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Form 10-Q

Pangaea Logistics Solutions Ltd. - N/A

Filed: May 15, 2015 (period: March 31, 2015)

Quarterly report with a continuing view of a company's financial position

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-36139

PANGAEA LOGISTICS SOLUTIONS LTD.

(Exact name of Registrant as specified in its charter)

Bermuda

(State or other jurisdiction of incorporation or organization)

98-1205464

(I.R.S. Employer Identification No.)

109 Long Wharf
Newport, RI 02940

(Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code: (401) 846-7790

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated Filer ☐

Accelerated Filer ☐

Non-accelerated Filer ☐

Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES ☐ NO ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, par value \$0.01 per share, 34,756,980 shares outstanding as of May 15, 2015.

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Pangaea Logistics Solutions Ltd.
Consolidated Balance Sheets

	March 31, 2015 (unaudited)	December 31, 2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 42,598,816	\$ 29,817,507
Restricted cash	1,000,000	1,000,000
Accounts receivable (net of allowance of \$4,349,650 at March 31, 2015 and \$4,029,669 at December 31, 2014)	19,565,184	27,362,216
Bunker inventory	13,792,771	15,601,659
Advance hire, prepaid expenses and other current assets	3,051,757	6,568,234
Vessels held for sale, net	3,741,375	4,523,804
Total current assets	83,749,903	84,873,420
Fixed assets, net	268,963,912	207,667,613
Investment in newbuildings in-process	15,296,477	38,471,430
Other noncurrent assets	1,310,216	1,450,802
Total assets	\$ 369,320,508	\$ 332,463,265
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable, accrued expenses and other current liabilities	\$ 28,656,068	\$ 40,201,794
Related party debt	61,723,711	59,102,077
Deferred revenue	8,284,176	11,748,926
Current portion long-term debt	22,359,868	17,807,674
Line of credit	3,000,000	3,000,000
Dividend payable	12,724,825	12,824,825
Total current liabilities	136,748,648	144,685,296
Secured long-term debt, net	122,728,090	87,430,416
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.0001 par value, 1,000,000 shares authorized and no shares issued or outstanding	-	-
Common stock, \$0.0001 par value, 100,000,000 shares authorized 34,756,980 shares issued and outstanding at March 31, 2015 and December 31, 2014	3,476	3,476
Additional paid-in capital	134,122,003	133,955,445
Accumulated deficit	(28,542,798)	(36,142,727)
Total Pangaea Logistics Solutions Ltd. equity	105,582,681	97,816,194
Non-controlling interests	4,261,089	2,531,359
Total stockholders' equity	109,843,770	100,347,553
Total liabilities and stockholders' equity	\$ 369,320,508	\$ 332,463,265

The accompanying notes are an integral part of these consolidated financial statements

Pangaea Logistics Solutions Ltd.
Consolidated Statements of Income

	Three months ended March 31,	
	2015	2014
	(unaudited)	(unaudited)
Revenues:		
Voyage revenue	\$ 90,578,942	\$ 91,559,529
Charter revenue	<u>4,536,846</u>	<u>22,653,349</u>
	95,115,788	114,212,878
Expenses:		
Voyage expense	45,324,119	48,134,606
Charter hire expense	24,659,395	43,971,061
Vessel operating expenses	7,785,328	6,919,497
General and administrative	4,318,692	2,576,285
Depreciation and amortization	2,990,594	2,551,625
Loss on sale of vessels	<u>88,868</u>	<u>-</u>
Total expenses	85,166,996	104,153,074
Income from operations	9,948,792	10,059,804
Other income (expense):		
Interest expense, net	(1,410,771)	(1,515,879)
Interest expense related party debt	(114,966)	(42,128)
Imputed interest on related party long-term debt	-	(322,947)
Unrealized gain (loss) gain on derivative instruments	823,455	(371,558)
Other income (expense)	<u>83,149</u>	<u>(150,000)</u>
Total other expense, net	(619,133)	(2,402,512)
Net income	9,329,659	7,657,292
Income attributable to noncontrolling interests	<u>(1,729,730)</u>	<u>(1,064,007)</u>
Net income attributable to Pangaea Logistics Solutions Ltd.	<u>\$ 7,599,929</u>	<u>\$ 6,593,285</u>
Earnings per common share:		
Basic	<u>\$ 0.22</u>	<u>\$ 0.17</u>
Diluted	<u>\$ 0.22</u>	<u>\$ 0.17</u>
Weighted average shares used to compute earnings per common share (Note 8)		
Basic and diluted	<u>34,756,980</u>	<u>13,421,955</u>

The accompanying notes are an integral part of these consolidated financial statements

Pangaea Logistics Solutions, Ltd.
Consolidated Statements of Cash Flows

	Three months ended March 31,	
	2015	2014
	(unaudited)	(unaudited)
Operating activities		
Net income	\$ 9,329,659	\$ 7,657,292
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization expense	2,990,594	2,551,625
Amortization of deferred financing costs	225,182	284,743
Unrealized (gain) loss on derivative instruments	(823,455)	371,558
Loss from equity method investee	(53,201)	-
Provision for doubtful accounts	319,981	73,543
Loss on sales of vessels	88,868	-
Write off unamortized financing costs of repaid debt	25,557	-
Amortization of discount on related party long-term debt	-	322,947
Share-based compensation	166,558	-
Change in operating assets and liabilities:		
Accounts receivable	7,477,051	20,364,070
Bunker inventory	1,808,888	879,826
Advance hire, prepaid expenses and other current assets	3,863,659	2,577,048
Account payable, accrued expenses and other current liabilities	(10,771,168)	(14,936,544)
Deferred revenue	(3,464,750)	(9,708,056)
Net cash provided by operating activities	11,183,423	10,438,052
Investing activities		
Purchase of vessels	(44,824,665)	(14,382,779)
Proceeds from sales of vessels	4,523,804	-
Deposits on newbuildings in-process	-	(63,953)
Drydocking costs	-	(409,000)
Purchase of building and equipment	(5,399)	(3,612)
Net cash used in investing activities	(40,306,260)	(14,859,344)
Financing activities		
Proceeds of related party debt	2,506,667	-
Payments on related party debt	-	(162,928)
Proceeds from long-term debt	45,000,000	13,000,000
Payments of financing and issuance costs	(664,722)	(41,079)
Payments on long-term debt	(4,837,799)	(3,837,264)
Common stock dividends paid	(100,000)	(100,000)
Net cash provided by financing activities	41,904,146	8,858,729
Net increase in cash and cash equivalents	12,781,309	4,437,437
Cash and cash equivalents at beginning of period	29,817,507	18,927,927
Cash and cash equivalents at end of period	\$ 42,598,816	\$ 23,365,364
Disclosure of noncash items		
Dividends declared, not paid	\$ -	\$ 2,101,207
Imputed interest on related party long-term debt	\$ -	\$ 200,802
Cash paid for interest	\$ 1,185,589	\$ 1,439,827

The accompanying notes are an integral part of these consolidated financial statements

Note 1. General Information

The accompanying consolidated financial statements include the accounts of Pangaea Logistics Solutions Ltd. and its wholly-owned subsidiaries (collectively, the “Company”, “we” or “our”). The Company is engaged in the ocean transportation of dry bulk cargoes worldwide through the ownership, chartering and operation of dry-bulk vessels. The Company's fleet is comprised of Panamax, Supramax and Handymax dry bulk carriers and the Company operates in one business segment.

The Company is a holding company, incorporated under the laws of Bermuda as an exempted company on April 29, 2014 in connection with the mergers described below. Bulk Partners (Bermuda) Ltd. (“Bulk Partners”) a wholly owned subsidiary the Company following the Mergers, is a holding company that was incorporated under the laws of Bermuda as an exempted company on June 17, 2008 by three individuals who are collectively referred to as the Founders.

As of March 31, 2015, the Company owned a fleet of 14 oceangoing vessels comprised of five Panamax Ice Class 1A, three Panamax, four Supramax and two Handymax Ice Class 1A vessels with an average age of approximately 11 years.

Note 2 - Completed Mergers

On April 30, 2014 the Company (formerly known as Quartet Holdco Ltd.) entered into an Agreement and Plan of Reorganization (the “Merger Agreement”) with Quartet Merger Corp. (“Quartet”), Quartet Merger Sub Ltd. (“Merger Sub”), Bulk Partners’ (at the time, Pangaea Logistics Solutions Ltd.), and the security holders of Bulk Partners (“Signing Holders”), which contemplated (i) Quartet merging with and into the Company, with the Company surviving such merger as the publicly-traded entity and (ii) Merger Sub merging with and into Bulk Partners with Bulk Partners surviving such merger as a wholly-owned subsidiary of the Company (collectively, the “Mergers”).

On September 26, 2014, Bulk Partners’ Board of Directors, acting by unanimous written consent, approved the Merger Agreement and the Mergers. On October 1, 2014, the parties consummated the Mergers. On September 29, 2014, Quartet held a special meeting in lieu of its annual meeting of stockholders, at which time the Quartet stockholders considered and adopted, among other matters, the Merger Agreement and the Mergers.

The Mergers were accounted for as a reverse acquisition in accordance with ASC 805-40-45-1. Under this method of accounting, Merger Sub was treated as the “acquired” company for financial reporting purposes. This determination was primarily based on Bulk Partners’ comprising the ongoing operations of the combined entity, Bulk Partners senior management comprising the senior management of the combined company, and the Bulk Partners common stockholders having a majority of the voting power of the combined entity. In accordance with guidance applicable to these circumstances, the Mergers were considered to be a capital transaction in substance. Accordingly, for accounting purposes, the Mergers were treated as the equivalent of Bulk Partners issuing stock for the Company’s net assets, accompanied by a recapitalization. The Company’s assets were stated at their pre-combination carrying amounts, with no goodwill or other intangible assets recorded. Operations prior to the Mergers are those of Bulk Partners. The equity structure after the Mergers reflects the Company’s equity structure.

Note 3. Basis of Presentation

The accompanying consolidated balance sheets as of March 31, 2015, the consolidated statements of income for the three-month periods ended March 31, 2015 and 2014 and cash flows for the three months ended March 31, 2015 and 2014 are unaudited. The unaudited interim consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company’s financial position and results of operations and cash flows for the three months ended March 31, 2015 and 2014. The financial data and the other information disclosed in these notes to the condensed consolidated financial statements related to these three month periods are unaudited. Certain information and disclosures included in the annual consolidated financial statements have been omitted for the interim periods disclosed pursuant to the rules and regulations of the SEC. The results of the three months ended March 31, 2015 are not necessarily indicative of the results to be expected for the year ending December 31, 2015 or for any other interim period or other future year.

Note 3. Basis of Presentation (Continued)

The preparation of consolidated financial statements in conformity with U.S. Generally Accepted Accounting Principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates and assumptions of the Company are the estimated salvage value used in determining depreciation expense, the allowances for doubtful accounts and the discount on interest free loans.

Advance hire, prepaid expenses and other current assets were comprised of the following:

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	(unaudited)	
Advance hire	\$ 1,720,308	\$ 4,345,959
Prepaid expenses	1,013,021	427,889
Other current assets	318,428	1,794,386
	<u>\$ 3,051,757</u>	<u>\$ 6,568,234</u>

Accounts payable, accrued expenses and other current liabilities were comprised of the following:

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	(unaudited)	
Accounts payable	\$ 20,858,150	\$ 33,538,153
Accrued voyage expenses	5,777,531	4,651,503
Accrued interest	955,297	540,862
Other accrued liabilities	1,065,090	1,471,276
	<u>\$ 28,656,068</u>	<u>\$ 40,201,794</u>

Note 4. Fixed Assets

At March 31, 2015, the Company's operating fleet consisted of 14 dry bulk vessels. The carrying amount of these vessels is as follows:

Vessel	March 31, 2015 (unaudited)	December 31, 2014
m/v BULK PANGAEA	\$ 20,773,226	\$ 21,176,498
m/v BULK DISCOVERY ⁽¹⁾	-	3,741,375
m/v BULK PATRIOT	14,675,731	14,988,585
m/v BULK JULIANA	13,819,455	14,023,118
m/v NORDIC ODYSSEY	28,832,203	29,125,309
m/v NORDIC ORION	29,342,470	29,627,397
m/v BULK TRIDENT	16,247,252	16,430,154
m/v BULK BEOTHUK	13,084,563	13,228,238
m/v BULK NEWPORT	14,577,725	14,733,879
m/v NORDIC BARENTS	6,845,904	7,000,000
m/v NORDIC BOTHNIA	6,842,602	7,000,000
m/v NORDIC OSHIMA	33,428,350	33,615,314
m/v NORDIC OLYMPIC ⁽²⁾	33,692,140	-
m/v NORDIC ODIN ⁽²⁾	33,873,832	-
	<u>266,035,453</u>	<u>204,689,867</u>
Other fixed assets, net	2,928,459	2,977,746
Total fixed assets, net	<u>\$ 268,963,912</u>	<u>\$ 207,667,613</u>

⁽¹⁾ The Company committed to selling the m/v Bulk Discovery in January 2015, therefore, the net carrying value is included in current assets as vessels held for sale.

⁽²⁾ The m/v Nordic Olympic was delivered to the Company on February 6, 2015 and the m/v Nordic Odin was delivered to the Company on February 13, 2015.

In February 2015, the Company sold the m/v Bulk Cajun for its scrap value of approximately \$4,524,000.

Note 5. Debt

Long-term debt consists of the following:

	March 31, 2015 (unaudited)	December 31, 2014
Bulk Pangaea Secured Note ⁽¹⁾	\$ 2,775,000	\$ 3,121,875
Bulk Discovery Secured Note ⁽²⁾	3,424,000	3,780,000
Bulk Patriot Secured Note ⁽¹⁾	4,150,000	4,762,500
Bulk Cajun Secured Note ⁽³⁾	-	853,125
Bulk Trident Secured Note ⁽¹⁾	7,331,250	7,650,000
Bulk Juliana Secured Note ⁽¹⁾	4,732,292	5,070,312
Bulk Nordic Odyssey, Bulk Nordic Orion and Bulk Nordic Oshima Loan Agreement	49,750,000	51,125,000
Bulk Atlantic Secured Note ⁽²⁾	7,800,000	7,890,000
Bulk Phoenix Secured Note ⁽¹⁾	8,699,998	8,916,665
Term Loan Facility of USD 13,000,000 (Nordic Bulk Barents Ltd. and Nordic Bulk Bothnia Ltd.)	11,695,640	12,021,730
Long Wharf Construction to Term Loan	993,378	998,148
Senior Secured Term Loan Facility of \$45,000,000 (Bulk Nordic Odin Ltd. and Bulk Nordic Olympic Ltd.)	45,000,000	-
Total	146,351,558	106,189,355
Less: current portion	(22,359,868)	(17,807,674)
Less: unamortized bank fees	(1,263,600)	(951,265)
Secured long-term debt	\$ 122,728,090	\$ 87,430,416

(1) The Bulk Pangaea Secured Note, the Bulk Patriot Secured Note, the Bulk Juliana Secured Note, the Bulk Trident Secured Note and the Bulk Phoenix Secured Note are cross-collateralized by the vessels Bulk Pangaea, Bulk Patriot, Bulk Juliana, Bulk Trident and Bulk Newport and are guaranteed by the Company.

(2) The Bulk Discovery Secured Note and the Bulk Atlantic Secured Note are cross-collateralized by the vessels m/v Bulk Discovery and m/v Bulk Beothuk and are guaranteed by the Company.

(3) The Bulk Cajun Secured Note was repaid on February 12, 2015 in conjunction with the sale of the m/v Bulk Cajun.

The Senior Secured Post-Delivery Term Loan Facility

On April 15, 2013, the Company, through its wholly owned subsidiaries, Bulk Pangaea, Bulk Patriot, Bulk Juliana and Bulk Trident, entered into a \$30.3 million Senior Secured Post-Delivery Term Loan Facility (the "Post-Delivery Facility") to refinance the Bulk Pangaea Secured Term Loan Facility dated December 15, 2009, the Bulk Patriot Secured Term Loan Facility dated September 29, 2011, the Bulk Juliana Secured Term Loan Facility dated April 18, 2012, and the Bulk Trident Secured Term Loan Facility dated August 28, 2012, the proceeds of which were used to finance the acquisitions of the m/v Bulk Pangaea, the m/v Bulk Patriot, the m/v Bulk Juliana and the m/v Bulk Trident, respectively. The Post-Delivery Facility was subsequently amended on May 16, 2013 by the First Amendatory Agreement, to increase the facility by \$8.0 million to finance the acquisition of the m/v Bulk Providence and again on August 28, 2013, by the Second Amendatory Facility, to increase the facility by \$10.0 million to finance the acquisition of the m/v Bulk Newport. The m/v Bulk Providence was sold on May 27, 2014 on which date this tranche of the Post-Delivery Facility was repaid.

Note 5. Debt (Continued)

The Post-Delivery Facility contains financial covenants that require the Company to maintain a minimum consolidated net worth, and require the Company to maintain a minimum EBITDA to fixed charges ratio tested annually, as defined. In addition, the facility contains other Company and vessel related covenants that, among other things, restrict changes in management and ownership of the vessel, declaration of dividends, further indebtedness and mortgaging of a vessel without the bank's prior consent. It also requires minimum collateral maintenance, which is tested at the discretion of the lender. As of March 31, 2015 and December 31, 2014, the Company was not in compliance with the consolidated debt service coverage ratio. Accordingly, the Company obtained a waiver from the Facility Agent.

The Post-Delivery Facility is divided into six tranches, as follows:

Bulk Pangaea Secured Note

Initial amount of \$12,250,000, entered into in December 2009, for the acquisition of m/v Bulk Pangaea. The interest rate was fixed at 3.96% in April 2013, in conjunction with the post-delivery amendment discussed above. The amendment also modified the repayment schedule to 15 equal quarterly payments of \$346,875 ending in January 2017.

Bulk Patriot Secured Note

Initial amount of \$12,000,000, entered into in September 2011, for the acquisition of the m/v Bulk Patriot. Loan requires repayment in 24 equal quarterly installments of \$500,000 beginning in January 2012. The interest rate was fixed at 4.01% in April 2013 in conjunction with the post-delivery amendment discussed above.

Bulk Trident Secured Note

Initial amount of \$10,200,000, entered into in April 2012, for the acquisition of the m/v Bulk Trident. Loan requires repayment in 24 equal quarterly installments of \$318,750 beginning in December 2012 with a balloon payment of \$2,550,000 together with the last quarterly installment. Interest was fixed at 4.29% in April 2013 in conjunction with the post-delivery amendment discussed above.

Bulk Juliana Secured Note

Initial amount of \$8,112,500, entered into in April 2012, for the acquisition of the m/v Bulk Juliana. Loan requires repayment in 24 equal quarterly installments of \$338,021 beginning in October 2012. Interest was fixed at 4.38% in April 2013 in conjunction with the post-delivery amendment discussed above.

Bulk Phoenix Secured Note

Initial amount of \$10,000,000, entered into in May 2013, for the acquisition of m/v Bulk Newport. Loan requires repayment in 7 equal quarterly installments of \$216,667 and 16 equal quarterly installments of \$416,667 with a balloon payment of \$1,816,659 due in July 2019. Interest is fixed at 5.09%.

Other secured debt:

Bulk Cajun Secured Note

Initial amount of \$4,550,000, entered into in October 2011, for the acquisition of the m/v Bulk Cajun. Loan requires repayment in 16 equal quarterly installments of \$284,375 beginning in January 2012 with a balloon payment of \$2,000,000 together with the last quarterly installment. Interest is fixed at 6.51%. This note was repaid on February 12, 2015 in conjunction with the sale of the m/v Bulk Cajun on February 26, 2015.

Note 5. Debt (Continued)

Bulk Discovery Secured Note

Initial amount of \$9,120,000, entered into in February 2011, for the acquisition of the m/v Bulk Discovery. Loan requires repayment in 20 equal quarterly installments of \$356,000 beginning in June 2011 with a balloon payment of \$2,356,000 due in March 2016. Interest is fixed at a rate of 8.16%.

Bulk Atlantic Secured Note

Initial amount of \$8,520,000, entered into on February 18, 2013, for the acquisition of m/v Bulk Beothuk. Loan requires repayment in 8 equal quarterly installments of \$90,000 beginning in May 2013, 12 equal quarterly installments of \$295,000 and a balloon payment of \$4,260,000 due in February 2018. Interest is fixed at 6.46%.

The other secured notes, as outlined above, also contain collateral maintenance ratio clauses. If the Company encountered a change in financial condition which, in the opinion of the lender, is likely to affect the Company's ability to perform its obligations under the loan facility, the Company's credit agreement could be cancelled at the lender's sole discretion. The lender could then elect to declare the indebtedness, together with accrued interest and other fees, to be immediately due and payable, and proceed against any collateral securing such indebtedness. As of March 31, 2015 and December 31, 2014, the Company was not in compliance with the minimum EBIDTA to fixed charges ratio. Accordingly the Company obtained a waiver from the Facility Agent.

Bulk Nordic Odyssey Ltd., Bulk Nordic Orion Ltd. And Bulk Nordic Oshima Ltd. - Dated September 17, 2014 Amended and Restated Loan Agreement

Initial amount of \$40,000,000, entered into on August 6, 2012, for the acquisition of the m/v Nordic Odyssey and the m/v Nordic Orion. The agreement requires repayment in 20 quarterly installments of \$1,000,000 beginning in October 2012, with an additional \$1,000,000 installment payable on the 5th, 9th and 17th installment dates and a balloon payment of \$17,000,000 due with the final installment. The amended agreement was entered into on September 17, 2014, to finance the purchase of the m/v Nordic Oshima, which was delivered to the Company on September 25, 2014. The amended agreement advanced \$22,500,000 and requires repayment of this advance in 28 equal quarterly installments of \$375,000 and a balloon payment of \$12,000,000 due with the final installment. Interest on the advance related to m/v Nordic Odyssey and m/v Nordic Orion is floating at LIBOR plus 3.00% (3.27% at March 31, 2015). Interest on the advance related to m/v Nordic Oshima is floating at LIBOR plus 2.25% (2.52% at March 31, 2015). The amended loan is secured by first preferred mortgages on the m/v Nordic Odyssey, the m/v Nordic Orion and m/v Nordic Oshima, the assignment of earnings, insurances and requisite compensation of the three entities, and by guarantees of their shareholders. The amended agreement contains one financial covenant that requires the Company to maintain minimum liquidity and a collateral maintenance ratio clause which requires the aggregate fair market value of the vessel plus the net realizable value of any additional collateral provided to remain above defined ratios. As of March 31, 2015 and December 31, 2014, the Company was in compliance with this covenant.

Term Loan Facility of USD 13,100,000 (Nordic Bulk Barents Ltd. and Nordic Bulk Bothnia Ltd.)

Bulk Barents and Bulk Bothnia entered into a secured Term Loan Facility of \$13,000,000 in two tranches of \$6,500,000 which were drawn in conjunction with the delivery of the m/v Bulk Bothnia on January 23, 2014 and the m/v Bulk Barents on March 7, 2014.

The facility bears interest at LIBOR plus 2.5% (2.77% at March 31, 2015). The loan requires repayment in 22 equal quarterly installments of \$163,045 (per borrower) beginning in June 2014, one installment of \$163,010 (per borrower) and a balloon payment of \$2,750,000 (per borrower) due in December 2019. In addition, any cash in excess of \$750,000 per borrower on any repayment date shall be applied toward prepayment of the relevant loan in inverse order, so the balloon payment is prepaid first. The agreement also contains a profit split in respect of the proceeds from the sale of either vessel. The loan is secured by mortgages on the m/v Nordic Bulk Barents and m/v Nordic Bulk Bothnia. As of March 31, 2015 and December 31, 2014, the Company was in compliance with all required covenants.

Note 5. Debt (Continued)

Senior Secured Term Loan Facility of USD 45,000,000 (Bulk Nordic Odin Ltd. and Bulk Nordic Olympic Ltd.)

In January 2015, the Company entered into a loan agreement to finance the purchase of the m/v Nordic Odin and the m/v Nordic Olympic, which were delivered to the Company in February 2015. The agreement advanced \$45,000,000 and requires repayment of this advance in 28 equal quarterly installments of \$375,000 per borrower and a balloon payment of \$12,000,000 per borrower due with the final installment. Interest on the facility is floating at LIBOR plus 2.0% (2.27% at March 31, 2015). The loan is secured by first preferred mortgages on the m/v Nordic Odin and the m/v Nordic Olympic, the assignment of earnings, insurances and requisite compensation of the two entities, and by guarantees of their shareholders. The agreement contains one financial covenant that requires the Company to maintain minimum liquidity and a collateral maintenance ratio clause which requires the aggregate fair market value of the vessel plus the net realizable value of any additional collateral provided to remain above defined ratios. As of March 31, 2015 the Company was in compliance with this covenant.

Long Wharf Construction to Term Loan

Initial amount of \$1,048,000 entered into in January 2011. The loan is payable in monthly installments based on a 25 year amortization schedule with a final balloon payment of all unpaid principal and accrued interest due January 2021. Interest is floating at LIBOR plus 2.85%. The Company entered into an interest rate swap which matures January 2021 and fixes the interest rate at 6.63%. The loan is collateralized by all real estate located at 109 Long Wharf, Newport, RI, as well as personal guarantees from the Founders and a corporate guarantee of the Company. The loan contains one financial covenant that requires the Company to maintain a minimum debt service coverage ratio, calculated on an annual basis. At December 31, 2014, the Company was not in compliance with this covenant and obtained a waiver of compliance from the lender.

The future minimum annual payments (excluding unamortized bank fees) under the debt agreements are as follows:

	Years ending March 31, (unaudited)
2015	\$ 22,359,868
2016	19,387,058
2017	34,561,145
2018	11,677,912
2019	13,237,764
Thereafter	45,127,811
	<u>\$ 146,351,558</u>

Note 6. Derivative Instruments and Fair Value Measurements

Interest-Rate Swaps

From time to time, the Company enters into interest rate swap agreements to mitigate the risk of interest rate fluctuations on its variable rate debt. At March 31, 2015 and December 31, 2014, the Company was party to one interest rate swap, which was entered into in February 2011, as required by the 109 Long Wharf Construction Loan agreement. Under the terms of the swap agreement, the interest rate on this note is fixed at 6.63%.

The Company did not elect to designate the swap as a hedge at inception, pursuant to ASC 815, Derivatives and Hedging. Accordingly, changes in the fair value are recorded in current earnings in the accompanying consolidated statements of income.

Note 6. Derivative Instruments and Fair Value Measurements (Continued)

The fair value of the interest rate swap agreements at March 31, 2015 and December 31, 2014 were liabilities of approximately \$123,000 and \$112,000, which are included in other current liabilities on the consolidated balance sheets based on the instrument's maturity date. The aggregate change in the fair value of the interest rate swap agreements for the three months ended March 31, 2015 and 2014 were losses of approximately \$11,000 and \$17,000, respectively, which are reflected in the unrealized gain (loss) on derivative instruments in the accompanying consolidated statements of income.

Forward freight agreements

The Company assesses risk associated with fluctuating future freight rates and, when appropriate, hedges identified economic risk with appropriate derivative instruments, specifically forward freight agreements (FFAs). Such economic hedges do not always qualify for hedge accounting under ASC 815 and as such, the usage of such derivatives can lead to fluctuations in the Company's reported results from operations on a period-to-period basis. There were no open FFAs at March 31, 2015 or December 31, 2014. The change in the aggregate fair value of the FFAs during the three months ended March 31, 2014 resulted in a loss of approximately \$367,100, which is included in unrealized gain (loss) on derivative instruments in the accompanying consolidated statements of income.

Fuel Swap Contracts

The Company continuously monitors the market volatility associated with bunker prices and seeks to reduce the risk of such volatility through a bunker hedging program. During the three months ended March 31, 2015 and the year ended December 31, 2014, the Company entered into various fuel swap contracts that were not designated for hedge accounting. The aggregate fair value of these fuel swaps at March 31, 2015 and December 31, 2014 are liabilities of approximately \$568,000 and \$1,391,000, which are included in other current liabilities on the consolidated balance sheets. The change in the aggregate fair value of the fuel swaps during the three months ended March 31, 2015 and 2014 is a gain of approximately \$823,000 and a loss of approximately \$5,000, respectively, which are included in unrealized gain (loss) on derivative instruments in the accompanying consolidated statements of income.

The three levels of the fair value hierarchy established by ASC 820, in order of priority are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities. Our Level 1 non-derivatives include cash, money-market accounts, restricted cash accounts and investment.

Level 2 - Quoted prices for similar assets and liabilities in active markets or inputs that are observable. Our Level 2 non-derivatives include our term loan account.

Level 3 - Inputs that are unobservable (for example cash flow modeling inputs based on assumptions).

Note 6. Derivative Instruments and Fair Value Measurements (Continued)

The following table summarizes assets and liabilities measured at fair value on a recurring basis at March 31, 2015 and December 31, 2014:

	Balance at		Level 1		Level 2		Level 3
	March 31, 2015						
	(unaudited)						
Margin accounts	\$ 100,675	\$	100,675	\$	-	\$	-
Interest rate swaps	\$ (122,861)	\$	-	\$	(122,861)	\$	-
Fuel swap contracts	\$ (567,740)	\$	-	\$	(567,740)	\$	-

	Balance at		Level 1		Level 2		Level 3
	December 31, 2014						
Margin accounts	\$ 439,578	\$	439,578	\$	-	\$	-
Interest rate swaps	\$ (112,124)	\$	-	\$	(112,124)	\$	-
Fuel swap contracts	\$ (1,391,195)	\$	-	\$	(1,391,195)	\$	-

The estimated fair values of the Company's interest rate swap instruments, forward freight agreements and fuel swap contracts are based on market prices obtained from an independent third-party valuation specialist. Such quotes represent the estimated amounts the Company would receive to terminate the contracts.

Note 7. Related Party Transactions

	December 31, 2014	Activity	March 31, 2015 (unaudited)
<i>Included in accounts payable, accrued expenses and other current liabilities on the consolidated balance sheets:</i>			
To Founders	\$ 203,050	\$ -	\$ 203,050
Affiliated companies (trade payables)	4,037,850	(2,463,029)	1,574,821
	<u>\$ 4,240,900</u>	<u>\$ (2,463,029)</u>	<u>\$ 1,777,871</u>

Included in current related party debt on the consolidated balance sheets:

Loan payable - 2011 Founders Note	4,325,000	-	\$ 4,325,000
Interest payable in-kind	334,605	114,966 i	449,571
Loan payable to Founders	5,000,000	-	5,000,000
Loan payable - BVH shareholder (STST)	4,442,500	-	4,442,500
Loan payable to NBHC shareholder (STST)	22,500,000	1,253,334 ii	23,753,334
Loan payable to NBHC shareholder (ASO2020)	22,499,972	1,253,334 ii	23,753,306
Total current related party debt	<u>\$ 59,102,077</u>	<u>\$ 2,621,634</u>	<u>\$ 61,723,711</u>

i. Payable in cash

ii Shareholder loans provided for purposes of funding the newbuilding projects

In November 2014, the Company entered in to a \$5 million Promissory Note (the "Note") with Bulk Invest, Ltd., a company controlled by Founders. The Note is payable on demand and no later than January 1, 2016. Interest on the Note is 5%.

During 2013, NBHC entered into contracts to purchase four 1A ice-class newbuildings. Shareholder loans totaling approximately \$47,500,000 and \$45,000,000 were made as of March 31, 2015 and December 31, 2014, respectively, to fund the deposits on these vessels. On April 1, 2014, the non-interest bearing loans were amended to be payable on demand. The loans were originally payable in January 2023 and did not bear interest. Accordingly, they were carried at the present value of the future cash flows utilizing an imputed interest rate.

BVH entered into an agreement for the construction of two new ultramax newbuildings in 2013. Shareholder loans totaling \$4,447,500 at March 31, 2015 and December 31, 2014 were provided in order to make deposits on these contracts. The loans are payable on demand and do not bear interest.

On October 1, 2011, the Company entered into a \$10,000,000 loan agreement with the Founders, which was payable on demand at the request of the lenders (the 2011 Founders Note). The note bears interest at a rate of 5%. On January 1, 2012 the Company issued 5,675 shares of convertible redeemable preferred stock to the Founders, representing a partial repayment of the note (see Note 11), the balance of which was \$4,325,000 at March 31, 2015 and December 31, 2014.

Note 7. Related Party Transactions (Continued)

Under the terms of a technical management agreement between the Company and Seamar Management S.A. ("Seamar"), an equity method investee, Seamar is responsible for the day-to-day operations for certain of the Company's owned vessels. During the three month periods ended March 31, 2015 and 2014, the Company incurred technical management fees of approximately \$771,000 and \$587,000, respectively under this arrangement. These fees are included in vessel operating expenses in the consolidated statements of income.

Note 8. Earnings Per Common Share

	For the three months ended March 31,	
	2015	2014
	(unaudited)	(unaudited)
Numerator:		
Net income attributable to Pangaea Logistics Solutions Ltd.	\$ 7,599,929	\$ -
Net income attributable to Bulk Partners (Bermuda) Ltd.	-	6,593,285
Less: dividends declared on convertible redeemable preferred stock	-	(1,782,277)
Less: allocation of earnings to preferred shareholders	-	(2,535,149)
Total earnings allocated to common stock	<u>\$ 7,599,929</u>	<u>\$ 2,275,859</u>
Denominator:		
Weighted-average number of shares of common stock outstanding	<u>34,756,980</u>	<u>13,421,955⁽¹⁾</u>
Basic and Diluted EPS - common stock	<u>\$ 0.22</u>	<u>\$ 0.17</u>

(1) Bulk Partners historical weighted average number of shares outstanding multiplied by the exchange ratio established in the Merger Agreement.

Note 9. Commitments and Contingencies

Legal Proceedings

The Company is involved in legal proceedings and may become involved in other legal matters arising in the ordinary course of its business. The Company evaluates these legal matters on a case-by-case basis to make a determination as to the impact, if any, on its business, liquidity, results of operations, financial condition or cash flows.

Other

In January 2013, the Company signed a shipbuilding contract for the construction of four Ice Class 1A panamax vessels at \$32,600,000 each. The Company had a total of \$6,520,000 and \$29,786,000 on deposit at March 31, 2015 and December 31, 2014, respectively. The first vessel was delivered on September 25, 2014. The second vessel was delivered on February 6, 2015 and the third vessel was delivered on February 13, 2015. The balance of payment due on these three vessels was financed with commercial facilities. The fourth vessel is expected to be delivered in 2016. The second installment on the last vessel, which is equal to 10% of the purchase price, becomes due and payable upon keel-laying of the vessel. The third installment of 10% is due and payable upon launching of the vessel and the balance is due upon delivery of the vessels. The Company expects to finance the final payment with a commercial facility.

Note 9. Commitments and Contingencies (Continued)

In December 2013, the Company entered into shipbuilding contracts for the construction of two ultramax vessels for \$28,950,000 each. At March 31, 2015 and December 31, 2014, the Company had \$8,685,000 on deposit for these newbuildings. The third installments of 5% are due and payable upon keel laying of the vessels. The fourth installments of 10% are due and payable upon launching of the vessels and the balance is due upon delivery of the vessels. The Company expects to finance the final payments with commercial facilities.

The total purchase obligations under the shipbuilding contracts are approximately \$28,975,000 for the twelve months ending March 31, 2016 and approximately \$46,320,000 for the twelve months ending March 31, 2017.

The Company is subject to certain asserted claims arising in the ordinary course of business. The Company intends to vigorously assert its rights and defend itself in any litigation that may arise from such claims. While the ultimate outcome of these matters could affect the results of operations of any one year, and while there can be no assurance with respect thereto, management believes that after final disposition, any financial impact to the Company would not be material to its consolidated financial position, results of operations, or cash flows.

Note 10. Subsequent Events

On April 13, 2015, the Company repaid its \$3,000,000 borrowings under the line of credit, that was due to expire on August 19, 2015.

On May 1, 2015, the Company awarded certain employees restricted shares of its common stock pursuant to the 2014 Incentive Plan (the "2014 Plan"). These restricted shares vest at the rate of one-third on the third, fourth and fifth anniversaries of the Vesting Commencement Date, except in the event of death, disability or retirement of the employee, at which time all unvested shares will immediately vest. The Vesting Commencement Date is May 1, 2015.

On May 4, 2015, the Company entered into an agreement with a shareholder of Nordic Bulk Holdings ApS ("NBH") to acquire 24.5% of the ownership of NBH, bringing the Company's total ownership interest to 75.5%. NBH is an entity consolidated under Accounting Standards Codification ("ASC") 810, *Consolidation*. The accompanying unaudited consolidated financial statements include the operations of NBH for the three months ended March 31, 2015 and 2014.

On May 8, 2015, our board of directors awarded each non-employee director 10,000 restricted shares of our common stock pursuant to the 2014 Plan. These restricted shares vest at the rate of fifty percent on the first anniversary of the date of grant, with the remaining fifty percent to vest on the second anniversary of the date of grant. The award will be forfeited if the non-employee director does not serve until the Company's 2015 annual meeting of shareholders, except in the event of death of the non-employee director.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our consolidated financial statements and footnotes thereto contained in this report.

Forward Looking Statements

All statements other than statements of historical fact included in this Form 10-Q including, without limitation, statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding our financial position, business strategy and the plans and objectives of management for future operations, are forward looking statements. When used in this Form 10-Q, words such as "anticipate," "believe," "estimate," "expect," "intend" and similar expressions, as they relate to us or our management, identify forward looking statements. Such forward looking statements are based on the beliefs of management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those contemplated by the forward looking statements as a result of the risk factors and other factors detailed in our filings with the Securities and Exchange Commission. All subsequent written or oral forward looking statements attributable to us or persons acting on our behalf are qualified in their entirety by this paragraph.

Important Financial and Operational Terms and Concepts

Pangaea uses a variety of financial and operational terms and concepts when analyzing its performance. These include revenue recognition, deferred revenue, allowance for doubtful accounts, vessels and depreciation, long-lived assets impairment considerations, and the fair value of convertible redeemable preferred stock transactions, as defined above as well as the following:

Voyage Expenses. Pangaea incurs expenses for voyage charters, including bunkers (fuel), port charges, canal tolls, broker commissions and cargo handling operations, which are expensed as incurred.

Charter Expenses. Pangaea relies on a combination of owned and chartered-in vessels to support its operations. Pangaea hires vessels under time charters, and recognizes the charter hire payments as an expense on a straight-line basis over the term of the charter. Charter hire payments are typically made in advance, and the unrecognized portion is reflected as advance hire in the accompanying consolidated balance sheets. Under the time charters, the vessel owner is responsible for the vessel operating costs such as crews, maintenance and repairs, insurance, and stores.

Vessel Operating Expenses. Vessel operating expenses represent the cost to operate Pangaea's owned vessels. Vessel operating expenses include crew hire and related costs, the cost of insurance, expenses relating to repairs and maintenance, the cost of spares and consumable stores, tonnage taxes, other miscellaneous expenses, and technical management fees. These expenses are recognized as incurred. Technical management services include day-to-day vessel operations, performing general vessel maintenance, ensuring regulatory and classification society compliance, arranging the hire of crew, and purchasing stores, supplies, and spare parts.

Fleet Data. Pangaea believes that the measures for analyzing future trends in its results of operations consist of the following:

- **Shipping days.** Pangaea defines shipping days as the aggregate number of days in a period during which its vessels are performing either a voyage charter (voyage days) or a time charter (time charter days).
- **Daily vessel operating expenses.** Pangaea defines daily vessel operating expenses as vessel operating expenses divided by ownership days for the period. Vessel operating expenses include crew hire and related costs, the cost of insurance, expenses relating to repairs and maintenance, the costs of spares and consumable stores, tonnage taxes, other miscellaneous expenses, and technical management fees.
- **Chartered in days.** Pangaea defines chartered in days as the aggregate number of days in a period during which it chartered in vessels.
- **Time Charter Equivalent "TCE" rates.** Pangaea defines TCE rates as total revenues less voyage expenses divided by the number of shipping days, which is consistent with industry standards. TCE rate is a common shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per-day amounts while charter hire rates for vessels on time charters generally are expressed in per-day amounts.

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014

Revenues

Pangaea's revenues are derived predominately from voyage and time charters, which are discussed below. Total revenue for the three months ended March 31, 2015 was \$95.1 million, compared to \$114.2 million for the same period in 2014. The total number of shipping days decreased 7% to 4,065 in the three months ended March 31, 2015, compared to 4,357 for the same period in 2014, which is due to Pangaea's continued focus on optimizing the days to match existing cargo commitments. This is done by minimizing the length of time we hire a non-owned vessel to closely match the requirements under a voyage contract. This eliminates the need to time-charter the vessel for any excess days. The revenue decrease was predominantly due to a 19% decrease in the average TCE rate, which was \$12,251 per day for the three months ended March 31, 2015, compared to \$15,164 per day for same period in 2014. TCE rates reflect the overall weak shipping market.

Components of revenue are as follows:

Voyage revenues for the three months ended March 31, 2015 decreased by 1% to \$90.6 million compared to \$91.6 million for the same period in 2014. The decrease in voyage revenues was primarily driven by the weaker cargo rates in the overall shipping market. The Baltic Dry Index ("BDI"), a measure of dry bulk market performance, was at its historical low in the three months ended March 31, 2015, however, the Company's exposure to the lower rates was limited due to the existing COAs with fixed rates. There was an increase in the number of voyage days, from 3,047 in the three months ended March 31, 2014, to 3,627 days for the same period in 2015, which partially offset the impact of weak market rates. This increase is the result of several voyages that were extended in various ports, to an increase in the number of vessels operating under one of the Company's COAs, and to additional business with existing customers.

Charter revenues decreased to \$4.5 million from \$22.7 million, or 80%, for the three months ended March 31, 2015 compared to the same period in 2014. The decrease in charter revenues was primarily driven by the 67% decrease in time charter days and to the weak market rates. The number of time charter days decreased to 438 days for the three months ended March 31, 2015 compared to 1,310 days for the same period in 2014. The Company continued to focus on limiting its exposure to decreasing rates by chartering in vessels only to meet the demands of specific COAs and voyage contracts, which reduces the days available to produce time-charter revenue.

Voyage Expenses

Voyage expenses for the three months ended March 31, 2015 were \$45.3 million, compared to \$48.1 million for the same period in 2014, a decrease of approximately 6%. The decrease in voyage expenses was primarily due to a \$11.4 million (35%) decrease in the cost of bunkers consumed in voyages during the three months ended March 31, 2015 compared to the three months ended March 31, 2014. Bunker cost as a percentage of voyage expenses was 46% in the first quarter of 2015, down from 67% in the first quarter of 2014. The decrease in bunker cost was offset by cargo relet expenses of approximately \$6.5 million in the three months ended March 31, 2015. The bulk shipping market and certain voyage business presented arbitrage opportunities that were not available in the three months ended March 31, 2014. Voyage expenses as a percentage of voyage revenue were 50% for the three months ended March 31, 2015 and 53% for the three months ended March 31, 2014, reflecting these changes.

Charter Hire Expenses

Charter hire expenses for the three months ended March 31, 2015 were \$24.7 million, compared to \$44.0 million for the same period in 2014. The 44% decrease in charter expenses was predominantly due to the 13% decrease in the number of chartered in days from 3,238 days in the three months ended March 31, 2014 to 2,809 days for the three months ended March 31, 2015. This reflects the Company's strategy to charter in only for committed contracts, limiting its exposure while market conditions remain depressed. The weak market pushed average charter hire rates down 35% for the three months ended March 31, 2015 as compared to the same period of 2014, which contributed to the decrease in charter hire expenses.

Vessel Operating Expenses

Vessel operating expenses for the three months ended March 31, 2015 were \$7.8 million, compared to \$6.9 million in the comparable period in 2014, an increase of approximately 13%. The increase in vessel operating expenses was primarily due to a 10% increase in ownership days from 1,173 for the three months ended March 31, 2014 to 1,285 for the three months ended March 31, 2015 during which time the Company took delivery of two new vessels. The vessel operating expense expressed on a per day basis increased to \$6,059 for the three months ended March 31, 2015 from \$5,899 for the same period in 2014, or 3%.

General and Administrative

Pangaea's general and administrative expenses include legal and professional fees, rent, payroll and related expenses for its corporate offices. General and administrative expenses for the three months ended March 31, 2015 and 2014 were \$4.3 million and \$2.6 million, respectively, an increase of approximately 67%. The increase in general and administrative expenses was attributable to an increase in employee incentive compensation of approximately \$0.7 million, a \$0.1 million increase in salary and related expenses, an increase in professional fees of \$0.1 million, the addition of director fees and public company filing and related expenses totaling \$0.2 million and \$0.1 million, respectively, and to increases in accounting and legal fees of approximately \$0.2 million and \$0.3 million, respectively.

Depreciation and Amortization

For the three months ended March 31, 2015 and 2014, total depreciation and amortization expense was \$3.0 million and \$2.6 million, respectively. The increase in depreciation and amortization expense was attributable to the acquisition of three newbuildings in 2014 and early 2015. This was slightly offset by a reduction due to the sale of older vessels with lower carrying amounts.

Income from Operations

For the three months ended March 31, 2015, income from operations remained relatively flat at \$9.9 million as compared to \$10.1 million for the same period in 2014. Charter revenue and total revenue for the three months ended March 31, 2015 were down significantly over the three months ended March 31, 2014, as were voyage and charter hire expenses. The Company took on minimal excess tonnage due to the weak market conditions and therefore had fewer days available to charter out.

Liquidity and Capital Resources

Liquidity and Cash Needs

The Company has historically financed its capital requirements with cash flow from operations, the issuance of convertible redeemable preferred stock, proceeds from related party debt, and proceeds from long-term debt; and, in 2014, through the Mergers. The Company has used its funds primarily to fund its operations, vessel acquisitions, and the repayment of debt and the associated interest expense. The Company may consider debt or equity financing alternatives from time to time. However, if market conditions are negative, the Company may be unable to raise additional debt or equity financing on acceptable terms or at all. As a result, the Company may be unable to pursue opportunities to expand its business.

NBHC, a 33% owned subsidiary of the Company, has made all of its newbuilding deposits required to date by using funds from related party loans from its shareholders, the Company, ST Shipping and Transport Ltd. ("ST Shipping") and ASO 2020 Maritime S.A. ("ASO2020") (see the Related Party Transactions section below). The Company believes that each of NBHC's joint venture partners, ST Shipping and ASO2020, will continue to meet the deposit schedule for the final newbuilding by making additional related party loans, and will not call any existing related party loans. However, if NBHC's shareholders do not provide required funds, NBHC would likely need to seek replacement financing, which may not be available on acceptable terms. In such case, the Company may not be able to pursue opportunities to expand its business or meet its other commitments.

BVH, a 50% owned subsidiary of the Company, has made all of its newbuilding deposits required to date by using funds from related party loans from its shareholders, the Company and ST Shipping (see the Related Party Transactions section below). The Company believes that ST Shipping will continue to meet the deposit schedule for the newbuildings by making additional related party loans, and will not call any existing related party loans. However, if BVH's shareholders do not provide required funds, they would likely need to seek replacement financing, which may not be available on acceptable terms. In such case, the Company may not be able to pursue opportunities to expand its business or meet its other commitments.

At March 31, 2015 and December 31, 2014 the Company has working capital deficits of \$53.9 million and \$59.1 million, respectively. These working capital deficits are predominantly due to the related party loans of \$51.9 million and \$49.4 million, respectively at March 31, 2015 and December 31, 2014 and to loans payable to the Founders and their affiliated entities of approximately \$9.8 million and \$9.7 million, respectively at March 31, 2015 and December 31, 2014.

In order to address any going concern issues related to the issues noted above, certain of the Company's common shareholders have provided written agreements whereby they have committed to providing financial support in the form of loans. At March 31, 2015, the Company also had an agreement in principle with the shareholders of NBHC to convert the related party debt to equity. Additional considerations made by management in assessing the Company's ability to continue as a going concern are: its ability to generate net income of approximately \$7.6 million in the first quarter of 2015 during a historically low market; its ability to generate positive cash flows from operations, which were approximately \$11.2 million and \$10.4 million for the three months ended March 31, 2015 and 2014, respectively, and \$25.0 for the year ended December 31, 2014; its ability to adapt to changing market conditions by changing the chartered-in profile to meet its cargo commitments; its significant contract employment (COAs); and the excess of the fair value of its vessels over the current and long-term debt secured by these vessels.

Capital Expenditures

The Company's capital expenditures relate to the purchase of interests in vessels, and capital improvements to its vessels which are expected to enhance the revenue earning capabilities and safety of these vessels. The Company's owned fleet includes eight Panamax drybulk carriers (five of which are Ice-Class 1A), four Supramax drybulk carriers and two Handymax drybulk carriers (both of which are Ice-Class 1A).

In addition to vessel acquisitions that the Company may undertake in future periods, its other major capital expenditures include funding its program of regularly scheduled drydockings necessary to make improvements to its vessels, as well as to comply with international shipping standards and environmental laws and regulations. Although the Company has some flexibility regarding the timing of drydocking, the costs are relatively predictable. Funding of these requirements is anticipated to be met with cash from operations. The Company anticipates that this process of recertification will require it to reposition these vessels from a discharge port to shipyard facilities, which will reduce the Company's available days and operating days during that period. The Company expects to drydock six vessels during 2015 and one vessel during 2016, at an aggregate anticipated cost of \$3.4 million and \$1.5 million, respectively, not including any unanticipated repairs.

Off-Balance Sheet Arrangements

The Company does not have off-balance sheet arrangements at March 31, 2015 or December 31, 2014.

ITEM 3. *Quantitative and Qualitative Disclosures about Market Risks*

Interest Rate Risk

The international shipping industry is capital intensive, requiring significant amounts of investment provided in the form of long-term debt. Certain of the Company's outstanding debt contain floating interest rates that fluctuate with changes in the financial markets and in particular changes in LIBOR. Increasing interest rates could increase the Company's interest expense and adversely impact its future earnings. In the past, the Company has managed this risk by entering into interest rate swap agreements in which the Company exchanged fixed and variable interest rates based on agreed upon notional amounts. The Company has used such derivative financial instruments as risk management tools and not for speculative or trading purposes. In addition, the counterparties to the Company's derivative financial instruments have been major financial institutions, which helped it to manage its exposure to nonperformance of its counterparties under the Company's debt agreements. As of March 31, 2015 and December 31, 2014, the Company was a party to one interest rate swap agreement, which had an approximate fair value of \$0.1 million liability at both dates. The Company's net effective exposure to floating interest rate fluctuations on its outstanding debt was \$106.4 million and \$63.1 million, respectively, at March 31, 2015 and December 31, 2014.

The Company's interest expense is affected by changes in the general level of interest rates, particularly LIBOR. As an indication of the extent of the Company's sensitivity to interest rate changes, an increase in LIBOR of 1% would have decreased the Company's net income and cash flows during the three months ended March 31, 2015 and 2014 by approximately \$1.1 million and \$0.5 million, respectively, based on the debt levels for the beginning and ending balances of each period. The Company expects its sensitivity to interest rate changes to increase in the future if the Company enters into additional debt agreements in connection with its acquisition of additional vessels.

Forward Freight Agreements

The Company assesses risk associated with fluctuating future freight rates and, when appropriate, actively hedges identified economic risk related to long-term cargo contracts with forward freight agreements, or FFAs. The usage of such derivatives can lead to fluctuations in the Company's reported results from operations on a period-to-period basis. The Company did not have any open positions at March 31, 2015 or December 31, 2014.

Fuel Swap Contracts

The Company monitors the market volatility associated with bunker prices and its impact on long-term contracts; and seeks to reduce the risk of such volatility through a bunker hedging program. During the three months ended March 31, 2015 and 2014, the Company entered into various fuel swap contracts that were not designated for hedge accounting. The aggregate fair value of these fuel swaps at March 31, 2015 and December 31, 2014, were liabilities of approximately \$0.6 million and \$1.4 million, respectively.

ITEM 4. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures.

As of the end of the period covered by this report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as such term is defined in Rule 13a-15(e). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective for the quarter ended March 31, 2015, due to the fact that there were material weaknesses in our internal control over financial reporting as discussed in more detail in our 2014 Annual Report on Form 10-K, under Part II Item 9A.

Remediation Plan

Management has been actively engaged in developing remediation plans to address the above material weaknesses. The remediation efforts in process or that will be implemented include the following:

- Creating and filling a new accounting manager position;
- Implementing a new reporting and SEC filing software solution; and
- Assessing alternative enterprise resource planning (“ERP”) systems.

Management believes that the foregoing efforts will effectively remediate the material weaknesses. Management has developed a detailed plan and timetable for the implementation of the foregoing remediation efforts and will monitor the implementation. In addition, under the direction of the Chairman of the Audit Committee of our Board of Directors, management will continue to review and make necessary changes to the overall design of our internal control environment, as well as our policies and procedures to improve the overall effectiveness of internal control over financial reporting.

Changes in Internal Control over Financial Reporting

Other than the changes noted above, there were no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1 - Legal Proceedings

From time to time, we are involved in various other disputes and litigation matters that arise in the ordinary course of our business, principally cargo claims. Those claims, even if lacking merit, could result in the expenditure by us of significant financial and managerial resources.

Item 1A - Risk Factors

There have been no material changes from the “Risk Factors” previously disclosed in our Annual Report on Form 10-K, filed with the SEC on March 31, 2015.

Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3 - Defaults Upon Senior Securities

None.

Item 4 - Mine Safety Disclosures

None.

Item 5 - Other Information

None.

Item 6 - Exhibits

<u>Exhibit no.</u>	<u>Description</u>	<u>Incorporated By Reference</u>			<u>Filed herewith</u>
		<u>Form</u>	<u>Date</u>	<u>Exhibit</u>	
10.21	Amended and Restated Loan Agreement dated September 17, 2014 - Bulk Nordic Odyssey Ltd., Bulk Nordic Orion Ltd. and Bulk Nordic Oshima Ltd.				X

10.22	Loan Agreement dated January 28, 2015 - Bulk Nordic Odin Ltd. and Bulk Nordic Olympic Ltd.	X
10.23	Form of Restricted Share Grant Notice and Agreement dated May 1, 2015	X
10.24	Form of Restricted Share Grant Notice and Agreement dated May 1, 2015 - Danish Employees	X
10.25	Form of Restricted Share Grant Notice and Agreement dated May 8, 2015	X
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X
31.2	Certification of Principal Financial and Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
32.2	Certification of Principal Financial and Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
EX-101.INS	XBRL Instance Document	X
EX-101.SCH	XBRL Taxonomy Extension Schema	X
EX-101.CAL	XBRL Taxonomy Extension Calculation Linkbase	X
EX-101.DEF	XBRL Taxonomy Extension Definition Linkbase	X
EX-101.LAB	XBRL Taxonomy Extension Label Linkbase	X
EX-101.PRE	XBRL Taxonomy Extension Presentation Linkbase	X

SIGNATURES

Pursuant to the requirements of the Section 13 or 15 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 15th day of May 2015.

PANGAEA LOGISTICS SOLUTIONS LTD.

By: /s/ Edward Coll

Edward Coll

Chief Executive Officer

(Principal Executive Officer)

By: /s/ Anthony Laura

Anthony Laura

Chief Financial Officer

(Principal Financial and Accounting Officer)

Date: as of September 17, 2014

**BULK NORDIC ODYSSEY LTD.,
BULK NORDIC ORION LTD. and
BULK NORDIC OSHIMA LTD.**
as Joint and Several Borrowers

THE BANKS AND FINANCIAL INSTITUTIONS
listed in Schedule 1
as Lenders

- and -

DVB BANK SE
as Agent
and as Security Trustee

AMENDED AND RESTATED LOAN AGREEMENT

in respect of the Loan Agreement dated as of July 25, 2012

Watson, Farley & Williams
New York

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THIS AMENDED AND RESTATED LOAN AGREEMENT (this “**Agreement**”) is made as of September 17, 2014

AMONG

- (1) BULK NORDIC ODYSSEY LTD. (“**Bulk Odyssey**”), BULK NORDIC ORION LTD. (“**Bulk Orion**”) and BULK NORDIC OSHIMA LTD. (“**Bulk Oshima**”), each a company organized and existing under the laws of Bermuda whose registered office is at 3rd Floor, Par la Ville Place, 14 Par la Ville Road, Hamilton HM08, Bermuda, as joint and several borrowers (the “**Borrowers**”, and each separately a “**Borrower**”, which expressions include their respective successors, transferees and assigns);
- (2) THE BANKS AND FINANCIAL INSTITUTIONS listed in Schedule 1, as lenders (the “**Lenders**”, which expression includes their respective successors, transferees and assigns);
- (3) DVB BANK SE, acting in such capacity through its office at Platz der Republik 6, 60325 Frankfurt am Main, Germany, as agent for the Lenders (in such capacity, the “**Agent**”, which expression includes its successors, transferees and assigns); and
- (4) DVB BANK SE, acting in such capacity through its office at Platz der Republik 6, 60325 Frankfurt am Main, Germany, as security trustee for the Lenders (in such capacity, the “**Security Trustee**”, which expression includes its successors, transferees and assigns).

BACKGROUND

- (A) Pursuant to a Loan Agreement dated as of July 25, 2012 (the “**Original Loan Agreement**”), the Lenders made available to Bulk Odyssey and Bulk Orion a senior term loan facility upon the terms and conditions stated therein.
- (B) Upon the terms and conditions of this Agreement, the parties hereto have agreed to amend and restate the Original Loan Agreement to, among other things, provide for an additional Advance to finance the acquisition of NORDIC OSHIMA.
- (C) The Lenders have agreed to share *pari passu* in the Collateral to be granted to the Security Trustee pursuant to this Agreement.

