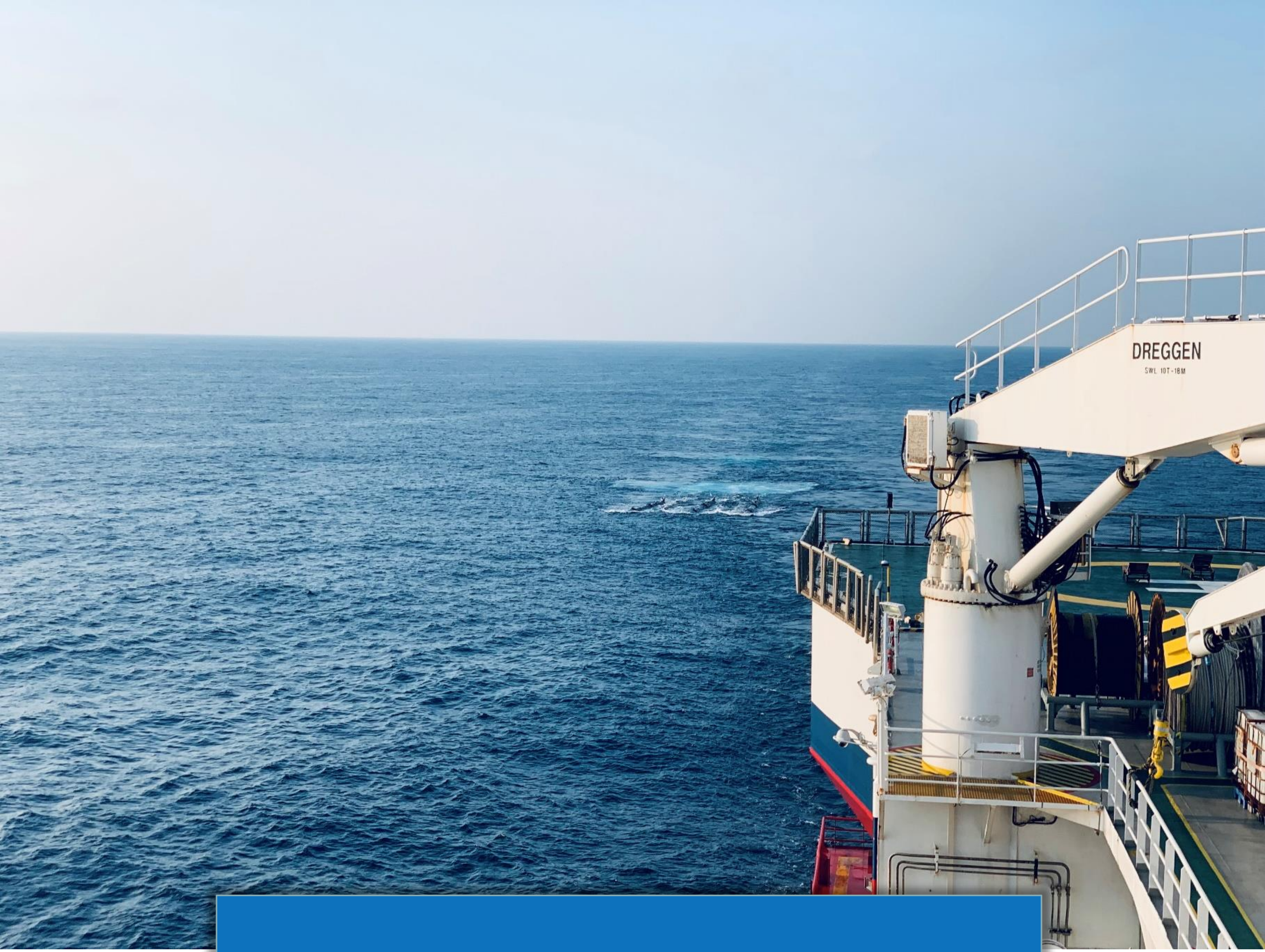

Seabird Exploration Plc
Annual report
2022

Financial highlights for the Group

	Year ended 31 December	
All figures in USD 000's	2022	2021
Revenues	20,164	20,705
Cost of sales	-19,036	-21,013
SG&A	-3,889	-5,563
EBITDA*	-1,276	-4,185
EBIT*	-9,617	-11,779
Profit/(loss) continuing operations	-11,605	-11,425
Profit/(loss) for the period including discontinued operations	-12,861	-11,425
Capital expenditures	3,895	20,961
Total debt	16,287	15,327
Net interest-bearing debt*	15,435	13,015
Equity ratio*	45%	41%

Note see group note 33 for definitions*

Letter from the Chairman

The spin-off of Green Minerals marked the final leg in the restructuring of the Group and with this we are excited to bring the seismic business in SeaBird Exploration back to the market in its pure form. Through the restructuring, we firmly believe we have right-sized the cost level, high-graded our capacity to industry-leading standards, amended our operating model to enable excellence in the product we deliver and rearranged into an appropriate funding structure. We are pleased to see these efforts finally beginning to show in the Group`s numbers.

The main challenges now are linked to capital allocation and optimization of the Company's capacity in order to be of the greatest use for our clients while at the same time delivering to our shareholders. In doing so, we are fortunate in that the underlying market conditions are continuing to improve, thereby creating a larger opportunity set for the Company. Rates for OBN source work have almost doubled already and rates for streamer work are moving up steadily, too. Having flipped the Company`s operational leverage substantially in our favour the last three years. SeaBird is well positioned to take advantage of an improving market. SeaBird`s position in two of the segments with the largest exposure to more in- and near-field exploration and emerging market energy security, bodes well for the future.

Admittedly, while being a public company has many advantages, it can also create some constraints depending on how our equity is priced in the marketplace. Being a private company may therefore have accelerated some of the opportunities the Company is facing. We continue to be strong advocates for the need for further consolidation in our industry, and believe recent trends support our argument. Notwithstanding this, we are confident that SeaBird Exploration following the restructuring is well positioned to take advantage of current trends in the energy markets. Recent industry-leading contract awards testifies to this. And we have both organization and equipment to do more in a market that is improving.

In an underfollowed and under analysed company like Seabird we do feel some responsibility for guiding our shareholders on certain metrics that we feel are poorly understood in the marketplace. One such was our guiding on the OBN market back in March 2022. We have updated this guidance in our Q4 presentation and see continued improvement ahead. The market is in our opinion tighter than it was at the last peak in 2014, but rates have failed to recover to previous highs of around USD 80,000 per day. This inertia in market pricing is in our opinion due to project economics that takes some time to work themselves through. We are confident that rates need to improve, though, as seismic equipment & vessel economics are far from where they need to be to give an adequate return on the investments made. Considering the extended downturn from 2014, vessel economics need to overshoot the "average" profitability just to catch up. Indeed, looking at the more than 50% reduction in vessel supply in the segments relevant to SeaBird and no newbuild orders in sight, the 60% or so growth in OBN demand over the same period implies that something has to give. That something is usually day rates.

As cash flow is improving we have stated that our main focus is to pay down debt. And indeed, over the last 9 months the Company has paid down 42pc of its bank debt. As such, the Company should soon be in a position to start returning cash to shareholders through dividends and/or buybacks.

The Company continuously monitors opportunities that can support profitable growth under the constraints mentioned above.

Last but not least I`d like to take this opportunity to thank everyone at SeaBird for their terrific effort over these memorable past few months. Let`s keep up the good work!

Thank you!

Sincerely,

Ståle Rodahl
Executive Chairman
SeaBird Exploration & Green Minerals

Group Management

Finn Atle Hamre – Chief Executive Officer.
Position held from 2021.

Mr. Hamre has held the position as Chief Operating Officer of the company since June 2018, before taking over as CEO in 2021. Mr. Hamre has more than 25 years of experience in the Offshore Oil and Gas industry across both European and Asian markets. He has more than 15 years of experience in senior executive management positions including VP, MD, CCO and CFO. He holds a B.Eng. (Hons) in Naval Architecture, and a Master of Business Administration.

Sveinung Alvestad – Interim Chief Financial Officer.
Position held from 2022.

Mr. Alvestad has joined the company as Director M&A in May 2021 and appointed CFO (Interim) in August 2022. He has worked in investment banking for about 10 years, with a special focus on research on renewables and energy markets and companies. He holds a MSc in Industrial Economics and Technology Management from the Norwegian University of Science and Technology (NTNU) in Trondheim. His engineering specialization is within electrical energy while the economics specialization is in investment, finance and financial management.

Board of Directors

Ståle Rodahl – *Executive Chairman of the board*

Ståle Rodahl has served 30 years in the financial industry, amongst others as a hedge fund manager and in various executive positions in the Investment Banking industry in New York, London and Oslo and in companies such as Alfred Berg, ABN Amro and ABG Sundal Collier. He has also served on the Board of Directors in companies in other industries. Mr. Rodahl holds a MSc with a major in Finance from the Norwegian Business School, BI with additional programs from London School of Economics (LSE) and NASD, New York.

Øivind Dahl-Stamnes – *Director*

Øivind Dahl-Stamnes has worked 36 years in the petroleum industry in Norway and internationally. He has held executive/management positions in Equinor and Esso/Exxon for more than 15 years within exploration and production operations. Recent assignments in Equinor include Vice President positions for the Troll field, the North Area Initiative and Partner Operated Licenses. He has also served as chairman and member of numerous Production License Management Committees for Equinor and Esso. Mr. Dahl-Stamnes holds a master's degree in geology from NTNU in Trondheim.

Nicholas Knag Nunn – *Director*

Nicholas Nunn has a degree as a chartered accountant from Norges Handelshøyskole and an MSc in International Business and Finance from the University of Reading. Mr. Nunn has work experience from Deloitte, Kristian Gerhard Jebsen Skipsrederi and Europa Link.

Hans Christian Anderson – *Director*

Hans Christian Anderson works as a portfolio manager for one of the company's largest shareholders, Anderson Invest AS. He founded his first company when he was 18 years old and has a broad, international background as an investor in multiple industries. Mr. Anderson also serves on the board of directors of other companies.

Odd Sondre Svalastog Helsing – *Director*

Mr. Helsing currently holds the position as investment manager at MH Capital AS, the Company's largest shareholder. Mr Helsing has worked more than 11 years in finance and prior to joining MH Capital AS held the position as Co-Head of Equity and Sales at Clarksons Platou Securities. Mr. Helsing holds a bachelor's in economics and Business Administration from Norwegian School of Economics (NHH). He is a Norwegian citizen and resides in Norway.

Environmental, social and corporate governance

1.1 Sustainability governance

Sustainability governance in shipping is a critical aspect of ensuring that the shipping industry operates in a responsible and sustainable manner. With the increasing awareness of environmental and social issues, there is a growing need to address the impact of shipping activities on the environment and the communities that depend on it.

One key aspect of sustainability governance in shipping is the development and implementation of international regulations by organizations such as the International Maritime Organization (IMO). These regulations are designed to reduce the environmental impact of shipping activities by setting standards for the prevention of pollution and the reduction of greenhouse gas emissions. Examples of such regulations include the International Convention for the Prevention of Pollution from Ships (MARPOL) and the Energy Efficiency Design Index (EEDI).

In addition to international regulations, market-based mechanisms can also play a role in promoting sustainability in shipping. These mechanisms include sustainability indices, sustainability-linked loans, and other financial instruments that incentivize environmentally friendly behavior. Shipping companies can also play a critical role in promoting sustainability by integrating sustainable practices into their business operations, developing sustainability policies, and reporting on their environmental, social, and governance (ESG) performance.

Engagement with stakeholders is another critical aspect of sustainability governance in shipping. Shipping companies can work with customers, suppliers, governments, and NGOs to understand their sustainability needs and expectations and to collaborate on sustainable initiatives. Stakeholder engagement can also help shipping companies to build trust and support among their stakeholders, which can be critical for long-term sustainability.

Overall, sustainability governance in shipping is a multi-stakeholder process that involves collaboration among shipping companies, international organizations, governments, and other stakeholders. By working together, these stakeholders can promote sustainable development in the shipping industry and manage the interactions between shipping activities and the environment, ensuring that the industry operates in a responsible and sustainable manner.

SeaBird Exploration recognises that the shipping industry carries inherent risks related to pollution, spills, health and safety, and corruption. As such, we have implemented strong policies and effective controls to manage these risks in our day-to-day operations, and to ensure compliance with all relevant international and local laws and regulations. These policies and processes serve as guidelines for our employees and partners.

The oversight of SeaBird Exploration's Environmental, Social, and Governance (ESG) policy is the responsibility of the Board of Directors (BoD). In accordance with the Norwegian Corporate Governance Code, the BoD considers important ESG issues throughout the year and ensures that sufficient and efficient ESG-related internal control and risk management mechanisms are in place. The BoD also reviews our Code of Conduct and corporate governance structure annually, and oversees the review of our annual ESG report.

The Chief Executive Officer (CEO) is responsible for all SeaBird Exploration operations, with our Technical Managers on the front line to handle incidents. We conduct regular training throughout the year to ensure our team is trained to carry out their job in a vigilant and safe manner. Our crew is required to adhere to defined guidelines to guide them in performing their daily duties, with continuous monitoring on our ships to allow for management follow-up if necessary. We also review findings and concerns related to internal controls and enforcement, with all events reported to the board of directors in an annual review. Cases with a significant impact are reported directly to the Board of Directors, in line with our Code of Conduct.

At SeaBird Exploration, we acknowledge the importance of addressing sustainability in a broader context, and have listed the United Nations' Sustainable Development Goals (SDGs) as part of our commitment to contributing to the broader global agenda. We believe that we can have a positive, negative, or neutral impact on the achievement of the SDGs, and are committed to working with our industry, customers, suppliers, investors, and regulators to ensure that we are making a positive contribution towards achieving these goals.

Material issue	Internal governance documents	International standards and references
Climate change	Environmental policy (HSE policy) SeaBird Exploration KPIs	The Paris Agreement The Intergovernmental Panel on Climate Change (IPCC) Initial IMO Strategy on Reduction of GHG Emissions from Ships
Air emissions	Environmental policy (HSE policy) SeaBird Exploration KPIs	IMO MARPOL Convention Annex VI EU Sulphur Directive 2016/802
Ecological impact	Environmental policy (HSE policy) SeaBird Exploration KPIs	UN Global Compact IMO MARPOL Convention Annex VI IMO Ballast Water Management Convention Hong Kong Convention
Anti-corruption	Company's Code of Conduct SeaBird Exploration KPIs	UN Global Compact The US Foreign Corrupt Practices Act and the UK Bribery Act

Employee health and safety	Company's Code of Conduct HSE policy SeaBird Exploration KPIs	UN Global Compact ILO Conventions Maritime Labour Convention, 2006 International Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM Code) Hong Kong Convention Marine Crew Resource Management
Accident and safety management	Safety management system	International Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM Code) Marine Crew Resource Management

1.2 Our approach to ESG and their integration into our strategy

SeaBird Exploration is a global provider of high-quality marine seismic data. As a company, we acknowledge the importance of Environmental, Social, and Governance (ESG) factors in our operations and strive to ensure that our activities align with best practices in these areas.

