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As filed with the U.S. Securities and Exchange Commission on November 15, 2010.

Registration No. 333-170375

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

TO

FORM F-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

SCORPIO TANKERS INC.

(Exact name of Registrant as specified in its charter)

Republic of The Marshall Islands (State or other jurisdiction of incorporation or organization)	4412 (Primary Standard Industrial Classification Code Number)	N/A (I.R.S. Employer Identification No.)

9, Boulevard Charles III Monaco 98000 +377-9798-5716 (Address and telephone number of Registrant s principal executive offices)	Seward & Kissel LLP Attention: Lawrence Rutkowski, Esq. One Battery Park Plaza New York, New York 10004 (212) 574-1206 (Name, address and telephone number of agent for service)

Copies to:

Lawrence Rutkowski, Esq. **Seward & Kissel LLP** **One Battery Park Plaza** **New York, New York 10004** **(212) 574-1206 (telephone number)** **(212) 480-8421 (facsimile number)**	**Richard D. Truesdell, Jr., Esq.** **Davis Polk & Wardwell LLP** **450 Lexington Avenue** **New York, NY 10017** **212-450-4000 (telephone number)** **212-701-5800 (facsimile number)**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common Shares, $0.01 par value per share	5,261,250	$10.92	$57,452,850	$4,097

(1) Includes 686,250 common shares issuable upon exercise of an option to purchase additional shares granted to the underwriters.
(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, based on the average of the high and low sales prices of our common shares as reported by the New York Stock Exchange on November 12, 2010.
(3) A registration fee of $3,565 has already been paid by the registrant with respect to the securities being offered hereunder. Pursuant to Rule 457(p), the registrant is offsetting such amount that already been paid against the $4,097 registration fee relating to such securities, leaving a balance of $532 which is being paid in connection with this filing.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)

Issued November 15, 2010

4,575,000 Shares

SCORPIO TANKERS INC.

COMMON STOCK

Scorpio Tankers Inc. is offering 4,575,000 shares of its common stock.

Our common stock is listed on the New York Stock Exchange under the symbol STNG . The last reported sale price of our common stock on November 12, 2010 was $10.93 per share.

Investing in the common stock involves risks. See Risk Factors beginning on page 18.

PRICE $ A SHARE

	Price to Public	Underwriting Discounts and Commissions*	Proceeds to Company
Per Share	$	$	$
Total	$	$	$

* *We have agreed to reimburse the underwriters for certain legal fees they incur in connection with this offering. See Underwriting beginning on page 116 of this prospectus.*

We have granted the underwriters the right to purchase an additional 686,250 shares of common stock to cover over-allotments.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters are offering the common stock as set forth under Underwriting. The underwriters expect to deliver the shares of common stock to purchasers on , 2010.

MORGAN STANLEY

Fearnley Fonds *Dahlman Rose & Company* *Lazard Capital Markets*

Knight *DVB Capital Markets*

, 2010

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You should rely only on information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to give any information or to make any representations other than those contained in this prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is not an offer to sell, and it is not soliciting an offer to buy, (1) any securities other than our common shares or (2) our common shares in any circumstances in which such an offer or solicitation is unlawful. The information contained in this prospectus may change after the date of this prospectus. Do not assume after the date of this prospectus that the information contained in this prospectus is still correct.

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PROSPECTUS SUMMARY

This section summarizes some of the key information that appears later in this prospectus. It may not contain all of the information that may be important to you. You should review carefully the risk factors and the more detailed information and financial statements included in this prospectus before making an investment decision. Unless the context otherwise requires, when used in this prospectus, the terms Scorpio Tankers, the Company, we, our and us refer to Scorpio Tankers Inc. and its subsidiaries. The financial information included in this prospec represents our financial information and the operations of our subsidiaries. Unless otherwise indicated, all references to currency amounts in this prospectus are in U.S. dollars. See the Glossary of shipping terms included in this prospectus for definitions of certain terms used in this prospectus that are commonly used in the shipping industry.

Our Company

We are Scorpio Tankers Inc., a company incorporated in the Republic of The Marshall Islands. We provide seaborne transportation of crude oil and other petroleum products worldwide. We believe that the current dynamics in the tanker market will present attractive vessel purchase opportunities for ship operators that have the necessary capital resources. Following the completion of this offering, we will have approximately $ million of available cash from the net proceeds of this offering and the concurrent investment of approximately $5.0 million described below. The proceeds of this offering, together with borrowing capacity under our credit facility, will be available to fund additional acquisitions. We intend to use these funds to purchase additional modern tankers ranging in size from approximately 35,000 deadweight tons, or dwt, to approximately 200,000 dwt, and that generally are not more than five years old. We may purchase secondhand vessels that meet our specifications or newbuilding vessels, either directly from shipyards or from the current owners with shipyard contracts. The timing of these acquisitions will depend on our ability to identify suitable vessels on attractive purchase terms.

Our founder, Chairman and Chief Executive Officer, Mr. Emanuele Lauro, is a member of the Lolli-Ghetti family, which has been involved in shipping since the early 1950s through the Italian company Navigazione Alta Italia, or NAI. The Lolli-Ghetti family owns and controls the Scorpio Group, which includes Simon Financial Limited, or Simon, which prior to our initial public offering was our ultimate parent company and controlling party; Scorpio Ship Management S.A.M., or SSM; and Scorpio Commercial Management S.A.M., or SCM; which provide us and third parties with technical and commercial management services, respectively; Liberty Holding Company Ltd., or Liberty, which provides us with administrative services; and other affiliated entities. Our President, Mr. Robert Bugbee, also has a senior management position at Scorpio Group, and was formerly the President and Chief Operating Officer of OMI Corporation, or OMI, which was a publicly traded shipping company.

Our Fleet

We own and operate one LR2 tanker, four LR1 tankers, four Handymax tankers, and one post-Panamax tanker that have an average age of 5.1 years as of November 10, 2010. In addition, we have options to purchase two 2008-built LR1 ice class-1A tankers, which options expire in September 2011. Two of our tankers, *Noemi* and *STI Heritage*, are employed under fixed-rate long-term time charters that, as of November 1, 2010, have remaining durations of approximately 15 and two months, respectively, and have aggregate remaining contracted cash flow of approximately $12.0 million. The *Venice*, *Senatore* and *STI Harmony* are currently participating in the Scorpio Panamax Tanker Pool, and *STI Conqueror*, *STI Matador*, *STI Gladiator* and *STI Highlander* are currently participating in the Scorpio Handymax Tanker Pool. See description in Business Management of our Fleet Scorpio Tanker Pools .

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Our chartering policy is to employ our vessels on a variety of time charters and in the spot charter market. Where we plan to employ a vessel in the spot charter market, we intend to generally place such vessel in a tanker pool managed by our commercial manager that pertains to that vessel s size class. We believe this policy allows us to obtain attractive charterhire rates for our vessels while managing our exposure to short-term fluctuations in the tanker chartering market.

The following table summarizes key information about our vessels and their associated charters or pool agreement as of the date of this prospectus:

Vessel Name	Vessel Type	Year Built	Charterer Name	Time Charter Rate ($ per day)[1]	Vessel Delivery Date	Re-Delivery from Charterer[2]
Venice[3]	Post-Panamax	2001	Scorpio Panamax Tanker Pool	Pool earnings	April 2004	N/A
Noemi[4]	LR1	2004	King Dustin	24,500	Jan 2007	Jan 2012
Senatore[3]	LR1	2004	Scorpio Panamax Tanker Pool	Pool earnings	Oct 2007	N/A
STI Conqueror[5]	Handymax	2005	Scorpio Handymax Tanker Pool	Pool earnings	June 2010	N/A
STI Harmony[3]	LR1	2007	Scorpio Panamax Tanker Pool	Pool earnings	June 2010	N/A
STI Heritage[6]	LR1	2008	Heritage Shipping Company Limited	$25,500	June 2010	Jan 2011
STI Matador[5]	Handymax	2003	Scorpio Handymax Tanker Pool	Pool earnings	July 2010	N/A
STI Gladiator[5]	Handymax	2003	Scorpio Handymax Tanker Pool	Pool earnings	July 2010	N/A
STI Highlander[7]	Handymax	2007	Scorpio Handymax Tanker Pool	Pool earnings	Aug 2010	N/A
STI Spirit[8]	LR2	2008	Scorpio Aframax Tanker Pool	Pool earnings	Nov 2010	N/A

(1) This table shows gross charter rates and does not reflect commissions payable by us to third party and affiliated chartering brokers ranging from 2.5% to 3.75%, which includes the 1.25% payable to SCM.

(2) Redelivery from the charterer is plus or minus 30 days from the expiry date, at the charterer s option.

(3) *Venice*, *Senatore* and *STI Harmony* participate in the Scorpio Panamax Tanker Pool operated by our commercial manager. The vessels are allocated a pro-rata share of aggregated earnings of all the tankers in the pool, weighted by attributes such as size, fuel consumption, class notation and other capabilities. Based on the 24 vessels in the Scorpio Panamax Tanker Pool as of November 1, 2010, the

specifications of the *Venice*, *Senatore* and *STI Harmony* result in the vessels earning an aggregate of approximately 14.9% of all net pool revenues, assuming all pool participant vessels are operating for the full year. This percentage may not be reflective of future earnings in the pool. The vessels can be withdrawn from the pool upon 90 days notice or after the vessel is free from any commitment, whichever is later. Please see Business Our Managers Scorpio Panamax Tanker Pool for additional information comparing the *Venice*, *Senatore* and *STI Harmony* with other ships in the Scorpio Panamax Tanker Pool.

(4) King Dustin currently time charters-out *Noemi* to ST Shipping, a wholly-owned subsidiary of Glencore S.A. of Zug, Switzerland. Please see Related Party Transactions King Dustin for additional information.

(5) *STI Conqueror*, *STI Matador*, *STI Gladiator* and *STI Highlander* participate in the Scorpio Handymax Tanker Pool operated by our commercial manager. The vessels are allocated a pro-rata share of aggregated earnings of all the tankers in the pool, weighted by attributes such as size, fuel consumption, class notation and other capabilities. Based on the 37 vessels in the Scorpio Handymax Tanker Pool as of November 1, 2010, the specifications of the *STI Conqueror*, *STI Matador*, *STI Gladiator* and *STI Highlander* result in the vessels earning approximately an aggregate of 11.1% of all net pool revenues, assuming all pool participant vessels are operating for the full year. This percentage may not be reflective of future earnings in the pool. The vessels can be withdrawn from the pool upon 90 days notice or after the vessel is free from any commitment, whichever is later. Please see Business Our Managers Scorpio Handymax Tanker Pool for additional information comparing the *STI Conqueror*, *STI Matador*, *STI Gladiator* and *STI Highlander* with other ships in the Scorpio Handymax Tanker Pool.

(6) Heritage Shipping Company Limited, or Heritage Shipping, is a subsidiary of Liberty, a related party. Please see Related Party Transactions Heritage Shipping for additional information.

(7) We have entered into an agreement pursuant to which an unaffiliated third party has the option to purchase the STI Highlander from us for an aggregate purchase price of $32.5 million. The buyer is required to notify the Company if it intends to exercise such option by November 23, 2010.

(8) The *STI Spirit* was delivered to us on November 10, 2010. In connection with this vessel purchase, we also received two purchase options, each of which grants us the right, but not the obligation, to purchase a 2008-built LR1 ice class 1A tanker of approximately 63,600 dead weight tons for a price of $45.0 million. Each option can be exercised at any time until September 14, 2011. Upon its delivery to us, the *STI Spirit* entered the Scorpio Aframax Tanker Pool, which is commercially managed by SCM, our commercial manager. The vessels are allocated a pro-rata share of aggregated earnings of all the tankers in the pool, weighted by attributes such as size, fuel consumption, class notation and other capabilities. The Scorpio Aframax Tanker pool was founded in December 2009 and, as of November 1, 2010, there were four vessels operating in the pool, not including the *STI Spirit* which entered upon its delivery to us. The *STI Spirit* has not yet been allocated its pool points, so we cannot determine the percentage of pool revenue that it will be allocated going forward.

Please see Business Our Customers for additional information about our chartering arrangements.

Our Managers

As our commercial and technical managers, SCM and SSM provide us with commercial and technical services pursuant to their respective commercial and technical management agreements with us. Commercial services primarily involve vessel chartering. Technical services primarily include vessel operation, maintenance and crewing. We pay our managers fees for these services and reimburse our managers for the reasonable direct or indirect expenses they incur in providing us with these services.

We believe that Scorpio Group has established a reputation in the shipping industry as a leading independent provider of seaborne petroleum transportation services to major oil companies, national oil

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companies and oil traders in the Aframax, Panamax and Handymax tanker markets. Scorpio Group, headquartered in Monaco, was formed in 1971 and currently provides full technical management services through SSM to its own fleet as well as third party vessels and provides commercial management services through SCM to its own fleet as well as third party vessels. Scorpio Group is wholly-owned and controlled by the Lolli-Ghetti family, which has been involved in the shipping business since the early 1950s through NAI. Emanuele A. Lauro has served in a senior management position at Scorpio Group since 2004.

Scorpio Group has experienced significant growth since 2003 when it controlled a fleet of four vessels. As of November 1, 2010, Scorpio Group, through SSM and SCM, manages a fleet of approximately 76 vessels, including the nine vessels then in our fleet, one drybulk vessel owned directly by affiliates within Scorpio Group, and approximately 66 vessels owned by third parties operated through one of three tanker pools that Scorpio Group operates. The *STI Spirit*, delivered to us on November 10, 2010, is also managed by the Scorpio Group through SSM and SCM. In addition to two minority investments in logistics businesses, Scorpio Group also maintains offices in London, Mumbai, New York, Singapore, and Jakarta with approximately 80 shore-based employees globally.

SSM, which was formed in New York in 1971 and has been based in Monaco since 1984, is a technical ship management company and, as of November 1, 2010, manages a fleet of 16 vessels, including seven of the nine vessels then in our fleet, one drybulk vessel owned by affiliates of SSM and eight vessels owned by third parties. SCM, also based in Monaco, was formed in 2004 as a commercial management company and, as of November 1, 2010, manages a fleet of 76 vessels, including the nine vessels then in our fleet, one drybulk vessel owned by affiliates of SCM and 66 vessels owned by third parties. As noted above, the *STI Spirit*, delivered to us on November 10, 2010, is also managed by SSM and SCM. Our vessel *STI Spirit* participates in the Scorpio Aframax Tanker Pool, our vessels *Venice, Senatore* and *STI Harmony* participate in the Scorpio Panamax Tanker Pool and our vessels *STI Conqueror*, *STI Matador*, *STI Gladiator* and *STI Highlander* participate in the Scorpio Handymax Tanker Pool. All three pools employ vessels on time charters, contracts of affreightment, and in the spot market. Of the estimated operating days for 2011, none of the pools have significant fixed revenues and therefore the results of the pools will be dependent on the spot market. Given the historical volatility of spot market returns, we cannot provide a reasonable estimate of the future daily charter rate of our pooled vessels for the duration of their participation in these pools.

Liberty Holding Company Ltd., which we refer to as our Administrator, is a Scorpio Group affiliate which provides us with administrative services pursuant to an administrative services agreement. The administrative services provided under the agreement primarily include accounting, legal compliance, financial, information technology services and the provision of administrative staff and office space. Our Administrator will also arrange vessel sales and purchases for us. We expect that our Administrator will sub-contract many of its responsibilities to other entities within the Scorpio Group.

Our Competitive Strengths

We believe that we possess a number of competitive strengths in our industry, including:

- **Experienced management team with an established track record in the public market.** Since 2003, under the leadership of Mr. Emanuele Lauro, our Chairman and Chief Executive Officer, Scorpio Group has grown from an owner of one tanker in 2003 to an operator or manager of approximately 76 vessels as of November 1, 2010. Over the course of the last seven years, Mr. Lauro has founded and developed the Scorpio Aframax Tanker Pool, Scorpio Panamax Tanker Pool and the Scorpio Handymax Tanker Pool in which four, 24 and 37 vessels, respectively, participate as of November 1, 2010, from us, Scorpio Group and third party participants. Our President, Mr. Robert Bugbee, who also holds a senior management position within the Scorpio Group, has more than 25 years of experience in the shipping industry and was formerly the President and Chief Operating Officer of OMI Corporation, or OMI, a NYSE-listed tanker company that was sold in 2007. As a key member of management, Mr. Bugbee assisted in growing OMI from 26 vessels in 1998 with an average age of approximately 15.1 years to 45 vessels with an average age of approximately 4.3 years when it was sold in 2007. Mr. Bugbee is supported by Brian Lee, our Chief Financial Officer, and Cameron Mackey, our Chief Operating Officer, both of whom also served as members of the management team responsible for the growth of OMI. Our General Counsel, Luca Forgione, has experience in the shipping and commodity trade industry, where he acquired knowledge of the relevant regulatory and compliance regimes. Our Vice President of Vessel Operations, Sergio Gianfranchi, serves as the Pool Fleet Manager of SCM and has assisted in the launch and operation of the Scorpio Group s Panamax, Handymax and Aframax pools. Messrs. Lee, Mackey, Forgione and Gianfranchi serve in similar positions in Scorpio Group and have 11, 17, six and 47 years of experience, respectively, in the shipping industry, and, with Mr. Bugbee, collectively have over 106 years of combined shipping experience and have developed tanker industry relationships with charterers, lenders, shipbuilders, insurers and other industry participants.

Significant available liquidity to pursue acquisition and expansion opportunities. Immediately following this offering and the concurrent investment of approximately $5.0 million described below, we expect to have $ million of cash. We intend to use our available cash and borrowing capacity to pursue vessel acquisitions consistent with our business strategy. We believe that our strong balance sheet, financing capacity and future access to capital will allow us to make opportunistic acquisitions at attractive prices.

Attractive Fleet. We have spent $245.6 million on vessel acquisitions since our initial public offering. Our fleet of ten high-quality tankers, comprised of one LR2, four LR1, one Post-Panamax and four Handymax tankers has an average age of 5.1 years as of November 10, 2010, compared to a current global tanker industry average of 7.7 years, as of September 30, 2010. We believe that owning a young, well-maintained fleet reduces operating costs, improves the quality of service we deliver and provides us with a competitive advantage in securing favorable time and spot charters with high-quality counterparties. In addition, our fleet provides us with significant forward cash flows through pool and time charters.

Our Business Strategy

Our primary objectives are to profitably grow our business and emerge as a major operator of medium-sized tanker vessels. The key elements of our strategy are:

Expanding our fleet through opportunistic acquisitions of high-quality vessels at attractive prices. We intend to acquire modern, high-quality tankers through timely and selective acquisitions. We currently view LR2, Post-Panamax, LR1 and Handymax vessel classes as providing attractive return characteristics, and our management team has significant experience with these classes of vessels from their tenure at OMI and at Scorpio Group. A key element to our acquisition strategy will be to purchase high-quality vessels at attractive prices. When evaluating acquisitions, we will consider and analyze our expectation of fundamental developments in the particular industry sector, the level of liquidity in the resale and charter market, the cash flow earned by the vessel in relation to its value, its condition and technical specifications, expected remaining useful life, the credit quality of the charterer and duration and terms of charter contracts for vessels acquired with charters attached, as well as the overall diversification of our fleet and customers. In the current market, asset values in the tanker industry are significantly below the last five and 10 year trailing averages, and as a result of a weak spot market we believe these values may continue to deteriorate over the near term. We believe that these circumstances combined with our management s knowledge of the shipping industry present an opportunity for us to grow our fleet at favorable prices.

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Optimizing vessel revenues through a mix of time charter contracts and spot market exposure. We intend to employ a chartering strategy to capture upside opportunities in the spot market while using fixed-rate time charters to reduce downside risks. As it relates to spot market exposure, through our participation in tanker pools managed by the Scorpio Group, we believe that the revenues of our vessels will exceed the rate we would otherwise achieve by operating these vessels outside of the pools.

Focusing on tankers based on our experience and expertise in the segment. We believe that energy companies seek transportation partners that are financially stable and have a reputation for reliability, safety, and high environmental and quality standards. We intend to leverage the operational expertise and customer base of Scorpio Group and of the former members of OMI s management team in order to further expand these relationships with consistent delivery of superior customer service.

Minimizing operating and corporate expenses. Under the management agreements with SSM and SCM that we have entered into for our vessels and that we plan to enter into for any vessels that we acquire in the future, these two managers will coordinate and oversee the technical and commercial management, respectively, of our fleet. We believe that SSM and SCM will be able to do so at a cost to us that would be lower than what could be achieved by performing the functions in-house.

