

An aerial photograph of a large red offshore supply vessel, likely a S-71, at sea. The vessel is viewed from a high angle, showing its complex deck structure, cranes, and a helicopter landing pad. The water is dark blue with white wake. The text is overlaid in yellow on the central part of the vessel.

Songa Offshore ASA
Preliminary results 2006
Investor presentation
February 2007

Saturn: Hess mob at USD 300' plus one well at USD 350' for Q4 2007 / Q1 2008

Dee: two years from early 2009 at USD 425' plus two optional six months at market

Sold 20% interest in Deepsea Bergen

Acquired Deepsea Trym for USD 238.5 million, financed with a USD 40 million commercial paper, USD 165 million bank bridge facility and issuance of 3.5 million shares

Latest moves (cont.)

Employees exercised options for 2.4 million shares at NOK 30

TRS established with Carnegie for 2.1 million shares

EGM late December reclassified NOK 957.7 million of share capital premium fund to "other equity"



- Total capex estimated at USD 208 million
- Venus left Singapore 25 October
- Saturn left Istanbul end December, and Algeciras, Spain 6 February
- Mercur to leave Singapore early March

- One midwater semi submersible rig – **Songa Venus** – operating offshore Western Australia as from Nov 2006. Contract in Australia with ENI/Inpex - 12 months at USD 205,000/day plus 2 x 6 months option priced at USD 225,000/day. (First option must be confirmed by mid-May 2007).
- One midwater semi submersible rig – **Songa Mercur** – currently in Singapore for contract preparation work. Expected to start mobilisation around 20 February. Contract in Australia with Chevron 360 days at USD 300,000/day plus 2 x 6 months option at market.
- One midwater drill ship – **Songa Saturn** – just finished recommissioning / upgrading. En route to EG. Contract for 3 wells at USD 340,000/day+ 3 wells at USD 416,666/day + 2 wells option at USD 340,000/day with Noble Energy. Thereafter one well with Hess in Libya at USD 350,000/day.
- One midwater semi submersible rig – **Songa Dee** - working in Norway for Hydro at Troll Field – paying approx USD 42,000/day until end Q1 2009 – through a BBC with sellers. Thereafter two years with Marathon / Lundin at USD 425,000/day, plus one year option at market with floor at USD 425,000/day.
- One midwater semi submersible rig – **DeepSea Trym** - working for Norsk Hydro at approx USD 170,000/day until approx Q1 2009. We will have her on bareboat from seller at USD 50,000/day during the period. One of the first NCS rig available.



Songa Offshore Group

Consolidated income statement

for the period

(IFRS - non audited figures)

	OCT - DEC	OCT - DEC	JAN - DEC	APR * - DEC
Amounts in USD '000	2006	2005	2006	2005
Revenue	41,817	1,207	50,116	1,207
Other operating costs	-22,306	-3,809	-40,255	-5,711
Depreciation	-7,526	0	-13,812	0
Finance costs	-6,672	-9,777	-24,664	-24,826
Profit/(loss) before tax	5,313	-12,379	-28,615	-29,330
Tax income/(expense)	-1,626	4,384	7,874	4,384
Profit/(loss) for the	3,687	-7,995	-20,741	-24,946
Net earnings per share (USD):				
Basic	0.05	-0.14	-0.28	-0.47
Dilutive	0.05	-0.14	-0.28	-0.47

* Inception at 18 April 2005

Sale Deepsea Bergen	19,10
Songa Dee	9,90
Songa Venus	10,60
Songa Venus Mobilisation	3,60
Saturn rebill, gain sale etc	1,80
Rebill KCA, other etc	5,10
	<hr/>
	50,10

Oper. 44.5d at 205'
Mob 22.8d at 100'
Adjusted for standby,
zero rate etc.

