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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2016

☐ **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	**98-1205464**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
c/o Phoenix Bulk Carriers (US) LLC **109 Long Wharf, Newport, RI**	**02840**
(Address of Principal Executive Offices)	(Zip Code)

(401) 846-7790
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Shares, $0.0001 par value	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, 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 if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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 definition of “accelerated filer” and “large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company x
(Do not check if a 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 ☒

The aggregate market value of the registrant's Common Stock held by non-affiliates at June 30, 2016 was approximately $7,265,143 based on the Nasdaq closing price for such shares on that date. The registrant has no non-voting common equity.

As of March 22, 2017, there were 36,659,015 shares of Common Shares, $.0001 par value per share, outstanding.

Documents Incorporated by Reference: See Item 15.

PANGAEA LOGISTICS SOLUTIONS, LTD.
FORM 10-K
TABLE OF CONTENTS

In this Annual Report on Form 10-K (this "Form 10-K"), references to "the Company," "we," "us" and "our" refer to Pangaea Logistics Solutions Ltd and its subsidiaries.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Our disclosure and analysis in this Annual Report on Form 10-K pertaining to our operations, cash flows and financial position, including, in particular, the likelihood of our success in developing and expanding our business, include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," "projects," "forecasts," "may," "should" and similar expressions are forward-looking statements.

All statements in this Form 10-K that are not statements of either historical or current facts are forward-looking statements. Forward-looking statements include, but are not limited to, such matters as:

- our future operating or financial results;
- our ability to charter-in vessels and to enter into COAs, voyage charters, time charters and forward freight agreements and the performance of our counterparties in such contracts
- our financial condition and liquidity, including our ability to obtain financing in the future to fund capital expenditures, acquisitions and other general corporate activities;
- our expectations of the availability of vessels to purchase, the time it may take to construct new vessels, and vessels' useful lives;
- competition in the drybulk shipping industry;
- our business strategy and expected capital spending or operating expenses, including drydocking and insurance costs;
- global and regional economic and political conditions, including piracy; and
- statements about shipping market trends, including charter rates and factors affecting supply and demand.

Many of these statements are based on our assumptions about factors that are beyond our ability to control or predict and are subject to risks and uncertainties that are described more fully under the "Risk Factors" section of this prospectus. Any of these factors or a combination of these factors could materially affect our future results of operations and the ultimate accuracy of the forward-looking statements. Factors that might cause future results to differ include, but are not limited to, the following:

- changes in governmental rules and regulations or actions taken by regulatory authorities;
- changes in economic and competitive conditions affecting our business, including market fluctuations in charter rates and charterers' abilities to perform under existing time charters;
- potential liability from future litigation and potential costs due to environmental damage and vessel collisions;
- the length and number of off-hire periods; and
- other factors discussed under the "Risk Factors" section of this Form 10-K.

You should not place undue reliance on forward-looking statements contained in this Annual Report on Form 10-K, because they are statements about events that are not certain to occur as described or at all. All forward-looking statements in this Form 10-K are qualified in their entirety by the cautionary statements contained in this prospectus. These forward-looking statements are not guarantees of our future performance, and actual results and future developments may vary materially from those projected in the forward-looking statements.

Except to the extent required by applicable law or regulation, we undertake no obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

PART I.

ITEM 1. BUSINESS

Introduction

Pangaea Logistics Solutions Ltd. and its subsidiaries (collectively, “Pangaea” or the “Company”) is a provider of seaborne drybulk transportation services. Pangaea utilizes its logistics expertise to service a broad base of industrial customers who require the transportation of a wide variety of drybulk cargoes, including grains, coal, iron ore, pig iron, hot briquetted iron, bauxite, alumina, cement clinker, dolomite and limestone. The Company addresses the transportation needs of its customers by undertaking a comprehensive set of services and activities, including cargo loading, cargo discharge, vessel chartering, voyage planning, and technical vessel management. In 2016, the Company participated in the development and expansion of a major port on the United States' east coast and has delivered approximately 1.1 million tons of construction material to the port since entering the contract.

Business

The Company utilizes its logistics expertise to service a broad base of industrial customers who require the transportation of a wide variety of drybulk cargoes, including grains, pig iron, hot briquetted iron, bauxite, alumina, cement clinker, dolomite and limestone. The Company derives substantially all of its revenue from contracts of affreightment, also known as COAs, voyage charters, and time charters. In particular, the Company has historically focused on fixing cargo for transportation on backhaul routes. Backhaul routes or ballast legs, position vessels for cargo discharge in loading areas. Backhaul routes allow us to reduce ballast days and instead earn revenues at times and on routes that are typically traveled without paying cargo.

COAs are contracts to transport multiple shipments of cargo during the term of the contract between specified load and discharge ports, at a fixed or variable price per metric ton of cargo. Voyage revenues represent revenues earned by the Company, principally from providing transportation services under voyage charters. A voyage charter involves the carriage of a specific amount and type of cargo on a load port to discharge port basis, subject to various cargo handling terms. Charter revenues relate to a time charter arrangement under which the Company is paid to provide transportation services on a per day basis for a specified period of time. A majority of the Company’s revenue is from COAs and voyage charters, as our focus is on providing transportation services for our customers. The Company’s COAs typically extend for a period of one to five years, although some extend for longer periods. A time charter may vary from a single trip to longer-term charters, whenever we determine such use to be in our commercial interest. The length of a voyage depends on the number of load and discharge ports, the time spent in such ports and the distance between the ports. Revenues from time charters are earned and recognized on a straight-line basis over the term of the charter, as the vessel operates under the charter. Revenue is not earned when vessels are offhire.

The Company uses a mix of owned and chartered-in motor vessels ("m/v") to transport approximately 20 million tons of cargo to more than 200 ports around the world, averaging approximately 40 vessels in service daily during 2016. The majority of our fleet is chartered-in on short-term charters of less than 9 months. The Company believes that these shorter-term charters afford us more flexibility to match our variable costs to our customers’ service requirements, allowing us to respond to changes in market demand and limiting our exposure to changes in prevailing charter rates. In addition to the Company’s chartered-in fleet, we currently have ownership interests in 16 dry bulk carriers and have two vessels chartered in on five-year bareboat charters. These vessels are and will be used to serve the Company’s customers’ cargo transportation needs. The Company believes that a combination of owned and chartered-in vessels helps it to more efficiently match its customer demand than it could with an entirely owned fleet or an entirely chartered-in fleet.

The Company’s Ice-Class 1A vessels are technically managed by a third-party manager with extensive expertise managing these vessel types and with ice pilotage. The technical management of the remainder of the Company’s owned fleet and the bareboat charter ships is performed in-house. The technical management for the Company’s chartered-in vessels is performed by each respective ship owner.

Active risk management is an important part of our business model. The Company believes its active risk management allows it to reduce the sensitivity of its revenues to market fluctuations and helps it to secure its long-term profitability and lower volatility of earnings. We manage our market risk by chartering in vessels for periods of less than 9 months on average and through a portfolio approach based upon owned vessels, chartered-in vessels, COAs, voyage charters, and time charters. The Company tries to identify routes and ports for efficient bunkering to minimize its fuel expense. The Company also seeks to hedge a portion of its exposure to changes in the price of marine fuels, or bunkers, through fuel swaps; and to fluctuating future freight rates through forward freight agreements. We have also entered into interest rate agreements to fix a portion of our interest rate exposure.

Business Strategy

The Company's principal business objectives are to profitably grow its business and increase shareholder value. The Company expects to achieve these objectives through the following strategies:

- ***Focus on increasing strategic COAs.*** The Company intends to increase its COA business, in particular, COAs for cargo discharge in traditional loading areas, by leveraging its relationships with existing customers and attracting new customers. The Company believes that its dedication to solving its customer's transportation problems, and its reputation and experience in carrying a wide range of cargoes and transiting less common routes and ports, increases its likelihood of securing strategic COAs.

- ***Expand capacity and flexibility by increasing its owned fleet.*** The Company is continually looking to acquire additional high-quality vessels suited for its business strategy, the needs of its customers and growth opportunities the Company identifies. The Company believes that its experience as a reliable and serious counterparty in the purchase and sale market for second-hand vessels positions it as a candidate for acquisition of high quality vessels. The Company currently controls (owns or has an ownership interest in) a fleet of 16 bulk carriers. This current fleet includes four Ice-Class 1A Panamax newbuildings and two Ice-Class 1C Ultramax newbuildings which were delivered between September 2014 and January 2017. The Company also controls two additional Ice-Class 1A Panamax bulk carriers, two Panamax bulk carriers, four Supramax bulk carriers, two Handymax Ice-Class 1A bulk carriers and two Supramax bulk carriers through bareboat charters.

  Increase backhaul focus and fleet efficiency. The Company continues to focus on backhaul cargoes, including backhaul cargoes associated with COAs, to reduce ballast days and increase expected earnings for well-positioned vessels. In addition, the Company intends to continue to charter in vessels for periods of less than nine months, on average, to permit it to match its variable costs to demand. The Company believes that increased vessel utilization and positioning efficiency will enhance its profitability.

Competitive Strengths

The Company believes that it possesses a number of competitive strengths in its industry, including:

- ***Expertise in niche markets and routes.*** The Company has developed expertise and a major presence in selected niche markets and less commoditized routes, especially the Baltic Sea in winter, the Northern Sea Route between Europe and Asia in summer, and the trade route between Jamaica and the United States, as well as selected ports, particularly in Newfoundland and Baffin Island. The Company believes that there is less competition to carry "minor," as compared to traditional "major," bulk cargoes, and, similarly, that there is less competition on less commoditized routes. The Company believes that its experience in carrying a wide range of cargoes and transiting less common routes and ports increases its likelihood of securing higher rates and margins than those available for more commoditized cargoes and routes. The Company believes it operates assets well suited to certain of these routes, including its Japanese built Ice-Class 1A Panamax and Ice-Class 1C Utramax vessels and its Korean built Ice-Class 1A Handymax vessels. The majority of its fleet is chartered in and the Company selects these vessels to match the cargo and port characteristics of their nominated voyages. The Company has experience operating in all regularly operating dry bulk loading and discharge ports globally.

- ***Enhanced vessel utilization and profitability through strategic backhaul and triangulation methods.*** The Company enhances vessel utilization and profitability through selecting COAs and other contracts to carry cargo on what would normally be backhaul or ballast legs. In contrast to the typical practice of incurring charter hire and bunker costs to position an empty vessel in a port or area where cargo is normally loaded, the Company instead actively works with its customers to secure cargoes for discharge in loading areas. This practice allows the Company to position vessels for loading at lower costs than it would bear if it positioned such vessels by traveling unladen or if the Company chartered in vessels in a loading area. The Company believes that this focus on backhaul cargoes permits them to benefit from ballast bonuses that are paid to position vessels for fronthaul cargoes or, alternatively, to earn a premium for delivering ships that are in position for fronthaul cargoes.

- ***Strong relationships with major industrial customers.*** The Company has developed strong commercial relationships with a number of major industrial customers. These customer relationships are based upon the Company's reputation and specific history of service to these customers. The Company believes that these relationships help it generate recurring business with such customers which, in some cases, are formalized through contracts for repeat business (COAs). The Company also believes that these relationships can help create new opportunities. Although many of these relationships have extended over a period of years, there is no assurance that such relationships or business will continue in the future.

Repeat customers, measured as having shipping days in three or more years of the trailing four years, represented nearly 47% of its total shipping days for the trailing four year period ended December 31, 2016 and 59% of its total shipping days for the trailing four year period ended December 31, 2015. In addition, the Company believes that its familiarity with local regulations and market conditions at its routinely serviced ports, particularly in Newfoundland and Jamaica, provides it with a strong competitive advantage and allows it to attract new customers and secure recurring business.

- ***Strong Alignment and Transparency.*** The Company observes that many publicly traded shipping companies rely on service providers affiliated with senior management or dominant shareholders for fundamental activities. Beyond the operational benefits to its customers of integrated commercial and technical management, the Company believes that its shareholders are benefited by its strategy of performing many of those activities in-house. Related to these efforts to maximize alignment of interest, the Company believes that the associated transparency of ownership and authority will be attractive to current and prospective shareholders. Consistent with the foregoing, the Company's only related party transactions with senior management are principal and interest obligations for cash loaned to the Company by management, on terms approved by the independent members of the Board of Directors.

- ***Experienced management team.*** The day-to-day operations of a transportation logistics services company requires close coordination among customers, land-based transportation providers and port authorities around the world. Its efficient operation depends on the experience and expertise of management at all levels, from vessel acquisition and financing strategy to oversight of vessel technical operations and cargo loading and discharge. The Company has a management team of senior executive officers and key employees with extensive experience and relationships in the commercial, technical, and financial areas of the drybulk shipping industry.

- ***Risk-management discipline.*** The Company believes its risk management strategy allows it to reduce the sensitivity of its earnings to market changes and lower the risk of losses. The Company manages its risks primarily through short-term charter-in agreements of less than nine months, on average, through the use of forward freight agreements ("FFAs") and fuel hedges, and through modest leverage. The Company believes that shorter-term charters permit it to adjust its variable costs to match demand more rapidly than if it chartered in those vessels for longer periods. The Company may choose to manage the risks of higher rates for certain future voyages by purchasing and selling FFAs to limit the impact of changes in chartering rates. Similarly, the Company may choose to manage the risks of increasing fuel costs through bunker hedging transactions in order to limit the impact of changes in fuel prices on voyage results. Finally, the Company believes that its expected income related to COAs is sufficient to satisfy obligations related to its owned fleet.

Management

The Company's management team consists of senior executive officers and key employees with decades of experience in the commercial, technical, management and financial areas of the logistics and shipping industries. The Company's co-founder and Chief Executive Officer, Edward Coll, has over 37 years of experience in the drybulk shipping industry. Other members of its management team and key employees, Anthony Laura, Mark Filanowski, Claus Boggild, Mads Boye Petersen, Peter Koken, Robert Seward, Fotis Doussopoulos, and Gianni Del Signore, also have extensive experience in the shipping industry. The Company believes its management team is well respected in the drybulk sector of the shipping industry and, over the years, has developed strong commercial relationships with industrial customers and lenders. The Company believes that the experience, reputation and background of its management team will continue to be key factors in its success.

The Company provides logistics transportation services and commercially manages its fleet primarily from offices in Newport, Rhode Island, Copenhagen, Denmark and Singapore. Logistics services and commercial management include identifying cargo for transportation, voyage planning, managing relationships, identifying vessels to charter in, and operating such vessels.

The Company's Ice-Class 1A panamax vessels are technically managed by a third-party manager with extensive expertise managing these vessel types and with ice pilotage. The technical management of the remainder of the Company's owned and bareboat chartered fleet is performed in-house. The Company's technical management personnel have experience in the complexities of oceangoing vessel operations, including the supervision of maintenance, repairs, improvements, drydocking and crewing. The technical management for the Company's chartered-in vessels is performed by each respective ship owner.

Operations and Assets

The Company is a service business and its customers use its services because they believe the Company adds and creates value for them. To add value, the Company works with its customers to provide a range of logistics services beyond the traditional loading, carriage and discharge of cargoes. For example, the Company works with certain customers to review their contractual delivery terms and conditions, permitting those customers to reduce costs and risks while accelerating payments. As another

example, one of its customers is heavily dependent upon a port that was insufficiently supported by port pilots for the approach to port. To permit a large expansion of its services for this client, the Company formed a separate pilots association to increase the number of available pilots and improve access to the port. As a result of efforts such as these, in some cases the Company is the de facto transportation department for certain clients.

The Company's core offering is the safe, reliable, and timely loading, carriage, and discharge of cargoes for customers. This offering requires identifying customers, agreeing on the terms of service, selecting a vessel to undertake the voyage, working with port personnel to load and discharge cargo, and documenting the transfers of title upon loading or discharge of the cargo. As a result, the Company spends significant time and resources to identify and retain customers and source potential cargoes in its areas of operation. To further expand its customer base and potential cargoes, the Company has developed expertise in servicing ports and routes subject to severe ice conditions, including the Baltic Sea and the Northern Sea Route. The Company's subsidiary, Nordic Bulk Carriers A/S ("NBC"), is an adviser to the European Commission on Arctic maritime issues.

To support its services, the Company operates a fleet of 16 owned or partially owned vessels. As of March 23, 2017, these vessels are described in the table below:

Vessel Name	Type	DWT	Year Built	Yard	Type of Employment Charter
m/v Bulk Endurance	Ultramax (Ice Class 1C)	59,450	2017	Oshima Shipbuilding	PBC(2)
m/v Bulk Destiny	Ultramax (Ice Class 1C)	59,450	2017	Oshima Shipbuilding	PBC(2)
m/v Nordic Oasis	Panamax (Ice Class 1A)	76,180	2016	Oshima Shipbuilding	NBC(1)
m/v Nordic Olympic	Panamax (Ice Class 1A)	76,180	2015	Oshima Shipbuilding	NBC(1)
m/v Nordic Odin	Panamax (Ice Class 1A)	76,180	2015	Oshima Shipbuilding	NBC(1)
m/v Nordic Oshima	Panamax (Ice Class 1A)	76,180	2014	Oshima Shipbuilding	NBC(1)
m/v Nordic Orion	Panamax (Ice Class 1A)	75,603	2011	Oshima Shipbuilding	NBC(1)
m/v Nordic Odyssey	Panamax (Ice Class 1A)	75,603	2010	Oshima Shipbuilding	NBC(1)
m/v Bulk Trident	Supramax	52,514	2006	Tsuneishi Heavy Industries (Cebu)	PBC(2)
m/v Bulk Newport	Supramax	52,587	2003	Shin Kurushima Toyohashi	PBC(2)
m/v Bulk Beothuk	Supramax	50,992	2002	Oshima Shipbuilding	PBC(2)
m/v Bulk Juliana	Supramax	52,510	2001	Shin Kurushima Toyohashi	PBC(2)
m/v Bulk Power	Supramax	56,940	2010	COSCO (Zhoushan) Shipyard Co., Ltd.	PBC(2)
m/v Bulk Progress	Supramax	56,943	2010	COSCO (Zhoushan) Shipyard Co., Ltd.	PBC(2)
m/v Bulk Pangaea	Panamax	70,165	1996	Sumitomo Shipbuilding	PBC(2)
m/v Bulk Patriot	Panamax	73,700	1999	Sumitomo Shipbuilding	PBC(2)
m/v Nordic Bothnia	Handymax (Ice Class 1A)	43,706	1995	Daewoo	NBC(1)
m/v Nordic Barents	Handymax (Ice Class 1A)	43,702	1995	Daewoo	NBC(1)

(1) This vessel is time-chartered to NBC, a wholly-owned subsidiary of Nordic Bulk Holding ApS ("NBH").
(2) This vessel is operated by the Company's wholly-owned subsidiary, Phoenix Bulk Carriers (BVI) Ltd. ("PBC").

The Company owns its vessels through separate wholly-owned subsidiaries and through joint venture entities with other owners, which the Company consolidates as variable interest entities in its consolidated financial statements.

The Company owns one-third of Nordic Bulk Holding Company Ltd., ("NBHC"), a corporation that was duly organized under the laws of Bermuda in October 2012. Bulk Orion Ltd. ("Bulk Orion"), Bulk Odyssey Ltd. ("Bulk Odyssey"), Bulk Nordic Oshima Ltd. ("Bulk Oshima"), Bulk Nordic Olympic Ltd. ("Bulk Olympic"), Bulk Nordic Odin Ltd. ("Bulk Odin") and Bulk Nordic Oasis Ltd. ("Bulk Oasis") are companies that were organized under the laws of Bermuda for the purpose of owning Ice Class 1A Panamax vessels and are all owned by NBHC. The m/v Nordic Orion ("Orion"), the m/v Nordic Odyssey ("Odyssey"), the m/v Nordic Oshima ("Oshima"), the m/v Nordic Olympic ("Olympic"), the m/v Nordic Odin ("Odin") and the m/v Nordic Oasis ("Oasis") are owned by these entities. All of these vessels are chartered to NBC at fixed rates and also have a profit share arrangement.

In 2016, the Company owned 50% of Nordic Bulk Ventures Holding Company Ltd., (“BVH”), a corporation that was duly organized under the laws of Bermuda. BVH was established in August 2013 for the purpose of owning Bulk Nordic Five Ltd. (“Five”) and Bulk Nordic Six Ltd. (“Six”). Five and Six are corporations that were duly organized under the laws of Bermuda in November 2013 for the purpose of owning ultramax newbuildings delivered in January 2017. The m/v Bulk Endurance ("Endurance") and the m/v Bulk Destiny (“Destiny”) are owned by these entities and are chartered to PBC at fixed rates. In January 2017, the Company purchased its joint venture partner's 50% interest in BVH, giving the Company full control of both vessels.

In addition to its owned fleet, the Company operates chartered-in Panamax, Supramax, Handymax and Handysize drybulk carriers. On average, the Company has owned or employed a fleet of approximately 35 – 50 vessels at any one time. In 2016, the Company owned interests in 14 vessels and chartered in an additional 197 for one or more voyages. In 2015, the Company owned interests in an average of 14 vessels and chartered in an additional 196 for one or more voyages. The Company generally charters in third-party vessels for periods of less than nine months and, in most cases, less than six months. Chartered-in contracts are negotiated through brokers, who are paid commission on a percentage basis. The Company believes that shorter-term charters afford it flexibility to match its variable costs to its customers’ service requirements. The Company also believes that this combination of owned and chartered-in vessels helps it to more efficiently match its customer demand than the Company could with only owned vessels or an entirely chartered-in fleet. The Company does not charter-in any vessels under speculative arrangements.

Corporate Structure

The Company is a holding company incorporated under the laws of Bermuda as an exempted company on April 29, 2014. Bulk Partners, a wholly owned subsidiary of the Company, is also 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.

The Company owns its vessels through separate wholly-owned subsidiaries and through joint venture entities, incorporated in Bermuda and Denmark, which the Company consolidates as variable interest entities. Certain of its wholly-owned subsidiaries, organized in Bermuda, British Virgin Islands, Panama, and Delaware, provide it with vessel management services and administrative support.

The Company’s principal executives operate from the offices of Phoenix Bulk Carriers (US) LLC, which is located at 109 Long Wharf, Newport, Rhode Island 02840.The phone number at that address is (401) 846-7790. The Company also has offices in Copenhagen, Denmark, Athens, Greece and Singapore. The Company’s corporate website address is *http://www.pangaeals.com*.

As of December 31, 2016, the Company's consolidated subsidiaries are as follows:

Company Name	Country of Organization	Proportion of Ownership Interest	
Phoenix Bulk Carriers (BVI) Limited ("PBC")	British Virgin Islands	100%	(A)
Phoenix Bulk Management Bermuda Limited	Bermuda	100%	(B)
Americas Bulk Transport (BVI) Limited	British Virgin Islands	100%	(C)
Bulk Ocean Shipping (Bermuda) Ltd.	Bermuda	100%	(D)
Phoenix Bulk Carriers (US) LLC	Delaware	100%	(E)
Allseas Logistics Bermuda Ltd.	Bermuda	100%	(F)
Bulk Patriot Ltd. ("Bulk Patriot")	Bermuda	100%	(G)
Bulk Juliana Ltd. ("Bulk Juliana")	Bermuda	100%	(G)
Bulk Trident Ltd. ("Bulk Trident")	Bermuda	100%	(G)
Bulk Atlantic Ltd. ("Bulk Beothuk")	Bermuda	100%	(G)
Nordic Bulk Barents Ltd. ("Bulk Barents")	Bermuda	100%	(G)
Nordic Bulk Bothnia Ltd. ("Bulk Bothnia")	Bermuda	100%	(G)
Nordic Bulk Carriers A/S ("NBC")	Denmark	100%	(H)
Nordic Bulk Holding ApS ("NBH")	Denmark	100%	(H)
109 Long Wharf LLC ("Long Wharf")	Delaware	100%	(I)
Bulk Nordic Odyssey Ltd. ("Bulk Odyssey")	Bermuda	33%	(G)
Bulk Nordic Orion Ltd. ("Bulk Orion")	Bermuda	33%	(G)
Bulk Nordic Oshima Ltd. ("Bulk Oshima")	Bermuda	33%	(G)
Bulk Nordic Odin Ltd. ("Bulk Odin")	Bermuda	33%	(G)
Bulk Nordic Olympic Ltd. ("Bulk Olympic")	Bermuda	33%	(G)
Bulk Nordic Oasis Ltd. ("Bulk Oasis")	Bermuda	33%	(G)
Nordic Bulk Holding Company Ltd. ("NBHC")	Bermuda	33%	(J)
Bulk Nordic Five Ltd. ("Five")	Bermuda	50%	(G)
Bulk Nordic Six Ltd. ("Six")	Bermuda	50%	(G)
Nordic Bulk Ventures Holding Company Ltd. ("BVH")	Bermuda	50%	(K)

(A) The primary purpose of this corporation is to manage and operate ocean going vessels.
(B) The primary purpose of this entity is to perform certain administrative management functions that have been assigned by PBC.
(C) The primary purpose of this corporation is to provide logistics services to customers by chartering, managing and operating ships.
(D) The primary purpose of this corporation is to manage the fuel procurement of the chartered vessels.
(E) The primary purpose of this corporation is to act as the U.S. administrative agent for the Company.
(F) The primary purpose of this corporation is to act as the treasury agent for the Company.
(G) The primary purpose of these entities is owning bulk carriers. The Company owns 100% of Five and Six as of January 23, 2017.
(H) The primary purpose of NBC is to provide logistics services to customers by chartering, managing and operating ships. NBH is the holding company of NBC.
(I) Long Wharf is a limited liability company duly organized under the laws of Delaware for the purpose of holding real estate located in Newport, Rhode Island.
(J) The primary purpose of this entity is to own bulk carriers through wholly-owned subsidiaries. The Company's interest in Odyssey, Orion, Oshima, Olympic, Odin and Oasis is through its interest in NBHC.
(K) The primary purpose of this entity is owning bulk carriers through wholly-owned subsidiaries. The Company's interest in Five and Six is through its interest in BVH. The Company owns 100% of Five, Six and BVH as of January 23, 2017.

Crewing and Employees

Each of its vessels is crewed with 23-25 independently contracted officers and crew members and, on certain vessels, directly contracted officers. Its technical managers are responsible for locating, contracting and retaining qualified officers for its vessels. The crewing agencies handle each crew member's training, travel and payroll, and ensure that all the crew members on its vessels have the qualifications and licenses required to comply with international regulations and shipping conventions. The Company

typically has more crew members on board than are required by the country of the vessel's flag in order to allow for the performance of routine maintenance duties.

As of March 23, 2017, the Company employed 62 shore-based personnel and had approximately 384 independently contracted seagoing personnel on its owned vessels. The shore-based personnel are employed in the United States, Athens, Copenhagen and Singapore.

Competition

The Company operates in markets that are highly competitive and based primarily on supply and demand for ocean transport of drybulk commodities. The Company competes for COAs on the basis of service, price, route history, size, age and condition of the vessel and for charters on the basis of service, price, vessel availability, size, age and condition of the vessel, as well as on its reputation as an owner and operator. The Company principally competes with owners and operators of Panamax, Supramax, Ultramax and Handymax bulk carriers.

Seasonality

Demand for vessel capacity has historically exhibited seasonal variations and, as a result, fluctuations in charter rates. This seasonality may result in quarter-to-quarter volatility in its operating results. The dry bulk carrier market is typically stronger in the fall and winter months in anticipation of increased consumption of coal and other raw materials in the northern hemisphere during the winter months. In addition, unpredictable weather patterns in these months tend to disrupt vessel scheduling and supplies of certain commodities.

Permits and Authorizations

The Company is required by various governmental and quasi-governmental agencies to obtain certain permits and certificates with respect to its vessels. The kinds of permits and certificates required depend upon several factors, including the commodity transported, the waters in which the vessel operates, the nationality of the vessel's crew and the age of the vessel. The Company has been able to obtain all permits and certificates currently required to permit its vessels to operate. Additional laws and regulations, environmental or otherwise, may be adopted which could limit its ability to do business or increase the cost of doing business.

Environmental and Other Regulations

Government regulation significantly affects the ownership and operation of the Company's vessels. The Company is subject to international conventions and treaties, national, state and local laws and regulations in force in the countries in which its vessels may operate or are registered. These regulations relate to safety, health and environmental protection including the storage, handling, emission, transportation and discharge of hazardous and non-hazardous materials, and the remediation of contamination and liability for damage to natural resources. Compliance with such laws, regulations and other requirements entails significant expense, including vessel modifications and implementation of certain operating procedures.

A variety of government and private entities subject the Company's vessels to both scheduled and unscheduled inspections. These entities include the local port authorities (such as the U.S. Coast Guard, harbor master or equivalent), classification societies, flag state administrations (countries of registry), charterers and terminal operators. Certain of these entities require them to obtain permits, certificates or approvals for the operation of its vessels. Failure to maintain necessary permits, certificates or approvals could require it to incur substantial costs or temporarily suspend the operation of one or more of its vessels.

The Company believes that the heightened level of environmental and quality concerns among insurance underwriters, regulators and charterers is leading to greater inspection and safety requirements on all vessels and may accelerate the scrapping of older vessels throughout the dry bulk shipping industry. Increasing environmental concerns have created a demand for vessels that conform to the stricter environmental standards. The Company is required to maintain operating standards for all of its vessels that emphasize operational safety, quality maintenance, continuous training of its officers and crews and compliance with United States and international regulations. The Company believes that the operation of its vessels is in substantial compliance with applicable environmental laws and regulations and that its vessels have all material permits, certificates or other approvals necessary for the conduct of its operations as of the date of this Form 10-K. However, because such laws and regulations are frequently changed and may impose increasingly strict requirements, the Company cannot predict the ultimate cost of complying with these requirements, or the impact of these requirements on the resale value or useful lives of its vessels. In addition, a future serious marine incident that results in significant oil pollution or otherwise causes significant adverse environmental impact could result in additional legislation or regulation that could negatively affect the Company's profitability.

The laws and regulations discussed below may not constitute a comprehensive list of all such laws and regulations that are applicable to the operation of its vessels.

International Maritime Organization

The United Nations' International Maritime Organization, or the IMO, has adopted the International Convention for the Prevention of Marine Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto (collectively referred to as MARPOL 73/78 and herein as "MARPOL"). MARPOL entered into force on October 2, 1983. It has been adopted by over 150 nations, including many of the jurisdictions in which the Company's vessels operate. MARPOL sets forth pollution-prevention requirements applicable to drybulk carriers, among other vessels, and is broken into six Annexes, each of which regulates a different source of pollution. Annex I relates to oil leakage or spilling; Annexes II and III relate to harmful substances carried, in bulk, in liquid or packaged form, respectively; and Annexes IV and V relate to sewage and garbage management, respectively. Annex VI, separately adopted by the IMO in September of 1997, relates to air emissions.

Air Emissions

In September of 1997, the IMO adopted Annex VI to MARPOL to address air pollution. Effective May 2005, Annex VI sets limits on nitrogen oxide emissions from ships whose diesel engines were constructed (or underwent major conversions) on or after January 1, 2000. It also prohibits "deliberate emissions" of "ozone depleting substances," defined to include certain halons and chlorofluorocarbons. Deliberate emissions are not limited to times when the ship is at sea; they can for example include discharges occurring in the course of the ship's repair and maintenance. Emissions of "volatile organic compounds" from certain tankers, and the shipboard incineration (from incinerators installed after January 1, 2000) of certain substances (such as polychlorinated biphenyls (PCBs)) are also prohibited. Annex VI also includes a global cap on the sulfur content of fuel oil (see below).

The IMO's Marine Environment Protection Committee, or MEPC, adopted amendments to Annex VI on October 10, 2008, which amendments were entered into force on July 1, 2010. The Amended Annex VI seeks to further reduce air pollution by, among other things, implementing a progressive reduction of the amount of sulphur contained in any fuel oil used onboard ships. As of January 1, 2012, the Amended Annex VI required that fuel oil contain no more than 3.50% sulfur (from the current cap of 4.50%). By January 1, 2020, sulfur content must not exceed 0.50%, subject to a feasibility review to be completed no later than 2018.

Beginning January 1, 2015, ships operating within an emission control area ("ECA") were not permitted to use fuel with sulfur content in excess of 0.1% (from 1.0%). Amended Annex VI establishes procedures for designating new ECAs. Currently, the Baltic Sea and the North Sea have been so designated. Effective August 1, 2012, certain coastal areas of North America were designated ECAs, and effective January 1, 2014, applicable areas of the United States Caribbean Sea adjacent to Puerto Rico and the U.S. Virgin Islands were designated ECAs. Ocean-going vessels in these areas are subject to stringent emissions controls, which may cause the Company to incur additional costs. If other ECAs are approved by the IMO or other new or more stringent requirements relating to emissions from marine diesel engines or port operations by vessels are adopted by the U.S. Environmental Protection Agency (the "EPA"), or the states where the Company operates, compliance with these regulations could entail significant capital expenditures or otherwise increase the costs of operations.

As of January 1, 2013, MARPOL made certain measures relating to energy efficiency for ships mandatory. It makes the Energy Efficiency Design Index, or EEDI, applicable to new ships and the Ship Energy Efficiency Management Plan, or SEEMP, applicable to all ships.

Amended Annex VI also establishes tiers of stringent nitrogen oxide emissions standards for new marine engines, depending on their date of installation.

Safety Management System Requirements

The IMO also adopted the International Convention for the Safety of Life at Sea, or SOLAS, and the International Convention on Load Lines, or the LL Convention, which impose a variety of standards that regulate the design and operational features of ships. The IMO periodically revises the SOLAS and LL Convention standards. May 2012 SOLAS amendments entered into force as of January 1, 2014.

The operation of the Company's ships is also affected by the requirements set forth in Chapter IX of SOLAS, which sets forth the IMO's International Management Code for the Safe Operation of Ships and Pollution Prevention, or the ISM Code. The ISM Code requires ship owners and ship managers to develop and maintain an extensive Safety Management System ("SMS"), that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation

and describing procedures for dealing with emergencies. The Company relies upon the safety management system that the Company and its technical managers have developed for compliance with the ISM Code. The failure of a ship owner to comply with the ISM Code may subject such party to increased liability, may decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports. As of the date of this filing, each of its vessels is ISM code-certified.

The ISM Code requires that vessel operators obtain a safety management certificate, or SMC, for each vessel they operate. This certificate evidences compliance by a vessel's operators with the ISM Code requirements for an SMS. No vessel can obtain an SMC under the ISM Code unless its manager has been awarded a document of compliance, or DOC, issued in most instances by the vessel's flag state. The Company's appointed ship managers have obtained documents of compliance for their offices and safety management certificates for all of its vessels for which the certificates are required by the IMO. The document of compliance, or the DOC, and ship management certificate, or the SMC, are renewed as required.

The IMO continues to review and introduce new regulations. It is impossible to predict what additional regulations, if any, may be passed by the IMO and what effect, if any, such regulations might have on the Company's operations.

Pollution Control and Liability Requirements

The IMO has negotiated international conventions that impose liability for pollution in international waters and the territorial waters of the signatories to such conventions. For example, the IMO adopted the International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the BWM Convention, in February 2004. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits. The BWM Convention will enter into force on September 8, 2017.

Upon entry into force of the BWM Convention, mid-ocean ballast exchange would be mandatory for its vessels. The cost of compliance could increase for ocean carriers, and these costs may be material. The Company's vessels would be required to be equipped with a ballast water treatment system that meets mandatory concentration limits not later than the first intermediate or renewal survey, whichever occurs first, after the anniversary date of delivery of the vessel in 2014, for vessels with ballast water capacity of 1500 – 5000 cubic meters, or after such date in 2016, for vessels with ballast water capacity of greater than 5000 cubic meters. If mid-ocean ballast exchange or ballast water treatment requirements become mandatory, the cost of compliance could increase for ocean carriers. Although the Company does not believe the costs of compliance with mandatory mid-ocean ballast exchange would be material, it is difficult to predict the overall impact of such a requirement on its operations. The cost of ballast water treatment systems is expected to be material, however, the Company's newer fleet of Ice-Class vessels were equipped with these systems when delivered.

The IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunker Convention, to impose strict liability on ship owners for pollution damage in jurisdictional waters of ratifying states caused by discharges of bunker fuel. The Bunker Convention requires registered owners of ships over 1,000 gross tons to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims of 1976, as amended). With respect to non-ratifying states, liability for spills or releases of oil carried as fuel in ship's bunkers typically is determined by the national or other domestic laws in the jurisdiction where the events or damages occur.

In March 2006, the IMO amended Annex I to MARPOL, including a new regulation relating to oil fuel tank protection, which became effective August 1, 2007. The new regulation applies to various ships delivered on or after August 1, 2010. It includes requirements for the protected location of the fuel tanks, performance standards for accidental oil fuel outflow, a tank capacity limit and certain other maintenance, inspection and engineering standards.

Noncompliance with the ISM Code or other IMO regulations may subject the Company to increased liability, lead to decreases in available insurance coverage for affected vessels or result in the denial of access to, or detention in, some ports. As of the date of this report, each of the Company's vessels is ISM Code certified. However, there can be no assurance that such certificate will be maintained.

International Code for Ships Operating in Polar Waters

The IMO in November 2014 adopted the International Code for Ships Operating in Polar Waters (the "Polar Code"), and related amendments to the International Convention for the Safety of Life at Sea ("SOLAS") to make it mandatory.

The date of entry into force of the SOLAS amendments is January 1, 2017, under the tacit acceptance procedure. It will apply to new ships constructed after that date. Ships constructed before January 1, 2017 will be required to meet the relevant requirements of the Polar Code by the first intermediate or renewal survey, whichever occurs first, after January 1, 2018.

The Polar Code will be mandatory under both SOLAS and MARPOL because it contains both safety and environment related provisions. In October 2014, IMO's Marine Environment Protection Committee ("MEPC") approved the necessary draft amendments to make the environmental provisions in the Polar Code mandatory under MARPOL. The MEPC adopted the Polar Code and associated MARPOL amendments in May 2015, with an entry-into-force date to be aligned with the SOLAS amendments.

The U.S. Oil Pollution Act of 1990 and Comprehensive Environmental Response, Compensation and Liability Act

The Oil Pollution Act of 1990, ("OPA"), established an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills. OPA affects all "owners and operators" whose vessels trade with the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States' territorial sea and its 200 nautical mile exclusive economic zone around the United States. The United States has also enacted the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, which applies to the discharge of hazardous substances other than oil, whether on land or at sea. OPA and CERCLA both define "owner and operator" in the case of a vessel as any person owning, operating or chartering by demise, the vessel. Both OPA and CERCLA impact the Company's operations.

Under OPA, vessel owners and operators are "responsible parties" and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or threatened discharges of oil from their vessels. OPA defines these other damages broadly to include:

- injury to, destruction or loss of, or loss of use of, natural resources and related assessment costs;
- injury to, or economic losses resulting from, the destruction of real and personal property;
- net loss of taxes, royalties, rents, fees or net profit revenues resulting from injury, destruction or loss of real or personal property, or natural resources;
- loss of subsistence use of natural resources that are injured, destroyed or lost;
- lost profits or impairment of earning capacity due to injury, destruction or loss of real or personal property or natural resources; and
- net cost of increased or additional public services necessitated by removal activities following a discharge of oil, such as protection from fire, safety or health hazards, and loss of subsistence use of natural resources.

OPA contains statutory caps on liability and damages; such caps do not apply to direct cleanup costs. Effective December 31, 2015, the U.S. Coast Guard adjusted the limits of OPA liability for non-tank vessels (e.g. drybulk) to the greater of $1,100 per gross ton or $939,800 (subject to periodic adjustment for inflation). These limits of liability do not apply if an incident was proximately caused by the violation of an applicable U.S. federal safety, construction or operating regulation by a responsible party (or its agent, employee or a person acting pursuant to a contractual relationship), or a responsible party's gross negligence or willful misconduct. The limitation on liability similarly does not apply if the responsible party fails or refuses to (i) report the incident where the responsibility party knows or has reason to know of the incident; (ii) reasonably cooperate and assist as requested in connection with oil removal activities; or (iii) without sufficient cause, comply with an order issued under the Federal Water Pollution Act (Section 311 (c), (e)) or the Intervention on the High Seas Act.

CERCLA contains a similar liability regime whereby owners and operators of vessels are liable for cleanup, removal and remedial costs, as well as damages for injury to, or destruction or loss of, natural resources, including the reasonable costs associated with assessing same, and health assessments or health effects studies. There is no liability if the discharge of a hazardous substance results solely from the act or omission of a third party, an act of God or an act of war. Liability under CERCLA is limited to the greater of $300 per gross ton or $5.0 million for vessels carrying a hazardous substance as cargo and the greater of $300 per gross ton or $500,000 for any other vessel. These limits do not apply (rendering the responsible person liable for the total cost of response and damages) if the release or threat of release of a hazardous substance resulted from willful misconduct or negligence, or the primary cause of the release was a violation of applicable safety, construction or operating standards or regulations. The limitation on liability also does not apply if the responsible person fails or refused to provide all reasonable cooperation and assistance as requested in connection with response activities where the vessel is subject to OPA.

OPA and CERCLA both require owners and operators of vessels to establish and maintain with the U.S. Coast Guard evidence of financial responsibility sufficient to meet the maximum amount of liability to which the particular responsible person may be subject. Vessel owners and operators may satisfy their financial responsibility obligations by providing a proof of insurance, a surety bond, qualification as a self-insurer or a guarantee.

Incidents such as the 2010 *Deepwater Horizon* oil spill in the Gulf of Mexico may result in additional regulatory initiatives or statutes, including the raising of liability caps under OPA (which were raised on December 31, 2015). Compliance with any new requirements of OPA may substantially impact the Company's cost of operations or require it to incur additional expenses to comply with any new regulatory initiatives or statutes. Additional legislation or regulations applicable to the operation of its vessels that may be implemented in the future could adversely affect its business.

The Company currently maintains pollution liability coverage insurance in the amount of $1.0 billion per incident for each of the Company's vessels. If the damages from a catastrophic spill were to exceed the Company's insurance coverage it could have an adverse effect on its business and results of operation.

OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, provided they accept, at a minimum, the levels of liability established under OPA and some states have enacted legislation providing for unlimited liability for oil spills. In some cases, states which have enacted such legislation have not yet issued implementing regulations defining vessel owners' responsibilities under these laws. The Company intends to comply with all applicable state regulations in the ports where its vessels call. The Company believes that it is in substantial compliance with all applicable existing state requirements. In addition, the Company intends to comply with all future applicable state regulations in the ports where its vessels call.

Other Environmental Initiatives

The U.S. Clean Water Act, or CWA, prohibits the discharge of oil, hazardous substances and ballast water in U.S. navigable waters unless authorized by a duly-issued permit or exemption, and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages, and complements the remedies available under OPA and CERCLA. Furthermore, many U.S. states that border a navigable waterway have enacted environmental pollution laws that impose strict liability on a person for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than U.S. federal law.

The EPA regulates the discharge of ballast water and other substances in U.S. waters under the CWA. EPA regulations require vessels 79 feet in length or longer (other than commercial fishing and recreational vessels) to comply with a Vessel General Permit (the "VGP"), authorizing ballast water discharges and other discharges incidental to the operation of vessels. The VGP imposes technology and water-quality based effluent limits for certain types of discharges and establishes specific inspection, monitoring, recordkeeping and reporting requirements to ensure the effluent limits are met. On March 28, 2013, the EPA re-issued the VGP for another five years, which took effect December 19, 2013. The 2013 VGP contains numeric ballast water discharge limits for most vessels to reduce the risk of invasive species in US waters, more stringent requirements for exhaust gas scrubbers and the use of environmentally acceptable lubricants.

U.S. Coast Guard regulations adopted under the U.S. National Invasive Species Act, or NISA, also impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering or operating in U.S. waters. As of June 21, 2012, the U.S. Coast Guard implemented revised regulations on ballast water management by establishing standards on the allowable concentration of living organisms in ballast water discharged from ships in U.S. waters. The revised ballast water standards are consistent with those adopted by the IMO in 2004. Compliance with the EPA and the U.S. Coast Guard regulations requires the installation of a U.S. Coast Guard approved ballast water management system by the first scheduled drydocking after January 1, 2016. On September 10, 2015, the U.S Coast Guard issued new guidance that simplifies and clarifies the process by which vessels can seek extensions to come into compliance with the standards.

European Union Regulations

In October 2009, the European Union amended a directive to impose criminal sanctions for illicit ship-source discharges of polluting substances, including minor discharges, if committed with intent, recklessly or with serious negligence and the discharges, individually or in the aggregate, result in deterioration of the quality of water. Aiding and abetting the discharge of a polluting substance may also lead to criminal penalties. Member States were required to enact laws or regulations to comply with the directive by the end of 2010. Criminal liability for pollution may result in substantial penalties or fines and increased civil liability claims. The directive applies to all types of vessels, irrespective of their flag, but certain exceptions apply to warships or where human safety or that of the ship is in danger.

The European Union has adopted several regulations and directives requiring, among other things, more frequent inspections of high-risk ships, as determined by type, age, and flag as well as the number of times the ship has been detained. The European Union also adopted and then extended a ban on substandard ships and enacted a minimum ban period and a definitive ban for repeated offenses. The regulation also provided the European Union with greater authority and control over classification societies, by imposing more requirements on classification societies and providing for fines or penalty payments for organizations that failed to comply.

With effect from January 1, 2010, Directive 2005/33/EC of the European Parliament and of the Council of July 6, 2005, amending Directive 1999/32/EC came into force. The objective of the directive is to reduce emission of sulfur dioxide and particulate matter caused by the combustion of certain petroleum derived fuels.

The directive imposes limits on the sulfur content of such fuels as a condition of their use within a Member State territory. The maximum sulfur content for marine fuels used by inland waterway vessels and ships at berth in ports in EU countries after January 1, 2010, is 0.1% by mass. As of January 1, 2015, all vessels operating within ECAs, worldwide must comply with 0.1% sulfur requirements. Currently, the only grade of fuel meeting 0.1% sulfur content requirement is low sulfur marine gas oil, or LSMGO. As of July 1, 2010, the reduction of applicable sulfur content limits in the North Sea, the Baltic Sea and the English Channel Sulfur Control Areas is 0.1%. The Company does not expect that it will be required to modify any of its vessels to meet any of the foregoing low sulfur fuel requirements. On July 15, 2011, the European Commission also adopted a proposal for an amendment to Directive 1999/32/EC which would align requirements with those imposed by the revised MARPOL Annex VI which introduced stricter sulfur limits.

Greenhouse Gas Regulation

In July 2011, MEPC adopted two new sets of mandatory requirements to address greenhouse gas emissions from ships, which entered into force in January 2013. Currently operating ships are required to have a Ship Energy Efficiency Management Plan ("SEEMP") on board, and minimum energy efficiency levels per capacity mile, outlined in the Energy Efficiency Design Index ("EEDI"), apply to new ships. These requirements could cause the Company to incur additional compliance costs. The European Union has indicated that it intends to propose an expansion of the existing European Union emissions trading scheme to include emissions of greenhouse gases from marine vessels, and in January 2012 the European Commission launched a public consultation on possible measures to reduce greenhouse gas emissions from ships. In the United States, the EPA has issued a finding that greenhouse gases endanger the public health and safety and has adopted regulations to limit greenhouse gas emissions from certain mobile sources and large stationary sources. Although the mobile source emissions regulations do not apply to greenhouse gas emissions from vessels, such regulation of vessels is foreseeable, and the EPA has in recent years received petitions from the California Attorney General and various environmental groups seeking such regulation. Any passage of climate control legislation or other regulatory initiatives by the IMO, European Union, the U.S. or other countries where the Company operates, or any treaty adopted at the international level to succeed the Kyoto Protocol, that restrict emissions of greenhouse gases could require the Company to make significant financial expenditures which the Company cannot predict with certainty at this time.

Vessel Security Regulations

Since the terrorist attacks of September 11, 2001 in the United States, there have been a variety of initiatives intended to enhance vessel security such as the Maritime Transportation Security Act of 2002, or MTSA. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. The regulations also impose requirements on certain ports and facilities, some of which are regulated by the U.S. Environmental Protection Agency, or the EPA.

Similarly, in December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. The new Chapter V became effective in July 2004 and imposes various detailed security obligations on vessels and port authorities, and mandates compliance with the International Ship and Port Facilities Security Code, or the ISPS Code. The ISPS Code is designed to enhance the security of ports and ships against terrorism. To trade internationally, a vessel must attain an International Ship Security Certificate, or ISSC, from a recognized security organization approved by the vessel’s flag state. Among the various requirements are:

- on-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped ships and shore stations, including information on a ship’s identity, position, course, speed and navigational status;

- on-board installation of ship security alert systems, which do not sound on the vessel but only alert the authorities on shore;

- the development of vessel security plans;

- ship identification number to be permanently marked on a vessel’s hull;

- a continuous synopsis record kept onboard showing a vessel’s history including the name of the ship, the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship’s identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and

- compliance with flag state security certification requirements.

Ships operating without a valid certificate may be detained at port until it obtains an ISSC, or it may be expelled from port, or refused entry at port.

Furthermore, additional security measures could be required in the future which could have a significant financial impact on the Company. The U.S. Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board a valid ISSC that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code.

The Company intends to implement the various security measures addressed by MTSA, SOLAS and the ISPS Code, and the Company intends that its fleet will comply with applicable security requirements. The Company has implemented the various security measures addressed by the MTSA, SOLAS and the ISPS Code.

International Labor Organization

The International Labor Organization (ILO) is a specialized agency of the UN with headquarters in Geneva, Switzerland. The ILO has adopted the Maritime Labor Convention 2006, or MLC 2006. A Maritime Labor Certificate and a Declaration of Maritime Labor Compliance is required to ensure compliance with the MLC 2006 for all ships above 500 gross tons in international trade. The MLC 2006 entered into force on August 20, 2013, at which time all of the Company’s vessels were in full compliance with its requirements.

Inspection by Classification Societies

Every oceangoing vessel must be “classed” by a classification society. The classification society certifies that the vessel is “in class,” signifying that the vessel has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the vessel's country of registry and the international conventions of which that country is a member. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned.

The classification society also undertakes, as requested, other surveys that may be required by the vessel's flag state. These surveys are subject to agreements made with the vessel owner and/or to the regulations of the country concerned.

For maintenance of the class certification, annual, intermediate and special surveys of hull and machinery, including the electrical plant, and any special equipment, are required to be performed as follows:

- *Annual Surveys:* For seagoing ships, annual surveys are conducted within three months, before or after each anniversary of the class period indicated in the certificate.

- *Intermediate Surveys:* Extended surveys are referred to as intermediate surveys and are typically conducted two and one-half years after commissioning, and two and one-half years after each class renewal. Intermediate surveys are to be carried out at or between the occasion of the second or third annual survey.

- *Class Renewal Surveys:* Class renewal surveys, also known as special surveys, are carried out at the intervals indicated by the character of classification for the hull. At the special survey, the vessel is thoroughly examined, including audio-gauging to determine the thickness of the steel structures. If the steel thickness is found to be less than class requirements, the classification society would prescribe steel renewals which require drydocking of the vessel. The classification society may grant a one-year grace period for completion of the special survey. Substantial costs may be incurred for steel renewal in order to pass a special survey if the vessel experiences excessive wear and tear. In lieu of the special survey every four or

five years, depending on whether a grace period was granted, a shipowner has the option of arranging with the classification society for the vessel's hull or machinery to be on a continuous survey cycle, in which case every part of the vessel would be surveyed on a continuous five-year cycle. This process is referred to as continuous class renewal.

All areas subject to survey, as defined by the classification society, are required to be surveyed at least once per class period unless shorter intervals between surveys are prescribed elsewhere. The period between two subsequent surveys of each area must not exceed five years.

Most vessels undergo regulatory inspection of the underwater parts every 30 to 36 months. If any defects are found, the classification surveyor will issue a recommendation which must be rectified by the ship owner within prescribed time limits.

The Company expects to perform one special survey in 2017 at an aggregate total cost of approximately $0.8 million. The Company expects to perform two intermediate surveys in 2017 at an aggregate total cost of approximately $1.5 million. The Company estimates that offhire related to the surveys and related repair work is ten to twenty days, depending on the size and condition of the vessel.

Most insurance underwriters make it a condition for insurance coverage that a vessel be certified as "in class" by a classification society which is a member of the International Association of Classification Societies. All of the Company's vessels are certified by Det Norske Veritas, Nippon Kaiji Kiokai or Bureau Veritas. All new and second-hand vessels that the Company purchases must be certified prior to delivery under its standard purchase contracts, referred to as the memorandum of agreement. Certification of second-hand vessels must be verified by a Class Maintenance Certificate issued within 72 hours prior to delivery. If the vessel is not certified on the date of closing, the Company has the option to cancel the agreement on the basis of Seller's default, and not take delivery of the vessel.

Risk of Loss and Insurance

General

The operation of any dry bulk vessel includes risks such as mechanical failure, collision, property loss, cargo loss or damage, and business interruption due to political circumstances in foreign countries, hostilities and labor strikes. In addition, there is an inherent possibility of marine disaster, including oil spills (e.g. fuel oil) and other environmental incidents, and the liabilities arising from owning and operating vessels in international trade. OPA, which imposes virtually unlimited liability for certain oil pollution accidents upon owners, operators and demise charterers of vessels trading in the United States exclusive economic zone, has made liability insurance more expensive for ship owners and operators trading in the U.S. market.

The Company maintains hull and machinery insurance, war risks insurance, protection and indemnity cover and freight, demurrage and defense cover for its owned fleet at amounts it believe address the normal risks of its operations. The Company may not be able to maintain this level of coverage throughout a vessel's useful life. Furthermore, while the Company believes that its current insurance coverage is adequate, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that the Company will always be able to obtain adequate insurance coverage at reasonable rates.

Hull & Machinery and War Risks Insurance

The Company maintains marine hull and machinery and war risks insurances, which cover the risk of actual or constructive total loss, for all of its vessels. Vessels are insured for their fair market value, at a minimum, with a deductible of $100,000 per vessel per incident.

Protection and Indemnity Insurance

Protection and indemnity insurance is a form of mutual indemnity insurance provided by mutual protection and indemnity associations, or P&I Associations, which insure the Company's third party liabilities in connection with its shipping activities. This includes third-party liability and other related expenses resulting from the injury, illness or death of crew, passengers and other third parties, the loss or damage to cargo, claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances and salvage, towing and other related costs, including wreck removal. Subject to the "capping" discussed below, the Company's coverage, except for pollution, is unlimited.

The Company's current protection and indemnity insurance coverage for pollution is $1.0 billion per vessel per incident. The thirteen P&I Associations that comprise the International Group insure approximately 90% of the world's commercial tonnage and have entered into a pooling agreement to reinsure each association's liabilities. As a member of a P&I Association, which is

a member of the International Group, the Company is subject to calls payable to the associations based on the group's claim records as well as the claim records of all other members of the individual associations and members of the pool of P&I Associations comprising the International Group.

Amendments to the Convention on Limitation of Liability for Maritime Claims, or LLMC, went into effect on June 8, 2015. The amendments alter the limits of liability for loss of life or personal injury claims and property claims against ship-owners.

Exchange Controls

The Company is an exempted company organized under the Bermuda Companies Act. The Bermuda Companies Act differs in some material respects from laws generally applicable to United States companies and their stockholders. However, a general permission issued by the Bermuda Monetary Authority, ("BMA"), results in the Company's common shares being freely transferable among persons who are residents and non-residents of Bermuda. Each shareholder, whether a resident or non-resident of Bermuda, is entitled to one vote for each share of stock held by the shareholder.

The Company's common shares are listed on NASDAQ under the symbol "PANL".

Although the Company is incorporated in Bermuda, the Company is classified as a non-resident of Bermuda for exchange control purposes by the BMA. Other than transferring Bermuda Dollars out of Bermuda, there are no restrictions on its ability to transfer funds into and out of Bermuda or to pay dividends in currency other than Bermuda Dollars to U.S. residents (or other non-residents of Bermuda) who are holders of its common shares.

In accordance with Bermuda law, share certificates may be issued only in the names of corporations, individuals or legal persons. In the case of an applicant acting in a special capacity (for example, as an executor or trustee), certificates may, at the request of the applicant, record the capacity in which the applicant is acting. Notwithstanding the recording of any such special capacity, the Company is not bound to investigate or incur any responsibility in respect of the proper administration of any such estate or trust.

The Company will take no notice of any trust applicable to any of its shares or other securities whether or not the Company had notice of such trust.

INDUSTRY AND MARKET CONDITIONS

Market Overview

Ocean going vessels represent the most efficient and often the only means of transporting large volumes of dry cargo over long distances. Dry bulk cargo includes both major and lesser commodities such as coal, iron ore, grain, bauxite, cement clinker, and limestone. Dry bulk trade is influenced by the underlying demand for the dry bulk commodities which in turn is influenced by the global economic activity.

The world's fleet of vessels dedicated to carrying dry bulk cargoes is traditionally divided into six major categories, based on a vessel's cargo carrying capacity. These categories are: Handysize, Supramax, Panamax, Post Panamax, Capesize and Very Large Ore Carrier. In recent years, the Ultramax bulk carrier fleet has doubled in size, but is still generally included in the Supramax category. Certain routes and geographies are less accessible to certain vessel sizes. For example, Panamax and Supramax vessels are the main dry bulk vessel types deployed in the Baltic due to draft restrictions. Similarly, the main dry bulk vessel size deployed on the Northern Sea Route (NSR) along the coast of Russia is Panamax.

Dry bulk vessels are employed through a number of different chartering options. The most common are time charters, spot charters, and voyage charters. Historically, charter rates have been volatile as they are driven by the underlying balance between vessel supply and demand. Since 2011, rates have generally been low as a result of the excess of dry bulk carrier supply over the demand for dry bulk vessels. Ice class vessels, when operating in ice-bound areas, usually command a rate premium to conventional trades.

Dry Bulk Shipping — the Main Participants

In the dry bulk shipping industry there are multiple functions, with individual parties carrying out one or more of such functions. In general, the principal functions within dry bulk shipping are as follows:

- Ship Owner or Registered Owner — Generally, this is an entity retaining the legal title of ownership over a vessel.

- Ship Operator — Generally, this is an entity seeking to generate profit either through the chartering of ships (owned or chartered-in) to others, or from the transportation of cargoes. Entities focusing on the transportation of cargoes may engage in chartering of ships to other entities, but those companies focusing on chartering ships to other entities rarely act to carry cargoes for customers.

- Shipmanager/Commercial Manager — This is an entity designated to be responsible for the day to day commercial management of the ship and the best contact for the ship regarding commercial matters, including post fixture responsibilities, such as laytime, demurrage, insurance and charter clauses. These companies undertake the activities of ship operators but, unlike a ship operator, they do not own or charter-in the vessels at their own risk.

- Technical Manager — This is an entity specifically responsible for the technical operation and technical superintendence of a ship. This company may also be responsible for hiring, training and supervising ship officers and crew, and for all aspects of the day to day operation of the fleet, including repair work, spare parts inventory, re-engineering, surveys and dry-docking.

- Cargo Owner — This is normally a producer (e.g., a miner), consumer (e.g., a steel mill) or trading house who requires transportation of cargo by a cargo focused ship operator.

The Freight Market

Dry bulk vessels are employed in the market through a number of different chartering options. The general terms typically found in these types of contracts are described below.

- ***Time Charter.*** A charter under which the vessel owner or operator is paid charterhire on a per-day basis for a specified period of time. Typically, the shipowner receives semi-monthly charterhire payments on a U.S. dollar-per-day basis and is responsible for providing the crew and paying vessel operating expenses, while the charterer is responsible for paying the voyage expenses and additional voyage insurance. The ship owner is also responsible for the vessel's intermediate and special survey (heavy mandatory maintenance) costs. Under time charters, including trip time charters, the charterer pays all voyage expenses including port, canal and bunker (fuel) costs.

- ***Trip Charter.*** A time charter for a trip to carry a specific cargo from a load port to a discharge port at a set daily rate.

- ***Voyage Charter***. A charter to carry a specific amount and type of cargo on a load-port to discharge-port basis, subject to various cargo handling terms. Most of these charters are of a single voyage nature, as trading patterns do not encourage round trip voyage trading. The ship operator receives payment based on a price per ton of cargo loaded on board the vessel. The ship operator is responsible for the payment of all voyage expenses, as well as the costs of owning or hiring the vessel.

- ***Spot Charter.*** A spot charter generally refers to a voyage charter or a trip charter, which generally last from 10 days to three months.

- ***Contract of Affreightment.*** A contract of affreightment, or COA, relates to the carriage of multiple cargoes over the same route and enables the service provider to nominate different vessels to perform the individual voyages. Essentially, it constitutes a series of voyage charters to carry a specified amount of cargo during the term of the CoA, which usually spans a number of months or years. Freight normally is agreed on a U.S. dollar-per-ton carried basis with bunker cost escalation or de-escalation adjustments.

- ***Bareboat Charter.*** A bareboat charter involves the use of a vessel, usually over longer periods of time (several years). In this case, all voyage expenses and vessel operating expenses, including maintenance, crewing and insurance, are for paid by the charterer. The owner of the vessel receives monthly charterhire payments on a U.S. dollar per day basis and is responsible only for the payment of capital costs related to the vessel. A bareboat charter is also known as a "demise charter" or a "time charter by demise."

Charter Rates

As noted above, the bulk carrier market operates at two levels — period and spot. The former sees the charter commitment and income stream fixed over a period. The latter sees ships regularly open for new business and so most frequently exposed to the immediate volatility of market sentiment.

In the time charter market, rates vary depending on the length of the charter period and vessel specific factors such as age, speed, size and fuel consumption. In the voyage charter market, rates are influenced by cargo size, commodity, port dues and canal transit fees, as well as delivery and redelivery regions. In general, a larger cargo size is quoted at a lower rate per ton than a smaller cargo size. Routes with costly ports or canals generally command higher rates. Voyages loading from a port where vessels usually discharge cargo, or discharging at a port where vessels usually load cargo, are generally quoted at lower rates. These voyages are known as “backhaul” voyages.

In some cases charters will include an additional payment known as a ballast bonus. A ballast bonus is a lump sum payment made to a shipowner or operator (by the charterer) as compensation for delivering a ship in a particular loading region of the world. For a ship to enter a loading region, an empty (ballast) leg may be required because there are no inbound cargoes. Normally the charterer will pay for this leg. The ballast bonus should reflect the cost of the empty ballast in terms of time and fuel. A typical fixture that involves a ballast bonus might be expressed as “freight hire of $10,000 per day, plus a ballast bonus of $100,000 lump sum”.

Within the dry bulk shipping industry, the freight rate indices issued by the Baltic Exchange in London are the references most likely to be monitored. These references are based on actual charter hire rates under charters entered into by market participants as well as daily assessments provided to the Baltic Exchange by a panel of major shipbrokers. The Baltic Exchange, an independent organization comprised of shipbrokers, shipping companies and other shipping players, provides daily independent shipping market information and has created freight rate indices reflecting the average freight rates for the major bulk vessel trading routes. These indices include the Baltic Panamax Index, or BPI, the index with the longest history and, more recently, the Baltic Capesize Index, or BCI.

Dry Bulk Trades Requiring Ice Class Tonnage

Ice class vessels are required to serve ports accessed by routes crossing seasonal or year-round ice-covered oceans, lakes, seas or rivers. Ice class vessels are mainly deployed in the Baltic Sea, the Northern Sea Route (NSR) and the Great Lakes/St. Lawrence Seaway. These regions have experienced strong trade growth in dry bulk cargoes, driven in particular by increased mining activities supported by strong commodity demand in Asia, decreased level of ice, and technology advancement in shipping. However, the NSR experienced a steep drop in tons of cargo transported between Asia and Europe during 2014 and 2015, as low fuel prices made the NSR less attractive. Cargo traffic to and from Russian ports is expected to increase in the coming years, mainly representing supplies and cargo for new industrial projects.

ITEM 1A. RISK FACTORS

An investment in our securities involves a high degree of risk. You should consider carefully the material risks described below, which we believe represent the material risks related to our business and our securities, together with the other information contained in this Form 10-K, before making a decision to invest in our securities. This Form 10-K also contains forward-looking statements that involve risks and uncertainties. In connection with such forward looking statements, you should also carefully review the cautionary statements referred to under “Special Note Regarding Forward Looking Statements.” Our actual results could differ materially from those anticipated in the forward-looking statements as a result of specific factors, including the risks described below.

Risks Relating to the Company’s Industry

The cyclical and volatile nature of the seaborne drybulk transportation industry may lead to decreases in charter and freight rates, which may have an adverse effect on the Company’s revenues, earnings and profitability and its ability to comply with its loan covenants. The market experienced a strong fourth quarter due to higher commodity prices and negative fleet growth, but 2017 is projected to be weak given the overcapacity in tonnage.

The seaborne drybulk transportation industry is cyclical and volatile, and the lengthy downturn in the drybulk charter market has severely affected the entire drybulk shipping industry. There can be no assurance that drybulk charter rates will increase and rates could decline. The volatility of charter and freight rates has been due to various factors, including lower crude oil prices,

slow economic growth of China, a strong U.S. Dollar and the associated weakening of other world currencies. Concurrently, with these factors, vessel supply continued to increase.

Although our operating fleet is primarily chartered-in on a short term basis and though lower charter rates result in lower charter hire costs, low charter and freight rates in the drybulk market could have an adverse effect on our vessel values and earnings on our owned fleet, and similarly, could affect our cash flows, liquidity and ability to comply with the financial covenants in our loan agreements. In addition, the decline in the drybulk carrier market has had and may continue to have additional adverse consequences for the drybulk shipping industry, including an absence of financing for vessels. Accordingly, the value of our common shares could be substantially reduced.

Because we employ our vessels under a mix of voyage charters and time charters and contracts of affreightment (COA's), which typically extend for varying lengths of time of from one month to ten years, we are exposed to changes in market rates for drybulk carriers and such changes may affect our earnings and the value of our owned drybulk carriers at any given time. A COA relates to the carriage of multiple cargoes over the same route and enables the COA holder to nominate different vessels to perform individual voyages. We may not be able to successfully employ our vessels in the future or renew existing contracts at rates sufficient to allow us to meet our obligations. We are also exposed to volatility in the market rates we pay to charter-in vessels. Fluctuations in charter and freight rates result from changes in the supply of and demand for vessel capacity and changes in the demand for seaborne carriage of commodities. Because the factors affecting the supply of and demand for vessels are outside of our control and are unpredictable, the nature, timing, direction and degree of changes in industry conditions are also unpredictable.

Factors that influence demand for vessel capacity include:

- supply of and demand for energy resources, commodities, semi-finished and finished consumer and industrial products;
- changes in the exploration or production of energy resources, commodities, semi-finished and finished consumer and industrial products;
- the location of regional and global exploration, production and manufacturing facilities;
- the location of consuming regions for energy resources, commodities, semi-finished and finished consumer and industrial products;
- the globalization of production and manufacturing;
- global and regional economic and political conditions, including armed conflicts, terrorist activities, embargoes and strikes;
- natural disasters and other disruptions in international trade;
- developments in international trade;
- changes in seaborne and other transportation patterns, including the distance cargo is transported by sea;
- environmental and other regulatory developments;
- currency exchange rates;
- bunker (fuel) prices; and
- weather.

The factors that influence the supply of vessel capacity include:

- the number of newbuilding deliveries;
- port and canal congestion;
- the scrapping rate of older vessels;

- vessel casualties;
- the number of vessels that are out of service.

In addition to the prevailing and anticipated charter and freight rates, factors that affect the rate of newbuilding, scrapping and laying-up include newbuilding prices, secondhand vessel values in relation to scrap prices, costs of bunker fuels and other operating costs, costs associated with classification society surveys, normal maintenance and insurance coverage, the efficiency and age profile of the existing drybulk fleet in the market and government and industry regulation of maritime transportation practices, particularly environmental protection laws and regulations. These factors influencing the supply of and demand for shipping capacity are outside of our control, and we may not be able to correctly assess the nature, timing and degree of changes in industry conditions.

We anticipate that the future demand for our drybulk carriers and our transportation services will be dependent upon economic growth in world economies and its associated industrial production, seasonal and regional changes in demand, changes in the capacity of the global drybulk carrier fleet and the sources and supply of drybulk cargoes to be transported by sea. Although the newbuilding orderbook is currently lower than expected, demolition dropped in the second half of 2016, which may cause the capacity of the global drybulk carrier fleet to increase. Adverse economic, political, social or other developments could also have a material adverse effect on our business and operating results.

An over-supply of drybulk carrier capacity may prolong rate weakness or depress the current charter and freight rates further and, in turn, adversely affect our profitability.

The market supply of drybulk carriers has been increasing as a result of the delivery of numerous newbuilding orders over the last few years. Newbuildings have been delivered in significant numbers since the beginning of 2006 and vessel supply growth has been outpacing vessel demand growth, causing downward pressure on charter rates. Until the new supply is fully absorbed by the market, charter rates may continue to be under pressure due to vessel supply in the near to medium term. Although the Company typically enters into back-haul COAs to offset the large uncompensated cost of positioning vessels for front–haul voyages, if market conditions persist or worsen, upon the expiration or termination of our COAs, we may only be able to re-employ our vessels at reduced or unprofitable rates, or we may not be able to employ our vessels at all. The occurrence of these events could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

The market values of our owned vessels may decrease, which could limit the amount of funds that we can borrow or cause us to breach certain covenants in our credit facilities and we may incur impairment or a loss if we sell vessels following a decline in their market value.

The fair market values of our owned vessels have generally experienced high volatility, and you should expect the market values of our vessels to fluctuate depending on a number of factors including:

- prevailing level of charter and freight rates;
- general economic and market conditions affecting the shipping industry;
- types and sizes of vessels;
- supply of and demand for vessels;
- other modes of transportation;
- cost of newbuildings;
- governmental and other regulations; and
- technological advances.

In addition, as vessels grow older, they generally decline in value. If the market values of our owned vessels decrease, we may not be in compliance with certain covenants in our credit facilities secured by mortgages on our drybulk vessels unless we provide additional collateral or prepay a portion of the loan to a level where we are again in compliance with our loan covenants. At various times during 2016, we were not in compliance with certain covenants contained in our debt agreements and therefore obtained

waivers from the facility agents. Please read "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Borrowing Activities*."

In addition, if we sell one or more of our vessels at a time when vessel prices have fallen and before we have recorded an impairment adjustment to our consolidated financial statements, the sale proceeds may be less than the vessel's carrying value on our consolidated financial statements, resulting in a loss and a reduction in earnings.

