HOUSTON, June 4, 2015 /PRNewswire/ -- Paragon Offshore plc ("Paragon") (NYSE: PGN) today announced that certain wholly owned subsidiaries of the company, which were part of the company's acquisition of Prospector Offshore Drilling S.A. ("Prospector"), have entered into a combined $300 million sale-leaseback financing facility with subsidiaries of SinoEnergy, a private investment firm registered in the British Virgin Islands. Net of fees and expenses, Prospector expects to receive net proceeds of approximately $292 million.

Under the terms of the agreement, Prospector will sell two heavy-duty, harsh-environment jackup units, Prospector 1 and Prospector 5, to subsidiaries of SinoEnergy and immediately enter into a bareboat rental charter for the assets for a period of five years. The bareboat charter fee for Prospector 1, which is under firm contract until mid-September 2016, is $71,000 per day through November 2016, after which it will be $42,000 per day for the remainder of the charter. The bareboat charter fee for Prospector 5, which is under firm contract until mid-November 2017, is $71,000 per day through February 2018, after which it will also be reduced to $42,000 per day. The combined implied cost of borrowing is approximately 7.5%, including fees and expenses. The lease financing is non-recourse to Paragon.

"We are extremely pleased to have secured this financing on the two Prospector rigs at what we consider to be an attractive rate in this environment," said Randall D. Stilley, President and Chief Executive Officer of Paragon. "As a result of this financing initiative, we have increased financial flexibility and are evaluating options for the use of the proceeds, whether it be to retain the cash in order to increase our liquidity or to further strengthen the balance sheet through debt reduction."

The facilities are expected to fund by early third quarter 2015. Funding is subject to customary conditions for a transaction of this nature.

Forward-Looking Disclosure Statement

This release contains forward-looking statements. Statements regarding sale-leaseback proceeds, terms, conditions, bareboat charter dayrates, implied cost of borrowing, drilling contracts, liquidity, anticipated closing date and shareholder value, as well as any other statements that are not historical facts in this release, are forward-looking statements that involve certain risks, uncertainties and assumptions. These include but are not limited to risks associated with the general nature of the oil and gas industry, risks associated with the operation of Paragon as a separate, publicly traded company, actions by regulatory authorities, customers and other third parties, satisfaction of closing conditions, and other factors detailed in the "Risk Factors" section of Paragon's annual report on Form 10-K for the fiscal year ended December 31, 2014, and in Paragon's other filings with the SEC, which are available free of charge on the SEC's website at www.sec.gov. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated.

About Paragon Offshore

Paragon is a global provider of offshore drilling rigs. Paragon's drilling fleet includes 34 jackups, including two high specification heavy duty/harsh environment jackups, and six floaters (four drillships and two semisubmersibles). Paragon's primary business is contracting its rigs, related equipment and work crews to conduct oil and gas drilling and workover operations for its exploration and production customers on a dayrate basis around the world. Paragon's principal executive offices are located in Houston, Texas. Paragon is a public limited company registered in England and Wales with company number 08814042 and registered office at 20-22 Bedford Row, London, WC1R 4JS, England. Additional information is available at www.paragonoffshore.com.

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