Tanker Industry Trends

Based on information provided by Fearnley Fonds ASA, or Fearnley, we believe that the following industry trends create growth opportunities for us as owners and operators of shipping vessels:

the global economic downturn and limited available vessel financing, among other things, have resulted in historically low tanker values;

recovery of global economic activity and industrial production, which continues to rely heavily upon oil and refined petroleum product consumption;

increased aggregate seaborne transportation distances due in large part to growing economies in China and India, and limitations on refinery capacity in developed countries coupled with lower cost refinery capacity becoming increasingly located in developing countries further from end consumers;

International Maritime Organization (IMO) regulations mandating a phase-out by 2010, or 2015 by exemption of a tanker s flag state under certain conditions, of conventional, single-hull tankers, which make up 6% of the world s tanker supply as of the end of September 2010; and

charterers concerns about environmental and safety standards have shifted their preference toward modern tankers operated by reputable ship operators.

Corporate Structure

We were incorporated under the laws of the Republic of The Marshall Islands on July 1, 2009. We currently maintain our principal executive offices at 9, Boulevard Charles III, Monaco 98000. Our telephone at this address is +377-9798-5716. We also maintain an office in the United States at 150 East 58th Street, New York, NY 10155. The telephone number at our New York office is 212-542-1616. We own each of the vessels in our fleet, and expect to own each additional vessel that we acquire in the future, through separate wholly-owned subsidiaries incorporated in the Republic of The Marshall Islands.

Our Dividend Policy

Currently, we do not intend to pay dividends to the holders of our common shares. We will continue to assess our dividend policy and our board of directors may determine it is in the best interest of the Company to pay dividends in the future. Depending on prevailing charter market conditions, our operating results and capital requirements and other relevant factors, our board of directors may re-evaluate our dividend policy. Please see Our Dividend Policy for additional information regarding our dividend policy.

Our Credit Facilities

On June 2, 2010, we entered into a credit facility with Nordea Bank Finland plc, acting through its New York branch, DnB NOR Bank ASA and Fortis Bank (Nederland) N.V. as lead arrangers, for a senior secured term loan facility of up to $150 million, or the 2010 Credit Facility. The Company had outstanding borrowings under this facility of $19.0 million at June 30, 2010 and $148.6 million at November 3, 2010. As of November 3, 2010, we have drawn down the entire $150.0 million available under our credit facility. The loan bears interest at LIBOR plus an applicable margin of 3.00% per annum when our debt to capitalization (total debt plus equity) ratio is equal to or less than 50% and 3.50% per annum when our debt to capitalization ratio is greater than 50%. A commitment fee equal to 40% of the applicable margin is payable on the unused daily portion of the credit facility. The credit facility matures on May 15, 2015 and can only be used to finance vessel acquisitions, which vessels become the collateral for the credit facility. For further details, please read Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

On November 5, 2010, we entered into a committed term sheet with DVB Bank SE, or DVB, for a senior secured term loan facility for the lower of $28.6 million or 55% of the charter free fair market value of the *STI Spirit*, which was acquired on November 10, 2010. The committed term sheet has customary conditions including DVB s satisfaction with the completion of business, legal, environmental, tax, financial, accounting and customer call due diligence. Under the terms of the committed term sheet letter, the credit facility would have a maturity date of seven years after the drawdown date, and the loan would bear interest at LIBOR plus a margin of 2.75% per annum. The credit facility may only be used to finance the *STI Spirit*. DVB Capital Markets LLC, an affiliate of DVB, is acting as an underwriter of less than 1% of the shares in this offering. For further details of the credit facility as set forth in the committed term sheet, please read Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

Risk Factors

We face a number of risks associated with our business and industry and must overcome a variety of challenges to utilize our strengths and implement our business strategy. These risks include, among others, the highly cyclical tanker industry; partial dependence on spot charters; charter values; changing economic, political and governmental conditions affecting our industry and business; applicable laws and regulations; risks related to our recently-formed company and its subsidiaries; our fleet s limited performance record, operating history and financial information; full performance by counterparties; acquisitions and dispositions; operating expenses; our capital expenditures; taxes; customer relationships; liquidity; financing; and management.

This is not a comprehensive list of risks to which we are subject, and you should carefully consider all the information in this prospectus prior to investing in our common shares. In particular, we urge you to carefully consider the risk factors set forth in the section of this prospectus entitled Risk Factors beginning on page 18.

Our Relationship with Scorpio Group and its Affiliates

We were incorporated in the Republic of The Marshall Islands on July 1, 2009 by Simon Financial Limited, or Simon, which is owned by members of the Lolli-Ghetti family and manages their shipping interests. On October 1, 2009, (i) Simon transferred three operating subsidiary companies to us, which owned the vessels in our fleet consisting of the *Venice*, *Senatore* and *Noemi*; (ii) Liberty Holding Company Ltd., or Liberty, became a wholly-owned subsidiary and operating vehicle of Simon; (iii) Scorpio Owning Holding Ltd. became a wholly-owned subsidiary of Liberty; and (iv) we became a wholly-owned subsidiary of Scorpio Owning Holding Ltd. As a result of the completion of our initial public offering in April 2010, restricted stock issuances pursuant to our equity incentive plan, and Company purchases of stock pursuant to a share buy-back plan, the ownership percentage of Scorpio Owning Holding Ltd. immediately prior to the consummation of this offering stands at 29.6%. Liberty s operations include the Scorpio Group s drybulk carriers, logistics operations in Southeast Asia, owning an offshore floating terminal, vessel pools, chartered-in vessels, and interests in joint ventures and investments. Following completion of this offering, but without giving effect to the concurrent private placement, Scorpio Group and its affiliates, through Scorpio Owning Holding Ltd., are expected to beneficially own % of the outstanding shares of our common stock, which will represent % of the voting and economic interest in our common stock (% and %, respectively, if the underwriters over-allotment option is exercised in full). Scorpio Group does not have an ownership interest in any tanker vessels other than our tanker vessels, and will preclude itself from directly owning product or crude tankers ranging in size from 35,000 dwt to 200,000 dwt.

Our board of directors consists of five individuals, three of whom are independent directors. The three independent directors form the board s Audit Committee and, pursuant to the Audit Committee charter, are required to review all potential conflicts of interest between us and Scorpio Group. The two non-independent directors, Emanuele Lauro and Robert Bugbee, serve in senior management positions within the Scorpio Group and have an ownership stake in Liberty, which is our Administrator, and which is also an affiliate of the Scorpio Group.

The Scorpio Group is owned and controlled by members of the Lolli-Ghetti family, of which Mr. Lauro is a member. Mr. Lauro is considered to be the acting Chief Executive Officer and Mr. Bugbee is considered to be the acting President of the Scorpio Group. Mr. Lauro is employed by Scorpio Commercial Management and Mr. Bugbee is employed by Scorpio USA, and both entities are affiliates within the Scorpio Group. Mr. Lauro and Mr. Bugbee have a restricted stock ownership interest of 2% and 1.75%, respectively, in Liberty, an affiliate of the Scorpio Group, but they have no other ownership interests in the Scorpio Group. Liberty, in turn, currently has a 29.6% ownership interest in us through Scorpio Owning Holding Ltd., its wholly-owned subsidiary, but this ownership interest will be reduced as a result of this offering to % (or %, if the underwriters over-allotment option is exercised in full), without giving effect to the concurrent private placement. We are not affiliated with any other entities in the shipping industry other than those that are members of the Scorpio Group.

SCM and SSM, which as noted previously are affiliates of Scorpio Group, provide commercial and technical management services to us pursuant to our commercial and technical management agreements. Under the commercial management agreement, we pay SCM a fee of 1.25% commission per charter fixture plus $250 per vessel per day for Panamax, LRI, and LR2 vessels and $300 per vessel per day for Handymax vessels for vessels that do not participate in one of the Scorpio Group pools. For vessels operating in a Scorpio Group pool, we pay a fee of 1.25% commission per charter fixture plus $250 per vessel per day for Panamax, LRI, and LR2 vessels and $300 per vessel per day for Handymax vessels. We pay SSM $548 per vessel per day to provide technical management services for each of our vessels. We have entered into separate commercial and technical management agreements for each of our vessels and expect to enter into similar agreements with respect to each vessel that we acquire going forward. The commercial and technical management agreements with SCM and SSM are each for a period of three years, and may be terminated upon two years notice.

We will reimburse Liberty, which as noted previously is our Administrator and also an affiliate of the Scorpio Group, for the reasonable direct or indirect expenses it incurs in providing us with the administrative services described above. We will also pay our Administrator a fee for arranging vessel purchases and sales for us equal to 1% of the gross purchase or sale price, payable upon the consummation of any such purchase or sale. We believe this 1% fee on purchases and sales is customary in the tanker industry.

Pursuant to our administrative services agreement, Liberty, on behalf of itself and other members of the Scorpio Group, has agreed that it will not directly own product or crude tankers ranging in size from 35,000 dwt

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to 200,000 dwt. We have no other agreements with SCM, SSM, our Administrator, or any other party providing for a resolution of potential conflicts in our favor.

For further details about our relationship and agreements with the Scorpio Group and its affiliates, please read Related Party Transactions and Management Board of Directors and Committees.

Our Arrangement with a Member of the Lolli-Ghetti Family

Concurrently with this offering, a member of the Lolli-Ghetti family, of which our founder, Chairman and Chief Executive Officer, Mr. Emanuele Lauro, is a member, will purchase approximately $5.0 million of additional shares of our common stock at the price per share to the public in this offering, in a private placement offering exempt from the registration requirements of the Securities Act of 1933.

Recent Developments Unaudited Third Quarter and Nine Month Results

The tables below set forth our (1) unaudited results for the three and nine months ended September 30, 2010 and 2009 (2) our unaudited financial position as of September 30, 2010 and as of December 31, 2009 (3) our unaudited cash flows for the nine months ended September 30, 2009 and (4) our unaudited average daily results for the three and nine months ended September 30, 2010 and 2009. These unaudited results for the periods shown below are the responsibility of management. This summary is not meant to be a comprehensive statement of our unaudited financial results for this period and these results are not necessarily indicative of our results for future periods.

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Scorpio Tankers Inc. and Subsidiaries

Condensed Consolidated Income Statements

(unaudited)

	For the Three Months Ended September 30, 2010	For the Three Months Ended September 30, 2009	For the Nine Months Ended September 30, 2010	For the Nine Months Ended September 30, 2009
Revenue:				
Vessel revenue	$ 13,358,211	$ 5,502,542	$ 26,775,939	$ 21,752,091
Operating expenses:				
Vessel operating costs	(6,032,457)	(1,814,913)	(11,339,231)	(6,397,434)
Voyage expenses	(2,136,453)		(2,509,862)	
Charter hire				(3,163,485)
Impairment(1)		(4,511,877)		(4,511,877)
Depreciation	(3,371,725)	(1,599,153)	(6,673,217)	(5,155,675)
General and administrative expenses	(2,215,743)	(122,964)	(3,715,636)	(304,404)
Total operating expenses	(13,756,378)	(8,048,907)	(24,237,946)	(19,532,875)
Operating income	(398,167)	(2,546,365)	2,537,993	2,219,216
Other (expense) and income, net:				
Interest expense bank loan	(1,220,498)	(143,978)	(1,917,063)	(590,372)
Realized loss on derivative financial instruments		(216,748)	(279,560)	(580,104)
Unrealized gain on derivative financial instruments		(228,746)		667,652
Interest income	1,480	623	30,873	4,754
Other expense, net	(31,496)	(3,245)	(456,418)	(10,925)
Total other (expense) and income, net	(1,250,514)	(592,094)	(2,622,168)	(508,995)
Net (loss)/ Income	$ (1,648,681)	$ (3,138,459)	$ (84,175)	$ 1,710,221
Attributable to:				
Equity holders of the parent	$ (1,648,681)	$ (3,138,459)	$ (84,175)	$ 1,710,221
Earnings per share(2):				
Basic	$ (0.09)	$ (0.56)	$ (0.01)	$ 0.31
Diluted	$ (0.09)	$ (0.56)	$ (0.01)	$ 0.31
Basic Weighted average shares outstanding	18,406,338	5,589,147	13,896,039	5,589,147
Diluted Weighted average shares outstanding(3)	18,406,338	5,589,147	13,896,039	5,589,147

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Scorpio Tankers Inc. and Subsidiaries

Condensed Consolidated Balance Sheet

(unaudited)

	As of September 30, 2010	As of December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	$ 42,598,075	$ 444,496
Accounts receivable	6,664,191	1,438,998
Prepaid expenses	503,417	583,944
Shareholder receivable		1,928,253
Inventories	1,098,332	433,428
Total current assets	50,864,015	4,829,119
Non-current assets		
Vessels and drydock	284,319,636	99,594,267
Deposits on vessel purchases	5,216,080	
Acquired time charter contracts	573,344	
Other	2,395	
Total non-current assets	290,111,455	99,594,267
Total assets	$ 340,975,470	$ 104,423,386
Current liabilities		
Bank loan	13,179,340	3,600,000
Accounts payable	2,591,404	656,002
Accrued expenses	2,685,445	953,532
Derivative financial instruments		814,206
Total current liabilities	18,456,189	6,023,740
Non-current liabilities		
Bank loan	108,619,120	36,200,000
Derivative financial instruments		871,104
Total non-current liabilities	108,619,120	37,071,104
Total liabilities	127,075,309	43,094,844
Shareholders equity		
Issued, authorized and fully paid in share capital		
Share capital	191,076	55,891
Additional paid-in capital	201,440,755	46,272,339
Merger reserve	13,292,496	13,292,496
Treasury shares	(2,647,807)	
Retained earnings	1,623,641	1,707,816

Total shareholders equity	213,900,161	61,328,542
Total liabilities and shareholders equity	$ 340,975,470	$ 104,423,386

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Scorpio Tankers Inc. and Subsidiaries

Condensed Consolidated Statement of Cash Flows

(unaudited)

	For the Nine Months Ended September 30,	
	2010	**2009**
Operating activities		
Net (loss)/income	$ (84,175)	$ 1,710,221
Depreciation	6,673,217	5,155,675
Vessel impairment[1]		4,511,877
Amortization of restricted stock	531,178	
Amortization of deferred financing fees	138,941	
Amortization of acquired time charter contracts	1,771,151	
Unrealized loss/(gain) on derivatives	164,690	(667,652)
	9,195,002	10,710,121
Changes in assets and liabilities:		
Drydock payments	(525,102)	(1,253,841)
Increase in inventories	(664,904)	42,189
(Increase)/decrease in accounts receivable	(5,225,192)	1,904,406
Decrease/(increase) in prepaid expenses	80,527	(29,830)
Increase/(decrease) in accounts payable	1,622,026	(135,406)
Increase/(decrease) in accrued expenses	1,737,312	(242,539)
Interest rate swap termination payment	(1,850,000)	
Increase/(decrease) in shareholder receivable	1,928,253	(2,760,987)
	(2,897,080)	(2,476,008)
Net cash inflow from operating activities	6,297,922	8,234,113
Investing activities		
Acquisition of vessels	(190,565,509)	
Deposits on vessel purchases	(5,216,080)	
Acquisition of time charter contracts	(2,344,495)	
Other	(2,395)	
Net cash outflow from investing activities	(198,128,479)	
Financing activities		
Dividends paid		(8,661,000)
Bank loan repayment	(41,225,388)	(2,700,000)
Proceeds of long term debt	125,187,500	
Debt issuance fees	(2,102,593)	
Net proceeds from issuance of common stock	154,772,423	
Acquisition of Treasury Shares	(2,647,806)	
Net cash inflow/(outflow) from financing activities	233,984,136	(11,361,000)

Increase/(decrease) in cash and cash equivalents	42,153,579	(3,126,887)
Cash and cash equivalents at January 1,	444,496	3,607,635
Cash and cash equivalents at September 30,	$ 42,598,075	$ 480,748
Supplemental information:		
Interest paid	$ 620,995	$ 650,478

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Average Daily Results for the three and nine months ended September 30, 2010 and 2009

	For the Three Months Ended September 30, 2010	For the Three Months Ended September 30, 2009	For the Nine Months Ended September 30, 2010	For the Nine Months Ended September 30, 2009
Average Daily Results				
Time charter equivalent per day[(5)(6)]	$ 15,234	$ 21,967	$ 18,088	$ 24,156
Vessel operating costs per day[(7)]	$ 7,950	$ 6,640	$ 8,411	$ 7,811
TCE per revenue day pool	$ 12,472	$ 15,881	$ 14,988	$ 23,023
TCE per revenue day spot[(8)]	$ 6,996	$	$ 7,933	$
TCE per revenue day time charters[(6)]	$ 21,490	$ 25,500	$ 22,611	$ 25,037
Fleet data				
Average number of owned vessels	8.24	3.00	4.94	3.00
Average number of time chartered-in vessels				0.44
Drydock				
Expenditures for drydock	$ 833,078	$ 1,049,592	$ 833,078	$ 1,619,567

(1) We recorded an impairment of two vessels for $4.5 million in the year ended December 31, 2009. See Management s Discussion and Analysis of Financial Condition and Results of Operations.

(2) Basic earnings per share is calculated by dividing net income attributable to equity holders of the parent by the weighted average number of common shares outstanding assuming that the transfer of the vessel owning subsidiaries was effective during the period. In addition, the stock split described in Note 10 in the consolidated financial statements as of and for the year ended December 31, 2009 has been given retroactive effect for all periods presented herein. Diluted earnings per share are calculated by adjusting the net income attributable to equity holders of the parent and the weighted average number of common shares used for calculating basic earnings per share for the effects of all potentially dilutive shares. Such potentially dilutive common shares are excluded when the effect would be to increase earnings per share or reduce a loss per share.

(3) The effect of diluted weighted shares outstanding for the three and nine month periods ended September 30, 2010 would be anti-dilutive since the Company is in a net loss position. As such, there is no difference between basic and diluted earnings per share for those periods.

(4) The current and non-current portions of the bank loan are net of $2.0 million for deferred financing fees that are being amortized over the life loan. The outstanding balance of the loan as of September 30, 2010 was $123.8 million.

(5) Freight rates are commonly measured in the shipping industry in terms of time charter equivalent per day (or TCE per day), which represent subtracting voyage expenses, including bunkers and port charges, from vessel revenue and dividing the net amount (time charter equivalent revenues) by the number of revenue days in the period. Revenue days are the number of days the vessel is owned less the number of days the vessel is offhire for drydock and major repairs. The vessels that are on time charter or operate in one of the Scorpio Tanker Pools do not have voyage expenses.

(6) In June 2010, *STI Harmony* and *STI Heritage* were acquired with existing time charters that entitle the Company to receive $25,500 per day, per vessel. The allocated value of the time charter contracts was $2.3 million, and the amortization of the contracts, which was recorded as reduction to revenue, for the three and nine months ended September 30, 2010 was $1.4 million and $1.8 million, respectively.

(7) Vessel operating costs per day represent vessel operating costs divided by the number of days the vessel is owned during the period.

(8) Vessels may operate on voyage charter prior to their entry into their respective pools. In the third quarter, we had an aggregate of 150 days of vessels operating in the spot market, namely for the *Senatore*, *STI Conqueror, STI Matador, STI Gladiator and STI Highlander.* All of these vessels are now operating in their respective pools.

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The Offering

Common shares presently outstanding	18,863,459 common shares
Common shares to be offered	4,575,000 common shares
Over-allotment	We have granted the underwriters a 30 day option to purchase, from time to time, up to an additional 686,250 of our common shares to cover over-allotments.
Common shares to be issued and sold to a member of the Lolli-Ghetti family(1)	shares to a member of the Lolli-Ghetti family for an aggregate of approximately $5.0 million at the price per share to the public in this offering.
Common shares to be outstanding immediately after this offering, and capital investment by a member of the Lolli-Ghetti family(1)	
assuming no exercise of over-allotment:	common shares
assuming full exercise of over-allotment:	common shares
Use of proceeds	We intend to use the net proceeds of this offering, as well as a concurrent capital investment in us, after assessing any working capital and other general corporate expense needs, to pursue vessel acquisitions consistent with our strategy. See the section of this prospectus entitled Use of Proceeds.
Listing	Our common stock is listed on the New York Stock Exchange under the symbol STNG .

(1) The number of shares to be issued to a member of the Lolli-Ghetti family is based on a public offering price in this offering of $ per share.

Unless we indicate otherwise or the context otherwise requires, all information in this prospectus assumes that the underwriters do not exercise their over-allotment option.

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Summary Financial Data

The following table sets forth our summary consolidated financial data and other operating data. The summary financial data in the table as of and for the years ended December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009 are derived from our audited consolidated financial statements, included elsewhere in this prospectus, which have been prepared in accordance with IFRS as issued by the IASB. The summary financial data as of June 30, 2010 and for the six months ended June 30, 2010 and 2009 are derived from our unaudited condensed consolidated financial statements, which have been prepared in accordance with International Accounting Standards No. 34, *Interim Financial Reporting* (IAS 34) and are included elsewhere in this prospectus. The data set forth below should be read in conjunction with the audited consolidated financial statements, the unaudited condensed consolidated financial statements, related notes and other financial information included elsewhere in this prospectus.