The carrying amounts of vessels held and used by us are reviewed for potential impairment when events or changes in circumstances indicate that the carrying amount of a particular vessel may not be fully recoverable. In such instances, an impairment charge would be recognized if the estimate of the undiscounted future cash flows expected to result from the use of the vessel and its eventual disposition is less than the vessel's carrying amount. This assessment is made at the asset group level which represents the lowest level for which identifiable cash flows are largely independent of other groups of assets. The asset groups are defined by vessel size and classification.

At December 31, 2016 and 2015, we identified a potential impairment indicator by reference to industry-wide estimated market values of all vessels of the same size range and age. As a result, we evaluated each asset group for impairment by estimating the total undiscounted cash flows expected to result from the use of the asset group and its eventual disposal. At December 31, 2016, the estimated undiscounted future cash flows were higher than the carrying amount of the vessels in the Company's fleet and as such, no loss on impairment was recognized.

At December 31, 2015, the carrying amount of the m/v Nordic Barents and the m/v Nordic Bothnia were determined to be higher than their estimated undiscounted future cash flows due to the decline in market rates expected to be earned for the remaining estimated useful life of the vessels. As a result, a loss on impairment of approximately $5.4 million is included in the consolidated statements of operations for the year ended December 31, 2015.

The Company has relied on financial support from its founders and investors through related party loans, which may not be available to the Company in the future.

From time to time, we have obtained loans from our founders, Edward Coll, Anthony Laura, and Lagoa Investments, an entity beneficially owned by Claus Boggild, to meet vessel purchase, newbuilding deposit, and other obligations of the Company. These loans have been historically available to the Company on an as needed basis, and payable as cash flow reasonably permitted. These loans may not be available to the Company in the future. We may seek to refinance such related party loans with the net proceeds of future debt and equity offerings, but we cannot be sure that we will be able to do so on acceptable terms. If we are not able to find additional sources of financing on acceptable terms, we may have to dedicate a larger portion of our cash flow from operations to pay the principal and interest of these loans and facilities than we would if we were able to refinance on superior terms. Even if we are able to borrow money from such parties, such borrowing could create a conflict of interest of management to the extent they also act as lenders to the Company.

The current state of the global financial markets and current economic conditions may adversely impact our ability to obtain additional financing on acceptable terms and otherwise negatively impact our business.

Global financial markets and economic conditions have been, and continue to be, volatile. In recent years, operating businesses in the global economy have faced tightening credit, weakening demand for goods and services, deteriorating international liquidity conditions, and declining markets. There has been a general decline in the willingness of banks and other financial institutions to extend credit, particularly in the shipping industry. As the shipping industry is highly dependent on the availability of credit to finance and expand operations, it has been negatively affected by this decline.

Also, as a result of concerns about the stability of financial markets generally, and the solvency of counterparties specifically, the cost of obtaining money from the credit markets may increase if lenders increase interest rates, enact tighter lending standards, refuse to refinance existing debt at all or on terms similar to current debt, and reduce, or cease to provide funding to borrowers. Due to these factors, additional financing may not be available if needed and to the extent required, on acceptable terms or at all. If additional financing is not available when needed, or is available only on unfavorable terms, we may be unable to expand or meet our obligations as they come due or we may be unable to enhance our existing business, complete additional vessel acquisitions or otherwise take advantage of business opportunities as they arise.

Our revenues are subject to seasonal fluctuations, which could affect our operating results and our ability to pay dividends, if any, in the future.

We operate our drybulk vessels in markets that have historically exhibited seasonal variations in demand and, as a result, in charter and freight rates. This seasonality may result in quarter-to-quarter volatility in our operating results, which could affect our ability to pay dividends, if any, in the future. The drybulk carrier market is typically stronger in the fall and winter months due to demand increases arising from agricultural harvest and increased coal demand in preparation for winter in the Northern Hemisphere. In addition, unpredictable weather patterns in these months tend to disrupt vessel scheduling and supplies of certain commodities. This seasonality may adversely affect our operating results and our ability to pay dividends, if any, in the future.

Risks associated with operating ocean-going vessels could affect our business and reputation, which could adversely affect our revenues and price of our common shares.

The operation of ocean-going vessels carries inherent risks. These risks include the possibility of:

- marine disaster;
- environmental accidents;
- cargo and property losses or damage;
- business interruptions caused by mechanical failure, human error, war, terrorism, political action in various countries, labor strikes or adverse weather conditions; and
- piracy.

The involvement of our vessels in an environmental disaster may harm our reputation as a safe and reliable vessel owner and operator. Any of these circumstances or events could increase our costs or lower our revenues.

The operation of drybulk carriers entails certain unique operational risks.

The operation of certain ship types, such as drybulk carriers, has certain unique risks. With a drybulk carrier, the cargo itself and its interaction with the ship can be a risk factor. By their nature, drybulk cargoes are often heavy, dense, easily shifted, and react badly to water exposure. In addition, drybulk carriers are often subjected to battering treatment during unloading operations with grabs, jackhammers (to pry encrusted cargoes out of the hold), and small bulldozers. This treatment may cause damage to the vessel. Vessels damaged due to treatment during unloading procedures may be more susceptible to breach at sea. Furthermore, any defects or flaws in the design of a drybulk carrier may contribute to vessel damage. Hull breaches in drybulk carriers may lead to the flooding of the vessels holds. If a drybulk carrier suffers flooding in its holds, the bulk cargo may become so dense and waterlogged that its pressure may buckle the vessel's bulkheads, leading to the loss of the vessel. If we are unable to adequately maintain our vessels, we may be unable to prevent these events. Any of these circumstances or events could negatively impact our business, financial condition, results of operations and our ability to pay dividends, if any, in the future. In addition, the loss of any of our vessels could harm our reputation as a safe and reliable vessel owner and operator.

Our vessels may call on ports located in countries that are subject to restrictions imposed by the U.S. or other governments, which could adversely affect our reputation and the market for our common shares.

On our charterers' instructions, notwithstanding contractual restrictions agreed with us, our vessels may call on ports or operate in countries subject to sanctions and embargoes imposed by the U.S. government and other authorities or countries identified by the U.S. government or other authorities as state sponsors of terrorism, such as Iran, Sudan and Syria. The U.S. sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or strengthened over time. In 2010, the U.S. enacted the Comprehensive Iran Sanctions Accountability and Divestment Act, or CISADA, which amended the Iranian Transactions and Sanctions Regulations, ("ITSR"). Among other things, CISADA introduced limits on the ability of companies and persons to do business or trade with Iran when such activities relate to the investment, supply or export of refined petroleum or petroleum products. In 2012, President Obama signed Executive Order 13608 which prohibits foreign persons from violating or attempting to violate, or causing a violation of any sanction in effect against Iran or facilitating any deceptive transactions for or on behalf of any person subject to U.S. sanctions. Any persons found to be in violation of Executive Order 13608 will be deemed a foreign sanctions evader and will be banned from all contacts with the United States, including conducting business in U.S. dollars. Also in 2012, President Obama signed into law the Iran Threat Reduction and Syria Human Rights Act of 2012, or the

Iran Threat Reduction Act, which created new sanctions and strengthened existing sanctions. Among other things, the Iran Threat Reduction Act intensified existing sanctions regarding the provision of goods, services, infrastructure or technology to Iran's petroleum or petrochemical sector. On January 16, 2015, the United States lifted the nuclear-related secondary sanctions, however, such sanctions generally are directed toward non-U.S. persons for specified conduct involving Iran that occurs entirely outside of U.S. jurisdiction.

During 2014, several Executive Orders were signed which authorize and subsequently expand sanctions on individuals and entities responsible for violating the sovereignty and territorial integrity of Ukraine, or for stealing the assets of the Ukrainian people. These sanctions put in place restrictions on the travel of certain individuals and officials. Such a person could be subject to a variety of sanctions, including exclusion from U.S. capital markets, exclusion from financial transactions subject to U.S. jurisdiction, and exclusion of that person's vessels from U.S. ports for up to two years. In 2015, an Executive Order was issued against seven officials from Venezuela which blocks access to their assets and the use of U.S. financial systems. Declaring any country a threat to national security is the first step in starting a U.S. sanctions program.

Although we believe that we have been in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in fines, penalties or other sanctions that could severely impact our ability to access U.S. capital markets and conduct our business, and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels, and those violations could in turn negatively affect our reputation. In addition, our reputation and the market for our securities may be adversely affected if we engage in certain other activities, such as entering into permissible charters with individuals or entities in countries subject to U.S. sanctions and embargo laws that are not controlled by the governments of those countries, or engaging in permissible operations associated with those countries pursuant to contracts with third parties that are unrelated to those countries or entities controlled by their governments. Investor perception of the value of our common shares may be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

We are subject to international safety regulations and the failure to comply with these regulations may subject us to increased liability, may adversely affect our insurance coverage and may result in a denial of access to, or detention in, certain ports.

The operation of our vessels is affected by the requirements set forth in the United Nations' International Maritime Organization's International Management Code for the Safe Operation of Ships and Pollution Prevention, or ISM Code. The ISM Code requires ship owners and ship managers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation for dealing with emergencies. The failure of a shipowner to comply with the ISM Code may subject it to increased liability, may invalidate existing insurance or decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports. Each of the vessels owned or operated by the Company is ISM Code-certified.

In addition, vessel classification societies impose significant safety and other requirements on our vessels. In complying with current and future environmental requirements, vessel owners and operators may incur significant additional costs for maintenance and inspection requirements, in developing contingency arrangements for potential spills and in obtaining insurance coverage. Government regulation of vessels, particularly in the areas of safety and environmental protection requirements, can be expected to become stricter in the future and may require us to incur significant capital expenditures to keep our vessels in compliance.

We are subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business.

Our operations are subject to numerous laws and regulations in the form of international conventions and treaties, national, state and local laws and national and international regulations in force in the jurisdictions in which our vessels operate or are registered, which can significantly affect the ownership cost and operation of our vessels. These requirements include, but are not limited to, European Union Regulations, the International Convention for the Prevention of Pollution from Ships of 1975, the International Maritime Organization, or IMO, International Convention for the Prevention of Marine Pollution of 1973, the IMO International Convention for the Safety of Life at Sea of 1974, the International Convention on Load Lines of 1966, the U.S. Oil Pollution Act of 1990, or OPA, the U.S. Comprehensive Environmental Response, Compensation and Liability Act of 1980, or CERCLA, the U.S. Clean Air Act, U.S. Clean Water Act, the U.S. Marine Transportation Security Act of 2002 and the International Code for Ships Operating in Polar Waters.

Compliance with such laws, regulations and standards, where applicable, may require installation of costly equipment or operational changes and may affect the resale value or useful lives of our vessels. We may also incur additional costs in order to

comply with other existing and future regulatory obligations, including, but not limited to, costs relating to air emissions including greenhouse gases, the management of ballast waters, maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of our ability to address pollution incidents. These costs could have a material adverse effect on our business, results of operations, cash flows and financial condition. A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of our operations. Environmental laws often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault.

We are required to satisfy insurance and financial responsibility requirements for potential oil (including marine fuel) spills and other pollution incidents. Although we have arranged insurance to cover certain environmental risks, there can be no assurance that such insurance will be sufficient to cover all such risks or that any claims will not have a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to pay dividends.

In order to comply with new ballast water treatment requirements, we may have to install expensive ballast water treatment systems and modify our vessels to accommodate such systems.

The International Convention for the Control and Management of Ships' Ballast Water and Sediments (the "BWM Convention"), adopted by the UN International Maritime Organization in February 2004, calls for the prevention, reduction or elimination of the transfer of harmful aquatic organisms and pathogens through the control and management of ships' ballast water and sediments. The BWM Convention will enter into force on September 8, 2017. In order to comply with these living organism limits, vessel owners may have to install expensive ballast water treatment systems or make port facility disposal arrangements and modify existing vessels to accommodate those systems. To date, many of these systems are unproven and not yet certified for use by any government. Adoption of the BWM Convention standards could have an adverse material impact on our business, financial condition and results of operations depending on the available ballast water treatment systems and the extent to which existing vessels must be modified to accommodate such systems.

Increased inspection procedures and tighter import and export controls could increase costs and disrupt our business.

International shipping is subject to various security and customs inspections and related procedures in countries of origin, destination and trans-shipment points. Inspection procedures may result in the seizure of the contents of our vessels, delays in the loading, offloading or delivery of our vessels and the levying of customs duties, fines or other penalties against us.

It is possible that changes to inspection procedures could impose additional financial and legal obligations on us. Changes to inspection procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of cargo uneconomical or impractical. Any such changes or developments may have a material adverse effect on our business, financial condition and results of operations.

Maritime claimants could arrest one or more of our vessels, which could interrupt our cash flow.

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a claimant may seek to obtain security for its claim by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt our cash flow and require us to pay large sums of money to have the arrest or attachment lifted. In addition, in some jurisdictions, such as South Africa, under the "sister ship" theory of liability, a claimant may arrest both the vessel which is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. Claimants could attempt to assert "sister ship" liability against a vessel in our fleet for claims relating to another of our vessels.

Governments could requisition our vessels during a period of war or emergency, resulting in a loss of earnings.

A government could requisition one or more of our vessels for title or for hire. Requisition for title occurs when a government takes control of a vessel and becomes her owner, while requisition for hire occurs when a government takes control of a vessel and effectively becomes her charterer at dictated charter rates. Generally, requisitions occur during periods of war or emergency, although governments may elect to requisition vessels in other circumstances. Although we would be entitled to compensation in the event of a requisition of one or more of our vessels, the amount and timing of payment would be uncertain. Government requisition of one or more of our vessels may negatively impact our revenues and reduce the amount of dividends, if any, in the future.

Changes in fuel prices may adversely affect profits.

Fuel, or bunkers, is typically the largest expense in our shipping operations for our vessels. Changes in the price of fuel may adversely affect our profitability. When we operate vessels under COAs or voyage charters, we are responsible for all voyage costs, including bunkers. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for oil and gas, actions by the Organization of the Petroleum Exporting Countries, or OPEC, and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. Further, fuel may become much more expensive in the future, which may reduce our profitability. We continually monitor the market volatility associated with bunker prices and seek to hedge our exposure to changes in the price of marine fuels with our bunker hedging program. Increasing fuel prices resulted in mark to market adjustments of open fuel swaps in the last three quarters of 2016 and in the fourth quarter of 2015. Please see "*The Company's Management and Discussion Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosures about Market Risks — Fuel Swap Contracts*."

In the highly competitive international shipping industry, we may not be able to compete successfully for time-charter vessels or for vessel employment with new entrants or established companies with greater resources and, as a result, we may be unable to employ our vessels profitably or to charter-in vessels at reasonable rates.

We charter-in and employ our vessels in a highly competitive market that is capital intensive and highly fragmented. Competition arises primarily from other vessel owners and operators, some of whom have substantially greater resources than we do. Competition for seaborne transportation of drybulk cargo by sea is intense and depends on the charter or freight rate and on the location, size, age, condition and acceptability of the vessel and its operators. Due to the highly fragmented market, competitors with greater resources are able to operate larger fleets and may be able to offer lower charter or freight rates and higher quality vessels than we are able to offer. If we are unable to successfully compete with other drybulk shipping operators, we may be unable to retain customers or attract new customers, which would have an adverse impact on our results of operations.

Labor interruptions could disrupt our business.

Our vessels are manned by masters, officers and crews that are contracted by our technical managers. If not resolved in a timely and cost-effective manner, industrial action or other labor unrest could prevent or hinder our operations from being carried out normally and could have a material adverse effect on our business, financial condition, results of operations and cash flows, and on our ability to pay dividends.

Acts of piracy on ocean-going vessels have had and may continue to have an adverse effect on our industry.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Indian Ocean, Indonesia, the Gulf of Guinea off the Coast of Nigeria and the Gulf of Aden off the coast of Somalia. Although the frequency of sea piracy continued to decrease during 2016, sea piracy incidents continue to occur, predominantly in Indonesia, in and around the Singapore Strait and the Gulf of Guinea. Dry bulk vessels and small tankers are particularly vulnerable to such attacks. If these piracy attacks result in regions in which our vessels are deployed being characterized as "war risk" zones by insurers, or Joint War Committee "listed areas," premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs, including costs to employ onboard security guards, could increase in such circumstances. Furthermore, the obligations for charter hire payments and determination of on-hire days is unclear with respect to piracy. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, any detention hijacking as a result of an act of piracy against our vessels, or an increase in cost, or unavailability, of insurance for our vessels, could have a material adverse impact on our business, financial condition and results of operations.

Political instability, terrorist attacks and international hostilities can affect the seaborne transportation industry, which could adversely affect our business.

We conduct most of our operations outside of the United States, and our business, results of operations, cash flows, financial condition and ability to pay dividends, if any, in the future may be adversely affected by changing economic, political and government conditions in the countries and regions where our vessels are employed or registered. Moreover, we operate in a sector of the economy that is likely to be adversely impacted by the effects of political conflicts, including the current political instability in the Middle East, Ukraine, North Africa, North Korea and other geographic countries and areas, terrorist or other attacks, war or international hostilities. Terrorist attacks and the continuing response of the United States and others to these attacks, as well as the threat of future terrorist attacks around the world, continues to cause uncertainty in the world's financial markets and may affect our business, operating results and financial condition. Continuing conflicts and recent developments in the Middle East,

Ukraine and North Africa, and the presence of U.S. or other armed forces in Iraq, Afghanistan and various other regions, may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all. In the past, political conflicts have also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. Acts of terrorism and piracy have also affected vessels trading in many regions around the world. Any of these occurrences could have a material adverse impact on our operating results, revenues and costs.

Our insurance may not be adequate to cover our losses that may result from our operations due to the inherent operational risks of the seaborne transportation industry.

We carry insurance to protect us against most of the accident-related risks involved in the conduct of our business, including marine hull and machinery insurance, protection and indemnity insurance, which include pollution risks, crew insurance and war risks insurance. However, we may not be adequately insured to cover all of our potential losses, which could have a material adverse effect on us. Additionally, our insurers may refuse to pay particular claims, and our insurance may be voidable by the insurers if we take, or fail to take, certain action, such as failing to maintain certification of our vessels with the applicable maritime regulatory organizations. Any significant uninsured or under-insured loss or liability could have a material adverse effect on our business, financial condition, results of operations and cash flows and our ability to pay dividends. In addition, we may not be able to obtain adequate insurance coverage at reasonable rates in the future during adverse insurance market conditions.

In addition, we do not carry loss-of-hire insurance, which covers the loss of revenues during extended vessel off-hire periods, such as those that occur during an unscheduled drydocking due to damage to the vessel from accidents. Accordingly, any loss of a vessel or extended vessel off-hire, due to an accident or otherwise, could have a material adverse effect on our business, financial condition, results of operations and our ability to pay dividends.

Risks Relating to Our Company

Our business strategy includes chartering-in vessels, and we may not be able to charter-in suitable vessels.

Our business strategy depends, in large part, on our ability to charter-in vessels. If we are not able to find suitable vessels to charter-in, or to charter-in vessels at what we deem to be a reasonable rate, we may not be able to operate profitably or perform our contractual obligations. As a result, we may need to adjust our business strategy, and we may experience material adverse effects on our business, financial condition and results of operations. In addition, if we charter in a vessel and shipping rates were to subsequently decrease or we were unable to secure employment for that vessel, our obligation under the charter to pay above-market rates may adversely affect our financial condition and results of operations.

We depend upon a few significant customers for a large part of our revenues and cash flow, and the loss of one or more of these customers could adversely affect our financial performance.

We expect to derive a significant part of our revenue and cash flow from a relatively small number of repeat customers. For the year ended December 31, 2016, our top two customers accounted for approximately 12% and 11% of our revenues. For the fiscal year ended December 31, 2015, one customer accounted for 13% of our revenues. If one or more of our significant customers is unable to perform under one or more charters or COAs with us and we are not able to find a replacement charter or COA, or if a customer exercises certain rights to terminate the charter or COA, we could suffer a loss of revenues that could materially adversely affect our business, financial condition, results of operations and cash available for distribution as dividends to our shareholders.

We could lose a customer or the benefits of a charter or COA if, among other things:

- the customer fails to make charter payments because of its financial inability, disagreements with us or otherwise; or
- the customer terminates the charter because we do not perform in accordance with such charter and do not cure such failures within a specified period.

If we lose a key customer, we may be unable to obtain replacement charters or COAs on comparable terms or at all. The loss of any of our customers, COAs, charters or vessels, or a decline in payments under our agreements, could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends to our shareholders.

On February 8, 2016, the party to one of the Company's COAs filed for Chapter 11 bankruptcy protection. The entity was subsequently acquired by a new entity that has agreed to honor the COA under its existing terms. This customer accounted for 11% of total revenue in 2016 and 13% of total revenue in 2015. The contract employs two owned vessels and one time-chartered vessel on a continuous basis and extends through 2020.

We are a holding company, and depend on the ability of our subsidiaries, through which we operate our business, to distribute funds to us in order to satisfy our financial obligations or to make dividend payments.

We are a holding company, and our subsidiaries conduct all of our operations and own all of our operating assets. The equity interests in our vessel-owning subsidiaries represent a significant portion of our operating assets. As a result, our ability to satisfy our financial obligations and to pay dividends to our shareholders depends on the ability of our subsidiaries to generate profits available for distribution to us and, to the extent that they are unable to generate profits, we will be unable to pay dividends to our shareholders.

We are subject to certain risks with counterparties on contracts and the failure of such counterparties to meet their obligations could cause us to suffer losses or otherwise adversely affect our business and ability to comply with covenants in our loan agreements.

We enter into various contracts that are material to the operation of our business, including COAs, time charters and voyage charters under which we employ our vessels, and charter agreements under which we charter-in vessels. We also enter into loan agreements and hedging agreements, such as interest rate swap agreements, bunker swap agreements, and forward freight agreements, or FFAs. Such agreements subject us to counterparty risks. The ability and willingness of each of our counterparties to perform its obligations under a contract with us will depend on a number of factors that are beyond our control, including, among other things, general economic conditions, the condition of the drybulk shipping industry, the overall financial condition of our counterparty, prevailing prices for drybulk cargoes, rates received for specific types of vessels and voyages, and various expenses. In addition, in depressed market conditions, our customers may no longer need us to carry a cargo that is currently under contract or may be able to obtain carriage at a lower rate. If our customers fail to meet their obligations to us or attempt to renegotiate our agreements, it may be difficult to secure suitable substitute employment for the vessel, and any new charter arrangements we secure may be at lower rates or, if our counterparties fail to deliver a vessel we have agreed to charter-in, or if a counterparty otherwise fails to honor its obligations to us under a contract, we could sustain significant losses which could have a material adverse effect on our business, financial condition, results of operations, cash flows, ability to pay dividends to holders of our common shares in the amounts anticipated or at all and compliance with covenants in our secured loan agreements.

Additionally, we are subject to certain risks as a result of using our vessels as collateral. If we are in breach of financial covenants contained in our loan agreements, we may not be successful in obtaining waivers and amendments. If our indebtedness is accelerated, it may be difficult in the current financing environment for us to refinance our debt or obtain additional financing and we could lose our vessels if our lenders foreclose on their liens. Please see "*— We may be unable to comply with covenants in our credit facilities or any future financial obligations that impose operating and financial restrictions on us*."

We may be unable to comply with covenants in our credit facilities or any future financial obligations that impose operating and financial restrictions on us.

Our credit facilities, which are secured by mortgages on our vessels, impose certain operating and financial restrictions on us, mainly to ensure that the market value of the mortgaged vessel under the applicable credit facility does not fall below a certain percentage of the outstanding amount of the loan, which we refer to as the collateral maintenance or loan to value ratio. In addition, certain of our credit facilities include other financial covenants, which require us to, among other things, maintain:

- a consolidated leverage ratio of not more than 200%;
- a consolidated debt service coverage ratio of not less than 120%;
- Minimum consolidated net worth of $45 million plus, with respect to any vessel purchased or leased by the Guarantor or its subsidiaries, for so long as such vessels are legally or economically owned, 25% of the purchase price or (finance) lease amount of such vessels;
- consolidated minimum liquidity of not less than $16 million plus $1 million for each additional vessel we acquire

In general, the operating restrictions that are contained in our credit facilities may prohibit or otherwise limit our ability to, among other things:

- effect changes in management of our vessels;
- sell or dispose of any of our assets, including our vessels;
- declare and pay dividends;
- incur additional indebtedness;
- mortgage our vessels; and
- incur and pay management fees or commissions.

Non-compliance with any of our financial covenants or operating restrictions contained in our credit facilities may constitute an event of default under our credit facilities, which, unless cured within the grace period set forth under the applicable credit facility, if applicable, or waived or modified by our lenders, provides our lenders with the right to, among other things, require us to post additional collateral, enhance our equity and liquidity, increase our interest payments, pay down our indebtedness to a level where we are in compliance, sell vessels in our fleet, reclassify our indebtedness as current liabilities, accelerate our indebtedness, or foreclose their liens on our vessels and the other assets securing the credit facilities, which would impair our ability to continue to conduct our business.

As of December 31, 2015, we were in not in compliance with certain covenants contained in our debt agreements and had to obtain waivers from the facility agents. Please read "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Borrowing Activities*."

Furthermore, certain of our credit facilities contain a cross-default provision that may be triggered by a default under one of our other credit facilities. A cross-default provision means that a default on one loan would result in a default on certain other loans. Because of the presence of cross-default provisions in certain of our credit facilities, the refusal of any one lender under our credit facilities to grant or extend a waiver could result in certain of our indebtedness being accelerated. If our secured indebtedness is accelerated in full or in part, it would be very difficult in the current financing environment for us to refinance our debt or obtain additional financing and we could lose our vessels and other assets securing our credit facilities if our lenders foreclose their liens, which would adversely affect our ability to conduct our business.

Moreover, in connection with any waivers of or amendments to our credit facilities that we may obtain, our lenders may impose additional operating and financial restrictions on us or modify the terms of our existing credit facilities. These restrictions may further restrict our ability to, among other things, pay dividends, make capital expenditures or incur additional indebtedness, including through the issuance of guarantees. In addition, our lenders may require the payment of additional fees, require prepayment of a portion of our indebtedness to them, accelerate the amortization schedule for our indebtedness and increase the interest rates they charge us on our outstanding indebtedness. For more information, please read "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Borrowing Activities*."

We may be unable to effectively manage our growth strategy.

One of our principal business strategies is to continue to expand capacity and flexibility by increasing our owned fleet as we secure additional demand for our services. Our growth strategy will depend upon a number of factors, some of which may not be within our control. These factors include our ability to:

- enter into new contracts for the transportation of cargoes;
- locate and acquire suitable vessels for acquisitions at attractive prices;
- obtain required financing for our existing and new operations;
- integrate any acquired vessels successfully with our existing operations, including obtaining any approvals and qualifications necessary to operate vessels that we acquire;
- enhance our customer base;
- hire, train and retain qualified personnel and crew to manage and operate our growing business and fleet;

- identify additional new markets; and

- improve our operating, financial and accounting systems and controls.

We may undertake future financings to finance our growth. Our failure to effectively identify, purchase, develop and integrate any vessels could adversely affect our business, financial condition and results of operations. The number of employees that perform services for us and our current operating and financial systems may not be adequate as we implement our plan to expand the size of our fleet, and we may not be able to effectively hire more employees or adequately improve those systems. Finally, acquisitions may require additional equity issuances or debt issuances (with amortization payments), both of which could lower our available cash. If any such events occur, our financial condition may be adversely affected.

Growing any business presents numerous risks such as difficulty in obtaining additional qualified personnel and managing relationships with customers and suppliers. The expansion of our fleet may impose significant additional responsibilities on our management and staff, and may necessitate that we increase the number of personnel. We cannot give any assurance that we will be successful in executing our growth plans or that we will not incur significant expenses and losses in connection with our future growth.

Investment in Forward Freight Agreements and other derivative instruments could result in losses.

We manage our market exposure using forward freight agreements, or FFAs, and other derivative instruments, such as bunker hedging contracts and interest rate swap agreements. FFAs are cash-settled derivative contracts based on future freight delivery rates and other derivative instruments. FFAs may be used to hedge exposure to the charter markets by providing for the purchase or sale of a contracted charter rate along a specified route or combination of routes and over a specified period of time. Upon settlement, if the contracted charter rate is less than the settlement rate, the seller of the FFA is required to pay the buyer an amount equal to the difference between the contracted rate and the settlement rate, multiplied by the number of days in the specified period. Conversely, if the contracted rate is greater than the settlement rate, the buyer is required to pay the seller the settlement sum. If we take positions in FFAs and do not correctly anticipate rate movements for the specified vessel route or routes and relevant time period or our assumptions regarding the relative relationships of certain vessels' earnings, routes and other factors relevant to the FFA markets are incorrect, we could suffer losses in settling or terminating our FFAs. In addition, we cannot guarantee that such hedges will qualify for special hedge accounting and, as such, our use of such derivatives may lead to material fluctuations in our results of operations.

We also seek to manage our exposure to volatility in the market price of bunkers and interest rate fluctuations by entering into bunker hedging contracts and interest rate swap agreements. There can be no assurance that we will be able to successfully limit our risks, leaving us exposed to unprofitable contracts and we may suffer significant losses from these hedging activities.

Our long-term COAs, single charter bookings and time-charter agreements may result in significant fluctuations in our quarterly results, which may adversely affect our liquidity, as well as our ability to satisfy our financial obligations.

As part of our business strategy, we enter into long-term COAs, single charter bookings and time-charter agreements. We evaluate entering into long-term positions based on the expected return over the full term of the contract. However, long-term contracts that we believe provide attractive returns over their full term may produce losses over portions of the contract period. We may be required to provide additional margin collateral in connection with FFA positions that are settled through clearinghouses, depending upon movements in the FFA markets. These interim losses, fluctuations in our quarterly results or incremental collateral requirements may adversely affect our financial liquidity, as well as our ability to satisfy our financial obligations.

We depend on COAs, which could require us to operate at unfavorable rates for a certain amount of time or subject us to other operating risks.

A significant portion of our revenues are derived from COAs. While COAs provide a relatively stable and predictable source of revenue, they typically fix the rate we are paid for our drybulk shipping services. Once we have entered into a COA, if we have not correctly anticipated vessel rates, location and availability for our owned or chartered-in fleet to fulfill the COA, we could suffer losses. Moreover, factors beyond our control may cause the rates we are paid under that COA to become unprofitable. Nevertheless, we would be obligated to continue to perform at these rates for the term of the COA. In addition, factors beyond our control, such as vessel availability, port delays or congestion, changes in government or industry rules or regulation, industrial actions or acts of terrorism or war, could affect our ability to perform our obligations under our COAs, which could result in breach of contract or other claims by our COA counterparties. Any of these occurrences could have a material adverse effect on our business, financial condition and results of operations and financial condition.

We are a "smaller reporting company" and we cannot be certain if the reduced disclosure requirements applicable to smaller reporting companies will make our common shares less attractive to investors.

We are a "smaller reporting company," as defined in the Securities Act of 1934, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies. These exemptions include not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. Such exemptions may be available until our public float exceeds $75 million as of the last day of our most recently completed second fiscal quarter. Investors may find our common shares and the price of our common shares less attractive because we rely, or may rely, on these exemptions. If some investors find our common shares less attractive as a result, there may be a less active trading market for our common shares and the price of our common shares may be more volatile.

Obligations associated with being a public company require significant company resources and management attention, and we will incur increased costs as a result of being a public company.

We will continue to be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the other rules and regulations of the SEC, including Sarbanes-Oxley, and requirements of the NASDAQ Global Select Market. These requirements and rules may place a strain on our systems and resources. For example, the Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition and Sarbanes-Oxley requires that we maintain effective disclosure controls and procedures and internal control over financial reporting. These reporting and other obligations will place significant demands on our management, administrative, operational and accounting resources and will cause us to incur significant legal, accounting and other expenses that we had not previously incurred. The expenses incurred by public companies, generally, for reporting and corporate governance purposes have been increasing and the costs we will incur for such purposes may strain our resources. We expect these rules and regulations to increase our legal and financial compliance costs, divert management's attention to ensure compliance and to make some activities more time-consuming and costly. We may need to upgrade our systems or create new systems, implement additional financial and management controls, reporting systems and procedures, create or outsource an internal audit function, and hire additional accounting and finance staff. If we are unable to accomplish these objectives in a timely and effective fashion, our ability to comply with the financial reporting requirements and other rules that apply to reporting companies could be impaired. In addition, our limited management resources may exacerbate the difficulties in complying with these reporting and other requirements while focusing on executing our business strategy. Our incremental general and administrative expenses as a publicly traded corporation will include costs associated with reports to shareholders, tax returns, investor relations, registrar and transfer agent's fees, incremental director and officer liability insurance costs and director compensation. We cannot predict or estimate the amount of the additional costs we may incur, the timing of such costs or the degree of impact that our management's attention to these matters will have on our business. Any failure to maintain effective internal control over financial reporting could have a material adverse effect on our business, prospects, liquidity, results of operations and financial condition. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common shares, fines, sanctions and other regulatory action.

We are required to comply with certain provisions of Section 404 of Sarbanes-Oxley, although as a smaller reporting company, we will be exempt from certain of its requirements for so long as we remain as such. For example, Section 404 of Sarbanes-Oxley requires that we and our independent auditors report annually on the effectiveness of our internal control over financial reporting. However, as a smaller reporting company, we may take advantage of an exemption from the auditor attestation requirement. Once we are no longer a smaller reporting company or, if prior to such date, we opt to no longer take advantage of the applicable exemption, we will be required to include an opinion from our independent auditors on the effectiveness of our internal control over financial reporting. Management, however, is not exempt from this requirement, and is required to, among other things, maintain and periodically evaluate our internal control over financial reporting and disclosure controls and procedures. In particular, we will need to perform system and process evaluation and testing of our internal control over financial reporting to allow us to report on the effectiveness of our internal control over financial reporting, as required.

A failure to pass inspection by classification societies could result in one or more vessels being unemployable unless and until they pass inspection, resulting in a loss of revenues from such vessels for that period and a corresponding decrease in earnings.

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the United Nations Safety of Life at Sea Convention. Our owned fleet is currently enrolled with Bureau Veritas (BV), DNV GL Group (DNV), and Nippon Kaiji Kyokai (NK).

A vessel must undergo annual surveys, intermediate surveys and special surveys. In lieu of a special survey, a vessel's machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Our

vessels are on special survey cycles for hull inspection and continuous survey cycles for machinery inspection. Every vessel must undergo regulatory surveys of its underwater parts every 30 to 60 months.

If a vessel fails any annual survey, intermediate survey or special survey, the vessel may be unable to trade between ports and, therefore, would be unemployable, potentially causing a negative impact on our revenues due to the loss of revenues from such vessel until it was able to trade again.

If we purchase and operate secondhand vessels, we may be exposed to increased operating costs which could adversely affect our earnings and, as our fleet ages, the risks associated with older vessels could adversely affect our ability to obtain profitable charters.

As part of our current business strategy to increase our owned fleet, we may acquire new and secondhand vessels. While we typically inspect secondhand vessels prior to purchase, this does not provide us with the same knowledge about their condition that we would have had if these vessels had been built for and operated exclusively by us. Even if we physically inspect a secondhand vessel, an inspection does not provide us with the same knowledge about its condition that we would have if the vessel had been operated exclusively by us. Accordingly, we may not discover defects or other problems with secondhand vessels prior to purchase or charter, or may incur costs to terminate a purchase agreement. Any such hidden defects or problems, when detected, may be expensive to repair, and if not detected, may result in accidents or other incidents for which we may become liable to third parties.

In general, the costs to maintain a vessel in good operating condition increase with the age of the vessel. Older vessels are typically less fuel-efficient than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers.

Furthermore, governmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations, or the addition of new equipment, to our vessels and may restrict the type of activities in which the vessels may engage. As our vessels age, market conditions may not justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives.

Unless we set aside reserves or are able to borrow funds for vessel replacement, we will be unable to replace the vessels in our fleet at the end of their useful lives.

We estimate the useful life of most of our vessels to be 25 years to 30 years from the date of initial delivery from the shipyard. The remaining estimated useful lives of our fleet range from 4 to 25 years, depending on the type of vessel and market conditions. The average age of our owned drybulk carriers at the time of this filing is approximately 9 years. A portion of our cash flows and income are dependent on the revenues earned by employing our vessels. If we are unable to replace the vessels in our fleet upon the expiration of their useful lives, our business, results of operations, financial condition and ability to pay dividends could be materially and adversely affected. We currently do not maintain reserves for vessel replacements. We intend to finance vessel replacements from internally generated cash flow, borrowings under our credit facilities or additional equity or debt offerings.

Our ability to obtain additional debt financing, or refinance any existing indebtedness, may be dependent on the performance and length of our COAs and charters and the creditworthiness of our contract counterparties.

The performance and length of our COAs and charters and the actual or perceived credit quality of our contract counterparties, and any defaults by them, may materially affect our ability to obtain the additional capital resources required to purchase additional vessels or may significantly increase our costs of obtaining such capital. Our inability to obtain additional financing on acceptable terms or at all may materially affect our results of operations and our ability to implement our business strategy.

We intend to partially finance acquisitions of vessels with borrowings drawn under credit facilities. While we may refinance amounts drawn under our credit facilities with the net proceeds of future debt and equity offerings, we cannot assure you that we will be able to do so at interest rates and on terms that are acceptable to us or at all. If we are not able to refinance these amounts with the net proceeds of debt and equity offerings at an interest rate or on terms acceptable to us or at all, we will have to dedicate a larger portion of our cash flow from operations to pay the principal and interest of this indebtedness. If we are not able to satisfy these obligations, we may have to undertake alternative financing plans. The actual or perceived credit quality of our contract counterparties, any defaults by them and the market value of our fleet, among other things, may materially affect our ability to obtain alternative financing. In addition, debt service payments under our credit facilities or alternative financing may limit funds otherwise available for working capital, capital expenditures, the payment of dividends and other purposes. If we are unable to meet our debt obligations, or if we otherwise default under our credit facilities or alternative financing arrangements, our lenders could declare the debt, together with accrued interest and fees, to be immediately due and payable and foreclose on our fleet,

which could result in the acceleration of other indebtedness that we may have at such time and the commencement of similar foreclosure proceedings by other lenders.

We depend on our Chief Executive Officer, our Chief Financial Officer and other key employees, and the loss of their services would have a material adverse effect on our business, results and financial condition.

We depend on the efforts, knowledge, skill, reputations and business contacts of our Chief Executive Officer, Edward Coll, our Chief Financial Officer, Anthony Laura, our Chief Operating Officer, Mark Filanowski and other key employees including Claus Boggild, Mads Boye Petersen, Peter Koken, Robert Seward, Fotis Doussopoulos, and Gianni Del Signore. Accordingly, our success will depend on the continued service of these individuals. We do not have employment agreements with our executive officers. We may experience departures of senior executive officers and other key employees, and we cannot predict the impact that any of their departures would have on our ability to achieve our financial objectives. The loss of the services of any of them could have a material adverse effect on our business, results of operations and financial condition.

We may be subject to litigation, arbitration and other proceedings that could have an adverse effect on our business

We may be, from time to time, involved in various litigation matters arising in the ordinary course of business, or otherwise. These matters may include, among other things, contract disputes, personal injury claims, environmental matters, governmental claims for taxes or duties, securities, or maritime matters. The potential costs to resolve any claim or other litigation matter, or a combination of these, may have a material adverse effect on us because of potential negative outcomes, the costs associated with asserting our claims or defending such lawsuits, and the diversion of management's attention to these matters.

United States tax authorities could treat us as a "passive foreign investment company," which could have adverse United States federal income tax consequences to U.S. holders

A foreign corporation will be treated as a "passive foreign investment company," or PFIC, for United States federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of certain types of "passive income" or (2) at least 50% of the average value of the corporation's assets produce or are held for the production of those types of "passive income." For purposes of these tests, "passive income" includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute "passive income." United States shareholders of a PFIC are subject to a disadvantageous United States federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on our proposed method of operation, we do not believe that we will be a PFIC with respect to any taxable year. In this regard, we intend to treat the gross income we derive or are deemed to derive from our time chartering activities as services income, rather than rental income. Accordingly, we believe that our income from our time chartering activities does not constitute "passive income," and the assets that we own and operate in connection with the production of that income do not constitute passive assets.

There is, however, no direct legal authority under the PFIC rules addressing our proposed method of operation. Accordingly, no assurance can be given that the United States Internal Revenue Service, or IRS, or a court of law will accept our position, and there is a risk that the IRS or a court of law could determine that we are a PFIC. Moreover, no assurance can be given that we would not constitute a PFIC for any future taxable year if there were to be changes in the nature and extent of our operations.

If the IRS were to find that we are or have been a PFIC for any taxable year, our United States shareholders will face adverse United States tax consequences. Under the PFIC rules, unless those shareholders make an election available under the Code (which election could itself have adverse consequences for such shareholders), such shareholders would be liable to pay United States federal income tax at the then prevailing income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of our common shares, as if the excess distribution or gain had been recognized ratably over the shareholder's holding period of our common shares.

We may have to pay tax on United States source income, which would reduce our earnings

Under sections 863(c)(3) and 887(a) of the United States Internal Revenue Code of 1986, as amended, or the "Code," 50% of the gross shipping income of a vessel owning or chartering corporation, such as ourselves and our subsidiaries, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States may be subject to a 4% United States federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under section 883 of the Code and the applicable Treasury Regulations recently promulgated thereunder.

We expect that we and each of our subsidiaries qualify for this statutory tax exemption and we will take this position for United States federal income tax return reporting purposes. However, there are factual circumstances beyond our control that could cause us to lose the benefit of this tax exemption and thereby become subject to United States federal income tax on our United States source income. Due to the factual nature of the issues involved, we can give no assurances on our tax-exempt status or that of any of our subsidiaries.

If we or our subsidiaries are not entitled to exemption under Code section 883 for any taxable year, we or our subsidiaries could be subject for those years to an effective 2% United States federal income tax on the shipping income these companies derive during the year that are attributable to the transport of cargoes to or from the United States. The imposition of this taxation would have a negative effect on our business and would result in decreased earnings available for distribution to our shareholders.

We have had and in the future may identify material weaknesses in our internal control over financial reporting that may cause us to fail to meet our reporting obligations or result in material misstatements of our financial statements

Our management team is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. generally accepted accounting principles. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis.

The Company has been a public reporting company since October 1, 2014. Prior to that, we did not have a sufficient number of accounting personnel or adequate systems to maintain an effective system of internal control over financial reporting. We and our independent registered public accounting firm identified material weaknesses during the preparation of our financial statements as of and for the year ended December 31, 2014. During 2015, we made significant improvements to our internal controls and remediated the material weaknesses in internal control over financial reporting identified in 2014. While these measures correct the material weaknesses identified, we cannot assure that there will not be other material weaknesses that we or our independent registered public accounting firm will identify. If additional material weaknesses in our internal controls are discovered in the future, they may adversely affect our ability to record, process, summarize, and report financial information timely and accurately.

Risks Related To Our Common Shares

Future sales of our common shares could cause the market price of our common shares to decline.

The market price of our common shares could decline due to sales of a large number of shares in the market, including sales of shares by our large shareholders, or the perception that these sales could occur. These sales could also make it more difficult or impossible for us to sell equity securities in the future at a time and price that we deem appropriate to raise funds through future offerings of common shares.

We may need to raise additional capital in the future, which may not be available on favorable terms or at all or which may dilute our common shares or adversely affect its market price.

We may require additional capital to expand our business and increase revenues, add liquidity in response to negative economic conditions, meet unexpected liquidity needs caused by industry volatility or uncertainty and reduce our outstanding indebtedness under our existing facilities. To the extent that our existing capital and borrowing capabilities are insufficient to meet these requirements and cover any losses, we will need to raise additional funds through debt or equity financings, including offerings of our common shares, securities convertible into our common shares, or rights to acquire our common shares, or curtail our growth and reduce our assets or restructure arrangements with existing security holders. Any equity or debt financing, or additional borrowings, if available at all, may be on terms that are not favorable to us. Equity financings could result in dilution to our shareholders, as described further below, and the securities issued in future financings may have rights, preferences and privileges that are senior to those of our common shares. If our need for capital arises because of significant losses, the occurrence of these losses may make it more difficult for us to raise the necessary capital. If we cannot raise funds on acceptable terms if and when needed, we may not be able to take advantage of future opportunities, grow our business or respond to competitive pressures or unanticipated requirements.

Future issuances of our common shares could dilute our shareholders' interests in our company.

We may, from time to time, issue additional common shares to support our growth strategy, reduce debt or provide us with capital for other purposes that our Board of Directors believes to be in our best interest. To the extent that an existing shareholder does not purchase additional shares that we may issue, that shareholder's interest in our company will be diluted, which means that its percentage of ownership in our company will be reduced. Following such a reduction, that shareholder's common shares would represent a smaller percentage of the vote in our Board of Directors' elections and other shareholder decisions.

Volatility in the market price and trading volume of our common shares could adversely impact the trading price of our common shares.

The stock market in recent years has experienced significant price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies like us. These broad market factors may materially reduce the market price of our common shares, regardless of our operating performance. The market price of our common shares, which has experienced significant price fluctuations in the past twelve months, could continue to fluctuate significantly for many reasons, including in response to the risks described herein or for reasons unrelated to our operations, such as reports by industry analysts, investor perceptions or negative announcements by our competitors or suppliers regarding their own performance, as well as industry conditions and general financial, economic and political instability.

Classified Board of Directors.

Our Board of Directors are divided into three classes of directors serving staggered, three-year terms beginning upon the expiration of the initial term for each class. This classified board provision could discourage a third party from making a tender offer for our shares or attempting to obtain control of us. It could also delay shareholders who do not agree with the policies of our Board of Directors from removing a majority of our Board of Directors for up to two years.

We are incorporated in Bermuda and it may not be possible for our investors to enforce U.S. judgments against us.

We are incorporated in Bermuda and substantially all of our assets are located outside the United States. In addition, one of our directors is a non-resident of the United States, and all or a substantial portion of such director's assets are located outside the United States. As a result, it may be difficult or impossible for U.S. investors to serve process within the United States. upon us or our directors and executive officers, or to enforce a judgment against us for civil liabilities in United States courts.

In addition, you should not assume that courts in the countries in which we are incorporated or where our assets are located would enforce judgments of United States courts obtained in actions against us based upon the civil liability provisions of applicable United States federal and state securities laws or would enforce, in original actions, liabilities against us based on those laws.

Because we are a foreign corporation, you may not have the same rights that a shareholder in a U.S. corporation may have.

We are a Bermuda exempted company. Our memorandum of association and bye-laws and the Companies Act, 1981 of Bermuda, or the Companies Act, govern our affairs. The Companies Act does not as clearly establish your rights and the fiduciary responsibilities of our directors as do statutes and judicial precedent in some United States jurisdictions. Therefore, you may have more difficulty in protecting your interests as a shareholder in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a United States jurisdiction. There is a statutory remedy under Section 111 of the Companies Act which provides that a shareholder may seek redress in the courts as long as such shareholder can establish that our affairs are being conducted, or have been conducted, in a manner oppressive or prejudicial to the interests of some part of the shareholders, including such shareholder. However, you may not have the same rights that a shareholder in a United States corporation may have.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

Phoenix Bulk Carriers (US) LLC, the administrative agent for the Company, maintains office space at 109 Long Wharf, Newport, Rhode Island 02840. The building is owned by 109 Long Wharf LLC ("Long Wharf"), a wholly-owned subsidiary of the Company since September 1, 2014. Long Wharf was previously owned by certain of the Company's Executive Officers and Directors. The Company leases office space in Copenhagen, Athens and Singapore.

ITEM 3. LEGAL PROCEEDINGS

We have not been involved in any legal proceedings which we believe are likely to have, or have had a significant effect on our business, financial position, results of operations or cash flows, nor are we aware of any proceedings that are pending or threatened which we believe are likely to have a significant effect on our business, financial position, results of operations or liquidity. From time to time, we may be subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims. We expect that these claims would be covered by insurance, subject to customary deductibles. Those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Our common shares are traded on The Nasdaq Capital Market under the symbol PANL. The following table sets forth the high and low sales prices for our common shares for the periods indicated since our common shares began public trading (as PANL) on October 3, 2014.

2016	**High**	**Low**
Fourth Quarter	$3.53	$2.46
Third Quarter	$2.74	$2.29
Second Quarter	$2.92	$2.25
First Quarter	$2.69	$2.12
2015	**High**	**Low**
Fourth Quarter	$3.65	$2.57
Third Quarter	$3.68	$2.72
Second Quarter	$3.77	$2.22
First Quarter	$4.70	$2.70

Holders

As of March 22, 2017, there were approximately 369 holders of record of our common shares.

Dividends

Under our Bye-laws, our board of directors may declare dividends or distributions out of contributed surplus and may also pay interim dividends to be paid in cash, shares of the Company's stock or any combination thereof. Our board of directors' objective is to generate competitive returns for our shareholders. Any dividends declared will be in the sole discretion of the board of directors and will depend upon earnings, restrictions in our debt agreements described later in this prospectus, market prospects, current capital expenditure programs and investment opportunities, the provisions of Bermuda law affecting the payment of distributions to shareholders and other factors. Under Bermuda law, the board of directors has no discretion to declare or pay a dividend if there are reasonable grounds for believing that the Company is, or would after the payment be, unable to pay its liabilities as they become due or the realizable value of the Company's assets would thereby be less than its liabilities.

In addition, since we are a holding company with no material assets other than the shares of our subsidiaries through which we conduct our operations, our ability to pay dividends will depend on our subsidiaries' distributing to us their earnings and cash flows. During the year ended December 31, 2016 and December 31, 2015, we did not declare any dividends on our common shares. We cannot assure you that we will be able to pay regular quarterly dividends, and our ability to pay dividends will be subject to the limitations set forth above and in the section of this Form 10-K titled "Risk Factors." The Company has dividends payable to related parties totaling $12.6 million at December 31, 2016.

Use of Proceeds

Not applicable

Purchases of Equity Securities by Issuer and Affiliates

Not applicable

Securities Authorized for Issuance Under Equity Compensation Plan

See Part III, Item 12 for information regarding securities authorized for issuance under our equity compensation plan.

ITEM 6. SELECTED FINANCIAL DATA.

(in thousands, except shipping days data)	As of and for the years ended December 31,	
	2016	**2015**
Selected Data from the Consolidated Statements of Operations		
Voyage revenue	**$ 222,116**	$ 266,673
Charter revenue	**15,900**	20,660
Total revenue	**238,016**	287,333
Expenses:		
Charter expense	**103,647**	125,635
Voyage expense	**63,692**	75,922
Vessel operating expenses	**30,904**	31,560
General and administrative	**12,774**	14,966
Depreciation and amortization	**14,108**	12,731
Loss on impairment of vessels	**—**	5,354
Loss (gain) on sale of vessels	**—**	639
Total expenses	**225,125**	266,807
Income from operations	**12,892**	20,526
Total other expense, net	**(3,733)**	(7,159)
Net income	**9,159**	13,367
Income attributable to noncontrolling interests	**(1,702)**	(2,091)
Net income (loss) attributable to Pangaea Logistics Solutions Ltd.	**$ 7,457**	$ 11,276
Selected Data from the Consolidated Balance Sheets		
Cash	**$ 22,323**	$ 37,520
Total assets	**$ 362,194**	$ 366,963
Total third-party debt (current and long-term)	**$ 127,266**	$ 148,995
Total shareholders' equity	**$ 176,677**	$ 165,316
Selected Data from the Consolidated Statements of Cash Flows		
Net cash provided by operating activities	**$ 19,214**	$ 26,009
Net cash used in investing activities	**$ (10,254)**	$ (64,049)
Net cash provided by financing activities	**$ (24,157)**	$ 45,742
Adjusted EBITDA[(1)]	**$ 27,000**	$ 38,611
Shipping Days[(2)]		
Voyage days	**11,912**	11,671
Time charter days	**2,033**	2,423
Total shipping days	**13,945**	14,094
TCE Rates ($/day)[(3)]	**$ 9,636**	$ 11,473

(1) Adjusted EBITDA represents operating earnings before interest expense, income taxes, depreciation and amortization, loss on impairment of vessels and other non-operating income and/or expense, if any. Adjusted EBITDA is included because it is used by management and certain investors to measure operating performance and is also reviewed periodically as a measure of financial performance by Pangaea's Board of Directors. Adjusted EBITDA is not an item recognized by the generally accepted accounting principles in the United States of America, or U.S. GAAP, and should not be considered as an alternative to net income, operating income, or any other indicator of a company's operating performance required by U.S. GAAP. Pangaea's definition of Adjusted EBITDA used here may not be comparable to the definition of EBITDA used by other companies.

The reconciliation of income from operations to Adjusted EBITDA is as follows:

Income from operations	**$**	**12,892**	$	20,526
Depreciation and amortization		**14,108**		12,731
Loss on impairment of vessels		**—**		5,354
Adjusted EBITDA	**$**	**27,000**	$	38,611

(2) Shipping days are defined as the aggregate number of days in a period during which its owned or chartered-in vessels are performing either a voyage charter (voyage days) or time charter (time charter days).

(3) Pangaea defines time charter equivalent, or "TCE," rates as total revenues less voyage expenses divided by the length of the voyage, 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 rates for vessels on voyage charters are generally not expressed in per-day amounts while rates for vessels on time charters generally are expressed in such amounts.

ITEM 7. 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-K 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-K, 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, including the risk factors set forth in *Part I, Item 1A*, above. 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.

Overview

Critical Accounting Policies

The discussion and analysis of the Company's financial condition and results of operations is based upon the Company's consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of those financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues, expenses and related disclosure of contingent assets and liabilities at the date of its financial statements. Actual results may differ from these estimates under different assumptions and conditions. Significant estimates include the establishment of the allowance for doubtful accounts and the estimate of salvage value used in determining vessel depreciation expense.

Critical accounting policies are those that reflect significant judgments or uncertainties and potentially result in materially different results under different assumptions and conditions. The critical accounting policies are revenue recognition, deferred revenue, allowance for doubtful accounts, vessels and depreciation and long-lived assets impairment considerations.

Revenue Recognition. Voyage revenues represent revenues earned by the Company, principally from providing transportation services under voyage charters. A voyage charter involves the carriage of a specific amount and type of cargo on a load port to discharge port basis, subject to various cargo handling terms. Under a voyage charter, the service revenues are earned and recognized ratably over the duration of the voyage. Estimated losses under a voyage charter are provided for in full at the time such losses become probable. Demurrage, which is included in voyage revenues, represents payments by the charterer to the vessel owner when loading and discharging time exceed the stipulated time in the voyage charter. Demurrage is measured in accordance with the provisions of the respective charter agreements and the circumstances under which demurrage revenues arise. At the time demurrage revenue can be estimated, it is included in the calculation of voyage revenue and recognized ratably over the duration of the voyage to which it pertains. Voyage revenue recognized is presented net of address commissions.

Charter revenues relate to a time charter arrangement under which the Company is paid to provide transportation services on a per day basis for a specified period of time. Revenues from time charters are earned and recognized on a straight-line basis over the term of the charter, as the vessel operates under the charter. Revenue is not earned when vessels are offhire.

Deferred Revenue. Billings for services for which revenue is not recognized in the current period are recorded as deferred revenue. All deferred revenue recognized in the accompanying consolidated balance sheets is expected to be realized within 12 months of the balance sheet date.

Allowance for Doubtful Accounts. The Company provides a specific reserve for significant outstanding accounts that are considered potentially uncollectible in whole or in part. In addition, the Company establishes a reserve equal to approximately 25% of accounts receivable balances that are 30 − 180 days past due and approximately 50% of accounts receivable balances that are 180 or more days past due, and which are not otherwise reserved. The reserve estimates are adjusted as additional information becomes available, or as payments are made.

Vessels and Depreciation. Vessels are stated at cost, which includes contract price and acquisition costs. Significant betterments to vessels are capitalized; maintenance and repairs that do not improve or extend the lives of the vessels are expensed as incurred. Depreciation is provided using the straight-line method over the remaining estimated useful lives of the vessels based on cost less salvage value. Each vessel's salvage value is equal to the product of its lightweight tonnage and an estimated scrap rate of $300 per lightweight ton which was determined by reference to quoted rates and is reviewed annually. The Company estimates the useful life of its vessels to be 25 years to 30 years from the date of initial delivery from the shipyard. The remaining estimated useful lives of the current fleet are 4 − 25 years. The Company does not incur depreciation expense when vessels are taken out of service for drydocking.

Drydocking Expenses and Amortization. Significant upgrades made to the vessels during drydocking are capitalized when incurred and amortized on a straight-line basis over the five year period until the next drydocking. Costs capitalized as part of the drydocking include direct costs incurred to meet regulatory requirements that add economic life to the vessel, that increase the vessel's earnings capacity or which improve the vessel's efficiency. Direct costs include the shipyard costs, parts, inspection fees, steel, blasting and painting. Expenditures for normal maintenance and repairs, whether incurred as part of the drydocking or not, are expensed as incurred. Unamortized drydocking costs of vessels that are sold are written off and included in the calculation of the resulting gain or loss on sale.

Long-lived Assets Impairment Considerations. The carrying values of the Company's vessels may not represent their fair market value or the amount that could be obtained by selling the vessel at any point in time because the market prices of second-hand vessels tend to fluctuate with changes in charter rates and the pricing of new vessels. Historically, both charter rates and vessel values tend to be cyclical. The carrying value of each group of vessels (allocated by size, age and major characteristic or trade), which are classified as held and used by the Company, are reviewed for potential impairment when events or changes in circumstances indicate that the carrying value of a particular group may not be fully recoverable. In such instances, an impairment charge would be recognized if the estimate of the undiscounted future cash flows expected to result from the use of the group and its eventual disposition is less than its carrying value. This assessment is made at the group level, which represents the lowest level for which identifiable cash flows are largely independent of other groups of assets. The asset groups established by the Company are defined by vessel size and major characteristic or trade.

The significant factors and assumptions used in the undiscounted projected net operating cash flow analysis include the Company's estimate of future TCE rates based on current rates under existing charters and contracts. When existing contracts expire, the Company uses an estimated TCE based on actual results and extends these rates out to the end of the vessel's useful life. TCE rates can be highly volatile, may affect the fair value of the Company's vessels and may have a significant impact on the Company's ability to recover the carrying amount of its fleet. Accordingly, the volatility is contemplated in the undiscounted projected net operating cash flow by using a sensitivity analysis based on percent changes in the TCE rates. The Company prepares a series of scenarios in an attempt to capture the range of possible trends and outcomes. For example, in the event that TCE rates over the estimated useful lives of the entire fleet are 10% lower than expected, the impact on the total undiscounted projected net operating cash flow would be a decrease of 12%. Projected net operating cash flows are net of brokerage and address commissions and assume no revenue on scheduled offhire days. The Company uses the current vessel operating expense budget, estimated costs of drydocking and historical general and administrative expenses as the basis for its expected outflows, and applies an inflation factor it considers appropriate. The net of these inflows and outflows, plus an estimated salvage value, constitutes the projected undiscounted future cash flows. If these projected cash flows do not exceed the carrying value of the asset group, an impairment charge would be recognized.

At December 31, 2016 and 2015, the Company identified a potential impairment indicator by reference to industry-wide estimated market values of its vessel groups. As a result, the Company evaluated each group for impairment by estimating the total undiscounted cash flows expected to result from the use of the group and its eventual disposal.

At December 31, 2016, the estimated undiscounted future cash flows were higher than the carrying amount of the vessels in the Company's fleet and as such, no loss on impairment was recognized.

At December 31, 2015, the carrying amount of the m/v Nordic Barents and m/v Nordic Bothnia were determined to be higher than their estimated undiscounted future cash flows because estimated TCE rates anticipated in the analysis have declined. The decrease in TCE rates is due to the fact that these vessels are older and are not preferable in a weakening market where there is an oversupply of newer tonnage. As a result, a loss on impairment of these vessels totaling approximately $5.4 million is included in the consolidated statements of operations.

The table set forth below indicates the purchase price of the Company's vessels and the carrying value of each vessel as of December 31, 2016.

(In thousands of U.S. dollars)

Vessel Name	Date Acquired	Size	Purchase Price	Carrying Value
m/v Nordic Orion	April 2012	PMX-1A	$ 32,363	$ 27,875
m/v Nordic Odyssey	April 2012	PMX-1A	32,691	27,021
m/v Nordic Oshima	September 2014	PMX-1A	33,709	31,346
m/v Nordic Odin	February 2015	PMX-1A	32,625	31,742
m/v Nordic Olympic	February 2015	PMX-1A	32,600	31,561
m/v Nordic Oasis	January 2016	PMX-1A	32,600	32,835
m/v Bulk Pangaea	December 2009	PMX	26,500	17,879
m/v Bulk Patriot	October 2011	PMX	15,350	12,392
m/v Bulk Juliana	April 2012	SMX	14,750	12,253
m/v Bulk Trident	September 2012	SMX	17,010	14,962
m/v Bulk Beothuk	February 2013	SMX	14,197	12,006
m/v Bulk Newport	September 2013	SMX	15,546	13,473
m/v Nordic Bothnia	January 2014	HMX-1A	7,640	3,517
m/v Nordic Barents	March 2014	HMX-1A	7,640	3,521
Total			$ 315,221	$ 272,383

The table set forth below indicates the total cost of the Company's newbuildings on order. As of December 31, 2016, the Company made deposit payments of $18.4 million for the purchase of these newbuildings.

(In thousands of U.S. dollars)

Vessel Name	Date Acquired	Size	Total Purchase Price	Carrying Value
m/v Bulk Destiny	January 7, 2017	UMX-1C	28,950	—
m/v Bulk Endurance	January 7, 2017	UMX-1C	28,950	—
Total			$ 57,900	N/A

Use of Estimates The preparation of financial statements in conformity with U.S. 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 financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In November 2016, the FASB issued ASU 2016-18, Accounting Standards Update for Statement of Cash Flows. This update requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer be required to present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. When cash, cash equivalents, restricted cash and restricted cash equivalents are presented in more than one line item on the balance sheet, the new guidance requires a reconciliation of the totals in the statement of cash flows to the related captions in the balance sheet. Entities will also have to disclose the nature of their restricted cash and restricted cash equivalent balances. The guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within those years. Early adoption is permitted. Entities are required to apply the guidance retrospectively. The Company is currently evaluating the effect of adopting this new accounting guidance.

In February 2016, the FASB issued an ASU 2016-02, Accounting Standards Update for Leases. The update is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and

disclosing key information about leasing arrangements. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. The Company does not typically enter into contracts with terms exceeding six months. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted. Accordingly, the Company does not expect adoption of this guidance to have a material impact on its financial statements.

In August 2014, the FASB issued ASU 2014-15, Accounting Standards Update for Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. Under this guidance, if conditions or events raise substantial doubt about an entity's ability to continue as a going concern, but the substantial doubt is alleviated as a result of consideration of management's plans, the entity should disclose information that enables users of the financial statements to understand all of the following:

a. Principal conditions or events that raised substantial doubt about the entity's ability to continue as a going concern (before consideration of management's plans)

b. Management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations

c. Management's plans that alleviated substantial doubt about the entity's ability to continue as a going concern.

The new standard was effective for annual periods ending after December 15, 2016. Implementation of this guidance did not have a material impact on its consolidated financial statements.

In May 2014, the FASB issued an ASU 2014-09, Accounting Standards Update for Revenue from Contracts with Customers. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2017. While we are continuing to assess all potential impacts of the standard, we expect that revenue from vessels operating on time charter will continue to be recognized under current revenue recognition policies because the services being provided to its customers currently reflect the consideration to which the entity expects to be entitled in exchange for those services, and because these arrangements qualify as single performance obligations that meet the criteria to recognize revenue over time, as the customer is simultaneously receiving and consuming the benefits of these services. The performance obligation in a voyage charter is also the transportation service provided and also meets the criteria to recognize revenue over time. However, under the new standard, we expect revenue for these voyages to be recognized over the period between load port and discharge port in contrast to the current recognition policy to recognize revenue from discharge port to discharge port. The Company also believes that under the new standard, it will recognize an asset from certain costs incurred to fulfill contracts that have not begun to load if they meet the criteria outlined in this Update. Such assets will be amortized pro rata over the period of the contract. Neither of these changes is expected to have a material impact on the consolidated financial statements because the number of open voyages at any point in time are not a significant portion of the annual total and the difference in revenue is expected to be only a percentage of such voyage revenue. The new revenue standards may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect adjustment to opening retained earnings in the period of initial period of adoption and we have not yet selected which transition method we will apply. In addition, we are evaluating recently issued guidance on practical expedients as part of our transition decision.

Important Financial and Operational Terms and Concepts

The Company 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 and long-lived assets impairment considerations, as defined above as well as the following:

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

Charter Expenses. The Company charters in vessels to supplement its owned fleet to support its voyage charter operations. The Company hires vessels under time charters with third party vessel owners, 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 the Company'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. The Company believes that the measures for analyzing future trends in its results of operations consist of the following:

• *Shipping days.* The Company defines shipping days as the aggregate number of days in a period during which its owned or chartered-in vessels are performing either a voyage charter (voyage days) or a time charter (time charter days).

• *Daily vessel operating expenses.* The Company 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.* The Company defines chartered in days as the aggregate number of days in a period during which it chartered in vessels from third party vessel owners.

• *Time Charter Equivalent "TCE" rates.* The Company defines TCE rates as total revenues less voyage expenses divided by the length of the voyage, 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 rates for vessels on voyage charters are generally not expressed in per-day amounts while rates for vessels on time charters generally are expressed in per-day amounts.

Overview

The seaborne drybulk transportation industry is cyclical and volatile. Demand for drybulk tonnage remains weak, rates are at the lowest point since 1985 and asset values for modern tonnage continued to decline in the first three quarters of 2016 due to the over-supply of dry bulk carriers. The decline in and volatility of charter and freight rates has been due to various factors, including lower crude oil prices, falling demand from China, a strong U.S. Dollar and the associated weakening of other world currencies and the deflationary cycle being experienced in many commodities such as iron ore, coal and agricultural products. Concurrently, with these factors, vessel supply continued to increase. However, this falling rate environment highlighted the differentiation of our business model. Reduced rates mean reduced costs to charter-in vessels and thus a lower expense base for our operations. In addition, our strategy of primarily chartering-in vessels on short term charters gives us the flexibility to reduce the number of chartered-in vessels to match our contracted business. These strategies helped shield us from excessive losses as compared to a long-term charter-in strategy.

2016 Highlights

- Net income of $7.5 million for a year being characterized as one of the worst in dry bulk shipping history.
- Income from operations of $12.9 million, which highlights the Company's unique ability to remain profitable during a weak market by minimizing excess vessel capacity through short-term charter-in commitments.
- Cash flow from operations of $19.2 million.
- Cash and cash equivalents totaling $22.3 million at December 31, 2016.

Results of Operations

Fiscal Year Ended December 31, 2016 Compared to Fiscal Year Ended December 31, 2015

Revenues

Pangaea's revenues are derived predominantly from voyage charters and time charters. Total revenue for the fiscal year ended December 31, 2016, was $238.0 million, compared to $287.3 million for the same period in 2015. The number of shipping days decreased 1.1% from 14,094 in the fiscal year ended December 31, 2015, to 13,945 for the same period in 2016. The revenue

decrease was due to the continued weakness in market rates stemming from weak demand and an ongoing oversupply of drybulk tonnage. The Baltic Dry Index ("BDI"), a measure of dry bulk market performance, reached its lowest recorded level in history in February 2016, then made some improvement in the following months. However, overcapacity of tonnage continued to put downward pressure on TCE rates. The Company's average TCE rate was $9,636 per day for the year ended December 31, 2016, compared to $11,473 per day in 2015.

Components of revenue are as follows:

Voyage revenues for the fiscal year ended December 31, 2016, decreased 17% to $222.1 million from $266.7 million for the same period in 2015. The decrease in voyage revenues was driven by the weak market for drybulk transportation, predominantly in the first quarter of 2016, when voyage revenue was down 54% from the same period of 2015, and the BDI was at an all-time low.

Charter revenues decreased 23.0%, from $20.7 million for the year ended December 31, 2015, to $15.9 million for the year ended December 31, 2016. The decrease in charter revenues was driven by the 16.1% decrease in time charter days and to the decline in market rates. The number of time charter days decreased to 2,033 days for the fiscal year ended December 31, 2016, compared to 2,423 days for the same period in 2015. 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 but also reduces the risk that this additional capacity may result in operating losses in a turbulent market.

Voyage Expenses

Voyage expenses for the fiscal year ended December 31, 2016 were $103.6 million, compared to $125.6 million for the same period in 2015, a decrease of approximately 17.5%. The decrease in voyage expenses was due to the $10.0 million (18%) decrease in bunker fuel expenses that resulted from lower oil prices and to a $15.1 million (98%) reduction in cargo relet expense. These decreases were offset by a $2.8 million increase in port expenses.

Charter Expenses

Charter expenses paid to third party shipowners decreased to $63.7 million for the fiscal year ended December 31, 2016 from $75.9 million for the year ended December 31, 2015. The 16% decrease in charter expenses was due to lower market rates, as discussed above and to a slight decrease in the number of chartered in days.

General and Administrative Expenses

General and administrative expenses decreased $2.2 million to $12.8 million for the year ended December 31, 2016, from $15.0 million for the year ended December 31, 2015. The primary reasons for the decrease are a decrease in legal fees of $0.8 million, the reduction resulting from closing the Company's office in Brazil of approximately $0.3 million, a decrease in professional fees of $0.5 million and miscellaneous expenses of approximately $0.3 million. In addition, insurance, public company expenses travel expenses and fees paid to directors were each down approximately $0.1 million. This was offset by an increase in salary and related expenses, including employee stock compensation of approximately $0.1 million.

Depreciation and Amortization

Depreciation and amortization expense increased $1.4 million (10.8%) due to the 10.4% increase in ownership days from 4,949 in 2015 to 5,464 in 2016. These additional days are for new vessels, which were acquired for fleet operations.

Loss on Impairment

At December 31, 2016 and 2015, the Company determined that there was an impairment indicator and performed an analysis of estimated undiscounted cash flows for each of its asset groups (vessels by size, age and special classification). See "*Long-lived Assets Impairment Considerations,*" above, for details regarding the Company's accounting for impairment. There were no losses on impairment of vessels in 2016.

