

## PROPOSAL FOR RE-DOMICILIATION OF SEABIRD EXPLORATION LIMITED FROM BRITISH VIRGIN ISLANDS TO THE REPUBLIC OF CYPRUS

### 1. INTRODUCTION

The Board of Directors in Seabird Exploration Ltd (the "**Company**") has in board-meeting 30 March 2009 resolved to put forward a proposal for re-domiciliation of the Company to the annual general meeting, which is to be held 14 May 2009.

### 2. REASONS FOR RE-DOMICILIATION

Seabird is a provider of marine 2D and 3D seismic data, solutions for seabed acquisition of 4C/4D multimode seismic and associated products and services to the oil and gas industry. Seabird owns five vessels for this purpose, and charters four vessels either through bareboat agreements or on operational leases.

The parent company, Seabird Exploration limited is a limited liability company incorporated in British Virgin Islands ("**BVI**"). The Seabird-group does, however, have operating offices in Cyprus, Dubai and United Arab Emirates, and representative offices in Oslo, Trondheim, Houston, Singapore and St. Petersburg. The business of the Company, and the customer-base, is global.

The Board of Directors of the Company has for some time assessed the possibilities for a re-domiciliation of the parent company and selected subsidiaries of the Company. Key criterias for a potential re-domiciliation has been to find a jurisdiction which provides a predictable legislative regime and nearness to key business partners (both industrial and financial). Even though the Company up until now has found the legal regime on BVI favourable, the Board of Directors has also found it favourable to move the Company to a jurisdiction of which legal requirements and formal procedures are more transparent.

The Board of Directors has, after due enquiries and with assistance from professional advisors, found the jurisdiction of Cyprus to be the most favourable for a re-domiciliation. Cyprus has for a number of years provided an attractive legislative regime for the maritime industry, and thus more advantageous in terms of competition, and it has a predictable policy in this respect. The Board of Directors have also emphasized that Cyprus is a member of the European Union and the internal market.

Considering that the Company's shares have been listed on Oslo Stock Exchange since 2006, the Company already has to comply with the financial markets regulations of the European Union and International Financial Reporting Standards (IFRS). Re-domiciliation to Cyprus will therefore not result in new requirements in relation to compliance.

The Board of Directors is on this basis of the opinion that a re-domiciliation to Cyprus will be a correct strategic decision to the benefit of both the Company and the shareholders.

### 3. LEGAL CORPORATE CONSEQUENCES

Both BVI law and Cyprus law recognizes the institute of re-domiciliation, by which a company may move its registered head office to a new jurisdiction with continuity of the legal entity.

The requirements relating to a company's Memorandum of Association ("**MoA**") and Articles of Association ("**AoA**") are, however, not identical in the two jurisdictions. Re-domiciliation is therefore conditional upon amendment of the current MoA and AoA in order to fulfil the requirements of Cyprus law.

The Board of Directors have, with assistance from Cyprus lawyers, carefully reviewed the current MoA and AoA in order to do the fewest possible amendments necessary to be compliant with Cyprus law.

Proposal for amendments of both MoA and AoA is put forward to the annual general meeting as a separate item on the agenda. Documents have been prepared in English version to the benefit of the shareholders. It should however be noted that the official MoA and AoA after re-domiciliation will have to be in the Greek language to comply with Cyprus law.

The board of directors should therefore be entitled to facilitate translation of the MoA and AoA to Greek language if resolved by the general meeting, and should also be entitled to such other amendments required as a result of Cyprus law, provided that such amendments are not substantial in relation to shareholder rights or continuing listing of the Company's shares on Oslo Stock Exchange.

#### **4. EFFECTS FOR SHAREHOLDERS**

The Company currently has shares issued of no par value under BVI law. All shares are, in the shareholder register, held by DnBNOR Verdipapirservice ASA as registrar and issuer of depository rights to the shares. The depository rights are listed on Oslo Stock Exchange. The owners of the depository rights hold all organisational and financial rights relating to the shares, but the rights are exercised through the registrar.

As a result of the re-domiciliation to Cyprus, each share will receive a par value of 0,01 usd. The number of issued shares will remain the same, and the agreement with DnBNOR Verdipapirservice ASA as registrar will be maintained. The Company's issued securities (listed and unlisted) will receive new International Securities Identification Numbers (ISIN), but the organisational and financial rights of the owners of such securities are neither increased or decreased.

To be registered as a public limited liability company in Cyprus, it is a requirement that the shareholder registered maintained in Cyprus consists of at least 7 individual shareholders. To comply with this requirement, 6 of the current shares will be transferred to individual persons and directly registered at Cyprus. All remaining shares will continue to be registered on the registrar.

Apart from the above, the re-domiciliation does not lead to any changes in the Company's capital and ownership. The shareholders keep their proprietary rights in the same proportion as before the transfer.

#### **5. OTHER LEGAL CONSEQUENCES**

The Board of Directors has, with professional assistance, assessed potential other legal consequences of a re-domiciliation.

The Board of Directors confirms, to the best of our knowledge, that re-domiciliation will have no effect on contractual relationships with third parties, continued listing on Oslo Stock Exchange or other detrimental consequences.

Completion of the re-domiciliation will, however, be made conditional of any such negative legal consequences.

#### **6. FINANCIAL CONSEQUENCES**

The re-domiciliation will incur certain costs in relation to advisory services and fees. The Board of Directors does, however, consider a re-domiciliation as proposed as cost-effective in long terms.

The re-domiciliation is not considered to be a realisation of assets in relation to taxes.

#### **7. CORPORATE RESOLUTIONS**

Pursuant to the current MoA and AoA of the Company, re-domiciliation may be resolved by unanimous decision by the Board of Directors or by resolution with simple majority in a general meeting.

The entire Board of Directors supports the proposal for re-domiciliation to Cyprus. Due to the importance of the decision, and in accordance with principles of good corporate governance, the Board of Directors has however decided to put a proposal for such resolution forward to the general meeting for approval.

#### **8. CONDITIONS FOR RE-DOMICILIATION**

Completion of the re-domiciliation is conditional upon all legal requirements being met, and that no material adverse change in relation to legal or financial consequences occurs or is considered likely to occur as a result of the transfer.