IT IS AGREED as follows:

1 INTERPRETATION

1.1 Definitions. Subject to Clause 1.5, in this Agreement:

“**Acceptable Accounting Firm**” means Ernst & Young LLP, or such other recognized accounting firm as the Agent may, with the consent of the Majority Lenders, approve from time to time in writing, such approval not to be unreasonably withheld;

“**Account Bank**” means HSBC Bank Bermuda Limited, 6 Front Street, Hamilton HM11, Bermuda;

“**Advance**” means the principal amount of each borrowing by the Borrowers under this Agreement;

“**Affiliate**” means, as to any person, any other person that, directly or indirectly, controls, is controlled by or is under common control with such person or is a director or officer of such person, and for purposes of this definition, the term “**control**” (including the terms “**controlling**”, “**controlled by**” and “**under common control with**”) of a person means the possession, direct or indirect, of the power to vote 20% or more of the Voting Stock of such person or to direct or cause direction of the management and policies of such person, whether through the ownership of Voting Stock, by contract or otherwise;

“**Agreed Form**” means in relation to any document, that document in the form approved by the Agent with the consent of the Majority Lenders (such consent not to be unreasonably withheld), or as otherwise approved in accordance with any other approval procedure specified in any relevant provision of any Finance Document;

“**Approved Broker**” means any of the companies listed on Schedule 7 or such other company proposed by the Borrowers which the Agent may, with the consent of the Majority Lenders (such consent not to be unreasonably withheld), approve from time to time for the purpose of valuing a Ship, who shall act as an expert and not as arbitrator and whose valuation shall be conclusive and binding on all parties to this Agreement;

“**Approved Flag**” means the Panamanian flag or such other flag as the Agent may, with the consent of the Majority Lenders, approve from time to time in writing as the flag on which a Ship shall be registered;

“**Approved Management Agreement**” means, in relation to a Ship in respect of its commercial and/or technical management, a management agreement between the relevant Borrower and an Approved Manager in Agreed Form;

“**Approved Manager**” means Seamar Management SA or any other company proposed by the Borrowers which the Agent may, with the consent of the Majority Lenders (such consent not to be unreasonably withheld), approve from time to time as the technical and/or commercial manager of a Ship;

“**Approved Manager’s Undertaking**” means, in relation to a Ship, the letter executed and delivered by an Approved Manager, in the form set out in Appendix A;

“**ASO 2020**” means ASO 2020 Maritime Nordic Bulk Holding Ltd., a Marshall Islands company;

“**Availability Period**” means the period commencing on the Effective Date and ending on the earlier of:

- (a) with respect to NORDIC ODYSSEY and NORDIC ORION, July 31, 2012;
- (b) with respect to NORDIC OSHIMA, the earlier of the Delivery Date for such Ship and December 31, 2014 (or such later date as the Agent may, with the consent of the Majority Lenders, agree with the Borrowers); and

(c) the date on which the Total Commitments are fully borrowed, cancelled or terminated;

“**Bank Secrecy Act**” means the United States Bank Secrecy Act of 1970, as amended;

“**Basel III**” means any of the changes designed to strengthen any capital standards or introduce minimum liquidity or other requirements referenced in the publication of the Groups of Governors and Heads of Supervision of the Basel Committee on Banking Supervision (the “**Basel Committee**”) dated 16 December, 2010, or any subsequent paper or document published by the Basel Committee on any of those requirements;

“**Bulk Fleet**” means Bulk Fleet Bermuda Holding Company Limited, a Bermuda company;

“**Business Day**” means a day on which banks are open in London, England, New York, New York, Frankfurt, Germany, Curacao, Copenhagen, Denmark and Zug, Switzerland;

“**Capitalized Lease**” means, as applied to any person, any lease of any property (whether real, personal or mixed) of which the discounted present value of the rental obligations of such person, as lessee, in conformity with GAAP, is required to be capitalized on the balance sheet of such person; and “**Capitalized Lease Obligation**” is defined to mean the rental obligations, as aforesaid, under a Capitalized Lease;

“**Change of Control**” means:

- (a) in respect of each of the Borrowers, the occurrence of any act, event or circumstance that without prior written consent of the Majority Lenders results in Nordic Bulk Holding owning directly less than 100% of the issued and outstanding Equity Interests in a Borrower;
- (b) in respect of Nordic Bulk Holding, the occurrence of any act, event or circumstance that without prior written consent of the Majority Lenders results in Bulk Fleet and ST Shipping owning directly, in the aggregate, less than 66% of the issued and outstanding Equity Interests in Nordic Bulk Holding;
- (c) in respect of Bulk Fleet, the occurrence of any act, event or circumstance that without prior written consent of the Majority Lenders results in Pangaea owning directly or indirectly less than 100% of the issued and outstanding Equity Interests in Bulk Fleet;
- (d) in respect of Pangaea, the occurrence of any act, event or circumstance that without prior written consent of the Majority Lenders results in (i) upon the date hereof, the Pangaea Shareholders owning less than 100% of the issued and outstanding Equity Interests in Pangaea; (ii) upon the Quartet Merger, Quartet Holdco owning less than 100% of the issued and outstanding Equity Interests in Pangaea; or (iii) Edward Coll (or another person approved by the Agent in writing, such approval not to be unreasonably withheld or delayed) no longer being the Chief Executive Officer;
- (e) in respect of ST Shipping, the occurrence of any act, event or circumstance that without prior written consent of the Majority Lenders results in Glencore AG owning directly or indirectly less than 100% of the issued and outstanding Equity Interests in ST Shipping; and

(f) in respect of Glencore AG, the occurrence of any act, event or circumstance that without prior written consent of the Majority Lenders results in Glencore PLC owning directly or indirectly less than 100% of the issued and outstanding Equity Interests in Glencore AG;

“**Charter**” means, in relation to a Ship, any demise, time or consecutive voyage charter in respect of that Ship for a term which exceeds, or which by virtue of any optional extensions may exceed, 12 months, in each case in Agreed Form, and for the avoidance of doubt, the term “Charter” includes but is not limited to the Time Charters and the Sub-Time Charters;

“**Classification Society**” means, in relation to a Ship, Det Norske Veritas or such other first-class vessel classification society that is a member of IACS that the Agent may, with the consent of the Majority Lenders (such consent not to be unreasonably withheld), approve from time to time;

“**Code**” means the United States Internal Revenue Code of 1986, as amended, and the regulations promulgated and rulings issued thereunder;

“**Collateral**” means all property (including, without limitation, any proceeds thereof) referred to in the Finance Documents that is or is intended to be subject to any Security Interest in favor of the Security Trustee, for the benefit of the Lenders, securing the Secured Liabilities;

“**Collateral Maintenance Ratio**” has the meaning given in Clause 15.2;

“**Commitment**” means, in relation to a Lender, the amount set opposite its name in Schedule 1, or, as the case may require, the amount specified in the relevant Transfer Certificate, as that amount may be reduced, cancelled or terminated in accordance with this Agreement (and “**Total Commitments**” means the aggregate of the Commitments of all the Lenders);

“**Compliance Certificate**” means a certificate executed by an authorized person of the Borrowers in the form set out in Appendix B;

“**Contractual Currency**” has the meaning given in Clause 22.4;

“**Contribution**” means, in relation to a Lender, the part of the Loan which is owing to that Lender;

“**Creditor Party**” means the Agent, the Security Trustee or any Lender, whether as at the date of this Agreement or at any later time;

“**Currency Agreement**” means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement designed to protect a person or any of its subsidiaries against fluctuations in currency values to or under which such person or any of its subsidiaries is a party or a beneficiary on the date of this Agreement or becomes a party or a beneficiary thereafter;

“**Delivery Date**” means, with respect to NORDIC OSHIMA, the date such Ship is delivered to Bulk Oshima;

“Dollars” and **“\$”** means the lawful currency for the time being of the United States of America;

“Drawdown Date” means, in relation to an Advance, the date requested by the Borrowers for such Advance to be made, or (as the context requires) the date on which such Advance is actually made;

“Drawdown Notice” means a notice in the form set out in Schedule 3 (or in any other form which the Agent approves or reasonably requires);

“Earnings” means, in relation to a Ship, all moneys whatsoever which are now, or later become, payable (actually or contingently) to a Borrower or the Security Trustee and which arise out of the use or operation of that Ship, including (but not limited to):

(a) except to the extent that they fall within paragraph (b):

(i) all freight, hire and passage moneys;

(ii) compensation payable to the Borrower owning that Ship or the Security Trustee in the event of requisition of that Ship for hire;

(iii) remuneration for salvage and towage services;

(iv) demurrage and detention moneys;

(v) damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of that Ship; and

(vi) all moneys which are at any time payable under Insurances in respect of loss of hire; and

(b) if and whenever that Ship is employed on terms whereby any moneys falling within paragraphs (a)(i) to (vi) are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to that Ship;

“Earnings Account” means, in relation to a Ship, an account in the name of the Borrower owning that Ship with the Account Bank designated as the Earnings Account for that Ship, or any other account (with the Account Bank or the Agent or with another bank or financial institution acceptable to the Majority Lenders) for the purpose of receiving all charter hire and other amounts paid under the relevant Time Charter;

“Earnings Account Pledge” means a pledge of an Earnings Account, in the form set out in Appendix C;

“Earnings Assignment” means, in relation to a Ship, an assignment of the Earnings and any Requisition Compensation of that Ship, in the form set out in Appendix D;

“Effective Date” means the date on which this Agreement is executed and delivered by the parties hereto;

“**Email**” has the meaning given in Clause 29.1;

“**Environmental Claim**” means:

(a) any claim by any governmental, judicial or regulatory authority which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law; or

(b) any claim by any other person which relates to an Environmental Incident or to an alleged Environmental Incident,

and “**claim**” means a claim for damages, compensation, indemnification, contribution, fines, penalties or any other payment of any kind whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset;

“**Environmental Incident**” means:

(a) any release of Environmentally Sensitive Material from a Ship; or

(b) any incident in which Environmentally Sensitive Material is released and which involves a collision or allision between a Ship and another vessel or object, or some other incident of navigation or operation, in any case, in connection with which such Ship is actually or potentially liable to be arrested, attached, detained or injuncted and/or such Ship and/or a Borrower and/or any operator or manager of such Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or

(c) any other incident in which Environmentally Sensitive Material is released otherwise than from a Ship and in connection with which such Ship is actually or potentially liable to be arrested and/or where a Borrower and/or any operator or manager of such Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action;

“**Environmental Law**” means any law relating to pollution or protection of the environment, to the carriage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material;

“**Environmental Permit**” means any permit, approval, identification number, license or other authorization required under any Environmental Law;

“**Environmentally Sensitive Material**” means oil, oil products and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous;

“**Equity Interests**” of any person means:

(a) any and all shares and other equity interests (including common stock, preferred stock, limited liability company interests and partnership interests) in such person; and

(b) all rights to purchase, warrants or options or convertible debt (whether or not currently exercisable), participations or other equivalents of or interests in (however designated) such shares or other interests in such person;

“**ERISA**” means the United States Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated and rulings issued thereunder;

“**ERISA Affiliate**” means a trade or business (whether or not incorporated) that, together with Pangaea or Quartet Holdco (if applicable) or any subsidiary thereof, would be deemed to be a single employer under Section 414 of the Code;

“**Estate**” has the meaning assigned such term in Clause 31.1(b)(ii);

“**Event of Default**” means any of the events or circumstances described in Clause 20.1;

“**Exchange Act**” means the United States Securities Exchange Act of 1934, as amended, and any successor act thereto, and (unless the context otherwise requires) includes the rules and regulations of the Commission promulgated thereunder;

“**Executive Order**” means an executive order issued by the President of the United States of America;

“**Fair Market Value**” means, in relation to a Ship, the market value of such Ship at any date that is shown by the average of two (2) valuations each prepared and addressed to the Agent:

- (a) as at a date not more than 14 days prior to the date such valuation is delivered to the Agent;
- (b) by Approved Brokers selected by the Agent (which shall be Maritime Strategies International Ltd., Arrow London, Compass Maritime, Maersk Brokers, ICAP, Howe Robinson or SSY), **provided that**, if requested by the Borrowers, one of which may be selected by the Borrowers;
- (c) with or without physical inspection of that Ship (as the Agent may require);
- (d) on the basis of a sale for prompt delivery for cash on normal arm’s length commercial terms as between a willing seller and a willing buyer, free of any existing charter or other contract of employment (and with no value to be given to any pooling arrangements); and
- (e) after deducting the estimated amount of the usual and reasonable expenses which would be incurred in connection with the sale;

provided that (i) if a range of market values is provided in a particular appraisal, then the market value in such appraisal shall be deemed to be the mid-point within such range and (ii) if a third appraisal is obtained as provided in Clause 11.1(h), the market value of such Ship shall be the average of the three appraisals obtained;

“**FATCA**” means Sections 1471 through 1474 of the Code and any regulations thereunder issued by the United States Treasury;

“FATCA Deduction” means a deduction or withholding from a payment under any Finance Document required by or under FATCA;

“FATCA Exempt Party” means a Creditor Party or a Security Party who is entitled under FATCA to receive payments free from any FATCA Deduction;

“FATCA Non-Exempt Party” means any Relevant Party who is not a FATCA Exempt Party;

“FATCA Non-Exempt Lender” means any Lender who is a FATCA Non-Exempt Party;

“Finance Documents” means:

- (a) this Agreement;
- (b) the Earnings Account Pledges;
- (c) the Earnings Assignments;
- (d) the Guarantees;
- (e) the Insurance Assignments;
- (f) the Mortgages;
- (g) the Mortgage Amendments;
- (h) the Note;
- (i) the Shares Pledges;
- (j) the Sub-Time Charter Assignments;
- (k) the Time Charter Assignments; and
- (l) any other document (whether creating a Security Interest or not) which is executed at any time by any person as security for, or to establish any form of subordination or priorities arrangement in relation to, any amount payable to the Lenders under this Agreement or any of the other documents referred to in this definition;

“Financial Indebtedness” means, with respect to any person (the **“debtor”**) at any date of determination (without duplication):

- (a) all obligations of the debtor for principal, interest or any other sum payable in respect of any moneys borrowed or raised by the debtor;
- (b) all obligations of the debtor evidenced by bonds, debentures, notes or other similar instruments;

-
- (c) all obligations of the debtor in respect of any acceptance credit, guarantee or letter of credit facility or equivalent made available to the debtor (including reimbursement obligations with respect thereto);
 - (d) all obligations (except trade payables) of the debtor to pay the deferred purchase price of property or services, which purchase price is due more than six months after the date of placing such property in service or taking delivery thereto or the completion of such services;
 - (e) all Capitalized Lease Obligations of the debtor as lessee;
 - (f) all Financial Indebtedness of persons other than the debtor secured by a Security Interest on any asset of the debtor, whether or not such Financial Indebtedness is assumed by the debtor, **provided that** the amount of such Financial Indebtedness shall be the lesser of (i) the fair market value of such asset at such date of determination and (ii) the amount of such Financial Indebtedness;
 - (g) all Financial Indebtedness of persons other than the debtor under any guarantee, indemnity or similar obligation entered into by the debtor to the extent such Financial Indebtedness is guaranteed, indemnified, etc. by the debtor; and
 - (h) to the extent not otherwise included in this definition, obligations of the debtor under Currency Agreements and Interest Rate Agreements or any other kind of derivative transaction entered into by the debtor or, if the agreement under which any such transaction is entered into requires netting of mutual liabilities, the liability of the debtor for the net amount.

The amount of Financial Indebtedness of any debtor at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation, as determined in conformity with GAAP, **provided that** (i) the amount outstanding at any time of any Financial Indebtedness issued with an original issue discount is the face amount of such Financial Indebtedness less the remaining unamortized portion of such original issue discount of such Financial Indebtedness at such time as determined in conformity with GAAP, and (ii) Financial Indebtedness shall not include any liability for taxes;

“Fiscal Year” means, in relation to any person, each period of one (1) year commencing on January 1 of each year and ending on December 31 of such year in respect of which its accounts are or ought to be prepared;

“Foreign Pension Plan” means any plan, fund (including without limitation, any superannuation fund) or other similar program established or maintained outside the United States of America by Pangaea or Quartet Holdco (if applicable) or any one or more of its subsidiaries primarily for the benefit of its or their employees residing outside the United States of America, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and which plan is not subject to ERISA or the Code;

“**GAAP**” means generally accepted accounting principles in the United States of America, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board;

“**Glencore AG**” means Glencore International AG, a Swiss corporation;

“**Glencore Guarantors**” means Glencore AG and Glencore PLC;

“**Glencore PLC**” means Glencore plc, a Jersey corporation formerly known as Glencore International plc;

“**Guarantee**” means a guarantee by one or more Guarantors of the obligations of the Borrowers under this Agreement, in the form set out in Appendix E;

“**Guarantors**” means Nordic Bulk Holding, Bulk Fleet, Pangaea, Glencore AG and Glencore PLC;

“**IACS**” means the International Association of Classification Societies;

“**Insurances**” means in relation to a Ship:

(a) all policies and contracts of insurance, including entries of such Ship in any protection and indemnity or war risks association, effected in respect of such Ship, the Earnings or otherwise in relation to such Ship; and

(b) all rights and other assets relating to, or derived from, any of the foregoing, including any rights to a return of a premium;

“**Insurance Assignment**” means, in relation to a Ship, a first priority assignment of the Insurances, in the form set out in Appendix F;

“**Interest Period**” means a period determined in accordance with Clause 6;

“**Interest Rate Agreement**” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement designed to protect a person or any of its subsidiaries against fluctuations in interest rates to or under which such person or any of its subsidiaries is a party or a beneficiary on the date hereof or becomes a party or a beneficiary hereafter;

“**IRS**” means the United States Internal Revenue Service;

“**ISM Code**” means the International Safety Management Code (including the guidelines on its implementation), adopted by the International Maritime Organization, as the same may be amended or supplemented from time to time (and the terms “**safety management system**”, “**Safety Management Certificate**” and “**Document of Compliance**” have the same meanings as are given to them in the ISM Code);

“**ISM Code Documentation**” includes, in respect of a Ship:

-
- (a) the Document of Compliance and Safety Management Certificate issued pursuant to the ISM Code in relation to such Ship within the periods specified by the ISM Code;
 - (b) all other documents and data which are relevant to the safety management system and its implementation and verification which the Agent may reasonably require; and
 - (c) any other documents which are prepared or which are otherwise relevant to establish and maintain such Ship's compliance or the compliance of a Borrower or the Approved Manager with the ISM Code which the Agent may reasonably require;

"ISPS Code" means the International Ship and Port Facility Security Code as adopted by the International Maritime Organization, as the same may be amended or supplemented from time to time;

"ISPS Code Documentation" includes:

- (a) the ISSC; and
- (b) all other documents and data which are relevant to the ISPS Code and its implementation and verification which the Agent may require;

"ISSC" means a valid and current International Ship Security Certificate issued under the ISPS Code;

"Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Lending Office" under its name on Schedule 1 or in the relevant Transfer Certificate pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrowers and the Agent in accordance with Clause 27.14;

"LIBOR" means, in relation to any period for which an interest rate is to be determined under any provision of a Finance Document:

- (a) the applicable Screen Rate; or
- (b) if no Screen Rate is available for that period, the rate per annum determined by the Agent to be the arithmetic mean (rounded upwards to four (4) decimal places) of the rates, as supplied to the Agent at its request, quoted by each Reference Bank to leading banks in the London Interbank Market;

as of 11:00 a.m. (London time) on the Quotation Date for that period for the offering of deposits in the relevant currency and for a period comparable to that period, and if LIBOR falls below zero, such rate is deemed to be zero;

"Loan" means the principal amount from time to time outstanding under this Agreement;

"Major Casualty" means, in relation to a Ship, any casualty to such Ship in respect of which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds \$1,500,000 or the equivalent in any other currency;

“Majority Lenders” means:

(a) before the Loan has been made, Lenders whose Commitments total 66.67% of the Total Commitments; and

(b) after the Loan has been made, Lenders whose Contributions total 66.67% of the Loan;

“Margin” means, with respect to the Advance in respect of NORDIC ODYSSEY and NORDIC ORION, 3.00% per annum, and with respect to the Advance in respect of NORDIC OSHIMA, 2.25% per annum;

“Margin Stock” has the meaning specified in Regulation U of the Board of Governors of the United States Federal Reserve System and any successor regulations thereto, as in effect from time to time;

“Maturity Date” means the earlier of the date which is the seventh anniversary of the last Drawdown Date and the date on which the Loan is accelerated pursuant to Clause 20.4;

“Merger Agreement” means the Agreement and Plan of Reorganization by and among Quartet Merger Corp., et al., dated as of April 30, 2014, pending approval in accordance with the terms thereof;

“Mortgage” means, in relation to each of the Ships, the first preferred Panamanian ship mortgage in the form set out in Appendix G;

“Mortgage Amendment” means, in relation to NORDIC ODYSSEY and NORDIC ORION, the amendment to the first preferred Panamanian ship mortgage, on that Ship, in Agreed Form;

“Multiemployer Plan” means, at any time, a “multiemployer plan” as defined in Section 4001(a)(3) of ERISA to which Pangaea or Quartet Holdco (if applicable) or any subsidiary of it or any ERISA Affiliate has any liability or obligation to contribute or has within any of the six preceding plan years had any liability or obligation to contribute;

“Negotiation Period” has the meaning given in Clause 5.10;

“Nordic Bulk” means Nordic Bulk Carriers A/S, a corporation incorporated and existing under the laws of Denmark;

“Nordic Bulk Holding” means Nordic Bulk Holding Company Ltd., a Bermuda company;

“NORDIC ODYSSEY” means the 2010-built motor vessel of 40,142 gross registered tons and 25,265 net registered tons named “NORDIC ODYSSEY”, IMO Number 9529451, and registered in the name of Bulk Odyssey under Panamanian flag;

“NORDIC ORION” means the 2011-built motor vessel of 40,142 gross registered tons and 25,265 net registered tons named “NORDIC ORION”, IMO Number 9529463, and registered in the name of Bulk Orion under Panamanian flag;

“**NORDIC OSHIMA**” means the Ice Class 1A PMX motor vessel under construction at Oshima Shipbuilding Co., Ltd. with Hull Number 10758 to be named “NORDIC OSHIMA”, to be registered in the name of Bulk Oshima under Panamanian flag;

“**Non-indemnified Tax**” means:

(a) any tax on the net income of a Creditor Party (but not a tax on gross income or individual items of income), whether collected by deduction or withholding or otherwise, which is levied by a taxing jurisdiction which:

(i) is located in the country under whose laws such entity is formed (or in the case of a natural person is a country of which such person is a citizen); or

(ii) with respect to any Lender, is located in the country of its Lending Office; or

(iii) with respect to any Creditor Party other than a Lender, is located in the country from which such party has originated its participation in this transaction; or

(b) any FATCA Deduction made on account of a payment to a FATCA Non-Exempt Party;

“**Note**” means, in respect of each Advance, a promissory note of the Borrowers, payable to the order of the Agent, evidencing the aggregate indebtedness of the Borrowers in respect of such Advance, in the form set out in Appendix H;

“**Notifying Lender**” has the meaning given in Clause 24.1 or Clause 25.1 as the context requires;

“**OFAC**” means the Office of Foreign Assets Control of the United States Department of the Treasury;

“**Pangaea**” means Pangaea Logistics Solutions Ltd., a Bermuda company, formerly known as Bulk Partners (Bermuda) Ltd.;

“**Pangaea Shareholders**” means Edward Coll, Anthony Laura, Lagoa Investments Ltd., a Bermuda company, Pangaea One, L.P., a Delaware limited partnership, Pangaea One Parallel Fund (B), L.P., a Delaware limited partnership, Pangaea One (Cayman), L.P., a Cayman Islands limited partnership, Pangaea One Parallel Fund, L.P., a Cayman Islands limited partnership, collectively holding 100% of the Equity Interests in Pangaea as at the date hereof;

“**pari passu**”, when used with respect to the ranking of any Financial Indebtedness of any person in relation to other Financial Indebtedness of such person, means that each such Financial Indebtedness:

(a) either (i) is not subordinated in right of payment to any other Financial Indebtedness of such person or (ii) is subordinate in right of payment to the same Financial Indebtedness of such person as is the other and is so subordinate to the same extent; and

(b) is not subordinate in right of payment to the other or to any Financial Indebtedness of such person as to which the other is not so subordinate;

“PATRIOT Act” means the United States Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Improvement and Reauthorization Act of 2005 (H.R. 3199);

“Payment Currency” has the meaning given in Clause 22.4;

“Permitted Security Interests” means:

(a) Security Interests created or permitted by the Finance Documents;

(b) Security Interests for unpaid but not past due master’s and crew’s wages in accordance with usual maritime practice;

(c) Security Interests for salvage;

(d) Security Interests arising by operation of law for not more than two (2) months’ prepaid hire under any charter or other contract of employment in relation to a Ship not otherwise prohibited by this Agreement or any other Finance Document;

(e) Security Interests for master’s disbursements incurred in the ordinary course of trading and any other Security Interests arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of a Ship, **provided** such Security Interests do not secure amounts more than 30 days overdue (unless the overdue amount is being contested by the Borrower that owns such Ship in good faith by appropriate steps) and subject, in the case of Security Interests for repair or maintenance, to Clause 14.13(h);

(f) any Security Interest created in favor of a plaintiff or defendant in any proceedings or arbitration as security for costs and expenses where a Borrower is actively prosecuting or defending such proceedings or arbitration in good faith and such Security Interest does not (and is not likely to) result in any sale, forfeiture or loss of the Ship owned by that Borrower; and

(g) Security Interests arising by operation of law in respect of taxes which are not overdue for payment or in respect of taxes being contested in good faith by appropriate steps and in respect of which appropriate reserves have been made;

provided that the Security Interests described in paragraphs (b) through (g) above shall not exceed \$1,000,000 in the aggregate at any time;

“Pertinent Document” means:

(a) any Finance Document;

(b) any policy or contract of insurance contemplated by or referred to in Clause 13 or any other provision of this Agreement or another Finance Document;

(c) any other document contemplated by or referred to in any Finance Document; and

(d) any document which has been or is at any time sent by or to a Servicing Bank in contemplation of or in connection with any Finance Document or any policy, contract or document falling within paragraphs (b) or (c);

“Pertinent Jurisdiction”, in relation to a company, means:

(a) the jurisdiction under the laws of which the company is incorporated or formed;

(b) a jurisdiction in which the company has the center of its main interests or in which the company’s central management and control is or has recently been exercised;

(c) a jurisdiction in which the overall net income of the company is subject to corporation tax, income tax or any similar tax;

(d) a jurisdiction in which assets of the company (other than securities issued by, or loans to, related companies) having a substantial value are situated, in which the company maintains a branch or permanent place of business, or in which a Security Interest created by the company must or should be registered in order to ensure its validity or priority; or

(e) a jurisdiction the courts of which have jurisdiction to make a winding up, administration or similar order in relation to the company whether as a main or territorial or ancillary proceedings or which would have such jurisdiction if their assistance were requested by the courts of a country referred to in paragraphs (a) or (b) above;

“Pertinent Matter” means:

(a) any transaction or matter contemplated by, arising out of, or in connection with a Pertinent Document; or

(b) any statement relating to a Pertinent Document or to a transaction or matter falling within paragraph (a),

and covers any such transaction, matter or statement, whether entered into, arising or made at any time before the signing of this Agreement or on or at any time after that signing;

“Plan” means any employee benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect to which Pangaea or Quartet Holdco (if applicable) or any subsidiary thereof or ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA;

“Potential Event of Default” means an event or circumstance which, with the giving of any notice, the lapse of time, a determination under this Agreement and/or the satisfaction of any other condition, would constitute an Event of Default;

“Prohibited Person” means any person (whether designated by name or by reason of being included in a class of persons) against whom Sanctions are directed;

“Quartet Holdco” means Quartet Holdco Ltd., a Bermuda company;

“Quartet Merger” means the approval of the Merger Agreement in accordance with the terms thereof, effective as of the Closing Date defined therein;

“Quotation Date” means, in relation to any period for which an interest rate is to be determined under any provision of a Finance Document, the day which is two (2) Business Days before the first day of that period, unless market practice differs in the London Interbank Market for a currency, in which case the Quotation Date will be determined by the Agent in accordance with market practice in the London Interbank Market (and if quotations would normally be given by leading banks in the London Interbank Market on more than one day, the Quotation Date will be the last of those days);

“Reference Banks” means, subject to Clause 27.16, the London branches of three banks, each of which shall be a member of the British Bankers’ Association, one of which shall be selected by the Agent and two of which shall be selected by the Borrowers;

“Relevant Party” means, for purposes of Clause 23, each Creditor Party and each Security Party;

“Repayment Date” means a date on which a repayment is required to be made under Clause 8;

“Requisition Compensation” includes all compensation or other moneys payable by reason of any act or event such as is referred to in paragraph (b) of the definition of **“Total Loss”**;

“Sanctions” means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, importing, insuring, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law, regulation or Executive Order, of the United States of America or the European Union, **provided that** such laws, regulations and Executive Orders shall be applicable only to the extent such laws and regulations are not inconsistent with the laws and regulations of the United States of America;

“Screen Rate” means, in relation to any period for which an interest rate is to be determined under any provision of a Finance Document, the ICE Benchmark Administration Limited Interest Settlement Rate for the relevant currency and period displayed on the appropriate page of the Reuters screen. If the agreed page is replaced or service ceases to be available, the Agent may specify another page or service displaying the appropriate rate after consultation with the Borrowers and the Lenders;

“Secured Liabilities” means all liabilities that any of the Security Parties has, at the date of this Agreement or at any later time or times, under or in connection with any Finance Document or any judgment relating to any Finance Documents; and for this purpose, there shall be disregarded any total or partial discharge of these liabilities, or variation of their terms, which is effected by, or in connection with, any bankruptcy, liquidation, arrangement or other procedure under the insolvency laws of any country;

“Security Interest” means:

- (a) a mortgage, encumbrance, charge (whether fixed or floating) or pledge, any maritime or other lien or privilege or any other security interest of any kind;
- (b) the security rights of a plaintiff under an action *in rem*; and
- (c) any arrangement entered into by a person (A) the effect of which is to place another person (B) in a position which is similar, in economic terms, to the position in which B would have been had he held a security interest over an asset of A; but this paragraph (c) does not apply to a right of set off or combination of accounts conferred by the standard terms of business of a bank or financial institution;

“Security Party” means each of the Borrowers, each of the Guarantors, the Time Charterer and any other person (except a Creditor Party) who, as a surety, guarantor, mortgagor, assignor or pledgor, as a party to any subordination or priorities arrangement, or in any similar capacity, executes a Finance Document;

“Security Period” means the period commencing on the date of this Agreement and ending on the date on which the Agent notifies the Borrowers, the other Security Parties and the other Creditor Parties that:

- (a) all amounts which have become due for payment by the Borrowers or any other Security Party under the Finance Documents have been paid;
- (b) no amount is owing or has accrued (without yet having become due for payment) under any Finance Document;
- (c) neither the Borrowers nor any other Security Party has any future or contingent liability under Clause 21, 22 or 23 or any other provision of this Agreement or another Finance Document; and
- (d) the Agent, the Security Trustee and the Majority Lenders do not reasonably consider that there is a significant risk that any payment or transaction under a Finance Document would be set aside, or would have to be reversed or adjusted, in any present or possible future bankruptcy of a Borrower or another Security Party or in any present or possible future proceeding relating to a Finance Document or any asset covered (or previously covered) by a Security Interest created by a Finance Document;

“Servicing Bank” means the Agent or the Security Trustee;

“Shares Pledge” means a pledge of the Equity Interests of each of the Borrowers in the form set out in Appendix I hereto;

“Ship” means each of:

(a) NORDIC ODYSSEY;

(b) NORDIC ORION; and

(c) NORDIC OSHIMA;

“ST Shipping” means ST Shipping & Transport Pte. Ltd. (Company Registration No. 200606717H), a company incorporated under the laws of Singapore;

“Sub-Time Charter” means, in relation to each of NORDIC ODYSSEY and NORDIC ORION, a sub-time charter party in respect of that Ship in Agreed Form between the Time Charterer as owner and the Sub-Time Charterer as charterer (the terms of which shall include, among other things, a charter period of not less than 5 years, a daily hire rate of not less than \$12,000, and that any profit from any employment of the vessel at a rate in excess of \$12,000 shall be allocated 75% to the owner of such Ship and 25% to the Time Charterer);

“Sub-Time Charter Assignment” means, in relation to each of NORDIC ODYSSEY and NORDIC ORION, an assignment of the Sub-Time Charter for such Ship, in the form set out in Appendix J;

“Sub-Time Charterer” means, in relation to each of NORDIC ODYSSEY and NORDIC ORION, Nordic Bulk;

“Time Charter” means, in relation to each of the Ships, a time charter party in respect of that Ship in Agreed Form between the Borrower that owns that Ship as owner and the Time Charterer as charterer (the terms of which shall include, among other things, a charter period of not less than 5 years, a daily hire rate of not less than \$12,000, and that any profit from any employment of the vessel at a rate in excess of \$12,000 shall be allocated 75% to the owner of such Ship and 25% to the Time Charterer);

“Time Charter Assignment” means, in relation to a Ship, an assignment of the Time Charter for such Ship, in the form set out in Appendix K;

“Time Charter Guarantor” means, in relation to NORDIC ODYSSEY and NORDIC ORION, Glencore AG;

“Time Charterer” means, in relation to NORDIC ODYSSEY and NORDIC ORION, ST Shipping, and in relation to NORDIC OSHIMA, Nordic Bulk;

“Total Loss” means in relation to a Ship:

(a) actual, constructive, compromised, agreed or arranged total loss of that Ship;

(b) any expropriation, confiscation, requisition or acquisition of that Ship, whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority (excluding a requisition for hire for a fixed period not exceeding one (1) year without any right to an extension), unless it is within one (1) month redelivered to the full control of the Borrower owning that Ship; or

(c) any arrest, capture, seizure or detention of that Ship (including any hijacking or theft) unless it is within one (1) month redelivered to the full control of the Borrower owning that Ship;

“Total Loss Date” means in relation to a Ship:

(a) in the case of an actual loss of that Ship, the date on which it occurred or, if that is unknown, the date when that Ship was last heard of;

(b) in the case of a constructive, compromised, agreed or arranged total loss of that Ship, the earliest of:

(i) the date on which a notice of abandonment is given to the insurers; and

(ii) the date of any compromise, arrangement or agreement made by or on behalf of the Borrower owning that Ship with that Ship’s insurers in which the insurers agree to treat that Ship as a total loss; and

(c) in the case of any other type of total loss, on the date (or the most likely date) on which it appears to the Agent that the event constituting the total loss occurred;

“Transfer Certificate” has the meaning given in Clause 27.2;

“Transferee Lender” has the meaning given in Clause 27.2;

“Transferor Lender” has the meaning given in Clause 27.2;

“UCC” means the Uniform Commercial Code of the State of New York; and

“Voting Stock” of any person as of any date means the Equity Interests of such person that are at the time entitled to vote in the election of the board of directors or similar governing body of such person.

1.2 Construction of certain terms. In this Agreement:

“approved” means, for the purposes of Clause 13, approved in writing by the Agent with the consent of the Majority Lenders;

“asset” includes every kind of property, asset, interest or right, including any present, future or contingent right to any revenues or other payment;

“company” includes any corporation, limited liability company, partnership, joint venture, unincorporated association, joint stock company and trust;

“consent” includes an authorization, consent, approval, resolution, license, exemption, filing, registration, notarization and legalization;

“contingent liability” means a liability which is not certain to arise and/or the amount of which remains unascertained;

“document” includes a deed; also a letter, Email or fax;

“excess risks” means, in relation to a Ship, the proportion (if any) of claims for general average, salvage and salvage charges not recoverable under the hull and machinery insurances in respect of that Ship in consequence of the value at which the Ship is assessed for the purpose of such claims exceeding its insured value;

“excess war risk P&I cover” means, in relation to a Ship, cover for claims only in excess of amounts recoverable under the usual war risk cover including (but not limited to) hull and machinery, crew and protection and indemnity risks;

“expense” means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable value added or other tax;

“law” includes any order or decree, any form of delegated legislation, any treaty or international convention and any statute, regulation or resolution of the United States of America, any state thereof, the Council of the European Union, the European Commission, the United Nations or its Security Council or any other Pertinent Jurisdiction;

“legal or administrative action” means any legal proceeding or arbitration and any administrative or regulatory action or investigation;

“liability” includes every kind of debt or liability (present or future, certain or contingent), whether incurred as principal or surety or otherwise;

“months” shall be construed in accordance with Clause 1.3;

“obligatory insurances” means, in relation to a Ship, all insurances effected, or which the Borrower owning that Ship is obliged to effect, under Clause 13 or any other provision of this Agreement or another Finance Document;

“parent company” has the meaning given in Clause 1.4;

“person” includes natural persons; any company; any state, political sub-division of a state and local or municipal authority; and any international organization;

“policy”, in relation to any insurance, includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms;

“protection and indemnity risks” means the usual risks covered by a protection and indemnity association that is a member of the International Group of P&I Clubs, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Time Clauses (Hulls)(1/11/02 or 1/11/03) or clause 8 of the Institute Time Clauses (Hulls) (1/10/83) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;

“regulation” includes any regulation, rule, official directive, request or guideline (either having the force of law or compliance with which is reasonable in the ordinary course of business of the party concerned) of any governmental body, intergovernmental or supranational, agency, department or regulatory, self-regulatory or other authority or organization;

“**subsidiary**” has the meaning given in Clause 1.4;

“**successor**” includes any person who is entitled (by assignment, novation, merger or otherwise) to any other person’s rights under this Agreement or any other Finance Document (or any interest in those rights) or who, as administrator, liquidator or otherwise, is entitled to exercise those rights; and in particular references to a successor include a person to whom those rights (or any interest in those rights) are transferred or pass as a result of a merger, division, reconstruction or other reorganization of it or any other person;

“**tax**” includes any present or future tax, duty, impost, levy or charge of any kind which is imposed by any country, any state, any political sub-division of a state or any local or municipal authority or any other governmental authority authorized to levy such tax (including any such imposed in connection with exchange controls), and any related penalties, interest or fines; and

“**war risks**” includes the risk of mines and all risks excluded by clause 29 of the Institute Hull Clauses (1/11/02 or 1/11/03) or clause 24 of the Institute Time clauses (Hulls) (1/11/1995) or clause 23 of the Institute Time Clauses (Hulls) (1/10/83).

1.3 Meaning of “month”. A period of one or more “**months**” ends on the day in the relevant calendar month numerically corresponding to the day of the calendar month on which the period started (“**the numerically corresponding day**”), but:

- (a) on the Business Day following the numerically corresponding day if the numerically corresponding day is not a Business Day or, if there is no later Business Day in the same calendar month, on the Business Day preceding the numerically corresponding day; or
- (b) on the last Business Day in the relevant calendar month, if the period started on the last Business Day in a calendar month or if the last calendar month of the period has no numerically corresponding day,

and “**month**” and “**monthly**” shall be construed accordingly.

1.4 Meaning of “subsidiary”. A company (S) is a subsidiary of another company (P) if:

- (a) a majority of the issued Equity Interests in S (or a majority of the issued Equity Interests in S which carry unlimited rights to capital and income distributions) are directly owned by P or are indirectly attributable to P; or
- (b) P has direct or indirect control over a majority of the voting rights attaching to the issued Equity Interests of S; or
- (c) P has the direct or indirect power to appoint or remove a majority of the directors (or equivalent) of S; or
- (d) P otherwise has the direct or indirect power to ensure that the affairs of S are conducted in accordance with the wishes of P;

and any company of which S is a subsidiary is a parent company of S.

1.5 General interpretation. In this Agreement:

- (a) references to, or to a provision of, a Finance Document or any other document are references to it as amended or supplemented, whether before the date of this Agreement or otherwise;
- (b) references in Clause 1.1 to a document being in the form of a particular Appendix include references to that form with any modifications to that form which the Agent approves or reasonably requires with the consent of the Majority Lenders and which are acceptable to the Borrowers;
- (c) references to, or to a provision of, any law or regulation include any amendment, extension, re-enactment or replacement, whether made before the date of this Agreement or otherwise;
- (d) words denoting the singular number shall include the plural and vice versa; and
- (e) Clauses 1.1 to 1.5 apply unless the contrary intention appears.

1.6 Headings. In interpreting a Finance Document or any provision of a Finance Document, all clause, sub-clause and other headings in that and any other Finance Document shall be entirely disregarded.

1.7 Accounting terms. Unless otherwise specified herein, all accounting terms used in this Agreement and in the other Finance Documents shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to any Creditor Party under this Agreement shall be prepared, in accordance with GAAP as from time to time in effect.

1.8 Inferences regarding materiality. To the extent that any representation, warranty, covenant or other undertaking of a Security Party in this Agreement or any other Finance Document is qualified by reference to those matters which are not reasonably expected to result in a “material adverse effect” or language of similar import, no inference shall be drawn therefrom that any Creditor Party has knowledge or approves of any noncompliance by such Security Party with any law or regulation.

2 FACILITY

2.1 Amount of facility. Subject to the other provisions of this Agreement, the Lenders severally agree to make available to the Borrowers a loan facility in the principal amount of up to:

- (a) in respect of the Advance for NORDIC ODYSSEY and NORDIC ORION, the lesser of \$40,000,000 and 65% of the aggregate Fair Market Value of such Ships; and
- (b) in respect of the Advance for NORDIC OSHIMA, the lesser of \$22,500,000 and 70% of the Fair Market Value of such Ship.

It is understood and agreed that the Advance in respect of NORDIC ODYSSEY and NORDIC ORION was made on August 6, 2012.

2.2 Lenders' participations in the Advances. Subject to the other provisions of this Agreement, each Lender shall participate in each Advance in the proportion which, as at the relevant Drawdown Date, its Commitment bears to the Total Commitments.

2.3 Purpose of the Advances. The Borrowers undertake with each Creditor Party to use the Advances only for the purposes of (i) repayment of a bridge loan provided by ST Shipping, (ii) repayment of subordinated shareholder loans provided by ST Shipping and Pangaea and (iii) delivery financing of NORDIC OSHIMA.

2.4 Cancellation of Total Commitments. Any portion of the Total Commitments not disbursed to the Borrowers shall be cancelled and terminated automatically on the expiration of the Availability Period.

3 POSITION OF THE LENDERS

3.1 Interests several. The rights of the Lenders under this Agreement are several.

3.2 Individual right of action. Each Lender shall be entitled to sue for any amount which has become due and payable by a Security Party to it under this Agreement without joining the Agent, the Security Trustee or any other Lender as additional parties in the proceedings.

3.3 Proceedings requiring Majority Lender consent. Except as provided in Clause 3.2, no Lender may commence proceedings against any Security Party in connection with a Finance Document without the prior consent of the Majority Lenders.

3.4 Obligations several. The obligations of the Lenders under this Agreement are several; and a failure of a Lender to perform its obligations under this Agreement shall not result in:

- (a) the obligations of the other Lenders being increased; nor
- (b) any Security Party or any other Lender being discharged (in whole or in part) from its obligations under any Finance Document,

and in no circumstances shall a Lender have any responsibility for a failure of another Lender to perform its obligations under this Agreement.

3.5 Replacement of a Lender.

- (a) If at any time:
 - (i) any Lender becomes a Non-Consenting Lender (as defined in paragraph (c) below); or
 - (ii) a Borrower or any other Security Party becomes obliged in the absence of an Event of Default to repay any amount in accordance with Clause 24 or to pay additional amounts pursuant to Clause 23 or Clause 25 to any Lender in excess of amounts payable to other Lenders generally,

then the Borrowers may, on 30 Business Days' prior written notice to the Agent and such Lender, replace such Lender by requiring such Lender to (and such Lender shall) transfer pursuant to Clause 27 all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity (a "**Replacement Lender**") selected by the Borrowers, which is acceptable to the Agent with the consent of the Majority Lenders (other than the Lender the Borrowers desire to replace), which confirms its willingness to assume and by its execution of a Transfer Certificate does assume all the obligations of the transferring Lender (including the assumption of the transferring Lender's participations on the same basis as the transferring Lender) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Lender's participation in the outstanding Advances and all accrued interest and/or breakages costs and other amounts payable in relation thereto under the Finance Documents.

(b) The replacement of a Lender pursuant to this Clause 3.5 shall be subject to the following conditions:

- (i) the Borrowers shall have no right to replace the Agent or the Security Trustee;
- (ii) neither the Agent nor any Lender shall have any obligation to the Borrowers to find a Replacement Lender;
- (iii) in the event of a replacement of a Non-Consenting Lender such replacement must take place no later than 30 days after the date the Borrowers notify the Non-Consenting Lender and the Agent of its intent to replace the Non-Consenting Lender pursuant to Clause 3.5(a); and
- (iv) in no event shall the Lender replaced under this paragraph (b) be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Finance Documents.

(c) For purposes of this Clause 3.5, in the event that:

- (i) a Borrower or the Agent has requested the Lenders to give a consent in relation to or to agree to a waiver or amendment of any provisions of the Finance Documents;
- (ii) the consent, waiver or amendment in question requires the approval of all Lenders; and
- (iii) Lenders whose Commitments aggregate more than 66.67% percent of the Total Commitments have consented to or agreed to such waiver or amendment,

then any Lender who does not and continues not to consent or agree to such waiver or amendment shall be deemed a "**Non-Consenting Lender**".

4 DRAWDOWN

4.1 Request for an Advance. Subject to the following conditions, the Borrowers may request an Advance to be made by delivering to the Agent a completed Drawdown Notice not later than 10:00 a.m. (New York City time) two (2) Business Days prior to the intended Drawdown Date.

4.2 Availability. The conditions referred to in Clause 4.1 are that:

- (a) the Drawdown Date must be a Business Day during the Availability Period;
- (b) the amount of the Advance with respect to NORDIC ODYSSEY and NORDIC ORION shall not exceed the lesser of \$40,000,000 and 65% of the aggregate Fair Market Value of such Ships as of the date of this Agreement (it being understood and agreed that this Advance was made on August 6, 2012);
- (c) the amount of the Advance with respect to NORDIC OSHIMA shall not exceed the lesser of \$22,500,000 and 70% of the Fair Market Value of NORDIC OSHIMA as of a date not earlier than two weeks prior to, and not later than one week prior to, the intended Drawdown Date of such Advance; and
- (d) the applicable conditions precedent stated in Clause 9 hereof shall have been satisfied or waived as provided therein.

4.3 Notification to Lenders of receipt of a Drawdown Notice. The Agent shall promptly notify the Lenders that it has received a Drawdown Notice and shall inform each Lender of:

- (a) the amount of the Advance requested and the Drawdown Date;
- (b) the amount of that Lender's participation in such Advance; and
- (c) the duration of the first Interest Period.

4.4 Drawdown Notice irrevocable. A Drawdown Notice must be signed by a director, an officer or a duly authorized attorney-in-fact of the Borrowers and once served, a Drawdown Notice cannot be revoked without the prior consent of the Agent.

4.5 Lenders to make available Contributions. Subject to the provisions of this Agreement, each Lender shall, before 10:00 a.m. (New York City time) on and with value on the Drawdown Date, make available to the Agent for the account of the Borrowers the amount due from that Lender under Clause 2.2.

4.6 Disbursement of an Advance. Subject to the provisions of this Agreement, the Agent shall on the Drawdown Date pay to the Borrowers the amounts which the Agent receives from the Lenders under Clause 4.5 and that payment to the Borrowers shall be made:

- (a) to the account which the Borrowers specify in the Drawdown Notice; and
- (b) in the like funds as the Agent received the payments from the Lenders.

4.7 Disbursement of an Advance to third party. The payment by the Agent under Clause 4.6 to the account of a third party designated by the Borrowers in a Drawdown Notice shall constitute the making of an Advance and the Borrowers shall at that time become indebted, as principal and direct obligor, to each Lender in an amount equal to that Lender's Contribution.

4.8 Promissory note.

- (a) The obligation of the Borrowers to pay the principal of, and interest on, an Advance shall be evidenced by a Note.
- (b) An Advance made by the Lenders to the Borrowers may be evidenced by a notation of the same made by the Agent on the grid attached to the Note, which notation, absent manifest error, shall be *prima facie* evidence of the amount of such Advance.
- (c) Each Lender shall record on its internal records the amount of its participation in each Advance and each payment in respect thereof, and the unpaid balance of such participation in such Advance shall, absent manifest error and to the extent not inconsistent with the notations made by the Agent on the grid attached to the Note, be as so recorded.
- (d) The failure of the Agent or any Lender to make any such notation shall not affect the obligation of the Borrowers in respect of an Advance or the Loan nor affect the validity of any transfer by the Agent of the Note.
- (e) On receipt of satisfactory evidence that the Note has been lost, mutilated or destroyed and on surrender of the remnants thereof, if any, the Borrowers will promptly replace the Note, without charge to the Creditor Parties, with a similar Note. If such replacement Note replaces a lost Note it shall bear an endorsement to that effect. Any lost Note subsequently found shall be surrendered to the Borrowers and cancelled. The Agent shall indemnify the Borrowers for any losses, claims or damages resulting from the loss of such Note.

5 INTEREST

5.1 Normal rate of interest. Subject to the provisions of this Agreement, the rate of interest on each Advance in respect of an Interest Period shall be the aggregate of the applicable Margin and LIBOR for that Interest Period for such Advance.

5.2 Payment of normal interest. Subject to the provisions of this Agreement, interest on each Advance in respect of each Interest Period shall be paid by the Borrowers on the last day of that Interest Period.

5.3 Payment of accrued interest. In the case of an Interest Period longer than three (3) months, accrued interest shall be paid every three (3) months during that Interest Period and on the last day of that Interest Period.

5.4 Notification of Interest Periods and rates of normal interest. The Agent shall notify the Borrowers and each Lender of:

- (a) each rate of interest; and
- (b) the duration of each Interest Period (as determined under Clause 6.2),

as soon as reasonably practicable after each is determined.

5.5 Obligation of Reference Banks to quote. A Reference Bank which is a Lender shall use all reasonable efforts to supply the quotation required of it for the purposes of fixing a rate of interest under this Agreement.

5.6 Absence of quotations by Reference Banks. If any Reference Bank fails to supply a quotation, the Agent shall determine the relevant LIBOR on the basis of the quotations supplied by the other Reference Bank or Banks but if two (2) or more of the Reference Banks fail to provide a quotation, the relevant rate of interest shall be set in accordance with Clauses 5.7 to 5.12 of this Agreement.

5.7 Market disruption. Clauses 5.7 to 5.12 of this Agreement apply if:

- (a) no Screen Rate is available for an Interest Period and two (2) or more of the Reference Banks do not, before 1:00 p.m. (London time) on the Quotation Date, provide quotations to the Agent in order to fix LIBOR; or
- (b) at least one (1) Business Day before the start of an Interest Period, Lenders having Contributions together amounting to more than 50% of the Loan (or, if an Advance has not been made, Commitments amounting to more than 50% of the Total Commitments) notify the Agent that LIBOR fixed by the Agent would not accurately reflect the cost to those Lenders of funding their respective Contributions (or any part of them) during the Interest Period in the London Interbank Market at or about 11:00 a.m. (London time) on the Quotation Date for the Interest Period.

5.8 Notification of market disruption. The Agent shall promptly notify the Borrowers and each of the Lenders stating the circumstances falling within Clause 5.7 which have caused its notice to be given.

5.9 Suspension of drawdown. If the Agent's notice under Clause 5.8 is served before an Advance is made, the Lenders' obligations to make such Advance shall be suspended while the circumstances referred to in the Agent's notice continue.

5.10 Negotiation of alternative rate of interest. If the Agent's notice under Clause 5.8 is served after an Advance is made, the Borrowers, the Agent and the Lenders shall use reasonable endeavors to agree, within the 30 days after the date on which the Agent serves its notice under Clause 5.8 (the "**Negotiation Period**"), an alternative interest rate for the Lenders to fund or continue to fund their Contribution during the Interest Period concerned.

5.11 Application of agreed alternative rate of interest. Any alternative interest rate which is agreed during the Negotiation Period shall take effect in accordance with the terms agreed by the Borrowers, the Agent and the Lenders.

5.12 Alternative rate of interest in absence of agreement. If an alternative interest rate is not agreed within the Negotiation Period, and the relevant circumstances are continuing at the end of the Negotiation Period, then the Agent shall, with the agreement of each Lender, set an interest period and interest rate representing the cost of funding of the Lenders in Dollars or in any available currency of their or its Contribution plus the Margin. The procedure provided for by this Clause 5.12 shall be repeated if the relevant circumstances are continuing at the end of the interest period so set by the Agent.

5.13 Notice of prepayment. If the Borrowers do not agree with an interest rate set by the Agent under Clause 5.12, the Borrowers may give the Agent not less than 5 Business Days' notice of its intention to prepay (without premium or penalty and without any applicable prepayment fee under Clause 8.9(c)) at the end of the interest period set by the Agent.

5.14 Prepayment; termination of Commitments. A notice under Clause 5.13 shall be irrevocable; the Agent shall promptly notify the Lenders of the Borrowers' notice of intended prepayment and:

- (a) on the date on which the Agent serves that notice, the Total Commitments shall be cancelled; and
- (b) on the last Business Day of the interest period set by the Agent, the Borrowers shall prepay (without premium or penalty and without any applicable prepayment fee under Clause 8.9(c)) the Loan, together with accrued interest thereon at the applicable rate plus the Margin.

5.15 Application of prepayment. The provisions of clause 8 shall apply in relation to the prepayment.

6 INTEREST PERIODS

6.1 Commencement of Interest Periods. The first Interest Period applicable to an Advance shall commence on the Drawdown Date with respect to that Advance and each subsequent Interest Period shall commence on the expiry of the preceding Interest Period.

6.2 Duration of normal Interest Periods. Subject to Clauses 6.3 and 6.5, each Interest Period shall be 3 months or such other period as the Agent may, with the authorization of all the Lenders, agree with the Borrowers pursuant to Clause 6.4. **provided that** in the case of the first Interest Period applicable to the Advance in respect of NORDIC OSHIMA, a period ending on the last day of the Interest Period then applicable to the Advances in respect of NORDIC ODYSSEY and NORDIC ORION, where upon all Advances shall be consolidated and treated as a single Advance for the purpose of duration of normal Interest Periods.

6.3 Duration of Interest Periods for repayment installments. In respect of an amount due to be repaid under Clause 8 on a particular Repayment Date, an Interest Period shall end on that Repayment Date.

6.4 Interest periods longer than 12 months. Subject to Clause 6.5, upon not less than ten (10) Business Days prior written notice from the Borrowers to the Agent, and subject to the agreement of all of the Lenders, the interest rate of all or more than 50% of the Loan may be fixed for an Interest Period in excess of 12 months. The interest rate will be the actual refinancing rate available to the Lenders (on a weighted average basis) for that Interest Period plus the Margin. The Agent shall notify the Borrowers of the proposed interest rate within eight (8) Business Days of the receipt of such notice from the Borrowers. If the Borrowers notify the Agent within 5 Business Days of the notice of the proposed interest rate that the Borrowers do not agree with the proposed interest rate, then the Interest Period shall be determined under Clause 6.2.

6.5 Non-availability of matching deposits for Interest Period selected. If, after the Borrowers have selected and the Lenders have agreed an Interest Period longer than three (3) months pursuant to Clause 6.4, any Lender notifies the Agent by 11:00 a.m. (New York City time) on the third Business Day before the commencement of the Interest Period that it is not satisfied that deposits in Dollars for a period equal to the Interest Period will be available to it in the London Interbank Market when the Interest Period commences, the Interest Period shall be three (3) months.

7 DEFAULT INTEREST

7.1 Payment of default interest on overdue amounts. The Borrowers shall pay interest in accordance with the following provisions of this Clause 7 on any amount payable by such Borrower under any Finance Document which the Agent, the Security Trustee or any other designated payee does not receive on or before the relevant date, that is:

- (a) the date on which the Finance Documents provide that such amount is due for payment; or
- (b) if a Finance Document provides that such amount is payable on demand, the date on which the demand is served; or
- (c) if such amount has become immediately due and payable under Clause 20.4, the date on which it became immediately due and payable.

7.2 Default rate of interest. Interest shall accrue on an overdue amount from (and including) the relevant date until the date of actual payment (as well after as before judgment) at the rate per annum determined by the Agent to be 2.00 percent above:

- (a) in the case of an overdue amount of principal, the higher of the rates set out at Clauses 7.3(a) and (b); or
- (b) in the case of any other overdue amount, the rate set out at Clause 7.3(b).

7.3 Calculation of default rate of interest. The rates referred to in Clause 7.2 are:

- (a) the rate applicable to the overdue principal amount immediately prior to the relevant date (but only for any unexpired part of any then current Interest Period); and
- (b) the applicable Margin plus, in respect of successive periods of any duration (including at call) up to three (3) months which the Agent may, with the consent of the Majority Lenders, select from time to time, LIBOR.

7.4 Notification of interest periods and default rates. The Agent shall promptly notify the Lenders and each relevant Security Party of each interest rate determined by the Agent under Clause 7.3 and of each period selected by the Agent for the purposes of paragraph (b) of that Clause; but this shall not be taken to imply that such Security Party is liable to pay such interest only with effect from the date of the Agent's notification.

7.5 Payment of accrued default interest. Subject to the other provisions of this Agreement, any interest due under this Clause shall be paid on the last day of the period by reference to which it was determined; and the payment shall be made to the Agent for the account of the Creditor Party to which the overdue amount is due.

7.6 Compounding of default interest. Any such interest which is not paid at the end of the period by reference to which it was determined shall thereupon be compounded.

8 REPAYMENT AND PREPAYMENT

8.1 Amount of repayment installments. The Borrowers shall repay the Loan as follows:

(a) With respect to the Advance related to NORDIC ODYSSEY and NORDIC ORION:

Date	Repayment		Outstanding Principal Amount
1st Repayment Date	\$	1,000,000	\$ 39,000,000
2 nd Repayment Date	\$	1,000,000	\$ 38,000,000
3 rd Repayment Date	\$	1,000,000	\$ 37,000,000
4 th Repayment Date	\$	1,000,000	\$ 36,000,000
5 th Repayment Date	\$	2,000,000	\$ 34,000,000
6 th Repayment Date	\$	1,000,000	\$ 33,000,000
7 th Repayment Date	\$	1,000,000	\$ 32,000,000
8 th Repayment Date	\$	1,000,000	\$ 31,000,000
9 th Repayment Date	\$	2,000,000	\$ 29,000,000
10 th Repayment Date	\$	1,000,000	\$ 28,000,000
11 th Repayment Date	\$	1,000,000	\$ 27,000,000
12 th Repayment Date	\$	1,000,000	\$ 26,000,000
13 th Repayment Date	\$	1,000,000	\$ 25,000,000
14 th Repayment Date	\$	1,000,000	\$ 24,000,000
15 th Repayment Date	\$	1,000,000	\$ 23,000,000
16 th Repayment Date	\$	1,000,000	\$ 22,000,000
17 th Repayment Date	\$	2,000,000	\$ 20,000,000
18 th Repayment Date	\$	1,000,000	\$ 19,000,000
19 th Repayment Date	\$	1,000,000	\$ 18,000,000
20 th Repayment Date	\$	18,000,000	\$ 0

(b) With respect to the Advance related to NORDIC OSHIMA, (i) in 28 equal quarterly installments of the lesser of \$375,000 or 1/60th of such Advance; and (ii) together with the last quarterly installment, a balloon payment equal to the lesser of \$12,000,000 or 32/60th of the Advance.

8.2 Repayment Dates. The first installment shall be repaid on the date falling three (3) months after the Drawdown Date of the relevant Advance.

8.3 Maturity Date. On the Maturity Date, the Borrowers shall additionally pay to the Agent for the account of the Creditor Parties such amount as is outstanding on the Loan as of the Maturity Date, and all other sums then accrued or owing under any Finance Document.

8.4 Voluntary prepayment. Subject to the following conditions, the Borrowers may prepay the whole or any part of the Loan on the last day of an Interest Period.

8.5 Conditions for voluntary prepayment. The conditions referred to in Clause 8.4 are that:

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- (a) a partial prepayment shall be \$500,000 or a multiple of \$500,000;
 - (b) the Agent has received from the Borrowers at least five (5) Business Days' prior written notice specifying the Advance and amount thereof to be prepaid and the date on which the prepayment is to be made; and
 - (c) the Borrowers have provided evidence satisfactory to the Agent that any consent required by the Borrowers in connection with the prepayment has been obtained and remains in force, and that any regulation relevant to this Agreement which affects the Borrowers has been complied with (which may be satisfied by the Borrowers certifying that no consents are required and that no regulations need to be complied with).

8.6 Effect of notice of prepayment. A prepayment notice may not be withdrawn or amended without the consent of the Agent, given with the authorization of the Majority Lenders, and the amount specified in the prepayment notice shall become due and payable by the Borrowers on the date for prepayment specified in the prepayment notice.

8.7 Notification of notice of prepayment. The Agent shall notify the Lenders promptly upon receiving a prepayment notice, and shall provide any Lender which so requests with a copy of any document delivered by the Borrowers under Clause 8.5(c).

8.8 Mandatory prepayment. The Borrowers shall prepay the relevant proportion of the Loan if a Ship is sold or becomes a Total Loss:

- (a) in the case of a sale, on or before the date on which the sale is completed by delivery of such Ship to the buyer; or
- (b) in the case of a Total Loss, on the earlier of the date falling 150 days after the Total Loss Date and the date of receipt by the Security Trustee of the proceeds of insurance relating to such Total Loss.

For purposes of this Clause 8.8, “**relevant proportion**” means:

- (i) in the case of the first or second Ship to be sold and/or to become a Total Loss, in an amount needed to preserve the Collateral Maintenance Ratio required by Clause 15.2; or
- (ii) 100%, if the Ship is the third to be sold and/or to become a Total Loss.

8.9 Amounts payable on prepayment. A voluntary prepayment under Clause 8.4 and a mandatory prepayment under Clause 8.8 shall be made together with:

- (a) accrued interest (and any other amount payable under Clause 22 or otherwise) in respect of the amount prepaid;
- (b) if the prepayment is not made on the last day of an Interest Period, any sums payable under Clause 22.1(b); and
- (c) the following prepayment fees as applicable:

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- (i) 2.00% of the prepaid amount in respect of any prepayment made prior to the first anniversary of the Drawdown Date to which the Advance being repaid relates;
 - (ii) 1.00% of the prepaid amount in respect of any prepayment made on or after the first anniversary of the Drawdown Date of such Advance but prior to the second anniversary of the Drawdown Date of such Advance;
 - (iii) 0.50% of the prepaid amount in respect of any prepayment made on or after the second anniversary of the Drawdown Date of such Advance but prior to the third anniversary of the Drawdown Date of such Advance; and
 - (iv) 0.0% of the prepaid amount thereafter;

provided that no prepayment fee shall be payable:

- (A) in respect of a mandatory prepayment under Clause 8.8(b), 15.3 or 24.1(c);
- (B) in respect of amounts paid pursuant to Clauses 8.9(a) and (b); or
- (C) in respect of a voluntary prepayment under Clause 8.4 provided that such payment is made from the Earnings Account and provided that the Minimum Balance required by Clause 19.2 is always maintained.

8.10 Application of partial prepayment. Each partial prepayment under Clause 8.4 shall be applied against the repayment installments specified in Clause 8.1 in inverse order of maturity.

8.11 No reborrowing. No amount prepaid may be reborrowed.

9 CONDITIONS PRECEDENT

9.1 Documents, fees and no default. Each Lender's obligation to contribute to an Advance is subject to the following conditions precedent:

(a) that, on or before the service of a Drawdown Notice, the Agent receives:

- (i) the documents described in Part A of Schedule 4 in form and substance satisfactory to the Agent (other than such documents delivered in connection with a prior Advance, if any); and
- (ii) such documentation and other evidence as is reasonably requested by the Agent or a Lender in order for each to carry out and be satisfied with the results of all necessary "know your customer" or other checks which it is required to carry out in relation to the transactions contemplated by this Agreement and the other Finance Documents, including without limitation obtaining, verifying and recording certain information and documentation that will allow the Agent and each of the Lenders to identify each Security Party in accordance with the requirements of the PATRIOT Act;

(b) that, on the relevant Drawdown Date but prior to the making of an Advance, the Agent receives or is satisfied that it will receive on the making of such Advance the documents described in Part B of Schedule 4 in form and substance satisfactory to it (other than such documents delivered in connection with a prior Advance, if any);

(c) that, on or before the service of a Drawdown Notice, the Agent receives the facility fee referred to in Clause 21.1, all accrued commitment fee payable pursuant to Clause 21.1 and the upfront fee related to such Advance referred to in Clause 21.1 and has received payment of the expenses referred to in Clause 21.2; and

(d) that both at the date of a Drawdown Notice and at the relevant Drawdown Date:

(i) no Event of Default or Potential Event of Default has occurred or would result from the borrowing of the relevant Advance;

(ii) the representations and warranties in Clause 10 and those of the Borrowers or any other Security Party which are set out in the other Finance Documents (other than those relating to a specific date) would be true and not misleading if repeated on each of those dates with reference to the circumstances then existing;

(iii) there has been no material change in the consolidated financial condition, operations or business prospects of the Borrowers or any of the Guarantors since the date on which the Borrowers and/or the Guarantors provided information concerning those topics to the Agent and/or any Lender;

(iv) there has been no material adverse global economic or political developments; and

(v) there has been no material adverse development in the international money and capital markets.

(e) that, if the Collateral Maintenance Ratio were applied immediately following the making of such Advance, the Borrowers would not be required to provide additional Collateral or prepay part of the Loan under Clause 15; and

(f) that the Agent has received, and found to be acceptable to it, any further opinions, consents, agreements and documents in connection with the Finance Documents which the Agent may, with the authorization of the Majority Lenders, reasonably request by written notice (email is an acceptable form of such notice) to the Borrowers prior to the relevant Drawdown Date.

9.2 Waiver of conditions precedent. Notwithstanding anything in Clause 9.1 to the contrary, if the Agent, with the consent of the Majority Lenders, permits an Advance to be borrowed before certain of the conditions referred to in Clause 9.1 are satisfied, the Borrowers shall ensure that such conditions are satisfied within ten (10) Business Days after the relevant Drawdown Date (or such longer period as the Agent may specify).

10 REPRESENTATIONS AND WARRANTIES

10.1 General. Each of the Borrowers represents and warrants to each Creditor Party as of the Effective Date and each Drawdown Date as follows.

10.2 Status. Each of the Borrowers is:

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- (a) duly incorporated or formed and validly existing and in good standing under the law of its jurisdiction of incorporation or formation;
 - (b) duly qualified and in good standing as a foreign company in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where, in each case, the failure to so qualify or be licensed and be in good standing could not reasonably be expected to have a material adverse effect on its business, assets or financial condition or which may affect the legality, validity, binding effect or enforceability of the Finance Documents; and
 - (c) there are no proceedings or actions pending or contemplated by either of the Borrowers, or to the knowledge of the Borrowers contemplated by any third party, seeking to adjudicate either of the Borrowers a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property.

10.3 Company power; consents. Each of the Borrowers and has taken all action, and no consent of any person is required, for:

- (a) it to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted;
- (b) it to execute each Finance Document to which it is or is to become a party;
- (c) it to execute the Time Charters, and comply with its obligations under the relevant Time Charter and each Finance Document to which it is or is to become a party;
- (d) it to grant the Security Interests granted by it pursuant to the Finance Documents to which it is or is to become a party;
- (e) the perfection or maintenance of the Security Interests created by the Finance Documents (including the first priority nature thereof); and
- (f) the exercise by any Creditor Party of their rights under any of the Finance Documents or the remedies in respect of the Collateral pursuant to the Finance Documents,

except, in each case, for consents which have been duly obtained, taken, given or made and are in full force and effect.

10.4 Consents in force. All the consents referred to in Clause 10.3 remain in force and nothing has occurred which makes any of them liable to revocation.

10.5 Title.

- (a) Each of the Borrowers owns (i) in the case of owned real property, good and marketable fee title to and (ii) in the case of owned personal property, good and valid title to, or, in the case of leased real or personal property, valid and enforceable leasehold interests (as the case may be) in, all of its properties and assets, tangible and intangible, of any nature whatsoever, free and clear in each case of all Security Interests or claims, except for Permitted Security Interests.

(b) Except for Permitted Security Interests, none of the Borrowers has created or is contractually bound to create any Security Interest on or with respect to any of its assets, properties, rights or revenues, and except as provided in this Agreement, none of the Borrowers is restricted by contract, applicable law or regulation or otherwise from creating Security Interests on any of its assets, properties, rights or revenues.

(c) Each of the Borrowers has received all deeds, assignments, waivers, consents, non-disturbance and attornment or similar agreements, bills of sale and other documents, and has duly effected all recordings, filings and other actions necessary to establish, protect and perfect such Borrower's right, title and interest in and to the Ship owned by it and other properties and assets (or arrangements for such recordings, filings and other actions acceptable to the Agent shall have been made).

10.6 Legal validity; effective first priority Security Interests. Subject to any relevant insolvency laws affecting creditors' rights generally:

(a) the Finance Documents to which each of the Borrowers is a party, constitute or, as the case may be, will constitute upon execution and delivery (and, where applicable, registration as provided for in the Finance Documents), such Borrower's legal, valid and binding obligations enforceable against it in accordance with their respective terms; and

(b) the Finance Documents to which each of the Borrowers is a party, create or, as the case may be, will create upon execution and delivery (and, where applicable, registration as provided for in the Finance Documents), legal, valid and binding first priority Security Interests enforceable in accordance with their respective terms over all the assets to which they, by their terms, relate.

10.7 No third party Security Interests. Without limiting the generality of Clauses 10.5 and 10.6, at the time of the execution and delivery of each Finance Document to which a Borrower is a party:

(a) the Borrower party thereto will have the right to create all the Security Interests which that Finance Document purports to create; and

(b) no third party will have any Security Interest (except for Permitted Security Interests) or any other interest, right or claim over, in or in relation to any asset to which any such Security Interest, by its terms, relates.

10.8 No conflicts. The borrowing of an Advance, the execution of each Finance Document and compliance with each Finance Document will not involve or lead to a contravention of:

(a) to the knowledge of the Borrowers, any law or regulation; or

(b) the constitutional documents of a Borrower; or

(c) any contractual or other obligation or restriction which is binding on a Borrower or any of its assets.

10.9 Status of Secured Liabilities. The Secured Liabilities constitute direct, unconditional and general obligations of each Borrower and rank (a) senior to all subordinated Financial Indebtedness and (b) not less than *pari passu* (as to priority of payment and as to security) with all other Financial Indebtedness of each Borrower.

10.10 Taxes.

- (a) All payments which a Borrower is liable to make under the Finance Documents to which it is a party can properly be made without deduction or withholding for or on account of any tax payable under any law of any Pertinent Jurisdiction.
- (b) Each Borrower has timely filed or has caused to be filed all tax returns and other reports that it is required by law or regulation to file in any Pertinent Jurisdiction, and has paid or caused to be paid all taxes, assessments and other similar charges that are due and payable in any Pertinent Jurisdiction, other than taxes and charges:
 - (i) which (A) are not yet due and payable or (B) are being contested in good faith by appropriate proceedings and for which adequate reserves have been established and as to which such failure to have paid such tax does not create any material risk of sale, forfeiture, loss, confiscation or seizure of a Ship or of criminal liability; or
 - (ii) the non-payment of which could not reasonably be expected to have a material adverse effect on the financial condition of such Borrower.

The charges, accruals, and reserves on the books of each Borrower respecting taxes are adequate in accordance with GAAP.

