



## Announcement of Proposed Merger and intention to de-list GDRs

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION**

**12 OCTOBER 2015**

### **EURASIA DRILLING COMPANY LIMITED ANNOUNCEMENT OF PROPOSED MERGER AND INTENTION TO DE-LIST GDRS**

Eurasia Drilling Company Limited (the **Company**) announces that it has today agreed with certain members of the Company's management team and certain significant shareholders (the **Participants**) the terms of a merger (the **Merger**) between the Company and EDC Acquisition Company Limited (**EACL**).

On 8 October 2014, the Company announced that EACL had made an offer of \$10.00 per share, which was based on management's view of the likely future performance of the Company. Following a detailed evaluation of the proposed merger by the Special Committee and its advisers and as a result of robust negotiations between the Special Committee and EACL, the parties agreed to a revised offer price of \$11.75 per share (the **Merger Consideration**).

The revised offer represents an increase of 17.5% over the price per share originally offered by EACL on 8 October 2015. The Merger Consideration represents a premium of:

- 7.3% over the closing price of a GDR on 7 October 2015 (being the latest trading date prior to the announcement by the Company of the receipt of an offer from EACL); and
- 19.9% over the volume weighted average price of a GDR for the period from 1 October 2015 (being the first trading day after the Company's investor call on 30 September 2015 following the termination of the proposed transaction earlier this year with Schlumberger) to 7 October 2015 (being the latest trading date prior to the announcement by the Company of the receipt of an offer from EACL).

Following the initial receipt of an offer from EACL which was announced on 8 October 2015, the Company's board of directors (the **Board**) formed a special committee of independent non-executive directors (the **Special Committee**), comprising the Earl of Clanwilliam (as chairman of the Special Committee), Igor Belikov and Alexander Shokhin, to evaluate and negotiate the terms of the Merger on behalf of the Company with the assistance of separate advisers appointed by the Special Committee. Following the Special Committee's recommendation to accept the terms of the Merger and the approval by the Board, a merger implementation agreement has been signed today between EACL and the Company (the **Merger Implementation Agreement**).

The Merger is conditional on the Merger Consideration being available to the Company. It is expected that the Merger Consideration will be financed from existing cash reserves of the Company, loans from certain of the Participants and/or borrowing facilities available to the Company. The Participants are confident that such financing will be available to the Company by the time needed in order to complete the Merger as described below.

The Company will convene an Extraordinary General Meeting of the shareholders of the Company (the **Shareholders**) on 13 November 2015 at 12 noon (GMT) at the offices of Willkie Farr & Gallagher (UK) LLP at CityPoint, 1 Ropemaker Street, London EC2Y 9AW (the **Extraordinary General Meeting**). The Shareholders will be asked to consider and vote on the plan of merger (the **Plan of Merger**). Under the terms of the Plan of Merger, the Company will be merged with EACL, with the Company continuing as the surviving company after the Merger. To be passed, the resolution to approve the Plan of Merger requires an affirmative vote of at least two-thirds of the votes of those Shareholders present and entitled to vote and voting in person or by proxy at the Extraordinary General Meeting. The Participants, whose shares represent approximately 71% of the Company's total outstanding Shares, have undertaken to vote in favour of the resolution and, accordingly, it is expected that the resolution to approve the Plan of Merger will be passed.

A circular providing notice of the Extraordinary General Meeting and containing detailed information about the Merger (the Circular) is expected to be dispatched to shareholders of the Company today and will also be available on the Company's website -[www.eurasiadrilling.com/investor-relations/EGM/](http://www.eurasiadrilling.com/investor-relations/EGM/) .

The Circular includes instructions of how Shareholders can vote at the Extraordinary General Meeting, as well as how Shareholders can exercise their right to dissent and seek payment of the fair value of their Shares in accordance with the Cayman Companies Law if the Merger is completed. Subject as provided in the final sentence of this paragraph, GDR holders will not have a right to attend or vote at the Extraordinary General Meeting or to dissent following completion of the Merger unless they surrender their GDRs, pay to The Bank of New York Mellon as depositary for the GDR programme (the **Depositary**) fees (consisting of up to \$0.03 per GDR surrendered, a cable fee of \$17.50 and any applicable taxes or governmental charges) and become Shareholders by 7 a.m. (EST) on Tuesday 10 November 2015. The deadline for receipt of cancellation instructions by the Depositary is 7 a.m. (EST) on Friday 30 October 2015. However, a GDR holder may, in accordance with the terms and conditions of the deposit agreement in respect of the GDRs (the **Deposit Agreement**), deliver to the Depositary voting instructions in respect of the shares represented by its GDRs by 12.00 noon (EST) on Friday 6 November 2015, whereupon the Depositary will use its reasonable endeavours to vote such shares in accordance with such voting instructions at the Extraordinary General Meeting.

Shareholders wishing to dissent must comply with the procedures and requirements for exercising dissenters' rights with respect to the Shares under the Cayman Companies Law. The fair value of their Shares as determined under the Cayman Companies Law could be more than, the same as, or less than the Merger Consideration which dissenting Shareholders would receive pursuant to the Plan of Merger. If the fair value determined under the Cayman Companies Law is less than the Merger Consideration, dissenting Shareholders may be liable to pay a proportion of the Company's costs in defending any petition by such dissenting Shareholders.

