



**3.25% Songa Offshore ASA
Senior Unsecured Convertible Bond Issue 2007 – 2010 ("the Loan")**

Issuer:	Songa Offshore ASA (the "Issuer")
The Bonds:	USD 125,000,000 3.25 percent Convertible Bonds due 2010 convertible into common shares ("Common Shares") of the Issuer.
Loan Amount:	USD 125 million
Purpose of the issue:	General corporate purposes
Issue Price:	100 percent of the principal amount.
Denomination:	USD 100,000 and integral multiples thereof.
Launch Date:	23 May 2007
Settlement Date:	Expected to be 1 June 2007
Final Maturity Date:	1 June 2010 (3 years)
Interest Payment Date:	1 December and 1 June each year (the "Coupon Date")
Coupon Rate:	3.25 percent per year.
Coupon Payment:	Interest on the Loan will commence to accrue on Settlement Date and shall be payable semi-annually in arrears on the Coupon Date, or if not a Norwegian banking day on the first subsequent banking day.
Status of the loan:	Senior unsecured. The Bonds will constitute direct, unconditional and unsecured obligations of the Issuer, ranking <i>pari passu</i> without any preference among themselves and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer.
Bondholder's Conversion Rights:	Unless previously redeemed, according to the terms and conditions set out herein, or purchased and cancelled, the Bonds may be convertible to Common Shares at any time during the term of the Loan (the "Conversion Period"). Holders of Bonds (the "Bondholders") shall, to the extent permitted under applicable law, be entitled to convert Bonds into Common Shares at the Conversion Price at any time during the Conversion Period, rounded down to the nearest number of whole Common Share.
Reference Price:	The Volume Weighted Average Share Price of the Common Shares on the Oslo Stock Exchange on the Launch Date (up until pricing).

Initial Conversion Price:	<p>NOK 80.50698 per share equal to a 35 percent Common Share price premium of the Reference Price (NOK 59.6348)</p> <p>Official reference exchange rate provided by the European Central Bank on the Launch date: USDNOK 6.02 Initial Conversion price in USD = 13.37325</p> <p>Conversion ratio pr. USD 100,000 is 7477.613</p>
Adjustment to the Conversion Price:	<p>The Loan will be subject to normal provisions for adjustment of the conversion price to avoid dilution of the Bondholders' values (adjustment for dividends, share splits, any other distributions to all or any substantial part of the Issuer's shareholders, etc).</p>
Conversion Price:	<p>The Initial Conversion Price with any adjustments as determined by the "Adjustment to the Conversion Price".</p>
Issuer's Call Option:	<p>Not callable.</p>
Covenants:	<p>Minimum Market Adjusted Equity: The Issuer shall maintain a Market Adjusted Equity ratio of at least 27,5%. The Market Adjusted Equity ratio shall be adjusted for the market value of the Issuer's rigs – which shall be valued annually by calculating the average valuation (no physical inspection) as carried out by at least two rig brokers who are independent of the Issuer in all ways and who can be approved by the Loan Trustee.</p> <p>The Market Adjusted Equity ratio shall be observed at all times, and reported to the Loan Trustee annually in connection with the Company's annual reporting.</p>
Change of domicile:	<p>The Issuer may, without a bondholders meeting, change its domicile (to Cyprus or other domicile acceptable to the Loan Trustee) provided that:</p> <ol style="list-style-type: none"> a) the Issuer fully assign its obligations and rights pursuant to the Loan Agreement to the re-domiciled Issuer. b) the Issuer provides written documentation evidencing the completion of a change of domicile. c) the Issuer provides legal opinions in a form and content acceptable to the Loan Trustee from such new jurisdictions in a form the Loan Trustee may reasonably require to confirm duly execution, perfection and enforceability of Issuer's obligations under the Loan Agreement converted to the new domicile. d) the shares of the re-domiciled Issuer are listed on the Oslo Stock Exchange.
Default:	<p>The Loan Agreement will be subject to customary event of default provisions subject to a threshold of USD 10 million.</p>
Other conditions:	<p>The Issuer shall not without the approval of the Trustee or, where necessary, a Bondholders' meeting:</p> <ol style="list-style-type: none"> (a) cease to carry on its business; (b) sell or dispose of all or a substantial part of its operations or materially change the nature of its business, and (for both alternatives) the action in the reasonable opinion of the Trustee materially jeopardizes the Issuer's ability to fulfill its obligations under the Loan Agreement.
Issuer's ownership of Bonds:	<p>The Issuer has the right to acquire and own the bonds. Such bonds may at the Issuer's discretion be retained, cancelled, sold and/or used for partial redemption.</p>
Governing Law:	<p>Disputes arising out of or in connection with the Loan Agreement which are not</p>

resolved amicably shall be resolved in accordance with Norwegian law and in the Norwegian courts.