- (c) No material claim for any tax has been asserted against a Borrower by any Pertinent Jurisdiction or other taxing authority other than claims that are included in the liabilities for taxes in the most recent balance sheet of such person or disclosed in the notes thereto, if any.
- (d) The execution, delivery, filing and registration or recording (if applicable) of the Finance Documents and the consummation of the transactions contemplated thereby will not cause any of the Creditor Parties to be required to make any registration with, give any notice to, obtain any license, permit or other authorization from, or file any declaration, return, report or other document with any governmental authority in any Pertinent Jurisdiction.
- (e) No taxes are required by any governmental authority in any Pertinent Jurisdiction to be paid with respect to or in connection with the execution, delivery, filing, recording, performance or enforcement of any Finance Document.
- (f) The execution, delivery, filing, registration, recording, performance and enforcement of the Finance Documents by any of the Creditor Parties will not cause such Creditor Party to be subject to taxation under any law or regulation of any governmental authority in any Pertinent Jurisdiction of the Borrowers.
- (g) It is not necessary for the legality, validity, enforceability or admissibility into evidence of this Agreement or any other Finance Document that any stamp, registration or similar taxes be paid on or in relation to this Agreement or any of the other Finance Documents.

10.11 No default. No Event of Default or Potential Event of Default has occurred or would result from the borrowing of an Advance.

10.12 Information. All financial statements, information and other data furnished by or on behalf of a Borrower to any of the Creditor Parties:

- (a) was true and accurate in all material respects at the time it was given;
- (b) such financial statements, if any, have been prepared in accordance with GAAP and accurately and fairly represent in all material respects the financial condition of such Borrower as of the date or respective dates thereof and the results of operations of such Borrower for the period or respective periods covered by such financial statements;
- (c) there are no other facts or matters the omission of which would have made or make any such information false or misleading in any material respect;
- (d) there has been no material adverse change in the financial condition, operations or business prospects of such Borrower since the date on which such information was provided other than as previously disclosed to the Agent in writing; and
- (e) neither of the Borrowers has any contingent obligations, liabilities for taxes or other outstanding financial obligations which are material in the aggregate except as disclosed in such statements, information and data.

10.13 No litigation. No legal or administrative action involving a Borrower (including any action relating to any alleged or actual breach of the ISM Code, the ISPS Code or any Environmental Law) has been commenced or taken by any person, or, to a Borrower's knowledge, is likely to be commenced or taken which, in either case, would be likely to have a material adverse effect on the business, assets or financial condition of a Borrower or which may affect the legality, validity, binding effect or enforceability of the Finance Documents.

10.14 Intellectual property. Except for those with respect to which the failure to own or license could not reasonably be expected to have a material adverse effect, each Borrower owns or has the right to use all patents, trademarks, permits, service marks, trade names, copyrights, franchises, formulas, licenses and other rights with respect thereto, and have obtained assignment of all licenses and other rights of whatsoever nature, that are material to its business as currently contemplated without any conflict with the rights of others.

10.15 ISM Code and ISPS Code compliance. Each Borrower has obtained or will obtain or will cause to be obtained all necessary ISM Code Documentation and ISPS Code Documentation in connection with the Ship owned by it and its operation and will be or will cause such Ship and the relevant Approved Manager to be in full compliance with the ISM Code and the ISPS Code.

10.16 Validity and completeness of Time Charter and Sub-Time Charter.

- (a) Each Time Charter constitutes valid, binding and enforceable obligations of the Time Charterer and the relevant Borrower in accordance with its terms and:

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- (i) the copy of such Time Charter delivered to the Agent before the date of this Agreement is a true and complete copy; and
 - (ii) no amendments or additions to the Time Charter have been agreed nor has the relevant Borrower or the Time Charterer waived any of their respective rights under the Time Charter, in each case that would be adverse in any material respect to the interests of the Creditor Parties (or any of them) under or in respect of the Finance Documents.
- (b) [intentionally omitted].
- (c) Each Sub-Time Charter constitutes valid, binding and enforceable obligations of the Time Charterer and the Sub-Time Charterer in accordance with its terms and:
- (i) the copy of such Sub-Time Charter delivered to the Agent before the date of this Agreement is a true and complete copy; and
 - (ii) no amendments or additions to the Sub-Time Charter have been agreed nor has the Time Charterer or the Sub-Time Charterer waived any of their respective rights under the Sub-Time Charter in each case that would be adverse in any material respect to the interests of the Creditor Parties (or any of them) under or in respect of the Finance Documents.

10.17 Compliance with law; Environmentally Sensitive Material. Except to the extent the following could not reasonably be expected to have a material adverse effect on the business, assets or financial condition of a Borrower, or affect the legality, validity, binding effect or enforceability of the Finance Documents:

- (a) the operations and properties of each Borrower comply with all applicable laws and regulations, including without limitation Environmental Laws, all necessary Environmental Permits have been obtained and are in effect for the operations and properties of each such person and each such person is in compliance in all material respects with all such Environmental Permits; and
- (b) none of the Borrowers has been notified in writing by any person that it or any of its subsidiaries or Affiliates is potentially liable for the remedial or other costs with respect to treatment, storage, disposal, release, arrangement for disposal or transportation of any Environmentally Sensitive Material, except for costs incurred in the ordinary course of business with respect to treatment, storage, disposal or transportation of such Environmentally Sensitive Material.

10.18 Ownership structure.

- (a) Each Borrower has no subsidiaries.
- (b) All of the Equity Interests of the Borrowers have been validly issued, are fully paid, non-assessable and free and clear of all Security Interests (except Security Interests in favor of the Security Trustee) and are owned of record by Nordic Bulk Holding. All of the Equity Interests of Nordic Bulk Holding have been validly issued, are fully paid, non-assessable and free and clear of all Security Interests and are owned of record by Bulk Fleet, ST Shipping and ASO 2020.

(c) All of the Equity Interests of ST Shipping are owned beneficially and of record by Glencore AG.

(d) All of the Equity Interests of Bulk Fleet are owned beneficially by Pangaea.

(e) None of the Equity Interests of any of the Borrowers are subject to any existing option, warrant, call, right, commitment or other agreement of any character to which any of the Borrowers is a party requiring, and there are no Equity Interests of any of the Borrowers outstanding which upon conversion or exchange would require, the issuance, sale or transfer of any additional Equity Interests of any of the Borrowers or other Equity Interests convertible into, exchangeable for or evidencing the right to subscribe for or purchase Equity Interests of any of the Borrowers.

10.19 ERISA. None of the Borrowers, Pangaea or Quartet Holdco (if applicable) maintains any Plan, Multiemployer Plan or Foreign Pension Plan.

10.20 Margin stock. None of the Borrowers is engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock and no proceeds of an Advance will be used to buy or carry any Margin Stock or to extend credit to others for the purpose of buying or carrying any Margin Stock.

10.21 Investment company, public utility, etc. None of the Borrowers is:

(a) an “investment company,” or an “affiliated person” of, or “promoter” or “principal underwriter” for, an “investment company,” as such terms are defined in the Investment Company Act of 1940, as amended; or

(b) a “public utility” within the meaning of the United States Federal Power Act of 1920, as amended.

10.22 Asset control.

(a) Each of the Borrowers is not a Prohibited Person, is not owned or controlled by, or acting directly or indirectly on behalf of or for the benefit of, a Prohibited Person and does not own or control a Prohibited Person;

(b) No proceeds of the Advance shall be made available, directly or indirectly, to or for the benefit of a Prohibited Person or otherwise shall be, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

10.23 No money laundering. Without prejudice to the generality of Clause 2.3, in relation to the borrowing by the Borrowers of an Advance, the performance and discharge of its obligations and liabilities under the Finance Documents, and the transactions and other arrangements affected or contemplated by the Finance Documents to which a Borrower is a party, each of the Borrowers confirms that:

(a) it is acting for its own account;

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- (b) it will use the proceeds of such Advance for its own benefit, under its full responsibility and exclusively for the purposes specified in this Agreement; and
 - (c) the foregoing will not involve or lead to a contravention of any law, official requirement or other regulatory measure or procedure implemented to combat “money laundering” (as defined in Article 1 of Directive 2005/60/EC of the European Parliament and of the Council) and comparable United States federal and state laws, including without limitation the PATRIOT Act and the Bank Secrecy Act.

10.24 Ships. Each Ship is or will be at the Delivery Date:

- (a) in the sole and absolute ownership of a Borrower and duly registered in such Borrower’s name under the law of the Republic of Panama, unencumbered save and except for the Mortgage thereon in favor of the Security Trustee recorded against it and Permitted Security Interests;
- (b) seaworthy for hull and machinery insurance warranty purposes and in every way fit for its intended service;
- (c) insured in accordance with the provisions of this Agreement and the requirements hereof in respect of such insurances will have been complied with;
- (d) in class in accordance with the provisions of this Agreement and the requirements hereof in respect of such classification will have been complied with; and
- (e) managed by an Approved Manager pursuant to an Approved Management Agreement.

10.25 Place of business. For purposes of the UCC, each of the Borrowers has only one place of business located at, or, if it has more than one place of business, the chief executive office from which it manages the main part of its business operations and conducts its affairs is located at:

Par la Ville Place
14 Par la Ville Road
Hamilton HM08
Bermuda

None of the Borrowers has a place of business in the United States of America, the District of Columbia, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States of America.

10.26 Solvency. In the case of each of the Borrowers:

- (a) the sum of its assets, at a fair valuation, does and will exceed its liabilities, including, to the extent they are reportable as such in accordance with GAAP, contingent liabilities;
- (b) the present fair market saleable value of its assets is not and shall not be less than the amount that will be required to pay its probable liability on its then existing debts, including, to the extent they are reportable as such in accordance with GAAP, contingent liabilities, as they mature;

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- (c) it does not and will not have unreasonably small working capital with which to continue its business; and
- (d) it has not incurred, does not intend to incur and does not believe it will incur, debts beyond its ability to pay such debts as they mature.

10.27 Borrowers' business. From the date of its incorporation until the date hereof, each of the Borrowers has not conducted any business other than in connection with, or for the purpose of, owning and operating the Ships.

10.28 Immunity; enforcement; submission to jurisdiction; choice of law.

- (a) Each of the Borrowers is subject to civil and commercial law with respect to its obligations under the Finance Documents, and the execution, delivery and performance by each Borrower of the Finance Documents to which it is a party constitute private and commercial acts rather than public or governmental acts.
- (b) None of the Borrowers nor any of its respective properties has any immunity from suit, court jurisdiction, attachment prior to judgment, attachment in aid of execution of a judgment, set-off, execution of a judgment or from any other legal process in relation to any Finance Document.
- (c) It is not necessary under the laws of a Borrower's jurisdiction of incorporation or formation, in order to enable any Creditor Party to enforce its rights under any Finance Document or by reason of the execution of any Finance Document or the performance by a Borrower of its obligations under any Finance Document, that such Creditor Party should be licensed, qualified or otherwise entitled to carry on business in such Borrower's jurisdiction of incorporation or formation.
- (d) Other than the recording of the Mortgage in accordance with the laws of the Republic of Panama, and such filings as may be required in a Pertinent Jurisdiction in respect of certain of the Finance Documents, and the payment of fees consequent thereto, it is not necessary for the legality, validity, enforceability or admissibility into evidence of this Agreement or any other Finance Document that any of them or any document relating thereto be registered, filed recorded or enrolled with any court or authority in any Pertinent Jurisdiction.
- (e) The execution, delivery, filing, registration, recording, performance and enforcement of the Finance Documents by any of the Creditor Parties will not cause such Creditor Party to be deemed to be resident, domiciled or carrying on business in any Pertinent Jurisdiction of any Security Party or subject to taxation under any law or regulation of any governmental authority in any Pertinent Jurisdiction of any Security Party.
- (f) Under the law of a Borrower's jurisdiction of incorporation or formation, the choice of the law of New York to govern this Agreement and the other Finance Documents to which New York law is applicable is valid and binding.
- (g) The submission by the Borrowers to the jurisdiction of the New York State courts and the U.S. Federal court sitting in New York County pursuant to Clause 32.2(a) is valid and binding and not subject to revocation, and service of process effected in the manner set forth in Clause 32.2(d) will be effective to confer personal jurisdiction over the Borrowers in such courts.

11 GENERAL AFFIRMATIVE AND NEGATIVE COVENANTS

11.1 Affirmative covenants. From the first Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full each of the Borrowers undertakes with each Creditor Party to comply or cause compliance with the following provisions of this Clause 11.1 except as the Agent, with the consent of the Majority Lenders, may approve from time to time in writing, such approval not to be unreasonably withheld:

(a) **Performance of obligations.** Each Borrower shall duly observe and perform its obligations under the relevant Time Charter and each Finance Document to which it is or is to become a party.

(b) **Notification of defaults (etc).** The Borrowers shall promptly notify the Agent, upon becoming aware of the same, of:

(i) the occurrence of an Event of Default or of any Potential Event of Default or any other event (including any litigation) which might adversely affect its ability or the Time Charterer's ability to perform its obligations under the Time Charter, the Time Charter Guarantor's ability to perform its obligations (if any) under the Time Charter, the Time Charterer's or the Sub-Time Charterer's ability to perform its obligations under the Sub-Time Charter, or any Security Party's ability to perform its obligations under each Finance Document to which it is or is to become a party;

(ii) any default, or any interruption in the performance whether or not the same constitutes a default, by any party to the Time Charter or the Sub-Time Charter; and

(iii) any damage or injury caused by or to the Ship in excess of \$1,500,000.

(c) **Confirmation of no default.** The Borrowers will, within five (5) Business Days after service by the Agent of a written request, serve on the Agent a notice which is signed by a director, an officer or a duly authorized person of the Borrowers and which states that:

(i) no Event of Default or Potential Event of Default has occurred; or

(ii) no Event of Default or Potential Event of Default has occurred, except for a specified event or matter, of which all material details are given.

The Agent may serve requests under this Clause 11.1(c) from time to time but only if asked to do so by a Lender or Lenders having Contributions exceeding 10% of the Loan or (if no Advances have been made) Commitments exceeding 10% of the Total Commitments, and this Clause 11.1(c) does not affect the Borrowers' obligations under Clause 11.1(b).

(d) **Notification of litigation.** The Borrowers will provide the Agent with details of any legal or administrative action involving a Borrower, any other Security Party (other than the Glencore Guarantors and ST Shipping), the Approved Manager or a Ship, the Earnings or the Insurances as soon as such action is instituted or it becomes apparent to the Borrowers that it is likely to be instituted, unless it is clear that the legal or administrative action cannot be considered material in the context of any Finance Document.

(e) **Provision of further information.** The Borrowers will, as soon as practicable after receiving the request, provide the Agent with any additional financial or other information relating to:

(i) the Borrowers; or

(ii) any other matter relevant to, or to any provision of, a Finance Document,

which may be requested by the Agent at any time.

(f) **Books of record and account; separate accounts.**

(i) Each of the Borrowers shall keep separate and proper books of record and account in which full and materially correct entries shall be made of all financial transactions and the assets and business of each of the Borrowers in accordance with GAAP, and the Agent shall have the right to examine the books and records of each of the Borrowers wherever the same may be kept from time to time as it sees fit, in its sole reasonable discretion, or to cause an examination to be made by a firm of accountants selected by it, provided that any examination shall be done without undue interference with the day to day business operations of such Borrower.

(ii) Each of the Borrowers shall keep separate accounts and shall not co-mingle assets with any other person.

(g) **Financial reports.** Each of the Borrowers shall prepare and shall deliver, or shall cause to be prepared and to be delivered, to the Agent:

(i) as soon as practicable, but not later than 120 days after the end of each Fiscal Year, an unaudited balance sheet as of the end of such period and the related statements of profit and loss and changes in financial position for each Borrower, each in respect of such Fiscal Year, in reasonable detail and prepared in accordance with GAAP;

(ii) as soon as practicable, but not later than 90 days after the end of each of the second and fourth quarters of each Fiscal Year, management accounts as of the end of such period for the Sub-Time Charterer, and as soon as practicable, but not later than 180 days after the end of each Fiscal Year, annual audited accounts as of the end of such period for the Sub-Time Charterer;

(iii) not later than 45 days after the end of each of the second and final quarters of each Fiscal Year, and together with the financial statements that the Borrowers deliver in (i) above, a Compliance Certificate; and

(iv) such other financial statements, annual budgets and projections as may be reasonably requested by the Agent, each to be in such form as the Agent may reasonably request.

(h) **Appraisals of Fair Market Value.** The Borrowers shall procure and deliver to the Agent two written appraisal reports setting forth the Fair Market Value of each of the Ships as follows:

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- (i) on a bi-annual basis at the Borrowers' expense for inclusion with each Compliance Certificate required to be delivered under Clause 11.1(g)(iii); and
- (ii) at the Lenders' expense, at all other times upon the request of the Agent or the Majority Lenders, unless an Event of Default has occurred and is continuing, in which case the Borrowers shall procure it at its expense as often as requested.

provided that if there is a difference of or in excess of 10% between the two appraisals obtained by the Borrowers, the Borrowers may, at their sole expense, obtain a third appraisal from an Approved Broker.

- (i) **Taxes.** Each of the Borrowers shall prepare and timely file all tax returns required to be filed by it and pay and discharge all taxes imposed upon it or in respect of any of its property and assets before the same shall become in default, as well as all lawful claims (including, without limitation, claims for labor, materials and supplies) which, if unpaid, might become a Security Interest upon the Collateral or any part thereof, except in each case, for any such taxes (i) as are being contested in good faith by appropriate proceedings and for which adequate reserves have been established, (ii) in excess of \$100,000 as to which such failure to have paid does not create any risk of sale, forfeiture, loss, confiscation or seizure of a Ship or criminal liability, or (iii) the failure of which to pay or discharge would not be likely to have a material adverse effect on the business, assets or financial condition of a Borrower or to affect the legality, validity, binding effect or enforceability of the Finance Documents.

- (j) **Consents.** Each of the Borrowers shall obtain or cause to be obtained, maintain in full force and effect and comply with the conditions and restrictions (if any) imposed in connection with, every consent and do all other acts and things which may from time to time be necessary or required for the continued due performance of:

- (i) all of its and the Time Charterer's obligations under the relevant Time Charter;
- (ii) the Time Charter Guarantor's obligations, if any, under the relevant Time Charter;
- (iii) in the case of each of NORDIC ODYSSEY and NORDIC ORION, the Time Charterer's and the Sub-Time Charterer's obligations under the Sub-Time Charter; and
- (iv) each Security Party's obligations under each Finance Document to which it is or is to become a party,

and the Borrowers shall deliver a copy of all such consents to the Agent promptly upon its request.

- (k) **Compliance with applicable law.** Each of the Borrowers shall comply in all material respects with all applicable federal, state, local and foreign laws, ordinances, rules, orders and regulations now in force or hereafter enacted, including, without limitation, all Environmental Laws and regulations relating thereto, the failure to comply with which would be likely to have a material adverse effect on the financial condition of such person or affect the legality, validity, binding effect or enforceability of each Finance Document to which it is or is to become a party.

(l) **Existence.** Each of the Borrowers shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence in good standing under the laws of its jurisdiction of incorporation or formation.

(m) **Conduct of business.**

(i) Each of the Borrowers shall conduct business only in connection with, or for the purpose of, owning and chartering its Ship.

(ii) Each of the Borrowers shall conduct business in its own name and observe all corporate and other formalities required by its constitutional documents.

(n) **Properties.**

(i) Except to the extent the failure to do so could not reasonably be expected to have a material adverse effect on the business, assets or financial condition of a Borrower, or affect the legality, validity, binding effect or enforceability of the Finance Documents, each Borrower shall maintain and preserve all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(ii) Each of the Borrowers shall obtain and maintain good and marketable title or the right to use or occupy all real and personal properties and assets (including intellectual property) reasonably required for the conduct of its respective business.

(iii) Each of the Borrowers shall maintain and protect its respective intellectual property and conduct its respective business and affairs without infringement of or interference with any intellectual property of any other person in any material respect and shall comply in all material respects with the terms of its licenses.

(o) **Loan proceeds.** The Borrowers shall use the proceeds of the first Advance solely for the purposes of (i) repayment of a bridge loan provided by ST Shipping, and (ii) repayment of subordinated shareholder loans provided by ST Shipping and Pangaea, and the proceeds of the second Advance solely for the purpose of financing the acquisition of NORDIC OSHIMA.

(p) **Change of place of business.** The Borrowers shall notify the Agent promptly of any change in the location of the place of business where it or any other Security Party conducts its affairs and keeps its records.

(q) **Pollution liability.** The Borrowers shall take, or cause to be taken, such actions as may be reasonably required to mitigate potential liability to it arising out of pollution incidents or as may be reasonably required to protect the interests of the Creditor Parties with respect thereto.

(r) **Subordination of loans.** Each of the Borrowers shall cause all loans made to it by any Affiliate, parent or subsidiary or any Guarantor, and all sums and other obligations (financial or otherwise) owed by it to any Affiliate, parent or subsidiary or to an Approved Manager or a Guarantor to be fully subordinated (in Agreed Form) to all Secured Liabilities.

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- (s) **Asset control.** Each of the Borrowers shall to the best of its knowledge and ability ensure that:
- (i) it is not owned or controlled by, or acting directly or indirectly on behalf of or for the benefit of, a Prohibited Person and does not own or control a Prohibited Person; and
 - (ii) no proceeds of the Advance shall be made available, directly or indirectly, to or for the benefit of a Prohibited Person or otherwise shall be, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.
- (t) **Money laundering.** Each of the Borrowers shall to the best of its knowledge and ability comply, and cause each of its subsidiaries to comply, with any applicable law, official requirement or other regulatory measure or procedure implemented to combat “money laundering” (as defined in Article 1 of Directive 2005/60/EC of the European Parliament and of the Council) and comparable United States federal and state laws, including without limitation the PATRIOT Act and the Bank Secrecy Act.
- (u) **Pension Plans.** Promptly upon the institution of a Plan, a Multiemployer Plan or a Foreign Pension Plan by a Borrower, Pangaea or Quartet Holdco (if applicable), the Borrowers shall furnish or cause to be furnished to the Agent written notice thereof and, if requested by the Agent or any Lender, a copy of such Plan, Multiemployer Plan or Foreign Pension Plan.
- (v) **Information provided to be accurate.** All financial and other information which is provided in writing by or on behalf of a Borrower, Pangaea or Quartet Holdco under or in connection with any Finance Document shall be true and not misleading in any material respect and shall not omit any material fact or consideration.
- (w) **Shareholder and creditor notices.** The Borrowers shall send the Agent, at the same time as they are dispatched, copies of all communications which are dispatched to its (i) shareholders (or equivalent) or any class of them or (ii) creditors generally.
- (x) **Maintenance of Security Interests.** Each of the Borrowers shall:
- (i) at its own cost, do all that it reasonably can to ensure that any Finance Document validly creates the obligations and the Security Interests which it purports to create; and
 - (ii) without limiting the generality of paragraph (i), at its own cost, promptly register, file, record or enroll any Finance Document with any court or authority in all Pertinent Jurisdictions, pay any stamp, registration or similar tax in all Pertinent Jurisdictions in respect of any Finance Document, give any notice or take any other step which, in the opinion of the Majority Lenders, is or has become necessary or desirable for any Finance Document to be valid, enforceable or admissible in evidence or to ensure or protect the priority of any Security Interest which it creates.
- (y) **“Know your customer” checks.** If:
- (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

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- (ii) any change in the status of any Security Party after the date of this Agreement; or
- (iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (iii), any prospective new Lender) to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrowers shall promptly upon the request of the Agent or the Lender concerned supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or the Lender concerned (for itself or, in the case of the event described in paragraph (iii), on behalf of any prospective new Lender) in order for the Agent, the Lender concerned or, in the case of the event described in paragraph (iii), any prospective new Lender to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

- (z) **Inspection reports.** The Borrowers shall procure that any report prepared by an independent inspector jointly appointed by the relevant Borrower and the relevant charterer in respect of a Ship shall be provided to the Agent.

- (aa) **Further assurances.** From time to time, at its expense, the Borrowers shall duly execute and deliver to the Agent such further documents and assurances as the Majority Lenders or the Agent may request to effectuate the purposes of this Agreement, the other Finance Documents or obtain the full benefit of any of the Collateral.

11.2 Negative covenants. From the first Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full each of the Borrowers undertakes with each Creditor Party to comply or cause compliance with the following provisions of this Clause 11.2 except as the Agent, with the consent of the Majority Lenders, may approve from time to time in writing, such approval not to be unreasonably withheld:

- (a) **Security Interests.** None of the Borrowers shall create, assume or permit to exist any Security Interest whatsoever upon any of its properties or assets, whether now owned or hereafter acquired, except for Permitted Security Interests.
- (b) **Sale of assets; merger.** None of the Borrowers shall sell, transfer or lease (other than in connection with a Charter) all or substantially all of its properties and assets, or enter into any transaction of merger or consolidation or liquidate, windup or dissolve itself (or suffer any liquidation or dissolution) **provided that** a Borrower may sell a Ship pursuant to the terms of Clause 11.2(q).
- (c) **No contracts other than in ordinary course.** None of the Borrowers shall enter into any transactions or series of related transactions with third parties other than in the ordinary course of its business.

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- (d) **Affiliate transactions.** None of the Borrowers shall enter into any transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate other than on terms and conditions substantially as favorable to such Borrower as would be obtainable by it at the time in a comparable arm's-length transaction with a person other than an Affiliate.
- (e) **Change of business.** None of the Borrowers shall change the nature of its business or commence any business other than in connection with, or for the purpose of, owning and operating the Ships.
- (f) **Change of Control; Negative pledge.** None of the Borrowers shall permit any act, event or circumstance that would result in a Change of Control of such Borrower, and neither of the Borrowers shall permit any pledge or assignment of its Equity Interests except in favor of the Security Trustee to secure the Secured Liabilities. For the avoidance of doubt, it is understood and agreed that the Quartet Merger shall not constitute a Change of Control.
- (g) **Increases in capital.** None of the Borrowers shall permit an increase of its capital by way of the issuance of any class or series of Equity Interests or create any new class of Equity Interests that is not subject to a Security Interest to secure the Secured Liabilities.
- (h) **Financial Indebtedness.** None of the Borrowers shall incur any Financial Indebtedness other than (i) in respect of the Loan and (ii) subordinated loans permitted under Clause 11.1(r).
- (i) **Dividends.** None of the Borrowers, without the prior written consent of the Majority Lenders, such consent not to be unreasonably withheld, shall declare or pay any dividends or return any capital to its equity holders or authorize or make any other distribution, payment or delivery of property or cash to its equity holders, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for value, any interest of any class or series of its Equity Interests (or acquire any rights, options or warrants relating thereto but not including convertible debt) now or hereafter outstanding, or repay any subordinated loans to equity holders or set aside any funds for any of the foregoing purposes, **provided** that any amounts received from the sale of a Ship in excess of the "relevant proportion" (within the meaning of Clause 8.8 of this Agreement), plus any other amounts due owing under this Agreement and the other Finance Documents, may be paid as a dividend so long as the Collateral Maintenance Ratio set forth in Clause 15.2 is maintained both before and after such dividend payment.
- (j) **No amendment to Time Charter.** None of the Borrowers shall agree to any amendment or supplement to, or waive or fail to enforce, the relevant Time Charter or any of its provisions which would adversely affect in any material respect the interests of the Creditor Parties (or any of them) under or in respect of the Finance Documents.
- (k) **Intentionally omitted.**
- (l) **Loans and investments.** None of the Borrowers shall make any loan or advance to, make any investment in, or enter into any working capital maintenance or similar agreement with respect to any person, whether by acquisition of Equity Interests or indebtedness, by loan, guarantee or otherwise, **provided that** the following loans or advances shall be permitted: (i) any loan made by one Borrower to another Borrower; (ii) any trade credit extended by a Borrower in the ordinary course of business, (iii) any prepayment made by a Borrower for goods or services yet to be delivered in the ordinary course of business, or (iv) any other loan or advance to which the Agent has consented in writing.

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- (m) **Acquisition of capital assets.** None of the Borrowers shall acquire any capital assets (including any vessel other than the Ships) by purchase, charter or otherwise, **provided that** for the avoidance of doubt nothing in this Clause 11.2(m) shall prevent or be deemed to prevent capital improvements being made to the Ships.
- (n) **Sale and leaseback.** None of the Borrowers shall enter into any arrangements, directly or indirectly, with any person whereby it shall sell or transfer any of its property, whether real or personal, whether now owned or hereafter acquired, if it, at the time of such sale or disposition, intends to lease or otherwise acquire the right to use or possess (except by purchase) such property or like property for a substantially similar purpose.
- (o) **Changes to Fiscal Year and accounting policies.** None of the Borrowers shall change its Fiscal Year or make or permit any change in accounting policies affecting (i) the presentation of financial statements or (ii) reporting practices, except in either case in accordance with GAAP or pursuant to the requirements of applicable laws or regulations.
- (p) **Jurisdiction of incorporation or formation; Amendment of constitutional documents.** None of the Borrowers shall change the jurisdiction of its incorporation or formation or materially amend its constitutional documents.
- (q) **Sale of Ship.** None of the Borrowers shall consummate the sale of its Ship without paying or causing to be paid all amounts due and owing under Clause 8.8 of this Agreement, as well as any other amounts due and owing under this Agreement and the other Finance Documents prior to or simultaneously with the consummation of such sale.
- (r) **Change of location.** None of the Borrowers shall change the location of its chief executive office or the office where its corporate records are kept or open any new office for the conduct of its business on less than thirty (30) days prior written notice to the Agent.
- (s) **No employees; VAT group.**
- (i) None of the Borrowers shall have any employees.
- (ii) None of the Borrowers shall be or become a member of any VAT (value added tax) group.

12 INTENTIONALLY OMITTED

13 MARINE INSURANCE COVENANTS

13.1 General. From the first Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full, each of the Borrowers undertakes with each Creditor Party to comply or cause compliance with the following provisions of this Clause 13 except as the Agent, with the consent of the Majority Lenders, may approve from time to time in writing, such approval not to be unreasonably withheld.

13.2 Maintenance of obligatory insurances. Each Borrower shall keep the Ship owned by it insured at its expense for and against:

- (a) hull and machinery risks, plus freight interest and hull interest and any other usual marine risks such as excess risks;
- (b) war risks (including the London Blocking and Trapping addendum or similar arrangement);
- (c) full protection and indemnity risks (including liability for oil pollution and excess war risk P&I cover) on standard Club Rules, covered by a Protection and Indemnity association which is a member of the International Group of Protection and Indemnity Associations (or, if the International Group ceases to exist, any other leading protection and indemnity association or other leading provider of protection and indemnity insurance) (including, without limitation, the proportion (if any) of any collision liability not covered under the terms of the hull cover), or other with written consent from the Agent;
- (d) freight, demurrage & defense risks;
- (e) risks covered by mortgagee's interest insurance (M.I.I.) (as provided in Clause 13.16 below);
- (f) risks covered by mortgagee's interest additional perils (pollution) (M.A.P.) (as provided in Clause 13.16 below); and
- (g) any other risks against which the Security Trustee considers, having regard to practices and other circumstances prevailing at the relevant time, it would in the opinion of the Security Trustee be reasonable for the Borrowers to insure and which are specified by the Security Trustee by notice to the Borrowers (such as political risks and mortgage rights insurance).

13.3 Terms of obligatory insurances. Each Borrower shall affect such insurances in respect of the Ship owned by it:

- (a) in Dollars;
- (b) in the case of the insurances described in (a), (b), (e) and (f) of Clause 13.2 shall each be for at least the greater of:
 - (i) when aggregated with the insured value of the other Ships then financed under this Agreement, 120% of the Loan; and
 - (ii) the Fair Market Value of the Ship;
- (c) in the case of oil pollution liability risks, for an aggregate amount equal to the greater of \$1,000,000,000 and the highest level of cover from time to time available under basic protection and indemnity club entry and in the international marine insurance market;
- (d) in relation to protection and indemnity risks in respect of the full tonnage of the Ship;
- (e) on approved terms; and

(f) through approved brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations that are members of the International Group of P&I Clubs.

13.4 Further protections for the Creditor Parties. In addition to the terms set out in Clause 13.3, each Borrower shall procure that the obligatory insurances affected by it shall:

(a) subject always to paragraph (b), name that Borrower as the sole named assured unless the interest of every other named assured is limited:

(i) in respect of any obligatory insurances for hull and machinery and war risks;

(A) to any provable out-of-pocket expenses that it has incurred and which form part of any recoverable claim on underwriters; and

(B) to any third party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against it); and

(ii) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries it is entitled to make by way of reimbursement following discharge of any third party liability claims made specifically against it;

and every other named assured has undertaken in writing to the Security Trustee (in such form as it requires) that any deductible shall be apportioned between that Borrower and every other named assured in proportion to the aggregate claims made or paid by each of them and that it shall do all things necessary and provide all documents, evidence and information to enable the Security Trustee to collect or recover any moneys which at any time become payable in respect of the obligatory insurances;

(b) whenever the Security Trustee requires, name (or be amended to name) the Security Trustee as additional named assured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation against the Security Trustee, but without the Security Trustee thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;

(c) name the Security Trustee as first priority mortgagee and loss payee with such directions for payment as the Security Trustee may specify;

(d) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Trustee shall be made without set-off, counterclaim or deductions or condition whatsoever;

(e) provide that the obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Security Trustee or any other Creditor Party;

(f) provide that the Security Trustee may make proof of loss if that Borrower fails to do so; and

(g) provide that the deductible of the hull and machinery insurance is not higher than the amount agreed upon and stated in the loss payable clause.

13.5 Renewal of obligatory insurances. Each Borrower shall:

- (a) at least 15 days before the expiry of any obligatory insurance:
- (i) notify the Security Trustee of the brokers (or other insurers) and any protection and indemnity or war risks association through or with whom that Borrower proposes to renew that obligatory insurance and of the proposed terms of renewal; and
- (ii) obtain the Security Trustee's approval to the matters referred to in paragraph (i);
- (b) at least five (5) days before the expiry of any obligatory insurance, renew that obligatory insurance in accordance with the Security Trustee's approval pursuant to paragraph (a); and
- (c) procure that the approved brokers and/or the war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Security Trustee in writing of the terms and conditions of the renewal.

13.6 Copies of policies; letters of undertaking. Each Borrower shall ensure that all approved brokers provide the Security Trustee with pro forma copies of all policies and cover notes relating to the obligatory insurances which they are to affect or renew and of a letter or letters or undertaking in a form required by the Security Trustee and including undertakings by the approved brokers that:

- (a) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment in accordance with the requirements of the Insurance Assignment for that Borrower's Ship;
- (b) they will hold such policies, and the benefit of such insurances, to the order of the Security Trustee in accordance with the said loss payable clause;
- (c) they will advise the Security Trustee immediately of any material change to the terms of the obligatory insurances or if they cease to act as brokers;
- (d) they will notify the Security Trustee, not less than 14 days before the expiry of the obligatory insurances, in the event of their not having received notice of renewal instructions from that Borrower or its agents and, in the event of their receiving instructions to renew, they will promptly notify the Security Trustee of the terms of the instructions; and
- (e) they will not set off against any sum recoverable in respect of a claim relating to the Ship owned by that Borrower under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of that Ship or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts, and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of that Ship forthwith upon being so requested by the Security Trustee.

13.7 Copies of certificates of entry. Each Borrower shall ensure that any protection and indemnity and/or war risks associations in which the Ship owned by it is entered provides the Security Trustee with:

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- (a) a certified copy of the certificate of entry for that Ship;
 - (b) a letter or letters of undertaking in such form as may be required by the Security Trustee; and
 - (c) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to that Ship.

13.8 Deposit of original policies. Each Borrower shall ensure that all policies relating to obligatory insurances are deposited with the approved brokers through which the insurances are effected or renewed.

13.9 Payment of premiums. Each Borrower shall punctually pay all premiums or other sums payable in respect of the obligatory insurances and produce all relevant receipts when so required by the Security Trustee.

13.10 Guarantees. Each Borrower shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect.

13.11 Compliance with terms of insurances. None of the Borrowers shall do nor omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part; and, in particular:

- (a) each Borrower shall take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in Clause 13.6(c)) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Security Trustee has not given its prior approval;
- (b) neither Borrower shall make any changes relating to the classification or Classification Society or manager or operator of the Ship unless approved by the underwriters of the obligatory insurances;
- (c) each Borrower shall make (and promptly supply copies to the Agent of) all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Ship owned by it is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation); and
- (d) none of the Borrowers shall employ the Ship owned by it, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

13.12 Alteration to terms of insurances. None of the Borrowers shall either make or agree to any alteration to the terms of any obligatory insurance nor waive any right relating to any obligatory insurance.

13.13 Settlement of claims. None of the Borrowers shall settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty, and shall do all things necessary and provide all documents, evidence and information to enable the Security Trustee to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

13.14 Provision of copies of communications. Upon specific request of the Security Trustee each Borrower shall provide the Security Trustee, at the time of each such communication, copies of all written communications between that Borrower and:

- (a) the approved brokers;
- (b) the approved protection and indemnity and/or war risks associations;
- (c) the approved insurance companies and/or underwriters, which relate directly or indirectly to:
 - (i) that Borrower's obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and
 - (ii) any credit arrangements made between that Borrower and any of the persons referred to in paragraphs (a) or (b) relating wholly or partly to the effecting or maintenance of the obligatory insurances; and
- (d) any parties involved in case of a claim under any of insurances relating to that Borrower's Ship.

13.15 Provision of information. In addition, each Borrower shall promptly provide (and in no event less than 15 days prior to the relevant Drawdown Date) the Security Trustee (or any persons which it may designate) with any information which the Security Trustee (or any such designated person) requests for the purpose of:

- (a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or
- (b) effecting, maintaining or renewing any such insurances as are referred to in Clause 13.16 or dealing with or considering any matters relating to any such insurances;

and that Borrower shall, forthwith upon demand, indemnify the Security Trustee in respect of all fees and other expenses incurred by or for the account of the Security Trustee in connection with any such report as is referred to in paragraph (a).

13.16 Mortgagee's interest, additional perils and political risk insurances. The Security Trustee shall be entitled from time to time to effect, maintain and renew (i) mortgagee's interest marine insurance, (ii) mortgagee's interest additional perils insurance and/or (iii) mortgagee's political risks / rights insurance in such amounts (up to 120% of the Loan), on such terms, through such insurers and generally in such manner as the Security Trustee may from time to time consider appropriate and the Borrowers shall upon demand fully indemnify the Creditor Parties in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any such insurance or dealing with, or considering, any matter arising out of any such insurance.

13.17 Review of insurance requirements. The Security Trustee may and, on instruction of the Majority Lenders, shall review, at the expense of the Borrowers, the requirements of this Clause 13 from time to time in order to take account of any changes in circumstances after the date of this Agreement which are, in the opinion of the Agent or the Majority Lenders significant and capable of affecting the relevant Borrower or the relevant Ship and its insurance (including, without limitation, changes in the availability or the cost of insurance coverage or the risks to which the relevant Borrower may be subject.)

13.18 Modification of insurance requirements. The Security Trustee shall notify the Borrowers of any proposed modification under Clause 13.17 to the requirements of this Clause 13 which the Security Trustee may or, on instruction of the Majority Lenders, shall reasonably consider appropriate in the circumstances and such modification shall take effect on and from the date it is notified in writing to the Borrowers as an amendment to this Clause 13 and shall bind the Borrowers accordingly.

14 SHIP COVENANTS

14.1 General. From the first Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full, each of the Borrowers undertakes with each Creditor Party to comply or cause compliance with the following provisions of this Clause 14 except as the Agent, with the consent of the Majority Lenders, may approve from time to time in writing, such approval not to be unreasonably withheld.

14.2 Ship's name and registration. Each Borrower shall:

- (a) keep the Ship owned by it registered in its name under the law of the Approved Flag on which it was registered when the Advance relating to such Ship was made;
- (b) not do, omit to do or allow to be done anything as a result of which such registration might be cancelled or imperiled; and
- (c) not change the name or port of registry of such Ship on which it was registered or documented when it became subject to the Mortgage.

14.3 Repair and classification. Each Borrower shall keep the Ship owned by it in a good and safe condition and state of repair:

- (a) consistent with first-class ship ownership and management practice;
- (b) so as to maintain the highest class for that Ship with the Classification Society, free of overdue recommendations and conditions; and
- (c) so as to comply with all laws and regulations applicable to vessels registered under the law of the Approved Flag on which that Ship is registered or to vessels trading to any jurisdiction to which that Ship may trade from time to time, including but not limited to the ISM Code and the ISPS Code,

and the Borrowers shall notify the Creditor Parties of the class and the Classification Society of each Ship not less than 15 days prior to the relevant Drawdown Date.

14.4 Classification Society instructions and undertaking. Each Borrower shall instruct the Classification Society referred to in Clause 14.3(b) and procure that the Classification Society undertakes with the Security Trustee:

- (a) to send to the Security Trustee, following receipt of a written request from the Security Trustee, certified true copies of all original class records held by the Classification Society in relation to that Borrower's Ship;
- (b) to allow the Security Trustee (or its agents), at any time and from time to time, to inspect the original class and related records of that Borrower and the Ship owned by it either (i) electronically (through the Classification Society directly or by way of indirect access via the Borrowers' account manager and designating the Security Trustee as a user or administrator of the system under its account) or (ii) in person at the offices of the Classification Society, and to take copies of them electronically or otherwise;
- (c) to notify the Security Trustee immediately by Email to neil.mclaughlin@dvbbank.com and techcom@dvbbank.com if the Classification Society:
 - (i) receives notification from that Borrower or any other person that such Ship's Classification Society is to be changed;
 - (ii) imposes a condition of class or issues a class recommendation in respect of that Ship; or
 - (iii) becomes aware of any facts or matters which may result in or have resulted in a change, suspension, discontinuance, withdrawal or expiry of that Ship's class under the rules or terms and conditions of that Borrower's or that Ship's membership of the Classification Society;
- (d) following receipt of a written request from the Security Trustee:
 - (i) to confirm that such Borrower is not in default of any of its contractual obligations or liabilities to the Classification Society and, without limiting the foregoing, that it has paid in full all fees or other charges due and payable to the Classification Society; or
 - (ii) if that Borrower is in default of any of its contractual obligations or liabilities to the Classification Society, to specify to the Security Trustee in reasonable detail the facts and circumstances of such default, the consequences of such default, and any remedy period agreed or allowed by the Classification Society.

14.5 Modification. None of the Borrowers shall make any modification or repairs to, or replacement of, the Ship owned by it or equipment installed on that Ship which would or is reasonably likely to materially alter the structure, type or performance characteristics of that Ship or materially reduce its value.

14.6 Removal of parts. None of the Borrowers shall remove any material part of the Ship owned by it, or any item of equipment installed on, that Ship unless the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed, is free from any Security Interest or any right in favor of any person other than the Security Trustee and becomes on installation on that Ship, the property of that Borrower and subject to the security constituted by the Mortgage, **provided that** a Borrower may install and remove equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship owned by it.

14.7 Surveys. Each Borrower, at its sole expense, shall submit the Ship owned by it regularly to all periodical or other surveys which may be required for classification purposes and, if so required by the Security Trustee, provide the Security Trustee, at that Borrower's sole expense, with copies of all survey reports.

14.8 Inspection. Unless an Event of Default has occurred and is continuing, not more than once per year (and not more than three times between the Effective Date and the Maturity Date) each Borrower shall permit the Security Trustee (by surveyors or other persons appointed by it for that purpose at the cost of the Borrowers) to board the Ship owned by it at all reasonable times to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections. The Security Trustee shall use reasonable efforts to ensure that the operation of that Ship is not adversely affected as a result of such inspections.

14.9 Prevention of and release from arrest. Each Borrower shall promptly discharge or contest in good faith with appropriate proceedings:

- (a) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against the Ship owned by it, the Earnings or the Insurances;
- (b) all taxes, dues and other amounts charged in respect of the Ship owned by it, the Earnings or the Insurances; and
- (c) all other accounts payable whatsoever in respect of the Ship owned by it, the Earnings or the Insurances,

and, forthwith (and in no event more than 30 days) upon receiving notice of the arrest of the Ship owned by it, or of its detention in exercise or purported exercise of any lien or claim, that Borrower shall procure its release by providing bail or otherwise as the circumstances may require.

14.10 Compliance with laws etc. Each Borrower shall:

- (a) comply, or procure compliance with, all laws or regulations:
 - (i) relating to its business generally; or
 - (ii) relating to the ownership, employment, operation and management of the Ship owned by it,

including but not limited to the ISM Code, the ISPS Code, all Environmental Laws and all Sanctions;

(b) without prejudice to the generality of paragraph (a) above, not employ the Ship owned by it nor allow its employment in any manner contrary to any laws or regulations, including but not limited to the ISM Code, the ISPS Code, all Environmental Laws and all Sanctions; and

(c) in the event of hostilities in any part of the world (whether war is declared or not), not cause or permit the Ship owned by it to enter or trade to any zone which is declared a war zone by any government or by that Ship's war risks insurers unless the prior written consent of the Security Trustee has been given and that Borrower has (at its expense) effected any special, additional or modified insurance cover which the Security Trustee may require.

14.11 Provision of information. Each Borrower shall promptly provide the Security Trustee with any information which it requests regarding:

(a) the Ship owned by it, its employment, position and engagements;

(b) the Earnings and payments and amounts due to that Ship's master and crew;

(c) any expenses incurred, or likely to be incurred, in connection with the operation, maintenance or repair of that Ship and any payments made in respect of that Ship;

(d) any towages and salvages; and

(e) that Borrower's, the Approved Manager's and that Ship's compliance with the ISM Code and the ISPS Code,

and, upon the Security Trustee's request, provide copies of any current Charter relating to that Ship and copies of that Borrower's or the Approved Manager's Document of Compliance.

14.12 Notification of certain events. Each Borrower shall immediately notify the Security Trustee by fax or Email, confirmed forthwith by letter, of:

(a) any casualty which is or is likely to be or to become a Major Casualty;

(b) any occurrence as a result of which the Ship owned by it has become or is, by the passing of time or otherwise, likely to become a Total Loss;

(c) any requirement or condition made by any insurer or classification society or by any competent authority which is not immediately complied with;

(d) any arrest or detention of the Ship owned by it, any exercise or purported exercise of any Security Interest on that Ship or the Earnings or any requisition of that Ship for hire;

(e) any intended dry docking of the Ship owned by it;

(f) any Environmental Claim made against that Borrower or in connection with the Ship owned by it, or any Environmental Incident;

(g) any claim for breach of the ISM Code or the ISPS Code being made against that Borrower, the Approved Manager or otherwise in connection with the Ship owned by it; or

(h) any other matter, event or incident, actual or threatened, the effect of which will or could lead to the ISM Code or the ISPS Code not being complied with;

and that Borrower shall keep the Security Trustee advised in writing on a regular basis and in such detail as the Security Trustee shall require of that Borrower's, the Approved Manager's or any other person's response to any of those events or matters.

14.13 Restrictions on chartering, appointment of managers etc. None of the Borrowers shall:

(a) let the Ship owned by it on demise charter for any period;

(b) enter into any time or consecutive voyage charter in respect of that Ship for a term which exceeds, or which by virtue of any optional extensions may exceed, 12 months (except pursuant to the relevant Time Charter or the relevant Sub-Time Charter);

(c) enter into any charter in relation to that Ship under which more than two (2) months' hire (or the equivalent) is payable in advance;

(d) charter that Ship otherwise than on bona fide arm's length terms at the time when that Ship is fixed;

(e) appoint a manager of that Ship other than the Approved Manager or agree to any alteration to the terms of the Approved Management Agreement;

(f) de-activate or lay up that Ship;

(g) change the Classification Society;

(h) put that Ship into the possession of any person for the purpose of work being done upon it in an amount exceeding or likely to exceed \$1,500,000 (or the equivalent in any other currency) without the prior written consent of the Security Trustee, unless that person has first given to the Security Trustee and in terms satisfactory to it a written undertaking not to exercise any Security Interest on that Ship or the Earnings for the cost of such work or for any other reason; or

(i) enter into any Charter or other contract of employment for that Ship to carry any nuclear material or nuclear waste.

14.14 Copies of Charters; charter assignment. Provided that all approvals necessary under Clause 14.13 have been previously obtained, each Borrower shall:

(a) furnish promptly to the Agent a true and complete copy of any Charter for the Ship owned by it, all other documents related thereto and a true and complete copy of each material amendment or other modification thereof; and

(b) in respect of any such Charter, execute and deliver to the Agent an assignment of charter in Agreed Form and use reasonable commercial efforts to cause the charterer to execute and deliver to the Security Trustee a consent and acknowledgement to such assignment of charter in the form required thereby.

14.15 Notice of Mortgage. Each Borrower shall keep the Mortgage registered against the Ship owned by it as a valid first priority mortgage, carry on board that Ship a certified copy of the Mortgage and place and maintain in a conspicuous place in the navigation room and the Master's cabin of that Ship a framed printed notice stating that such Ship is mortgaged by that Borrower to the Security Trustee.

14.16 Sharing of Earnings. None of the Borrowers shall enter into any agreement or arrangement for the sharing of any Earnings other than the relevant Charters.

14.17 ISPS Code. Each Borrower shall comply with the ISPS Code and in particular, without limitation, shall:

- (a) procure that the Ship owned by it and the company responsible for that Ship's compliance with the ISPS Code comply with the ISPS Code; and
- (b) maintain for that Ship an ISSC; and
- (c) notify the Agent immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC.

15 COLLATERAL MAINTENANCE RATIO

15.1 General. From the first Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full, the Borrowers undertake with each Creditor Party to comply with the following provisions of this Clause 15 except as the Agent, with the consent of the Majority Lenders, may approve from time to time in writing, such approval not to be unreasonably withheld.

15.2 Collateral Maintenance Ratio. If, at any time, the Agent notifies the Borrowers that the aggregate Fair Market Value of the Ships plus the net realizable value of any additional Collateral previously provided under this Clause 15 is below:

- (a) with respect to NORDIC ODYSSEY and NORDIC ORION, 154% of the Loan between the Effective Date and the Drawdown Date with respect to the Advance relating to NORDIC OSHIMA;
- (b) with respect to the Ships in the aggregate,
 - (i) 143% of the Loan between the Drawdown Date with respect to the Advance relating to NORDIC OSHIMA and December 31, 2015; and
 - (ii) 167% of the Loan thereafter; and

(such ratio being the "Collateral Maintenance Ratio"), then the Agent (acting upon the instruction of the Majority Lenders) shall have the right to require the Borrowers to comply with the requirements of Clause 15.3.

15.3 Provision of additional security; prepayment. If the Agent serves a notice on the Borrowers under Clause 15.2, the Borrowers shall prepay such part (at least) of the Loan as will eliminate the shortfall on or before the date falling one (1) month after the date on which the Agent's notice is served under Clause 15.2 (the "**Prepayment Date**") unless at least one (1) Business Day before the Prepayment Date it has provided, or ensured that a third party has provided, additional Collateral which, in the opinion of the Majority Lenders, has a net realizable value at least equal to the shortfall and which has been documented in such terms as the Agent may, with the authorization of the Majority Lenders, approve or require.

15.4 Value of additional vessel security. The net realizable value of any additional Collateral which is provided under Clause 15.3 and which consists of a Security Interest over a vessel shall be that shown by a valuation complying with the definition of Fair Market Value.

15.5 Valuations binding. Any valuation under Clause 15.3 or 15.4 shall be binding and conclusive as regards the Borrowers, as shall be any valuation which the Majority Lenders make of any additional security which does not consist of or include a Security Interest.

15.6 Provision of information. The Borrowers shall promptly provide the Agent and any Approved Broker or other expert acting under Clause 15.4 with any information which the Agent or the Approved Broker or other expert may request for the purposes of the valuation; and, if the Borrowers fail to provide the information by the date specified in the request, the valuation may be made on any basis and assumptions which the Approved Broker or the Majority Lenders (or the expert appointed by them) consider prudent.

15.7 Payment of valuation expenses. Without prejudice to the generality of the Borrowers' obligations under Clauses 21.2, 21.3 and 22.3, the Borrowers shall, on demand, pay the Agent the amount of the fees and expenses of any Approved Broker or other expert instructed by the Agent under this Clause 15 and all legal and other expenses incurred by any Creditor Party in connection with any matter arising out of this Clause 15.

15.8 Application of prepayment. Clause 8 shall apply in relation to any prepayment pursuant to Clause 15.3(b).

16 INTENTIONALLY OMITTED

17 PAYMENTS AND CALCULATIONS

17.1 Currency and method of payments. All payments to be made by the Lenders or by the Security Parties under a Finance Document shall be made to the Agent or to the Security Trustee, in the case of an amount payable to it:

(a) by not later than 11:00 a.m. (New York City time) on the due date;

(b) in same day Dollar funds settled through the New York Clearing House Interbank Payments System (or in such other Dollar funds and/or settled in such other manner as the Agent shall specify as being customary at the time for the settlement of international transactions of the type contemplated by this Agreement);

(c) in the case of an amount payable by a Lender to the Agent or by another Security Party to the Agent or any Lender, to the account of the Agent at HSBC Bank USA, New York, New York, ABA No. 021001088, SWIFT ID No. MRMDUS33, for credit to DVB Bank SE (Account No. 000.137.278, Reference: NORDIC ODYSSEY - NORDIC ORION - NORDIC OSHIMA), or to such other account with such other bank as the Agent may from time to time notify to the Borrowers, the other Security Parties and the other Creditor Parties; and

(d) in the case of an amount payable to the Security Trustee, to such account as it may from time to time notify to the Borrowers and the other Creditor Parties.

17.2 Payment on non-Business Day. If any payment by a Security Party under a Finance Document would otherwise fall due on a day which is not a Business Day:

(a) the due date shall be extended to the next succeeding Business Day; or

(b) if the next succeeding Business Day falls in the next calendar month, the due date shall be brought forward to the immediately preceding Business Day;

and interest shall be payable during any extension under paragraph (a) at the rate payable on the original due date.

17.3 Basis for calculation of periodic payments. All interest and commitment fee and any other payments under any Finance Document which are of an annual or periodic nature shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed and a 360 day year.

17.4 Distribution of payments to Creditor Parties. Subject to Clauses 17.5, 17.6 and 17.7:

(a) any amount received by the Agent under a Finance Document for distribution or remittance to a Lender or the Security Trustee shall be made available by the Agent to that Lender or, as the case may be, the Security Trustee by payment, with funds having the same value as the funds received, to such account as the Lender or the Security Trustee may have notified to the Agent not less than five (5) Business Days previously; and

(b) amounts to be applied in satisfying amounts of a particular category which are due to the Lenders generally shall be distributed by the Agent to each Lender pro rata to the amount in that category which is due to it.

17.5 Permitted deductions by Agent. Notwithstanding any other provision of this Agreement or any other Finance Document, the Agent may, before making an amount available to a Lender, deduct and withhold from that amount any sum which is then due and payable to the Agent from that Lender under any Finance Document or any sum which the Agent is then entitled under any Finance Document to require that Lender to pay on demand.

17.6 Agent only obliged to pay when monies received. Notwithstanding any other provision of this Agreement or any other Finance Document, the Agent shall not be obliged to make available to the Borrowers or any Lender any sum which the Agent is expecting to receive for remittance or distribution to the Borrowers or that Lender until the Agent has satisfied itself that it has received that sum.

17.7 Refund to Agent of monies not received. If and to the extent that the Agent makes available a sum to the Borrowers or a Lender, without first having received that sum, the Borrowers or (as the case may be) the Lender concerned shall, on demand:

(a) refund the sum in full to the Agent; and

(b) pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding or other loss, liability or expense incurred by the Agent as a result of making the sum available before receiving it.

17.8 Agent may assume receipt. Clause 17.7 shall not affect any claim which the Agent has under the law of restitution, and applies irrespective of whether the Agent had any form of notice that it had not received the sum which it made available.

17.9 Creditor Party accounts. Each Creditor Party shall maintain accounts showing the amounts owing to it by the Borrowers and each other Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrowers and any other Security Party.

17.10 Agent's memorandum account. The Agent shall maintain a memorandum account showing the amounts advanced by the Lenders and all other sums owing to the Agent, the Security Trustee and each Lender from the Borrowers and each other Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrowers and any other Security Party.

17.11 Accounts prima facie evidence. If any accounts maintained under Clauses 17.9 and 17.10 show an amount to be owing by the Borrowers or any other Security Party to a Creditor Party, those accounts shall be prima facie evidence that that amount is owing to that Creditor Party.

18 APPLICATION OF RECEIPTS

18.1 Normal order of application. Except as any Finance Document may otherwise provide, any sums which are received or recovered by any Creditor Party under or by virtue of any Finance Document shall be applied:

(a) **FIRST:** in or towards satisfaction of any amounts then due and payable under the Finance Documents in the following order and proportions:

(i) *first*, in or towards satisfaction pro rata of all amounts then due and payable to the Creditor Parties under the Finance Documents other than those amounts referred to at paragraphs (ii) and (iii) (including, but without limitation, all amounts payable by the Borrowers under Clauses 21, 22 and 23 of this Agreement or by the Borrowers or any other Security Party under any corresponding or similar provision in any other Finance Document);

(ii) *second*, in or towards satisfaction pro rata of any and all amounts of interest or default interest payable to the Creditor Parties under the Finance Documents; and

(iii) *third*, in or towards satisfaction pro rata of the Loan;

(b) **SECOND:** in retention of an amount equal to any amount not then due and payable under any Finance Document but which the Agent, by notice to the Borrowers, the other Security Parties and the other Creditor Parties, states in its opinion will or may become due and payable in the future and, upon those amounts becoming due and payable, in or towards satisfaction of them in accordance with the provisions of Clause 18.1(a), **provided** that the Agent shall not retain any such amounts in excess of 180 days; and

(c) **THIRD:** provided that no Event of Default has occurred and is continuing, any surplus shall be paid to the Borrowers or to any other person appearing to be entitled to it.

18.2 Variation of order of application. The Agent may, with the authorization of the Majority Lenders, by notice to the Borrowers, the other Security Parties and the other Creditor Parties provide for a different manner of application from that set out in Clause 18.1 either as regards a specified sum or sums or as regards sums in a specified category or categories.

18.3 Notice of variation of order of application. The Agent may give notices under Clause 18.2 from time to time; and such a notice may be stated to apply not only to sums which may be received or recovered in the future, but also to any sum which has been received or recovered on or after the third Business Day before the date on which the notice is served.

18.4 Appropriation rights overridden. This Clause 18 and any notice which the Agent gives under Clause 18.2 shall override any right of appropriation possessed, and any appropriation made, by the Borrowers or any other Security Party.

18.5 Payments in excess of Contribution.

(a) If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, counterclaim or otherwise) in excess of its Contribution, such Lender shall forthwith purchase from the other Lenders such participation in their respective Contributions as shall be necessary to share the excess payment ratably with each of them, **provided that** if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (a) the amount of such Lender's required repayment to (b) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered.

(b) The Borrowers agree that any Lender so purchasing a participation from another Lender pursuant to this Clause 18.5 may, to the fullest extent permitted by law, exercise all of its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrowers in the amount of such participation.

(c) Notwithstanding paragraphs (a) and (b) of this Clause 18.5, any Lender which shall have commenced or joined (as a plaintiff) in an action or proceeding in any court to recover sums due to it under any Finance Document and pursuant to a judgment obtained therein or a settlement or compromise of that action or proceeding shall have received any amount, such Lender shall not be required to share any proportion of that amount with a Lender which has the legal right to, but does not, join such action or proceeding or commence and diligently prosecute a separate action or proceeding to enforce its rights in the same or another court.

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- (d) Each Lender exercising or contemplating exercising any rights giving rise to a receipt or receiving any payment of the type referred to in this Clause 18.5 or instituting legal proceedings to recover sums owing to it under this Agreement shall, as soon as reasonably practicable thereafter, give notice thereof to the Agent who shall give notice to the other Lenders.

19 APPLICATION OF EARNINGS

19.1 General. From the first Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full, each of the Borrowers undertakes with each Creditor Party to comply or cause compliance with the following provisions of this Clause 19 except as the Agent, with the consent of the Majority Lenders, may approve from time to time in writing, such approval not to be unreasonably withheld.

19.2 Funding of Earnings Account.

- (a) On the Effective Date, with respect to NORDIC ODYSSEY and NORDIC ORION, the Borrowers owning those Ships shall ensure that a minimum of \$1,000,000 in the aggregate is on deposit in and at all times retain such amount in such Earnings Accounts, and
- (b) On the Drawdown Date of the Advance with respect to NORDIC OSHIMA, the Borrowers shall ensure that a minimum of \$1,250,000 in the aggregate is on deposit in the Earnings Accounts,

so that at all times (i) from the Effective Date to the Drawdown Date of the Advance with respect to NORDIC OSHIMA, the balance in the Earnings Accounts in the aggregate shall be not less than \$1,000,000, (ii) from and after the Drawdown Date of the Advance relating to NORDIC OSHIMA until the first anniversary of such Drawdown Date, the balance in the Earnings Accounts in the aggregate shall be not less than \$1,250,000, and (iii) from and after the first anniversary of the Drawdown Date of the Advance relating to NORDIC OSHIMA, the balance in the Earnings Accounts in the aggregate shall be not less than \$1,500,000 (the “ **Minimum Balance** ”), **provided that** in the event of a sale of a Ship, the Minimum Balance shall be reduced by \$500,000 for each Ship sold.

19.3 Payment of Earnings into Earnings Account. Each Borrower undertakes with each Creditor Party to ensure that, subject only to the provisions of the relevant Time Charter Assignment or the relevant Earnings Assignment, all Earnings of the Ship owned by it are paid to the relevant Earnings Account. Subject to Clause 19.2, and provided that no Event of Default has occurred and is continuing, each Borrower shall be entitled to withdraw the Earnings from the relevant Earnings Account to pay for the operation of the Ship owned by it and to pay the repayment installments specified in Clause 8.1 and the interest payable under Clause 5.2.

19.4 Location of Earnings Account. The Borrowers shall promptly:

- (a) comply, or cause the compliance, with any requirement of the Agent as to the location or re-location of an Earnings Account, and without limiting the foregoing, each Borrower agrees to segregate, or cause the segregation of, the relevant Earnings Account from the banking platform on which their other accounts are located or designated; and

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- (b) execute, or cause the execution of, any documents which the Agent specifies to create or maintain in favor of the Security Trustee a Security Interest over (and/or rights of set-off, consolidation or other rights in relation to) the Earnings Accounts.

19.5 Debits for expenses etc. Upon the occurrence and during the continuance of an Event of Default, the Agent shall be entitled (but not obliged) from time to time to debit the Earnings Accounts without prior notice in order to discharge any amount due and payable under Clause 21 or 22 to a Creditor Party or payment of which any Creditor Party has become entitled to demand under Clause 21 or 22.

19.6 Borrowers' obligations unaffected. The provisions of this Clause 19 do not affect:

- (a) the liability of the Borrowers to make payments of principal and interest on the due dates; or
- (b) any other liability or obligation of the Borrowers or any other Security Party under any Finance Document.

