

**GUIDELINES FOR
THE AUDITOR'S ASSOCIATED PERSONS' NON-AUDITING WORK**

1. These Guidelines are resolved and approved by the Board of Directors of S.D. Standard Drilling Plc (S.D. Standard Drilling or the Company) April 24 2012. The Guidelines shall also be resolved by and approved by the Board of Directors of each of S.D. Standard Drilling's subsidiaries.
2. The primary purpose of this policy is to ensure that S.D. Standard Drilling's Auditors only provide audit and non-audit services, that are in compliance with prevailing independence rules. The Guidelines should at all times comply with applicable laws and regulations.

These Guidelines applies with respect to an Auditor performing audit on a company within the S.D. Standard Drilling Group including but not limited to the group level audit.

3. The auditor's primary task shall be to perform the audit work required by law and professional standards with the care, competence and integrity required by law and such standard. If the amount of non-auditing work being assigned to the Auditor and/or associated person becomes significant, this may imperil the Auditor's position and decrease the public confidence in the Auditor's integrity and independence of S.D. Standard Drilling.
4. By "Audit work" is meant the work needed to give the audit opinion based on the statutory requirements, any further assurance services and tax advisory services.
5. Consequently, as a principle to avoid any potential conflicts of independence, non-audit related work of any significance should not be assigned to the Company's Auditing firm or Auditor Associated Person, unless significant reasons should exist. In a case where such significant reasons should exist the Audit Committee needs to approve the assignment prior to management signing any engagement letter. As a general rule the fees for non-auditing work should not exceed 20 percent of the total remuneration to the Auditor the previous accounting year.
6. "Auditors Associated Person" is defined as any person being partner or employed within the same company as the legally appointed Auditor, or any firm formally associated with the Auditor, hereunder including legal transaction services firms and any partner or employee within such firms.
7. The management shall annually provide the Board of Directors with an account of the Auditor's remuneration divided into statutory auditing work and non-auditing work, with an identification of the relevant non-auditing work.