Part of mob fees for
Galveston – Singapore
etc., taken over 12
months

Rebilling	4,3	
Options programme	3,3	
Saturn consumables	2,1	
Venus	10,8	
G&A	1,8	
	<hr/>	
	22,3	

Both rigs started up in Q4, consumables etc expended, which gives a high start-up opex

Guiding: Budgetted opex for 2007 – USD 90' p.d. for Mercur and USD 85' p.d. For both Saturn and Venus

Balance Sheet

	31 Dec 2006	31 Dec 2005
Amounts in USD '000		
ASSETS		
Deferred tax	12,388	4,384
Rigs and fixtures	712,332	222,462
Investments	-	34,056
Total non-current assets	724,720	260,902
Accounts receivable	20,824	1,039
Prepayments	2,654	417
Other receivables	26,743	962
Cash and cash equivalents	90,621	2,220
Total current assets	140,842	4,638
Total assets	865,562	265,540
EQUITY AND LIABILITIES		
Equity		
Share capital	12,791	9,254
Share premium	180,580	75,984
Paid in, not registered share capital	0	276
Other equity	(31,773)	(24,946)
Total equity	161,598	60,568
Bank loan	211,389	45,902
Bond loan	167,889	108,142
Other long term debt	6,024	11,106
Total non-current liabilities	385,302	165,150
Accounts payable	6,714	5,303
Accrued interest expense	15,352	3,675
Bank loan	246,142	19,840
Prepaid revenues	26,056	-
Other short term liabilities	24,398	11,004
Total current liabilities	318,662	39,822
Total liabilities	703,964	204,972
Total Equity and Liabilities	865,562	265,540

Shares

- Number of outstanding shares: 84,564,801
- Number of options to management: 1,715,000 at NOK 54.25
- Number of options granted to board members: 2,000,000 at NOK 53.41 (authorization 2.5 million)
- BOP investors may convert 15.3 mUSD at NOK 35 per share, which equal to approximately 2,740,886 shares. Songa may pay in cash instead of shares.
- Remaining 6,221,017 warrants, strike USD 1.50.
- Number of shares totally diluted: 97,241,704.



Debt

- USD 400 million bank loan with Nordea - 1st priority mortgage in first four rigs. Interest rate: LIBOR + 2%. Quarterly repayment first time 29.03.2007, ending 24 months thereafter.
- USD 110 million (gross) bond loan. 2nd priority mortgage in Venus and Mercur. Interest rate: 9%. Maturity date: 2010.
- USD 75 million (gross) bond loan. 2nd priority mortgage in Dee. Interest rate: 9,75 %. Maturity date: March 2011. Callable in 2009 at 106%. Dividend restriction.
- USD 15 million BOP
- USD 40 million unsecured commercial paper, matures in June 2007, 8.375%
- USD 210 million bank bridgefacility, of which USD 165 million is drawn – first mortgage in Trym, interest rate LIBOR + 1.75%. Matures June 2007.



Changes in Equity

Songa Offshore Group

Statement of changes in equity


(IFRS - non audited figures)

Amounts in USD '000					
	Share capital	Share premium reserve	Paid in, not registered capital	Other equity	Total equity
Equity at 04.18.2005	158	842			1,000
Issue of share capital	9,096	65,514			74,610
Issue of warrants		9,628			9,628
Paid in, not registered capital			276		276
Profit (loss) for the period				(24,946)	(24,946)
Equity at 12.31.2005	9,254	75,984	276	(24,946)	60,568
Equity at 01.01.2006	9,254	75,984	276	-24,946	60,568
Conversion of warrants not registered at 12/31 2005	28	248	-276		0
Conversion of warrants Jan - Dec	1,991	17,281	0		19,272
Paid in, not registered capital			0		
Option plans				14,838	14,838
Issue of share capital	1,518	87,067			88,585
Pension plan				-3	-3
Translation adjustments				-210	-210
Exchange differences on foreign subsidiaries				-711	-711
Profit (loss) for the period				-20,741	-20,741
Equity at 12.31.2006	12,791	180,580	0	-31,773	161,598

