

SEABIRD EXPLORATION PLC

Annual General Meeting of 10 August 2018 Report of the Board of Directors relating to the exclusion of Pre-emption rights

Terms used herein shall have the same meaning as used in the Calling Notice for the Annual General Meeting, unless otherwise defined herein.

1. Purpose of the Report

This report has been prepared and is being submitted by the Board of Directors of SeaBird Exploration Plc (the **"Company"**), pursuant to the provisions of section 60B of the Cyprus Companies' Law, Cap. 13, as amended (the **"Law"**), in order to support the proposal for the approval by the shareholders, at the annual general meeting to be held on 10 August 2018, at 11.00 a.m. (the **"AGM"**), of an exclusion of pre-emption rights, in connection with the proposed authorization to issue up to 14,755,044,855 additional ordinary shares ("the New Shares"), which will be 1,475,504,485 shares after the Consolidation.

The approval being sought, if granted, will remain in force until the Annual General Meeting in 2019.

2. Purpose and justification for the proposal

2.1 The Board of Directors proposes and is considering the following two possible methods of raising funds through the issue of further equity:

- (a) Offering of further shares to existing shareholders.
- (b) Offering of further shares to other investors.

2.2 The fundamental purpose for providing the Board of Directors with the authority to issue shares is to enable the Company, acting through its Board of Directors to utilize opportunities that arise in the marketplace, as they arise. This could take place in the form of mergers and acquisitions, refinancing, purchase of assets etc., in addition to incentivizing management and similar. An exclusion of the pre-emption rights of the existing shareholders would provide the Board of Directors with the required flexibility and the ability to use any of the above-mentioned methods of raising funds, in addition to the ability to act quickly when circumstances dictate that this is in the interests of the Company. It is therefore in the interest of all shareholders and other stakeholders, considering all options available to the company, to provide the directors the flexibility needed to act promptly and to be instantly responsive towards the opportunities that might arise.

Not excluding pre-emption rights would impact the process of attracting funds needed by the Company quickly for a prominent investment. The Board of Directors considers, under the current circumstances that, while due consideration to the interests of all shareholders and other stakeholders will be taken into account when determining the structure of a potential equity raise, it would neither be prudent nor in the interest of the shareholders to disregard any opportunity that might arise.

3. Issue Price

As a formal matter, the nominal value of any share would be the minimum price at which a new share may be issued. In practice, the issue price in any equity transaction in the Company, regardless of structure, will be based on negotiations with the relevant investors and/or guarantors. Such negotiations will ordinarily be taking their basis in the listed price of the shares

of the Company on the marketplace at the relevant time, and factoring in other relevant factors. The Board of Directors considers that the fixing of the price for the issue of any shares through concrete negotiations with a broad number of relevant prospective investors or guarantors based on the market price of the Company's shares is the most reasonable and realistic method of fixing said price, as this is the price at which any prospective investor would likely be willing to buy. The Company is seeking to achieve the best price achievable for any new shares to be offered under any structure, under the prevailing market conditions.

Heidar Engebret
Chairman
On behalf of the Board of Directors