Our historical consolidated financial statements for the years ended December 31, 2009 and 2008 and six months ended June 30, 2009 have been prepared on a carve-out basis from the financial statements of Liberty Holding Company Ltd. These carve-out financial statements include all assets, liabilities and results of operations for our vessel-owning subsidiaries, formerly subsidiaries of Liberty Holding Company Ltd for those periods. For all periods presented, certain of the expenses incurred by these subsidiaries for commercial, technical and administrative management services were under management agreements with other Scorpio Group entities, which are parties related to us. Since agreements with related parties are by definition not at arms length, the expenses incurred under these agreements may have been different than the historical costs incurred if the subsidiaries had operated as unaffiliated entities during prior periods. Our estimates of any differences between historical expenses and the expenses that may have been incurred had the subsidiaries been stand-alone entities have been disclosed in the notes to the historical combined financial statements included elsewhere in this prospectus.

	For the year ended December 31,		For the Six Months Ended June 30,	
	2009	2008	2010	2009
Consolidated Income Statement Data				
Revenue:				
Vessel revenue	$ 27,619,041	$ 39,274,196	$ 13,417,728	$ 16,249,549
Operating Expenses:				
Charter hire	(3,072,916)	(6,722,334)		(3,181,342)
Vessel operating costs	(8,562,118)	(8,623,318)	(5,306,774)	(4,564,664)
Voyage expenses			(373,409)	
Impairment[(1)]	(4,511,877)			
Depreciation	(6,834,742)	(6,984,444)	(3,301,492)	(3,556,522)
General and administrative expenses	(416,908)	(600,361)	(1,499,893)	(181,440)
Total operating expenses	(23,398,561)	(22,930,457)	(10,481,568)	(11,483,968)
Operating Income	4,220,480	16,343,739	2,936,160	4,765,581
Other Income and Expense:				
Interest expense bank loan	(699,115)	(1,710,907)	(696,565)	(446,394)
Realized loss on derivative financial instruments	(808,085)	(405,691)	(279,560)	(363,356)
Unrealized gain /(loss) on derivative financial instruments	956,120	(2,057,957)		896,398
Interest income	4,929	35,492	29,393	4,131
Other expense, net	(256,292)	(18,752)	(424,922)	(7,680)
Total Other Income and Expense	(802,443)	(4,157,815)	(1,371,654)	83,099
Net Income	3,418,037	12,185,924	1,564,506	4,848,680

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	For the year ended December 31, 2009	2008	For the Six Months Ended June 30, 2010	2009
Attributable to:				
Equity holders of the parent	3,418,037	12,185,924	1,564,506	4,848,680
Earnings per common share[(2)]:				
Basic earnings per share	$ 0.61	$ 2.18	$ 0.13	$ 0.87
Diluted earnings per share	$ 0.61	$ 2.18	$ 0.13	$ 0.87
Basic Weighted average shares outstanding	5,589,147	5,589,147	11,603,512	5,589,147
Diluted Weighted average shares outstanding	5,589,147	5,589,147	11,604,654	5,589,147

	As of December 31, 2009	2008	As of June 30, 2010
Consolidated Balance Sheet Data			
Cash and cash equivalents	$ 444,497	$ 3,607,635	$ 12,115,617
Vessels and drydock	99,594,267	109,260,102	213,128,282
Total assets	104,423,386	117,111,827	239,650,732
Bank loan[(3)]	39,800,000	43,400,000	19,000,000
Shareholder payable[(4)]		22,028,323	
Related party payable[(4)]		27,406,408	
Shareholder s equity	61,328,542	20,299,166	217,738,842

	For the Year Ended December 31, 2009	2008	For the Six Months Ended June 30, 2010	2009
Consolidated Cash Flows				
Provided (Used) By:				
Cash Provided by Operating Activities	$ 9,305,851	$ 24,837,892	$ 6,256,926	$ 3,390,303
Cash Used by Investing Activities			(126,480,000)	
Cash Used by Financing Activities	(12,468,990)	(22,384,000)	131,894,194	(6,136,500)

(1) We recorded an impairment of two vessels for $4.5 million in the year ended December 31, 2009. See Management s Discussion and Analysis of Financial Condition and Results of Operations.

(2) Basic earnings per share is calculated by dividing net income attributable to equity holders of the parent by the weighted average number of common shares outstanding assuming that the transfer of the vessel owning subsidiaries was effective during the period. In addition, the stock split described in Note 10 in the consolidated financial statements as of and for the year ended December 31, 2009 has been given retroactive effect for all periods presented herein. Diluted earnings per share are calculated by adjusting the net income attributable to equity holders of the parent and the weighted average number of common shares used for calculating basic earnings per share for the effects of all potentially dilutive shares. Such potentially dilutive common shares are excluded when the effect would be to increase earnings per share or reduce a loss per share.

(3) Bank loan presented at June 30, 2010 is shown gross of $2.0 million of deferred financing fees that are being amortized over the life of the loan. There were no deferred financing fees at December 31, 2008 or December 31, 2009.

(4) On November 18, 2009, the Shareholder payable and the Related party payable balances as of that date, were converted to equity as a capital contribution. See Note 11 in the consolidated financial statements as of and for the year ended December 31, 2009.

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Other Operating Data

	For the year ended December 31,		For the Six Months Ended June 30,	
	2009	2008	2010	2009
Average Daily Results				
Time charter equivalent per day(5)	$ 23,423	$ 29,889	$ 21,652	$ 24,999
Vessel operating costs per day(6)	7,819	7,875	8,573	8,406
TCE per revenue day pool/spot revenue	21,425	36,049	17,906	25,199
TCE per revenue day time charters	24,825	24,992	23,661	24,826
Fleet data(7)				
Average number of owned vessels	3.00	3.00	3.42	3.00
Average number of time chartered-in vessels	0.33	0.59		0.67
Drydock				
Expenditures for drydock	1,680,784			569,974

(5) Freight rates are commonly measured in the shipping industry in terms of time charter equivalent per day (or TCE per day), which represent subtracting voyage expenses, including bunkers and port charges, from vessel revenue and dividing the net amount (time charter equivalent revenues) by the number of revenue days in the period. Revenue days are the number of days the vessel is owned less the number of days the vessel is offhire for drydock and major repairs. The vessels that are on time charter or operate in one of the Scorpio Tanker Pools do not have voyage expenses.

(6) Vessel operating costs per day represent vessel operating costs divided by the number of days the vessel is owned during the period.

(7) For a definition of items listed under Fleet Data, please see the section of this prospectus entitled Management s Discussion and Analysis of Financial Condition and Results of Operations. We do not currently have any time chartered-in vessels and do not intend to time charter-in any vessels into our fleet in the future.

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RISK FACTORS

Some of the following risks relate principally to the industry in which we operate and our business in general. Other risks relate principally to the securities market and ownership of our common stock. The occurrence of any of the events described in this section could significantly and negatively affect our business, financial condition, operating results or cash available for dividends or the trading price of our common stock.

RISKS RELATED TO OUR INDUSTRY

If the tanker industry, which historically has been cyclical, continues to be depressed in the future, our earnings and available cash flow may be adversely affected.

The tanker industry is both cyclical and volatile in terms of charter rates and profitability. The recent global financial crisis may adversely affect our ability to charter or recharter our vessels or to sell them on the expiration or termination of their charters and the rates payable in respect of our vessels currently operating in tanker pools, or any renewal or replacement charters that we enter into may not be sufficient to allow us to operate our vessels profitably. Fluctuations in charter rates and tanker values result from changes in the supply and demand for tanker capacity and changes in the supply and demand for oil and oil products. The factors affecting the supply and demand for tankers are outside of our control, and the nature, timing and degree of changes in industry conditions are unpredictable.

The factors that influence demand for tanker capacity include:

- demand for oil and oil products;
- supply of oil and oil products;
- regional availability of refining capacity;
- global and regional economic and political conditions;
- the distance oil and oil products are to be moved by sea;
- changes in seaborne and other transportation patterns;
- environmental and other legal and regulatory developments;
- currency exchange rates;
- weather;
- competition from alternative sources of energy; and

- international sanctions, embargoes, import and export restrictions, nationalizations and wars.

The factors that influence the supply of tanker capacity include:

- the number of newbuilding deliveries;
- the scrapping rate of older vessels;
- conversion of tankers to other uses;
- the price of steel;
- the number of vessels that are out of service; and
- environmental concerns and regulations.

Historically, the tanker markets have been volatile as a result of the many conditions and factors that can affect the price, supply and demand for tanker capacity. The recent global economic crisis may further reduce demand for transportation of oil over longer distances and supply of tankers to carry that oil, which may materially affect our revenues, profitability and cash flows. Two of our ten vessels operate on long-term time charters, while the remaining eight vessels operate in the Scorpio Aframax Tanker Pool, Scorpio Panamax Tanker Pool and Scorpio Handymax Tanker Pool, which are spot-market oriented. Where we plan to employ a vessel in the spot charter market, we intend to generally place such vessel in a tanker pool managed by our commercial manager that pertains to that vessel s size class. If time charter or spot charter rates decline, we may be unable to achieve a level of charterhire sufficient for us to operate our vessels profitably.

We are partially dependent on spot charters and any decrease in spot charter rates in the future may adversely affect our earnings.

We currently operate a fleet of ten vessels. Of those, eight are employed in spot market-oriented tanker pools, partially exposing us to fluctuations in spot market charter rates.

We may employ additional vessels that we may acquire in the future in the spot charter market. Where we plan to employ a vessel in the spot charter market, we intend to generally place such vessel in a tanker pool managed by our commercial manager that pertains to that vessel s size class. Although spot chartering is common in the tanker industry, the spot charter market may fluctuate significantly based upon tanker and oil supply and demand. The successful operation of our vessels in the competitive spot charter market, including within Scorpio Group pools, depends upon, among other things, obtaining profitable spot charters and minimizing, to the extent possible, time spent waiting for charters and time spent traveling unladen to pick up cargo. The spot market is very volatile, and, in the past, there have been periods when spot rates have declined below the operating cost of vessels. If future spot charter rates decline, then we may be unable to operate our vessels trading in the spot market profitably, meet our obligations, including payments on indebtedness, or to pay dividends in the future. Furthermore, as charter rates for spot charters are fixed for a single voyage which may last up to several weeks, during periods in which spot charter rates are rising, we will generally experience delays in realizing the benefits from such increases.

Our ability to renew the charters on our vessels on the expiration or termination of our current charters, or on vessels that we may acquire in the future, the charter rates payable under any replacement charters and vessel values will depend upon, among other things, economic conditions in the sectors in which our vessels operate at that time, changes in the supply and demand for vessel capacity and changes in the supply and demand for the seaborne transportation of energy resources.

Declines in charter rates and other market deterioration could cause us to incur impairment charges.

We evaluate the carrying amounts of our vessels to determine if events have occurred that would require an impairment of their carrying amounts. The recoverable amount of vessels is reviewed based on events and changes in circumstances that would indicate that the carrying amount of the assets might not be recovered. The review for potential impairment indicators and projection of future cash flows related to the vessels is complex and requires us to make various estimates including future freight rates, earnings from the vessels and discount rates. All of these items have been historically volatile.

We evaluate the recoverable amount as the higher of fair value less costs to sell and value in use. If the recoverable amount is less than the carrying amount of the vessel, the vessel is deemed impaired. The carrying values of our vessels may not represent their fair market value at any point in time because the new market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of newbuildings. For the year ended December 31, 2009, charter rates in the oil and petroleum products charter market declined significantly and Panamax vessel values also declined, both as a result of a slowdown in the availability of global credit and the significant deterioration in charter rates. Due to these indicators of potential impairment, in the year ended December 31, 2009, we evaluated the recoverable amount of our vessels, and we recognized a total impairment loss of $4.5 million for two of our vessels. Although, there have been no indicators of impairment in 2010, we

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cannot assure you that there will be no impairments in the future. Any additional impairment charges incurred as a result of further declines in charter rates could negatively affect our business, financial condition, operating results or the trading price of our common shares.

An over-supply of tanker capacity may lead to reductions in charter rates, vessel values, and profitability.

The market supply of tankers is affected by a number of factors such as demand for energy resources, oil, and petroleum products, as well as strong overall economic growth in parts of the world economy including Asia. If the capacity of new ships delivered exceeds the capacity of tankers being scrapped and lost, tanker capacity will increase. In addition, according to Fearnresearch, as of the end of September 2010, the newbuilding order book which extends to 2014 equaled approximately 28% of the existing world tanker fleet and the order book may increase further in proportion to the existing fleet. If the supply of tanker capacity increases and if the demand for tanker capacity decreases or does not increase correspondingly, charter rates could materially decline. A reduction in charter rates and the value of our vessels may have a material adverse effect on our results of operations and available cash.

Acts of piracy on ocean-going vessels have recently increased in frequency, which could adversely affect our business.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea and in the Gulf of Aden off the coast of Somalia. Throughout 2008 and 2009 and continuing through the first half of 2010, the frequency of piracy incidents against commercial shipping vessels has increased significantly, particularly in the Gulf of Aden off the coast of Somalia. For example, in November 2008, the M/V Sirius Star, a tanker vessel not affiliated with us, was captured by pirates in the Indian Ocean while carrying crude oil estimated to be worth $100 million. If these pirate attacks result in regions in which our vessels are deployed being characterized as war risk zones by insurers, as the Gulf of Aden temporarily was in May 2008, premiums payable for insurance coverage could increase significantly and such coverage may be more difficult to obtain. In addition, crew costs, including costs in connection with employing onboard security guards, could increase in such circumstances. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, any of these events may result in loss of revenues, increased costs and decreased cash flows to our customers, which could impair their ability to make payments to us under our charters.

If the contraction of the global credit markets and the resulting volatility in the financial markets continues or worsens, this could have a material adverse impact on our results of operations, financial condition and cash flows, and results of operation.

Since 2008, a number of major financial institutions have experienced serious financial difficulties and, in some cases, have entered into bankruptcy proceedings or are in regulatory enforcement actions. These difficulties have resulted, in part, from declining markets for assets held by such institutions, particularly the reduction in the value of their mortgage and asset-backed securities portfolios. These difficulties have been compounded by a general decline in the willingness by banks and other financial institutions to extend credit, particularly in the shipping industry due to the historically low asset values of ships. 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. If we are unable to obtain additional credit or draw down upon borrowing capacity, it may negatively impact our ability to fund current and future obligations. These outcomes could have a material adverse impact on our business, results of operations, financial condition, ability to grow and cash flows, and could cause the market price of our common shares to decline.

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If further emergency governmental measures are implemented in response to the economic downturn, that could have a material adverse impact on our results of operations, financial condition and cash flows.

Since 2008, global financial markets have experienced extraordinary disruption and volatility following adverse changes in the global credit markets. The credit markets in the United States have experienced significant contraction, deleveraging and reduced liquidity, and governments around the world have taken significant measures in response to such events, including the enactment of the Emergency Economic Stabilization Act of 2008 and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 in the United States, and may implement other significant responses in the future. Securities and futures markets and the credit markets are subject to comprehensive statutes, regulations and other requirements. The U.S. Securities and Exchange Commission, or the SEC, other regulators, self-regulatory organizations and exchanges have enacted temporary emergency regulations and may take other extraordinary actions in the event of market emergencies and may effect permanent changes in law or interpretations of existing laws. We cannot predict what, if any, such measures would be, but changes to securities, tax, environmental, or the laws of regulations, could have a material adverse effect on our results of operations, financial condition or cash flows.

Changes in fuel, or bunkers, prices may adversely affect profits.

Fuel, or bunkers, is a significant, if not the largest, expense in our shipping operations for our vessels employed on the spot market and can have a significant impact on pool earnings. With respect to our vessels employed on time charter, the charterer is generally responsible for the cost of fuel, however such cost may affect the charter rates we are able to negotiate for our vessels. Changes in the price of fuel may adversely affect our profitability. 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 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 the profitability and competitiveness of our business versus other forms of transportation, such as truck or rail.

We are subject to complex laws and regulations, including environmental laws and regulations, that can adversely affect our business, results of operations, cash flows and financial condition, and our available cash.

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 and operation of our vessels. These requirements include, but are not limited to, the U.S. Oil Pollution Act of 1990, or OPA, the International Maritime Organization, or IMO, International Convention on Civil Liability for Oil Pollution Damage of 1969 (as from time to time amended and generally referred to as CLC), the IMO International Convention for the Prevention of Pollution from Ships of 1973 (as from time to time amended and generally referred to as MARPOL), the IMO International Convention for the Safety of Life at Sea of 1974 (as from time to time amended and generally referred to as SOLAS), the IMO International Convention on Load Lines of 1966 (as from time to time amended) and the U.S. Maritime Transportation Security Act of 2002. Compliance with such laws and regulations, 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. The recent Deepwater Horizon oil spill in the Gulf of Mexico may also result in additional regulatory initiatives or statutes or changes to existing laws that may affect our operations or require us to incur additional expenses to comply with such regulatory initiatives, statutes or laws.

These costs could have a material adverse effect on our business, results of operations, cash flows and financial condition and our available cash. A failure to comply with applicable laws and regulations may result in

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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. Under OPA, for example, owners, operators and bareboat charterers are jointly and severally strictly liable for the discharge of oil in U.S. waters, including the 200-nautical mile exclusive economic zone around the United States. An oil spill could also result in significant liability, including fines, penalties, criminal liability and remediation costs for natural resource damages under other international and U.S. federal, state and local laws, as well as third-party damages, and could harm our reputation with current or potential charterers of our tankers. 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 available cash.

If we fail to comply with international safety regulations, we may be subject to increased liability, which 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 IMO s International Management Code for the Safe Operation of Ships and Pollution Prevention, or the ISM Code. The ISM Code requires shipowners, ship managers and bareboat charterers 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 and describing procedures for dealing with emergencies. If we fail to comply with the ISM Code, we may be subject to increased liability or our existing insurance coverage may be invalidated or decreased for our affected vessels. Such failure may also result in a denial of access to, or detention in, certain ports.

The market values of our vessels may decrease, which could cause us to breach covenants in our credit facilities and adversely affect our operating results.

The market values of tankers have generally experienced high volatility. The market prices for tankers declined significantly from historically high levels reached in early 2008 and remain at relatively low levels. You should expect the market value of our vessels to fluctuate depending on general economic and market conditions affecting the shipping industry and prevailing charterhire rates, competition from other shipping companies and other modes of transportation, types, sizes and ages of vessels, applicable governmental regulations and the cost of newbuildings. If the market value of our fleet declines, we may not be able to obtain other financing or incur debt on terms that are acceptable to us. We believe that the current aggregate market value of our vessels will be in excess of loan to value amounts required under our credit facility, which requires that the fair market value of the vessels pledged as collateral never be less than 150% of the aggregate principal amount outstanding. However a decrease in these values could cause us to breach certain covenants that are contained in our credit facility and in future financing agreements that we may enter into from time to time. If the recoverable amounts of our vessels further decline and we do breach such covenants and we are unable to remedy the relevant breach, our lenders could accelerate our debt and foreclose on vessels in our fleet. If we sell any vessel at any time when vessel prices have fallen and before we have recorded an impairment adjustment to our financial statements, the sale may be at less than the vessel s carrying amount on our financial statements, resulting in a loss and a reduction in earnings.

If our vessels suffer damage due to the inherent operational risks of the tanker industry, we may experience unexpected drydocking costs and delays or total loss of our vessels, which may adversely affect our business and financial condition.

Our vessels and their cargoes will be at risk of being damaged or lost because of events such as marine disasters, bad weather, business interruptions caused by mechanical failures, grounding, fire, explosions and collisions, human error, war, terrorism, piracy and other circumstances or events. For example, our vessel *Senatore* suffered damage to one of its ballast tanks in April 2010 which required a repair and resulted in offhire days. Changing economic, regulatory and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes and boycotts. These hazards may result in death or injury to persons, loss of revenues or property, environmental damage, higher insurance rates, damage to our customer relationships, market disruptions, delay or rerouting which may also subject us to litigation. In addition, the operation of tankers has unique operational risks associated with the transportation of oil. An oil spill may cause significant environmental damage, and the associated costs could exceed the insurance coverage available to us. Compared to other types of vessels, tankers are exposed to a higher risk of damage and loss by fire, whether ignited by a terrorist attack, collision, or other cause, due to the high flammability and high volume of the oil transported in tankers.

If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and may be substantial. We may have to pay drydocking costs that our insurance does not cover in full. The loss of revenues while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, may adversely affect our business and financial condition. In addition, space at drydocking facilities is sometimes limited and not all drydocking facilities are conveniently located. We may be unable to find space at a suitable drydocking facility or our vessels may be forced to travel to a drydocking facility that is not conveniently located to our vessels positions. The loss of earnings while these vessels are forced to wait for space or to travel to more distant drydocking facilities may adversely affect our business and financial condition. Further, the total loss of any of our vessels could harm our reputation as a safe and reliable vessel owner and operator. If we are unable to adequately maintain or safeguard our vessels, we may be unable to prevent any such damage, costs, or loss which could negatively impact our business, financial condition, results of operations and available cash.