20 EVENTS OF DEFAULT

20.1 Events of Default. An Event of Default occurs if:

- (a) a Borrower or any other Security Party fails to pay when due any sum payable under a Finance Document to which it is a party or, only in the case of sums payable on demand, within five (5) Business Days after the date when first demanded; or
- (b) any breach occurs of any of Clauses 8.8, 9.2, 11.2(b), 11.2(e), 11.2(o) or 11.2(p); or
- (c) any breach by a Borrower or any other Security Party occurs of any provision of a Finance Document (other than a breach covered by paragraphs (a), (b), (d), (e) or (n) of this Clause 20.1) which is capable of remedy, and such default continues unremedied 20 days after written notice from the Agent requesting action to remedy the same; or
- (d) (subject to any applicable grace period specified in a Finance Document) any breach by a Borrower or any other Security Party occurs of any provision of a Finance Document (other than a breach falling within paragraphs (a), (b), (c) or (e) of this Clause 20.1); or
- (e) any representation, warranty or statement made or repeated by, or by an officer or director or other authorized person of, a Borrower or any other Security Party in a Finance Document or in a Drawdown Notice or any other notice or document relating to a Finance Document is untrue or misleading in any material respect when it is made or repeated; or
- (f) an event of default, or an event or circumstance which, with the giving of any notice, the lapse of time or both would constitute an event of default, has occurred on the part of a Security Party (other than the Glencore Guarantors and ST Shipping) under any contract or agreement (other than the Finance Documents) to which such person is a party, and, in respect of any payment default, the value of which is or exceeds \$1,000,000, and such event of default has not been cured within any applicable grace period. For the avoidance of doubt, any event of default other than a payment default shall not be subject to the \$1,000,000 threshold set forth herein; or

(g) [intentionally omitted];

(h) a Security Party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or

(i) any proceeding shall be instituted by or against a Security Party seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, and solely in the case of an involuntary proceeding:

(i) such proceeding shall remain undismissed or unstayed for a period of 60 days; or

(ii) any of the actions sought in such involuntary proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or

(j) more than 25% of the undertakings, assets, rights or revenues of, or shares or other ownership interest in, a Security Party are seized, nationalized, expropriated or compulsorily acquired by or under authority of any government; or

(k) a creditor attaches or takes possession of, or a distress, execution, sequestration or process (each an “action”) is levied or enforced upon or sued out against, more than 25% of the undertakings, assets, rights or revenues (the “**assets**”) of a Security Party in relation to a claim by such creditor which, in the reasonable opinion of the Majority Lenders, is likely to materially and adversely affect the ability of such Security Party to perform all or any of its obligations under or otherwise to comply with the terms of any Finance Document to which it is a party and such person does not procure that such action is lifted, released or expunged within 20 Business Days of such action being (i) instituted and (ii) notified to such Security Party; or

(l) any judgment or order for the payment of money individually or in the aggregate in excess of \$1,000,000 (exclusive of any amounts fully covered by insurance (less any applicable deductible) and as to which the insurer has acknowledged its responsibility to cover such judgment or order) shall be rendered against a Security Party (other than the Glencore Guarantors and ST Shipping) and such judgment shall not have been vacated or discharged or stayed or bonded pending appeal within 30 days after the entry thereof or enforcement proceedings shall have been commenced by any creditor upon such judgment or order; or

(m) a Security Party ceases or suspends or threatens to cease or suspend the carrying on of its business, or a part of its business which, in the reasonable opinion of the Majority Lenders, is material in the context of this Agreement, except in the case of a sale or a proposed sale of a Ship by a Borrower; or

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- (n) a Ship becomes a Total Loss or suffers a Major Casualty and (i) in the case of a Total Loss, insurance proceeds are not collected or received by the Security Trustee from the underwriters within 150 days of the Total Loss Date; or (ii) in the case of a Major Casualty, that Ship has not been otherwise repaired in a reasonably timely and proper manner under the prevailing circumstances; or
- (o) it becomes unlawful in any Pertinent Jurisdiction or impossible:
- (i) for any Security Party to discharge any liability under a Finance Document or to comply with any other obligation which the Majority Lenders consider material under a Finance Document;
- (ii) for the Agent, the Security Trustee or the Lenders to exercise or enforce any right under, or to enforce any Security Interest created by, a Finance Document; or
- (p) any consent necessary to enable a Borrower to own, operate or charter the Ship owned by it or to enable a Borrower or any other Security Party to comply with any material provision of a Finance Document is not granted, expires without being renewed, is revoked or becomes liable to revocation or any condition of such a consent is not fulfilled; or
- (q) any material provision of a Finance Document proves to have been or becomes invalid or unenforceable, or a Security Interest created by a Finance Document proves to have been or becomes invalid or unenforceable or such a Security Interest proves to have ranked after, or loses its priority to, another Security Interest or any other third party claim or interest; or
- (r) the security constituted by a Finance Document is in any way imperiled or in jeopardy; or
- (s) there occurs the cancellation or termination of any contract of employment for the Ship of more than 12 months duration to which a Security Party is a party, unless such contract of employment is replaced with a substitute contract of employment with the consent of the Lenders (such consent not to be unreasonably withheld); or
- (t) there occurs or develops a change in the financial position, business or prospects of a Borrower which, in the reasonable opinion of the Majority Lenders, has a material adverse effect on such person's ability to discharge its liabilities under the Finance Documents as they fall due; or
- (u) the results of any survey or inspection of a Ship pursuant to Clause 14.7 or 14.8 are deemed unsatisfactory by the Majority Lenders in their reasonable discretion after giving due consideration to the type and age of that Ship and whether such results materially adversely affect that Ship's Fair Market Value or safe operation, unless such survey or inspection is revised to the reasonable satisfaction of the Majority Lenders within 60 days of the date that a copy of the original inspection is delivered by the Borrowers to the Agent; or
- (v) a Ship is off charter for a continuous period of 90 days at any time (unless loss of hire insurance commences within such 90 day period); or
- (w) a Change of Control shall have occurred; or
- (x) ST Shipping is declared by the Minister of Finance of Singapore to be a company to which Part IX of the Companies Act, Chapter 50 of Singapore applies.

20.2 Actions following an Event of Default. On, or at any time after and during the continuance of, the occurrence of an Event of Default:

(a) the Agent may, and if so instructed by the Majority Lenders, the Agent shall:

(i) serve on the Borrowers a notice stating that the Commitments and all other obligations of each Lender to the Borrowers under this Agreement are cancelled; and/or

(ii) serve on the Borrowers a notice stating that the Loan, together with accrued interest and all other amounts accrued or owing under this Agreement, are immediately due and payable or are due and payable on demand, **provided that** in the case of an Event of Default under either of Clauses 20.1(h) or (i), the Loan and all accrued interest and other amounts accrued or owing hereunder shall be deemed immediately due and payable without notice or demand therefor; and/or

(iii) take any other action which, as a result of the Event of Default or any notice served under paragraph (i) or (ii), the Agent and/or the Lenders are entitled to take under any Finance Document or any applicable law; and/or

(b) the Security Trustee may, and if so instructed by the Agent, acting with the authorization of the Majority Lenders, the Security Trustee shall, take any action which, as a result of the Event of Default or any notice served under paragraph (a) (i) or (ii), the Security Trustee, the Agent and/or the Lenders are entitled to take under any Finance Document or any applicable law to enforce the Security Interests created by this Agreement and any other Finance Document in any manner available to it and in such sequence as the Security Trustee may, in its absolute discretion, determine.

20.3 Termination of Commitments. On the service of a notice under Clause 20.2(a)(i), the Commitments and all other obligations of each Lender to the Borrowers under this Agreement shall be cancelled.

20.4 Acceleration of Loan. On the service of a notice under Clause 20.2(a)(ii), all or, as the case may be, the part of the Loan specified in the notice, together with accrued interest and all other amounts accrued or owing from the Borrowers or any other Security Party under this Agreement and every other Finance Document shall become immediately due and payable or, as the case may be, payable on demand.

20.5 Multiple notices; action without notice. The Agent may serve notices under Clauses 20.2(a)(i) and (ii) simultaneously or on different dates and it and/or the Security Trustee may take any action referred to in Clause 20.2 if no such notice is served or simultaneously with or at any time after the service of both or either of such notices.

20.6 Notification of Creditor Parties and Security Parties. The Agent shall send to each Lender and the Security Trustee a copy of the text of any notice which the Agent serves on the Borrowers under Clause 20.2. Such notice shall become effective when it is served on the Borrowers, and no failure or delay by the Agent to send a copy or the text of the notice to any other person shall invalidate the notice or provide the Borrowers or any Security Party with any form of claim or defense.

20.7 Creditor Party rights unimpaired. Nothing in this Clause shall be taken to impair or restrict the exercise of any right given to individual Lenders under a Finance Document or the general law; and, in particular, this Clause is without prejudice to Clause 3.1.

20.8 Exclusion of Creditor Party liability. No Creditor Party, and no receiver or manager appointed by the Security Trustee, shall have any liability to any Security Party:

- (a) for any loss caused by an exercise of rights under, or enforcement of a Security Interest created by, a Finance Document or by any failure or delay to exercise such a right or to enforce such a Security Interest; or
- (b) as mortgagee in possession or otherwise, for any income or principal amount which might have been produced by or realized from any asset comprised in such a Security Interest or for any reduction (however caused) in the value of such an asset,

provided that nothing in this Clause 20.8 shall exempt a Creditor Party or a receiver or manager from liability for losses shown to have been directly and mainly caused by the gross negligence or the willful misconduct of such Creditor Party's own officers and employees or (as the case may be) such receiver's or manager's own partners or employees.

21 FEES AND EXPENSES

21.1 Commitment, upfront and facility fees. The Borrowers shall pay to the Agent:

- (a) on the first Drawdown Date, for the period between the Effective Date and the first Drawdown Date, for the account of the Lenders, a commitment fee at the rate of 1.00 percent per annum on the amount of the Advance with respect to NORDIC ODYSSEY and NORDIC ORION, **provided that** no commitment fee shall be due or payable if the Advance with respect to NORDIC ODYSSEY and NORDIC ORION is advanced to the Borrowers within 10 Business Days of the Effective Date;
- (b) an upfront fee of 1.25% of Advance with respect to NORDIC ODYSSEY and NORDIC ORION, such upfront fee to be payable to the Agent for its own account, and 50% of such upfront fee shall be paid on the Effective Date and 50% of such upfront fee shall be paid on the first Drawdown Date, it being understood and agreed that such upfront fee was paid on August 6, 2012;
- (c) an upfront fee of 1.00% of the Advance with respect to NORDIC OSHIMA, such upfront fee to be paid to the Agent for its own account on the relevant Drawdown Date; and
- (d) on the first Drawdown Date and on each anniversary of the first Drawdown Date, a facility fee of \$15,000 payable to the Agent for its own account, it being understood and agreed that such facility fee has been paid for each of the years 2012, 2013 and 2014 under the Original Loan Agreement.

21.2 Costs of negotiation, preparation etc. The Borrowers shall pay to the Agent on its demand the amount of all expenses incurred by the Agent or the Security Trustee in connection with the negotiation, preparation, execution or registration of any Finance Document or any related document or with any transaction contemplated by a Finance Document or a related document, including, without limitation, the reasonable fees and disbursements of a Creditor Party's legal counsel and any local counsel retained by them.

21.3 Costs of variations, amendments, enforcement etc. The Borrowers shall pay to the Agent, on the Agent's demand, the amount of all expenses incurred by the Agent or the Security Trustee, as the case may be, in connection with:

- (a) any amendment or supplement to a Finance Document, or any proposal for such an amendment to be made;
- (b) any consent or waiver by the Lenders, the Majority Lenders or the Creditor Party concerned under or in connection with a Finance Document, or any request for such a consent or waiver;
- (c) the valuation of any Collateral or any other matter relating to such Collateral; or
- (d) any step taken by the Security Trustee or a Lender with a view to the protection, exercise or enforcement of any right or Security Interest created by a Finance Document or for any similar purpose.

There shall be recoverable under paragraph (d) the full amount of all legal expenses, whether or not such as would be allowed under rules of court or any taxation or other procedure carried out under such rules.

21.4 Documentary taxes. The Borrowers shall promptly pay any tax payable on or by reference to any Finance Document, and shall, on the Agent's demand, fully indemnify each Creditor Party against any claims, expenses, liabilities and losses resulting from any failure or delay by the Borrowers to pay such a tax.

21.5 Certification of amounts. A notice which is signed by an officer of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 21 and which indicates (without necessarily specifying a detailed breakdown) the matters in respect of which the amount, or aggregate amount, is due shall be prima facie evidence that the amount, or aggregate amount, is due.

22 INDEMNITIES

22.1 Indemnities regarding borrowing and repayment of Loan. The Borrowers shall fully indemnify the Agent and each Lender on the Agent's demand and the Security Trustee on its demand in respect of all claims, expenses, liabilities and losses which are made or brought against or incurred by that Creditor Party, or which that Creditor Party reasonably and with due diligence estimates that it will incur, as a result of or in connection with:

- (a) the Advance not being borrowed on the date specified in the Drawdown Notice for any reason other than a default by the Lender claiming the indemnity;
- (b) the receipt or recovery of all or any part of the Loan or an overdue sum otherwise than on the last day of an Interest Period or other relevant period;

(c) any failure (for whatever reason) by the Borrowers or any other Security Party to make payment of any amount due under a Finance Document on the due date or, if so payable, on demand (after giving credit for any default interest paid by the Borrowers on the amount concerned under Clause 7); or

(d) the occurrence of an Event of Default or a Potential Event of Default and/or the acceleration of repayment of the Loan under Clause 20.

It is understood that the indemnities provided in this Clause 22.1 shall not apply to any claim cost or expense which is a tax levied by a taxing authority on the indemnified party (which taxes are subject to indemnity solely as provided in Clause 23 below) but shall apply to any other costs associated with any tax which is not a Non-indemnified Tax.

22.2 Breakage costs. Without limiting its generality, Clause 22.1 covers any claim, expense, liability or loss, including a loss of a prospective profit, incurred by a Lender:

(a) in liquidating or employing deposits from third parties acquired or arranged to fund or maintain all or any part of its Contribution and/or any overdue amount (or an aggregate amount which includes its Contribution or any overdue amount); and

(b) in terminating, or otherwise in connection with, any interest and/or currency swap or any other transaction entered into (whether with another legal entity or with another office or department of the Lender concerned) to hedge any exposure arising under this Agreement or that part which the Lender concerned determines is fairly attributable to this Agreement of the amount of the liabilities, expenses or losses (including losses of prospective profits) incurred by it in terminating, or otherwise in connection with, a number of transactions of which this Agreement is one.

22.3 Miscellaneous indemnities. The Borrowers shall fully indemnify each Creditor Party severally on their respective demands in respect of all claims, expenses, liabilities and losses which may be made or brought against or incurred by a Creditor Party, in any country, as a result of or in connection with:

(a) any action taken, or omitted or neglected to be taken, under or in connection with any Finance Document by the Agent, the Security Trustee or any other Creditor Party or by any receiver appointed under a Finance Document; or

(b) any other Pertinent Matter,

other than claims, expenses, liabilities and losses which are shown to have been directly and mainly caused by the dishonesty or willful misconduct or gross negligence of the officers or employees of the Creditor Party concerned.

Without prejudice to its generality, this Clause 22.3 covers any claims, expenses, liabilities and losses which arise, or are asserted, under or in connection with any law relating to safety at sea, the ISM Code, the ISPS Code, any Environmental Law or any business conducted directly or indirectly by a Security Party with any Prohibited Person.

22.4 Currency indemnity. If any sum due from the Borrowers or any other Security Party to a Creditor Party under a Finance Document or under any order or judgment relating to a Finance Document has to be converted from the currency in which the Finance Document provided for the sum to be paid (the “ **Contractual Currency** ”) into another currency (the “ **Payment Currency** ”) for the purpose of:

- (a) making or lodging any claim or proof against the Borrowers or any other Security Party, whether in its liquidation, any arrangement involving it or otherwise; or
- (b) obtaining an order or judgment from any court or other tribunal; or
- (c) enforcing any such order or judgment,

the Borrowers shall indemnify the Creditor Party concerned against the loss arising when the amount of the payment actually received by that Creditor Party is converted at the available rate of exchange into the Contractual Currency.

In this Clause 22.4, the “**available rate of exchange**” means the rate at which the Creditor Party concerned is able at the opening of business (London time) on the Business Day after it receives the sum concerned to purchase the Contractual Currency with the Payment Currency.

This Clause 22.4 creates a separate liability of the Borrowers which is distinct from its other liabilities under the Finance Documents and which shall not be merged in any judgment or order relating to those other liabilities.

22.5 Intentionally omitted.

22.6 Certification of amounts. A notice which is signed by an officer of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 22 and which indicates (without necessarily specifying a detailed breakdown) the matters in respect of which the amount, or aggregate amount, is due shall be prima facie evidence that the amount, or aggregate amount, is due.

22.7 Sums deemed due to a Lender. For the purposes of this Clause 22, a sum payable by the Borrowers to the Agent or the Security Trustee for distribution to a Lender shall be treated as a sum due to that Lender.

23 NO SET-OFF OR TAX DEDUCTION; tax indemnity

23.1 No deductions. All amounts due from a Security Party under a Finance Document shall be paid:

- (a) without any form of set-off, cross-claim or condition; and
- (b) free and clear of any tax deduction except a tax deduction which such Security Party is required by law to make.

23.2 Grossing-up for taxes. If a Security Party is required by law to make a tax deduction from any payment:

- (a) such Security Party shall notify the Agent as soon as it becomes aware of the requirement;

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- (b) such Security Party shall pay the tax deducted to the appropriate taxation authority promptly, and in any event before any fine or penalty arises; and
- (c) except if the deduction is for collection or payment of a Non-indemnified Tax of a Creditor Party, the amount due in respect of the payment shall be increased by the amount necessary to ensure that each Creditor Party receives and retains (free from any liability relating to the tax deduction) a net amount which, after the tax deduction, is equal to the full amount which it would otherwise have received.

23.3 Evidence of payment of taxes. Within one (1) month after making any tax deduction, the relevant Security Party shall deliver to the Agent documentary evidence satisfactory to the Agent that the tax had been paid to the appropriate taxation authority.

23.4 Tax credits. A Creditor Party which receives for its own account a repayment or credit in respect of tax on account of which the Borrowers have made an increased payment under Clause 23.2 shall pay to the Borrowers a sum equal to the proportion of the repayment or credit which that Creditor Party allocates to the amount due from the Borrowers in respect of which the Borrowers made the increased payment, **provided that** :

- (a) the Creditor Party shall not be obliged to allocate to this transaction any part of a tax repayment or credit which is referable to a class or number of transactions;
- (b) nothing in this Clause 23.4 shall oblige a Creditor Party to arrange its tax affairs in any particular manner, to claim any type of relief, credit, allowance or deduction instead of, or in priority to, another or to make any such claim within any particular time;
- (c) nothing in this Clause 23.4 shall oblige a Creditor Party to make a payment which would leave it in a worse position than it would have been in if the Borrowers had not been required to make a tax deduction from a payment; and
- (d) any allocation or determination made by a Creditor Party under or in connection with this Clause 23.4 shall be conclusive and binding on the Borrowers and the other Creditor Parties.

23.5 Indemnity for taxes. The Borrowers hereby indemnify and agree to hold each Creditor Party harmless from and against all taxes other than Non-indemnified Taxes levied on such Creditor Party (including, without limitation, taxes imposed on any amounts payable under this Clause 23.5) paid or payable by such person, whether or not such taxes or other taxes were correctly or legally asserted. Such indemnification shall be paid within 10 days from the date on which such Creditor Party makes written demand therefore specifying in reasonable detail the nature and amount of such taxes or other taxes.

23.6 Exclusion from indemnity and gross-up for taxes. The Borrowers shall not be required to indemnify any Creditor Party for a tax pursuant to Clause 23.5, or to pay any additional amounts to any Creditor Party pursuant to Clause 23.2, to the extent that the tax is collected by withholding on payments (a “ **Withholding** ”) and is levied by a Pertinent Jurisdiction of the payer and:

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- (a) the person claiming such indemnity or additional amounts was not an original party to this agreement and under applicable law (after taking into account relevant treaties and assuming that such person has provided all forms it may legally and truthfully provide) on the date such person became a party to this Agreement a Withholding would have been required on such payment, **provided that** this exclusion shall not apply to the extent such Withholding does not exceed the Withholding that would have been applicable if such payment had been made to the person from whom such person acquired its rights under the Agreement and this exclusion shall not apply to the extent that such Withholding exceeds the amount of Withholding that would have been required under the law in effect on the date such person became a party to this Agreement; or
- (b) the person claiming such indemnity or additional amounts is a Lender who has changed its Lending Office and under applicable law (after taking into account relevant treaties and assuming that such Lender has provided all forms it may legally and truthfully provide) on the date such Lender changed its Lending Office a Withholding would have been required on such payment, **provided that** this exclusion shall not apply to the extent such Withholding does not exceed the Withholding that would have been applicable to such payment if such Lender had not changed its Lending Office and this exclusion shall not apply to the extent that the Withholding exceeds the amount of Withholding that would have been required under the law in effect on the date such Lender changed its Lending Office; or
- (c) in the case of a Lender, to the extent that Withholding would not have been required on such payment if such Lender has complied with its obligations to deliver certain tax form pursuant to Section 23.7 below.

23.7 Delivery of tax forms.

- (a) Upon the reasonable request of the Borrowers, each Lender or transferee that is organized under the laws of a jurisdiction outside the United States (a “**Non-U.S. Lender**”) shall deliver to the Agent and the Borrowers two properly completed and duly executed copies of either IRS Form W-8BEN, W-8BEN-E, W-8ECI or W-8IMY or, upon request of the Borrowers or the Agent, any subsequent versions thereof or successors thereto, in each case claiming such reduced rate (which may be zero) of U.S. Federal withholding tax under Sections 1441 and 1442 of the Code with respect to payments of interest hereunder as such Non-U.S. Lender may properly claim. In addition, in the case of a Non-U.S. Lender claiming exemption from U.S. Federal withholding tax under Section 871(h) or 881(c) of the Code, such Non-U.S. Lender shall, when so requested by the Borrowers provide to the Agent and the Borrowers in addition to the Form W-8BEN or W-8BEN-E required under Section 23.7(a) a certificate representing that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Code, is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of the Borrowers and is not a controlled foreign corporation related to the Borrowers (within the meaning of Section 864(d)(4) of the Code), and such Non-U.S. Lender agrees that it shall promptly notify the Agent in the event any representation in such certificate is no longer accurate.

- (b) In the event that Withholding taxes may be imposed under the laws of any Pertinent Jurisdiction (other than the United States or any political subdivision or taxing jurisdiction thereof or therein) in respect of payments on the Loan or other amounts due under this Agreement and if certain documentation provided by a Lender could reduce or eliminate such Withholding taxes under the laws of such Pertinent Jurisdiction or any treaty to which the Pertinent Jurisdiction is a party, then, upon written request by the Borrowers, a Lender that is entitled to an exemption from, or reduction in the amount of, such Withholding tax shall deliver to the Borrowers (with a copy to the Agent), at the time or times prescribed by applicable law or promptly after receipt of Borrowers' request, whichever is later, such properly completed and executed documentation requested by the Borrowers, if any, as will permit such payments to be made without withholding or at a reduced rate of withholding; provided that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's reasonable judgment such completion, execution or delivery would not materially prejudice the legal or commercial position of such Lender. Notwithstanding the foregoing, nothing in Clause 23.7 shall require a Lender to disclose any confidential information (including, without limitation, its tax returns or its calculations).
- (c) Each Lender shall deliver such forms as provided in this Clause 23.7 within 20 days after receipt of a written request therefor from the Agent or Borrowers.
- (d) Notwithstanding any other provision of this Clause 23.7, a Lender shall not be required to deliver any form pursuant to this Clause 23.7 that such Lender is not legally entitled to deliver.

23.8 FATCA information.

- (a) Subject to paragraph (c) below, each Relevant Party confirms to each other Relevant Party that it is a FATCA Exempt Party on the date hereof (or in the case of a Transferee Lender, on the date of its applicable Transfer Certificate, and except as otherwise indicated therein) and thereafter within ten (10) Business Days of a reasonable request by another Relevant Party shall:
- (i) confirm to that other party whether it is a FATCA Exempt Party or is not a FATCA Exempt Party; and
 - (ii) supply to the requesting party (with a copy to all other Relevant Parties) such other form or forms (including IRS Form W-8 or Form W-9 or any successor or substitute form, as applicable) and any other documentation and other information relating to its status under FATCA (including its applicable "passthru percentage" or other information required under FATCA or other official guidance including intergovernmental agreements) as the requesting party reasonably requests for the purpose of determining whether any payment to such party may be subject to any FATCA Deduction.
- (d) If a Relevant Party confirms to any other Relevant Party that it is a FATCA Exempt Party or provides an IRS Form W-8 or W-9 to showing that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that party shall so notify all other Relevant Parties reasonably promptly.
- (e) Nothing in this Clause 23.8 shall obligate any Relevant Party to do anything which would or, in its reasonable opinion, might constitute a breach of any law or regulation, any policy of that party, any fiduciary duty or any duty of confidentiality, or to disclose any confidential information (including, without limitation, its tax returns and calculations); **provided that** nothing in this paragraph shall excuse any Relevant Party from providing a true complete and correct IRS Form W-8 or W-9 (or any successor or substitute form where applicable). Any information provided on such IRS Form W-8 or W-9 (or any successor or substitute forms) shall not be treated as confidential information of such party for purposes of this paragraph.

(f) If a Relevant Party fails to confirm its status or to supply forms, documentation or other information requested in accordance with the provisions of this agreement or the provided information is insufficient under FATCA, then:

(i) such party shall be treated as if it were a FATCA Non-Exempt Party; and

(ii) if that party failed to confirm its applicable passthru percentage then such party shall be treated for the purposes of the Finance Documents (and payments made thereunder) as if its applicable passthru percentage is 100%,

until (in each case) such time as the party in question provides sufficient confirmation, forms, documentation or other information to establish the relevant facts.

23.9 FATCA withholding.

(a) A Relevant Party making a payment to any FATCA Non-Exempt Party shall make such FATCA Deduction as it determines is required by law and shall render payment to the IRS within the time allowed and in the amount required by FATCA.

(b) If a FATCA Deduction is required to be made by any Relevant Party to a FATCA Non-Exempt Party, the amount of the payment due from such Relevant Party shall be reduced by the amount of the FATCA Deduction reasonably determined to be required by such Relevant Party.

(c) Each Relevant Party shall promptly upon becoming aware that a FATCA Deduction is required with respect to any payment owed to it (or that there is any change in the rate or basis of a FATCA Deduction) notify each other Relevant Party accordingly.

(d) Within thirty days of making either a FATCA Deduction or any payment required in connection with that FATCA Deduction, the party making such FATCA Deduction shall deliver to the Agent for delivery to the party on account of whom the FATCA Deduction was made evidence reasonably satisfactory to that party that the FATCA Deduction has been made or (as applicable) any appropriate payment paid to the IRS.

(e) A Relevant Party who becomes aware that it must make a FATCA Deduction in respect of a payment to another Relevant Party (or that there is any change in the rate or basis of such FATCA Deduction) shall notify that party and the Agent.

(f) The Agent shall promptly upon becoming aware that it must make a FATCA Deduction in respect of a payment to a Lender which relates to a payment by a Borrower Party (or that there is any change in the rate or the basis of such a FATCA Deduction) notify the Borrower and the relevant Lender.

(g) If a FATCA Deduction is made as a result of any creditor Party failing to be a FATCA Exempt Party, such party shall indemnify each other Creditor Party against any loss, cost or expense to it resulting from such FATCA Deduction.

23.10 FATCA mitigation. Notwithstanding any other provision of this agreement, if a FACTC deduction is or will be required to be made by any party under Clause 23.10 in respect of a payment to any FATCA Non-Exempt Lender, the FATCA Non-Exempt Lender may either:

- (a) transfer its entire interest in the Loan to a U.S. branch or Affiliate, or
- (b) nominate one or more transferee lenders who upon becoming a Lender would be a FATCA Exempt Party, by notice in writing to the Agent and the Borrower specifying the terms of the proposed transfer, and upon the approval and consent of the Agent and the Borrower, cause such transferee lender(s) to purchase all of the FATCA Non-Exempt Lender's interest in the Loan.

24 ILLEGALITY, ETC

24.1 Illegality. If it becomes unlawful in any applicable jurisdiction for a Lender (the “**Notifying Lender**”) to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Advance:

- (a) the Notifying Lender shall promptly notify the Agent upon becoming aware of that event;
- (b) upon the Agent notifying the Borrowers and the other Creditor Parties, the Commitment of the Notifying Lender will be immediately cancelled; and
- (c) the Borrowers shall repay the Notifying Lender's participation in the Advance on the last day of the Interest Period for the Advance occurring after the Agent has notified the Borrowers or, if earlier, the date specified by the Notifying Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law).

24.2 Mitigation. If circumstances arise which would result in a notification under Clause 24.1 then, without in any way limiting the obligations of the Borrowers under Clause 24.1, the Notifying Lender shall use reasonable commercial efforts to transfer its obligations, liabilities and rights under this Agreement and the Finance Documents to another office or financial institution not affected by the circumstances but the Notifying Lender shall not be under any obligation to take any such action if, in its opinion, to do would or might:

- (a) have an adverse effect on its business, operations or financial condition; or
- (b) involve it in any activity which is unlawful or prohibited or any activity that is contrary to, or inconsistent with, any regulation; or
- (c) involve it in any expense (unless indemnified to its satisfaction) or tax disadvantage.

25 INCREASED COSTS

25.1 Increased costs. This Clause 25 applies if a Lender (the “**Notifying Lender**”) notifies the Agent that the Notifying Lender considers that as a result of:

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- (a) the introduction or alteration after the date of this Agreement of a law or an alteration after the date of this Agreement in the manner in which a law is interpreted or applied (disregarding any effect which relates to the application to payments under this Agreement of a Non-Indemnified tax); or
 - (b) complying with any regulation (including any which relates to capital adequacy or liquidity controls or which affects the manner in which the Notifying Lender allocates capital resources to its obligations under this Agreement) which is introduced, or altered, or the interpretation or application of which is altered, after the date of this Agreement,

the Notifying Lender (or a parent company of it) has incurred or will incur an **“increased cost”**.

Notwithstanding anything herein to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and all requests, rules, guidelines and directives promulgated thereunder, are deemed to have been introduced or adopted after the date hereof, regardless of the date enacted or adopted.

25.2 Meaning of “increased costs”. In this Clause 25, **“increased costs”** means, in relation to a Notifying Lender:

- (a) an additional or increased cost incurred as a result of, or in connection with, the Notifying Lender having entered into, or being a party to, this Agreement or having taken an assignment of rights under this Agreement, of funding or maintaining its Commitment or Contribution or performing its obligations under this Agreement, or of having outstanding all or any part of its Contribution or other unpaid sums;
- (b) a reduction in the amount of any payment to the Notifying Lender under this Agreement or in the effective return which such a payment represents to the Notifying Lender or on its capital;
- (c) an additional or increased cost of funding all or maintaining all or any of the advances comprised in a class of advances formed by or including the Notifying Lender’s Contribution or (as the case may require) the proportion of that cost attributable to the Contribution; or
- (d) a liability to make a payment, or a return foregone, which is calculated by reference to any amounts received or receivable by the Notifying Lender under this Agreement;
- (e) but not an item attributable to a change in the rate of tax on the overall net income of the Notifying Lender (or a parent company of it) or an item covered by the indemnity for tax in Clause 23 or an item arising directly out of the implementation or application of or compliance with Basel III or any other law or regulation which implements Basel III (whether such implementation, application or compliance is by a government, regulator, Creditor Party or any of its affiliates).

For the purposes of this Clause 25.2 the Notifying Lender may in good faith allocate or spread costs and/or losses among its assets and liabilities (or any class of its assets and liabilities) on such basis as it considers appropriate.

25.3 Notification to Borrowers of claim for increased costs. The Agent shall promptly notify the Borrowers and the other Security Parties of the notice which the Agent received from the Notifying Lender under Clause 25.1.

25.4 Payment of increased costs. The Borrowers shall pay to the Agent, on the Agent's demand, for the account of the Notifying Lender the amounts which the Agent from time to time notifies the Borrowers that the Notifying Lender has specified to be necessary to compensate the Notifying Lender for the increased cost.

25.5 Notice of prepayment. If the Borrowers are not willing to continue to compensate the Notifying Lender for the increased cost under Clause 25.4, the Borrowers may give the Agent not less than 14 days' notice of its intention to prepay the Notifying Lender's Contribution at the end of an Interest Period.

25.6 Prepayment; termination of Commitment. A notice under Clause 25.5 shall be irrevocable; the Agent shall promptly notify the Notifying Lender of the Borrowers' notice of intended prepayment; and:

- (a) on the date on which the Agent serves that notice, the Commitment of the Notifying Lender shall be cancelled; and
- (b) on the date specified in its notice of intended prepayment, the Borrowers shall prepay (without premium or penalty but subject to any applicable prepayment fee under Clause 8.9(c)) the Notifying Lender's Contribution, together with accrued interest thereon at the applicable rate plus the Margin.

25.7 Application of prepayment. Clause 8 shall apply in relation to the prepayment.

26 SET-OFF

26.1 Application of credit balances. Upon the occurrence and during the continuance of an Event of Default, each Creditor Party may, with notice to the Borrowers:

- (a) apply any balance (whether or not then due) which at any time stands to the credit of any account in the name of either Borrower at any office in any country of that Creditor Party in or towards satisfaction of any sum then due from the Borrowers to that Creditor Party under any of the Finance Documents; and
- (b) for that purpose:
 - (i) break, or alter the maturity of, all or any part of a deposit of either Borrower;
 - (ii) convert or translate all or any part of a deposit or other credit balance into Dollars; and
 - (iii) enter into any other transaction or make any entry with regard to the credit balance which the Creditor Party concerned considers appropriate.

26.2 Existing rights unaffected. No Creditor Party shall be obliged to exercise any of its rights under Clause 26.1; and those rights shall be without prejudice and in addition to any right of set-off, combination of accounts, charge, lien or other right or remedy to which a Creditor Party is entitled (whether under the general law or any document).

26.3 Sums deemed due to a Lender. For the purposes of this Clause 26, a sum payable by the Borrowers to the Agent or the Security Trustee for distribution to, or for the account of, a Lender shall be treated as a sum due to that Lender; and each Lender's proportion of a sum so payable for distribution to, or for the account of, the Lenders shall be treated as a sum due to such Lender.

26.4 No Security Interest. This Clause 26 gives the Creditor Parties a contractual right of set-off only, and does not create any Security Interest over any credit balance of either Borrower.

27 TRANSFERS AND CHANGES IN LENDING OFFICES

27.1 Transfer by Borrowers. The Borrowers may not, without the consent of the Agent, given on the instructions of all the Lenders, transfer any of its rights, liabilities or obligations under any Finance Document.

27.2 Transfer by a Lender. Subject to Clause 27.4, a Lender (the "**Transferor Lender**") may at any time, with the consent of the Borrowers, cause:

- (a) its rights in respect of all or part of its Contribution; or
- (b) its obligations in respect of all or part of its Commitment; or
- (c) a combination of (a) and (b),

to be (in the case of its rights) transferred to, or (in the case of its obligations) assumed by, another bank or financial institution or trust, fund or other entity (a "**Transferee Lender**") which (i) is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets or the securitization or similar transaction of that Transferor Lender's Contribution or Commitment and (ii) is not an Affiliate of the Borrowers, by delivering to the Agent a completed certificate in the form set out in Schedule 5 with any modifications approved or required by the Agent (a "**Transfer Certificate**") executed by the Transferor Lender and the Transferee Lender.

Notwithstanding the foregoing, any rights and obligations of the Transferor Lender in its capacity as Agent or Security Trustee shall be determined in accordance with Clause 31.

27.3 Transfer Certificate, delivery and notification. As soon as reasonably practicable after a Transfer Certificate is delivered to the Agent, it shall (unless it has reason to believe that the Transfer Certificate may be defective):

- (a) sign the Transfer Certificate on behalf of itself, the Borrowers, the other Security Parties, the Security Trustee and each of the other Lenders;
- (b) on behalf of the Transferee Lender, send to the Borrowers and each other Security Party letters or faxes notifying them of the Transfer Certificate and attaching a copy of it;
- (c) send to the Transferee Lender copies of the letters or faxes sent under paragraph (b), but the Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Transferor Lender and the Transferee Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations to the transfer to that Transferee Lender.

27.4 Effective Date of Transfer Certificate. A Transfer Certificate becomes effective on the date, if any, specified in the Transfer Certificate as its effective date, **provided that** it is signed by the Agent under Clause 27.3 on or before that date.

27.5 No transfer without Transfer Certificate. Except as provided in Clause 27.17, no assignment or transfer of any right or obligation of a Lender under any Finance Document is binding on, or effective in relation to, the Borrowers, any other Security Party, the Agent or the Security Trustee unless it is effected, evidenced or perfected by a Transfer Certificate.

27.6 Lender re-organization; waiver of Transfer Certificate. If a Lender enters into any merger, de-merger or other reorganization as a result of which all its rights or obligations vest in a successor, the Agent may, if it sees fit, by notice to the successor and the Borrowers and the Security Trustee waive the need for the execution and delivery of a Transfer Certificate and, upon service of the Agent's notice, the successor shall become a Lender with the same Commitment and Contribution as were held by the predecessor Lender.

27.7 Effect of Transfer Certificate. The effect of a Transfer Certificate is as follows:

- (a) to the extent specified in the Transfer Certificate, all rights and interests (present, future or contingent) which the Transferor Lender has under or by virtue of the Finance Documents are assigned to the Transferee Lender absolutely, free of any defects in the Transferor Lender's title and of any rights or equities which the Borrowers or any other Security Party had against the Transferor Lender;
- (b) the Transferor Lender's Commitment is discharged to the extent specified in the Transfer Certificate;
- (c) the Transferee Lender becomes a Lender with the Contribution previously held by the Transferor Lender and a Commitment of an amount specified in the Transfer Certificate;
- (d) the Transferee Lender becomes bound by all the provisions of the Finance Documents which are applicable to the Lenders generally, including those about pro-rata sharing and the exclusion of liability on the part of, and the indemnification of, the Agent and the Security Trustee and, to the extent that the Transferee Lender becomes bound by those provisions (other than those relating to exclusion of liability), the Transferor Lender ceases to be bound by them;
- (e) any part of the Loan which the Transferee Lender advances after the Transfer Certificate's effective date ranks in point of priority and security in the same way as it would have ranked had it been advanced by the transferor, assuming that any defects in the transferor's title and any rights or equities of the Borrowers or any other Security Party against the Transferor Lender had not existed;

(f) the Transferee Lender becomes entitled to all the rights under the Finance Documents which are applicable to the Lenders generally, including but not limited to those relating to the Majority Lenders and those under Clause 5.7 and Clause 21, and to the extent that the Transferee Lender becomes entitled to such rights, the Transferor Lender ceases to be entitled to them; and

(g) in respect of any breach of a warranty, undertaking, condition or other provision of a Finance Document or any misrepresentation made in or in connection with a Finance Document, the Transferee Lender shall be entitled to recover damages by reference to the loss incurred by it as a result of the breach or misrepresentation, irrespective of whether the original Lender would have incurred a loss of that kind or amount.

The rights and equities of the Borrowers or any other Security Party referred to above include, but are not limited to, any right of set off and any other kind of cross-claim.

27.8 Maintenance of register of Lenders. During the Security Period the Agent shall maintain a register in which it shall record the name, Commitment, Contribution and administrative details (including the lending office) from time to time of each Lender holding a Transfer Certificate and the effective date (in accordance with Clause 27.4) of the Transfer Certificate; and the Agent shall make the register available for inspection by any Lender, the Security Trustee and the Borrowers during normal banking hours, subject to receiving at least three (3) Business Days' prior notice.

27.9 Reliance on register of Lenders. The entries on that register shall, in the absence of manifest error, be conclusive in determining the identities of the Lenders and the amounts of their Commitments and Contributions and the effective dates of Transfer Certificates and may be relied upon by the Agent and the other parties to the Finance Documents for all purposes relating to the Finance Documents.

27.10 Authorization of Agent to sign Transfer Certificates. The Borrowers, the Security Trustee and each Lender irrevocably authorizes the Agent to sign Transfer Certificates on its behalf.

27.11 Registration fee. In respect of any Transfer Certificate, the Agent shall be entitled to recover a registration fee of \$5,000 from the Transferor Lender or (at the Agent's option) the Transferee Lender.

27.12 Sub-participation; subrogation assignment. A Lender may sub-participate all or any part of its rights and/or obligations under or in connection with the Finance Documents without the consent of, or any notice to, the Borrowers, any other Security Party, the Agent or the Security Trustee; and the Lenders may assign, in any manner and terms agreed by the Majority Lenders, the Agent and the Security Trustee, all or any part of those rights to an insurer or surety who has become subrogated to them.

27.13 Disclosure of information. Each of the Borrowers irrevocably authorizes each Creditor Party to give, divulge and reveal from time to time information and details relating to their accounts, the Ship, the Finance Documents, the Loan or the Commitments to:

(a) any private, public or internationally recognized authorities that are entitled to and have requested to obtain such information;

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- (b) the Creditor Parties' respective head offices, branches and affiliates and professional advisors;
 - (c) any other parties to the Finance Documents;
 - (d) a rating agency or their professional advisors;
 - (e) any person with whom such Creditor Party proposes to enter (or considers entering) into contractual relations in relation to the Loan and/or its Commitment or Contribution; and
 - (f) any other person regarding the funding, re-financing, transfer, assignment, sale, sub-participation or operational arrangement or other transaction in relation to the Loan, its Contribution or its Commitment, including without limitation, for purposes in connection with a securitization or any enforcement, preservation, assignment, transfer, sale or sub-participation of any of such Creditor Parties' rights and obligations;

provided that such Creditor Party has taken commercially reasonable efforts to ensure that any person to whom such Creditor Party passes any information in accordance with the terms of this Clause 27.13 undertakes to maintain the confidentiality of such information so as to protect any material non-public information of the Security Parties.

27.14 Change of lending office. A Lender may change its lending office by giving notice to the Agent and the change shall become effective on the later of:

- (a) the date on which the Agent receives the notice; and
- (b) the date, if any, specified in the notice as the date on which the change will come into effect.

27.15 Notification. On receiving such a notice, the Agent shall notify the Borrowers and the Security Trustee; and, until the Agent receives such a notice, it shall be entitled to assume that a Lender is acting through the lending office of which the Agent last had notice.

27.16 Replacement of Reference Bank. If any Reference Bank ceases to be a Lender or is unable on a continuing basis to supply quotations for the purposes of Clauses 5.7 to 5.12 then, unless the Borrowers, the Agent and the Majority Lenders otherwise agree, the Agent, acting on the instructions of the Majority Lenders, and after consulting the Borrowers, shall appoint another bank (whether or not a Lender) to be a replacement Reference Bank; and, when that appointment comes into effect, the first-mentioned Reference Bank's appointment shall cease to be effective.

27.17 Security over Lenders' rights. In addition to the other rights provided to Lenders under this Clause 27, each Lender may without consulting with or obtaining consent from the Borrowers or any other Security Party, at any time charge, assign or otherwise create a Security Interest in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

- (a) any charge, assignment or other Security Interest to secure obligations to a federal reserve or central bank; and

(b) in the case of any Lender which is a fund, any charge, assignment or other Security Interest granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities;

except that no such charge, assignment or Security Interest shall:

- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security Interest for the Lender as a party to any of the Finance Documents; or
- (ii) require any payments to be made by the Borrowers or any other Security Party or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.

28 VARIATIONS AND WAIVERS

28.1 Variations, waivers etc. by Majority Lenders. Subject to Clause 28.2, a document shall be effective to vary, waive, suspend or limit any provision of a Finance Document, or any Creditor Party's rights or remedies under such a provision or the general law, only if the document is signed, or specifically agreed to by fax, by the Borrowers, by the Agent on behalf of the Majority Lenders, by the Agent and the Security Trustee in their own rights, and, if the document relates to a Finance Document to which a Security Party is party, by that Security Party.

28.2 Variations, waivers etc. requiring agreement of all Lenders. As regards the following, Clause 28.1 applies as if the words "by the Agent on behalf of the Majority Lenders" were replaced by the words "by or on behalf of every Lender":

- (a) a reduction in the Margin;
- (b) a postponement to the date for, or a reduction in the amount of, any payment of principal, interest, fees or other sum payable under this Agreement or the Note;
- (c) an increase in any Lender's Commitment;
- (d) a change to the definition of "**Majority Lenders**";
- (e) a change to Clause 3 or this Clause 28;
- (f) any release of, or material variation to, a Security Interest, guarantee, indemnity or subordination arrangement set out in a Finance Document; and
- (g) any other change or matter as regards which this Agreement or another Finance Document expressly provides that each Lender's consent is required.

28.3 Variations, waivers etc. relating to the Servicing Banks. An amendment or waiver that relates to the rights or obligations of the Agent or the Security Trustee under Clause 31 may not be effected without the consent of the Agent or the Security Trustee.

28.4 Exclusion of other or implied variations. Except for a document which satisfies the requirements of Clauses 28.1, 28.2 or 28.3, no document, and no act, course of conduct, failure or neglect to act, delay or acquiescence on the part of the Creditor Parties or any of them (or any person acting on behalf of any of them) shall result in the Creditor Parties or any of them (or any person acting on behalf of any of them) being taken to have varied, waived, suspended or limited, or being precluded (permanently or temporarily) from enforcing, relying on or exercising:

- (a) a provision of this Agreement or another Finance Document; or
- (b) an Event of Default; or
- (c) a breach by the Borrowers or another Security Party of an obligation under a Finance Document or the general law; or
- (d) any right or remedy conferred by any Finance Document or by the general law,

and there shall not be implied into any Finance Document any term or condition requiring any such provision to be enforced, or such right or remedy to be exercised, within a certain or reasonable time.

29 NOTICES

29.1 General. Unless otherwise specifically provided, any notice under or in connection with any Finance Document shall be given by letter, electronic mail (“ **Email** ”) or fax and references in the Finance Documents to written notices, notices in writing and notices signed by particular persons shall be construed accordingly.

29.2 Addresses for communications. A notice by letter, Email or fax shall be sent:

- (a) to the Borrowers: [Name of Borrower]
Par la Ville Place
14 Par la Ville Road
Hamilton HM08
Bermuda

Attention: Ms. Deborah Davis
Facsimile: +441 292 1373
Email: ddavis@consolidated.bm

With a copy to:

Phoenix Bulk Carriers (US) LLC as agents
109 Long Wharf
Newport, Rhode Island 02840

Attention: Mr. Tony Laura
Facsimile: +401-846-1520
Email: tlaurahome@aol.com

(b) to a Lender: At the address below its name in Schedule 1 or (as the case may require) in the relevant Transfer Certificate.

(c) to the Agent: DVB Bank SE

Platz der Republik 6
60325 Frankfurt am Main
Germany

Attention: Loan Administration Manager
Facsimile: +49 69 97 50 4444

With a copy to:

DVB Bank SE
c/o DVB Transport (US) LLC
609 Fifth Avenue, 5th Floor
New York, New York 10017

Attention: Mr. Neil McLaughlin

Facsimile: +212-858-2676
Email: neil.mclaughlin@dvbbank.com

(d) to the Security Trustee: DVB Bank SE

Platz der Republik 6
60325 Frankfurt am Main
Germany

Attention: Loan Administration Manager
Facsimile: +49 69 97 50 4444

With a copy to:

DVB Bank SE
c/o DVB Transport (US) LLC
609 Fifth Avenue, 5th Floor
New York, New York 10017

Attention: Mr. Neil McLaughlin

Facsimile: +212-858-2676
Email: neil.mclaughlin@dvbbank.com

or to such other address as the relevant party may notify the Agent or, if the relevant party is the Agent or the Security Trustee, the Borrowers, the Lenders and the Security Parties.

29.3 Effective date of notices. Subject to Clauses 29.4 and 29.5:

- (a) a notice which is delivered personally or posted shall be deemed to be served, and shall take effect, at the time when it is delivered;
- (b) a notice which is sent by Email shall be deemed to be served, and shall take effect, at the time when it is actually received in readable form; and
- (c) a notice which is sent by fax shall be deemed to be served, and shall take effect, two (2) hours after its transmission is completed.

29.4 Service outside business hours. However, if under Clause 29.3 a notice would be deemed to be served:

- (a) on a day which is not a business day in the place of receipt; or
- (b) on such a business day, but after 5:00 p.m. local time,

the notice shall (subject to Clause 29.5) be deemed to be served, and shall take effect, at 9:00 a.m. on the next day which is such a business day.

29.5 Illegible notices. Clauses 29.3 and 29.4 do not apply if the recipient of a notice notifies the sender within one (1) hour after the time at which the notice would otherwise be deemed to be served that the notice has been received in a form which is illegible in a material respect.

29.6 Valid notices. A notice under or in connection with a Finance Document shall not be invalid by reason that its contents or the manner of serving it do not comply with the requirements of this Agreement or, where appropriate, any other Finance Document under which it is served if:

- (a) the failure to serve it in accordance with the requirements of this Agreement or other Finance Document, as the case may be, has not caused any party to suffer any significant loss or prejudice; or
- (b) in the case of incorrect and/or incomplete contents, it should have been reasonably clear to the party on which the notice was served what the correct or missing particulars should have been.

29.7 Electronic communication between the Agent and a Lender. Any communication to be made between the Agent and a Lender under or in connection with the Finance Documents may be made by Email or other electronic means, if the Agent and the relevant Lender:

- (a) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
- (b) notify each other in writing of their Email address and/or any other information required to enable the sending and receipt of information by that means; and
- (c) notify each other of any change to their respective Email addresses or any other such information supplied to them.

Any electronic communication made between the Agent and a Lender will be effective only when actually received in readable form and, in the case of any electronic communication made by a Lender to the Agent, only if it is addressed in such a manner as the Agent shall specify for this purpose.

29.8 English language. Any notice under or in connection with a Finance Document shall be in English.

29.9 Meaning of “notice”. In this Clause 29, “notice” includes any demand, consent, authorization, approval, instruction, waiver or other communication.

30 SUPPLEMENTAL

30.1 Rights cumulative, non-exclusive. The rights and remedies which the Finance Documents give to each Creditor Party are:

(a) cumulative;

(b) may be exercised as often as appears expedient; and

(c) shall not, unless a Finance Document explicitly and specifically states so, be taken to exclude or limit any right or remedy conferred by any law.

30.2 Severability of provisions. If any provision of a Finance Document is or subsequently becomes void, unenforceable or illegal, that shall not affect the validity, enforceability or legality of the other provisions of that Finance Document or of the provisions of any other Finance Document.

30.3 Counterparts. A Finance Document may be executed in any number of counterparts.

30.4 Binding Effect. This Agreement shall become effective on the Effective Date and thereafter shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns.

31 THE SERVICING BANKS

31.1 Appointment and Granting.

(a) **The Agent.** Each of the Lenders appoints and authorizes (with a right of revocation) the Agent to act as its agent hereunder and under any of the other Finance Documents with such powers as are specifically delegated to the Agent by the terms of this Agreement and of any of the other Finance Documents, together with such other powers as are reasonably incidental thereto.

(b) **The Security Trustee.**

(i) **Authorization of Security Trustee.** Each of the Lenders and the Agent appoints and authorizes (with a right of revocation) the Security Trustee to act as security trustee hereunder and under the other Finance Documents (other than the Notes) with such powers as are specifically delegated to the Security Trustee by the terms of this Agreement and such other Finance Documents, together with such other powers as are reasonably incidental thereto.

(ii) **Granting Clause.** To secure the payment of all sums of money from time to time owing to the Lenders under the Finance Documents, and the performance of the covenants of the Borrowers and any other Security Party herein and therein contained, and in consideration of the premises and of the covenants herein contained and of the extensions of credit by the Lenders, the Security Trustee does hereby declare that it will hold as such trustee in trust for the benefit of the Lenders and the Agent, from and after the execution and delivery thereof, all of its right, title and interest as mortgagee in, to and under the Mortgages and its right, title and interest as assignee and secured party under the other Finance Documents (the right, title and interest of the Security Trustee in and to the property, rights and privileges described above, from and after the execution and delivery thereof, and all property hereafter specifically subjected to the Security Interest of the indenture created hereby and by the Finance Documents by any amendment hereto or thereto are herein collectively called the “ **Estate** ”); TO HAVE AND TO HOLD the Estate unto the Security Trustee and its successors and assigns forever, BUT IN TRUST, NEVERTHELESS, for the equal and proportionate benefit and security of the Lenders, the Agent and their respective successors and assigns without any priority of any one over any other, UPON THE CONDITION that, unless and until an Event of Default under this Agreement shall have occurred and be continuing, the relevant Borrower shall be permitted, to the exclusion of the Security Trustee, to possess and use the Ships. IT IS HEREBY COVENANTED, DECLARED AND AGREED that all property subject or to become subject hereto is to be held, subject to the further covenants, conditions, uses and trusts hereinafter set forth, and each Security Party, for itself and its respective successors and assigns, hereby covenants and agrees to and with the Security Trustee and its successors in said trust, for the equal and proportionate benefit and security of the Lenders and the Agent as hereinafter set forth.

(iii) **Acceptance of Trusts.** The Security Trustee hereby accepts the trusts imposed upon it as Security Trustee by this Agreement, and the Security Trustee covenants and agrees to perform the same as herein expressed and agrees to receive and disburse all monies constituting part of the Estate in accordance with the terms hereof.

31.2 Scope of Duties. Neither the Agent nor the Security Trustee (which terms as used in this sentence and in Clause 31.5 hereof shall include reference to their respective affiliates and their own respective and their respective affiliates’ officers, directors, employees, agents and attorneys-in-fact):

(a) shall have any duties or responsibilities except those expressly set forth in this Agreement and in any of the Finance Documents, and shall not by reason of this Agreement or any of the Finance Documents be (except, with respect to the Security Trustee, as specifically stated to the contrary in this Agreement) a trustee for a Lender;

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- (b) shall be responsible to the Lenders for any recitals, statements, representations or warranties contained in this Agreement or in any of the Finance Documents, or in any certificate or other document referred to or provided for in, or received by any of them under, this Agreement or any of the other Finance Documents, or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any of the other Finance Documents or any other document referred to or provided for herein or therein or for any failure by a Security Party or any other person to perform any of its obligations hereunder or thereunder or for the location, condition or value of any property covered by any Security Interest under any of the Finance Documents or for the creation, perfection or priority of any such Security Interest;
- (c) shall be required to initiate or conduct any litigation or collection proceedings hereunder or under any of the Finance Documents unless expressly instructed to do so in writing by the Majority Lenders; or
- (d) shall be responsible for any action taken or omitted to be taken by it hereunder or under any of the Finance Documents or under any other document or instrument referred to or provided for herein or therein or in connection herewith or therewith, except for its own gross negligence or willful misconduct. Each of the Security Trustee and the Agent may employ agents and attorneys-in-fact and neither the Security Trustee nor the Agent shall be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith, but shall be responsible for the gross negligence or willful misconduct of such agents or attorneys-in-fact. Each of the Security Trustee and the Agent may deem and treat the payee of a Note as the holder thereof for all purposes hereof unless and until a written notice of the assignment or transfer thereof shall have been filed with the Agent.

31.3 Reliance. Each of the Security Trustee and the Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telex, telefacsimile, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper person or persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the Security Trustee or the Agent, as the case may be. As to any matters not expressly provided for by this Agreement or any of the other Finance Documents, each of the Security Trustee and the Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder or thereunder in accordance with instructions signed by the Majority Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders.

31.4 Knowledge. Neither the Security Trustee nor the Agent shall be deemed to have knowledge or notice of the occurrence of a Potential Event of Default or Event of Default (other than, in the case of the Agent, the non-payment of principal of or interest on the Loan or actual knowledge thereof) unless each of the Security Trustee and the Agent has received notice from a Lender or the Borrowers specifying such Potential Event of Default or Event of Default and stating that such notice is a "Notice of Default". If the Agent receives such a notice of the occurrence of such Potential Event of Default or Event of Default, the Agent shall give prompt notice thereof to the Security Trustee and the Lenders (and shall give each Lender prompt notice of each such non-payment). Subject to Clause 31.8 hereof, the Security Trustee and the Agent shall take such action with respect to such Potential Event of Default or Event of Default or other event as shall be directed by the Majority Lenders, except that, unless and until the Security Trustee and the Agent shall have received such directions, each of the Security Trustee and the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Potential Event of Default or Event of Default or other event as it shall deem advisable in the best interest of the Lenders.

31.5 Security Trustee and Agent as Lenders. Each of the Security Trustee and the Agent (and any successor acting as Security Trustee or Agent, as the case may be) in its individual capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as the Security Trustee or the Agent, as the case may be, and the term “Lender” or “Lenders” shall, unless the context otherwise indicates, include each of the Security Trustee and the Agent in their respective individual capacities. Each of the Security Trustee and the Agent (and any successor acting as Security Trustee and Agent, as the case may be) and their respective affiliates may (without having to account therefor to a Lender) accept deposits from, lend money to and generally engage in any kind of banking, trust or other business with the Borrowers and any of its subsidiaries or affiliates as if it were not acting as the Security Trustee or the Agent, as the case may be, and each of the Security Trustee and the Agent and their respective affiliates may accept fees and other consideration from the Borrowers for services in connection with this Agreement or otherwise without having to account for the same to the Lenders.

31.6 Indemnification of Security Trustee and Agent. The Lenders severally agree, ratably in accordance with the aggregate principal amount of each Lender’s Contribution in the Loan, to indemnify each of the Agent and the Security Trustee (to the extent not reimbursed under other provisions of this Agreement, but without limiting the obligations of the Borrowers under said other provisions) for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Security Trustee or the Agent in any way relating to or arising out of this Agreement or any of the other Finance Documents or any other documents contemplated by or referred to herein or therein or the transactions contemplated hereby (including, without limitation, the costs and expenses which the Borrowers are to pay hereunder, but excluding, unless an Event of Default has occurred and is continuing, normal administrative costs and expenses incident to the performance of their respective agency duties hereunder) or the enforcement of any of the terms hereof or thereof or of any such other documents, except that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified.

31.7 Reliance on Security Trustee or Agent. Each Lender agrees that it has, independently and without reliance on the Security Trustee, the Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Borrowers and decision to enter into this Agreement and that it will, independently and without reliance upon the Security Trustee, the Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement or any of the Finance Documents. None of the Security Trustee or the Agent shall be required to keep itself informed as to the performance or observance by the Borrowers of this Agreement or any of the Finance Documents or any other document referred to or provided for herein or therein or to inspect the properties or books of any Borrower. Except for notices, reports and other documents and information expressly required to be furnished to the Lenders by the Security Trustee or the Agent hereunder, neither the Security Trustee nor the Agent shall have any duty or responsibility to provide a Lender with any credit or other information concerning the affairs, financial condition or business of either Borrower or any subsidiaries or affiliates thereof which may come into the possession of the Security Trustee, the Agent or any of their respective affiliates.

31.8 Actions by Security Trustee and Agent. Except for action expressly required of the Security Trustee or the Agent hereunder and under the other Finance Documents, each of the Security Trustee and the Agent shall in all cases be fully justified in failing or refusing to act hereunder and thereunder unless it shall receive further assurances to its satisfaction from the Lenders of their indemnification obligations under Clause 31.6 against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

31.9 Resignation and Removal. Subject to the appointment and acceptance of a successor Security Trustee or Agent (as the case may be) as provided below, each of the Security Trustee and the Agent may resign at any time by giving notice thereof to the Lenders and the Borrowers, and the Security Trustee or the Agent may be removed at any time with or without cause by the Majority Lenders by giving notice thereof to the Agent, the Security Trustee, the Lenders and the Borrowers. Upon any such resignation or removal, the Majority Lenders shall have the right to appoint a successor Security Trustee or Agent, as the case may be. If no successor Security Trustee or Agent, as the case may be, shall have been so appointed by the Lenders or, if appointed, shall not have accepted such appointment within 30 days after the retiring Security Trustee's or Agent's, as the case may be, giving of notice of resignation or the Majority Lenders' removal of the retiring Security Trustee or Agent, as the case may be, then the retiring Security Trustee or Agent, as the case may be, may, on behalf of the Lenders, appoint a successor Security Trustee or Agent. Upon the acceptance of any appointment as Security Trustee or Agent hereunder by a successor Security Trustee or Agent, such successor Security Trustee or Agent, as the case may be, shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Security Trustee or Agent, as the case may be, and the retiring Security Trustee or Agent shall be discharged from its duties and obligations hereunder. After any retiring Security Trustee or Agent's resignation or removal hereunder as Security Trustee or Agent, as the case may be, the provisions of this Clause 31 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Security Trustee or the Agent, as the case may be.

31.10 Release of Collateral. Without the prior written consent of the Majority Lenders, neither the Security Trustee nor the Agent will consent to any modification, supplement or waiver under any of the Finance Documents nor without the prior written consent of all of the Lenders release any Collateral or otherwise terminate any Security Interest under the Finance Documents, except that no such consent is required, and each of the Security Trustee and the Agent is authorized, to release any Security Interest covering property if the Secured Liabilities have been paid and performed in full or which is the subject of a disposition of property permitted hereunder or to which the Lenders have consented.

32 LAW AND JURISDICTION

32.1 Governing law. THIS AGREEMENT AND THE OTHER FINANCE DOCUMENTS (EXCEPT AS OTHERWISE PROVIDED IN A FINANCE DOCUMENT) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ITS CONFLICT OF LAW PRINCIPLES.

32.2 Consent to Jurisdiction.

- (a) Each of the Borrowers hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York County, and any appellate court thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Finance Documents to which such Security Party is a party or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State Court or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.
- (b) Nothing in this Clause 32.2 shall affect the right of a Creditor Party to bring any action or proceeding against a Security Party or its property in the courts of any other jurisdictions where such action or proceeding may be heard.
- (c) Each of the Borrowers hereby irrevocably and unconditionally waives to the fullest extent it may legally and effectively do so:
 - (i) any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Finance Document to which it is a party in any New York State or Federal court and the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court; and
 - (ii) any immunity from suit, the jurisdiction of any court in which judicial proceedings may at any time be commenced with respect to this Agreement or any other Finance Document or from any legal process with respect to itself or its property (including without limitation attachment prior to judgment, attachment in aid of execution of judgment, set-off, execution of a judgment or any other legal process), and to the extent that in any such jurisdiction there may be attributed to such person such an immunity (whether or not claimed), such person hereby irrevocably agrees not to claim such immunity.
- (d) Each of the Borrowers hereby agrees to appoint Leicht & Rein Tax Associates, Ltd., with offices currently located at 570 Seventh Avenue, New York, NY 10018 as its designated agent for service of process for any action or proceeding arising out of or relating to this Agreement or any other Finance Document. Each of the Borrowers also irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to its address specified in Clause 29.2. Each of the Borrowers also agrees that service of process may be made on it by any other method of service provided for under the applicable laws in effect in the State of New York.

32.3 Creditor Party rights unaffected. Nothing in this Clause 32 shall exclude or limit any right which any Creditor Party may have (whether under the law of any country, an international convention or otherwise) with regard to the bringing of proceedings, the service of process, the recognition or enforcement of a judgment or any similar or related matter in any jurisdiction.

32.4 Meaning of “proceedings”. In this Clause 32, “proceedings” means proceedings of any kind, including an application for a provisional or protective measure.

33 WAIVER OF JURY TRIAL

33.1 WAIVER. EACH OF THE BORROWERS AND THE CREDITOR PARTIES MUTUALLY AND IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

34 PATRIOT ACT notice

34.1 PATRIOT Act Notice. Each of the Agent and the Lenders hereby notifies the Borrowers that pursuant to the requirements of the Patriot Act and the policies and practices of the Agent and each Lender, the Agent and each of the Lenders is required to obtain, verify and record certain information and documentation that identifies each of the Security Parties which information includes the name and address of each such person and such other information that will allow the Agent and each of the Lenders to identify each such person in accordance with the PATRIOT Act.

[SIGNATURE PAGE FOLLOWS ON NEXT PAGE]

EXECUTION PAGE

WHEREFORE, the parties hereto have caused this Amended and Restated Loan Agreement to be executed as of the date first above written.

BULK NORDIC ODYSSEY LTD.,
as Borrower

DVB BANK SE, as Lender, Agent and Security Trustee

By: \s\ Deborah Davis
Name: Deborah Davis
Title: Director

By: \s\ Jane Freeberg Sarma
Name: Jane Freeberg Sarma
Title: Attorney-in-Fact

BULK NORDIC ORION LTD.,
as Borrower

By: \s\ Deborah Davis
Name: Deborah Davis
Title: Director

BULK NORDIC OSHIMA LTD.,
as Borrower

By: \s\ Deborah Davis
Name: Deborah Davis
Title: Director

SCHEDULE 1

LENDERS AND COMMITMENTS

Lender	Lending Office	Commitment
DVB BANK SE	Platz der Republic 6 60325 Frankfurt am Main Germany	\$62, 500,000

Address for Notices:

Platz der Republic 6
60325 Frankfurt am Main
Germany

Attention: Loan Administration Manager
Facsimile: +49 69 97 50 4444

with a copy to:

DVB Bank SE
c/o DVB Transport (US) LLC
609 Fifth Avenue, 5th Floor
New York, New York 10017

Attention: Neil McLaughlin

Facsimile: +212-858-2676
Email: neil.mclaughlin@dvbbank.com

SCHEDULE 2

intentionally omitted

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SCHEDULE 3
DRAWDOWN NOTICE

To: DVB Bank SE, as Agent
Platz der Republic 6
60325 Frankfurt am Main
Germany

Attention: Loans Administration Manager

Cc: DVB Bank SE
c/o DVB Transport (US) LLC
609 Fifth Avenue, 5th Floor
New York, New York 10017

Attention: Neil McLaughlin
Facsimile: +212-858-2676

[●], 2014

DRAWDOWN NOTICE

1. We refer to the amended and restated loan agreement dated as of [●], 2014 (the “**Loan Agreement**”) among ourselves, as Borrowers, the Lenders referred to therein, and yourselves as Agent and as Security Trustee in connection with a facility of up to US\$62,500,000. Terms defined in the Loan Agreement have their defined meanings when used in this Drawdown Notice.

2. We request to borrow as follows:

(a) Amount: US\$[22,500,000];

(b) Drawdown Date: [●], 2014;

(c) Duration of the first Interest Period shall be 3 months; and

(d) Payment instructions:

[●]

3. We represent and warrant that:

(a) no Event of Default or Potential Event of Default has occurred or would result from the borrowing of the Advance;

(b) the representations and warranties in Clause 10 and those of the Borrowers or any other Security Party which are set out in the other Finance Documents are true and not misleading as of the date of this Drawdown Notice and will be true and not misleading as of the Drawdown Date, in each case with reference to the circumstances then existing;

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- (c) there has been no material change in the consolidated financial condition, operations or business prospects of the Borrowers or any of the Guarantors since the date on which the Borrowers and/or the Guarantors provided information concerning those topics to the Agent and/or any Lender;
- (d) Neither of the Borrowers, the Guarantors or any of their respective subsidiaries or Affiliates has launched any other facilities or debt transactions into the international capital markets either publicly or privately that could have a negative or adverse effect on the loan facility contemplated by this Agreement; and
- (e) if the Collateral Maintenance Ratio were applied immediately following the making of the Advance, the Borrowers would not be required to provide additional Collateral or prepay part of the Loan under Clause 15.
4. This notice cannot be revoked without the prior consent of the Majority Lenders.
5. We authorize you to deduct the outstanding fees and expenses referred to in Clause 21 from the amount of the Loan.

