

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company:

North Sea Energy Inc. (the “**Issuer**”)
36 Toronto Street
Suite 1170
Toronto, Ontario
M5C 2C5

Item 2. Date of Material Change:

November 22, 2012

Item 3. News Release:

A press release disclosing the material change and attached hereto as Schedule “A” was disseminated by the Issuer on November 22, 2012, and subsequently filed on SEDAR.

Item 4. Summary of Material Change:

The Issuer announced that it has closed the first tranche of a non-brokered private placement (the “**Private Placement**”) of unsecured convertible debentures (the “**Debentures**”) with an interest rate of 7.75%, payable semi-annually for a term of five years from the issue date for gross proceeds of \$3,800,000.

Item 5. Full Description of Material Change:

The Issuer announced that it has closed the first tranche of a non-brokered Private Placement of Debentures for aggregate gross proceeds of \$3,800,000. The subscription price per Debenture is \$1,000. Interest on the Debentures is 7.75%, payable semi-annually, for a term of five years from the issue date. The Debentures are convertible into common shares in the capital of the Issuer (the “**Common Shares**”) at the holder’s option at any time after four months from the date of issuance at a price of \$0.45 per Common Share (the “**Conversion Price**”) and upon 20 business days’ notice to the Issuer. The Issuer may elect to convert the Debentures on each anniversary date of the date of issuance of the Debentures at the Conversion Price. The Issuer shall have the right, at any time after December 1, 2015, to repay all or a portion of the Debentures without the consent of the holders, subject to the right of the holders to convert prior to such prepayment. The Debentures will be subject to a hold period expiring on March 23, 2013.

The Issuer will pay a finder’s fee equal to 5% of the gross proceeds of the Private Placement.

If there is additional interest, a second and final tranche of the private placement will close on or before December 17, 2012 (or there about) for additional gross proceeds of up to \$6,200,000 principal amount of Debentures offered on the same terms and conditions as the Private Placement.

The proceeds of the Private Placement will be used to fund the Issuer’s exploration and development program in the North Sea and for general working capital purposes.

The Private Placement is subject to approval by the TSX Venture Exchange and any other applicable securities legislation.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102:

This material change report is not being filed on a confidential basis.

Item 7. Omitted Information:

No information has been omitted from this material change report.

Item 8. Executive Officer:

The following executive officer of the Issuer is knowledgeable about the material change and the report:

Craig Anderson, President and Chief Executive Officer

Telephone: 416-366-4700

Facsimile: 416-366-4706

Item 9. Date of Report:

November 27, 2012

SCHEDULE “A”

Please see attached.



NORTH SEA ENERGY INC.

North Sea Energy Announces Closing of Convertible Debenture Financing

For Immediate Release

Toronto, Ontario – November 22, 2012 – North Sea Energy Inc. (“**NSE**” or the “**Company**”) (TSXV: NUK) is pleased to announce that it has closed the first tranche of a non-brokered private placement (the “**Private Placement**”) of unsecured convertible debentures (the “**Debentures**”) for gross proceeds of \$3,800,000. If there is additional interest, a second and final tranche of the private placement will close on or before December 17, 2012 (or there about) for gross proceeds up to \$10,000,000.

The subscription price per Debenture is \$1,000. Interest on the Debentures is 7.75%, payable semi-annually, for a term of five years from the issue date. The Debentures are convertible into common shares of the Company (the “**Common Shares**”) at the holder’s option at any time after four months from the date of issuance at a price of \$0.45 per Common Share (the “**Conversion Price**”) and upon 20 business days’ notice to the Company. The Company may elect to convert the Debentures on each anniversary date of the date of issuance of the Debentures at the Conversion Price. The Company shall have the right at any time after December 1, 2015 to repay all or a portion of the Debentures without the consent of the holders, subject to the right of the holders to convert prior to such prepayment. The Debentures will be subject to a hold period expiring on March 23, 2013.

The Company will pay a finder’s fee equal to 5% of the gross proceeds of the Private Placement.

The proceeds of the Private Placement will be used to fund the Company’s exploration and development program in the North Sea and for general working capital purposes.

The Private Placement is subject to final approval by the TSX Venture Exchange and any other applicable securities legislation.

About North Sea Energy Inc.

NSE is a UK-focused oil and gas exploration and production (“**E&P**”) company listed on the TSX Venture Exchange. NSE is producing light oil from the Jacky field, located in the Inner Moray Firth off the Scottish coast and has acquired an interest in twelve blocks in the North Sea.

For further information please contact:

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Craig Anderson, President and Chief Executive Officer
(416) 366-4700
canderson@northseaenergy.ca

Auburn Partners Inc.
Shanda Kilborn & Wesleigh Harkness

Forward-looking statements

Except for statements of historical fact, this news release contains certain “forward-looking information” within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words, or statements that certain events or conditions “may” or “will” occur. In particular, forward-looking information in this press release includes, but is not limited to, statements with respect to timing and completion of the Private Placement (including receipt of TSX-V approval), oil reserves and future revenues. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: general economic conditions in Canada, the United States, UK and globally; industry conditions, including fluctuations in the prices of oil and natural gas; governmental regulation of the oil and gas industry, including environmental regulation; unanticipated operating events or performance which can reduce production or cause production to be shut in or delayed; failure to obtain industry partner and other third party consents and approvals, if and when required; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, skilled personnel and supplies; incorrect assessments of the value of acquisitions; geological, technical, drilling, processing and transportation problems; changes in tax laws and incentive programs relating to the oil and gas industry; failure to realize the anticipated benefits of acquisitions and dispositions; and the other factors. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.