At December 31, 2015, the carrying amount of the m/v Nordic Barents and m/v Nordic Bothnia were determined to be higher than their estimated undiscounted future cash flows because estimated TCE rates anticipated in the analysis have declined. The decrease in TCE rates is due to the fact that these vessels are older and are not preferable in a weakening market where there is

an oversupply of newer tonnage. As a result, a loss on impairment of these vessels totaling approximately $5.4 million is included in the consolidated statements of operations.

Income from Operations

Income from operations was $12.9 million for the year ended December 31, 2016, compared to income from operations of $20.5 million for the fiscal year ended December 31, 2015. The 38% decrease reflects the operating margin reduction due to weakness in the market and the resulting decline in rates, as discussed above. Total revenue was down approximately $49.5 million (17%) and total expenses were down $41.7 million (16%), while vessel operating and depreciation and amortization expenses made up slightly higher percentages of total revenue due to the increase in the number of owned vessels.

Unrealized Gain (Loss) on Derivative Instruments

For the year ended December 31, 2016, unrealized gain on derivative instruments represents the increase in value of fuel swaps resulting from the increase in fuel prices after the contracts were executed. The average price per ton of bunker fuel increased by 12%, 30%, 6% and 11% in the first, second, third and fourth quarters of 2016, respectively. In 2015, the unrealized loss on derivative instruments represented the decrease in the fair value of bunker swaps. The decline in the value of fuel swaps was due to the decrease in oil prices after the contracts were executed.

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. 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 additional 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.

At December 31, 2016 and 2015, the Company has working capital deficits of $9.3 million and $2.8 million, respectively. This includes dividends payable to the Founders and their affiliated entities which will only be paid when cash flow is sufficiently in excess of normal operating requirements.

Considerations made by management in assessing the Company’s ability to continue as a going concern are its ability to consistently generate positive cash flows from operations, which were approximately $19.2 million in 2016, $26.0 million in 2015 and $19.7 million in 2014; its excess of cash and cash restricted by facility agents over the current portion of secured long-term debt and its focus on contract employment (COAs). In addition, the Company has demonstrated its ability to adapt to changing market conditions by changing the chartered-in profile to meet its cargo commitments. For more information on the results of operations, see *Part II. ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Results of Operations.*

Capital Expenditures

The Company’s capital expenditures relate to the purchase of vessels and interests in vessels, and to capital improvements to its vessels which are expected to enhance the revenue earning capabilities and safety of these vessels. The Company’s owned and controlled fleet includes: eight Panamax drybulk carriers (six of which are Ice-Class 1A); four Supramax drybulk carriers, two Handymax drybulk carriers (both of which are Ice-Class 1A); and two Ultramax drybulk carriers (both of which are Ice-Class IC), which were delivered by the shipbuilder in January 2017.

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. The Company has some flexibility regarding the timing of drydocking, but the costs are unpredictable. 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 four vessels during 2017 and five vessels during 2018, at an aggregate anticipated cost of $2.8 million and $1.8 million, respectively, not including any unanticipated repairs.

The following table summarizes Pangaea's net cash flows from operating, investing and financing activities for the fiscal years ended December 31, 2016 and 2015:

(In millions of U.S. dollars)	2016	2015
Net cash provided by operating activities	19.2	26.0
Net cash used in investing activities	(10.3)	(64.0)
Net cash provided by financing activities	(24.2)	45.7

Net Cash Provided by Operating Activities. Net cash provided by operating activities during the year ended December 31, 2016 was $19.2 million, compared to net cash provided by operating activities of $26.0 million during the year ended December 31, 2015. The decrease is due to changes in operating assets and liabilities, predominantly bunker inventory, which increased over the period due to increasing fuel prices; advance hire, prepaid expenses and other current assets, which increased due to an insurance claim; to deferred costs relating to a new COA; an increase in the number of voyages in progress; and an increase in advance hire stemming from an increase in charter hire rates as compared to rates at December 31, 2015.

Net Cash Used in Investing Activities. Net cash used in investing activities during the year ended December 31, 2016 was $10.3 million, compared to $64.0 million for the year ended December 31, 2015. In 2016, the Company invested $0.3 million in new vessels and $9.6 million in deposits on newbuildings. The Company invested $44.8 million in new vessels in 2015 and $27.2 million in deposits on newbuildings. This was offset by the proceeds from sales of two vessels for $8.3 million.

Net Cash (Used in) Provided by Financing Activities. Net cash used in financing activities during the year ended December 31, 2016 was $24.2 million, compared to net cash provided by financing activities of $45.7 million for the year ended December 31, 2015. Joint venture partners provided net financing of $4.8 million in 2016 as compared to $6.9 million million in 2015, predominantly for vessel acquisition and deposits on newbuildings. During the years ended December 31, 2016 and 2015, net cash used for long-term debt was $22.4 million and net cash provided through long-term debt was $43.8 million, net of financing fees.

Borrowing Activities

Long-term debt consists of the following:

	December 31, 2016	December 31, 2015
Bulk Pangaea Secured Note (1)	**$ 1,040,625**	$ 1,734,375
Bulk Patriot Secured Note (1)	**1,087,500**	2,312,500
Bulk Trident Secured Note (1)	**5,737,500**	6,375,000
Bulk Juliana Secured Note (1)	**3,042,186**	3,718,229
Bulk Nordic Odin Ltd., Bulk Nordic Olympic Ltd. Bulk Nordic Odyssey Ltd., Bulk Nordic Orion Ltd. and Bulk Nordic Oshima Ltd. Amended and Restated Loan Agreement (2)	**77,325,001**	89,625,000
Bulk Atlantic Secured Note	**5,350,000**	6,530,000
Bulk Phoenix Secured Note (1)	**6,816,685**	7,649,997
Term Loan Facility of USD 13,000,000 (Nordic Bulk Barents Ltd. and Nordic Bulk Bothnia Ltd.)	**7,097,820**	10,717,370
Bulk Nordic Oasis Ltd. Loan Agreement (2)	**20,000,000**	21,500,000
109 Long Wharf Commercial Term Loan	**1,032,067**	978,210
Phoenix Bulk Carriers (US) LLC Automobile Loan	**28,582**	—
Phoenix Bulk Carriers (US) LLC Master Loan	**236,242**	—
Total	**128,794,208**	151,140,681
Less: current portion	**(19,627,846)**	(19,499,262)
Less: unamortized bank fees	**(1,528,511)**	(2,145,266)
Secured long-term debt	**$ 107,637,851**	$ 129,496,153

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

(2) The borrower under this facility is NBHC, of which the Company and its joint venture partners, STST and ASO2020, each own one-third. NBHC is consolidated in accordance with ASC 810-10 and as such, amounts pertaining to the non-controlling ownership held by these third parties in the financial position of NBHC are reported as non-controlling interest in the accompanying balance sheets.

The Senior Secured Post-Delivery Term Loan Facility

On July 14, 2016, the Company, through its wholly owned subsidiaries, Bulk Pangaea, Bulk Patriot, Bulk Juliana, Bulk Trident and Bulk Phoenix, entered into the Third Amendatory Agreement, (the "Third Amendment"), amending and supplementing the Loan Agreement dated April 15, 2013, as amended by a First Amendatory Agreement dated May 16, 2013 and by a Second Amendatory Agreement dates August 28, 2013. The Third Amendment extends the maturity dates and modifies the repayment schedule of the 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 Third Amendment defers the final three quarterly installments of $346,875, extending the maturity date to October 19, 2017. The interest rate is fixed at 3.96% through the original maturity date, at which time the rate becomes floating at LIBOR plus 3.5%.

Bulk Patriot Secured Note

Initial amount of $12,000,000, entered into in September 2011, for the acquisition of the m/v Bulk Patriot. The Third Amendment defers the two final quarterly installments of $543,750, extending the maturity date to July 19, 2017. The interest rate is fixed at 4.01% through the original maturity date, at which time the rate becomes floating at LIBOR plus 3.5%.

Bulk Trident Secured Note

Initial amount of $10,200,000, entered into in April 2012, for the acquisition of the m/v Bulk Trident. The Third Amendment defers two quarterly installments, increases the following three installments to $550,000 and the next four installments to $327,500. A balloon payment of $2,777,500 is payable on October 19, 2018. The interest rate is fixed at 4.29%.

Bulk Juliana Secured Note

Initial amount of $8,112,500, entered into in April 2012, for the acquisition of the m/v Bulk Juliana. The Third Amendment defers three installments and increases the final six quarterly installments to $507,031. The final payment is due in July 19, 2018. The interest rate is fixed at 4.38%.

Bulk Phoenix Secured Note

Initial amount of $10,000,000, entered into in May 2013, for the acquisition of m/v Bulk Newport. The Third Amendment defers two quarterly installments, which are followed by one installment of $500,000, two of $700,000 and seven installments of $442,858. A balloon payment of $1,816,659 is payable on July 19, 2019. The interest rate is fixed at 5.09%.

The Third Amendment contains financial covenants that require the Company to maintain a minimum net worth and minimum liquidity, on a consolidated basis. The facility also contains a consolidated leverage ratio and a consolidated debt service coverage ratio. 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 December 31, 2016, the Company was in compliance with these covenants. At December 31, 2015, the Company was granted a waiver of compliance with the consolidated debt service coverage ratio by the facility agent and was in compliance with the other covenants.

Bulk Atlantic Secured Note

Initial amount of $8,520,000, entered into on February 18, 2013, for the acquisition of m/v Bulk Beothuk. The 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 $4,170,000 due in February 2018. Interest is fixed at 6.46%.

The Bulk Atlantic Secured Note is collateralized by the vessel m/v Bulk Beothuk and is guaranteed by the Company. The agreement contains a collateral maintenance ratio clause and a minimum EBITDA to fixed charges ratio. During 2016, the Company increased the letter of credit held by the facility agent to $1.1 million in order to remain in compliance with the collateral maintenance ratio clause. As of December 31, 2016, and 2015, the Company is in compliance with these covenants.

Bulk Nordic Odin Ltd., Bulk Nordic Olympic Ltd. Bulk Nordic Odyssey Ltd., Bulk Nordic Orion Ltd. And Bulk Nordic Oshima Ltd. – Dated September 28, 2015 - Amended and Restated Loan Agreement

The amended agreement advanced $21,750,000 in respect of each the m/v Nordic Odin and the m/v Nordic Olympic; $13,500,000 in respect of each the m/v Nordic Odyssey and the m/v Nordic Orion, and $21,000,000 in respect of the m/v Nordic Oshima.

The agreement requires repayment of the advances as follows:

In respect of the Odin and Olympic advances, repayment to be made in 28 equal quarterly installments of $375,000 per borrower (one of which was paid prior to the amendment by each borrower) and balloon payments of $11,233,150 due with each of the final installments in January 2022.

In respect of the Odyssey and Orion advances, repayment to be made in 20 quarterly installments of $375,000 per borrower and balloon payments of $5,677,203 due with each of the final installments in September 2020.

In respect of the Oshima advance, repayment to be made in 28 equal quarterly installments of $375,000 and a balloon payment of $11,254,295 due with the final installment in September 2021.

Interest on 50% of the advances to Odyssey and Orion is fixed at 4.24%. Interest on the remaining advances to Odyssey and Orion is floating at LIBOR plus 2.4% (3.4% at December 31, 2016). Interest on 50% of the advances to Odin and Olympic is fixed at 3.95%. Interest on the remaining advances to Odin and Olympic is floating at LIBOR plus 2.0% (3.0% at December 31, 2016). Interest on 50% of the advance to Oshima is fixed at 4.16%. Interest on the remaining advance to Oshima is floating at LIBOR plus 2.25% (3.25% at December 31, 2016).

The amended loan is secured by first preferred mortgages on the m/v Nordic Odin, m/v Nordic Olympic, m/v Nordic Odyssey, m/v Nordic Orion and m/v Nordic Oshima, the assignment of earnings, insurances and requisite compensation of the five 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 vessels plus the net realizable value of any additional collateral provided, to remain above defined ratios. At December 31, 2016 and 2015, the Company was in compliance with this clause.

The Bulk Nordic Oasis Ltd. - Loan Agreement -- Dated December 11, 2015

The agreement advanced $21,500,000 in respect of the m/v Nordic Oasis. The agreement requires repayment of the advance in 24 equal quarterly installments of $375,000 beginning on March 28, 2016 and a balloon payment of $12,500,000 due with the final installment due with the final installment in March 2022. Interest on this advance is fixed at 4.30%.

The loan is secured by a first preferred mortgage on the m/v Nordic Oasis, the assignment of earnings, insurances and requisite compensation of the entity, and by guarantees of its shareholders. Additionally, the agreement contains a collateral maintenance ratio clause which requires the aggregate fair market value of the vessel plus the net realizable value of any additional collateral previously provided, to remain above defined ratios. As of December 31, 2016 and 2015, the Company was in compliance with this covenant.

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

Barents and 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 loan is secured by mortgages on the m/v Nordic Bulk Barents and m/v Nordic Bulk Bothnia.

The facility bears interest at LIBOR plus 2.5% (3.35% at December 31, 2016). 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 $1,755,415 (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 and a minimum value clause ("MVC"), of not less than 100% of the outstanding indebtedness. The Company was in compliance with the minimum value clause at December 31, 2016 and 2015.

109 Long Wharf Commercial Term Loan

Initial amount of $1,096,000 entered into on May 27, 2016. The *Long Wharf Construction to Term Loan* was repaid from the proceeds of this new facility. The loan is payable in 120 equal monthly installments of $9,133. Interest is floating at the 30 day LIBOR plus 2.00%. The loan is collateralized by all real estate located at 109 Long Wharf, Newport, RI, and a corporate guarantee of the Company. The loan contains a maximum loan to value covenant and a debt service coverage ratio. At December 31, 2016, the Company was in compliance with these covenants.

Phoenix Bulk Carriers (US) LLC Automobile Loan

The Company purchased a commercial vehicle for use at the site of its port project on the Atlantic Coast. The total loan amount of $29,435 is payable in 60 equal monthly installments of $539. Interest is fixed at 3.74%.

Phoenix Bulk Carriers (US) LLC Master Equipment Loan

The Company purchased commercial equipment for use at the site of its port project on the Atlantic Coast. The total loan amount of $250,536 is payable in 48 equal monthly installments of $5,741. Interest is fixed at 4.75%.

The future minimum annual payments under the debt agreements are as follows:

	Years ending December 31,
2017	$ 19,627,846
2018	21,704,371
2019	16,371,749
2020	19,021,179
2021	16,618,718
Thereafter	35,450,345
	$ 128,794,208

Covenants

With the exception of the Company's related party loans, certain debt agreements contain financial covenants, which require it, among other things, to maintain:

- a consolidated leverage ratio of at least 200%;
- a consolidated debt service ratio of at least 120%;
- a minimum consolidated net worth of $45 million; plus 25% of the purchase price or (finance) lease amount of such vessels; and
- a consolidated minimum liquidity of not less than $15.0 million plus $1 million for each additional vessel the Company acquires.

Certain debt agreements also contain restrictive covenants, which may limit it and its subsidiaries' ability to, among other things:

- effect changes in management of the Company's vessels;
- sell or dispose of any of the Company's assets, including its vessels;
- declare and pay dividends;
- incur additional indebtedness;
- mortgage the Company's vessels; and
- incur and pay management fees or commissions.

A violation of any of the Company's financial covenants or operating restrictions contained in its credit facilities may constitute an event of default under its credit facilities, which, unless cured within the grace period set forth under the applicable credit facility, if applicable, or waived or modified by the Company's lenders, provides its lenders with the right to, among other things, require the Company to post additional collateral, enhance its equity and liquidity, increase its interest payments, pay down its indebtedness to a level where it is in compliance with its loan covenants, sell vessels in its fleet, reclassify its indebtedness as current liabilities and accelerate its indebtedness and foreclose their liens on its vessels and the other assets securing the credit facilities, which would impair the Company's ability to continue to conduct its business.

Certain of the Company's credit facilities contain a cross-default provision that may be triggered by a default under one of its other credit facilities. A cross-default provision means that a default on one loan would result in a default on certain other loans. Because of the presence of cross-default provisions in certain of the Company's credit facilities, the refusal of any one lender under its credit facilities to grant or extend a waiver could result in certain of the Company's indebtedness being accelerated, even

if its other lenders under the Company's credit facilities have waived covenant defaults under the respective credit facilities. If the Company's secured indebtedness is accelerated in full or in part, it would be very difficult in the current financing environment for the Company to refinance its debt or obtain additional financing and the Company could lose its vessels and other assets securing its credit facilities if the Company's lenders foreclose their liens, which would adversely affect the Company's ability to conduct its business.

In connection with any waivers of or amendments to the Company's credit facilities that it may obtain, its lenders may impose additional operating and financial restrictions on the Company or modify the terms of its existing credit facilities. These restrictions may further restrict the Company's ability to, among other things, pay dividends, make capital expenditures or incur additional indebtedness, including through the issuance of guarantees. In addition, the Company's lenders may require the payment of additional fees, require prepayment of a portion of its indebtedness to them, accelerate the amortization schedule for the Company's indebtedness and increase the interest rates they charge the Company on its outstanding indebtedness.

Related Party Transactions

Amounts and notes payable to related parties consist of the following:

	December 31, 2015	Activity	**December 31, 2016**
Included in accounts payable and accrued expenses on the consolidated balance sheets:			
Affiliated companies (trade payables)	$ 1,254,985	$ (145,415)	**$ 1,109,570**
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 – 2011 Founders Note [(i)]	553,919	(185,572)	**368,347**
Promissory Note	4,000,000	(2,000,000)	**2,000,000**
Loan payable – BVH shareholder (STST) [(ii)]	4,442,500	4,836,300	**9,278,800**
Total current related party debt	$ 13,321,419	$ 2,650,728	**$ 15,972,147**

i. Paid in cash
ii. ST Shipping and Transport Pte. Ltd. ("STST")

In November 2014, the Company entered into a $5 million Promissory Note (the "Note") with Bulk Invest Ltd., a company controlled by the Founders. The Note was amended in 2015 and is payable on demand. Interest on the Note is 5%. The balance of the Note at December 31, 2016 and 2015 was $2.0 million and $4.0 million, respectively.

BVH entered into an agreement for the construction of two new ultramax newbuildings in 2013. STST has provided loans totaling of $9,278,800 used to make deposits on the 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%. The outstanding balance of the note was $4,325,000 at December 31, 2016 and 2015.

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 operation of some of the Company's owned vessels. During the years ended December 31, 2016 and 2015, the Company incurred technical management fees of $1,963,200 and $2,262,000 under this arrangement, which is included in vessel operating expenses in the consolidated statements of income. The total amounts payable to Seamar at December 31, 2016 and 2015, (including amounts due for vessel operating expenses), were $1,109,570 and $1,254,985, respectively.

Contractual Obligations

The following table sets forth the Company's contractual obligations and their maturity dates as of December 31, 2016. Purchase obligations reflect the Company's agreements for the construction of two Ice-Class 1C Ultramax vessels from a Japanese shipyard through BVH, a joint venture which the Company owns a 50% interest. BVH took delivery of these vessels in January 2017.

(USD in millions)	**Total**	**Less than One Year**	**One to Three Years**	**Three to Five Years**	**More than Five Years**
Long-Term Debt	$ 128.8	19.6	$ 38.1	$ 35.6	$ 35.5
Purchase Obligations	$ 39.5	$ 39.5	$ —	$ —	$ —
	$ 168.3	$ 59.1	$ 38.1	$ 35.6	$ 35.5

Effect of Inflation

We do not believe that inflation has had a material effect on our business, results of operations or financial condition in the past two years.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of December 31, 2016 or 2015.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES

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 facilities are at 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. The Company's net effective exposure to floating interest rate fluctuations on its outstanding debt was $85.5 million and $122.8 million, respectively, at December 31, 2016 and 2015. 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 years ended December 31, 2016 and 2015 by approximately $1.2 million and $0.8 million, respectively. The Company expects its sensitivity to interest rate changes to increase in the future if the Company enters into additional floating rate debt agreements in connection with any acquisition of additional vessels.

The Company may manage interest rate risk by entering into interest rate swap agreements or other fixed rate arranements in which the Company exchanges 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. The counterparties to the Company's derivative financial instruments are major financial institutions, which helps it manage its exposure to nonperformance of its counterparties under the Company's debt agreements. As of December 31, 2015, the Company was a party to one interest rate swap agreement which had an approximate fair value of $(0.1) million. This swap was cancelled in conjunction with the repayment of the *Long Wharf Construction to Term Loan* in May 2016.

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. During the years ended December 31, 2016 and 2015, the Company entered into FFAs that were not designated for hedge accounting. The aggregate fair value of these FFAs at December 31, 2016 were liabilities of approximately $21,000. There were no open positions at December 31, 2015.

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 years ended December 31, 2016 and 2015, the Company entered into various fuel swap contracts that were not designated for hedge accounting. The aggregate fair value of these fuel swaps at December 31, 2016 were assets of $0.3 million. The aggregate value of these fuel swaps at December 31, 2015, were liabilities of approximately $0.3 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

This information appears following Item 15 of this Report and is included herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Management's Evaluation of Disclosure Controls and Procedures

As of December 31, 2016, 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 effective as of December 31, 2016.

Changes in Internal Controls Over Financial Reporting

There were no changes in our internal control over financial reporting during the fourth quarter of the fiscal year covered by this report that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for Pangaea Logistics Solutions Ltd. as such term is defined in the Securities Exchange Act of 1934. Our internal control structure is designed to provide reasonable assurance that assets are safeguarded and that transactions are properly executed and recorded. The internal control structure includes, among other things, established policies and procedures, the selection and training of qualified personnel as well as management oversight.

With the participation of our management, we performed an evaluation of the effectiveness of our internal control over financial reporting based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on our evaluation under the 2013 Framework, we have concluded that Pangaea Logistics Solutions Ltd. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016.

This annual report does not include an attestation report of the Company's registered independent accounting firm due to a reduced requirements for smaller reporting companies under the Securities Exchange Act.

Limitations on the Effectiveness of Controls

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives.

Changes in Internal Control over Financial Reporting

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 include enhanced controls and control procedural documentation.

ITEM 9B. OTHER INFORMATION.

None.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Executive Officers

Our current directors and executive officers are as follows:

Name	Age	Position
Edward Coll	60	Chairman of the Board and Chief Executive Officer
Carl Claus Boggild	60	President and Director
Anthony Laura	64	Chief Financial Officer, Secretary and Director
Richard T. du Moulin	70	Director
Mark L. Filanowski	62	Director
Paul Hong	47	Director
Peter M. Yu	55	Director
Eric S. Rosenfeld	59	Director
David D. Sgro	40	Director

Edward Coll. Mr. Coll is the Chairman of the Board and Chief Executive Officer. Mr. Coll is a founder of Pangaea and has served as its Chief Executive Officer since its inception. Prior to co-founding Bulk Partners Ltd., the predecessor company to Pangaea, in 1996, Mr. Coll spent 10 years at Continental Grain Company with assignments in New York, New Orleans, Rome and Rotterdam. He joined Commodity Ocean Transport Corp (COTCO) in 1989 and became president of the company in 1993. In this position, Mr. Coll was responsible for the overall activities and businesses of three U.S public shipping companies. Mr. Coll is an elected member of the American Bureau of Shipping and has considerable expertise in the worldwide shipping and commodities markets and lectures regularly on these topics. He holds a B.S. in nautical science from the United States Merchant Marine Academy at Kings Point and a master's degree in international business from Pace University. Mr. Coll's qualifications to sit on our board include his operational experience and deep knowledge of the shipping industry.

Carl Claus Boggild. Mr. Boggild is the President (Brazil) of the Company. Mr. Boggild is a founder of Pangaea and has served as its President (Brazil) since its inception. Prior to co-founding Bulk Partners Ltd., the predecessor company to Pangaea, in 1996, Mr. Boggild was Director of Chartering and Operations at the Korf Group of Germany. He also was a partner at Trasafra Ltd, a Brazilian agent for the largest independent grain parcel operator from Argentina and Brazil to Europe. He worked for Hudson Trading and Chartering where he was responsible for Brazilian related transportation services. As President of Commodity Ocean Transport Corporation (COTCO) he was responsible for the operations of its affiliate Handy Bulk Carriers Corporation. Prior to becoming President of COTCO, Mr. Boggild was an Executive Vice President and was responsible for its Latin American operations. Mr. Boggild holds a diploma in International Maritime Law. Mr. Boggild's qualifications to sit on our board include his operational experience and deep knowledge of the shipping industry.

Peter M. Yu. Mr. Peter M. Yu serves as a director of the Company. Mr. Yu will continue to serve as a director of Pangaea, a position he has held since 2008. Mr. Yu founded Cartesian Capital Group, LLC, a global private equity firm with more than $2 billion in commitments under management and the responsibility for more than 19 investments in a variety of fields and industries, in 2006. Prior to founding Cartesian, Mr. Yu founded AIG Capital Partners in 1996 and served as President and Chief Executive Officer. Under his leadership, AIGCP became a leading international private equity firm, with more than $4.5 billion in committed capital. Prior to founding AIGCP in 1996, Mr. Yu served President Clinton as Director to the National Economic Council, the White House office responsible for developing and coordinating economic policy. A graduate of Harvard Law School, Mr. Yu served as President of the Harvard Law Review and as a law clerk on the U.S. Supreme Court. Mr. Yu received a B.A. degree from Princeton University's Woodrow Wilson School. Mr. Yu is a director of Banco Daycoval, S.A., a publicly traded bank headquartered in Brazil. Mr. Yu is also a director of a number of private entities partly or wholly-owned by funds sponsored by Cartesian Capital Group. Mr. Yu's qualifications to sit on our board include his substantial experience in the areas of business management and financial and investment expertise.

Paul Hong. Mr. Paul Hong serves as a director of the Company. Mr. Hong is a Senior Managing Director at Cartesian Capital Group. Prior to joining Cartesian, Paul served as Senior Vice President and General Counsel of AIG Capital Partners. Paul was previously an attorney in the corporate and tax departments of Kirkland & Ellis where he specialized in private equity transactions. Paul holds an AB in Economics from Columbia College, a JD from Columbia Law School, and an LLM in Taxation from New

York University Law School. Mr. Hong's qualifications to sit on our board include his substantial experience in the areas of business management and financial and investment expertise.

Richard T. du Moulin. Mr. Richard T. du Moulin serves as a director of the Company. Mr. du Moulin is currently the President of Intrepid Shipping LLC, a position he has held since he founded Intrepid in 2002. From 1974, he spent 15 years with OMI Corporation, where he served as Executive Vice President, Chief Operating Officer, and as a member of the company's Board of Directors. From 1998 to 2002, Mr. du Moulin served as Chairman and Chief Executive Officer of Marine Transport Corporation. From 1989 to 1998, Mr. du Moulin served as Chairman and CEO of Marine Transport Lines. Mr. du Moulin is a member of the Board of Trustees and Chairman of the Seamens Church Institute of New York and New Jersey. He currently serves as a Director of Teekay Tankers and, Tidewater Inc. Mr. du Moulin served as Chairman of Intertanko, the leading trade organization for the tanker industry, from 1996 to 1999. Mr. du Moulin served in the US Navy and is a recipient of the US Coast Guard's Distinguished Service Medal. He received a BA from Dartmouth College and an MBA from Harvard University. Mr. du Moulin's qualifications to sit on our board include his operational experience and deep knowledge of the shipping industry.

Mark L. Filanowski. Mr. Mark L. Filanowski serves as a director of the Company. Mr. Filanowski formed Intrepid Shipping LLC with Richard du Moulin in 2002. He started his career at Ernst & Young from 1976 to 1984. Subsequently, Mr. Filanowski spent 4 years at Armtek Corporation, where he served as Vice President and Controller. From 1989 to 2002, he served as Chief Financial Officer and Senior Vice President at Marine Transport Corporation, which he helped take private from NASDAQ. Mr. Filanowski is a Director of ETRE REIT, LLC and is a member of the American Bureau of Shipping. Previously, he has served as the Chairman of the Board at Arvak and at Shoreline Mutual (Bermuda) Ltd., an insurance company. Mr. Filanowski was formerly a Certified Public Accountant. He earned a BS from University of Connecticut and an MBA from New York University. Mr. Filanowski's qualifications to sit on our board include his operational experience and deep knowledge of the shipping industry. On January 1, 2017, Mr. Filanowski was appointed Chief Operating Officer of the Company.

Anthony Laura. Mr. Laura is the Chief Financial Officer of the Company. Mr. Laura is a founder of Pangaea and has served as its Chief Financial Officer since its inception. Prior to co-founding Bulk Partners Ltd., the predecessor to Pangaea, in 1996, Mr. Laura spent 10 years as CFO of COTCO. Mr. Laura also served at Navinvest Marine Services from 1986 to 1996. Mr. Laura is a graduate of Fordham University.

Eric S. Rosenfeld. Eric S. Rosenfeld serves as a director of the Company. Mr. Rosenfeld served as Quartet's chairman of the board and chief executive officer from its inception through consummation of the Mergers. Mr. Rosenfeld has been the president and chief executive officer of Crescendo Partners, L.P. ("Crescendo"), a New York-based investment firm, since its formation in November 1998. Mr. Rosenfeld has formed and served as CEO and as a director of three prior special purpose acquisition companies, Arpeggio Acquisition Corporation ("Arpeggio"), Rhapsody Acquisition Corp. ("Rhapsody") and Trio Merger Corp. ("Trio"). Mr. Rosenfeld presently serves or has served on the board of directors of Arpeggio, Rhapsody, Trio, CPI Aerostructures, Inc., Cott Corporation, Absolute Software Corporation, Primoris Services Corporation ("Primoris"), Hill International, Spar Aerospace Limited, Hip Interactive, AD OPT Technologies Inc., Pivotal Corporation, Sierra Systems Group, Inc., Geac Computer Corporation Limited, Emergis Inc., Matrikon Inc., Dalsa Corporation, Computer Horizons Corp. and SAExploration Holdings Inc. Prior to forming Crescendo Partners, Mr. Rosenfeld had been managing director at CIBC Oppenheimer and its predecessor company Oppenheimer & Co., Inc. since 1985. Mr. Rosenfeld is a regular guest lecturer at Columbia Business School and has served on numerous panels at Queen's University Business Law School Symposia, McGill Law School, the World Presidents' Organization and the Value Investing Congress. He is a senior faculty member at the Director's College. He has also been a regular guest host on CNBC. Mr. Rosenfeld received an A.B. in economics from Brown University and an M.B.A. from the Harvard Business School.

David D. Sgro. David D. Sgro serves as a director of the Company. Mr. Sgro served as Quartet's chief financial officer, secretary and a member of its board of directors. He has been the Head of Research of Jamarant Capital Mgmt. since its inception in 2015. Mr. Sgro has been a Senior Managing Director of Crescendo from December 2013 to the present and has held various positions with Crescendo since May 2005. Mr. Sgro presently serves or has served on the board of directors of Trio, Primoris, Bridgewater Systems, Inc., SAExploration Holdings, Harmony Merger Corp., Imvescor Restaurant Group, Hill Intl., BSM Technologies and COM DEV International Ltd. Mr. Sgro attended Columbia Business School and prior to that, Mr. Sgro worked as an analyst and then senior analyst at Management Planning, Inc., a firm engaged in the valuation of privately held companies. Simultaneously, Mr. Sgro worked as an associate with MPI Securities, Management Planning, Inc.'s boutique investment banking affiliate. From June 2004 to August 2004, Mr. Sgro worked as an analyst at Brandes Investment Partners. Mr. Sgro received a B.S. in Finance from The College of New Jersey and an M.B.A. from Columbia Business School. In 2001, he became a Chartered Financial Analyst (CFA) Charterholder. Mr. Sgro is a regular guest lecturer at the College of New Jersey and Columbia Business School.

Our board of directors is divided into three classes with only one class of directors being elected in each year and each class serving a three-year term. Messrs. Eric Rosenfeld, Richard du Moulin, Laura and Mark Filanowski serve as Class I directors, whose term expires at the Registrant's 2018 annual meeting. Messrs. Paul Hong, Claus Boggild and David Sgro serve as Class II

directors, whose term expires at the Registrant's 2019 annual meeting and Messrs. Peter Yu and Edward Coll serve as Class III directors, whose term expires at the Registrant's 2017 annual meeting. Messrs. Rosenfeld, Hong and Sgro were appointed to serve on the Registrant's audit committee. Messrs. du Moulin, Rosenfeld and Yu were appointed to serve on the Registrant's compensation committee and nominating committee.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our officers, directors and persons who own more than ten percent of a registered class of our equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and ten percent stockholders are required by regulation to furnish us with copies of all Section 16(a) reports they file. Based solely on a review of such reports received by us and written representations from certain reporting persons that no Form 5s were required for those persons, we believe that, during the fiscal year ended December 31, 2016, all reports required to be filed by our officers, directors and persons who own more than ten percent of a registered class of our equity securities were filed on a timely basis.

Code of Ethics

In October 2014, our board of directors adopted a code of ethics that applies to directors, officers, and employees of ours and of any subsidiaries we may have in the future (including our principal executive officer, our principal financial officer, our principal accounting officer or controller, and persons performing similar functions). We will provide, without charge, upon request, copies of our code of ethics. Requests for copies of our code of ethics should be sent in writing to Phoenix Bulk Carriers (US) LLC, 109 Long Wharf, Newport, RI 02840.

Corporate Governance

Audit Committee

Effective October 2014, we established an audit committee of the board of directors, which is comprised of Eric Rosenfeld, Paul Hong and David Sgro, each of whom is an independent director. The audit committee's duties, which are specified in our Audit Committee Charter, include, but are not limited to:

- appoint and retain the independent auditor and approve the independent auditor's compensation. The Committee shall have the sole authority to terminate the independent auditor;
- pre-approve all audit services and permitted non-audit services to be performed for the Company by the independent auditor. The Committee may delegate authority to pre-approve audit services, other than the audit of the Company's annual financial statements, and permitted non-audit services to one or more members, provided that decisions made pursuant to such delegated authority shall be presented to the full Committee at its next scheduled meeting;
- evaluate the independent auditor's qualification, performance and independence on an annual basis;
- review with management and the independent auditor the audited financial statements to be included in the Company's Annual Report on Form 10-K to be filed with the Securities and Exchange Commission;
- review with the independent auditor any difficulties the auditor encountered in the course of the audit work, including any restrictions on the scope of the independent auditor's activities and any significant disagreements with management and management's response;
- recommend to the full Board, based on the Committee's review and discussion with management and the independent auditor, that the audited financial statements be included in the Company's Form 10-K;
- review the interim financial statements with management and the independent auditor prior to the filing of the Company's Quarterly Report on Form 10 Q;
- discuss with management the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations;"
- prior to the filing of each quarterly report, the Committee shall discuss with management and the independent auditor the quality and adequacy of the Company's (1) internal controls for financial reporting, including any audit steps adopted in light of internal control deficiencies and (2) disclosure controls and procedures;
- discuss with the independent auditor the auditor's judgment about the quality, not just the acceptability, of the Company's accounting principles, as applied in its financial statements and as selected by management;
- monitor the Company's assessment and plan to manage any key enterprise risks assigned to the Committee by the Board from time to time and discuss the Company's major financial risk exposures and the steps that management has taken to monitor and control such exposures;

- establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- review no less than annually management's programs governing codes of business conduct and ethics, conflicts of interest, legal, and environmental compliance and obtain reports from management regarding compliance with law and the Company's code of business conduct and ethics;
- discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;
- review analyses prepared by management setting forth significant financial reporting issues and judgments made in connection with the preparation of financial statements, including the effects of alternative GAAP measures and off-balance sheet structures, if any, on the Company's financial statements; and
- review and approve all changes in the selection or application of accounting principles other than those changes in accounting principles mandated by newly-adopted authoritative accounting pronouncements.

Financial Experts on Audit Committee

The audit committee is composed exclusively of "independent directors" who are "financially literate" as defined under the Nasdaq listing standards. The Nasdaq listing standards define "financially literate" as being able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement.

In addition, we must certify to Nasdaq that the committee has, and will continue to have, at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background that results in the individual's financial sophistication. The board of directors has determined that David Sgro qualifies as an "audit committee financial expert," as defined under rules and regulations of the SEC.

Nominating Committee

Effective October 2014, we established a nominating committee of the board of directors, which consists of Richard du Moulin, Eric Rosenfeld and Peter Yu, each of whom is an independent director. The nominating committee is responsible for overseeing the selection of persons to be nominated to serve on our board of directors. The nominating committee considers persons identified by its members, management, stockholders, investment bankers and others.

Guidelines for Selecting Director Nominees

The guidelines for selecting nominees, which are specified in our Nominating Committee Charter, generally provide that persons to be nominated:

- should have demonstrated notable or significant achievements in business, education or public service;
- should possess the requisite intelligence, education and experience to make a significant contribution to the board of directors and bring a range of skills, diverse perspectives and backgrounds to its deliberations; and
- should have the highest ethical standards, a strong sense of professionalism and intense dedication to serving the interests of our stockholders.

The Nominating Committee will consider a number of qualifications relating to management and leadership experience, background, integrity and professionalism in evaluating a person's candidacy for membership on the board of directors. The nominating committee may require certain skills or attributes, such as financial or accounting experience, to meet specific board needs that arise from time to time and will also consider the overall experience and makeup of its members to obtain a broad and diverse mix of board members. The nominating committee does not distinguish among nominees recommended by stockholders and other persons.

There have been no material changes to the procedures by which security holders may recommend nominees to our board of directors.

Compensation Committee

Effective October 2014, we established a Compensation Committee which is comprised of Richard du Moulin, Eric Rosenfeld and Peter Yu. The Compensation Committee reviews and approves compensation paid to the Company's officers and directors

and administers the Company's incentive compensation plans, including authority to make and modify awards under such plans. The Compensation Committee Charter is available on the Company's website at www.pangaeals.com.

Compensation Committee Interlocks and Insider Participations

As of December 31, 2016, none of the members of our compensation committee will be, or will have at any time during the past year been, one of our officers or employees. None of our executive officers currently serves or in the past year has served as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

ITEM 11. EXECUTIVE COMPENSATION

The Company's senior executives are generally awarded merit increases and annual incentive compensation in December of each year, following completion of annual performance review cycle.

The Company does not have employment agreements with any of its senior executives, including its executive officers.

Summary Compensation Table of the Company's Named Executive Officers

Smaller reporting companies meet the Regulation S-K Item 402 disclosure requirements by providing the shorter disclosures required under the Securities Act of 1934, specifically, the total compensation of the Company's named executive officer's which consists of (i) the Company's Chief Executive Officer, (ii) each of the Company's next two most highly compensation executive officers, other than its Chief Executive Officer, who served as an executive officer at December 31, 2016 and whose total compensation exceeded $100,000, and (iii) two individuals for whom disclosure would have been required but who were not serving as executive officers of the Company at December 31, 2016. The following table sets forth the total compensation for the fiscal years ended December 31, 2016 and 2015:

Name and Principal Position	Year	Salary	Bonus	All Other Compensation[1]	Total
Edward Coll	2016	$ 250,000	$ 450,000	$ 6,000	$ 706,000
Chief Executive Officer	2015	$ 250,000	$ 425,000	$ 6,000	$ 681,000
(Principal Executive Officer)					
Carl Claus Boggild	2016	$ 200,000	$ 100,000	$ —	$ 300,000
President – Brazil	2015	$ 200,000	$ 200,000	$ —	$ 400,000
Anthony Laura	2016	$ 200,000	$ 150,000	$ 6,000	$ 356,000
Chief Financial Officer	2015	$ 200,000	$ 150,000	$ 6,000	$ 356,000
(Principal Financial Officer)					

[1] All other compensation includes employer matching contribution to the 401(k) plan.

Narrative Disclosure to Summary Compensation Table

The Company does not have employment agreements with any of its named executive officers and has not previously granted its named executive officers any share or share-based awards. Bonuses paid to our named executive officers are purely discretionary, as determined by our Compensation Committee, and may be paid in the year following the calendar year to which they relate.

The Company maintains, and the named executive officers (other than Mr. Boggild) participate in, a 401(k) retirement savings plan. Each participant who is a United States employee may contribute to the 401(k) plan, through payroll deductions, up to 90% of his or her salary limited to the maximum allowed by the Internal Revenue Service regulations. All amounts contributed by employee participants and earnings on these contributions are fully vested at all times and are not taxable to participants until withdrawn. Employee participants may elect to invest their contributions in various established funds. The Company also makes matching contributions to the accounts of plan participants.

Except as set forth above, the Company's named executive officers generally participate in the same programs as its other employees.

Outstanding Equity Awards at Fiscal Year-End

As of December 31, 2016, none of the Company's officers, including its named executive officers held any outstanding equity or equity-based awards.

Retirement Benefits, Termination, Severance and Change in Control Payments

As of December 31, 2016, none of the Company's officers, including its named executive officers, have any retirement benefits (other than their right to participate in the Company's 401(k) retirement plan, as described above) or have any rights to severance payments.

Compensation of Non-Employee Directors.

During the fiscal year ending December 31, 2014, our board of directors established a compensation program for our non-employee directors. Under this progam, non-employee directors received a combination of cash compensation and restricted shares of our common stock, pursuant to the 2014 Long-Term Incentive Plan (the "2014 Plan"), as payment for services rendered as such members. Restricted shares vested at the rate of 50% after one year and the remaining 50% after two years. In 2017, the Board modified the compensation program and began issuing unrestricted shares of our common stock in combination with cash compensation. See ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS - *Equity Compensation Plan Information* for additional information on the 2014 Plan.

The following table sets forth compensation paid to or earned by our non-employee directors during 2016:

Name [1]	**Fees Earned or Paid in Cash**	**Stock Awards**[2]	**Total**
Mark Filanowski	$ 25,000	$ 62,502	$ 87,502
Richard DuMoulin	$ 25,000	$ 62,502	$ 87,502
Peter Yu	$ 25,000	$ 62,502	$ 87,502
Paul Hong	$ 25,000	$ 62,502	$ 87,502
Eric Rosenfeld	$ 25,000	$ 62,502	$ 87,502
David Sgro	$ 25,000	$ 62,502	$ 87,502

(1) Information for Messrs. Coll, Boggild and Laura, who served as a members of our board of directors in 2016, is not included in this table because they did not receive additional compensation for services rendered as members of our board of directors.

(2) This column represents the grant date fair value of 10,000, 8,353 and 5,041 restricted shares of our common stock made to each of our non-employee directors on May 9, 2016, August 9, 2016 and November 7, 2016, respectively. The grant date fair value was determined under FASB ASC Topic 718 utilizing the assumptions contained in Note 10 of our financial statements contained herein, excluding the effect of service-based forfeitures. As of December 31, 2016 Messrs. Filanowski, Du Moulin, Rosenfeld and Sgro each were granted a total of 52,090 restricted shares of our common stock of which 19,348 have vested. Messrs. Yu and Hong entered into transfer agreements through which shares issued to them were transferred to Pangaea One Acquisition Holdings XIV, LLC.

We also reimburse our directors for reasonable and necessary out-of-pocket expenses incurred in attending Board and committee meetings or performing other services for us in their capacities as directors.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Equity Compensation Plan Information

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants, and rights	(b) Weighted-average exercise price of outstanding options, warrants, and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by shareholders	—	—	1,506,563
Equity compensation plans not approved by shareholders	—	—	—
Total	—	—	1,506,563

During 2014, the Company adopted, and our shareholders approved, the 2014 Share Incentive Plan (the “2014 Plan”). The purpose of the 2014 Plan is to assist in attracting, retaining, motivating, and rewarding certain key employees, officers, directors, and consultants of the Company and its affiliates and promoting the creation of long-term value for our shareholders by closely aligning the interests of such individuals with those of such shareholders. The 2014 Plan authorizes the award of share-based incentives to encourage eligible employees, officers, directors, and consultants, as described below, to expend maximum effort in the creation of shareholder value.

On September 22, 2015, the Company's shareholders approved an amendment and restatement of the 2014 Plan that was adopted by the Board on August 7, 2015. The PANGAEA LOGISTICS SOLUTIONS LTD. 2014 SHARE INCENTIVE PLAN (as amended and restated by the Board of Directors on August 7, 2015), (the "Amended Plan"), limits the value of awards that may be granted to non-employee directors in any calendar year to $150,000 (calculating the value of any award based in shares to be determined based on the grant date fair value of such awards for financial reporting purposes), which limitation under the 2014 Plan was 10,000 shares.

On August 9, 2016, the Company's shareholders approved an amendment and restatement of the 2014 Plan that was adopted by the Board on May 9, 2016. The PANGAEA LOGISTICS SOLUTIONS LTD. 2014 SHARE INCENTIVE PLAN (as amended and restated by the Board of Directors on May 9, 2016), (the "Amended Plan"), increased the aggregate number of common shares with respect to which awards may be granted under the Amended Plan, such that the total number of shares made available for grant is 3,000,000. This is a net increase of 1,500,000 new shares.

Security Ownership of Certain Beneficial Owners

The following table sets forth information regarding the beneficial ownership of our common stock as of March 22, 2017 by:

- each person known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock;
- each of our officers and directors; and
- all of our officers and directors as a group.

Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.

Name and Address of Beneficial Owner (1)	*Amount and Nature of Beneficial Ownership*	*Approximate Percentage of Beneficial Ownership (2)*
Directors and Executive Officers:		
Edward Coll (3)	7,507,077	20.52%
Carl Claus Boggild (4)	7,417,105	20.27%
Anthony Laura	2,335,382	6.38%
Richard T. du Moulin* 52 Elm Avenue Larchmont, NY 10538	52,090	0.16%
Mark L. Filanowski* 71 Arrowhead Way Darien, CT 06820-5507	57,590	0.14%
Paul Hong c/o Cartesian Capital Group, LLC 505 Fifth Avenue, 15th Floor New York, NY 10017	—	—%
Eric S. Rosenfeld 777 Third Ave, 37th Floor New York, NY 10017	408,666	1.12%
David D. Sgro* 777 Third Ave, 37th Floor New York, NY 10017	133,632	0.37%
Peter Yu (4) c/o Cartesian Capital Group, LLC 505 Fifth Avenue, 15th Floor New York, NY 10017	14,045,397	38.39%
All Directors and Officers as a Group	31,956,939	87.35%
Five Percent Holders:		
Edward Coll	7,507,077	20.57%
Lagoa Investments (4)	7,417,105	20.32%
Anthony Laura	2,335,382	6.40%
Peter Yu (5)	14,045,397	38.39%
Pangaea One (Cayman), L.P. c/o Cartesian Capital Group, LLC 505 Fifth Avenue, 15th Floor New York, NY 10017	3,297,254	9.01%
Pangaea One Parallel Fund, L.P. c/o Cartesian Capital Group, LLC 505 Fifth Avenue, 15th Floor New York, NY 10017	3,081,156	8.42%

*Less than 1%.

(1) Unless otherwise indicated, the business address of each of the individuals is c/o Phoenix Bulk Carriers (US) LLC, 109 Long Wharf, Newport, Rhode Island 02840.

(2) The beneficial ownership of the common shares by the shareholders set forth in the table is determined in accordance with Rule 13d-3 under the Exchange Act, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rule, beneficial ownership includes any common shares as to which the shareholder has sole or shared voting power or investment power and also any common shares that the shareholder has the right to acquire within 60 days. The percentage of beneficial ownership is calculated based on 36,590,417 outstanding common shares. Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all common shares beneficially owned by them.

(3) Shares owned by Edward Coll include 120,000 common shares held by three irrevocable trusts for the benefit of his children as well as 25,204 open market purchases, all as to which Mr. Coll has sole or shared voting power or investment power. Accordingly, solely for purposes of reporting beneficial ownership of such shares pursuant to Section 13(d) of the Exchange Act, Mr. Coll may be deemed to be the beneficial owner of these shares.

(4) Shares owned by Lagoa Investments. Mr. Boggild is the Managing Director of Lagoa Investments and solely for purposes of reporting beneficial ownership of such shares pursuant to Section 13(d) of the Exchange Act, Mr. Boggild may be deemed to be the beneficial owner of the shares held by Lagoa Investments.

(5) Mr. Yu is a principal officer or director of the entity directly or indirectly controlling the general partner of each of Pangaea One Acquisition Holdings XIV, LLC., Pangaea One (Cayman), L.P., Pangaea One Parallel Fund, L.P., Pangaea One Parallel Fund (B), L.P., Leggonly, L.P., Malemod, L.P., Imfinno, L.P., and Nypsun, L.P. (collectively, the "Pangaea One Entities"). Accordingly, solely for purposes of reporting beneficial ownership of such shares pursuant to Section 13(d) of the Exchange Act, Mr. Yu may be deemed to be the beneficial owner of the shares held by the Pangaea One Entities.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE.

All ongoing and future transactions between us and any of our officers and directors or their respective affiliates will be on terms believed by us to be no less favorable to us than are available from unaffiliated third parties. Such transactions will require prior approval by our audit committee and a majority of our disinterested independent directors, in either case who had access, at our expense, to our attorneys or independent legal counsel. We will not enter into any such transaction unless our audit committee and a majority of our disinterested independent directors determine that the terms of such transaction are no less favorable to us than those that would be available to us with respect to such a transaction with unaffiliated third parties.

Related Party Policy

Our Code of Ethics requires us to avoid, wherever possible, all related party transactions that could result in actual or potential conflicts of interests, except under guidelines approved by the board of directors (or the audit committee). Related-party transactions are defined as transactions in which (1) the aggregate amount involved will or may be expected to exceed $120,000 in any calendar year, (2) we or any of our subsidiaries is a participant, and (3) any (a) executive officer, director or nominee for election as a director, (b) greater than 5% beneficial owner of our shares of common stock, or (c) immediate family member, of the persons referred to in clauses (a) and (b), has or will have a direct or indirect material interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity). A conflict of interest situation can arise when a person takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest may also arise if a person, or a member of his or her family, receives improper personal benefits as a result of his or her position.

We also require each of our directors and executive officers to complete a directors' and officers' questionnaire that elicits information about related party transactions.

These procedures are intended to determine whether any such related party transaction impairs the independence of a director or presents a conflict of interest on the part of a director, employee or officer.

Related Party Transactions

For more information, please read "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Related Party Transactions*."

Director Independence

We have determined that Peter Yu, Paul Hong, Richard du Moulin, Mark Filanowski, Eric Rosenfeld and David Sgro are "independent directors" under the Nasdaq listing rules, which is defined generally as a person other than an officer or employee of the Company or its subsidiaries or any other individual having a relationship, which, in the opinion of the Company's board of directors would interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director. On January 1, 2017, Mark Filanowski was appointed Chief Operating Officer of the Company and is no longer an independent director.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The firm of Grant Thornton LLP acts as our independent registered public accounting firm. The following is a summary of fees paid to Grant Thornton LLP for services rendered.

Audit Fees

Audit fees consist of the fees and expenses for professional services rendered in connection with the audit of the Company's consolidated financial statements, reviews of the consolidated financial statements included in each of the Company's Quarterly

Reports on Form 10-Q and fees for services related to the Company's registration statements, consents, and assistance with and review of documents filed with the SEC. During the years ended December 31, 2016 and 2015, the Company incurred an aggregate of $602,721 and $573,343 in audit fees.

Audit-related fees

During the each of the years ended December 31, 2016 and 2015, the Company incurred audit-related fees of $46,800, consisting of the fees and expenses for the audit of Nordic Bulk Holding Company Ltd., a subsidiary of the Company.

Tax Fees

During the years ended December 31, 2016 and 2015, our independent registered public accounting firm did not render any tax services to us.

All Other Fees

During the years ended December 31, 2016 and 2015, there were no fees billed for services provided by our independent registered public accounting firm other than those set forth above.

Pre-Approval of Audit and Non-Audit Services

Our Audit Committee charter provides that all audit services and non-audit services must be pre-approved by the Audit Committee. The Audit Committee may delegate authority to grant pre-approvals of audit and permitted non-audit services to a subcommittee consisting of one or more members of the Audit Committee, provided that any pre-approvals granted by any such subcommittee must be presented to the full Audit Committee at its next scheduled meeting. From time to time, the Audit Committee has delegated to the Chairman of the committee the authority to pre-approve audit, audit-related and permitted non-audit services.

All non-audit services were reviewed with the Audit Committee or the Chairman, which concluded that the provision of such services by Grant Thornton LLP were compatible with the maintenance of such firm's independence in the conduct of their respective auditing functions.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Pangaea Logistics Solutions, Ltd.

We have audited the accompanying consolidated balance sheets of Pangaea Logistics Solutions, Ltd. and subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pangaea Logistics Solutions, Ltd. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Boston, Massachusetts

March 22, 2017

Pangaea Logistics Solutions Ltd.
Consolidated Balance Sheets

	December 31, 2016	December 31, 2015
Assets		
Current Assets		
Cash and cash equivalents	**$ 22,322,949**	$ 37,520,240
Restricted cash	**6,100,000**	2,003,341
Accounts receivable (net of allowance of $4,752,265 at December 31, 2016 and $5,067,194 at December 31, 2015)	**20,476,797**	19,617,943
Bunker inventory	**13,202,937**	7,490,590
Advance hire, prepaid expenses and other current assets	**6,441,583**	2,679,292
Total current assets	**68,544,266**	69,311,406
Fixed assets, net	**275,265,672**	255,145,807
Investment in newbuildings in-process	**18,383,964**	42,505,783
Total assets	**$ 362,193,902**	$ 366,962,996
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable, accrued expenses and other current liabilities	**$ 23,231,179**	$ 22,156,202
Related party debt	**15,972,147**	13,321,419
Deferred revenue	**6,422,982**	4,448,795
Current portion of long-term debt	**19,627,846**	19,499,262
Dividends payable	**12,624,825**	12,724,825
Total current liabilities	**77,878,979**	72,150,503
Secured long-term debt, net	**107,637,851**	129,496,153
Commitments and contingencies - Note 11		
Stockholders' equity:		
Preferred stock, $0.0001 par value, 1,000,000 shares authorized and no share issued or outstanding	**—**	—
Common stock, $0.0001 par value, 100,000,000 shares authorized 36,590,417 and 36,503,837 shares issued and outstanding at December 31, 2016 and 2015, respectively	**3,659**	3,650
Additional paid-in capital	**133,677,321**	133,075,409
Accumulated deficit	**(17,409,579)**	(24,866,534)
Total Pangaea Logistics Solutions Ltd. equity	**116,271,401**	108,212,525
Non-controlling interests	**60,405,671**	57,103,815
Total stockholders' equity	**176,677,072**	165,316,340
Total liabilities and stockholders' equity	**$ 362,193,902**	$ 366,962,996

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

Pangaea Logistics Solutions Ltd.
Consolidated Statements of Income

	Years ended December 31,	
	2016	2015
Revenues:		
Voyage revenue	**$ 222,116,152**	$ 266,673,105
Charter revenue	**15,900,346**	20,660,136
Total revenue	**238,016,498**	287,333,241
Expenses:		
Voyage expense	**103,647,127**	125,634,706
Charter hire expense	**63,691,892**	75,922,447
Vessel operating expenses	**30,904,039**	31,559,662
General and administrative	**12,773,781**	14,966,463
Depreciation and amortization	**14,107,822**	12,730,872
Loss on impairment of vessels	**—**	5,354,023
Loss on sale of vessels	**—**	638,638
Total expenses	**225,124,661**	266,806,811
Income from operations	**12,891,837**	20,526,430
Other (expense) income:		
Interest expense, net	**(5,423,057)**	(5,419,755)
Interest expense, related party	**(314,925)**	(435,565)
Unrealized gain (loss) on derivative instruments	**2,163,484**	(377,264)
Other expense	**(158,528)**	(926,759)
Total other expense, net	**(3,733,026)**	(7,159,343)
Net income	**9,158,811**	13,367,087
Income attributable to noncontrolling interests	**(1,701,856)**	(2,090,894)
Net income attributable to Pangaea Logistics Solutions Ltd.	**$ 7,456,955**	$ 11,276,193
Earnings per common share:		
Basic	**$ 0.21**	$ 0.32
Diluted	**$ 0.21**	$ 0.32
Weighted average shares used to compute earnings per common share		
Basic	**35,158,917**	34,784,733
Diluted	**35,376,950**	34,957,542

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

Pangaea Logistics Solutions Ltd. Consolidated Statements of Changes in Stockholders' Equity

	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Total Pangaea Logistics Solutions Ltd. (Deficit) Equity	Non-Controlling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balance at December 31, 2014	—	$ —	34,756,980	$ 3,476	$ 133,955,445	$ (36,142,727)	$ 97,816,194	$ 2,531,359	$ 100,347,553
Recognized cost for restricted stock issued as compensation	—	—	—	—	457,068	—	457,068	—	457,068
Acquisition of noncontrolling interest	—	—	400,000	40	(1,336,970)	—	(1,336,930)	1,132,463	(204,467)
Distribution to noncontrolling interest	—	—	—	—	—	—	—	(504,210)	(504,210)
Conversion of related party long-term debt to noncontrolling interest	—	—	—	—	—	—	—	51,853,309	51,853,309
Issuance of restricted shares	—	—	1,346,857	134	(134)	—	—	—	—
Net income	—	—	—	—	—	11,276,193	11,276,193	2,090,894	13,367,087
Balance at December 31, 2015	—	$ —	36,503,837	$ 3,650	$ 133,075,409	$ (24,866,534)	$ 108,212,525	$ 57,103,815	$ 165,316,340
Recognized cost for restricted stock issued as compensation	**—**	**—**	**—**	**—**	**601,921**	**—**	**601,921**	**—**	**601,921**
Issuance of restricted shares, net of forfeitures	**—**	**—**	**86,580**	**9**	**(9)**	**—**	**—**	**—**	**—**
Contribution from noncontrolling interest - Note 9								**1,600,000**	**1,600,000**
Net income	**—**	**—**	**—**	**—**	**—**	**7,456,955**	**7,456,955**	**1,701,856**	**9,158,811**
Balance at December 31, 2016	**—**	**$ —**	**36,590,417**	**$ 3,659**	**$ 133,677,321**	**$ (17,409,579)**	**$ 116,271,401**	**$ 60,405,671**	**$ 176,677,072**

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

Pangaea Logistics Solutions, Ltd.
Consolidated Statements of Cash Flows

	Years ended December 31,	
	2016	2015
Operating activities		
Net income	**$ 9,158,811**	$ 13,367,087
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization expense	**14,107,822**	12,730,872
Amortization of deferred financing costs	**662,724**	745,522
Unrealized (gain) loss on derivative instruments	**(2,163,484)**	377,264
Loss from equity method investee	**—**	100,861
Provision for doubtful accounts	**922,414**	974,952
Loss on sales of vessels	**—**	638,638
Loss on impairment of vessels	**—**	5,354,023
Drydocking costs	**(42,478)**	(1,393,160)
Write off unamortized financing costs of repaid debt	**—**	72,968
Recognized cost for restricted stock issued as compensation	**601,921**	457,068
Change in operating assets and liabilities:		
Restricted cash	**1,503,341**	(1,003,341)
Accounts receivable	**(1,781,268)**	6,769,321
Bunker inventory	**(5,712,347)**	8,111,069
Advance hire, prepaid expenses and other current assets	**(3,708,549)**	3,852,662
Accounts payable, accrued expenses and other current liabilities	**3,690,569**	(17,846,557)
Deferred revenue	**1,974,187**	(7,300,131)
Net cash provided by operating activities	**19,213,663**	26,009,118
Investing activities		
Purchase of vessels	**(319,433)**	(44,799,563)
Proceeds from sales of vessels	**—**	8,265,179
Deposits on newbuildings in-process	**(9,618,964)**	(27,209,306)
Purchase of building and equipment	**(315,918)**	(55,128)
Acquisition of noncontrolling interest in consolidated subsidiary	**—**	(250,000)
Net cash used in investing activities	**(10,254,315)**	(64,048,818)
Financing activities		
Proceeds of related party debt	**4,836,300**	6,853,336
Payments on related party debt	**(2,500,497)**	(1,216,250)
Proceeds from long-term debt	**1,375,971**	67,500,000
Payments of financing and issuance costs	**(45,755)**	(1,178,310)
Payments on long-term debt	**(23,722,658)**	(22,548,460)
Payment of line of credit	**—**	(3,000,000)
Common stock accrued dividends paid	**(100,000)**	(100,000)
Increase in restricted cash	**(5,600,000)**	—
Contributions from noncontrolling interests	**1,600,000**	—
Distributions to non-controlling interest	**—**	(567,883)
Net cash (used in) provided by financing activities	**(24,156,639)**	45,742,433
Net (decrease) increase in cash and cash equivalents	**(15,197,291)**	7,702,733
Cash and cash equivalents at beginning of period	**37,520,240**	29,817,507
Cash and cash equivalents at end of period	**$ 22,322,949**	$ 37,520,240

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

Pangaea Logistics Solutions, Ltd.
Consolidated Statements of Cash Flows (continued)

	Years ended December 31,	
	2016	2015
Disclosure of noncash items		
Issuance of subsidiary common shares as settlement of related party debt - NOTE 8	**$ —**	$ 51,853,310
Cash paid for interest	**$ 4,659,015**	$ 5,407,613

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

NOTE 1 - GENERAL INFORMATION

Pangaea Logistics Solutions Ltd. and its subsidiaries (collectively, the "Company" or "Pangaea") is a provider of seaborne drybulk transportation services. Pangaea utilizes its logistics expertise to service a broad base of industrial customers who require the transportation of a wide variety of drybulk cargoes, including grains, pig iron, hot briquetted iron, bauxite, alumina, cement clinker, dolomite and limestone. The Company addresses the transportation needs of its customers by undertaking a comprehensive set of services and activities, including cargo loading, cargo discharge, vessel chartering, voyage planning, and technical vessel management.

The Company is a holding company incorporated under the laws of Bermuda as an exempted company on April 29, 2014. Bulk Partners (Bermuda) Ltd. ("Bulk Partners"), is wholly owned by the Company, and which is also a holding company that was incorporated under the laws of Bermuda as an exempted company on June 17, 2008, was formed by three individuals who are collectively referred to as the Founders.

At December 31, 2016, there are 36,590,417 common shares of the Company issued and outstanding of which the Founders own approximately 47.2%.

As of December 31, 2016, the Company owned two Panamax, four Supramax and two Handymax Ice Class 1A drybulk vessels. The Company also owned one-third of a consolidated joint venture with a fleet of six Panamax Ice Class 1A drybulk vessels. The Company also owned one-half of a consolidated joint venture that took delivery of two Ultramax Ice Class 1C drybulk vessels from the shipbuilder in January 2017. The Company acquired 50% of this joint venture from its partner on January 23, 2017 making this entity a wholly-owned subsidiary.

NOTE 2 – NATURE OF ORGANIZATION

The consolidated financial statements include the operations of Pangaea Logistics Solutions Ltd. and its wholly-owned subsidiaries (collectively referred to as "the Company"), as well as other entities consolidated pursuant to Accounting Standards Codification ("ASC") 810, *Consolidation*. A summary of the Company's consolidation policy is provided in Note 3. A summary of the Company's variable interest entities is provided at Note 4. At December 31, 2016 and 2015, entities that are consolidated pursuant to ASC 810-10 include the following wholly-owned subsidiaries:

- Bulk Partners (Bermuda) Ltd. ("Bulk Partners") – a corporation that was duly organized under the laws of Bermuda. The primary purpose of this corporation is a holding company.

- Phoenix Bulk Carriers (BVI) Limited ("PBC") – a corporation that was duly organized under the laws of the British Virgin Islands. The primary purpose of this corporation is to manage and operate ocean-going vessels.

- Phoenix Bulk Management Bermuda Limited ("PBM") – a corporation that was duly organized under the laws of Bermuda. Certain of the administrative management functions of PBC have been assigned to PBM.

- Americas Bulk Transport (BVI) Limited – a corporation that was duly organized under the laws of the British Virgin Islands. The primary purpose of this corporation is to charter ships.

- Bulk Ocean Shipping (Bermuda) Ltd. – a corporation that was duly organized under the laws of Bermuda. The primary purpose of this corporation is to manage the fuel procurement of the chartered vessels.

- Phoenix Bulk Carriers (US) LLC – a corporation that duly organized under the laws of Delaware. The primary purpose of this corporation is to act as the U.S. administrative agent for the Company.

- Allseas Logistics Bermuda Ltd. – a corporation that was duly organized under the laws of Bermuda. The primary purpose of this corporation is the Treasury Agent for the group of Companies.

- Bulk Pangaea Limited ("Bulk Pangaea") – a corporation that was duly organized under the laws of Bermuda. Bulk Pangaea was established in September 2009 for the purpose of acquiring the m/v Bulk Pangaea.

- Bulk Patriot Ltd. ("Bulk Patriot") – a corporation that was duly organized under the laws of Bermuda. Bulk Patriot was established in September 2011 for the purpose of acquiring the m/v Bulk Patriot.

- Bulk Juliana Ltd. (“Bulk Juliana”) – a corporation that was duly organized under the laws of Bermuda. Bulk Juliana was established in March 2012 for the purpose of acquiring the m/v Bulk Juliana.

- Bulk Trident Ltd. (“Bulk Trident”) – a corporation that was duly organized under the laws of Bermuda. Bulk Trident was established in August 2012 for the purpose of acquiring the m/v Bulk Trident.

- Bulk Atlantic Ltd. (“Bulk Beothuk”) – a corporation that was duly organized under the laws of Bermuda. Bulk Atlantic was established in February 2013 for the purpose of acquiring the m/v Bulk Beothuk.

- Bulk Phoenix Ltd. (“Bulk Phoenix”) – a corporation that was duly organized under the laws of Bermuda. Bulk Phoenix was established in July 2013 for the purpose of acquiring the m/v Bulk Newport.

- Nordic Bulk Barents Ltd. (“Bulk Barents”) – a corporation that was duly organized under the laws of Bermuda. Bulk Barents was established in November 2013 for the purpose of acquiring the m/v Nordic Barents.

- Nordic Bulk Bothnia Ltd. (“Bulk Bothnia”) – a corporation that was duly organized under the laws of Bermuda. Bulk Bothnia was established in November 2013 for the purpose of acquiring the m/v Nordic Bothnia.

- 109 Long Wharf LLC (“Long Wharf”) – a limited liability company that was duly organized under the laws of Delaware for the objective and purpose of holding real estate located in Newport, Rhode Island.

- Nordic Bulk Holding ApS (“NBH”) – a corporation that was duly organized in March 2009 under the laws of Denmark. The primary purpose of this corporation is to manage and operate vessels through its wholly owned subsidiary Nordic Bulk Carriers AS (“NBC”). NBC specializes in ice trading, as well as the carriage of a wide range of commodities, including cement clinker, steel scrap, fertilizers, and grains.

At December 31, 2016 and 2015, entities that are consolidated pursuant to ASC 810-10, but which are not wholly-owned, include the following:

- Nordic Bulk Holding Company Ltd. (“NBHC”) - a corporation that was duly organized under the laws of Bermuda. NBHC was established in October 2012, for the purpose of owning Bulk Nordic Odyssey Ltd. (“Bulk Odyssey”) and Bulk Nordic Orion Ltd. (“Bulk Orion”) and to invest in additional vessels through its wholly-owned subsidiaries. At December 31, 2016 and 2015 the Company had one-third ownership interest in NBHC, the remainder of which is owned by third-parties. The operating results of NBHC are 100% dependent on transactions with related parties and affiliates. Accordingly, the Company has consolidated NBHC for the years ended December 31, 2016 and 2015. Bulk Bulk Odyssey, Bulk Orion, Bulk Nordic Oshima Ltd. (“Bulk Oshima”), Bulk Nordic Olympic Ltd. (“Bulk Olympic”), Bulk Nordic Odin Ltd. (“Bulk Odin”) and Bulk Nordic Oasis Ltd. (“Bulk Oasis”), corporations duly organized under the laws of Bermuda between March 2012 and February 2015, are owned by NBHC. These entities were established for the purpose of owning m/v Nordic Odyssey, m/v Nordic Orion, m/v Nordic Oshima, m/v Nordic Olympic, m/v Nordic Odin and m/v Nordic Oasis, respectively.

- Nordic Bulk Ventures Holding Company Ltd. (“BVH”) – a corporation that was duly organized under the laws of Bermuda. BVH was established in August 2013, together with a third-party, for the purpose of owning Bulk Nordic Five Ltd. (“Five”) and Bulk Nordic Six Ltd. (“Six”). Five and Six are corporations that were duly organized under the laws of Bermuda in November 2013 for the purpose of owning m/v Bulk Destiny and m/v Bulk Endurance, new ultramax newbuildings delivered in January 2017. At December 31, 2016 and 2015, the Company had a 50% ownership interest in BVH, the remainder of which was owned by a third-party until January 2017 as discussed in Note12. The operating results of BVH are 100% dependent on transactions with related parties and affiliates. Accordingly, the Company has consolidated BVH for the years ended December 31, 2016 and 2015.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Company and its subsidiaries is presented to assist in understanding the Company’s consolidated financial statements. These accounting policies conform to accounting principles generally accepted in the United States, and have been applied in the preparation of the consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the establishment of the allowance for doubtful accounts and the estimate of salvage value used in determining vessel depreciation expense.

Consolidation

The purpose of consolidated financial statements is to present the financial position and results of operations of a company and its subsidiaries as if the group were a single company. The first step in the Company's consolidation policy is to determine whether an entity is to be evaluated for potential consolidation based on its outstanding voting interests or its variable interests. Accordingly, the Company first determines whether the entity is a Variable Interest Entity ("VIE") pursuant to the provisions of ASC 810-10. If the entity is a VIE, consolidation is based on the entity's variable interests and not its outstanding voting shares. If the entity is not determined to be a VIE, the Company evaluates the entity based on its outstanding voting interests.

Amounts pertaining to the non-controlling ownership interest held by third parties in the financial position and operating results of the Company's subsidiaries and/or consolidated VIEs are reported as non-controlling interest in the accompanying consolidated balance sheets.

As part of the Company's consolidation process, intercompany transactions are eliminated in the consolidated financial statements.

Revenue Recognition

Voyage revenues represent revenues earned by the Company, principally from providing transportation services under voyage charters. A voyage charter involves the carriage of a specific amount and type of cargo on a load port to discharge port basis, subject to various cargo handling terms. Under a voyage charter, the service revenues are earned and recognized ratably over the duration of the voyage. Estimated losses under a voyage charter are provided for in full at the time such losses become probable. Demurrage, which is included in voyage revenues, represents payments by the charterer to the vessel owner when loading and discharging time exceed the stipulated time in the voyage charter. Demurrage is measured in accordance with the provisions of the respective charter agreements and the circumstances under which demurrage revenues arise. At the time demurrage revenue can be estimated, it is included in the calculation of voyage revenue and recognized ratably over the duration of the voyage to which it pertains. Voyage revenue recognized is presented net of address commissions.