Name
Title
for and on behalf of
BULK NORDIC ODYSSEY LTD.

Name
Title
for and on behalf of
BULK NORDIC ORION LTD.

Name
Title
for and on behalf of
BULK NORDIC OSHIMA LTD.

SCHEDULE 4
CONDITION PRECEDENT DOCUMENTS

PART A

The following are the documents referred to in Clause 9.1(a)(i):

1. A duly executed original of this Agreement and the DVB Loan Administration form attached as Schedule 8.
2. A copy of each Time Charter (and all addenda and supplements thereto), other than those delivered in connection with a prior Advance, in form and substance acceptable to the Agent and certified as of a date reasonably near the date of the relevant Drawdown Notice by a director, an officer, an authorized person or an attorney-in-fact of the relevant Borrower as being a true and correct copy thereof.
3. A copy of each Sub-Time Charter (and all addenda and supplements thereto), other than those delivered in connection with a prior Advance, in form and substance acceptable to the Agent and certified as of a date reasonably near the date of the relevant Drawdown Notice by a director, an officer, an authorized person or an attorney-in-fact of the relevant Borrower as being a true and correct copy thereof.
4. Copies of certificates dated as of a date reasonably near the date of the relevant Drawdown Notice, certifying that each of the Security Parties is duly incorporated or formed and in good standing under the laws of its respective jurisdiction of incorporation or formation.
5. Copies of the constitutional documents and each amendment thereto, other than those delivered in connection with a prior Advance, of each of the Security Parties, certified as of a date reasonably near the date of the relevant Drawdown Notice by a director, an officer, an authorized person or an attorney-in-fact of such person as being a true and correct copy thereof.
6. Copies of the resolutions of the directors (or equivalent governing body) and, where applicable, the shareholders (or equivalent equity holders), of each of the Security Parties authorizing the execution of each of the Finance Documents to which that person is a party and, in the case of each Borrower, authorizing a director, an officer, an authorized person or an attorney-in-fact of such Borrower to give the Drawdown Notice and other notices required under the Finance Documents, in each case certified as of a date reasonably near the date of the relevant Drawdown Notice by a director, an officer, an authorized person or an attorney-in-fact of such person as being a true and correct copy thereof,
7. An incumbency certificate in respect of the officers and directors (or equivalent), other than those delivered in connection with a prior Advance, of each of the Security Parties and signature samples of any signatories to any Finance Document.
8. The original or a certified copy of any power of attorney under which any Finance Document is executed on behalf of a Security Party.

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9. Copies of all consents which any of the Security Parties requires to enter into, or make any payment under, any Finance Document, each certified as of a date reasonably near the date of the relevant Drawdown Notice by a director, an officer, an authorized person or an attorney-in-fact of such party as being a true and correct copy thereof, or certification by such director, officer, authorized person or attorney-in-fact that no such consents are required.
 10. Copies of any mandates or other documents required in connection with the opening or operation of the Earnings Accounts, certified as of a date reasonably near the date of the relevant Drawdown Notice by a director, an officer, an authorized person or an attorney-in-fact of the relevant Borrower as being a true and correct copy thereof, if not delivered in connection with a prior Advance.
 11. Documentary evidence that the capital structure of each of the Borrowers and the Guarantors, is satisfactory to and in the sole discretion of the Agent, if not delivered in connection with a prior Advance.
 12. Documentary evidence that the agent for service of process named in Clause 32 of this Agreement has accepted its appointment if not delivered in connection with a prior Advance.
 13. If the Agent so requires, in respect of any of the documents referred to above, a certified English translation prepared by a translator approved by the Agent.

PART B

The following are the documents referred to in Clause 9.1(b):

1. A duly executed original of each Finance Document (and of each document required to be delivered by each Finance Document) other than those referred to in Part A(1) above or those executed and delivered in connection with a prior Advance.
2. If the relevant Drawdown Date is more than five (5) Business Days after the date of the relevant Drawdown Notice, a bringdown certificate of each of the Security Parties certifying as of the relevant Drawdown Date as to the absence of any amendments to the documents of such person referred to in paragraphs 4, 5 and 6 of Part A since the date of the relevant Drawdown Notice.
3. Certification by the Borrowers as of the date of the relevant Drawdown Date for the Advance as to the matters described in Clauses 9.1(d) and (e).
4. Documentary evidence that:
 - (a) each Ship is definitively registered in the name of the relevant Borrower under the law and flag of the Republic of Panama, if not delivered in connection with a prior Advance;
 - (b) each Mortgage for a Panamanian flag Ship has been registered against the relevant Ship as a valid first preferred ship mortgage in accordance with the laws of the Republic of Panama, if not delivered in connection with a prior Advance;

-
- (c) each Mortgage Amendment has been preliminarily registered against the relevant Ship in accordance with the laws of the Republic of Panama;
 - (d) the Security Interests intended to be created by each of the Finance Documents have been duly perfected under applicable law, if not delivered in connection with a prior Advance;
 - (e) each Ship is in the absolute and unencumbered ownership of the relevant Borrower save as contemplated by the Finance Documents, if not delivered in connection with a prior Advance;
 - (f) the relevant Ship is insured in accordance with the provisions of Clause 13 of this Agreement and all requirements therein in respect of insurances have been complied with, if not delivered in connection with a prior Advance; and
 - (g) the relevant Ship maintains the highest class for vessels of its type with the Classification Society free of any recommendations and qualifications (which status shall be established by a Confirmation of Class Certificate issued by the Classification Society and dated a date reasonably near the relevant Drawdown Date (*NB: a "Class Statement" or similar instrument shall not be acceptable for purposes of this clause*)), if not delivered in connection with a prior Advance.
5. Valuations of the Fair Market Value of each of the Ships, addressed to the Agent and the Lenders, stated to be for the purposes of this Agreement and dated not more than 14 days before the relevant Drawdown Date, which evidence an aggregate average Fair Market Value for the Ships of not less than 143% of the Loan.
6. A survey report addressed to the Agent and the Lenders, stated to be for the purposes of this Agreement from an independent marine surveyor selected by the Agent in respect of the physical condition of the relevant Ship, which report shall confirm the condition of such Ship to the satisfaction of the Agent and the Lenders, in their sole discretion, if not delivered in connection with a prior Advance.
7. Documentary evidence that the relevant Borrower has sent an instruction letter in the form of Schedule 9 hereto to the Classification Society as required under Clause 14.4 and that the Classification Society has executed the undertaking in the form of Schedule 10 hereto as required by Clause 14.4 if not delivered in connection with a prior Advance.
8. The following documents establishing that the relevant Ship will, as from the relevant Drawdown Date, be managed by an Approved Manager on terms acceptable to the Agent:
- (a) a copy of the relevant Approved Management Agreement, certified as of the relevant Drawdown Date by a director, an officer, an authorized person or an attorney-in-fact of the relevant Borrower as being a true and correct copy thereof, if not delivered in connection with a prior Advance;
 - (b) a Manager's Undertaking executed by the relevant Approved Manager in favor of the Agent, if not delivered in connection with a prior Advance; and

-
- (c) copies of the relevant Approved Manager's Document of Compliance and of the relevant Ship's ISSC and Safety Management Certificate (together with any other details of the applicable safety management system which the Agent requires), certified as of the relevant Drawdown Date by a director, an officer, an authorized person or an attorney-in-fact of the Approved Manager as being a true and correct copy thereof, if not delivered in connection with a prior Advance.
9. A favorable opinion from an independent insurance consultant acceptable to the Agent on such matters relating to the insurances for the Ships as the Agent may require, if not delivered in connection with a prior Advance.
10. Delivery of technical information in respect of the relevant Ship, in a form acceptable to the Agent, including but not limited to (but only if available to the Borrowers): (i) full history of class, (ii) details of statutory certificates, (iii) summaries of inspections (flag, port state control, etc.) and (iv) any records of planned maintenance, if not delivered in connection with a prior Advance.
11. A certificate that the relevant Ship is free from Asbestos/Glass Wool and nuclear products (to be provided by the relevant Borrower on a best efforts basis but only if available to such Borrower), if not delivered in connection with a prior Advance.
12. A copy of the approval page, a copy of the page giving the description of the relevant Ship and a copy of the page where the relevant Ship's LDT is described in the stability booklet (to be provided by the relevant Borrower on a best efforts basis but only if available to the relevant Borrower), if not delivered in connection with a prior Advance.
13. Work list from the last Dry Dock completed (to be provided by the relevant Borrower on a best efforts basis but only if available to the relevant Borrower), if not delivered in connection with a prior Advance.
14. Last two Port State Control Certificates and a Port State Control history for the last 3 years (to be provided by relevant Borrower on a best efforts basis but only if available to the relevant Borrower), if not delivered in connection with a prior Advance.
15. A copy of the Builder's Certificate or Bill of Sale, together with the Protocol of Delivery and Acceptance, with respect to the relevant Ship, certified as of the relevant Drawdown Date by a director, an officer, an authorized person or an attorney-in-fact of the relevant Borrower as being a true and correct copy thereof, if not delivered in connection with a prior Advance.
16. A favorable opinion of Watson, Farley & Williams (New York) LLP, New York counsel for the Creditor Parties, in form, scope and substance satisfactory to the Creditor Parties.
17. Favorable legal opinions from lawyers appointed by any of the Security Parties or the Agent on such matters concerning the laws of such relevant jurisdictions as the Agent may require (including without limitation Panama, Bermuda, Singapore, Switzerland, Jersey and England).

SCHEDULE 5

TRANSFER CERTIFICATE

The Transferor and the Transferee accept exclusive responsibility for ensuring that this Certificate and the transaction to which it relates comply with all legal and regulatory requirements applicable to them respectively.

To: [Name of Agent] for itself and for and on behalf of the Borrower, the Security Trustee and each Lender, as defined in the Amended and Restated Loan Agreement referred to below.

[Date]

1. This Certificate relates to an Amended and Restated Loan Agreement dated as of September [●], 2014 (as amended or supplemented, the “ **Loan Agreement** ”) among (1) Bulk Nordic Odyssey Ltd., Bulk Nordic Orion Ltd. and Bulk Nordic Oshima Ltd. (the “ **Borrowers** ”), (2) the banks and financial institutions named therein as Lenders, (3) DVB Bank SE as Agent and (4) DVB Bank SE as Security Trustee for a loan facility of up to \$53,500,000.
2. In this Certificate, terms defined in the Loan Agreement shall, unless the contrary intention appears, have the same meanings when used in this Certificate and:
 - “**Relevant Parties**” means the Agent, the Borrowers, the Security Trustee and each Lender;
 - “**Transferor**” means [full name] of [lending office];
 - “**Transferee**” means [full name] of [lending office].
3. The effective date of this Certificate is [●], **provided that** this Certificate shall not come into effect unless it is signed by the Agent on or before that date.
4. [The Transferor assigns to the Transferee absolutely all rights and interests (present, future or contingent) which the Transferor has as Lender under or by virtue of the Agreement and every other Finance Document in relation to [●]% of its Contribution, which percentage represents \$[●].
5. [By virtue of this Certificate and Clause 27 of the Agreement, the Transferor is discharged [entirely from its Commitment which amounts to \$[●]] [from [●]% of its Commitment, which percentage represents \$[●]] and the Transferee acquires a Commitment of \$[●].]
6. The Transferee undertakes with the Transferor and each of the Relevant Parties that the Transferee will observe and perform all the obligations under the Finance Documents which Clause 27 of the Agreement provides will become binding on it upon this Certificate taking effect.

7. The Agent, at the request of the Transferee (which request is hereby made) accepts, for the Agent itself and for and on behalf of every other Relevant Party, this Certificate as a Transfer Certificate taking effect in accordance with Clause 27 of the Agreement.

8. The Transferor:

(a) warrants to the Transferee and each Relevant Party that:

(i) the Transferor has full capacity to enter into this transaction and has taken all corporate action and obtained all consents which are required in connection with this transaction; and

(ii) this Certificate is valid and binding as regards the Transferor;

(b) warrants to the Transferee that the Transferor is absolutely entitled, free of encumbrances, to all the rights and interests covered by the assignment in paragraph 4; and

(c) undertakes with the Transferee that the Transferor will, at its own expense, execute any documents which the Transferee reasonably requests for perfecting in any relevant jurisdiction the Transferee's title under this Certificate or for a similar purpose.

9. The Transferee:

(f) confirms that it has received a copy of the Agreement and each of the other Finance Documents;

(g) agrees that it will have no rights of recourse on any ground against the Transferor, the Agent, the Security Trustee or any Lender in the event that:

(i) any of the Finance Documents prove to be invalid or ineffective;

(ii) the Borrowers or any other Security Party fails to observe or perform its obligations, or to discharge its liabilities, under any of the Finance Documents;

(iii) it proves impossible to realize any asset covered by a Security Interest created by a Finance Document, or the proceeds of such assets are insufficient to discharge the liabilities of the Borrowers or any other Security Party under any of the Finance Documents;

(h) agrees that it will have no rights of recourse on any ground against the Agent, the Security Trustee or any Lender in the event that this Certificate proves to be invalid or ineffective;

(i) warrants to the Transferor and each Relevant Party that:

(i) it has full capacity to enter into this transaction and has taken all corporate action and obtained all consents which it needs to take or obtain in connection with this transaction; and

(ii) that this Certificate is valid and binding as regards the Transferee; and

(j) confirms the accuracy of the administrative details set out below regarding the Transferee.

10. The Transferor and the Transferee each undertake with the Agent and the Security Trustee severally, on demand, fully to indemnify the Agent and/or the Security Trustee in respect of any claim, proceeding, liability or expense (including all legal expenses) which they or either of them may incur in connection with this Certificate or any matter arising out of it, except such as are shown to have been mainly and directly caused by the gross negligence or willful misconduct of the Agent's or the Security Trustee's own officers or employees.

11. The Transferee shall repay to the Transferor on demand so much of any sum paid by the Transferor under paragraph 10 as exceeds one-half of the amount demanded by the Agent or the Security Trustee in respect of a claim, proceeding, liability or expense which was not reasonably foreseeable at the date of this Certificate; but nothing in this paragraph shall affect the liability of each of the Transferor and the Transferee to the Agent or the Security Trustee for the full amount demanded by it.

12. The Transferee confirms that, immediately following the effective date of this Certificate, the Transferee will be a FATCA [Exempt Party] [Non-Exempt Party].

[Name of Transferor]

[Name of Transferee]

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Agent

Signed for itself and for and on behalf of itself
as Agent and for every other Relevant Party

[Name of Agent]

By: _____
Name: _____
Title: _____
Date: _____

Administrative Details of Transferee

Name of Transferee:

Lending Office:

Contact Person
(Loan Administration Department):

Telephone:

Fax:

Contact Person
(Credit Administration Department):

Telephone:

Fax:

Account for payments:

Note This Transfer Certificate alone may not be sufficient to transfer a proportionate share of the Transferor's interest in the security : constituted by the Finance Documents in the Transferor's or Transferee's jurisdiction. It is the responsibility of each Lender to ascertain whether any other documents are required for this purpose.

SCHEDULE 6

intentionally omitted

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SCHEDULE 7

list of approved brokers

Maritime Strategies International Ltd.
Arrow London
Compass Maritime
Maersk Brokers
ICAP
Howe Robinson
SSY

SCHEDULE 8

dvb loan administration form

To: DVB Bank SE, as Agent
Platz der Republic 6
60325 Frankfurt am Main
Germany

Attention: Transaction & Loan Services

Cc: DVB Bank SE
c/o DVB Transport (US) LLC
609 Fifth Avenue, 5th Floor
New York, New York 10017

Attention: Neil McLaughlin
Facsimile: +212-858-2676

Date: [●], 2014

Re: Providing financing to Bulk Nordic Odyssey Ltd., Bulk Nordic Orion Ltd. and Bulk Nordic Oshima Ltd. (the “**Companies**” and each a “**Company**”) in relation to m.v. NORDIC ODYSSEY, m.v. NORDIC ORION and m.v. NORDIC OSHIMA (the “**Financing**”).

We refer to the Financing and an amended and restated facility agreement (the “**Facility Agreement**”) dated as of [●], 2014 and entered into between, inter alia, (1) us, as borrowers, (2) the banks and financial institutions named therein as Lenders, (3) DVB Bank SE as Agent and (4) DVB Bank SE as Security Trustee in relation to the Financing. Terms and expressions not otherwise defined herein shall have the same meaning as defined in the Facility Agreement.

We hereby appoint the following persons to act as our point of contact with regards to any issue arising in connection with the administration to the Facility Agreement or any other documents related to the Financing:

1. [name], title
2. [name], title
3. [name], title

No other persons other than the [Directors] [Officers] of each Company or the persons listed above (the “**Authorized Persons**”) are hereby authorized to request any information from you regarding the Facility Agreement or any other matter related to the Financing or either Company or communicate with you in any way regarding the forgoing in and under any circumstances.

For the avoidance of doubt, the following are the Directors [and Officers] of the Companies:

1. [name], title
2. [name], title
3. [name], title

4. [name], title

This list of authorized persons may only be amended, modified or varied in writing by an Authorized Person with copy to the other Authorized Persons. We agree to indemnify you and hold you harmless in relation to any information you provide to any Authorized Person. This letter shall be governed and construed in accordance with New York law.

Yours sincerely,

BULK NORDIC ODYSSEY LTD.

By: _____
Name
Authorized Person

BULK NORDIC ORION LTD.

By: _____
Name
Authorized Person

BULK NORDIC OSHIMA LTD.

By: _____
Name
Authorized Person

SCHEDULE 9

FORM OF LETTER OF INSTRUCTION TO CLASSIFICATION SOCIETY

To: [●]

Date: [●], 2014

Dear Sirs:

Name of ship: m.v. [“NORDIC ODYSSEY”] [“NORDIC ORION”] [“NORDIC OSHIMA”] (the “Ship”)

Flag: PANAMA

IMO Number: [●]

Name of Owner: BULK NORDIC [ODYSSEY] [ORION] [OSHIMA] LTD. (the “Owner”)

Name of mortgagee: DVB BANK SE (the “Mortgagee”)

We refer to the Ship, which is registered in the ownership of the Owner, and which has been entered in and classed by [●] (the “Classification Society”).

The Mortgagee has agreed to provide financing to the Owner upon condition that, among other things, the Owner issues to the Mortgagee this letter of instruction to the Classification Society in the form presented by the Mortgagee.

The Owner and the Mortgagee irrevocably and unconditionally instruct and authorise the Classification Society (notwithstanding any previous instructions whatsoever which the Owner may have given to the Classification Society to the contrary) as follows:

- 1 to send to the Mortgagee, following receipt of a written request from the Mortgagee, certified true copies of all original certificates of class and other class records held by the Classification Society in relation to the Ship;
- 2 to allow the Mortgagee (or its agents), at any time and from time to time, to inspect the original class and related records of the Owner and the Ship at the offices of the Classification Society and to take copies of them and, to the extent possible, to grant the Mortgagee electronic access to such records;
- 3 to notify the Mortgagee immediately by email to techcom@dvbbank.com and neil.mclaughlin@dvbbank.com if the Classification Society:
 - (a) receives notification from the Owner or any other person that the Ship’s classification society is to be changed;
 - (b) imposes a condition of class or issues a class recommendation in respect of the Ship;
 - (c) becomes aware of any facts or matters which may result or have resulted in a change, suspension, discontinuance, withdrawal or expiry of the Ship’s class under the rules or terms and conditions of the Owner’s or the Ship’s membership of the Classification Society;

-
- 4 following receipt of a written request from the Mortgagee:
- (a) to confirm that the Owner is not in default of any of its contractual obligations or liabilities to the Classification Society and, without limiting the foregoing, that it has paid in full all fees or other charges due and payable to the Classification Society; or
 - (b) if the Owner is in default of any of its contractual obligations or liabilities to the Classification Society, to specify to the Mortgagee in reasonable detail the facts and circumstances of such default, the consequences thereof, and any remedy period agreed or allowed by the Classification Society.

Notwithstanding the above instructions given for the benefit of the Mortgagee, the Owner shall continue to be responsible to the Classification Society for the performance and discharge of all its obligations and liabilities relating to or arising out of or in connection with the contract it has with the Classification Society, and nothing in this letter should be construed as imposing any obligation or liability on the Mortgagee to the Classification Society in respect thereof. The instructions and authorisations which are contained in this notice shall remain in full force and effect until the Owner and the Mortgagee together give you notice in writing revoking them.

The Owner undertakes to reimburse the Classification Society in full for any costs or expenses it may incur in complying with the instructions and authorisations referred to in this letter.

This letter and any non-contractual obligations arising from or connected with it are governed by New York law.

.....
For and on behalf of
BULK NORDIC [ODYSSEY] [ORION] [OSHIMA] LTD.

.....
For and on behalf of
DVB BANK SE

SCHEDULE 10

FORM OF CLASSIFICATION SOCIETY LETTER OF UNDERTAKING

To: BULK NORDIC [ODYSSEY] [ORION] [OSHIMA] LTD.

and
DVB BANK SE

Dated: [●], 2014

Dear Sirs:

Name of ship: m.v. “NORDIC [ODYSSEY] [ORION] [OSHIMA]” (the “Ship”)

Flag: Panama

IMO Number: [●]

Name of Owner: BULK NORDIC [ODYSSEY] [ORION] [OSHIMA] LTD. (the “Owner”)

Name of mortgagee: DVB BANK SE (the “Mortgagee”)

We [●], hereby acknowledge receipt of a letter (a copy of which is attached hereto) dated [●], 2014 sent to us by the Owner and the Mortgagee (together the “**Instructing Parties**”) regarding the Ship.

In consideration of the agreement by the Mortgagee to approve the selection of [●] (the receipt and adequacy of which is hereby acknowledged), we undertake to comply with the instructions of the Instructing Parties contained in such letter.

This letter and any non-contractual obligations arising out of or in connection with it shall be governed by New York law.

Yours faithfully

For and on behalf of
[●]

appendix a

FORM OF approved manager's undertaking

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appendix B

FORM OF compliance certificate

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FORM OF EARNINGS ACCOUNT PLEDGE

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form of EARNINGS ASSIGNMENT

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appendix e
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appendix i
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appendix j

FORM OF time charter assignment

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appendix k

FORM OF SUB-Time charter assignment

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Date: as of January 28, 2015

**BULK NORDIC ODIN LTD. and
BULK NORDIC OLYMPIC LTD.**
as Joint and Several Borrowers

**THE BANKS AND FINANCIAL INSTITUTIONS
listed in Schedule 1**
as Lenders

- and -

DVB BANK SE
as Agent
and as Security Trustee

LOAN AGREEMENT

relating to
a Senior Secured Term Loan Facility of up to US\$45,000,000
to finance the Panamanian registered vessels
NORDIC ODIN and NORDIC OLYMPIC

Watson, Farley & Williams
New York

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THIS LOAN AGREEMENT (this “**Agreement**”) is made as of January _____, 2015

AMONG

- (1) BULK NORDIC ODIN LTD. (“**Bulk Odin**”) and BULK NORDIC OLYMPIC LTD. (“**Bulk Olympic**”), each a company organized and existing under the laws of Bermuda whose registered office is at 3rd Floor, Par la Ville Place, 14 Par la Ville Road, Hamilton HM08, Bermuda, as joint and several borrowers (the “**Borrowers**”, and each separately a “**Borrower**”, which expressions include their respective successors, transferees and assigns);
- (2) THE BANKS AND FINANCIAL INSTITUTIONS listed in Schedule 1, as lenders (the “**Lenders**”, which expression includes their respective successors, transferees and assigns);
- (3) DVB BANK SE, acting in such capacity through its office at Platz der Republik 6, 60325 Frankfurt am Main, Germany, as agent for the Lenders (in such capacity, the “**Agent**”, which expression includes its successors, transferees and assigns); and
- (4) DVB BANK SE, acting in such capacity through its office at Platz der Republik 6, 60325 Frankfurt am Main, Germany, as security trustee for the Lenders (in such capacity, the “**Security Trustee**”, which expression includes its successors, transferees and assigns).

BACKGROUND

- (A) The Lenders have agreed to make available to the Borrowers a senior secured term loan facility in the principal amount of up to the lesser of \$45,000,000 and 67.5% of the aggregate Fair Market Value of the Ships to finance the Ships.
- (B) The Lenders have agreed to share *pari passu* in the Collateral to be granted to the Security Trustee pursuant to this Agreement.

IT IS AGREED as follows:

1 INTERPRETATION

1.1 Definitions. Subject to Clause 1.5, in this Agreement:

“**2014 Loan Agreement**” means the Amended and Restated Loan Agreement dated as of September 17, 2014 among the 2014 Borrowers, the banks and financial institutions named therein as lenders and DVB Bank SE as agent and security trustee;

“**2014 Borrowers**” means Bulk Odyssey, Bulk Orion and Bulk Oshima, as joint and several borrowers;

“**2014 Ships**” means each of NORDIC ODYSSEY, NORDIC ORION and NORDIC OSHIMA;

“**2014 Second Earnings Assignments**” means a second priority assignment of the Earnings and any Requisition Compensation with respect to each of the Ships to secure the obligations of the 2014 Borrowers under the 2014 Loan Agreement, in Agreed Form;

“2014 Second Insurance Assignments” means a second priority assignment of the Insurances with respect to each of the Ships to secure the obligations of the 2014 Borrowers under the 2014 Loan Agreement, in Agreed Form;

“2014 Second Mortgages” means a second preferred Panamanian ship mortgage on each of the Ships to secure the obligations of the 2014 Borrowers under the 2014 Loan Agreement, in Agreed Form;

“2014 Second Priority Security Interests” means the Security Interests created by the 2014 Second Earnings Assignments, the 2014 Second Insurance Assignments, the 2014 Second Mortgages and the 2014 Second Time Charter Assignments;

“2014 Second Time Charter Assignments” means a second priority assignment of the Time Charter with respect to each of the Ships to secure the obligations of the 2014 Borrowers under the 2014 Loan Agreement, in Agreed Form;

“Acceptable Accounting Firm” means Ernst & Young LLP, Grant Thornton, or such other recognized accounting firm as the Agent may, with the consent of the Lenders, approve from time to time in writing, such approval not to be unreasonably withheld;

“Account Bank” means HSBC Bank Bermuda Limited, 6 Front Street, Hamilton HM11, Bermuda;

“Advance” means the principal amount of each borrowing by the Borrowers under this Agreement;

“Affiliate” means, as to any person, any other person that, directly or indirectly, controls, is controlled by or is under common control with such person or is a director or officer of such person, and for purposes of this definition, the term “ **control** ” (including the terms “ **controlling** ”, “ **controlled by** ” and “ **under common control with** ”) of a person means the possession, direct or indirect, of the power to vote 20% or more of the Voting Stock of such person or to direct or cause direction of the management and policies of such person, whether through the ownership of Voting Stock, by contract or otherwise;

“Agreed Form” means in relation to any document, that document in the form approved by the Agent with the consent of the Lenders (such consent not to be unreasonably withheld), or as otherwise approved in accordance with any other approval procedure specified in any relevant provision of any Finance Document;

“Approved Broker” means any of the companies listed on Schedule 7 or such other company proposed by the Borrowers which the Agent may, with the consent of the Lenders (such consent not to be unreasonably withheld), approve from time to time for the purpose of valuing a Ship, who shall act as an expert and not as arbitrator and whose valuation shall be conclusive and binding on all parties to this Agreement;

“Approved Flag” means the Marshall Islands or Panamanian flag or such other flag as the Agent may, with the consent of the Lenders, approve from time to time in writing as the flag on which a Ship shall be registered;

“**Approved Management Agreement**” means, in relation to a Ship in respect of its commercial and/or technical management, a management agreement between the relevant Borrower and an Approved Manager in Agreed Form;

“**Approved Manager**” means Seamar Management SA, Unicom Management Services (Cyprus) Ltd. or any other company proposed by the Borrowers which the Agent may, with the consent of the Lenders (such consent not to be unreasonably withheld), approve from time to time as the technical and/or commercial manager of a Ship;

“**Approved Manager’s Undertaking**” means, in relation to a Ship, the letter executed and delivered by an Approved Manager, in the form set out in Appendix A;

“**ASO 2020**” means ASO 2020 Maritime Nordic Bulk Holding Ltd., a Marshall Islands company;

“**Availability Period**” means the period commencing on the Effective Date and ending on the earlier of:

- (a) the Delivery Date for the relevant Ship;
- (b) February 20, 2015 (or such later date as the Agent may, with the consent of the Lenders, agree with the Borrowers); or
- (c) the date on which the Total Commitments are fully borrowed, cancelled or terminated;

“**Bank Secrecy Act**” means the United States Bank Secrecy Act of 1970, as amended;

“**Basel III**” means any of the changes designed to strengthen any capital standards or introduce minimum liquidity or other requirements referenced in the publication of the Groups of Governors and Heads of Supervision of the Basel Committee on Banking Supervision (the “**Basel Committee**”) dated 16 December, 2010, or any subsequent paper or document published by the Basel Committee on any of those requirements;

“**Builder**” means Oshima Shipbuilding Co., Ltd., a corporation organized under the laws of Japan;

“**Bulk Fleet**” means Bulk Fleet Bermuda Holding Company Limited, a Bermuda company;

“**Bulk Odyssey**” means Bulk Nordic Odyssey Ltd., a company organized and existing under the laws of Bermuda whose registered office is at 3rd Floor, Par la Ville Place, 14 Par la Ville Road, Hamilton HM08, Bermuda;

“**Bulk Orion**” means Bulk Nordic Orion Ltd., a company organized and existing under the laws of Bermuda whose registered office is at 3rd Floor, Par la Ville Place, 14 Par la Ville Road, Hamilton HM08, Bermuda;

“**Bulk Oshima**” means Bulk Nordic Oshima Ltd., a company organized and existing under the laws of Bermuda whose registered office is at 3rd Floor, Par la Ville Place, 14 Par la Ville Road, Hamilton HM08, Bermuda;

“**Bulk Partners**” means Bulk Partners (Bermuda) Ltd., a Bermuda company that is the wholly-owned, direct subsidiary of Pangaea;

“Business Day” means a day on which banks are open in Curacao, London, England, New York, New York, Frankfurt, Germany, Singapore, Copenhagen, Denmark and Zug, Switzerland;

“Capitalized Lease” means, as applied to any person, any lease of any property (whether real, personal or mixed) of which the discounted present value of the rental obligations of such person, as lessee, in conformity with GAAP, is required to be capitalized on the balance sheet of such person; and **“Capitalized Lease Obligation”** is defined to mean the rental obligations, as aforesaid, under a Capitalized Lease;

“Change of Control” means:

- (a) in respect of each of the Borrowers, the occurrence of any act, event or circumstance that without prior written consent of the Lenders results in Nordic Bulk Holding owning directly less than 100% of the issued and outstanding Equity Interests in a Borrower;
- (b) in respect of Nordic Bulk Holding, the occurrence of any act, event or circumstance that without prior written consent of the Lenders results in Bulk Fleet and ST Shipping owning directly, in the aggregate, less than 66% of the issued and outstanding Equity Interests in Nordic Bulk Holding;
- (c) in respect of Bulk Fleet, the occurrence of any act, event or circumstance that without prior written consent of the Lenders results in Bulk Partners owning directly or indirectly less than 100% of the issued and outstanding Equity Interests in Bulk Fleet;
- (d) in respect of Bulk Partners, the occurrence of any act, event or circumstance that without prior written consent of the Lenders results in Pangaea owning directly or indirectly less than 100% of the issued and outstanding Equity Interests in Bulk Partners;
- (e) in respect of Pangaea, the occurrence of any act, event or circumstance that without prior written consent of the Lenders results in
 - (i) the Pangaea Shareholders owning less than 25% of the issued and outstanding Equity Interests in Pangaea; or (ii) Edward Coll (or another person approved by the Agent in writing, such approval not to be unreasonably withheld or delayed) no longer being the Chief Executive Officer or other executive officer of Pangaea;
- (f) in respect of ST Shipping, the occurrence of any act, event or circumstance that without prior written consent of the Lenders results in Glencore AG owning directly or indirectly less than 100% of the issued and outstanding Equity Interests in ST Shipping; and
- (g) in respect of Glencore AG, the occurrence of any act, event or circumstance that without prior written consent of the Lenders results in Glencore PLC owning directly or indirectly less than 100% of the issued and outstanding Equity Interests in Glencore AG;

“Charter” means, in relation to a Ship, any demise, time or consecutive voyage charter in respect of that Ship for a term which exceeds, or which by virtue of any optional extensions may exceed, 12 months, in each case in Agreed Form, and for the avoidance of doubt, the term “Charter” includes but is not limited to the Time Charters;

“Classification Society” means, in relation to a Ship, Det Norske Veritas or such other first-class vessel classification society that is a member of IACS that the Agent may, with the consent of the Lenders (such consent not to be unreasonably withheld), approve from time to time;

“Code” means the United States Internal Revenue Code of 1986, as amended, and the regulations promulgated and rulings issued thereunder;

“Collateral” means all property (including, without limitation, any proceeds thereof) referred to in the Finance Documents that is or is intended to be subject to any Security Interest in favor of the Security Trustee, for the benefit of the Lenders, securing the Secured Liabilities;

“Collateral Maintenance Ratio” has the meaning given in Clause 15.2;

“Commitment” means, in relation to a Lender, the amount set opposite its name in Schedule 1, or, as the case may require, the amount specified in the relevant Transfer Certificate, as that amount may be reduced, cancelled or terminated in accordance with this Agreement (and **“Total Commitments”** means the aggregate of the Commitments of all the Lenders);

“Compliance Certificate” means a certificate executed by an authorized person of the Borrowers in the form set out in Appendix B;

“Contractual Currency” has the meaning given in Clause 22.4;

“Contribution” means, in relation to a Lender, the part of the Loan which is owing to that Lender;

“Creditor Party” means the Agent, the Security Trustee or any Lender, whether as at the date of this Agreement or at any later time;

“Currency Agreement” means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement designed to protect a person or any of its subsidiaries against fluctuations in currency values to or under which such person or any of its subsidiaries is a party or a beneficiary on the date of this Agreement or becomes a party or a beneficiary thereafter;

“Delivery Date” means the date of the actual delivery of a Ship to the Borrower that will own such Ship;

“Disbursement Authorization” has the meaning given in Clause 9.2(b);

“Dollars” and **“\$”** means the lawful currency for the time being of the United States of America;

“Drawdown Date” means, in relation to an Advance, the date requested by the Borrowers for such Advance to be made, or (as the context requires) the date on which such Advance is actually made;

“Drawdown Notice” means a notice in the form set out in Schedule 3 (or in any other form which the Agent approves or reasonably requires);

“Earnings” means, in relation to a Ship, all moneys whatsoever which are now, or later become, payable (actually or contingently) to a Borrower or the Security Trustee and which arise out of the use or operation of that Ship, including (but not limited to):

(a) except to the extent that they fall within paragraph (b):

(i) all freight, hire and passage moneys;

(ii) compensation payable to the Borrower owning that Ship or the Security Trustee in the event of requisition of that Ship for hire;

(iii) remuneration for salvage and towage services;

(iv) demurrage and detention moneys;

(v) damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of that Ship; and

(vi) all moneys which are at any time payable under Insurances in respect of loss of hire; and

(b) if and whenever that Ship is employed on terms whereby any moneys falling within paragraphs (a)(i) to (vi) are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to that Ship;

“Earnings Account” means, in relation to a Ship, an account in the name of the Borrower owning that Ship with the Account Bank designated as the Earnings Account for that Ship, or any other account (with the Account Bank or the Agent or with another bank or financial institution acceptable to the Lenders) for the purpose of receiving all charter hire and other amounts paid under the relevant Time Charter;

“Earnings Account Pledge” means a pledge of an Earnings Account, in the form set out in Appendix C;

“Earnings Assignment” means, in relation to a Ship, an assignment of the Earnings and any Requisition Compensation of that Ship, in the form set out in Appendix D;

“Effective Date” means the date on which this Agreement is executed and delivered by the parties hereto;

“Email” has the meaning given in Clause 29.1;

“Environmental Claim” means:

(a) any claim by any governmental, judicial or regulatory authority which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law; or

(b) any claim by any other person which relates to an Environmental Incident or to an alleged Environmental Incident,

and “**claim**” means a claim for damages, compensation, indemnification, contribution, fines, penalties or any other payment of any kind whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset;

“**Environmental Incident**” means:

- (a) any release of Environmentally Sensitive Material from a Ship; or
- (b) any incident in which Environmentally Sensitive Material is released and which involves a collision or allision between a Ship and another vessel or object, or some other incident of navigation or operation, in any case, in connection with which such Ship is actually or potentially liable to be arrested, attached, detained or injuncted and/or such Ship and/or a Borrower and/or any operator or manager of such Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or
- (c) any other incident in which Environmentally Sensitive Material is released otherwise than from a Ship and in connection with which such Ship is actually or potentially liable to be arrested and/or where a Borrower and/or any operator or manager of such Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action;

“**Environmental Law**” means any law relating to pollution or protection of the environment, to the carriage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material;

“**Environmental Permit**” means any permit, approval, identification number, license or other authorization required under any Environmental Law;

“**Environmentally Sensitive Material**” means oil, oil products and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous;

“**Equity Interests**” of any person means:

- (a) any and all shares and other equity interests (including common stock, preferred stock, limited liability company interests and partnership interests) in such person; and
- (b) all rights to purchase, warrants or options or convertible debt (whether or not currently exercisable), participations or other equivalents of or interests in (however designated) such shares or other interests in such person;

“**ERISA**” means the United States Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated and rulings issued thereunder;

“**ERISA Affiliate**” means a trade or business (whether or not incorporated) that, together with Pangaea or any subsidiary thereof, would be deemed to be a single employer under Section 414 of the Code;

“**Estate**” has the meaning assigned such term in Clause 31.1(b)(ii);

“**Event of Default**” means any of the events or circumstances described in Clause 20.1;

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended, and any successor act thereto, and (unless the context otherwise requires) includes the rules and regulations of the Commission promulgated thereunder;

“Executive Order” means an executive order issued by the President of the United States of America;

“Fair Market Value” means, in relation to a Ship, the market value of such Ship at any date that is shown by the average of two (2) valuations each prepared and addressed to the Agent:

- (a) as at a date not more than 14 days prior to the date such valuation is delivered to the Agent;
- (b) by Approved Brokers selected by the Agent (which shall be Maritime Strategies International Ltd., Arrow London, Compass Maritime, Maersk Brokers, ICAP, Howe Robinson or SSY), **provided that**, if requested by the Borrowers, one of which may be selected by the Borrowers;
- (c) with or without physical inspection of that Ship (as the Agent may require);
- (d) on the basis of a sale for prompt delivery for cash on normal arm’s length commercial terms as between a willing seller and a willing buyer, free of any existing charter or other contract of employment (and with no value to be given to any pooling arrangements); and
- (e) after deducting the estimated amount of the usual and reasonable expenses which would be incurred in connection with the sale;

provided that (i) if a range of market values is provided in a particular appraisal, then the market value in such appraisal shall be deemed to be the mid-point within such range and (ii) if a third appraisal is obtained as provided in Clause 11.1(h), the market value of such Ship shall be the average of the three appraisals obtained;

“FATCA” means:

- (a) Sections 1471 through 1474 of the Code;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction;

“FATCA Deduction” means a deduction or withholding from a payment under any Finance Document required by or under FATCA;

“FATCA Exempt Party” means a Creditor Party or a Security Party who is entitled under FATCA to receive payments free from any FATCA Deduction;

“FATCA Non-Exempt Party” means any Relevant Party who is not a FATCA Exempt Party;

“FATCA Non-Exempt Lender” means any Lender who is a FATCA Non-Exempt Party;

“Fee Letter” means the letter dated January 29, 2015 from the Agent to the Borrowers with respect to fees payable pursuant to Clause 21.1;

“Finance Documents” means:

- (a) this Agreement;
- (b) the Fee Letter;
- (c) the Earnings Account Pledges;
- (d) the Earnings Assignments;
- (e) the Guarantees;
- (f) the Insurance Assignments;
- (g) the Mortgages;
- (h) the Notes;
- (i) the Second Earnings Assignments;
- (j) the Second Insurance Assignments;
- (k) the Second Mortgages;
- (l) the Second Time Charter Assignments;
- (m) the Shares Pledges;
- (n) the Time Charter Assignments; and
- (o) any other document (whether creating a Security Interest or not) which is executed at any time by any person as security for, or to establish any form of subordination or priorities arrangement in relation to, any amount payable to the Lenders under this Agreement or any of the other documents referred to in this definition;

“Financial Indebtedness” means, with respect to any person (the **“debtor”**) at any date of determination (without duplication):

- (a) all obligations of the debtor for principal, interest or any other sum payable in respect of any moneys borrowed or raised by the debtor;
- (b) all obligations of the debtor evidenced by bonds, debentures, notes or other similar instruments;

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- (c) all obligations of the debtor in respect of any acceptance credit, guarantee or letter of credit facility or equivalent made available to the debtor (including reimbursement obligations with respect thereto);
 - (d) all obligations (except trade payables) of the debtor to pay the deferred purchase price of property or services, which purchase price is due more than six months after the date of placing such property in service or taking delivery thereto or the completion of such services;
 - (e) all Capitalized Lease Obligations of the debtor as lessee;
 - (f) all Financial Indebtedness of persons other than the debtor secured by a Security Interest on any asset of the debtor, whether or not such Financial Indebtedness is assumed by the debtor, **provided that** the amount of such Financial Indebtedness shall be the lesser of (i) the fair market value of such asset at such date of determination and (ii) the amount of such Financial Indebtedness;
 - (g) all Financial Indebtedness of persons other than the debtor under any guarantee, indemnity or similar obligation entered into by the debtor to the extent such Financial Indebtedness is guaranteed, indemnified, etc. by the debtor; and
 - (h) to the extent not otherwise included in this definition, obligations of the debtor under Currency Agreements and Interest Rate Agreements or any other kind of derivative transaction entered into by the debtor or, if the agreement under which any such transaction is entered into requires netting of mutual liabilities, the liability of the debtor for the net amount.

The amount of Financial Indebtedness of any debtor at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation, as determined in conformity with GAAP, **provided that** (i) the amount outstanding at any time of any Financial Indebtedness issued with an original issue discount is the face amount of such Financial Indebtedness less the remaining unamortized portion of such original issue discount of such Financial Indebtedness at such time as determined in conformity with GAAP, and (ii) Financial Indebtedness shall not include any liability for taxes;

“Fiscal Year” means, in relation to any person, each period of one (1) year commencing on January 1 of each year and ending on December 31 of such year in respect of which its accounts are or ought to be prepared;

“Foreign Pension Plan” means any plan, fund (including without limitation, any superannuation fund) or other similar program established or maintained outside the United States of America by Pangaea or any one or more of its subsidiaries primarily for the benefit of its or their employees residing outside the United States of America, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and which plan is not subject to ERISA or the Code;

“**GAAP**” means generally accepted accounting principles in the United States of America, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board;

“**Glencore AG**” means Glencore International AG, a Swiss corporation;

“**Glencore Guarantors**” means Glencore AG and Glencore PLC;

“**Glencore PLC**” means Glencore plc, a Jersey corporation formerly known as Glencore International plc;

“**Guarantee**” means a guarantee by one or more Guarantors of the obligations of the Borrowers under this Agreement, in the form set out in Appendix E;

“**Guarantors**” means Nordic Bulk Holding, Bulk Fleet, Bulk Partners, Pangaea, Glencore AG and Glencore PLC;

“**IACS**” means the International Association of Classification Societies;

“**Insurances**” means in relation to a Ship:

(a) all policies and contracts of insurance, including entries of such Ship in any protection and indemnity or war risks association, effected in respect of such Ship, the Earnings or otherwise in relation to such Ship; and

(b) all rights and other assets relating to, or derived from, any of the foregoing, including any rights to a return of a premium;

“**Insurance Assignment**” means, in relation to a Ship, a first priority assignment of the Insurances, in the form set out in Appendix F;

“**Interest Period**” means a period determined in accordance with Clause 6;

“**Interest Rate Agreement**” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement designed to protect a person or any of its subsidiaries against fluctuations in interest rates to or under which such person or any of its subsidiaries is a party or a beneficiary on the date hereof or becomes a party or a beneficiary hereafter;

“**IRS**” means the United States Internal Revenue Service;

“**ISM Code**” means the International Safety Management Code (including the guidelines on its implementation), adopted by the International Maritime Organization, as the same may be amended or supplemented from time to time (and the terms “**safety management system**”, “**Safety Management Certificate**” and “**Document of Compliance**” have the same meanings as are given to them in the ISM Code);

“**ISM Code Documentation**” includes, in respect of a Ship:

(a) the Document of Compliance and Safety Management Certificate issued pursuant to the ISM Code in relation to such Ship within the periods specified by the ISM Code;

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- (b) all other documents and data which are relevant to the safety management system and its implementation and verification which the Agent may reasonably require; and
- (c) any other documents which are prepared or which are otherwise relevant to establish and maintain such Ship's compliance or the compliance of a Borrower or the Approved Manager with the ISM Code which the Agent may reasonably require;

"ISPS Code" means the International Ship and Port Facility Security Code as adopted by the International Maritime Organization, as the same may be amended or supplemented from time to time;

"ISPS Code Documentation" includes:

- (a) the ISSC; and
- (b) all other documents and data which are relevant to the ISPS Code and its implementation and verification which the Agent may require;

"ISSC" means a valid and current International Ship Security Certificate issued under the ISPS Code;

"Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Lending Office" under its name on Schedule 1 or in the relevant Transfer Certificate pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrowers and the Agent in accordance with Clause 27.14;

"LIBOR" means, in relation to any period for which an interest rate is to be determined under any provision of a Finance Document:

- (a) the applicable Screen Rate; or
- (b) if no Screen Rate is available for that period, the rate per annum determined by the Agent to be the arithmetic mean (rounded upwards to four (4) decimal places) of the rates, as supplied to the Agent at its request, quoted by each Reference Bank to leading banks in the London Interbank Market;

as of 11:00 a.m. (London time) on the Quotation Date for that period for the offering of deposits in the relevant currency and for a period comparable to that period, and if LIBOR falls below zero, such rate is deemed to be zero;

"Loan" means the principal amount from time to time outstanding under this Agreement;

"Major Casualty" means, in relation to a Ship, any casualty to such Ship in respect of which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds \$1,500,000 or the equivalent in any other currency;

"Margin" means 2.00% per annum;

"Margin Stock" has the meaning specified in Regulation U of the Board of Governors of the United States Federal Reserve System and any successor regulations thereto, as in effect from time to time;

“Maturity Date” means the earlier of the date which is the seventh anniversary of the last Drawdown Date and the date on which the Loan is accelerated pursuant to Clause 20.4;

“Mortgage” means, in relation to each of the Ships, the first preferred ship mortgage in the form set out in Appendix G;

“Multiemployer Plan” means, at any time, a “multiemployer plan” as defined in Section 4001(a)(3) of ERISA to which Pangaea or any subsidiary of it or any ERISA Affiliate has any liability or obligation to contribute or has within any of the six preceding plan years had any liability or obligation to contribute;

“Negotiation Period” has the meaning given in Clause 5.10;

“Nordic Bulk” means Nordic Bulk Carriers A/S, a corporation incorporated and existing under the laws of Denmark;

“Nordic Bulk Holding” means Nordic Bulk Holding Company Ltd., a Bermuda company;

“NORDIC ODIN” means the Ice Class 1A Panamax bulk motor vessel under construction at the Builder with IMO Number 9687239 to be named “NORDIC ODIN”, to be registered in the name of Bulk Odin under Panamanian flag;

“NORDIC ODYSSEY” means the 2010-built motor vessel of 40,142 gross registered tons and 25,265 net registered tons named “NORDIC ODYSSEY”, IMO Number 9529451, and registered in the name of Bulk Odyssey under Panamanian flag;

“NORDIC OLYMPIC” means the Ice Class 1A Panamax bulk motor vessel under construction at the Builder with IMO Number 9727118 to be named “NORDIC OLYMPIC”, to be registered in the name of Bulk Olympic under Panamanian flag;

“NORDIC ORION” means the 2011-built motor vessel of 40,142 gross registered tons and 25,265 net registered tons named “NORDIC ORION”, IMO Number 9529463, and registered in the name of Bulk Orion under Panamanian flag;

“NORDIC OSHIMA” means the 2014-built Ice Class 1A Panamax bulk motor vessel of 41,071 gross registered tons and 25,617 net registered tons named “NORDIC OSHIMA”, IMO Number 9687227, and registered in the name of Bulk Oshima under Panamanian flag;

“Non-indemnified Tax” means:

(a) any tax on the net income of a Creditor Party (but not a tax on gross income or individual items of income), whether collected by deduction or withholding or otherwise, which is levied by a taxing jurisdiction which:

- (i) is located in the country under whose laws such entity is formed (or in the case of a natural person is a country of which such person is a citizen); or
- (ii) with respect to any Lender, is located in the country of its Lending Office; or
- (iii) with respect to any Creditor Party other than a Lender, is located in the country from which such party has originated its participation in this transaction; or

(b) any FATCA Deduction made on account of a payment to a FATCA Non-Exempt Party;

“**Note**” means a promissory note of the Borrowers payable to a Lender, evidencing the aggregate indebtedness of the Borrowers to such Lender in respect of the Advances made by such Lender to the Borrowers, in the form set out in Appendix H;

“**Notifying Lender**” has the meaning given in Clause 24.1 or Clause 25.1 as the context requires;

“**Pangaea**” means Pangaea Logistics Solutions Ltd., a Bermuda company;

“**Pangaea Shareholders**” means Edward Coll, Anthony Laura, Lagoa Investments Ltd., a Bermuda company, Pangaea One, L.P., a Delaware limited partnership, Pangaea One Parallel Fund (B), L.P., a Delaware limited partnership, Pangaea One (Cayman), L.P., a Cayman Islands limited partnership, Pangaea One Parallel Fund, L.P., a Cayman Islands limited partnership, collectively holding approximately 89% of the Equity Interests in Pangaea as at the date hereof;

“**pari passu**”, when used with respect to the ranking of any Financial Indebtedness of any person in relation to other Financial Indebtedness of such person, means that each such Financial Indebtedness:

(a) either (i) is not subordinated in right of payment to any other Financial Indebtedness of such person or (ii) is subordinate in right of payment to the same Financial Indebtedness of such person as is the other and is so subordinate to the same extent; and

(b) is not subordinate in right of payment to the other or to any Financial Indebtedness of such person as to which the other is not so subordinate;

“**PATRIOT Act**” means the United States Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Improvement and Reauthorization Act of 2005 (H.R. 3199);

“**Payment Currency**” has the meaning given in Clause 22.4;

“**Permitted Security Interests**” means:

(a) Security Interests created or permitted by the Finance Documents and the 2014 Second Priority Security Interests;

(b) Security Interests for unpaid but not past due master’s and crew’s wages in accordance with usual maritime practice;

(c) Security Interests for salvage;

(d) Security Interests arising by operation of law for not more than two (2) months’ prepaid hire under any charter or other contract of employment in relation to a Ship not otherwise prohibited by this Agreement or any other Finance Document;

(e) Security Interests for master's disbursements incurred in the ordinary course of trading and any other Security Interests arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of a Ship, **provided** such Security Interests do not secure amounts more than 30 days overdue (unless the overdue amount is being contested by the Borrower that owns such Ship in good faith by appropriate steps) and subject, in the case of Security Interests for repair or maintenance, to Clause 14.13(h);

(f) any Security Interest created in favor of a plaintiff or defendant in any proceedings or arbitration as security for costs and expenses where a Borrower is actively prosecuting or defending such proceedings or arbitration in good faith and such Security Interest does not (and is not likely to) result in any sale, forfeiture or loss of the Ship owned by that Borrower; and

(g) Security Interests arising by operation of law in respect of taxes which are not overdue for payment or in respect of taxes being contested in good faith by appropriate steps and in respect of which appropriate reserves have been made;

provided that the Security Interests described in paragraphs (b) through (g) above shall not exceed \$1,000,000 in the aggregate at any time;

"Pertinent Document" means:

(a) any Finance Document;

(b) any policy or contract of insurance contemplated by or referred to in Clause 13 or any other provision of this Agreement or another Finance Document;

(c) any other document contemplated by or referred to in any Finance Document; and

(d) any document which has been or is at any time sent by or to a Servicing Bank in contemplation of or in connection with any Finance Document or any policy, contract or document falling within paragraphs (b) or (c);

"Pertinent Jurisdiction", in relation to a company, means:

(a) the jurisdiction under the laws of which the company is incorporated or formed;

(b) a jurisdiction in which the company has the center of its main interests or in which the company's central management and control is or has recently been exercised;

(c) a jurisdiction in which the overall net income of the company is subject to corporation tax, income tax or any similar tax;

(d) a jurisdiction in which assets of the company (other than securities issued by, or loans to, related companies) having a substantial value are situated, in which the company maintains a branch or permanent place of business, or in which a Security Interest created by the company must or should be registered in order to ensure its validity or priority; or

(e) a jurisdiction the courts of which have jurisdiction to make a winding up, administration or similar order in relation to the company whether as a main or territorial or ancillary proceedings or which would have such jurisdiction if their assistance were requested by the courts of a country referred to in paragraphs (a) or (b) above;

“Pertinent Matter” means:

- (a) any transaction or matter contemplated by, arising out of, or in connection with a Pertinent Document; or
- (b) any statement relating to a Pertinent Document or to a transaction or matter falling within paragraph (a),

and covers any such transaction, matter or statement, whether entered into, arising or made at any time before the signing of this Agreement or on or at any time after that signing;

“Plan” means any employee benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect to which Pangaea or any subsidiary thereof or ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA;

“Potential Event of Default” means an event or circumstance which, with the giving of any notice, the lapse of time, a determination under this Agreement and/or the satisfaction of any other condition, would constitute an Event of Default;

“Prohibited Person” means any person (whether designated by name or by reason of being included in a class of persons) against whom Sanctions are directed;

“Quotation Date” means, in relation to any period for which an interest rate is to be determined under any provision of a Finance Document, the day which is two (2) Business Days before the first day of that period, unless market practice differs in the London Interbank Market for a currency, in which case the Quotation Date will be determined by the Agent in accordance with market practice in the London Interbank Market (and if quotations would normally be given by leading banks in the London Interbank Market on more than one day, the Quotation Date will be the last of those days);

“Reference Banks” means, subject to Clause 27.16, the London branches of three banks, each of which shall be a member of the British Bankers’ Association, one of which shall be selected by the Agent and two of which shall be selected by the Borrowers;

“Relevant Party” means, for purposes of Clause 23, each Creditor Party and each Security Party;

“Repayment Date” means a date on which a repayment is required to be made under Clause 8;

“Requisition Compensation” includes all compensation or other moneys payable by reason of any act or event such as is referred to in paragraph (b) of the definition of “**Total Loss**”;

“Sanctions” means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, importing, insuring, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law, regulation or Executive Order, of the United States of America or the European Union, as applied to the nationals of the United States of America or the European Union, as the case may be, or of other relevant sanctions authorities, **provided that** such laws, regulations and Executive Orders shall be applicable only to the extent such laws and regulations are not inconsistent with the laws and regulations of the United States of America;

“Screen Rate” means, in relation to any period for which an interest rate is to be determined under any provision of a Finance Document, the ICE Benchmark Administration Limited Interest Settlement Rate for the relevant currency and period displayed on the appropriate page of the Reuters screen. If the agreed page is replaced or service ceases to be available, the Agent may specify another page or service displaying the appropriate rate after consultation with the Borrowers and the Lenders;

“Second Earnings Assignment” means a second priority assignment of the Earnings and any Requisition Compensation with respect to each of the 2014 Ships, in the form set out in Appendix I;

“Second Insurance Assignment” means a second priority assignment of the Insurances with respect to each of the 2014 Ships, in the form set out in Appendix J;

“Second Mortgage” means a second preferred Panamanian ship mortgage on each of the 2014 Ships, in the form set out in Appendix K;

“Second Time Charter Assignment” means a second priority assignment of the time charter with respect to each of the 2014 Ships, in the form set out in Appendix L;

“Secured Liabilities” means all liabilities that any of the Security Parties has, at the date of this Agreement or at any later time or times, under or in connection with any Finance Document or any judgment relating to any Finance Documents; and for this purpose, there shall be disregarded any total or partial discharge of these liabilities, or variation of their terms, which is effected by, or in connection with, any bankruptcy, liquidation, arrangement or other procedure under the insolvency laws of any country;

“Security Interest” means:

- (a) a mortgage, encumbrance, charge (whether fixed or floating) or pledge, any maritime or other lien or privilege or any other security interest of any kind;
- (b) the security rights of a plaintiff under an action *in rem*; and
- (c) any arrangement entered into by a person (A) the effect of which is to place another person (B) in a position which is similar, in economic terms, to the position in which B would have been had he held a security interest over an asset of A; but this paragraph (c) does not apply to a right of set off or combination of accounts conferred by the standard terms of business of a bank or financial institution;

“Security Party” means each of the Borrowers, each of the Guarantors and any other person (except a Creditor Party) who, as a surety, guarantor, mortgagor, assignor or pledgor, as a party to any subordination or priorities arrangement, or in any similar capacity, executes a Finance Document;

“Security Period” means the period commencing on the date of this Agreement and ending on the date on which the Agent notifies the Borrowers, the other Security Parties and the other Creditor Parties that:

- (a) all amounts which have become due for payment by the Borrowers or any other Security Party under the Finance Documents have been paid;
- (b) no amount is owing or has accrued (without yet having become due for payment) under any Finance Document;
- (c) neither the Borrowers nor any other Security Party has any future or contingent liability under Clause 21, 22 or 23 or any other provision of this Agreement or another Finance Document; and
- (d) the Agent, the Security Trustee and the Lenders do not reasonably consider that there is a significant risk that any payment or transaction under a Finance Document would be set aside, or would have to be reversed or adjusted, in any present or possible future bankruptcy of a Borrower or another Security Party or in any present or possible future proceeding relating to a Finance Document or any asset covered (or previously covered) by a Security Interest created by a Finance Document;

“Seller” means Sumitomo Corporation, a corporation organized under the laws of Japan;

“Seller’s Bank” has the meaning given in Clause 9.2(b);

“Servicing Bank” means the Agent or the Security Trustee;

“Shares Pledge” means a pledge of the Equity Interests of each of the Borrowers in the form set out in Appendix M hereto;

“Ships” means each of NORDIC ODIN and NORDIC OLYMPIC;

“ST Shipping” means ST Shipping & Transport Pte. Ltd. (Company Registration No. 200606717H), a company incorporated under the laws of Singapore;

“Time Charter” means, in relation to each of the Ships, a time charter party in respect of that Ship in Agreed Form between the Borrower that owns that Ship as owner and the Time Charterer as charterer (the terms of which shall include, among other things, a charter period of not less than 7 years, a daily hire rate of not less than \$12,000 (net), and that any profit from any employment of the vessel at a rate in excess of \$12,000 (net) shall be allocated 75% to the owner and 25% to the Time Charterer);

“Time Charter Assignment” means, in relation to a Ship, an assignment of the Time Charter for such Ship, in the form set out in Appendix N;

“Time Charterer” means, in relation to the Ships, Nordic Bulk;

“Total Loss” means in relation to a Ship:

- (a) actual, constructive, compromised, agreed or arranged total loss of that Ship;

(b) any expropriation, confiscation, requisition or acquisition of that Ship, whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority (excluding a requisition for hire for a fixed period not exceeding one (1) year without any right to an extension), unless it is within one (1) month redelivered to the full control of the Borrower owning that Ship; or

(c) any arrest, capture, seizure or detention of that Ship (including any hijacking or theft) unless it is within one (1) month redelivered to the full control of the Borrower owning that Ship;

“Total Loss Date” means in relation to a Ship:

(a) in the case of an actual loss of that Ship, the date on which it occurred or, if that is unknown, the date when that Ship was last heard of;

(b) in the case of a constructive, compromised, agreed or arranged total loss of that Ship, the earliest of:

(i) the date on which a notice of abandonment is given to the insurers; and

(ii) the date of any compromise, arrangement or agreement made by or on behalf of the Borrower owning that Ship with that Ship’s insurers in which the insurers agree to treat that Ship as a total loss; and

(c) in the case of any other type of total loss, on the date (or the most likely date) on which it appears to the Agent that the event constituting the total loss occurred;

“Transfer Certificate” has the meaning given in Clause 27.2;

“Transferee Lender” has the meaning given in Clause 27.2;

“Transferor Lender” has the meaning given in Clause 27.2;

“UCC” means the Uniform Commercial Code of the State of New York; and

“Voting Stock” of any person as of any date means the Equity Interests of such person that are at the time entitled to vote in the election of the board of directors or similar governing body of such person.

1.2 Construction of certain terms. In this Agreement:

“approved” means, for the purposes of Clause 13, approved in writing by the Agent with the consent of the Lenders;

“asset” includes every kind of property, asset, interest or right, including any present, future or contingent right to any revenues or other payment;

“company” includes any corporation, limited liability company, partnership, joint venture, unincorporated association, joint stock company and trust;

“**consent**” includes an authorization, consent, approval, resolution, license, exemption, filing, registration, notarization and legalization;

“**contingent liability**” means a liability which is not certain to arise and/or the amount of which remains unascertained;

“**document**” includes a deed; also a letter, Email or fax;

“**excess risks**” means, in relation to a Ship, the proportion (if any) of claims for general average, salvage and salvage charges not recoverable under the hull and machinery insurances in respect of that Ship in consequence of the value at which the Ship is assessed for the purpose of such claims exceeding its insured value;

“**excess war risk P&I cover**” means, in relation to a Ship, cover for claims only in excess of amounts recoverable under the usual war risk cover including (but not limited to) hull and machinery, crew and protection and indemnity risks;

“**expense**” means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable value added or other tax;

“**law**” includes any order or decree, any form of delegated legislation, any treaty or international convention and any statute, regulation or resolution of the United States of America, any state thereof, the Council of the European Union, the European Commission, the United Nations or its Security Council or any other Pertinent Jurisdiction;

“**legal or administrative action**” means any legal proceeding or arbitration and any administrative or regulatory action or investigation;

“**liability**” includes every kind of debt or liability (present or future, certain or contingent), whether incurred as principal or surety or otherwise;

“**months**” shall be construed in accordance with Clause 1.3;

“**obligatory insurances**” means, in relation to a Ship, all insurances effected, or which the Borrower owning that Ship is obliged to effect, under Clause 13 or any other provision of this Agreement or another Finance Document;

“**parent company**” has the meaning given in Clause 1.4;

“**person**” includes natural persons; any company; any state, political sub-division of a state and local or municipal authority; and any international organization;

“**policy**”, in relation to any insurance, includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms;

“**protection and indemnity risks**” means the usual risks covered by a protection and indemnity association that is a member of the International Group of P&I Clubs, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Time Clauses (Hulls)(1/11/02 or 1/11/03) or clause 8 of the Institute Time Clauses (Hulls) (1/10/83) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;

“**regulation**” includes any regulation, rule, official directive, request or guideline (either having the force of law or compliance with which is reasonable in the ordinary course of business of the party concerned) of any governmental body, intergovernmental or supranational, agency, department or regulatory, self-regulatory or other authority or organization;

“**subsidiary**” has the meaning given in Clause 1.4;

“**successor**” includes any person who is entitled (by assignment, novation, merger or otherwise) to any other person’s rights under this Agreement or any other Finance Document (or any interest in those rights) or who, as administrator, liquidator or otherwise, is entitled to exercise those rights; and in particular references to a successor include a person to whom those rights (or any interest in those rights) are transferred or pass as a result of a merger, division, reconstruction or other reorganization of it or any other person;

“**tax**” includes any present or future tax, duty, impost, levy or charge of any kind which is imposed by any country, any state, any political sub-division of a state or any local or municipal authority or any other governmental authority authorized to levy such tax (including any such imposed in connection with exchange controls), and any related penalties, interest or fines; and

“**war risks**” includes the risk of mines and all risks excluded by clause 29 of the Institute Hull Clauses (1/11/02 or 1/11/03) or clause 24 of the Institute Time clauses (Hulls) (1/11/1995) or clause 23 of the Institute Time Clauses (Hulls) (1/10/83).