Songa Offshore Group

Consolidated statement of cash flows at
(IFRS - non audited figures)

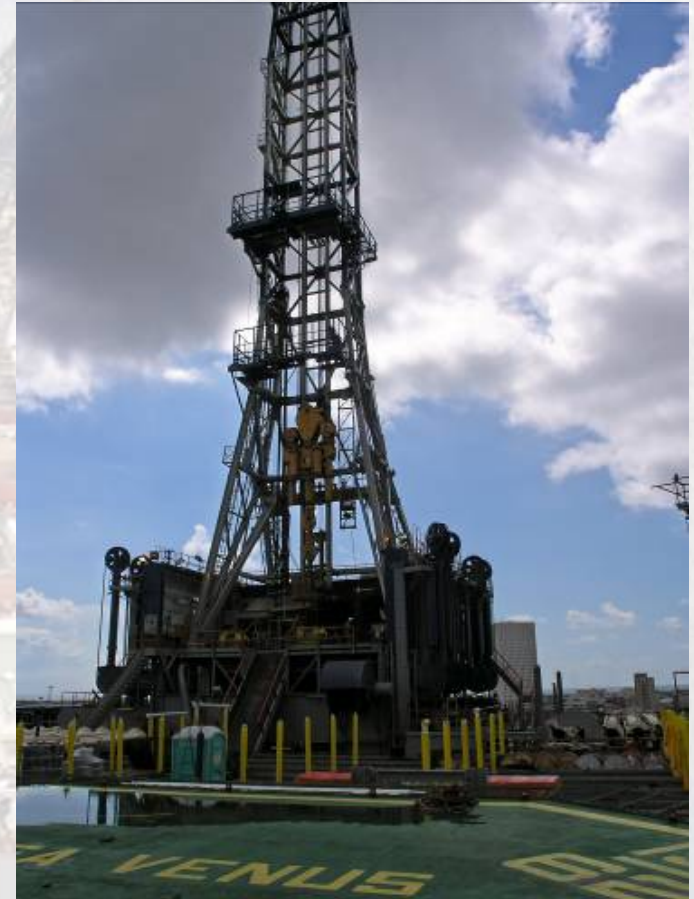
	31 Dec	31 Dec
	2006	2005
	Amounts in USD '000	
Operating profit (loss) before tax	(28,615)	(29,330)
Cash flows from operating activities		
Adjustment for:		
Gain on sale of available-for-sale investment	(19,022)	
Depreciation	13,812	
Cost of option plans	14,838	
Interest expense	18,671	
Interest paid	(15,531)	
Change in receivables	(47,803)	(2,419)
Change in payables	10,534	10,179
Increase in fair value of BOP option	6,671	5,609
Non cash expense from redemption of bond loan		9,900
Prepaid revenue	26,056	
Net cash flow from operating activities	(20,389)	(6,061)
Cash flows from investing activities		
Purchase of property, plant and equipment	(503,682)	(222,461)
Proceeds from disposal of property, plant and equipment	-	15,300
Proceeds from sale of available-for-sale investment	53,079	
Acquisition of available-for-sale investment	-	(34,056)
Net cash flow used in investing activities	(450,603)	(241,217)
Cash flows from financing activities		
Proceeds from issue of share capital	107,857	74,614
Proceeds from issue of bonds and new bank loan raised	451,536	173,884
Net cash flow from financing activities	559,393	248,498
Net increase/(decrease) in cash and cash equivalents	88,401	1,220
Cash and cash equivalents at beginning of period	2,220	1,000
Cash and cash equivalents at end of period	90,621	2,220

- Buy secondhand rigs – early cashflow
 - Recommission and secure first contracts
 - *Secures lower original investment, which will be paid down substantially by the time the newbuilding rigs come to the market in 2008-09*
 - Establish organisation with leadership, marketing, engineering and operations skills
 - Finance – funding through the Norwegian equity, HY and banking markets
- 
- A large, complex offshore oil rig is shown from an aerial perspective, floating on the ocean. The rig is primarily red and white, with a complex network of pipes and structures. The background is a light blue sky and dark blue water.