This ESG report provides an overview of SeaBird Exploration's performance in the areas of environmental sustainability, social responsibility, and corporate governance. The report covers the period from January 1, 2022, to December 31, 2022, and includes data from our operations in all the regions in which we operate.

Our commitment to ESG is rooted in our belief that responsible business practices not only benefit our stakeholders, but they also contribute to the long-term sustainability of our business. Our goal is to create value for our shareholders while also minimising our impact on the environment and contributing positively to the communities in which we operate.

In this report, we have adopted a transparent and data-driven approach to provide a comprehensive overview of our ESG performance. We have used a range of internal and external data sources to evaluate our performance against relevant industry benchmarks and standards.

Our commitment to ESG is reflected in our strategy, policies, and operations, and we believe that this report demonstrates our progress towards achieving our ESG goals. We recognise that there is always room for improvement, and we remain committed to ongoing efforts to enhance our ESG performance in the years to come.

We invite our stakeholders to review this report and engage with us on our ESG journey as we continue to work towards building a sustainable future for our business and the broader community.

These are the areas where we concentrate our efforts:

- Ensuring the safety of our personnel
- Establishing a profitable and sustainable business
- Upholding good governance and adherence to regulations
- Preserving the environment

The UN introduced the Sustainable Development Goals (SDGs) in 2015. As we enter a decade of action to achieve these goals by 2030, our Sustainability Strategy is based on the United Nations Global Compact's ten principles. We endeavour to make our contributions towards achieving the SDGs and report our actions and initiatives according to international standards and frameworks.

1.3 Environment performance

At SeaBird Exploration, we recognise the importance of environmental sustainability and are committed to minimising our impact on the environment. Our approach to environmental management is guided by the United Nations Sustainable Development Goals (SDGs), with a particular focus on SDG 13 (Climate Action) and SDG 14 (Life Below Water).

Shipping is an important sector for global trade and commerce, and as such, it has a significant role to play in achieving Sustainable Development Goal (SDG) 13, which aims to take urgent action to combat climate change and its impacts.

SeaBird Exploration takes responsibility to protect the environment by carefully monitoring and managing emissions, discharges, or spills that may cause environmental and ecological hazards. Without precautionary measures, such factors can severely impact air and water quality, as well as marine diversity, in the shipping industry.

SeaBird Exploration's environmental policy covers the company's management of environmental due diligence, carbon dioxide emissions, sulphur oxide emissions, nitrous oxide emissions, waste, and spills. Our Ship Energy Efficiency Management Plan (SEEMP) and robust accident reporting system facilitate diligent operations. Our ISO-certified Safety Management System complies with the International Safety Management Code (ISM), ensuring adherence to international and local laws through proactive risk management, monitoring, and reporting.

SeaBird Exploration focus on the following:

- Improving energy efficiency: Implement measures to improve the energy efficiency of their vessels, such as optimising speed.
- Reducing waste and emissions: Adopt practices to reduce waste and emissions, such as waste reduction and recycling programs, the use of scrubbers to remove sulphur from emissions, and the use of ballast water treatment systems to prevent the spread of invasive species.
- Supporting international cooperation: Support international cooperation initiatives such as the International Maritime Organization (IMO) to develop

and implement policies and regulations aimed at reducing the sector's impact on the environment.

- Encouraging sustainable supply chain practices: Work with suppliers and customers to promote sustainable supply chain practices, such as reducing emissions from cargo handling and transportation.

By taking action in these areas, SeaBird Exploration help to mitigate the impacts of climate change and contribute to the achievement of SDG 13

The shipping industry must deal carefully with any emissions, discharges, or spills that cause environmental and ecological hazards. Without precautionary measures, these factors have major impacts on the quality of air and water, and on marine diversity. We understand our responsibility to protect the environment. We monitor such risks carefully and manage them to protect the environment and our organisation.

SeaBird Exploration is at risk from discharges and potential spills, along with pollution. In order to succeed in our business and market, we need to be able to manage these risks.

A review of all environmental threats found by SeaBird Exploration enables us to develop adequate safeguards. To minimise the environmental impact of our operations, we have monitoring and management tools that comply with international and local legislation. The Classification Society performs annual audits in accordance with the ISM Code and, where appropriate, ISO9001 and 14001 standards.

Oil spills can have severe and long-lasting effects on ecosystems. Therefore, SeaBird Exploration has implemented preventive measures and procedures to reduce the risk of oil spillage. As a result, we are proud to report that we had zero oil or environmental spills in 2022.

We take a proactive approach to minimize the risk of spills by ensuring that all our vessels have Shipboard Oil Pollution Emergency Plans (SOPEPs) and that our crew is trained to respond quickly and effectively in case of an emergency. We conduct regular SOPEP drills to maintain the readiness of our teams and equipment.

By adopting these measures, we are not only protecting the environment but also safeguarding the long-term sustainability of our operations. We remain committed to continuously improving our practices and working towards a zero-spill future.

Ships use ballast water to provide stability and balance during voyages, which is taken on board when the vessel is in port to offset the weight of fuel, cargo, or other materials. However, ballast water can pose a significant problem as it may contain harmful aquatic species, including bacteria, viruses, fungi, and plants, as well as unwanted fish, shellfish, and crustaceans. Discharging ballast water into new bodies of water can introduce diseases, disrupt ecosystems, and compete with native species for food and habitat, leading to significant ecological and economic impacts.

To address this issue, the International Maritime Organization (IMO) has developed the International Convention for the Control and Management of Ships' Ballast Water and Sediments, which requires ships to treat their ballast water to a specified standard before discharge or exchange it with seawater at sea to minimize the risk of introducing harmful species into new environments. Many ships now use ballast water management systems (BWMSs) to treat the water before discharge, using physical, chemical, or biological methods to kill or remove harmful species. However, the effectiveness of these methods varies, and some BWMSs are more effective than others at removing specific types of organisms.

We take environmental risks seriously and adhere to the International Maritime Organization's Ballast Water Management Convention. Our ships all have a Ballast Water Management Plan authorized by the class and are equipped with BWMSs to ensure the safe and responsible discharge of ballast water.

Ghost nets and marine debris

Marine debris, particularly abandoned, lost, or discarded fishing gear, known as ghost nets, can be a significant problem in the marine environment. Ghost nets can continue to catch and kill marine animals long after they have been discarded, and can also entangle and damage underwater equipment. In the context of seismic surveys, ghost nets and other marine debris can pose a risk to the survey equipment, potentially causing damage or delays in the survey.

Ghost nets and other marine debris are inadvertently dredged up during the survey, and stored on the vessels, and subsequently disposed of in port. All recovered debris is logged within our safety management system. Since starting of logging in November 2022, the Eagle Explorer has more than 13 cases of debris being picked up and handed to shore for disposal.

In addition, we have implement procedures and protocols to minimise the amount of marine debris generated during the survey, such as properly disposing of any debris that is dredged up during the survey, and ensuring that equipment is properly secured and maintained to minimise the risk of loss or breakage.

Noise emissions

By establishing appropriate operating actions when sailing in environmentally sensitive areas, efforts have been made to decrease the influence of acoustic noise produced by seismic vessels on marine animals. This is ensured by bringing protective species observers on board as well as passive acoustic monitoring. During 2022, our surveys shut down 45 times because protective species were sighted in the vicinity of the project area.

1.4 Social performance

This section provides information on Seabird Exploration's labour practices, health and safety policies, and community engagement initiatives. We also describe its efforts to promote diversity and inclusion in the workplace, as well as its human rights policies.

HSE performance

Offshore operations pose inherent safety and security hazards that require careful management to ensure the protection of crewmembers, vessels, cargo, and the environment. At SeaBird Exploration, we maintain a zero-accident policy and operate in strict compliance with the International Safety Management (ISM) Code, as specified in target 3.9.

We acknowledge that safety and security are critical aspects of our operations and we are committed to ensuring that they are given the highest priority. Our zero-accident policy is the foundation of our approach to managing risk, and we have implemented rigorous systems and procedures to support it. We provide comprehensive training to our crewmembers to ensure that they have the necessary skills and knowledge to identify and manage risks effectively.

Compliance with the ISM Code is also central to our operations. The Code sets out a comprehensive framework for managing safety and security in the maritime industry, and we strictly adhere to its provisions. We conduct regular audits and inspections to ensure that our vessels and operations meet the Code's requirements, and we take corrective action when necessary.

We identify that our responsibilities extend beyond our own operations. We work closely with other stakeholders, including industry groups and regulatory authorities, to promote best practices and improve safety and security throughout the industry.

In summary, we understand the inherent hazards associated with offshore operations and are committed to ensuring that they are carefully managed to protect our crewmembers, vessels, cargo, and the environment. Our zero-accident policy and compliance with the ISM Code are central to our approach, and we work closely with other stakeholders to promote best practices and improve safety and security in the industry.

At SeaBird Exploration, we prioritize the well-being of our workers both onshore and offshore. Our commitment to health and safety is a key component of our long-term success. We understand that offshore operations inherently pose safety and security hazards for our crew, vessel, cargo, and the environment. That is why we operate with a zero-accident policy and comply with the ISM Code.

To manage risks effectively, we have developed comprehensive procedures to assess all known threats to our ships and crew. We encourage our crew to report all accidents, events, and near misses, and our managers support them in doing so. We analyze accidents and incidents across our entire fleet using the OCIMF guidelines for Lost Time Incidents and Total Recordable Cases and Frequency. This detailed analysis helps us identify the root causes of incidents and improve our operations going forward.

In 2022, we recorded only three first aid cases, and one medical treatment case that were associated with poor situational awareness. We are proud to report that we had zero Lost Time Incidents (LTI) during this period. We are committed to continuously improving our safety measures and ensuring that our workers operate in a safe and secure environment.

Human and labour rights

At our company, we are firmly committed to upholding globally accepted human rights, as outlined in the UN Guiding Principles on Business and Human Rights (UNGP). Our license to function depends on the respect we show to workers, clients, customers, societies, governments, and other stakeholders with regard to their fundamental human rights, as specified in targets 8.7 and 8.8.

We realise that the protection and promotion of human rights is essential for the sustainable and responsible operation of our business. Our principles are firmly rooted in the UNGP, which serve as a universal framework for ensuring that businesses respect human rights. We are dedicated to integrating these principles into every aspect of our operations, from hiring and training practices to supply chain management and community engagement.

We understand that upholding human rights requires ongoing effort and a commitment to continuous improvement. To this end, we regularly review our policies and practices to ensure that they are in line with the latest standards and best practices. We work with a variety of stakeholders, to ensure that our efforts are effective and meaningful.

In summary, our company is fully committed to upholding globally accepted human rights in accordance with the UN Guiding Principles on Business and Human Rights. We believe that respecting human rights is essential for the responsible operation of our business, and we are dedicated to continuously improving our policies and practices to ensure that we meet the highest standards.

At SeaBird Exploration, we prioritize the protection of human rights and ensure that our actions are aligned with the internationally declared standards. We appreciate the importance of corporate support and respect for human rights, and we are committed to upholding these principles in all aspects of our operations. Our policies and practices are based on the UN Guiding Principles on Business and Human Rights, which cover all stakeholders, including workers, clients, customers, society, government, and others.

As part of our commitment to human rights, we ensure that our vessels comply with the Maritime Labour Convention (MLC 2006). Each vessel has a certificate to attest that it meets the standards set out in this convention. Additionally, we have signed a special agreement with the International Transport Workers' Federation (ITF) to regulate seafarer working conditions. We take the well-being of our employees seriously, and we acknowledge their fundamental right to work in a safe and healthy environment.

We continuously monitor our operations to ensure that we do not engage in any activities that violate human rights. We have robust systems in place to identify, prevent, and mitigate any potential risks. We work closely with stakeholders, including local communities and authorities, to address any concerns and uphold human rights.

In summary, SeaBird Exploration is committed to respecting human rights and ensuring that our operations align with internationally declared standards. We prioritize the well-being of our employees and work closely with stakeholders to prevent any potential breaches of human rights.

Diversity and equality

At SeaBird Exploration, we are committed to creating a diverse and inclusive workplace that values and promotes equality. As part of our commitment to achieving SDG #5 (Gender Equality), we understand that diversity is a strength that drives long-term value development. We believe that a workforce with diverse backgrounds and experiences encourages creativity and smarter business decisions, allowing us to adjust quickly to changing markets and situations.

To ensure that our workplace is inclusive, we have established a Code of Conduct that outlines standards and guidelines that our crewmembers must follow. Our company prohibits discrimination based on sex, ethnicity, color, age, religion, sexual orientation, marital status, national origin, disability, heritage, political opinion, or any other basis against any employee. We take deviations from external legislation or our own guidelines seriously, and deviations or suggestions of deviations should be reported directly to the nearest manager or according to our complaints procedures.

We acknowledge that the maritime industry is predominantly male, with women accounting for only 2% of the world's 1.2 million seafarers, as reported by the International Maritime Organization (IMO), with 94 percent working in the cruise industry. As such, we aspire to contribute to a more gender-diverse industry by balancing the gender composition of our workforce.

In 2022, the average gender distribution offshore at SeaBird Exploration was 4.5% women, some of whom were also serving as officers. We believe that achieving gender parity could open up a big pool of untapped potential. In the office, our gender distribution is 40% women and 60% men, while there is a 50/50 distribution of women and men in the management team.

In summary, SeaBird Exploration is an equal opportunity employer committed to diversity and inclusivity. We prohibit discrimination against any employee and expect our crew to follow our Code of Conduct. We aspire to contribute to a more gender-diverse industry and are committed to achieving gender parity in our workforce.

Training and development

Admitting that investing in training and development is essential to building a strong and successful organization. We believe that providing our personnel with opportunities to learn and grow not only boosts productivity and efficiency but also promotes safe operations.

We are committed to a methodical approach to training and development, ensuring that our personnel have the right skills and knowledge to excel in their roles. By placing the right people in the right positions through training and development, we are able to deliver meaningful and inclusive work that contributes to our overall success.

We are proud to foster a culture of learning and development. We believe that investing in our personnel's growth and development is essential to ensuring organizational stability and achieving our long-term goals.

As part of our commitment to education and training in the maritime industry, SeaBird Exploration provides opportunities for cadets to gain hands-on experience on board our vessels. We confirm the importance of supporting the next generation of seafarers and are proud to contribute to their education and development.

Taking cadets on board our vessels allows them to gain practical knowledge and skills that cannot be learned in a classroom setting alone. We believe that this experience is invaluable to their education and future careers in the industry.

We are committed to promoting education and training opportunities for all individuals interested in pursuing a career in the maritime industry. By providing opportunities for cadets to gain experience on our vessels, we are helping to cultivate the next generation of skilled and knowledgeable seafarers.

1.5 Governance performance

This section provides information on Seabird Exploration's corporate governance practices, including its board structure and processes for managing risk. The company could also describe its internal controls and its policies for ensuring ethical business practices.

Our company is committed to upholding human rights and promoting universal labor standards. We ensure responsible conduct among our employees through our values, policies, and procedures in line with target 16.1. Corruption is strictly prohibited in our organization, and we encourage our staff to report any concerns they may have, as per target 16.2.

