

Petrobras Parties Pay Vantage Drilling Parties \$700.9 million to satisfy Arbitration Award and related U.S. Judgment

HOUSTON, June 21, 2019 (GLOBE NEWSWIRE) -- Vantage Drilling International ("Vantage" or the "Company") announced today that Petrobras Venezuela Investments & Services, BV ("PVIS"), a subsidiary of Petroleo Brasileiro S.A ("Petrobras"), entered into an agreement with Vantage Deepwater Company ("VDEEP"), a wholly-owned subsidiary of Vantage, pursuant to which PVIS paid VDEEP approximately \$690.8 million to satisfy the previously rendered arbitration award and related U.S. judgment confirming the award. In addition, as part of the agreement, Petrobras America, Inc., ("PAI"), a subsidiary of Petrobras, paid Vantage Deepwater Drilling, Inc. ("VDDI") a wholly-owned subsidiary of Vantage, approximately \$10.1 million in connection with the award and related judgment in respect of contract damages and certain unpaid invoices relating to work performed in the U.S. Gulf of Mexico in 2015. Neither party released any of its claims, except for certain claims by the Petrobras parties against the Vantage parties in respect of the Dutch Attachments described below. The Petrobras parties filed their notice of appeal to the U.S. Court of Appeals for the Fifth Circuit seeking the reversal of the U.S. judgment, which confirmed the award and denied their motion for vacatur. The Vantage parties believe there is no basis for reversal and intend to vigorously contest the appeal.

The dispute arose following PAI and PVIS, both wholly-owned subsidiaries of Petrobras, notifying the Vantage parties on August 31, 2015 of the termination of the Agreement for the Provision of Drilling Services for the *Titanium Explorer* dated February 4, 2009 (the "Drilling Contract") between PVIS and VDEEP and which had been novated to PAI and VDDI, claiming the Vantage parties had breached their obligations under the Drilling Contract. The Vantage parties immediately filed the international arbitration claim against PAI, PVIS, and Petrobras, claiming wrongful termination of the Drilling Contract.

In July 2018, an international arbitration tribunal issued an award in favor of VDEEP and VDDI. The Tribunal found that PAI and PVIS breached the Drilling Contract. The Tribunal awarded VDEEP and VDDI damages in the amount of \$622.0 million plus interest against PAI, PVIS, and Petrobras and dismissed the Petrobras entities' counterclaims against the Vantage parties with prejudice.

In May 2019, U.S. District Court Judge Alfred H. Bennett of the Southern District of Texas granted VDEEP and VDDI's petition to confirm the above-mentioned international arbitration award against Petrobras, PAI and PVIS. The Court also denied the Petrobras entities' motion to vacate the arbitration award. The U.S. District Court issued a judgment of approximately \$733.9 million, accruing at an annual interest rate of 2.32% from May 22, 2019 until paid. With the payments received today from the Petrobras parties, the parties agreed that the U.S. judgment was satisfied in full.

Separately, in connection with enforcing the arbitration award against the Petrobras parties, the Vantage parties secured an order from the Amsterdam District Court in the Netherlands on August 22, 2018, which froze certain assets of Petrobras and PVIS in the Netherlands that are believed to be valued in excess of the Vantage parties' claim at this time (the "Dutch Attachments"). The Vantage parties then sought to enforce and recognize the arbitration award in the Netherlands (the "Dutch Enforcement Proceedings"). Under the agreement entered into with the Petrobras parties, the Vantage parties will lift the Dutch Attachments effective immediately and the Dutch Enforcement Proceedings will be stayed indefinitely until such time as there is a final, non-appealable judgment in the U.S. proceedings or until such time as the Petrobras parties assert a claim for reimbursement of all or any part of the payments, whichever is earlier.

Mr. Ihab Toma, Vantage's Chief Executive Officer, stated, "We are very pleased with Petrobras's decision to make payment in satisfaction of the arbitration award and related U.S. judgment. As always, we continue to focus on our business, and on providing the best service to our clients."

In light of the retention by the Petrobras parties of their rights, including the right to appeal the U.S. judgment, the Petrobras parties may assert a claim against the Vantage parties for the return of all or a portion of the payments made to satisfy the award in the event the U.S. judgment is overturned on appeal. The Company can provide no assurances as to the ultimate outcome of any such appeals. In addition, the payment received by the Vantage parties will be subject to reductions due to currently owed and future legal fees (including, among others, a contingency fee equal to 10% of the amounts received from the Petrobras parties) and any applicable taxes. Accordingly, no assurances can be given as to the amount of the payments to be ultimately realized by the Company.

Vantage Drilling International, a Cayman Islands exempted company, is an offshore drilling contractor, with a fleet of three ultra-deepwater drillships and five premium jackup drilling rigs. Vantage's primary business is to contract drilling units, related equipment and work crews primarily on a dayrate basis to drill oil and natural gas wells globally for major, national and independent oil and natural gas companies. Vantage also provides construction supervision services and preservation management services for, and will operate and manage, drilling units owned by others.

The information above includes forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. These forward-looking statements are subject to certain risks, uncertainties and assumptions, including the Company's ability prevail in the defense of any appeal by Petrobras due to legal, procedural and other risks associated with enforcing arbitration awards in these circumstances or as disclosed from time to time in the Company's filings with the Securities and Exchange Commission. Moreover, any final recovery may be taxable and will be subject to reduction for legal expenses. As a result of these factors, actual results may differ materially from those indicated or implied by such forward-looking statements. Vantage disclaims any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise.

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