Charter revenues relate to a time charter arrangement under which the Company is paid to provide transportation services on a per day basis for a specified period of time. Revenues from time charters are earned and recognized on a straight-line basis over the term of the charter, as the vessel operates under the charter. Revenue is not earned when vessels are offhire.

Deferred Revenue

Billings for services for which revenue is not recognized in the current period are recorded as deferred revenue. Deferred revenue recognized in the accompanying consolidated balance sheets is expected to be realized within 12 months of the balance sheet date.

Voyage Expenses

The Company incurs expenses for voyage charters that include bunkers (fuel), port charges, canal tolls, broker commissions and cargo handling operations, which are expensed as incurred.

Charter Expenses

The Company charters in vessels to supplement its owned fleet to support its voyage charter operations. The Company hires vessels under time charters with third party vessel owners, 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 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 ("VOE") represent the cost to operate the Company's owned vessels. VOE include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the cost of spares and consumables, other miscellaneous expenses, and technical management fees. 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. These expenses are recognized as incurred.

Concentrations of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash equivalents, trade receivables and derivative instruments. The Company maintains its cash accounts with various high-quality financial institutions in the United States, Germany, and Bermuda. The Company performs periodic evaluations of the relative credit standing of these financial institutions. The Company does not believe that significant concentration of credit risk exists with respect to these cash equivalents. Trade accounts receivable are recorded at the invoiced amount, and do not bear interest. The Company performs ongoing credit evaluations of its customers' financial condition, but does not require collateral. Historically, credit risk with respect to trade accounts receivable has been considered minimal due to the long-standing relationships with significant customers, and their relative financial stability. However, current economic conditions could impact the collectibility of certain customers' trade receivables, which could have a material effect on the Company's results of operations. Derivative instruments are recorded at fair value. The Company does not have any off-balance sheet credit exposure related to its customers.

At December 31, 2016, two customers accounted for 29% of the Company's trade accounts receivable. At December 31, 2015, there were two customers that accounted for 59% of the Company's trade accounts receivable.

At December 31, 2016, customers in each of the following countries accounted for at least 10% of accounts receivable; the United States (30%), Canada (20%) and the Switzerland (11%). At December 31, 2015, customers in each of the following countries accounted for at least 10% of the Company's accounts receivable; Canada (41%) and the United States (35%).

For the year ended December 31, 2016, revenue from customers in each of the following countries accounted for at least 10% of total revenue; the United States (21%) and Canada (21%). For the year ended December 31, 2015, revenue from customers in each of the following countries accounted for at least 10% of total revenue; the United States (29%), Canada (15%) and Switzerland (13%).

For the year ended December 31, 2016 two customers accounted for 22% of total revenue. For the year ended December 31, 2015, one customer accounted for 13% of total revenue.

Cash and Cash Equivalents

Cash and cash equivalents include short-term deposits with an original maturity of less than three months. Cash and cash equivalents by type were as follows:

	December 31,	
	2016	2015
Money market accounts – cash equivalents	**$ 6,540,489**	$ 28,491,872
Cash [(1)]	**15,782,460**	9,028,368
Total	**$ 22,322,949**	$ 37,520,240

[(1)] Consists of cash deposits at various major banks.

Restricted Cash

Restricted cash at December 31, 2016 consists of $1.1 million held by a facility agent as required by the Bulk Atlantic Secured Note, $2.5 million held by the facility agent as required by the The Senior Secured Post-Delivery Term Loan Facility and $2.5 million held by the facility agent as required by the Bulk Nordic Odin Ltd., Bulk Nordic Olympic Ltd. Bulk Nordic Odyssey Ltd., Bulk Nordic Orion Ltd. And Bulk Nordic Oshima Ltd. – Dated September 28, 2015 - Amended and Restated Loan Agreement (See Note 12). At December 31, 2015, restricted cash consists of $0.5 million held by a facility agent as required by a letter of credit on behalf of PBC as security for a performance guarantee on a contract, $0.5 million held by a facility agent as required by

the Bulk Atlantic Secured Note and $1.0 million being held by a facility agent as required by the letter of credit issued as security for the appeal of a lawsuit brought by a shareholder.

Allowance for Doubtful Accounts

The Company provides a specific reserve for significant outstanding accounts that are considered potentially uncollectible in whole or in part. In addition, the Company's policy based on experience is to establish a reserve equal to approximately 25% of accounts receivable balances that are 30-180 days past due and approximately 50% of accounts receivable balances that are 180 or more days past due, and which are not otherwise reserved. The reserve estimates are adjusted as additional information becomes available, or as payments are made. At December 31, 2016 and 2015, the Company has provided an allowance for doubtful accounts of $4,752,265 and $5,067,194 respectively, for amounts that are not expected to be fully collected. The provision for doubtful accounts was approximately $922,000 in 2016 and $975,000 in 2015. The Company wrote off approximately $1,237,000 and $157,000 during 2016 and 2015, respectively, which amounts were previously included in the allowance, because these amounts were determined to be uncollectible.

Bunker Inventory

Inventory is primarily comprised of fuel oil purchased and stored onboard a vessel. Inventory is measured at the lower of cost under the first-in, first-out method or net realizable value.

Advanced Hire, Prepaid Expenses and Other Current Assets

Advance hire represents payment to ship owners under time-charters for days subsequent to the balance sheet date. Hire is typically paid in advance for the following fifteen days, but intervals vary by time-charter contract. Prepaid expenses include advance funding to the technical manager for vessel operating expenses, lubricating oils and stores kept on board owned vessels, certain voyage expenses paid in advance and direct costs incurred to fulfill a COA. These specifically identified costs are used to satisfy the contract and are expected to be recovered over the term of the COA. Such costs are amortized on a straight-line basis and charged equally to each of the voyages under the contract. Other assets include deposits held by counterparties to various derivative instruments and the fair value of derivative instruments when it exceeds the settlement price of the instrument.

At December 31, advance hire, prepaid expenses and other current assets were comprised of the following:

	2016	2015
Advance hire	**$ 2,232,444**	$ 1,138,300
Prepaid expenses	**1,844,522**	537,192
Other current assets	**2,364,617**	1,003,800
Total	**$ 6,441,583**	$ 2,679,292

Vessels and Depreciation

Vessels are stated at cost, which includes contract price and acquisition costs. Significant improvements to vessels are capitalized; maintenance and repairs that do not improve or extend the lives of the vessels are expensed as incurred. Depreciation is provided using the straight-line method over the remaining estimated useful lives of the vessels (excluding the time a vessel in is dry dock), based on cost less salvage value. Each vessel's salvage value is equal to the product of its lightweight tonnage and an estimated scrap rate of $300 per ton, which was determined by reference to quoted rates and is reviewed annually. The Company estimates the useful life of its vessels to be 25 years to 30 years from the date of initial delivery from the shipyard. The remaining estimated useful lives of the current fleet are 4 - 25 years. The Company does not incur depreciation expense when vessels are taken out of service for dry docking.

Vessels held for sale are carried at estimated fair value less cost to sell. No additional depreciation expense is recorded for vessels categorized as held for sale.

Dry Docking Expenses and Amortization

Significant upgrades made to the vessels during dry docking are capitalized when incurred and amortized on a straight-line basis over the five year period until the next dry docking. Costs capitalized as part of the dry docking include direct costs incurred to meet regulatory requirements that add economic life to the vessel, that increase the vessel's earnings capacity or which improve the vessel's efficiency. Direct costs include the shipyard costs, parts, inspection fees, steel, blasting and painting. Expenditures for

normal maintenance and repairs, whether incurred as part of the dry docking or not, are expensed as incurred. Unamortized dry-docking costs of vessels that are sold are written off and included in the calculation of the resulting gain or loss on sale.

Long-lived Assets Impairment Considerations

The carrying values of the Company's vessels may not represent their fair market value or the amount that could be obtained by selling the vessel at any point in time, since the market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of new vessels. Historically, both charter rates and vessel values tend to be cyclical. The carrying amounts of vessels held and used by the Company are reviewed for potential impairment when events or changes in circumstances indicate that the carrying amount of a particular vessel may not be fully recoverable. In such instances, an impairment charge would be recognized if the estimate of the undiscounted future cash flows expected to result from the use of the vessel and its eventual disposition is less than the vessel's carrying amount. This assessment is made at the asset group level which represents the lowest level for which identifiable cash flows are largely independent of other groups of assets. The asset groups established by the Company are defined by vessel size, age and classification. At December 31, 2016 and 2015, the Company identified a potential impairment indicator based on the estimated market value of its vessels. As a result, the Company evaluated each asset group for impairment by estimating the total undiscounted cash flows expected to result from the use of the asset group and its eventual disposal.

The significant factors and assumptions used in the undiscounted projected net operating cash flow analysis include: the Company's estimate of future time charter equivalent ("TCE") rates based on current rates under existing charters and contracts. The Company applies a multiple to account for expected growth or decline in TCE rates due to market conditions for periods beyond those for which rates are available. Projected net operating cash flows are net of brokerage and address commissions and exclude revenue on scheduled off-hire days. The Company uses current vessel operating expense amounts, estimated costs of drydocking and historical general and administrative expenses as the basis for its expected outflows, and applies an inflation factor it considers appropriate. The net of these inflows and outflows, plus an estimated salvage value, constitutes the projected undiscounted future cash flows.

At December 31, 2016, the estimated undiscounted future cash flows were higher than the carrying amount of the vessels in the Company's fleet and as such, no loss on impairment was recognized.

At December 31, 2015, the carrying amounts of the m/v Nordic Barents and m/v Nordic Bothnia were determined to be higher than their estimated undiscounted future cash flows because estimated TCE rates anticipated in the analysis have declined. The decrease in TCE rates is due to the fact that these vessels are older and are not preferable in a weakening market where there is an oversupply of newer tonnage. As a result, a loss on impairment of these vessels totaling approximately $5.4 million, which is equal to the excess of the carrying amount of the assets over their fair value, is included in the consolidated statements of operations.

Debt Issuance Costs, Bank Fees and Amortization

Qualifying expenses associated with commercial financing and fees paid to financial institutions to obtain financing are carried as a reduction of the outstanding debt and amortized over the term of the arrangement using the effective interest method. The unamortized portion is included as a reduction of secured long-term debt on the consolidated balance sheets.

In connection with the Company's new and amended secured term loans executed in 2016, the Company incurred financing costs of approximately $46,000. In connection with the Company's new and amended secured term loans executed in 2015, the Company incurred bank fees and financing costs of approximately $1,178,000.

Amortization of the debt issuance costs is included as a component of interest expense in the consolidated statements of income. Unamortized debt issuance costs of approximately $37,000 were written off in conjunction with the the repayment of the loan by Bulk Discovery in 2015.

The components of net debt issuance costs and bank fees, which are included in secured long-term debt on the consolidated balance sheets are as follows:

	December 31,	
	2016	2015
Debt issuance costs and bank fees paid to financial institutions	**$ 5,321,206**	$ 5,275,238
Less: accumulated amortization	**(3,792,695)**	(3,129,972)
Unamortized debt issuance costs and bank fees	**$ 1,528,511**	$ 2,145,266
Amortization included in interest expense	**$ 662,724**	$ 745,522

Accounts Payable and Accrued Expenses

The components of accounts payable and accrued expenses are as follows:

	December 31,	
	2016	2015
Accounts payable	**$ 15,435,179**	$ 14,064,870
Accrued expenses	**6,955,389**	5,232,864
Accrued interest	**412,984**	455,818
Other accrued liabilities	**427,627**	2,402,650
Total	**$ 23,231,179**	$ 22,156,202

Taxation

The Company is not subject to corporate income taxes on its profits in Bermuda because Bermuda does not impose an income tax.

NBC, a wholly-owned subsidiary of the Company, is subject to a Danish tonnage tax. NBC is not taxed on the basis of their actual income derived from their business but on an alternative income determination based on the net tons carrying capability of their fleet. As the tax is not determined based on taxable income, NBC's tax expense of approximately $198,000 (net of prior year adjustment of $79,000) and $373,000 is included within voyage expenses in the accompanying consolidated statements of operations as of December 31, 2016 and 2015, respectively.

Shipping income derived from sources outside the United States is not subject to any United States federal income tax. The Company is exempt from U.S. federal income taxation on its U.S. source shipping income if the Company's Common Stock meets either the "Controlled Foreign Corporation Test" or the "Publicly-Traded Test" under Section 883 of the Code. To the extent the Company is unable to qualify for exemption from tax under Section 883, and the U.S. source shipping income is considered to be effectively connected with the conduct of a U.S. trade or business, as defined in the Code, the Company will be subject to U.S. federal income taxation of 4% of its U.S. source shipping income on a gross basis without the benefit of deductions. If certain other conditions are present, as defined in the Code, U.S. source shipping income, net of applicable deductions, may be subject to a U.S. federal corporate income tax of up to 35% and a 30% branch profits tax. The Company believes that none of its U.S. source shipping income will be effectively connected with the conduct of a U.S. trade or business.

Since earnings from shipping operations of the Company are not subject to U.S. or foreign income taxation, the Company has not recorded income tax expense, deferred tax assets or liabilities for the years ending December 31, 2016 and 2015.

Under ASC 740-10, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The Company has determined that it has no uncertain tax positions as of December 31, 2016 and 2015. Additionally, the Company accrues interest and penalties, if any, related to unrecognized tax benefits as a component of income tax expense.

Where required, the Company complies with income tax filings in its various jurisdictions of operations. As of December 31, 2016 and 2015, the Company is not subject to U.S. federal or foreign examinations by tax authorities for years before 2013.

Restricted Common Share Awards

Compensation cost of restricted share awards is measured using the grant date fair value of the Company's common shares, as quoted on the Nasdaq Capital Market, multiplied by the total number of shares granted. Compensation cost is amortized according to the vesting period indicated in the grant agreement. Total compensation cost recognized during the years ended December 31, 2016 and 2015 is approximately $602,000 and $457,000, respectively, which is included in general and administrative expenses in the consolidated statements of operations.

Dividends

Dividends on common stock are recorded when declared by the Board of Directors. Refer to Note10 for a discussion regarding common stock dividends.

Earnings per Common Share

Basic earnings per share ("EPS") is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding during the period.

Diluted EPS is computed using the treasury stock method. Under this method, the amount of unrecognized compensation cost related to future services by employees who were awarded restricted shares is assumed to be used to repurchase common stock at the average market price during the period. The incremental shares (nonvested less repurchased) are considered to be outstanding for diluted EPS.

Foreign Exchange

The Company conducts all of its business in U.S. dollars; accordingly, there are no foreign exchange transaction gains or losses reflected in the consolidated statements of income.

Derivatives and Hedging Activities

The Company accounts for derivatives in accordance with the provisions of ASC 815, Derivatives and Hedging. The Company uses interest rate swaps to reduce market risks associated with its operations, principally changes in variable interest rates on its bank debt. Additionally, the Company uses forward freight agreements to protect against changes in charter rates and bunker (fuel) swaps to protect against changes in fuel prices. Derivative instruments are measured at fair value and are recorded as assets or liabilities.

The Company is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swaps, forward freight agreements and bunker hedges.

Segment Reporting

Operating segments are components of a business that are evaluated regularly by the chief operating decision maker ("CODM") for the purpose of assessing performance and allocating resources. Based on the information that the CODM uses, including consideration of whether discrete financial information is available for the business activities, the Company has identified multiple operating segments which have been aggregated based on considerations such as the nature of its services, customers and operations. The Company has determined that it operates under one reportable segment.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and short-term debt approximate fair value due to the short-term maturities of these instruments. The carrying amount of a portion of the Company’s long-term debt approximates fair value due to the variable interest rates associated with the related credit facilities.

At December 31, 2016, the Company has nine fully fixed rate debt facilities and one facility of which fifty percent is fixed. At December 31, 2015, the Company had six fixed rate debt facilities. The aggregate carrying amounts and fair values of the long-term debt associated with the fixed rate borrowing arrangements are as follows:

	December 31,	
	2016	2015
Carrying amount of long-term debt	**$ 82,001,821**	$ 28,320,101
Fair value of long-term debt	**$ 82,224,170**	$ 28,960,879

Fair values of these debt obligations were estimated based on quoted market prices for the same or similar issues of debt with the same remaining maturities, which is considered Level 2 in the fair value hierarchy established by ASC 820.

Reclassifications

Certain prior year amounts in the consolidated financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the Company's previously reported consolidated operations or shareholders' equity.

Recent Accounting Pronouncements

In November 2016, the FASB issued ASU 2016-18, Accounting Standards Update for Statement of Cash Flows. This update requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer be required to present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. When cash, cash equivalents, restricted cash and restricted cash equivalents are presented in more than one line item on the balance sheet, the new guidance requires a reconciliation of the totals in the statement of cash flows to the related captions in the balance sheet. Entities will also have to disclose the nature of their restricted cash and restricted cash equivalent balances. The guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within those years. Early adoption is permitted. Entities are required to apply the guidance retrospectively. The Company is currently evaluating the effect of adopting this new accounting guidance.

In February 2016, the FASB issued an ASU 2016-02, Accounting Standards Update for Leases. The update is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. The Company does not typically enter into contracts with terms exceeding six months. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted. Accordingly, the Company does not expect adoption of this guidance to have a material impact on its financial statements.

In August 2014, the FASB issued ASU 2014-15, Accounting Standards Update for Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. Under this guidance, if conditions or events raise substantial doubt about an entity's ability to continue as a going concern, but the substantial doubt is alleviated as a result of consideration of management's plans, the entity should disclose information that enables users of the financial statements to understand all of the following:

a. Principal conditions or events that raised substantial doubt about the entity's ability to continue as a going concern (before consideration of management's plans)

b. Management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations

c. Management's plans that alleviated substantial doubt about the entity's ability to continue as a going concern.

The new standard was effective for annual periods ending after December 15, 2016. Implementation of this guidance did not have a material impact on its consolidated financial statements.

In May 2014, the FASB issued an ASU 2014-09, Accounting Standards Update for Revenue from Contracts with Customers. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2017. While we are continuing to assess all potential impacts of the standard, we expect that revenue from vessels operating on time charter will continue to be recognized under current revenue recognition policies because the services being provided to its customers currently reflect the consideration to which the entity expects to be entitled in exchange for those services, and because these arrangements qualify as single performance obligations that meet the criteria to recognize revenue over time, as the customer is simultaneously receiving and consuming the benefits of these services. The performance obligation in a voyage charter is also the transportation service provided and also meets the criteria to recognize revenue over time. However, under the new standard, we expect revenue for these voyages to be recognized over the period between load port and discharge port in contrast to the current recognition policy to recognize revenue from discharge port to discharge port. The Company also believes that under the new standard, it will recognize an asset from certain costs incurred to fulfill contracts that have not begun to load if they meet the criteria outlined in this Update. Such assets will be amortized pro rata over the period of the contract. Neither of these changes is expected to have a material impact on the consolidated financial statements because the number of open voyages at any point in time are not a significant portion of the annual total and the difference in revenue is expected to be only a percentage of such voyage revenue. The new revenue standards may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect adjustment to opening retained earnings in the period of initial period of adoption and we have not yet selected which transition method we will apply. In addition, we are evaluating recently issued guidance on practical expedients as part of our transition decision.

NOTE 4 - VARIABLE INTEREST ENTITIES

The Company has evaluated all of its wholly and partially-owned entities, as well as entities with common ownership or other relationships, pursuant to ASC 810. A summary of the Company's consolidation policy is provided in Note 3. The Company has concluded that Bulk Pangaea, Bulk Patriot, Bulk Juliana, Bulk Atlantic, Bulk Trident, Bulk Phoenix, Bulk Barents, Bulk Bothnia, NBH, Long Wharf, NBHC and BVH should be consolidated as VIEs at December 31, 2016 and 2015.

Bulk Pangaea, Bulk Patriot, Bulk Juliana, Bulk Atlantic, Bulk Trident, Bulk Phoenix, Bulk Barents and Bulk Bothnia are wholly-owned subsidiaries that were established for the purpose of acquiring bulk carriers. The Company has concluded that Bulk Pangaea, Bulk Patriot, Bulk Juliana, Bulk Atlantic, Bulk Trident, Bulk Phoenix, Bulk Barents and Bulk Bothnia are VIEs due to the existence of guarantees and cross-collateralization on their outstanding debt, which is indicative of an inability to finance the entities' activities without additional subordinated financial support. Accordingly, the Company has consolidated these subsidiaries for the years ended December 31, 2016 and 2015. The consolidation of all of these entities increased total assets by approximately $46.2 million and increased total liabilities by approximately $46.0 million at December 31, 2016. Total shareholders' equity increased by approximately $0.2 million. The consolidation of all of these entities increased total assets by approximately $53.0 million and increased total liabilities by approximately $54.1 million at December 31, 2015. Total shareholders' equity decreased by approximately $1.1 million.

NBH is a wholly-owned subsidiary of the Company following the conversion of debt to equity and acquisition of the remaining outstanding shares during 2015. On June 22, 2015, N.B.V. Nordic Bulk Ventures (Cyprus) Limited ("NBV"), a wholly-owned subsidiary of the Company, acquired 24.5% of NBH for $250,000. Prior to the transaction, NBV owned 51% of NBH. This transaction follows the conversion of $4.0 million of intercompany debt held by NBV to additional share capital of NBC. On October 13, 2015, NBV acquired the remaining 24.5% of NBH in exchange for 400,000 shares of the Company. Prior to these transactions, NBC was a wholly-owned subsidiary of NBH. Following these transactions, the Company owns 100% of NBH and NBC. The Company determined that NBH is a VIE due to the fact that NBH's total equity investment at risk is not sufficient to permit it to finance its activities without additional subordinated financial support. Furthermore, the Company determined that it is NBH's primary beneficiary, as it has a controlling financial interest in NBH, and has the power to direct the activities of the entity. Accordingly, the Company has consolidated NBH for the years ended December 31, 2016 and 2015. The consolidation of NBH increased total assets by approximately $5.5 million and $6.1 million and increased total liabilities by approximately $5.1 million and $7.6 million at December 31, 2016 and 2015, respectively. Total shareholders' equity increased by approximately $0.5 million at December 31, 2016 and decreased by approximately $1.5 million at December 31, 2015.

Long Wharf was established in 2009 for the purpose of buying a new office building. Ownership of Long Wharf was transferred to the Company on October 1, 2014. The Company determined that Long Wharf is a VIE as Long Wharf's total equity investment at risk is not sufficient to permit it to finance its activities without additional subordinated financial support. The Company determined that the entities/individuals that had a variable interest in Long Wharf prior to the transfer were also related parties, and that none of those entities individually met the criteria to be the primary beneficiary, as none had the obligation to absorb the entity's losses; therefore, since the Company represented the party within the related party group that was most closely associated with the VIE, the Company concluded it was the primary beneficiary. Accordingly, the Company has consolidated Long Wharf for the years ended December 31, 2016 and 2015. The consolidation of Long Wharf increased total assets by approximately $0.7

million and $0.8 million and increased total liabilities by approximately $1.0 million and $1.2 million at December 31, 2016 and 2015, respectively. Total shareholders' equity decreased by approximately $0.4 million and $0.3 million at December 31, 2016 and 2015, respectively.

NBHC was established in March 2012, for the purpose of acquiring the m/v Nordic Odyssey, the m/v Nordic Orion and to invest in additional vessels, all through wholly-owned subsidiaries. Each of the ship owning companies owned by NBHC entered into a Head Charterparty Agreement to charter the owned vessel to ST Shipping and Transport Ltd. ("STST"), which in turn, entered into a Sub-Charterparty Agreement with NBC under a five year, fixed price, time charter arrangement. The Company determined that NBHC is a VIE and that it is the primary beneficiary of NBHC, as it has the power to direct its activities as a result of these time charter arrangements. Accordingly, the Company has consolidated NBHC for the years ended December 31, 2016 and 2015. The consolidation of NBHC increased total assets by approximately $161.3 million and $171.0 million and increased total liabilities by approximately $98.1 million and $112.0 million at December 31, 2016 and 2015, respectively. Total shareholders' equity increased by approximately $2.8 million and $1.9 million at December 31, 2016 and 2015. Amounts pertaining to the non-controlling ownership interest held by third parties in the financial position and operating results of NBHC are reported as non-controlling interest in the accompanying consolidated balance sheets. The non-controlling ownership interest attributable to NBHC amounts to approximately $60.4 million and $57.1 million at December 31, 2016 and 2015.

BVH was established in August 2013, together with a third-party, for the purpose of owning Five and Six. Five and Six were established for the purpose of owning new ultramax newbuildings to be delivered in 2017. The Company determined that BVH is a VIE and is the primary beneficiary of BVH, as it has the power to direct its activities. Accordingly, the Company has consolidated BVH and its wholly-owned subsidiaries for the years ended December 31, 2016 and 2015. The consolidation of BVH increased total assets by approximately $9.5 million and $4.4 million and increased total liabilities by approximately $9.6 million and $4.5 million at December 31, 2016 and 2015, respectively. Total shareholders' equity decreased by approximately $47,000 and $33,000 at December 31, 2016 and 2015, respectively. Amounts pertaining to the non-controlling ownership interest held by third parties in the financial position and operating results of BVH are reported as non-controlling interest in the accompanying consolidated balance sheets. The non-controlling ownership interest attributable to BVH amounts to accumulated deficits of approximately $42,000 and $28,000 at December 31, 2016 and 2015, respectively. The Company acquired the remaining 50% of BVH from its joint venture partner in January 2017.

NOTE 5 - FIXED ASSETS

At December 31, fixed assets consisted of the following:

	2016	2015
Vessels and vessel upgrades	**$ 313,102,479**	$ 279,042,265
Capitalized dry docking	**7,142,445**	7,238,119
	320,244,924	286,280,384
Accumulated depreciation and amortization	**(47,862,126)**	(33,963,405)
Vessels, vessel upgrades and capitalized dry docking, net	**272,382,798**	252,316,979
Land and building	**2,541,085**	2,541,085
Internal use software	**268,313**	268,313
Computers and equipment	**1,250,096**	934,178
	4,059,494	3,743,576
Accumulated depreciation	**(1,176,620)**	(914,748)
Other fixed assets, net	**2,882,874**	2,828,828
Total fixed assets, net	**$ 275,265,672**	$ 255,145,807

The net carrying value of the Company's fleet consists of the following:

	December 31,	
Vessel	**2016**	2015
m/v BULK PANGAEA	**$ 17,879,380**	$ 19,555,658
m/v BULK PATRIOT	**12,391,724**	13,732,984
m/v BULK JULIANA	**12,252,733**	13,096,232
m/v NORDIC ODYSSEY	**27,021,211**	28,537,024
m/v NORDIC ORION	**27,874,584**	29,242,572
m/v BULK TRIDENT	**14,962,163**	15,696,689
m/v BULK BEOTHUK	**12,006,270**	12,653,475
m/v BULK NEWPORT	**13,473,429**	14,109,300
m/v NORDIC BOTHNIA	**3,517,151**	3,700,000
m/v NORDIC BARENTS	**3,520,616**	3,700,000
m/v NORDIC OSHIMA	**31,346,414**	32,540,468
m/v NORDIC OLYMPIC	**31,560,965**	32,780,722
m/v NORDIC ODIN	**31,741,658**	32,971,855
m/v NORDIC OASIS [(1)]	**32,834,500**	—
	$ 272,382,798	$ 252,316,979

[(1)] The m/v Nordic Oasis was delivered to the Company on January 5, 2016.

At December 31, 2016, BVH had deposits on the Ultramax Ice Class 1C panamax newbuildings of approximately $18,400,000 which was included in investment in newbuildings in process on the consolidated balance sheets. These vessels were delivered to the Company in January 2017.

On July 5, 2016, the Company entered into five-year bareboat charter agreements with the owner of two vessels (which were then renamed the m/v Bulk Power and the m/v Bulk Progress). Under a bareboat charter, the charterer is responsible for all of the vessel operating expenses in addition to the charter hire. The agreement also contains a profit sharing arrangement. Scheduled increases in charter hire are included in minimum rental payments and recognized on a straight-line basis over the lease term. Profit sharing will be excluded from minimum lease payments and recognized as incurred. The rent expense under these bareboat charters (which are classified as operating leases) totals approximately $365,000 per annum.

At December 31, 2015, NBHC had deposits on one Panamax 1A Ice Class newbuilding of approximately $33,800,000 which was included in investment in newbuildings in process on the consolidated balance sheets. This vessel was delivered to the Company in January 2016.

The Company did not capitalize any dry-docking costs in 2016. The Company capitalized dry-docking costs on two vessels in 2015. The 5 year amortization period of the capitalized dry docking costs is within the remaining useful life of these vessels.

NOTE 6 - MARGIN ACCOUNTS

During December 31, 2016 and 2015, the Company was party to forward freight agreements and fuel swap contracts in order to mitigate the risk associated with volatile freight rates and fuel prices. Under the terms of these contracts, the Company is required to deposit funds in margin accounts if the market value of the hedged item declines. See Note 7 for a complete discussion of these and other derivatives. The Company had approximately $488,000 on deposit in one margin account at December 31, 2016 due to the decline in market value of its FFAs. The Company had $433,000 on deposit in one margin account at December 31, 2015, due to the decline in market value of its fuel swaps. The funds are required to remain in margin accounts as collateral until the market value of the items being hedged return to preset limits. The margin accounts are included in advance hire, prepaid expenses and other current assets in the consolidated balance sheets at December 31, 2016 and 2015.

NOTE 7 - DERIVATIVES AND FAIR VALUE MEASURES

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 December 31, 2015, 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 was fixed at 6.63%. This swap was cancelled in conjunction with the repayment of the loan in May 2016.

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 operations.

Derivative instruments are as follows:

	December 31,	
	2016	2015
Interest rate swap agreement on:		
Long Wharf Construction to Term Loan:		
Notional amount	**$ —**	$ 976,500
Effective dates		2/1/11-1/24/21
Fair value at year-end	**—**	(103,783)

The fair value of the interest rate swap agreement at December 31, 2015 was a liability of approximately $104,000, which was included in other non-current liabilities on the consolidated balance sheet based on the instrument's maturity date. The aggregate change in the fair value of the interest rate swap agreement for the years ended December 31, 2016 and 2015 were gains of approximately $104,000 and $8,500, respectively, which are reflected in unrealized 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. In 2016 and 2015, the Company entered into various fuel swap contracts that were not designated for hedge accounting. The aggregate fair value of these fuel swaps at December 31, 2016 and 2015 are assets of approximately $304,000 and liabilities of $1,777,000, respectively, 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 years ended December 31, 2016 and 2015 resulted in gains of approximately $2,081,000 and losses of approximately $386,000, which are included in 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, 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. During the years ended December 31, 2016 and 2015, the Company entered into FFAs that were not designated for hedge accounting. The aggregate fair value of these FFAs at December 31, 2016 were liabilities of approximately $21,000. There were no open positions at December 31, 2015.

Fair Value Hierarchy

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

Level 2 – observable inputs other than quoted prices in active markets for identical assets and liabilities

Level 3 – unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions

	Balance at December 31, 2016	Level 1	Level 2	Level 3
Margin accounts	**$ 488,084**	**$ 488,084**	**$ —**	**$ —**
Fuel swap contracts	**$ 303,675**	**$ —**	**$ 303,675**	**$ —**
Forward freight agreements	**$ (20,950)**	**$ —**	**$ (20,950)**	**$ —**

	Balance at December 31, 2015	Level 1	Level 2	Level 3
Margin accounts	$ 433,000	$ 433,000	$ —	$ —
Interest rate swaps	$ (103,783)	—	$ (103,783)	—
Fuel swap contracts	$ (1,776,975)	—	$ (1,776,975)	—

The estimated fair values of the Company's interest rate swap instruments 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 8 - RELATED PARTY TRANSACTIONS

Amounts and notes payable to related parties consist of the following:

	December 31, 2015	Activity	**December 31, 2016**
Included in accounts payable and accrued expenses on the consolidated balance sheets:			
Affiliated companies (trade payables)	$ 1,254,985	$ (145,415)	**$ 1,109,570**
Included in current related party debt on the consolidated balance sheets:			
Loan payable – 2011 Founders Note	$ 4,325,000	$ —	**$ 4,325,000**
Interest payable – 2011 Founders Note [(i)]	553,919	(185,572)	**368,347**
Promissory Note	4,000,000	(2,000,000)	**2,000,000**
Loan payable – BVH shareholder (STST) [(ii)]	4,442,500	4,836,300	**9,278,800**
Total current related party debt	$ 13,321,419	$ 2,650,728	**$ 15,972,147**

i. Paid in cash
ii. ST Shipping and Transport Pte. Ltd. ("STST")

In November 2014, the Company entered into a $5 million Promissory Note (the “Note”) with Bulk Invest Ltd., a company controlled by the Founders. The Note was amended in 2015 and is payable on demand. Interest on the Note is 5%. The balance of the Note at December 31, 2016 and 2015 was $2 million and $4 million, respectively.

BVH entered into an agreement for the construction of two new ultramax newbuildings in 2013. STST has provided loans totaling of $9,278,800 used to make deposits on the 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%. The outstanding balance of the note was $4,325,000 at December 31, 2016 and 2015.

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 operation of some of the Company’s owned vessels. During the years ended December 31, 2016 and 2015, the Company incurred technical management fees of $1,963,200 and $2,262,000 under this arrangement, which is included in vessel operating expenses in the consolidated statements of income. The total amounts payable to Seamar at December 31, 2016 and 2015, (including amounts due for vessel operating expenses), were $1,109,570 and $1,254,985, respectively.

NOTE 9 - SECURED LONG-TERM DEBT

Long-term debt consists of the following:

	December 31, 2016	December 31, 2015
Bulk Pangaea Secured Note (1)	**$ 1,040,625**	$ 1,734,375
Bulk Patriot Secured Note (1)	**1,087,500**	2,312,500
Bulk Trident Secured Note (1)	**5,737,500**	6,375,000
Bulk Juliana Secured Note (1)	**3,042,186**	3,718,229
Bulk Nordic Odin Ltd., Bulk Nordic Olympic Ltd. Bulk Nordic Odyssey Ltd., Bulk Nordic Orion Ltd. and Bulk Nordic Oshima Ltd. Amended and Restated Loan Agreement (2)	**77,325,001**	89,625,000
Bulk Atlantic Secured Note	**5,350,000**	6,530,000
Bulk Phoenix Secured Note (1)	**6,816,685**	7,649,997
Term Loan Facility of USD 13,000,000 (Nordic Bulk Barents Ltd. and Nordic Bulk Bothnia Ltd.)	**7,097,820**	10,717,370
Bulk Nordic Oasis Ltd. Loan Agreement (2)	**20,000,000**	21,500,000
109 Long Wharf Commercial Term Loan	**1,032,067**	978,210
Phoenix Bulk Carriers (US) LLC Automobile Loan	**28,582**	—
Phoenix Bulk Carriers (US) LLC Master Loan	**236,242**	—
Total	**128,794,208**	151,140,681
Less: current portion	**(19,627,846)**	(19,499,262)
Less: unamortized bank fees	**(1,528,511)**	(2,145,266)
Secured long-term debt	**$ 107,637,851**	$ 129,496,153

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

(2) The borrower under this facility is NBHC, of which the Company and its joint venture partners, STST and ASO2020, each own one-third. NBHC is consolidated in accordance with ASC 810-10 and as such, amounts pertaining to the non-controlling ownership held by these third parties in the financial position of NBHC are reported as non-controlling interest in the accompanying balance sheets.

The Senior Secured Post-Delivery Term Loan Facility

On July 14, 2016, the Company, through its wholly owned subsidiaries, Bulk Pangaea, Bulk Patriot, Bulk Juliana, Bulk Trident and Bulk Phoenix, entered into the Third Amendatory Agreement, (the "Third Amendment"), amending and supplementing the Loan Agreement dated April 15, 2013, as amended by a First Amendatory Agreement dated May 16, 2013 and by a Second Amendatory Agreement dates August 28, 2013. The Third Amendment extends the maturity dates and modifies the repayment schedule of the 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 Third Amendment defers the final three quarterly installments of $346,875, extending the maturity date to October 19, 2017. The interest rate is fixed at 3.96% through the original maturity date, at which time the rate becomes floating at LIBOR plus 3.5%.

Bulk Patriot Secured Note

Initial amount of $12,000,000, entered into in September 2011, for the acquisition of the m/v Bulk Patriot. The Third Amendment defers the two final quarterly installments of $543,750, extending the maturity date to July 19, 2017. The interest rate is fixed at 4.01% through the original maturity date, at which time the rate becomes floating at LIBOR plus 3.5%.

Bulk Trident Secured Note

Initial amount of $10,200,000, entered into in April 2012, for the acquisition of the m/v Bulk Trident. The Third Amendment defers two quarterly installments, increases the following three installments to $550,000 and the next four installments to $327,500. A balloon payment of $2,777,500 is payable on October 19, 2018. The interest rate is fixed at 4.29%.

Bulk Juliana Secured Note

Initial amount of $8,112,500, entered into in April 2012, for the acquisition of the m/v Bulk Juliana. The Third Amendment defers three installments and increases the final six quarterly installments to $507,031. The final payment is due in July 19, 2018. The interest rate is fixed at 4.38%.

Bulk Phoenix Secured Note

Initial amount of $10,000,000, entered into in May 2013, for the acquisition of m/v Bulk Newport. The Third Amendment defers two quarterly installments, which are followed by one installment of $500,000, two of $700,000 and seven installments of $442,858. A balloon payment of $1,816,659 is payable on July 19, 2019. The interest rate is fixed at 5.09%.

The Third Amendment contains financial covenants that require the Company to maintain a minimum net worth and minimum liquidity, on a consolidated basis. The facility also contains a consolidated leverage ratio and a consolidated debt service coverage ratio. 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 December 31, 2016, the Company was in compliance with these covenants. At December 31, 2015, the Company was granted a waiver of compliance with the consolidated debt service coverage ratio by the facility agent and was in compliance with the other covenants.

Bulk Atlantic Secured Note

Initial amount of $8,520,000, entered into on February 18, 2013, for the acquisition of m/v Bulk Beothuk. The 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 $4,170,000 due in February 2018. Interest is fixed at 6.46%.

The Bulk Atlantic Secured Note is collateralized by the vessel m/v Bulk Beothuk and is guaranteed by the Company. The agreement contains a collateral maintenance ratio clause and a minimum EBITDA to fixed charges ratio. During 2016, the Company increased the letter of credit held by the facility agent to $1.1 million in order to remain in compliance with the collateral maintenance ratio clause. As of December 31, 2016, and 2015, the Company is in compliance with these covenants.

Bulk Nordic Odin Ltd., Bulk Nordic Olympic Ltd. Bulk Nordic Odyssey Ltd., Bulk Nordic Orion Ltd. And Bulk Nordic Oshima Ltd. – Dated September 28, 2015 - Amended and Restated Loan Agreement

The amended agreement advanced $21,750,000 in respect of each the m/v Nordic Odin and the m/v Nordic Olympic; $13,500,000 in respect of each the m/v Nordic Odyssey and the m/v Nordic Orion, and $21,000,000 in respect of the m/v Nordic Oshima.

The agreement requires repayment of the advances as follows:

In respect of the Odin and Olympic advances, repayment to be made in 28 equal quarterly installments of $375,000 per borrower (one of which was paid prior to the amendment by each borrower) and balloon payments of $11,233,150 due with each of the final installments in January 2022.

In respect of the Odyssey and Orion advances, repayment to be made in 20 quarterly installments of $375,000 per borrower and balloon payments of $5,677,203 due with each of the final installments in September 2020.

In respect of the Oshima advance, repayment to be made in 28 equal quarterly installments of $375,000 and a balloon payment of $11,254,295 due with the final installment in September 2021.

Interest on 50% of the advances to Odyssey and Orion will be fixed at 4.24% in March 2017. Interest on the remaining advances to Odyssey and Orion is floating at LIBOR plus 2.40% (3.40% at December 31, 2016). Interest on 50% of the advances to Odin and Olympic was fixed at 3.95% in January 2017. Interest on the remaining advances to Odin and Olympic is floating at LIBOR plus 2.0% (3.0% at December 31, 2016). Interest on 50% of the advance to Oshima was fixed at 4.16% in January 2017. Interest on the remaining advance to Oshima is floating at LIBOR plus 2.25% (3.25% at December 31, 2016).

The amended loan is secured by first preferred mortgages on the m/v Nordic Odin, m/v Nordic Olympic, m/v Nordic Odyssey, m/v Nordic Orion and m/v Nordic Oshima, the assignment of earnings, insurances and requisite compensation of the five 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 vessels plus the net realizable value of any additional collateral provided, to remain above defined ratios. At December 31, 2016 and 2015, the Company was in compliance with this clause. At December 31, 2016 and 2015, the Company was in compliance with this clause. On August 8, 2016, the Company prepaid $4.8 million of the debt which was allocated across each of the Tranches and which reduced the final installments of each tranche, as follows: Odyssey and Orion - $697,797; Oshima - $1,120,705; Odin and Olympic - $1,141,850. These amounts are reflected in the balloon payments noted above. The funds for the prepayment were contributed equally by each of the NBHC shareholders.

The Bulk Nordic Oasis Ltd. - Loan Agreement -- Dated December 11, 2015

The agreement advanced $21,500,000 in respect of the m/v Nordic Oasis. The agreement requires repayment of the advance in 24 equal quarterly installments of $375,000 beginning on March 28, 2016 and a balloon payment of $12,500,000 due with the final installment in March 2022. Interest on this advance is fixed at 4.30%.

The loan is secured by a first preferred mortgage on the m/v Nordic Oasis, the assignment of earnings, insurances and requisite compensation of the entity, and by guarantees of its shareholders. Additionally, the agreement contains a collateral maintenance ratio clause which requires the fair market value of the vessel plus the net realizable value of any additional collateral previously provided, to remain above defined ratios. As of December 31, 2016 and 2015, the Company was in compliance with this covenant.

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

Barents and 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 loan is secured by mortgages on the m/v Nordic Bulk Barents and m/v Nordic Bulk Bothnia and is guaranteed by the Company.

The facility bears interest at LIBOR plus 2.50% (3.50% at December 31, 2016). 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 $1,755,415 (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 and a minimum value clause ("MVC"), of not less than 100% of the outstanding indebtedness. The Company was in compliance with the minimum value clause at December 31, 2016 and 2015.

On February 22, 2016, the Company was notified by the facility agent of an MVC breach. On March 15, 2016, additional cash collateral of approximately $1,200,000, which was deposited by the Company during 2015, was applied to the outstanding balance of the facility. On May 5, 2016, the Company prepaid the installments due in June 2016 and an additional $547,955 per vessel, for a total of $711,000 per vessel, in order to cure the breach. These prepayments reduced the amount of the balloon payments due at maturity and are reflected in the balloon payments noted above.

109 Long Wharf Commercial Term Loan

Initial amount of $1,096,000 entered into on May 27, 2016. The *Long Wharf Construction to Term Loan* was repaid from the proceeds of this new facility. The loan is payable in 120 equal monthly installments of $9,133. Interest is floating at the 30 day LIBOR plus 2.00% (2.80% at December 31, 2016). The loan is collateralized by all real estate located at 109 Long Wharf,

Newport, RI, and a corporate guarantee of the Company. The loan contains a maximum loan to value covenant and a debt service coverage ratio. At December 31, 2016, the Company was in compliance with these covenants.

Phoenix Bulk Carriers (US) LLC Automobile Loan

The Company purchased a commercial vehicle for use at the site of its port project on the Atlantic Coast. The total loan amount of $29,435 is payable in 60 equal monthly installments of $539. Interest is fixed at 3.74%.

Phoenix Bulk Carriers (US) LLC Master Equipment Loan

The Company purchased commercial equipment for use at the site of its port project on the Atlantic Coast. The total loan amount of $250,536 is payable in 48 equal monthly installments of $5,741. Interest is fixed at 4.75%.

The future minimum annual payments under the debt agreements are as follows:

	Years ending December 31,
2017	$ 19,627,846
2018	21,704,371
2019	16,371,749
2020	19,021,179
2021	16,618,718
Thereafter	35,450,345
	$ 128,794,208

NOTE 10 - COMMON STOCK AND NON-CONTROLLING INTEREST

Common stock

The Company has 100,000,000 shares of common stock ($0.0001 par value) authorized, of which 36,590,417 were issued as of December 31, 2016.

During 2014, the Company adopted the 2014 Share Incentive Plan (the “2014 Plan”). The purpose of the 2014 Plan is to assist in attracting, retaining, motivating, and rewarding certain key employees, officers, directors, and consultants of the Company and its affiliates and promoting the creation of long-term value for our shareholders by closely aligning the interests of such individuals with those of such shareholders. The 2014 Plan authorizes the award of share-based incentives to encourage eligible employees, officers, directors, and consultants to expend maximum effort in the creation of shareholder value. Shares authorized for awards under the 2014 Plan were 1.5 million.

On September 22, 2015, the Company's shareholders approved an amendment and restatement of the 2014 Plan that was adopted by the Board on August 7, 2015. The PANGAEA LOGISTICS SOLUTIONS LTD. 2014 SHARE INCENTIVE PLAN (as amended and restated by the Board of Directors on August 7, 2015), limits the value of awards that may be granted to non-employee directors in any calendar year to $150,000 (calculating the value of any award based in shares to be determined based on the grant date fair value of such awards for financial reporting purposes), which limitation under the 2014 Plan was 10,000 shares.

On August 9, 2016, the Company's shareholders approved an amendment and restatement of the 2014 Plan that was adopted by the Board on May 9, 2016. The PANGAEA LOGISTICS SOLUTIONS LTD. 2014 SHARE INCENTIVE PLAN (as amended and restated by the Board of Directors on May 9, 2016), (the "Amended Plan"), increased the aggregate number of common shares with respect to which awards may be granted under the Amended Plan, such that the total number of shares made available for grant is 3,000,000. This is a net increase of 1,500,000 new shares.

At December 31, 2016, shares issued to members of our board of directors who are not our employees totaled 312,540 restricted shares of our common stock pursuant to the Amended Plan. These restricted shares vest at the rate of 50% after one year and the remaining 50% after two years. Vested shares at December 31, 2016 total 86,088. There were 30,000 shares vested at December 31, 2015.

At December 31, 2016, shares issued to employees under the Amended Plan totaled 1,180,897 after forfeitures. These restricted shares vest at the rate of one-third of the total granted on each of the third, fourth and fifth anniversaries of the vesting commencement date. Vested shares at December 31, 2016 total 16,000. There were no shares vested at December 31, 2015.

Total non-cash compensation cost recognized during the years ended December 31, 2016 and 2015 is approximately $602,000 and $457,000, respectively, which is included in general and administrative expenses in the consolidated statements of operations.

	Restricted share awards pursuant to the Amended Plan	
	Shares	Weighted-Average Grant-Date Fair Value Per Share
Nonvested shares at December 31, 2015	1,376,857	$ 2.45
Granted	**146,364**	2.66
Vested	**(102,088)**	3.29
Forfeited	**(59,784)**	2.39
Nonvested at December 31, 2016	**1,361,349**	**$ 2.46**

	Fiscal Years Ended December 31,	
	2016	2015
Fair value of restricted shares vested	**$ 336,364**	$ 142,500
Unrecognized compensation cost for restricted shares	**$ 2,768,484**	$ 3,120,082
Weighted average remaining period to expense for restricted shares (years)	**3.30**	3.33

Dividends

Dividends on common stock are recorded when declared by the Board of Directors.

Dividends payable consist of the following, all of which are payable to related parties:

	2008 common stock dividend	2012 common stock special dividend	2013 common stock dividend	2013 Odyssey and Orion dividend	Total
Balance at December 31, 2014	$ 2,574,125	$ 2,934,357	$ 6,411,540	$ 904,803	$ 12,824,825
Paid in cash	(100,000)	—	—	—	(100,000)
Balance at December 31, 2015	2,474,125	2,934,357	6,411,540	904,803	12,724,825
Paid in cash	(100,000)	—	—	—	(100,000)
Balance at December 31, 2016	**$ 2,374,125**	**$ 2,934,357**	**$ 6,411,540**	**$ 904,803**	**$ 12,624,825**

Non-controlling interest

Amounts pertaining to the non-controlling ownership interest held by third parties in the financial position and operating results of the Company's subsidiaries and/or consolidated VIEs are reported as non-controlling interest in the accompanying consolidated balance sheets. The non-controlling ownership interest attributable to NBHC and its wholly-owned shipowning subsidiaries amounts to approximately $60,449,000 and $57,133,000 at December 31, 2016 and 2015, respectively. Non-controlling interest attributable to BVH was approximately $(42,000) and $(28,000), respectively at December 31, 2016 and 2015. See Note 12.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

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.

Vessel Acquisition and Sale-Leaseback

In December 2013, the Company entered into shipbuilding contracts for the construction of two ultramax vessels for $28,950,000 each. At December 31, 2016, the Company had approximately $18,400,000 on deposit with the shipyard for these newbuildings. The total purchase obligations under the shipbuilding contracts total approximately $39,500,000 at December 31, 2016.

The Company entered into a sale-leaseback financing agreement for one of the two ultramax vessels under construction. The selling price of the vessel to the new owner (lessor) is $21,000,000. The lease back is recorded as a capital lease based on the transfer of ownership of the vessel to the Company at the end of the seven year lease term. At inception of the lease, the Company (seller-lessee) intends to recognize a loss equal to the difference between the vessel's undepreciated cost and its fair value at the time of sale, of approximately $5.0 million.

The Company financed the final payment for the second vessel with a commercial facility.

Long-term Contracts Accounted for as Operating Leases

As discussed in Note 5, the Company entered into bareboat charter contracts with the owner of two ultramax vessels. The charters are recorded as operating leases and as such, the minimum rental payments are being recognized on a straight-line basis over the lease term. Profit sharing is excluded from minimum rental payments and recognized as incurred.

The Company leases office space for its Copenhagen operations. The lease can be terminated with six months prior notice after June 30, 2018.

Obligations under Operating Leases:

	Years ending December 31,
2017	581,008
2018	581,008
2019	365,000
2020	365,000
2021	193,000
	2,085,016

NOTE 12 - SUBSEQUENT EVENTS

On January 7, 2017, the Company took delivery of two Ultramax Ice Class 1C bulk carriers. The Company financed the vessels under separate financing arrangements.

The m/v Bulk Destiny was financed under a sale-leaseback transaction for a total of $21.0 million, inclusive of the purchase price at the end of the seven-year lease term, as follows:

The Bulk Nordic Five Ltd. Purchase Agreement dated October 27, 2016

The agreement obligated Bulk Nordic Five Ltd. to sell the m/v Bulk Destiny upon Acquisition Completion (as defined), as part of the financing arrangements for the vessel, and following the sale, charter the vessel from the buyer under a Bareboat Charter. As noted above, the vessel was delivered on January 7, 2017, at which time the purchase agreement became effective.

The Company (seller) will recognize a loss equal to the difference between the vessel's undepreciated cost and its fair value at the time of sale of approximately $5.0 million.

The Bulk Nordic Five Ltd. Bareboat Charter Party dated October 27, 2016

The bareboat charter party will be recorded as a capital lease because the agreement contains a bargain purchase option. The agreement requires 28 hire payments consisting of a fixed and variable portion beginning on April 6, 2017, and a balloon payment of $11,200,000 due with the final hire payment on January 7, 2024.

The bareboat charter party is secured by a first preferred mortgage on the m/v Bulk Destiny, the assignment of earnings, insurances and requisite compensation of the entity, and by guarantees of its shareholders. Additionally, the agreement contains a collateral maintenance ratio clause which requires the fair market value of the vessel plus the net realizable value of any additional collateral previously provided, to remain above defined ratios.

The Company obtained commercial financing with a European bank for the m/v Bulk Endurance, which is apportioned into a senior debt tranche of $16.0 million and a junior debt tranche of $3.5 million, as follows:

The Bulk Nordic Six Ltd. - Loan Agreement -- Dated December 21, 2016

The agreement advanced $19,500,000 in respect of the m/v Bulk Endurance on January 7, 2017. The agreement requires repayment of this Tranche A in 3 equal quarterly installments of $100,000 beginning on April 7, 2017 and thereafter, 17 equal quarterly installments of $266,667 and a balloon payment of $11,667,667 due with the final installment in March 2022. Interest on this advance is floating at LIBOR plus 2.75% (3.75% at December 31, 2016). The agreement also advanced $3,500,000 in respect of the m/v Bulk Endurance on January 7, 2017. The agreement requires repayment of this Tranche B in 18 equal quarterly installments of $65,000 beginning on October 7, 2017, and a balloon payment of $2,330,000 due with the final installment in March 2022. Interest on this advance is floating at LIBOR plus 6.00% (7.00% at December 31, 2016).

The loan is secured by a first preferred mortgage on the m/v Bulk Endurance, the assignment of earnings, insurances and requisite compensation of the entity, and by guarantees of its shareholders. Additionally, the agreement contains a minimum liquidity requirement, positive working capital of the borrower and a collateral maintenance ratio clause which requires the fair market value of the vessel plus the net realizable value of any additional collateral previously provided, to remain above defined ratios.

In January 2017, the Company purchased its joint venture partner’s 50% interest in BVH for $0.8 million, which became a wholly-owned subsidiary thereafter.

Quarterly Data

(Unaudited)	2016				2015			
(Dollars in millions, except per share amounts. Figures may not foot due to rounding)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenues:								
Voyage revenue	$ 42.0	$ 53.5	$ 66.0	$ 60.6	$ 90.6	$ 60.9	$ 64.6	$ 50.6
Charter revenue	2.0	3.4	4.8	5.7	4.5	4.2	6.6	5.3
	43.9	57.0	70.8	66.3	95.1	65.1	71.2	55.9
Expenses:								
Voyage expense	18.5	26.8	29.2	29.2	45.3	28.1	30.4	21.8
Charter hire expense	8.5	15.0	19.7	20.5	24.7	15.2	20.6	15.5
Vessel operating expenses	6.9	7.9	7.5	8.6	7.8	7.1	8.5	8.2
General and administrative	3.0	2.9	3.2	3.6	4.3	3.9	3.6	3.1
Depreciation and amortization	3.5	3.5	3.5	3.5	3.0	3.3	3.2	3.3
Loss on impairment of vessels	—	—	—	—	—	—	—	5.4
Loss on sale of vessels	—	—	—	—	0.1	0.5	0.1	—
Total expenses	40.4	56.2	63.0	65.5	85.2	58.1	66.3	57.2
Income (loss) from operations	3.5	0.8	7.8	0.8	9.9	7.0	4.9	(1.3)
Other income (expense):								
Interest expense, net	(1.4)	(1.5)	(1.3)	(1.3)	(1.4)	(1.3)	(1.5)	(1.2)
Interest expense related party debt	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Unrealized (loss) gain on derivative instruments	(0.3)	1.4	0.2	1.0	0.8	0.4	(0.5)	(1.1)
Other expense	(0.1)	0.1	—	(0.1)	0.1	0.1	—	(1.1)
Total other expense, net	(1.9)	(0.2)	(1.2)	(0.5)	(0.6)	(1.0)	(2.1)	(3.5)
Net income (loss)	1.6	0.6	6.6	0.3	9.3	6.0	2.8	(4.8)
(Income) loss attributable to noncontrolling interests	(0.4)	(0.5)	(0.5)	(0.3)	(1.7)	(0.6)	0.2	—
Net income (loss) attributable to Pangaea Logistics Solutions Ltd.	$ 1.2	$ 0.1	$ 6.1	$ 0.1	$ 7.6	$ 5.5	$ 3.0	$ (4.8)

Quarterly Data (continued)

(Unaudited)	2016				2015			
(Dollars in millions, except per share amounts)	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Earnings (loss) per common share:								
Basic	**$ 0.03**	**$ —**	**$ 0.17**	**$ 0.002**	**$ 0.22**	**$ 0.16**	**$ 0.09**	**$ (0.14)**
Diluted	**$ 0.03**	**$ —**	**$ 0.17**	**$ 0.002**	**$ 0.22**	**$ 0.16**	**$ 0.09**	**$ (0.14)**
Weighted average shares used to compute earnings per common share								
Basic	**35,130,211**	**35,150,453**	**35,165,532**	**35,189,068**	**34,696,980**	**34,696,980**	**34,696,980**	**35,045,132**
Diluted	**35,201,307**	**35,337,290**	**35,347,403**	**35,581,897**	**34,695,930**	**34,887,177**	**35,004,808**	**35,382,734**
Common Stock Information:								
Price Range:								
High	**3.53**	**2.74**	**2.92**	**2.69**	**4.70**	**3.77**	**3.68**	**3.65**
Low	**2.46**	**2.29**	**2.25**	**2.12**	**2.70**	**2.22**	**2.72**	**2.57**

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 March 23, 2017.

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)

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Edward Coll and Anthony Laura and each of them, as attorney-in-fact with full power of substitution and re-substitution, for him or her and in his or her name, place or stead, in any and all capacities, to sign any and all amendments to this annual report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this annual report on Form 10-K has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Edward Coll Edward Coll	Chairman of the Board and Chief Executive Officer	March 23, 2017
/s/ Carl Claus Boggild Carl Claus Boggild	President (Brazil) and Director	March 23, 2017
/s/ Anthony Laura Anthony Laura	Chief Financial Officer, Principal Accounting Officer and Director	March 23, 2017
/s/ Peter M. Yu Peter M. Yu	Director	March 23, 2017
/s/ Paul Hong Paul Hong	Director	March 23, 2017
/s/ Richard T. du Moulin Richard T. du Moulin	Director	March 23, 2017
/s/ Mark L. Filanowski Mark L. Filanowski	Director	March 23, 2017
/s/ Eric S. Rosenfeld Eric S. Rosenfeld	Director	March 23, 2017
/s/ David D. Sgro David D. Sgro	Director	March 23, 2017

Exhibit no.	Description	Incorporated By Reference		Filed herewith
		Form	Date	
2.1	Agreement and Plan of Reorganization, dated as of April 30, 2014, by and among Quartet Merger Corp., Quartet Holdco Ltd., Quartet Merger Sub Ltd., Pangaea Logistics Solutions, Ltd., and the securityholders of Pangaea Logistics Solutions, Ltd.	S-1	2/4/2015	
3.1	Certificate of Incorporation of the Company, as amended	S-1	2/4/2015	
3.2	Bye-laws of Company	S-1	2/4/2015	
10.1	Form of Escrow Agreement among Quartet Holdco Ltd., the Representative (as described in the Agreement and Plan of Reorganization), the securityholders of Pangaea Logistics Solutions, Ltd., and Continental Stock Transfer & Trust Company, as Escrow Agent.	S-1	2/4/2015	
10.2	Form of Lock-Up Agreement.	S-1	2/4/2015	
10.3	Form of Registration Rights Agreement between Quartet Holdco Ltd. and certain holders identified therein.	S-1	2/4/2015	
10.4	$1.048 Million Secured Construction Loan Agreement	S-1	2/4/2015	
10.5	$9.12 Million Secured Term Loan	S-1	2/4/2015	
10.6	$4.55 Million Secured Term Loan	S-1	2/4/2015	
10.7	$40.0 Million Secured Loan Facility	S-1	2/4/2015	
10.8	$8.52 Million Term Loan	S-1	2/4/2015	
10.9	$5.685 Million Secured Loan Facility	S-1	2/4/2015	
10.10	Post-Delivery Facility	S-1	2/4/2015	
10.11	$10.0 Million Loan from Shareholder	S-1	2/4/2015	
10.12	January 10, 2013 Related Party Loan with ASO 2020 Maritime S.A.	S-1	2/4/2015	
10.13	March 18, 2013 Related Party Loan with ASO 2020 Maritime S.A.	S-1	2/4/2015	
10.14	June 18, 2013 Related Party Loan with ASO 2020 Maritime S.A.	S-1	2/4/2015	
10.15	Related Party Loan with ST Shipping and Transport Pte. Ltd.	S-1	2/4/2015	
10.16	$5.0 million Loan Agreement from Bulk Partners (Bermuda) Ltd. to Nordic Bulk Carriers AS	S-1	2/4/2015	
10.17	Lease of 109 Long Wharf, Newport, RI 02840	S-1	2/4/2015	
10.18	$13.0 Million Term Loan	S-1	2/4/2015	
10.19	Nordic Bulk Holding Company Ltd. Shareholders Agreement	S-1	2/4/2015	
10.20	Nordic Bulk Ventures Holding Company Shareholders Agreement	S-1	2/4/2015	
10.25	Loan Agreement (Revolving Line of Credit) by and between Phoenix Bulk Carriers (US) LLC and Rockland Trust Company	S-4	5/13/2014	
10.26	Pangaea Logistics Solutions Ltd. 2014 Share Incentive Plan (as amended and restated by the Board of Directors on August 7, 2015)	S-1/A	9/16/2015	
10.27	Bulk Nordic Odin Ltd., Bulk Nordic Olympic Ltd., Bulk Nordic Odyssey Ltd., Bulk Nordic Orion Ltd. and Bulk Nordic Oshima Ltd. Amended and Restated Loan Agreement	10-Q	11/13/2015	
10.28	Bulk Nordic Oasis Ltd. Loan Agreement	10-K	3/23/2016	
10.29	Amendment No. 2 to Shareholders Agreement dated January 10, 2013, as amended by Amendment No. 1 dated July 31, 2013 regarding Nordic Bulk Holding Company Ltd.	10-K	3/23/2016	
10.30	THIRD AMENDATORY AGREEMENT	10-Q	8/15/2016	
10.31	Purchase Agreement by and between Bulk Nordic Five Ltd. and Nicole Navigation S.A. dated October 27, 2016			X
10.32	Bareboat Charter Party by and between Nicole Navigation S.A and Bulk Nordic Five Ltd. dated October 27, 2016			X
10.33	Nordic Bulk Six Ltd. Loan Agreement			X

10.34	Stock Purchase Agreement Nordic Bulk Ventures Holding Company Ltd. by and between Bulk Fleet Bermuda Holding Company Ltd. and ST Shipping and Transport Pte. Ltd.			X
10.35	Purchase Agreement Addendum by and between Bulk Nordic Five Ltd. and Nicole Navigation S.A. dated October 27, 2016			X
14.1	Code of Ethics	8-K	10/8/2014	
23.1	Consent of Independent Registered Public Accounting Firm			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 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 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

Dated October 27, 2016

BULK NORDIC FIVE LTD.

(as Seller)

AND

NICOLE NAVIGATION S.A.

(as Buyer)

PURCHASE AGREEMENT

relating to one 59,000 DWT Ice Class Ultramax bulk carrier named BULK DESTINY

NORTON ROSE FULBRIGHT

Contents

Clause Page

THIS AGREEMENT is made on October 27, 2016

BETWEEN:

(1) **BULK NORDIC FIVE LTD.**, a Bermuda exempted company incorporated under the laws of Bermuda with company number 48423 and having its registered office at3rd Floor, Par la Ville Place, 14 Par la Ville Road, Hamilton HM08, Bermuda (the **Seller**); and

(2) **NICOLE NAVIGATION S.A.** a company incorporated in Panama, having its registered office at Paseo del Mar and Pacific Avenues, Costa del Este, MMG Tower, 23rd Floor, Panama City, Republic of Panama (the **Buyer**).

The Seller and Buyer are each **Party** to this Agreement and are referred to collectively as the **Parties**.

WHEREAS:

(A) By a shipbuilding contract entered into between the Builder and Sumitomo, the Builder agreed to design, build, launch, complete and deliver the Vessel (each as defined below).

(B) By the Construction and Sale Agreement entered into between Sumitomo (as contractor) and the Seller (as buyer), Sumitomo agreed to sell and the Seller agreed to buy the Vessel.

(C) As a part of the financing arrangements for the Vessel the Seller has agreed to sell and the Buyer has agreed to buy the Vessel pursuant to the terms of this Agreement and the Quadpartite Agreement.

(D) Following the sale of the Vessel under this Agreement the Vessel shall be chartered to the Seller by the Buyer under the Bareboat Charter (as defined below).

IT IS AGREED AS FOLLOWS:

1 Definitions and interpretation

1.1 Definitions

In this Agreement:

Acquisition Completion is the event which occurs upon all the transactions specified in clause 4.2 taking effect

Bareboat Charter means the bareboat charter agreement dated on or about the date of this Agreement between the Seller (as bareboat charterer) and the Buyer (as the owner)

Board of Directors means the board of directors of the Seller

Builder means Oshima Shipbuilding Co., Ltd. a company incorporated under the laws of Japan with its registered address at 1605-1, Oshima-cho, Saikai-shi, Nagasaki-ken, 857-2494, Japan

Business Day means a day on which Banks are open for general business in Tokyo, New York and London

Compulsory Acquisition means requisition for title or other compulsory acquisition, requisition, appropriation, expropriation, nationalisation, deprivation, forfeiture or confiscation for any reason of the Vessel by any Government Entity or other competent authority, whether de jure or de facto, but shall exclude requisition for use or hire not involving requisition of title

Construction and Sale Agreement means the construction and sale agreement dated 2 December 2013 between Sumitomo (as contractor) and the Seller (as buyer), as amended from time to time, including but not limited to the Quadpartite Agreement

Fee Letter means the fee letter setting out amongst other things the total amount of the Upfront Fee (as defined in the Bareboat Charter) payable to the Buyer by the Seller dated on or about the date of the Bareboat Charter

Government Entity means (whether having a distinct legal personality or not): (a) any government or any governmental, semi-governmental or judicial entity or authority, including any local or state government; and (b) any board, commission, department, division, organ, instrumentality, court or agency of any such entity, however constituted

Indirect Tax means any goods and services tax, consumption tax, sales tax, VAT or other value added tax or any tax of a similar nature (however so described)

Insolvency Event means, in relation to any person, the occurrence of any of the following events:

(a) Insolvency: that person is unable or admits inability to pay its debts as they fall due, or is deemed to, or is declared to, be unable to pay its debts under applicable law, or becomes insolvent or stops or suspends making payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or moratorium is declared in respect of that person's indebtedness;

(b) The value of the assets of that person is less than its liabilities (taking into account contingent and prospective liabilities);

(c) Insolvency Proceedings: any order is made, petition is presented, any meeting is convened for the passing of a resolution or other act or action is taken for the winding-up, liquidation, administration or commencement of other formal insolvency proceedings of that person in any jurisdiction;

(d) Appointment of receivers and managers: any administrative or other receiver or trustee or other court or creditor designated insolvency officer is appointed of that person or any material part of its assets or any other steps are taken to enforce any Security Interest over all or any material part of the assets of that person;

(e) Analogous proceedings: there occurs, in relation to that person in any jurisdiction, any event which corresponds with, or has an effect equivalent or similar to, any of the events mentioned in the foregoing paragraphs; or

(f) Composition or voluntary arrangement: any step (including petition, proposal or convening a meeting) is taken with a view to a composition, assignment or arrangement with any creditors of that person

Legal Reservations means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;

(b) the time barring of claims under the Limitation Act 1980 and the Foreign Limitation Periods Act 1984, the possibility that an undertaking to assume liability for, or indemnify a person against, non-payment of any stamp duty may be void and defences of set-off or counterclaim; and

(c) similar principles, rights and defences under the laws of any Relevant Jurisdiction

Loan means the principal amount of the borrowing under the Loan Agreement or the principal amount from time to time owing under the Loan Agreement

Loan Agreement means the facility agreement dated on or around the date of this Agreement between the Buyer (as borrower) and Sumitomo Mitsui Finance and Leasing Co., Ltd. (as lender) pursuant to which Sumitomo Mitsui Finance and Leasing Co., Ltd. provided or will provide a loan facility to the Buyer to assist with the purchase of the Vessel pursuant to this Agreement

Pangaea means Pangaea Logistics Solutions Ltd., an exempted company incorporated in Bermuda with company number 49020 and with its registered address at3rd Floor, Par la Ville Place, 14 Par la Ville Road, Hamilton HM08, Bermuda.

Pangaea Guarantee means the irrevocable and on demand guarantee dated on or about the date of the Bareboat Charter granted by Pangaea in favour of the Buyer guaranteeing all obligations owed by the Seller to the Buyer under the Transaction Documents and in form and substance satisfactory to the Buyer

Protocol of Delivery and Acceptance means the protocol of delivery and acceptance in respect of the Vessel executed by the Seller and the Buyer and substantially in the form attached to Schedule 2 of this Agreement or otherwise agreed by the Seller and Buyer

Purchase Price means twenty one million U.S. Dollars (US$21,000,000) and being exclusive of any Taxes including indirect Taxes

Quadpartite Agreement means the agreement dated on or about the date of this Agreement entered into between the Builder, Sumitomo, the Charterer and the Owner in connection with the delivery and the purchase of the Vessel by the Owner

Relevant Jurisdiction means in relation to any person:

(a) its jurisdiction of incorporation;

(b) any jurisdiction where any asset subject to or intended to be subject to the Security Documents to be created is situated or registered;

(c) any jurisdiction where it conducts its business; and

(d) the jurisdiction whose laws govern the perfection of any of the Security Documents

Security Assets means, amongst other rights, the rights of the Seller in and to insurances and requisition compensation in respect of the Vessel assigned or to be assigned by it pursuant to the Security Assignment

Security Assignment means the agreement pursuant to which the Seller (as bareboat charterer) assigns in favour of the Buyer certain interests with respect to the Vessel including, amongst other things, the insurances, insurance proceeds and requisition compensation in respect of the Vessel.