Ethical business conduct

SeaBird Exploration upholds the highest standards of ethics and integrity in conducting our business operations. Our commitment to these values is reflected in our Code of Conduct and adherence to the most stringent regulations and industry recommendations, including the OSEBX.

We notice that strong governance and risk management structures are critical to achieving commercial success and creating long-term value for our stakeholders, including employees, owners, and society at large. As such, we prioritize transparency, reliability, and accountability in our reporting and communications.

To ensure that our employees are equipped with the necessary training and reporting channels, we have established robust policies and procedures for incident reporting and follow-up. We are fully committed to operating safely and in compliance with local laws and regulations, and we communicate the implications of applicable legislation to our employees through comprehensive training programs.

At SeaBird Exploration, we are dedicated to promoting effective, accountable, and inclusive institutions at all levels of our organization, which is crucial to building a sustainable future.

Code of Conduct

SeaBird Exploration's commitment to transparency, accountability, and ethical conduct is reflected in all aspects of our business. We operate in compliance with all laws and regulations in the jurisdictions where we work, including those in nations and regions with underdeveloped human rights and corruption frameworks. Our employees are expected to act with integrity and honesty, regardless of any conflict of interest, whether personal or organizational. Our activities contribute to achieving SDG 8, which promotes decent work and economic growth.

To ensure that everyone who works for and on behalf of SeaBird adheres to our high standards of behavior and business practices, we have developed a comprehensive Code of Conduct. The Code outlines our beliefs and expectations on important matters such as human and labor rights, health and safety, business ethics, legal compliance, and more. It is available on our website, in the Safety Management System, and as part of new employee induction. Additionally, the Code of Conduct is included as a general addendum in every significant contract SeaBird Exploration signs with third parties.

Whistleblowing

SeaBird Exploration values a culture of transparency and effective communication, recognising its importance in achieving our objectives. We have developed a Whistleblowing Policy to provide support to all employees and contractors who wish to report any concerns about the company's activities, including any actions or incidents that are in violation of the law, our Code of Conduct, or other policies.

To encourage reporting, SeaBird Exploration has established secure channels for reporting incidents and whistleblowing, as well as fostering an environment where employees are comfortable raising any concerns. Our co-workers can report any critical issues confidentially by sending an email to whistle@sbexp.com.

We want to assure our employees and contractors that SeaBird Exploration and its representatives will not retaliate against anyone who reports a concern through this channel. To date, there have been no reports made through this channel.

Anti-bribery and corruption

SeaBird Exploration has a firm stance against corruption and bribery in the shipping industry. Such practices pose a threat to social and economic development, and can jeopardize the safety of shipping crews, increase legal and reputational risks, and drive up costs. We have implemented a zero-tolerance policy for bribery and corruption across all stages of our operations, as stated in our Code of Conduct.

To manage our corruption risk, we pay close attention to operations in high-risk countries and have not made port calls in any of the countries ranked in the bottom 20 of Transparency International's Corruption Perception Index in 2022. We have also ensured that there were no facilitation payments made in 2022, and have had no non-monetary sanctions imposed on us.

SeaBird Exploration is committed to promoting transparency, fighting corruption, and employing a range of anti-corruption measures. All our personnel undergo mandatory anti-corruption training to raise awareness of corruption and teach them how to deal with bribery hazards.

Supply chain management

SeaBird Exploration operates with utmost integrity and holds all its business partners to the same ethical standards. Prior to engaging in any significant commitments or large-scale projects, we ensure that we have sufficient information about potential collaborators to assess any possible exposure to corruption or human rights issues.

The level of due diligence required for a particular business associate is directly related to the level of cooperation involved. Therefore, we may conduct a thorough due diligence investigation of potential partners, including an assessment of any reputational concerns. We conduct screening of key suppliers, including shipping agents and commercial agents, prior to each engagement and require them to complete a comprehensive due diligence checklist.

To enhance supplier compliance and effective management, we are in the process of implementing new procedures for onboarding, supplier management, and chase vessel tendering and selection. All our vendors are required to certify that they have read and understood SeaBird Exploration's policies, including the Code of Conduct.

Corporate governance

Transparency and trust are vital components of strong corporate governance. SeaBird Exploration recognises the importance of fostering openness and confidence among all stakeholders, which include shareholders, the board of directors, executive management, employees, customers, suppliers, government agencies, and the public.

1.6 Targets and progress

This section outlines the company's ESG targets and goals, as well as its progress in meeting these targets.

Every year we develop or continue a set of key indicators or targets that relates to the different aspects of sustainable development, a set of KPIs are listed below.

KPI	SDG	Target 2023
LTI	SDG 3	0
TRCF	SDG 3	< 1
Total injury rate	SDG 3	< 1
Intervention rate	SDG 8	> 1034
Training hours	SDG 4	> 7059
Retention rates	SDG 8	> 90%
Experience rates	SDG 4	> 90%
Spill	SDG 14	0
Garbage	SDG 14	Reduction from 2022
Emissions	SDG 13	> 80%
Supplier evaluation	SDG 16	> 50

As our operations depend on the type of project we have and the number of vessels in operation, it is difficult to set targets for the emissions. We have therefore, developed a set of parameter settings for the engines and compressors, which has been defined in the Ship Energy Efficiency Management Plan (SEEMP). The most environment-friendly settings have been called green seismic operation or green transit, depending on the type of operations. Our KPI is set on how often we manage to use the green settings. These targets are measured and followed up on a quarterly basis. In addition, we have implemented a monitoring system for the engine settings (Maress), which allows us to compare engine load with operations, and hence promote the trim of the engines, which gives the less emissions.

1.7 Future goals and plans

In recent years, there has been an increasing demand for sustainable development practices in the energy industry, and Seabird Exploration has taken steps towards this by implementing various initiatives. Here are some areas for improvement of Seabird Exploration's sustainable development in the future:

1. Reduce greenhouse gas emissions: Seabird Exploration aim to reduce its greenhouse gas emissions by implementing measures such as using engines that are more efficient and reducing fuel consumption during operations
2. Implement sustainable practices in its operations: The Company aim to reduce its environmental impact by implementing sustainable practices such as reducing waste, using eco-friendly materials and recycling.
3. Collaborate with stakeholders: The Company will encourage collaboration with stakeholders such as governments, NGOs, and local communities to ensure that its operations are sustainable and do not have any negative impacts on the environment or local communities.
4. Encourage sustainability in its supply chain: Seabird Exploration encourage sustainability in its supply chain by working with suppliers who are committed to sustainable practices, and by sourcing materials and equipment that are environmentally friendly.

Overall, Seabird Exploration prioritise sustainable development in all aspects of its operations, from reducing its environmental impact to collaborating with stakeholders to ensure that its operations are sustainable and beneficial for all.

1.8 Stakeholder engagement

Stakeholder engagement is a critical aspect of sustainable development for companies like Seabird Exploration. As a marine seismic data acquisition company, Seabird Exploration operates in various regions globally, which requires it to interact with different stakeholders, including governments, NGOs, local communities, employees, and customers.

To ensure sustainable development, Seabird Exploration engages with its stakeholders in various ways. One of the company's primary ways of engaging stakeholders is through regular dialogue with local communities, governments, and NGOs. It collaborates with governments and NGOs to comply with regulations, identify and mitigate environmental and social risks, and promote responsible practices.

Seabird Exploration also engages its employees through various initiatives to ensure that they are informed about the company's policies and practices related to sustainable development. The company provides training on environmental and social issues, encourages employees to report any concerns, and recognizes their contributions to sustainable development.

In addition to engaging with its primary stakeholders, Seabird Exploration also engages with its customers. The company works with its customers to understand their needs and preferences, identify areas for improvement, and promote responsible practices in the energy industry.

Overall, Seabird Exploration's stakeholder engagement practices help it to identify and address environmental and social risks, promote responsible practices, and build trust and support among its stakeholders. By engaging with its stakeholders, the company can also build its reputation as a socially responsible and environmentally conscious company, which can help it to attract and retain customers, employees, and investors who value sustainable development.

1.9 Disclaimer and assumption for the ESG reporting

The data presented is based on the most reliable information available at the time of reporting. While ESG disclosures provide insight into the management of sustainability risks, some data may be estimated in certain areas.

Appendix: Sustainability accounting norms

Topic	Accounting metrics	Unit of measure	Data 2021	Data 2022	Reference
Climate risk and climate footprint	Scope 1 GHG emissions	Metric tonnes CO_2-eq.	22 354	15 597	GRI 305-1 SDG 13
Air pollution	Sulphur emissions (kg)		5 327	5 718	MARPOL Annex VI Reg. 14
	Other air emissions	Metric tonnes (t)	NO_x: 172	NO_x: 197	GRI 305-7 SDG 3 MARPOL Annex VI Reg. 13 and 14
Ship recycling	Responsible ship recycling	Text/figure	N/A	N/A	SDG 8, 12 and 14 EU ship recycling regulation (EU 1257/2013)
Ecological impacts	Shipping duration in marine protected areas and areas of protected conservation status	Number of travel days	0	0	GRI 304-2 SDG 14
	Number of aggregate volume of spills and releases to the environment	Number, cubic meters (m^3)	0	0	GRI 306-3 SDG 14
Accidents, safety and labour rights	Lost time incident frequency (LTIF)	Rate	0	0	GRI 403-9 SDG 3 and 8 IMO ISM code
	Diversity	Percentage (%)	At the end of 2022, the diversity mix was 60% men and 40% women in the office, same as end of 2021		GRI 405-1 SDG 5 and 10
	Labour rights	Text	Maritime Labour Convention (MLC) certification on all managed vessels		GRI 102-41 SDG 8
	Port state control	Number of deficiencies	5	0	SDG 8 and 14
	Marine casualties	Number	0	0	SDG 8
Business ethics	Corruption risk	Number of value	Survey in Nigeria	0	SDG 16
	Facilitation payments	Number	0	0	SDG 16
	Fines	Figure Reporting currency	0	$300	GRI 419-1 SDG 16
ESG governance	Policies and targets	Text	Code of Conduct, HSE policy, whistle-blower procedure		GRI Disclosure of Management Approach

Activity metric	Unit of measure	Data 2021	Data 2022
Number of unique shipboard individuals	Number	459	414
Total distance travelled by vessels	Nautical miles (nm)	45 182	49 464
Operating days	Days	365	365
Number of vessels in total shipping fleet	Number	4	3

Management Report

This Management Report is prepared for Seabird Exploration PLC (alone or together with its subsidiaries referred to as "Seabird" or "Company" or "Group").

1.1 Operating activities

2022 was a year of transition from both low activity in the seismic market and end of COVID-19. During the year the Company managed to secure new long-term contracts for its assets and to keep employment of assets through the year.

The Eagle Explorer completed a 2D survey in India in March and started a new 2D project in India later in the year.

The Petrel Explorer was laid up until it was sold and delivered to its new owners in August.

The Fulmar Explorer commenced its first project after completion of conversion in March and has been in operation for the rest of the year.

Seabird's shares in Green Minerals AS were distributed to its shareholders on 25 January 2023. Green Minerals AS is recognised as discontinued operation in the annual accounts herein, historical numbers have not been updated.

1.2 Seismic services outlook

During 2022 the demand normalized as per normal seasonal fluctuations and towards to the end of year the market improved further.

In the seismic market, SeaBird operates in two segments: 2D and OBN source. OBN is primarily related to increased recovery from producing fields and seismic spending the last couple of years has largely been allocated to improved oil recovery (IOR) from producing fields as well as near-field exploration.

This has resulted in a commensurate increase in source vessel demand related to ocean bottom seismic surveys. The ocean bottom seismic (OBS) market is still expected to be a core market for the company and is therefore less sensitive to fluctuations in oil price than conventional 2D and 3D seismic.

Contract prices are improving compared to previous quarters and expected to increase gradually, especially if 2D activity continues to increase, with the majority of the relevant global fleet being allocated either to OBN source or 3D. Following the completed source rigging of Fulmar Explorer, the company will have an upgraded modern, versatile, and competitive fleet of 2 owned vessels plus the ability to outfit additional further vessels.

1.3 Quality, Health, Safety, and Environment

We are guided by our commitment to quality, health, safety, and environment (QHSE).

SeaBird's operating management system is central to the company's performance evaluation process and is fully endorsed and supported by senior management through the company's policies.

In addition to quality, the system ensures safe operations. The company had none Loss time incidents (LTI) in 2022.

SeaBird's detailed analysis of past performance ensures that continual improvements are being made to QHSE procedures and also ensures that set QHSE targets for 2022 are achievable. Focal points for 2023 is to continue to streamline operations without compromising on health, safety, environment, and quality.

Our management system is certified to ISO 14001:2015 (environmental management systems), ISO 9001:2015 (quality management systems) and ISO 45001:2018 (occupational health and safety management systems).

All SeaBird vessels comply with the requirements of the International Safety Management code and the Marine Labor Convention 2006.

The company continues to work actively on minimizing its impact on the environment. We strive to achieve the highest levels of environmental awareness and operational competency. Continual improvement is achieved by developing ever more stringent internal environmental plans and targets annually. No environmental incidents were recorded in 2022.

Established QHSE processes ensures the company:

- ✓ Provides a safe, healthy work environment both offshore and onshore;
- ✓ Continuously improves operational performance and quality;
- ✓ Deliver its services promptly and cost effectively
- ✓ Considers the environment in all aspects of its operations

1.4 Transparency act

The Transparency Act came into effect in Norway on July 1, 2022, and requires several Norwegian companies to have a relationship with how their business operations may impact fundamental human rights and decent working conditions. The background for this law is a clear expectation from the authorities, society, and clients that businesses should act with increased responsibility throughout their value chain.

SeaBird Exploration, as an ISO-certified company and thus has already developed routines to identify and manage risk in our day-to-day operations, where negative impacts on human rights and the environment in supply chains are identified. We have developed a questionnaire, where among others forced labour, child labour and other human rights violations, as well as environmental risks and impacts are addressed. One of the challenges encountered is to have the questionnaires returned in a timely manner, but so far we have not identified any negative impacts on neither human rights nor environment.

SeaBird Exploration has a system in place to address and handles any non-compliance to our code of conduct. We also carry out in-house audits to verify the compliance of our suppliers (in 2022, four companies where audited). In 2022, we have used 200 different suppliers, and we have received feedback from ten of these.

1.5 Interaction with the capital market

Key events

In January 2022 the Company issued 14,000,000 new shares at a premium price of NOK 2.25 and increased its share capital by EUR 2,380,000 to EUR 8,207,033.

In May 2022 the Company issued 3,500,000 new shares at a premium price of NOK 2.25 and increased its share capital by EUR 595,000 to EUR 8,802,033.

In July 2022 the Company issued 26,699,600 new shares at a premium price of NOK 3.00 and increased its share capital by EUR 4,538,932 to EUR 13,340,965.

In November 2022 the Company issued 2,000,000 new shares at a premium price of NOK 3.00 and increased its share capital by EUR 340,000 to EUR 13,680,965.

In December 2022 the Company reduced its share premium by USD 16,233,336 with the purpose of write off losses of the Company. The share premium was further reduced by USD 4,965,858 in relation with the distribution of the Company's shares in Green Minerals AS to its shareholders. The distribution was completed on 25 January 2023.