Status going forward

Going forward

- All rigs in operation within Q1 2007.
- Secure strong free cash flow next three-four years.
INCREASE EARNINGS VISIBILITY THROUGH MORE CONTRACTS
- Refinance current bank facility.
- Establish Norwegian operational organisation
- Focus on operations and HR
- Cost focus

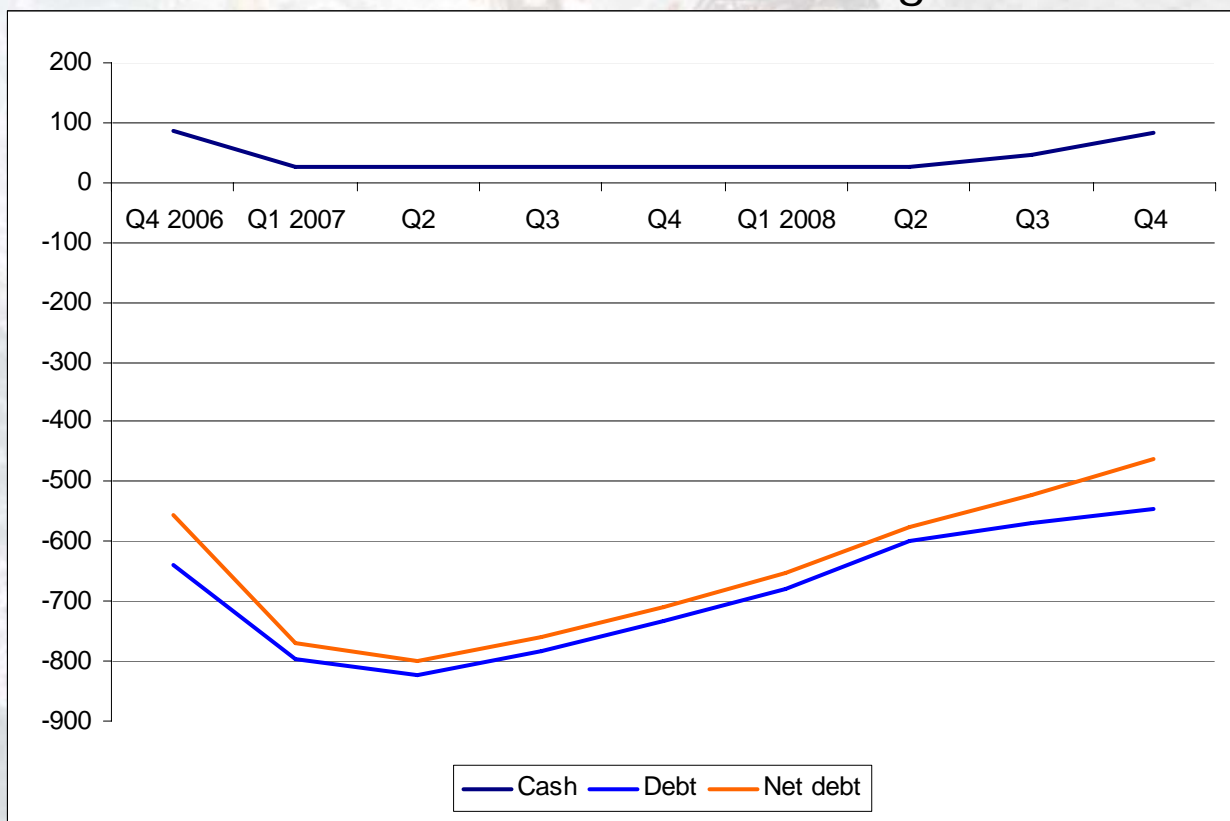


A cash machine's wake up call

MV = USD 800 mill at NOK 59 per share

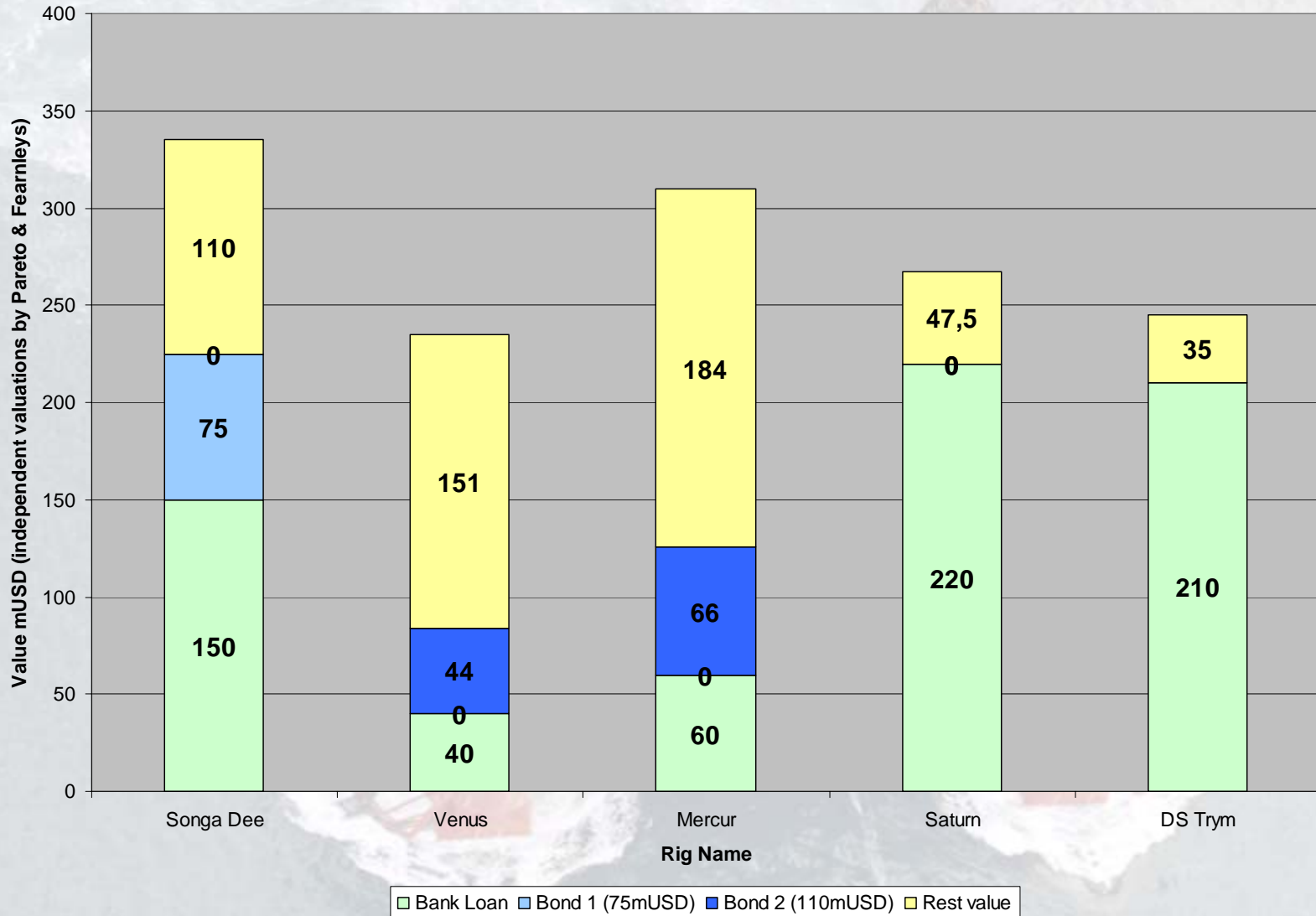
EV YE2006 = USD 1600 mill

EBITDA 2008 estimated to USD 260 mill, but the annual rate will increase to USD 455 mill* during 2009