Security Documents means the Security Assignment and the Pangaea Guarantee and any documents ancillary to those documents

Security Interest means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, security interest, title retention or other encumbrance securing, or any right conferring a priority of payment in respect of, any obligation of any person

Sumitomo means Sumitomo Corporation a company incorporated under the laws of Japan with its registered office at Harumi Island Triton Square Office Tower Y, 8-11 Harumi 1-chome, Chuo-ku, Tokyo 104-8610 Japan

Tax means any present and/or future tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same)

Total Loss means in relation to the Vessel, its:

(a) actual or constructive or compromised or agreed or arranged total loss, as applicable, including such loss as may arise during a requisition for hire;

(b) Compulsory Acquisition;

(c) confiscation, seizure, condemnation, arrest, restraint, or disappearance of the Vessel, as applicable, (other than by reason of Compulsory Acquisition) which deprives the Seller of the use of the Vessel for a period in excess of thirty (30) days from the relevant event occurring;

(d) any hijacking, piracy, theft, capture or detention of the Vessel, as applicable, (other than by reason of Compulsory Acquisition) which deprives the Seller of the use of the Vessel, as applicable, for a period in excess of sixty (60) days from the relevant event occurring; or

(e) any requisition for hire or use of the Vessel, as applicable, for more than sixty (60) days (or such longer period as the Buyer may agree)

Transaction Documents means the following documents:

(a) this Agreement;

(b) the Quadpartite Agreement;

(c) the Bareboat Charter;

(d) the Security Assignment;

(e) the Fee Letter;

(f) the Vessel Mortgage;

(g) the Loan Agreement;

(h) any Manager's Undertaking (as such term is referred to in the Bareboat Charter);

(i) the Pangaea Guarantee; and

(j) all notices and acknowledgements provided for in the Security Assignment and any Managers Undertaking (as such term is referred to in the Bareboat Charter)

US$ or U.S. Dollars means the lawful currency from time to time of the United States of America

Vessel means the 59,000 DWT Ice Class Ultramax bulk carrier named “Bulk Destiny” bearing hull number 10762 which upon delivery to the Buyer pursuant to the terms and conditions of this Agreement, will be registered under the demise charter registration in and under the laws and flag of Panama with the Buyer as the registered owner and the Seller as the demise charterer

Vessel Mortgage means the Panamanian law vessel mortgage to be granted by the Buyer in favour of the lender(s) under the Loan Agreement over the Vessel

1.2 Headings

Clause headings and the index are inserted for convenience of reference only and shall be ignored in the interpretation of this Agreement.

1.3 References

In this Agreement, unless the context otherwise requires:

(a) references to clauses and schedules are to be construed as references to clauses of, and schedules to, this Agreement and references to this Agreement include its schedules;

(b) references to (or to any specified provision of) this Agreement or any other document shall be construed as references to this Agreement, that provision or that document as in force for the time being and as amended in accordance with the terms thereof, or, as the case may be, with the agreement of the relevant parties;

(c) references to a "law" include references to any regulation, statute, ordinance, treaty or other legislative measure or any present or future direction, request, requirement or rule of any government or any agency of any state or any self-regulating organisation (whether or not having the force of law but if not having the force of law only if compliance therewith is in accordance with the general practice of persons to whom the same applies);

(d) words importing the plural shall include the singular and vice versa;

(e) references to a person shall be construed as references to an individual, firm, company, corporation, unincorporated body of persons, partnership, joint venture, association, joint stock company, trust or any Government Entity;

(f) references to a time of day are to Tokyo time;

(g) references to any enactment shall be construed as references to such enactment as re-enacted, amended or extended; and

(h) references to any person include the successors and permitted assigns of such person.

2 Representations and warranties

The Seller represents and warrants to the Buyer on the date of this Agreement and on Acquisition Completion, that the following statements are true and accurate;

(a) it is duly incorporated as an exempted company in good standing under the laws of Bermuda and has full power to carry on its business as it is now being conducted and to own its property and other assets and has full power and authority to enter into and perform its obligations under this Agreement and to consummate the transactions contemplated by this Agreement;

(b) the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorised by all necessary corporate and other action on its part and do not contravene any applicable law, order or regulation, judgement, decree or permit binding on it or any of its assets or its constitutional documents;

(c) neither the execution, delivery and performance by it of this Agreement, nor the consummation of any of the transactions by it contemplated by this Agreement, require the consent or approval of, the giving of notice to, the registration with, or the taking of any other action in respect of, any governmental authority or agency or any court, except such as have been obtained (or will have been obtained at the time of Acquisition Completion) and are in full force and effect;

(d) no default or termination event (however so described) has occurred under the Transaction Documents nor has any Insolvency Event occurred in relation to itself or Pangaea;

(e) immediately prior to Acquisition Completion it is the sole legal and beneficial owner of the (i) Vessel (subject to completion of the purchase in accordance with the Contract of Construction and Sale) and the (ii) Security Assets which it will assign in favour of the Buyer pursuant to the Security Documents to which it is party and it has not sold or transferred all or any part or interest in the Vessel or such Security Assets to a third party nor has it created or permitted any Security Interests over all or any part of the Vessel or such Security Assets other than in favour of the Buyer;

(f) subject to Legal Reservations, each of the Security Documents to which it is a party is effective to create the legal, valid and enforceable Security Interest which is expressed to be created thereby; and

(g) subject to Legal Reservations, this Agreement constitutes, its legal, valid and binding obligations.

3 Conditions precedent

3.1 The obligation of the Buyer to buy the Vessel hereunder shall be conditional upon:

(a) the Buyer receiving in a form satisfactory to it (i) all documentation necessary for any preliminary registration of the Vessel in the relevant ship registry (if required) together with (ii) all documents required by such registry, the Vessel insurers and any other third party in connection with the Vessel, each to be received with sufficient time to allow the Buyer to approve and execute such documents and the Seller to then register and process such documents and registrations in time for Acquisition Completion;

(b) the Buyer having received from the Seller (i) a copy of the constitutional documents of the Seller (being the memorandum of association and bye-laws and the amendments thereto reflecting the latest and complete bye-laws and certificate of incorporation (and certificate of incorporation on change of name, if any), the latest shareholding composition and its register of directors and officers); (ii) a copy of the corporate resolutions of the Seller (being the resolutions of the shareholders and the Board of Directors) approving the sale of the Vessel and the execution, delivery and performance of this Agreement, the Transaction Documents to which it is party and any documents ancillary thereto and authorising its officers and/or attorneys in fact to execute, deliver and perform this Agreement, the Transaction Documents to which it is party and any documents ancillary thereto and to give all notices and take all other action on behalf of the Seller; (iii) to the extent applicable, a copy of any power of attorney granted by the Seller in connection with its execution of this Agreement and the Transaction Documents to which it is party and any ancillary documents thereto, in each case, certified by a duly authorised person of the Seller, as true, complete, accurate and neither amended nor revoked and (iv) certificate (signed by an authorised representative of the Seller in accordance with its bye-laws) certifying that each copy document relating to it specified in this clause 3 is correct, complete, in full force and effect as at a date no earlier than the date of this Agreement;

(c) the Buyer having received from the Seller a provisional certificate of ownership and encumbrance issued by the competent authorities of the flag state of the Vessel not more than three (3) Business Days before the date of Acquisition Completion evidencing (i) the Buyer's ownership of the Vessel, and (ii) that the Vessel is free from registered mortgages and encumbrances;

(d) the Buyer having received the originals or certified true copy of the executed and dated Transaction Documents;

(e) the Buyer having received from the Seller a copy of all documents the Seller has received from Sumitomo and the Builder pursuant to delivery of the Vessel under the terms of the Construction and Sale Agreement as set out in Article VII(3) therein and clause 2 of the Quadpartite Agreement (each in a form and substance satisfactory to the Buyer), with each certified by a duly authorised signatory of the Seller, as true, complete, accurate and neither amended nor revoked

(f) the Buyer having received from the Seller a copy of the report from the Buyer's insurance adviser in form and substance satisfactory to the Buyer confirming that the Compulsory Insurances (as such term is defined in the Bareboat Charter) in relation to the Vessel are, or will be, in force at the Delivery (as such term is defined in the Bareboat Charter);

(g) the Buyer having received from the Seller the Upfront Fee (as such term is defined in the Fee Letter);

(h) each of the representations and warranties stated by the Seller in clause 2 hereof being true and correct;

(i) each of the Transaction Documents being in full force and effect and no event of default or termination event (however so described) having occurred under any of them;

(j) the Vessel not having suffered a Total Loss nor any damage which in the reasonable opinion of the Buyer (acting on the advice of appropriate advisors) means the Vessel may be or become a Total Loss;

(k) evidence satisfactory to the Buyer that arrangements for the registration, filing and stamping of the Security Documents and the Vessel Mortgage with the relevant registries of the Relevant Jurisdictions are capable of being satisfied on Delivery (as such term is defined in the Bareboat Charter);

(l) the Buyer being satisfied that each of the conditions precedent under clause 3 of the Bareboat Charter have been satisfied or will be satisfied at the time of Delivery (as such term is defined in the Bareboat Charter);

(m) the Buyer having received or being satisfied that it will receive on Acquisition Completion all other documents, in form satisfactory to the Buyer, evidencing that the Buyer shall receive the Vessel with good title free of any Security Interests on Acquisition Completion together with such other documents and evidence as the Buyer may reasonably require,

provided that all of the conditions precedent at clause 3.1(a) to (m) inclusive are satisfied by 31 March 2017.

3.2 The Seller and the Buyer agree that, in the event of a Total Loss or where the Bareboat Charter has been terminated (each prior to delivery of the Vessel under this Agreement), this Agreement shall be void and neither party shall have any obligations hereunder other than to refund (with interest) any payment received hereunder, if any.

4 Acquisition Completion

4.1 Acquisition Completion shall occur at such time and date as the Buyer and the Seller may mutually agree following the fulfilment or waiver of all the conditions precedent set out in clause 3, whereupon the following transactions will take effect in the order shown in clause 4.2 provided that if any one of such transactions is not completed then no transaction shall take effect and the Seller shall repay any moneys received by it hereunder, if any, and the Buyer shall cooperate with the Seller, at the Seller’s cost, to cause the transfer or otherwise amend the preliminary registration of the Vessel under the Panamanian flag from the Buyer to the Seller.

4.2 The transactions which take effect at Acquisition Completion are:

(a) payment by the Buyer to Sumitomo of eighteen million eight hundred and forty five thousand U.S. Dollars (US$18,845,000);

(b) payment by the Buyer to the Seller of two million one hundred and fifty five thousand U.S. Dollars (US$2,155,000); and

(c) delivery of the Vessel by the Seller to the Buyer and execution and delivery by the Seller to the Buyer of a bill of sale in respect of the Vessel in accordance with clause 6.4.

4.3 If the Seller and Sumitomo propose the moneys to be paid at Acquisition Completion are to vary from those detailed in clause 4.2(a) and (b) above, the Seller shall procure it, together with Sumitomo, notifies the Buyer of such variation no later than 10 (ten) days before Acquisition Completion. For the avoidance of doubt the Buyer's written approval shall be required for any such variation.

5 Payment

5.1 The payments to the persons set out above in clause 4.2 shall be made to the following account or other account as designated by the Seller on a conditional basis:

Seller Account

Account number:

Account name:

Account with:

Sort code:

BIC/SWIFT:

IBAN:

Sumitomo Account

Account number:

Account name:

Account with:

Sort code:

BIC/SWIFT:

IBAN:

5.2 Each payment under this Agreement shall be paid in U.S. Dollars in immediately available cleared funds and free of bank charges.

5.3 All payments to be made by each party hereunder shall be made in full without any set-off or counterclaim whatsoever and free and clear of all deductions or withholdings whatsoever save only as may be required by law.

6 Sale of the Vessel

6.1 The Seller shall sell the Vessel to the Buyer and the Buyer shall purchase the Vessel in each case upon and subject to the terms and conditions of this Agreement, free from all Security Interests, in consideration of the payment by the Buyer to the Seller of the Purchase Price.

6.2 Subject to the terms and conditions of this Agreement, delivery of the Vessel shall be deemed to take place wherever the Vessel may be at the time of Acquisition Completion.

6.3 At least five (5) Business Days before the expected Acquisition Completion, subject to and in accordance with the terms and conditions of this Agreement and MT199 Swift messages in form and substance satisfactory to each of the Seller's nominated bank, Sumitomo's nominated bank, the Buyer, Sumitomo and the Seller, the Buyer shall make the payments set out in clause 4.2 to a suspense account of Sumitomo's nominated bank and the Seller's nominated bank (as applicable) on a conditional basis and such payments shall be released to the Seller's designated bank account and Sumitomo's designated bank account (as applicable) as detailed in clause 5.1 upon delivery of the Vessel from the Seller to the Buyer and as evidenced by the signing of the Protocol of Delivery and Acceptance (substantially in the form as set out in Schedule 2 hereto) by authorised representatives of the Seller and the Buyer respectively. For the avoidance of doubt any interest earned on the moneys to be paid to the suspense account in accordance with clause 4.2 shall be for the Buyer only.

6.4 Subject to the terms and conditions of this Agreement, the transfer of all of the Seller's rights, title and interest and risk in and to the Vessel on Acquisition Completion shall be effected by delivery to the Buyer of a bill of sale, substantially in the form of Schedule 1 Part A to this Agreement, duly notarised and legalised or apostilled as necessary and upon such delivery, all of such rights, title, interest and risk of the Seller in and to the Vessel shall pass from the Seller to the Buyer.

6.5 Immediately following the delivery of such bill of sale to the Buyer:

(a) the Seller and the Buyer shall both sign a Protocol of Delivery and Acceptance substantially in the form set out at Schedule 2 to this Agreement confirming the time of delivery of the Vessel to the Buyer; and

(b) the Buyer shall sign an acceptance of the bill of sale for the purposes of the registration of the transfer of title with the flag state, substantially in the form of Schedule 1 Part B, duly notarised and legalised or apostilled as necessary.

6.6 At Acquisition Completion, the Seller shall, at its expense (and shall use its reasonable endeavours to procure that any third parties shall), promptly execute and deliver all documents, and do all things, that the Buyer as registered owner and the Seller as demise charterer may on and following Acquisition Completion reasonably require for the purpose of transferring and registering the transfer of the title to the Vessel in the name of the Buyer and otherwise for giving full effect to the provisions of this Agreement, it being understood that any expenses incurred by the Buyer to procure the documents set forth in clause 2 of the Quadpartite Agreement shall be at the cost of the Seller.

7 Spare parts and bunkers

7.1 The Seller shall deliver the Vessel to the Buyer with everything belonging to her (and the property of the Seller) on board and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Seller, used or unused, whether on board or not shall upon Acquisition Completion become the Buyer's property. The Seller shall not be obliged to replace spare parts including spare tail-end shaft(s) and spare propellers/propeller blade(s) which are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyer. The radio installation and navigational equipment shall be included in the sale without extra payment, if same is the property of the Seller.

The master's, officer's and crew's personal belongings including slop chest shall be excluded from the sale.

7.2 It is acknowledged by the parties hereto, that any remaining unused stores and unbroached lubricating oils and bunkers on board the Vessel at the time of Acquisition Completion belong to the Seller and are excluded from the sale.

8 Extent of Seller's liability in respect of sale

8.1 The Seller warrants to the Buyer that:

(a) immediately prior to delivery of the bill of sale to the Buyer, the Seller will have a good and valuable right to transfer title to the Vessel; and

(b) all of Seller’s right, title and interest to the Vessel will be free from all Security Interests.

8.2 As between the Seller and the Buyer, the Vessel, with everything belonging to her (together with any property of the Seller), shall be at the Seller's risk until Acquisition Completion.

9 Expenses

9.1 The Seller shall pay all stamp, transfer, documentary, translation, registration or other like duties or sale taxes (including but not limited to any Taxes and Indirect Taxes) imposed on or otherwise arising in connection with the sale of the Vessel.

9.2 The Seller shall upon demand indemnify the Buyer against all costs and expenses (including legal fees) in connection with the purchase of the Vessel hereunder including but not limited to the sale of the Vessel not proceeding other than as a direct result of the Buyer's wilful default or gross negligence.

10 Counterparts

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts shall together constitute one and the same Agreement.

11 Notices

Any notice required or authorised to be given under this Agreement shall be served by being delivered by hand or sent by first class post or fax to the party for whom it is intended at the address of such party given below:

11.1 To the Seller:

Bulk Nordic Five Ltd.

c/o Phoenix Bulk Carriers (US) LLC

Long Wharf, Newport, Rhode Island, United States of America

Fax: +1.401.846.1520

Attention: Mr. Neil McLaughlin
Email: nmclaughlin@phoenixbulkus.com

To the Buyer:

Nicole Navigation S.A.

c/o Sumitomo Mitsui Finance and Leasing Co., Ltd.

1-3-2, Marunouchi, Chiyoda-ku, Tokyo, 100-8287, Japan

Fax: +81-3-52196574 / +1-212-224-4865

Attention: Mr.Tomoyuki Tsuji / Mr.Mitsunori Owada

E-mail: tsuji-t@smfl.co.jp / mitsunori_owada@smflus.com

Any notice so served shall be deemed to have been given by fax when sent (provided that the relevant confirmation of receipt has been received) or, if given by first class post at the expiration of 3 days after it shall have been posted.

12 Miscellaneous

12.1 Third Parties Act

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

12.2 Waivers

No failure or delay on the part of the either party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise by a party of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

12.3 Remedies cumulative

The remedies provided in this Agreement are cumulative and are not exclusive of any remedies provided by law.

12.4 Partial illegality

If any term or provision of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement and application of such term or provision to persons or circumstances (other than those as to which it is already invalid or unenforceable) shall not be affected thereby and each term and provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law.

12.5 Variation

This Agreement shall only be varied by an instrument in writing executed by the parties hereto.

12.6 Assignment

The Seller may not assign or transfer any of its rights or obligations under this Agreement.

13 Governing law and jurisdiction

13.1 Law

This Agreement and any non-contractual obligations connected with it are governed by and shall be construed in accordance with English law.

13.2 Jurisdiction

(a) The courts of England have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including any dispute relating to any non-contractual obligation arising from or in connection with this Agreement and any dispute regarding the existence, validity or termination of this Agreement (a **Dispute**).

(b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

(c) This clause 13.2 is for the benefit of the Buyer only. As a result, the Buyer shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Buyer may take concurrent proceedings in any number of jurisdictions.

IN WITNESS whereof each of the parties hereto has entered into this Agreement the day and year first above written.

Schedule 1

Form of Bill of Sale and Acceptance

Part A - BILL OF SALE

Prescribed by the Commissioners of Customs & Excise With the consent Of the Secretary Of State for Trade and Industry

Form No. 10A X.S.79A

BILL OF SALE (Body Corporate)

Permanent Patente number	Name of Ship	Built, year and port of registry	Whether a sailing, steam or motor ship	Total Engine Power
Official No. IMO No.	**BULK DESTINY**	**, Panama**	**Motor Ship**	**KW**

	Metres		Number of Tons	
			Gross	Net
Length Registered				
Breadth				
Moulded Depth				

And as described in more detail in the Register Book

We, _____, (hereinafter called “the Transferors”) having our registered office at [l] , in consideration of the sum of United States Dollars _____ Only (US$_____) in cash paid to us by _____, having their registered office at _____ (hereinafter called “the Transferee(s)”) the receipt whereof is hereby acknowledged, transfer all (100%) shares in the Ship above particularly described, and in her boats and appurtenances, to the said Transferee(s).

Further, we, the said Transferors for ourselves and our successors covenant with the said Transferee(s) and their assigns, that we have power to transfer in manner aforesaid the premises hereinbefore expressed to be transferred, and that the same are free from any and all encumbrances, mortgages, maritime liens or any other debts and claims whatsoever.

In witness whereof we have hereunto executed this bill of sale on this _____ 2016.

EXECUTED and DELIVERED as a DEED)
for and on behalf of)
_____)
By)

15

Schedule 2

Form of Protocol of Delivery and Acceptance

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, Bulk Nordic Five Ltd., an exempted company, incorporated in Bermuda (the Seller), have sold and do hereby grant, transfer and deliver at _____ at : hours (Tokyo Time) on this _____ day of _____, 2017 unto Nicole Navigation S.A. of Panama (the "Buyer") all its title, rights and interest in and to one (1) newbuild Motor Vessel named "Bulk Destiny" (hereinafter called the "Vessel"), together with all equipment of whatever nature now on board the Vessel, and free from all claims, taxes, charters, mortgages, encumbrances and maritime liens or any other debts or claims whatsoever, in accordance with the provisions of the Purchase Agreement dated the [l], 2016 (the **Purchase Agreement**), made by and between the Seller and the Buyer.

The Buyer does hereby accept delivery, title and risks of and to the Vessel from the date and time and at the place stated above hereof in accordance with the provisions of the Purchase Agreement and the Quadpartite Agreement.

The Seller :

Bulk Nordic Five Ltd.

By: ……

Name: ……..

Position: ……

The Buyer :

Nicole Navigation S.A.

By: ……..

Name: ……..

Position: ……

EXECUTION PAGE

Seller

SIGNED by)

Name: Arthur E.M. Jones Don P. Dunstan)

Director Director

as authorised signatory for and on behalf of)

BULK NORDIC FIVE LTD.) Signed: /s/ Arthur E.M. Jones

Signed: /s/ Don P. Dunstan

Buyer

SIGNED by)

Name: Tetsutaro Hiraoka)

as authorised signatory for and on behalf of)

NICOLE NAVIGATION S.A.) Signed: /s/ Tetsutaro Hiraoka

Dated: October 27, 2016

NICOLE NAVIGATION S.A.
(as Owner)

and

BULK NORDIC FIVE LTD.
(as Charterer)

BAREBOAT CHARTER PARTY

in respect of
One (1) 59,000DWT Ice Class Ultramax bulk carrier
named m.v. BULK DESTINY

NORTON ROSE FULBRIGHT

Contents

Clause **Page**

Contents

Clause **Page**

THIS BAREBOAT CHARTER PARTY (this **Charter**) is dated October 27, 2016 and is made BETWEEN:

(1) **NICOLE NAVIGATION S.A.**, a company incorporated under the laws of Panama with its registered address at Paseo del Mar and Pacific Avenues, Costa del Este, MMG Tower, 23rd Floor, Panama City, Republic of Panama , as owner (the **Owner**); and

(2) **BULK NORDIC FIVE LTD.**, an exempted company incorporated under the laws of Bermuda, with its company number 48423 having its registered office at 3rd Floor, Par la Ville Place, 14 Par la Ville Road, Hamilton HM08, Bermuda, as charterer (the **Charterer**).

BACKGROUND:

(A) Pursuant to the Purchase Agreement (as defined below) to be entered into on or about the date of this Charter, the Owner has agreed to purchase and the Charterer has agreed to sell the Vessel (as defined below) pursuant to the terms of that agreement.

(B) In order to finance its acquisition of the Vessel and in reliance on the Charterer fulfilling its obligations under the Charterer Documents, the Owner has entered into the Loan Agreement (as defined below).

(C) The Owner and the Charterer have agreed that the Owner shall let to the Charterer, and the Charterer shall take the Vessel on bareboat charter from the Delivery Date (as defined below), subject to the terms and conditions set out below.

NOW IT IS AGREED:

1 Definitions and Interpretation

1.1 Definitions

In this Charter, the following terms have the meanings given to them in this clause 1.1.

Accelerated Charterhire Amount means the amount calculated as being the aggregate of:

(a) the Purchase Obligation Price;

(b) any outstanding amount of Charterhire Principal that has not been repaid as Fixed Charterhire (but not for the avoidance of doubt double counting any Charterhire Principal included in the Purchase Obligation Price);

(c) any accrued but unpaid Variable Charterhire which falls due for payment by the Charterer up to and including the Acceleration Payment Date, provided however if such Acceleration Payment Date is not a Payment Date then the Charterer shall pay to the Owner a portion of the instalment of such Variable Charterhire which would otherwise be payable in respect of the period to the next following Payment Date multiplied by a fraction of which the numerator is the number of days from and including the first day of the current Variable Charterhire Period to but excluding the Acceleration Payment Date and the denominator is the number of days in that Variable Charterhire Period, including the first day but excluding the last day; and

(d) any liability of the Owner or the Lender for any breakage costs (if any prepayment is made on a date other than the relevant Payment Date) or prepayment premia, determined in good faith by the Owner or the Lender including without limitation under article 5.03 of the Loan Agreement or incurred by the Owner in connection with any prepayment by the Owner of the Loan

Acceleration Payment Date means the date for payment of the Accelerated Charterhire Amount under clause 20.24 (*Acceleration, Termination and Repossession*)

Acceptance Certificate means an acceptance certificate substantially in the form of Schedule 2 (*Form of Acceptance Certificate*)

Administration Fee means an annual fee of twenty thousand U.S. Dollars (US$20,000) payable by the Charterer in accordance with clause 6.5 (*Administration Fee*).

Affiliate means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company

Antisocial Acts means any of the following acts:

(a) violent demand;

(b) unreasonable demand beyond the limit permissible under the applicable laws and regulations;

(c) threatening words and deeds or violence in relation with a transaction with the Lender;

(d) injury to the reputation of the Lender or interference with their business by spreading a rumour, or using a fraudulent means or unlawful influence; or

(e) any act similar to any of the above

Antisocial Forces means:

(a) an organized crime group;

(b) a member of any organized crime group;

(c) an ex-member of any organized crime group who left the group less than five (5) years ago;

(d) a quasi-member of any organized crime group;

(e) an entity affiliated with any organized crime group;

(f) a corporate racketeer;

(g) a blackmailer pretending to be a social movement activist;

(h) an organized crime group specialized in intellectual crime;

(i) any entity or individual similar to any of above item (a) through item (h);

(j) a person who is deemed to be controlled by a person who falls under any of above item (a) through item (i) (any such person, a "**Member or Affiliate of a Criminal Group**");

(k) a person whose management is deemed to be substantially involved with a Member or Affiliate of a Criminal Group;

(l) a person who is deemed to utilize a Member or Affiliate of a Criminal Group in order to pursue unlawful interests for itself or any third party or to inflict damage upon any third party;

(m) a person who is deemed to provide funding or other support to a Member or Affiliate of a Criminal Group; or

(n) an officer or other person substantially engaged in the management of the business of the Charterer who has a socially unacceptable relationship with a Member or Affiliate of a Criminal Group

and in this definition the term "organized crime group" (*boryokudan*) means a group (including a member of an affiliate of such group) which is likely to encourage collective or chronic violent unlawful acts, etc.

Approved Valuer means Clarkson Research Services Limited, Drewry Shipping Consultants Ltd., Fearnley Consultants, Howe Robinson Marine Evaluations Ltd. or other brokers/valuers acceptable to the Owner

Balloon Payment means, the sum of eleven million and two hundred thousand U.S. Dollars (US$11,200,000) payable on the seventh (7th) anniversary of the Delivery Date

Bill of Sale means the bill of sale in respect of the Vessel pursuant to the Purchase Agreement, executed by the Charterer in favour of the Owner

Bribery means:

(a) an act of any person intentionally to offer, promise, or give any undue pecuniary or other advantage, whether directly or through intermediaries, to any Public Official, for such Public Official or for a third party, in order that such Public Official act or refrain from acting in relation to the performance of official duties (including, any use of such Public Official's position, whether or not within such Public Official's authorised competence) in order to obtain or retain business or other improper advantage in the conduct of international business; and/or

(b) an act of any person to receive from or to pay to any other person (or enter into any agreement whereunder the same may or will at any time thereafter be received from or paid to any person) any commission, bribe, pay-off, kickback, pecuniary or other advantage with respect to the actual or potential award of a contract or other business.

Builder means Oshima Shipbuilding Co., Ltd. a company incorporated under the laws of Japan with its registered address at 1605-1, Oshima-cho, Saikai-shi, Nagasaki-ken, 857-2494, Japan

BFB means Bulk Fleet Bermuda Holding Company Limited, an exempt company incorporated under the laws of Bermuda with company number 43689 and with its registered address at 3rd Floor, Par la Ville Place, 14 Par la Ville Road, Hamilton HM08, Bermuda

Bulk Partners means Bulk Partners (Bermuda) Ltd., an exempt company incorporated under the laws of Bermuda with its registered address at 3rd Floor, Par la Ville Place, 14 Par la Ville Road, Hamilton HM08, Bermuda

Bulk Partners Holding means Bulk Partners Bermuda Holding Company Ltd., an exempt company incorporated under the laws of Bermuda with its registered address at 3rd Floor, Par la Ville Place, 14 Par la Ville Road, Hamilton HM08, Bermuda

Business Day means a day on which banks and other financial institutions are open for foreign exchange business in New York, Tokyo and London

Charter Period means the period commencing on the Delivery Date and expiring on the earlier of the (a) date falling seven (7) years after the Delivery Date and the (b) date when all amounts owing by the Charterer to the Owner under the Charter are irrevocably paid in full, unless otherwise terminated in accordance with the terms hereof

Charterer Documents means:

(a) this Charter;

(b) the Quiet Enjoyment Letter;

(c) the Purchase Agreement;

(d) the Security Documents to which an Obligor is a party;

(e) the Fee Letter; and

(f) the Quadpartite Agreement;

(g) any other document the Charterer and Owner agree in writing shall be a "Charterer Document"

Charterer Security Assets means:

(a) the rights of the Charterer under the Compulsory Insurances;

(b) the rights of the Charterer in and to any Insurance Proceeds,

(c) any other asset, property or rights the Charterer and the Owner agree in writing shall be a "Charterer Security Asset"

Charterhire means, in respect of a Payment Date, the aggregate amount of the Fixed Charterhire and the Variable Charterhire due and payable on such Payment Date in accordance with clause 6.1 (*Scheduled Payments*), and any Supplemental Hire payable on demand in accordance with clause 6.2 (*Supplemental Hire*)

Charterhire Principal means the amount borrowed by the Owner from the Lender pursuant to the Loan Agreement and thereafter as the same may be reduced by payments of Fixed Charterhire, any pre-payment in accordance with clause 6.3 (*Prepayment of Charterhire*) or otherwise adjusted in accordance with the terms of this Charter as indicated in column B of Schedule 3 (*Fixed Charterhire Payment Table*)

Classification Society means Nippon Kaiji Kyokai, DNV GL AS, Bureau Veritas or any other member of the International Association of Classification Societies acceptable to the Owner

Compulsory Acquisition means requisition for title or other compulsory acquisition, requisition, appropriation, expropriation, nationalisation, deprivation, forfeiture or confiscation for any reason of the Vessel by any Government Entity or other competent authority, whether de jure or de facto, but shall exclude requisition for use or hire not involving requisition of title

Compulsory Insurances means (a) any and all contracts and/or policies of insurance required to be in place, taken out, effected and maintained by the Charterer under this Charter, by or for the benefit of the Owner and/or the Charterer (whether in the sole name of either of the Owner or the Charterer, or in the joint names of the Owner and/or each Mortgagee and/or the Charterer and/or the Manager or otherwise) in respect of the Vessel otherwise howsoever in connection therein; and (b) all rights, benefits and proceeds relating to, or deriving from, any of the foregoing, including claims of whatsoever nature and return of premium

Contract of Construction and Sale means the agreement dated 2 December 2013 entered into between the Builder, Sumitomo and the Charterer in connection with the delivery of the vessel and its sale to the Seller, as amended from time to time, including but not limited to the Quadpartite Agreement;

Date of Total Loss means for the purpose of ascertaining the date of the Total Loss:

(a) an actual total loss of the Vessel shall be deemed to have occurred at noon Greenwich Mean Time (GMT) on the actual date that the Vessel is lost or if the date of the loss is unknown the date on which the Vessel was last reported;

(b) a constructive total loss of the Vessel shall be deemed to have occurred at noon GMT on the date that notice claiming such a total loss of the Vessel is given to the insurers or, if the insurers do not admit the claim that a constructive total loss has occurred, on the date on which a total loss is subsequently admitted by the insurers or on the date which a final order or final award is made by a competent court or arbitration tribunal that a constructive total loss has occurred;

(c) in the case of a compromised, agreed or arranged total loss of the Vessel on the date upon which a binding agreement as to such compromised, agreed or arranged total loss has been entered into by the insurers;

(d) in the case of Compulsory Acquisition of the Vessel, on the date upon which the relevant Compulsory Acquisition occurs;

(e) in the case of confiscation, forfeiture, seizure, condemnation, arrest, restraint or disappearance of the Vessel (other than by reason of Compulsory Acquisition) thirty (30) days after the date upon which the relevant confiscation, forfeiture, seizure, condemnation, arrest, restraint or disappearance occurred;

(f) in the case of hijacking, piracy, theft, capture or detention of the Vessel (other than by reason of Compulsory Acquisition) sixty (60) days after the date upon which the relevant hijacking, piracy, theft, capture or detention occurred; and

(g) in the case of a requisition for hire of the Vessel upon the expiry of ninety (90) days (or such longer period as the Owner may agree) after the date upon which the requisition occurred

Default means any Termination Event or any event or circumstance specified in clause 20 (*Termination Events*) which would (with the expiry of any grace period, with the giving of any notice, the making of any determination or any combination of the foregoing) constitute a Termination Event

Default Interest Rate means three (3) months LIBOR plus 4.75% per annum calculated on a daily basis

Delivery means the delivery of the Vessel from the Owner to the Charterer under this Charter, as evidenced by execution of the Acceptance Certificate

Delivery Date means the date on which Delivery occurs, which must be a Business Day

Earnings means in respect of the Vessel, all amounts paid or payable to or for the account of the Owner during the Charter Period and which arise out of the ownership, use or operation of the Vessel, including (but not limited to):

(a) all hire or other proceeds from any charter commitment or other contract entered into by the Owner for the use or employment of the Vessel for any purpose; all freight, hire and passage moneys;

(b) compensation payable to the Owner or the Charterer in the event of requisition for hire of the Vessel;

(c) remuneration for salvage and towage services, demurrage and detention moneys and damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of the Vessel; and

(d) if the Vessel is employed on terms whereby any such earnings aforesaid 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 the Vessel

Environment means:

(a) any land including, without limitation, surface land and sub-surface strata, sea bed or river bed under any water (as referred to below) and any natural or man-made structures;

(b) water including, without limitation, coastal and inland waters, surface waters, ground waters and water in drains and sewers; and

(c) air including, without limitation, air within buildings and other natural or man-made structures above or below ground

Environmental Approvals means any permit, licence, approval, ruling, variance, exemption or other authorisation required under applicable Environmental Laws

Environmental Claim means any claim (other than any claims which are in the opinion of the Owner frivolous or vexatious or which are discharged, stayed or dismissed within twenty-one (21) days of its commencement) by any person or persons or any governmental, judicial or regulatory authority which arises out of any (or any allegation of) any breach, contravention or violation of Environmental Law or of the existence of any liability or potential liability arising from such breach, contravention or violation or the presence of Hazardous Material or environmental damage and for this purpose claim means:

(a) a claim for damages, compensation, fines, penalties or any other payment of any kind whether or not similar to the foregoing;

(b) an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and

(c) any form of enforcement or regulatory action

Environmental Incident means any actual spill, release or discharge of crude oil and its products, any other polluting, toxic or hazardous substance and any other substance (whose release into the environment is regulated or penalised by Environmental Laws) into the environment from the Vessel in circumstances where:

(a) the Vessel may be liable for Environmental Claims arising from such spill, release or discharge as referred to above (other than Environmental Claims arising and fully satisfied before the date of this Charter); and/or

(b) the Vessel may be arrested or attached in connection with any such Environmental Claim

Environmental Laws means any or all applicable law (whether civil, criminal or administrative), common law, statute, statutory instrument, treaty, convention, regulation, directive, by-law, demand, decree, ordinance, injunction, resolution, order, judgment, rule, permit, licence or restriction (in each case having the force of law) and codes of practice or conduct, circulars and guidance notes having legal or judicial import or effect, in each case of any government, quasi-government, supranational, federal, state or local government, statutory or regulatory body, court, agency or association in any applicable jurisdiction relating to or concerning:

(a) pollution or contamination of the Environment, any ecological system or any living organisms which inhabit the Environment or any ecological system;

(b) the generation, manufacture, processing, distribution, use (including abuse), treatment, storage, disposal, transport or handling of Hazardous Materials; and

(c) the emission, leak, release, spill or discharge into the Environment of noise, vibration, dust, fumes, gas, odours, smoke, steam effluvia, heat, light, radiation (of any kind), infection, electricity or any Hazardous Material and any matter or thing capable of constituting a nuisance or an actionable tort or breach of statutory duty of any kind in respect of such matters,

including, without limitation, the following laws of the United States of America: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Hazardous Materials Transportation Act, as amended, the Oil Pollution Act of 1990, as amended, the Resource Conservation and Recovery Act, as amended, and the Toxic Substances Control Act, as amended, together, in each case, with the regulations promulgated and the guidance issued pursuant thereto

Fair Market Value means the amount in U.S. Dollars being the average of the appraisals obtained from two separate Approved Valuers in accordance with clause 12.4(m)

FATCA means:

(a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 or any associated regulations or other official guidance;

(b) any treaty, law, regulation or other official guidance enacted in 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, 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 a Transaction Finance Document required by FATCA

FATCA Exempt Party means a Party that is entitled to receive payments free from any FATCA Deduction

Fee Letter means a fee letter in respect of the Upfront Fee and/or the Administration Fee payable to the Owner by the Charterer and dated on or about the date of this Charter

Finance Documents means the Loan Agreement and each or any swap agreement, the Vessel Mortgage, assignment and other security documents that may be entered into by the Owner in connection with its financing or refinancing of its acquisition of the Vessel

Finance Party means the Lender and each other person notified in writing by the Owner to the Charterer from time to time which finances or refinances the Vessel (whether by equity, debt, payment sub-participation, or a combination thereof) and includes each credit provider and any agent, security agent, swap provider and arranger

Financial Indebtedness means any obligation (whether incurred as principal or surety) for the payment or repayment of money, whether present or future, actual or contingent, and for or in respect of:

(a) amounts borrowed, including debit balances at banks or other financial institutions;

(b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);

(c) the amount of any deferred purchase price of property or services, the payment of which has been deferred in excess of ninety (90) days;

(d) all obligations under or in respect of guarantee, letters of credit or banker's acceptances;

(e) all obligations under or evidenced by bonds, debentures, notes or other similar instruments;

(f) any liability under any lease or hire purchase contract, which would in accordance with GAAP be treated as a finance or capital lease;

(g) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

(h) receivables sold or discounted;

(i) any derivative transaction protecting against or benefiting from fluctuations in any rate or price (and, except for non-payment of an amount, the then mark to market value of the derivative transaction will be used to calculate its amount);

(j) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any other instrument issued by a bank or financial institution; or

(k) any guarantee, indemnity or similar assurance against financial loss of any person in respect of any item referred to in the above paragraphs

Fixed Charterhire means the fixed charterhire component of each instalment of Charterhire, as set out in column A of Schedule 3 (*Fixed Charterhire Payment Table*), as the same may be adjusted in accordance with the terms of this Charter or as otherwise agreed in writing between the Owner and the Charterer

GAAP means generally accepted accounting principles, standards and practices in the United States

Governmental Entity includes (whether having a distinct legal personality or not) (a) any government or any governmental, semi-governmental or judicial entity or authority, including any local or state government; and (b) any board, commission, department, division, organ, instrumentality, court or agency of any such entity, however constituted

Group Member means the Charterer, Pangaea, the Parent, Bulk Partners, Bulk Partners Holding, BFB and any Affiliate of Pangaea that becomes a shareholder of the Parent in place of STST

Hazardous Material means any element or substance, whether natural or artificial, and whether consisting of gas, liquid, solid or vapour, whether on its own or in any combination with any other element or substance, which is listed, identified, defined or determined by any Environmental Law or other applicable law to be, to have been, or to be capable of being or becoming harmful to mankind or any living organism or damaging to the Environment, including, without limitation, oil (as defined in the United States' Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended)

Holding Company means, in relation to a company or corporation, any other company or corporation of which it is a Subsidiary

Indemnitee means each Interested Party, the Owner and each Finance Party and their respective directors, officers, employees, servants, agents and sub-contractors

Indirect Tax means any goods and services tax, consumption tax, sales tax, VAT or other value added tax or any tax of a similar nature (however so described)

Insurance Proceeds means all proceeds of the Compulsory Insurances payable to or received by the Charterer (whether by way of claims, returns of premiums, ex gratia settlements or otherwise)

Interest Rate means three (3) month LIBOR plus 2.75% per annum

Interested Party means each person other than the Charterer with an ownership interest (whether legal or equitable) or security interest in the Vessel and includes, without limitation, the Owner and any mortgagee of the Vessel

ISM Code means the International Safety Management Code (including the guidelines on its implementation), adopted by the International Maritime Organisation Assembly as Resolutions A.741(18) and A.788 (19), as the same may be amended or supplemented from time to time)

ISPS Code means the International Ship and Port Security Code of the International Maritime Organisation and includes any amendments or extensions thereto and any regulations issued pursuant thereto

Legal Reservations means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;

(b) the time barring of claims under the Limitation Act 1980 and the Foreign Limitation Periods Act 1984, the possibility that an undertaking to assume liability for, or indemnify a person against, non-payment of any stamp duty may be void and defences of set-off or counterclaim; and

(c) similar principles, rights and defences under the laws of any Relevant Jurisdiction

Lender means Sumitomo Mitsui Finance and Leasing Co., Ltd., and its respective transferees, successors and assigns

LIBOR means, in respect of a sum:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the interest period of that sum) the shortest Screen Rate that is available but which is longer than the interest period for such sum; or

(c) if:

(i) no Screen Rate is available for the currency of such sum; or

(ii) no Screen Rate is available for the interest period of such sum and it is not possible to calculate the shortest available Screen Rate specified in paragraph (b) above for such sum,

the rate as supplied to the Owner at its request from Sumitomo Mitsui Banking Corporation in the London interbank market,

as at 11.00 a.m. (London time) on the second (2nd) London Business Day prior to the relevant Payment Date or such other date for U.S. Dollars and for a period equal in length to the interest period of such sum, provided that if such rate is minus, then the LIBOR shall be deemed to be zero for the purpose of calculation of the Interest Rate

Loan means the principal amount of the borrowing under the Loan Agreement or the principal amount from time to time outstanding of the borrowing under the Loan Agreement

Loan Agreement means the facility agreement dated on or around the date of this Charter and made between the Owner and the Lender pursuant to which the Lender provided or will provide a loan facility to the Owner to assist with the purchase of the Vessel pursuant to the Purchase Agreement

Major Casualty Amount means, in relation to the Vessel, the amount of one million U.S. Dollars (US$1,000,000) or the equivalent in any other currency

Manager means such company as the Owner may from time to time approve in writing (which approval shall not be unreasonably withheld) as the manager of the Vessel

Manager's Undertaking means an undertaking by any Manager of the Vessel to the Owner in a form agreed by the Owner

Material Adverse Effect means a material adverse effect on:

(a) the business, prospects, financial condition or operations of the relevant Group Member;

(b) the ability of any Obligor to perform its obligations under the Transaction Documents;

(c) the validity or enforceability of or the effectiveness or ranking of any Security Interest granted or purported to be granted pursuant to, any Transaction Document;

(d) the validity, legality or enforceability of this Charter or the Pangaea Guarantee or the rights or remedies of a Finance Party under any Transaction Document; or

(e) the purchase, ownership or operation of the Vessel by the Owner or Charterer

Obligors means the Charterer, Pangaea and any other Group Member that is a party to a Transaction Document, and **Obligor** means each or any of them, as the context may require

Operation means the purchase, testing, design, manufacture, delivery, non-delivery, late delivery, ownership, registration, import, use, export, possession, control, operation, maintenance, servicing, repair, overhaul, modification, replacement, refurbishment, removal, storage, de-registration, redelivery and/or export of the Vessel

Original Financial Statements means the audited financial statements of the Charterer (or, if audited financial statements are not produced, its unaudited financial statements) for its financial year ended 31 December 2015 and the audited consolidated financial statements of Pangaea for its financial year ended 31 December 2015

Owner Encumbrance means any Security Interest created by the Owner

Pangaea means Pangaea Logistics Solutions Ltd., an exempted company incorporated under the laws of Bermuda with company number 49020 and with its registered address at 3rd Floor, Par la Ville Place, 14 Par la Ville Road, Hamilton HM08, Bermuda

Pangaea Guarantee means the irrevocable and on demand guarantee dated on or about the date of this Charter granted by Pangaea in favour of the Owner guaranteeing all obligations owed by the Charterer to the Owner under the Transaction Documents and in form and substance satisfactory to the Owner

Parent means Nordic Bulk Ventures Holding Company Ltd. an exempt company incorporated under the laws of Bermuda with company number 48037 and with its registered address at 3rd Floor, Par la Ville Place, 14 Par la Ville Road, Hamilton HM08, Bermuda, the shareholders of which are BFB and STST

Party means a party to this Charter

Payment Date means, subject to clause 10.5 (*Business Days*),

(a) for the first Payment Date, the date falling three (3) months from the Delivery Date;

(b) for subsequent Payment Dates, each of the dates falling at three (3) monthly intervals thereafter; and

(c) for the last Payment Date, the date falling on the seventh (7th) anniversary of the Delivery Date

Permitted Indebtedness means in respect of the Financial Indebtedness of the Charterer:

(a) amounts owing by the Charterer under this Charter and the other Transaction Documents;

(b) amounts incurred by reason of this Charter or reasonable costs associated with the day to day operation of the Vessel or otherwise in the ordinary course of business of the Charterer;

(c) amounts owing by the Charterer to a Group Member which are subordinated to amounts payable under the Transaction Documents in a manner satisfactory to the Owner; and

(d) any other amounts that the Owner may agree in writing to be Permitted Indebtedness (such consent not to be unreasonably withheld or delayed)

Permitted Maritime Liens means, in relation to the Vessel unless a Termination Event has occurred and is continuing:

(a) any ship repairer's or outfitter's possessory lien in respect of the Vessel for an amount not exceeding the Major Casualty Amount:

(b) any lien on the Vessel for master's, officer's or crew's wages, and customary Vessel operating expenses outstanding in the ordinary course of its trading and which secure obligations not more than thirty (30) days overdue;

(c) any lien on the Vessel for salvage; and

(d) liens for Taxes or other government charges or levies not yet assessed or, if assessed, not yet due and payable or being contested in good faith by appropriate proceedings (and, if being so contested, for the payment of which adequate reserves have been made or adequate insurances or an adequate bond has been provided) so long as such proceedings do not involve any material risk of the sale, seizure, detention, forfeiture or loss of the Vessel;

Permitted Security Interests means any:

(a) Security Interests created by the Transaction Documents;

(b) Permitted Maritime Liens; and

(c) any other Security Interests created with the prior written consent of the Owner

Process Agent means (i) for the Charterer and Pangaea, MFB Solicitors, currently of Fishmongers' Chambers, 1 Fishmongers' Hall Wharf, London EC4R 3AE , United Kingdom, and (ii) for the Owner, Law Debenture Corporate Services Limited, currently of Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom

Prohibited Person means a person that is:

(a) listed on, or owned or controlled by a person listed on, or acting on behalf of a person listed on, any Sanctions List;

(b) located in, incorporated under the laws of, or owned or (directly or indirectly) controlled by, or acting on behalf of, a person located in or organised under the laws of a country or territory that is the target of country-wide or territory-wide Sanctions; or

(c) otherwise a target of Sanctions

Protocol of Delivery and Acceptance means the protocol of delivery and acceptance in respect of the Vessel executed by the Charterer and the Owner pursuant to the Purchase Agreement

Public Official means any of:

(a) any person holding a legislative, administrative, or judicial office of any country (including, but not limited to, Bermuda, the Republic of Panama, the United States and Japan), whether appointed or elected;

(b) any person exercising a public function for any country (including, but not limited to, the Bermuda, the Republic of Panama, the United States and Japan), including for a public agency or public enterprises; and

(c) any official or agent of a public international organisation

Purchase Agreement means the agreement dated on or about the date of this Charter for the purchase of the Vessel between the Owner (as buyer) and the Charterer (as seller)

Purchase Obligation Price means the aggregate of an amount equal to the Balloon Payment (as adjusted taking into account any prepayments made in accordance with clause 6.3), any other amounts owing or due and payable to the Owner by the Obligors under the Transaction Documents including fees, expense and costs incurred by the Owner in effecting the sale and transfer of the Vessel to the Charterer in accordance with clause 19 (*Sale and Purchase of the Vessel*)

Quadpartite Agreement means the agreement dated on or about the date of this Charter entered into between the Builder, Sumitomo, the Charterer and the Owner in connection with the delivery and the purchase of the Vessel by the Owner;

Quiet Enjoyment Letter means the quiet enjoyment letter dated on our about the date of this Charter entered into between the Owner, Charterer and the Security Agent

Relevant Jurisdiction means in relation to a person or entity:

(a) its jurisdiction of incorporation;

(b) any jurisdiction where any asset subject to or intended to be subject to the Security Documents to be created is situated or registered;

(c) any jurisdiction where it conducts its business; and

(d) the jurisdiction whose laws govern the perfection of any of the Security Documents

Reports means reports such as annual securities reports, semi-annual reports, and other material financial reports prepared from time to time, if any

Required Insurance Amount at any time, means an amount in U.S. Dollars equal to one hundred and twenty per cent. (120%) of the Loan

Requisition Compensation means all moneys and/or other compensation from time to time payable or paid during the Charter Period in respect of the Compulsory Acquisition of the Vessel

Sanctions means the economic sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by any Sanctions Authority (whether or not any Obligor is legally bound to comply with such laws, regulations, embargoes or measures)

Sanctions Authority means any of:

(a) the United States government; or

(b) the United Nations; or

(c) the United Kingdom; or

(d) the European Union; or

(e) Japan

and includes any government entity of any of the above, including, without limitation, the Office of Foreign Assets Control of the US Department of Treasury (**OFAC**), the United States Department of State, and Her Majesty's Treasury (**HMT**)

Sanctions List means:

(a) the "Specially Designated Nationals and Blocked Persons" list maintained by OFAC;

(b) the Consolidated List of Financial Sanctions Targets and the Investment Ban List maintained by HMT; or

(c) any similar list maintained by, or public announcement of Sanctions designation made by, any other Sanctions Authority

Screen Rate means the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for U.S. Dollars and period displayed on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters. If the agreed page or service ceases to be available, the Owner may, after consultation with the Charterer, specify another page or service displaying the relevant rate

Security Assignment means the assignment dated on or around the same date of this Charter in respect of, among other things, the Compulsory Insurances, Insurance Proceeds and Requisition Compensation in connection with the Vessel from the Charterer in such form as the Owner may require

Security Documents means each of the Pangaea Guarantee, Security Assignment, any Manager's Undertaking, any Vessel Mortgage and any other document that may at any time be executed by any person providing a guarantee or indemnity for or creating, evidencing or perfecting any security to secure all or any part of the liabilities owing under the Transaction Documents

Security Interest means any mortgage, charge (fixed or floating), pledge, privilege, priority, lien, hypothecation, right of set-off, security trust, assignment by way of security, reservation of title, any other security interest or any other agreement or arrangement (including a sale and repurchase arrangement) having the commercial effect of conferring security

State of Registration means Panama or such other jurisdiction as the Owner may approve for registration of the Vessel

STST means ST Shipping and Transport Pte. Ltd., a company incorporated under the laws of Singapore, with its registered address at 1 Temasek Avenue, No. 34-01, Millenia Tower, Singapore 039192

Subsidiary means, in relation to any company or corporation, a company or corporation:

(a) which is controlled directly or indirectly, by the first mentioned company or corporation;

(b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or

(c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose, a company or corporation shall be treated as being controlled by another if that company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body

Sumitomo means Sumitomo Corporation a company incorporated under the laws of Japan with its registered office at Harumi Island Triton Square Office Tower Y, 8-11 Harumi 1-chome, Chuo-ku, Tokyo 104-8610 Japan

Supplemental Amount means:

(a) liability of the Owner under any indemnities in the Finance Documents, including without limitation under article 7A.01(4) of the Loan Agreement;

(b) any liability of the Owner or the Lender for any breakage costs or prepayment premia, including without limitation under article 5.03 of the Loan Agreement or incurred by the Owner or the Lender in connection with any prepayment by the Charterer;

(c) liability of the Owner for interest payments on principal under the Loan Agreement, where such payments are not met out of Variable Charterhire; and

(d) any other liability of the Owner for fees, costs and expenses (including without limitation any swap costs, fund breakage fees, default interest (if due to default of the Charterer), grossing up of payments, indemnities, increased or additional costs, and transaction expenses, including with respect to the appointment of process agents by the Owner) under the Finance Documents,

in each case, to the extent not otherwise compensated by the Charterer under the other provisions of this Charter

Supplemental Hire means Charterhire payable for the use of the Vessel in accordance with clause 6.2, each such amount being the amount as the Owner may certify as being payable by it in respect of any Supplemental Amounts to any person, such certificate to be conclusive and binding on the Charterer, in the absence of manifest error

Tax means any present and/or future tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) but excludes Tax imposed on or calculated by reference the net income of the Owner or other Finance Party (as relevant)

Tax Deduction means a deduction or withholding for or on account of Tax imposed from a payment under a Transaction Document

Term means each period determined under this Charter by reference to which Variable Charterhire or the relevant payment is calculated

Termination Event means each of the events specified in clause 20 (*Termination Events*)

Total Loss means in relation to the Vessel, its:

(a) actual or constructive or compromised or agreed or arranged total loss, as applicable, including such loss as may arise during a requisition for hire; or

(b) Compulsory Acquisition; or

(c) confiscation, seizure, condemnation, arrest, restraint, or disappearance of the Vessel, as applicable, (other than by reason of Compulsory Acquisition) which deprives the Charterer of the use of the Vessel for a period in excess of thirty (30) days from the relevant event occurring; or

(d) any hijacking, piracy, theft, capture or detention of the Vessel, as applicable, (other than by reason of Compulsory Acquisition) which deprives the Charterer or any permitted charterer of the use of the Vessel, as applicable for a period in excess of sixty (60) days from the relevant event occurring; or

(e) any requisition for hire or use of the Vessel, as applicable, for more than ninety (90)days (or such longer period as the Owner may agree)

Total Loss Payment Date means the date falling one hundred-twenty (120) days from the Date of Total Loss

Transaction Documents means:

(a) the Charterer Documents, the Contract of Construction and Sale, the Bill of Sale, the Protocol of Delivery and Acceptance, the Certificate of Acceptance any Vessel Management Agreement and the Finance Documents;

(b) all notices, amendments, addendums, acknowledgements, consents, certificates, instruments, deeds, charges and other documents and/or agreements issued or entered into or, as the case may be, to be issued or entered into pursuant to any of the foregoing; and

(c) any other document to be agreed by the Owner and the Charterer in writing as a "**Transaction Document"**

Treasury Transaction means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price

Unpaid Sum means any sum due and payable but unpaid by the Charterer under the Transaction Documents

Upfront Fee means the upfront fee payable in accordance with the Fee Letter

US$ or **U.S. Dollars** means the lawful currency from time to time of the United States of America

Variable Charterhire means the variable component of each instalment of Charterhire, being an amount equal to interest at the Interest Rate for the relevant Variable Charterhire Period on the Charterhire Principal, such components to be certified by the Owner to the Charterer

Variable Charterhire Period means each period for the calculation of Variable Charterhire under this Charter, the first period commencing on the date the Buyer makes the payments set out in clause 4.2 of the Purchase Agreement pursuant to clause 6.2 therein and terminating on the next Payment Date and each subsequent Variable Charterhire Period commencing forthwith upon the expiry of the previous Variable Charterhire Period and expiring on the next following Payment Date except that the last Variable Charterhire Period shall expire on the last day of the Charter Period

Vessel means the 59,000 DWT Ice Class Ultramax bulk carrier named "Bulk Destiny" bearing Hull Number 10762 which upon delivery to the Owner pursuant to the terms and conditions of the Purchase Agreement, will be registered under the Panamanian flag in the name of Owner as the legal owner under the laws and flag of Panama

Vessel Management Agreement means, in relation to the Vessel, any agreement from time to time being in force between the Charterer and the Manager with respect to the management of the Vessel by the Manager and which has been approved by the Owner in writing

Vessel Mortgage means, the first priority Panamanian law vessel mortgage granted by the Owner in favour of the Lender in order to secure all sums payable by the Owner to the Lender under the Loan Agreement.

1.2 Construction

(a) Unless a contrary indication appears, any reference in this Charter to:

(i) the **Charterer**, **Finance Party**, **Indemnitee**, **Obligors**, **Owner** and **Party** shall be construed so as to include their respective successors in title, permitted assigns and permitted transferees;

(ii) **consent** includes an approval, authorisation, permission, exemption, filing, licence, order, permit, recording and registration (and references to obtaining consents are to be construed accordingly);

(iii) a **cost** includes any cost, charge, expense, fee, disbursement, remuneration or other payment;

(iv) a reference to **determines** or **determined** means a determination made in the absolute discretion of the person making the determination;

(v) **indebtedness** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(vi) a **liability** includes, without limitation, any demand, claim, liability, action, proceeding, penalty, fine, judgment, order or other sanction;

(vii) **month** means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month and otherwise subject to clause 10.5 (*Business Days*);

(viii) a **person** includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing;

(ix) **will** will be construed to mean shall;

(x) a provision of law is a reference to that provision as amended or re-enacted and includes any regulations or rules issued under any such law; and

(xi) a time of day is a reference to Tokyo time unless otherwise provided herein.

(b) Section, clause and Schedule headings are for ease of reference only.

2 Leasing

2.1 Charter Term

Subject to the terms and conditions of this Charter, the Owner agrees to let, and the Charterer agrees to lease, the Vessel for a period commencing on the Delivery Date and expiring on the date falling seven (7) years after such date.

2.2 Charter by Demise

Throughout the Charter Period, the Charterer shall have the possession of the Vessel and control of all matters relating to the navigation and operation of the Vessel including employment of the master and crew. The master and crew of the Vessel shall be the servants of the Charterer for all purposes whatsoever. The Owner agrees that upon delivery the Vessel will be registered under the Panamanian flag in the name of the Owner as the legal owner under the laws and flag of Panama.

3 Conditions Precedent

3.1 Conditions Precedent (Charterers)

The Owner will not be obliged to deliver the Vessel to the Charterer under this Charter unless on or before the Delivery Date, the Owner has received all of the documents and other evidence listed in and complying with the requirements of Schedule 1 (*Condition Precedent Documents*), together with all other documents (including legal opinions) required by the Owner as conditions precedent documents under the Purchase Agreement, each in form and substance reasonably satisfactory to the Owner.

3.2 Further Conditions Precedent

The Owner will not be obliged to deliver the Vessel to the Charterer under this Charter if:

(a) the Vessel has suffered a Total Loss; or

(b) a Termination Event has occurred and is continuing or is reasonably expected to occur as a consequence of Delivery taking place; or

(c) any representation and/or warranty made by the Charterer under this Charter or by Pangaea under the Pangaea Guarantee is, in the reasonable opinion of the Owner, materially untrue or incorrect if made by reference to the facts and circumstances existing on that date; or

(d) any event or circumstance occurs which in the reasonable opinion of the Owner, is likely to have Material Adverse Effect.

3.3 Waiver of Conditions Precedent

The conditions referred to in clause 3.1 (*Conditions Precedent*) and clause 3.2 (*Further Conditions Precedent*) are for the sole benefit of the Owner and may be waived or deferred in whole or in part and with or without conditions by the Owner.

3.4 Conditions Precedent (Owners)

The Charterer shall not be obliged to perform its obligations under the Charter until the Charterer shall have received (a) certified copies (certified by an officer or authorised signatory of the Owner) of (i) board resolutions or other equivalent corporate authorisation documentation (including English translations where applicable) relating to the power and authority of the Owner to enter into the Transaction Documents and perform its obligations thereunder; (ii) any power of attorney issued in connection with the execution and delivery of the Transaction Documents; (iii) certified copies of the articles of association (or equivalent) or other constitutional documents of the Owner; (iv) the goodstanding certificate or incumbency certificate (as applicable) of the Owner stating the name of its officers and directors; (b) the agreement of the Owner's appointed process agent for service of process in London to act in such capacity, and that such appointment shall continue throughout the Charter Period; and (c) confirmed in writing to the Owner that the documents in (a) and (b) are satisfactory.

4 Delivery and Acceptance

4.1 Delivery Date

Subject to (a) the Owner having acquired title to the Vessel from the Charterer under the Purchase Agreement and (b) the Owner and Charterer agreeing on a delivery date hereunder, the Owner agrees to deliver the Vessel to the Charterer in accordance with clause 4.3 (*Delivery*) of this Charter. The Owner will have no responsibility to the Charterer or any other person for, or arising out of, any delay or failure to effect Delivery or for any Total Loss or damage incurred on or prior to Delivery.

4.2 Advance of Loan

The Charterer acknowledges that the Owner will be under no obligation to lease the Vessel to the Charterer unless the Loan is made available to the Owner for the purposes of financing its acquisition of the Vessel.

4.3 Delivery

(a) Upon the execution of the Acceptance Certificate by the Charterer and the countersignature thereof by the Owner, the Vessel will be deemed to have been delivered by the Owner to and accepted by the Charterer under this Charter. Without prejudice to the provisions of this clause 4, the Charterer acknowledges that its execution and delivery of the Acceptance Certificate will constitute:

(i) irrevocable, final and conclusive acceptance of the Vessel for the purposes of this Charter; and

(ii) irrevocable, final and conclusive evidence that the Vessel is satisfactory in all respects and complies with the requirements of this Charter and any other Transaction Document, and is seaworthy, is in accordance with its specifications, is in good working order and repair and without defect or inherent or latent defect in title, condition, design, operation or fitness for use, whether or not discoverable by the Charterer as of the Delivery Date, and is free and clear of all liens, charges or Security Interests (save for the Security Interests created pursuant to the Transaction Documents), and the Charterer shall not be entitled to make or assert any claim against the Owner with respect to the Vessel.

(b) Following Delivery, the Vessel will be in every respect at the sole risk of the Charterer, who will bear all risk of loss, theft, damage or destruction to the Vessel from any cause whatsoever.

(c) Once the Owner has accepted delivery of the Vessel under the Purchase Agreement, the Charterer shall not be entitled to refuse to accept delivery of the Vessel from the Owner under this Charter for any reason, including, but not limited to, any defect or alleged defect in the Vessel.

5 Exclusion of Warranties

5.1 No responsibility for Vessel

The Charterer expressly acknowledges that:

(a) the condition of the Vessel on delivery to the Charterer under this Charter is the sole responsibility of the Charterer;

(b) the Vessel is, or will upon Delivery be, satisfactory for the business of the Charterer and any intended use of the Charterer;

(c) the Owner has purchased the Vessel solely for the purpose of leasing the Vessel to the Charterer under this Charter and the Owner enters into this Charter at the request of, but not on behalf of, the Charterer; and

(d) the Owner will have no responsibility whatsoever for any loss of profit resulting directly or indirectly from any defect or alleged defect in the Vessel.

5.2 As Is, Where Is and With All Faults

The Vessel leased under this Charter will be delivered "as is, where is, and with all faults", and subject to each and every disclaimer set forth in this clause 5, the Charterer agrees and acknowledges that the Owner and any Finance Party will have no liability in relation to, and has not nor will be deemed to have made or given, any conditions, warranties or representations, express or implied, whether arising by law or otherwise with respect to the Vessel, including but not limited to it being free of liens, Security Interests (save for the Security Interests created pursuant to the Transaction Documents) or defects (whether latent or apparent), the description, merchantability, satisfactory quality, suitability, construction, seaworthiness, condition, eligibility for any particular trade, operation, fitness for any use or purpose, value, state, condition, appearance, safety, durability, design or operation of any kind or nature of the Vessel or any part thereof or any obligation, liability, right, claim or remedy in tort, whether or not arising from the Owner's or any other party's negligence, actual or imputed, or any obligation, liability, right, claim or remedy for loss of or damage to the Vessel, for any liability of the Charterer to any third party, or for any other direct or indirect, incidental or consequential damages. The Charterer hereby irrevocably and unconditionally waives all its rights in respect of any condition, warranty or representation, express or implied, on the part of the Owner and any Finance Party and all claims against the Owner and any Finance Party howsoever and whenever arising at any time in respect of or out of, in each case, the condition, operation, sub-chartering or performance of the Vessel (including, without limitation, the seaworthiness or otherwise of the Vessel).

5.3 The Charterer hereby waives, to the extent permitted by applicable law:

(a) any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel or quit this Charter or to seek to return or surrender the Vessel hereunder except in accordance with the express terms hereof; and

(b) any rights which it may have in tort in respect of any of the matters referred to in clause 5.2 and agrees that the Owner and any Finance Party shall have no greater liability in tort in respect of any such matter than it would have in contract after taking into account all the exclusions referred to in clause 5.2.

5.4 No third party making any representation or warranty relating to the Vessel or any part of the Vessel is the agent of the Owner or any Finance Party nor has any such third party authority to bind the Owner or any Finance Party.

5.5 Nothing contained in this Charter is intended to prejudice any rights of warranty or other claims which the Charterer or the Owner may have against the Builder, Sumitomo or any manufacturer, repairer or supplier of any part of the Vessel or any other third party arising out of or in connection with the Contract of Construction and Sale, Security Assignment and Quadpartite Agreement. The Owner agrees to cooperate with the Charterer in bringing and enforcing any claim of warranty or other such claims and the Charterer shall be liable for any costs of the Owner incurred as a result of such cooperation.

5.6 If for any reason whatsoever this Charter shall be terminated in whole or in part, by operation of law or otherwise, except as specifically provided herein, unless a substitute charter is executed in form and substance acceptable to the Owner, the Owner may demand (with no detriment to its other rights under this Charter) and the Charterer will pay to the Owner an amount equal to the Accelerated Charterhire Amount together with all other amounts incurred by it in connection with the Vessel (including but not limited to any costs and expenses incurred under the Transaction Documents) no later than fourteen 14 days after such termination.

5.7 Charterer's Acknowledgment

The Charterer confirms that it is fully aware of the provisions of clause 5.2 (*As Is, Where Is and With All Faults*) and acknowledges that Charterhire and other amounts have been calculated notwithstanding these provisions. The Charterer agrees that the Owner shall be under no liability to supply any replacement vessel or any piece or part thereof during any period when the Vessel is unusable and unless caused by the Owner's gross negligence or wilful default of its obligations under this Charter, shall not be liable to the Charterer or any other person as a result of the Vessel being unusable.

6 Charterhire and Fees

6.1 Scheduled Payments

The Charterer shall pay to the Owner on each Payment Date an instalment of Charterhire comprising (a) Fixed Charterhire, (b) Variable Charterhire for the Variable Charterhire Period ending on such Payment Date in accordance with the terms of this Charter.

6.2 Supplemental Hire

Where the Owner incurs any Supplemental Amounts at any time after the date of this Charter during the Charter Period, the Charterer shall pay Supplemental Hire to the Owner on demand in an amount equal to the applicable Supplemental Amount.

6.3 Prepayment of Charterhire

(a) Except as expressly provided otherwise in this Charter, the Charterer may not prepay all or any part of the Charterhire without the prior written consent of the Owner.

(b) Upon giving not less than ten (10) Business Days' prior irrevocable notice in writing to the Owner, the Charterer may, in lieu of its obligation to pay relevant future instalments of Fixed Charterhire (or portions thereof) which would, but for this clause 6.3, be payable by the Charterer to the Owner under this Charter during the Charter Period, prepay all or any part of the Fixed Charterhire and the Balloon Payment (but, if in part, in a minimum amount of five hundred thousand U.S. Dollars (US$500,000) and integral multiples of five hundred thousand U.S. Dollars (US$500,000)) on a Payment Date or on a date otherwise agreed by the Owner, together with all accrued but unpaid Variable Charterhire up to and including the date of such prepayment, any Prepayment Fee as described in 6.3(c) below and all Supplemental Hire and any other amounts then payable under the Charter in respect of the sum prepaid.

(c) In respect of any amount to be prepaid a **Prepayment Fee** shall be payable as follows:

(i) for any prepayment made before the first anniversary of the Delivery Date, two per cent (2%) of the amount to be prepaid;

(ii) for any prepayment made on or after the first anniversary of the Delivery Date up to and before the second anniversary of the Delivery Date, one per cent (1%) of the amount to be prepaid; and

(iii) for any prepayment made on or after the second anniversary of the Delivery Date no Prepayment Fee shall arise.

(d) Any and all partial prepayments made under this Charter in respect of Fixed Charterhire shall be applied first to the Balloon Payment and then to the future instalments of Fixed Charterhire hereunder, in inverse order.

(e) Once the date for any prepayment has been fixed, such date shall be deemed as the due date for such prepayment of Fixed Charterhire (and all associated Variable Charterhire and Supplemental Hire) and should the Charterer fail to pay any such sum due on such date the Charterer shall pay interest on such overdue amounts in accordance with clause 10.7 (*Default Interest*).

6.4 Adjustment to Charterhire

(a) The schedule of Fixed Charterhire set out in Schedule 3 (*Fixed Charterhire Payment Table*) has been calculated prior to the execution of this Charter on the basis of the assumptions that the Loan will be fully disbursed on or before Delivery.

(b) In the event that the assumptions referred to in paragraph (a) prove at any time on or prior to the Delivery Date to be incorrect, or following any partial prepayment of Charterhire on or after the Delivery Date pursuant to the terms and conditions of this Charter, the Owner shall recalculate the Fixed Charterhire accordingly and the Owner and the Charterer shall agree a substitute Fixed Charterhire Payment Table to replace the one set out in Schedule 3 (*Fixed Charterhire Payment Table*).

Each such replacement schedule shall be binding on the Owner and the Charterer, in the absence of manifest error.

6.5 Administration Fee

The Charterer shall pay to the Owner on the date of this Charter, and thereafter on each anniversary of the Delivery Date, the Administration Fee in accordance with the terms of the Fee Letter.

7 Tax

7.1 Tax Gross-Up

(a) All payments to be made by the Charterer under this Charter and the other Transaction Documents to which the Charterer is a party will be made free and clear of and without any Tax Deduction (save for FATCA Deduction) unless the Charterer is required to make a Tax Deduction, in which case the sum payable by the Charterer (in respect of which such Tax Deduction is required to be

made) will be increased to the extent necessary to ensure the Owner receives a sum net of any deduction or withholding equal to the sum which it would have received had no such Tax Deduction been made or required to be made.

(b) The Charterer shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Owner accordingly.

(c) If the Charterer is required to make a Tax Deduction (excluding for the avoidance of doubt, any FATCA Deduction), then the Charterer will make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(d) Within thirty (30) days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Charterer shall deliver to the Owner evidence reasonably satisfactory to the Owner that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

7.2 Tax Indemnity

(a) Without prejudice to clause 7.1 (*Tax Gross-Up*), if any Indemnitee is required to make any payment of or on account of Tax (other than Tax imposed on or calculated by reference to the net income of that Indemnitee) on or in relation to any sum received or receivable by that Indemnitee under the Transaction Documents (including any sum deemed for purposes of Tax to be received or receivable by such Indemnitee whether or not actually received or receivable) or if any liability in respect of any such payment is asserted, imposed, levied or assessed against any Indemnitee, the Charterer shall on demand by the Owner, promptly indemnify the Indemnitee which suffers a loss or liability as a result against such payment or liability, together with any interest, penalties, costs and expenses payable or incurred in connection therewith.