We operate our vessels worldwide and as a result, our vessels are exposed to international risks which may reduce revenue or increase expenses.

The international shipping industry is an inherently risky business involving global operations. Our vessels are at a risk of damage or loss because of events such as mechanical failure, collision, human error, war, terrorism, piracy, cargo loss and bad weather. In addition, changing economic, regulatory and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes and boycotts. These sorts of events could interfere with shipping routes and result in market disruptions which may reduce our revenue or increase our expenses.

International shipping is subject to various security and customs inspection and related procedures in countries of origin and destination and trans-shipment points. Inspection procedures can result in the seizure of the cargo and/or our vessels, delays in the loading, offloading or delivery 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. Furthermore, 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, results of operations, cash flows, financial condition and available cash.

Political instability, terrorist or other attacks, war or international hostilities can affect the tanker industry, which may 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 available cash may be adversely affected by the effects of political instability, terrorist or other attacks, war or international hostilities. Terrorist attacks such as the attacks on the United States on September 11, 2001, the bombings in Spain on March 11, 2004 and in London on July 7, 2005 and the continuing response of the international community to these attacks, as well as the threat of future terrorist

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attacks, continue to contribute to world economic instability and uncertainty in global financial markets. As a result of the above, insurers have increased premiums and reduced or restricted coverage for losses caused by terrorist acts generally. Future terrorist attacks could result in increased volatility of the financial markets and negatively impact the U.S. and global economy. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all.

In the past, political instability has also resulted in attacks on vessels, such as the attack on the M/T *Limburg* in October 2002, 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 regions such as the South China Sea and the Gulf of Aden off the coast of Somalia. Any of these occurrences could have a material adverse impact on our business, financial condition, results of operations and available cash.

If our vessels call on ports located in countries that are subject to restrictions imposed by the U.S. government, that could adversely affect our reputation and the market for our common stock.

From time to time, vessels in our fleet may call on ports located in countries subject to sanctions and embargoes imposed by the U.S. government and countries identified by the U.S. government as state sponsors of terrorism. Although these sanctions and embargoes do not prevent our vessels from making calls to ports in these countries, potential investors could view such port calls negatively, which could adversely affect our reputation and the market for our common stock. In addition, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have contracts with countries identified by the U.S. government as state sponsors of terrorism. The determination by these investors not to invest in or to divest our common shares may adversely affect the price at which our common shares trade. Investor perception of the value of our common stock may be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

Maritime claimants could arrest our vessels, which would have a negative effect on our cash flows.

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 maritime lien holder may enforce its lien by arresting or attaching a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt our business or require us to pay large sums of money to have the arrest lifted, which would have a negative effect on our cash flows.

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 try to assert sister ship liability against one vessel in our fleet for claims relating to another of our ships.

Governments could requisition our vessels during a period of war or emergency, which may negatively impact our business, financial condition, results of operations and available cash.

A government could requisition for title or seize our vessels. Requisition for title occurs when a government takes control of a vessel and becomes the owner. Also, a government could requisition our vessels for hire. Requisition for hire occurs when a government takes control of a vessel and effectively becomes the charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Government requisition of one or more of our vessels may negatively impact our business, financial condition, results of operations and available cash.

Technological innovation could reduce our charterhire income and the value of our vessels.

The charterhire rates and the value and operational life of a vessel are determined by a number of factors including the vessel s efficiency, operational flexibility and physical life. Efficiency includes speed, fuel economy and the ability to load and discharge cargo quickly. Flexibility includes the ability to enter harbors, utilize related docking facilities and pass through canals and straits. The length of a vessel s physical life is related to its original design and construction, its maintenance and the impact of the stress of operations. If new tankers are built that are more efficient or more flexible or have longer physical lives than our vessels, competition from these more technologically advanced vessels could adversely affect the amount of charterhire payments we receive for our vessels once their initial charters expire and the resale value of our vessels could significantly decrease. As a result, our available cash could be adversely affected.

If labor interruptions are not resolved in a timely manner, they could have a material adverse effect on our business, results of operations, cash flows, financial condition and available cash.

We, indirectly through SSM, employ masters, officers and crews to man our vessels. 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 as we expect and could have a material adverse effect on our business, results of operations, cash flows, financial condition and available cash.

RISKS RELATED TO OUR BUSINESS

We have a limited history of operations on which investors may assess our performance.

We were formed on July 1, 2009, and our initial three vessel-owning subsidiaries were transferred to us on October 1, 2009. Since our initial public offering in April 2010, we have acquired seven additional vessels, and as such, we have been operating over two-thirds of our vessels for approximately six months or less. We have a limited performance record and operating history, and, therefore, limited historical financial information, upon which you can evaluate our operating performance, ability to implement and achieve our business strategy or ability to pay dividends in the future. We cannot assure you that we will be successful in implementing our business strategy. As a young company, we will face certain operational challenges not faced by companies with a longer operating history.

We have a limited history operating as a publicly traded entity and will continue to incur increased costs in future years as a result of being a publicly traded corporation.

We have only operated as a public company since April 2010. As a public company, we will continue to incur significant legal, accounting and other expenses that we did not incur as a private company. Our incremental general and administrative expenses as a publicly traded corporation will include costs associated with annual reports to shareholders, tax returns, investor relations, registrar and transfer agent s fees, incremental director and officer liability insurance costs and director compensation.

Obligations associated with being a public company require significant company resources and management attention.

We have recently become 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 the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal controls over financial reporting. If we have a material weakness in our internal control over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. We will need to dedicate a significant amount of time and resources to ensure compliance with these regulatory requirements.

We will evaluate areas such as corporate governance, corporate control, internal audit, disclosure controls and procedures and financial reporting and accounting systems. We will make changes in any of these and other areas, including our internal control over financial reporting, which we believe are necessary. However, these and other measures we may take may not be sufficient to allow us to satisfy our obligations as a public company on a timely and reliable basis. In addition, compliance with reporting and other requirements applicable to public companies will create additional costs for us and will require the time and attention of management. 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 annual 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.

If we do not identify suitable tankers for acquisition or successfully integrate any acquired tankers, we may not be able to grow or to effectively manage our growth.

One of our principal strategies is to continue to grow by expanding our operations and adding to our fleet. Our future growth will depend upon a number of factors, some of which may not be within our control. These factors include our ability to:

- identify suitable tankers and/or shipping companies for acquisitions at attractive prices;
- obtain required financing for our existing and new operations;
- identify businesses engaged in managing, operating or owning tankers for acquisitions or joint ventures;
- integrate any acquired tankers or businesses successfully with our existing operations, including obtaining any approvals and qualifications necessary to operate vessels that we acquire;
- 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.

Our failure to effectively identify, purchase, develop and integrate any tankers or businesses 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 available cash. If we are unable to execute the points noted above, our financial condition may be adversely affected.

Growing any business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty in obtaining additional qualified personnel and managing relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. The expansion of our fleet may impose significant additional responsibilities on our management and staff, and the management and staff of our commercial and technical managers, and may necessitate that we, and they, 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 such growth plans.

Delays in deliveries of additional vessels, our decision to cancel an order for purchase of a vessel or our inability to otherwise complete the acquisitions of additional vessels for our fleet, could harm our operating results.

We expect to purchase additional vessels from time to time. The delivery of such additional vessels could be delayed, not completed or cancelled, which would delay or eliminate our expected receipt of revenues from the employment of such vessels. The seller could fail to deliver vessels to us as agreed, or we could cancel a purchase contract because the seller has not met its obligations.

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If the delivery of any vessel is materially delayed or cancelled, especially if we have committed the vessel to a charter for which we become responsible for substantial liquidated damages to the customer as a result of the delay or cancellation, our business, financial condition and results of operations could be adversely affected.

We will not be able to take advantage of favorable opportunities in the current spot market with respect to vessels employed on medium- to long-term time charters.

As of November 1, 2010, we employed two tankers under fixed rate long-term time charter agreements with an average remaining duration of approximately 8.5 months. Vessels committed to medium- and long-term charters may not be available for spot charters during periods of increasing charterhire rates, when spot charters might be more profitable. Where we plan to employ a vessel in the spot charter market, we intend to generally place such vessel in a tanker pool managed by our commercial manager that pertains to that vessel s size class.

If we purchase and operate secondhand vessels, we will 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.

Our current business strategy includes additional growth through the acquisition of 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. Generally, we do not receive the benefit of warranties from the builders for the secondhand vessels that we acquire.

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.

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.

An increase in operating costs would decrease earnings and available cash.

Under the charter agreements for two of our vessels, the charterer is responsible for voyage costs and we are responsible for the vessel operating costs. Under the tanker pool agreements for our remaining eight vessels, the pool is responsible for the voyage expenses and we are responsible for vessel costs. Our vessel operating costs include the costs of crew, fuel (for spot chartered vessels), provisions, deck and engine stores, insurance and maintenance and repairs, which depend on a variety of factors, many of which are beyond our control. Some of these costs, primarily relating to insurance and enhanced security measures implemented after September 11, 2001, have been increasing. If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydocking repairs are unpredictable and can be substantial. Increases in any of these expenses would decrease earnings and available cash.

If we are unable to operate our vessels profitably, we may be unsuccessful in competing in the highly competitive international tanker market, which would negatively affect our financial condition and our ability to expand our business.

The operation of tanker vessels and transportation of crude and petroleum products is extremely competitive, in an industry that is capital intensive and highly fragmented. The recent global financial crisis may reduce the demand for transportation of oil and oil products which could lead to increased competition. Competition arises primarily from other tanker owners, including major oil companies as well as independent

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tanker companies, some of whom have substantially greater resources than we do. Competition for the transportation of oil and oil products can be intense and depends on price, location, size, age, condition and the acceptability of the tanker and its operators to the charterers. We will have to compete with other tanker owners, including major oil companies as well as independent tanker companies.

Our market share may decrease in the future. We may not be able to compete profitably as we expand our business into new geographic regions or provide new services. New markets may require different skills, knowledge or strategies than we use in our current markets, and the competitors in those new markets may have greater financial strength and capital resources than we do.

If we do not set aside funds and are unable to borrow or raise funds for vessel replacement, at the end of a vessel s useful life our revenue will decline, which would adversely affect our business, results of operations, financial condition, and available cash.

If we do not set aside funds and are unable to borrow or raise funds for vessel replacement, we will be unable to replace the vessels in our fleet upon the expiration of their remaining useful lives, which we expect to occur from 2026 to 2033, depending on the vessel. Our cash flows and income are dependent on the revenues earned by the chartering of 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 available cash per share would be adversely affected. Any funds set aside for vessel replacement will reduce available cash.

Our ability to obtain additional debt financing may be dependent on the performance of our then existing charters and the creditworthiness of our charterers.

The actual or perceived credit quality of our charterers, and any defaults by them, may materially affect our ability to obtain the additional capital resources that we will require to purchase additional vessels or may significantly increase our costs of obtaining such capital. Our inability to obtain additional financing at all or at a higher than anticipated cost may materially affect our results of operation and our ability to implement our business strategy.

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

In the opinion of Seward & Kissel LLP, our U.S. counsel, we should not be a PFIC with respect to any taxable year. Based upon our operations as described herein, we do not believe that our income from our time charters should be treated as passive income for purposes of determining whether we are a PFIC. Accordingly, our income from our time chartering activities should not constitute passive income, and the assets that we own and operate in connection with the production of that income should not constitute passive assets.

There is substantial legal authority supporting this position, consisting of case law and United States Internal Revenue Service, or IRS, pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, it should be noted that there is also

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authority that characterizes time charter income as rental income rather than services income for other tax purposes. Accordingly, no assurance can be given that the IRS or a court of law will accept this 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 the nature and extent of our operations change.

If the IRS were to find that we are or have been a PFIC for any taxable year, our United States shareholders would face adverse United States federal income tax consequences and information reporting requirements. Under the PFIC rules, unless those shareholders make an election available under the Code (which election could itself have adverse consequences for such shareholders, as discussed below under Tax Considerations United States Federal Income Taxation United States Federal Income Taxation of United States Holders), such shareholders would be liable to pay United States federal income tax at the then prevailing income tax rates on ordinary income plus interest, in respect of excess distributions and upon any gain from the disposition of their common shares, as if the excess distribution or gain had been recognized ratably over the shareholder s holding period of the common shares. See Tax Considerations United States Federal Income Taxation United States Federal Income Taxation of United States Holders for a more comprehensive discussion of the United States federal income tax consequences to United States shareholders if we are treated as a PFIC.

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

Under the United States Internal Revenue Code of 1986, or the Code, 50% of the gross shipping income of a corporation that owns or charters vessels, as we and our subsidiaries do, 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 promulgated thereunder.

We and our subsidiaries intend to take the position that we qualify for this statutory tax exemption 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 after the offering and thereby become subject to United States federal income tax on our United States source shipping income. For example, in certain circumstances we may no longer qualify for exemption under Code section 883 for a particular taxable year if shareholders with a five percent or greater interest in our common shares owned, in the aggregate, 50% or more of our outstanding common shares for more than half the days during the taxable year. Due to the factual nature of the issues involved, there can be no assurances on the tax-exempt status of us or any of our subsidiaries.

If we or our subsidiaries were not entitled to exemption under Section 883 for any taxable year, they could be subject for such year to an effective 2% United States federal income tax on the shipping income they derive during the year which is attributable to the transport or cargoes to or from the United States. The imposition of this taxation would have a negative effect on our business and would decrease our earnings available for distribution to our shareholders.

Any dividends paid by us may not qualify for preferential rates of United States federal income taxation in the hands of United States non-corporate holders.

We expect that any dividends paid on our common shares to a United States shareholder who is an individual, trust or estate will generally be treated as qualified dividend income that is taxable at preferential United States federal income tax rates (through 2010). Our dividends will be so treated provided that (1) our common shares are readily tradable on an established securities market in the United States (such as the New York Stock Exchange, on which our common stock is traded); (2) we are not a PFIC for the taxable year during which the dividend is paid or the immediately preceding taxable year (which we believe we have not been, are not and do not anticipate being in the future); (3) the recipient of the dividend has owned the common shares for

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more than 60 days in the 121-day period beginning 60 days before the date on which the common shares become ex-dividend; and (4) the recipient of the dividend is not under an obligation to make related payments with respect to positions in substantially similar or related property.

There is no assurance that any dividends paid on our common stock will be eligible for these preferential rates in the hands of a United States non-corporate shareholder. For example, under current law, the preferential rate for qualified dividend income is scheduled to expire on December 31, 2010. If the preferential rate for such dividends is not extended, then any dividends paid by us after December 31, 2010 will be treated as ordinary income. In addition, legislation has been previously introduced in the United States Congress which, if enacted in its present form, would preclude our dividends from qualifying for such preferential rates prospectively from the date of enactment. Finally, as discussed in more detail in Tax Considerations United States Federal Income Tax Considerations Passive Foreign Investment Company Status and Significant Tax Consequences, our dividends would not be qualified dividend income if we are treated as a PFIC for the taxable year in which we pay the dividend or the immediately preceding taxable year.

We will be required to make additional capital expenditures to expand the number of vessels in our fleet and to maintain all our vessels, which will be dependent on additional financing.

Our business strategy is based in part upon the expansion of our fleet through the purchase of additional vessels. If we are unable to fulfill our obligations under any memorandum of agreement for future vessel acquisitions, the sellers of such vessels may be permitted to terminate such contracts and we may forfeit all or a portion of the down payments we already made under such contracts, and we may be sued for any outstanding balance.

In addition, we will incur significant maintenance costs for our existing and any newly-acquired vessels. A newbuilding vessel must be drydocked within five years of its delivery from a shipyard, and vessels are typically drydocked every 30 months thereafter, not including any unexpected repairs. We estimate the cost to drydock a vessel to be between $400,000 and $900,000, depending on the size and condition of the vessel and the location of drydocking.

RISKS RELATED TO OUR RELATIONSHIP WITH SCORPIO GROUP AND ITS AFFILIATES

We are dependent on our managers and there may be conflicts of interest between us and our managers that may not be resolved in our favor.

Our success depends to a significant extent upon the abilities and efforts of our technical manager, SSM, our commercial manager, SCM, and our management team. Our success will depend upon our and our managers ability to hire and retain key members of our management team. The loss of any of these individuals could adversely affect our business prospects and financial condition.

Difficulty in hiring and retaining personnel could adversely affect our results of operations. We do not maintain key man life insurance on any of our officers.

Our technical and commercial managers are affiliates of Scorpio Group, which is owned and controlled by the Lolli-Ghetti family, of which our founder, Chairman and Chief Executive Officer, Mr. Emanuele Lauro, is a member. Conflicts of interest may arise between us, on the one hand, and our commercial and technical managers, on the other hand. As a result of these conflicts, our commercial and technical managers, who have limited contractual duties, may favor their own or their owner s interests over our interests. These conflicts may have unfavorable results for us.

Our founder, Chairman and Chief Executive Officer has affiliations with our commercial and technical managers which may create conflicts of interest.

Emanuele Lauro, our founder, Chairman and Chief Executive Officer, is a member of the Lolli-Ghetti family which owns and controls our commercial and technical managers. These responsibilities and relationships could create conflicts of interest between us, on the one hand, and our commercial and technical managers, on the other hand. These conflicts may arise in connection with the chartering, purchase, sale and operations of the vessels in our fleet versus vessels managed by other companies affiliated with our commercial or technical managers. Our commercial and technical managers may give preferential treatment to vessels that are time chartered in by related parties because our founder, Chairman and Chief Executive Officer and members of his family may receive greater economic benefits. In particular, as of November 1, 2010, our commercial and technical managers provide commercial and technical management services to approximately 66 and 8 vessels respectively, other than the vessels in our fleet, that are owned or operated by entities affiliated with Mr. Lauro, and such entities may acquire additional vessels that will compete with our vessels in the future. Such conflicts may have an adverse effect on our results of operations.

Our Chief Executive Officer and President do not devote all of their time to our business, which may hinder our ability to operate successfully.

Messrs. Lauro and Bugbee, our Chief Executive Officer and President, respectively, are involved in other business activities with members of the Scorpio Group, which may result in their spending less time than is appropriate or necessary to manage our business successfully. Based solely on the anticipated relative sizes of our fleet and the fleet owned by members of the Scorpio Group over the next twelve months, we estimate that Messrs. Lauro and Bugbee will spend approximately 70-85% of their monthly business time on our business activities and their remaining time on the business of members of the Scorpio Group. However, the actual allocation of time could vary significantly from time to time depending on various circumstances and needs of the businesses, such as the relative levels of strategic activities of the businesses. This could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our commercial and technical managers are each privately held companies and there is little or no publicly available information about them.

SCM is our commercial manager and SSM is our technical manager. SCM s and SSM s ability to render management services will depend in part on their own financial strength. Circumstances beyond our control could impair our commercial manager s or technical manager s financial strength, and because each is a privately held company, information about the financial strength of our commercial manager and technical manager is not available. As a result, we and an investor in our securities might have little advance warning of financial or other problems affecting our commercial manager or technical manager even though their financial or other problems could have a material adverse effect on us and our security holders.

We are subject to certain risks with respect to our counterparties on contracts, and failure of such counterparties to meet their obligations could cause us to suffer losses or negatively impact our results of operations and cash flows.

We have entered into various contracts, including charter agreements with our customers, consisting of two long-term fixed-rate charter agreements and eight tanker pool agreements, and our credit facility entered into in June 2010. Such agreements subject us to counterparty risks. The ability 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 and may include, among other things, general economic conditions, the condition of the maritime and offshore industries, the overall financial condition of the counterparty, charter rates received for specific types of vessels, and various expenses. For example, the combination of a reduction of cash flow resulting from declines in world trade, a reduction in borrowing bases under reserve-based credit facilities and the lack of availability of debt or equity

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financing may result in a significant reduction in the ability of our charterers to make charter payments to us. In addition, in depressed market conditions, our charterers and customers may no longer need a vessel that is currently under charter or contract or may be able to obtain a comparable vessel at lower rates. As a result, charterers and customers may seek to renegotiate the terms of their existing charter agreements or avoid their obligations under those contracts. Should a counterparty fail to honor its obligations under agreements with us, we could sustain significant losses which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The failure of our charterers to meet their obligations under our time charter agreements, on which we depend for a majority of our revenues, could cause us to suffer losses or otherwise adversely affect our business.