1.6 Financial calendar

Date	Event
27.07.2023	Annual General Meeting
25.08.2023	Half Year 2023
10.11.2023	Third Quarter 2023
16.02.2024	Fourth Quarter 2023

1.7 20 largest shareholders' table

Investor	No. of shares per 31.12.2022	% of total
Mh Capital As	8,339,792	10.4%
Anderson Invest As	6,019,236	7.5%
Alden As	5,577,219	6.9%
Grunnfjellet As	5,075,301	6.3%
Europa Link As	3,890,371	4.8%
Storfjell As	3,255,775	4.0%
Myrseth	2,524,999	3.1%
Langebru As	2,500,300	3.1%
Nordnet Livsforsikring As	2,221,165	2.8%
Vicama Capital As	1,666,700	2.1%
Haustkollholmen As	1,628,914	2.0%
Sigstad	1,377,000	1.7%
Ubs Ag	1,214,812	1.5%
Miel Holding As	1,125,446	1.4%
Grønland	1,000,000	1.2%
Kfs As	1,000,000	1.2%
F Storm As	953,122	1.2%
Sandberg Jh As	890,307	1.1%
Hubris Industrier As	883,333	1.1%
Titan Venture As	800,000	1.0%
Total number owned by top 20	**51,943,792**	**65%**
Total number of shares	**80,476,265**	**100.00%**

1.8 Financial review

The consolidated financial statements of SeaBird Exploration Plc as well as the separate financial statements for the parent company are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. Revenues were USD 20.2 million in 2022 compared to USD 20.7 million in 2021. Vessel utilization decreased from 49% in 2021 to 39% in 2022. The majority of our revenues were related to contracts with oil companies and other seismic companies. Cost of sales was USD 19.0 million in 2022 (USD 21.0 million in 2021). SG&A was USD 3.9 million in 2022, down 30% year-over-year from USD 5.6 million. Depreciation and amortization were USD 7.1 million in 2022 (USD 5.8 million in 2021). Total impairments were USD 1.5 million in 2022 (USD 1.0 million in 2021). The impairments were primarily related to Petrel Explorer that was sold in August 2022. The company reports a loss from continuing operations of USD 11.6 million for 2022 (loss of USD 11.4 million in 2021). Capital expenditures were USD 3.9 million in 2022, down from USD 21.0 million in 2021 and is mainly related to the finalization of the conversion of Fulmar Explorer. Cash and cash equivalents excluding discontinues operation at the end of the period were USD 0.9 million (USD 2.3 million in 2021). Net cash from operating activities was negative USD 17.0 million in 2022 (positive USD 6.3 million in 2021). The company's term loan facility is secured with 1st priority mortgage on Eagle Explorer and Fulmar Explorer. As of 31 December 2022, the drawn amount on the facility was USD

15.7 million. Net interest-bearing debt was USD 15.4 million as per 31 December 2022 (net debt of USD 13.0 million as per 31 December 2021). The Group announced on 9 June that it and its main lender has signed a term sheet for the refinancing of the Company's term loan and guarantee facilities. The full loan amendment agreement is not executed yet. The new facilities expire on 30 June 2026. The company has financial risk management objectives and policies to handle cash flow, liquidity, and credit risk, which includes frequent forecasting, review by management and board and by holding sufficient cash reserves to fund the company's operations. The company does not hedge currency, credit, bunker, or other forms of risk. Please see notes 3 and 30 for further details on the company's risk management policies and key risk exposures.

1.9 Significant events during the year

On **3 January 2022**, the company completed an Extraordinary General Meeting. All proposals on the agenda were adopted with the requisite majority.

On **13 January 2022**, the company announced Contemplated private placement and potential sale of vessel.

On **14 January 2022**, the company announced Private placement successfully completed.

On **26 January 2022**, the company announced Strategic review.

On **9 February 2022,** the company announced LOI for OBN Source contract.

On **4 March 2022,** the company announced Award of OBN Source contract.

On **28 April 2022,** the company announced LOI for acquisition of shares in the company subject to due diligence.

On **7 June 2022,** the company announced Award of OBN Source contract.

On **30 June 2022,** the company announced LOI for acquisition of all shares had been put on hold due circumstances outside both parties control.

On **18 July 2022,** the company announced sale of Petrel Explorer.

On **25 July 2022,** the company announced award of 2D contract in Eastern Hemisphere.

On **28 July 2022,** the company announced appointment of Mr. Finn Atle Hamre as CEO of the company and Mr. Sveinung Alvestad as interim CFO.

On **28 July 2022**, the company announced Contemplated private placement and potential sale of vessel.

On **28 July 2022**, the company announced Private placement successfully completed.

On **9 August 2022**, the company announced AGM minutes and Mr. Odd Sondre Helsing as new Director of the Company.

On **30 August 2022**, the company announced completion of the sale of Petrel Explorer.

On **13 September 2022**, the company announced the resignation of Mr. Svein Øvrebø has resigned from the nomination committee.

On **13 September 2022**, the company announced notice of extraordinary general meeting.

On **13 October 2022**, the company announced minutes from extraordinary general meeting.

On **2 November 2022**, the company announced change of name and ticker from Green Energy Group to SeaBird Exploration and ticker SBX.

On **30 December 2022,** the company announced Cyprus Court approval of distribution of shares in Green Minerals AS.

1.10 Corporate Governance

Our corporate governance policy guides our operations and culture. The company's corporate governance policies are set out in the corporate governance section of this annual report.

1.11 Going concern

The company's accounts have been prepared on the basis of a going concern assumption. Please refer to note 2.1 in the consolidated financial statements.

1.12 Subsequent events

The most significant events occurred after the date of the statement of the financial position include:

On **12 January 2023,** the company announced distribution of shares in Green Minerals.

On **31 January 2023,** the company announced contract extension.

On **10 May 2023,** the company announced contract award for Eagle Explorer.

On **9 June 2023,** the company announced it has signed a term sheet for the refinancing of the Company's term loan and guarantee facilities. The full loan amendment agreement is not executed yet.

For the full list of subsequent events please refer to Note 32 of the consolidated financial statements.

1.13 Group Outlook

The company sees strong tendering activity in the OBN source segment and some interesting 2D prospects. Activity level is paired with longer contract durations assumed to be a result of the general energy situation and oil price. The company believes oil and gas will remain an important part of the energy mix in the foreseeable future.

Focus on increased oil recovery and near field developments will continue to be an important demand driver for the company's OBN source services. OBN source is expected to form the base for the company's seismic offering going forward and with quality tonnage, such as the "Eagle Explorer" and the "Fulmar Explorer", the company is in a good position to secure consistent high utilization. We believe some laid-up vessels may be re-activated for new projects.

2D remains a cost-efficient exploration method, with national energy security in select regions as the main driver. Current 2D tendering activity attests to this.

SeaBird`s response to take advantage of this change in market dynamics is to consolidate as much high-end capacity as we can and thereby increase our market share. SeaBird's equipment pool enhances SeaBird's ability to capitalize on its seismic know-how and market access by equipping third party vessels on flexible charters. SeaBird is in a unique position to offer both 2D and OBN source and is therefore able to take advantage of the higher utilization potential of OBN source, while at the same time capitalizing on the higher earnings potential in the niche 2D market.

1.14 Deviation from Q4 2022 report

The group's annual consolidated financial statement have been adjusted compared to the unaudited quarterly results announced on 24 February 2023. The adjustments reflects amended accruals of post-balance sheet events and reversal of an accruals. The total effect is an increased of loss of USD 2.3 million in the Company's consolidated statement of income for 2022.

1.15 Resolution

The financial statements for the company have been prepared in accordance with International Financial Reporting Standards. They were prepared under the historical cost convention and are based on the going concern assumption.

The company's net loss for 2022 is USD 12.9 million. The net loss for the year is carried forward and will be settled against future gains.

1.16 Financial risk and instruments

SeaBird's activities are exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and monitors and controls risks with a potential significant negative effect for the Group and evaluates to minimize the risks if the cost of doing so is acceptable. For further information please see Note 3 and 30 in the Consolidated Financial Statement.

1.17 Group composition

With reference to note 19 in the Consolidated Financial Statement

Company	Shareholding and voting rights
Aquila Explorer Inc.	100%
Biliria Marine Company Limited	100%
GeoBird Management AS	100%
Green Energy Group AS	100%
Green Minerals AS	51%
Harrier Navigation Company Limited	100%
Hawk Navigation Company Limited	100%
Munin Navigation Company Limited	100%
Oreo Navigation Company Limited	100%
Raven Navigation Company Limited	100%
Sana Navigation Company Limited	100%
Seabed Navigation Company Limited	100%
SeaBird Crewing Mexico S. DE R.L. DE C.V.	100%
SeaBird Exploration Americas Inc.	100%
SeaBird Exploration Asia Pacific PTE. Ltd.	100%
SeaBird Exploration Crewing Limited	100%
SeaBird Exploration Cyprus Limited	100%
SeaBird Exploration Finance Limited	100%
SeaBird Exploration FZ-LLC	100%
SeaBird Exploration Multi-Client Limited	100%
SeaBird Exploration Nigeria Ltd.	100%
SeaBird Exploration Norway AS	100%
SeaBird Exploration Private Limited	26%
SeaBird Exploration Shipping AS	100%
SeaBird Exploration Vessels Limited	100%
SeaBird Seismic Mexico S. DE R.L. DE C.V.	100%
Susco AS	100%

1.18 Dividend

No dividend was distributed for 2021and 2022.

1.19 Share capital

There are no any restrictions in exercising of voting rights. Please be referred to Note 15 in the Consolidated Financial Statement for further information.

1.20 Board of Directors

The Board of Directors consists of Ståle Rodahl (Executive Chairman of the board), Øivind Dahl-Stamnes (Director), Nicholas Knag Nunn (Director), Hans Christian Anderson (Director) and Odd Sondre Svalastog Helsing (Director. Please be referred to Note 29 for further information.

1.21 Committees

Audit Committee:

- Ståle Rodahl – Executive Chairman of the board
- Nicholas Knag Nunn – Director of the board

Nomination Committee:

- Stig Myrseth
- Per Øyvind Berge
- Hans Jan Henry Anderson

1.22 Internal control

The Group operates an internal control system and procedures, the adequacy of which is evaluated by the Board of Directors and by an independent Audit Committee which was established by the Board of Directors. The operation of the internal control system is intended to manage the risks of not achieving business objectives and ensure to a reasonable extent the proper management of the risks of its financial and operational systems Group. The internal control system includes procedures aimed at detection and prevention of errors, omissions and/or fraud which they could cause material inaccuracies in the preparation of the Group's financial statements. The adequacy of the internal control system ensures the validity of financial data and protection against material errors in the presentation of the Group's results.

Furthermore, the Group performs annual internal audit; Internal audit to control compliance towards requirements in; ISO 9001, ISO 14001, ISO 45001, ISM code, ISPS code, MLC and requirements of the Management System.

1.23 Independent Auditors

The independent auditors RSM Cyprus Ltd have expressed their willingness to continue in office as the Company's auditors. A resolution authorizing the Board of Directors to appoint and fix their remuneration will be proposed at the next AGM.

The board of directors Seabird Exploration PLC

Date 23 June 2023

Consolidated Financial Accounts

Consolidated statement of income

All figures in USD 000's	Note	Year ended 31 December 2022	2021
Revenues	5, 6	20,164	20,705
Cost of sales	22	-19,036	-21,013
Selling, general and administrative expenses	22	-3,889	-5,563
Allowance for ECL and write offs, net of reversals	10	-	-30
Other income (expenses), net	21	1,485	1,716
Earnings before interest, tax, depreciation and amortization (EBITDA)		**-1,276**	**-4,185**
Gain/(loss) on sale of property, plant and equipment		260	-807
Depreciation	7	-6,960	-5,644
Amortization	9	-139	-129
Impairment	7, 12	-1,502	-1,014
Earnings before interest and taxes (EBIT)		**-9,617**	**-11,779**
Finance income		10	0
Finance expense	24	-1,854	-655
Share of net income of associates	19	224	-
Other financial items, net	20	-475	719
Profit/(loss) before income tax		**-11,712**	**-11,715**
Income tax	8	107	290
Profit/(loss) continuing operations		**-11,605**	**-11,425**
Net profit/(loss) discontinued operations		-1,256	-
Profit/(loss) for the period		**-12,861**	**-11,425**
Profit/(loss) attributable to continuing operations			
Shareholders of the parent		-11,605	-10,839
Non-controlling interests	19	-	-586
Profit/(loss) attributable to discontinued operations			
Shareholders of the parent		-639	-
Non-controlling interests	19	-617	-
Earnings per share	25	-0.21	-0.35
Earnings per share from continued operations	25	-0.20	-0.35
Earnings per share from discontinued operations	25	-0.01	-

Consolidated statement of comprehensive income

		Year ended 31 December	
All figures in USD 000's	Note	2022	2021
Profit/(loss)		**-12,861**	**-11,425**
Other comprehensive income		-	-
Exchange difference arising on the consolidation of foreign companies financial accounts		-	-
Total other comprehensive income, net of tax		**-**	**-**
Total comprehensive income		**-12,861**	**-11,425**
Total comprehensive income attributable to:			
Shareholders of the parent		-12,244	-10,839
Non-controlling interests	19	-617	-586
Total		**-12,861**	**-11,425**

Consolidated statement of financial position

All figures in USD 000's	Note	As of 31 December 2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	7	42,982	46,050
Multi-client library	9	54	179
Investment in associates	19	224	-
Total non-current assets		**43,260**	**46,229**
Current assets			
Inventories	13	643	1,186
Trade receivables	10	12,428	4,873
Other current assets	11	6,119	4,019
Restricted cash	14	57	70
Cash and cash equivalents	14	851	2,312
Total current assets		**20,098**	**12,460**
Assets classified as held for sale	12	175	11,189
Assets classified as held for distribution	19, 32	2,333	-
TOTAL ASSETS		**65,866**	**69,878**

Consolidated statement of financial position

All figures in USD 000's	Note	As of 31 December 2022	2021
EQUITY			
Shareholders' equity			
Paid in capital	15	36,944	45,492
Currency translation reserve		-395	-407
Share options granted	15	595	192
Retained earnings		-8,404	-17,861
Total equity attributable to the parent		**28,740**	**27,415**
Non-controlling interests		1,075	930
TOTAL EQUITY		**29,815**	**28,345**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	18	-	7,559
Total non-current liabilities		**-**	**7,559**
Current liabilities			
Trade payables	16	9,051	14,569
Contract liability	16	1,467	368
Other payables	16	7,773	10,049
Provisions	17	331	331
Loans and borrowings	18	16,287	7,767
Tax liabilities	8	1,000	890
Total current liabilities		**35,909**	**33,974**
Liabilities classified as held for sale		-	-
Liabilities classified as held for distribution	19, 32	142	-
TOTAL LIABILITIES		**36,051**	**41,533**
TOTAL EQUITY AND LIABILITIES		**65,866**	**69,878**

On 23 June 2023, the Board of Directors of SeaBird Exploration Plc authorized these consolidated financial statements for issue.