(b) The Owner shall notify the Charterer of a claim under paragraph (a) as soon as practicable with reasonable details that the Owner then have.

7.3 Operational Tax Indemnity

Without prejudice to clause 7.1 (*Tax Gross-Up*), the Charterer will pay, and will on demand indemnify and hold each Indemnitee harmless against, any cost, loss or liability with respect to any Taxes levied, assessed or imposed by any Governmental Entity or any taxing authority thereof against the Charterer or the relevant Indemnitee directly or indirectly relating to or attributable to (a) the Vessel (unless such cost, loss or liability is attributable to the wilful default, gross negligence or fraudulent act of the Owner or the relevant Finance Party) or (b) any Operation conducted by the Charterer.

7.4 Stamp Taxes

The Charterer shall pay, and, on demand, indemnify each Indemnitee against any cost, loss or liability that Indemnitee incurs in relation to stamp duty, registration and other similar Taxes payable with respect to any Transaction Document.

7.5 Indirect Tax

(a) All consideration expressed to be payable under a Transaction Document by the Charterer is deemed to be exclusive of any Indirect Tax. If any Indirect Tax is chargeable on any supply made by an Indemnitee to the Charterer in connection with a Transaction Document, then the Charterer will pay to the Indemnitee or to its order (in addition to and at the same time as paying the consideration) an amount equal to the amount of the Indirect Tax.

(b) Where a Transaction Document requires the Charterer to reimburse an Indemnitee for any cost or expense, the Charterer will also at the same time pay and indemnify the Indemnitee against all properly evidenced Indirect Tax incurred by the Indemnitee in respect of the relevant cost or expense to the extent the Indemnitee reasonably determines that it is not able to reduce or avoid such Indirect Tax or entitled to a credit or repayment in respect of the Indirect Tax.

7.6 After Tax Basis

If any sum payable under any Transaction Document by way of indemnity or reimbursement proves to be insufficient, by reason of the imposition of any Tax, for the Indemnitee to discharge a corresponding liability to a third party or to reimburse the Indemnitee for its costs and losses, then the Charterer will pay the Indemnitee an additional amount so that (after taking into account any Tax applied to that additional amount) the deficit is made up.

7.7 Information Regarding Taxes

(a) The Charterer will as soon as practicable provide each Indemnitee with such information as that Indemnitee may from time to time request to enable that Indemnitee to file any return, report, statement or tax filing in connection with the transactions contemplated by the Transaction Documents.

(b) If the Charterer is required by any applicable law to deliver a report or return in connection with any Taxes in respect of (or connected with) the transactions contemplated by the Transaction Documents, then the Charterer will promptly complete the report or return within the time permitted.

7.8 FATCA Information and FATCA Deduction

(a) Subject to paragraph (c) below, each Party shall, within ten (10) Business Days of a reasonable request by another Party:

(i) confirm to that other Party whether it is:

(A) a FATCA Exempt Party; or

(B) not a FATCA Exempt Party; and

(ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA (including its applicable "passthru payment percentage" or other information required under the US Treasury Regulations or other official guidance including intergovernmental agreements) as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA;

(b) If a Party confirms to another Party pursuant to 7.8(a)(i) above 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 notify that other Party reasonably promptly.

(c) Paragraph (a) above shall not oblige any Finance Party to do anything which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any fiduciary duty; or

(iii) any duty of confidentiality.

(d) If a Party fails to confirm its status or to supply forms, documentation or other information requested in accordance with paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then:

(i) if that Party failed to confirm whether it is (and/or remains) a FATCA Exempt Party then such Party shall be treated for the purposes of the Finance Documents as if it is not a FATCA Exempt Party; and

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

until (in each case) such time as the Party in question provides the requested confirmation, forms, documentation or other information.

(e) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

(f) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction) notify the Party to whom it is making the payment and, in addition, shall notify the Owner.

8 Increased Costs

8.1 Increased Costs

(a) The Charterer shall on demand by the Owner, pay for the account of the Owner and any Finance Party the amount of any Increased Costs incurred by the Owner and/or that Finance Party or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the date of this Charter. The terms "law" and "regulation" in this paragraph (a) shall include, without limitation, any law or regulation concerning capital adequacy, prudential limits, liquidity, reserve assets or Tax.

(b) In this Charter "Increased Costs" means:

(i) a reduction in the rate of return from the transactions contemplated by the Finance Documents or the other Transaction Documents or on an Indemnitee's (or its Affiliate's) overall capital (including, without limitation, as a result of any reduction in the rate of return on capital brought about by more capital being required to be allocated by such Indemnitee or one of its Affiliates);

(ii) an additional or increased cost; or

(iii) a reduction of any amount due and payable under any Finance Documents or any other Transaction Document,

which is incurred or suffered by the Owner and any Finance Party or any of its Affiliates to the extent that it is attributable to the Owner and/or that Finance Party having agreed to finance or refinance the Vessel (whether by equity, debt, payment sub-participation, or a combination thereof) or in performing its obligations under this Charter (and including but not limited to any Financial Indebtedness incurred or undertaken by the Owner in connection with the acquisition and chartering of the Vessel), and provided the Owner furnishes to the Charterer documentary support for the law or regulation referred to in paragraph (a) above.

8.2 Increased Cost Claims

If a Finance Party intending to make a claim pursuant to clause 8 (*Increased Costs*) notifies the Owner of the event giving rise to the claim, then the Owner will promptly notify the Charterer.

9 Other Indemnities

9.1 Operational Indemnity

(a) The Charterer shall on demand indemnify the Owner against any cost, loss, liability, charges, expenses, fees, payments, penalties, fines, damages or other sanction of a monetary nature suffered or incurred by the Owner (including from third parties) as a result

of or in connection with:

(i) the performance of its obligations under this Charter and the other Transaction Documents to which it is a party and

(ii) the transactions contemplated thereby;

(iii) any Operation conducted by, or with respect to, the Vessel;

(iv) preventing or attempting to prevent the arrest, confiscation, seizure, taking in execution, impounding, forfeiture or detention of the Vessel, or in securing or attempting to secure the release of the Vessel;

(v) the Total Loss of the Vessel;

(vi) the occurrence of a Termination Event which is continuing;

(vii) directly or indirectly in any manner, the design, manufacture, delivery, non-delivery, purchase, importation, registration, ownership, chartering, sub-chartering, possession, control, use, operation, condition, maintenance, repair, replacement, refurbishment, modification, overhaul, insurance, sale or other disposal, return or storage of or loss of or damage to the Vessel or otherwise in connection with the Vessel (whether or not in the control or possession of the Charterer) including but not limited to those losses described in this clause 9 and including any and all claims in tort or in contract by an sub-charterer of the Vessel from the Charterer or by the holders of any bills of lading issued by the Charterer;

(viii) directly or indirectly, any claims which may at any time be made on the ground that any design, article or material of or in the Vessel or the operation or use thereof constitutes or is alleged to constitute an infringement of patent or copyright or registered design or other intellectual property right or any other right whatsoever;

(ix) the presence, escape, seepage, spillage, leaking, discharge or migration from the Vessel of oil or any other hazardous substance, including without limitation, any claims asserted or arising under the US Oil Pollution Act of 1990 (as same may be amended and/or re-enacted from time to time hereafter) or similar legislation, regardless of whether or not caused by or within the control of the Charterer; and

(x) liquidating, employing or prepaying funds acquired or borrowed to purchase or finance or refinance the Vessel (including any costs incurred in unwinding any associated interest rate or currency swaps or currency futures) following any default in payment by the Charterer hereunder or the occurrence of any Termination Event which is continuing.

Provided always that the Charterer shall be entitled to take, in the name of the Owner and following receipt of the Owner's written consent, such reasonable action as the Charterer sees fit to defend or avoid any or to recover the same from any third party losses.

(b) The provisions of this clause 9.1 (*Operational Indemnity*) will continue to be in full force and effect notwithstanding the expiry or termination of this Charter, and notwithstanding cessation of business of the Charterer, dissolution of the Charterer, any change in the constitution of the Charterer, or any other fact, event or circumstance of any kind whatsoever, whether similar to any of the foregoing or not.

9.2 Claim Procedure

(a) The Owner will request each Indemnitee to notify the Charterer as soon as reasonably practicable after a written claim is made against that Indemnitee with respect to any matter for which the Charterer is responsible under clause 9.1 (*Operational Indemnity*).

(b) The Charterer may (with the Owner's prior written consent), in consultation with the Owner and the relevant Indemnitee, assume and conduct promptly and diligently the defence of any claim giving rise to an obligation on the Charterer to indemnify under clause 9.1 (*Operational Indemnity*) provided that:

(i) no Termination Event has occurred and is continuing;

(ii) the contest does not raise any material risk of the sale, forfeiture or loss of the Vessel;

(iii) independent legal counsel reasonably acceptable to the relevant Indemnitee is of the opinion, confirmed in writing to the Owner, that a reasonable basis exists for contesting the relevant claim;

(iv) the commercial position and the business reputation of the relevant Indemnitee will not be materially or adversely affected by contesting the relevant claim; and

(v) the Charterer will be responsible for, and will indemnify each Indemnitee upon demand against, all reasonable out-of-pocket expenses suffered as a consequence of the Charterer's contesting the relevant claim.

(c) No Indemnitee will, by reason of the Charterer's contesting a claim in accordance with clause 9.2(b), be prevented from settling or paying any claim if required by applicable law.

9.3 Transaction Expenses

(a) The Charterer will bear all reasonable costs and expenses (including legal fees, travel expenses and accommodation costs) incurred by the Owner and the Finance Parties in connection with the preparation, negotiation, printing, execution of the Transaction Documents, registration of the Vessel and the Vessel Mortgage in Panama in the ownership of the Owner, and registration of any Security Document in a Relevant Jurisdiction as advised as being necessary or desirable by the Owner’s legal

counsel and in connection with amendments to, and/or the correction of any error in, any Transaction Document together with all other costs and expenses incurred in connection with the acquisition and chartering of the Vessel.

(b) The Charterer will upon demand indemnify the Owner or any Finance Party against:

(i) all reasonable costs and expenses (including legal fees) incurred by the Owner in responding to, evaluating, negotiating or complying with any request by the Charterer for an amendment, waiver or consent under this Charter and any other document referred to in this Charter, including any document executed to provide additional security to the Charterer which forms part of the Charterer Security Assets;

(ii) all reasonable costs and expenses (including legal fees) incurred by the Owner as a consequence of the occurrence of a Termination Event or Default or investigation of any Default; and

(iii) all reasonable costs and expenses (including legal fees) incurred by the Owner in connection with the enforcement of, or the preservation of any rights under, any Transaction Document.

10 Payments

10.1 Payments

(a) On each date on which the Charterer is required to make a payment under this Charter or any other Transaction Document, the Charterer shall make the same available to the Owner for value on the due date at the time and in U.S. Dollars or (in relation to Supplemental Hire or a part thereof) in such other currency as may be specified by the Owner.

(b) Payments shall be made to the U.S. Dollar account of the Owner with Sumitomo Mitsui Banking Corporation, Tokyo main office with account number 231045 or such other account with such bank as the Owner or its assignees may specify in writing from time to time.

(c) The Charterer shall comply with all applicable laws and regulations in relation to any payment made or to be made under this Charter or any other Transaction Document.

10.2 No Set-off etc.

The Vessel shall not at any time be deemed off-hire and the Charterer's obligation to pay all Charterhire and other amounts payable under this Charter shall be absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any nature whatsoever and whether or not similar to any of the matters set out in paragraphs (a) to (l) below, including, without limitation:

(a) any right of set-off, counterclaim, recoupment, defence or other right which either the Charterer or the Owner may have against the other or any other person for any reason whatsoever;

(b) the unavailability of the Vessel for any reason, including (but not limited to) any invalidity or other defect in the title, the seaworthiness, condition, design, operation, performance, capacity, merchantability, or fitness for use or ineligibility of the Vessel for any particular trade or operation or for registration or documentation under the laws of any country or any damage to the Vessel;

(c) the failure by any sub-charterer or any other person to pay any earnings or other amount to the Charterer or other person for any reason;

(d) any incapacity, disability, or defect in powers of the Charterer, or any irregular exercise thereof by, or lack of authority of, any person purporting to act on behalf of the Charterer;

(e) any failure or delay on the part of the Charterer whether with or without fault or negligence on its part and whether or not constituting a serious, fundamental or repudiatory breach of contract on its part, in performing or complying with any of the terms or covenants hereunder or under any of the Transaction Documents;

(f) any other cause which, but for this provision, might operate to exonerate the Charterer from liability, whether in whole or in part, under this Charter;

(g) any insolvency, bankruptcy, administration, reorganisation, arrangement, readjustment of debt, dissolution, liquidation or similar proceedings in relation to the Owner or its parent company (unless same deprives the Charterer of the use of the Vessel), the Charterer or any other person or the lack of due authorisation of or other defect in this Charter;

(h) any title defect or Security Interest or any dispossession of the Vessel by title paramount or otherwise except for those caused by any act of the Owner not permitted under this Charter;

(i) any damage to or loss, destruction, capture, seizure, judicial attachment or arrest, forfeiture or marshal's or other sale of the Vessel;

(j) any lien, attachment, levy, detainment, sequestration or taking into custody of the Vessel or any restriction or prevention of or interference with or interruption or cessation in, or interference with, or prohibition of, the use or possession thereof by the Charterer for any reason whatsoever and regardless of duration;

(k) any change, extension, indulgence or other act or omission in respect of any indebtedness or obligation of the Charterer, or any sale, exchange, release or surrender of, or other dealing in, any security for any such indebtedness or obligation; or

(l) any invalidity, unenforceability, lack of due authorisation or other defect, or any failure or delay in performing or complying with any of the terms and provisions of this Charter or any of the other Transaction Documents by any of the Obligors,

whether or not the Charterer shall have notice or knowledge of any of the foregoing. The Charterer waives all rights it might otherwise have had to reduce or not pay any amount under the Transaction Documents by reason of any of the matters described above or otherwise.

10.3 ***[Intentionally omitted]***

10.4 Partial Payments

If any sum paid to the Owner or recovered by the Owner in respect of the liabilities of the Charterer under this Charter is less than the amount then due, the Owner may apply that sum in accordance with clause 20.26 (*Waterfall*) or in the manner as the Owner shall determine in its sole discretion.

10.5 Business Days

(a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(b) During any extension of the due date for payment of any principal or Unpaid Sum under paragraph (a) above, interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

10.6 Currency Indemnity

If any sum due from an Obligor under this Charter or any other Transaction Document or any order or judgment given or made in relation thereto has to be converted from the currency (the "first currency") in which the same is payable hereunder, or under such order or judgment into another currency (the "second currency") for the purpose of (a) making or filing a claim or proof against the Charterer, (b) obtaining an order or judgment in any court or other tribunal, (c) enforcing any order or judgment given or made in relation thereto or (d) satisfying the obligations of the Charterer under this Charter or any other Transaction Document, the Charterer will indemnify and hold harmless the Owner from and against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which the Owner may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to them in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

10.7 Default Interest

(a) If any amount payable under any Transaction Document is not paid at the time and place and in the manner due, interest will accrue on the Unpaid Sum from the due date up until the date of actual payment (both before and after judgment), at the Default Interest Rate.

(b) Default interest (if unpaid) arising on any Unpaid Sum will be compounded with the Unpaid Sum on a daily basis but will remain immediately due and payable.

10.8 Payments on Demand

Unless otherwise required, any payment described in this Charter as payable on demand must be paid no later than three (3) Business Days after a demand.

10.9 Other Payments

The Charterer covenants, undertakes and agrees that it will pay to the Owner on demand of the Owner amounts equal to any and all amounts incurred as owner which may from time to time become payable or be expressed to be payable by the Owner to any Finance Party in respect of which is expressed to be payable to or indemnified by the Owner to a Finance Party under or pursuant to the Finance Documents or any other Transaction Document.

11 Representations

The Charterer makes the representations and warranties set out in this clause 11 to the Owner on the date of this Charter.

11.1 Status

(a) It is an exempted company duly incorporated, validly existing and in good standing under the laws of Bermuda and has full power to own its assets and carry on its business as being conducted at the date of this Charter.

(b) The Charterer is not resident for tax purposes in the United States of America.

11.2 Authorisation

(a) Each Group Member has full power and has taken all necessary actions to authorise its entry into and performance of, the Transaction Documents to which it is or will be a party and the transactions contemplated by those Transaction Documents.

(b) All authorisations, acts, government or regulatory approvals or other third-party consents which are required or advisable in connection with each Group Member’s entry into, performance, legality, validity and enforceability of, and the transactions contemplated by, the Transaction Documents to which it is or will be a party have been, or will be when necessary, obtained or performed (as appropriate) and are, or will be when necessary, in full force and effect.

11.3 Form and Effect of the Transaction Documents

(a) Subject to the Legal Reservations, each Transaction Document to which a Group Member is a party is in the proper form and has been duly and properly executed and delivered for its enforcement in England and the country of the laws by which that Transaction Document is expressed to be governed.

(b) Subject to the Legal Reservations, each Transaction Document to which a Group Member is a party constitutes its legal, valid and binding obligations, enforceable in accordance with its terms.

(c) The entry into and performance by each Group Member of, and the transactions contemplated by, the Transaction Documents to which it is a party does not conflict with:

(i) its constitutional documents ;

(ii) any document which is binding upon it or any of its assets; or

(iii) any law or regulation applicable to it.

(d) No Transaction Document has been amended or terminated unless such amendment or termination has been made in accordance with the terms thereof, or, as the case may be, with the agreement of the relevant parties.

11.4 No Termination Event

(a) No Termination Event is outstanding or would result from the execution of, or the performance of any transaction contemplated by, any Transaction Document; and

(b) no other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or to which its assets are subject.

11.5 No Group Member has been notified of any event of default, termination event or occurrence of force majeure (however so described) in connection with any Transaction Document.

11.6 No Litigation

No litigation, arbitration or administrative proceedings (other than those which are in the opinion of the Owner frivolous or vexatious or which are discharged, stayed or dismissed within twenty-one (21) days of its commencement) are current, or to its knowledge pending or threatened against any Group Member, which have, or if decided adversely would have, a Material Adverse Effect.

11.7 Information

All information (the **Information**) which has been provided by any Group Member in connection with any Transaction Document and the sale, operation and/or charter of the Vessel is true and accurate in all material respects as at its date or (if appropriate) as at the date (if any) at which it is stated to be given and no Group Member has failed to provide any information, the omission of which would make the Information misleading or incorrect.

In particular, the Original Financial Statements and all other Reports prepared by Pangaea on its or other Group Member's behalf are accurately and duly prepared in accordance with GAAP, consistently applied, and since the date of its Original Financial Statements, there has been no material change which will cause a deterioration of its or any other Group Member's business, assets, or financial condition described in the audited or unaudited financial statements of that fiscal year and which may materially affect its or the relevant Group Member's performance of its obligations under the Transaction Documents to which it is party.

11.8 Proceedings to Enforce

(a) Each Group Member's:

(i) agreement that the Transaction Documents to which it is a party (with the exception of the Vessel Mortgage) are governed by English law; and

(ii) submission under this Charter and the other Transaction Documents to which it is party to the jurisdiction of the courts of England,

are, subject to Legal Reservations, legal, valid and binding under the laws of its Relevant Jurisdictions.

(b) Any judgment obtained in England and Wales in relation to a Transaction Document will be recognised and be enforceable by the courts of its Relevant Jurisdictions.

11.9 Immunity

No Obligor nor any of its assets has any right of immunity from suit, execution, attachment or other legal process in any legal proceedings in relation to a Transaction Document to which it is a party taken in any jurisdiction, including, without limitation, in its Relevant Jurisdictions.

11.10 Commercial Activity

(a) Each Obligor is subject to any civil and commercial law with respect to its obligations under each Transaction Document to which it is a party. The execution and delivery of each Transaction Document to which it is a party constitute, and each Obligor's

performance of and compliance with its obligations under each Transaction Document to which it is a party will constitute, private and commercial acts rather than public or governmental acts.

(b) The Charterer carries on no other business other than the ownership, operation, chartering of vessels or activities incidental thereto.

11.11 Taxes

Subject to Legal Reservations and save for payments necessary to effect the registrations referred to in clause 11.15 (*Registration Requirements*), under the laws of each Obligor's Relevant Jurisdiction, there is no Tax imposed or payable (whether by withholding or otherwise) on or by virtue of the execution and delivery of the Transaction Documents to which it is a party or any document or instrument to be executed and delivered hereunder, the performance, enforcement or admissibility in evidence hereof or thereof, or on any payment required to be made hereunder or thereunder.

11.12 Security

(a) From the date of this Charter or (if later) the date on which the applicable Charterer Security Assets are acquired by it, the Charterer is the sole legal and beneficial owner of the Charterer Security Assets and it has not sold or transferred all or any part of the Charterer Security Assets to a third party nor has it created or assumed any Security Interests over all or any part of any of the Charterer Security Assets other than pursuant to the Security Documents.

(b) Subject to Legal Reservations, each of the Security Documents to which a Group Member is party creates the rights it purports to and in the case of each of the Security Assignment and the Manager's Undertaking, creates a legal valid and enforceable security interest which is expressed to be created thereby.

11.13 No Adverse Consequences

(a) It is not necessary under the laws of its Relevant Jurisdictions:

(i) in order to enable the Owner or any Finance Party to enforce its rights under any of the Transaction Documents to which it is a party; or

(ii) by reason of the entry into of any Transaction Document or the performance by it of its obligations under any Transaction Document,

that any Finance Party should be licensed, qualified or otherwise entitled to carry on business in any such Relevant Jurisdiction.

(b) No Finance Party is or will be deemed to be a resident, domiciled or carrying on business in any such Relevant Jurisdiction by reason only of the entry into, performance and/or enforcement of any Transaction Document.

11.14 ***[Intentionally omitted]***

11.15 Registration Requirements

Except for registration of the Security Documents to which the Charterer is a party in the Relevant Jurisdiction (and with the Registrar of Companies in Bermuda) and the registration of the Vessel Mortgage with the Panama Ship Registry, it is not necessary to file, register or otherwise record any Transaction Document or any other instrument or agreement required thereunder in any court, public office or elsewhere in any Relevant Jurisdiction, or to pay any stamp, registration or similar tax on or in relation to any such Transaction Document or any such instrument or agreement required thereunder to ensure the validity, legality, effectiveness, enforceability or admissibility in evidence thereof.

11.16 Pari Passu

Each Obligor's obligations and liabilities under the Transaction Documents to which it is a party are unconditional and general obligations and the claims of the Owner and any of the Finance Parties under such Transaction Documents rank and will rank at least pari passu with all of its other present or future claims in respect of unsecured and unsubordinated obligations (both actual and contingent) save for those obligations and claims preferred by law and applying to companies generally.

11.17 Compliance with laws

Each Obligor is in compliance with all laws (including but not limited to Environmental Laws), decrees and regulations to which it is subject.

11.18 No insolvency

No Obligor is insolvent and no legal proceedings have commenced in respect of any Obligor for its winding-up, dissolution, administration, re-organisation, reconstruction or other proceeding analogous (however so described) in purpose or effect, or for the appointment of a receiver, administrator, administrative receiver, trustee, reconstructor or similar officer (however so described) of it or of any or all of its revenues and assets.

11.19 Material Adverse Effect

No Material Adverse Effect has occurred.

11.20 Environmental Review

In the ordinary course of its business, the Charterer conducts an ongoing review of the effect of local environmental laws and standards on the business, operations and properties of itself and its subsidiaries (if any), in the course of which it identifies and evaluates liabilities and costs related thereto (including, without limitation, with respect to any clean-up or closure of properties, compliance with applicable operating constraints, disposal of wastes and possible liabilities to employees and other third parties). On the basis of this review, the Charterer has reasonably concluded that such liabilities and costs are unlikely to have a Material Adverse Effect.

11.21 Environmental Matters

To the best of the knowledge and belief of each Group Member and its officers:

(a) all Environmental Laws applicable to the Vessel have been complied with and all consents, licences and approvals required under such Environmental Laws have been obtained and complied with; and

(b) no Environmental Claim has been made or threatened or is pending against any Obligor or the Vessel which will, or is likely to, have a Material Adverse Effect and not fully satisfied.

11.22 No default under other Financial Indebtedness

No Obligor is (or would, with the giving of notice or lapse of time or the satisfaction of any other condition or combination thereof, be) in breach of or in default under any agreement relating to Financial Indebtedness to which it is a party or by which it may be bound and the sum of which exceeds the sum of two million and five hundred thousand U.S. Dollars (US$2,500,000) or its equivalent in any other currency.

11.23 Freedom from Security Interests

Neither the Vessel nor any Charterer Security Assets, nor any part thereof (in any such case), will be, on and after the date of this Charter, subject to any Security Interests save for any Permitted Security Interests.

11.24 Vessel Management Agreement

Unless otherwise agreed in writing by the Owner (which agreement shall not be unreasonably withheld or delayed), other than any Vessel Management Agreement, the Charterer has not entered into any management agreement or other contract relating to the management of the Vessel.

11.25 No Sharing of earnings

There is no or will not be any agreement or arrangement whereby the earnings of the Vessel may be shared with or assigned to any other person or subject to a Security Interest save for any Permitted Security Interest.

11.26 Vessel Representations

(a) The Vessel will on the Delivery Date be:

(i) registered in the relevant State of Registration which is Panama for the time being under the Panama flag in the name of the Owner as legal owner;

(ii) operationally seaworthy and in every way fit for service;

(iii) classed with the relevant classification free of any overdue requirements and recommendations of the relevant Classification Society; and

(iv) insured in the manner required by this Charter.

(b) The Vessel shall on the Delivery Date be free of any other charter commitment which, if entered into after that date, would require approval under this Charter.

11.27 Antisocial Forces and Acts

(a) No Group Member falls within any paragraphs in the definition of "Antisocial Forces".

(b) No Group Member has committed, or caused any third party to commit, an Antisocial Act.

11.28 Repetition

The representations and warranties set out in clause 11 (Representations) are deemed to be made by the Charterer on the date of this Charter and, unless a representation or warranty is expressed to be made at a specific date, by reference to the facts and circumstances then existing on each Payment Date.

12 Information Undertakings

The undertakings in this clause 12 remain in force from the date of this Charter and during the Charter Period. For the avoidance of doubt, any information provided by the Charterer or any Group Member to the Owner as required in this clause 12 shall be deemed to be served on the Finance Parties if the same information is so required by the Finance Party under the relevant Finance Documents.

12.1 Consultation and Visit

(a) The Charterer shall, from time to time, at the request of the Owner, consult with the Owner with respect to the implementation and administration of this Charter and the other Transaction Documents and the purchase, ownership and operation of the Vessel.

(b) The Charterer shall afford (and shall, in relation to the premises or offices of any Group Member that is party to a Transaction Document, procure that such Group Member affords) all reasonable opportunity for representatives of the Owner and the Finance Parties to visit any part of the premises or offices of any such Group Member and/or the Vessel for purposes relating to this Charter and the other Transaction Documents and/or to monitor the operation of the Vessel.

12.2 Information

(a) The Charterer shall provide the Owner with copies of its unaudited management accounts for each fiscal quarter and Pangaea's consolidated independently audited annual financial statements and unaudited interim annual financial statements promptly after each is prepared, and in any event not later than (i) one hundred and eighty (180) days after the end of Pangaea's financial year in the case of Pangaea's consolidated independently audited annual financial statements, (ii) one hundred and twenty (120) days after the end of Pangaea's financial year in the case of Pangaea's consolidated interim annual financial statements and (iii) ninety (90) days after each of its financial quarters in the case of the Charterer's unaudited management accounts. Such financial statements shall be prepared in accordance with applicable GAAP consistently applied and (if not in English) shall be accompanied by a certified English translation.

(b) The Charterer shall:

(i) provide the Owner as the Owner may reasonably request with any other information (financial or otherwise) or documents including but not limited to (i) the implementation and administration of this Charter, the other Transaction Documents and the purchase, ownership, employment and operation of the Vessel or (ii) the financial condition, business, employment and operations of any Group Member, that is a party to a Transaction Document;

(ii) provide to the Owner copies of all documents, requests, notices or correspondence (other than those of a purely administrative nature) given or received by it under any Transaction Document; and

(iii) promptly answer in writing, in reasonable detail, all reasonable questions in respect of the financial condition and business activities of the Obligors which the Owner may submit to the Charterer in writing.

(c) The Charterer shall furnish to the Owner for the Finance Parties such know your customer documentation as a Finance Party may (through the Owner) reasonably request from time to time.

12.3 Notification of Termination Event

(a) Immediately upon becoming aware of its occurrence (or when the Charterer could be reasonably expected to be aware of such an occurrence), the Charterer shall notify the Owner of any Termination Event (and the steps, if any, being taken to remedy it).

(b) Immediately after becoming aware of the same, the Charterer shall inform the Owner of (i) the imposition of or amendment to any laws, decrees or regulations adversely affecting (x) any Obligor and their ability to perform their respective obligations under the Transaction Documents or (y) this Charter or any other Transaction Document and (ii) the occurrence of any event or circumstance which may have a Material Adverse Effect.

(c) The Charterer shall provide to the Owner copies of all documents despatched by any Obligor to their creditors generally or any class of them at the same time as they are despatched.

(d) The Charterer shall provide to the Owner promptly upon becoming aware of them, details of any material litigation, arbitration or administrative proceedings which are current, threatened or pending against the Charterer or any other Obligor and which involve an amount in excess of two million five hundred thousand U.S. Dollars (US$2,500,000);

(e) The Charterer shall provide to the Owner promptly, details of each material breach by the Charterer or any other Obligor of its contractual obligations to any third party (or third parties) which may result in one or more claims against the Charterer or any other Obligor.

12.4 Operational Information

The Charterer shall:

(a) promptly notify the Owner of the occurrence of any accident, casualty or other event which has caused or resulted in or may cause or result in the Vessel being or becoming a Total Loss;

(b) promptly notify the Owner of any requirement or recommendation made by any insurer or Classification Society or by any competent authority in respect of the Vessel which is not complied with within the time allowed for compliance by the insurer, Classification Society or, as the case may be, the authority in question in each instance;

(c) promptly notify the Owner of any claim for any material breach of the ISM Code or ISPS Code being made in connection with the Vessel, its operation or the Charterer;

(d) give to the Owner from time to time, on request, such information as the Owner may reasonably require regarding the Vessel, her employment, position and engagements;

(e) provide the Owner, on request, with copies of the classification certificates of the Vessel and of all periodic damage or survey reports on the Vessel;

(f) promptly furnish the Owner with full information of any casualty or other accident or damage to the Vessel involving an amount in excess of five hundred thousand U.S. Dollars (US$500,000) (or the equivalent in another currency);

(g) if there is a Termination Event, furnish to the Owner from time to time upon request certified copies of the log and itinerary in respect of the Vessel;

(h) notify the Owner of any assistance given to the Vessel which is likely to result in a lien for salvage over the Vessel

(i) notify the Owner of any intended dry docking of the Vessel;

(j) give to the Owner, the Finance Parties and their duly authorised representatives access to the Vessel for the purpose of conducting on board inspections and/or surveys of the Vessel as the Owner may reasonably request provided that such access, inspections and/or surveys do not unreasonably disrupt the Vessel's commercial use and operation (except where a Termination Event has occurred, whereupon such access will be permitted at all times). The Charterer shall pay all expenses incurred by the Owner and the Finance Parties in connection with any inspections or survey carried out while a Termination Event has occurred, and otherwise for no more than a single inspection or survey in a twelve month period;

(k) promptly following receipt of a request by the Owner, provide the Owner with any additional or further information which it is reasonable to request relating to the Vessel, the Compulsory Insurances, this Charter or to any other matter relevant to, or to any provision of, a Transaction Document;

(l) promptly provide copies of any notice of default, termination, dispute or claim made against the Charterer or affecting the Vessel together with details of any action it proposes to take in relation to the same;

(m) no later than fifteen (15) days before the Delivery Date and every six months from the Delivery Date (except when a Termination Event has occurred and in which case the Charterer shall provide more frequent valuations), the Charterer shall at its own cost provide two appraisal reports for the Fair Market Value of the Vessel. Where there is a disparity of more than ten per cent (10%) in the Fair Market Value based on the two valuations, the Charterer will at its own expense procure a third valuation from a different Approved Valuer and the Fair Market Value shall be based on the average of the two closest valuations; and

(n) promptly provide all such information as the Owner shall from time to time reasonably require regarding all insurances on or in respect of the Vessel and copies of all policies, cover notes and all other contracts of insurance which are from time to time taken out or entered into in respect of the Vessel or otherwise howsoever in connection with the Vessel so that the Owner is at all times able to determine whether the Vessel has been adequately insured as provided for in this Charter.

12.5 Environmental

The Charterer shall promptly notify the Owner of:

(a) any Environmental Claim which exceeds one million U.S. Dollars (US$1,000,000) or its equivalent in any other currency, in respect of the use or operation of the Vessel current, or to its knowledge, pending or threatened against it or any of its affiliates;

(b) any circumstances reasonably likely to result in an Environmental Claim which will exceed one million U.S. Dollars (US$1,000,000) or its equivalent in any other currency in respect of the use or operation of the Vessel against it or any of its Affiliates;

(c) any suspension, revocation or modification of any material Environmental Approval in respect of the use or operation of the Vessel; and

(d) any emission, spill, release or discharge into or upon the air, surface water, groundwater, or soils of Hazardous Material arising as a result of its use or operation of the Vessel, and in each case such notification shall take the form of a certificate of an officer of the Charterer specifying in detail the nature of the event or circumstances.

13 General Undertakings

The undertakings in this clause 13 remain in force from the date of this Charter and throughout the Charter Period.

13.1 Authorisations

The Charterer shall promptly obtain, maintain and comply with any authorisation or permit required under any applicable law or regulation in order to perform its obligations under, or for the legality, validity or enforceability of any Transaction Document to which it is a party.

13.2 Pari Passu

The Charterer shall ensure that its payment obligations under the Transaction Documents to which it is a party at all times rank at least pari passu with all of its other present and future unsecured and unsubordinated indebtedness except for obligations mandatorily preferred by law applying to companies generally.

13.3 Compliance with Laws

The Charterer shall comply in all respects with all laws (including but not limited to Environmental Laws), decrees and regulations to which it or its business is subject where failure to do so has or is reasonably likely to have a Material Adverse Effect.

13.4 Disposals

The Charterer shall not, without the prior written consent of the Owner, sell, transfer, abandon, lend (other than charter the Vessel pursuant to the terms of this Charter) or otherwise dispose of any assets or properties.

13.5 Merger

The Charterer shall not consent to or enter into any continuation out of Bermuda, amalgamation, de-merger, merger or reconstruction of itself or take any other action to materially change the nature of its business without the prior written consent of the Owner, such consent not to be unreasonably withheld.

13.6 Registration

The Charterer shall file, register or otherwise record (or shall procure to be filed, registered or otherwise recorded), each Transaction Document to which it is party and any instrument or agreement required thereunder in any court, public office or elsewhere in any other relevant jurisdiction (including the making of any registrations required or desirable in connection with the creation of the Security Interests contemplated thereby, in each case, within the time limit prescribed by applicable law) and the Charterer shall pay any stamp, registration or similar tax on or in relation to this Charter or any other Transaction Document or any other instrument or agreement required thereunder if at any time so required to ensure the validity, legality, effectiveness, enforceability or admissibility in evidence thereof.

13.7 State of Incorporation

The Charterer shall maintain its place of incorporation (whether for legal, tax, accounting purposes or otherwise) in Bermuda.

13.8 Corporate Status

The Charterer shall:

(a) do all such things as are necessary to maintain its corporate existence and good standing; and

(b) ensure that it has the right and is duly qualified in all material respects to conduct its business as it is being conducted in all applicable jurisdictions.

13.9 Constitutional Documents and Scope of Business

The Charterer shall not (and shall procure its shareholders shall not) change its constitutional documents except for non-material matters which would have no adverse impact on the Owner or Finance Parties' rights under the Transaction Documents or carry on any other business other than the ownership, operation, chartering of vessels.

13.10 Taxes

The Charterer shall file all tax filings and all informational returns that are required to have been filed by it under applicable law in all relevant jurisdictions and pay and discharge all Taxes due and payable from it or against its assets (other than those being contested in good faith and where such payment may be lawfully withheld).

13.11 Change of Accounting Period

Except with the prior written consent of the Owner which shall not be unreasonably withheld, the Charterer shall not change its accounting periods or its auditors.

13.12 Further Assurance

The Charterer shall promptly take such steps as the Owner may deem necessary or appropriate to maintain and protect the interests of the Owner under the Transaction Documents to which the Charterer is a party, including filing and/or registering any of such Transaction Documents and the execution of such additional documents as the Owner may reasonably require.

13.13 Negative Pledge

The Charterer shall not, without the prior written consent of the Owner, create, assume or suffer to exist any Security Interest upon:

(a) all or any part of its present or future undertaking, assets, or revenues (including, without limitation, any charter hire or any other amounts payable by a sub-lessee or sub-charterer under any charter arrangement in respect of the Vessel to which the Charterer is a party); and

(b) the Vessel, save for Permitted Security Interests and Owner Encumbrances.

13.14 Financial Indebtedness

The Charterer may not incur or permit to be outstanding any Financial Indebtedness, other than Permitted Indebtedness.

13.15 No Amendment to Contracts

The Charterer shall:

(a) neither make nor permit to be made any amendment to any Transaction Document to which it is party without the prior written consent of the Owner;

(b) nor terminate any Transaction Document to which it is party without the prior written consent of the Owner, or waive any material breach by any party of its obligations under the Transaction Document to which it is party without prior written consent of the Owner.

13.16 Sanctions

(a) The Charterer will, to the best of its actual knowledge and belief, prevent the Vessel from being used, directly or indirectly:

(i) by, or for the benefit of, any Prohibited Person; and/or

(ii) in any trade which would be in violation of any Sanctions.

(b) The Charterer will (so long as failing to do so would violate Sanctions) prevent the Vessel from trading to Iranian ports or carrying petrochemical products if they originate in Iran, or are being exported from Iran to any other country,

save for the situation whereby an authorisation issued by a Sanctions Authority is obtained and in full force and effect.

13.17 Antisocial Forces and Acts

The Charterer shall not do anything that would:

(a) fall within any paragraph in the definition of "Antisocial Forces"; and/or

(b) commit, or cause any third party to commit, any Antisocial Act.

13.18 Collateral Maintenance Ratio

(a) If at any time the Owner notifies the Charterer that the ratio of (i) the aggregate of the Fair Market Value (determined pursuant to clause 12.4(m)) of the Vessel and the net realisable value of any additional security provided at any time under this clause 13.18 to (ii) the Charterhire Principal (such ratio being the **Collateral Maintenance Ratio**), is less than the percentage for the applicable period below, the Charterer shall be required to comply with the provisions of clause 13.18(b) below:

(i) between the period from Delivery Date until and including the first anniversary of the Delivery Date: one hundred per cent (100%) of the Charterhire Principal;

(ii) between the period beginning the next day after the first anniversary of the Delivery Date and ending on the date falling eighteen (18) months from the Delivery Date: one hundred and five per cent (105%) of the Charterhire Principal;

(iii) between the period beginning the next day after the date falling eighteen (18) months from the Delivery Date and ending on the second anniversary of the Delivery Date: one hundred and ten per cent (110%) of the Charterhire Principal;

(iv) between the period beginning the next day after the second anniversary of the Delivery Date and ending on the date falling thirty (30) months from the Delivery Date: one hundred and fifteen per cent (115%) of the Charterhire Principal;

(v) between the period beginning the next day after the date falling thirty (30) months from the Delivery Date and ending on the third anniversary of the Delivery Date: one hundred and twenty per cent (120%) of the Charterhire Principal;

(vi) between the period beginning the next day after the third anniversary of the Delivery Date and ending on the date falling forty two (42) months from the Delivery Date: one hundred and twenty five per cent (125%) of the Charterhire Principal;

(vii) between the period beginning the next day after the date falling forty two (42) months from the Delivery Date and ending on the fourth anniversary of the Delivery Date: one hundred and thirty per cent (130%) of the Charterhire Principal; and

(viii) thereafter: one hundred and thirty five per cent (135%) of the Charterhire Principal.

(b) The Owner shall notify any prepayment under this clause 13.18(b) no later than five (5) days prior to Delivery or each second Payment Date. Upon the Owner notifying the Charterer under clause 13.18(a) in regard to any shortfall in the Collateral Maintenance Ratio (the **Shortfall Amount**), the Charterer shall either:

(i) prepay an amount of Charterhire on the Delivery Date or the Payment Date referred to in clause 13.18(b) above in accordance with clause 6.3(b), (d) and (e) (*Prepayment of Charterhire*) (but omitting (A) the ten (10) Business Days' notice requirement and (B) the requirement that a partial payment must be in a minimum amount of US$500,000 (five hundred thousand US Dollars) and integral multiples thereof pursuant to clause 6.3(b)); or

(ii) on or before the relevant Payment Date, agree with the Owner the form of further security to be provided or procured and provide or procure such security no later than 10 days after that Payment Date,

so that the Collateral Maintenance Ratio is no longer below the applicable percentage in clause 13.18(a).

13.19 Charterer's financial covenants

(a) Tested on the last day of each fiscal quarter beginning from 1 April 2017, Pangaea's Consolidated Leverage Ratio shall not be higher than two hundred per cent (200%).

Consolidated Leverage Ratio means, a fraction (expressed as a percentage, rounded up to the nearest tenth of a percent) where (a) the numerator is a number equal to the consolidated Financial Indebtedness of Pangaea and (b) the denominator is Consolidated Net Worth; and

Consolidated Net Worth means, as at the end of the applicable accounting period, the amount shown as "Total Shareholders' Equity" under the heading "Shareholder's Equity" appearing in the latest consolidated financial statements for the relevant accounting period, adjusted to take account of any differences between (1) the book values (net of depreciation) of the Fleet Vessels and (2) the Fleet Market Value.

(b) Tested on the last day of each fiscal quarter beginning at 1 April 2017, Pangaea's Consolidated DSCR on a rolling four quarter basis shall be at least:

(i) 1.00 between the first day of the second quarter of the 2017 fiscal year and the last day of the second quarter of the 2017 fiscal year;

(ii) 1.05 between the first day of the third quarter of the 2017 fiscal year and the last day of the third quarter of the 2017 fiscal year; and

(iii) 1.20 at all times thereafter.

Consolidated Debt Service means, on a consolidated basis, the aggregate amount of principal and Consolidated Net Interest Expense paid or scheduled to be paid by Pangaea

on its consolidated Financial Indebtedness for the immediately preceding twelve month period;

Consolidated DSCR means, a fraction (expressed as a percentage, rounded up to the nearest tenth of a percent) where (a) the numerator is Consolidated EBITDA and (b) the denominator is Consolidated Debt Service;

Consolidated EBITDA means, for any accounting period, the net income of on a consolidated basis for that accounting period:

(a) plus, to the extent deducted in computing the consolidated net income of Pangaea for that accounting period, the sum, without duplication, of:

(i) all federal, state, local and foreign income taxes and tax distributions;

(ii) Consolidated Net Interest Expense;

(iii) depreciation, depletion, amortization of intangibles and other non-cash charges or non-cash losses (including non-cash transaction expenses and the amortization of debt discounts) and any extraordinary losses not incurred in the ordinary course of business; and

(iv) any drydocking expenses;

(b) minus, to the extent added in computing the consolidated net income of Pangaea for that accounting period, any non-cash income or non-cash gains and any extraordinary gains on asset sales or otherwise not incurred in the ordinary course of business;

Consolidated Net Interest Expense means, on a consolidated basis, the aggregate of all interest, commitment and other fees, commissions, discounts and other costs, charges or expenses accruing that are due from Pangaea during the relevant accounting period less interest income received, determined in accordance with U.S. GAAP and as shown in the statement of income for Pangaea;

Fleet Market Value means, as of the date of calculation, the aggregate market value of:

(i) the Vessel, as most recently determined by the Owner pursuant to valuations obtained by the Charterer in accordance with the provisions of clause 12.4(m); and

(ii) all other Fleet Vessels (other than the Vessel), as determined by the Owner in accordance with U.S. GAAP acting reasonably.

Fleet Vessels means all the vessels (including, but not limited to the Vessel) from time to time owned by Group Members and Fleet Vessel means any of them.

(c) Tested on the last day of each fiscal quarter beginning from 1 April 2017, Pangaea's minimum liquidity in Free Cash shall not be less than:

(i) fifteen million U.S. Dollars (US15,000,000) from the date of this Charter until the last day of the 2017 fiscal year;

(ii) sixteen million U.S. Dollars (US16,000,000) during the 2018 fiscal year; and

(iii) eighteen million U.S. Dollars (US18,000,000) thereafter.

Cash Balance means the unencumbered and otherwise unrestricted cash and cash equivalents of Pangaea.

Free Cash means, at any relevant time, the amount of the Cash Balance, freely available for use by Pangaea

(d) Tested on the last day of each fiscal quarter beginning from 1 April 2017, Pangaea's Consolidated Net Worth (as defined in clause 13.19(a) above) shall be at least fifty million two hundred and fifty thousand U.S. Dollars (US$50,250,000).

14 Vessel Undertakings

The undertakings in this clause 14 (*Vessel Undertakings*) apply from Delivery until the end of the Charter Period.

14.1 Change of flag or register

The Charterer shall not and shall procure no Group Member or the Manager shall change the State of Registration of the Vessel without the prior written consent of the Owner (such consent not to be unreasonably withheld).

14.2 Change of classification

The Charterer shall not and shall procure no Group Member or the Manager shall change the Vessel's Classification Society without the prior written consent of the Owner (such consent not to be unreasonably withheld).

14.3 Classification and Repair

The Charterer will (and will procure that the Manager will) at all times on and after the Delivery Date:

(a) ensure that the Vessel is surveyed from time to time as required by the Classification Society in which the Vessel is for the time being entered and upon the Owner's request, supply to the Owner copies of all related survey reports which have been issued;

(b) maintain and preserve the Vessel in good working order and repair (including but not limited to periodic dry-docking in accordance with Classification Society rules), ordinary wear and tear excepted, and ensure that the Vessel maintains the classification without any overdue notations and recommendations affecting class;

(c) procure that all repairs to or replacement of any damaged, worn or lost parts or equipment shall be effected in accordance with the rules of the Classification Society in which the Vessel is for the time being entered and in such manner (both as regards workmanship and quality of materials) as not to materially diminish the value of the Vessel;

(d) not without the prior written consent of the Owner, remove or modify any material part of the Vessel, any part or any other item of equipment installed on the Vessel unless (i) such removal (in the case of the non-replacement of such item or part) or modification does not materially diminish the value of the Vessel or (ii) 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 (other than any Permitted Security Interests) or any right in favour of any person other than the Owner and becomes on installation on the Vessel the property of the Charterer and subject to any Security Interest constituted by the Security Documents, **provided that** the Charterer may install and remove or modify equipment owned by a third party if the equipment can be removed or modified without any risk of damage to the Vessel or its value and doing so does not affect the class, flag or custody transfer certification or, as the case may be, any such resulting damage is repaired by the Charterer promptly after such removal or installation or modification (as applicable);

(e) not without the prior written consent of the Owner cause or permit to be made any substantial change in the structure, machinery, equipment, control systems, type or performance characteristics of the Vessel the effect of which would materially diminish the value of, or change the main purpose of use of, or classification of the Vessel and furthermore shall provide confirmation to the Owner that such substantial change in structure, type or performance characteristics of the Vessel will not result in a breach of any covenant under this Charter;

(f) maintain and keep up to date records in respect of:

(i) any fuel loaded which is not in accordance with the specifications for the Vessel; and

(ii) all lubricating oil analysis;

(g) ensure the Vessel complies with all laws, regulations and requirements (statutory or otherwise) from time to time applicable to vessels registered under the laws and flag of the State of Registration; and

(h) not put the Vessel into the possession of any person for the purpose of work being done upon it in an amount exceeding or likely to exceed one million and five hundred thousand U.S. Dollars (US$1,500,000) (or the equivalent in any other currency) unless that person has first given to the Owner on terms satisfactory to the Owner a written undertaking not to exercise any lien on the Vessel or its Earnings for the cost of such work or for any other reason.

14.4 Lawful and Safe Operation

The Charterer will (or will procure that the Manager will) at all times on and after the Delivery Date:

(a) not cause or permit the Vessel to be operated in any manner contrary to the laws, regulations, treaties and conventions (and all rules and regulations issued thereunder) from time to time applicable to the Vessel;

(b) not cause or permit the Vessel to trade with or within the territorial waters of any country in which her safety could reasonably be

expected to be imperilled without customarily required war insurance;

(c) not cause or permit the Vessel to be employed in any manner which will or may render her liable to requisition, confiscation, forfeiture, seizure, destruction or condemnation as prize;

(d) perform all obligations and comply with all laws (including, without limitation Environmental Laws) applicable to the Charterer and/or the Vessel and use its best efforts to ensure that the Vessel is not employed in any trade or business which is forbidden by international law and not allow the Vessel to carry illicit or prohibited goods (including but not limited to any nuclear waste or material);

(e) in the event of hostilities in any part of the world (whether war be declared or not) ensure that the Vessel is not employed in carrying any contraband goods and that she does not trade in any zone after it has been declared a war zone by any authority or by the Vessel's war risks insurers unless the Vessel's insurers shall have confirmed to the Charterer and the Owner that the Vessel is covered under the Compulsory Insurances for the voyage(s) in question;

(f) not do or permit to be done any act which might jeopardise the title, rights and interests of the Owner in the Vessel and to the Charterer Security Assets and/or knowingly omit or knowingly permit to be omitted to be done any act which might prevent that title or those rights and interest from being jeopardised;

(g) not charter the Vessel or permit the Vessel to serve under any contract of affreightment with any foreign country or national of any foreign country which would be contrary to applicable law or to the Charterer's knowledge, would render any Transaction Document or the security conferred by the Security Documents unlawful; and

(h) take all necessary and proper precautions to prevent any infringements of the Anti Drug Abuse Act of 1986 of the United States of America or any similar legislation applicable to the Vessel in any jurisdiction in or to which the Vessel shall be employed or located or trade or which may otherwise be applicable to the Vessel and/or the Charterer and, if the Owner shall so require, the Charterer shall enter into a "Carrier Initiative Agreement" with the United States Customs Service and to procure that any such similar agreement is maintained in full force and effect and performed by the Charterer.

14.5 Dry Docking and Repair of the Vessel

The Charterer will not (or will procure that the Manager will not) at any time after the Delivery Date:

(a) permit the Vessel to undergo any repairs, scheduled maintenance and/or any other works which requires the Vessel to be dry docked, in any such case, other than with a reputable shipyard; or

(b) pledge the credit of the Owner or any Interested Party for any maintenance, service, repairs, dry-docking or modifications to, or changes or alterations in the Vessel or for any other purpose whatsoever.

14.6 Arrests and Liabilities

The Charterer will (and will procure that the Manager will) at all times on and after the Delivery Date:

(a) pay and discharge when due and payable, all debts, damages, obligations and liabilities whatsoever (other than those being contested in good faith or for which adequate reserves have been made) which have given or may give rise to liens on or claims enforceable against the Vessel;

(b) notify the Owner promptly in writing of the levy of any distress on the Vessel or her arrest, detention, seizure, condemnation as prize, compulsory acquisition or requisition for title or use unless such arrest, detention, seizure has been reversed or cancelled within fourteen (14) days of occurring;

(c) (unless the Vessel is subject to the Compulsory Acquisition) take all measures to obtain release of the Vessel as soon as is practicable or possible (and in any event, within thirty (30) days of the relevant event or circumstance first occurring or such longer period as the Charterer and the Owner may agree in writing);

(d) if the Vessel is subject to the Compulsory Acquisition, diligently exercise its rights under law as a prudent owner of a vessel to ensure the return of the Vessel (or if there is no reasonable prospect of such return of the Vessel, the payment of fair compensation) as soon as reasonably practicable;

(e) pay and discharge when due and payable all dues, taxes, assessments, governmental charges, levies, fines and penalties lawfully imposed on or in respect of the Vessel (other than those being contested in good faith by appropriate proceedings); and

(f) pay and discharge all other obligations and liabilities whatsoever payable by the Charterer in respect of the Vessel or the Compulsory Insurances.

14.7 Environment

(a) The Charterer shall (or shall procure that the Manager shall) at all times after the Delivery Date comply in all material respects with all applicable Environmental Laws and Environmental Approvals including, without limitation, requirements relating to the establishment of financial responsibility and obtain and comply in all material respects with all required Environmental Approvals, which Environmental Laws and Environmental Approvals relate to it and any of the Vessel or her operation or her carriage of cargo.

(b) The Charterer shall (or shall procure that the Manager shall) at all times after the Delivery Date pay due attention to the protection and conservation of the environment in operating the Vessel including, but not limited to, giving due consideration to such issues as air pollution and water pollution and industrial waste treatment and the impact of the Vessel on the environment generally.

(c) If the Vessel is to trade to the United States of America or Puerto Rico or other countries or zones at which legal systems or policies in relation to oil pollution are similar to those of the United States of America, the Charterer shall obtain, prepare and always install on board the Vessel a Certificate of Financial Responsibility or the like document or evidence of its financial security or responsibility in respect of oil or other pollution damage as required by any government, including federal, state or municipal or other division or authority thereof, so that the Vessel will, without penalty or charge, be lawfully able to enter, remain at, or leave any port, territorial or contiguous waters of any country, state or municipality.

14.8 Payment of Outgoings and Evidence of Payments

The Charterer shall promptly:

(a) pay and discharge all debts, charges, liabilities, dues and other outgoings in respect of the Vessel, her earnings and the Compulsory Insurances when due and payable;

(b) keep proper books of account in respect of the Vessel and her earnings and copies of such accounts to be provided to the Owner for inspection upon reasonable request of the Owner, but no more than every twelve (12) months;

(c) furnish to the Owner satisfactory evidence upon the Owner's request:

(i) the wages, allotments and the insurance and pension contributions of the master and crew are being promptly and regularly paid;

(ii) all deductions from crew's wages in respect of any tax liability are being properly accounted for; and

(iii) the master has no claim for disbursements, other than those incurred by him in the ordinary course of trading on the voyage then in progress.

14.9 Management

(a) The Charterer will ensure that at all times after the Delivery Date the Vessel is managed by the Charterer or the Manager.

(b) The Charterer may only appoint or change the Manager with the prior written approval of the Owner (such approval not to be unreasonably withheld).

(c) The Charterer will procure that the management of the Vessel, whether by the Charterer or by the Manager, will be in accordance with the practices, methods, techniques and standards that are from time to time generally accepted and adopted for use by international owners, operators and managers of vessels of similar nature to the Vessel itself to manage, operate and maintain ships similar to the Vessel in a lawful, efficient, economic and safe manner and, without limiting the foregoing, in full compliance with the ISM Code and ISPS Code.

(d) ***[Intentionally Omitted]***

(e) The Charterer will ensure that at all times after the Delivery Date:

(i) the Manager shall not terminate or materially vary the terms of the Vessel Management Agreement without the prior written consent of the Owner; and

(ii) the Manager shall not subcontract its responsibilities to the management and/or operation of the Vessel, save that the Manager may sub-contract the technical management of the Vessel to a manager approved by the Owner (such approval not to be unreasonably withheld),

and any breach by the Manager of this paragraph (e) shall constitute a breach by the Charterer.

(f) On or prior to the date of the appointment of any Manager, the Charterer shall provide to the Owner a certified copy of the duly executed Vessel Management Agreement.

(g) On or prior to the date of appointment of the Manager (and promptly following any appointment of an alternative Manager in accordance with terms of sub-paragraph (b) above), the Charterer shall procure that the Manager delivers a duly executed Manager’s Undertaking to the Owner.

14.10 Charters

(a) Upon request of the Owner (and such request to be made upon the Owner acting reasonably), provide to the Owner any information requested by the Owner in relation to any chartering arrangements entered into by the Charterer for the Vessel.

(b) During the term of such chartering arrangement entered into by the Charterer for the Vessel, notify the Owner of any matters which might reasonably have the effect of jeopardising any Security Interest or other interest of the Owner in the Vessel.

(c) In relation to any chartering arrangement entered into by the Charterer for the Vessel, if an event of default (however so described therein) shall occur in respect of such arrangement and be continuing under that chartering arrangement, promptly notify the Owner of the steps that it is proposing and/or taking to remedy such event of default and/or enforce the terms of such chartering arrangement and/or recover possession of the Vessel, and thereafter the Charterer shall take all such steps as are reasonably necessary or as the Owner may require to ensure that the Vessel is so repossessed.

(d) Sub-chartering of the Vessel

The Charterer shall ensure that during the Charter Period it does not:

(i) agree to let or charter the Vessel under any demise charter;

(ii) enter into any time or consecutive voyage charter in respect of the Vessel for a term which exceeds, or which by virtue of any optional extensions may exceed, twelve (12) months;

(iii) enter into any charter in relation to the Vessel under which more than two (2) months' hire (or the equivalent) is payable in advance; and/or

(iv) charter the Vessel otherwise than on a bona fide arm's length terms.

14.11 ISM Code

(a) The Charterer will deliver to the Owner a certified copy of a valid document of compliance as required under the ISM Code as issued to the Charterer or the Manager.

(b) The Charterer shall at all times after the Delivery Date:

(i) ensure that the Vessel remains, with effect from the Delivery Date (or such later date as may be stipulated in the ISM Code) and for the remainder of the Charter Period, subject to a safety management system in accordance with the ISM Code;

(ii) procure and maintain a valid and current safety management certificate for the Vessel with effect from the Delivery Date (or such later date as may be stipulated in the ISM Code) and for the remainder of the Charter Period;

(iii) procure and maintain a valid and current document of compliance for the Manager with effect from the Delivery Date (or such later date as may be stipulated in the ISM Code) and for the remainder of the Charter Period and shall deliver to the Owner on the Delivery Date (or such later date as aforesaid) a copy of a valid safety management certificate and a valid document of compliance;

(iv) immediately notify the Owner in writing of any known actual or threatened withdrawal, suspension, cancellation or modification of the Vessel's safety management certificate or of the Manager's document of compliance;

(v) not without the prior consent of the Owner, change the identity of the Manager; and

(vi) ensure that the Manager shall comply with the ISM Code from the Delivery Date (or such later date as may be stipulated in the ISM Code) for the remainder of the Charter Period.

14.12 ISPS Code

(a) The Charterer shall promptly deliver to the Owner:

(i) evidence, in a form reasonably satisfactory to the Owner, that the Vessel is subject to a ship security plan which the Charterer confirms complies with the ISPS Code; and

(ii) a certified copy of a valid International Ship Security Certificate for the Vessel (if and to the extent required under the terms of the ISPS Code in respect of the Vessel as at the Delivery Date).

(b) The Charterer shall:

(i) comply and be responsible for compliance by itself and by the Manager with the ISPS Code; and

(ii) ensure that:

(A) the Vessel has a valid International Ship Security Certificate;

(B) the Vessel's security system and its associated security equipment comply with section 19.1 of Part A of the ISPS Code;

(C) the Vessel's security system and its associated security equipment comply in all respects with the applicable requirements of Chapter XI-2 of the International Convention for the Safety of Life at Sea (SOLAS) and Part A of the ISPS Code;

(D) an approved ship security plan is in place; and

(E) immediately notify the Owner in writing of any known actual or threatened withdrawal, suspension, cancellation or modification of the Vessel's International Ship Security Certificate.

14.13 Notice of mortgage

(a) The Charterer shall place and retain a properly certified copy of the Vessel Mortgage (provided by the Owner), which shall from part of the Vessel's documents, on board the Vessel with its papers and cause such certified copy of the Vessel Mortgage to be exhibited to everyone having business with the Vessel which might create or imply any commitment or Security Interest on or in respect of the Vessel (other than a lien for crew's wages and salvage) and to any representative of the Owner and shall place and keep prominently displayed in the navigation room and the master's cabin of the Vessel a framed printed notice in play type reading as follows:

“Notice of Mortgage”

This Vessel is covered by a first priority Panamanian mortgage to Sumitomo Mitsui Finance and Leasing Co., Ltd. of 1-3-2, Marunouchi, Chiyoda-ku, Tokyo 100-8287, Japan granted by the owner thereof Nicole Navigation S.A. of Paseo del Mar and Pacific Avenues, Costa del Este, MMG Tower, 23rd Floor, Panama City, Republic of Panama pursuant to the terms of the said mortgage a certified copy of which is preserved with the Vessel’s papers. Under the terms of the said mortgage neither the Owner nor any charterer nor the master of this Vessel nor any other person has any right, power or authority to create, incur or permit to be imposed upon this Vessel any lien, commitments or encumbrances whatsoever other than for crew’s wages and salvage”

(b) The Charterer agrees that, except as permitted under this Charter, neither it nor any other person has any right, power or authority to create, incur or permit to be imposed upon the Vessel any lien whatsoever other than for crew's wages and salvage.

14.14 Compliance undertakings

The Charterer further undertakes with the Owner that it shall and shall procure the Manager shall:

(a) duly and punctually perform each of its obligations under the Transaction Documents to which the Charterer is a party; and

(b) not do or permit to be done any act or thing which might jeopardise the title, rights and interest of the Owner in the Vessel and/or omit or permit to be omitted to be done any act which might prevent that title and those rights and interest from being jeopardised.

15 Documents

The undertakings in this clause 15 apply from the Delivery Date until the end of the Charter Period.

15.1 Documents – minimum standards

(a) The Charterer shall maintain on an interrupted basis all certificates, records, logs, manuals, technical data and documents which are required to be maintained in respect of the Vessel by applicable laws.

(b) All certificates, records, logs and documents kept or maintained by the Charterer with the Vessel will:

(i) be maintained in the English language and any other language as may be agreed by the Owner; and

(ii) conform with applicable requirements of applicable law.

(c) The Charterer will procure that all certificates, records, logs, manuals, technical data and document with respect to the Vessel are kept in a secure location.

(d) The Charterer shall ensure that all documents and registrations required hereunder and at law in respect of the Vessel (including but not limited to the Vessel's registration under the registry of the State of Registration, insurances and operations) are prepared by the Charterer in sufficient time and where the signature, approval or any other action of or by the Owner is required, the Charterer shall notify the Owner of the same and prepare and provide any required documentation with sufficient time to allow the Owner to approve, execute and return such documentation to the Charterer for processing in a timely fashion.

16 Ownership and Registration

The undertakings in this clause 16 apply from Delivery until the end of the Charter Period.

16.1 Title

The Charterer shall have no right, title or interest in or to any part of the Vessel except the right to charter the Vessel in accordance with the terms and conditions of this Charter.

16.2 Protection of Owner

The Charterer shall use all efforts to make clear to third parties that title to the Vessel is held by the Owner in circumstances and on occasions where the ownership of the Vessel may be relevant.

16.3 Protection of Rights

The Charterer will, upon the Owner's request, in the event of any enactments or provisions being made or becoming operative relating to recognition of rights in Vessel and which may apply to the Vessel, promptly do and join with the Owner and, if appropriate the Finance Parties in doing all such acts or things which are necessary to perfect recognition of the title, rights and interest of the Owner and all other Interested Parties in respect of the Vessel.

17 Insurances

The undertakings in this clause 17 apply from Delivery until the end of the Charter Period. The Charterer shall insure and keep the Vessel insured, free of cost and expense to the Owner, in the names of the Owner and Charterer (but without liability on the part of the Owner for premiums or calls) as follows:

17.1 Required Insurances

(a) The Charterer shall, at all times on and after the Delivery Date keep the Vessel insured against Hull and Machinery (including

freight interest) and if applicable, Increased Value risks for an agreed value of at least the Required Insurance Amount (or more at the Charterer's discretion) in U.S. Dollars as set out in paragraph 1 of Schedule 4 through first class and internationally recognised reputable brokers and with first class and internationally recognised, reputable and creditworthy underwriters or insurance companies, in each case, approved by the Owner, and by policies in form and content approved by the Owner (such approval shall be deemed to be continuing and valid until the Owner determines its approval is no longer valid and notifies the same to the Charterer at which time the Charterer will again be required to obtain as soon as possible the relevant approvals from the Owner).

(b) The Charterer shall, at all times on and after the Delivery Date keep the Vessel insured in accordance with paragraph 2 of Schedule 4 against war risks (including risk of mines and all risks whether or not regarded as war risks, which are included in the London Blocking and Trapping Addendum and Missing Vessel Clause) for an agreed value of at least the Required Insurance Amount either:

(i) with first class and internationally recognised, reputable and creditworthy underwriters or insurance companies approved by the Owner and by policies in form and content approved by the Owner; or

(ii) by entering the Vessel in a war risks association approved by the Owner.

(c) The Charterer shall, at all times on and after the Delivery Date keep the Vessel entered in the names of the Owner, Charterer and the Manager (as applicable) as an additional entered member, each as their interests may appear, in a protection and indemnity association as approved by the Owner in respect of the Vessel's full value and tonnage and on the basis set out in paragraph 3 of Schedule 4 against all risks as are normally covered by such protection and indemnity association (including pollution risks and the proportion (if any) not recoverable in case of collision under the running down clause in the Vessel's Hull Machinery Policy). Such cover is to be for:

(i) the highest amount then available in the insurance market for vessels of a similar age and type as the Vessel, but, in relation to liability for oil pollution, in a minimum amount of not less than one billion U.S. Dollars (US$1,000,000,000) or such other amount as is normally covered by such protection and indemnity association as specified in paragraph 3 of Schedule 4 as shall at any time be comprised in the basic entry of the Vessel with either a protection and indemnity association which is a member of the "International Group" of protection and indemnity associations (or any successor organisation designated by the Owner) or the International Group (or such successor organisation) itself; or

(ii) if the International Group (or any such successor) ceases to exist or ceases to provide or arrange any cover for pollution risks (or any supplemental cover for pollution risks over and above that afforded by the basic entry of the Vessel with its protection and indemnity association), such aggregate amount of cover against pollution risks as shall be available on the open market and by basic entry with a protection and indemnity association for ships of the same type, size, age and flag as the Vessel.

(d) The Owner may take out Innocent Owner’s Insurance or mortgagee's interest insurance, at the cost of the Charterer with a first class, internationally reputable, credit-worthy insurers, re-insurers or brokers on terms acceptable to the Owner and the Charterer shall pay all costs and expenses (including calls on premia, contributions and other amounts payable by the Owner or the Lender (as applicable) to effect and maintain such insurance) on demand from the Owner to the relevant broker or insurer.

(e) The Charterer shall, on or before the Delivery Date, obtain a confirmation addressed to the Owner, from each broker, insurer (if any insurances are placed direct and not through a broker) and the manager of club or association concerned with the Compulsory Insurances of the Vessel, that:

(i) the relevant cover is in effect or will be as of the Delivery Date in effect (including by the issue of the cover note);

(ii) if and to the extent that the Vessel is insured under any fleet policy they will restrict their lien for unpaid premiums under any fleet policy to unpaid premiums in respect of the Vessel only;

(iii) they will issue a letter of undertaking substantially in the form provided for in the Security Assignment (or in such other form as may be reasonably acceptable to the Owner) or, in the case of the Protection and Indemnity Insurance, in the standard form of the protection and indemnity club or association (provided it is acceptable to the Owner, acting reasonably) within five (5) Business Days following the Delivery Date or such other longer period as the Owner may agree in writing;

(iv) they will accept an endorsement of a loss payable clause on the policies substantially in the form provided for in the Security Assignment (in the case of brokers and insurers other than clubs) or will note the interest of the Owner (on behalf of the Finance Parties) in the entry for the Vessel by way of a loss payable clause in their current standard form (in the case of clubs); and

(v) they are not aware of any mortgage, charge, assignment or other Security Interest affecting the Compulsory Insurances with which they are concerned.

(f) The Charterer shall at all times on and after the Delivery Date, maintain in full force and effect any other insurances required to be maintained by the Charterer under the provisions of this Charter in accordance with the terms hereof (provided that the maintenance of such insurances shall not allow the Charterer to derogate from its other obligations under this clause 17.1).

(g) The Charterer shall at all times on and after the Delivery Date, maintain in full force and effect insurances against all other risks not specified in this clause 17.1 and which are customarily insured against by leading operators of vessels of the same age and type (in accordance with then current industry practice and taking into account the Vessel's trading area).

(h) The Owner shall procure that all the insurances required under this clause 17.1 shall be maintained through first class and internationally recognised, reputable and creditworthy brokers, underwriters, insurance companies, clubs or associations (as applicable) in each case, approved by the Owner (acting reasonably).

17.2 Other Insurances – Innocent Owner's Insurance and Innocent Owner's Additional Perils Pollution Liability Insurance or mortgagee's interest insurance and mortgagee's interest additional perils insurances

(a) The Charterer undertakes to pay to the Owner on demand all premiums and other amounts payable in effecting and maintaining on behalf of the Finance Parties any of the following insurances in such amounts, on such terms, through such insurers and generally in such manner as the Finance parties may from time to time consider appropriate: an Innocent Owner's Additional Perils Pollution Insurance or a mortgagee's interest additional perils (pollution) policy and an Innocent Owner's Insurance or a mortgagee's interest insurance, in each case for an amount equal to one hundred and twenty per cent (120%) of the Owner's equity or the Charterhire Principal as the start of the applicable policy year.

(b) Without limiting the obligations of the Charterer in paragraph (a) above, the owner hereby agrees, that prior to the effecting or renewal of the insurances noted in paragraph (a) above, it shall provide the Charterer with details of the proposed cover and shall afford the Charterer opportunity to propose within fifteen (15) Business Days from receipt of such notification, insurances of an equivalent nature and coverage from another source provided always that the Owner shall have sole discretion (acting reasonably) as to the insurances to be taken out in respect of the insurances noted in paragraph (a) of this clause 17.2.

(c) For the avoidance of doubt, the Charterer will take out all and any other insurances required to be taken out as a matter of law.

17.3 Proposed Changes

Notwithstanding the provisions of clause 17.1 (Required Insurances), it is agreed that any proposed change in the provisions of Schedule 4 which may be required either by the Charterer or by the Owner due to any change in market practice or capacity or otherwise shall be discussed, in good faith, by the Owner and the Charterer at the relevant time with a view to agreeing revisions to such provisions so as to satisfy the reasonable requirements of the Owner and the Finance Parties with regard to insurances in light of such change in circumstances. If the Owner and the Charterer are unable to so agree, the Owner (acting reasonably) may require the Charterer to effect and keep in force separate insurances, entries in a protection and indemnity association or club and, if it the Owner deems necessary or expedient, war risks cover in respect of the Vessel in the amounts required under this Charter and the Security Assignment.

