

La Covadonga Limited

Statements of Financial Position

As of March 31, 2020 and December 31, 2019

(In thousands of US dollars)

Assets

| | March 2020 | December 2019 |
|-----------------------------|-------------------|-------------------|
| | Unaudited | Audited |
| Current assets: | | |
| Cash | \$ 4 | \$ 75 |
| Due from related parties | 16,146 | 15,943 |
| Other accounts receivable | 765 | 1,361 |
| Prepaid expenses, net | 14 | 19 |
| Total current assets | <u>16,929</u> | <u>17,398</u> |
| Non-current assets: | | |
| Jack ups and equipment, net | 166,506 | 168,763 |
| Deferred income taxes | 8,529 | 8,796 |
| Total non-current assets | <u>175,035</u> | <u>177,559</u> |
| Total assets | <u>\$ 191,964</u> | <u>\$ 194,957</u> |

Liabilities and Stockholders' equity

| | | |
|------------------------------------------------|-------------------|-------------------|
| Current liabilities: | | |
| Due to related parties | \$ 1 | \$ 1 |
| Other accounts payable and accrued liabilities | 2,864 | 2,998 |
| Total current liabilities | <u>2,865</u> | <u>2,999</u> |
| Non-current liabilities: | | |
| Due to related parties | 145,744 | 148,926 |
| Total non-current liabilities | <u>145,744</u> | <u>148,926</u> |
| Total | <u>148,609</u> | <u>151,925</u> |
| Stockholders' equity: | | |
| Capital stock | 78,100 | 78,100 |
| Deficit | (34,745) | (35,068) |
| Total stockholders' equity | <u>43,355</u> | <u>43,032</u> |
| Total stockholders' equity and liabilities | <u>\$ 191,964</u> | <u>\$ 194,957</u> |

La Covadonga Limited

Statements of Operations

For the three months ended March, 2020 and for the year end December 31, 2019

(In thousands of US dollars)

| | March 2020 | December 2019 |
|-----------------------------------------------|----------------------|--------------------------|
| | Unaudited | Audited |
| Continuing operations: | | |
| Operating lease revenues | \$ 7,462 | \$ 24,657 |
| Operating cost | 16 | 325 |
| Depreciation of assets under operating leases | <u>3,417</u> | <u>15,668</u> |
| Gross profit | 4,029 | 8,664 |
| Interest expenses, net | 3,444 | 14,475 |
| Exchange (gain) loss , net | <u>(5)</u> | <u>7</u> |
| Gain (loss) before income taxes | 590 | (5,818) |
| Deferred income tax benefit | <u>267</u> | <u>(2,991)</u> |
| Net result | \$ <u><u>323</u></u> | \$ <u><u>(2,827)</u></u> |

La Covadonga Limited

Statements of Cash Flows

For the three months ended March, 2020 and for the year end December 31, 2019

(In thousands of US dollars)

| | March 2020 | December 2019 |
|------------------------------------------------|----------------|-----------------|
| | Unaudited | Audited |
| Cash flows from operating activities | | |
| Net result | \$ 323 | \$ (2,827) |
| Adjustments for: | | |
| Deferred income tax benefit | 267 | (2,991) |
| Depreciation | 3,417 | 15,668 |
| Exchange (gain) loss , net | (5) | 7 |
| Interest expense | 3,444 | 14,475 |
| | <u>7,446</u> | <u>24,332</u> |
| Changes in working capital: | | |
| (Increase) decrease in: | | |
| Due from related parties | (203) | (5,734) |
| Other accounts receivable | 596 | (408) |
| Prepaid expenses | 4 | 894 |
| Increase (decrease) in: | | |
| Trade accounts payable | - | (949) |
| Due to related parties | (3,182) | 810 |
| Other accounts payable and accrued liabilities | (128) | 66 |
| Net cash flows by operating activities | <u>4,533</u> | <u>19,011</u> |
| Cash flows from investing activities: | | |
| Purchase of equipment | <u>(1,160)</u> | <u>(4,477)</u> |
| Net cash flows by investing activities | <u>(1,160)</u> | <u>(4,477)</u> |
| Cash flows from financing activities: | | |
| Interest paid | <u>(3,444)</u> | <u>(14,475)</u> |
| Net cash flows in financing activities | <u>(3,444)</u> | <u>(14,475)</u> |
| Net change in cash | (71) | 59 |
| Cash at the beginning of the year | <u>75</u> | <u>16</u> |
| Cash at end of the year | <u>\$ 4</u> | <u>\$ 75</u> |