

Report of the Board of Directors of S.D. Standard Drilling Plc explaining the reasons for proposing a resolution for the waiving of the pre-emption rights afforded pursuant to section 60B(5) of Companies Law Cap.113

Waiver:

The Board of Directors is putting forward the following two resolutions for consideration and approval:

1. **“That, in addition to the waiver of pre-emption rights of the existing shareholders already resolved at the Annual General Meeting of the Company on 14 June 2021, the pre-emption rights granted to the existing shareholders of the Company in relation to any new shares to be issued, be and are hereby waived, as required pursuant to any stock options granted to employees and key persons of the Company in accordance with the provisions of the Company's remuneration policy. This waiver shall expressly include any new shares to be issued pursuant to the Stock Option Agreement concluded between the Company, Standard Invest AS and Espen Landmark Fjermestad (the "Fjermestad Stock Option Agreement") for the granting of option rights of up to 20.000.000 ordinary shares of USD0,03 each as per the terms of the said Stock Option Agreement. This waiver shall, for the Fjermestad Stock Option Agreement, apply until the expiry of the stock options granted pursuant to the Fjermestad Stock Option Agreement, and until the Annual General Meeting to be held in 2023 for any other stock options.”**

and

2. **“That, following the above waiver of pre-emptive rights, the Board of Directors be and is hereby generally authorized and empowered to issue and allot new shares as deemed necessary to holders of stock options issued by the Company in accordance with the provisions of the Company's remuneration policy. This authorization shall expressly include any new shares to be issued pursuant the Stock Option Agreement concluded between the Company, Standard Invest AS and Espen Landmark Fjermestad (the "Fjermestad Stock Option Agreement") for the granting of option rights of up to 20.000.000 ordinary shares of USD0,03 each as per the terms of the said Stock Option Agreement. This authorization shall remain in force and effect, for the Fjermestad Stock Option Agreement, until the expiry of the stock options granted pursuant to the Fjermestad Stock Option Agreement, and until the Annual General meeting in 2023 for any other stock options.”**

The authorized share capital of the Company is 865.000.000 ordinary shares, as resolved by the Annual General Meeting of the Company that took place on 5 June 2018. Currently the Company has issued 524.482.901 ordinary shares and as a result the number of authorized, but not issued shares, is 340.517.099 shares of US\$ 0,03 each.

As announced in June 2021, Mr. Espen Landmark Fjermestad has been appointed as Head of Investments and has been employed by the subsidiary Standard Invest AS. The Board of Directors believes that this appointment will further strengthen the Company's capabilities to pursue the updated strategy which is focused on more diversified and liquid investment opportunities within the shipping, offshore and renewables segments.

A Stock Options Agreement has been concluded between the Company, Standard Invest AS and Mr. Espen Landmark Fjermestad, under which Mr. Fjermestad is granted 10 million options with a strike of NOK 1.25 after 18 months, in addition to 10 million options with a strike of NOK 1.40 after 30 months. The Board of Directors is of the opinion that the Stock Option Agreement provides an incentive to Mr. Fjermestad which will enhance and improve his personal performance, as well as further improving, strengthening and evolving the Company's performance in pursue of its investment strategy in the shipping, offshore and renewables sectors.


In addition to the Stock Options Agreement described above, the Board wish to have the possibility of granting share options to other employees and key persons of the Company as further described in the Company's remuneration policy proposed for approval by the Company's Extraordinary General Meeting.

The aim of the above proposed resolutions is to give to the Company's Board of Directors sufficient flexibility to issue and allot any new shares as required pursuant to any stock options granted to employees and key persons of the Company, as provided by the relevant provisions of the remuneration policy, including the issue and allotment of up to 20.000.000 ordinary shares to Mr. Espen Landmark Fjermestad as deemed necessary pursuant to the provisions of the Stock Options Agreement concluded. It is therefore important that the pre-emptive rights of the Company granted to its existing shareholders be waived in order to allow the Company to adhere with the provisions of the Stock Options Agreement, when and if deemed necessary.

In addition to the above, the Board of Directors shall have no right to proceed with the allotment of any of the issued shares to any third party or parties if such allotment is related to take-over situations as described in the Norwegian Securities Trading Act Section 6-17 and therefore, we are of the opinion that this restriction provides a sufficient level of protection to the existing shareholders of the Company.

Having taken full consideration of the above, we the members of the Board of Directors of the Company recommend the approval of the said resolutions.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to be 'Konstantinos Pantelidis', written over a horizontal line.

Konstantinos Pantelidis
Director

Limassol, 10 November 2021