- Listing:** The Bonds will not be listed.
- Approvals / Permissions and subject to:** All necessary corporate resolutions for the approval and issuance of the Bonds and the documentation in connection therewith including but not limited to the execution of the Loan Agreement.
- Trustee:** Norsk Tillitsmann ASA, Postboks 1470 Vika, 0116 Oslo, Norway.
- Arranger:** ABG Sundal Collier Norge ASA
- Paying Agent:** Nordea Bank Norge ASA
- Securities Depository:** The Norwegian Central Securities Depository (VPS).
- Change of Control:** *Change of Control Event:* An event where a shareholder of the Issuer or a group of affiliated shareholders, or companies, directly or indirectly (including purchase, merger etc.) have acquired the right to cast, at a general meeting of shareholders of the Issuer, more than 50 percent of the votes that may ordinarily be cast in a general meeting.

If a Change of Control Event has occurred, the Issuer shall make an offer to the Bondholders to, at the Bondholders' election:

either:

(i) purchase the Bonds at 100 percent of their principal amount together with accrued interest;

or:

(ii) convert the Bonds at the Change of Control Conversion Price, as set out below, but in each case adjusted, if appropriate, under the provisions of the Loan Agreement provided that no adjustment to the Conversion Price will be made in respect of such Change of Control Event other than pursuant to the Loan Agreement in respect of exercise of the conversion right as set out below:

$COCCP = OCP / (1 + (CP \times (c/t)))$ where:

COCCP = Change of Control Conversion Price;

OCP = Conversion Price;

CP = means 35 percent;

c = means the number of days from and including the date of the Change of Control Event to but excluding the Final Maturity Date; and

t = means the number of days from and including the Settlement Date to but excluding the Final Maturity Date.

Loan Agreement The Loan Agreement will be entered into, on standard terms and conditions for such bond loans, by the Issuer and the Trustee acting as the bondholders' representative.

The Loan Agreement will be entered into between the Issuer and the Trustee prior to the Disbursement Date. The Loan Agreement regulates the bondholders' rights and

obligations with respect to the Loan. If any discrepancy should occur between this Term Sheet and the Loan Agreement, then the Loan Agreement shall prevail. The Trustee enters into this agreement on behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Loan Agreement.

When bonds are subscribed/purchased, the Bondholder has accepted the Loan Agreement, is bound by the terms of the Loan Agreement and has granted a power-of-attorney to the Arranger to subscribe the Loan on behalf of the Bondholders. If subscription is made prior to finalisation of the Loan Agreement, the subscriber is deemed to have granted authority to the Trustee to finalise the Loan Agreement. The parties' rights and obligations are also valid for subsequent issued bonds within the Borrowing Limit.

Eligible purchasers:

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended. In the United States, the Bonds are being offered to and may only be purchased by investors who are "Qualified Institutional Buyers" (QIBs) within the meaning of Rule 144A under the U.S. Securities Act of 1933, as amended ("Securities Act") in reliance on Rule 144A or another available exemption from registration under the Securities Act. In addition to the Subscription Agreement that each investor will be required to execute, each U.S. investor that wishes to purchase Bonds will be required to execute and deliver to the Issuer a certification in a form to be provided by the Issuer stating, among other things, that the investor is a QIB. The Bonds may not be purchased by, or for the benefit of, persons resident in Canada.

Transfer restrictions:

Bondholders will not be permitted to transfer the Bonds except (A) in the United States, (i) subject to an effective registration statement under the Securities Act, (ii) to a person that the Bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in reliance on Rule 144A, or (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), and (B) outside the United States in accordance with Regulation S under the Securities Act (including transactions on the Oslo Børs).

Songa Offshore ASA

Oslo, 23 May 2007

ABG Sundal Collier Norge ASA