1.3 Meaning of “month”. A period of one or more “**months**” ends on the day in the relevant calendar month numerically corresponding to the day of the calendar month on which the period started (“**the numerically corresponding day**”), but:

(a) on the Business Day following the numerically corresponding day if the numerically corresponding day is not a Business Day or, if there is no later Business Day in the same calendar month, on the Business Day preceding the numerically corresponding day; or

(b) on the last Business Day in the relevant calendar month, if the period started on the last Business Day in a calendar month or if the last calendar month of the period has no numerically corresponding day,

and “**month**” and “**monthly**” shall be construed accordingly.

1.4 Meaning of “subsidiary”. A company (S) is a subsidiary of another company (P) if:

(a) a majority of the issued Equity Interests in S (or a majority of the issued Equity Interests in S which carry unlimited rights to capital and income distributions) are directly owned by P or are indirectly attributable to P; or

(b) P has direct or indirect control over a majority of the voting rights attaching to the issued Equity Interests of S; or

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- (c) P has the direct or indirect power to appoint or remove a majority of the directors (or equivalent) of S; or
- (d) P otherwise has the direct or indirect power to ensure that the affairs of S are conducted in accordance with the wishes of P;
- and any company of which S is a subsidiary is a parent company of S.

1.5 General interpretation. In this Agreement:

- (a) references to, or to a provision of, a Finance Document or any other document are references to it as amended, restated or supplemented, whether before the date of this Agreement or otherwise;
- (b) references in Clause 1.1 to a document being in the form of a particular Appendix include references to that form with any modifications to that form which the Agent approves or reasonably requires with the consent of the Lenders and which are acceptable to the Borrowers;
- (c) references to, or to a provision of, any law or regulation include any amendment, extension, re-enactment or replacement, whether made before the date of this Agreement or otherwise;
- (d) words denoting the singular number shall include the plural and vice versa; and
- (e) Clauses 1.1 to 1.5 apply unless the contrary intention appears.

1.6 Headings. In interpreting a Finance Document or any provision of a Finance Document, all clause, sub-clause and other headings in that and any other Finance Document shall be entirely disregarded.

1.7 Accounting terms. Unless otherwise specified herein, all accounting terms used in this Agreement and in the other Finance Documents shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to any Creditor Party under this Agreement shall be prepared, in accordance with GAAP as from time to time in effect.

1.8 Inferences regarding materiality. To the extent that any representation, warranty, covenant or other undertaking of a Security Party in this Agreement or any other Finance Document is qualified by reference to those matters which are not reasonably expected to result in a “material adverse effect” or language of similar import, no inference shall be drawn therefrom that any Creditor Party has knowledge or approves of any noncompliance by such Security Party with any law or regulation.

2 FACILITY

2.1 Amount of facility. Subject to the other provisions of this Agreement, the Lenders severally agree to make available to the Borrowers a secured term loan facility in the principal amount of up to the lesser of \$45,000,000 and 67.5% of the aggregate Fair Market Value of the Ships.

2.2 Lenders' participations in the Advances. Subject to the other provisions of this Agreement, each Lender shall participate in each Advance in the proportion which, as at the relevant Drawdown Date, its Commitment bears to the Total Commitments.

2.3 Purpose of the Advances. The Borrowers undertake with each Creditor Party to use each Advance only for financing or refinancing the Ship to which such Advance relates.

2.4 Cancellation of Total Commitments. Any portion of the Total Commitments not disbursed to the Borrowers shall be cancelled and terminated automatically on the earlier of the relevant Drawdown Date and the expiration of the applicable Availability Period for such Commitment.

3 POSITION OF THE LENDERS

3.1 Interests several. The rights of the Lenders under this Agreement are several.

3.2 Individual right of action. Each Lender shall be entitled to sue for any amount which has become due and payable by a Security Party to it under this Agreement without joining the Agent, the Security Trustee or any other Lender as additional parties in the proceedings.

3.3 Proceedings requiring Lender consent. Except as provided in Clause 3.2, no Lender may commence proceedings against any Security Party in connection with a Finance Document without the prior consent of the Lenders.

3.4 Obligations several. The obligations of the Lenders under this Agreement are several; and a failure of a Lender to perform its obligations under this Agreement shall not result in:

- (a) the obligations of the other Lenders being increased; nor
- (b) any Security Party or any other Lender being discharged (in whole or in part) from its obligations under any Finance Document,

and in no circumstances shall a Lender have any responsibility for a failure of another Lender to perform its obligations under this Agreement.

3.5 Replacement of a Lender.

(a) If at any time:

- (i) any Lender becomes a Non-Consenting Lender (as defined in paragraph (c) below); or
- (ii) a Borrower or any other Security Party becomes obliged in the absence of an Event of Default to repay any amount in accordance with Clause 24 or to pay additional amounts pursuant to Clause 23 or Clause 25 to any Lender in excess of amounts payable to other Lenders generally,

then the Borrowers may, on 30 Business Days' prior written notice to the Agent and such Lender, replace such Lender by requiring such Lender to (and such Lender shall) transfer pursuant to Clause 27 all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity (a "**Replacement Lender**") selected by the Borrowers, which is acceptable to the Agent with the consent of the Lenders (other than the Lender the Borrowers desire to replace), which confirms its willingness to assume and by its execution of a Transfer Certificate does assume all the obligations of the transferring Lender (including the assumption of the transferring Lender's participations on the same basis as the transferring Lender) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Lender's participation in the outstanding Advances and all accrued interest and/or breakages costs and other amounts payable in relation thereto under the Finance Documents.

(b) The replacement of a Lender pursuant to this Clause 3.5 shall be subject to the following conditions:

- (i) the Borrowers shall have no right to replace the Agent or the Security Trustee;
- (ii) neither the Agent nor any Lender shall have any obligation to the Borrowers to find a Replacement Lender;
- (iii) in the event of a replacement of a Non-Consenting Lender such replacement must take place no later than 30 days after the date the Borrowers notify the Non-Consenting Lender and the Agent of its intent to replace the Non-Consenting Lender pursuant to Clause 3.5(a); and
- (iv) in no event shall the Lender replaced under this paragraph (b) be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Finance Documents.

(c) For purposes of this Clause 3.5, in the event that:

- (i) a Borrower or the Agent has requested the Lenders to give a consent in relation to or to agree to a waiver or amendment of any provisions of the Finance Documents;
- (ii) the consent, waiver or amendment in question requires the approval of all Lenders; and
- (iii) Lenders whose Commitments aggregate more than 66.67% percent of the Total Commitments have consented to or agreed to such waiver or amendment,

then any Lender who does not and continues not to consent or agree to such waiver or amendment shall be deemed a "**Non-Consenting Lender**".

4 DRAWDOWN

4.1 Request for an Advance. Subject to the following conditions, the Borrowers may request an Advance to be made by delivering to the Agent a completed Drawdown Notice not later than 10:00 a.m. (New York City time) two (2) Business Days prior to the intended Drawdown Date.

4.2 Availability. The conditions referred to in Clause 4.1 are that:

- (a) the Drawdown Date must be a Business Day during the Availability Period;
- (b) there shall be no more than one Advance for each Ship;

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- (c) each Advance in respect of a Ship shall not exceed the lesser of \$22,500,000 and 67.5% of the Fair Market Value of such Ship as of a date not earlier than two weeks prior to, and not later than one week prior to, the intended Drawdown Date of such Advance;
 - (d) the aggregate of the Advance(s) made on any Drawdown Date shall not exceed the Total Commitments available on such Drawdown Date; and
 - (e) the applicable conditions precedent stated in Clause 9 hereof shall have been satisfied or waived as provided therein.

4.3 Notification to Lenders of receipt of a Drawdown Notice. The Agent shall promptly notify the Lenders that it has received a Drawdown Notice and shall inform each Lender of:

- (a) the amount of the Advance requested and the Drawdown Date;
- (b) the amount of that Lender's participation in such Advance; and
- (c) the duration of the first Interest Period.

4.4 Drawdown Notice irrevocable. A Drawdown Notice must be signed by a director, an officer or a duly authorized attorney-in-fact of the Borrowers and once served, a Drawdown Notice cannot be revoked without the prior consent of the Agent.

4.5 Lenders to make available Contributions. Subject to the provisions of this Agreement, each Lender shall, before 10:00 a.m. (New York City time) on and with value on the Drawdown Date, make available to the Agent for the account of the Borrowers the amount due from that Lender under Clause 2.2.

4.6 Disbursement of an Advance. Subject to the provisions of this Agreement, the Agent shall on the Drawdown Date pay to the Borrowers the amounts which the Agent receives from the Lenders under Clause 4.5 and that payment to the Borrowers shall be made:

- (a) to the account which the Borrowers specify in the Drawdown Notice; and
- (b) in the like funds as the Agent received the payments from the Lenders.

4.7 Disbursement of an Advance to third party. The payment by the Agent under Clause 4.6 to the account of a third party designated by the Borrowers in a Drawdown Notice shall constitute the making of an Advance and the Borrowers shall at that time become indebted, as principal and direct obligor, to each Lender in an amount equal to that Lender's Contribution.

4.8 Promissory note.

- (a) The obligation of the Borrowers to pay the principal of, and interest on, the Loan shall be evidenced by the Notes.
- (b) An Advance made by a Lender to the Borrowers shall be evidenced by a notation of the same made by such Lender on the grid attached to the Note payable to such Lender, which notation, absent manifest error, shall be *prima facie* evidence of the amount of such Advance made by such Lender to the Borrowers.

(c) [intentionally omitted]

(d) The failure of any Lender to make any such notation shall not affect the obligation of the Borrowers in respect of an Advance or the Loan nor affect the validity of any transfer by such Lender of its Note.

(e) On receipt of satisfactory evidence that a Note has been lost, mutilated or destroyed and on surrender of the remnants thereof, if any, the Borrowers will promptly replace such Note, without charge to the Creditor Parties, with a similar Note. If such replacement Note replaces a lost Note it shall bear an endorsement to that effect. Any lost Note subsequently found shall be surrendered to the Borrowers and cancelled. The relevant Lender shall indemnify the Borrowers for any losses, claims or damages resulting from the loss of such Note.

5 INTEREST

5.1 Normal rate of interest. Subject to the provisions of this Agreement, the rate of interest on each Advance in respect of an Interest Period shall be the aggregate of the applicable Margin and LIBOR for that Interest Period for such Advance.

5.2 Payment of normal interest. Subject to the provisions of this Agreement, interest on each Advance in respect of each Interest Period shall be paid by the Borrowers on the last day of that Interest Period.

5.3 Payment of accrued interest. In the case of an Interest Period longer than three (3) months, accrued interest shall be paid every three (3) months during that Interest Period and on the last day of that Interest Period.

5.4 Notification of Interest Periods and rates of normal interest. The Agent shall notify the Borrowers and each Lender of:

(a) each rate of interest; and

(b) the duration of each Interest Period (as determined under Clause 6.2),

as soon as reasonably practicable after each is determined.

5.5 Obligation of Reference Banks to quote. A Reference Bank which is a Lender shall use all reasonable efforts to supply the quotation required of it for the purposes of fixing a rate of interest under this Agreement.

5.6 Absence of quotations by Reference Banks. If any Reference Bank fails to supply a quotation, the Agent shall determine the relevant LIBOR on the basis of the quotations supplied by the other Reference Bank or Banks but if two (2) or more of the Reference Banks fail to provide a quotation, the relevant rate of interest shall be set in accordance with Clauses 5.7 to 5.12 of this Agreement.

5.7Market disruption. Clauses 5.7 to 5.12 of this Agreement apply if:

- (a) no Screen Rate is available for an Interest Period and two (2) or more of the Reference Banks do not, before 1:00 p.m. (London time) on the Quotation Date, provide quotations to the Agent in order to fix LIBOR; or
- (b) at least one (1) Business Day before the start of an Interest Period, Lenders having Contributions together amounting to more than 50% of the Loan (or, if an Advance has not been made, Commitments amounting to more than 50% of the Total Commitments) notify the Agent that LIBOR fixed by the Agent would not accurately reflect the cost to those Lenders of funding their respective Contributions (or any part of them) during the Interest Period in the London Interbank Market at or about 11:00 a.m. (London time) on the Quotation Date for the Interest Period.

5.8Notification of market disruption. The Agent shall promptly notify the Borrowers and each of the Lenders stating the circumstances falling within Clause 5.7 which have caused its notice to be given.

5.9Suspension of drawdown. If the Agent's notice under Clause 5.8 is served before an Advance is made, the Lenders' obligations to make such Advance shall be suspended while the circumstances referred to in the Agent's notice continue.

5.10Negotiation of alternative rate of interest. If the Agent's notice under Clause 5.8 is served after an Advance is made, the Borrowers, the Agent and the Lenders shall use reasonable endeavors to agree, within the 30 days after the date on which the Agent serves its notice under Clause 5.8 (the "**Negotiation Period**"), an alternative interest rate for the Lenders to fund or continue to fund their Contribution during the Interest Period concerned.

5.11Application of agreed alternative rate of interest. Any alternative interest rate which is agreed during the Negotiation Period shall take effect in accordance with the terms agreed by the Borrowers, the Agent and the Lenders.

5.12Alternative rate of interest in absence of agreement. If an alternative interest rate is not agreed within the Negotiation Period, and the relevant circumstances are continuing at the end of the Negotiation Period, then the Agent shall, with the agreement of each Lender, set an interest period and interest rate representing the cost of funding of the Lenders in Dollars or in any available currency of their or its Contribution plus the Margin. The procedure provided for by this Clause 5.12 shall be repeated if the relevant circumstances are continuing at the end of the interest period so set by the Agent.

5.13Notice of prepayment. If the Borrowers do not agree with an interest rate set by the Agent under Clause 5.12, the Borrowers may give the Agent not less than 5 Business Days' notice of its intention to prepay (without premium or penalty and without any applicable prepayment fee under Clause 8.9(c)) at the end of the interest period set by the Agent.

5.14Prepayment; termination of Commitments. A notice under Clause 5.13 shall be irrevocable; the Agent shall promptly notify the Lenders of the Borrowers' notice of intended prepayment and:

- (a) on the date on which the Agent serves that notice, the Total Commitments shall be cancelled; and

(b) on the last Business Day of the interest period set by the Agent, the Borrowers shall prepay (without premium or penalty and without any applicable prepayment fee under Clause 8.9(c)) the Loan, together with accrued interest thereon at the applicable rate plus the Margin.

5.15 Application of prepayment. The provisions of clause 8 shall apply in relation to the prepayment.

6 INTEREST PERIODS

6.1 Commencement of Interest Periods. The first Interest Period applicable to an Advance shall commence on the Drawdown Date with respect to that Advance and each subsequent Interest Period shall commence on the expiry of the preceding Interest Period.

6.2 Duration of normal Interest Periods. Subject to Clauses 6.3 and 6.5, each Interest Period shall be 3 months or such other period as the Agent may, with the authorization of all the Lenders, agree with the Borrowers pursuant to Clause 6.4; **provided that** in the case of the first Interest Period applicable to each Advance other than the first Advance, such Interest Period shall end on the last day of the Interest Period applicable to the prior Advances then outstanding, whereupon all Advances shall be consolidated and treated as a single Advance.

6.3 Duration of Interest Periods for repayment installments. In respect of an amount due to be repaid under Clause 8 on a particular Repayment Date, an Interest Period shall end on that Repayment Date.

6.4 Interest periods longer than 12 months. Subject to Clause 6.5, upon not less than ten (10) Business Days prior written notice from the Borrowers to the Agent, and subject to the agreement of all of the Lenders, the interest rate of all or more than 50% of the Loan may be fixed for an Interest Period in excess of 12 months. The interest rate will be the actual refinancing rate available to the Lenders (on a weighted average basis) for that Interest Period plus the Margin. The Agent shall notify the Borrowers of the proposed interest rate within eight (8) Business Days of the receipt of such notice from the Borrowers. If the Borrowers notify the Agent within 5 Business Days of the notice of the proposed interest rate that the Borrowers do not agree with the proposed interest rate, then the Interest Period shall be determined under Clause 6.2.

6.5 Non-availability of matching deposits for Interest Period selected. If, after the Borrowers have selected and the Lenders have agreed an Interest Period longer than three (3) months pursuant to Clause 6.4, any Lender notifies the Agent by 11:00 a.m. (New York City time) on the third Business Day before the commencement of the Interest Period that it is not satisfied that deposits in Dollars for a period equal to the Interest Period will be available to it in the London Interbank Market when the Interest Period commences, the Interest Period shall be three (3) months.

7 DEFAULT INTEREST

7.1 Payment of default interest on overdue amounts. The Borrowers shall pay interest in accordance with the following provisions of this Clause 7 on any amount payable by such Borrower under any Finance Document which the Agent, the Security Trustee or any other designated payee does not receive on or before the relevant date, that is:

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- (a) the date on which the Finance Documents provide that such amount is due for payment; or
 - (b) if a Finance Document provides that such amount is payable on demand, the date on which the demand is served; or
 - (c) if such amount has become immediately due and payable under Clause 20.4, the date on which it became immediately due and payable.

7.2 Default rate of interest. Interest shall accrue on an overdue amount from (and including) the relevant date until the date of actual payment (as well after as before judgment) at the rate per annum determined by the Agent to be 2.00 percent above:

- (a) in the case of an overdue amount of principal, the higher of the rates set out at Clauses 7.3(a) and (b); or
- (b) in the case of any other overdue amount, the rate set out at Clause 7.3(b).

7.3 Calculation of default rate of interest. The rates referred to in Clause 7.2 are:

- (a) the rate applicable to the overdue principal amount immediately prior to the relevant date (but only for any unexpired part of any then current Interest Period); and
- (b) the applicable Margin plus, in respect of successive periods of any duration (including at call) up to three (3) months which the Agent may, with the consent of the Lenders, select from time to time, LIBOR.

7.4 Notification of interest periods and default rates. The Agent shall promptly notify the Lenders and each relevant Security Party of each interest rate determined by the Agent under Clause 7.3 and of each period selected by the Agent for the purposes of paragraph (b) of that Clause; but this shall not be taken to imply that such Security Party is liable to pay such interest only with effect from the date of the Agent's notification.

7.5 Payment of accrued default interest. Subject to the other provisions of this Agreement, any interest due under this Clause shall be paid on the last day of the period by reference to which it was determined; and the payment shall be made to the Agent for the account of the Creditor Party to which the overdue amount is due.

7.6 Compounding of default interest. Any such interest which is not paid at the end of the period by reference to which it was determined shall thereupon be compounded.

8 REPAYMENT AND PREPAYMENT

8.1 Amount of repayment installments. The Borrowers shall repay each Advance relating to a Ship in 28 equal quarterly installments equal to the lesser of \$375,000 or $1/60^{\text{th}}$ of such Advance and, together with the last quarterly installment, a balloon payment equal to the lesser of \$12,000,000 or $32/60^{\text{th}}$ of such Advance.

8.2 Repayment Dates. The first installment of the Advance in respect of the first Ship shall be repaid on the date falling three (3) months after the Drawdown Date in respect of such Advance and the last installment on the Maturity Date for such Advance. The first installment of an Advance in respect of the second Ship shall be repaid on the first date upon which an installment in respect of the Advance relating to the first Ship is due, which date shall be no more than three (3) months after the Drawdown Date of such Advance, and the last installment on the Maturity Date for such Advance.

8.3 Maturity Date. On the final Maturity Date, the Borrowers shall additionally pay to the Agent for the account of the Creditor Parties such amount as is outstanding on the Loan as of such Maturity Date, and all other sums then accrued or owing under any Finance Document.

8.4 Voluntary prepayment. Subject to the following conditions, the Borrowers may prepay the whole or any part of the Loan on the last day of an Interest Period.

8.5 Conditions for voluntary prepayment. The conditions referred to in Clause 8.4 are that:

- (a) a partial prepayment shall be \$500,000 or a multiple of \$500,000;
- (b) the Agent has received from the Borrowers at least five (5) Business Days' prior written notice specifying the Advance and amount thereof to be prepaid and the date on which the prepayment is to be made; and
- (c) the Borrowers have provided evidence satisfactory to the Agent that any consent required by the Borrowers in connection with the prepayment has been obtained and remains in force, and that any regulation relevant to this Agreement which affects the Borrowers has been complied with (which may be satisfied by the Borrowers certifying that no consents are required and that no regulations need to be complied with).

8.6 Effect of notice of prepayment. A prepayment notice may not be withdrawn or amended without the consent of the Agent, given with the authorization of the Lenders, and the amount specified in the prepayment notice shall become due and payable by the Borrowers on the date for prepayment specified in the prepayment notice.

8.7 Notification of notice of prepayment. The Agent shall notify the Lenders promptly upon receiving a prepayment notice, and shall provide any Lender which so requests with a copy of any document delivered by the Borrowers under Clause 8.5(c).

8.8 Mandatory prepayment. If a Ship is sold or becomes a Total Loss, the Borrowers shall prepay in full the Advance related to that Ship:

- (a) in the case of a sale, on or before the date on which the sale is completed by delivery of such Ship to the buyer; or
- (b) in the case of a Total Loss, on the earlier of the date falling 150 days after the Total Loss Date and the date of receipt by the Security Trustee of the proceeds of insurance relating to such Total Loss.

8.9 Amounts payable on prepayment. A voluntary prepayment under Clause 8.4 and a mandatory prepayment under Clause 8.8 shall be made together with:

- (a) accrued interest (and any other amount payable under Clause 22 or otherwise) in respect of the amount prepaid;

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- (b) if the prepayment is not made on the last day of an Interest Period, any sums payable under Clause 22.1(b); and
- (c) in the case of a refinancing of the Loan, the following prepayment fees as applicable:
- (i) 2.00% of the prepaid amount in respect of any prepayment made prior to the first anniversary of the Drawdown Date to which the Advance being repaid relates;
- (ii) 1.00% of the prepaid amount in respect of any prepayment made on or after the first anniversary of the Drawdown Date of such Advance but prior to the second anniversary of the Drawdown Date of such Advance; and
- (iii) 0.0% of the prepaid amount thereafter;

provided that no prepayment fee shall be payable to the Lender(s) that participates in such refinancing.

For purposes of this Clause 8.9(c), “participate in such refinancing” shall mean, in respect of a Lender, to commit to make advances to the Borrowers in connection with such refinancing in an aggregate amount not less than the sum of such Lender’s Contributions under the Loan.

8.10 Application of partial prepayment. Each partial prepayment under Clause 8.4 shall be applied against the repayment installments specified in Clause 8.1 in inverse order of maturity.

8.11 No reborrowing. No amount prepaid may be reborrowed.

9 CONDITIONS PRECEDENT

9.1 Documents, fees and no default. Each Lender’s obligation to contribute to an Advance is subject to the following conditions precedent:

- (a) that, on or before the service of a Drawdown Notice, the Agent and the Lenders receive:
- (i) the documents described in Part A of Schedule 4 in form and substance satisfactory to the Agent (other than such documents delivered in connection with a prior Advance, if any); and
- (ii) such documentation and other evidence as is reasonably requested by the Agent or a Lender in order for each to carry out and be satisfied with the results of all necessary “know your customer” or other checks which it is required to carry out in relation to the transactions contemplated by this Agreement and the other Finance Documents, including without limitation obtaining, verifying and recording certain information and documentation that will allow the Agent and each of the Lenders to identify each Security Party in accordance with the requirements of the PATRIOT Act;
- (b) that, on the relevant Drawdown Date but prior to the making of an Advance in respect of a Ship, the Agent receives or is satisfied that it will receive on the making of such Advance the documents described in Part B of Schedule 4 in form and substance satisfactory to it (other than such documents delivered in connection with a prior Advance, if any);

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- (c) that, on or before the service of a Drawdown Notice, the Agent receives the payment of any fees and expenses referred to in Clause 21;
- (d) that both at the date of a Drawdown Notice and at the relevant Drawdown Date:
- (i) no Event of Default or Potential Event of Default has occurred or would result from the borrowing of the relevant Advance;
 - (ii) the representations and warranties in Clause 10 and those of the Borrowers or any other Security Party which are set out in the other Finance Documents (other than those relating to a specific date) would be true and not misleading if repeated on each of those dates with reference to the circumstances then existing;
 - (iii) there has been no material change in the consolidated financial condition, operations or business prospects of the Borrowers or any of the Guarantors since the date on which the Borrowers and/or the Guarantors provided information concerning those topics to the Agent and/or any Lender;
 - (iv) there has been no material adverse global economic or political developments; and
 - (v) there has been no material adverse development in the international money and capital markets;
- (e) that, if the Collateral Maintenance Ratio were applied immediately following the making of such Advance, the Borrowers would not be required to provide additional Collateral or prepay part of the Loan under Clause 15; and
- (f) that the Agent has received, and found to be acceptable to it, any further opinions, consents, agreements and documents in connection with the Finance Documents which the Agent may, with the authorization of the Lenders, reasonably request by written notice (email is an acceptable form of such notice) to the Borrowers prior to the relevant Drawdown Date.

9.2 Waiver of conditions precedent. Notwithstanding anything in Clause 9.1 to the contrary:

- (a) except with respect to the circumstances described in Clause 9.2(b), if the Agent, with the consent of the Lenders, permits an Advance to be borrowed before certain of the conditions referred to in Clause 9.1 are satisfied, the Borrowers shall ensure that such conditions are satisfied within ten (10) Business Days after such Drawdown Date (or such longer period as the Agent may specify); and
- (b) only if required under the terms of the contract for the acquisition of a Ship, an Advance may be borrowed before the applicable conditions set forth in Clause 9.1 are satisfied and:
 - (i) each Lender agrees to fund its Contribution on a day not more than five (5) Business Days prior to the Delivery Date of that Ship; and

(ii) the Agent shall on the date on which the Advance is funded (or as soon thereafter as practicable) (A) preposition an amount equal to the aggregate principal amount of the Advance at a bank or other financial institution (the “**Seller’s Bank**”) satisfactory to the Agent, which funds shall be held at the Seller’s Bank in the name and under the sole control of the Agent or one of its Affiliates and (B) issue a SWIFT MT 199 or other similar communication (each such communication, a “**Disbursement Authorization**”) authorizing the release of such funds by the Seller’s Bank on the relevant Delivery Date upon receipt of a Protocol of Delivery and Acceptance in respect of such Ship duly executed by the Seller and Borrowers and countersigned by a representative of the Agent;

provided that if delivery of the Ship does not occur within five (5) Business Days after the scheduled Delivery Date, the funds held at the Seller’s Bank shall be returned to the Agent for further distribution to the Lenders.

For the avoidance of doubt, the parties hereto acknowledge and agree that:

- (1) the date on which the Lenders fund the Advance constitutes the Drawdown Date in respect of such Advance and all interest and fees thereon shall accrue from such date;
- (2) the Agent and the Lenders suspend fulfillment of the conditions precedent set forth in Schedule 4, Part B, Paragraphs 8, 11 and 12 solely for the time period on and between such Drawdown Date and the relevant Delivery Date, and the Borrowers acknowledge and agree that fulfillment of such conditions precedent to the satisfaction of the Agent shall be required as a condition precedent to the countersignature by a representative of the Agent of the Protocol of Delivery and Acceptance referred to in Clause 9.2(b)(ii);
- (3) from the date the proceeds of the Advance are deposited at the Seller’s Bank to the Delivery Date (or, if delivery of the Ship does not occur within the time prescribed in the Disbursement Authorization, the date on which the funds are returned to the Agent for further distribution to the Lenders), the Borrowers shall be entitled to interest on the Advance at the applicable rate, if any, paid by the Seller’s Bank for such deposited funds;
- (4) if the Ship is not delivered within the time prescribed in the Disbursement Authorization and the proceeds of the Advance are returned to the Agent and distributed to the Lenders, (i) the Borrowers shall pay all accrued interest and fees in respect of such returned proceeds on the date such proceeds are returned to the Agent and (ii) the relevant available Commitment will be increased by an amount equal to the aggregate principal amount of the Loan proceeds so returned; and
- (5) if the Borrowers have instructed the Agent to convert the aggregate principal amount of the Advance borrowed into a currency other than Dollars for deposit with the Seller’s Bank and the relevant Ship is not delivered within the time prescribed in the Disbursement Authorization and the proceeds of the Advance are returned to the Agent for further distribution to the Lenders, the Agent shall convert the aggregate principal amount of funds so returned back into Dollars and if such funds are less than the Dollar amount of the aggregate principal amount of the Advance incurred on the relevant Drawdown Date, the Borrowers shall immediately repay the difference and, in any event, the Borrowers shall pay any and all fees, charges and expenses arising from such conversion.

10 REPRESENTATIONS AND WARRANTIES

10.1 General. Each of the Borrowers represents and warrants to each Creditor Party as of the Effective Date and each Drawdown Date as follows.

10.2 Status. Each of the Borrowers is:

- (a) duly incorporated or formed and validly existing and in good standing under the law of its jurisdiction of incorporation or formation;
- (b) duly qualified and in good standing as a foreign company in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where, in each case, the failure to so qualify or be licensed and be in good standing could not reasonably be expected to have a material adverse effect on its business, assets or financial condition or which may affect the legality, validity, binding effect or enforceability of the Finance Documents; and
- (c) there are no proceedings or actions pending or contemplated by either of the Borrowers, or to the knowledge of the Borrowers contemplated by any third party, seeking to adjudicate either of the Borrowers a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property.

10.3 Company power; consents. Each of the Borrowers and has taken all action, and no consent of any person is required, for:

- (a) it to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted;
- (b) it to execute each Finance Document to which it is or is to become a party;
- (c) it to execute the Time Charters, and comply with its obligations under the relevant Time Charter and each Finance Document to which it is or is to become a party;
- (d) it to grant the Security Interests granted by it pursuant to the Finance Documents to which it is or is to become a party;
- (e) the perfection or maintenance of the Security Interests created by the Finance Documents (including the first priority nature thereof); and
- (f) the exercise by any Creditor Party of their rights under any of the Finance Documents or the remedies in respect of the Collateral pursuant to the Finance Documents,

except, in each case, for consents which have been duly obtained, taken, given or made and are in full force and effect.

10.4 Consents in force. All the consents referred to in Clause 10.3 remain in force and nothing has occurred which makes any of them liable to revocation.

10.5 Title.

- (a) Each of the Borrowers owns (i) in the case of owned real property, good and marketable fee title to and (ii) in the case of owned personal property, good and valid title to, or, in the case of leased real or personal property, valid and enforceable leasehold interests (as the case may be) in, all of its properties and assets, tangible and intangible, of any nature whatsoever, free and clear in each case of all Security Interests or claims, except for Permitted Security Interests.
- (b) Except for Permitted Security Interests, none of the Borrowers has created or is contractually bound to create any Security Interest on or with respect to any of its assets, properties, rights or revenues, and except as provided in this Agreement, none of the Borrowers is restricted by contract, applicable law or regulation or otherwise from creating Security Interests on any of its assets, properties, rights or revenues.
- (c) Each of the Borrowers has received all deeds, assignments, waivers, consents, non-disturbance and attornment or similar agreements, bills of sale and other documents, and has duly effected all recordings, filings and other actions necessary to establish, protect and perfect such Borrower's right, title and interest in and to the Ship owned by it and other properties and assets (or arrangements for such recordings, filings and other actions acceptable to the Agent shall have been made).

10.6 Legal validity; effective first priority Security Interests. Subject to any relevant insolvency laws affecting creditors' rights generally:

- (a) the Finance Documents to which each of the Borrowers is a party, constitute or, as the case may be, will constitute upon execution and delivery (and, where applicable, registration as provided for in the Finance Documents), such Borrower's legal, valid and binding obligations enforceable against it in accordance with their respective terms; and
- (b) the Finance Documents to which each of the Borrowers is a party, create or, as the case may be, will create upon execution and delivery (and, where applicable, registration as provided for in the Finance Documents), legal, valid and binding first priority Security Interests (or in the case of Second Earnings Assignments, Second Insurance Assignments, Second Mortgages and Second Time Charter Assignments, second priority Security Interests) enforceable in accordance with their respective terms over all the assets to which they, by their terms, relate.

10.7 No third party Security Interests. Without limiting the generality of Clauses 10.5 and 10.6, at the time of the execution and delivery of each Finance Document to which a Borrower is a party:

- (a) the Borrower party thereto will have the right to create all the Security Interests which that Finance Document purports to create; and
- (b) no third party will have any Security Interest (except for Permitted Security Interests) or any other interest, right or claim over, in or in relation to any asset to which any such Security Interest, by its terms, relates.

10.8 No conflicts. The borrowing of an Advance, the execution of each Finance Document and compliance with each Finance Document will not involve or lead to a contravention of:

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- (a) to the knowledge of the Borrowers, any law or regulation; or
 - (b) the constitutional documents of a Borrower; or
 - (c) any contractual or other obligation or restriction which is binding on a Borrower or any of its assets.

10.9 Status of Secured Liabilities. The Secured Liabilities constitute direct, unconditional and general obligations of each Borrower and rank (a) senior to all subordinated Financial Indebtedness and (b) not less than *pari passu* (as to priority of payment and as to security) with all other Financial Indebtedness of each Borrower.

10.10 Taxes.

- (a) All payments which a Borrower is liable to make under the Finance Documents to which it is a party can properly be made without deduction or withholding for or on account of any tax payable under any law of any Pertinent Jurisdiction.
- (b) Each Borrower has timely filed or has caused to be filed all tax returns and other reports that it is required by law or regulation to file in any Pertinent Jurisdiction, and has paid or caused to be paid all taxes, assessments and other similar charges that are due and payable in any Pertinent Jurisdiction, other than taxes and charges:
 - (i) which (A) are not yet due and payable or (B) are being contested in good faith by appropriate proceedings and for which adequate reserves have been established and as to which such failure to have paid such tax does not create any material risk of sale, forfeiture, loss, confiscation or seizure of a Ship or of criminal liability; or
 - (ii) the non-payment of which could not reasonably be expected to have a material adverse effect on the financial condition of such Borrower.

The charges, accruals, and reserves on the books of each Borrower respecting taxes are adequate in accordance with GAAP.

- (c) No material claim for any tax has been asserted against a Borrower by any Pertinent Jurisdiction or other taxing authority other than claims that are included in the liabilities for taxes in the most recent balance sheet of such person or disclosed in the notes thereto, if any.
- (d) The execution, delivery, filing and registration or recording (if applicable) of the Finance Documents and the consummation of the transactions contemplated thereby will not cause any of the Creditor Parties to be required to make any registration with, give any notice to, obtain any license, permit or other authorization from, or file any declaration, return, report or other document with any governmental authority in any Pertinent Jurisdiction.
- (e) No taxes are required by any governmental authority in any Pertinent Jurisdiction to be paid with respect to or in connection with the execution, delivery, filing, recording, performance or enforcement of any Finance Document.

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- (f) The execution, delivery, filing, registration, recording, performance and enforcement of the Finance Documents by any of the Creditor Parties will not cause such Creditor Party to be subject to taxation under any law or regulation of any governmental authority in any Pertinent Jurisdiction of the Borrowers.
- (g) It is not necessary for the legality, validity, enforceability or admissibility into evidence of this Agreement or any other Finance Document that any stamp, registration or similar taxes be paid on or in relation to this Agreement or any of the other Finance Documents.

10.11 No default. No Event of Default or Potential Event of Default has occurred or would result from the borrowing of an Advance.

10.12 Information. All financial statements, information and other data furnished by or on behalf of a Borrower to any of the Creditor Parties:

- (a) was true and accurate in all material respects at the time it was given;
- (b) such financial statements, if any, have been prepared in accordance with GAAP and accurately and fairly represent in all material respects the financial condition of such Borrower as of the date or respective dates thereof and the results of operations of such Borrower for the period or respective periods covered by such financial statements;
- (c) there are no other facts or matters the omission of which would have made or make any such information false or misleading in any material respect;
- (d) there has been no material adverse change in the financial condition, operations or business prospects of such Borrower since the date on which such information was provided other than as previously disclosed to the Agent in writing; and
- (e) neither of the Borrowers has any contingent obligations, liabilities for taxes or other outstanding financial obligations which are material in the aggregate except as disclosed in such statements, information and data.

10.13 No litigation. No legal or administrative action involving a Borrower (including any action relating to any alleged or actual breach of the ISM Code, the ISPS Code or any Environmental Law) has been commenced or taken by any person, or, to a Borrower's knowledge, is likely to be commenced or taken which, in either case, would be likely to have a material adverse effect on the business, assets or financial condition of a Borrower or which may affect the legality, validity, binding effect or enforceability of the Finance Documents.

10.14 Intellectual property. Except for those with respect to which the failure to own or license could not reasonably be expected to have a material adverse effect, each Borrower owns or has the right to use all patents, trademarks, permits, service marks, trade names, copyrights, franchises, formulas, licenses and other rights with respect thereto, and have obtained assignment of all licenses and other rights of whatsoever nature, that are material to its business as currently contemplated without any conflict with the rights of others.

10.15 ISM Code and ISPS Code compliance. Each Borrower has obtained or will obtain or will cause to be obtained all necessary ISM Code Documentation and ISPS Code Documentation in connection with the Ship owned by it and its operation and will be or will cause such Ship and the relevant Approved Manager to be in full compliance with the ISM Code and the ISPS Code.

10.16 Validity and completeness of Time Charter. Each Time Charter constitutes valid, binding and enforceable obligations of the Time Charterer and the relevant Borrower in accordance with its terms and:

- (i) the copy of such Time Charter delivered to the Agent before the date of this Agreement is a true and complete copy; and
- (ii) no amendments or additions to the Time Charter have been agreed nor has the relevant Borrower or the Time Charterer waived any of their respective rights under the Time Charter, in each case that would be adverse in any material respect to the interests of the Creditor Parties (or any of them) under or in respect of the Finance Documents.

10.17 Compliance with law; Environmentally Sensitive Material. Except to the extent the following could not reasonably be expected to have a material adverse effect on the business, assets or financial condition of a Borrower, or affect the legality, validity, binding effect or enforceability of the Finance Documents:

- (a) the operations and properties of each Borrower comply with all applicable laws and regulations, including without limitation Environmental Laws, all necessary Environmental Permits have been obtained and are in effect for the operations and properties of each such person and each such person is in compliance in all material respects with all such Environmental Permits; and
- (b) none of the Borrowers has been notified in writing by any person that it or any of its subsidiaries or Affiliates is potentially liable for the remedial or other costs with respect to treatment, storage, disposal, release, arrangement for disposal or transportation of any Environmentally Sensitive Material, except for costs incurred in the ordinary course of business with respect to treatment, storage, disposal or transportation of such Environmentally Sensitive Material.

10.18 Ownership structure.

- (a) Each Borrower has no subsidiaries.
- (b) All of the Equity Interests of the Borrowers have been validly issued, are fully paid, non-assessable and free and clear of all Security Interests (except Security Interests in favor of the Security Trustee) and are owned of record by Nordic Bulk Holding. All of the Equity Interests of Nordic Bulk Holding have been validly issued, are fully paid, non-assessable and free and clear of all Security Interests and are owned of record by Bulk Fleet, ST Shipping and ASO 2020.
- (c) All of the Equity Interests of ST Shipping are owned beneficially and of record by Glencore AG.
- (d) All of the Equity Interests of Bulk Fleet are owned beneficially by Pangaea.
- (e) None of the Equity Interests of any of the Borrowers are subject to any existing option, warrant, call, right, commitment or other agreement of any character to which any of the Borrowers is a party requiring, and there are no Equity Interests of any of the Borrowers outstanding which upon conversion or exchange would require, the issuance, sale or transfer of any additional Equity Interests of any of the Borrowers or other Equity Interests convertible into, exchangeable for or evidencing the right to subscribe for or purchase Equity Interests of any of the Borrowers.

10.19 ERISA. None of the Borrowers or Pangaea maintains any Plan, Multiemployer Plan or Foreign Pension Plan.

10.20 Margin stock. None of the Borrowers is engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock and no proceeds of an Advance will be used to buy or carry any Margin Stock or to extend credit to others for the purpose of buying or carrying any Margin Stock.

10.21 Investment company, public utility, etc. None of the Borrowers is:

- (a) an “investment company,” or an “affiliated person” of, or “promoter” or “principal underwriter” for, an “investment company,” as such terms are defined in the Investment Company Act of 1940, as amended; or
- (b) a “public utility” within the meaning of the United States Federal Power Act of 1920, as amended.

10.22 Asset control.

- (a) Each of the Borrowers is not located in a country or territory that is the subject of Sanctions, is not a Prohibited Person, is not owned or controlled by, or acting directly or indirectly on behalf of or for the benefit of, a Prohibited Person and does not own or control a Prohibited Person and to the best of its knowledge no director, officer, employee, agent, affiliate or representative of the Borrower is currently the subject of Sanctions;
- (b) No proceeds of the Advance shall be made available, directly or indirectly, to or for the benefit of a Prohibited Person or otherwise shall be, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

10.23 No money laundering. Without prejudice to the generality of Clause 2.3, in relation to the borrowing by the Borrowers of an Advance, the performance and discharge of its obligations and liabilities under the Finance Documents, and the transactions and other arrangements affected or contemplated by the Finance Documents to which a Borrower is a party, each of the Borrowers confirms that:

- (a) it is acting for its own account;
- (b) it will use the proceeds of such Advance for its own benefit, under its full responsibility and exclusively for the purposes specified in this Agreement; and
- (c) the foregoing will not involve or lead to a contravention of any law, official requirement or other regulatory measure or procedure implemented to combat “money laundering” (as defined in Article 1 of Directive 2005/60/EC of the European Parliament and of the Council) and comparable United States federal and state laws, including without limitation the PATRIOT Act and the Bank Secrecy Act.

10.24 Ships. Each Ship is or will be at the Delivery Date:

- (a) in the sole and absolute ownership of a Borrower and duly registered in such Borrower's name under the law of the Republic of Panama, unencumbered save and except for the Mortgage thereon in favor of the Security Trustee recorded against it and Permitted Security Interests;
- (b) seaworthy for hull and machinery insurance warranty purposes and in every way fit for its intended service;
- (c) insured in accordance with the provisions of this Agreement and the requirements hereof in respect of such insurances will have been complied with;
- (d) in class in accordance with the provisions of this Agreement and the requirements hereof in respect of such classification will have been complied with; and
- (e) managed by an Approved Manager pursuant to an Approved Management Agreement.

10.25 Place of business. For purposes of the UCC, each of the Borrowers has only one place of business located at, or, if it has more than one place of business, the chief executive office from which it manages the main part of its business operations and conducts its affairs is located at:

Par la Ville Place
14 Par la Ville Road
Hamilton HM08
Bermuda

None of the Borrowers has a place of business in the United States of America, the District of Columbia, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States of America.

10.26 Solvency. In the case of each of the Borrowers:

- (a) the sum of its assets, at a fair valuation, does and will exceed its liabilities, including, to the extent they are reportable as such in accordance with GAAP, contingent liabilities;
- (b) the present fair market saleable value of its assets is not and shall not be less than the amount that will be required to pay its probable liability on its then existing debts, including, to the extent they are reportable as such in accordance with GAAP, contingent liabilities, as they mature;
- (c) it does not and will not have unreasonably small working capital with which to continue its business; and
- (d) it has not incurred, does not intend to incur and does not believe it will incur, debts beyond its ability to pay such debts as they mature.

10.27 Borrowers' business. From the date of its incorporation until the date hereof, each of the Borrowers has not conducted any business other than in connection with, or for the purpose of, owning and operating the Ships.

10.28 Immunity; enforcement; submission to jurisdiction; choice of law.

- (a) Each of the Borrowers is subject to civil and commercial law with respect to its obligations under the Finance Documents, and the execution, delivery and performance by each Borrower of the Finance Documents to which it is a party constitute private and commercial acts rather than public or governmental acts.
- (b) None of the Borrowers nor any of its respective properties has any immunity from suit, court jurisdiction, attachment prior to judgment, attachment in aid of execution of a judgment, set-off, execution of a judgment or from any other legal process in relation to any Finance Document.
- (c) It is not necessary under the laws of a Borrower's jurisdiction of incorporation or formation, in order to enable any Creditor Party to enforce its rights under any Finance Document or by reason of the execution of any Finance Document or the performance by a Borrower of its obligations under any Finance Document, that such Creditor Party should be licensed, qualified or otherwise entitled to carry on business in such Borrower's jurisdiction of incorporation or formation.
- (d) Other than the recording of the Mortgage in accordance with the laws of the Republic of Panama, and such filings as may be required in a Pertinent Jurisdiction in respect of certain of the Finance Documents, and the payment of fees consequent thereto, it is not necessary for the legality, validity, enforceability or admissibility into evidence of this Agreement or any other Finance Document that any of them or any document relating thereto be registered, filed recorded or enrolled with any court or authority in any Pertinent Jurisdiction.
- (e) The execution, delivery, filing, registration, recording, performance and enforcement of the Finance Documents by any of the Creditor Parties will not cause such Creditor Party to be deemed to be resident, domiciled or carrying on business in any Pertinent Jurisdiction of any Security Party or subject to taxation under any law or regulation of any governmental authority in any Pertinent Jurisdiction of any Security Party.
- (f) Under the law of a Borrower's jurisdiction of incorporation or formation, the choice of the law of New York to govern this Agreement and the other Finance Documents to which New York law is applicable is valid and binding.
- (g) The submission by the Borrowers to the jurisdiction of the New York State courts and the U.S. Federal court sitting in New York County pursuant to Clause 32.2(a) is valid and binding and not subject to revocation, and service of process effected in the manner set forth in Clause 32.2(d) will be effective to confer personal jurisdiction over the Borrowers in such courts.

11 GENERAL AFFIRMATIVE AND NEGATIVE COVENANTS

11.1 Affirmative covenants. From the first Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full each of the Borrowers undertakes with each Creditor Party to comply or cause compliance with the following provisions of this Clause 11.1 except as the Agent, with the consent of the Lenders, may approve from time to time in writing, such approval not to be unreasonably withheld:

- (a) **Performance of obligations.** Each Borrower shall duly observe and perform its obligations under the relevant Time Charter and each Finance Document to which it is or is to become a party.

(b) **Notification of defaults (etc).** The Borrowers shall promptly notify the Agent, and the Agent shall promptly notify the Lenders, upon becoming aware of the same, of:

(i) the occurrence of an Event of Default or of any Potential Event of Default or any other event (including any litigation) which might adversely affect its ability or the Time Charterer's ability to perform its obligations under the Time Charter, or any Security Party's ability to perform its obligations under each Finance Document to which it is or is to become a party;

(ii) any default, or any interruption in the performance whether or not the same constitutes a default, by any party to the Time Charter, including any off hire in excess of 96 hours under Clause 15 of the Time Charter; and

(iii) any damage or injury caused by or to the Ship in excess of \$1,500,000.

(c) **Confirmation of no default.** The Borrowers will, within five (5) Business Days after service by the Agent of a written request, serve on the Agent a notice which is signed by a director, an officer or a duly authorized person of the Borrowers and which states that:

(i) no Event of Default or Potential Event of Default has occurred; or

(ii) no Event of Default or Potential Event of Default has occurred, except for a specified event or matter, of which all material details are given.

The Agent may serve requests under this Clause 11.1(c) from time to time but only if asked to do so by a Lender or Lenders having Contributions exceeding 10% of the Loan or (if no Advances have been made) Commitments exceeding 10% of the Total Commitments, and this Clause 11.1(c) does not affect the Borrowers' obligations under Clause 11.1(b).

(d) **Notification of litigation.** The Borrowers will provide the Agent with details of any legal or administrative action involving a Borrower, any other Security Party (other than the Glencore Guarantors), ST Shipping, the Approved Manager or a Ship, the Earnings or the Insurances as soon as such action is instituted or it becomes apparent to the Borrowers that it is likely to be instituted, unless it is clear that the legal or administrative action cannot be considered material in the context of any Finance Document.

(e) **Provision of further information.** The Borrowers will, as soon as practicable after receiving the request, provide the Agent with any additional financial or other information relating to:

(i) the Borrowers; or

(ii) any other matter relevant to, or to any provision of, a Finance Document,

which may be requested by the Agent at any time.

(f) **Books of record and account; separate accounts.**

(i) Each of the Borrowers shall keep separate and proper books of record and account in which full and materially correct entries shall be made of all financial transactions and the assets and business of each of the Borrowers in accordance with GAAP, and the Agent and/or any Lender shall have the right to examine the books and records of each of the Borrowers wherever the same may be kept from time to time as it sees fit, in its sole reasonable discretion, or to cause an examination to be made by a firm of accountants selected by it, provided that any examination shall be done without undue interference with the day to day business operations of such Borrower.

(ii) Each of the Borrowers shall keep separate accounts and shall not co-mingle assets with any other person.

(g) **Financial reports.** Each of the Borrowers shall prepare and shall deliver, or shall cause to be prepared and to be delivered, to the Agent:

(i) as soon as practicable, but not later than 120 days after the end of each Fiscal Year, an unaudited balance sheet as of the end of such period and the related statements of profit and loss and changes in financial position for each Borrower, each in respect of such Fiscal Year, in reasonable detail and prepared in accordance with GAAP;

(ii) as soon as practicable, but not later than 90 days after the end of each of the second and fourth quarters of each Fiscal Year, management accounts as of the end of such period for the Time Charterer, and as soon as practicable, but not later than 180 days after the end of each Fiscal Year, annual audited accounts as of the end of such period for the Time Charterer;

(iii) not later than 45 days after the end of each of the second and final quarters of each Fiscal Year, and together with the financial statements that the Borrowers deliver in (i) above, a Compliance Certificate; and

(iv) such other financial statements, annual budgets and projections as may be reasonably requested by the Agent, each to be in such form as the Agent may reasonably request.

(h) **Appraisals of Fair Market Value.** The Borrowers shall procure and deliver to the Agent two written appraisal reports setting forth the Fair Market Value of each of the Ships as follows:

(i) on a bi-annual basis at the Borrowers' expense for inclusion with each Compliance Certificate required to be delivered under Clause 11.1(g)(iii); and

(ii) at the Lenders' expense, at all other times upon the request of the Agent or the Lenders, unless an Event of Default has occurred and is continuing, in which case the Borrowers shall procure it at its expense as often as requested.

provided that if there is a difference of or in excess of 10% between the two appraisals obtained by the Borrowers, the Borrowers may, at their sole expense, obtain a third appraisal from an Approved Broker.

(i) **Taxes.** Each of the Borrowers shall prepare and timely file all tax returns required to be filed by it and pay and discharge all taxes imposed upon it or in respect of any of its property and assets before the same shall become in default, as well as all lawful claims (including, without limitation, claims for labor, materials and supplies) which, if unpaid, might become a Security Interest upon the Collateral or any part thereof, except in each case, for any such taxes (i) as are being contested in good faith by appropriate proceedings and for which adequate reserves have been established, (ii) in excess of \$100,000 as to which such failure to have paid does not create any risk of sale, forfeiture, loss, confiscation or seizure of a Ship or criminal liability, or (iii) the failure of which to pay or discharge would not be likely to have a material adverse effect on the business, assets or financial condition of a Borrower or to affect the legality, validity, binding effect or enforceability of the Finance Documents.

(j) **Consents.** Each of the Borrowers shall obtain or cause to be obtained, maintain in full force and effect and comply with the conditions and restrictions (if any) imposed in connection with, every consent and do all other acts and things which may from time to time be necessary or required for the continued due performance of:

(i) all of its and the Time Charterer's obligations under the relevant Time Charter; and

(ii) each Security Party's obligations under each Finance Document to which it is or is to become a party,

and the Borrowers shall deliver a copy of all such consents to the Agent promptly upon its request.

(k) **Compliance with applicable law.** Each of the Borrowers shall comply in all material respects with all applicable federal, state, local and foreign laws, ordinances, rules, orders and regulations now in force or hereafter enacted, including, without limitation, all Environmental Laws and regulations relating thereto, the failure to comply with which would be likely to have a material adverse effect on the financial condition of such person or affect the legality, validity, binding effect or enforceability of each Finance Document to which it is or is to become a party.

(l) **Existence.** Each of the Borrowers shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence in good standing under the laws of its jurisdiction of incorporation or formation.

(m) **Conduct of business.**

(i) Each of the Borrowers shall conduct business only in connection with, or for the purpose of, owning and chartering its Ship.

(ii) Each of the Borrowers shall conduct business in its own name and observe all corporate and other formalities required by its constitutional documents.

(n) **Properties.**

(i) Except to the extent the failure to do so could not reasonably be expected to have a material adverse effect on the business, assets or financial condition of a Borrower, or affect the legality, validity, binding effect or enforceability of the Finance Documents, each Borrower shall maintain and preserve all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(ii) Each of the Borrowers shall obtain and maintain good and marketable title or the right to use or occupy all real and personal properties and assets (including intellectual property) reasonably required for the conduct of its respective business.

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- (iii) Each of the Borrowers shall maintain and protect its respective intellectual property and conduct its respective business and affairs without infringement of or interference with any intellectual property of any other person in any material respect and shall comply in all material respects with the terms of its licenses.
- (o) **Loan proceeds.** The Borrowers shall use the proceeds of each Advance solely for financing or refinancing the Ship to which such Advance relates.
- (p) **Change of place of business.** The Borrowers shall notify the Agent promptly of any change in the location of the place of business where it or any other Security Party conducts its affairs and keeps its records.
- (q) **Pollution liability.** The Borrowers shall take, or cause to be taken, such actions as may be reasonably required to mitigate potential liability to it arising out of pollution incidents or as may be reasonably required to protect the interests of the Creditor Parties with respect thereto.
- (r) **Subordination of loans.** Each of the Borrowers shall cause all loans made to it by any Affiliate, parent or subsidiary or any Guarantor, and all sums and other obligations (financial or otherwise) owed by it to any Affiliate, parent or subsidiary or to an Approved Manager or a Guarantor to be fully subordinated (in Agreed Form) to all Secured Liabilities.
- (s) **Asset control.** Each of the Borrowers shall to the best of its knowledge and ability ensure that:
- (i) it is not owned or controlled by, or acting directly or indirectly on behalf of or for the benefit of, a Prohibited Person and does not own or control a Prohibited Person; and
- (ii) no proceeds of the Advance shall be made available, directly or indirectly, to or for the benefit of a Prohibited Person or otherwise shall be, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.
- (t) **Money laundering.** Each of the Borrowers shall to the best of its knowledge and ability comply, and cause each of its subsidiaries to comply, with any applicable law, official requirement or other regulatory measure or procedure implemented to combat “money laundering” (as defined in Article 1 of Directive 2005/60/EC of the European Parliament and of the Council) and comparable United States federal and state laws, including without limitation the PATRIOT Act and the Bank Secrecy Act.
- (u) **Pension Plans.** Promptly upon the institution of a Plan, a Multiemployer Plan or a Foreign Pension Plan by a Borrower or Pangaea, the Borrowers shall furnish or cause to be furnished to the Agent written notice thereof and, if requested by the Agent or any Lender, a copy of such Plan, Multiemployer Plan or Foreign Pension Plan.
- (v) **Information provided to be accurate.** All financial and other information which is provided in writing by or on behalf of a Borrower or Pangaea under or in connection with any Finance Document shall be true and not misleading in any material respect and shall not omit any material fact or consideration.
- (w) **Shareholder and creditor notices.** The Borrowers shall send the Agent, at the same time as they are dispatched, copies of all communications which are dispatched to its (i) shareholders (or equivalent) or any class of them or (ii) creditors generally.

(x) **Maintenance of Security Interests.** Each of the Borrowers shall:

- (i) at its own cost, do all that it reasonably can to ensure that any Finance Document validly creates the obligations and the Security Interests which it purports to create; and
- (ii) without limiting the generality of paragraph (i), at its own cost, promptly register, file, record or enroll any Finance Document with any court or authority in all Pertinent Jurisdictions, pay any stamp, registration or similar tax in all Pertinent Jurisdictions in respect of any Finance Document, give any notice or take any other step which, in the opinion of the Lenders, is or has become necessary or desirable for any Finance Document to be valid, enforceable or admissible in evidence or to ensure or protect the priority of any Security Interest which it creates.

(y) **“Know your customer” checks.** If:

- (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;
- (ii) any change in the status of any Security Party after the date of this Agreement; or
- (iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (iii), any prospective new Lender) to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrowers shall promptly upon the request of the Agent or the Lender concerned supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or the Lender concerned (for itself or, in the case of the event described in paragraph (iii), on behalf of any prospective new Lender) in order for the Agent, the Lender concerned or, in the case of the event described in paragraph (iii), any prospective new Lender to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

(z) **Inspection reports.** The Borrowers shall procure that any report prepared by an independent inspector jointly appointed by the relevant Borrower and the relevant charterer in respect of a Ship shall be provided to the Agent.

(aa) **Further assurances.** From time to time, at its expense, the Borrowers shall duly execute and deliver to the Agent such further documents and assurances as the Lenders or the Agent may request to effectuate the purposes of this Agreement, the other Finance Documents or obtain the full benefit of any of the Collateral.

11.2 Negative covenants. From the first Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full each of the Borrowers undertakes with each Creditor Party to comply or cause compliance with the following provisions of this Clause 11.2 except as the Agent, with the consent of the Lenders, may approve from time to time in writing, such approval not to be unreasonably withheld:

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- (a) **Security Interests.** None of the Borrowers shall create, assume or permit to exist any Security Interest whatsoever upon any of its properties or assets, whether now owned or hereafter acquired, except for Permitted Security Interests.
- (b) **Sale of assets; merger.** None of the Borrowers shall sell, transfer or lease (other than in connection with a Charter) all or substantially all of its properties and assets, or enter into any transaction of merger or consolidation or liquidate, windup or dissolve itself (or suffer any liquidation or dissolution) **provided that** a Borrower may sell a Ship pursuant to the terms of Clause 11.2(q).
- (c) **No contracts other than in ordinary course.** None of the Borrowers shall enter into any transactions or series of related transactions with third parties other than in the ordinary course of its business.
- (d) **Affiliate transactions.** None of the Borrowers shall enter into any transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate other than on terms and conditions substantially as favorable to such Borrower as would be obtainable by it at the time in a comparable arm's-length transaction with a person other than an Affiliate.
- (e) **Change of business.** None of the Borrowers shall change the nature of its business or commence any business other than in connection with, or for the purpose of, owning and operating the Ships.
- (f) **Change of Control; Negative pledge.** None of the Borrowers shall permit any act, event or circumstance that would result in a Change of Control of such Borrower, and neither of the Borrowers shall permit any pledge or assignment of its Equity Interests except in favor of the Security Trustee to secure the Secured Liabilities. For the avoidance of doubt, it is understood and agreed that the Quartet Merger shall not constitute a Change of Control.
- (g) **Increases in capital.** None of the Borrowers shall permit an increase of its capital by way of the issuance of any class or series of Equity Interests or create any new class of Equity Interests that is not subject to a Security Interest to secure the Secured Liabilities.
- (h) **Financial Indebtedness.** None of the Borrowers shall incur any Financial Indebtedness other than (i) in respect of the Loan and (ii) subordinated loans permitted under Clause 11.1(r).
- (i) **Dividends.** None of the Borrowers, without the prior written consent of the Lenders, such consent not to be unreasonably withheld, shall declare or pay any dividends or return any capital to its equity holders or authorize or make any other distribution, payment or delivery of property or cash to its equity holders, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for value, any interest of any class or series of its Equity Interests (or acquire any rights, options or warrants relating thereto but not including convertible debt) now or hereafter outstanding, or repay any subordinated loans to equity holders or set aside any funds for any of the foregoing purposes, **provided** that any amounts received from the sale of a Ship in excess of the Advance relating to that Ship, plus any other amounts due owing under this Agreement and the other Finance Documents, may be paid as a dividend so long as the Collateral Maintenance Ratio set forth in Clause 15.2 is maintained both before and after such dividend payment.

(j) **No amendment to Time Charter.** None of the Borrowers shall agree to any amendment or supplement to, or waive or fail to enforce, the relevant Time Charter or any of its provisions which would adversely affect in any material respect the interests of the Creditor Parties (or any of them) under or in respect of the Finance Documents.

(k) **Intentionally omitted.**

(l) **Loans and investments.** None of the Borrowers shall make any loan or advance to, make any investment in, or enter into any working capital maintenance or similar agreement with respect to any person, whether by acquisition of Equity Interests or indebtedness, by loan, guarantee or otherwise, **provided that** the following loans or advances shall be permitted: (i) any loan made by one Borrower to another Borrower; (ii) any trade credit extended by a Borrower in the ordinary course of business, (iii) any prepayment made by a Borrower for goods or services yet to be delivered in the ordinary course of business, or (iv) any other loan or advance to which the Agent has consented in writing.

(m) **Acquisition of capital assets.** None of the Borrowers shall acquire any capital assets (including any vessel other than the Ships) by purchase, charter or otherwise, **provided that** for the avoidance of doubt nothing in this Clause 11.2(m) shall prevent or be deemed to prevent capital improvements being made to the Ships.

(n) **Sale and leaseback.** None of the Borrowers shall enter into any arrangements, directly or indirectly, with any person whereby it shall sell or transfer any of its property, whether real or personal, whether now owned or hereafter acquired, if it, at the time of such sale or disposition, intends to lease or otherwise acquire the right to use or possess (except by purchase) such property or like property for a substantially similar purpose.

(o) **Changes to Fiscal Year and accounting policies.** None of the Borrowers shall change its Fiscal Year or make or permit any change in accounting policies affecting (i) the presentation of financial statements or (ii) reporting practices, except in either case in accordance with GAAP or pursuant to the requirements of applicable laws or regulations.

(p) **Jurisdiction of incorporation or formation; Amendment of constitutional documents.** None of the Borrowers shall change the jurisdiction of its incorporation or formation or materially amend its constitutional documents.

(q) **Sale of Ship.** None of the Borrowers shall consummate the sale of its Ship without paying or causing to be paid all amounts due and owing under Clause 8.8 of this Agreement, as well as any other amounts due and owing under this Agreement and the other Finance Documents prior to or simultaneously with the consummation of such sale.

(r) **Change of location.** None of the Borrowers shall change the location of its chief executive office or the office where its corporate records are kept or open any new office for the conduct of its business on less than thirty (30) days prior written notice to the Agent.

(s) **No employees; VAT group.**

(i) None of the Borrowers shall have any employees.

(ii) None of the Borrowers shall be or become a member of any VAT (value added tax) group.

12 INTENTIONALLY OMITTED

13 MARINE INSURANCE COVENANTS

13.1 General. From the first Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full, each of the Borrowers undertakes with each Creditor Party to comply or cause compliance with the following provisions of this Clause 13 except as the Agent, with the consent of the Lenders, may approve from time to time in writing, such approval not to be unreasonably withheld.

13.2 Maintenance of obligatory insurances. Each Borrower shall keep the Ship owned by it insured at its expense for and against:

- (a) hull and machinery risks, plus freight interest and hull interest and any other usual marine risks such as excess risks;
- (b) war risks (including the London Blocking and Trapping addendum or similar arrangement);
- (c) full protection and indemnity risks (including liability for oil pollution and excess war risk P&I cover) on standard Club Rules, covered by a Protection and Indemnity association which is a member of the International Group of Protection and Indemnity Associations (or, if the International Group ceases to exist, any other leading protection and indemnity association or other leading provider of protection and indemnity insurance) (including, without limitation, the proportion (if any) of any collision liability not covered under the terms of the hull cover), or other with written consent from the Agent;
- (d) freight, demurrage & defense risks;
- (e) risks covered by mortgagee's interest insurance (M.I.I.) (as provided in Clause 13.16 below);
- (f) risks covered by mortgagee's interest additional perils (pollution) (M.A.P.) (as provided in Clause 13.16 below);
- (g) at the request of the Agent on behalf of the Lenders, risks covered by mortgagee's political risks/rights insurance (M.R.I.) (as provided in Clause 13.16 below; and
- (h) any other risks against which the Security Trustee considers, having regard to practices and other circumstances prevailing at the relevant time, it would in the opinion of the Security Trustee be reasonable for the Borrowers to insure and which are specified by the Security Trustee by notice to the Borrowers (such as political risks and mortgage rights insurance).

13.3 Terms of obligatory insurances. Each Borrower shall affect such insurances in respect of the Ship owned by it:

- (a) in Dollars;
- (b) in the case of the insurances described in (a), (b), (e), (f) and (g) of Clause 13.2 shall each be for at least the greater of:

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- (i) when aggregated with the insured value of the other Ships then financed under this Agreement, 120% of the Loan; and
 - (ii) the Fair Market Value of the Ship owned by it;
 - (c) in the case of oil pollution liability risks, for an aggregate amount equal to the greater of \$1,000,000,000 and the highest level of cover from time to time available under basic protection and indemnity club entry and in the international marine insurance market;
 - (d) in relation to protection and indemnity risks in respect of the full tonnage of the Ship owned by it;
 - (e) on approved terms; and
 - (f) through approved brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations that are members of the International Group of P&I Clubs.