Ståle Rodahl – Executive Chairman

Hans Christian Anderson – Director

Øivind Dahl-Stamnes, Director

Nicholas Nunn, Director

Odd Sondre Svalastog Helsing, Director

Consolidated statement of changes in equity

All figures in USD 000's	Paid in capital	Currency translation reserve	Share options granted	Retained earnings	Non-controlling intrests	**Total equity**
Equity as of 1 January, 2021	**322,876**	**-407**	**444**	**-287,688**	**761**	**35,986**
Profit/(Loss)				-10,839	-586	-11,425
Other comprehensive income						-
Total comprehensive income	**-**	**-**	**-**	**-10,839**	**-586**	**-11,425**
Share issue	3,617					3,617
Share premium reduction	-277,201			277,201		-
Share premium reduction – Green Minerals AS shares	-3,800					-3,800
Transactions with non-controlling interest				3,425	755	4,180
Share options granted/cancelled			-252			-252
Other equity transactions				40		40
Total contributions by and distributions to owners	**-277,384**	**-**	**-252**	**280,666**	**755**	**3,784**
Equity as of 31 December 2021	**45,492**	**-407**	**192**	**-17,861**	**930**	**28,345**
Profit/(Loss) for the year				-12,244	-617	-12,861
Other comprehensive income for the year						-
Total comprehensive income for the year	**-**	**-**	**-**	**-12,244**	**-617**	**-12,861**
Share issue	12,651					12,651
Share premium reduction	-16,233			16,233		-
Share premium reduction – Green Minerals AS shares	-4,966			4,966		-
Transactions with non-controlling interest				572	762	1,334
Share options granted/cancelled			403			403
Other equity transactions	-	12		-69	-	-57
Total contributions by and distributions to owners	**-8,548**	**12**	**403**	**21,702**	**762**	**14,331**
Equity as of 31 December 2022	**36,944**	**-395**	**595**	**-8,404**	**1,075**	**29,815**

Consolidated statement of cash flow

All figures in USD 000's	Note	Year ended 31 December 2022	2021
Cash flows from operating activities			
Profit/(loss) before income tax		-11,712	-11,715
Adjustments for			
Depreciation, amortization and impairment	7, 9, 12	8,601	6,787
Movement in provision	17	-	-65
Loss /(gain) from disposal of fixed assets		-260	807
Loss /(gain) from sale of shares		-	-256
Unrealized exchange (gain)/loss		482	-53
Interest expense on financial liabilities	24	1,588	619
Paid income tax	8	-	8
(Increase)/decrease in inventories		543	-556
(Increase)/decrease in trade receivables, contract assets and restricted cash		-9,641	3,391
Increase/(decrease) in trade payables, contract liability and other payables		-6,703	7,303
Increase/(decrease) in tax liabilities		110	-
Net cash used in operating activities		**-16,992**	**6,270**
Cash flows from investing activities			
Capital expenditures	7	-3,895	-20,961
Proceeds from disposal of PPE	7, 12	9,586	304
Proceeds from sale of shares in subsidiary		-	369
Proceeds from sale of shares in third parties		-	451
Other long term investment		-	59
Net cash used in investing activities		**5,691**	**-19,778**
Cash flows from financing activities			
Net proceeds from issuance of ordinary shares	15	12,651	7,104
Receipts from borrowings	18	11,501	6,903
Repayment of borrowings	18	-10,606	-
Interest paid	18	-1,551	-619
Other financing		-	-3,800
Net cash from financing activities		**11,995**	**9,589**
Net decrease in cash and cash equivalents		**694**	**-3,919**
Cash and cash equivalents at beginning of the period, unrestricted	14	**157**	**6,231**
Cash and cash equivalents at end of the period, unrestricted	14	**851**	**2,312**
Net increase in cash and cash equivalents from discontinued operation		-25	-
Cash and cash equivalents at beginning of the period in from discontinued operation, unrestricted		**2,155**	**-**
Cash and cash equivalents at end of the period in discontinued operations, unrestricted		**2,130**	**-**

Notes to the consolidated financial statements

All figures in USD 1.000, if not stated otherwise. The consolidated financial statements and the separate financial statements are an integral part of the annual financial statements and should be read in conjunction with each other.

1 General information

Seabird Exploration Plc (alone or together with its subsidiaries referred to as "SeaBird" or "company" or "Group") is a global provider of marine 2D seismic data for the oil and gas industry. SeaBird specializes in high quality operations within the high end of the 2D and source vessel market. SeaBird concentrates on contract seismic surveys but is also selectively engaged in the multi-client sector. The main success criteria for the Group are an unrelenting focus on quality, health, safety and environment (QHSE), combined with efficient collection of high-quality seismic data.

The company was incorporated in the British Virgin Islands as a limited liability company in 2000. The company was re-domiciled to Cyprus on 18 December 2009. Seabird has direct ownership in two vessels and the company is listed on Oslo Børs with ticker SBX. The company's registered address is at Panteli Katelari 16, Diagoras House floor 7, 1097, Nicosia, Cyprus. The Group main office is located in Bergen (Norway) with the office address Sandviksbodene 68, 5035 Bergen. SeaBird Exploration Plc is tax resident in Norway and registered in the corporate registers both in Norway and Cyprus.

At 31 December 2022, Seabird's owned fleet consisted of the seismic vessels "Eagle Explorer" (Eagle) and "Fulmar Explorer" (Fulmar). The Group sold one non-core vessel, the Petrel Explorer, in August 2022. In addition, the Group has a substantial pool of seismic equipment which could be operated on chartered vessels. At year-end there were no chartered vessels in operation.

The accompanying consolidated and separate financial statements represent the activities of SeaBird for the year ended 31 December 2022 (the "period"). These consolidated and separate financial statements were authorized for issue by the board of directors on 23 June 2023.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards

(IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss. The preparation of financial statements also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Going concern assumption

The assessment of going concern relies heavily on the ability of the Group to secure future cash inflows over the going concern assessment period which extends through to a period of at least one year from the date of approval of the financial statements to meet their liabilities as they become due. The following steps have been undertaken to allow Management to conclude on the appropriateness of the going concern assumption:

a. Understand what could cause the Group not to be a going concern
b. Consider the current liquidity position, customer and sector position, market and operational risks and availability of additional funding if required
c. Board review of the base case forecast produced by management
d. Perform reverse stress tests to assess under what circumstances going concern would become a risk – and assess the likelihood of whether they could occur
e. Examine other mitigating actions to remedy the stress test scenarios
f. Conclude upon the going concern assumption

(a) Understand what could cause the Group not to be a going concern

As at 31 December 2022 the Group had total current bank borrowings of USD15.7 million maturing in June 2023. On 8 June 2023 the Group has signed a term sheet with the borrower, for the refinancing of the facility. The new terms set a revised repayment schedule and a final repayment on 30 June 2026. (Note 32). The full loan amendment agreement is not yet executed.

Considering that a revised credit facility agreement is expected to be signed, the potential scenarios which could lead to the Group not being a going concern are:

- Not having sufficient cash to meet liabilities as they fall due and therefore not being able to provide services to its customer base and meet financing obligations. The main source of operating cash flows for the Group is the securing of employment for its fleet. As of 31 December 2022 the Group was in a net current liability position of USD 15.8 million.

- A non-remedied breach of the financial covenants of Sparebank 1 SMN bank (Note 18) and failure to obtain a waiver. Under the terms of the agreement this could lead to the outstanding balance becoming due for immediate repayment. These covenants are:

  - ✓ Minimum fee cash: USD 1 million
  - ✓ Positive working capital excluding current portion of interest-bearing debt
  - ✓ Equity ratio 45 % (The ratio has however been waived until end June 2023).

(b) Consider the current liquidity position, customer and sector position, market and operational risks and availability of additional funding if required.

At 31 December 2022 unrestricted cash and cash equivalents amounted to USD 0.9 million, while total current assets amounted to USD 20.1 million. Please note that the an amount of USD 2.1 million, relate to cash and cash equivalents of Green Minerals AS, a subsidiary entity owned by the Company at 50.9%, are reflected in "Assets classified as held for distribution" due to IFRS classifications requirements (Note 2.3 (B)). Furthermore, an amount of USD 0.2 million relate to cash and cash equivalents of Seabird Exploration Private Limited, a 26% owned joint venture in India, are reflected in the "Investment in associates" accounted for under the equity method of accounting.

As at 31 December 2022, the Group had Interest-bearing loans and borrowings of USD 16.3 million, current liabilities of USD 35.9 million and current liabilities excluding interest bearing debt of USD 19.6 million. As at 31 December 2022, the Group's total equity amounted to USD 29.8 million, despite incurring a loss of USD 12.9 million during the year.

The general market outlook continued to improve in 2023, with both tendering activity and rate level being higher now than were a year ago. At the same time the seismic industry has gone through a momentous resetting where the fleet of active vessels has been reduced by more than 50% and the number of players has been drastically reduced. Following the conversion of Fulmar Explorer in 2021 (completed early 2022) the company is well positioned to take advantage of the strong market. The attractiveness of the Group's assets is also reflected in the two significant contracts secured during the summer of 2022, which are still ongoing and materialized, with the highest quarterly earnings reported by the Group in seven years, in the first quarter of 2023. Furthermore, the Eagle Explorer has recently been awarded a new 55 days contract in Asia Pacific in direct continuation of the current contract. The new contract ends in August 2023. In addition to the above management is continuing its efforts in securing further future contracts.

If needed, the company may also attempt to raise liquidity through the stock exchange by utilizing equity market opportunities. This was successfully applied on two occasions during 2022. The access to the public equity market does not exclude the possibility to dispose of tangible fixed assets held by the company and delay scheduled investment programs and capital expenditure if required to ensure additional liquidity. This was also implemented in 2022 through the sale of one non-core vessel with a substantial loan repayment effect.

(c) Board review of the base case forecast produced by management

The management has developed a base case cashflow forecast incorporating the most likely scenarios based on historic data and contract activity. The following steps were taken by the Board to ensure the most accurate base case budget is prepared:

- The inputs and assumptions used in the base case cashflow forecast were compared to external market sources to ensure reasonability.
- Inputs and assumptions were challenged through historic data.
- Reviewed the variance analysis between prior year projected cashflows versus actual cashflows.
- Compared employment rates to approved and prospective contracts.
- Challenged the cost base used for contracts.
- Ensured the base cashflow is updated with actual data from 2023.
- Examined different scenarios, their likelihood and impact on the Group.
- Reviewed the probability of signing new contracts, based on current negotiation developments.
- Obtained approval and confirmed the refinancing of its existing loan facilities.

The main assumptions/facts used in the cash flow projections include the estimated EBITDA to be generated in 2023, the inclusion of cash inflows relating to potential contracts and a successful extension of the bank facility with instalments in line with generated earnings. If these assumptions are accurately estimated there should be no breach of covenants in the next twelve months and the Group will be able to cover its short-term liabilities.

(d) Perform reverse stress tests to assess under what circumstances going concern would become a risk

The base case forecast model was further adjusted to establish at what point the Group may not be able to meet its obligations. The Management has developed two stress test scenarios:

1. The first stress test scenario incorporates a reduced utilization or reduced contract rates by 20% on new employment. In its assessment, the board considers availability of alternative sources of financing to mitigate the impact on liquidity, including cost saving measures and tighter working capital control as a first response. The Group has contingency plans in place in case of a prolonged stand-off, which will take the Group's run-rate on cash costs down to a very low level, enabling it to handle a period of low demand from the oil companies. Other measures, may include the realization of one of its vessels or part of its seismic pool equipment or asset-backed financing arrangements, are also considered possible. This scenario may increase the risk of being non-compliant with the bank covenants.

2. The second stress test scenario includes only the signed contracts up to the signing date of the financial statements. The Group's future cash inflows are dependent upon the income to be generate from secured contracts. If no new contracts are signed in the next 12 months the Group may be forced to dispose portion of its assets and repay its short term obligations as they fall due. The Group is in a net asset position of USD 28.9 million and the recoverable value of its two vessels is higher than their carrying values. An active market exists and Management is of the opinion that, in this case scenario, the Group will be able to proceed with the sale at the desirable amount.

(e) Examine other mitigating actions to remedy the stress test scenarios.

- Diversification of operations
- Alternative credit funding sources
- The Group is listed in the Oslo Stock Exchange and has access to funds from shareholders, if needed.
- As per above this tool was applied successfully twice during 2022; the latest share issue in July 2022 was substantially oversubscribed indicating the general interest to invest in the seismic market and the Group.

(f) Conclude upon the going concern assumption

The above matters constitute a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern. However, Management determined that the actions taken so far and the available options are sufficient to mitigate the uncertainty and has therefore prepared the consolidated and stand-alone financial statements on a going concern basis.

2.2 Adoption of new or revised standards and interpretations

There were no changes in accounting principles and no new IFRS standards, amendments or interpretations that have been up for adoption in 2022.

New standards, amendments, IFRSs or IFRIC interpretations for annual reporting periods after 31st of December 2022 are expected to not be significant for the Group's financial statements going forward.

2.3 Consolidation

(A) Subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company (its "subsidiaries").

Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

Subsidiaries are fully consolidated from the date on which control is transferred to SeaBird. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by SeaBird. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of SeaBird's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between SeaBird companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by SeaBird. For a complete listing of subsidiaries please refer to note 19.

(B) Non-controlling interests (minority interests)

In 2020 Green Minerals AS with its main office in Bergen, Norway was recognized as a new subsidiary in the Group. The Group has minority interests (non-controlling interests) in this subsidiary and therefore the Group shall present non-controlling interests in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions (meaning transactions with owners in their capacity as owners).

For more information regards to non-controlling interest see note 19.

If the Group loses control of a subsidiary with non-controlling interest;

- the Group derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position
- Recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with IFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.
- recognizes the gain or loss associated with the loss of control attributable to the former controlling interest

Green Minerals AS was decided to be distributed to SeaBird's shareholder in 2022, and as such has been recognized as discontinued operation in the annual accounts. The distribution was completed 25 January 2023.

2.4 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing related services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. The Group has one business segment. The CEO of the Group is considered to be the Chief Operating Decision Maker.

2.5 Foreign currency translation

(A) Presentation currency

The consolidated financial statements are presented in US dollars, which is also the company's functional currency.

(B) Transactions and balances

Foreign currency transactions are translated into the presentation currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Foreign exchange gains and losses arising from financing activities are recognized in finance costs while all other foreign exchange gains and losses are recognized in their individual line items.

(C) Seabird companies

The results and financial position of all the SeaBird entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

I. assets and liabilities for each balance sheet item are translated at the closing rate at the date of that balance sheet;

II. income and expenses are translated at average exchange rates during the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

III. all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

2.6 Interests in joint operations and associates

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Standards applicable to the particular assets, liabilities, revenue and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

The Group's multi-client projects presented in these financial statements joint control arrangements accounted for as joint operations.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equal or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinued the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.7 Property, plant and equipment

Property, plant and equipment comprise mainly vessels and seismic equipment on board owned or chartered vessels. Vessels, seismic equipment designated for source and 2D operation and office equipment are carried at historical cost, less accumulated depreciation and impairment.