As of November 1, 2010, we employed two tankers under fixed rate long-term time charter agreements with remaining durations of approximately 15 and two months. The ability and willingness of each of our counterparties to perform its obligations under a time charter agreement with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the tanker shipping industry and the overall financial condition of the counterparties. Charterers are sensitive to the commodity markets and may be impacted by market forces affecting commodities such oil. In addition, in depressed market conditions, there have been reports of charterers renegotiating their charters or defaulting on their obligations under charters. Our customers may fail to pay charterhire or attempt to renegotiate charter rates. Should a counterparty fail to honor its obligations under agreements with us, it may be difficult to secure substitute employment for such vessel, and any new charter arrangements we secure in the spot market or on time charters may be at lower rates given currently decreased tanker charter rate levels. Where we plan to employ a vessel in the spot charter market, we intend to generally place such vessel in a tanker pool managed by our commercial manager that pertains to that vessel s size class. If our charterers fail to meet their obligations to us or attempt to renegotiate our charter agreements, we could sustain significant losses which could have a material adverse effect on our business, financial condition, results of operations and cash flows, as well as our ability to pay dividends, if any, in the future, and compliance with covenants in our credit facilities.

Our charterers may terminate or default on their charters, which could adversely affect our results of operations and cash flow.

Our charters may terminate earlier than the dates indicated in this prospectus. The terms of our charters vary as to which events or occurrences will cause a charter to terminate or give the charterer the option to terminate the charter, but these generally include a total or constructive loss of the relevant vessel, the requisition for hire of the relevant vessel, the drydocking of the relevant vessel for a certain period of time or the failure of the relevant vessel to meet specified performance criteria. In addition, the ability of each of our charterers to perform its obligations under a charter will depend on a number of factors that are beyond our control. These factors may include general economic conditions, the condition of the tanker industry, the charter rates received for specific types of vessels and various operating expenses. The costs and delays associated with the default by a charterer under a charter of a vessel may be considerable and may adversely affect our business, results of operations, cash flows and financial condition and our available cash.

We cannot predict whether our charterers will, upon the expiration of their charters, re-charter our vessels on favorable terms or at all. If our charterers decide not to re-charter our vessels, we may not be able to re-charter them on terms similar to our current charters or at all. In the future, we may also employ our vessels on the spot charter market, which is subject to greater rate fluctuation than the time charter market. Where we plan to employ a vessel in the spot charter market, we intend to generally place such vessel in a tanker pool managed by our commercial manager that pertains to that vessel s size class.

If we receive lower charter rates under replacement charters or are unable to re-charter all of our vessels, our available cash may be significantly reduced or eliminated.

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Our insurance may not be adequate to cover our losses that may result from our operations due to the inherent operational risks of the tanker 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 includes pollution risks, crew insurance and war risk insurance. However, we may not be adequately insured to cover losses from our operational risks, 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 applicable maritime regulatory organizations. Any significant uninsured or under-insured loss or liability could have a material adverse effect on our business, results of operations, cash flows and financial condition and our available cash. In addition, we may not be able to obtain adequate insurance coverage at reasonable rates in the future during adverse insurance market conditions.

As a result of the September 11, 2001 attacks, the U.S. response to the attacks and related concern regarding terrorism, insurers have increased premiums and reduced or restricted coverage for losses caused by terrorist acts generally. Accordingly, premiums payable for terrorist coverage have increased substantially and the level of terrorist coverage has been significantly reduced.

Because we obtain some of our insurance through protection and indemnity associations, which result in significant expenses to us, we may be required to make additional premium payments.

We may be subject to increased premium payments, or calls, in amounts based on our claim records, the claim records of our managers, as well as the claim records of other members of the protection and indemnity associations through which we receive insurance coverage for tort liability, including pollution-related liability. In addition, our protection and indemnity associations may not have enough resources to cover claims made against them. Our payment of these calls could result in significant expense to us, which could have a material adverse effect on our business, results of operations, cash flows, financial condition and available cash.

RISKS RELATED TO OUR INDEBTEDNESS

Servicing our current or future indebtedness limits funds available for other purposes and if we cannot service our debt, we may lose our vessels.

Borrowing under the credit facility we entered into in June 2010 requires us to dedicate a part of our cash flow from operations to paying interest on our indebtedness. These payments limit funds available for working capital, capital expenditures and other purposes, including further equity or debt financing in the future. Amounts borrowed under our credit facility bear interest at variable rates. Increases in prevailing rates could increase the amounts that we would have to pay to our lenders, even though the outstanding principal amount remains the same, and our net income and cash flows would decrease. We expect our earnings and cash flow to vary from year to year due to the cyclical nature of the tanker industry. If we do not generate or reserve enough cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as:

- seeking to raise additional capital;
- refinancing or restructuring our debt;
- selling tankers; or
- reducing or delaying capital investments.

However, these alternative financing plans, if necessary, may not be sufficient to allow us to meet our debt obligations. If we are unable to meet our debt obligations or if some other default occurs under our credit facility, the lender could elect to declare that debt, together with accrued interest and fees, to be immediately due and payable and proceed against the collateral vessels securing that debt even though the majority of the proceeds used to purchase the collateral vessels did not come from our credit facility.

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Our credit facility contains restrictive covenants which limit the amount of cash that we may use for other corporate activities, which could negatively affect our growth and cause our financial performance to suffer.

Our credit facility imposes operating and financial restrictions on us. These restrictions limit our ability, or the ability of our subsidiaries party thereto to:

- pay dividends and make capital expenditures if we do not repay amounts drawn under our credit facility or if there is another default under our credit facility;
- incur additional indebtedness, including the issuance of guarantees;
- create liens on our assets;
- change the flag, class or management of our vessels or terminate or materially amend the management agreement relating to each vessel;
- sell our vessels;
- merge or consolidate with, or transfer all or substantially all our assets to, another person; or
- enter into a new line of business.

Therefore, we will need to seek permission from our lenders in order to engage in some corporate actions. Our lenders interests may be different from ours and we may not be able to obtain our lenders permission when needed. This may limit our ability to pay dividends to you if we determine to do so in the future, finance our future operations or capital requirements, make acquisitions or pursue business opportunities.

If the recent volatility in LIBOR rates continues, it will affect the interest rate under our existing credit facility or future credit facilities which could affect our profitability, earnings and cash flow.

Amounts borrowed under our existing credit facility bear interest at an annual rate ranging from 3.0% to 3.5% above LIBOR, and amounts borrowed under the new credit facility that we expect to enter into are expected to bear interest at an annual rate of 2.75% above LIBOR. LIBOR rates have recently been volatile, with the spread between those rates and prime lending rates widening significantly at times. These conditions are the result of the recent disruptions in the international credit markets. Because the interest rates borne by amounts that we may drawdown under our existing credit facility or future credit facilities fluctuate with changes in the LIBOR rates, if this volatility were to continue, it would affect the amount of interest payable on amounts that we were to draw down from our existing credit facility or future credit facilities, which in turn, would have an adverse effect on our profitability, earnings and cash flow.

RISKS RELATED TO THIS OFFERING

The price of our common shares after this offering may be volatile.

The price of our common shares may fluctuate due to factors such as:

actual or anticipated fluctuations in our quarterly and annual results and those of other public companies in our industry;

mergers and strategic alliances in the crude tanker and product tanker industries;

market conditions in the crude tanker and product tanker industries;

changes in government regulation;

the failure of securities analysts to publish research about us after this offering, or shortfalls in our operating results from levels forecast by securities analysts;

announcements concerning us or our competitors; and

the general state of the securities market.

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The seaborne transportation industry has been highly unpredictable and volatile. The market for our common shares in this industry may be equally volatile. Consequently, you may not be able to sell the common shares at prices equal to or greater than those paid by you in this offering.

The Lolli-Ghetti family, of which Mr. Emanuele Lauro, our founder, Chairman and Chief Executive Officer is a member, will beneficially own approximately % of our total outstanding common shares upon the consummation of this offering, which may limit your ability to influence our actions.

The Lolli-Ghetti family of which our founder, Chairman and Chief Executive Officer is a member, is expected to beneficially own approximately % of our outstanding common shares upon the consummation of this offering (% if the underwriters exercise their over-allotment option in full), which includes a concurrent share issuance to a member of the Lolli-Ghetti family, in exchange for a $5 million capital investment. Messrs. Lauro and Bugbee will also own 2.00% and 1.75%, respectively, of Liberty Holding Company Ltd. Please see the section entitled Our Relationship with Scorpio Group and its Affiliates in our Prospectus Summary for further information about Liberty Holding Company Ltd. Although they do not and will not have a controlling interest in us before or after the offering, members of the Lolli-Ghetti family beneficially own our largest shareholder.

As a result of the role of Mr. Lauro as Chairman and Chief Executive Officer, and Mr. Bugbee, as President, coupled with their ownership interests and in the case of Mr. Lauro, his family s ownership interests, together Mr. Lauro, Mr. Bugbee and the Lolli-Ghetti family may be able to exert considerable influence over our actions through their ability to significantly influence matters requiring shareholder approval, including the determination to enter into a corporate transaction or to prevent a transaction, regardless of whether our shareholders believe that any such transaction is in their or our best interests. For example, these parties could influence us to make a merger or acquisition that increases the amount of our indebtedness or cause us to sell all of our revenue-generating assets. We cannot assure you that the interests of Mr. Emanuele Lauro, Mr. Robert Bugbee or the Lolli-Ghetti family will coincide with the interests of other shareholders. As a result, the market price of our common shares could be adversely affected.

Additionally, these parties may invest in entities that directly or indirectly compete with us, or companies in which these parties currently invest may begin competing with us. These parties may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. As a result of these relationships, when conflicts arise between the interests of these parties and the interests of our other shareholders, our directors who were nominated by these parties may not be disinterested. These parties will be able to exert significant influence on our corporate decisions so long as they continue to own a substantial number of our common shares and/or retain a management role in our company.

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

The market price for our common shares could decline as a result of sales by existing shareholders of large numbers of our common shares after this offering, or as a result of the perception that such sales may occur. Sales of our common shares by these shareholders also might make it more difficult for us to sell equity or equity-related securities in the future at a time and at the prices that we deem appropriate. Of the 23,438,459 common shares that will be outstanding immediately following the completion of this offering, without giving effect to the shares of common stock we expect to issue to a member of the Lolli-Ghetti family, 22,574,316 shares will be available for immediate resale and 864,143 additional shares may be sold after the expiration of 90-day lock-up agreements (as may be extended) that will be entered into by our executive officers, directors and the member of the Lolli-Ghetti family that is making the approximately $5 million capital investment, subject to registration under the Securities Act, compliance with the requirements of Rule 144 or the availability of an exemption from the registration requirements of the Securities Act.

In addition, although our officers and directors are subject to a 90 day lock-up agreement, our largest shareholder, Scorpio Owning Holding Ltd., is not subject to a lock-up agreement and may dispose of or encumber its common shares at any time. See Principal Shareholders.

We are incorporated in the Republic of The Marshall Islands, which does not have a well-developed body of corporate law and, as a result, shareholders may have fewer rights and protections under Marshall Islands law than under a typical jurisdiction in the United States.

Our corporate affairs are governed by our articles of incorporation and bylaws and by the Marshall Islands Business Corporations Act, or BCA. The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Republic of The Marshall Islands interpreting the BCA. The rights and fiduciary responsibilities of directors under the law of the Republic of The Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in certain United States jurisdictions. Shareholder rights may differ as well. While the BCA does specifically incorporate the non-statutory law, or judicial case law, of the State of Delaware and other states with substantially similar legislative provisions, our public shareholders may have more difficulty in protecting their interests in the face of actions by management, directors or controlling shareholders than would shareholders of a corporation incorporated in a United States jurisdiction. Please see the section of this prospectus titled Enforceability of Civil Liabilities beginning on page 124.

It may be difficult to serve process on or enforce a United States judgment against us, our officers and our directors.

We are a Republic of The Marshall Islands corporation and some of our directors and officers and certain of the experts named in this offering are located outside the United States. In addition, a substantial portion of our assets and the assets of our directors, officers and experts are located outside of the United States. As a result, you may have difficulty serving legal process within the United States upon us or any of these persons. You may also have difficulty enforcing, both in and outside the United States, judgments you may obtain in U.S. courts against us or any of these persons in any action, including actions based upon the civil liability provisions of U.S. federal or state securities laws. Furthermore, there is substantial doubt that the courts of the Republic of The Marshall Islands or of the non-U.S. jurisdictions in which our offices are located would enter judgments in original actions brought in those courts predicated on U.S. federal or state securities laws.

Anti-takeover provisions in our amended and restated articles of incorporation and bylaws could make it difficult for our shareholders to replace or remove our current board of directors or could have the effect of discouraging, delaying or preventing a merger or acquisition, which could adversely affect the market price of our common shares.

Several provisions of our amended and restated articles of incorporation and bylaws could make it difficult for our shareholders to change the composition of our board of directors in any one year, preventing them from changing the composition of our management. In addition, the same provisions may discourage, delay or prevent a merger or acquisition that shareholders may consider favorable.

These provisions include those that:

- authorize our board of directors to issue blank check preferred stock without shareholder approval;
- provide for a classified board of directors with staggered, three-year terms;
- prohibit cumulative voting in the election of directors;
- authorize the removal of directors only for cause and only upon the affirmative vote of the holders of at least two-thirds of the outstanding common shares entitled to vote for those directors;

limit the persons who may call special meetings of shareholders;

establish advance notice requirements for nominating directors or proposing matters that can be acted on by shareholders at shareholder meetings; and

restrict business combinations with interested shareholders.

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These anti-takeover provisions could substantially impede the ability of public shareholders to benefit from a change in control and, as a result, may adversely affect the market price of our common shares and your ability to realize any potential change of control premium.

You will experience immediate and substantial dilution of $ per common share.

The public offering price per share of common shares in this offering of $ per share exceeds the pro forma net tangible book value per common share upon completion of this offering. As a result, you will incur immediate and substantial dilution of $ per share.

We may issue additional common shares or other equity securities without your approval, which would dilute your ownership interests and may depress the market price of our common shares.

We may issue additional common shares or other equity securities of equal or senior rank in the future in connection with, among other things, future vessel acquisitions, repayment of outstanding indebtedness or our equity incentive plan, without shareholder approval, in a number of circumstances.

Our issuance of additional common shares or other equity securities of equal or senior rank would have the following effects:

- our existing shareholders proportionate ownership interest in us will decrease;
- the amount of cash available for dividends payable on our common shares may decrease;
- the relative voting strength of each previously outstanding common share may be diminished; and
- the market price of our common shares may decline.

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FORWARD-LOOKING STATEMENTS

Our disclosure and analysis in this prospectus 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. 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, believ estimates, projects, forecasts, may, should and similar expressions are forward-looking statements.

All statements in this prospectus 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;
- global and regional economic and political conditions, including piracy;
- our pending vessel acquisitions, our business strategy and expected capital spending or operating expenses, including drydocking and insurance costs;
- competition in the tanker industry;
- statements about shipping market trends, including charter rates and factors affecting supply and demand;
- 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 ability to enter into fixed-rate charters after our current charters expire and our ability to earn income in the spot market;
- our expectations of the availability of vessels to purchase and the time it may take to construct new vessels, or vessels useful lives; and
- our ability to integrate new vessels into our existing business and realize the potential benefits of such acquisitions.

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;

- potential liability from future litigation and potential costs due to environmental damage, vessel collisions, acts of terrorism and piracy;

- the length and number of off-hire periods and dependence on third-party managers; and

- other factors discussed under the Risk Factors section of this prospectus.

You should not place undue reliance on forward-looking statements contained in this prospectus, because they are statements about events that are not certain to occur as described or at all. All forward-looking statements in this prospectus 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.

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PER SHARE MARKET PRICE INFORMATION

Our common shares have traded on the NYSE under the symbol STNG since March 31, 2010.

The table below sets forth the low and high closing prices for each of the periods indicated for our common shares.

For the Quarter Ended	Low	High
June 30, 2010	$ 10.36	$ 13.00
September 30, 2010	10.42	11.58

Most Recent Six Months	Low	High
May 2010	$ 10.78	$ 12.20
June 2010	10.36	11.96
July 2010	10.42	11.58
August 2010	10.42	11.31
September 2010	10.51	11.42
October 2010	11.18	11.81
November 1 12, 2010	10.93	11.78

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USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately $ million from the issuance of new common shares in this offering, after deducting underwriting discounts and commissions and estimated expenses payable by us.

In addition, concurrently with this offering, a member of the Lolli-Ghetti family, of which our founder, Chairman and Chief Executive Officer, Mr. Emanuele Lauro, is a member, will purchase from us an additional $5.0 million of our shares of common stock at the price per share to the public in this offering.

Our intention is to use these proceeds, after assessing any working capital and other general corporate expense needs, to pursue vessel acquisitions consistent with our strategy, including the purchase of additional modern tankers ranging in size from approximately 35,000 dwt, to approximately 200,000 dwt and that generally are not more than five years old. We believe that our strong balance sheet, financing capacity and future access to capital will allow us to make opportunistic vessel acquisitions at attractive prices. We may purchase secondhand vessels that meet our specifications or newbuilding vessels, either directly from shipyards or from the current owners. The timing of these acquisitions will depend on our ability to identify suitable vessels on attractive purchase terms.

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OUR DIVIDEND POLICY

Currently, we do not intend to pay dividends to the holders of our common shares. We will continue to assess our dividend policy and our board of directors may determine it is in the best interest of the Company to pay dividends in the future. Depending on prevailing charter market conditions, our operating results and capital requirements and other relevant factors, our board of directors may re-evaluate our dividend policy.

We believe that, under current U.S. law (which is scheduled to expire after 2010), any future dividend payments from our then current and accumulated earnings and profits, as determined under U.S. federal income tax principles, would constitute qualified dividend income and, as a consequence, non-corporate U.S. stockholders would generally be subject to a 15% U.S. federal income tax rate with respect to such dividend payments. Distributions in excess of our earnings and profits, as so calculated, will be treated first as a non-taxable return of capital to the extent of a U.S. stockholder s tax basis in its common shares on a dollar-for-dollar basis and thereafter as capital gain. Please see the section of this prospectus titled Tax Considerations for additional information relating to the tax treatment of our dividend payments, if any dividends are declared in the future.

We are a holding company with no material assets other than the equity interests in our wholly-owned subsidiaries. As a result, our ability to pay dividends, if any in the future, depends on our subsidiaries and their ability to distribute funds to us. Our credit facility has restrictions on our ability, and the ability of certain of our subsidiaries, to pay dividends in the event of a default or breach of covenants under the credit facility agreement. Under such circumstances, we or our subsidiaries may not be able to pay dividends so long as we are in default or have breached certain covenants of the credit facility without our lender s consent or waiver of the default or breach. In addition, Marshall Islands law generally prohibits the payment of dividends (i) other than from surplus (retained earnings and the excess of consideration received for the sale of shares above the par value of the shares) or (ii) when a company is insolvent or (iii) if the payment of the dividend would render the company insolvent.

In addition, we may incur expenses or liabilities, including extraordinary expenses, decreases in revenues, including as a result of unanticipated off-hire days or loss of a vessel, or increased cash needs that could reduce or eliminate the amount of cash that we have available for distribution as dividends. The tanker shipping charter market is cyclical and volatile. We cannot predict with accuracy the amount of cash flows our operations will generate in any given period. Factors beyond our control may affect the charter market for our vessels and our charterers ability to satisfy their contractual obligations to us, and we cannot assure you that dividends will actually be declared or paid in the future. 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 prospectus titled Risk Factors.

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CAPITALIZATION

The following table sets forth our cash and capitalization at September 30, 2010, on a historical basis and as adjusted to give effect to the delivery of the *STI Spirit* and the drawdown of the remaining balance on the 2010 Credit Facility. It is further adjusted to give effect to (i) the issuance of 4,575,000 common shares in this offering, net of underwriting discounts and commissions and estimated offering expenses and (ii) the investment in us by a member of the Lolli-Ghetti family of $5.0 million concurrently with the closing of this offering in exchange for shares of our common stock at the public offering price per share.

	As of September 30, 2010		
	Actual	As adjusted[1]	As Further Adjusted
Cash	$ 42,598,075	$ 20,465,851	
Current debt:			
Bank loan[2]	$ 13,179,340	$ 15,182,513	$
Non-current debt:			
Bank loan[2]	$ 108,619,120	$ 131,428,447	$
Total debt	$ 121,798,460	$ 146,610,960	$
Shareholders equity:			
Common shares	$ 191,076	$ 191,076	$
Additional paid-in capital	201,440,755	201,440,755	
Treasury shares	(2,647,807)	(2,647,807)	
Merger reserve	13,292,496	13,292,496	
Retained earnings	1,623,641	1,623,641	
Total shareholders equity	$ 213,900,161	$ 213,900,161	$
Total capitalization	$ 335,698,621	$ 360,511,121	$

(1) Adjusted to reflect the drawdown of the available balance of the credit facility of $24.8 million on November 3, 2010 and the remaining purchase price of $47.0 million for the *STI Spirit*.

(2) Bank loan presented at September 30, 2010 is shown net of $2.0 million of deferred financing fees that are being amortized over the life of the loan.

