

SONGA OFFSHORE ASA

REPORT FOR THE 4TH QUARTER 2005

Songa Offshore ASA consolidated after tax loss for the 4th quarter 2005 was USD 8,0 million. Operating expenses of USD 3,8 million for the period are related to the refurbishment work for the Songa Venus, the Songa Mercur and the Songa Saturn as well as general overhead expenses. Financial expenses for the period was USD 9,8 million of which USD 5,6 million is a non-cash item related to an option issued in connection with a lease agreement for a blow out preventer entered into in October 2005. Songa Offshore has had no trading income in the period up to 31 December 2005.

Main developments in 4th quarter

- Songa Offshore acquired 20,187% of the rig DeepSea Bergen in October
- In November, the company acquired the drillship Glomar Robert F. Bauer, which was renamed Songa Saturn
- Also in November, Songa Offshore entered into a lease agreement for a blow out preventer which will support the operations of Songa Mercur
- In December, Songa Offshore signed a contract for the rig Songa Venus with ENI / Inpex in Australia
- Songa Offshore filed application for stock listing on the Oslo Stock Exchange in December. The company was listed on 26 January 2006

The rigs

Songa Venus

A drilling contract for Songa Venus was signed in December 2005 with ENI/Inpex for work in Australia. Contract duration is firm one year with an option for the operator to extend for 2x6 months. Contract startup is immediately after upgrade work required for the contract, July 2006.

Songa Mercur

The third generation, 1990-built rig Songa Mercur is currently undergoing refurbishment work at a yard in Texas, USA. The rig will be ready for operations during second quarter 2006. Songa Offshore is exploring the possibility for a short term contract followed by an upgrade to a deepwater rig which will broaden its market potential.

Songa Saturn

In February 2006 a drilling contract was signed with Noble Energy for the drill ship Songa Saturn. The contract is for three wells in Equatorial Guinea with an option for Noble Energy for another two wells. Contract commences in Q3 2006. Expected duration excluding options

is 150 days for the three wells. Songa Saturn is currently undergoing refurbishment and contract preparation work in Turkey. The work consists, among other things of steel changes, new topside equipment and water depth upgrade to 3300 ft.

DeepSea Bergen

In February 2006 the DeepSea Bergen rig, which is 20,187% owned by Songa Offshore, was awarded a Letter of Intent from Statoil for drilling in the Halten Nordland area on the Norwegian Continental Shelf. The contract is scheduled to commence upon completion of DeepSea Bergen`s current contract expected to be in the 2nd quarter 2008. The contract has a fixed duration of 3 years.

Financing and share capital issues

As part settlement of the acquisition of the company Madeira Invest AS (now named Songa Saturn AS) in connection with the acquisition of the rig Songa Saturn in November, Songa Offshore issued 2.087.209 shares at an issue price of NOK 33,50. During the 4th quarter a total of 1.995.200 shares were issued following conversion of freely tradable warrants. Conversion price is USD 1,50. As at 31 December 2005 a total of 19.269.233 freely tradable warrants were remaining in the market. The warrant program expires in May 2008.

As of 31 December 2005 Songa Offshore`s interest bearing debt was USD 173,9 million, of which USD 108,1 million was a bond loan and USD 65,7 million was bank loan facilities. Unused bank loan facilities totaled USD 48,0 million. In addition, Songa Offshore had lease obligations totaling USD 20,9 million in connection with a lease agreement for a blow out preventer. Bank deposits and cash at year end was USD 2,2 million.

Market conditions and outlook

The demand for drilling vessels continues to be strong in all segments. Due to limited near-term availability of drilling rigs, the market expects increases in day rates in the short to medium term.

Songa Offshore is well positioned to exploit the good market conditions. The company has established a competent management team and necessary infrastructure in order to operate its vessels under contract.

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Consolidated income statement for the period of 18 April to 31 December 2005 and Q4 - 05

Amounts in USD 1000, except per share data

	as at 31.12.05	Q4-05	as at 30.09.05
Total revenues	1 207	1 207	-
Operating expenses	(5 711)	(3 809)	(1 902)
Finance costs	(24 826)	(9 777)	(15 049)
Loss before income tax	(29 330)	(12 379)	(16 951)
Income tax expense	4 384	4 384	-
Loss for the period	(24 946)	(7 995)	(16 951)
Earnings per share for the period (expressed in cent per share)			
- basic	(47,3)	(13,9)	(33,8)

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Consolidated Balance as at 31 December 2005

Amounts in USD 1000

	as at 31.12.05	as at 30.09.05
ASSETS		
Total non current assets	260 902	150 536
Total current assets	4 638	18 402
Total assets	265 540	168 938
EQUITY AND LIABILITIES		
Share capital	9 282	8 619
Other equity	76 232	64 351
Retained earnings	(24 946)	(16 951)
Total equity	60 568	56 018
Total long term liabilities	187 545	106 846
Total current liabilities	17 428	6 074
Total equity and liabilities	265 540	168 938

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Consolidated statement of change in shareholders equity for the period from 18 April 2005 (inception) to 31 December 2005

Amounts in USD 1000	Share capital	Share premium reserve / Other equity	Total equity
Inception 18 April 2005	158	842	1 000
Issue of shares	9 124	65 763	74 886
Issue of warrants		9 628	9 628
Profit (loss) for the period		(24 946)	(24 946)
Balance at 31 December 2005	9 282	51 286	60 568

Consolidated Statement of Cash Flow for the period from 18 April 2005 (inception) to 31 December 2005

Amounts in USD 1000

Cash flow from operations	(2 425)
Cash flow from investments	(236 902)
Cash flow from financing	240 547
Net increase (decrease) in cash	1 220
Balance at beginning of period	1 000
Balance at end of the period	2 220