

Date: February 7, 2018

To: The shareholders of C.O. Cyprus Opportunity – Energy Public Company Limited (the "Company")

**Written Report of the Board of Directors of the Company**

With respect to a resolution standing before you with respect to a waiver of pre-emptive rights, as set forth in Articles 6-10 of the Company's Articles of Association, the directors of the Company have agreed and offered to limit the waiver to the following terms:

Issue price: the price per share will be determined by the terms of a private placement. The minimum price per share is 0.01 Euro Cents per share.

Period of issuance: the last date for applying to the private placement is April 30 2018 at 12:00 p.m.

The reasons for the proposal to restrict or exclude the pre-emption rights of the holders justifying the proposed issue price for the shares:

1. The Company is in need of proceeds for:
  - a. To invest in oil and gas assets in North Dakota USA and / or Hatrurim License. In the event of failure to meet its investment commitment, the Company may lose its rights in the aforementioned assets.
  - b. Standard operations – payment to employees and service providers.
  - c. Payment of debts.
  - d. Fulfilling its obligations towards the appropriate authorities with respect to any right in license(s) it may have.
  - e. Planning, structuring and performing work programs for licenses.
2. The oil and gas industry is based on substantial competition and immediate opportunities and characterized in needs for large amounts of funds for the fulfillment of professional and legal obligations, and subject to work programs in the license area and contractual obligations.
3. The requirement of exploiting immediate opportunities leads to the assumption that the Company may be required to finalize an investment transaction within a limited period of time, which will not enable it to approach all of its shareholders and provide the time for exercising their pre-emptive rights.
4. The Company believes that such transaction is for the benefit of the Company and essential for continuing its operations.

The proposed maximum number shares for allotment is up to 100,000,000 Ordinary Shares will potentially result to a maximum dilution to existing shareholders of 52.65%.

The Directors shall (subject to their being authorized to allot shares in accordance with Article 7 of the Articles of Association) be empowered to allot shares for cash as if the right of pre-emption contained in Article 8 of the Articles of Association and section 60B of the Companies Law, Cap. 113 did not apply to such allotment, provided that such power shall be limited to the allotment of shares having, in the case of shares, a nominal amount or, in the case of other shares, giving the right to subscribe for or convert into shares having a nominal amount not exceeding in aggregate the nominal amount specified above.

This proposal is subject to a Resolution of a general meeting of the Company taken by a two – thirds majority of the votes, corresponding to the represented issued share capital. In case where at least half of the issued capital is present or represented at the general meeting, a simple majority (i.e. 50% of the votes plus one vote of the holders present or represented by proxy at the general meeting) shall be

sufficient. A certified true copy of such Resolution shall be filed with the Registrar of Companies in Cyprus for the purpose of its publication in accordance with section 365A of the Companies Law, Cap. 113.