Cost represents either the purchase price or the fair value at the time of acquisition if the purchase was through a business combination. Certain expenditures for conversions and major improvements are also capitalized if they appreciably extend the life or increase the earning capacity of a vessel. Elements of cost include costs that are directly attributable to the improvement or conversion project but not administration and other general overhead costs. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated on a straight-line basis (historical cost less residual value) over their estimated useful lives, as follows:

- Vessels: Up to 25 years
- Conversion expenditures: Vessels remaining life
- Seismic equipment (immovable): Vessels remaining life
- Seismic equipment (movable): 3 to 8 years
- Office equipment: 3 years

The vessels are depreciated from the date they are available for use, i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management. Costs for special periodic and class renewal surveys (dry-docking) are capitalized and depreciated over the estimated period between surveys. When special periodic and class renewal surveys occur the part of the fixed assets register that is replaced is derecognized. Other maintenance and repair costs are expensed as incurred. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included under "Gain/(loss) on sale of property, plant and equipment" in the income statement.

Property, plant and equipment under construction or under conversion are recognized at cost less impairment. Elements of cost include costs that are directly attributable to the conversion project but not administration and other general overhead costs.

2.8 Intangible assets

(A) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(B) Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(C) De-recognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets with finite lives are amortized over the useful economic lives based on straight line amortization. Useful lives and amortization method for intangible assets with finite useful life are reviewed at least annually. Gains and losses arising from de-recognition of an intangible asset are measured at the difference between the net sales proceeds and the carrying amount of the asset and are reported as "other income (expenses), net" in the income statement as part of operating profit.

The company currently owns no intangible assets other than multi-client investments, which are described below.

(D) Multi-client library

The multi-client library consists of seismic data surveys to be licensed to customers on a non-exclusive basis. Costs directly incurred in acquiring, processing and otherwise completing multi-client seismic surveys, including depreciation and mobilization costs, are capitalized to the multi-client library.

Generally, each multi-client survey is amortized in a manner that reflects the pattern of consumption of its economic benefits.

Upon completion of data processing and delivery to the prefunding customers and those contracted during the work in progress phase, amortization is recognized based on total costs versus forecasted total revenues of the project.

Thereafter, a straight-line amortization is applied over the project's remaining useful life, which for most projects is estimated to be four years. The straight-line amortization is distributed evenly through the financial years, independently of sales during the quarters.

Whenever there is an indication that a survey may be impaired, an impairment test is performed in accordance with the policy described in note 2.9. A systematic impairment test of all surveys is performed at least annually at the end of the financial year.

2.9 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized in profit or loss.

2.10 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

2.11 Financial assets and financial liabilities

Financial assets and financial liabilities are recognized in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value and are subsequently held at fair value or amortized cost based on the classification provisions described below.

2.11.1 Financial assets - classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income "OCI" or through profit or loss), and
- those to be measured at amortized cost

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes trade receivables, cash and cash equivalents and restricted cash.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon de-recognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not hold any debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group does not hold any equity instruments at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes the listed debt investment and the non-listed equity investment shown within the line long-term investments.

2.11.2 De-recognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in profit or loss.

2.11.3 Financial assets: impairment and credit loss allowance for ECL

The Group assesses on a forward looking basis the ECL for debt instruments (including loans) measured at amortized cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognizes credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss.

Debt instruments measured at amortized cost are presented in the consolidated statement of financial position net of the allowance for ECL.

For debt instruments at FVOCI, an allowance for ECL is recognized in profit or loss and it affects fair value gains or losses recognized in OCI rather than the carrying amount of those instruments.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For trade receivables including trade receivables with a significant financing component and contract assets and lease receivables the Group applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognized from initial recognition of the financial assets.

For all other financial asset that are subject to impairment under IFRS 9, the Group applies the general approach. The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking such as the future prospects of the oil and gas industry in which the Group's debtors operate.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about events such as: significant financial difficulty of the issuer or the borrower; a breach of contract, such as a default or past due event; it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

2.11.4 Reclassification of financial assets

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

2.11.5 Financial assets write off

Financial assets are written off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write off represents a de-recognition event. The Group may write off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

2.11.6 Financial liabilities measurement categories

Financial liabilities are initially recognized at fair value and classified as subsequently measured at amortized cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognized by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

The Group's financial liabilities are classified as subsequently measured at amortized cost.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalized as part of the cost of that asset. Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the consolidated statement of financial position date.

2.11.7 De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. In determining whether a modification of terms of a liability is a substantial modification, the Group considers quantitative and qualitative factors. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification, is recognized in profit or loss as the modification gain or loss.

2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The Group's inventories comprise of fuel and lube oils.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments.

2.14 Share capital

Ordinary share capital is classified as equity. The difference between the fair value of the consideration received by the company and the nominal value of the share capital issued is taken to the share premium account.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where and if any group company purchases the parent company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Group's equity holders.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. For more information see note 15.

2.15 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where SeaBird operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. SeaBird establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, the deferred income tax, if it is not accounted for, arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by SeaBird and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Employee benefits and share based payments

(A) Pension obligations

SeaBird operates various defined contribution plans under which it pays fixed contributions into a separate entity. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(B) Share-based compensation

Equity-settled, share-based compensation plans, under which the Group receives services from employees as consideration for SeaBird equity instruments (options) is booked as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any nonmarket vesting conditions (for example, profitability and sales growth targets).

Nonmarket vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The entity may modify the terms of an existing equity instrument granted in a share-based payment transaction. As a minimum, the services received are measured at the grant date fair value, unless the instruments do not vest because of a failure to satisfy a non-market vesting condition that was specified at grant date. This applies irrespective of any modifications to the terms and conditions on which the instruments were granted (including cancellation or settlement). In addition, the effects of modifications that increase the total fair value of the share-based payment arrangement, or are otherwise beneficial to the employee, are recognized. A modification that results in a decrease in the fair value of equity instruments does not result in a reduction in the expense recognized in future periods. When the modification increases the fair value of the equity instruments granted, the incremental fair value is measured by comparing the fair value of the instrument immediately before and immediately after the modification. This incremental fair value is then included in the measurement of the amount recognized for services received. If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from the modification date until the date when the modified equity instruments vest. The amount based on the grant date fair value of the original equity instruments continues to be recognized over the remainder of the original vesting period. If the modification occurs after vesting date, the incremental fair value granted is recognized immediately. If the modification increases the number of equity instruments granted, the fair value of the additional equity instruments granted, measured at the date of the modification, is included in the measurement of the amount recognized for services received.

The cancellation or settlement of an equity instrument is accounted for as an acceleration of vesting. The amount that would otherwise have been recognized for services received over the remainder of the vesting period is, therefore, recognized immediately. If new equity instruments are granted to an employee in connection with the cancellation of existing equity instruments, and they are identified, on the date when they are granted, as replacement equity instruments for the cancelled equity instruments, this is accounted for as a modification of the original equity instruments. The incremental fair value granted is the difference between the fair value of the replacement equity instruments and the net fair value of the cancelled equity instruments at the date the replacement equity instruments are granted. The net fair value of the cancelled equity instruments is their fair value, immediately before the cancellation, less the amount of any payment made to the employee that is accounted for as deduction from equity. If the entity does not identify new equity instruments granted as replacement equity instruments for those cancelled, the new equity instruments are accounted for as a new grant.

2.17 Provisions

Provisions are recognized when SeaBird has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material), using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Onerous leases are contracts where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Provision is made in respect of onerous contracts for the present obligation under the contract. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.18 Revenue recognition

Revenues for contracts with customers arise primarily from (i) proprietary seismic services (2D exclusive surveys performed in accordance with customer specifications) and (ii) granting of licenses to the Group's multi-client library. Source contracts of seismic vessels and time-charter contracts of maritime vessels under which a vessel is chartered-out to the customer for a specific period are accounted for as leases (refer to note 2.19)

Revenue is recognized at the amount that the Group expects to be entitled in exchange for transferring the promised services to the customer (the 'transaction price'). The Group includes in the transaction price an amount of variable consideration (for example, additional consideration related to a "variation order") only to the extent that it is probable that a significant reversal will not occur when the associated uncertainly is resolved. Revenue is shown net of value-added tax, discounts, and after eliminating sales within the Group. Revenue is recognized when it is probable that the Group will collect the consideration to which it will be entitled and when specific criteria have been met under the contract. In evaluating whether collectability is probable, the Group considers only the customer's ability and intention to pay.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases of decreases in estimates are reflected in the profit or loss in the period in which the circumstances become known to the management.

The principles applied for each of the main types of contracts with customers are described in more detail below:

Identification of performance obligations

The Group assesses whether a contract contains one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation on the basis of its standalone selling price. The proprietary 2D contracts (that do not include data processing service), are generally considered to have a single performance obligation. The service related to seismic data processing, which is occasionally agreed in contracts with customers, is typically considered to be a separate performance obligation.

Timing of revenue recognition in proprietary seismic services

Revenue from proprietary seismic services (2D contracts) is recognized over time as the services are performed and the Group is entitled to the compensation under the contract for the work performed. The performance obligation is considered to be satisfied over time because the Group performs the service at the customer specification, the resulting data is owned by the customer the Group is entitled to payment at any given point in time for the portion of work performed and the Group has no alternative right to otherwise use or benefit from the resultant data. Revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The percentage of completion is measured with reference to the actual cost (cost per day multiplied by days lapsed) to total expected costs (cost per day multiplied by expected project days).

Timing of revenue recognition in multi-client sales (licensing)

Multi-client late sales: Revenue from granting a license to a customer to use a specifically defined portion of the multi-client library is recognized at the "point in time" when the customer has received the underlying data or has the right to access the licensed portion of the data.

Multi-client prefunding sales: The Group ordinarily obtains funding from customers before a multi-client survey project is completed. All invoices to clients during work-in-progress phase are booked as contract liabilities. Revenue is recognized at the point in time when the "right to use" license is transferred to the customer. This "point in time" depends on the specific contract, but is typically upon completion of processing of the survey and granting of access to the finished data or delivery of the finished data.

Timing of revenue recognition in source contracts and time-charter contracts

Revenue from source contracts and time-charter contracts is recognized in accordance with the lessor accounting policies (note 2.19). Typically, source contracts and time-charter contracts are classified as operating leases and hire income is recognized on a straight-line basis over the term of the relevant lease.

Financing component

The Group typically does not have any contracts where the period between the delivery of the service and payment by the customer exceeds one year. Consequently, the Group elects to use the practical expedient and does not adjust any of the transaction prices for the time value of money.

Contract assets and contract liabilities

In case the services rendered by the Group as of the reporting date exceed the payments made by the customer as of that date and the Group does not have the unconditional right to charge the client for the services rendered (that is, the Group has earned 'unbilled revenue'), a contract asset is recognized. The Group assesses a contract asset for impairment in accordance with IFRS 9 using the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the contract asset. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9 (see note 2.11.3).

If the payments made by a customer exceed the services rendered under the relevant contract, a contract liability is recognized. The Group recognizes any unconditional rights to consideration separately from contract assets as a trade receivable because only the passage of time is required before the payment is due.

Costs to obtain or fulfil contracts with customers

The Group can recognize the incremental costs incurred by the Group to obtain contracts with customers and the costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset, if such costs meet the following recognition criteria:

- Incremental costs of obtaining contracts are those costs that the Group incurs to obtain a contract with customer that would not have been incurred if the contract had not been obtained.
- Costs to fulfil a contract are those that (a) relate directly to the contract, (b) generate or enhance resources of the Group that will be used in satisfying performance obligations, and (c) the costs are expected to be recovered.

The Group accounts for the mobilization costs incurred to transfer the vessel to the intended contract area as “costs to fulfil a contract” if they meet the above criteria and recognizes the costs as an asset on the balance sheet, classified within “other current assets”. The asset is amortized on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue and recognized in “cost of sales” in the profit or loss. Additionally, the asset is assessed for impairment under the expected credit loss provisions and any impairment loss is recognized in “cost of sales” in profit or loss.

The Group recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Group otherwise would have recognized is one year or less.

2.19 Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract.

The Group enters into lease agreements as a lessee with respect to its vessels chartered-in, the Group’s office premises, as well as rentals of office equipment. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as small items of office equipment). For these leases, the Group recognizes the lease payments as an operating expense on a straight- line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the current year.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lessee transfer's ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy (see note 2.7).

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are recognized in profit or loss, classified within "Cost of sales" if related to rental of vessels or in "Selling, general and administrative expenses" if related to rental of office space or office equipment.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its vessels chartered-out under source contracts.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

2.20 Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in SeaBird's financial statements in the period in which the dividends are approved by the Board of Directors.

2.21 Comparatives

The Group made no reclassifications in 2021.

2.22 Contingent assets and liabilities

Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements where an inflow of economic benefits is probable. Contingent liabilities are defined as:

- possible obligations resulting from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity;

- a present obligation that arises from past events but is not recognized because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not reported in the financial statements, with the exception of contingent liabilities which originate from business combinations. For more information see note 27.

2.23 Contract costs

Costs incurred relating to future performance obligations are deferred and recognized as assets in the consolidated statement of financial position.

The nature of the asset is incremental costs of obtaining a contract that would not have incurred if the contract had not been obtained and will be recovered by the revenue over the contract period.

Costs related to contracts and future performance obligation longer than 12 months are classified and presented as other non-current assets. All other costs for future performance are presented as other current assets.

Contract costs incurred will be expensed and presented as Operational expenses (cost of sales) in line with the satisfaction of the performance obligation.

2.24 Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard the company recognizes an asset from the costs incurred to fulfil a contract if those costs meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the company can specifically identify);

(b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered

Costs related to mobilization of vessels are capitalized under other current assets and amortized over the contract period when the above criteria are satisfied.

3 Risk factors and financial risk management

3.1 Financial risk factors

SeaBird's activities are exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and monitors and controls risks with a potential significant negative effect for the Group and evaluates to minimize the risks if the cost of doing so is acceptable. The Group may use derivative financial instruments to hedge certain risk exposures from time to time. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and procedures for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included in note 30. The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The audit committee oversees how management monitors and manages risk and review the adequacy of the risk management framework in relation to the risks faced by SeaBird.

(A) Market risk

(I) Currency exchange risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's operating cash inflows are derived from its seismic activities, which are mostly priced in U. S. dollar whilst vessels' costs and crew costs are also mostly in U.S. dollar, thus creating a natural hedge. Nevertheless, as the Group operates internationally, it undertakes transactions denominated in foreign currencies, in particular with regards to taxation payments, as well as administrative expenses. Consequently, the Group is exposed to foreign exchange risk, primarily with respect to Norwegian kroner, Euro, Singapore Dollar, and British Pound. To manage foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Group's management monitors the currency rate fluctuations continuously and entities in the Group may use from time to time various foreign exchange contracts. SeaBird did not have any open foreign exchange contracts as at 31 December 2022 and 2021. Quantitative information regarding the Group's exposure to foreign exchange risk as at year end is set out in note 30.

(II) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Variable interest rates expose the Group to cash flow interest rate risk, while fixed interest rates expose the Group to fair value interest rate risk. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest bearing assets. The Group has a loan in Sparebank 1 SMN, see note 18. The management monitors the interest rate fluctuations on a continuous basis and acts accordingly. Quantitative information regarding the Group's exposure to interest rate risk as at year end is set out in note 30.

