“The Issuer has resolved to issue a series of Bonds in the maximum amount of NOK 270,000,000 (Norwegian kroner twohundredandseventymillion).”*

In case the Offer is completed at an amount less than the maximum amount, Clause 2.2.1, first paragraph will be amended accordingly.

- (c) In order to facilitate the Offer and ensure equal treatment of holder of Bonds, the denomination of Bond will be amended from NOK 1,000,000 to NOK 1.00. Clause 2.2.1 second paragraph is amended to read:

*“The Bonds will be in denominations of NOK 1.00 each and rank pari passu between themselves.”*

- (d) As a consequence of part (b) and part c) in the Proposal and assuming the maximum amount being tendered pursuant to the Offer, the number of Bonds will be amended, resulting in a number of Bonds, each having a denomination of NOK 1.00, which in the aggregate represent NOK 270,000,000. In case the Offer is completed at an amount less than the maximum amount, the number of Bonds will be amended accordingly.

- (e) Clause 10.2.1 (Call Option) is amended to read:

*“The Issuer may redeem the entire Bond Issue (Call Option):*

- (i) from and including Interest Payment Date in June 2015 to, but not included, the Interest Payment Date in December 2018 at 103% of par plus accrued interests on redeemed amount; and*
- (ii) from and including Interest Payment Date in December 2018 to, but not included, the Maturity Date at 100% of par plus accrued interests on redeemed amount.*

*The applicable call price above shall be determined on the basis of the settlement date of the Call Option.”*

- (f) Clause 10.3 (Change of control) of the Bond Agreement is waived in connection with the Rights Issue and the Underwriting and any shareholding (separately or in consolidation) following from or in connection with such Rights Issue and/or Underwriting.

- (g) A new Clause 13.3 (f) is added as follows:

*“No (i) Group Company and (ii) joint venture to which a Group Company is a party, shall incur or permit to remain outstanding any Financial Indebtedness, other than Permitted Financial Indebtedness.”*

- (h) A new Clause 13.3 (g) is added as follows:

*“No pledge shall exist over all or parts of the MC Library and the Issuer shall procure that no member of the Group sells or otherwise disposes of any part of the MC Library to any company outside the Group save that Group Companies may (i) license multi-client data to customers in the ordinary course of business and (ii) invite industrial partners to take equity interest in the Group’s multi-client projects.”*

- (i) A new definition of “MC Library” is added as follows:
- “‘MC Library’ means the Groups’ multi-client library and any other asset forming an integral part of it.”*
- (j) A new definition of “Permitted Financial Indebtedness” is added as follows:
- “‘Permitted Financial Indebtedness’ means*
- (a) Financial Indebtedness incurred under this Bond Agreement;*
  - (b) Any financing by banks of receivables for services rendered or products sold by Group Companies for working capital purposes;*
  - (c) Any borrowings pursuant to the USD 10 million Revolving Credit Facility;*
  - (d) Any utilizations made of the USD 20 million LOC Facility;*
  - (e) Any indemnity issued in connection with bid and performance guarantees issued by banks to customers related to a contract to be performed by a Group Company and/or other guarantees issued in the ordinary course of business not exceeding USD 5 million in the aggregate;*
  - (f) Any Intercompany Loans, provided that such Intercompany Loans in case of default will be fully subordinated the Bonds;*
  - (g) Any seller’s credit and retention of title arrangements (No.: “salgspant”) in the ordinary course of business (including in connection with credit purchases of goods and services);*
  - (h) Any Financial Indebtedness which is fully subordinated the Bonds;*
  - (i) Any Permitted Hedging Obligation;*
  - (j) Any Financial Indebtedness not exceeding USD 5 million in the aggregate; and*
  - (k) Any refinancing of any of the above, provided that such refinancing in on no more onerous terms for the relevant Group Company.”*
- (k) A new definition of “USD 20 million LOC Facility” is added as follows:
- “‘USD 20 million LOC Facility’ means the Committed Guarantee Facility dated 19 March 2012 with the Issuer as borrower and DNB ASA as lender in the amount of up to USD 20 million available for payment, bid and performance bonds in connection with needs in its daily operation.”*
- (l) A new definition of “USD 10 million Revolving Credit Facility” is added as follows:
- “‘USD 10 million Revolving Credit Facility’ means the revolving credit facility made available on 13 May 2015 with the Issuer as borrower and DNB Bank ASA as lender.”*
- (m) A new definition of “Intercompany Loans” is added as follows:
- “‘Intercompany Loans’ means any unsecured Financial Indebtedness entered into by and among Group Companies.”*
- (n) A new definition of “Permitted Hedging Obligation” is added as follows:
- “‘Permitted Hedging Obligation’ means any unsecured obligation of any Group Company under a derivative transaction entered into with one or more hedging counterparties in connection with protection against or benefit from fluctuation in any rate or price, where such exposure arises in the ordinary course of business or in respect of payments to be made under this Bond Agreement (but not derivative transactions entered into for the investment or speculative purposes).”*