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DILUTION

Dilution is the amount by which the offering price paid by the purchasers of our common shares in this offering will exceed the net tangible book value per common share after the offering. The net tangible book value is equal to the amount of our total tangible assets (total assets less intangible assets) less total liabilities. The historical net tangible book value as of September 30, 2010 was $213.90 million in total and $11.34 per share for the number of shares for the existing shareholders at the offering.

The as adjusted net tangible book value as of September 30, 2010 would have been $ million, or $ per common share if the sale by us of common shares at $ per share in this offering, after deducting underwriting discounts and estimated offering expenses took place as of September 30, 2009.This represents an immediate increase in net tangible book value of $ per share to the existing shareholder and an immediate dilution in net tangible book value of $ per share to new investors.

The following table illustrates the pro forma per share dilution and appreciation as of September 30, 2010:

Public offering price per share of common stock		$
Net tangible book value per share before this offering	$	
Increase in net tangible book value attributable to new investors in this offering	$	
As adjusted net tangible book value per share after giving effect to this offering		$
Dilution per share to new investors		$

The following table summarizes, on an as adjusted basis as at September 30, 2010, the differences between the number of common shares acquired from us, the total amount paid and the average price per share paid by the existing shareholders and the number of common shares acquired from us, the total amount paid and average price per share paid by you in this offering, based upon the public offering price of $ per share.

	As Adjusted Shares Outstanding		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing shareholders		%	$	%	$
New investors		%	$	%	$
Total					

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SELECTED FINANCIAL AND OTHER DATA

The following table sets forth our selected consolidated financial data and other operating data. The selected financial data in the table as of December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009 are derived from our audited consolidated financial statements, included elsewhere herein, which have been prepared in accordance with IFRS as issued by the IASB. The selected financial data as of December 31, 2007 are derived from our audited consolidated financial statements that are not included herein. The selected financial data as of June 30, 2010 and for the six months ended June 30, 2010 and 2009 are derived from our unaudited condensed consolidated financial statements, which have been prepared in accordance with IAS 34 and are included herein. Please see the footnotes to our consolidated financial statements for a discussion of the basis upon which our financial statements are presented. The data set forth below should be read in conjunction with the audited consolidated financial statements, the unaudited condensed consolidated financial statements, related notes and other financial information included elsewhere herein.

Our historical consolidated financial statements for the years ended December 31, 2009, 2008 and 2007 and six months ended June 30, 2009 have been prepared on a carve-out basis from the financial statements of Liberty Holding Company Ltd. These carve-out financial statements include all assets, liabilities and results of operations of our initial three vessel-owning subsidiaries, formerly subsidiaries of Liberty Holding Company Ltd for those periods. For the periods presented, certain of the expenses incurred by these subsidiaries for commercial, technical and administrative management services were under management agreements with other Scorpio Group entities, which are related parties. Since agreements with related parties are by definition not at arms length, the expenses incurred under these agreements may have been different than the historical costs incurred if the subsidiaries had operated as unaffiliated entities during prior periods. Our estimates of any differences between historical expenses and the expenses that may have been incurred had the subsidiaries been stand-alone entities have been disclosed in the notes to the historical combined financial statements included elsewhere in this prospectus.

The selected financial data for 2006 has not been derived from audited financial statements as consolidated financial statements of the Company for 2006 do not exist. Instead, the selected financial data for 2006 has been prepared by aggregating the historical standalone IFRS financial information of each of the three subsidiaries which were transferred to us. In accordance with Item 3.A.1 of Form 20-F we are omitting fiscal year 2005 from the selected financial data as we did not prepare consolidated financial statements for that period and such information cannot be provided without unreasonable effort or expense.

	For the Years Ended December 31,				For the Six Months Ended June 30,	
	2009	2008	2007	2006	2010	2009
Vessel revenue	$ 27,619,041	$ 39,274,196	$ 30,317,138	$ 35,751,632	$ 13,417,728	$ 16,249,549
Operating expenses						
Charterhire	(3,072,916)	(6,722,334)				(3,181,342)
Voyage expenses					(373,409)	
Vessel operating costs	(8,562,118)	(8,623,318)	(7,600,509)	(7,061,514)	(5,306,774)	(4,564,664)
Depreciation	(6,834,742)	(6,984,444)	(6,482,484)	(7,058,093)	(3,301,492)	(3,556,522)
General and administrative expenses	(416,908)	(600,361)	(590,772)	(376,338)	(1,499,893)	(181,440)
Impairment[1]	(4,511,877)					
Total operating expenses	(23,398,561)	(22,930,457)	(14,673,765)	(14,495,945)	(10,481,568)	(11,483,968)
Operating income	4,220,480	16,343,739	15,643,373	21,255,687	2,936,160	4,765,581

	For the Years Ended December 31, 2009	2008	2007	2006	For the Six Months Ended June 30, 2010	2009
Other income and expense, net						
Interest expense bank loan	(699,115)	(1,710,907)	(1,953,344)	(3,041,684)	(696,565)	(446,394)
(Loss)/gain on derivative financial instruments	148,035	(2,463,648)	(1,769,166)	816,219	(279,560)	533,042
Interest income	4,929	35,492	142,233	152,066	29,393	4,131
Other income, net	(256,292)	(18,752)	(9,304)	(24,034)	(424,922)	(7,680)
Total other expenses, net	$ (802,443)	$ (4,157,815)	$ (3,589,581)	$ (2,097,433)	$ (1,371,654)	$ 83,099
Net income	$ 3,418,037	$ 12,185,924	$ 12,053,792	$ 19,158,254	$ 1,564,506	$ 4,848,680
Earnings per common share[2]						
Basic Weighted average shares outstanding	5,589,147	5,589,147	5,589,147	5,589,147	11,603,512	5,589,147
Diluted Weighted average shares outstanding	5,589,147	5,589,147	5,589,147	5,589,147	11,604,654	5,589,147
Basic earnings per share	$ 0.61	$ 2.18	$ 2.16	$ 3.43	$ 0.13	$ 0.87
Diluted earnings per share	$ 0.61	$ 2.18	$ 2.16	$ 3.43	$ 0.13	$ 0.87

	As of December 31, 2009	2008	2007	2006	As of June 30, 2010
Balance Sheet Data					
Cash and cash equivalents	$ 444,497	$ 3,607,635	$ 1,153,743	$ 6,016,470	$ 12,115,617
Vessels and drydock	$ 99,594,267	$ 109,260,102	$ 116,244,546	$ 122,727,030	$ 213,128,282
Total assets	$ 104,423,386	$ 117,111,827	$ 122,555,022	$ 137,728,758	$ 239,650,732
Bank loan outstanding[3]	$ 39,800,000	$ 43,400,000	$ 47,000,000	$ 50,600,000	$ 19,000,000
Shareholder payable[4]	$	$ 22,028,323	$ 19,433,097	$ 27,612,576	$
Related party payable[4]	$	$ 27,406,408	$ 27,406,408	$ 34,338,356	$
Shareholder s equity	$ 61,328,542	$ 20,299,166	$ 26,897,242	$ 21,936,949	$ 217,738,842

	For the Years Ended December 31, 2009	2008	2007	2006	For the Six Months Ended June 30, 2010	2009
Net cash provided by/(used by):						
Operating activities	$ 9,305,851	$ 24,837,892	$ 5,830,733	$ 13,226,007	$ 6,256,926	$ 3,390,303
Investing activities	$	$	$	$	$ (126,480,000)	$
Financing Activities	$ (12,468,990)	$ (22,384,000)	$ (10,693,500)	$ (14,850,000)	$ 131,894,194	$ (6,136,500)

(1) We recorded an impairment of two vessels for $4.5 million in the year ended December 31, 2009. See Management s Discussion and Analysis of Financial Condition and Results of Operations.

(2) Basic earnings per share is calculated by dividing the net income attributable to equity holders of the parent by the weighted average number of common shares outstanding assuming that the transfer of the

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vessel owning subsidiaries was effective during the period. In addition, the stock split described in Note 10 in the consolidated financial statements as of and for the year ended December 31, 2009 has been given retroactive effect for all periods presented herein. Diluted earnings per share are calculated by adjusting the net income attributable to equity holders of the parent and the weighted average number of common shares used for calculating basic earnings per share for the effects of all potentially dilutive shares. Such potentially dilutive common shares are excluded when the effect would be to increase earnings per share or reduce a loss per share.

(3) Bank loan presented at June 30, 2010 is shown gross of $2.0 million of deferred financing fees that are being amortized over the life of the loan. There were no deferred financing fees at December 31, 2008 or December 31, 2009.

(4) On November 18, 2009, the Shareholder payable and the Related party payable balances as of that date, were converted to equity as a capital contribution. See Note 11 in the consolidated financial statements as of and for the year ended December 31, 2009.

Other Operating Data

	For the years Ended December 31,				For the Six Months Ended June 30,	
	2009	2008	2007	2006	2010	2009
Average Daily Results						
Time charter equivalent per day[5]	$ 23,423	$ 29,889	$ 27,687	$ 33,165	$ 21,652	$ 24,999
Vessel operating costs per day[6]	$ 7,819	$ 7,875	$ 6,941	$ 6,449	$ 8,573	$ 8,406
TCE per revenue day pool/spot revenue	$ 21,425	$ 36,049	$ 29,848	$ 33,165	$ 17,906	$ 25,199
TCE per revenue day time charters	$ 24,825	$ 24,992	$ 24,382	$	$ 23,661	$ 24,826
Expenditures for drydock	$ 1,680,784	$	$	$ 805,845	$	$ 569,974
Fleet data[7]						
Average number of owned vessels	3.00	3.00	3.00	3.00	3.42	3.00
Average number of time chartered-in vessels	0.33	0.59				0.67

(5) Freight rates are commonly measured in the shipping industry in terms of time charter equivalent per day (or TCE per day), which represent subtracting voyage expenses, including bunkers and port charges, from vessel revenue and dividing the net amount (time charter equivalent revenues) by the number of days revenue days in the period. Revenue days are the number of days the vessel is owned less the number of days the vessel is offhire for drydock.

(6) Vessel operating costs per day represent vessel operating costs divided by the number of days the vessel is owned during the period.

(7) For a definition of items listed under Fleet Data, please see the section of this prospectus entitled Management s Discussion and Analysis of Financial Condition and Results of Operations. We do not currently have any time chartered-in vessels and do not intend to time charter-in any vessels into our fleet in the future.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following presentation of management s discussion and analysis of results of operations and financial condition should be read in conjunction with our consolidated financial statements, accompanying notes thereto and other financial information, as well as our unaudited condensed consolidated financial statements and accompanying notes appearing elsewhere in this registration statement. You should also carefully read the following discussion with Risk Factors, Forward-Looking Statements and Selected Financial and Other Data. The consolidated financial statements as of the years ended December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009 have been prepared in accordance with IFRS as issued by the IASB and the unaudited condensed consolidated financial statements as of June 30, 2010 and for the periods ended June 30, 2010 and 2009 have been prepared in accordance with IAS 34. The consolidated financial statements are presented in U.S. Dollars unless otherwise indicated. Any amounts converted from another non-U.S. currency to U.S. Dollars in this registration statement are at the rate applicable at the relevant date or the average rate during the applicable period.

OVERVIEW

We are Scorpio Tankers Inc., a company incorporated in the Republic of The Marshall Islands on July 1, 2009 by Simon Financial Limited, or Simon, which is owned by members of the Lolli-Ghetti family and manages their shipping interests. We provide seaborne transportation of crude oil and other petroleum products. On October 1, 2009, (i) Simon transferred three operating subsidiary companies to us, which owned the three vessels that comprised our fleet; consisting of the *Venice*, *Noemi* and *Senatore*, (ii) Liberty Holding Company Ltd., or Liberty, became a wholly-owned subsidiary and operating vehicle of Simon; (iii) Scorpio Owning Holding Ltd. became a wholly-owned subsidiary of Liberty; and (iv) we became a wholly-owned subsidiary of Scorpio Owning Holding Ltd. Liberty s operations include the Scorpio Group s drybulk carriers, logistics operations in Southeast Asia, ownership of an offshore floating terminal, vessel pools, chartered-in vessels and interests in joint ventures and investments.

Our founder, Chairman and Chief Executive Officer, Mr. Emanuele Lauro, is a member of the Lolli-Ghetti family, which has been involved in shipping since the early 1950s through the Italian company Navigazione Alta Italia, or NAI. The Lolli-Ghetti family owns and controls the Scorpio Group, which includes Simon, which through its subsidiaries as of November 1, 2010 indirectly controls 29.6% of our common shares; Scorpio Ship Management S.A.M., or SSM; and Scorpio Commercial Management S.A.M., or SCM; which provide us and third parties with technical and commercial management services, respectively; Liberty Holding Company Ltd., or Liberty, which provides us with administrative services; and other affiliated entities. Our President, Mr. Robert Bugbee, also has a senior management position at Scorpio Group, and was formerly the President and Chief Operating Officer of OMI Corporation, or OMI, which was a publicly traded shipping company.

On April 6, 2010, we closed on our initial public offering of 12,500,000 shares of common stock at $13.00 per share. Our stock trades on the New York Stock Exchange under the symbol STNG . After deducting underwriters' discounts and paying offering expenses, the net proceeds were approximately $149.6 million. On May 4, 2010, we closed the issuance of 450,000 additional shares of common stock at $13.00 and received $5.2 million, after deducting underwriters' discounts, when the underwriters in the Company's initial public offering partially exercised their over-allotment option.

The Company s fleet at June 30, 2010 consisted of six wholly-owned tankers, including four LR1 vessels, one post-Panamax tanker, and one Handymax which are all wholly-owned and are engaged in seaborne transportation of crude oil and refined petroleum products in the international shipping markets. The Company s vessels, as described in Note 4 of the financial statements for the six months ended June 30, 2010, are commercially managed by Scorpio Commercial Management S.A.M. (SCM) which is a subsidiary of Simon. SCM s services include securing employment, in tanker pools, in the spot market and on time charters, for the Company s vessels. Since June 30, 2010, we have acquired three additional Handymax tankers for an aggregate

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purchase price of $73.0 million, as well as a 2008-built LR2 Aframax tanker for a purchase price of $52.2 million.

We anticipate additional opportunities to expand our fleet through acquisitions of tankers, and we believe that recent downward pressure on tanker values will present attractive investment opportunities to ship operators that have the necessary capital resources. We may purchase secondhand vessels that meet our specifications or newbuilding vessels, either directly from shipyards or from the current owners with shipyard contracts. The timing of these acquisitions will depend on our ability to identify suitable vessels on attractive purchase terms.

Our historical consolidated financial statements as of the years ended December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009 and the six months ended June 30, 2009 have been prepared on a carve-out basis from the financial statements of Liberty Holding Company Ltd. These carve-out financial statements include all assets, liabilities and results of operations of our initial three vessel-owning subsidiaries, formerly subsidiaries of Liberty Holding Company Ltd for those periods. The other financial information included in this prospectus represents the aggregated financial information of the operations of our vessel-owning subsidiaries.

OUR CHARTERS

We generate revenues by charging customers for the transportation of their crude oil and other petroleum products using our vessels. Historically, these services generally have been provided under the following basic types of contractual relationships:

- *Voyage charters*, which are charters for short intervals that are priced on current, or spot, market rates; and

- *Time charters*, whereby vessels we operate and are responsible for crewing and other voyage expenses are chartered to customers for a fixed period of time at rates that are generally fixed, but may contain a variable component based on inflation, interest rates, or current market rates. The table below illustrates the primary distinctions among these types of charters and contracts:

	Voyage Charter	**Time Charter**
Typical contract length	Single voyage	One year or more
Hire rate basis(1)	Varies	Daily
Voyage expenses(2)	We pay	Customer pays
Vessel operating costs(3)	We pay	We pay
Off-hire(4)	Customer does not pay	Customer does not pay

(1) *Hire rate* refers to the basic payment from the charterer for the use of the vessel.
(2) Defined below under Glossary of Shipping Terms.
(3) Defined below under Important Financial and Operational Terms and Concepts.
(4) *Off-hire* refers to the time a vessel is not available for service due primarily to scheduled and unscheduled repairs or drydocking.

As of November 1, 2010, three of our vessels, *Venice, Senatore* and *STI Harmony*, are in the Scorpio Panamax Tanker Pool, (ii) four of our vessels, *STI Conqueror*, *STI Matador*, *STI Highlander* and *STI Gladiator*, are in the Scorpio Handymax Tanker Pool, and (iii) two of our vessels, *Noemi* and *STI Heritage*, are on time charter. As of November 1, 2010, the remaining durations of the time charter contacts for *Noemi* and *STI Heritage* were approximately 15 and two months, respectively. On November 10, 2010, we acquired the *STI Spirit* and entered it into the Scorpio Aframax Tanker pool. In September 2010, the time charter contracts for *Senatore* and *STI Harmony* expired and the vessels joined the Scorpio Panamax Tanker Pool. The time charter for the *STI Heritage* is expected to expire in January 2011, at which time it is expected to enter the Scorpio Panamax Tanker Pool. The majority of the vessels that operate in the Scorpio Panamax Tanker Pool and the Scorpio Handymax Tanker Pool operate in the spot market.

IMPORTANT FINANCIAL AND OPERATIONAL TERMS AND CONCEPTS

We use a variety of financial and operational terms and concepts. These include the following:

Vessel revenues. Vessel revenues primarily include revenues from time charters and pool revenues. Vessel revenues are affected by hire rates and the number of days a vessel operates. Vessel revenues are also affected by the mix of business between vessels on time charter and vessels in pools. Revenues from vessels in pools are more volatile, as they are typically tied to prevailing market rates.

Vessel operating costs. We are responsible for vessel operating costs, which include crewing, repairs and maintenance, insurance, stores, lube oils, communication expenses, and technical management fees. The two largest components of our vessel operating costs are crews and repairs and maintenance. Expenses for repairs and maintenance tend to fluctuate from period to period because most repairs and maintenance typically occur during periodic drydockings. Please read Drydocking below. We expect these expenses to increase as our fleet matures and to the extent that it expands.

Additionally, these costs include technical management fees charged by SSM. Historically, our fees under technical management arrangements with SSM were under management agreements with other Scorpio Group entities, which are related parties of ours. Since agreements with related parties are by definition not at arms length, the expenses incurred under these agreements may have been different than the historical costs incurred if the subsidiaries had operated as unaffiliated entities during prior periods. Our estimates of any differences between historical expenses and the expenses that may have been incurred had the subsidiaries been stand-alone entities have been disclosed in the notes to the historical combined financial statements included elsewhere in this prospectus. We have entered into a technical management agreement with SSM. Under this agreement, SSM will provide us technical services and have the ability to subcontract technical management of the ships with our approval. We will pay market-based fees for this service which we believe are customary for the tanker industry.

Drydocking. We must periodically drydock each of our vessels for inspection, repairs and maintenance and any modifications to comply with industry certification or governmental requirements. Generally, each vessel is drydocked every 30 months. We capitalize a substantial portion of the costs incurred during drydocking and amortize those costs on a straight-line basis from the completion of a drydocking to the estimated completion of the next drydocking. We immediately expense costs for routine repairs and maintenance performed during drydocking that do not improve or extend the useful lives of the assets. The number of drydockings undertaken in a given period and the nature of the work performed determine the level of drydocking expenditures.

Depreciation. Depreciation expense typically consists of:

- charges related to the depreciation of the historical cost of our fleet (less an estimated residual value) over the estimated useful lives of the vessels; and

- charges related to the amortization of drydocking expenditures over the estimated number of years to the next scheduled drydocking.

Time Charter Equivalent Rates. Time charter equivalent, or TCE, rates, are a standard industry measure of the average daily revenue performance of a vessel. The TCE rate achieved on a given voyage is expressed in U.S. dollars/day and is generally calculated by subtracting voyage expenses, including bunkers and port charges, from voyage revenue and dividing the net amount (time charter equivalent revenues) by the number of days in the period.

Revenue Days. Revenue days are the total number of calendar days our vessels were in our possession during a period, less the total number of off-hire days during the period associated with major repairs or drydockings. Consequently, revenue days represent the total number of days available for the vessel to earn revenue. Idle days, which are days when a vessel is available to earn revenue, yet is not employed, are included in revenue days. We use revenue days to show changes in net voyage revenues between periods.

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Average Number of Vessels. Historical average number of vessels consists of the average number of vessels that were in our possession during a period. We use average number of vessels primarily to highlight changes in vessel operating costs and depreciation and amortization.

Contract of Affreightment. A contract of affreightment, or COA, relates to the carriage of specific quantities of cargo with multiple voyages over the same route and over a specific period of time which usually spans a number of years. A COA does not designate the specific vessels or voyage schedules that will transport the cargo, thereby providing both the charterer and ship owner greater operating flexibility than with voyage charters alone. The charterer has the flexibility to determine the individual voyage scheduling at a future date while the ship owner may use different ships to perform these individual voyages. As a result, COAs are mostly entered into by large fleet operators such as pools or ship owners with large fleets of the same vessel type. All of the ship s operating, voyage and capital costs are borne by the ship owner while the freight rate normally is agreed on a per cargo ton basis.