17.4 Undertakings

Without prejudice to its obligations under clause 17.1 (Required Insurances), the Charterer shall:

(a) (i) not without the prior consent of the Owner alter any material part of Compulsory Insurances in any respect, (ii) prior to altering any non-material part of the Compulsory Insurances in any respect inform the Owner of the proposed alteration(s) and (iii) not make, do, consent or agree to any act or omission which would or might render any Compulsory Insurances invalid, void, voidable or unenforceable or render any sum paid out under any Compulsory Insurances repayable in whole or in part;

(b) not cause or permit the Vessel to be operated in any way inconsistent with the provisions or warranties of, or implied in, or outside the cover provided by, any Compulsory Insurances or to be engaged in any voyage or to carry any cargo not permitted by the Compulsory Insurances without first covering the Vessel in the Required Insurance Amount or otherwise for an amount approved by the Owner in US$ or another approved currency with approved insurers;

(c) duly and punctually pay all premiums, calls, contributions or other sums of money from time to time payable in respect of any Compulsory Insurance;

(d) renew all Compulsory Insurances at least seven (7) days or within such shorter period as the Owner may agree in writing before the relevant policies or contracts or entries expire and procure that the approved brokers and/or war risks and protection and indemnity clubs and associations shall confirm in writing to the Owner (and provide certificates evidencing such replacement or renewal) no later than seven (7) days after each such policy, contract or entry is replaced or renewed;

(e) forthwith upon the effecting of any Compulsory Insurance, give written notice of the insurance to the Owner stating the full particulars (including the dates and amounts) of the insurance, and upon the request of the Owner produce the receipts for each sum paid by it pursuant to paragraph (c) above;

(f) provide to the Owner on request certified copies of all documentation relating to the Compulsory Insurances in the Charterer's or its brokers' possession and immediately upon such documentation being issued, including all policies, slips, cover notes and certificates of entry;

(g) not settle, compromise or abandon any claim in respect of any Total Loss unless the Owner is satisfied that such release, compromise or abandonment will not prejudice any of its or the Finance Parties' interests under or in relation to the Transaction Documents;

(h) arrange for the execution and delivery of such guarantees as may from time to time be required by any protection and indemnity or war risks club or association;

(i) procure that the interests of the Owner are noted on all policies of insurance;

(j) procure that a loss payee and notice of cancellation provision substantially in the form scheduled to the Security Assignment and reflecting the provisions of clause 17.5 (Application of Insurance Proceeds) below is endorsed on all policies of insurance and certificates of entry;

(k) obtain from the relevant insurance brokers and/or insurers and/or P&I Club letters and undertakings substantially in the form scheduled to the Security Assignment (or such other form as may be acceptable to the Owner);

(l) in the event that the Charterer receives payment of any moneys under the Compulsory Insurances, save as provided in clause 17.5 below and the loss payable clauses scheduled to the Security Assignment, forthwith pay over the same (without deduction or

withholding) to the Owner or to its order and until paid over such moneys shall be held in trust for the Owner by the Charterer. In the event the Charterer is unable to hold such moneys on trust for the Owner or there is a failure of such trust or the efficacy of such trust is contested or challenged, the Charterer will promptly pay an amount equal to such moneys to the Owner or to its order;

(m) take all necessary action and comply with all requirements which may from time to time be applicable to the Compulsory Insurances (including the payment of any additional premiums or calls) and ensure that the Compulsory Insurances are:

(i) not cancelled or made subject to any exclusions or qualifications to which the Owner has not given its prior written consent and do not become voidable; and

(ii) are otherwise maintained on terms and condition from time to time approved in writing by the Owner (acting reasonably);

(n) not do, consent to, or permit any act or omission which might invalidate or render unenforceable the whole or any part of the Compulsory Insurances and not (without first obtaining the consent of the applicable insurers to such employment or operation and complying with such requirements as to extra premium or otherwise as such insurers may prescribe and covering the Vessel) employ or operate the Vessel or suffer the Vessel to be employed or operated otherwise than in conformity with the terms of the Compulsory Insurances;

(o) provide to the owner, at the time of each such communication, copies of all material written communications between the Charterer and the Charterer's brokers (if any) or, as the case may be, the relevant insurers and approved protection and indemnity club or association which relates to declarations required to be given by the Finance Parties, payment of additional premia or calls, renewal of the Compulsory Insurances or any material amendment to the terms and conditions relating to such Compulsory Insurances;

(p) provide to the Owner at any time any claim is made in excess of one million U.S. Dollars (US$1,000,000) under any Compulsory Insurance with reasonable details of such claims;

(q) not create or permit to exist any Security Interests over or in respect of the Compulsory Insurances save for any Security Interests in favour of the Owner and/or Finance Parties and save also for any brokers' (if any) or, as the case may be, the relevant insurer's right of set off and lien for unpaid premiums to the extent permitted by this clause 17; and

(r) without the prior written consent of the Owner (not to be unreasonably withheld or delayed) not permit any person (other than the Owner, Charterer and the Manager) to be added as an additional assured under any of the Compulsory Insurances.

17.5 Application of Insurance Proceeds

The Charterer shall and shall procure the Manager shall:

(a) apply all amounts receivable under the Compulsory Insurances which are paid to the Charterer or to its order in accordance with the loss payable clauses (where the Compulsory Insurances have been assigned to the Owner or any Finance Party) in repairing all damage and/or in discharging the liability in respect of which such amounts have been received; and

(b) do all things necessary and provide all documents, evidence and information to enable the Owner to collect or recover any moneys which shall at any time become due in respect of the Compulsory Insurances.

Unless otherwise agreed by the Owner in writing, all Insurance Proceeds deriving from a Total Loss shall be applied in accordance with clause 18.3 (*Payment following Total Loss*). Once the Total Loss Amount has been irrevocably paid in accordance with clause 18.3 (*Payment following Total Loss*), any remainder shall be payable to the Charterer. The Charterer shall procure this is correctly reflected in all loss payable clauses under the Compulsory Insurances and where the Manager is an assured under the Compulsory Insurances the Charter shall procure the Manager's written agreement (in form and substance satisfactory to the Owner) to the form of the loss payable clauses and the payment of any insurance proceeds in accordance with such loss payable clauses.

17.6 Declarations And Returns

(a) Where it is a requirement of any applicable law or of the Compulsory Insurances that any declarations are made or any certificates, returns or forms filed with any Government Entity or any of the insurers for the Vessel from time to time in connection with the Vessel, the Charterer shall:

(i) promptly (and, within any applicable time limits) complete and submit to the relevant Government Entity or (as the case may be) the relevant insurers all such declarations, certificates, returns and forms; and

(ii) to the extent that clause 17.7 (*Evidence of Oil Pollution and Special Cover*) does not apply thereto, supply to the Owner promptly upon request copies of any or all of the foregoing.

(b) If any such declaration, certificate, return or form is required to be executed or delivered by the Owner, the Charterer shall prepare such declaration, certificate, return or form and forward the same promptly to the Owner for review and execution together with a brief explanation of the reason why such declaration is required, and the Owner shall promptly execute such declaration, certificate, return or form and deliver it to the Charterer or to its order so long as it is lawful for it to do so.

17.7 Evidence of Oil Pollution and Special Cover

The Charterer shall provide to the Owner copies of:

(a) all declarations to the protection and indemnity association in which the Vessel is entered;

(b) a civil liability convention certificate; and

(c) any certificate of financial responsibility (or equivalent certification required in respect of liability insurance cover otherwise than for oil pollution risks) required by this Charter,

in each case in respect of cover for oil pollution risks and such other information and documents relating to oil pollution risks or insurances as the Owner may from time to time reasonably request.

17.8 Wreck Removal

In the event of the Vessel becoming a wreck or obstruction to navigation, the Charterer shall (in addition to any other obligation it may have under the Transaction Documents to which it is a party) indemnify and hold harmless the Owner and the Finance Parties against all costs, expenses, payments, charges, losses, demands, any liabilities, claims, actions, proceedings (whether civil or criminal) penalties, fines, damages, judgments, orders or other sanctions which may be incurred by, or made or asserted against, any of the Owner and the Finance Parties by reason that the Vessel shall have become a wreck or obstruction to navigation including in respect of the removal or destruction of the wreck or obstruction under statutory powers but only to the extent that such has not been recovered from the Vessel's insurers.

17.9 Power of the Owner to insure

(a) If the Charterer fails to effect and keep in force Compulsory Insurances in accordance with this Charter, it shall be permissible, but not obligatory, for the Owner (on behalf of the Finance Parties) to effect and keep in force insurance or insurances in the amounts required under this Charter and the Security Assignment and entries in a protection and indemnity association or club and, if it deems necessary or expedient to it, to insure the war risks upon the Vessel, and the Charterer will reimburse the Owner for the costs of so doing.

(b) The Charterer will indemnify and keep the Owner and the Lender indemnified against all losses reasonably incurred in connection with the exercise of the powers contained in this clause 17.9 or the taking out, maintaining and/or renewal of Compulsory Insurances.

18 Risk of Loss; Total Loss

18.1 Risk of Loss

(a) Commencing on the Delivery Date and continuing until the end of the Charter Period, the Charterer assumes the risk of loss or damage to the Vessel or any part thereof or of any Total Loss. No Total Loss will relieve the Charterer from its obligations hereunder.

(b) The Owner will have no obligation to supply to the Charterer a replacement vessel following the occurrence of a Total Loss.

18.2 Notification of Total Loss

The Charterer will promptly notify the Owner of the occurrence or possible occurrence of a Total Loss as soon as they become aware of it.

18.3 Payments following Total Loss

(a) Notwithstanding the occurrence of a Total Loss, the Charterer will continue to pay Charterhire on the days and in the amounts specified by this Charter up to and including the date on which the Owner receives the amounts specified in clause 18.3(b).

(b) In the event of a Total Loss of the Vessel, if the Owner has not irrevocably received an amount equal to the Total Loss Amount from the Insurance Proceeds by the Total Loss Payment Date, the Charterer shall within two (2) Business Days of the Total Loss Payment Date pay to the Owner an amount equal to Total Loss Amount minus any Insurance Proceeds irrevocably received by the Owner.

The **Total Loss Amount** shall equal the Accelerated Charterhire Amount with all values being calculated on the Total Loss Payment Date.

(c) The Owner:

(i) shall, upon irrevocable receipt of the Total Loss Amount in accordance with paragraph (b) above, reassign all its interests in the Charterer Security Assets to the Charterer and shall cause the Finance Parties to release and reassign their interests in the Charterer Security Assets and the Vessel, including, as may be necessary, by issuing notices to the Charterer and underwriters and insurance brokers so as to procure that all Insurance Proceeds are paid directly to the Charterer or to its order; and

(ii) provide all necessary assistance and evidence as may be reasonably required by the Charterer (and at the Charterer's cost) to enable the Charterer to prove for claims and pursue proceedings against the insurers in relation to the recovery of Insurance Proceeds arising from the Total Loss. The Owner shall use reasonable endeavours to provide such assistance prior to receipt of the Total Loss Amount.

(d) Upon the Owner irrevocably receiving all sums due and payable under clause18.3(c), the leasing of the Vessel under this Charter will cease and this Charter shall be cancelled and the Charterer, Pangaea and the Owner shall be free from any further obligations or liabilities to each other pursuant to the Transaction Documents to which the Charterer or Pangaea is a party.

18.4 Requisition

During any requisition for use or hire of the Vessel which does not constitute a Total Loss:

(a) the Charterhire and other amounts payable under this Charter will not be suspended or abated either in whole or in part, and the Charterer will not be released from any of its other obligations under this Charter;

(b) the Charterer will, as soon as practicable after the end of any such requisition, cause the Vessel to be put into the condition required by this Charter; and

(c) the Charterer will be entitled to all compensation payable by the requisitioning authority in respect of the Vessel arising during the period of requisition unless a Termination Event has occurred, in which case any such amount shall be held in trust for the Owner and applied towards any and all sums payable by the Charterer under the Charter.

19 Sale and Purchase of the Vessel

19.1 Purchase Obligation

The Charterer shall purchase the Vessel from the Owner for the Purchase Obligation Price on the final Payment Date.

19.2 Terms of Sale

The sale of the Vessel to the Charterer shall be effected by the execution of a bill of sale and a protocol of delivery and acceptance substantially in the same form as the Bill of Sale and Protocol of Delivery except for factual details and as the Owner may otherwise agree between the Owner and the Charterer and shall be subject to the following conditions:

(a) the Vessel will be sold to the Charterer in the condition and at the place which it is located at the time of title transfer;

(b) the Vessel sold under this clause 19 will be delivered "as is, where is, and with all faults", the Charterer agrees and acknowledges that the Owner and any Finance Party will have no liability in relation to, and has not nor will be deemed to have made or given, any conditions, warranties or representations, express or implied, whether arising by law or otherwise with respect to the Vessel, including but not limited to it being free of liens, Security Interests (save for the Security Interests created pursuant to the Transaction Documents) or defects (whether latent or apparent), the description, merchantability, satisfactory quality, suitability, construction, seaworthiness, condition, eligibility for any particular trade, operation, fitness for any use or purpose, value, state, condition, appearance, safety, design or operation of any kind or nature of the Vessel or any part thereof or any obligation, liability, right, claim or remedy in tort, whether or not arising from the Owner's or any other party's negligence, actual or imputed, or any obligation, liability, right, claim or remedy for loss of or damage to the Vessel, for any liability of the Charterer to any third party, or for any other direct or indirect, incidental or consequential damages. The Charterer hereby irrevocably and unconditionally waives all its rights in respect of any condition, warranty or representation, express or implied, on the part of the Owner and any Finance Party and all claims against the Owner and any Finance Party howsoever and whenever arising at any time in respect of or out of, in each case, the condition, operation, sub-chartering or performance of the Vessel (including, without limitation, the seaworthiness or otherwise of the Vessel);

(c) any mortgage or other Security Interest created by the Owner or any other person over the Vessel and the Charterer Security Assets shall, subject to the satisfaction in full of the all amounts owing by the Charterer under the Transaction Documents, be fully discharged (at the expense of the Charterer) upon payment of the Purchase Obligation Price; and

(d) the Charterer agrees to waive all warranties, representations, guarantees and remedies, express or implied, arising by law or otherwise (including any obligation of the Owner with respect to suitability for any purpose, merchantability or consequential damage) in respect of the Vessel and any equipment.

19.3 Upon irrevocably receiving the Purchase Obligation Price:

(a) the Owner shall transfer and/or (as applicable) reassign all its interests in the Vessel and the Charterer Security Assets to the Charterer and shall cause the Finance Parties to release, transfer and/or reassign any interests they may have in the Vessel, the Charter and the Charterer Security Assets (as relevant), including, as may be necessary, by issuing notices to the Charterer and underwriters and insurance brokers; and

(b) the leasing of the Vessel under this Charter will cease and this Charter shall be cancelled and the Charterer, Pangaea and the Owner shall be free from any further obligations or liabilities to each other pursuant to the Transaction Documents to which the Charterer or Pangaea is a party.

For the avoidance of doubt, sub-clauses (a) and (b) shall apply where prior to the final Payment Date all Charterhire Principal together with all other amounts owing or due and payable to the Owner by the Obligors under the Transaction Documents have been irrevocably paid to the Owner.

20 Termination Events

Each of clause 20.1 (*Non-payment*) to clause 20.22 (*Termination or Amendment of Transaction Documents*) describes circumstances which constitute a Termination Event for the purpose of this Charter (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to compliance with any judgment, decree or order of any court or order or regulation of any Governmental Entity).

The Owner and the Charterer agree that it is a fundamental term and condition of this Charter that no Termination Event occurs and that the occurrence of any Termination Event which is continuing constitutes a repudiatory breach of this Charter.

Clause 20.24 (*Acceleration, Termination and Repossession*) addresses the rights of the Owner after the occurrence of a Termination Event.

20.1 Non-payment

Any Obligor does not pay on the due date any amount payable pursuant to a Transaction Document to which it is party at the place at and in the currency in which it is expressed to be payable, unless the failure to pay is caused by administrative or technical error and such payment is made within three (3) days after the due date.

20.2 Insurances

(a) The Compulsory Insurances of the Vessel are not placed and kept in force in the manner required by this Charter and the other Transaction Documents.

(b) Any insurer either:

(i) cancels any such Compulsory Insurances; or

(ii) disclaims liability under them by reason of any mis-statement or failure or default by any person.

20.3 ***[Intentionally Omitted]***

20.4 Other Obligations

Any Obligor does not comply with any provision of the Transaction Documents to which it is a party, including without limitation, the relevant provisions under this Charter (other than those mentioned in clause 20.1 (*Non-payment*)) and if capable of remedy, such non-compliance remains unremedied to the satisfaction of the Owner fourteen (14) days after the Owner notifies the Charterer of such non-compliance or if earlier, the date the Charterer became aware of such non-compliance.

20.5 Misrepresentation

Any representation or statement made or deemed to be made by any Obligor in the Transaction Documents to which it is a party or any other document delivered by or on behalf of any Obligor under or in connection with any Transaction Document is or proves to have been incorrect or misleading when made or deemed to be made and if capable of remedy, such misrepresentation remains unremedied to the satisfaction of the Owner fourteen (14) days after the Owner notifies the Charterer of such misrepresentation or if earlier, the date the Charterer became aware of such misrepresentation.

20.6 Cross Default

(a) Any Financial Indebtedness of any Obligor is not paid when due nor within any originally applicable grace period.

(b) Any Financial Indebtedness of any Obligor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of a termination event or an event of default (however described).

(c) Any commitment for any Financial Indebtedness of any Obligor is cancelled or suspended by a creditor of any Obligor as a result of a termination event or an event of default (however described).

(d) Any creditor of any Obligor becomes entitled to declare any Financial Indebtedness of any Obligor due and payable prior to its specified maturity as a result of a termination event or an event of default (however described).

(e) The counterparty to a Treasury Transaction entered into by any Obligor becomes entitled to terminate that Treasury Transaction early by reason of a termination event or an event of default (however described),

provided that if the aggregate relevant Financial Indebtedness for Obligors in respect of all the events listed in paragraphs (a) to (d) above equals less than two million and five hundred thousand U.S. Dollars (US$ 2,500,000) or its equivalent in any other currency in any one financial year for that Obligor, there shall be no Termination Event under this clause 20.6.

20.7 Insolvency

(a) Any Obligor is unable or admits inability to pay its debts as they fall due, or is deemed to, or is declared to, be unable to pay its debts under applicable law, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to general rescheduling all or part of its indebtedness.

(b) The value of the assets of any Obligor is less than its liabilities (taking into account contingent and prospective liabilities).

(c) A moratorium is declared in respect of any indebtedness of any Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Termination Event caused by that moratorium which is continuing.

20.8 Insolvency Proceedings

Any corporate action, legal proceedings or other procedure or step is taken in relation to:

(a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, provisional supervision or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor;

(b) a composition, assignment or arrangement with any creditor of any Obligor;

(c) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager, provisional supervisor or other similar officer in respect of any Obligor or any of its assets (including the directors of any Obligor requesting a person to appoint any such officer in relation to it or any of its assets);

(d) enforcement of any Security Interest over any assets of any Obligor, or

(e) any analogous procedure or step is taken in any jurisdiction.

This clause 20.8 shall not apply to any winding-up petition (or analogous procedure or step) which in the opinion of the Owner is frivolous or vexatious and is discharged, stayed or dismissed within fourteen (14) days of commencement.

20.9 Creditors' Process

(a) Any expropriation, attachment, sequestration, distress, execution or analogous process affects any asset or assets of any Obligor causing a Material Adverse Effect and is not discharged within fourteen (14) days.

(b) Any judgment or order for an amount is made against any Obligor causing a Material Adverse Effect and is not stayed or complied with within seven (7) days.

20.10 Unlawfulness and invalidity

(a) It is or becomes unlawful for any Obligor to perform any of its obligations under the Transaction Documents or any Security Interest created or expressed to be created or evidenced by the Charterer Documents ceases to be effective.

(b) Any obligation or obligations of any Obligor under any Transaction Document is not (subject to the Legal Reservations) or ceases to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Owner or the Finance Parties under the Transaction Documents.

(c) Any Charterer Document or any Security Interest created or expressed to be created or evidenced by the Transaction Documents ceases to be in full force and effect or is any way imperilled or jeopardised (unless the Charterer shall forthwith provide alternative security acceptable to the Owner) or is alleged by a party to it (other than the Owner or a Finance Party) to be ineffective for any reason.

(d) Any Charterer Document does not create legal, valid, binding and enforceable security over the assets purported to be charged under that Charterer Document or the ranking or priority of such security is adversely affected.

(e) Any governmental authority or agency authorisation necessary for the validity, enforceability or performance of any Charterer Document or any agreement or instrument required under any Charterer Document or for the admissibility in evidence of any Charterer Document is revoked, is not issued or renewed on time, or ceases to remain in full force and effect.

20.11 Sanctions

Any Group Member:

(a) becomes a Prohibited Person or becomes owned or controlled by, or acts directly or indirectly on behalf of, a Prohibited Person or any of such persons becomes the owner or controller of a Prohibited Person; or

(b) fails to comply with Sanctions

20.12 Bribery

Any Group Member or any of their respective directors, officers, employees, representatives or agents thereof shall be charged with or prosecuted for a criminal offence to:

(a) commit, or attempt or conspire to commit, Bribery; or

(b) aid, abet or authorise Bribery by any other person; or

(c) request, receive, accept, or attempt to request, receive or accept any undue pecuniary or other advantage offered, given or promised by any person as Bribery.

20.13 Cessation of Business

Any Obligor suspends or ceases or threatens to suspend or cease to carry on its business.

20.14 Nationalisation or Expropriation

The authority or ability of any Obligor to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or any other person or any Government Entity acquires (whether compulsorily or otherwise and whether or not for fair compensation) any Obligor or all or substantially all of that person's assets.

20.15 Repudiation

Any Obligor rescinds or purports to rescind or repudiates or purports to repudiate a Transaction Document or evidences an intention to rescind or repudiate a Transaction Document.

20.16 Litigation

Any litigation, alternative dispute resolution, arbitration or administrative proceeding is taking place, or threatened against any Obligor or any of its assets, rights or revenues which, if adversely determined, might have a Material Adverse Effect.

20.17 Material Adverse Effect

Any Environmental Incident or other similar event or circumstance or series of events (including any change of law) occurs or, if appropriate, fails to occur, which the Owner reasonably believes has, or is reasonably likely to have, a Material Adverse Effect.

20.18 Security enforceable

Any Security Interest (other than a Permitted Maritime Lien) in respect of any Charterer Security Asset becomes enforceable.

20.19 Change of Ownership

If, without the Owner's and Lender’s written consent, (a) Pangaea ceases to be the sole legal and beneficial shareholder of BFB, directly or indirectly; or (b) Pangaea ceases to be the legal and beneficial owner of at least fifty percent (50%) of the shares in the Parent, directly or indirectly; or (c) STST transfers any proportion of its fifty percent (50%) shareholding in the Parent to a company that is not wholly owned directly or indirectly by Pangaea; or (d) the Parent ceases to be the sole legal and beneficial shareholder of the Charterer, directly, except where Pangaea is the sole legal and beneficial shareholder of the Charterer (directly or indirectly).

20.20 Vessel registration

Except with approval of the Owner, the registration of the Vessel under the laws and flag of the State of Registration is cancelled or terminated or, where applicable, not renewed or, if the Vessel is only provisionally registered on the Delivery Date, the Vessel is not permanently registered under such laws within ninety (90) days of such date.

20.21 Political Risk

The State of Registration or any Relevant Jurisdiction of an Obligor becomes involved in hostilities or civil war or there is a seizure of power in the State of Registration or any such Relevant Jurisdiction by unconstitutional means if, in any such case, such event or circumstances, in the reasonable opinion of the Owner, has or is reasonably likely to have, a Material Adverse Effect and, within fourteen (14) days of notice from the Owner to do so, such action as the Owner may require to ensure that such event or circumstance will not have such an effect has not been taken by the Charterer.

20.22 Termination or Amendment of Transaction Documents:

Any Transaction Document is terminated, rescinded, frustrated or cancelled by any party thereto or is amended or varied without the prior consent of the Owner or any moneys assigned pursuant to any of the Security Documents are paid other than as provided therein.

20.23 Charterer's Obligation upon a Termination Event

Upon the occurrence of a Termination Event which is continuing, the Charterer shall provide the Owner with all assistance, co-operation and information necessary in the opinion of the Owner or any relevant Interested Party to ascertain the condition and determine the location of the Vessel and to recover possession of the Vessel.

20.24 Acceleration, Termination and Repossession

Upon the occurrence of a Termination Event and at any time thereafter so long as the same is continuing, the Owner may at its option (and without prejudice to any of its other rights under this Charter or at law) by notice to the Charterer forthwith or on such date as the Owner shall specify, declare this Charter to be in default and/or exercise any one or more of the following remedies:

(a) without being in any way obliged or responsible for doing so and without prejudice to the ability of the Owner to treat that non-compliance as a Termination Event, effect compliance on the Charterer’s behalf, and if the Owner incurs any expenditure in effecting such compliance the Owner will be entitled to recover such expenditure from the Charterer together with interest thereon at the Default Interest Rate from the date on which such expenditure is incurred by the Owner until the date of reimbursement thereof by the Charterer (both before and after judgement);

(b) the Owner may terminate or cancel this Charter and/or require that the Charterer return the Vessel immediately to the Owner and the parties hereby agree that a notice under the hand of the Owner addressed to the master of the Vessel advising him that the Charterer's possession of the Vessel pursuant to this Charter has been so terminated shall be sufficient authority to that master to take orders from the Owner and disregard any orders of the Charterer;

(c) the Owner may declare that the Accelerated Charterhire Amount shall immediately become due and payable, whereupon such amounts shall immediately become due and payable by the Charterer to the Owner;

(d) the Owner may (a) sell the Vessel at public or private sale, with or without notice to the Charterer, free of any lease, charter or other engagement concerning her for such price and on such terms and conditions as it may in its absolute discretion think fit or (b) hold, use, operate, charter to others or keep idle the Vessel, as the Owner in its sole discretion may determine, all free and clear of any rights of the Charterer and without any duty to account to the Charterer with respect to such action or inaction or for any proceeds with respect thereto except to the extent that the law otherwise compulsorily requires;

(e) the Owner may collect and receive all earnings and the Owner may give a good receipt therefore on behalf of the Charterer and may (but without any obligation to do so) apply such earnings as actually received by it after deducting therefrom all costs and expenses incurred therefor to any debts of the Charterer hereunder or, without any such application, retain the same for its own account (provided that any such earnings arising during the period that the Charterer operates the Vessel shall be, upon the Owner 's receipt thereof, applied to amounts owing by the Charterer to the Owner hereunder);

(f) in the event the Owner, pursuant to sub-paragraph (d) above, shall have sold or otherwise disposed of the Vessel, the Charterer shall pay to the Owner on the date of such sale, as liquidated damages, the Accelerated Charterhire Amount (including but not limited to unpaid Charterhire Principal due on or prior to the date of such sale) plus an amount equal to any moneys due and payable under the Transaction Documents (including any brokerage, address commissions and all other expenses incurred by the Owner for the sale of the Vessel and all moneys paid by the Owner for discharging any claims in respect of the Vessel) less the proceeds of such sale, together with overdue interest thereon at the Default Interest Rate from the date of such sale until the date of payment in full;

(g) the Owner may, instead of selling the Vessel and claiming the amount pursuant to the foregoing paragraph (f), determine the Fair Market Value of the Vessel in an "as is" condition and retain the Vessel, in which event the Charterer shall pay to the Owner on the date of such estimation the Accelerated Charterhire Amount (including but not limited to unpaid Charterhire Principal due on or prior to the date of such estimation) and all moneys paid by the Owner for discharging any claims in respect of the Vessel less such Fair Market Value, together with overdue interest thereon at the Default Interest Rate from the date of such estimation until the date of payment in full

(h) the Owner may exercise any other right or remedy which may be available to it under the other Transaction Documents, and under applicable law, or proceed by appropriate judicial or administrative action to enforce the terms hereof or to recover damages for the breach hereof or to rescind this Charter; and/or

(i) in addition to the above remedies, the Charterer shall be liable for any and all unpaid Charterhire due hereunder before and during the exercise of any of the foregoing remedies and for all legal fees and other costs and expenses incurred by reason of the occurrence of any Termination Event which is continuing or the exercise of Owner's remedies with respect thereto.

(j) Notwithstanding the provisions of this clause 20.24, upon receipt by the Owner of the Accelerated Charterhire Amount, the Owner shall transfer title to the Vessel to the Charterer or its nominee unless (i) the Owner has sold the Vessel pursuant to clause 20.24(d), or (ii) the Owner has exercised its rights pursuant to clause 20.24(g).

20.25 Waterfall

Following a declaration by the Owner under clause 20.24 (*Acceleration, Termination and Repossession*) all moneys received by the Owner under this Charter and any other Transaction Documents shall, after payment to the Owner of all costs, charges or expenses incurred by the Owner in enforcing its rights hereunder or under such Transaction Documents, be applied by the Owner in the following manner:

First if applicable, in payment of any documented costs incurred by or on behalf of the Owner in connection with re-possessing, auctioning and/or maintaining the Vessel and exercising, enforcing and preserving the Owner's rights in respect of the Vessel and under the Transaction Documents;

Second in or towards payment to the Owner of all amounts due to it but unpaid under the Transaction Documents, such payments to be made in the order set forth, and otherwise in accordance with, clause 10.4 (*Partial Payments*); and

Third in payment of the balance remaining to the Charterer or to whomsoever else (including Pangaea) may be entitled thereto.

20.26 Remedies Cumulative

(a) The remedies in this clause 20 (*Termination Events*) provided in favour of the Owner upon the occurrence of a Termination Event are cumulative and are in addition to (and not exclusive of) all other remedies in its favour existing at law, in equity or in bankruptcy.

(b) The election by the Owner at any time to enforce any of their remedies in no way bars the later enforcement from time to time of any other of its remedies.

21 Assignment

(a) Save for any Security Interest created by the Security Documents, the Charterer shall not be entitled to assign or transfer all or any of its rights, benefits and obligations under this Charter without the Owner's consent.

(b) Unless a Termination Event has occurred and is continuing or pursuant to a Permitted Security Interest, the Owner shall not mortgage, charge or assign, without the Charterer's prior consent, the Owner's rights, title, interests and benefits in and to this Charter, all Charterhire and other sums receivable by it hereunder or pursuant to a breach hereof by the Charterer, the Compulsory Insurances, any Requisition Compensation and/or the Vessel at any time to the Finance Parties or any of them or to any other person.

22 Confidentiality

(a) Each Party hereto undertakes that it shall not at any time during the Charter Period and for a period of two (2) years after termination of the Charter Period disclose to any person any confidential information concerning the business, affairs, customers, clients or suppliers of the other Party or of any of that Party's Affiliates (the **Confidential Information**), except as permitted by clause 22(b) below.

(b) Each Party may disclose the Confidential Information:

(i) to its employees, officers, directors, representatives, auditors or advisers who need to know such information for the purposes of exercising that Party's rights or carrying out its obligations under or in connection with this Charter and the other Transaction Documents. Each Party shall ensure that the persons aforementioned to whom it discloses the Confidential Information comply with this paragraph (b); except that there shall be no such requirement if the recipient is subject to professional obligations to maintain the confidentiality of the information;

(ii) as may be required by law, a court of competent jurisdiction, the relevant stock exchange or any governmental or regulatory authority or similar body;

(iii) with the consent of the other Party; and

(iv) (in respect of the Owner) to the Lender in order to pursuant to articles 7A.01(3) (*Information*) and 10.05 (*Freedom to Disclose Information*) of the Loan Agreement.

(c) The Charterer shall not use the Confidential Information for any purpose other than to exercise its rights and perform its obligations under or in connection with this Charter and the other Transaction Documents.

23 Calculations and Certificates

23.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Transaction Document, the entries made in the accounts maintained by the Owner or a Finance Party are, in the absence of manifest error, conclusive evidence of the matters to which they relate.

23.2 Certificates and Determinations

Any certification or determination by the Owner of a rate or amount under any Transaction Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

23.3 Day Count Convention

Any interest, commission or fee accruing under a Transaction Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of three hundred sixty (360) days.

23.4 **Rounding**

If, after calculation of any amount under this clause, there is any fraction of less than One Cent (US$0.01), such fraction shall be discarded.

24 Partial Invalidity

If, at any time, any provision of a Transaction Document is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

25 Remedies and Waivers

No failure to exercise, nor any delay in exercising, on the part of the Owner any right or remedy under any Transaction Document will operate as a waiver thereof, nor will any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies provided in this Charter are cumulative and not exclusive of any rights or remedies provided by law.

26 Notices

26.1 Communications in Writing

Any communication to be made under or in connection with the Transaction Documents will be made in writing and, unless otherwise stated, may be made by email, fax or letter.

26.2 Addressee

All notices and other communications required or permitted to be made or delivered under or in connection with the Transaction Documents shall be in writing and shall be (a) personally delivered, (b) transmitted by postage prepaid registered mail, (c) transmitted by telefax or (d) by email if the Parties agree to communicate by email:

To the Owner:

Nicole Navigation S.A.

c/o Sumitomo Mitsui Finance and Leasing Co., Ltd.

Fax Number: +81-3-5219-6574 / +1-212-224-4865
Attention: Mr.Tomoyuki Tsuji / Mr. Mitsunori Owada
Email: tsuji-t@smfl.co.jp / mitsunori_owada@smflus.com

To the Charterer:

Bulk Nordic Five Ltd.

c/o Phoenix Bulk Carriers (US) LLC
Long Wharf, Newport
Rhode Island
United States of America

Fax Number: +1.401.846.1520
Attention: Mr. Neil McLaughlin
Email: nmclaughlin@phoenixbulkus.com

To Pangaea:

Pangaea Logistics Solutions Ltd.

c/o Phoenix Bulk Carriers (US) LLC
Long Wharf, Newport
Rhode Island
United States of America

Fax Number: +1.401.846.1520
Attention: Mr. Neil McLaughlin
Email: nmclaughlin@phoenixbulkus.com

or such alternative address as one party shall notify the other of from time to time.

26.3 Delivery

Except as otherwise specified herein, all notices and other communications under or in connection with the Transaction Documents shall be deemed to have been duly given on (a) the date of receipt if delivered personally, (b) the date five (5) days after posting if sent by registered mail or (c) if by facsimile or email, the date when such facsimile is received by the recipient in legible form, as

evidenced by the transmission receipt, whichever shall first occur. Either party may change its address for purposes hereof by notice in writing to the other party.

26.4 English Language

(a) Unless otherwise agreed by the Owner, any notice given under or in connection with each Transaction Document must be in English.

(b) Unless otherwise agreed by the Owner, all other documents provided under or in connection with each Transaction Document must be:

(i) in English; or

(ii) if not in English accompanied by a certified English translation.

27 Counterparts

Each Transaction Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the relevant Transaction Document.

28 Time of the Essence

Without prejudice to any grace periods contained herein, the time stipulated in this Charter for all payments payable by any party hereto and for the performance of any party's obligations under this Charter will be of the essence of this Charter.

29 Governing Law and Jurisdiction

29.1 Governing Law

This Charter and any non-contractual obligations connected with it shall be governed by, and shall be construed in accordance with, English law.

29.2 Jurisdiction

(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Charter (including any dispute relating to any non-contractual obligation arising from or in connection with this Charter and any dispute regarding the existence, validity or termination of this Charter (a **Dispute**)).

(b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

(c) This clause 29.2 is for the benefit of the Owner only. As a result, the Owner shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Owner may take concurrent proceedings in any number of jurisdictions.

(d) Without prejudice to any other mode of service, the Charterer and Owner:

(i) irrevocably appoint the respective Process Agent as its agent under the Transaction Documents for service of process in relation to any proceedings before any courts located in England;

(ii) agrees to maintain an agent for service of process in England during the Charter Period;

(iii) agrees that failure by the Process Agent to notify the Charterer or Owner, as applicable, of the process will not invalidate the proceedings concerned;

(iv) consents to the service of process relating to any proceedings by prepaid posting of a copy of the process to its address for the time being notified to the other Party; and

(v) agrees that if the appointment of any person mentioned in paragraphs (i), (ii) or (iii) above ceases to be effective, the Owner or Charterer as the case may be may immediately appoint a further person in England to accept service of process on the other Party's behalf in England, and, if the Charterer or Owner does not appoint a process agent within seven (7) days, the other Party is entitled and authorised to appoint a process agent for the Charterer or Owner, as applicable, by notice to the Charterer or Owner.

30 Survival

The indemnities set forth in clause 7 (*Tax*), clause 8 (*Increased Costs*), clause 9 (*Other Indemnities*), clause 22 (*Confidentiality*), clause 29 (*Governing Law and Jurisdiction*) and clause 31 (*Contracts (Rights of Third Parties Act) 1999*) will survive the termination of this Charter.

31 Contracts (Rights of Third Parties Act) 1999

31.1 Unless expressly provided to the contrary in this Charter or any other Transaction Document, a person who is not a party to that Transaction Document may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

31.2 Notwithstanding any term of any Transaction Document, the consent of any third party is not required for any variation (including any release or compromise of any liability under) or termination of that Transaction Document.

IN WITNESS WHEREOF the Parties have caused this Charter to be duly executed on the day and year first before written.

Schedule 1
Condition Precedent Documents

1 The Charterer and Pangaea

(a) Documentary evidence of the authority of each person who:

(i) has signed or will sign any Transaction Document on behalf of the Charterer and Pangaea (a **Relevant Party**); and

(ii) will sign the statements, reports, certificates, notices and other documents required under any Transaction Document or will otherwise act as a representative of that Relevant Party in relation to the implementation, administration or performance of any Transaction Document to which it is respectively party (such documentary evidence to include certified copies of all governmental and corporate consents obtained in order to authorise the execution, delivery and performance by such Relevant Party of any Transaction Document and the transactions contemplated thereby);

(b) the authenticated specimen signatures of and certificates of incumbency in respect of each person described in paragraph (a) above;

(c) certified copies of the memorandum of association and bye-laws (including all amendments) and certificates of incorporation (and certificates of incorporation of change of name, if applicable) (or equivalent) or other constitutional documents of each Relevant Party;

(d) certified copies (certified by an officer or authorised signatory of the Charterer) of board resolutions or other equivalent corporate authorisation documentation reasonably acceptable to the Owner and all relevant authorisations (including English translations where applicable) relating to the power and authority of each Relevant Party (in their relevant respective capacities) and the performance of their respective obligations under the Transaction Documents;

(e) in respect of each Relevant Party the agreement of its process agent for service of process in London to act in such capacity (in form and substance satisfactory to the Owner) and that such appointment shall continue throughout the Charter Period; and

(f) certified copies of each Relevant Party's register of members and register of directors and officers.

2 **Transaction Documents**

(a) The Owner has received an original of each Transaction Document to which a Group Member or Manager is party, duly executed by each party to that document, together with all ancillary documents to be delivered pursuant thereto.

(b) The Owner having received or being satisfied it will receive the documents or instruments set out in clause 3 of the Purchase Agreement duly executed by the parties to them.

(c) The Owner having received evidence that each Security Document (other than the Vessel Mortgage) has been duly registered, filed or stamped as advised as necessary by the Owner's legal counsel.

3 **Insurances**

(a) a copy of all cover notes and certificates of entry evidencing the Compulsory Insurances which have been placed and will be in effect from the delivery of the Vessel under the Purchase Agreement;

(b) a fax or email confirmation from each broker, insurer (if any insurances are placed direct and not through a broker) and the manager of any club or association concerned with the Compulsory Insurances of the Vessel that pursuant to the insurance covenants set out in clause 17.1(d) (*Insurances*) of the Charter:

(i) the relevant cover is in effect or will be as of the Delivery Date in effect (including by the issue of the cover note);

(ii) they will accept notice of assignment of the Compulsory Insurances in favour of, inter alios, the Owner;

(iii) if and to the extent that the Vessel is insured under any fleet policy they will restrict their lien for unpaid premiums under any fleet policy to unpaid premiums in respect of the Vessel only;

(iv) they will issue a letter of undertaking substantially in the form provided for in the Security Assignment (or in such other form as may be reasonably acceptable to the Owner) or, in the case of the Protection and Indemnity Insurance, in the standard form of the protection and indemnity club or association (provided it is acceptable to the Owner, acting reasonably) within five (5) Business Days following the Delivery Date or such other longer period as the Owner may agree in writing;

(v) they will accept an endorsement of a loss payable clause on the policies substantially in the form provided for in the Security Assignment (in the case of brokers and insurers other than clubs) or will note the interest of the Owner in the entry for the

Vessel by way of a loss payable clause in their current standard form (in the case of clubs); and

(vi) they are not aware of any mortgage, charge, assignment or other encumbrance affecting the Insurances with which they are concerned.

4 **Vessel Related Documents**

(a) An Acceptance Certificate executed by the Charterer.

(b) Evidence that the Vessel is operationally seaworthy and in every way fit for service.

(c) Evidence that the Vessel is subject to a ship security plan which the Charterer confirms complies with the ISPS Code.

(d) A certified copy (certified by an officer or authorised signatory of the Charterer) of:

(i) a classification certificate in respect of the Vessel showing the Vessel to be in class without any overdue recommendation, condition or qualification;

(ii) a valid Safety Management Certificate for the Vessel as required under the ISM Code;

(iii) a valid DOC as required under the ISM Code in respect of the Charterer or the Manager (as relevant);

(iv) a valid International Ship Security Certificate for the Vessel (if and to the extent required under the terms of the ISPS Code in respect of the Vessel as at the Delivery Date);

(v) a certificate of financial responsibility (COFR) and other necessary documents (if the Vessel is to trade in the United States of America).

(e) Evidence that each party to the Contract of Construction and Sale has fulfilled its obligations thereunder.

5 **Licenses and Consents for operation of the Vessel**

(a) A certificate from the Charterer dated as of the Delivery Date that:

(i) it has obtained any necessary consents, authorisations, licences, approvals (including, for the avoidance of doubt, all requisite Environmental Approvals in relation to the Vessel) in the State of Registration of the Vessel and its state of incorporation and it has complied with all requirements for the delivery, use, possession, management, chartering and operation applicable to the Vessel in its State of Registration of the Vessel and the Charterer's state of incorporation as from the Delivery Date;

(ii) such consents, authorisations, licences and approvals and documents as are mentioned in paragraph (i) above which have been obtained remain in full force and effect; and

(iii) it has received no notice of any Environmental Claim in relation to the Vessel which alleges non-compliance with applicable Environmental Laws.

6 **Taxes and Fees**

(a) Evidence that all registration and all annual and other Taxes, fees, duties and charges payable to Panamanian government agencies, authorities and departments with respect to the Vessel have been fully paid or will be fully paid.

(b) Evidence that all service or consultancy fees, any other fees, costs and expenses then due from the Charterer and the other Obligors pursuant to this Charter or any other Transaction Document have been paid or will be paid.

(c) The Original Financial Statements.

(d) Confirmation from the Owner that the Upfront Fee and Administration Fee has been paid.

7 **Legal Opinions**

The Owner having received from:

(a) Norton Rose Fulbright Gaikokuho Jimu Bengoshi Jimusho, legal advisers as to English law to the Owner, in form and substance satisfactory to the Owner a legal opinion, in regard to the enforceability of (amongst others) this Charter and the Purchase Agreement;

(b) Taylors in association with Walkers LLP, legal advisers as to Bermudan law to the Owner, in form and substance satisfactory to the Owner a legal opinion with respect to (amongst others) the due incorporation and due execution by the Charterer and Pangaea of the Transaction Documents to which it is a party; and

(c) Morgan & Morgan, legal advisers as to Panamanian law to the Owner, in a form and substance satisfactory to the Owner a legal opinion in respect of the enforceability of the Vessel Mortgage.

8 **Ownership**

Evidence satisfactory to the Owner of the ownership structure of the Charterer and Pangaea including evidence that:

(a) a Group Member (or other Affiliate of Pangaea acceptable to the Owner) has acquired or will acquire by the Delivery Date STST's entire shareholding in the Parent; or

(b) Pangaea has acquired or will acquire by the Delivery Date, either directly or indirectly, the entire shareholding of the Charterer.

Provided however, where the conditions in paragraphs (a) or (b) above is not satisfied on or before the Delivery Date, the Charterer shall have 30 days to give effect to either paragraph (a) or (b), the failure of which shall constitute a Termination Event.

9 **Authorisations**

Evidence satisfactory to the Owner that all authorisations, acts, government or regulatory approvals or other third-party consents which are required in connection with the entry into, performance, legality, validity and enforceability of, and the transactions contemplated by, the Charterer Documents have been, or will be obtained or performed (as appropriate) and are, or will be in full force and effect in the reasonable opinion of the Owner.

10 **Know your customer**

Completion by each Finance Party of its know your customer requirements.

11 **Collateral Maintenance Ratio**

Any prepayment required under clause 13.18 (*Collateral Maintenance Ratio*) has been made.

12 **Charter confirmation**

A written confirmation from the Charterer that the Owner's documents provided in accordance with Clause 3.4 are satisfactory to it.

13 **Other conditions precedent**

Such other documents and evidence as the Owner may reasonably require.

Schedule 2
Form of Acceptance Certificate

We, Bulk Nordic Five Ltd., hereby accept delivery of m.v. Bulk Destiny registered or to be registered under the laws and flag of Panama with hull number 10762 from Nicole Navigation S.A. (the **Owner**) at hours (time) on day of pursuant to a bareboat charter party dated 2016 made between us and the Owner and that the Charter Period as defined under the said charter party shall be deemed to have commenced at the relevant time of this date.

For and on behalf of
Bulk Nordic Five Ltd.

_____
Name:
Title:

Acknowledged and Agreed

For and on behalf of
Nicole Navigation S.A.

_____
Name:
Title:

Schedule 3
Fixed Charterhire Payment Table

	A	B
Instalment	Fixed Charterhire (USD)	Charterhire Principal (excluding prepayments) (USD)
Delivery Date	0.00	21,000,000.00
1	307,698.70	20,692,301.30
2	310,583.38	20,381,717.92
3	313,495.10	20,068,222.82
4	316,434.12	19,751,788.70
5	319,400.69	19,432,388.01
6	322,395.07	19,109,992.94
7	325,417.52	18,784,575.42
8	328,468.31	18,456,107.11
9	331,547.70	18,124,559.41
10	334,655.96	17,789,903.45
11	337,793.36	17,452,110.09
12	340,960.17	17,111,149.92
13	344,156.67	16,766,993.25
14	347,383.14	16,419,610.11
15	350,639.86	16,068,970.25
16	353,927.11	15,715,043.14
17	357,245.18	15,357,797.96
18	360,594.35	14,997,203.61
19	363,974.92	14,633,228.69
20	367,387.19	14,265,841.50
21	370,831.44	13,895,010.06
22	374,307.99	13,520,702.07
23	377,817.12	13,142,884.95
24	381,359.16	12,761,525.79
25	384,934.40	12,376,591.39

26	388,543.16	11,988,048.23
27	392,185.75	11,595,862.48
28	395,862.48	11,200,000.00

Schedule 4
Compulsory Insurances

1 **Hull and Machinery (including freight interest) /Increased Value**

Risks: Not less wide than Institute Time Clauses – Hulls 1.10.83 or equivalent, and extended to cover Institute Additional Perils Clause – Hulls and including Excess Risks and all other risks deemed appropriate for the trading pattern of the Vessel.

For the purposes of the above, **Excess Risks** means:

(a) the proportion of claims for general average, salvage and salvage charges which are not recoverable as a result of the value at which the Vessel is assessed for the purpose of such claims exceeding her hull and machinery insured value;

(b) collision liabilities not recoverable in full under the hull and machinery insurance by reason of those liabilities exceeding such proportion of the insured value of the Vessel as is covered under those liabilities; and

Value: An amount, on an agreed value basis, in US$ which is not less than the Required Insurance Amount or the Fair Market Value of Vessel, whichever is the greater.

Deductibles: Not exceeding two hundred and fifty thousand U.S. Dollars (US$250,000).

Insured: The Owner, the Charterer and the Manager(s) as their interests may appear.

Loss Payees: The Charterer and the Owner, subject to a loss payable clause approved by the Owner.

2 **War and Strikes**

Risks: Not less wide than Institute War and Strikes Clauses Hulls – Time 1.10.83 or equivalent, (including London Blocking and Trapping Addendum or similar arrangements).

Value: As H&M/IV. War P&I subject to separate and additional limit as H&M/IV value.

Insured: As H&M/IV.

Loss Payees: As H&M/IV.

3 **Protection and Indemnity**

Cover: Shipowners Third Party Liability cover as per a Member of the International Group of P&I Clubs on a ‘Full

Terms' basis.

Amount:	As per a Member of the International Group of P&I Clubs (currently in an amount equal to the maximum limit of cover generally available from protection and indemnity associations, but in the case of oil pollution risks, for a minimum amount of one billion U.S. Dollars (US$1,000,000,000) or such other amount as is normally covered by such protection and indemnity association in respect of which cover is available in accordance with customary insurance market practice).
Deductible:	As per a Member of the International Group of P&I Clubs.
Insured:	The Owner, the Charterer and the Manager(s) each as an additional entered member.
Loss Payee:	The Charterer and the Owner, subject to a loss payable clause approved by the Owner.

EXECUTION PAGE

BAREBOAT CHARTER PARTY

OWNER

SIGNED by Tetsutaro Hiraoka)

Name: Tetsutaro Hiraoka)

as authorised signatory for and on behalf of)

NICOLE NAVIGATION S.A.) Signed: /s/ Tetsutaro Hiraoka

EXECUTION PAGE

BAREBOAT CHARTER PARTY

CHARTERER

SIGNED by)

Name: Arthur E.M. Jones Don P. Dunstan

Director Director)

as authorised signatory for and on behalf of)

BULK NORDIC FIVE LTD.) Signed: /s/ Arthur E.M. Jones

/s/ Don P. Dunstan

Date: as of December 21, 2016

BULK NORDIC SIX LTD.
as Borrower

THE BANKS AND FINANCIAL INSTITUTIONS
listed in Schedule 1
as Lenders

NIBC BANK N.V.
as Arranger

NIBC BANK N.V.
as Swap Bank

– and –

NIBC BANK N.V.
as Agent
and as Security Trustee

LOAN AGREEMENT

Relating to a senior secured term loan facility of up to $19,500,000
to partially finance the acquisition of m.v. BULK ENDURANCE

Watson Farley & Williams
New York

INDEX

THIS LOAN AGREEMENT (this "**Agreement**") is made as of December 21, 2016

AMONG

(1) BULK NORDIC SIX LTD. ("**Bulk Nordic**"), 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 borrower (the "**Borrower**", which expression includes its 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) NIBC BANK N.V., acting in such capacity through its office at Carnegieplein 4, 2517 KJ, The Hague, The Netherlands, as arranger (in such capacity, the "**Arranger**", which expression includes its successors, transferees and assigns);

(4) NIBC BANK N.V., acting in such capacity through its office at Carnegieplein 4, 2517 KJ, The Hague, The Netherlands, as swap bank (in such capacity, the "**Swap Bank**", which expression includes its successors, transferees and assigns)

(5) NIBC BANK N.V., acting in such capacity through its office at Carnegieplein 4, 2517 KJ, The Hague, The Netherlands, as agent for the other Creditor Parties (in such capacity, the "**Agent**", which expression includes its successors, transferees and assigns); and

(6) NIBC BANK N.V., acting in such capacity through its office at Carnegieplein 4, 2517 KJ, The Hague, The Netherlands, as security agent and trustee for the other Creditor Parties (in such capacity, the "**Security Trustee**", which expression includes its successors, transferees and assigns).

BACKGROUND

(A) To finance the acquisition of the Ship, the Lenders have agreed to make available to the Borrower a senior secured term loan facility in the following two tranches:

(i) Tranche A Loan, in an amount up to the lesser of (i) $16,000,000 and (ii) 67.5% of the Fair Market Value of the Ship; and

(ii) Tranche B Loan, in an amount up to the lesser of (i) $3,500,000 and (ii) the difference between 85% and 67.5% of the Fair Market Value of the Ship.

(B) Upon the request of the Borrower, the Swap Bank may enter from time to time into interest rate swap transactions, interest rate options or a combination of both with the Borrower to hedge the Borrower's exposure under this Agreement to interest rate fluctuations.

(C) The Lenders and the Swap Bank 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, KPMG, PricewaterhouseCoopers, Deloitte, 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;

"**Advance**" means the principal amount of the borrowing by the Borrower 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 international shipbroker as proposed by the Borrower 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 the 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, Malta, Panama 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 the Ship shall be registered;

"**Approved Management Agreement**" means, in relation to the 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 S.A., SCF Management Services (Dubai) Ltd., Dubai, U.A.E., Phoenix Bulk Carriers (US) LLC or any other company proposed by the Borrower 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 the Ship;

"**Approved Manager's Undertaking**" means, in relation to the Ship, the letter executed and delivered by an Approved Manager, in Agreed Form;

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

(a) the Delivery Date;

(b) March 31, 2017 (or such later date as the Agent may, with the consent of the Lenders, agree with the Borrower); or

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

"Bail-In Action" means the exercise of any Write-down and Conversion Powers;

"**Bail-In Legislation**" means:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time; and

(b) in relation to any other state, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation.

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

Basel III" means:

(a) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

(b) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement - Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and

(c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III".

"**Builder**" means Oshima Shipbuilding Co., Ltd., a corporation organized under the laws of Japan;

"**Builder's Warranties Assignment**" means, in relation to the Ship, an assignment of the builder's warranties in respect of the construction of the Ship pursuant to the Shipbuilding Contract for the Ship, in Agreed Form;

"**Business Day**" means a day on which banks are open in London, England, New York, New York, Copenhagen, Denmark and Amsterdam, Netherlands;

"**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 as in effect on the Effective Date, 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 the Borrower, the occurrence of any act, event or circumstance that without prior written consent of the Lenders results in Nordic Bulk Ventures Holding owning directly less than 100% of the issued and outstanding Equity Interests in the Borrower, unless Pangaea acquires directly or indirectly 100% of the issued and outstanding Equity Interests in the Borrower;

(b) in respect of Nordic Bulk Ventures Holding, the occurrence of any act, event or circumstance that without prior written consent of the Lenders results in Pangaea owning directly or indirectly, separately or together with STST, less than 100% of the issued and outstanding Equity Interests in Nordic Bulk Ventures Holding;

(c) in respect of Pangaea, the occurrence of any act, event or circumstance that without prior written consent of the Lenders results in (i) Pangaea being de-listed; or (ii) any party acquiring a majority stake of more than 50% in the shares of Pangaea;

"**Charter**" means, in relation to the Ship, any demise, time or consecutive voyage charter in respect of the Ship for a term which exceeds, or which by virtue of any optional extensions may exceed, 13 months, in each case in Agreed Form, and for the avoidance of doubt, the term "Charter" includes but is not limited to the Time Charter;

"**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;

"**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 forth 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 Borrower, Nordic Bulk Ventures Holding or the Guarantor as applicable, in Agreed Form;

"**Confirmation**" and "**Early Termination Date**", in relation to any continuing Designated Transaction, have the meanings given in the relevant Master Agreement;

"**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;

"**CRD IV**" means:

(a) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No. 648/2012;

(b) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC; and

(c) any other law or regulation which implements Basel III.

"**Creditor Party**" means the Agent, the Security Trustee, the Arranger, a Lender or the Swap Bank, 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 the Ship to the Borrower;

"**Designated Transaction**" means a Transaction which fulfils the following requirements:

(a) it is entered into by the Borrower pursuant to a Master Agreement with the Swap Bank;

(b) its purpose is hedging of the Borrower's exposure under this Agreement to fluctuations in LIBOR arising from the funding of the Loan (or any part thereof) for a period expiring no later than the Maturity Date; and

(c) it is designated by the Borrower, by delivery by the Borrower to the Agent of a notice of designation in the form set out in Schedule 6, as a Designated Transaction for the purposes of the Finance Documents;

"**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 the Advance, the date requested by the Borrower for the Advance to be made, or (as the context requires) the date on which the 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 the Ship, all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Borrower or the Security Trustee and which arise out of the use or operation of the 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 or the Security Trustee in the event of requisition of the 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 the Ship; and

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

(b) if and whenever the 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 the Ship;

"**Earnings Account**" means, in relation to the Ship, an account in the name of the Borrower with the Earnings Account Bank designated as the Earnings Account for the Ship, or any other account (with the Earnings Account Bank or the Agent or with another bank or financial institution acceptable to the Lenders) which is designated by the Agent as the Earnings Account for the purposes of this Agreement;

"**Earnings Account Bank**" means HSBC Bank Bermuda Limited, 6 Front Street, Hamilton HM11, Bermuda, or other bank acceptable to the Lenders such consent not to be unreasonably withheld;

"**Earnings Account Pledge**" means a pledge of an Earnings Account, in Agreed Form;

"**Earnings Assignment**" means, in relation to the Ship, an assignment of the Earnings and any Requisition Compensation of the Ship, in Agreed Form;

"**EEA Member Country**" means any member state of the European Union, Iceland, Liechtenstein and Norway;

"**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 the Ship; or

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

"**EU Bail-In Legislation Schedule**" means the document described as such and published by the Loan Market Association (or any successor person) from time to time;

"**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 the Ship, the market value of the Ship at any date that is shown by the average of two (2) valuations each prepared and addressed to the Agent:

i. as at a date not more than 14 days prior to the date such valuation is delivered to the Agent;

(a) by Approved Brokers selected by the Agent (which shall be Affinity (Shipping) LLP, Arrow Sale & Purchase (UK) Ltd, Braemar Seascope Ltd, Clarksons Platou, Fearnleys AS or Howe Robinson); **provided that**, 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 if there is a difference of or in excess of 10% between the two valuations, the Borrowers may, at their sole expense, obtain a third valuation prepared for and addressed to the Agent by an Approved Broker, in which case the market value of such Ship shall be the average of the two lowest valuations obtained;

i. with or without physical inspection of the Ship (as the Agent may require);

ii. 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

iii. after deducting the estimated amount of the usual and reasonable expenses which would be incurred in connection with the sale;

"**FATCA**" means:

(a) Sections 1471 through 1474 of the Code or any associated regulations;

(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;

"**Finance Documents**" means:

(a) this Agreement;

(b) the Builder's Warranties Assignment;

(c) the Earnings Account Pledge;

(d) the Earnings Assignment;

(e) the Guarantee;

(f) the Insurance Assignment;

(g) the Master Agreement Assignment;

(h) the Mortgage;

(i) the Note;

(j) the Retention Account Pledge;

(k) the Shares Pledge;

(l) the Time Charter Assignment; and

(m) 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 and/or the Swap Bank 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 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;

"**Green Passport**" means, in relation to the Ship, a statement of compliance which includes an inventory of hazardous material in compliance with RECYCLABLE notation;

"**Guarantee**" means a guarantee by the Guarantor of the obligations of the Borrower under this Agreement, in Agreed Form;

"**Guarantor**" means Pangaea;

"**IACS**" means the International Association of Classification Societies;

"**Insurances**" means in relation to the Ship:

(a) all policies and contracts of insurance, including entries of the Ship in any protection and indemnity or war risks association, effected in respect of the Ship, the Earnings or otherwise in relation to the 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 the Ship, a first priority assignment of the Insurances, in the form set out in Agreed Form;

"**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 the Ship:

(a) the Document of Compliance and Safety Management Certificate issued pursuant to the ISM Code in relation to the 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 the Ship's compliance or compliance of the 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 Borrower and the Agent in accordance with Clause 27.14;

"**LIBOR**" means, in relation to the Loan or any part of the Loan:

(a) the applicable Screen Rate; or

(a) 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, in either case that rate is less than zero, LIBOR shall be deemed to be zero;

"**Loan**" means the principal amount from time to time outstanding under this Agreement or, as the context requires, the principal amount outstanding under the Tranche A Loan or the Tranche B Loan;

"**Major Casualty**" means, in relation to the Ship, any casualty to the 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 $750,000 or the equivalent in any other currency;

"**Margin**" means:

(a) with respect to the Tranche A Loan, 2.75% per annum;

(b) with respect to the Tranche B Loan, 6.00% 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;

"**Master Agreement**" means each master agreement (on the 2002 ISDA (Multicurrency Crossborder) form) in Agreed Form made between the Borrower and the Swap Bank and includes all Designated Transactions from time to time entered into and Confirmations from time to time exchanged under the master agreement;

"**Master Agreement Assignment**" means, in relation to each Master Agreement, the assignment of the Master Agreement, in Agreed Form;

"**Maturity Date**" means the earlier of the date which is the fifth anniversary of the Drawdown Date and the date on which the Loan is accelerated pursuant to Clause 20.4, but in no event later than March 30, 2022;

"**Mortgage**" means, in relation to the Ship, a first preferred ship mortgage, in Agreed Form;

"**Multiemployer Plan**" means, at any time, a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which the Borrower 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;

"**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;

"**Nordic Bulk Ventures Holding**" means Nordic Bulk Ventures Holding Company Ltd., a Bermuda company;

"**Note**" means a promissory note of the Borrower payable to a Lender, evidencing the aggregate indebtedness of the Borrower to such Lender in respect of the Advance made by such Lender to the Borrower, in Agreed Form;

"**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;

"***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;

"**Party**" means a party to this Agreement;

"**PATRIOT Act**" means the United States Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001, as amended;

"**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 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 the 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; 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 12.2 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 the Borrower or any 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;

"**Positive Working Capital**" mean an amount which results in a positive figure when calculating the Borrower's current assets (including the amounts maintained in the Earnings Account) less its current liabilities (including 1 quarterly repayment installment of $331,667);

"**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;

"**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 Borrower;

"**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**";

"**Restricted Person**" means any person that is:

(a) listed on, or owned or controlled by a person listed on, or acting on behalf of a person listed on, any Sanctions List;

(b) located in, incorporated under the laws of, or owned or (directly or indirectly) controlled by, or acting on behalf of, a person located in or organized under the laws of a country or territory that is the target of country-wide or territory-wide Sanctions; or

(c) otherwise a target of Sanctions (namely a person with whom a national under the jurisdiction of a Sanctions Authority would be prohibited or restricted by law from engaging in trade, business or other activities);

"**Retention Account**" means the account maintained with the Retention Account Bank in the name of "NIBC Bank N.V. All Branches" (in such capacity, the "**Account Holder**") in which the Borrower shall have rights to funds held therein allocated to it by the Account Holder by means of a virtual account designated as "Bulk Nordic Six Ltd. - Retention Account";

"**Retention Account Bank**" means Bank of New York Mellon, New York, New York;

"**Retention Account Pledge**" means the pledge by the Borrower of its rights in and to the Retention Account made in Clause 19.5 of this Agreement in favor of the Security Trustee;

"**Sanctions**" means the economic sanctions, laws, regulations, embargoes or restrictive measures administered, enacted or enforced by any Sanctions Authority;

"**Sanctions Authority**" means:

(a) the Security Council of the United Nations;

(b) the United States of America;

(c) the European Union;

(d) any of the member states of the European Union;

(e) the jurisdiction of incorporation of each Security Party; and

(f) the governments and official institutions or agencies of any of paragraphs (a) to (e) above, including the Office of Foreign Assets Control of the U.S. Department of Treasury ("**OFAC**"), the U.S. Department of State and Her Majesty's Treasury ("**HMT**");

"**Sanctions List**" means:

(a) the "Specially Designated Nationals and Blocked Persons" list maintained by OFAC;

(b) the Consolidated List of Financial Sanctions Targets and the Investment Ban List maintained by HMT;

(c) the "Consolidated list of persons, groups and entities subject to EU financial sanctions" maintained by the European Union; and

(d) any similar list maintained by, or public announcement of Sanctions designation made by, any of the Sanctions Authorities,

each as amended, supplemented or substituted from time to time;

"**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 Borrower 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 the Master Agreement or any judgment relating to any Finance Documents or the Master Agreement; 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 the Borrower, Nordic Bulk Holding Ventures, the Guarantor 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 Borrower, the other Security Parties and the other Creditor Parties that:

(a) all amounts which have become due for payment by the Borrower or any other Security Party under the Finance Documents and the Master Agreement have been paid;

(b) no amount is owing or has accrued (without yet having become due for payment) under any Finance Document or a Master Agreement;

(c) neither the Borrower 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 or a Master Agreement; 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 or a Master Agreement would be set aside, or would have to be reversed or adjusted, in any present or possible future bankruptcy of the Borrower or another Security Party or in any present or possible future proceeding relating to a Finance Document or a Master Agreement or any asset covered (or previously covered) by a Security Interest created by a Finance Document;

"**Seller**" means Sumitomo Corporation, the seller under the Shipbuilding Contract.

"**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 the Borrower, in Agreed Form;

"**Ship**" means the Ice Class 1C Ultramax bulker motor vessel under construction at the Builder with IMO Number 92782003 to be named "Bulk Endurance", registered in the name of the Borrower on an Approved Flag;

"**Shipbuilding Contract**" means the shipbuilding contract dated December 2, 2013 and made between (i) the Seller and (ii) the Borrower for the construction by the Builder of the Ship and its purchase by the Borrower.

"**STST**" means ST Shipping and Transport Pte., Ltd., a Singapore company;

"**Time Charter**" means, in relation to the Ship, a time charter party in Agreed Form between the Borrower as Owner and the Time Charterer as charterer;

"**Time Charter Assignment**" means, in relation to the Ship, an assignment of the Time Charter, in Agreed Form;

"**Time Charterer**" means Americas Bulk Transport (BVI) Limited, a company organized and existing under the laws of the British Virgin Islands;

"**Total Loss**" means in relation to the Ship:

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

(b) any expropriation, confiscation, requisition or acquisition of the 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; or

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

"**Total Loss Date**" means in relation to the Ship:

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

(b) in the case of a constructive, compromised, agreed or arranged total loss of the 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 with the Ship's insurers in which the insurers agree to treat the 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;

"**Tranche A Loan**" means an Advance in the principal amount not exceeding $16,000,000 made or to be made available to the Borrower to finance the acquisition of the Ship or as the context may require, an Advance in the principal amount from time to time outstanding under this Agreement in respect of such tranche;

"**Tranche B Loan"** means an Advance in the principal amount not exceeding $3,500,000 made or to be made available to the Borrower to finance the acquisition of the Ship or as the context may require, an Advance in the principal amount from time to time outstanding under this Agreement in respect of such tranche;

"**Transaction**" has the meaning given in each Master Agreement;

"**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;

"**U.S.**" means the United States of America;

"**US Tax Obligor**" means:

(a) a Borrower which is resident for tax purposes in the US; or

(b) a Security Party some or all of whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

"**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; and

"**Write-down and Conversion Powers**" means:

(a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule ; and

(b) in relation to any other applicable Bail-In Legislation:

(i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and

(ii) any similar or analogous powers under that Bail-In Legislation.

1.2 Construction of certain terms. In this Agreement:

"**approved**" means, for the purposes of Clause 12.2, 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 the 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 the 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 the 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 the Ship, all insurances effected, or which the Borrower is obliged to effect, under Clause 13.2 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, 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 Borrower;

(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.

1.9 **Inconsistency between Loan Agreement provisions and the Finance Documents.** The Finance Documents shall be read together with this Loan Agreement, but in case of any conflict between this Loan Agreement and any of the Finance Documents, the provisions of this Loan Agreement shall prevail, **provided that** the Finance Documents shall always be governed by the applicable law as described therein.

2 FACILITY

Amount of facility. Subject to the other provisions of this Agreement, the Lenders severally agree to make available to the Borrower a senior secured term loan facility in two tranches in an aggregate amount not exceeding the Total Commitments.

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

2.2 **Purpose of the Advance.** The Borrower undertakes with each Creditor Party to use the Advance only to partially finance the acquisition of the Ship.

2.3 **Cancellation of Total Commitments.** All or any portion of the Total Commitments not disbursed to the Borrower shall be cancelled and terminated automatically on the earlier of the Drawdown Date and the expiration of the applicable Availability Period for such Commitment.

3 POSITION OF THE LENDERS AND SWAP BANK

3.1 **Interests several.** The rights of the Lenders and of the Swap Bank under this Agreement and the Master Agreement are several.

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

3.3 **Proceedings requiring Lender consent.** Except as provided in Clause 3.2, no Lender nor the Swap Bank 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 and of the Swap Bank under the Master 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 or under the Master Agreement,

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) the Borrower or any other Security Party becomes obliged in the absence of an Event of Default to repay any amount in accordance with Clause 23.5 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 Borrower 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 Borrower, which is acceptable to the Agent with the consent of the Lenders (other than the Lender the Borrower desires 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 Advance 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 Borrower 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 Borrower 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 Borrower notifies 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) the 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 Advance.** Subject to the following conditions, the Borrower may request the Advance to be made by delivering to the Agent a completed Drawdown Notice not later than 10:00 a.m. (New York City time) three (3) 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;

(c) the amount of the Advance in respect of the Tranche A Loan shall not exceed the lesser of (i) $16,000,000 and (ii) 67.5% of the Fair Market Value of the Ship;

(d) the amount of the Advance in respect of the Tranche B Loan shall not exceed the lesser of (i) $3,500,000 and (ii) the difference between 85% and 67.5% of the Fair Market Value of the Ship; 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 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 Borrower 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 Borrower the amount due from that Lender under Clause 2.2.

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

(a) to the account which the Borrower specifies in the Drawdown Notice; and

(b) in the like funds as the Agent received the payments from the Lenders.

4.7 Disbursement of Advance to third party. The payment by the Agent under Clause 4.6 to the account of a third party designated by the Borrower in a Drawdown Notice shall constitute the making of the Advance and the Borrower 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 Borrower to pay the principal of, and interest on, the Loan shall be evidenced by the Note.

(b) The amount advanced by each Lender to the Borrower 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 the Advance made by such Lender to the Borrower.

(c) [intentionally omitted]

(d) The failure of any Lender to make any such notation shall not affect the obligation of the Borrower in respect of such 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 Borrower 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 Borrower and cancelled. The relevant Lender shall indemnify the Borrower 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 (including without limitation Clause 6.5), the rate of interest on the Loan in respect of an Interest Period shall be the aggregate of the applicable Margin and LIBOR for that Interest Period.

