

QGOG Constellation Announces Early Results of its Exchange Offer for Any and All of its 6.250% Senior Notes due 2019 and Related Consent Solicitation

Luxembourg, July 13, 2017 -- QGOG Constellation S.A. ("QGOG Constellation" or the "Company") announced today the early results of its previously announced private exchange offer (the "Exchange Offer") for any and all of its outstanding 6.250% Senior Notes due 2019 (the "Existing Notes"). Concurrently with the Exchange Offer, the Company is soliciting consents (the "Consent Solicitation" and, together with the Exchange Offer, the "Offer") to certain proposed amendments (the "Proposed Amendments") with respect to the indenture dated as of November 9, 2012, pursuant to which the Existing Notes were issued (the "Existing Notes Indenture").

The early expiration date has been extended to 11:59 p.m., New York City time, on July 17, 2017, unless further extended by the Company (the "Expiration Date"), instead of the previously scheduled early expiration at 5:00 p.m., New York City time, on July 12, 2017 (the "Prior Early Expiration Date"). The terms and conditions of the Offer are set forth in the Company's exchange offer memorandum and consent solicitation statement, dated April 3, 2017 (as supplemented on June 28, 2017 (the "Offer Memorandum")).

According to information received by Ipreo LLC, as information agent and exchange agent for the Offer, as of 5:00 p.m., New York City time, on July 12, 2017, Eligible Holders had validly tendered (and not validly withdrawn) \$603.1 million aggregate principal amount of the Existing Notes (the "Consenting Notes"), constituting 86.16% of the aggregate principal amount of the Existing Notes. All Existing Notes previously tendered and related consents for the Existing Notes previously delivered will remain so tendered and delivered and no other action with respect to these Existing Notes is required. Holders of Existing Notes who have not previously tendered their Existing Notes and delivered their related consents for the Existing Notes may use the Offer Memorandum for such purposes.

The Company will accept for exchange in full all Consenting Notes, subject to all conditions to the Offer having been either satisfied or waived by the Company. The Company will pay a consent fee equal to 2.0% of the principal amount of the Consenting Notes (the "Early Exchange Payment") to holders thereof and exchange each U.S.\$1,000 principal amount of Consenting Notes for U.S.\$1,000 principal amount of the Company's 9.000% Cash / 0.500% PIK Senior Secured Notes due 2024 (the "New Notes") on the "Settlement Date," which is currently expected to occur on July 20, 2017, subject to all conditions to the Offer having been either satisfied or waived by the Company.

Set forth below is a brief comparison of the principal terms of the Existing Notes and the New Notes. We caution that holders of the Existing Notes should carefully consider the entire Offer Memorandum before deciding whether to participate in the Exchange Offer and deliver Consents.

<u>Term</u>	<u>Existing Notes</u>	<u>New Notes</u>
Coupon	6.250% Cash	9.0% Cash + 0.5% PIK
Maturity	November 9, 2019	November 9, 2024
Amortization	None	Amortization schedule beginning on November 9, 2019

Term	Existing Notes	New Notes
Cash payment on Settlement Date ..	None	Early Exchange Payment: a consent fee equal to 2.0% of principal amount of Existing Notes validly tendered (and not validly withdrawn).
Dividends.....	Subject to customary restricted payment clause	No dividends allowed
Guarantors	Constellation Overseas Ltd.	Constellation Overseas Ltd., Lone Star Offshore Ltd., Gold Star Equities Ltd., Olinda Star Ltd., Arazi S.à. r.l., Snover International Inc. and certain future entities subject to the terms of the Offer Memorandum. In addition, Star International Drilling Limited will provide a subordinated guarantee.
Collateral	None	Lien on Lone Star, Gold Star and Olinda Star, assignment of related insurance receivables and, subject to the terms of the Offer Memorandum, assignment of receivables from the related charter agreements. Pledge of dividends received by the issuer from Arazi S.à. r.l. (the FPSO-owning entity) and pledge of shares of Snover International (the entity that owns certain of the onshore rigs). Possible additional collateral subject to the terms of the Offer Memorandum.
Project Finance Subsidiaries .	Permitted indebtedness and lien flexibility with respect to project finance subsidiaries	Concept eliminated.

The aggregate principal amount of New Notes issued to each participating holder for all Existing Notes properly tendered (and not withdrawn) and accepted by us will be rounded, if necessary, to \$150,000 or the nearest whole multiple of \$1,000 in excess thereof. This rounded amount will be the principal amount of New Notes a participating holder will receive, and no additional cash will be paid in lieu of any principal amount of New Notes not received as a result of rounding down. All Eligible Holders who validly tender, without subsequent withdrawal, their Existing Notes will receive a cash payment for the accrued interest on their Existing Notes on the Settlement Date.

The Offer is being made, and the New Notes are being offered and will be issued, only (a) in the United States to holders of Existing Notes who are “qualified institutional buyers” (as defined in Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”)) and (b) outside the United States to holders of Existing Notes who are persons other than U.S. persons in reliance upon Regulation S under the Securities Act. The holders of Existing Notes who have certified to the Company that they are eligible to participate in the Exchange Offer and Consent Solicitation pursuant to at least one of the foregoing conditions are referred to as “Eligible Holders.”

The New Notes have not been registered under the Securities Act or any state securities laws. Accordingly, the New Notes will be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and other applicable securities laws, pursuant to registration or exemption therefrom.

This press release is neither an offer to sell nor the solicitation of an offer to buy any security. This press release is also not a solicitation of any consent to the proposed amendments to the Existing Notes Indenture. The Offer is being made solely pursuant to the exchange offer memorandum and consent solicitation statement, as supplemented by the Supplement. No recommendation is made as to whether the holders of Existing Notes should tender their Existing Notes for exchange and deliver their consents in the Offer.

Rothschild Inc. is acting as the Company's financial advisor in connection with the Offer. White & Case LLP and Mattos Filho, Veiga Filho, Marrey Jr. e Quiroga Advogados are serving as New York and Brazilian legal advisors, respectively, to the Company. Ipreo LLC has been appointed as the information agent and the exchange agent for the Offer (the "Exchange Agent"). Holders may contact the information agent to request the eligibility letter in order to become an Eligible Holder at the contact information set forth below:

Ipreo LLC
1359 Broadway, 2nd Floor
New York, New York 10018
Attn: Aaron Dougherty
Email: exchangeoffer@ipreo.com
(212) 849-3880 or toll free at (888) 593-9546

NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbor created by such sections and other applicable laws. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, such statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by the "forward-looking statements." The Company undertakes no obligation to release publicly revisions to any "forward-looking statement," including, without limitation, outlook, to reflect events or circumstances after the date of this news release, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws. Investors should not assume that any lack of update to a previously issued "forward-looking statement" constitutes a reaffirmation of that statement. Continued reliance on "forward-looking statements" is at investors' own risk.