13.4 Further protections for the Creditor Parties. In addition to the terms set out in Clause 13.3, each Borrower shall procure that the obligatory insurances affected by it shall:

- (a) subject always to paragraph (b), name that Borrower as the sole named assured unless the interest of every other named assured is limited:
 - (i) in respect of any obligatory insurances for hull and machinery and war risks;
 - (A) to any provable out-of-pocket expenses that it has incurred and which form part of any recoverable claim on underwriters; and
 - (B) to any third party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against it); and
 - (ii) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries it is entitled to make by way of reimbursement following discharge of any third party liability claims made specifically against it;

and every other named assured has undertaken in writing to the Security Trustee (in such form as it requires) that any deductible shall be apportioned between that Borrower and every other named assured in proportion to the aggregate claims made or paid by each of them and that it shall do all things necessary and provide all documents, evidence and information to enable the Security Trustee to collect or recover any moneys which at any time become payable in respect of the obligatory insurances;

- (b) in the case of any obligatory insurances against any risks other than protection and indemnity risks, and whenever the Security Trustee requires, name (or be amended to name) the Security Trustee as additional named assured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation against the Security Trustee, but without the Security Trustee thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;

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- (c) name the Security Trustee as first priority mortgagee and loss payee with such directions for payment as the Security Trustee may specify;
 - (d) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Trustee shall be made without set-off, counterclaim or deductions or condition whatsoever;
 - (e) provide that the obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Security Trustee or any other Creditor Party;
 - (f) provide that the Security Trustee may make proof of loss if that Borrower fails to do so; and
 - (g) provide that the deductible of the hull and machinery insurance is not higher than the amount agreed upon and stated in the loss payable clause.

13.5 Renewal of obligatory insurances. Each Borrower shall:

- (a) at least 30 days before the expiry of any obligatory insurance:
 - (i) notify the Security Trustee of the brokers (or other insurers) and any protection and indemnity or war risks association through or with whom that Borrower proposes to renew that obligatory insurance and of the proposed terms of renewal; and
 - (ii) obtain the Security Trustee's approval to the matters referred to in paragraph (i);
- (b) at least five (5) days before the expiry of any obligatory insurance, renew that obligatory insurance in accordance with the Security Trustee's approval pursuant to paragraph (a); and
- (c) procure that the approved brokers and/or the war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Security Trustee in writing of the terms and conditions of the renewal.

13.6 Copies of policies; letters of undertaking. Each Borrower shall ensure that all approved brokers provide the Security Trustee with pro forma copies of all policies and cover notes relating to the obligatory insurances which they are to affect or renew and of a letter or letters or undertaking in a form required by the Security Trustee and including undertakings by the approved brokers that:

- (a) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment in accordance with the requirements of the Insurance Assignment for that Borrower's Ship;
- (b) they will hold such policies, and the benefit of such insurances, to the order of the Security Trustee in accordance with the said loss payable clause;
- (c) they will advise the Security Trustee immediately of any material change to the terms of the obligatory insurances or if they cease to act as brokers;

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- (d) they will notify the Security Trustee, not less than 14 days before the expiry of the obligatory insurances, in the event of their not having received notice of renewal instructions from that Borrower or its agents and, in the event of their receiving instructions to renew, they will promptly notify the Security Trustee of the terms of the instructions; and
- (e) they will not set off against any sum recoverable in respect of a claim relating to the Ship owned by that Borrower under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of that Ship or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts, and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of that Ship forthwith upon being so requested by the Security Trustee.

13.7 Copies of certificates of entry. Each Borrower shall ensure that any protection and indemnity and/or war risks associations in which the Ship owned by it is entered provides the Security Trustee with:

- (a) a certified copy of the certificate of entry for that Ship;
- (b) a letter or letters of undertaking in such form as may be required by the Security Trustee; and
- (c) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to that Ship.

13.8 Deposit of original policies. Each Borrower shall ensure that all policies relating to obligatory insurances are deposited with the approved brokers through which the insurances are effected or renewed.

13.9 Payment of premiums. Each Borrower shall punctually pay all premiums or other sums payable in respect of the obligatory insurances and produce all relevant receipts when so required by the Security Trustee.

13.10 Guarantees. Each Borrower shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect.

13.11 Compliance with terms of insurances. None of the Borrowers shall do nor omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part; and, in particular:

- (a) each Borrower shall take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in Clause 13.6(c)) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Security Trustee has not given its prior approval;
- (b) none of the Borrowers shall make any changes relating to the classification or Classification Society or manager or operator of the Ship owned by it unless approved by the underwriters of the obligatory insurances;

(c) each Borrower shall make (and promptly supply copies to the Agent of) all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Ship owned by it is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation); and

(d) none of the Borrowers shall employ the Ship owned by it, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

13.12 Alteration to terms of insurances. None of the Borrowers shall either make or agree to any alteration to the terms of any obligatory insurance nor waive any right relating to any obligatory insurance.

13.13 Settlement of claims. None of the Borrowers shall settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty, and shall do all things necessary and provide all documents, evidence and information to enable the Security Trustee to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

13.14 Provision of copies of communications. Upon specific request of the Security Trustee each Borrower shall provide the Security Trustee, at the time of each such communication, copies of all written communications between that Borrower and:

(a) the approved brokers;

(b) the approved protection and indemnity and/or war risks associations;

(c) the approved insurance companies and/or underwriters, which relate directly or indirectly to:

(i) that Borrower's obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and

(ii) any credit arrangements made between that Borrower and any of the persons referred to in paragraphs (a) or (b) relating wholly or partly to the effecting or maintenance of the obligatory insurances; and

(d) any parties involved in case of a claim under any of insurances relating to that Borrower's Ship.

13.15 Provision of information. In addition, each Borrower shall promptly provide (and in no event less than 15 days prior to the relevant Drawdown Date) the Security Trustee (or any persons which it may designate) with any information which the Security Trustee (or any such designated person) requests for the purpose of:

(a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or

(b) effecting, maintaining or renewing any such insurances as are referred to in Clause 13.16 or dealing with or considering any matters relating to any such insurances;

and that Borrower shall, forthwith upon demand, indemnify the Security Trustee in respect of all fees and other expenses incurred by or for the account of the Security Trustee in connection with any such report as is referred to in paragraph (a).

13.16 Mortgagee's interest, additional perils and political risk insurances. The Security Trustee shall be entitled from time to time to effect, maintain and renew (i) mortgagee's interest marine insurance, (ii) mortgagee's interest additional perils insurance and/or (iii) mortgagee's political risks / rights insurance in such amounts (up to 120% of the Loan), on such terms, through such insurers and generally in such manner as the Security Trustee may from time to time consider appropriate and the Borrowers shall upon demand fully indemnify the Security Trustee in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any such insurance or dealing with, or considering, any matter arising out of any such insurance.

13.17 Review of insurance requirements. The Security Trustee may and, on instruction of the Lenders, shall review, at the expense of the Borrowers, the requirements of this Clause 13 from time to time in order to take account of any changes in circumstances after the date of this Agreement which are, in the opinion of the Agent or the Lenders significant and capable of affecting the relevant Borrower or the relevant Ship and its insurance (including, without limitation, changes in the availability or the cost of insurance coverage or the risks to which the relevant Borrower may be subject.)

13.18 Modification of insurance requirements. The Security Trustee shall notify the Borrowers of any proposed modification under Clause 13.17 to the requirements of this Clause 13 which the Security Trustee may or, on instruction of the Lenders, shall reasonably consider appropriate in the circumstances and such modification shall take effect on and from the date it is notified in writing to the Borrowers as an amendment to this Clause 13 and shall bind the Borrowers accordingly.

14 SHIP COVENANTS

14.1 General. From the first Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full, each of the Borrowers undertakes with each Creditor Party to comply or cause compliance with the following provisions of this Clause 14 except as the Agent, with the consent of the Lenders, may approve from time to time in writing, such approval not to be unreasonably withheld.

14.2 Ship's name and registration. Each Borrower shall:

- (a) keep the Ship owned by it registered in its name under the law of the Approved Flag on which it was registered when the Advance relating to such Ship was made;
- (b) not do, omit to do or allow to be done anything as a result of which such registration might be cancelled or imperiled; and
- (c) not change the name or port of registry of such Ship on which it was registered or documented when it became subject to the Mortgage.

14.3 Repair and classification. Each Borrower shall keep the Ship owned by it in a good and safe condition and state of repair:

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- (a) consistent with first-class ship ownership and management practice;
 - (b) so as to maintain the highest class for that Ship with the Classification Society, free of overdue recommendations and conditions; and
 - (c) so as to comply with all laws and regulations applicable to vessels registered under the law of the Approved Flag on which that Ship is registered or to vessels trading to any jurisdiction to which that Ship may trade from time to time, including but not limited to the ISM Code and the ISPS Code,

and the Borrowers shall notify the Creditor Parties of the class and the Classification Society of each Ship not less than 15 days prior to the relevant Drawdown Date.

14.4 Classification Society instructions and undertaking. Each Borrower shall instruct the Classification Society referred to in Clause 14.3(b) and procure that the Classification Society undertakes with the Security Trustee:

- (a) to send to the Security Trustee, following receipt of a written request from the Security Trustee, certified true copies of all original class records held by the Classification Society in relation to that Borrower's Ship;
- (b) to allow the Security Trustee (or its agents), at any time and from time to time, to inspect the original class and related records of that Borrower and the Ship owned by it either (i) electronically (through the Classification Society directly or by way of indirect access via the Borrowers' account manager and designating the Security Trustee as a user or administrator of the system under its account) or (ii) in person at the offices of the Classification Society, and to take copies of them electronically or otherwise;
- (c) to notify the Security Trustee immediately by Email to neil.mclaughlin@dvbbank.com and techcom@dvbbank.com if the Classification Society;
- (i) receives notification from that Borrower or any other person that such Ship's Classification Society is to be changed;
- (ii) imposes a condition of class or issues a class recommendation in respect of that Ship; or
- (iii) becomes aware of any facts or matters which may result in or have resulted in a change, suspension, discontinuance, withdrawal or expiry of that Ship's class under the rules or terms and conditions of that Borrower's or that Ship's membership of the Classification Society;
- (d) following receipt of a written request from the Security Trustee:
 - (i) to confirm that such Borrower is not in default of any of its contractual obligations or liabilities to the Classification Society and, without limiting the foregoing, that it has paid in full all fees or other charges due and payable to the Classification Society; or

(ii) if that Borrower is in default of any of its contractual obligations or liabilities to the Classification Society, to specify to the Security Trustee in reasonable detail the facts and circumstances of such default, the consequences of such default, and any remedy period agreed or allowed by the Classification Society.

14.5 Modification. None of the Borrowers shall make any modification or repairs to, or replacement of, the Ship owned by it or equipment installed on that Ship which would or is reasonably likely to materially alter the structure, type or performance characteristics of that Ship or materially reduce its value.

14.6 Removal of parts. None of the Borrowers shall remove any material part of the Ship owned by it, or any item of equipment installed on, that Ship unless the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed, is free from any Security Interest or any right in favor of any person other than the Security Trustee and becomes on installation on that Ship, the property of that Borrower and subject to the security constituted by the Mortgage, **provided that** a Borrower may install and remove equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship owned by it.

14.7 Surveys. Each Borrower, at its sole expense, shall submit the Ship owned by it regularly to all periodical or other surveys which may be required for classification purposes and, if so required by the Security Trustee, provide the Security Trustee, at that Borrower's sole expense, with copies of all survey reports.

14.8 Inspection. Unless an Event of Default has occurred and is continuing, not more than once per year (and not more than three times between the Effective Date and the Maturity Date) each Borrower shall permit the Security Trustee (by surveyors or other persons appointed by it for that purpose at the cost of the Borrowers) to board the Ship owned by it at all reasonable times to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections. The Security Trustee shall use reasonable efforts to ensure that the operation of that Ship is not adversely affected as a result of such inspections.

14.9 Prevention of and release from arrest. Each Borrower shall promptly discharge or contest in good faith with appropriate proceedings:

- (a) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against the Ship owned by it, the Earnings or the Insurances;
- (b) all taxes, dues and other amounts charged in respect of the Ship owned by it, the Earnings or the Insurances; and
- (c) all other accounts payable whatsoever in respect of the Ship owned by it, the Earnings or the Insurances,

and, forthwith (and in no event more than 30 days) upon receiving notice of the arrest of the Ship owned by it, or of its detention in exercise or purported exercise of any lien or claim, that Borrower shall procure its release by providing bail or otherwise as the circumstances may require.

14.10 Compliance with laws etc. Each Borrower shall, and shall cause any Security Party and any Approved Manager to:

(a) comply, or procure compliance with, all laws or regulations:

(i) relating to its business generally; or

(ii) relating to the ownership, employment, operation and management of the Ship owned by it,

including but not limited to the ISM Code, the ISPS Code, all Environmental Laws and all Sanctions;

(b) without prejudice to the generality of paragraph (a) above, not employ the Ship owned by it nor allow its employment in any manner contrary to any laws or regulations, including but not limited to the ISM Code, the ISPS Code, all Environmental Laws and all Sanctions, and shall not permit the ship to be employed by or for the benefit of a Prohibited Person or in any country or territory that at such time is the subject of Sanctions; and

(c) in the event of hostilities in any part of the world (whether war is declared or not), not cause or permit the Ship owned by it to enter or trade to any zone which is declared a war zone by any government or by that Ship's war risks insurers unless the prior written consent of the Security Trustee has been given and that Borrower has (at its expense) effected any special, additional or modified insurance cover which the Security Trustee may require.

14.11 Provision of information. Each Borrower shall promptly provide the Security Trustee with any information which it requests regarding:

(a) the Ship owned by it, its employment, position and engagements;

(b) the Earnings and payments and amounts due to that Ship's master and crew;

(c) any expenses incurred, or likely to be incurred, in connection with the operation, maintenance or repair of that Ship and any payments made in respect of that Ship;

(d) any towages and salvages; and

(e) that Borrower's, the Approved Manager's and that Ship's compliance with the ISM Code and the ISPS Code,

and, upon the Security Trustee's request, provide copies of any current Charter relating to that Ship and copies of that Borrower's or the Approved Manager's Document of Compliance.

14.12 Notification of certain events. Each Borrower shall immediately notify the Security Trustee by fax or Email, confirmed forthwith by letter, of:

(a) any casualty which is or is likely to be or to become a Major Casualty;

(b) any occurrence as a result of which the Ship owned by it has become or is, by the passing of time or otherwise, likely to become a Total Loss;

(c) any requirement or condition made by any insurer or classification society or by any competent authority which is not immediately complied with;

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- (d) any arrest or detention of the Ship owned by it, any exercise or purported exercise of any Security Interest on that Ship or the Earnings or any requisition of that Ship for hire;
 - (e) any intended dry docking of the Ship owned by it;
 - (f) any Environmental Claim made against that Borrower or in connection with the Ship owned by it, or any Environmental Incident;
 - (g) any claim for breach of the ISM Code or the ISPS Code being made against that Borrower, the Approved Manager or otherwise in connection with the Ship owned by it; or
 - (h) any other matter, event or incident, actual or threatened, the effect of which will or could lead to the ISM Code or the ISPS Code not being complied with;

and that Borrower shall keep the Security Trustee advised in writing on a regular basis and in such detail as the Security Trustee shall require of that Borrower's, the Approved Manager's or any other person's response to any of those events or matters.

14.13 Restrictions on chartering, appointment of managers etc. None of the Borrowers shall:

- (a) let the Ship owned by it on demise charter for any period;
- (b) enter into any time or consecutive voyage charter in respect of that Ship for a term which exceeds, or which by virtue of any optional extensions may exceed, 12 months (except pursuant to the relevant Time Charter or the relevant Sub-Time Charter);
- (c) enter into any charter in relation to that Ship under which more than two (2) months' hire (or the equivalent) is payable in advance;
- (d) charter that Ship otherwise than on bona fide arm's length terms at the time when that Ship is fixed;
- (e) appoint a manager of that Ship other than the Approved Manager or agree to any alteration to the terms of the Approved Management Agreement;
- (f) de-activate or lay up that Ship;
- (g) change the Classification Society;
- (h) put that Ship into the possession of any person for the purpose of work being done upon it in an amount exceeding or likely to exceed \$1,500,000 (or the equivalent in any other currency) without the prior written consent of the Security Trustee, unless that person has first given to the Security Trustee and in terms satisfactory to it a written undertaking not to exercise any Security Interest on that Ship or the Earnings for the cost of such work or for any other reason; or
- (i) permit the Ship owned by it to carry nuclear waste or material.

14.14 Copies of Charters; charter assignment. Provided that all approvals necessary under Clause 14.13 have been previously obtained, each Borrower shall:

- (a) furnish promptly to the Agent a true and complete copy of any Charter for the Ship owned by it, all other documents related thereto and a true and complete copy of each material amendment or other modification thereof; and
- (b) in respect of any such Charter, execute and deliver to the Agent an assignment of charter in Agreed Form and use reasonable commercial efforts to cause the charterer to execute and deliver to the Security Trustee a consent and acknowledgement to such assignment of charter in the form required thereby.

14.15 Notice of Mortgage.

- (a) Each Borrower shall keep the Mortgage registered against the Ship owned by it as a valid first preferred mortgage, carry on board that Ship a certified copy of the Mortgage and place and maintain in a conspicuous place in the navigation room and the Master's cabin of that Ship a framed printed notice stating that such Ship is mortgaged by that Borrower to the Security Trustee.
- (b) As from the date of execution thereof, each of the Borrowers shall keep the 2014 Second Mortgage registered against the Ship owned by it as a valid second preferred mortgage, carry on board that Ship a certified copy of such Second Priority Mortgage and place and maintain in a conspicuous place in the navigation room and the Master's cabin of that Ship a framed printed notice stating that such Ship is mortgaged by that Borrower to DVB Bank SE as security trustee under the 2014 Loan Agreement.

14.16 Sharing of Earnings. None of the Borrowers shall enter into any agreement or arrangement for the sharing of any Earnings other than the relevant Charters.

14.17 ISPS Code. Each Borrower shall comply with the ISPS Code and in particular, without limitation, shall:

- (a) procure that the Ship owned by it and the company responsible for that Ship's compliance with the ISPS Code comply with the ISPS Code; and
- (b) maintain for that Ship an ISSC; and
- (c) notify the Agent immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC.

15 COLLATERAL MAINTENANCE RATIO

15.1 General. From the first Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full, the Borrowers undertake with each Creditor Party to comply with the following provisions of this Clause 15 except as the Agent, with the consent of the Lenders, may approve from time to time in writing, such approval not to be unreasonably withheld.

15.2 Collateral Maintenance Ratio. If, at any time, the Agent notifies the Borrowers that the aggregate Fair Market Value of the Ships plus the net realizable value of any additional Collateral previously provided under this Clause 15 is below (i) 125 percent of the Loan between the Drawdown Date with respect to the first Advance relating to a Ship until December 31, 2015, (ii) 133.33 percent of the Loan after December 31, 2015 and prior to December 31, 2017, and (iii) 166.66 percent of the Loan thereafter (such ratio being the “ **Collateral Maintenance Ratio** ”), the Agent (acting upon the instruction of the Lenders) shall have the right to require the Borrowers to comply with the requirements of Clause 15.3.

15.3 Provision of additional security; prepayment. If the Agent serves a notice on the Borrowers under Clause 15.2, the Borrowers shall prepay such part (at least) of the Loan as will eliminate the shortfall on or before the date falling one (1) month after the date on which the Agent’s notice is served under Clause 15.2 (the “ **Prepayment Date** ”) unless at least one (1) Business Day before the Prepayment Date it has provided, or ensured that a third party has provided, additional Collateral which, in the opinion of the Lenders, has a net realizable value at least equal to the shortfall and which has been documented in such terms as the Agent may, with the authorization of the Lenders, approve or require.

15.4 Value of additional vessel security. The net realizable value of any additional Collateral which is provided under Clause 15.3 and which consists of a Security Interest over a vessel shall be that shown by a valuation complying with the definition of Fair Market Value.

15.5 Valuations binding. Any valuation under Clause 15.3 or 15.4 shall be binding and conclusive as regards the Borrowers, as shall be any valuation which the Lenders make of any additional security which does not consist of or include a Security Interest.

15.6 Provision of information. The Borrowers shall promptly provide the Agent and any Approved Broker or other expert acting under Clause 15.4 with any information which the Agent or the Approved Broker or other expert may request for the purposes of the valuation; and, if the Borrowers fail to provide the information by the date specified in the request, the valuation may be made on any basis and assumptions which the Approved Broker or the Lenders (or the expert appointed by them) consider prudent.

15.7 Payment of valuation expenses. Without prejudice to the generality of the Borrowers’ obligations under Clauses 21.2, 21.3 and 22.3, the Borrowers shall, on demand, pay the Agent the amount of the fees and expenses of any Approved Broker or other expert instructed by the Agent under this Clause 15 and all legal and other expenses incurred by any Creditor Party in connection with any matter arising out of this Clause 15.

15.8 Application of prepayment. Clause 8 shall apply in relation to any prepayment pursuant to Clause 15.3(b).

16 INTENTIONALLY OMITTED

17 PAYMENTS AND CALCULATIONS

17.1 Currency and method of payments. All payments to be made by the Lenders or by the Security Parties under a Finance Document shall be made to the Agent or to the Security Trustee, in the case of an amount payable to it:

(a) by not later than 11:00 a.m. (New York City time) on the due date;

- (b) in same day Dollar funds settled through the New York Clearing House Interbank Payments System (or in such other Dollar funds and/or settled in such other manner as the Agent shall specify as being customary at the time for the settlement of international transactions of the type contemplated by this Agreement);
- (c) in the case of an amount payable by a Lender to the Agent or by another Security Party to the Agent or any Lender, to the account of the Agent at HSBC Bank USA, New York, New York, ABA No. 021001088, SWIFT ID No. MRMDUS33, for credit to DVB Bank SE (Account No. 000.137.278, Reference: NORDIC ODIN - NORDIC OLYMPIC), or to such other account with such other bank as the Agent may from time to time notify to the Borrowers, the other Security Parties and the other Creditor Parties; and
- (d) in the case of an amount payable to the Security Trustee, to such account as it may from time to time notify to the Borrowers and the other Creditor Parties.

17.2 Payment on non-Business Day. If any payment by a Security Party under a Finance Document would otherwise fall due on a day which is not a Business Day:

- (a) the due date shall be extended to the next succeeding Business Day; or
- (b) if the next succeeding Business Day falls in the next calendar month, the due date shall be brought forward to the immediately preceding Business Day;

and interest shall be payable during any extension under paragraph (a) at the rate payable on the original due date.

17.3 Basis for calculation of periodic payments. All interest and commitment fee and any other payments under any Finance Document which are of an annual or periodic nature shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed and a 360 day year.

17.4 Distribution of payments to Creditor Parties. Subject to Clauses 17.5, 17.6 and 17.7:

- (a) any amount received by the Agent under a Finance Document for distribution or remittance to a Lender or the Security Trustee shall be made available by the Agent to that Lender or, as the case may be, the Security Trustee by payment, with funds having the same value as the funds received, to such account as the Lender or the Security Trustee may have notified to the Agent not less than five (5) Business Days previously; and
- (b) amounts to be applied in satisfying amounts of a particular category which are due to the Lenders generally shall be distributed by the Agent to each Lender pro rata to the amount in that category which is due to it.

17.5 Permitted deductions by Agent. Notwithstanding any other provision of this Agreement or any other Finance Document, the Agent may, before making an amount available to a Lender, deduct and withhold from that amount any sum which is then due and payable to the Agent from that Lender under any Finance Document or any sum which the Agent is then entitled under any Finance Document to require that Lender to pay on demand.

17.6 Agent only obliged to pay when monies received. Notwithstanding any other provision of this Agreement or any other Finance Document, the Agent shall not be obliged to make available to the Borrowers or any Lender any sum which the Agent is expecting to receive for remittance or distribution to the Borrowers or that Lender until the Agent has satisfied itself that it has received that sum.

17.7 Refund to Agent of monies not received. If and to the extent that the Agent makes available a sum to the Borrowers or a Lender, without first having received that sum, the Borrowers or (as the case may be) the Lender concerned shall, on demand:

- (a) refund the sum in full to the Agent; and
- (b) pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding or other loss, liability or expense incurred by the Agent as a result of making the sum available before receiving it.

17.8 Agent may assume receipt. Clause 17.7 shall not affect any claim which the Agent has under the law of restitution, and applies irrespective of whether the Agent had any form of notice that it had not received the sum which it made available.

17.9 Creditor Party accounts. Each Creditor Party shall maintain accounts showing the amounts owing to it by the Borrowers and each other Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrowers and any other Security Party.

17.10 Agent's memorandum account. The Agent shall maintain a memorandum account showing the amounts advanced by the Lenders and all other sums owing to the Agent, the Security Trustee and each Lender from the Borrowers and each other Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrowers and any other Security Party.

17.11 Accounts prima facie evidence. If any accounts maintained under Clauses 17.9 and 17.10 show an amount to be owing by the Borrowers or any other Security Party to a Creditor Party, those accounts shall be prima facie evidence that that amount is owing to that Creditor Party.

18 APPLICATION OF RECEIPTS

18.1 Normal order of application. Except as any Finance Document may otherwise provide, any sums which are received or recovered by any Creditor Party under or by virtue of any Finance Document shall be applied:

- (a) **FIRST:** in or towards satisfaction of any amounts then due and payable under the Finance Documents in the following order and proportions:
 - (i) *first*, in or towards satisfaction pro rata of all amounts then due and payable to the Creditor Parties under the Finance Documents other than those amounts referred to at paragraphs (ii) and (iii) (including, but without limitation, all amounts payable by the Borrowers under Clauses 21, 22 and 23 of this Agreement or by the Borrowers or any other Security Party under any corresponding or similar provision in any other Finance Document);
 - (ii) *second*, in or towards satisfaction pro rata of any and all amounts of interest or default interest payable to the Creditor Parties under the Finance Documents; and

(iii) *third*, in or towards satisfaction pro rata of the Loan;

(b) **SECOND:** in retention of an amount equal to any amount not then due and payable under any Finance Document but which the Agent, by notice to the Borrowers, the other Security Parties and the other Creditor Parties, states in its opinion will or may become due and payable in the future and, upon those amounts becoming due and payable, in or towards satisfaction of them in accordance with the provisions of Clause 18.1(a), **provided** that the Agent shall not retain any such amounts in excess of 180 days; and

(c) **THIRD:** provided that no Event of Default has occurred and is continuing, any surplus shall be paid to the Borrowers or to any other person appearing to be entitled to it.

18.2 Variation of order of application. The Agent may, with the authorization of the Lenders, by notice to the Borrowers, the other Security Parties and the other Creditor Parties provide for a different manner of application from that set out in Clause 18.1 either as regards a specified sum or sums or as regards sums in a specified category or categories.

18.3 Notice of variation of order of application. The Agent may give notices under Clause 18.2 from time to time; and such a notice may be stated to apply not only to sums which may be received or recovered in the future, but also to any sum which has been received or recovered on or after the third Business Day before the date on which the notice is served.

18.4 Appropriation rights overridden. This Clause 18 and any notice which the Agent gives under Clause 18.2 shall override any right of appropriation possessed, and any appropriation made, by the Borrowers or any other Security Party.

18.5 Payments in excess of Contribution.

(a) If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, counterclaim or otherwise) in excess of its Contribution, such Lender shall forthwith purchase from the other Lenders such participation in their respective Contributions as shall be necessary to share the excess payment ratably with each of them, **provided that** if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (a) the amount of such Lender's required repayment to (b) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered.

(b) The Borrowers agree that any Lender so purchasing a participation from another Lender pursuant to this Clause 18.5 may, to the fullest extent permitted by law, exercise all of its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrowers in the amount of such participation.

(c) Notwithstanding paragraphs (a) and (b) of this Clause 18.5, any Lender which shall have commenced or joined (as a plaintiff) in an action or proceeding in any court to recover sums due to it under any Finance Document and pursuant to a judgment obtained therein or a settlement or compromise of that action or proceeding shall have received any amount, such Lender shall not be required to share any proportion of that amount with a Lender which has the legal right to, but does not, join such action or proceeding or commence and diligently prosecute a separate action or proceeding to enforce its rights in the same or another court.

(d) Each Lender exercising or contemplating exercising any rights giving rise to a receipt or receiving any payment of the type referred to in this Clause 18.5 or instituting legal proceedings to recover sums owing to it under this Agreement shall, as soon as reasonably practicable thereafter, give notice thereof to the Agent who shall give notice to the other Lenders.

19 APPLICATION OF EARNINGS

19.1 General. From the first Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full, each of the Borrowers undertakes with each Creditor Party to comply or cause compliance with the following provisions of this Clause 19 except as the Agent, with the consent of the Lenders, may approve from time to time in writing, such approval not to be unreasonably withheld.

19.2 Funding of Earnings Account. On or before the Drawdown Date of each Advance, each of the Borrowers shall deposit \$250,000 into and at all times retain such amount in its Earnings Account. Within one (1) year of the Drawdown Date, each of the Borrowers shall have deposited an additional \$250,000 into and at all times retain such amount in its Earnings Account, so that at all times from and after the first anniversary of the Drawdown Date the balance in each Earnings Account shall be not less than \$500,000.

19.3 Payment of Earnings into Earnings Account. Each Borrower undertakes with each Creditor Party to ensure that, subject only to the provisions of the relevant Time Charter Assignment or the relevant Earnings Assignment, all Earnings of the Ship owned by it are paid to the relevant Earnings Account. Subject to Clause 19.2, and provided that no Event of Default has occurred and is continuing, each Borrower shall be entitled to withdraw the Earnings from the relevant Earnings Account to pay for the operation of the Ship owned by it and to pay the repayment installments specified in Clause 8.1 and the interest payable under Clause 5.2.

19.4 Location of Earnings Account. The Borrowers shall promptly:

- (a) comply, or cause the compliance, with any requirement of the Agent as to the location or re-location of an Earnings Account, and without limiting the foregoing, each Borrower agrees to segregate, or cause the segregation of, the relevant Earnings Account from the banking platform on which their other accounts are located or designated; and
- (b) execute, or cause the execution of, any documents which the Agent specifies to create or maintain in favor of the Security Trustee a Security Interest over (and/or rights of set-off, consolidation or other rights in relation to) the Earnings Accounts.

19.5 Debits for expenses etc. Upon the occurrence and during the continuance of an Event of Default, the Agent shall be entitled (but not obliged) from time to time to debit the Earnings Accounts without prior notice in order to discharge any amount due and payable under Clause 21 or 22 to a Creditor Party or payment of which any Creditor Party has become entitled to demand under Clause 21 or 22.

19.6 Borrowers' obligations unaffected. The provisions of this Clause 19 do not affect:

- (a) the liability of the Borrowers to make payments of principal and interest on the due dates; or
- (b) any other liability or obligation of the Borrowers or any other Security Party under any Finance Document.

20 EVENTS OF DEFAULT

20.1 Events of Default. An Event of Default occurs if:

- (a) a Borrower or any other Security Party fails to pay when due any sum payable under a Finance Document to which it is a party or, only in the case of sums payable on demand, within five (5) Business Days after the date when first demanded; or
- (b) any breach occurs of any of Clauses 8.8, 9.2, or 11.2; or
- (c) any breach by a Borrower or any other Security Party occurs of any provision of a Finance Document (other than a breach covered by paragraphs (a), (b), (d), (e) or (n) of this Clause 20.1) which is capable of remedy, and such default continues unremedied 20 days after written notice from the Agent requesting action to remedy the same; or
- (d) (subject to any applicable grace period specified in a Finance Document) any breach by a Borrower or any other Security Party occurs of any provision of a Finance Document (other than a breach falling within paragraphs (a), (b), (c) or (e) of this Clause 20.1); or
- (e) any representation, warranty or statement made or repeated by, or by an officer or director or other authorized person of, a Borrower or any other Security Party in a Finance Document or in a Drawdown Notice or any other notice or document relating to a Finance Document is untrue or misleading in any material respect when it is made or repeated; or
- (f) an event of default, or an event or circumstance which, with the giving of any notice, the lapse of time or both would constitute an event of default, has occurred on the part of a Security Party (other than the Glencore Guarantors) under any contract or agreement (other than the Finance Documents) to which such person is a party, and, in respect of any payment default, the value of which is or exceeds \$1,000,000, and such event of default has not been cured within any applicable grace period. For the avoidance of doubt, any event of default other than a payment default shall not be subject to the \$1,000,000 threshold set forth herein; or
- (g) an event of default, or an event or circumstance which, with the giving of any notice, the lapse of time or both would constitute an event of default, has occurred under the 2014 Loan Agreement;
- (h) a Security Party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or
- (i) any proceeding shall be instituted by or against a Security Party seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, and solely in the case of an involuntary proceeding:

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- (i) such proceeding shall remain undismissed or unstayed for a period of 60 days; or
 - (ii) any of the actions sought in such involuntary proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or
 - (j) more than 25% of the undertakings, assets, rights or revenues of, or shares or other ownership interest in, a Security Party are seized, nationalized, expropriated or compulsorily acquired by or under authority of any government; or
 - (k) a creditor attaches or takes possession of, or a distress, execution, sequestration or process (each an “**action**”) is levied or enforced upon or sued out against, more than 25% of the undertakings, assets, rights or revenues (the “**assets**”) of a Security Party in relation to a claim by such creditor which, in the reasonable opinion of the Lenders, is likely to materially and adversely affect the ability of such Security Party to perform all or any of its obligations under or otherwise to comply with the terms of any Finance Document to which it is a party and such person does not procure that such action is lifted, released or expunged within 14 Business Days of such action being (i) instituted and (ii) notified to such Security Party; or
 - (l) any judgment or order for the payment of money individually or in the aggregate in excess of \$1,000,000 (exclusive of any amounts fully covered by insurance (less any applicable deductible) and as to which the insurer has acknowledged its responsibility to cover such judgment or order) shall be rendered against a Security Party (other than the Glencore Guarantors) and such judgment shall not have been vacated or discharged or stayed or bonded pending appeal within 30 days after the entry thereof or enforcement proceedings shall have been commenced by any creditor upon such judgment or order; or
 - (m) a Security Party ceases or suspends or threatens to cease or suspend the carrying on of its business, or a part of its business which, in the reasonable opinion of the Lenders, is material in the context of this Agreement, except in the case of a sale or a proposed sale of a Ship by a Borrower; or
 - (n) a Ship becomes a Total Loss or suffers a Major Casualty and (i) in the case of a Total Loss, insurance proceeds are not collected or received by the Security Trustee from the underwriters within 150 days of the Total Loss Date; or (ii) in the case of a Major Casualty, that Ship has not been otherwise repaired in a reasonably timely and proper manner under the prevailing circumstances; or
 - (o) it becomes unlawful in any Pertinent Jurisdiction or impossible:
 - (i) for any Security Party to discharge any liability under a Finance Document or to comply with any other obligation which the Lenders consider material under a Finance Document;
 - (ii) for the Agent, the Security Trustee or the Lenders to exercise or enforce any right under, or to enforce any Security Interest created by, a Finance Document; or

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- (p) any consent necessary to enable a Borrower to own, operate or charter the Ship owned by it or to enable a Borrower or any other Security Party to comply with any material provision of a Finance Document is not granted, expires without being renewed, is revoked or becomes liable to revocation or any condition of such a consent is not fulfilled; or
 - (q) any material provision of a Finance Document proves to have been or becomes invalid or unenforceable, or a Security Interest created by a Finance Document proves to have been or becomes invalid or unenforceable or such a Security Interest proves to have ranked after, or loses its priority to, another Security Interest or any other third party claim or interest; or
 - (r) the security constituted by a Finance Document is in any way imperiled or in jeopardy; or
 - (s) there occurs the cancellation or termination of any contract of employment for the Ship of more than 12 months duration to which a Security Party is a party, unless such contract of employment is replaced with a substitute contract of employment with the consent of the Lenders (such consent not to be unreasonably withheld); or
 - (t) there occurs or develops a change in the financial position, business or prospects of a Borrower which, in the reasonable opinion of the Lenders, has a material adverse effect on such person's ability to discharge its liabilities under the Finance Documents as they fall due; or
 - (u) the results of any survey or inspection of a Ship pursuant to Clause 14.7 or 14.8 are deemed unsatisfactory by the Lenders in their reasonable discretion after giving due consideration to the type and age of that Ship and whether such results materially adversely affect that Ship's Fair Market Value or safe operation, unless such survey or inspection is revised to the reasonable satisfaction of the Majority Lenders within 60 days of the date that a copy of the original inspection is delivered by the Borrowers to the Agent; or
 - (v) a Ship is off charter for a period of exceeding 75 days in a calendar year; or
 - (w) a Change of Control shall have occurred; or
 - (x) ST Shipping is declared by the Minister of Finance of Singapore to be a company to which Part IX of the Companies Act, Chapter 50 of Singapore applies; or
 - (y) there is political instability in a Ship's flag state or a Borrower's place of incorporation which, in the reasonable opinion of the Lenders, has a material adverse effect on the ability of such Borrower to perform its obligations under the Finance Documents to which it is a party and the relevant Borrower shall not transfer registration of its Ship to a flag state which is reasonably acceptable to the Lenders within 60 days.

20.2 Actions following an Event of Default. On, or at any time after and during the continuance of, the occurrence of an Event of Default:

- (a) the Agent may, and if so instructed by the Lenders, the Agent shall:
 - (i) serve on the Borrowers a notice stating that the Commitments and all other obligations of each Lender to the Borrowers under this Agreement are cancelled; and/or

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- (ii) serve on the Borrowers a notice stating that the Loan, together with accrued interest and all other amounts accrued or owing under this Agreement, are immediately due and payable or are due and payable on demand, **provided that** in the case of an Event of Default under either of Clauses 20.1(h) or (i), the Loan and all accrued interest and other amounts accrued or owing hereunder shall be deemed immediately due and payable without notice or demand therefor; and/or
- (iii) take any other action which, as a result of the Event of Default or any notice served under paragraph (i) or (ii), the Agent and/or the Lenders are entitled to take under any Finance Document or any applicable law; and/or
- (b) the Security Trustee may, and if so instructed by the Agent, acting with the authorization of the Lenders, the Security Trustee shall, take any action which, as a result of the Event of Default or any notice served under paragraph (a) (i) or (ii), the Security Trustee, the Agent and/or the Lenders are entitled to take under any Finance Document or any applicable law to enforce the Security Interests created by this Agreement and any other Finance Document in any manner available to it and in such sequence as the Security Trustee may, in its absolute discretion, determine.

20.3 Termination of Commitments. On the service of a notice under Clause 20.2(a)(i), the Commitments and all other obligations of each Lender to the Borrowers under this Agreement shall be cancelled.

20.4 Acceleration of Loan. On the service of a notice under Clause 20.2(a)(ii), all or, as the case may be, the part of the Loan specified in the notice, together with accrued interest and all other amounts accrued or owing from the Borrowers or any other Security Party under this Agreement and every other Finance Document shall become immediately due and payable or, as the case may be, payable on demand.

20.5 Multiple notices; action without notice. The Agent may serve notices under Clauses 20.2(a)(i) and (ii) simultaneously or on different dates and it and/or the Security Trustee may take any action referred to in Clause 20.2 if no such notice is served or simultaneously with or at any time after the service of both or either of such notices.

20.6 Notification of Creditor Parties and Security Parties. The Agent shall send to each Lender and the Security Trustee a copy of the text of any notice which the Agent serves on the Borrowers under Clause 20.2. Such notice shall become effective when it is served on the Borrowers, and no failure or delay by the Agent to send a copy or the text of the notice to any other person shall invalidate the notice or provide the Borrowers or any Security Party with any form of claim or defense.

20.7 Creditor Party rights unimpaired. Nothing in this Clause shall be taken to impair or restrict the exercise of any right given to individual Lenders under a Finance Document or the general law; and, in particular, this Clause is without prejudice to Clause 3.2.

20.8 Exclusion of Creditor Party liability. No Creditor Party, and no receiver or manager appointed by the Security Trustee, shall have any liability to any Security Party:

- (a) for any loss caused by an exercise of rights under, or enforcement of a Security Interest created by, a Finance Document or by any failure or delay to exercise such a right or to enforce such a Security Interest; or
- (b) as mortgagee in possession or otherwise, for any income or principal amount which might have been produced by or realized from any asset comprised in such a Security Interest or for any reduction (however caused) in the value of such an asset,

provided that nothing in this Clause 20.8 shall exempt a Creditor Party or a receiver or manager from liability for losses shown to have been directly and mainly caused by the gross negligence or the willful misconduct of such Creditor Party's own officers and employees or (as the case may be) such receiver's or manager's own partners or employees.

21 FEES AND EXPENSES

21.1 Upfront fee. The Borrowers shall pay to the Agent an upfront fee in accordance with the terms of the Fee Letter.

21.2 Costs of negotiation, preparation etc. The Borrowers shall pay to the Agent on its demand the amount of all expenses incurred by the Agent or the Security Trustee in connection with the negotiation, preparation, execution or registration of any Finance Document or any related document or with any transaction contemplated by a Finance Document or a related document, including, without limitation, the reasonable fees and disbursements of a Creditor Party's legal counsel and any local counsel retained by them.

21.3 Costs of variations, amendments, enforcement etc. The Borrowers shall pay to the Agent, on the Agent's demand, the amount of all expenses incurred by the Agent or the Security Trustee, as the case may be, in connection with:

- (a) any amendment or supplement to a Finance Document, or any proposal for such an amendment to be made;
- (b) any consent or waiver by the Lenders, the Lenders or the Creditor Party concerned under or in connection with a Finance Document, or any request for such a consent or waiver;
- (c) the valuation of any Collateral or any other matter relating to such Collateral; or
- (d) any step taken by the Security Trustee or a Lender with a view to the protection, exercise or enforcement of any right or Security Interest created by a Finance Document or for any similar purpose.

There shall be recoverable under paragraph (d) the full amount of all legal expenses, whether or not such as would be allowed under rules of court or any taxation or other procedure carried out under such rules.

21.4 Documentary taxes. The Borrowers shall promptly pay any tax payable on or by reference to any Finance Document, and shall, on the Agent's demand, fully indemnify each Creditor Party against any claims, expenses, liabilities and losses resulting from any failure or delay by the Borrowers to pay such a tax.

21.5 Certification of amounts. A notice which is signed by an officer of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 21 and which indicates (without necessarily specifying a detailed breakdown) the matters in respect of which the amount, or aggregate amount, is due shall be prima facie evidence that the amount, or aggregate amount, is due.

22 INDEMNITIES

22.1 Indemnities regarding borrowing and repayment of Loan. The Borrowers shall fully indemnify the Agent and each Lender on the Agent's demand and the Security Trustee on its demand in respect of all claims, expenses, liabilities and losses which are made or brought against or incurred by that Creditor Party, or which that Creditor Party reasonably and with due diligence estimates that it will incur, as a result of or in connection with:

- (a) the Advance not being borrowed on the date specified in the Drawdown Notice for any reason other than a default by the Lender claiming the indemnity;
- (b) the receipt or recovery of all or any part of the Loan or an overdue sum otherwise than on the last day of an Interest Period or other relevant period;
- (c) any failure (for whatever reason) by the Borrowers or any other Security Party to make payment of any amount due under a Finance Document on the due date or, if so payable, on demand (after giving credit for any default interest paid by the Borrowers on the amount concerned under Clause 7); or
- (d) the occurrence of an Event of Default or a Potential Event of Default and/or the acceleration of repayment of the Loan under Clause 20.

It is understood that the indemnities provided in this Clause 22.1 shall not apply to any claim cost or expense which is a tax levied by a taxing authority on the indemnified party (which taxes are subject to indemnity solely as provided in Clause 23 below) but shall apply to any other costs associated with any tax which is not a Non-indemnified Tax.

22.2 Breakage costs. Without limiting its generality, Clause 22.1 covers any claim, expense, liability or loss, including a loss of a prospective profit, incurred by a Lender:

- (a) in liquidating or employing deposits from third parties acquired or arranged to fund or maintain all or any part of its Contribution and/or any overdue amount (or an aggregate amount which includes its Contribution or any overdue amount); and
- (b) in terminating, or otherwise in connection with, any interest and/or currency swap or any other transaction entered into (whether with another legal entity or with another office or department of the Lender concerned) to hedge any exposure arising under this Agreement or that part which the Lender concerned determines is fairly attributable to this Agreement of the amount of the liabilities, expenses or losses (including losses of prospective profits) incurred by it in terminating, or otherwise in connection with, a number of transactions of which this Agreement is one.

22.3 Miscellaneous indemnities. The Borrowers shall fully indemnify each Creditor Party severally on their respective demands in respect of all claims, expenses, liabilities and losses which may be made or brought against or incurred by a Creditor Party, in any country, as a result of or in connection with:

(a) any action taken, or omitted or neglected to be taken, under or in connection with any Finance Document by the Agent, the Security Trustee or any other Creditor Party or by any receiver appointed under a Finance Document; or

(b) any other Pertinent Matter,

other than claims, expenses, liabilities and losses which are shown to have been directly and mainly caused by the dishonesty or willful misconduct or gross negligence of the officers or employees of the Creditor Party concerned.

Without prejudice to its generality, this Clause 22.3 covers any claims, expenses, liabilities and losses which arise, or are asserted, under or in connection with any law relating to safety at sea, the ISM Code, the ISPS Code, any Environmental Law or any business conducted directly or indirectly by a Security Party with any Prohibited Person.

22.4 Currency indemnity. If any sum due from the Borrowers or any other Security Party to a Creditor Party under a Finance Document or under any order or judgment relating to a Finance Document has to be converted from the currency in which the Finance Document provided for the sum to be paid (the “**Contractual Currency**”) into another currency (the “**Payment Currency**”) for the purpose of:

(a) making or lodging any claim or proof against the Borrowers or any other Security Party, whether in its liquidation, any arrangement involving it or otherwise; or

(b) obtaining an order or judgment from any court or other tribunal; or

(c) enforcing any such order or judgment,

the Borrowers shall indemnify the Creditor Party concerned against the loss arising when the amount of the payment actually received by that Creditor Party is converted at the available rate of exchange into the Contractual Currency.

In this Clause 22.4, the “**available rate of exchange**” means the rate at which the Creditor Party concerned is able at the opening of business (London time) on the Business Day after it receives the sum concerned to purchase the Contractual Currency with the Payment Currency.

This Clause 22.4 creates a separate liability of the Borrowers which is distinct from its other liabilities under the Finance Documents and which shall not be merged in any judgment or order relating to those other liabilities.

22.5 Intentionally omitted.

22.6 Certification of amounts. A notice which is signed by an officer of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 22 and which indicates (without necessarily specifying a detailed breakdown) the matters in respect of which the amount, or aggregate amount, is due shall be prima facie evidence that the amount, or aggregate amount, is due.

22.7 Sums deemed due to a Lender. For the purposes of this Clause 22, a sum payable by the Borrowers to the Agent or the Security Trustee for distribution to a Lender shall be treated as a sum due to that Lender.

23 NO SET-OFF OR TAX DEDUCTION; tax indemnity

23.1 No deductions. All amounts due from a Security Party under a Finance Document shall be paid:

- (a) without any form of set-off, cross-claim or condition; and
- (b) free and clear of any tax deduction except a tax deduction which such Security Party is required by law to make.

23.2 Grossing-up for taxes. If a Security Party is required by law to make a tax deduction from any payment:

- (a) such Security Party shall notify the Agent as soon as it becomes aware of the requirement;
- (b) such Security Party shall pay the tax deducted to the appropriate taxation authority promptly, and in any event before any fine or penalty arises; and
- (c) except if the deduction is for collection or payment of a Non-indemnified Tax of a Creditor Party, the amount due in respect of the payment shall be increased by the amount necessary to ensure that each Creditor Party receives and retains (free from any liability relating to the tax deduction) a net amount which, after the tax deduction, is equal to the full amount which it would otherwise have received.

23.3 Evidence of payment of taxes. Within one (1) month after making any tax deduction, the relevant Security Party shall deliver to the Agent documentary evidence satisfactory to the Agent that the tax had been paid to the appropriate taxation authority.

23.4 Tax credits. A Creditor Party which receives for its own account a repayment or credit in respect of tax on account of which the Borrowers have made an increased payment under Clause 23.2 shall pay to the Borrowers a sum equal to the proportion of the repayment or credit which that Creditor Party allocates to the amount due from the Borrowers in respect of which the Borrowers made the increased payment, **provided that** :

- (a) the Creditor Party shall not be obliged to allocate to this transaction any part of a tax repayment or credit which is referable to a class or number of transactions;
- (b) nothing in this Clause 23.4 shall oblige a Creditor Party to arrange its tax affairs in any particular manner, to claim any type of relief, credit, allowance or deduction instead of, or in priority to, another or to make any such claim within any particular time;
- (c) nothing in this Clause 23.4 shall oblige a Creditor Party to make a payment which would leave it in a worse position than it would have been in if the Borrowers had not been required to make a tax deduction from a payment; and
- (d) any allocation or determination made by a Creditor Party under or in connection with this Clause 23.4 shall be conclusive and binding on the Borrowers and the other Creditor Parties.

23.5 Indemnity for taxes. The Borrowers hereby indemnify and agree to hold each Creditor Party harmless from and against all taxes other than Non-indemnified Taxes levied on such Creditor Party (including, without limitation, taxes imposed on any amounts payable under this Clause 23.5) paid or payable by such person, whether or not such taxes or other taxes were correctly or legally asserted. Such indemnification shall be paid within 10 days from the date on which such Creditor Party makes written demand therefore specifying in reasonable detail the nature and amount of such taxes or other taxes.

23.6 Exclusion from indemnity and gross-up for taxes. The Borrowers shall not be required to indemnify any Creditor Party for a tax pursuant to Clause 23.5, or to pay any additional amounts to any Creditor Party pursuant to Clause 23.2, to the extent that the tax is collected by withholding on payments (a “ **Withholding** ”) and is levied by a Pertinent Jurisdiction of the payer and:

- (a) the person claiming such indemnity or additional amounts was not an original party to this agreement and under applicable law (after taking into account relevant treaties and assuming that such person has provided all forms it may legally and truthfully provide) on the date such person became a party to this Agreement a Withholding would have been required on such payment, **provided that** this exclusion shall not apply to the extent such Withholding does not exceed the Withholding that would have been applicable if such payment had been made to the person from whom such person acquired its rights under the Agreement and this exclusion shall not apply to the extent that such Withholding exceeds the amount of Withholding that would have been required under the law in effect on the date such person became a party to this Agreement; or
- (b) the person claiming such indemnity or additional amounts is a Lender who has changed its Lending Office and under applicable law (after taking into account relevant treaties and assuming that such Lender has provided all forms it may legally and truthfully provide) on the date such Lender changed its Lending Office a Withholding would have been required on such payment, **provided that** this exclusion shall not apply to the extent such Withholding does not exceed the Withholding that would have been applicable to such payment if such Lender had not changed its Lending Office and this exclusion shall not apply to the extent that the Withholding exceeds the amount of Withholding that would have been required under the law in effect on the date such Lender changed its Lending Office; or
- (c) in the case of a Lender, to the extent that Withholding would not have been required on such payment if such Lender has complied with its obligations to deliver certain tax form pursuant to Section 23.7 below.

23.7 Delivery of tax forms.

- (a) Upon the reasonable request of the Borrowers, each Lender or transferee that is organized under the laws of a jurisdiction outside the United States (a “ **Non-U.S. Lender** ”) shall deliver to the Agent and the Borrowers two properly completed and duly executed copies of either IRS Form W-8BEN, W-8BEN-E, W-8ECI or W-8IMY or, upon request of the Borrowers or the Agent, any subsequent versions thereof or successors thereto, in each case claiming such reduced rate (which may be zero) of U.S. Federal withholding tax under Sections 1441 and 1442 of the Code with respect to payments of interest hereunder as such Non-U.S. Lender may properly claim. In addition, in the case of a Non-U.S. Lender claiming exemption from U.S. Federal withholding tax under Section 871(h) or 881(c) of the Code, such Non-U.S. Lender shall, when so requested by the Borrowers provide to the Agent and the Borrowers in addition to the Form W-8BEN or W-8BEN-E required under Section 23.7(a) a certificate representing that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Code, is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of the Borrowers and is not a controlled foreign corporation related to the Borrowers (within the meaning of Section 864(d)(4) of the Code), and such Non-U.S. Lender agrees that it shall promptly notify the Agent in the event any representation in such certificate is no longer accurate.

(b) In the event that Withholding taxes may be imposed under the laws of any Pertinent Jurisdiction (other than the United States or any political subdivision or taxing jurisdiction thereof or therein) in respect of payments on the Loan or other amounts due under this Agreement and if certain documentation provided by a Lender could reduce or eliminate such Withholding taxes under the laws of such Pertinent Jurisdiction or any treaty to which the Pertinent Jurisdiction is a party, then, upon written request by the Borrowers, a Lender that is entitled to an exemption from, or reduction in the amount of, such Withholding tax shall deliver to the Borrowers (with a copy to the Agent), at the time or times prescribed by applicable law or promptly after receipt of Borrowers' request, whichever is later, such properly completed and executed documentation requested by the Borrowers, if any, as will permit such payments to be made without withholding or at a reduced rate of withholding; provided that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's reasonable judgment such completion, execution or delivery would not materially prejudice the legal or commercial position of such Lender. Notwithstanding the foregoing, nothing in Clause 23.7 shall require a Lender to disclose any confidential information (including, without limitation, its tax returns or its calculations).

(c) Each Lender shall deliver such forms as provided in this Clause 23.7 within 20 days after receipt of a written request therefor from the Agent or Borrowers.

(d) Notwithstanding any other provision of this Clause 23.7, a Lender shall not be required to deliver any form pursuant to this Clause 23.7 that such Lender is not legally entitled to deliver.

23.8 FATCA information.

(a) Subject to paragraph (c) below, each Relevant Party confirms to each other Relevant Party that it is a FATCA Exempt Party on the date hereof (or in the case of a Transferee Lender, on the date of its applicable Transfer Certificate, and except as otherwise indicated therein) and thereafter within ten (10) Business Days of a reasonable request by another Relevant Party shall:

(i) confirm to that other party whether it is a FATCA Exempt Party or is not a FATCA Exempt Party; and

(ii) supply to the requesting party (with a copy to all other Relevant Parties) such other form or forms (including IRS Form W-8 or Form W-9 or any successor or substitute form, as applicable) and any other documentation and other information relating to its status under FATCA (including its applicable "passthru percentage" or other information required under FATCA or other official guidance including intergovernmental agreements) as the requesting party reasonably requests for the purpose of determining whether any payment to such party may be subject to any FATCA Deduction.

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- (b) If a Relevant Party confirms to any other Relevant Party that it is a FATCA Exempt Party or provides an IRS Form W-8 or W-9 to showing that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that party shall so notify all other Relevant Parties reasonably promptly.
- (c) Nothing in this Clause 23.8 shall obligate any Relevant Party to do anything which would or, in its reasonable opinion, might constitute a breach of any law or regulation, any policy of that party, any fiduciary duty or any duty of confidentiality, or to disclose any confidential information (including, without limitation, its tax returns and calculations); **provided that** nothing in this paragraph shall excuse any Relevant Party from providing a true complete and correct IRS Form W-8 or W-9 (or any successor or substitute form where applicable). Any information provided on such IRS Form W-8 or W-9 (or any successor or substitute forms) shall not be treated as confidential information of such party for purposes of this paragraph.
- (d) If a Relevant Party fails to confirm its status or to supply forms, documentation or other information requested in accordance the provisions of this agreement or the provided information is insufficient under FATCA, then:
- (i) such party shall be treated as if it were a FATCA Non-Exempt Party; and
- (ii) if that party failed to confirm its applicable passthru percentage then such party shall be treated for the purposes of the Finance Documents (and payments made thereunder) as if its applicable passthru percentage is 100%,
- until (in each case) such time as the party in question provides sufficient confirmation, forms, documentation or other information to establish the relevant facts.

23.9 FATCA withholding.

- (a) A Relevant Party making a payment to any FATCA Non-Exempt Party shall make such FATCA Deduction as it determines is required by law and shall render payment to the IRS within the time allowed and in the amount required by FATCA.
- (b) If a FATCA Deduction is required to be made by any Relevant Party to a FATCA Non-Exempt Party, the amount of the payment due from such Relevant Party shall be reduced by the amount of the FATCA Deduction reasonably determined to be required by such Relevant Party.
- (c) Each Relevant Party shall promptly upon becoming aware that a FATCA Deduction is required with respect to any payment owed to it (or that there is any change in the rate or basis of a FATCA Deduction) notify each other Relevant Party accordingly.
- (d) Within thirty days of making either a FATCA Deduction or any payment required in connection with that FATCA Deduction, the party making such FATCA Deduction shall deliver to the Agent for delivery to the party on account of whom the FATCA Deduction was made evidence reasonably satisfactory to that party that the FATCA Deduction has been made or (as applicable) any appropriate payment paid to the IRS.
- (e) A Relevant Party who becomes aware that it must make a FATCA Deduction in respect of a payment to another Relevant Party (or that there is any change in the rate or basis of such FATCA Deduction) shall notify that party and the Agent.

(f) The Agent shall promptly upon becoming aware that it must make a FATCA Deduction in respect of a payment to a Lender which relates to a payment by a Borrower Party (or that there is any change in the rate or the basis of such a FATCA Deduction) notify the Borrower and the relevant Lender.

(g) If a FATCA Deduction is made as a result of any creditor Party failing to be a FATCA Exempt Party, such party shall indemnify each other Creditor Party against any loss, cost or expense to it resulting from such FATCA Deduction.

23.10 FATCA mitigation. Notwithstanding any other provision of this agreement, if a FACTC deduction is or will be required to be made by any party under Clause 23.10 in respect of a payment to any FATCA Non-Exempt Lender, the FATCA Non-Exempt Lender may either:

(a) transfer its entire interest in the Loan to a U.S. branch or Affiliate, or

(b) nominate one or more transferee lenders who upon becoming a Lender would be a FATCA Exempt Party, by notice in writing to the Agent and the Borrower specifying the terms of the proposed transfer, and upon the approval and consent of the Agent and the Borrower, cause such transferee lender(s) to purchase all of the FATCA Non-Exempt Lender's interest in the Loan.

24 ILLEGALITY, ETC

24.1 Illegality. If it becomes unlawful in any applicable jurisdiction for a Lender (the "Notifying Lender") to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Advance:

(a) the Notifying Lender shall promptly notify the Agent upon becoming aware of that event;

(b) upon the Agent notifying the Borrowers and the other Creditor Parties, the Commitment of the Notifying Lender will be immediately cancelled; and

(c) the Borrowers shall repay the Notifying Lender's participation in the Advance on the last day of the Interest Period for the Advance occurring after the Agent has notified the Borrowers or, if earlier, the date specified by the Notifying Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law).

24.2 Mitigation. If circumstances arise which would result in a notification under Clause 24.1 then, without in any way limiting the obligations of the Borrowers under Clause 24.1, the Notifying Lender shall use reasonable commercial efforts to transfer its obligations, liabilities and rights under this Agreement and the Finance Documents to another office or financial institution not affected by the circumstances but the Notifying Lender shall not be under any obligation to take any such action if, in its opinion, to do would or might:

(a) have an adverse effect on its business, operations or financial condition; or

(b) involve it in any activity which is unlawful or prohibited or any activity that is contrary to, or inconsistent with, any regulation; or

(c) involve it in any expense (unless indemnified to its satisfaction) or tax disadvantage.

25 INCREASED COSTS

25.1 Increased costs. This Clause 25 applies if a Lender (the “**Notifying Lender**”) notifies the Agent that the Notifying Lender considers that as a result of:

- (a) the introduction or alteration after the date of this Agreement of a law or an alteration after the date of this Agreement in the manner in which a law is interpreted or applied (disregarding any effect which relates to the application to payments under this Agreement of a Non-Indemnified tax); or
- (b) complying with any regulation (including any which relates to capital adequacy or liquidity controls or which affects the manner in which the Notifying Lender allocates capital resources to its obligations under this Agreement) which is introduced, or altered, or the interpretation or application of which is altered, after the date of this Agreement,

the Notifying Lender (or a parent company of it) has incurred or will incur an “**increased cost**”.

Notwithstanding anything herein to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and all requests, rules, guidelines and directives promulgated thereunder, are deemed to have been introduced or adopted after the date hereof, regardless of the date enacted or adopted.

25.2 Meaning of “increased costs”. In this Clause 25, “**increased costs**” means, in relation to a Notifying Lender:

- (a) an additional or increased cost incurred as a result of, or in connection with, the Notifying Lender having entered into, or being a party to, this Agreement or having taken an assignment of rights under this Agreement, of funding or maintaining its Commitment or Contribution or performing its obligations under this Agreement, or of having outstanding all or any part of its Contribution or other unpaid sums;
- (b) a reduction in the amount of any payment to the Notifying Lender under this Agreement or in the effective return which such a payment represents to the Notifying Lender or on its capital;
- (c) an additional or increased cost of funding all or maintaining all or any of the advances comprised in a class of advances formed by or including the Notifying Lender’s Contribution or (as the case may require) the proportion of that cost attributable to the Contribution; or
- (d) a liability to make a payment, or a return foregone, which is calculated by reference to any amounts received or receivable by the Notifying Lender under this Agreement;
- (e) but not an item attributable to a change in the rate of tax on the overall net income of the Notifying Lender (or a parent company of it) or an item covered by the indemnity for tax in Clause 23 or an item arising directly out of the implementation or application of or compliance with Basel III or any other law or regulation which implements Basel III (whether such implementation, application or compliance is by a government, regulator, Creditor Party or any of its affiliates).

For the purposes of this Clause 25.2 the Notifying Lender may in good faith allocate or spread costs and/or losses among its assets and liabilities (or any class of its assets and liabilities) on such basis as it considers appropriate.

25.3 Notification to Borrowers of claim for increased costs. The Agent shall promptly notify the Borrowers and the other Security Parties of the notice which the Agent received from the Notifying Lender under Clause 25.1.

25.4 Payment of increased costs. The Borrowers shall pay to the Agent, on the Agent's demand, for the account of the Notifying Lender the amounts which the Agent from time to time notifies the Borrowers that the Notifying Lender has specified to be necessary to compensate the Notifying Lender for the increased cost.

25.5 Notice of prepayment. If the Borrowers are not willing to continue to compensate the Notifying Lender for the increased cost under Clause 25.4, the Borrowers may give the Agent not less than 14 days' notice of its intention to prepay the Notifying Lender's Contribution at the end of an Interest Period.

25.6 Prepayment; termination of Commitment. A notice under Clause 25.5 shall be irrevocable; the Agent shall promptly notify the Notifying Lender of the Borrowers' notice of intended prepayment; and:

- (a) on the date on which the Agent serves that notice, the Commitment of the Notifying Lender shall be cancelled; and
- (b) on the date specified in its notice of intended prepayment, the Borrowers shall prepay (without premium or penalty but subject to any applicable prepayment fee under Clause 8.9(c)) the Notifying Lender's Contribution, together with accrued interest thereon at the applicable rate plus the Margin.

25.7 Application of prepayment. Clause 8 shall apply in relation to the prepayment.

26 SET-OFF

26.1 Application of credit balances. Upon the occurrence and during the continuance of an Event of Default, each Creditor Party may, with notice to the Borrowers:

- (a) apply any balance (whether or not then due) which at any time stands to the credit of any account in the name of either Borrower at any office in any country of that Creditor Party in or towards satisfaction of any sum then due from the Borrowers to that Creditor Party under any of the Finance Documents; and
- (b) for that purpose:
 - (i) break, or alter the maturity of, all or any part of a deposit of either Borrower;
 - (ii) convert or translate all or any part of a deposit or other credit balance into Dollars; and
 - (iii) enter into any other transaction or make any entry with regard to the credit balance which the Creditor Party concerned considers appropriate.

26.2 Existing rights unaffected. No Creditor Party shall be obliged to exercise any of its rights under Clause 26.1; and those rights shall be without prejudice and in addition to any right of set-off, combination of accounts, charge, lien or other right or remedy to which a Creditor Party is entitled (whether under the general law or any document).

26.3 Sums deemed due to a Lender. For the purposes of this Clause 26, a sum payable by the Borrowers to the Agent or the Security Trustee for distribution to, or for the account of, a Lender shall be treated as a sum due to that Lender; and each Lender's proportion of a sum so payable for distribution to, or for the account of, the Lenders shall be treated as a sum due to such Lender.

26.4 No Security Interest. This Clause 26 gives the Creditor Parties a contractual right of set-off only, and does not create any Security Interest over any credit balance of either Borrower.

27 TRANSFERS AND CHANGES IN LENDING OFFICES

27.1 Transfer by Borrowers. The Borrowers may not, without the consent of the Agent, given on the instructions of all the Lenders, transfer any of its rights, liabilities or obligations under any Finance Document.

27.2 Transfer by a Lender. Subject to Clause 27.4, a Lender (the “**Transferor Lender**”) may at any time, with the consent of the Borrowers, cause:

- (a) its rights in respect of all or part of its Contribution; or
- (b) its obligations in respect of all or part of its Commitment; or
- (c) a combination of (a) and (b),

to be (in the case of its rights) transferred to, or (in the case of its obligations) assumed by, another bank or financial institution or trust, fund or other entity (a “**Transferee Lender**”) which (i) is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets or the securitization or similar transaction of that Transferor Lender's Contribution or Commitment and (ii) is not an Affiliate of the Borrowers, by delivering to the Agent a completed certificate in the form set out in Schedule 5 with any modifications approved or required by the Agent (a “**Transfer Certificate**”) executed by the Transferor Lender and the Transferee Lender.