5.2 **Payment of normal interest.** Subject to the provisions of this Agreement, interest on the Loan in respect of each Interest Period shall be paid by the Borrower 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 Borrower 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 the 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 Borrower 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 the Advance is made, the Lenders’ obligations to make the 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 the Advance is made, the Borrower, 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 Borrower, 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 Borrower does not agree with an interest rate set by the Agent under Clause 5.12, the Borrower 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 Borrower's 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 Borrower 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.

5.16 **Interest rate hedging.** The Borrower shall have the option to hedge up to 100% of its interest rate exposure under this Agreement through:

(a) one or more interest rate swaps, interest rate options or a combination of both with the Swap Bank based on ISDA documentation, with such hedging to be secured on a *pari passu* basis with the Loan; or

(b) other interest rate swaps and/or unsecured interest rate derivative instruments with third parties; **provided that** the Swap Bank shall have a right of first refusal and a right of first offer in relation to any such hedge.

5 INTEREST PERIODS

6.1 **Commencement of Interest Periods.** The first Interest Period applicable to the Advance shall commence on the Drawdown Date 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 6.4, each Interest Period shall be:

(a) 3 or 6 months as notified by the Borrower to the Agent not later than 10:00 a.m. (New York time) three (3) Business Days before the commencement of the Interest Period;

(b) 3 months, if the Borrower fails to notify the Agent by the time specified in paragraph (a); or

(c) with respect to the Tranche A Loan, such other period as the Agent may, with the authorization of all the Lenders, agree with the Borrower pursuant to Clause 6.5.

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 **Non-availability of matching deposits for Interest Period selected.** If, after the Borrower has selected and the Lenders have agreed an Interest Period longer than three (3) months pursuant to Clause 6.2, 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.

6.5 **Interest periods longer than 6 months.** Upon not less than five (5) Business Days prior written notice from the Borrower to the Agent, and subject to the agreement of all of the Lenders, the interest rate of the Tranche A Loan may be fixed for an Interest Period in excess of 6 months. The interest rate during such Interest Period will be the actual refinancing rate available to the Lenders (on a weighted average basis) for that Interest Period plus the Margin.

6 DEFAULT INTEREST

7.1 **Payment of default interest on overdue amounts.** The Borrower shall pay interest in accordance with the following provisions of this Clause 7 on any amount payable by the 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 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.

7.7 Application to Master Agreements. For the avoidance of doubt, this Clause 7 does not apply to any amount payable under a Master Agreement in respect of any continuing Designated Transaction as to which section 9(h) (*Interest and Compensation*) of that Master Agreement shall apply.

7 REPAYMENT AND PREPAYMENT

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

(a) The Tranche A Loan shall be repaid by 3 equal quarterly installments of $100,000 and thereafter, equal quarterly installments of $266,667 and, together with the last quarterly installment of $266,667, a balloon payment on the Maturity Date of $11,166,667; and

(b) the Tranche B Loan shall be repaid by equal quarterly installments of $65,000 and, together with the last quarterly installment of $65,000, a balloon payment on the Maturity Date of $2,330,000;

provided that if the total amount of the Loan is less than $16,000,000 with respect to the Tranche A Loan and less than $3,500,000 with respect to the Tranche B Loan, the quarterly installments and the balloon payments shall be reduced pro rata.

8.2 Repayment Dates.

(a) The first installment of the Tranche A Loan shall be repaid on the date falling three (3) months after the Drawdown Date and the last installment shall be made together with the balloon payment on the Maturity Date; and

(b) the first installment of the Tranche B Loan shall be repaid on the date falling nine (9) months after the Drawdown Date and the last installment shall be made together with the balloon payment on the Maturity Date.

8.3 **Maturity Date.** On the Maturity Date, the Borrower 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 Borrower may prepay the whole or any part of the Loan.

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

(a) a partial prepayment shall be a minimum amount of $1,000,000 or a multiple of $500,000;

(b) the Agent has received from the Borrower at least ten (10) Business Days' prior written notice specifying the amount to be prepaid and the date on which the prepayment is to be made; and

(c) the Borrower has provided evidence satisfactory to the Agent that any consent required by the Borrower in connection with the prepayment has been obtained and remains in force, and that any regulation relevant to this Agreement which affects the Borrower has been complied with (which may be satisfied by the Borrower 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 Borrower 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 Borrower under Clause 8.5(c).

8.8 **Mandatory prepayment.** If the Ship is sold or becomes a Total Loss, the Borrower shall prepay the Loan in full:

(a) in the case of a sale, on or before the date on which the sale is completed by delivery of the Ship to the buyer; or

(b) in the case of a Total Loss, on the earlier of the date falling 120 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;

(b) if the prepayment is not made on the last day of an Interest Period, any sums payable under Clause 22.1(b) and Clause 22.2; and

(c) the following prepayment fees as applicable:

(i) 1.50% of the prepaid amount in respect of any prepayment made on or before the first anniversary of the Drawdown Date;

(ii) 1.00% of the prepaid amount in respect of any prepayment made after the first anniversary of the Drawdown Date but on or before the second anniversary of the Drawdown Date;

(iii) 0.25% of the prepaid amount in respect of any prepayment made after the second anniversary of the Drawdown Date but on or before the third anniversary of the Drawdown Date; and

(iv) 0.0% of the prepaid amount thereafter;

provided that no prepayment fee shall be payable in the case of a mandatory prepayment on account of Total Loss pursuant to Clause 8.8.

8.10 Application of partial prepayment. Each partial prepayment under Clause 8.4 shall be applied towards a pro rata reduction of the repayment installments and the balloon payments specified in Clause 8.1 in inverse order of maturity starting with the balloon payments due in respect of each such tranche.

8.11 No reborrowing. No amount prepaid may be reborrowed.

8.12 Unwinding of Designated Transactions. On or prior to any repayment or prepayment of the Loan or any part thereof under this Clause 8 or any other provision of this Agreement, the Borrower shall wholly or partially reverse, offset, unwind or otherwise terminate one or more of the continuing Designated Transactions so that the notional principal amount of the continuing Designated Transactions thereafter remaining does not and will not in the future (taking into account the scheduled amortization) exceed the amount of the Loan as reducing from time to time thereafter pursuant to Clause 8.1.

8 CONDITIONS PRECEDENT

9.1 Documents, fees and no default. Each Lender's obligation to contribute to the 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 Drawdown Date but prior to the making of the Advance, the Agent receives or is satisfied that it will receive on the making of the Advance the documents described in Part B of Schedule 4 in form and substance satisfactory to it;

(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 the Drawdown Notice and at the Drawdown Date:

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

(ii) the representations and warranties in Clause 10 and those of the Borrower 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 Borrower or any of the Guarantors since the date on which the Borrower 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 Borrower 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 Borrower 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 the Advance to be borrowed before certain of the conditions referred to in Clause 9.1 are satisfied, the Borrower shall ensure that such conditions are satisfied within ten (10) Business Days after the Drawdown Date (or such longer period as the Agent may specify); and

(b) only if required under the terms of the Shipbuilding Contract, the 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 the 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 the Ship duly executed by the Seller and Borrower 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 the 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 4 and 12 solely for the time period on and between such Drawdown Date and the relevant Delivery Date, and the Borrower acknowledges and agrees 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 Borrower 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 Borrower 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 Borrower has instructed the Agent to convert the aggregate principal amount of the Advance borrowed into a currency other than Dollars for deposit with the Builder's Bank and the 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 Borrower shall immediately repay the difference and, in any event, the Borrower shall pay any and all fees, charges and expenses arising from such conversion.

9 REPRESENTATIONS AND WARRANTIES

10.1 **General.** The Borrower represents and warrants to each Creditor Party as of the Effective Date and each Drawdown Date as follows.

10.2 **Status.** The Borrower 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 the Borrower, or to the knowledge of the Borrower contemplated by any third party, seeking to adjudicate the Borrower 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.** The Borrower has the capacity 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 Charter, and comply with its obligations under the 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) The Borrower 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, the Borrower has not created nor 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, the Borrower is not restricted by contract, applicable law or regulation or otherwise from creating Security Interests on any of its assets, properties, rights or revenues.

(c) The Borrower 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 the Borrower's right, title and interest in and to the Ship 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 the Borrower 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), the Borrower's legal, valid and binding obligations enforceable against it in accordance with their respective terms; and

(b) the Finance Documents to which the Borrower 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 the 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 the 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 Borrower, any law or regulation; or

(b) the constitutional documents of the Borrower; or

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

10.9 Status of Secured Liabilities. The Secured Liabilities constitute direct, unconditional and general obligations of the 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 the Borrower.

10.10 Taxes.

(a) All payments which the 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) The 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 the 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 the Borrower.

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

(c) No material claim for any tax has been asserted against the 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 Borrower.

(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 the Advance.

10.12 **Information.** All financial statements, information and other data furnished by or on behalf of the 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 the Borrower as of the date or respective dates thereof and the results of operations of the 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 the Borrower since the date on which such information was provided other than as previously disclosed to the Agent in writing; and

(e) the Borrower does not have 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 the 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 the 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 the 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, the 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.** The 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 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.** The Time Charter constitutes valid, binding and enforceable obligations of the Time Charterer and the Borrower in accordance with its terms and:

(a) the copy of such Time Charter delivered to the Agent before the date of this Agreement is a true and complete copy; and

(b) no amendments or additions to the Time Charter have been agreed nor has the 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 the Borrower, or affect the legality, validity, binding effect or enforceability of the Finance Documents:

(a) the operations and properties of the 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) the Borrower has not 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) The Borrower has no subsidiaries.

(b) All of the Equity Interests of the Borrower 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 Ventures Holding.

(c) All of the Equity Interests of Nordic Bulk Ventures Holding have been validly issued, are fully paid, non-assessable and free and clear of all Security Interests and are owned by Pangaea directly or indirectly, separately or together with STST.

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

10.19 ERISA. Neither the Borrower nor any ERISA Affiliate maintains any Plan, Multiemployer Plan or Foreign Pension Plan.

10.20 Margin stock. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock and no proceeds of the 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. The Borrower is not:

(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 Sanctions. No Security Party nor the Approved Manager nor any of their respective directors, officers or employees nor, to the knowledge of any Security Party or the Approved Manager, any persons acting on any of their behalf:

(a) is a Restricted Person;

(b) is owned or controlled by, or acting directly or indirectly on behalf of or for the benefit of, a Restricted Person;

(c) owns or controls a Restricted Person;

(d) is in breach of Sanctions; or

(e) has received notice of, or is aware of, any claim, action, suit, proceeding or investigation against it with respect to Sanctions applicable to it by any Sanctions Authority.

10.23 No money laundering. Without prejudice to the generality of Clause 2.3, in relation to the borrowing by the Borrower of the 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 the Borrower is a party, the Borrower confirms that:

(a) it is acting for its own account;

(b) it will use the proceeds of the 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 Ship. The Ship is or will be at the Delivery Date:

(a) in the sole and absolute ownership of the Borrower and duly registered in the Borrower’s name under the law of an Approved Flag, 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, the Borrower 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

The Borrower does not have 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 the Borrower:

(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 Borrower's business. From the date of its incorporation until the date hereof, the Borrower has not conducted any business other than in connection with, or for the purpose of, owning and operating the Ship.

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

(a) The Borrower is subject to civil and commercial law with respect to its obligations under the Finance Documents, and the execution, delivery and performance by the Borrower of the Finance Documents to which it is a party constitute private and commercial acts rather than public or governmental acts.

(b) Neither the Borrower nor any of its 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 the 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 the Borrower of its obligations under any Finance Document, that such Creditor Party should be licensed, qualified or otherwise entitled to carry on business in the Borrower's jurisdiction of incorporation or formation.

(d) Other than the recording of the Mortgage in accordance with the laws of the Approved Flag on which the Ship is registered, 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 the 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 Borrower 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 Borrower in such courts.

10 GENERAL AFFIRMATIVE AND NEGATIVE COVENANTS

11.1 **Affirmative covenants.** From the Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full the Borrower 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.** The Borrower shall duly observe and perform its obligations under the Time Charter and each Finance Document to which it is or is to become a party.

(b) **Notification of defaults (etc).** The Borrower 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 $750,000.

(c) **Confirmation of no default.** The Borrower 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 Borrower 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 Advance has been made) Commitments exceeding 10% of the Total Commitments, and this Clause 11.1(c) does not affect the Borrower's obligations under Clause 11.1(b).

(d) **Notification of litigation.** The Borrower will provide the Agent with details of any legal or administrative action involving the Borrower, any other Security Party, the Approved Manager or the Ship, the Earnings or the Insurances as soon as such action is instituted or it becomes apparent to the Borrower 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 Borrower will, as soon as practicable after receiving the request, provide the Agent with any additional financial or other information relating to:

(i) the Borrower; 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) The Borrower 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 the Borrower in accordance with GAAP, and the Agent and/or any Lender shall have the right to examine the books and records of the Borrower 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 the Borrower.

(ii) The Borrower shall keep separate accounts and shall not co-mingle assets with any other person.

(g) **Financial reports.** The Borrower 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 180 days after the end of each Fiscal Year, management accounts as of the end of such period for the Borrower and Nordic Bulk Ventures Holding;

(ii) as soon as practicable, but in no event later than 180 days after the end of each Fiscal Year of the Guarantor, the audited consolidated accounts for the Guarantor and, 60 days after the end of each quarter, unaudited interim accounts for the Guarantor;

(iii) as soon as practicable, but in no event later than 30 days before the end of each Fiscal Year, a 12 month forward looking budget for the Borrower and Nordic Bulk Ventures Holding;

(iv) together with the financial statements that the Borrower and the Guarantor deliver in (i) and (ii) above, a Compliance Certificate; and

(v) 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 Borrower shall procure and deliver to the Agent two written appraisal reports setting forth the Fair Market Value of the Ship as follows:

(i) on a bi-annual basis at the Borrower's expense for inclusion with each Compliance Certificate required to be delivered with the unaudited interim accounts under Clause 11.1(g)(ii); and

(ii) at any time upon the request of the Agent, at the Borrower's expense, if an Event of Default has occurred and is continuing.

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

(i) **Taxes.** The Borrower 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 the 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 the Borrower or to affect the legality, validity, binding effect or enforceability of the Finance Documents.

(j) **Consents.** The Borrower 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 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 Borrower shall deliver a copy of all such consents to the Agent promptly upon its request.

(k) **Compliance with applicable law.** The Borrower shall comply, and shall ensure that each of Nordic Bulk Ventures Holding, the Time Charterer, the Commercial Manager and the Technical Manager 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.** The Borrower 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) The Borrower shall conduct business only in connection with, or for the purpose of, owning and chartering the Ship.

(ii) The Borrower 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 the Borrower, or affect the legality, validity, binding effect or enforceability of the Finance Documents, the 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) The Borrower 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) The Borrower 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 Borrower shall use the proceeds of the Advance solely to partially finance the acquisition of the Ship.

(p) **Change of place of business.** The Borrower 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 Borrower 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) **Intercompany loans.**

(i) The Borrower shall cause intercompany loans, if any, to be made to it only by Nordic Bulk Ventures Holding and shall further cause any such loan to (i) be fully subordinated to to all Secured Liabilities, (ii) not carry cash interest, (iii) mature at least one year after the Maturity Date, (iv) be unsecured and (v) in Agreed Form.

(ii) The Borrower shall cause Nordic Bulk Holdings to enter into an assignment of its rights in favor of the Security Trustee in respect of any such loan, such assignment to be in Agreed Form.

(s) **Sanctions.**

(i) The Borrower shall, and shall ensure that each of its Affiliates, each Security Party and each Approved Manager, will comply in all respects with all Sanctions applicable to it.

(ii) The Borrower shall not, and shall ensure that none of its Affiliates, or any Security Party, or any Approved Manager and any of their respective directors, officers, employees, affiliates or agents shall not, directly or indirectly:

(A) make any part of the proceeds of any Loan available to, or for the benefit of, a Restricted Person, or permit or authorize any such proceeds to be applied in a manner or for a purpose prohibited by any Sanctions applicable to it;

(B) fund all or part of any repayment under any this Agreement out of proceeds derived from transactions which would be prohibited by any Sanctions or would otherwise cause any person to be in breach of Sanctions or become a Restricted Person; or

(C) engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or breaches or attempts to breach, directly or indirectly, any Sanctions applicable to it.

(t) **Money laundering.** The Borrower 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 the Borrower or an ERISA Affiliate, the Borrower 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 the 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 Borrower 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.** The Borrower 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 Borrower 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 Borrower shall procure that any report prepared by an independent inspector jointly appointed by the Borrower and the Charterer in respect of the Ship shall be provided to the Agent.

(aa) **Further assurances.** From time to time, at its expense, the Borrower 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.

(bb) **Earnings Account.** As soon as practicable but no later than January 31, 2017, the Borrower shall open the Earnings Account and execute the Earnings Account Pledge.

(cc) **Nordic Bulk Ventures Holding.** On or before January 20, 2017, Pangaea shall have acquired from STST all of STST's Equity Interests in Nordic Bulk Ventures Holding.

11.2 **Negative covenants.** From the Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full the Borrower 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:

(a) **Security Interests.** The Borrower shall not 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.** The Borrower shall not 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** the Borrower may sell the Ship pursuant to the terms of Clause 11.2(q).

(c) **No contracts other than in ordinary course.** The Borrower shall not enter into any transactions or series of related transactions with third parties other than in the ordinary course of its business.

(d) **Affiliate transactions.** The Borrower shall not 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 the 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.** The Borrower shall not change the nature of its business or commence any business other than in connection with, or for the purpose of, owning and operating the Ship.

(f) **Change of Control; Negative pledge.** The Borrower shall not permit, and shall cause each of Nordic Bulk Ventures Holding and Pangaea to not permit, any act, event or circumstance that would result in a Change of Control, and the Borrower shall not permit any pledge or assignment of its Equity Interests except in favor of the Security Trustee to secure the Secured Liabilities.

(g) **Increases in capital.** The Borrower shall not 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.** The Borrower shall not incur any Financial Indebtedness other than (i) in respect of the Loan and (ii) subordinated loans permitted under Clause 11.1(r).

(i) **Dividends.** The Borrower shall not, without the prior written consent of the Lenders, such consent not to be unreasonably withheld, 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** the Borrower is permitted to pay cash dividends on a bi-annual basis so long as no Event of Default has occurred and is continuing or would result from such dividend payment and the Borrower is in compliance with the financial covenants of Clause 12 and the Collateral Maintenance Ratio both before and after such dividend is paid.

(j) **No amendment to Time Charter.** The Borrower shall not agree to any amendment or supplement to, or waive or fail to enforce, the 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.** The Borrower shall not 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 trade credit extended to the Borrower in the ordinary course of business, (ii) any prepayment made by the Borrower for goods or services yet to be delivered in the ordinary course of business, or (iii) any other loan or advance to which the Agent has consented in writing.

(m) **Acquisition of capital assets.** The Borrower shall not acquire any capital assets (including any vessel other than the Ship) 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 Ship.

(n) **Sale and leaseback.** The Borrower shall not 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.** The Borrower shall not 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.** The Borrower shall not shall change the jurisdiction of its incorporation or formation or materially amend its constitutional documents.

(q) **Sale of Ship.** The Borrower shall not 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 owning under this Agreement and the other Finance Documents prior to or simultaneously with the consummation of such sale.

(r) **Change of location.** The Borrower shall not 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) The Borrower shall not have any employees.

(ii) The Borrower shall not be or become a member of any VAT (value added tax) group.

11 FINANCIAL COVENANTS

12.1 **General**. From the first Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full the Borrower undertakes with each Creditor Party to comply or cause compliance with the following provisions of this Clause 12 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.

12.2 **Borrower's minimum liquidity requirements**.

(a) On the Drawdown Date, the Borrower and the Lender agree that the Lender shall retain the sum of $250,000 from the Advance to be made, which sum shall be deemed to satisfy the Borrower's minimum liquidity requirement as from the Drawdown Date. Upon the Borrower notifying the Lender that the Borrower has opened the Earnings Account, the Lender shall transfer to the Earnings Account the $250,000 it retained from the Advance, and the Borrower shall maintain a minimum balance of $250,000 in the Earnings Account until such time as such balance is increased pursuant to Clause 12.2(b); and

(b) prior to the first anniversary of the Drawdown Date, the Borrower shall increase the minimum balance in the Earnings Account to $500,000 and at all times thereafter throughout the Security Period the Borrower shall maintain a minimum balance of $500,000 in the Earnings Account.

12.3 **Positive Working Capital.** As of the first anniversary of the Drawdown Date and at all times thereafter during the Security Period, the Borrower shall maintain Positive Working Capital.

12 MARINE INSURANCE COVENANTS

13.1 **General.** From the Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full, the Borrower undertakes with each Creditor Party to comply or cause compliance with the following provisions of Clause 13.2 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.

13.2 **Maintenance of obligatory insurances.** The Borrower shall keep the Ship 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 Borrower to insure and which are specified by the Security Trustee by notice to the Borrower (such as political risks and mortgage rights insurance).

13.3 Terms of obligatory insurances. The Borrower shall affect such insurances in respect of the Ship:

(a) in Dollars;

(b) in the case of the insurances described in (a), (b), and (g) of Clause 13.2 shall each be for at least the greater of:

(i) 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, the Borrower shall procure that the obligatory insurances affected by it shall:

(a) subject always to paragraph (b), name the 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 the 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;

(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 the Borrower fails to do so; and

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

13.5 Renewal of obligatory insurances. The 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 the 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. The 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 the 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 the 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 the Borrower under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of the 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 the Ship forthwith upon being so requested by the Security Trustee.

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

(a) a certified copy of the certificate of entry for the 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 the Ship.

13.8 Deposit of original policies. The 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. The 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.** The 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.** The Borrower shall not 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) the 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) the Borrower shall not 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) the 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 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) the Borrower shall not employ the Ship, 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.** The Borrower shall neither 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.** The Borrower shall not 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 the Borrower shall provide the Security Trustee, at the time of each such communication, copies of all written communications between the 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) the 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 the 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 the Ship.

13.15 Provision of information. In addition, the Borrower shall promptly provide (and in no event less than 15 days prior to the 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 the 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 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 Borrower 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 Borrower, 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 Borrower or the Ship and its insurance (including, without limitation, changes in the availability or the cost of insurance coverage or the risks to which the Borrower may be subject.)

13.18 Modification of insurance requirements. The Security Trustee shall notify the Borrower 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 Borrower as an amendment to this Clause 13 and shall bind the Borrower accordingly.

13 SHIP COVENANTS

14.1 General. From the Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full, the Borrower 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. The Borrower shall:

(a) keep the Ship registered in its name under the law of the Approved Flag on which it was registered when the Advance 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 the Ship on which it was registered or documented when it became subject to the Mortgage.

14.3 Repair and classification. The Borrower shall keep the Ship 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 the 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 the Ship is registered or to vessels trading to any jurisdiction to which the Ship may trade from time to time, including but not limited to the ISM Code and the ISPS Code,

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

14.4 Classification Society instructions and undertaking. The 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 the 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 the Borrower and the Ship either (i) electronically (through the Classification Society directly or by way of indirect access via the Borrower's 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 Jan-Willem Schellingerhout (Jan-Willem.Schellingerhout@nibc.com) and Anneke van der Spek (Anneke.van.der.Spek@nibc.com) if the Classification Society:

(i) receives notification from the Borrower or any other person that the Ship's Classification Society is to be changed;

(ii) imposes a condition of class or issues a class recommendation in respect of the 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 the Ship's class under the rules or terms and conditions of the Borrower's or the Ship's membership of the Classification Society;

(d) following receipt of a written request from the Security Trustee:

(i) to confirm that the 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 the 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. The Borrower shall not make any modification or repairs to, or replacement of, the equipment installed on the Ship which would or is reasonably likely to materially alter the structure, type or performance characteristics of the Ship or materially reduce its value.

14.6 Removal of parts. The Borrower shall not remove any material part of the Ship, or any item of equipment installed on, the 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 the Ship, the property of the Borrower and subject to the security constituted by the Mortgage, **provided that** the 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.

14.7 Surveys. The Borrower, at its sole expense, shall submit the Ship 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 the 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, the Borrower shall permit the Security Trustee (by surveyors or other persons appointed by it for that purpose at the cost of the Borrower) to board the Ship 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 the Ship is not adversely affected as a result of such inspections.

14.9 Prevention of and release from arrest. The 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, the Earnings or the Insurances other than Permitted Security Interests;

(b) all taxes, dues and other amounts charged in respect of the Ship, the Earnings or the Insurances; and

(c) all other accounts payable whatsoever in respect of the Ship, the Earnings or the Insurances,

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

14.10 Compliance with laws etc. The 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,

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 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 Restricted Person or in any country or territory that at such time is the subject of Sanctions;

(c) ensure that neither the Borrower nor any Security Party nor any Approved Manager is or shall be a person with which the Lenders are prohibited from dealing or otherwise engaging in any transaction pursuant to Sanctions; and

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

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

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

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

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

(d) any towages and salvages;

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

(f) statements of the Earnings Account,

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

14.12 **Notification of certain events.** The 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 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, any exercise or purported exercise of any Security Interest on the Ship or the Earnings or any requisition of the Ship for hire;

(e) any intended dry docking of the Ship;

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

(g) any claim for breach of the ISM Code or the ISPS Code being made against the Borrower, the Approved Manager or otherwise in connection with the Ship; 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 the Borrower shall keep the Security Trustee advised in writing on a regular basis and in such detail as the Security Trustee shall require of the 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.** The Borrower shall not:

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

(b) enter into any time or consecutive voyage charter in respect of the Ship for a term which exceeds, or which by virtue of any optional extensions may exceed, 13 months (except pursuant to the Time Charter);

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

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

(e) appoint a manager of the 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 the Ship;

(g) change the Classification Society;

(h) put the 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 the Ship or the Earnings for the cost of such work or for any other reason; or

(i) permit the Ship 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, the Borrower shall:

(a) furnish promptly to the Agent a true and complete copy of any Charter for the Ship, 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. The Borrower shall keep the Mortgage registered against the Ship as a valid first preferred mortgage, carry on board the 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 the Ship a framed printed notice stating that the Ship is mortgaged by the Borrower to the Security Trustee.

14.16 Sharing of Earnings. The Borrower shall not enter into any agreement or arrangement for the sharing of any Earnings other than the Time Charter.

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

(a) procure that the Ship and the company responsible for the Ship's compliance with the ISPS Code comply with the ISPS Code; and

(b) maintain for the Ship an ISSC; and

(c) notify the Agent immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC.

14.18 Green Passport. The Borrower shall procure that the shipyard has obtained a Green Passport, or equivalent document acceptable to the Agent, in respect of the Ship which shall be maintained throughout the Security Period.

14.19 Green scrapping. The Borrower shall, and shall procure that the Guarantor shall, develop and implement a policy within 12 months after the Effective Date that provides that, subject to a cost feasibility analysis, any scrapping of the Ship shall be carried out (during a period under which the ship is (ultimately) owned by Guarantor) in compliance with (i) the International Maritime Organization's convention for the Safe and Environmentally Sound Recycling of ships and (ii) the guidelines to be issued by the International Maritime Organization in connection with such convention.

14 COLLATERAL MAINTENANCE RATIO

15.1 **General.** From the Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full, the Borrower undertakes 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 Borrower that:

(a) the Fair Market Value of the Ship; plus

(b) the net realizable value of any additional Collateral previously provided under this Clause 15,

is below the Relevant Percentage of the Loan (such ratio being the "**Collateral Maintenance Ratio**"), the Agent (acting upon the instruction of the Lenders) shall have the right to require the Borrower to comply with the requirements of Clause 15.4.

For purposes of this Clause 15.2, "**Relevant Percentage**" means:

(i) with respect to the Tranche A Loan:

(A) during the period commencing on the Drawdown Date and ending on the date falling on the second anniversary thereof, 125%;

(B) during the period commencing on the date falling on the second anniversary of the Drawdown Date and ending on the date falling 18 months after such date, 130%; and

(C) at all times thereafter, 135%;

(ii) with respect to the Tranche B Loan:

(A) during the period commencing on the Drawdown Date and ending on the date falling on the second anniversary thereof, 100%;

(B) during the period commencing on the date falling after the second anniversary of the Drawdown Date and ending on the date falling 18 months after such date, 110%; and

(C) at all times thereafter, 115%.

15.3 **Provision of additional security; prepayment**. If the Agent serves a notice on the Borrower under Clause 15.3, the Borrower 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 15.3 (the "**Prepayment Date**") unless at least three (3) Business Days 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 15.4 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 15.4 or 15.5 shall be binding and conclusive as regards the Borrower, 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 Borrower shall promptly provide the Agent and any Approved Broker or other expert acting under Clause 15.5 with any information which the Agent or the Approved Broker or other expert may request for the purposes of the valuation; and, if the Borrower fails 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 Borrower's obligations under Clauses 21.2, 21.3 and 22.3, the Borrower 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 not apply in relation to any prepayment pursuant to Clause 15.3.

15 INTENTIONALLY OMITTED

16 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 The Bank of New York, New York, SWIFT ID No. IRVTUS3N, for the account of NIBC Bank N.V. All Branches (SWIFT ID No. DNIBNL2G, Account No. 8900647140, Reference: BULK NORDIC SIX LTD.), or to such other account with such other bank as the Agent may from time to time notify to the Borrower, 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 Borrower 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 Borrower or any Lender any sum which the Agent is expecting to receive for remittance or distribution to the Borrower 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 Borrower or a Lender, without first having received that sum, the Borrower 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 Borrower and each other Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrower 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 Borrower and each other Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrower 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 Borrower 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.

17 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 Borrower under Clauses 21, 22 and 23 of this Agreement or by the Borrower 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 Borrower, 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 Borrower 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 Borrower, 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 Borrower 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 Borrower agrees 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 Borrower 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.

18 APPLICATION OF EARNINGS

19.1 **General.** From the Drawdown Date until the Total Commitments have terminated and all amounts payable hereunder have been paid in full, the Borrower 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 Payment of Earnings.

(a) The Borrower undertakes with each Creditor Party to ensure that, subject only to the provisions of the Time Charter Assignment or the Earnings Assignment, all Earnings of the Ship are paid to the Earnings Account.

(b) The Borrower shall procure and deliver to the Agent an account statement showing the balance retained in the Earnings Account for inclusion with each Compliance Certificate required to be delivered under Clause 11.1(g)(iv).

19.3 Use of Earnings in Earnings Account. Provided that no Event of Default has occurred and is continuing and that the minimum balances required by Clause 12.2 are maintained as required, the Borrower shall be entitled to withdraw the Earnings from the Earnings Account to pay for the operation of the Ship and to pay the repayment installments specified in Clause 8.1 and the interest payable under Clause 5.2.

19.4 Retention Account. Upon the occurrence and during the continuance of an Event of Default, the Borrower shall transfer to the Retention Account out of the Earnings received in the Earnings Account during the preceding month:

(a) one-third of the amount of the repayment installment falling due under Clause 8 on the next Repayment Date; and

(b) the relevant fraction of the aggregate amount of interest on the Loan which is payable on the next due date for payment of interest under this Agreement.

On each Repayment Date occurring during the continuance of any such Event of Default, the Agent shall apply the funds in the Retention Account to the repayment installment falling due under Clause 8 on such Repayment Date.

19.5 Pledge of rights in and to the Retention Account. As security for the Secured Liabilities and the performance and observance of and compliance with the covenants, terms and conditions contained in the Finance Documents and any Master Agreement made between the Borrower and the Swap Bank, the Borrower hereby pledges and grants to the Security Trustee, for the benefit of the Lenders and the Swap Bank, a continuing, first priority security interest in and to all of the Borrower's right, title and interest in and to the following property, whether now owned or existing or hereafter from time to time acquired or coming into existence (collectively, the "**Retention Account Collateral**"):

(a) all funds held in or credited to the Retention Account and allocated to the Borrower by the Account Holder by means of a virtual account designated as "Bulk Nordic Six Ltd. - Retention Account", all rights to renew or withdraw the same from the Retention Account, and all certificates and instruments, if any, from time to time representing or evidencing such funds;

(b) any interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing Retention Account Collateral; and

(c) all proceeds of any and all of the Retention Account Collateral.

The Borrower agrees that at any time and from time to time, at the expense of the Borrower, the Borrower will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Security Trustee may reasonably request in writing, in order to perfect and protect any Security Interest granted or purported to be granted hereby or to enable the Security Trustee to exercise and enforce its rights and remedies hereunder with respect to any Retention Account Collateral.

The Borrower agrees that it will not (a) sell, assign (by operation of law or otherwise), or otherwise dispose of, or grant any option with respect to, any of the Retention Account Collateral, or (b) create or permit to exist any Security Interest in the Retention Account Collateral except the Security Interest created by this Agreement or as otherwise contemplated by this Agreement.

19.6 Location of Earnings Account and Retention Account. The Borrower shall promptly:

(a) comply, or cause the compliance, with any requirement of the Agent as to the location or re-location of each of the Earnings Account and the Retention Account, and without limiting the foregoing, the Borrower agrees to segregate, or cause the segregation of, each of the Earnings Account and the Retention 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) each of the Earnings Account and the Retention Account.

19.7 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 Account and/or the Retention Account 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.

19.8 Borrower's obligations unaffected. The provisions of this Clause 19 do not affect:

(a) the liability of the Borrower to make payments of principal and interest on the due dates; or

(b) any other liability or obligation of the Borrower or any other Security Party under any Finance Document.

19 EVENTS OF DEFAULT

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

(a) the 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 three (3) Business Days after the date when first demanded; or

(b) any breach occurs of any of Clauses 8.8, 9.2, 10.22, 11.1(b), 11.1(c), 11.1(d), 11.1(g), 11.1(k), 11.1(s), 11.1(t), 11.1(y), 11.2, 12.2 or12.3; or

(c) any breach by the 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 15 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 the 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, the 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:

(i) the Borrower or Nordic Bulk Ventures Holding 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 $250,000 and such event of default has not been cured within any applicable grace period; or

(ii) the Guarantor under any contract or agreement (other than the Finance Documents) to which the Guarantor is a party, and, in respect of any payment default, the value of which is or exceeds $5,000,000 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 thresholds set forth herein;

(g) the Borrower or any of its respective directors or officers becomes a Restricted Person;

(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 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 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 the Ship by the Borrower; or

(n) the 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 120 days of the Total Loss Date; or (ii) in the case of a Major Casualty, the 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, the Arranger, the Swap Bank 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 the Borrower to own, operate or charter the Ship or to enable the 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 the Time Charter, 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 the Borrower, Nordic Bulk Ventures Holding or the Guarantor 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 the 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 the Ship and whether such results materially adversely affect the Ship's Fair Market Value or safe operation, unless such survey or inspection is revised to the reasonable satisfaction of the Lenders within 60 days of the date that a copy of the original inspection is delivered by the Borrower to the Agent; or

(v) a Ship is off charter for a continuous period of 30 days at any time, or for an aggregate of 60 days in any 12 month period; or

(w) a Change of Control shall have occurred; or

(x) there is political instability in the Ship's flag state or the Borrower's place of incorporation which, in the reasonable opinion of the Lenders, has a material adverse effect on the ability of the Borrower to perform its obligations under the Finance Documents to which it is a party and the 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 Borrower a notice stating that the Commitments and all other obligations of each Lender to the Borrower under this Agreement are cancelled; and/or

(ii) serve on the Borrower 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 Borrower 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 Borrower 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 Borrower under Clause 20.2. Such notice shall become effective when it is served on the Borrower, 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 Borrower 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.

20 FEES AND EXPENSES

21.1 **Commitment fee.** The Borrower shall pay to the Agent, for the account of each Lender, a commitment fee equal to:

(a) with respect to the Tranche A Loan, 1.10% of the undrawn amount of such tranche for the Availability Period, commencing on the day after the Effective Date; and

(b) with respect to the Tranche B Loan, 2.40% of the undrawn amount of such tranche for the Availability Period, commencing on the day after the Effective Date.

(c) The accrued commitment fee is payable quarterly in arrears during the Availability Period, on the last day of the Availability Period, on the Drawdown Date and, if cancelled, on the cancelled amount of the relevant Lender's Commitment at the time the cancellation is effective.

21.2 **Upfront fee.** The Borrower shall pay to the Agent an upfront fee equal to 1.10% of the Commitment, payable on the earlier of (i) the Drawdown Date or (ii) [five days after date of this Agreement].

21.3 **Costs of negotiation, preparation etc.** The Borrower 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.

21.4 **Costs of variations, amendments, enforcement etc.** The Borrower 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.

21.5 **Documentary taxes.** The Borrower 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 Borrower to pay such a tax.

21.6 **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 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.

21 INDEMNITIES

22.1 **Indemnities regarding borrowing and repayment of Loan.** The Borrower 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 Borrower 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 Borrower 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 Borrower 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 Restricted Person.

22.4 **Currency indemnity.** If any sum due from the Borrower 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 Borrower 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 Borrower 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 Borrower 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 Borrower to the Agent or the Security Trustee for distribution to a Lender shall be treated as a sum due to that Lender.

22 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 Borrower has made an increased payment under Clause 23.2 shall pay to the Borrower a sum equal to the proportion of the repayment or credit which that Creditor Party allocates to the amount due from the Borrower in respect of which the Borrower 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 Borrower 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 Borrower and the other Creditor Parties.

23.5 **Indemnity for taxes.** The Borrower hereby indemnifies and agrees 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 **FATCA information.**

(a) Subject to paragraph (c) below, each Party shall, within ten (10) Business Days of a reasonable request by another Party:

(i) confirm to that other party whether it is a FATCA Exempt Party or is not a FATCA Exempt Party;

(ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA; and

(iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation, or exchange of information regime.

(b) If a Party confirms to any other Party pursuant to paragraph (a)(i) above 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 notify that other Party reasonably promptly.

(c) Paragraph (a) above shall not oblige any Creditor Party to do anything, and paragraph (a)(iii) above shall not oblige any other Party to do anything, which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any fiduciary duty; or

(iii) any duty of confidentiality.

(d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with paragraph (a)(i) or (ii) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

(e) If a Borrower is a US Tax Obligor or the Agent reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, each Lender shall, within ten Business Days of:

(i) where the Borrower is a US Tax Obligor and the relevant Lender is a Lender as of the Effective Date, the Effective Date;

(ii) where the Borrower is a US Tax Obligor on the date of transfer of a Loan and the relevant Lender is a Transferee Lender, the relevant transfer date; or

(iii) the date of a request from the Agent,

supply to the Agent:

(A) a withholding certificate on Form W-8, Form W-9 or any other relevant form; or

(B) any withholding statement or other document, authorisation or waiver as the Agent may require to certify or establish the status of such Lender under FATCA or that other law or regulation.

(a) The Agent shall provide any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) above to the Borrower.

(b) If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Agent by a Lender pursuant to paragraph (e) above is or becomes materially inaccurate or incomplete, that Lender shall promptly update it and provide such updated withholding certificate, withholding statement, document, authorisation or waiver to the Agent unless it is unlawful for the Lender to do so (in which case the Lender shall promptly notify the Agent). The Agent shall provide any such updated withholding certificate, withholding statement, document, authorisation or waiver to the Borrower.

(c) The Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) or (g) above without further verification. The Agent shall not be liable for any action taken by it under or in connection with paragraph (e), (f) or (g) above.

23.7 FATCA withholding.

(a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

(b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify the Borrower and the Agent and the Agent shall notify the other Creditor Parties.

23 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 Borrower and the other Creditor Parties, the Commitment of the Notifying Lender will be immediately cancelled; and

(c) the Borrower 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 Borrower 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 Borrower 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.

24 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 Borrower of claim for increased costs.** The Agent shall promptly notify the Borrower 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 Borrower 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 Borrower 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 Borrower is not willing to continue to compensate the Notifying Lender for the increased cost under Clause 25.4, the Borrower 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 Borrower's 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 Borrower 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.

25 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 Borrower:

(a) apply any balance (whether or not then due) which at any time stands to the credit of any account in the name of the Borrower at any office in any country of that Creditor Party in or towards satisfaction of any sum then due from the Borrower 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 the 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 Borrower 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 the Borrower.

26 TRANSFERS AND CHANGES IN LENDING OFFICES

27.1 **Transfer by Borrower.** The Borrower 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, without consulting with, or obtaining the consent of the Borrower, Nordic Bulk Ventures Holding or the Guarantor, assign any of its rights or transfer any of its rights and obligations to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets, which is advised by, or the assets of which are managed or serviced by a Lender (the "**Transferee Lender**") 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 Borrower, the other Security Parties, the Security Trustee and each of the other Lenders;

(b) on behalf of the Transferee Lender, send to the Borrower 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 Borrower, 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 Borrower 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 Borrower 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 Borrower 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 Borrower 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 Borrower 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 Borrower, 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 Borrower, 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.** The Borrower 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;

(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 Borrower 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 Borrower, the Agent and the Lenders otherwise agree, the Agent, acting on the instructions of the Lenders, and after consulting the Borrower, 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 Borrower 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 Borrower 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.

27 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 Borrower, by the Agent on behalf of the 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**", "**Sanctions**", "**Sanctions Authority**" or "**Sanctions List**";

(e) a change to Clause 3, Clause 10.22, Clause 11.1(s) 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 Borrower 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.

28 **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 Borrower: Bulk Nordic Six Ltd.
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: alaura@pangaeals.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 Arranger NIBC Bank N.V.

Carnegieplein 4
2517 KJ
The Hague
The Netherlands

Attention: Jan-Willem Schellingerhout
Email: Jan-Willem.Schellingerhout@nibc.com
Facsimile: +31 (0)70 365 1071

With a copy to:

Anneke van der Spek
Email: Anneke.van.der.Spek@nibc.com
Facsimile: +31 (0)70 365 1071

(d) to the SwapBank: NIBC Bank N.V.

Carnegieplein 4
2517 KJ
The Hague
The Netherlands

Attention: Jan-Willem Schellingerhout
Email: Jan-Willem.Schellingerhout@nibc.com
Facsimile: +31 (0)70 365 1071

With a copy to:

Anneke van der Spek
Email: Anneke.van.der.Spek@nibc.com
Facsimile: +31 (0)70 365 1071

(e) to the Agent: NIBC Bank N.V.

Carnegieplein 4
2517 KJ
The Hague
The Netherlands

Attention: Jan-Willem Schellingerhout
Email: Jan-Willem.Schellingerhout@nibc.com
Facsimile: +31 (0)70 365 1071

With a copy to:

Anneke van der Spek
Email: Anneke.van.der.Spek@nibc.com
Facsimile: +31 (0)70 365 1071

(f) to the Security Trustee: NIBC Bank N.V.

Carnegieplein 4
2517 KJ
The Hague
The Netherlands

Attention: Jan-Willem Schellingerhout
Email: Jan-Willem.Schellingerhout@nibc.com

Facsimile: +31 (0)70 365 1071

With a copy to:

Anneke van der Spek
Email: Anneke.van.der.Spek@nibc.com
Facsimile: +31 (0)70 365 1071

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 Borrower, the Lenders, the Arranger, the SwapBank 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.

29 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.

30 THE SERVICING BANKS

31.1 Appointment and Granting.

(a) **The Agent**. Each of the Lenders, t 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, the Swap Bank 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 Borrower 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 Mortgage 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 Borrower shall be permitted, to the exclusion of the Security Trustee, to possess and use the Ship. 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 Borrower 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 Borrower 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 Borrower 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 Borrower 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 Borrower 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 Borrower 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 Borrower 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 Borrower, 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 Borrower. 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 and hereby undertakes, 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.

31 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) The Borrower 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) The Borrower 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) The Borrower 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. The Borrower 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. The Borrower 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.

32 WAIVER OF JURY TRIAL

33.1 WAIVER. THE BORROWER 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.

33 PATRIOT ACT NOTICE

34.1 **PATRIOT Act Notice.** Each of the Agent and the Lenders hereby notifies the Borrower 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 SIX LTD.,
as Borrower

By: /s/ Deborah Davis
Name: Deborah Davis
Title: Director

NIBC BANK N.V., as Lender, Arranger, Swap Bank, Agent and Security Trustee

By: /s/ Joice Varughese
Name: Joice Varughese
Title: Attorney-in-Fact

SCHEDULE 1

LENDERS AND COMMITMENTS

Lender	**Lending Office**	**Commitment**
NIBC BANK N.V. Address for Notices: Carnegieplein 4 2517 KJ The Hague The Netherlands Attention: Jan-Willem Schellingerhout Email: Jan-Willem.Schellingerhout@nibc.com Facsimile: +31 (0)70 365 1071 with a copy to: Carnegieplein 4 2517 KJ The Hague The Netherlands Attention:Anneke van der Spek Email: Anneke.van.der.Spek@nibc.com Facsimile: +31 (0)70 365 1071	Carnegieplein 4 2517 KJ The Hague The Netherlands	$19,500,000

SCHEDULE 2

INTENTIONALLY OMITTED

SCHEDULE 3

DRAWDOWN NOTICE

To: NIBC Bank N.V., as Agent
Carnegieplein 4
2517 KJ
The Hague
The Netherlands

Attention: Anneke van der Spek

December 23, 2016

DRAWDOWN NOTICE

1. We refer to the loan agreement dated as of December 21, 2016 (the "**Loan Agreement**") among ourselves, as Borrower, the Lenders referred to therein, and yourselves as Arranger, Swap Bank, Agent and as Security Trustee in connection with a facility of up to US$19,500,000. 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$19,500,000

Tranche A: US$16,000,000

Tranche B: US$3,500,000

(b) Drawdown Date: December 27, 2016;

(c) Duration of the first Interest Period shall be 3 months; and

(d) Payment instructions:

(i) The sum of US$18,560,400 to:

Sumitomo Mitsui Banking Corporation (Swift Code: SMBCJPJT)
Tokyo, Japan
Account No. 232661
Account Name: Sumitomo Corporation – in accordance with attached MT-199

(ii) The sum of US$475,100 to:

HSBC Bank of Bermuda (Swift Code: BBDABMHM)
Hamilton, Bermuda
Account No.: 011-092954-501

Account Name: Nordic Bulk Ventures Holding Company Ltd.

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 Borrower 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 Borrower or the Guarantor since the date on which the Borrower and/or the Guarantor provided information concerning those topics to the Agent and/or any Lender;

(d) none of the Borrower, the Guarantor 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 Borrower 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 from the amount of the Loan:

a. US$214,500 (representing the 1.10% upfront fee referred to in Clause 21.2); and

b. US$250,000 (representing the Borrower's initial minimum liquidity requirement referred to in Clause 12.2) to be held by the Agent in an unallocated account until the Borrower's Earnings Account has been opened, at which time the said US$250,000 shall be transferred to the Earnings Account.

Deborah L. Davis
Director
for and on behalf of
BULK NORDIC SIX 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 Master Agreement.

2. A copy of each Time Charter (and all addenda and supplements thereto), in form and substance acceptable to the Agent and certified as of a date reasonably near the date of the Drawdown Notice by a director, an officer, an authorized person or an attorney-in-fact of the Borrower as being a true and correct copy thereof.

3. Copies of certificates dated as of a date reasonably near the date of the 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, of each of the Security Parties, certified as of a date reasonably near the date of the 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 the Borrower, authorizing a director, an officer, an authorized person or an attorney-in-fact of the 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 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), 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 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.

9. Copies of any mandates or other documents required in connection with the opening or operation of the Earnings Account, certified as of a date reasonably near the date of the Drawdown Notice by a director, an officer, an authorized person or an attorney-in-fact of the Borrower as being a true and correct copy thereof.

10. Documentary evidence that the capital structure of each of the Borrower and the Guarantor, is satisfactory to and in the sole discretion of the Agent.

11. Documentary evidence that the agent for service of process named in Clause 32 of this Agreement has accepted its appointment.

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.

i. If the Drawdown Date is more than five (5) Business Days after the date of the Drawdown Notice, a bringdown certificate of each of the Security Parties certifying as of the 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 Drawdown Notice.

1. Certification by the Borrower as of the date of the Drawdown Date as to the matters described in Clauses 9.1(d) and (e).

2. Documentary evidence that:

(a) the Ship is definitively registered in the name of the Borrower under an Approved Flag ;

(b) the Mortgage has been registered against the Ship as a valid first preferred ship mortgage in accordance with the laws of the Republic of The Marshall Islands;

(c) the Security Interests intended to be created by each of the Finance Documents have been duly perfected under applicable law;

(d) the Ship is in the absolute and unencumbered ownership of the Borrower save as contemplated by the Finance Documents;

(e) the Ship is insured in accordance with the provisions of Clause 12.2 of this Agreement and all requirements therein in respect of insurances have been complied with; and

(f) the 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 Drawdown Date (*NB: a "Class Statement" or similar instrument shall not be acceptable for purposes of this clause*)).

3. A Valuation of the Fair Market Value of the Ship, 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 Drawdown Date, which evidences a Fair Market Value for the Ship of not less than 85% of the Loan.

4. 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 Ship, which report shall confirm the condition of the Ship to the satisfaction of the Agent and the Lenders, in their sole discretion.

5. Documentary evidence that the 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.

6. The following documents establishing that the Ship will, as from the Drawdown Date, be managed by an Approved Manager on terms acceptable to the Agent:

(d) a copy of the Approved Management Agreement, certified as of the Drawdown Date by a director, an officer, an authorized person or an attorney-in-fact of the Borrower as being a true and correct copy thereof;

(e) a Manager's Undertaking executed by the Approved Manager in favor of the Agent; and

(f) copies of the Approved Manager's Document of Compliance and of the 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 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.

7. A favorable opinion from an independent insurance consultant acceptable to the Agent on such matters relating to the insurances for the Ship as the Agent may require.

8. A certificate that the Ship is free from Asbestos/Glass Wool and nuclear products (to be provided by the Borrower on a best efforts basis but only if available to the Borrower).

9. A copy of the Builder's Certificate or Bill of Sale, together with the Protocol of Delivery and Acceptance, with respect to the Ship, certified as of the Drawdown Date by a director, an officer, an authorized person or an attorney-in-fact of the Borrower as being a true and correct copy thereof.

10. A copy of the chartering description of the Ship.

11. 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.

12. 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 Bermuda and Panama).

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 an Loan Agreement dated as of December 21, 2016 (the "**Loan Agreement**") among (1) Bulk Nordic Six Ltd. (the "**Borrower**"), (2) the banks and financial institutions named therein as Lenders, (3) NIBC Bank N.V. as Arranger, (4) NIBC Bank N.V. as Swap Bank, (5) NIBC Bank N.V. as Agent and (6) NIBC Bank N.V. as Security Trustee for a loan facility of up to $19,500,000.

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 Borrower, the Arranger, the Swap Bank, 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 [l], **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 [l]% of its Contribution, which percentage represents $[l].

5. [By virtue of this Certificate and Clause 27 of the Agreement, the Transferor is discharged [entirely from its Commitment which amounts to $[l]] [from [l]% of its Commitment, which percentage represents $[l]] and the Transferee acquires a Commitment of $[l].]

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;

(a) 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

(b) 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 Borrower 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 Borrower 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: _____ By: _____
Name: Name:
Title: Title:
Date: 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

DESIGNATION NOTICE

To: NIBC BANK N.V., as Agent
Carnegieplein 4
2517 KJ
The Hague
The Netherlands

Attention: [l]
Facsimile: [l]
Email: [l]

[Date]

Dear Sirs

Loan Agreement dated as of December 21, 2016 (as amended or supplemented, the "Loan Agreement") made between (i) ourselves as Borrower, (ii) the Lenders named therein, (iii) the Swap Bank named therein, (iv) yourselves as Arranger, Agent and (vi) yourselves as Security Trustee.

We refer to:

13. The Loan Agreement;

14. the Master Agreement dated [l] made between ourselves and [l]; and

15. a Confirmation delivered pursuant to the said Master Agreement dated [l] and addressed by [l] to us.

In accordance with the terms of the Loan Agreement, we hereby give you notice of the said Confirmation and hereby confirm that the Transaction evidenced by it will be designated as a "Designated Transaction" for the purposes of the Loan Agreement and the Finance Documents.

Yours faithfully,

.....

Bulk Nordic Six Ltd.

SCHEDULE 7

LIST OF APPROVED BROKERS

Affinity (Shipping) LLP
Arrow Sale & Purchase (UK) Ltd
Braemar Seascope Ltd
Clarksons Platou
Fearnleys AS
Howe Robinson

SCHEDULE 8

INTENTIONALLY OMITTED

SCHEDULE 9

FORM OF LETTER OF INSTRUCTION TO CLASSIFICATION SOCIETY

To: **[l]**

Date: [l]

Dear Sirs:

Name of ship: m.v. "BULK ENDURANCE" (the "Ship")
Flag: PANAMA
IMO Number: [l]
Name of Owner: BULK NORDIC SIX LTD. (the "Owner")
Name of mortgagee: NIBC BANK N.V. (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 **[l]** (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 Jan-Willem Schellingerhout (Jan-Willem.Schellingerhout@nibc.com) and Anneke van der Spek (Anneke.van.der.Spek@nibc.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 SIX LTD.

.....
For and on behalf of
NIBC BANK N.V.

SCHEDULE 10

FORM OF CLASSIFICATION SOCIETY LETTER OF UNDERTAKING

To: BULK NORDIC SIX LTD.
and
NIBC BANK N.V.

Dated: [l]

Dear Sirs:

Name of ship: m.v. "BULK ENDURANCE" (the "Ship")
Flag: PANAMA
IMO Number: [l]
Name of Owner: BULK NORDIC SIX LTD. (the "Owner")
Name of mortgagee: NIBC BANK N.V. (the "Mortgagee")

We [l], hereby acknowledge receipt of a letter (a copy of which is attached hereto) dated [l] 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 [l] (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
[l]

STOCK PURCHASE AGREEMENT

NORDIC BULK VENTURES HOLDING COMPANY LTD.

This Stock Purchase Agreement is made and entered into as a deed as of the 23rd day of January, 2017 (hereinafter the "**Agreement**"), by and between Bulk Fleet Bermuda Holding Company Ltd., a Bermuda company with its registered address located at 3rd Floor, Par la Ville Place, Par la Ville Road, Hamilton HM08 Bermuda ("**BFB**" or "**Buyer**"); ST Shipping and Transport Pte. Ltd., a Singapore company with its registered address located at 1 Temasek Avenue, #34-01 Millenia Tower, Singapore 039192 ("**STST**" or "**Seller**"), and; Nordic Bulk Ventures Holding Company Ltd., a Bermuda company with its registered address located at 3rd Floor, Par la Ville Place, Par la Ville Road, Hamilton HM08 Bermuda (the "**Company**", and together with the Buyer and Seller, the "**Parties**").

WITNESSETH:

WHEREAS, the Company was formed on August 7, 2013, with 10,000 authorized shares, all of which are issued, outstanding, fully paid and non-assessable, as of the date hereof (the "**Company Shares**");

WHEREAS, BFB owns fifty percent (50%) of the Company Shares represented by share certificate No. 1 ("**Certificate No. 1**"), and STST owns fifty percent (50%) of the Company Shares represented by share certificate No. 2 ("**Certificate No. 2**"), and

WHEREAS, STST and BFB are parties to a shareholders agreement dated November 29, 2013 with respect to the Company, as same may be amended from time to time (the "**Shareholders Agreement**");

WHEREAS, STST made various loans to the Company during the period November 29, 2013 through November 17, 2016 in the total amount of US $9,278,800 which loans remain outstanding (the "**STST Loans**");

WHEREAS, the Seller desires to sell its fifty percent (50%) of the Company Shares (the "**Acquisition Shares**") and all of its right title and interest in the STST Loans, and the Buyer desires to purchase the Acquisition Shares and all of the Seller's right, title and interest in the STST Loans, upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained in this Agreement, and in order to consummate the purchase and the sale of the Acquisition Shares, it is hereby agreed as follows:

1. DEFINITIONS.

"**Acquisition Shares**" has the meaning given in the Recitals;

"**Closing**" has the meaning given in Clause 2(b);

"Bulk Partners" means, collectively, Bulk Partners (Bermuda) Ltd., Phoenix Bulk Management Bermuda Ltd., Nordic Bulk Carriers A/S;

“**Glencore**” means, collectively, Glencore plc (formerly Glencore Xstrata plc) and Glencore International AG;

"**Purchase Price**" means the amount as calculated in Clause 2(a) to be paid by the Buyer to the Seller in consideration for the Acquisition Shares and the STST Loans, as subsequently adjusted by the Post-Closing Adjustment;

“Post-Closing Adjustment” has the meaning given in Clause 2(e);

“**SBC Guarantees**” means the guarantees in favour of Sumitomo Corporation dated 2 December 2013 issued by each of Glencore Xstrata Plc (renamed Glencore Plc) and Bulk Partners with respect to the obligations of the respective Subsidiaries under each of the Shipbuilding Contracts;

“**Shipbuilding Contracts**” means (i) the Contract for Construction and Sale dated December 2, 2013 for Hull No. 10762 (Bulk Destiny), and (ii) the Contract for Construction and Sale dated December 2, 2013 for Hull No. 10763 (Bulk Endurance);

“**STST Loans**” has the meaning given in the Recitals;

“**Subsidiaries**” means (i) Bulk Nordic Five Ltd., and (ii) Bulk Nordic Six Ltd., each a Bermuda company, the shares of which are owned 100% by the Company.

2. PURCHASE AND SALE, CLOSING.

a. In consideration of the Purchase Price to be paid by the Buyer to the Seller in the amount shown below, as subsequently adjusted by the Post-Closing Adjustment, the Seller shall sell, convey, transfer and assign to the Buyer the Acquisition Shares equal to fifty percent (50%) of the Company Shares and all of the Seller’s right, title and interest in and to the STST Loans.

	Hull 10762	Hull 10763	Total
Original contract cost	29,030,000	29,030,000	58,060,000
Extras	1,359,400	1,359,400	2,718,800
Credit - Extras	(330,600)	(330,600)	(661,200)
Credit - Contract	(1,500,000)	(1,500,000)	(3,000,000)
	28,558,800	28,558,800	57,117,600
Bidsted Commission	144,750	144,750	289,500
Ships Grabs	136,000	136,000	272,000
Estimated Initial Exp	643,341	640,668	1,284,010
TOTAL COST	**29,485,691**	**29,483,018**	58,968,710
Total Contributions	(9,283,800)	(9,283,800)	(18,567,600)
Net balance	20,201,891	20,199,218	40,401,110
Agreed value of vessels	21,000,000	21,000,000	42,000,000

Agreed value of equity 1,598,890

Purchase Price = 50% of equity: **$799,445**

The Purchase Price shall be allocated first to the STST Loans up to their face value and then any balance shall be allocated to the Acquisition Shares.

b. The closing of the transaction under this Agreement shall be held on or before January 31, 2017 at the registered office of the Company in Bermuda (unless otherwise agreed between the Buyer and the Seller), at which the following shall occur (the "**Closing**").

c. At the Closing:

(i) the Buyer shall (A) pay the Purchase Price to the Seller by wire transfer in same day funds to the Seller's nominated account; and (B) provide evidence satisfactory to the Seller of the full and unconditional release of the obligations under the SBC Guarantees; and

(ii) the Seller shall cause Certificate No. 2 to be marked "CANCELLED" and surrendered to the Company.

d. The transfer and assignment of all of the Seller's right, title and interest in and to (i) the Acquisition Shares, and (ii) the STST Loans shall be deemed completed upon the performance of the obligations set forth in Clause 2c above, it being expressly agreed that this Agreement shall effect the said transfer and assignment upon the Closing.

e. Not more than 30 days after Closing, final invoices for estimated initial expenses included in Clause 2(a) shall be compared to the estimates. The sum of the difference shall be added or subtracted to or from the Purchase Price (the "**Post-Closing Adjustment**"), and will be paid by the Seller to the Buyer or by the Buyer to the Seller, as the case may be, by wire transfer in same day funds to the relevant Party's nominated account within [three business days] of notification of the amount of the Post-Closing Adjustment.

3. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents, warrants and undertakes on the date of this Agreement and at Closing:

a. The Seller is the legal owner of 5,000 shares of the Company Shares, and is the holder of Certificate No. 2 representing 50 per cent (50%) of the Company Shares, all of which shares are issued and outstanding, fully paid and non-assessable, and are free and clear of all security interests, liens, encumbrances, pledges and any other charges whatsoever;

b. The Seller is the sole creditor of the Company in respect of the STST Loans and has not assigned, encumbered, or granted a security interest in the STST Loans;

c. Other than the Shareholders' Agreement, there is no agreement or undertaking to which the Seller is a party pertaining to the ownership, possession, or transfer of the Acquisition Shares and the STST Loans;

d. The execution, delivery and performance of this Agreement by the Seller will not:

(i) constitute a breach or a violation of any law, agreement, contract, deed of trust, mortgage, loan agreement or other instrument or contract to which the Seller is a party or is bound. Nothing in the Shareholders Agreement shall be construed as violating this clause;

(ii) constitute a violation of any order, judgment or decree to which the Seller is a party or by which the Seller's assets or properties are bound or affected;

e. The Seller has taken all necessary corporate action to approve, authorize and confirm the entering into of this Agreement and the purchase and sale of the Acquisition Shares and STST Loans;

f. The Seller has no knowledge of any claims by any third party against the Seller, the Acquisition Shares or the STST Loans that would hinder, restrict or encumber the transfer and assignment of the Acquisition Shares and the STST Loans.

g. The SBC Guarantees issued by Glencore Xstrata Plc (renamed Glencore Plc) are the only guarantees issued by Glencore or the Seller arising out of the Shareholders Agreement or the transactions undertaken in connection therewith.

4. REPRESENTATIONS AND WARRANTIES OF BUYER

a. The execution, delivery and performance of this Agreement by the Buyer will not:

(i) constitute a breach or a violation of any law, agreement, contract, deed of trust, mortgage, loan agreement or other instrument or contract to which the Buyer is a party or is bound. Nothing in the Shareholders Agreement shall be construed as violating this clause;

(ii) constitute a violation of any order, judgment or decree to which the Buyer is a party or by which the Buyer's assets or properties are bound or affected;

b. The Buyer has taken all necessary corporate action to approve, authorize and confirm the entering into of this Agreement and the purchase and sale of the Acquisition Shares and STST Loans.

c. The SBC Guarantees issued by Bulk Partners (Bermuda) Ltd. are the only guarantees issued by Bulk Partners or the Buyer arising out of the Shareholders Agreement or the transactions undertaken in connection therewith.

5. RELEASE

a. With effect from the Closing, BFB and Bulk Partners release and discharge STST and Glencore from further performance of the various covenants, undertakings, warranties and other obligations contained in the Shareholders Agreement and from any claim, demand matter or thing whatsoever arising out of or in respect of the Shareholders Agreement or the transactions undertaken in connection therewith, whether prior to, on or subsequent to Closing.

b. With effect from the Closing, STST and Glencore hereby release and discharge BFB and Bulk Partners from further performance of the various covenants, undertakings, warranties and other obligations contained in the Shareholders Agreement and from any claim, matter or thing whatsoever arising out of the Shareholders Agreement or the transactions undertaken in connection therewith, whether prior to, on or subsequent to Closing.

6. MISCELLANEOUS

a. Upon the Closing, each of the Buyer, Bulk Partners, the Seller and Glencore agrees that each and every provision of the Shareholders Agreement shall be terminated, and all of the respective rights and obligations of the parties thereunder shall cease and determine, in each case notwithstanding any provision to the contrary therein.

b. The Seller and Buyer have each consulted independent legal counsel, or had the opportunity to consult independent legal counsel, prior to entering into this Agreement;

c. The respective representations and warranties of the Seller and Buyer contained in this Agreement shall survive the Closing. Except as set forth in this Agreement, there are no other agreements, representations, warranties or covenants by or among the parties hereto with respect to the subject matter hereof.

d. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered by courier, with signature receipt required, to the respective addresses of the parties as first mentioned above, or to such other address as a party may have specified by notice in writing to the other party.

e. No variation of this Agreement shall be effective unless in writing and signed by or on behalf of each of the Parties.

f. This Agreement may be executed in any number of counterparts and by the Parties to it on separate counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

g. This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by, construed and enforced in accordance with the laws of England, and any dispute arising out of this Agreement shall be referred to arbitration in London in accordance with the latest LMAA rules.

IN WITNESS WHEREOF, this Agreement has been executed as a deed and delivered as of the date first written above.

Seller:

EXECUTED AS A DEED by
ST SHIPPING AND TRANSPORT PTE. LTD.

By: /s/ R. Dumpleton /s/ R. Koot
Name: R. Dumpleton R. Koot
Title: Director Director

Buyer:

EXECUTED AS A DEED by
BULK FLEET BERMUDA HOLDING COMPANY LIMITED

By: /s/ Deborah Davis
Name: Deborah Davis
Title: Director

Company:

EXECUTED AS A DEED by
NORDIC BULK VENTURES HOLDING COMPANY LTD.

By: /s/ Arthur E.M. Jones
Name: Arthur E.M. Jones
Title: Director

Consenting Parties:

ACKNOWLEDGED AND AGREED:

EXECUTED AS A DEED by
BULK PARTNERS (BERMUDA) LTD.

By: /s/ Arthur E.M. Jones
Name: Arthur E.M. Jones
Title: Director

EXECUTED AS A DEED by
NORDIC BULK CARRIERS A/S

By: /s/ Mads Boye Peterson
Name: Mads Boye Peterson
Title: Director

EXECUTED AS A DEED by
GLENCORE PLC (formerly GLENCORE XSTRATA PLC)

By: /s/ John Burton
Name: John Burton
Title: Company Secretary

EXECUTED AS A DEED by
GLENCORE INTERNATIONAL AG

By: /s/ Andreas Hubmann Shaun Teichner
Name: Andreas Hubmann Shaun Teichner
Title: Director Officer

NORDIC BULK VENTURES HOLDING COMPANY LTD.

STOCK PURCHASE AGREEMENT DTD. JANUARY 23, 2017

ADDENDUM

This Addendum to the Stock Purchase Agreement dated the 23rd day of January, 2017 (the "**Agreement**") is made and entered into as a deed this 10th day of February, 2017 (the "**Addendum**"), by and between Bulk Fleet Bermuda Holding Company Ltd., a Bermuda company with its registered address located at 3rd Floor, Par la Ville Place, Par la Ville Road, Hamilton HM08 Bermuda ("**BFB**" or "**Buyer**"); ST Shipping and Transport Pte. Ltd., a Singapore company with its registered address located at 1 Temasek Avenue, #34-01 Millenia Tower, Singapore 039192 ("**STST**" or "**Seller**"), and; Nordic Bulk Ventures Holding Company Ltd., a Bermuda company with its registered address located at 3rd Floor, Par la Ville Place, Par la Ville Road, Hamilton HM08 Bermuda (the "**Company**", and together with the Buyer and Seller, the "**Parties**").

IT IS HERBY AGREED by and between the Parties:

1. Clause 2 of the Agreement is amended by adding the following as Clause 2f:

"f. The Seller at its sole discretion may accept that the payments as provided for in Clauses 2(c) and 2(e) can be remitted by the Buyers through the Company's bank account, it being understood that the Buyers hold the beneficial interest in the funds so remitted, and provided that:

(i) The Buyer shall be and remain the prime obligor in respect of all obligations under the Agreement including but not limited to the obligation by the Buyer to make full and punctual payments to Seller;

(ii) If the Company fails to effect the payments in accordance with Clauses 2(c) and 2(e), then the Buyer upon Seller's first demand shall promptly, but in no event later than within three business days upon Seller's respective notice, effect such payment which shall meet all requirements pursuant to Clauses 2(c) and 2(e).

(iii) The Buyer shall be and remain responsible for all cost and expenses incurred by Seller in connection with any delay or failure of the Company to arrange for the payment in accordance with Clauses 2(c) and 2(e)."

2. All other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, this Addendum has been executed as a deed and delivered as of the date written above.

Seller:

EXECUTED AS A DEED by
ST SHIPPING AND TRANSPORT PTE. LTD.

By: /s/ R. Dumpleton /s/ R. Koot
Name: R. Dumpleton R. Koot
Title: Director Director

Buyer:

EXECUTED AS A DEED by
BULK FLEET BERMUDA HOLDING COMPANY LIMITED

By: /s/ Deborah Davis
Name: Deborah Davis
Title: Director

Company:

EXECUTED AS A DEED by
NORDIC BULK VENTURES HOLDING COMPANY LTD.

By: /s/ Arthur E.M. Jones
Name: Arthur E.M. Jones
Title: Director

Consenting Parties:

ACKNOWLEDGED AND AGREED:

EXECUTED AS A DEED by
BULK PARTNERS (BERMUDA) LTD.

By: /s/ Arthur E.M. Jones
Name: Arthur E.M. Jones
Title: Director

EXECUTED AS A DEED by
NORDIC BULK CARRIERS A/S

By: /s/ Mads Boye Peterson
Name: Mads Boye Peterson
Title: Director

EXECUTED AS A DEED by
GLENCORE PLC (formerly GLENCORE XSTRATA PLC)

By: /s/ John Burton
Name: John Burton
Title: Company Secretary

EXECUTED AS A DEED by
GLENCORE INTERNATIONAL AG

By: /s/ Andreas Hubmann Shaun Teichner
Name: Andreas Hubmann Shaun Teichner
Title: Director Officer

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 22, 2017, with respect to the consolidated financial statements included in the Annual Report of Pangaea Logistics Solutions Ltd. on Form 10-K for the year ended December 31, 2016. We consent to the incorporation by reference of said report in the Registration Statements of Pangaea Logistics Solutions Ltd. on Form S-8 (File No. 333-214557 and File No. 333-201333).

/s/ Grant Thornton LLP

Boston, Massachusetts

March 22, 2017

Exhibit 31.1

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 annual report on Form 10-K for the year ended December 31, 2016, 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: March 23, 2017

/s/ Edward Coll

Edward Coll

Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

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 annual report on Form 10-K for the year ended December 31, 2016, 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: March 23, 2017

/s/ Anthony Laura

Anthony Laura
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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 Annual Report of Pangaea Logistics Solutions Ltd. (the "Company") on Form 10-K for the year ended December 31, 2016, 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: March 23, 2017

/s/ Edward Coll

Edward Coll
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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 Annual Report of Pangaea Logistics Solutions Ltd. (the "Company") on Form 10-K for the year ended December 31, 2016, 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: March 23, 2017

/s/ Anthony Laura

Anthony Laura
Chief Financial Officer
(Principal Financial Officer)