

REPRESENTATIONS TO THE SHAREHOLDERS OF S.D. STANDARD DRILLING PLC

BY DIRECTOR STEVE MARZO

BACKGROUND

I make these representations to the shareholders of S.D. Standard Drilling Plc in response to a request made by a shareholder, Tycoon Industrier AS, to remove myself and other directors from the board of Standard Drilling.

CONCERNS ABOUT THE PROPOSED CONSTRUCT OF THE BOARD

I have significant concerns about Tycoon Industrier AS's proposed dismissal of 5 board members, including the an independent director, and the proposed new board consisting of construct of three directors, Gunnar Hvammen, George Crystallis and Martin Nes.

These concerns are outlined below:

Compliance with regulatory standards

The proposed replacement of several directors, including an independent director, is accompanied by the appointment of a new director, Martin Nes. Mr Nes is the chief executive officer ("CEO") of Standard Drilling. The Norwegian Code of Practice for Corporate Governance recommends that the chief executive of a company may not be a member of the board of directors. There is a similar stipulation in the (Norwegian) Public Companies Act.

Further, the Norwegian Code of Practice for Corporate Governance provides that members of the Board should not operate as individual representatives for specific shareholders. Mr Nes is currently employed by and CEO of Ferncliff TIH AS. Mr Nes is also CEO of Tycoon Industrier AS, the company which has proposed this EGM to reduce the Board of Directors from 8 to 3 directors. Both of these companies are controlled by Oystein Stray Spetalen. Mr Spetalen is currently a board member of Standard Drilling and one of its largest shareholders.

Mr Crystallis is a service provider to Standard Drilling.

I am therefore concerned whether the new proposed board will represent the shareholders adequately and whether it will be able to act independently.

Continuous compliance with Laws and Regulations

The Company is obligated to adhere to any changes regarding listing regulations on the Oslo Stock Exchange. Previously the Audit Committee worked closely with the CFO to track the Company's compliance with revisions to the Norwegian Code of Practice for Corporate Governance. The Audit Committee has also monitored and discussed with the Company's financial management, changes to company law in Cyprus and Norway which might affect the Company's operations, regulatory compliance and financial reporting. The absence of a CFO as well as Board members possessing an understanding and time commitment for meeting all regulatory and legal requirements together create the need for additional Board member(s) possessing this understanding and skill set.

Audit Committee

As stated in the Listing Rules for the Oslo Bors, at least one member of the audit committee must be independent and have competence in accounting or auditing. Based upon the proposed new Board of Directors, I am thoughtful whether this requirement would be satisfied.

In addition, the Public Companies Act notes that in addition to satisfying the requirements of the legislation and regulations, the majority of the audit committee should be independent of the company. Under the proposed board of directors, I do not see how this independence requirement will be satisfied.

It is important for this Company to have an independent audit committee consisting of directors possessing a competent background in accounting, finance and auditing to ensure a strong and compliant corporate governance environment. The ability to address complex issues like related party transactions is important to ensure minority shareholder rights are fully respected. An independent Board director(s) helps ensure this is adequately addressed.

Review of Internal Governance Documents

Financial management is required and necessary to maintain strong financial control and a risk management environment. Several protocols at the Company have been previously approved by the Board including 1) Excess Liquidity Management, 2) Bank Payment Procedures, and 3) Corporate Authority Manual. The Audit Committee was charged with monitoring management's compliance with these internal guidelines.

The absence of any financial management including a CFO or Financial Controller and an Audit Committee possessing the relevant skills raises concerns regarding internal governance at the Company.

Cash Management

The Company has a significant cash position and requires proper cash management policies and oversight from the board with experience in cash management. In recent months despite recommendations from the Chairman of the Audit Committee as well as several Board members, management elected to increase the concentration of cash with a single bank. Although the level of cash has fallen from a peak of approximately \$400 million, the current cash level of \$70 million should be adequately managed under clear financial controls. As the CFO and Financial Controller are no longer with the company there is an immediate need to supplement the financial expertise at the Company along with supervision by suitably qualified Board members.

Remuneration of the executive personnel

Under article 9 of the Norwegian Code of Practice for Corporate Governance, the board should consider appointing a remuneration committee in order to ensure a thorough and independent preparation of matters relating to compensation paid to the executive personnel. Membership of such a committee should be restricted to members of the board who are independent of the company's executive personnel."

Even though Standard Drilling presently has minimum executive personnel, I believe the existence of independent board members will help ensure improved corporate governance with respect to executive pay and overall corporate governance.

I propose to the Company and its Shareholders that I remain a Director and Chairman of the Audit committee to provide the financial oversight needed by the Company. Alternatively, another independent director possessing accounting and financial skills could be recruited to fulfil the required roles and responsibilities.

Thank you

Steve Marzo