- (o) The Proposals in (a), (b), and (d) - (n) and the Offer are conditional upon (jointly, the “**Conditions**”):
- (i) the Issuer’s extraordinary general meeting to be held on or about 26 November 2015 approving the Rights Issue; and
  - (ii) that the Rights Issue is completed with gross proceeds of the minimum amount under the Rights Issue (NOK 214,000,000) + (Outstanding Bonds to be acquired in the Offer) \* 80% being received by the Issuer.

#### **4. Further Information**

The Issuer has engaged Carnegie AS as its Financial Advisor (the “**Advisor**”) with respect to the Proposal. Accordingly, Bondholders may contact the Advisor for further information:

Carnegie AS:

- Tobias Berdal, tel: +47 22009382, cell: +47 93409382, email: [tb@carnegie.no](mailto:tb@carnegie.no)
- Petter Hagen, tel: +47 22009384, cell: +47 93409384, email: [ph@carnegie.no](mailto:ph@carnegie.no)

The Advisor act solely for the Issuer and no-one else in connection herewith. No due diligence investigations have been carried out by the Advisor with respect to the Issuer, and the Advisor expressly disclaim any and all liability whatsoever in connection with the Proposal (including but not limited to the information contained herein).

For further questions to the Bond Trustee, please contact Lars Erik Lærum at [laerum@nordictrustee.com](mailto:laerum@nordictrustee.com) or +47 22879406.

#### **5. Non-reliance**

The Proposal is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee and nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee. The Bondholders must independently evaluate the Proposal and vote accordingly. It is recommended that the Bondholders seek counsel from their legal, financial and tax advisers regarding any possible effects of the Proposal.

#### **6. Summons for Bondholders’ Meeting**

Bondholders are hereby summoned to a Bondholders’ Meeting:

**Time: 19 November 2015 at 13:00 (Oslo time)**

**Place: The premises of Nordic Trustee ASA,  
Haakon VIIIs gt 1, 0161 Oslo – 6<sup>th</sup> floor**

**Agenda:**

1. Approval of the summons.
2. Approval of the agenda.
3. Election of two persons to co-sign the minutes together with the chairman.
4. Request for adoption of the Proposal.

**It is proposed that the Bondholders' Meeting resolve the following:**

The Bondholders' Meeting approves the Proposal as described in section 3 in the summons to this Bondholders' Meeting.

The above mentioned resolutions will, according to the Bond Agreement, require a 2/3 majority of the Voting Bonds represented at the Bondholders' Meeting voting in favour of the Proposal and a minimum of half (1/2) of the Voting Bonds being represented at the meeting. Bondholders may be represented in person or by proxy.

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Please find attached a Bondholder's Form from the Securities Depository (VPS), indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the bondholders' meeting. (If the bonds are held in custody - i.e. the owner is not registered directly in the VPS - the custodian must confirm; (i) the owner of the bonds, (ii) the aggregate nominal amount of the bonds and (iii) the account number in VPS on which the bonds are registered.)

The individual bondholder may authorise the Nordic Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising Nordic Trustee to vote, must then be returned to Nordic Trustee in due time before the meeting is scheduled (by scanned e-mail, telefax or post).

In the event that Bonds have been transferred to a new owner after the Bondholder's Form was made, the new Bondholder must bring to the Bondholders' meeting or enclose with the proxy, as the case may be, evidence which the Bond Trustee accepts as sufficient proof of the ownership of the Bonds.

For practical purposes, we request those who intend to attend the bondholders' meeting, either in person or by proxy other than to Nordic Trustee, to notify Nordic Trustee by telephone or by e-mail (mail@nordictrustee.com) within 16:00 hours (4 pm) (Oslo time) the Business Day before the meeting takes place.

Yours sincerely  
**Nordic Trustee ASA**



Lars Erik Lærum

Enclosed:      Bondholder's Form