(B) Credit risk

The company sells its services solely to participants in the energy industry, which may increase the Group's overall exposure to credit risk as customers may be similarly affected by prolonged industry downturns. SeaBird has policies in place to ensure that sales of services are made to customers with an appropriate credit history. When contracts are made with counterparties that are considered particularly risky, the company normally dictates short payment terms and upfront payments in contractual arrangements with the client to properly mitigate credit risk. Still, the Group faces the risk of non-payment from customers.

Credit risk also arises from cash and cash equivalents, deposits with financial institutions as well as contract assets and contract costs. SeaBird seeks to limit the amount of credit exposure to any financial institution and is only investing in liquid securities with counterparties with strong credit ratings. The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries or performance guarantees and similar in the normal course of business.

Note 30 details the Group's maximum exposure to credit risk and the measurement bases used to determine expected credit losses.

(C) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of available debt funding and the ability to close out market positions. Due to the cyclical nature of the seismic industry, SeaBird has been aiming to maintain flexibility in funding by a mixture of debt and equity financing. Quantitative information about the Group's exposure to liquidity risk is set out in note 30.

(D) Risks related to debt arrangements

SeaBird's current and future debt arrangements may include covenants and undertakings of a general, financial and technical nature and such debt arrangements may contain cross-default provisions. Failure by the Group to meet any of the covenants, undertakings and/or a failure to repay debt instalments falling due could result in all outstanding amounts under the different debt arrangements becoming immediately due for payment, which could potentially have a material adverse effect on the Group's financial position and the value of the shares and the Group's operations and results. Please see note 18 for more information.

(E) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year. The capital structure of the Group consists of net debt (borrowings disclosed in note 18 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings). The Group is subject to capital requirements, see note 18 were the loan covenants are described.

3.2 Other risk factors

SeaBird is subject to various other risk factors. The risks described below are not exhaustive as additional risks not presently known to SeaBird or which SeaBird currently deems immaterial may also impair the Group's business operations. If any of the following risks actually materialize, SeaBird's business, financial position and operating results could be materially and adversely affected.

SeaBird is exposed to the economic cycle, as changes in the general economic situation could affect demand for SeaBird's services. Demand for offshore geophysical services depends on the level of capital spending by oil and gas companies. Capital expenditures, and in particular exploration and development expenditures, by oil and gas companies can be negatively affected by a number of factors including, but not limited to, decreases in oil and gas prices, fluctuations in production levels and disappointing exploration results.

Low oil prices typically lead to a reduction in capital expenditures as these companies scale down their investment budgets. Sustained periods of substantially reduced capital expenditures by these companies may reduce the demand for the SeaBird's products and services. Furthermore, recoveries in oil and gas prices do not immediately increase exploration, development and production spending, so improving demand for SeaBird's services will generally lag oil and gas price increases. SeaBird's operating income/loss and operating results can vary from month to month. Its operating income is difficult to forecast due to changes in oil companies' exploration and production (E&P) budgets and expenditures, the competitive environment, efficiency in operations, adverse weather conditions and other general economic, changes in input costs and changes market conditions.

SeaBird is also exposed to commodity (bunker fuel) price risk. As SeaBird in general has a fairly short order backlog for contracts where SeaBird is carrying the risk of bunker fuel prices, this risk has not historically been mitigated by forward commodity contracts. Changes in oil prices and exploration and production budgets could materially affect the business and operating results. Unanticipated difficulties in pursuing SeaBird's business strategy could have a material adverse effect on the Group's business, operating results, or financial condition. The market for SeaBird's products and services is competitive. SeaBird faces competition from other companies within the seismic industry. Generally, overcapacity in the seismic market would have a negative effect on the operating results of the Group, and the possible failure of SeaBird to maintain competitive offering of equipment and services could have a material adverse effect on its business, operating results or financial condition.

SeaBird has a strategy of contracting its vessels both towards the long-term market as well as the more volatile spot market. There can be no guarantee that SeaBird will be able to secure contracts at such rates and utilization rates that are needed. In addition, SeaBird may experience significant off-hires between charters. Furthermore, disputes under the charter parties may occur, which can result in responsibility and losses for the Group. Operations in international markets are subject to risks inherent in international business activities, including, in particular, general economic conditions in each such country, overlapping differing tax structures, managing an organization spread over various jurisdictions, unexpected changes in regulatory requirements, complying with a variety of foreign laws and regulations. SeaBird's business depends on contracts with customers regarding collection and sale/licensing of geophysical data.

Each contract normally involves a substantial value or consideration to the Group. Furthermore, some of the contracts are governed by the laws of the operations' areas, which may create both legal and practical difficulties in case of a dispute or conflict. SeaBird also operates in regions where the ability to protect contractual and other legal rights may be limited compared to regions with more well established markets.

There will always be operational risks involved in performing offshore seismic surveys. This includes among others unexpected failure or damage to vessels and technical equipment, work accidents or adverse weather conditions. These risks can cause personal injury, prevent surveys to be performed as scheduled, other business interruptions, property and equipment damage, pollution and environmental damage. SeaBird may be subject to claims as a result of these hazards. SeaBird seeks to prevent loss or damages from such incidents by insurance, contractual regulations and emergency routines. However, there will always be some exposure to technical and operational risks, with unforeseen problems leading to unexpectedly high operating costs, substantial losses, additional investments, etc., which may have a material negative effect on the Group's operating results and financial position. If for example a vessel is rendered a total loss, the contract with the customer will be void and SeaBird will under such circumstances lose income that would otherwise come from operating this vessel. Additionally, the occurrence of any of these risks could damage SeaBird's reputation.

The parent company is subject to taxation in Norway while several of its subsidiaries are subject to taxation in Cyprus. The Group is also subject to taxation in various other jurisdictions because of its global operations. SeaBird faces the risk that its tax filings are challenged and may be subject to unexpected claims for unpaid taxes or sanctions as a consequence of breach of applicable tax legislation.

3.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as listed debt and equity investments) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by SeaBird is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. SeaBird uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date including quoted market prices or dealer quotes for similar instruments and discounted cash flows.

The carrying value of financial assets and financial liabilities approximate their fair values.

Details with regards to fair value estimation relevant to other financial instruments are set out in note 30.

4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments made by management in the application of IFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

(A) Estimating useful lives, residual value of vessels and equipment

The Group's estimates of useful lives and plans for depreciation are based on investment considerations and on experience of technical and economic life of similar assets. Expected useful life and residual values of the vessels can change according to environmental requirements, wear and tear, corporate strategy, actual usage of the asset, as well as other operational reasons. If the economic life assigned to the assets proves to be too long, impairment losses or higher depreciation expense could result in future periods, while longer actual useful life will decrease the depreciation expense in future years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each year-end.

(B) Estimated impairment of vessels and equipment

The carrying amount of a vessel is reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. In such instances, an impairment charge would be recognized if the recoverable amount (higher of value-in-use and fair value) and its eventual disposition is less than the vessel's carrying amount.

When examining internal indicators of impairment, management assesses a number of factors, such as the vessels' backlog, operating cash flows, financial plans, and the Group's business strategy. Management also considers the physical condition when assessing the earning capacity of an asset. In examining external indicators for impairment, management considers factors such as the economic cycle and macro-economic fluctuations, global oil price movement, factors affecting governmental exploration plans, as well as other factors impacting the customers' capex plans and demand for seismic services.

The recoverable amounts of the vessels are ordinarily determined using value in use calculations. Each vessel, along with the seismic equipment attached or allocated to the vessel, is considered to be a cash generating unit being tested for impairment. In developing estimates of future cash flows, the Group must make assumptions about future day-rates, utilization, operating expenses, capital investments, residual values and remaining useful life of the vessels. These assumptions are based on historical trends as well as future expectations. Although management believes that the assumptions used to evaluate potential impairment are reasonable and appropriate, such assumptions may be highly subjective. Significant and unanticipated changes in these assumptions could result in impairments in the future periods. Currently, there is elevated uncertainty with regards to the future outlook in terms of utilization and day-rates. To the extent that the future actual revenues achieved prove to be less than forecasted, impairment losses on vessels and equipment may result.

Note 7 sets out information about the impairment testing performed in the current year.

(C) Going concern assumption

The assessment of the Company for the appropriateness of the use of the going concern basis is disclosed in note 2.1.

5 Segment information

All our seismic services and operations are conducted and monitored within the Group as one business segment.

Primary reporting format – types of revenues

All figures in USD 000's	2022	2021
REVENUE		
Contract	20,164	20,705
Total	**20,164**	**20,705**

Revenues from the Group's largest customer in 2022 amounted to 26% of the Group's total annual revenues. In 2021 the largest customer contributed to 51 % of total revenues.

Secondary reporting format – geographical segments

All figures in USD 000's	2022	2021
REVENUE		
Europe, Middle East & Africa (EMEA)	5,126	5,162
North & South America (NSA)	5,150	4,991
Asia Pacific (APAC)	9,888	10,552
Total	**20,164**	**20,705**

SEGMENT ASSETS

Europe, Middle East & Africa (EMEA)	22,368	46,018
North & South America (NSA)	25,481	-
Asia Pacific (APAC)	18,017	23,860
Total	**65,866**	**69,878**

CAPITAL EXPENDITURE		
Europe, Middle East & Africa (EMEA)	3,895	20,961
North & South America (NSA)	-	-
Asia Pacific (APAC)	-	-
Total	**3,895**	**20,961**

A substantial portion of the property and equipment is mobile due to SeaBird's world-wide operation. Asset locations at the end of a period are not necessarily indicative of the geographic distribution of the revenues generated by such assets during the period.

Geographic distribution of assets is based upon location of physical ownership. The geographic distribution of revenues is based upon location of performance. Capital expenditures are based on the location of the company that is making the investment.

6 Revenue

Revenue split on type of contract

All figures in USD 000's	2022	2021
Contract revenue	4,917	13,392
Time-charter revenue	15,211	7,313
Bareboat revenue	-	-
Multi-client late sales	-	-
Other revenues	36	-
Total revenues	**20,164**	**20,705**

Time of revenue recognition

All figures in USD 000's	2022	2021
At a point in time	-	-
Over time	20,164	20,705
Total revenues	**20,164**	**20,705**

Set out below is the amount of revenue recognized from

All figures in USD 000's	2022	2021
Amounts included in contract liabilities at the beginning of the year	368	606
Amounts included in contract liabilities at the end of the year	1,467	368

7 Property, plant and equipment

The "Fulmar Explorer" was reactivated during 2021and upgraded to a high-end source vessel was finalized during 2022. Total investments during 2022 of USD 3.9 million was related to the vessel, while USD 12.2 million was related to the vessel in 2021. In addition, the seismic equipment pool was strengthened with a total of USD 8.8 million in 2021 allowing the Group to extend the operation beyond the company's own fleet.

The Petrel Explorer was recognized as asset held for sale in 2021, and consequently sold in August 2022 (Note 12).

All figures in USD 000's	Vessels and equipment	Dry-dock costs and equipment	Office equipment	Total
Opening net book amount as of 1 January, 2021	**40,415**	**766**	**159**	**41,341**
Additions	18,073	2,888	-	20,961
Sale of assets	-	-	-	-
Depreciation	-4,885	-706	-53	-5,644
Assets reclassified (to)/from held for sale	-10,814	-	-	-10,814
Other	-1,016	1,222	-	206
Net book amount as of 31 December 2021	**41,773**	**4,170**	**106**	**46,050**
Cost	109,540	4,544	198	114,282
Accumulated depreciation and impairment	-67,767	-374	-92	-68,232
Net book amount as of 31 December 2021	**41,773**	**4,170**	**106**	**46,050**
Opening net book amount as of 1 January, 2022	**41,773**	**4,170**	**106**	**46,050**
Additions	522	3,373	-	3,895
Sale of assets	-254	-34	-	-288
Depreciation	-5,458	-1,449	-53	-6,960
Impairments	-	-	-	-
Assets reclassified (to)/from held for sale	285	-	-	285
Other	-	-	-	-
Net book amount as of 31 December 2022	**36,868**	**6,060**	**53**	**42,982**
Cost	49,858	9,009	159	59,026
Accumulated depreciation	-12,990	-2,948	-106	-16,044
Net book amount as of 31 December 2022	**36,868**	**6,060**	**53**	**42,982**

Impairment assessment

The Group performed impairment reviews and determined the value in use of its fleet based on discounted estimated future cash flows carried out in accordance with the Group's policy described in note 2.9. The assessment has not resulted in any impairment loss.

The Group's value in use model includes estimates of the expected future cash flows for each vessel along with the immovable and allocated movable seismic equipment. Cash flows are based on day-rates, utilization, operating costs and required capital investments over the remaining life of the vessel. These cash flows are discounted at the Group's weighted average cost of capital (WACC) which approximates 13.0% to estimate the present value, which is compared to book value at the date of the assessment. The impairment review is performed on the following vessels:

Asset	**Valuation approach**
Eagle Explorer	Value in use
Fulmar Explorer	Value in use

The main assumptions used in the calculation of the value in use of the Group's vessels are:

- Day-rates in 2023 are based on awarded and probable projects expected to materialize. The rates from 2023 and onwards increase by 2% per year.

- Utilization in 2022 is also based on awarded and probable projects expected to materialize. Utilization beyond 2022 is based on the historic average utilization of the industry. Utilization remains constant until the end of the vessel's useful life.
- Operating and capital expenditure is based on historic averages and the Group's operating budget and business plan for 2023. Expenses increase by 2% per year.

WACC is calculated using a standard WACC model in which cost of equity, cost of debt and capital structure are the key parameters. WACC has been set at 13.0% (2021: 13.5%). The WACC is estimated on a post-tax basis to be in line with the post-tax cash flows used in the model.

The calculation of value in use is sensitive to changes in the key assumptions, which are considered to be the day-rates, utilization rates, daily OPEX and the discount rate. Management has performed a sensitivity analysis on these assumptions in order to assess the impact on the recoverable amounts had the key assumptions been changed in the negative direction, all other things being equal. The following apply to Fulmar Explorer:

- A decrease in day-rates by 10% over the remaining useful life of the vessels would result in an impairment loss of USD 1.3 million.
- A decrease in utilization rates by 10% over the remaining useful life of the vessels would result in an impairment loss of USD 4.7 million.
- An increase in operating expenses by 10% over the remaining useful life of the vessels would not result in an impairment loss.
- An increase in the WACC by 5% (38% increase) would result in an impairment loss of USD 0.01 million.

The recoverable amount of Eagle Explorer would be equal to its carrying value if the following change in key assumptions occurred:

- A decrease in day-rates by 18% over the remaining useful life of the vessel.
- A decrease in utilization rates by 11% over the remaining useful life of the vessel.
- An increase in operating expenses by 36% over the remaining useful life of the vessel.

Given the inherent imprecision and corresponding importance of the key assumptions used in the impairment tests, it is possible that changes in the future conditions may lead management to use different key assumptions, which could require a material change in the carrying amount of the vessels. The risks associated with the judgments, estimates and assumptions used in this exercise are discussed in note 4 (B).