The Merger will become effective on the date that the Plan of Merger is registered by the Cayman Islands Registrar of Companies. Subject to the satisfaction of all conditions precedent, this is expected to be shortly after the date of the Extraordinary General Meeting, on or around Monday 16 November 2015 (the **Effective Date**), at which point the Company will be merged with EACL, with the Company continuing as the surviving company after the Merger. The Company intends to cancel the listing of the GDRs on the Official List of the UK Financial Conduct Authority and the admission of the GDRs to trading on the London Stock Exchange with effect from or around Wednesday 18 November 2015.

If the Effective Date occurs on Monday 16 November 2015 and the Depositary receives payment of the Merger Consideration of \$11.75 per share by Tuesday 17 November 2015, it is expected that the Depositary will pay the Merger Consideration to GDR holders on or around Friday 20 November 2015. Subject to the Merger becoming effective, the Deposit Agreement will be terminated with effect from or around Monday 23 November 2015.

Pursuant to the terms of the Merger Implementation Agreement, in addition to approval by the Shareholders of the Company and the shareholder of EACL, the filing of the Plan of Merger with the Cayman Islands Registrar of Companies is subject to certain conditions, including: (i) no material adverse change having

arisen in relation to the Company; (ii) sufficient financing being available to the Company in order to pay the Merger Consideration; (iii) none of EACL, the Company, any subsidiary of the Company nor any of the Participants becoming subject to sanctions; and (iv) no order, judgment or communication having been made by any governmental authority which has the effect of making unlawful or of restraining or prohibiting the Merger having been received. Unless the conditions precedent to the Merger have been satisfied or waived (where applicable) by 31 January 2016 (or such other date as is agreed between the Company and EACL), the Merger will not proceed and the Merger Implementation Agreement will be terminated.

**The Special Committee considers the terms of the Merger to be fair and reasonable so far as the Shareholders (other than EACL and the Participants) are concerned and unanimously recommends that Shareholders vote FOR the special resolution to authorise and approve the Merger. The Special Committee, in deliberating whether to recommend the Merger, has taken financial and other advice which it deems appropriate, including an opinion from Renaissance Capital on the fairness, from a financial point of view and as at Sunday 11 October 2015, of the consideration payable to the Shareholders (other than EACL and the Participants) under the terms of the Merger (the Fairness Opinion). In providing the Fairness Opinion to the Special Committee, Renaissance Capital has placed reliance on the Special Committee's commercial assessment of the Merger and on information provided by or on behalf of the Company without verification of its factual accuracy. Renaissance Capital is acting exclusively for the Special Committee and no one else in connection with the provision of the Fairness Opinion and will not be responsible to any person other than the Company for providing the Fairness Opinion.**

Willkie Farr & Gallagher (UK) LLP and Maples and Calder are acting as the Special Committee's legal advisers in the United Kingdom and the Cayman Islands, respectively, in relation to the Merger.

XENON Capital Partners LLC is acting as financial adviser to EACL. Skadden, Arps, Slate, Meagher & Flom (UK) LLP and Walkers are acting as legal advisers to EACL in the United Kingdom and the Cayman Islands, respectively, in relation to the Merger.

**Enquiries:**

**Eurasia Drilling Company Limited**

Tom O'Gallagher, VP Investor Relations

+44 (0) 20 7717 9707

investors.relations@eurasiadrilling.com

**Hudson Sander (media enquiries for the Company)**

Andrew Hayes / Elena Garside

+44(0) 20 7796 4133

**XENON Capital Partners LLC**

Natasha Tsukanova, Managing Director

Andrey Bulanov, Vice President

+ 7 495 644 00 10

**Additional information**

*Renaissance Capital is acting exclusively for the Special Committee in connection with the Merger and for no one else and will not be responsible to anyone other than the Special Committee for providing the protections afforded to their client or for providing advice in relation to this announcement or any matters referred to herein.*

*XENON Capital Partners LLC is acting exclusively for EACL and the Participants in connection with the Merger and for no one else and will not be responsible to anyone other than EACL and the Participants for providing the protections afforded to their clients or for providing advice in relation to this announcement or any matters referred to herein.*

*This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company and the proposed Merger between the Company and EACL. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use future dates or words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "hope", "aim", "continue", "will", "may", "would", "could" or "should" or other words of similar meaning or the negative thereof. There are several factors which could cause actual plans and results to differ materially from those expressed or implied in forward-looking statements. Such factors include, but are not limited to, the possibility that the Merger will not be pursued or will be pursued on different terms and conditions, failure to obtain necessary approvals or to satisfy any of the conditions to the Merger, adverse effects on the market price of the GDRs and on the Company's operating results because of a failure to complete the Merger and failure to realise the expected benefits of the Merger. These forward-looking statements are based on numerous assumptions and assessments made by the Company in light of its experience and perception of historical trends, current conditions, business strategies, operating environment, future developments and other factors it believes appropriate. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. The factors described in the context of such forward-looking statements in this announcement could cause the Company's plans, actual results, performance or achievements, industry results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and persons reading this announcement are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this announcement. The Company assumes no obligation to update or revise the information contained in this announcement (whether as a result of new information, future events or otherwise), except as required by applicable law.*