* Assume rigs fixed at 325'-425' USD/day and avg. Opex at 120' USD/day

Rig Mortgage Overview



1. Each rig is valued at USD 330-350 million by the financial markets. Recommissioned and with "cash flow from day one" (some good some bad)
 2. Buy a second hand rig like the Dee – USD 230 – 300 million. Bad cash flow until say 2009?
 3. Buy a cold stacked unit – USD 150 – 230 million? Capex USD 40-130 million, contract from early 2008? (assuming getting needed drilling equipment)
 4. Order new build midwater USD 500-550 million? Delivery 2010.
- Item 1 establishes a level for considering buy-backs, alternatively dividends or offer to buy back shares (1 for 10?)

Share:
OSE ticker "SONG"

ISIN NO 001 0268451

Warrant:
OTC ticker "SONW"

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Songa Venus

- Friede & Goldman design
 - Pacesetter 1-900 class, built 1974
 - Enhanced 2004-2005 with 4 new columns and caissons to increase VDL and pontoons for stability
- Drilling capacity 25,000 ft upto 1500 ft water
- Accommodation for 105 men
- Variable Deck Load 3,600 MT
- Traditional 8 point mooring system
- 3000 HP National Draw work
- Three National 12-P-160 Mud pumps
- 18 ¾" 10,000 psi Cameron BOP
- ABS class renewed June 2005
- Delivered to Songa on 7 June 2005
- Contract signed with ENI/Inpex - Australia



Songa Mercur

- Friede & Goldman Pacesetter 9500 - Built in 1990
- Drilling capacity 25,000 ft in upto 1200 ft water
- Accommodation for 100 men
- 18 $\frac{3}{4}$ - 15,000 psi BOP
- Traditional 8 point mooring system
- Operating variable deck load of 3000 MT
- 3000 HP National Draw work and 3 x National 12-P-160 Mud pumps
- Class A 1 DNV renewed June 2005
- Delivered 16 June 2005
- Contract signed with Chevron in Australia



Songa Saturn

- Type: Drill ship
- Built: 1983 Keppel FELS, upgraded 1995/1999
- Mooring system: 8 point
- Drilling depth: 25,000 ft
- Derrick: 1.3 million lb
- Draw works: 3,000 hp
- Accommodation: 120 persons
- Previous owner: Global SantaFe
- Water depth capacity after upgrade: approx 3,750 ft.
Water depth capacity was; approx 2500 ft.
- Delivered 11 November 2005
- Refurbishment work consist of steel replacement, water depth upgrade, new topside equipment and certain ballast enhancements. Included a 5-year special periodic survey.
- Contracts signed with Noble Energy and Hess. Ready to drill Q1 2007.



Songa Dee

- Built 1984, upgraded in 2004
- Water depth capacity: 1,800 ft,
- SBOP capability for 6,000 ft
- Variable deck load (operating): 4,700 tonnes
- Mooring system: Anchored with truster assist
- 120 man accommodation
- BOP Stack: Cameron UII 18 3/4" 15,000psi
- Bareboat back to back with sellers until 08/09. Rig working for Hydro in Norway. Thereafter Marathon / Lundin for 2+1 years from 2009 Norway / UK.



Deepsea Trym

- Built 1976, Aker H-3 enhanced, upgraded for USD 110 million over the last 10 years
- Water depth capacity: 1,200 ft
- Variable deck load (operating): 2,800 tonnes
- Mooring system: Anchored 10 points
- 100 man accommodation
- BOP Stack: 18 3/4" 10,000psi
- Riser: Cameron 20.5" OD 1,000 ft
- Bareboat back to back with sellers until 08/09. Rig working for Hydro in Norway.