Notwithstanding the foregoing, any rights and obligations of the Transferor Lender in its capacity as Agent or Security Trustee shall be determined in accordance with Clause 31.

27.3 Transfer Certificate, delivery and notification. As soon as reasonably practicable after a Transfer Certificate is delivered to the Agent, it shall (unless it has reason to believe that the Transfer Certificate may be defective):

- (a) sign the Transfer Certificate on behalf of itself, the Borrowers, the other Security Parties, the Security Trustee and each of the other Lenders;
- (b) on behalf of the Transferee Lender, send to the Borrowers and each other Security Party letters or faxes notifying them of the Transfer Certificate and attaching a copy of it;

(c) send to the Transferee Lender copies of the letters or faxes sent under paragraph (b),

but the Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Transferor Lender and the Transferee Lender once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations to the transfer to that Transferee Lender.

27.4 Effective Date of Transfer Certificate. A Transfer Certificate becomes effective on the date, if any, specified in the Transfer Certificate as its effective date, **provided that** it is signed by the Agent under Clause 27.3 on or before that date.

27.5 No transfer without Transfer Certificate. Except as provided in Clause 27.17, no assignment or transfer of any right or obligation of a Lender under any Finance Document is binding on, or effective in relation to, the Borrowers, any other Security Party, the Agent or the Security Trustee unless it is effected, evidenced or perfected by a Transfer Certificate.

27.6 Lender re-organization; waiver of Transfer Certificate. If a Lender enters into any merger, de-merger or other reorganization as a result of which all its rights or obligations vest in a successor, the Agent may, if it sees fit, by notice to the successor and the Borrowers and the Security Trustee waive the need for the execution and delivery of a Transfer Certificate and, upon service of the Agent’s notice, the successor shall become a Lender with the same Commitment and Contribution as were held by the predecessor Lender.

27.7 Effect of Transfer Certificate. The effect of a Transfer Certificate is as follows:

(a) to the extent specified in the Transfer Certificate, all rights and interests (present, future or contingent) which the Transferor Lender has under or by virtue of the Finance Documents are assigned to the Transferee Lender absolutely, free of any defects in the Transferor Lender’s title and of any rights or equities which the Borrowers or any other Security Party had against the Transferor Lender;

(b) the Transferor Lender’s Commitment is discharged to the extent specified in the Transfer Certificate;

(c) the Transferee Lender becomes a Lender with the Contribution previously held by the Transferor Lender and a Commitment of an amount specified in the Transfer Certificate;

(d) the Transferee Lender becomes bound by all the provisions of the Finance Documents which are applicable to the Lenders generally, including those about pro-rata sharing and the exclusion of liability on the part of, and the indemnification of, the Agent and the Security Trustee and, to the extent that the Transferee Lender becomes bound by those provisions (other than those relating to exclusion of liability), the Transferor Lender ceases to be bound by them;

(e) any part of the Loan which the Transferee Lender advances after the Transfer Certificate’s effective date ranks in point of priority and security in the same way as it would have ranked had it been advanced by the transferor, assuming that any defects in the transferor’s title and any rights or equities of the Borrowers or any other Security Party against the Transferor Lender had not existed;

(f) the Transferee Lender becomes entitled to all the rights under the Finance Documents which are applicable to the Lenders generally, including but not limited to those relating to the Lenders and those under Clause 5.7 and Clause 21, and to the extent that the Transferee Lender becomes entitled to such rights, the Transferor Lender ceases to be entitled to them; and

(g) in respect of any breach of a warranty, undertaking, condition or other provision of a Finance Document or any misrepresentation made in or in connection with a Finance Document, the Transferee Lender shall be entitled to recover damages by reference to the loss incurred by it as a result of the breach or misrepresentation, irrespective of whether the original Lender would have incurred a loss of that kind or amount.

The rights and equities of the Borrowers or any other Security Party referred to above include, but are not limited to, any right of set off and any other kind of cross-claim.

27.8 Maintenance of register of Lenders. During the Security Period the Agent shall maintain a register in which it shall record the name, Commitment, Contribution and administrative details (including the lending office) from time to time of each Lender holding a Transfer Certificate and the effective date (in accordance with Clause 27.4) of the Transfer Certificate; and the Agent shall make the register available for inspection by any Lender, the Security Trustee and the Borrowers during normal banking hours, subject to receiving at least three (3) Business Days' prior notice.

27.9 Reliance on register of Lenders. The entries on that register shall, in the absence of manifest error, be conclusive in determining the identities of the Lenders and the amounts of their Commitments and Contributions and the effective dates of Transfer Certificates and may be relied upon by the Agent and the other parties to the Finance Documents for all purposes relating to the Finance Documents.

27.10 Authorization of Agent to sign Transfer Certificates. The Borrowers, the Security Trustee and each Lender irrevocably authorizes the Agent to sign Transfer Certificates on its behalf.

27.11 Registration fee. In respect of any Transfer Certificate, the Agent shall be entitled to recover a registration fee of \$5,000 from the Transferor Lender or (at the Agent's option) the Transferee Lender.

27.12 Sub-participation; subrogation assignment. A Lender may sub-participate all or any part of its rights and/or obligations under or in connection with the Finance Documents without the consent of, or any notice to, the Borrowers, any other Security Party, the Agent or the Security Trustee; and the Lenders may assign, in any manner and terms agreed by the Lenders, the Agent and the Security Trustee, all or any part of those rights to an insurer or surety who has become subrogated to them.

27.13 Disclosure of information. Each of the Borrowers irrevocably authorizes each Creditor Party to give, divulge and reveal from time to time information and details relating to their accounts, the Ship, the Finance Documents, the Loan or the Commitments to:

- (a) any private, public or internationally recognized authorities that are entitled to and have requested to obtain such information;
- (b) the Creditor Parties' respective head offices, branches and affiliates and professional advisors;

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- (c) any other parties to the Finance Documents;
 - (d) a rating agency or their professional advisors;
 - (e) any person with whom such Creditor Party proposes to enter (or considers entering) into contractual relations in relation to the Loan and/or its Commitment or Contribution; and
 - (f) any other person regarding the funding, re-financing, transfer, assignment, sale, sub-participation or operational arrangement or other transaction in relation to the Loan, its Contribution or its Commitment, including without limitation, for purposes in connection with a securitization or any enforcement, preservation, assignment, transfer, sale or sub-participation of any of such Creditor Parties' rights and obligations;

provided that such Creditor Party has taken commercially reasonable efforts to ensure that any person to whom such Creditor Party passes any information in accordance with the terms of this Clause 27.13 undertakes to maintain the confidentiality of such information so as to protect any material non-public information of the Security Parties.

27.14 Change of lending office. A Lender may change its lending office by giving notice to the Agent and the change shall become effective on the later of:

- (a) the date on which the Agent receives the notice; and
- (b) the date, if any, specified in the notice as the date on which the change will come into effect.

27.15 Notification. On receiving such a notice, the Agent shall notify the Borrowers and the Security Trustee; and, until the Agent receives such a notice, it shall be entitled to assume that a Lender is acting through the lending office of which the Agent last had notice.

27.16 Replacement of Reference Bank. If any Reference Bank ceases to be a Lender or is unable on a continuing basis to supply quotations for the purposes of Clauses 5.7 to 5.12 then, unless the Borrowers, the Agent and the Lenders otherwise agree, the Agent, acting on the instructions of the Lenders, and after consulting the Borrowers, shall appoint another bank (whether or not a Lender) to be a replacement Reference Bank; and, when that appointment comes into effect, the first-mentioned Reference Bank's appointment shall cease to be effective.

27.17 Security over Lenders' rights. In addition to the other rights provided to Lenders under this Clause 27, each Lender may without consulting with or obtaining consent from the Borrowers or any other Security Party, at any time charge, assign or otherwise create a Security Interest in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

- (a) any charge, assignment or other Security Interest to secure obligations to a federal reserve or central bank; and
- (b) in the case of any Lender which is a fund, any charge, assignment or other Security Interest granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities;

except that no such charge, assignment or Security Interest shall:

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- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security Interest for the Lender as a party to any of the Finance Documents; or
 - (ii) require any payments to be made by the Borrowers or any other Security Party or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.

28 VARIATIONS AND WAIVERS

28.1 Variations, waivers etc. by Lenders. Subject to Clause 28.2, a document shall be effective to vary, waive, suspend or limit any provision of a Finance Document, or any Creditor Party's rights or remedies under such a provision or the general law, only if the document is signed, or specifically agreed to by fax, by the Borrowers, by the Agent on behalf of the Majority Lenders, by the Agent and the Security Trustee in their own rights, and, if the document relates to a Finance Document to which a Security Party is party, by that Security Party.

28.2 Variations, waivers etc. requiring agreement of all Lenders. As regards the following, Clause 28.1 applies as if the words "by the Agent on behalf of the Lenders" were replaced by the words "by or on behalf of every Lender":

- (a) a reduction in the Margin;
- (b) a postponement to the date for, or a reduction in the amount of, any payment of principal, interest, fees or other sum payable under this Agreement or the Note;
- (c) an increase in any Lender's Commitment;
- (d) a change to the definition of "**Lenders**";
- (e) a change to Clause 3 or this Clause 28;
- (f) any release of, or material variation to, a Security Interest, guarantee, indemnity or subordination arrangement set out in a Finance Document; and
- (g) any other change or matter as regards which this Agreement or another Finance Document expressly provides that each Lender's consent is required.

28.3 Variations, waivers etc. relating to the Servicing Banks. An amendment or waiver that relates to the rights or obligations of the Agent or the Security Trustee under Clause 31 may not be effected without the consent of the Agent or the Security Trustee.

28.4 Exclusion of other or implied variations. Except for a document which satisfies the requirements of Clauses 28.1, 28.2 or 28.3, no document, and no act, course of conduct, failure or neglect to act, delay or acquiescence on the part of the Creditor Parties or any of them (or any person acting on behalf of any of them) shall result in the Creditor Parties or any of them (or any person acting on behalf of any of them) being taken to have varied, waived, suspended or limited, or being precluded (permanently or temporarily) from enforcing, relying on or exercising:

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- (a) a provision of this Agreement or another Finance Document; or
- (b) an Event of Default; or
- (c) a breach by the Borrowers or another Security Party of an obligation under a Finance Document or the general law; or
- (d) any right or remedy conferred by any Finance Document or by the general law,

and there shall not be implied into any Finance Document any term or condition requiring any such provision to be enforced, or such right or remedy to be exercised, within a certain or reasonable time.

29 NOTICES

29.1 General. Unless otherwise specifically provided, any notice under or in connection with any Finance Document shall be given by letter, electronic mail (“ **Email** ”) or fax and references in the Finance Documents to written notices, notices in writing and notices signed by particular persons shall be construed accordingly.

29.2 Addresses for communications. A notice by letter, Email or fax shall be sent:

- (a) to the Borrowers:

[Name of Borrower]
Par la Ville Place
14 Par la Ville Road
Hamilton HM08
Bermuda

Attention: Ms. Deborah Davis
Facsimile: +441 292 1373
Email: ddavis@consolidated.bm

With a copy to:

Phoenix Bulk Carriers (US) LLC as agents
109 Long Wharf
Newport, Rhode Island 02840

Attention: Mr. Tony Laura
Facsimile: +401-846-1520
Email: taurahome@aol.com

- (b) to a Lender:

At the address below its name in Schedule 1 or (as the case may require) in the relevant Transfer Certificate.

- (c) to the Agent:

DVB Bank SE

Platz der Republik 6
60325 Frankfurt am Main
Germany

Attention: Loan Administration Manager
Facsimile: +49 69 97 50 4444

With a copy to:

DVB Bank SE
c/o DVB Transport (US) LLC
609 Fifth Avenue, 5th Floor
New York, New York 10017

Attention: Mr. Neil McLaughlin

Facsimile: +212-858-2676
Email: neil.mclaughlin@dvbbank.com

(d) to the Security Trustee:

DVB Bank SE

Platz der Republik 6
60325 Frankfurt am Main
Germany

Attention: Loan Administration Manager
Facsimile: +49 69 97 50 4444

With a copy to:

DVB Bank SE
c/o DVB Transport (US) LLC
609 Fifth Avenue, 5th Floor
New York, New York 10017

Attention: Mr. Neil McLaughlin

Facsimile: +212-858-2676
Email: neil.mclaughlin@dvbbank.com

or to such other address as the relevant party may notify the Agent or, if the relevant party is the Agent or the Security Trustee, the Borrowers, the Lenders and the Security Parties.

29.3 Effective date of notices. Subject to Clauses 29.4 and 29.5:

- (a) a notice which is delivered personally or posted shall be deemed to be served, and shall take effect, at the time when it is delivered;
- (b) a notice which is sent by Email shall be deemed to be served, and shall take effect, at the time when it is actually received in readable form; and
- (c) a notice which is sent by fax shall be deemed to be served, and shall take effect, two (2) hours after its transmission is completed.

29.4 Service outside business hours. However, if under Clause 29.3 a notice would be deemed to be served:

- (a) on a day which is not a business day in the place of receipt; or
- (b) on such a business day, but after 5:00 p.m. local time,

the notice shall (subject to Clause 29.5) be deemed to be served, and shall take effect, at 9:00 a.m. on the next day which is such a business day.

29.5 Illegible notices. Clauses 29.3 and 29.4 do not apply if the recipient of a notice notifies the sender within one (1) hour after the time at which the notice would otherwise be deemed to be served that the notice has been received in a form which is illegible in a material respect.

29.6 Valid notices. A notice under or in connection with a Finance Document shall not be invalid by reason that its contents or the manner of serving it do not comply with the requirements of this Agreement or, where appropriate, any other Finance Document under which it is served if:

- (a) the failure to serve it in accordance with the requirements of this Agreement or other Finance Document, as the case may be, has not caused any party to suffer any significant loss or prejudice; or
- (b) in the case of incorrect and/or incomplete contents, it should have been reasonably clear to the party on which the notice was served what the correct or missing particulars should have been.

29.7 Electronic communication between the Agent and a Lender. Any communication to be made between the Agent and a Lender under or in connection with the Finance Documents may be made by Email or other electronic means, if the Agent and the relevant Lender:

- (a) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
- (b) notify each other in writing of their Email address and/or any other information required to enable the sending and receipt of information by that means; and
- (c) notify each other of any change to their respective Email addresses or any other such information supplied to them.

Any electronic communication made between the Agent and a Lender will be effective only when actually received in readable form and, in the case of any electronic communication made by a Lender to the Agent, only if it is addressed in such a manner as the Agent shall specify for this purpose.

29.8 English language. Any notice under or in connection with a Finance Document shall be in English.

29.9 Meaning of “notice”. In this Clause 29, “notice” includes any demand, consent, authorization, approval, instruction, waiver or other communication.

30 SUPPLEMENTAL

30.1 Rights cumulative, non-exclusive. The rights and remedies which the Finance Documents give to each Creditor Party are:

- (a) cumulative;
- (b) may be exercised as often as appears expedient; and
- (c) shall not, unless a Finance Document explicitly and specifically states so, be taken to exclude or limit any right or remedy conferred by any law.

30.2 Severability of provisions. If any provision of a Finance Document is or subsequently becomes void, unenforceable or illegal, that shall not affect the validity, enforceability or legality of the other provisions of that Finance Document or of the provisions of any other Finance Document.

30.3 Counterparts. A Finance Document may be executed in any number of counterparts.

30.4 Binding Effect. This Agreement shall become effective on the Effective Date and thereafter shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns.

31 THE SERVICING BANKS

31.1 Appointment and Granting.

(a) **The Agent.** Each of the Lenders appoints and authorizes (with a right of revocation) the Agent to act as its agent hereunder and under any of the other Finance Documents with such powers as are specifically delegated to the Agent by the terms of this Agreement and of any of the other Finance Documents, together with such other powers as are reasonably incidental thereto.

(b) **The Security Trustee.**

(i) **Authorization of Security Trustee.** Each of the Lenders and the Agent appoints and authorizes (with a right of revocation) the Security Trustee to act as security trustee hereunder and under the other Finance Documents (other than the Notes) with such powers as are specifically delegated to the Security Trustee by the terms of this Agreement and such other Finance Documents, together with such other powers as are reasonably incidental thereto.

(ii) **Granting Clause.** To secure the payment of all sums of money from time to time owing to the Lenders under the Finance Documents, and the performance of the covenants of the Borrowers and any other Security Party herein and therein contained, and in consideration of the premises and of the covenants herein contained and of the extensions of credit by the Lenders, the Security Trustee does hereby declare that it will hold as such trustee in trust for the benefit of the Lenders and the Agent, from and after the execution and delivery thereof, all of its right, title and interest as mortgagee in, to and under the Mortgages and its right, title and interest as assignee and secured party under the other Finance Documents (the right, title and interest of the Security Trustee in and to the property, rights and privileges described above, from and after the execution and delivery thereof, and all property hereafter specifically subjected to the Security Interest of the indenture created hereby and by the Finance Documents by any amendment hereto or thereto are herein collectively called the “**Estate**”); TO HAVE AND TO HOLD the Estate unto the Security Trustee and its successors and assigns forever, BUT IN TRUST, NEVERTHELESS, for the equal and proportionate benefit and security of the Lenders, the Agent and their respective successors and assigns without any priority of any one over any other, UPON THE CONDITION that, unless and until an Event of Default under this Agreement shall have occurred and be continuing, the relevant Borrower shall be permitted, to the exclusion of the Security Trustee, to possess and use the Ships. IT IS HEREBY COVENANTED, DECLARED AND AGREED that all property subject or to become subject hereto is to be held, subject to the further covenants, conditions, uses and trusts hereinafter set forth, and each Security Party, for itself and its respective successors and assigns, hereby covenants and agrees to and with the Security Trustee and its successors in said trust, for the equal and proportionate benefit and security of the Lenders and the Agent as hereinafter set forth.

(iii) **Acceptance of Trusts.** The Security Trustee hereby accepts the trusts imposed upon it as Security Trustee by this Agreement, and the Security Trustee covenants and agrees to perform the same as herein expressed and agrees to receive and disburse all monies constituting part of the Estate in accordance with the terms hereof.

31.2 Scope of Duties. Neither the Agent nor the Security Trustee (which terms as used in this sentence and in Clause 31.5 hereof shall include reference to their respective affiliates and their own respective and their respective affiliates’ officers, directors, employees, agents and attorneys-in-fact):

(a) shall have any duties or responsibilities except those expressly set forth in this Agreement and in any of the Finance Documents, and shall not by reason of this Agreement or any of the Finance Documents be (except, with respect to the Security Trustee, as specifically stated to the contrary in this Agreement) a trustee for a Lender;

(b) shall be responsible to the Lenders for any recitals, statements, representations or warranties contained in this Agreement or in any of the Finance Documents, or in any certificate or other document referred to or provided for in, or received by any of them under, this Agreement or any of the other Finance Documents, or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any of the other Finance Documents or any other document referred to or provided for herein or therein or for any failure by a Security Party or any other person to perform any of its obligations hereunder or thereunder or for the location, condition or value of any property covered by any Security Interest under any of the Finance Documents or for the creation, perfection or priority of any such Security Interest;

(c) shall be required to initiate or conduct any litigation or collection proceedings hereunder or under any of the Finance Documents unless expressly instructed to do so in writing by the Lenders; or

(d) shall be responsible for any action taken or omitted to be taken by it hereunder or under any of the Finance Documents or under any other document or instrument referred to or provided for herein or therein or in connection herewith or therewith, except for its own gross negligence or willful misconduct. Each of the Security Trustee and the Agent may employ agents and attorneys-in-fact and neither the Security Trustee nor the Agent shall be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith, but shall be responsible for the gross negligence or willful misconduct of such agents or attorneys-in-fact. Each of the Security Trustee and the Agent may deem and treat the payee of a Note as the holder thereof for all purposes hereof unless and until a written notice of the assignment or transfer thereof shall have been filed with the Agent.

31.3 Reliance. Each of the Security Trustee and the Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telex, telefacsimile, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper person or persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the Security Trustee or the Agent, as the case may be. As to any matters not expressly provided for by this Agreement or any of the other Finance Documents, each of the Security Trustee and the Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder or thereunder in accordance with instructions signed by the Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders.

31.4 Knowledge. Neither the Security Trustee nor the Agent shall be deemed to have knowledge or notice of the occurrence of a Potential Event of Default or Event of Default (other than, in the case of the Agent, the non-payment of principal of or interest on the Loan or actual knowledge thereof) unless each of the Security Trustee and the Agent has received notice from a Lender or the Borrowers specifying such Potential Event of Default or Event of Default and stating that such notice is a "Notice of Default". If the Agent receives such a notice of the occurrence of such Potential Event of Default or Event of Default, the Agent shall give prompt notice thereof to the Security Trustee and the Lenders (and shall give each Lender prompt notice of each such non-payment). Subject to Clause 31.8 hereof, the Security Trustee and the Agent shall take such action with respect to such Potential Event of Default or Event of Default or other event as shall be directed by the Lenders, except that, unless and until the Security Trustee and the Agent shall have received such directions, each of the Security Trustee and the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Potential Event of Default or Event of Default or other event as it shall deem advisable in the best interest of the Lenders.

31.5 Security Trustee and Agent as Lenders. Each of the Security Trustee and the Agent (and any successor acting as Security Trustee or Agent, as the case may be) in its individual capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as the Security Trustee or the Agent, as the case may be, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include each of the Security Trustee and the Agent in their respective individual capacities. Each of the Security Trustee and the Agent (and any successor acting as Security Trustee and Agent, as the case may be) and their respective affiliates may (without having to account therefor to a Lender) accept deposits from, lend money to and generally engage in any kind of banking, trust or other business with the Borrowers and any of its subsidiaries or affiliates as if it were not acting as the Security Trustee or the Agent, as the case may be, and each of the Security Trustee and the Agent and their respective affiliates may accept fees and other consideration from the Borrowers for services in connection with this Agreement or otherwise without having to account for the same to the Lenders.

31.6 Indemnification of Security Trustee and Agent. The Lenders severally agree, ratably in accordance with the aggregate principal amount of each Lender's Contribution in the Loan, to indemnify each of the Agent and the Security Trustee (to the extent not reimbursed under other provisions of this Agreement, but without limiting the obligations of the Borrowers under said other provisions) for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Security Trustee or the Agent in any way relating to or arising out of this Agreement or any of the other Finance Documents or any other documents contemplated by or referred to herein or therein or the transactions contemplated hereby (including, without limitation, the costs and expenses which the Borrowers are to pay hereunder, but excluding, unless an Event of Default has occurred and is continuing, normal administrative costs and expenses incident to the performance of their respective agency duties hereunder) or the enforcement of any of the terms hereof or thereof or of any such other documents, except that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified.

31.7 Reliance on Security Trustee or Agent. Each Lender agrees that it has, independently and without reliance on the Security Trustee, the Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Borrowers and decision to enter into this Agreement and that it will, independently and without reliance upon the Security Trustee, the Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement or any of the Finance Documents. None of the Security Trustee or the Agent shall be required to keep itself informed as to the performance or observance by the Borrowers of this Agreement or any of the Finance Documents or any other document referred to or provided for herein or therein or to inspect the properties or books of any Borrower. Except for notices, reports and other documents and information expressly required to be furnished to the Lenders by the Security Trustee or the Agent hereunder, neither the Security Trustee nor the Agent shall have any duty or responsibility to provide a Lender with any credit or other information concerning the affairs, financial condition or business of either Borrower or any subsidiaries or affiliates thereof which may come into the possession of the Security Trustee, the Agent or any of their respective affiliates.

31.8 Actions by Security Trustee and Agent. Except for action expressly required of the Security Trustee or the Agent hereunder and under the other Finance Documents, each of the Security Trustee and the Agent shall in all cases be fully justified in failing or refusing to act hereunder and thereunder unless it shall receive further assurances to its satisfaction from the Lenders of their indemnification obligations under Clause 31.6 against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

31.9 Resignation and Removal. Subject to the appointment and acceptance of a successor Security Trustee or Agent (as the case may be) as provided below, each of the Security Trustee and the Agent may resign at any time by giving notice thereof to the Lenders and the Borrowers, and the Security Trustee or the Agent may be removed at any time with or without cause by the Lenders by giving notice thereof to the Agent, the Security Trustee, the Lenders and the Borrowers. Upon any such resignation or removal, the Lenders shall have the right to appoint a successor Security Trustee or Agent, as the case may be. If no successor Security Trustee or Agent, as the case may be, shall have been so appointed by the Lenders or, if appointed, shall not have accepted such appointment within 30 days after the retiring Security Trustee's or Agent's, as the case may be, giving of notice of resignation or the Lenders' removal of the retiring Security Trustee or Agent, as the case may be, then the retiring Security Trustee or Agent, as the case may be, may, on behalf of the Lenders, appoint a successor Security Trustee or Agent. Upon the acceptance of any appointment as Security Trustee or Agent hereunder by a successor Security Trustee or Agent, such successor Security Trustee or Agent, as the case may be, shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Security Trustee or Agent, as the case may be, and the retiring Security Trustee or Agent shall be discharged from its duties and obligations hereunder. After any retiring Security Trustee or Agent's resignation or removal hereunder as Security Trustee or Agent, as the case may be, the provisions of this Clause 31 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Security Trustee or the Agent, as the case may be.

31.10 Release of Collateral. Without the prior written consent of the Lenders, neither the Security Trustee nor the Agent will consent to any modification, supplement or waiver under any of the Finance Documents nor without the prior written consent of all of the Lenders release any Collateral or otherwise terminate any Security Interest under the Finance Documents, except that no such consent is required, and each of the Security Trustee and the Agent is authorized, to release any Security Interest covering property if the Secured Liabilities have been paid and performed in full or which is the subject of a disposition of property permitted hereunder or to which the Lenders have consented.

32 LAW AND JURISDICTION

32.1 Governing law. THIS AGREEMENT AND THE OTHER FINANCE DOCUMENTS (EXCEPT AS OTHERWISE PROVIDED IN A FINANCE DOCUMENT) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ITS CONFLICT OF LAW PRINCIPLES.

32.2 Consent to Jurisdiction.

(a) Each of the Borrowers hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York County, and any appellate court thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Finance Documents to which such Security Party is a party or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State Court or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Nothing in this Clause 32.2 shall affect the right of a Creditor Party to bring any action or proceeding against a Security Party or its property in the courts of any other jurisdictions where such action or proceeding may be heard.

(c) Each of the Borrowers hereby irrevocably and unconditionally waives to the fullest extent it may legally and effectively do so:

-
- (i) any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Finance Document to which it is a party in any New York State or Federal court and the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court; and
- (ii) any immunity from suit, the jurisdiction of any court in which judicial proceedings may at any time be commenced with respect to this Agreement or any other Finance Document or from any legal process with respect to itself or its property (including without limitation attachment prior to judgment, attachment in aid of execution of judgment, set-off, execution of a judgment or any other legal process), and to the extent that in any such jurisdiction there may be attributed to such person such an immunity (whether or not claimed), such person hereby irrevocably agrees not to claim such immunity.
- (d) Each of the Borrowers hereby agrees to appoint Leicht & Rein Tax Associates, Ltd., with offices currently located at 570 Seventh Avenue, New York, NY 10018 as its designated agent for service of process for any action or proceeding arising out of or relating to this Agreement or any other Finance Document. Each of the Borrowers also irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to its address specified in Clause 29.2. Each of the Borrowers also agrees that service of process may be made on it by any other method of service provided for under the applicable laws in effect in the State of New York.

32.3 Creditor Party rights unaffected. Nothing in this Clause 32 shall exclude or limit any right which any Creditor Party may have (whether under the law of any country, an international convention or otherwise) with regard to the bringing of proceedings, the service of process, the recognition or enforcement of a judgment or any similar or related matter in any jurisdiction.

32.4 Meaning of “proceedings”. In this Clause 32, “proceedings” means proceedings of any kind, including an application for a provisional or protective measure.

33 WAIVER OF JURY TRIAL

33.1 WAIVER. EACH OF THE BORROWERS AND THE CREDITOR PARTIES MUTUALLY AND IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

34 PATRIOT ACT notice

34.1 PATRIOT Act Notice. Each of the Agent and the Lenders hereby notifies the Borrowers that pursuant to the requirements of the Patriot Act and the policies and practices of the Agent and each Lender, the Agent and each of the Lenders is required to obtain, verify and record certain information and documentation that identifies each of the Security Parties which information includes the name and address of each such person and such other information that will allow the Agent and each of the Lenders to identify each such person in accordance with the PATRIOT Act.

[SIGNATURE PAGE FOLLOWS ON NEXT PAGE]

EXECUTION PAGE

WHEREFORE, the parties hereto have caused this Loan Agreement to be executed as of the date first above written.

BULK NORDIC ODIN LTD.,
as Borrower

By: /s/ Deborah L. Davis
Name: Deborah L. Davis
Title: Director

DVB BANK SE, as Lender, Agent and Security Trustee

By: /s/ Jane Freeberg Sarma
Name: Jane Freeberg Sarma
Title: Attorney-in-Fact

BANC OF AMERICA LEASING & CAPITAL, LLC, as Lender

BULK NORDIC OLYMPIC LTD.,
as Borrower

By: /s/ Deborah L. Davis
Name: Deborah L. Davis
Title: Director

By: /s/ Autilia B. Wilson
Name: Autilia B. Wilson
Title: Assistant Vice President

SCHEDULE 1

LENDERS AND COMMITMENTS

<u>Lender</u>	<u>Lending Office</u>	<u>Commitment</u>
DVB BANK SE <u>Address for Notices:</u> Platz der Republic 6 60325 Frankfurt am Main Germany Attention: Loan Administration Manager Facsimile: +49 69 97 50 4444 with a copy to: DVB Bank SE c/o DVB Transport (US) LLC 609 Fifth Avenue, 5th Floor New York, New York 10017 Attention: Neil McLaughlin Facsimile: +212-858-2676 Email: neil.mclaughlin@dvbbank.com	Platz der Republic 6 60325 Frankfurt am Main Germany	\$22,500,000
<u>Lender</u> BANC OF AMERICA LEASING & CAPITAL, LLC <u>Address for Notices:</u> 125 Dupont Drive Providence, RI 02907 Attention: Alison R. Hook Facsimile: 401-865-7821 Email: alison.r.hook@baml.com	<u>Lending Office</u> 125 Dupont Drive Providence, RI 02907	<u>Commitment</u> \$22,500,000

SCHEDULE 2

intentionally omitted

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SCHEDULE 3

DRAWDOWN NOTICE

To: DVB Bank SE, as Agent
Platz der Republic 6
60325 Frankfurt am Main
Germany

Attention: Loans Administration Manager

Cc: DVB Bank SE
c/o DVB Transport (US) LLC
609 Fifth Avenue, 5th Floor
New York, New York 10017

Attention: Neil McLaughlin
Facsimile: +212-858-2676

[●], 2015

DRAWDOWN NOTICE

1. We refer to the loan agreement dated as of [●], 2015 (the “**Loan Agreement**”) among ourselves, as Borrowers, the Lenders referred to therein, and yourselves as Agent and as Security Trustee in connection with a facility of up to US\$45,000,000. Terms defined in the Loan Agreement have their defined meanings when used in this Drawdown Notice.

2. We request to borrow as follows:

(a) Amount: US\$[22,500,000];

(b) Drawdown Date: [●], 2015;

(c) Duration of the first Interest Period shall be 3 months; and

(d) Payment instructions:

[●]

3. We represent and warrant that:

(a) no Event of Default or Potential Event of Default has occurred or would result from the borrowing of the Advance;

(b) the representations and warranties in Clause 10 and those of the Borrowers or any other Security Party which are set out in the other Finance Documents are true and not misleading as of the date of this Drawdown Notice and will be true and not misleading as of the Drawdown Date, in each case with reference to the circumstances then existing;

-
- (c) there has been no material change in the consolidated financial condition, operations or business prospects of the Borrowers or any of the Guarantors since the date on which the Borrowers and/or the Guarantors provided information concerning those topics to the Agent and/or any Lender;
- (d) Neither of the Borrowers, the Guarantors or any of their respective subsidiaries or Affiliates has launched any other facilities or debt transactions into the international capital markets either publicly or privately that could have a negative or adverse effect on the loan facility contemplated by this Agreement; and
- (e) if the Collateral Maintenance Ratio were applied immediately following the making of the Advance, the Borrowers would not be required to provide additional Collateral or prepay part of the Loan under Clause 15.
4. This notice cannot be revoked without the prior consent of the Lenders.
5. We authorize you to deduct the outstanding fees and expenses referred to in Clause 21 from the amount of the Loan.

Name
Title
for and on behalf of
BULK NORDIC ODIN LTD.

Name
Title
for and on behalf of
BULK NORDIC OLYMPIC LTD.

SCHEDULE 4

CONDITION PRECEDENT DOCUMENTS

PART A

The following are the documents referred to in Clause 9.1(a)(i):

1. A duly executed original of this Agreement and the DVB Loan Administration form attached as Schedule 8.
2. A copy of each Time Charter (and all addenda and supplements thereto), other than those delivered in connection with a prior Advance, in form and substance acceptable to the Agent and certified as of a date reasonably near the date of the relevant Drawdown Notice by a director, an officer, an authorized person or an attorney-in-fact of the relevant Borrower as being a true and correct copy thereof.
3. Copies of certificates dated as of a date reasonably near the date of the relevant Drawdown Notice, certifying that each of the Security Parties is duly incorporated or formed and in good standing under the laws of its respective jurisdiction of incorporation or formation.
4. Copies of the constitutional documents and each amendment thereto, other than those delivered in connection with a prior Advance, of each of the Security Parties, certified as of a date reasonably near the date of the relevant Drawdown Notice by a director, an officer, an authorized person or an attorney-in-fact of such person as being a true and correct copy thereof.
5. Copies of the resolutions of the directors (or equivalent governing body) and, where applicable, the shareholders (or equivalent equity holders), of each of the Security Parties authorizing the execution of each of the Finance Documents to which that person is a party and, in the case of each Borrower, authorizing a director, an officer, an authorized person or an attorney-in-fact of such Borrower to give the Drawdown Notice and other notices required under the Finance Documents, in each case certified as of a date reasonably near the date of the relevant Drawdown Notice by a director, an officer, an authorized person or an attorney-in-fact of such person as being a true and correct copy thereof,
6. An incumbency certificate in respect of the officers and directors (or equivalent), other than those delivered in connection with a prior Advance, of each of the Security Parties and signature samples of any signatories to any Finance Document.
7. The original or a certified copy of any power of attorney under which any Finance Document is executed on behalf of a Security Party.
8. Copies of all consents which any of the Security Parties requires to enter into, or make any payment under, any Finance Document, each certified as of a date reasonably near the date of the relevant Drawdown Notice by a director, an officer, an authorized person or an attorney-in-fact of such party as being a true and correct copy thereof, or certification by such director, officer, authorized person or attorney-in-fact that no such consents are required.

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9. Copies of any mandates or other documents required in connection with the opening or operation of the Earnings Accounts, certified as of a date reasonably near the date of the relevant Drawdown Notice by a director, an officer, an authorized person or an attorney-in-fact of the relevant Borrower as being a true and correct copy thereof, if not delivered in connection with a prior Advance.
 10. Documentary evidence that the capital structure of each of the Borrowers and the Guarantors, is satisfactory to and in the sole discretion of the Agent, if not delivered in connection with a prior Advance.
 11. Documentary evidence that the agent for service of process named in Clause 32 of this Agreement has accepted its appointment if not delivered in connection with a prior Advance.
 12. If the Agent so requires, in respect of any of the documents referred to above, a certified English translation prepared by a translator approved by the Agent.

PART B

The following are the documents referred to in Clause 9.1(b):

1. A duly executed original of each Finance Document (and of each document required to be delivered by each Finance Document) other than those referred to in Part A(1) above or those executed and delivered in connection with a prior Advance.
2. A duly executed original of each of the following, other than those executed and delivered in connection with a prior Advance:
 - (a) the 2014 Second Earnings Assignments;
 - (b) the 2014 Second Insurance Assignments;
 - (c) the 2014 Second Mortgages; and
 - (d) the 2014 Second Time Charter Assignments.
3. If the relevant Drawdown Date is more than five (5) Business Days after the date of the relevant Drawdown Notice, a bringdown certificate of each of the Security Parties certifying as of the relevant Drawdown Date as to the absence of any amendments to the documents of such person referred to in paragraphs 3, 4 and 5 of Part A since the date of the relevant Drawdown Notice.
4. Certification by the Borrowers as of the date of the relevant Drawdown Date for the Advance as to the matters described in Clauses 9.1(d) and (e).
5. Documentary evidence that:
 - (a) each Ship is definitively registered in the name of the relevant Borrower under the law and flag of the Republic of Panama, if not delivered in connection with a prior Advance;

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- (b) each Mortgage has been registered against the relevant Ship as a valid first preferred ship mortgage in accordance with the laws of the Republic of Panama, if not delivered in connection with a prior Advance;
- (c) each Second Mortgage has been preliminarily registered against the relevant 2014 Ship as a valid preferred ship mortgage in accordance with the laws of the Republic of Panama, if not delivered in connection with a prior Advance;
- (d) each 2014 Second Mortgage has been registered against the relevant Ship as a valid preferred ship mortgage in accordance with the laws of the Republic of Panama, if not delivered in connection with a prior Advance;
- (e) the Security Interests intended to be created by each of the Finance Documents have been duly perfected under applicable law, if not delivered in connection with a prior Advance;
- (f) each Ship is in the absolute and unencumbered ownership of the relevant Borrower save as contemplated by the Finance Documents, if not delivered in connection with a prior Advance;
- (g) the relevant Ship is insured in accordance with the provisions of Clause 13 of this Agreement and all requirements therein in respect of insurances have been complied with, if not delivered in connection with a prior Advance; and
- (h) the relevant Ship maintains the highest class for vessels of its type with the Classification Society free of any recommendations and qualifications (which status shall be established by a Confirmation of Class Certificate issued by the Classification Society and dated a date reasonably near the relevant Drawdown Date (*NB: a "Class Statement" or similar instrument shall not be acceptable for purposes of this clause*)), if not delivered in connection with a prior Advance.
6. Valuations of the Fair Market Value of each of the Ships, addressed to the Agent and the Lenders, stated to be for the purposes of this Agreement and dated not more than 14 days before the relevant Drawdown Date, which evidence an aggregate average Fair Market Value for the Ships of not less than 143% of the Loan.
7. A survey report addressed to the Agent and the Lenders, stated to be for the purposes of this Agreement from an independent marine surveyor selected by the Agent in respect of the physical condition of the relevant Ship, which report shall confirm the condition of such Ship to the satisfaction of the Agent and the Lenders, in their sole discretion, if not delivered in connection with a prior Advance.
8. Documentary evidence that the relevant Borrower has sent an instruction letter in the form of Schedule 9 hereto to the Classification Society as required under Clause 14.4 and that the Classification Society has executed the undertaking in the form of Schedule 10 hereto as required by Clause 14.4 if not delivered in connection with a prior Advance.
9. The following documents establishing that the relevant Ship will, as from the relevant Drawdown Date, be managed by an Approved Manager on terms acceptable to the Agent:

-
- (a) a copy of the relevant Approved Management Agreement, certified as of the relevant Drawdown Date by a director, an officer, an authorized person or an attorney-in-fact of the relevant Borrower as being a true and correct copy thereof, if not delivered in connection with a prior Advance;
- (b) a Manager's Undertaking executed by the relevant Approved Manager in favor of the Agent, if not delivered in connection with a prior Advance; and
- (c) copies of the relevant Approved Manager's Document of Compliance and of the relevant Ship's ISSC and Safety Management Certificate (together with any other details of the applicable safety management system which the Agent requires), certified as of the relevant Drawdown Date by a director, an officer, an authorized person or an attorney-in-fact of the Approved Manager as being a true and correct copy thereof, if not delivered in connection with a prior Advance.
10. A favorable opinion from an independent insurance consultant acceptable to the Agent on such matters relating to the insurances for the Ships as the Agent may require, if not delivered in connection with a prior Advance.
11. A certificate that the relevant Ship is free from Asbestos/Glass Wool and nuclear products (to be provided by the relevant Borrower on a best efforts basis but only if available to such Borrower), if not delivered in connection with a prior Advance.
12. A copy of the approval page, a copy of the page giving the description of the relevant Ship and a copy of the page where the relevant Ship's LDT is described in the stability booklet (to be provided by the relevant Borrower on a best efforts basis but only if available to the relevant Borrower), if not delivered in connection with a prior Advance.
13. A copy of the Builder's Certificate or Bill of Sale, together with the Protocol of Delivery and Acceptance, with respect to the relevant Ship, certified as of the relevant Drawdown Date by a director, an officer, an authorized person or an attorney-in-fact of the relevant Borrower as being a true and correct copy thereof, if not delivered in connection with a prior Advance.
14. A copy of the chartering description of the relevant Ship.
15. A favorable opinion of Watson Farley & Williams LLP, New York counsel for the Creditor Parties, in form, scope and substance satisfactory to the Creditor Parties.
16. Favorable legal opinions from lawyers appointed by any of the Security Parties or the Agent on such matters concerning the laws of such relevant jurisdictions as the Agent may require (including without limitation Panama, Bermuda, Singapore, Switzerland, Jersey and England).

SCHEDULE 5

TRANSFER CERTIFICATE

The Transferor and the Transferee accept exclusive responsibility for ensuring that this Certificate and the transaction to which it relates comply with all legal and regulatory requirements applicable to them respectively.

To: [Name of Agent] for itself and for and on behalf of the Borrower, the Security Trustee and each Lender, as defined in the Loan Agreement referred to below.

[Date]

1. This Certificate relates to a Loan Agreement dated as of [●], 2015 (the “**Loan Agreement**”) among (1) Bulk Nordic Odin Ltd. and Bulk Nordic Olympic Ltd. (the “**Borrowers**”), (2) the banks and financial institutions named therein as Lenders, (3) DVB Bank SE as Agent and (4) DVB Bank SE as Security Trustee for a loan facility of up to \$45,000,000.
2. In this Certificate, terms defined in the Loan Agreement shall, unless the contrary intention appears, have the same meanings when used in this Certificate and:
 - “**Relevant Parties**” means the Agent, the Borrowers, the Security Trustee and each Lender;
 - “**Transferor**” means [full name] of [lending office];
 - “**Transferee**” means [full name] of [lending office].
3. The effective date of this Certificate is [●], **provided that** this Certificate shall not come into effect unless it is signed by the Agent on or before that date.
4. [The Transferor assigns to the Transferee absolutely all rights and interests (present, future or contingent) which the Transferor has as Lender under or by virtue of the Agreement and every other Finance Document in relation to [●]% of its Contribution, which percentage represents \$[●].
5. [By virtue of this Certificate and Clause 27 of the Agreement, the Transferor is discharged [entirely from its Commitment which amounts to \$[●]] [from [●]% of its Commitment, which percentage represents \$[●]] and the Transferee acquires a Commitment of \$[●].]
6. The Transferee undertakes with the Transferor and each of the Relevant Parties that the Transferee will observe and perform all the obligations under the Finance Documents which Clause 27 of the Agreement provides will become binding on it upon this Certificate taking effect.
7. The Agent, at the request of the Transferee (which request is hereby made) accepts, for the Agent itself and for and on behalf of every other Relevant Party, this Certificate as a Transfer Certificate taking effect in accordance with Clause 27 of the Agreement.

8. The Transferor:

(a) warrants to the Transferee and each Relevant Party that:

(i) the Transferor has full capacity to enter into this transaction and has taken all corporate action and obtained all consents which are required in connection with this transaction; and

(ii) this Certificate is valid and binding as regards the Transferor;

(b) warrants to the Transferee that the Transferor is absolutely entitled, free of encumbrances, to all the rights and interests covered by the assignment in paragraph 4; and

(c) undertakes with the Transferee that the Transferor will, at its own expense, execute any documents which the Transferee reasonably requests for perfecting in any relevant jurisdiction the Transferee's title under this Certificate or for a similar purpose.

9. The Transferee:

(f) confirms that it has received a copy of the Agreement and each of the other Finance Documents;

(g) agrees that it will have no rights of recourse on any ground against the Transferor, the Agent, the Security Trustee or any Lender in the event that:

(i) any of the Finance Documents prove to be invalid or ineffective;

(ii) the Borrowers or any other Security Party fails to observe or perform its obligations, or to discharge its liabilities, under any of the Finance Documents;

(iii) it proves impossible to realize any asset covered by a Security Interest created by a Finance Document, or the proceeds of such assets are insufficient to discharge the liabilities of the Borrowers or any other Security Party under any of the Finance Documents;

(h) agrees that it will have no rights of recourse on any ground against the Agent, the Security Trustee or any Lender in the event that this Certificate proves to be invalid or ineffective;

(i) warrants to the Transferor and each Relevant Party that:

(i) it has full capacity to enter into this transaction and has taken all corporate action and obtained all consents which it needs to take or obtain in connection with this transaction; and

(ii) that this Certificate is valid and binding as regards the Transferee; and

(j) confirms the accuracy of the administrative details set out below regarding the Transferee.

10. The Transferor and the Transferee each undertake with the Agent and the Security Trustee severally, on demand, fully to indemnify the Agent and/or the Security Trustee in respect of any claim, proceeding, liability or expense (including all legal expenses) which they or either of them may incur in connection with this Certificate or any matter arising out of it, except such as are shown to have been mainly and directly caused by the gross negligence or willful misconduct of the Agent's or the Security Trustee's own officers or employees.

11. The Transferee shall repay to the Transferor on demand so much of any sum paid by the Transferor under paragraph 10 as exceeds one-half of the amount demanded by the Agent or the Security Trustee in respect of a claim, proceeding, liability or expense which was not reasonably foreseeable at the date of this Certificate; but nothing in this paragraph shall affect the liability of each of the Transferor and the Transferee to the Agent or the Security Trustee for the full amount demanded by it.

12. The Transferee confirms that, immediately following the effective date of this Certificate, the Transferee will be a FATCA [Exempt Party] [Non-Exempt Party].

[Name of Transferor]

[Name of Transferee]

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Agent

Signed for itself and for and on behalf of itself
as Agent and for every other Relevant Party

[Name of Agent]

By: _____
Name: _____
Title: _____
Date: _____

Administrative Details of Transferee

Name of Transferee:

Lending Office:

Contact Person
(Loan Administration Department):

Telephone:

Fax:

Contact Person
(Credit Administration Department):

Telephone:

Fax:

Account for payments:

Note This Transfer Certificate alone may not be sufficient to transfer a proportionate share of the Transferor's interest in the security : constituted by the Finance Documents in the Transferor's or Transferee's jurisdiction. It is the responsibility of each Lender to ascertain whether any other documents are required for this purpose.

SCHEDULE 6

intentionally omitted

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SCHEDULE 7

list of approved brokers

Maritime Strategies International Ltd.

Arrow London

Compass Maritime

Maersk Brokers

ICAP

Howe Robinson

SSY

SCHEDULE 8

dvb loan administration form

To: DVB Bank SE, as Agent
Platz der Republic 6
60325 Frankfurt am Main
Germany

Attention: Transaction & Loan Services

Cc: DVB Bank SE
c/o DVB Transport (US) LLC
609 Fifth Avenue, 5th Floor
New York, New York 10017

Attention: Neil McLaughlin
Facsimile: +212-858-2676

Date: [●], 2015

Re: Providing financing to Bulk Nordic Odin Ltd. and Bulk Nordic Olympic Ltd. (the “**Companies**” and each a “**Company**”) in relation to m.v. NORDIC ODIN and m.v. NORDIC OLYMPIC (the “**Financing**”).

We refer to the Financing and a facility agreement (the “**Facility Agreement**”) dated as of [●], 2015 and entered into between, inter alia, (1) us, as borrowers, (2) the banks and financial institutions named therein as Lenders, (3) DVB Bank SE as Agent and (4) DVB Bank SE as Security Trustee in relation to the Financing. Terms and expressions not otherwise defined herein shall have the same meaning as defined in the Facility Agreement.

We hereby appoint the following persons to act as our point of contact with regards to any issue arising in connection with the administration to the Facility Agreement or any other documents related to the Financing:

1. [name], title
2. [name], title
3. [name], title

No other persons other than the [Directors] [Officers] of each Company or the persons listed above (the “**Authorized Persons**”) are hereby authorized to request any information from you regarding the Facility Agreement or any other matter related to the Financing or either Company or communicate with you in any way regarding the forgoing in and under any circumstances.

For the avoidance of doubt, the following are the Directors [and Officers] of the Companies:

1. [name], title
2. [name], title
3. [name], title
4. [name], title

This list of authorized persons may only be amended, modified or varied in writing by an Authorized Person with copy to the other Authorized Persons. We agree to indemnify you and hold you harmless in relation to any information you provide to any Authorized Person. This letter shall be governed and construed in accordance with New York law.

Yours sincerely,

BULK NORDIC ODIN LTD.

By: _____
Name
Authorized Person

BULK NORDIC OLYMPIC LTD.

By: _____
Name
Authorized Person

SCHEDULE 9

FORM OF LETTER OF INSTRUCTION TO CLASSIFICATION SOCIETY

To:[●]

Date:[●], 2015

Dear Sirs:

Name of ship: m.v. [“NORDIC ODIN”] [“NORDIC OLYMPIC”] (the “Ship”)

Flag: PANAMA

IMO Number: [●]

Name of Owner: BULK NORDIC [ODIN] [OLYMPIC] LTD. (the “Owner”)

Name of mortgagee: DVB BANK SE (the “Mortgagee”)

We refer to the Ship, which is registered in the ownership of the Owner, and which has been entered in and classed by [●] (the “Classification Society”).

The Mortgagee has agreed to provide financing to the Owner upon condition that, among other things, the Owner issues to the Mortgagee this letter of instruction to the Classification Society in the form presented by the Mortgagee.

The Owner and the Mortgagee irrevocably and unconditionally instruct and authorise the Classification Society (notwithstanding any previous instructions whatsoever which the Owner may have given to the Classification Society to the contrary) as follows:

- 1 to send to the Mortgagee, following receipt of a written request from the Mortgagee, certified true copies of all original certificates of class and other class records held by the Classification Society in relation to the Ship;
- 2 to allow the Mortgagee (or its agents), at any time and from time to time, to inspect the original class and related records of the Owner and the Ship at the offices of the Classification Society and to take copies of them and, to the extent possible, to grant the Mortgagee electronic access to such records;
- 3 to notify the Mortgagee immediately by email to techcom@dvbbank.com and neil.mclaughlin@dvbbank.com if the Classification Society:
 - (a) receives notification from the Owner or any other person that the Ship’s classification society is to be changed;
 - (b) imposes a condition of class or issues a class recommendation in respect of the Ship;
 - (c) becomes aware of any facts or matters which may result or have resulted in a change, suspension, discontinuance, withdrawal or expiry of the Ship’s class under the rules or terms and conditions of the Owner’s or the Ship’s membership of the Classification Society;

4 following receipt of a written request from the Mortgagee:

- (a) to confirm that the Owner is not in default of any of its contractual obligations or liabilities to the Classification Society and, without limiting the foregoing, that it has paid in full all fees or other charges due and payable to the Classification Society; or
- (b) if the Owner is in default of any of its contractual obligations or liabilities to the Classification Society, to specify to the Mortgagee in reasonable detail the facts and circumstances of such default, the consequences thereof, and any remedy period agreed or allowed by the Classification Society.

Notwithstanding the above instructions given for the benefit of the Mortgagee, the Owner shall continue to be responsible to the Classification Society for the performance and discharge of all its obligations and liabilities relating to or arising out of or in connection with the contract it has with the Classification Society, and nothing in this letter should be construed as imposing any obligation or liability on the Mortgagee to the Classification Society in respect thereof. The instructions and authorisations which are contained in this notice shall remain in full force and effect until the Owner and the Mortgagee together give you notice in writing revoking them.

The Owner undertakes to reimburse the Classification Society in full for any costs or expenses it may incur in complying with the instructions and authorisations referred to in this letter.

This letter and any non-contractual obligations arising from or connected with it are governed by New York law.

For and on behalf of

BULK NORDIC [ODIN] [OLYMPIC] LTD.

For and on behalf of

DVB BANK SE

FORM OF CLASSIFICATION SOCIETY LETTER OF UNDERTAKING

To: BULK NORDIC [ODIN] [OLYMPIC] LTD.

and
DVB BANK SE

Dated: [●], 2015

Dear Sirs:

Name of ship: m.v. “NORDIC [ODIN] [OLYMPIC]” (the “Ship”)

Flag: Panama

IMO Number: [●]

Name of Owner: BULK NORDIC [ODIN] [OLYMPIC] LTD. (the “Owner”)

Name of mortgagee: DVB BANK SE (the “Mortgagee”)

We [●], hereby acknowledge receipt of a letter (a copy of which is attached hereto) dated [●], 2015 sent to us by the Owner and the Mortgagee (together the “**Instructing Parties**”) regarding the Ship.

In consideration of the agreement by the Mortgagee to approve the selection of [●] (the receipt and adequacy of which is hereby acknowledged), we undertake to comply with the instructions of the Instructing Parties contained in such letter.

This letter and any non-contractual obligations arising out of or in connection with it shall be governed by New York law.

Yours faithfully

For and on behalf of

[●]

appendix a

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Pangaea Logistics Solutions Ltd. (the “Company”), pursuant to its 2014 Share Incentive Plan, as amended from time to time (the “Plan”), hereby grants to Holder the number of Restricted Shares set forth below. The Restricted Shares are subject to all of the terms and conditions as set forth herein, as well as the terms and conditions of the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan. Except where otherwise indicated in this Grant Notice, in the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Restricted Share Grant Notice and Agreement (this “Grant Notice”), the Plan shall govern and control.

Holder: _____

Date of Grant: []

Number of Restricted Shares: []

Vesting Commencement Date: []

Vesting of Restricted Shares: Provided that Holder has not undergone a Termination prior to the applicable vesting date, one-third (1/3) of the Restricted Shares granted herein, rounded down to the nearest whole Restricted Share, shall vest on each of the third (3rd), fourth (4th) and fifth (5th) annual anniversaries of the Vesting Commencement Date; *provided*, that, with respect to the last such installment, the number of Restricted Shares that vest shall be such that Holder will be full vested in the total number of Restricted Shares listed above as of the applicable date.

Notwithstanding the foregoing, all unvested Restricted Shares shall immediately vest in the event of Holder’s Termination as a result of Holder’s (i) death or Disability or (ii) Retirement.

For purposes of this Grant Notice, “Retirement” shall mean a Termination by Holder following the date Holder (a) has completed at least five years of continuous employment with the Company and its Affiliates and (b) the age of sixty-five (65).

Termination: Except as otherwise provided herein with respect to Holder’s Termination by reason of Holder’s death, Disability or Retirement, Section 6(c) of the Plan regarding Termination is incorporated herein by reference and made a part hereof.

Additional Terms: The Restricted Shares shall be subject to the following additional terms:

- The transfer restrictions described in Section 6(b) of the Plan are incorporated herein by reference and made a part hereof.

-
- Any certificates representing the vested Restricted Shares delivered to Holder shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such shares are listed, and any applicable federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions as the Committee deems appropriate.
 - Holder shall be the record owner of the Restricted Shares until or unless such Restricted Shares are forfeited or repurchased, or otherwise sold or transferred in accordance with the terms of the Plan, and as record owner shall generally be entitled to all rights of a shareholder with respect to the Restricted Shares; *provided, however*, that the Company will retain custody of all dividends and distributions, if any (“Retained Distributions”), made or declared on the Restricted Shares (and such Retained Distributions shall be subject to forfeiture and the same restrictions, terms and vesting and other conditions as are applicable to the Restricted Shares) until such time, if ever, as the Restricted Shares with respect to which such Retained Distributions shall have been made, paid or declared shall have become vested, and such Retained Distributions shall not bear interest or be segregated in a separate account. As soon as practicable following each applicable vesting date any applicable Retained Distributions shall be delivered to Holder.
 - Upon vesting of the Restricted Shares (or such other time that the Restricted Shares is taken into income), Holder will be required to satisfy applicable withholding tax obligations, if any, as provided in Section 17 of the Plan.
 - This Grant Notice does not confer upon Holder any right to continue as an employee of the Company or any of its Affiliates.
 - This Grant Notice shall be construed and interpreted in accordance with the internal laws of Bermuda, without regard to the principles of conflicts of law thereof.
 - Holder agrees that the Company may deliver by email all documents relating to the Plan or the Restricted Shares (including, without limitation, a copy of the Plan) and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the Securities and Exchange Commission). Holder also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it shall notify Holder by email.

The undersigned Holder acknowledges receipt of THIS GRANT NOTICE AND the plan, and, as an express condition to the grant of RESTRICTED SHARES HEREUNDER, agrees to be bound by the terms THIS GRANT NOTICE and the Plan.

PANGAEA LOGISTICS SOLUTIONS LTD.

Holder

By: _____
Signature

Signature

Title: _____

Print Name



Pangaea Logistics Solutions Ltd. (the “Company”), pursuant to its 2014 Share Incentive Plan, as amended from time to time (the “Plan”), hereby grants to Holder the number of Restricted Shares set forth below. The Restricted Shares are subject to all of the terms and conditions as set forth herein, as well as the terms and conditions of the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan. Except where otherwise indicated in this Grant Notice, in the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Restricted Share Grant Notice and Agreement (this “Grant Notice”), the Plan shall govern and control.

Holder: [name of employee]

Date of Grant: []

Number of Restricted Shares: [insert number of shares in numbers and words]

Vesting Commencement Date []

Vesting of Restricted Shares: Provided that Holder has not undergone a Termination prior to the applicable vesting date, one-third (1/3) of the Restricted Shares granted herein, rounded down to the nearest whole Restricted Share, shall vest on each of third (3rd), fourth (4th) and fifth (5th) annual anniversaries of the Vesting Commencement Date; *provided*, that, with respect to the last such installment, the number of Restricted Shares that vest shall be such that Holder will be fully vested in the total number of Restricted Shares listed above as of the applicable date.

Notwithstanding the foregoing, all unvested Restricted Shares shall immediately vest in the event of Holder’s Termination as a result of Holder’s (i) death or Disability or (ii) Retirement.

For purposes of this Grant Notice, “Retirement” shall mean a Termination by Holder following the date Holder (a) has completed at least five years of continuous employment with the Company and its Affiliates and (b) the age of sixty-five (65).

Termination: Except as otherwise provided herein with respect to Holder’s Termination by reason of Holder’s death, Disability or Retirement, Section 6(c) of the Plan regarding Termination is incorporated herein by reference and made a part hereof.

Additional Terms: The Restricted Shares shall be subject to the following additional terms:

- The transfer restrictions described in Section 6(b) of the Plan are incorporated herein by reference and made a part hereof.

-
- Any certificates representing the vested Restricted Shares delivered to Holder shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such shares are listed, and any applicable federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions as the Committee deems appropriate.
 - Holders who are employees of the Company's Danish subsidiary shall be the record owner of the Restricted Shares until or unless such Restricted Shares are forfeited or repurchased, or otherwise sold or transferred in accordance with the terms of the Plan, and as record owner shall generally be entitled to all rights of a shareholder with respect to the Restricted Shares, except that Restricted Shares held by employees who are considered Danish tax residents will not be eligible for voting and distribution of dividends until the respective Restricted Shares become unrestricted by vesting, irrespective of any other language in the Plan Agreement; *provided , however ,* that a cash payment in lieu of dividends that would otherwise be held for these Restricted Shares shall be made to the Danish shares when vesting terms are satisfied (and such cash payment in lieu of dividends shall be subject to forfeiture and the same restrictions, terms and vesting and other conditions as are applicable to the Restricted Shares). As soon as practicable following each applicable vesting date any applicable cash payment in lieu of dividends shall be delivered to Holder.
 - Upon vesting of the Restricted Shares (or such other time that the Restricted Shares is taken into income), Holder will be required to satisfy applicable withholding tax obligations, if any, as provided in Section 17 of the Plan.
 - This Grant Notice does not confer upon Holder any right to continue as an employee of the Company or any of its Affiliates.
 - This Grant Notice shall be construed and interpreted in accordance with the internal laws of Bermuda, without regard to the principles of conflicts of law thereof.
 - Holder agrees that the Company may deliver by email all documents relating to the Plan or the Restricted Shares (including, without limitation, a copy of the Plan) and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the Securities and Exchange Commission). Holder also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it shall notify Holder by email.

The undersigned Holder acknowledges receipt of THIS GRANT NOTICE AND the plan, and, as an express condition to the grant of RESTRICTED SHARES HEREUNDER, agrees to be bound by the terms THIS GRANT NOTICE and the Plan.

PANGAEA LOGISTICS SOLUTIONS LTD.

Holder

By: _____
Signature

Signature

Title: _____

Print Name

RESTRICTED SHARE GRANT NOTICE AND AGREEMENT

Pangaea Logistics Solutions Ltd. (the “Company”), pursuant to its 2014 Share Incentive Plan, as amended from time to time (the “Plan”), hereby grants to Holder the number of Restricted Shares set forth below. The Restricted Shares are subject to all of the terms and conditions as set forth herein, as well as the terms and conditions of the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Restricted Share Grant Notice and Agreement (this “Grant Notice”), the Plan shall govern and control.

Holder:

Date of Grant: May 8, 2015

Number of Restricted Shares: 10,000

**Vesting of
Restricted Shares:**

Subject to Holder’s continuous service as a member of the Board through the applicable vesting date, fifty percent (50%) of the Restricted Shares shall vest on May 8, 2016 and fifty percent (50%) of the Restricted Shares shall vest on May 8, 2017; *provided*, the Holder continues to serve on the Board until the date of the Company’s 2015 annual meeting of shareholders. Notwithstanding anything in the Grant Notice to the contrary, in the event of Holder’s Termination by reason of Holder’s death, all unvested Restricted Shares shall vest in full upon the date of such Termination.

Termination: Except as otherwise provided herein with respect to Holder’s Termination by reason of Holder’s death or Disability, Section 6(c) of the Plan regarding Termination is incorporated herein by reference and made a part hereof.

Additional Terms:

- The transfer restrictions described in Section 6(b) of the Plan are incorporated herein by reference and made a part hereof.
- Any certificates representing the vested Restricted Shares delivered to Holder shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such shares are listed, and any applicable federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions as the Committee deems appropriate.

-
- Holder shall be the record owner of the Restricted Shares until or unless such Restricted Shares are forfeited or repurchased, or otherwise sold or transferred in accordance with the terms of the Plan, and as record owner shall generally be entitled to all rights of a shareholder with respect to the Restricted Shares; *provided, however*, that the Company will retain custody of all dividends and distributions, if any (“Retained Distributions”), made or declared on the Restricted Shares (and such Retained Distributions shall be subject to forfeiture and the same restrictions, terms and vesting and other conditions as are applicable to the Restricted Shares) until such time, if ever, as the Restricted Shares with respect to which such Retained Distributions shall have been made, paid or declared shall have become vested, and such Retained Distributions shall not bear interest or be segregated in a separate account. As soon as practicable following each applicable vesting date any applicable Retained Distributions shall be delivered to Holder.
 - This Grant Notice does not confer upon Holder any right to continue as a member of the Board.
 - This Grant Notice shall be construed and interpreted in accordance with the internal laws of Bermuda, without regard to the principles of conflicts of law thereof.
 - Holder agrees that the Company may deliver by email all documents relating to the Plan or the Restricted Shares (including, without limitation, a copy of the Plan) and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the Securities and Exchange Commission). Holder also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it shall notify Holder by email.

* * *

The undersigned Holder acknowledges receipt of THIS GRANT NOTICE AND the plan, and, as an express condition to the grant of RESTRICTED SHARES HEREUNDER, agrees to be bound by the terms THIS GRANT NOTICE and the Plan.

PANGAEA LOGISTICS SOLUTIONS LTD.

Holder

By: _____
Signature

Signature

Title: Chief Financial Officer _____

Print Name

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Edward Coll, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the three months ended March 31, 2015, of Pangaea Logistics Solutions Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2015

/s/ Edward Coll
 Edward Coll
 Chief Executive Officer
 (Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Anthony Laura, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the three months ended March 31, 2015, of Pangaea Logistics Solutions Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2015

/s/ Anthony Laura

Anthony Laura
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Pangaea Logistics Solutions Ltd. (the "Company") on Form 10-Q for the three months ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Edward Coll, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2015

/s/ Edward Coll

Edward Coll

Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Pangaea Logistics Solutions Ltd. (the “Company”) on Form 10-Q for the three months ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Anthony Laura, Chief Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2015

/s/ Anthony Laura

Anthony Laura
Chief Financial Officer
(Principal Financial Officer)