Commercial Pools. To increase vessel utilization and thereby revenues, we participate in commercial pools with other shipowners of similar modern, well-maintained vessels. By operating a large number of vessels as an integrated transportation system, commercial pools offer customers greater flexibility and a higher level of service while achieving scheduling efficiencies. Pools employ experienced commercial charterers and operators who have close working relationships with customers and brokers, while technical management is performed by each shipowner. Pools negotiate charters with customers primarily in the spot market. The size and scope of these pools enable them to enhance utilization rates for pool vessels by securing backhaul voyages and COAs, thus generating higher effective TCE revenues than otherwise might be obtainable in the spot market while providing a higher level of service offerings to customers. As of June 30, 2010, one of our vessels, *the Venice*, participated in the Scorpio Panamax Tanker Pool and another, the *STI Conqueror* was commercially managed by SCM until it entered the Scorpio Handymax Tanker Pool in July 2010. The three vessels that we acquired after June 30, 2010 are also participants in the Scorpio Handymax Tanker Pool. For more information on the pool, please read Business Our Fleet Scorpio Panamax Tanker Pool Agreement and Scorpio Handymax Tanker Pool Agreement. and Our Customers.

ITEMS YOU SHOULD CONSIDER WHEN EVALUATING OUR RESULTS

You should consider the following factors when evaluating our historical financial performance and assessing our future prospects:

Our voyage revenues are affected by cyclicality in the tanker markets. The cyclical nature of the tanker industry causes significant increases or decreases in the revenue we earn from our vessels, particularly those we trade in the spot market. If we choose to pay dividends in the future, this will, from period to period, affect the cash available to pay such dividends. We intend to employ a chartering strategy to capture upside opportunities in the spot market while using fixed-rate time charters to reduce downside risks, depending on SCM s outlook for freight rates, oil tanker market conditions and global economic conditions. Historically, the tanker industry has been cyclical, experiencing volatility in profitability due to changes in the supply of, and demand for, tanker capacity. The supply of tanker capacity is influenced by the number and size of new vessels built, vessels scrapped, converted and lost, the number of vessels that are out of service, and regulations that may effectively cause early obsolescence of tonnage. The demand for tanker capacity is influenced by, among other factors:

- global and regional economic and political conditions;
- increases and decreases in production of and demand for crude oil and petroleum products;
- increases and decreases in OPEC oil production quotas;
- the distance crude oil and petroleum products need to be transported by sea; and

developments in international trade and changes in seaborne and other transportation patterns.

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Tanker rates also fluctuate based on seasonal variations in demand. Tanker markets are typically stronger in the winter months as a result of increased oil consumption in the northern hemisphere but weaker in the summer months as a result of lower oil consumption in the northern hemisphere and refinery maintenance. In addition, unpredictable weather patterns during the winter months tend to disrupt vessel scheduling. The oil price volatility resulting from these factors has historically led to increased oil trading activities in the winter months. As a result, revenues generated by our vessels have historically been weaker during the fiscal quarters ended June 30 and September 30, and stronger in the fiscal quarters ended March 31 and December 31.

Our general and administrative expenses will be affected by the commercial management, and administrative services agreements we have entered into with SCM and Liberty Holding Company Ltd., respectively, and costs we will incur from being a public company. Historically, we incurred management fees for commercial and administrative management under management agreements with other Scorpio Group entities, which are related parties. Since agreements with related parties are by definition not at arms length, the expenses incurred under these agreements may have been different than the historical costs incurred if the subsidiaries had operated as unaffiliated entities during prior periods. Our estimates of any differences between historical expenses and the expenses that may have been incurred had the subsidiaries been stand-alone entities have been disclosed in the notes to the historical combined financial statements included elsewhere in this prospectus.

Prior to the closing of our initial public offering, we entered into a commercial management agreement with SCM. We also entered into an administrative services agreement with Liberty Holding Company Ltd., or our Administrator. Under these agreements, SCM provides us with commercial services and our Administrator provides us with administrative services. We pay fees under our commercial management agreement, which are identical to what SCM charges to its pool participants, including third-party owned vessels. We reimburse our Administrator for the reasonable direct or indirect expenses it incurs in providing us with the administrative services described above. We also pay our Administrator a fee for arranging vessel purchases and sales for us equal to 1% of the gross purchase or sale price, payable upon the consummation of any such purchase or sale. We believe this 1% fee on purchases and sales is customary in the tanker industry. Our general and administrative management fees incurred prior to December 1, 2009 are estimates of the value of the general and administrative services provided by Scorpio Group affiliates to us. These fees may not have been equivalent to a market-based fee. As a result of changes to our commercial management agreements agreed upon in December 2009, we estimate that our commercial management fees in 2010 will increase by $0.5 million to $0.6 million. The new technical and administrative services agreements were negotiated at rates similar to the rates under the previous agreements and therefore we expect there will be no additional impact on the results of operations in future periods for technical and administrative management services. In addition, we continue to incur additional general and administrative expenses as a result of being a publicly traded company, including costs associated with annual reports to shareholders and SEC filings, investor relations, New York Stock Exchange fees and tax compliance expenses.

RESULTS OF OPERATIONS

The Company generates the majority of its revenue from either time charters or pools. Vessel revenue from these sources is reported as time charter equivalent revenue (TCE). When a vessel is on time charter, the customer pays us the contract revenue, and the customer is responsible for all of the voyage expenses. When a vessel is in a pool, the pool pays us the vessel s allocated earnings within the pool, which we record as revenue, and the pool is also responsible for the voyage expenses. The vessel s allocated earnings in the pool are reduced to reflect the commercial management fee charged by SCM, the pool manager. Shipowners base economic decisions regarding the deployment of their vessels upon actual and anticipated TCE rates, and industry analysts typically measure rates in terms of TCE rates. This is because under time charters the customer usually pays the voyage expenses, while under voyage charters, also known as spot market charters, the shipowner usually pays

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the voyage expenses. In the six month period ending June 30, 2010, we generated approximately $0.7 million of revenue from a voyage charter and the remainder from either time charters or pools.

The following tables separately present our operating results for the six months ended June 30, 2010 and 2009 and for the years ended December 31, 2009, 2008 and 2007.

FOR THE SIX MONTHS ENDED JUNE 30, 2010 COMPARED TO THE SIX MONTHS ENDED JUNE 30, 2009

	For the Six Months Ended June 30, 2010	2009	Change	Percentage Change
Vessel revenue	$ 13,417,728	$ 16,249,549	$ (2,831,821)	(17)%
Charterhire		(3,181,342)	3,181,342	100%
Vessel operating costs	(5,306,774)	(4,564,664)	(742,110)	(16)%
Voyage expenses	(373,409)		(373,409)	100%
Depreciation	(3,301,492)	(3,556,522)	255,030	7%
General and administrative expenses	(1,499,893)	(181,440)	(1,318,453)	(727)%
Interest expense bank loan	(696,565)	(446,394)	(250,171)	(56)%
Gain (loss) on derivative financial instruments	(279,560)	533,042	(812,602)	(152)%
Interest income	29,393	4,131	25,262	612%
Other expense, net	(424,922)	(7,680)	(417,242)	(5433)%
Net Income	1,564,506	4,848,680	(3,284,174)	(68)%

Net Income. Net Income for the six months ended June 30, 2010 was $1.6 million, a decrease of $3.3 million, or 68%, when compared to net income of $4.8 million for the six months ended June 30, 2009. The differences between the two periods are discussed below.

Vessel revenue. Revenue was $13.4 million for the six months ended June 30, 2010, a decrease of $2.8 million, or 17%, from the revenue of $16.2 million for the six months ended June 30, 2009. The following table summarizes our revenue:

	For the Six Months Ended June 30, 2010	2009	Change	Percentage Change
Owned vessels				
Time charter revenue	$ 9,278,766	$ 8,639,591	$ 639,175	7%
Pool revenue	$ 3,392,749	$ 4,585,870	(1,193,121)	(26)%
Voyage revenue	$ 746,213		746,213	100%
Time chartered-in vessels				
Pool revenue	$	$ 3,024,088	(3,024,088)	(100)%
TOTAL	$ 13,417,728	$ 16,249,549	$ (2,831,821)	(17)%

The increase in time charter revenue of $0.6 million, or 7%, was primarily the result of an increase in the number of time charter revenue days for the six months period ended June 30, 2009 and 2010 from 362 to 409 as a result of the delivery *STI Harmony* and *STI Heritage* in June 2010. *Noemi* and *Senatore* were also employed on time charters that began in 2007 for the six months ended June 30, 2010 and 2009.

The reduction of pool revenue for the owned vessel *Venice* of $1.2 million, or 26%, was due to a decrease in the spot market rates. The majority of the vessels in the Scorpio Panamax Tanker Pool operate in the spot market.

The increase in voyage revenue of $0.7 million, or 100%, is due to the *STI Conqueror*, which operated in the spot market for 30 days prior to its entry in the Scorpio Handymax Tanker Pool in July 2010.

There was no pool revenue for time chartered-in vessels for the six months ended June 30, 2010 as no vessels were time-chartered in for the period, due to the termination of a time charter-in of a vessel that was chartered in for the period of April 29, 2008 to May 1, 2009, during which time it operated in the Scorpio Panamax Tanker Pool.

Charterhire. Charterhire expense decreased $3.2 million, or 100%, for the six months ended June 30, 2010 as compared to the same period in 2009, as no vessels were time-chartered in for the period.

Vessel operating costs. Vessel operating costs of $5.3 million for the six months ended June 30, 2010 increased $0.7 million, or 16%, from $4.6 million for the six months ended June 30, 2009. The increase is due to the addition of the *STI Harmony*, *STI Heritage* and *STI Conqueror* in June 2010.

Voyage expenses. Voyage expenses increased $0.4 million, or 100%, as the *STI Conqueror* operated on voyage charter in the spot market in June 2010 prior to its entry in the Scorpio Handymax Tanker Pool in July 2010.

General and administrative expense. General and administrative expense, which includes the commercial management and administrative fees, of $1.5 million for the six months ended June 30, 2010, increased $1.3 million, or 727%, from $0.2 million for the six months ended June 30, 2009. This increase is a result of incremental costs incurred to operate as a public company. This was specifically driven by officer s salaries, directors and officers insurance and fees, legal fees, audit fees and other related expenses.

Depreciation. Depreciation expense of $3.3 million for the six months ended June 30, 2010 decreased $0.3 million, or 7%, from $3.6 million for the six months ended June 30, 2009. The decrease is a result of a change in the depreciable life of the Company s vessels from 20 to 25 years in the second quarter 2010. This change aligns the vessels with their estimated useful life and is consistent with industry standards. This change in estimate was applied prospectively and the impact on the income statement for the six months periods ended June 30, 2010 resulted in a decrease in depreciation expense and increase in net income of $0.4 million. This change in estimate will result in a decrease in depreciation expense of $0.8 million for each six month period prospectively until the 20-year anniversary date of the vessels impacted by this change.

Interest expense bank loan. Interest expense-bank loan was $0.7 million for the six months ended June 30, 2010, an increase of $0.2 million, or 48%, from $0.4 million for the six months ended June 30, 2009. The six months ended June 30, 2010 included interest expense of $0.2 million on the 2010 Credit Facility and 2005 Credit Facility in addition to $0.4 million of lender commitment fees on the undrawn portion of the Company s 2010 Credit Facility and other finance charges of $0.1 million. The six months ended June 30, 2009 included interest expense on the 2005 credit facility. Both facilities are described below under Liquidity and Capital Resources.

Gain (loss) on derivative financial instruments. Gain (loss) on derivatives from our interest rate swap, which consists of realized and unrealized gains and losses, was a realized loss of $0.3 million for the six months ended June 30, 2010. For the six months ended June 30, 2009, there was a gain on derivatives of $0.5 million, which was from a realized loss of $0.4 million offset by an unrealized gain of $0.9 million. The unrealized gains and losses reflect the adjustment of the market value of the swap (the contract rate versus the current market rate). The realized loss is the result of the settlement difference between contracted interest rates and the actual market interest rates (LIBOR). The interest rate swap, which was related to the 2005 Credit Facility, was terminated on April 9, 2010.

Interest income. Interest income was $29,393 for the six months ended June 30 2010, an increase of $25,262 or 612% from $4,131 for the six months ended June 30, 2009. The increase was a result of an increase in our cash balance during the period.

Other expense, net. Other expense, net was a loss of $424,922 for the six months ended June 30, 2010, and a net loss of $7,680 for the six months ended June 30, 2009. This increase was driven by expenses incurred for the initial public offering in April 2010.

FOR THE YEAR ENDED DECEMBER 31, 2009 COMPARED TO THE YEAR ENDED DECEMBER 31, 2008

	For the Years Ended December 31,			
	2009	2008	Change	Percentage Change
Vessel revenue	$ 27,619,041	$ 39,274,196	$ (11,655,155)	(30)%
Charterhire	(3,072,916)	(6,722,334)	3,649,418	(54)%
Vessel expenses	(8,562,118)	(8,623,318)	61,200	(1)%
General and administrative expenses	(416,908)	(600,361)	183,453	(31)%
Depreciation	(6,834,742)	(6,984,444)	149,702	(2)%
Impairment of vessels	(4,511,877)		(4,511,877)	(100)%
Interest expense bank loan	(699,115)	(1,710,907)	1,011,792	(59)%
Gain/(loss) on derivative financial instruments	148,035	(2,463,648)	2,611,683	(106)%
Interest income	4,929	35,492	(30,563)	(86)%
Other expenses, net	(256,292)	(18,752)	(237,540)	1,267%
Net income	$ 3,418,037	$ 12,185,924	$ (8,757,887)	(72)%

Net income. Net income for the year ended December 31, 2009 was $3.4 million, a decrease of $8.8 million, or 72%, when compared to net income of $12.2 million for the year ended December 31, 2008. The differences between the two periods are discussed below.

Vessel revenue. Revenue was $27.6 million for the year ended December 31, 2009, a decrease of $11.7 million, or 30%, from revenue of $39.3 million for the year ended December 31, 2008. The following table summarizes our revenue:

	For the year Ended December 31,			
	2009	2008	Change	% change
Owned vessels				
Time charter revenue	$ 17,203,709	$ 18,293,963	$ (1,090,254)	(6)%
Pool revenue	7,438,726	13,201,424	(5,762,698)	(44)%
Time chartered-in vessels				
Pool revenue	2,976,606	7,778,809	(4,802,203)	(62)%
TOTAL	$ 27,619,041	$ 39,274,196	$ (11,655,155)	(30)%

The reduction in time charter revenue of $1.1 million, or 6%, was primarily the result of *Noemi* and *Senatore* both being drydocked in 2009. *Noemi* was drydocked in August 2009 (off-hire for 23 days), which reduced revenue by $0.6 million, and *Senatore* was drydocked in May 2009 (off-hire for 14 days), which reduced revenue by $0.4 million. *Noemi* and *Senatore* were employed on time charters that began in 2007 for the years ended December 31, 2009 and 2008.

The reduction in pool revenue for the owned vessel *Venice* of $5.8 million or 44% was due to a decrease in the spot market rates. The majority of the vessels in the Scorpio Panamax Tanker Pool operate in the spot market.

The reduction of the pool revenue for time chartered-in vessels of $4.8 million, or 62%, was due to 95 less operating days in the year ended December 31, 2009 due to the termination of a time charter-in of a vessel that was chartered in for the period of April 29, 2008 to May 1, 2009 and a decrease in spot market rates, which resulted in a decrease in the pool rates.

Charterhire. Charterhire expense of $3.1 million for the year ended December 31, 2009 decreased $3.6 million, or 54%, from $6.7 million for the year ended December 31, 2008. The decrease was due to 95 less operating days in the year ended December 31, 2009 due to the termination of a time charter-in vessel in May 2009, and a reduction in the profit and loss arrangement included in the charterparty. The vessel was chartered-in by us from May 29, 2008 to May 1, 2009 at $26,750 per day plus a 50% profit and loss arrangement where we agreed to pay 50% of the vessel s earnings in the pool above the daily charterhire rate, and we would receive 50% of the vessels earnings in the pool below $26,750 per day. For the year ended December 31, 2009, we recorded a reduction in charterhire expense of $108,000 because the vessel s earnings in the pool were less than $26,750 per day. For the year ended December 31, 2008, we recorded an increase in the charterhire expense of $1.0 million because the vessel s earnings in the pool were more than $26,750 per day.

Vessel operating costs. Vessel operating costs for owned vessels for the years ended December 31, 2009 and 2008 were $8.6 million in each year; there were no significant changes in vessel operating costs from one year to another.

General and administrative expense. General and administrative expense, which includes commercial management and administrative fees, of $0.4 million for the year ended December 31, 2009, decreased $0.2 million or 31% from $0.6 million for the year ended December 31, 2008. This decrease in 2009 primarily resulted from the reduction in the administrative fees charged by our managers.

Depreciation. Depreciation and amortization expense of $6.8 million for the year ended December 31, 2009 decreased $0.2 million, or 2%, from $7.0 million for the year ended December 31, 2008. The decrease in depreciation expense was primarily due to a change in the estimated residual value due to changes in scrap rates since December 31, 2008. See discussion of this change in estimate in Note 5 to the audited consolidated financial statements for the years ended December 31, 2008 and 2009 below.

Impairment. In the year ended December 31, 2009, we recognized an impairment loss of $4.5 million for *Noemi* and *Senatore*. This impairment loss was triggered by reductions in vessel values, and represented the difference between the carrying value and recoverable amount, being fair value less cost to sell. We determined the fair value of each vessel by adding (i) the charter free market value of the vessel to (ii) the discounted value of each vessel s time charter, which is the difference between each vessel s time charter contracted rate and the market rate for a similar type of vessel with a similar contracted duration. In determining the charter free market value, we took into consideration the estimated valuations provided by an independent ship broker.

Interest expense bank loan. Interest expense-bank loan was $0.7 million for the year ended December 31, 2009, a decrease of $1.0 million, or 59%, from $1.7 million for year ended December 31, 2008. The decrease in interest expense was primarily due to a reduction in LIBOR and a decrease in the principal outstanding during the periods the 2005 Credit Facility was outstanding, which was paid in full from the proceeds of the initial public offering. The average interest rate including margin decreased to 1.70% for the year ended December 31, 2009 from 3.71% for the year ended December 31, 2008. The average principal for the year ended December 31, 2009 and 2008 was $41.6 million and $45.2 million, respectively.

Gain/(loss) on derivative financial instruments. Gain/(loss) on derivatives from our interest rate swap, which consists of realized and unrealized gains and losses, was a gain of $0.1 million for the year ended December 31, 2009; there was an unrealized gain of $1.0 million offset by a realized loss of $0.8 million. For the year ended December 31, 2008, there was a loss on derivatives of $2.5 million, which was from an unrealized loss of $2.1 million and a realized loss of $0.4 million. The unrealized gains and losses reflect the adjustment of the market value of the swap (the contract rate versus the current market rate). The realized loss is the result of the settlement difference between contracted interest rates and the actual market interest rates (LIBOR).

Interest income. Interest income was $4,929 for the year ended December 31, 2009, a decrease of $30,563, or 86%, from the $35,492 for the year ended December 31, 2008. The decrease was primarily due a reduction in interest rates for our cash deposits and reduction in the cash balance.

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Other expense, net. Other expense, net was a loss of $256,292 for the year ended December 31, 2009, and a loss of $18,752 for the year ended December 31, 2008. This change was primarily the result of sundry finance expenses and changes in foreign currency gains and losses.

FOR THE YEAR ENDED DECEMBER 31, 2008 COMPARED TO THE YEAR ENDED DECEMBER 31, 2007

	For the Year Ended December 31, 2008	For the Year Ended December 31, 2007	Change	Percentage Change
Vessel revenue	$ 39,274,196	$ 30,317,138	$ 8,957,058	30%
Charterhire	(6,722,334)		(6,722,334)	(100)%
Vessel operating costs	(8,623,318)	(7,600,508)	(1,022,810)	(13)%
Depreciation	(6,984,444)	(6,482,484)	(501,960)	(8)%
General and administrative expenses	(600,361)	(590,773)	(9,588)	(2)%
Interest expense bank loan	(1,710,907)	(1,953,344)	242,437	12%
Loss on derivative financial instruments	(2,463,648)	(1,769,166)	(694,482)	(39)%
Interest income	35,492	142,233	(106,741)	(75)%
Other expense, net	(18,752)	(9,304)	(9,448)	(102)%
Net Income	$ 12,185,924	$ 12,053,792	$ 132,132	1%

Net Income. Net Income for the year end December 31, 2008 was $12.2 million, an increase of $0.1 million or 1% when compared to net income of $12.1 million for the year ended December 31, 2007. The differences between the two years are discussed below.

Vessel revenue. Revenue was $39.3 million for the year ended December 31, 2008, an increase of $9.0 million from the revenue of $30.3 million for the year ended December 31, 2007. The following table summarizes our revenue:

	For the Years Ended December 31, 2008	For the Years Ended December 31, 2007	Change
Owned vessels:			
Time charter revenue	$ 18,293,963	$ 10,557,524	$ 7,736,439
Pool revenue	13,201,424	19,759,614	(6,558,190)
Time chartered-in vessels:			
Pool revenue	7,778,809		7,778,809
TOTAL	$ 39,274,196	$ 30,317,138	$ 8,957,058

The increase in time charter revenue of $7.7 million or 73% was the result of:

Noemi being on time charter for all of 2008 and only 344 days in 2007, an increase of $0.5 million.

Senatore being on time charter for all of 2008 and only 89 days in 2007, an increase of $7.2 million.

The reduction of pool revenue for the owned vessels of $6.6 million or 33% was due to:

Senatore operating in the pool for 276 days in 2007 and zero days in 2008, a decrease of $8.1 million.

Noemi operating in the pool for 21 days in 2007 and zero days in 2008, a decrease of $0.6 million.

The reduction in the number of days for the owned vessels in the pool (366 in 2008 and 662 in 2007) was partially offset by an increase of $2.2 million (20%) in 2008 from *Venice* s revenue from the pool. The vessel

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was in the pool for both years. The 20% increase in *Venice s* revenue was due to higher rates in the spot market. The majority of the vessels in the Scorpio Panamax Tanker Pool operated in the spot market.

The increase of the pool revenue for the time chartered in-vessel of $7.8 million was due to a vessel being time chartered-in from May 29, 2008 until May 1, 2009. The vessel operated in the Scorpio Panamax Tanker Pool.

Charterhire. Charterhire expense for the year ended December 31, 2008 was $6.7 million. There was no charterhire expense in 2007 since we did not charter in any vessels during 2007. The vessel was chartered in from May 29, 2008 to May 1, 2009. The daily rate was at $26,750 per day plus a 50% profit and loss arrangement where (i) we agreed to pay 50% of the vessel s earnings above the daily charter hire rate and (ii) we received 50% of the vessel s earnings below $26,750 per day. The profit sharing expense recorded during 2008 was $1.0 million.

Vessel operating costs. Vessel operating costs for the owned vessels of $8.6 million for the year ended December 31, 2008 increased $1.0 million, or 13%, from $7.6 million for the year ended December 31, 2007. The increase was primarily due to higher crew expenses, which included higher salaries and training expenses, and higher stores (e.g. lube oils).

General and administrative expenses. General and administrative expenses of $0.6 million for the year ended December 31, 2008 was similar to the expense for the year ended December 31, 2007.

Depreciation. Depreciation and amortization expense of $7.0 million for the year ended December 31, 2008 increased $0.5 million or 8% from $6.5 million for the year ended December 31, 2007. The increase in depreciation expense was primarily due to a change in the estimated residual value due to changes in scrap rates in the period. See discussion of this change in estimate in Note 5 to the audited consolidated financial statements included elsewhere in this annual report.

Interest expense bank loan. Interest expense-bank loan was $1.7 million for year ended December 31, 2008, a decrease of $0.25 million or 12% from $1.95 million for the year ended December 31, 2007. The decrease in interest expense was primarily due to a reduction in LIBOR and a decrease in the outstanding principal. The average interest rate including margin decreased to 3.71% for the year ended December 31, 2008 from 6.05% for the year ended December 31, 2007. The average principal outstanding for the years ended December 31, 2008 and 2007 was $45.2 million and $48.8 million, respectively.

Loss on derivative financial instruments. Loss on derivatives from our interest rate swap, which consists of realized and unrealized losses, was a loss of $2.5 million for the year ended December 31, 2008; there was an unrealized loss of $2.1 million and a realized loss of $0.4 million. For the year ended December 31, 2007, there was a loss on derivatives of $1.8 million, which was from an unrealized loss of $1.3 million and a realized loss of $0.5 million. The unrealized gains and losses reflect the adjustment of the market value of the swap (the contract rate versus the current market rate). The realized loss is the result of the settlement difference between contracted interest rates and the actual market interest rates (LIBOR).

Interest income. Interest income was $35,492 for the year ended December 31, 2008, a decrease of $106,741 or 75% from $142,233 for the year ended December 31, 2007. The decrease was primarily due a reduction in interest rates for our cash deposits.

Other expense, net. Other expense net, was a loss of $18,752 and $9,304 for the years ended December 31, 2008 and 2007, respectively. The increase in the loss of $9,448 or 102% was primarily due to a change in foreign currency losses.

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LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our primary source of funds for our short-term and long-term liquidity needs will be the cash flows generated from our vessel operations, along with borrowings under our 2010 Credit Facility. Time charters provide contracted revenue that reduces the volatility (rates can fluctuate within months) and seasonality (rates are generally stronger in first and fourth quarters of the year) from vessels that operate in the spot market. As of June 30, 2010, the *Venice* operates in the Scorpio Panamax Tanker Pool and the *STI Conqueror* operate in the Scorpio Handymax Tanker Pool. The pools reduce volatility because (i) they aggregate the revenues and expenses of all pool participants and distribute net earnings to the participants based on an agreed upon formula and (ii) some of the vessels in the pools are on time charter. We believe these cash flows from operations will be sufficient to meet our existing liquidity needs for the next 12 months.

As of June 30, 2010, our cash balance was $12.1 million, which is an increase from our cash balance of $0.4 million as of December 31, 2009. This increase was due to the net proceeds of $154.8 million received from our initial public offering in April and May 2010, proceeds of $19.0 million from borrowings under the 2010 Credit Facility, and cash flows from operations of $6.3 million. These inflows were offset by the bank loan repayment on the 2005 Credit Facility of $39.8 million, three vessel purchases of $116.8 million in June 2010, the purchase of existing time charter contracts on two of the acquired vessels for $2.3 million, payment of financing fees in connection with the 2010 Credit Facility of $2.1 million and deposits on three additional vessels of $7.3 million.

Our long-term liquidity needs are comprised of our debt repayment obligations for drawdowns from our 2010 Credit Facility, and future drydock expenses. As of June 30, 2010, the outstanding balance on this loan was $19.0 million with $2.1 million due within the next 12 months. The loan was drawn down in June 2010, matures in June 2015, and is secured by the *Senatore*.

As of November 3, 2010, $148.6 million was drawn under this facility to finance the vessels purchased in July and August 2010 as well as the vessel scheduled to be purchased in November 2010, and we were in compliance with all of our financial covenants as of this date.

Our credit facility requires us to comply with a number of covenants, including financial covenants related to liquidity, consolidated net worth, and collateral maintenance; delivery of quarterly and annual financial statements and annual projections; maintaining adequate insurances; compliance with laws (including environmental); compliance with ERISA; maintenance of flag and class of the initial vessels; restrictions on consolidations, mergers or sales of assets; prohibitions on changes in the manager of the Company s initial vessels; limitations on liens; limitations on additional indebtedness; prohibitions on paying dividends if a covenant breach or an event of default has occurred or would occur as a result of payment of a dividend; prohibitions on transactions with affiliates; and other customary covenants.

We plan on using the net proceeds from this offering, after assessing any working capital and other general corporate expense needs, to purchase vessels that meet our strategic goals, and we may also use debt facilities to finance any purchase of vessels. Since we operate in a capital intensive industry, we will be limited in our ability to purchase vessels if we are not able to issue equity or use debt financing.

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Cash Flows

The table below summarizes our sources and uses of cash for the periods presented:

	For the Year Ended December 31, 2009	2008	2007	For the Six Months Ended June 30, 2010	2009
Cash Flow Data					
Net cash provided by/(used by):					
Operating activities	$ 9,305,851	$ 24,837,892	$ 5,830,733	$ 6,256,926	$ 3,390,303
Investing activities	$	$	$	$ (126,480,000)	$
Financing activities	$ (12,468,990)	$ (22,384,000)	$ (10,693,500)	$ 131,894,194	$ (6,136,500)

For the Six Months Ended June 30, 2010 Compared to the Six Months Ended June 30, 2009

Cash provided by operating activities

Net cash provided by operating activities was $6.3 million for the six months ended June 30, 2010, which was an increase of $2.9 million from the six months ended June 30, 2009. The increase was primarily attributable to (i) an increase in time charter and voyage revenue ($1.4 million), (ii) a decrease in charter hire expense ($3.2 million), (iii) changes in the value of derivatives ($1.1 million), (iv) a reduction in drydock expenses ($0.4 million) and (v) an increase in receipts from shareholders ($7.4 million). These increases were partially offset by (i) lower revenues from vessels in the pool ($4.2 million), (ii) an increase in vessel operating costs and voyage expenses ($1.1 million), (iii) an increase in general and administrative expenses ($1.3 million), (iv) an increase in interest and other expenses ($0.6 million), (v) a net decrease in other assets and liabilities ($1.2 million) and (vi) a payment for the termination of the interest rate swap agreement ($1.9 million).

Cash used by investing activities

Cash used by investing activities was $126.5 million for the six months ended June 30, 2010; no cash was used for investing activities in the six months ended June 30, 2009. This increase is attributable to the purchase of three additional product tanker vessels on June 9, 2010. Two of the tankers, *STI Harmony* and *STI Heritage,* are LR1 ice class 1A sister ships and were acquired for an aggregate price of $92.9 million (including a 1% commission paid to Liberty, a related party administrator), which includes an estimated $2.3 million related to the value of the existing time charter contracts. The third vessel delivered was *STI Conqueror*, which is a Handymax ice class 1B ship, and was acquired for $26.3 million (including a 1% commission paid to Liberty, a related party administrator). The increase is also attributable to payments of $7.3 million for deposits on the *STI Matador*, *STI Gladiator* and *STI Highlander*. These vessels were delivered in July and August 2010.

Cash used by financing activities

Cash provided by financing activities was $131.9 million for the six months ended June 30, 2010, compared to the cash used for financing activities for the six months ended June 30, 2009 of $6.1 million. This increase was primarily due to the proceeds of the initial public offering ($154.8 million), proceeds from borrowings under the 2010 Credit Facility ($19.0 million) offset by the repayment of the 2005 Credit Facility ($39.8 million) in the six months ended June 30, 2010 and payment of deferred financing fees under the 2010 Credit Facility ($2.1 million). Cash used in financing activities for the six months ended June 30, 2009 was attributable to dividends paid ($4.3 million) and bank loan repayments ($1.8 million).

For the Year Ended December 31, 2009 Compared to the Year Ended December 31, 2008

Cash provided by operating activities

Net cash provided by operating activities was $9.3 million for the year ended December 31, 2009, which was a decrease of $15.5 million from the year ended December 31, 2008. The primary reasons for the decrease

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were (i) lower revenues from the vessels in the pool ($10.6 million), (ii) 37 off-hire days for two of the vessels that were in drydock during 2009 ($1.0 million); changes in the shareholder receivable and payable ($7.7 million) and (iii) drydock payments for two of our vessels that were performed in 2009 ($1.6 million). These reductions were partially offset by (i) a decrease in the charterhire expense ($3.6 million), and (ii) changes in other assets and liabilities ($1.8 million).

Cash used by investing activities

There was no cash used in investing activities for either of the periods.

Cash used by financing activities

Cash used by financing activities was $12.5 million for the year ended December 31, 2009, which was $9.9 million less than the cash used for the year ended December 31, 2008. This decrease was due to a reduction in dividends paid of $10.1 million ($8.7 million for the year ended December 31, 2009 and $18.8 million in the year ended December 31, 2008). During the years ended December 31, 2009 and 2008, we made scheduled principal payments on our debt of $3.6 million.

For the Year Ended December 31, 2008 Compared to the Year Ended December 31, 2007

Cash provided by operating activities

Net cash provided by operating activities was $24.8 million for the year ended December 31, 2008, which was an increase of $19.0 million from the year ended December 31, 2007. Changes in operating cash flows before movements in working capital resulted in a net positive variance compared to 2007 of $1.4 million. The remaining changes in operating cash flows were due to changes in assets and liabilities. The primary reasons for the increase were (i) a decrease in cash payments of $8.4 million to a related party ($8.4 million was paid in 2007 and none in 2008), (ii) an increase in net cash from the shareholder of $10.8 million (a net payment of $8.2 million was made in 2007 and a net receipt of $2.6 million in 2008); (iii) a decrease in receipts of accounts receivable of $2.0 million due to collection of receivables; and (iv) an increase in changes in other assets and liabilities of $0.3 million.

Cash used by investing activities

There was no cash used in investing activities for either of the periods.

Cash used by financing activities

Cash used by financing activities was $22.4 million for the year ended December 31, 2008, which was an increase of $11.7 million from the cash used by financing activities for the year ended December 31, 2007. This change was due to an increase of $11.7 million in dividends paid ($18.8 million for the year ended December 31, 2008 and $7.1 million for the year ended December 31, 2007). During the years ended December 31, 2008 and 2007, we made scheduled principal payments on our debt of $3.6 million.

Long-Term Debt Obligations and Credit Arrangements

2005 Credit Facility

Two of our wholly-owned subsidiaries, Senatore Shipping Company Limited and Noemi Shipping Company Limited, were joint and several borrowers under a loan agreement dated May 17, 2005, or the 2005 Credit Facility, entered into with The Royal Bank of Scotland plc, as lender, which was secured by, among other things, a first preferred mortgage over each of *Senatore* and *Noemi*. This facility was fully repaid in April 2010 using $38.9 million of the proceeds of the initial public offering. An interest rate swap, which was related to this facility, was terminated with a payment of $1.9 million at the time this facility was repaid.

2010 Credit Facility

On June 2, 2010, we entered into a credit facility with Nordea Bank Finland plc, acting through its New York branch, DnB NOR Bank ASA, and Fortis Bank (Nederland) N.V., or the lead arrangers, for a senior secured term loan facility of up to $150 million. Borrowings under the credit facility are available until the earlier of December 2, 2011 or full draw down, which has occurred, and bear interest at LIBOR plus an applicable margin of 3.00% per annum when our debt to capitalization (total debt plus equity) ratio is equal to or less than 50% and 3.50% per annum when our debt to capitalization ratio is greater than 50%. Our current debt to capitalization ratio is less than 50%. A commitment fee equal to 40% of the applicable margin is payable on the unused daily portion of the credit facility. The credit facility matures on May 15, 2015 and can only be used to finance the cost of future vessel acquisitions, which vessels would be the collateral for the credit facility.

Borrowings for each vessel financed under the credit facility, represent a separate tranche, with repayment terms dependent on the age of the vessel at acquisition. Each tranche under the new credit facility is repayable in equal quarterly installments, with a lump sum payment at maturity, based on a full repayment of such tranche when the vessel to which it relates is fifteen years of age. Our subsidiaries, which may at any time own one or more of our initial vessels, act as guarantors under the credit facility. As of June 30, 2010, we have drawn down $19.0 million under our credit facility. As of November 3, 2010, $148.6 million was drawn under this facility.

The credit facility requires us to comply with a number of covenants, including financial covenants; delivery of quarterly and annual financial statements and annual projections; maintaining adequate insurances; compliance with laws (including environmental); compliance with ERISA; maintenance of flag and class of the initial vessels; restrictions on consolidations, mergers or sales of assets; prohibitions on changes in the Manager of our initial vessels; limitations on liens; limitations on additional indebtedness; prohibitions on paying dividends if a covenant breach or an event of default has occurred or would occur as a result of payment of a dividend; prohibitions on transactions with affiliates; and other customary covenants.

The financial covenants include:

- The ratio of debt to capitalization shall be no greater than 0.60 to 1.00.

- Consolidated tangible net worth shall be no less than US$ 150,000,000 plus 25% of cumulative positive net income (on a consolidated basis) for each fiscal quarter from July 1, 2010 going forward and 75% of the value of any new equity issues from July 1, 2010 going forward.

- The ratio of EBITDA to actual interest expense shall be no less than 2.50 to 1.00 commencing with the fifth fiscal quarter following the closing of the credit facility. Such ratio shall be calculated quarterly on a trailing quarter basis from and including the fifth fiscal quarter however for the ninth fiscal quarter and periods thereafter the ratio shall be calculated on a trailing four quarter basis.

- Unrestricted cash and cash equivalents including amounts on deposit with the lead arrangers for the first five fiscal quarters following the closing of the credit facility shall at all times be no less than the higher of (i) US$ 2,000,000 per vessel or (ii) US$ 10,000,000 and thereafter unrestricted cash and cash equivalents shall at all times be no less than the higher of (i) US$ 1,000,000 per vessel or (ii) US$ 10,000,000.

- The aggregate fair market value of the collateral vessels shall at all times be no less than 150% of the then aggregate outstanding principal amount of loans under the credit facility.

New Credit Facility

On November 5, 2010, we entered into a committed term sheet with DVB Bank SE for a senior secured term loan facility for the lower of $28.6 million or 55% of the charter free fair market value of the *STI Spirit*, which was acquired on November 10, 2010. We expect to enter into the credit facility after the closing of this offering. Our entry into the credit facility will be subject to our completion of customary conditions and documentation, including payment of an upfront fee and DVB s satisfaction with the completion of business, legal, environmental, tax, financial, accounting and customer call due diligence.

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Under the terms of the committed term sheet, the credit facility would have a maturity date of seven years after the drawdown date, and the loan would bear interest at LIBOR plus a margin of 2.75% per annum. A commitment fee equal to 1.50% per annum is calculated on the undrawn loan from the date on which definitive documentation for the facility is executed. The credit facility may only be used to finance the *STI Spirit*. The loan will be repaid over 28 equal quarterly installments and a lump sum payment at maturity. The quarterly installments, which commence three months after the drawdown, are calculated using an 18 year amortization profile. Our subsidiary, STI Spirit Shipping Company Limited, which owns the vessel, is the borrower and Scorpio Tankers Inc. is the guarantor. The new credit facility will be available for borrowing from the date on which definitive documentation for the facility is executed.

The credit facility will require us to comply with a number of covenants, including financial covenants; delivery of quarterly and annual financial statements and annual projections; maintaining adequate insurances; compliance with laws (including environmental); compliance with ERISA; maintenance of flag and class of the initial vessels; restrictions on consolidations, mergers or sales of assets; prohibitions on changes in the Manager of our initial vessels; limitations on liens; limitations on additional indebtedness; prohibitions on paying dividends if a covenant breach or an event of default has occurred or would occur as a result of payment of a dividend; prohibitions on transactions with affiliates; and other customary covenants.

The financial covenants which pertain to Scorpio Tankers Inc. include:

- The ratio of debt to capitalization shall be no greater than 0.60 to 1.00.

- Consolidated tangible net worth shall be no less than US$ 150,000,000 plus 25% of cumulative positive net income (on a consolidated basis) for each fiscal quarter.

- The ratio of EBITDA to actual interest expense shall be no less than 2.50 to 1.00 commencing with the third fiscal quarter of 2011. Such ratio shall be calculated quarterly on a trailing quarterly basis from and including the third fiscal quarter of 2011 until the third fiscal quarter of 2012 when the ratio shall be calculated on a trailing four quarter basis.

- Unrestricted cash and cash equivalents shall be no less than the higher of (i) US$ 500,000 per vessel at all times or (ii) US$ 10,000,000 during the earlier of the first five fiscal quarters after the first drawdown date or the third fiscal quarter of 2011.

- The aggregate fair market value of the collateral vessels shall at all times be no less than (i) 140% of the then outstanding loan balance if the vessel is operating in a pool or in the spot market or (ii) 130% of the then outstanding loan if the vessel is on time charter with a duration of at least one year.

CAPITAL EXPENDITURES

Drydock

The *Noemi* and *Senatore* were drydocked in 2009 for an aggregate cost of $1.6 million and 37 off-hire days, and *Venice* received an underwater survey in 2009. These vessels are not scheduled to be drydocked until 2011 and 2012. The *STI Heritage* and *STI Conqueror* were drydocked in the third quarter of 2010. The aggregated estimated drydock costs for the two vessels were $0.8 million. The aggregate offhire for both vessels was 24 days.

As our fleet matures and expands, our drydock expenses will likely increase. Ongoing costs for compliance with environmental regulations and society classification survey costs are a component of our vessel operating costs. We are not currently aware of any regulatory changes or environmental liabilities that we anticipate will have a material impact on our results of operations or financial condition.

Dividends

We do not have immediate plans to pay dividends, but we will continue to assess our dividend policy. In the future, our board of directors may determine it is in the best interest of the Company to pay dividends.

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Share Buy-Back

On July 9, 2010, the Board of Directors authorized a share buy-back program of $20 million. As of November 3, 2010, the Company has repurchased 244,146 of its shares at an average price per share of $10.85.

CONTRACTUAL OBLIGATIONS

The following table sets forth our total contractual obligations at December 31, 2009 (1):