The impairment assessment on the Group's fleet is carried out in accordance with the Group's policy described in note 2.9 to the financial statements.

Mortgages and assets

The Group has a credit facility with Sparebank 1 SMN with a total frame of USD 21.3 million (see note 18 for further details). This facility is secured with mortgages on the vessels, assignment of the vessel's earnings, insurances, trade receivables, bank accounts and inventories.

Other payables amounted to USD 1.1 million as at 31 December 2022 are secured by 2nd priority mortgages on the vessels.

8 Income tax expense

SeaBird Exploration Plc is subject to taxation in Norway and the majority of its subsidiaries in Cyprus. The Group is also subject to taxation in various other jurisdictions because of its global operations. The Group continues to evaluate its historical tax exposures which might change the reported tax expense.

All figures in USD 000's	2022	2021
Current period	33	99
Adjustment for prior periods	-140	-389
Total current tax	**-107**	**-290**

All figures in USD 000's	2022	2021
Continuing operations profit/(loss) before income tax	-11,712	-11,715
Tax arising at the rate of 22%	-2,577	-2,577
Effect of tax adjustments in arriving at taxable profit and tax losses	2,577	2,577
Foreign operations taxed at different rates	-	99
Withholding tax effect current year	33	77
Reassessment of prior year tax provisions	-140	-466

Total tax expense/(reversal) attributable to continuing operations	**-107**	**-290**

All figures in USD 000's	2022	2021
Attributable to continued operations	-107	-290
Attributable to discontinued operations	-	-

All figures in USD 000's	2022	2021
Long term tax payables	-	-
Current portion of tax liabilities	1,000	890
Total tax liabilities	**1,000**	**890**

Income taxes, penalties, and interest

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where SeaBird operates and generates taxable income. SeaBird establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

In deciding whether deferred tax assets are to be recognized in connection to unutilized tax losses, management considers the subsidiary's history of taxable losses and the probability of generating taxable profits before the unused tax losses expire. Management's assessment has concluded that no deferred tax assets should be recognized as at year-end.

9 Multi-client library

The components of the multi-client library are summarized as follows:

All figures in USD 000's	2022	2021
Opening net book amount as of 1 January	**179**	**308**
Amortization	-139	-129
Other	14	
Net book amount as of 31 December	**54**	**179**

Costs directly incurred in acquiring, processing and otherwise completing multi-client seismic surveys, including vessel's depreciation, are capitalized to the multi-client library. Please see note 2.9 for the capitalization and amortization policies related to the multi-client library.

The net carrying value of the multi-client library, by the year in which the marine acquisition surveys were completed, is summarized as follows:

All figures in USD 000's	2022	2021
Completed during prior years	54	179
Completed during current year	-	-
Completed surveys	**54**	**179**

The company invested in and carried out two multi-client surveys in 2018 in the North Sea. Both projects were joint control arrangements accounted for as joint operations in accordance with the policies described in note 2.6.

10 Trade receivables and contract assets

Trade receivables

All figures in USD 000's	2022	2021
Trade receivables gross	16,093	8,539
Less allowance for expected credit losses	-3,665	-3,665
Trade receivables – net	**12,428**	**4,873**

Of the USD 16.1 million in gross trade receivables, USD 8.8 million relates to receivables from associated companies (Note 19 and Note 29).

The average credit period on sales of goods is approximately 30 days. None of the trade receivables that have been written off is subject to enforcement activities.

Allowance for ECL and write offs, net of reversals

The movement in allowance of expected credit losses that has been recognized for trade receivables and contract assets, as well as the methodology under which the allowance has been estimated, are presented in note 3.1 (B) – "Credit risk".

All figures in USD 000's	2022	2021
Loss on trade receivables	-	30
Loss on other receivables	-	-
Reversed write offs	-	-
Allowance for ECL and write offs, net of reversals	**-**	**30**

11 Other current assets

Other current assets overview

All figures in USD 000's	2022	2021
Prepaid expenses and deposits	1,471	169
Contract costs	2,261	1,437
Other current assets	2,387	2,413
Total other current assets	**6,119**	**4,019**

The contract costs relate to preparation and mobilization of the vessel and equipment to the intended contract area, capitalized as "costs to fulfil a contract" under the Group's accounting policy described in notes 2.18 and 2.24.

The total amount of contract costs recognized as at 31 December 2021 have been amortized in the profit or loss in the current year. The contract costs at 31 December 2022 are expected to be fully amortized within Q1 2023. No impairments have been recognized in the year in respect of contract costs assets.

12 Asset held for sale

All the assets held for sale have been marketed for sale or have been agreed sold but the sales process have not been concluded. The valuations represent sales price or estimated market values for the equipment partly substantiated by statements from independent experts. During Q1 2023, USD 175,000 had been disposed of in line with book values of 31 December 2022. The vessel Petrel Explorer was sold in August 2022, an impairment of approximately USD 1.5 million of the vessel was recognised in the profit and loss during Q2 2022.

All figures in USD 000's	2022	2021
Vessel (Petrel Explorer)	-	9,052
Equipment	175	2,137
Total assets held for sale	**175**	**11,189**

13 Inventories

The company recognized USD 3.4 million in fuel and lube oil consumption as expenses in 2022 (2021: USD 4.2 million).

All figures in USD 000's	2022	2021
Marine gas oil	457	820
Lube oil	186	366
Other inventory	-	-
Total inventories	**643**	**1,186**

14 Cash and bank balances

The restricted cash is held in blocked bank accounts related to payroll tax, employees' prepaid taxes and rent deposits.

All figures in USD 000's	2022	2021
Restricted cash	57	70
Cash and cash equivalents	851	2,312
Cash and bank balances	**908**	**2,382**

15 Share capital and share options

Number of authorized shares

	2022	2021
Number of ordinary shares	91,000,000	84,000,000
Nominal value per share	EUR 0.17	EUR 0.17

Share Capital

All figures in USD 000's	2022	2021
Share capital	16,036	6,854
Share premium	20,908	38,637
Paid in capital	**36,944**	**45,491**

Number of shares issued

	2022	2021
Total number of shares issued at 1 January	34,276,665	26,946,570
New shares issued	46,199,600	7,330,095
Total number of shares as per 31 December	**80,476,265**	**34,276,665**

In June 2021 the Company issued 7,000,000 new shares at a premium price of NOK 4.50 and increased its share capital by EUR 1,190,000 to EUR 5,770,917.

In December 2021 the Company issued 330,095 new shares at a premium price of NOK 4.50 and increased its share capital by EUR 56,116 to EUR 5,827,033.

In January 2022 the Company issued 14,000,000 new shares at a premium price of NOK 2.25 and increased its share capital by EUR 2,380,000 to EUR 8,207,033.

In May 2022 the Company issued 3,500,000 new shares at a premium price of NOK 2.25 and increased its share capital by EUR 595,000 to EUR 8,802,033.

In July 2022 the Company issued 26,699,600 new shares at a premium price of NOK 3.00 and increased its share capital by EUR 4,538,932 to EUR 13,340,965.

In November 2022 the Company issued 2,000,000 new shares at a premium price of NOK 3.00 and increased its share capital by EUR 340,000 to EUR 13,680,965.

In December 2022 the Company reduced its share premium by USD 16,233,336 with the purpose to write off losses of the Company. The share premium was further reduced by USD 4,965,858 in relation with the distribution of the Company's shares in Green Minerals AS to its shareholders. The distribution was completed on 25 January 2023.

There are no share classes and no voting restrictions on the shares.

Employee Share Option Plans

The employee share option program consists of 0.72 million warrants and 2.42 million options as of 31 December 2022. Both the options will vest over period of three years from the grant date, while the options will vest over a period of two years. One third of the options granted will vest one year after grant date, one third of the options granted will vest two years after grant date and one third of the options granted will vest three years after grant date; similar to the warrants over two period. All options and warrants are exercisable at any time within one year from the corresponding vested dates. The options and the warrants have an average exercise prices of NOK 6.72.

Estimated value of the share options granted, reduced for services not rendered, as at 31 December 2022, is presented in equity as share options granted.

	Number of options and warrants outstanding
Opening amount as of 1 January, 2022	**2,460,000**
Granted during the year	1,040,000
Forfeited during the year	-360,000
Exercised in year	-
Expired in year	-
Closing amount at 31 December 2022	**3,140,000**
of which is vested	820,000
of which is non-vested	2,320,000
Total options	**3,140,000**

Share based payments effect on the group's profit or loss amounts to negative USD 0.2 million for 2022 and positive USD 0.3 million for 2021. The total value of share options granted is calculated using the Black-Scholes model, assuming that all the options will be exercised. The fair value determined at the grant date is expensed over the vesting period of the options for the options granted less expected number of forfeited options. The calculation is based on:

- Trailing 252 days logarithmic return volatility of 75%
- Given exercise price for the given option trance the given year, averaging to NOK 6.72
- Time to maturity for the given option tranches
- Assume no dividends
- A risk-free interest rate of 3.9 % per annum, based on 3 months LIBOR

16 Trade and other payables

Contract liability is income earned before contract start-up and accrued over the contract period. The accrued amount at 31 December 2022 was related to two contract starting up in late 2022 and is expected to continue to summer 2023.

The Company has a credit line with Glander, this vendor credit is secured with second priority mortgages over the vessels.

All figures in USD 000's	2022	2021
Trade payables	9,051	14,569
Contract liability	1,467	368
Accrued interest on taxes	48	181
Accrued interest on loans	172	87
Vendor credit	2,341	5,890
Accrued vessel and office costs	3,124	2,292
Payroll related liabilities	1,286	1,526
VAT and other payables	802	73
Total trade and other payables	**18,291**	**24,986**

17 Provisions

Provisions

All figures in USD 000's	2022	2021
Operational provision	331	331
Other provisions	-	-
Total Provisions	**331**	**331**

Channge in provisions

All figures in USD 000's	2022	2021
Opening book amount as of 1 January	**331**	**395**
Additional provision in the year	-	-
Reversal provision	-	-
Charged/utilized in the year	-	-64
Closing book amount as of 31 December	**331**	**331**

18 Interest bearing loans and borrowings

Sparebank 1 SMN term loan and guarantee facility

Seabird has a USD 21.3 million bank facility of which USD 15.7 million has been drawn at year end 2022. The loan is recognized in the books at par value. The effective loan interest was 8,81 % in 2022 (2021: 5.48%). The loan is further secured with 1st priority mortgages over the vessels, and assignment of vessels earnings and insurances.

Sparebank 1 SMN loan financial covenants:

- Minimum free cash: USD 1 million
- Positive working capital excluding current portion of interest bearing debt
- Equity ratio 45 % (waived until maturity)

The Group is in compliance with all bank covenants as of 31 December 2022.

All figures in USD 000's	2022	2021
Sparebank 1 SMN		
Non-current	-	7,559
Current	15,687	7,767
Other loans		
Non-current	-	-
Current	600	-
Total	**16,287**	**15,326**

All figures in USD 000's	2022	2021
Opening book amount as of 1 January	**15,327**	**8,362**
Reciepts from borrowings	11,501	6,964
Interest charged	1,616	619
Repayment of borrowings	-10,606	-
Interest paid	-1,551	-619
Closing book amount as of 31 December	**16,287**	**15,327**

19 Subsidiaries within the Group

Company	Owner	Country of incorporation	Shareholding and voting rights 2022	Shareholding and voting rights 2021
Aquila Explorer Inc.	Seabird Exploration PLC	Panama	100%	100%
Biliria Marine Company Limited	Seabird Exploration PLC	Cyprus	100%	100%
GeoBird Management AS	Seabird Exploration PLC	Norway	100%	100%
Green Energy Group AS	Seabird Exploration PLC	Norway	100%	100%
Green Minerals AS	Seabird Exploration PLC	Norway	51%	55%
Harrier Navigation Company Limited	Seabird Exploration PLC	Cyprus	100%	100%
Hawk Navigation Company Limited	Seabird Exploration PLC	Cyprus	100%	100%
Munin Navigation Company Limited	Seabird Exploration PLC	Cyprus	100%	100%
Oreo Navigation Company Limited	Seabird Exploration PLC	Cyprus	100%	100%
Raven Navigation Company Limited	Seabird Exploration PLC	Cyprus	100%	100%
Sana Navigation Company Limited	Seabird Exploration PLC	Cyprus	100%	100%
Seabed Navigation Company Limited	Seabird Exploration PLC	Cyprus	100%	100%
SeaBird Crewing Mexico S. DE R.L. DE C.V.	Seabird Exploration Shipping AS	Mexico	100%	100%
SeaBird Exploration Americas Inc.	Seabird Exploration PLC	USA	100%	100%
SeaBird Exploration Asia Pacific PTE. Ltd.	Seabird Exploration PLC	Singapore	100%	100%
SeaBird Exploration Crewing Limited	Seabird Exploration PLC	Cyprus	100%	100%
SeaBird Exploration Cyprus Limited	Seabird Exploration PLC	Cyprus	100%	100%
SeaBird Exploration Finance Limited	Seabird Exploration PLC	Cyprus	100%	100%
SeaBird Exploration FZ-LLC	Seabird Exploration PLC	UAE	100%	100%
SeaBird Exploration Multi-Client Limited	Seabird Exploration PLC	Cyprus	100%	100%
SeaBird Exploration Nigeria Ltd.	Seabird Exploration Norway AS	Nigeria	100%	100%
SeaBird Exploration Norway AS	Seabird Exploration PLC	Norway	100%	100%
SeaBird Exploration Private Limited	Seabird Exploration PLC	India	26%	-
SeaBird Exploration Shipping AS	Seabird Exploration PLC	Norway	100%	100%
SeaBird Exploration Vessels Limited	Seabird Exploration PLC	Cyprus	100%	100%
SeaBird Seismic Mexico S. DE R.L. DE C.V.	Seabird Exploration Shipping AS	Mexico	100%	100%
Susco AS	Seabird Exploration PLC	Norway	100%	-

Non-controlling interest relates to Green Minerals AS (non-controlling interests hold 49% in the subsidiary), which has been classified as held for distribution and discontinued operation in the financial statements. For further information, please refer to note 2.3 “non-controlling interests” for information on transactions with non-controlling interests.

Seabird Exploration Private Limited is recognised using the equity accounting principle. For further information, please refer to note 2.6 “non-controlling interests” for information on transactions with non-controlling interests.

The company has recognized the following balances for its investment in other companies

All figures in USD 000's	2022	2021
Associates	224	-
Other investments	-	-
Total other financial items, net	**224**	**-**

Equity accounted investees:

All figures in USD 000's	2022	2021
Opening book amount as of 1 January	-	47
Sale	-	-47
Share of profits from associates	224	-
Closing book amount as of 31 December	**224**	**-**

Asset and liabilities held for distribution:

	Year ended 31 December	
All figures in USD 000's	2022	2021
Cash and cash equivalents	2,156	-
Trade and other receivables	169	-
Receivables from related parties	8	-
Total Assets	**2,333**	**-**
Trade and other payables	142	-
Total Liabilities	**142**	**-**

Associated company

	Year ended 31 December	
All figures in USD 000's	2022	2021
Current assets	11,875	-
Current liabilities	-11,012	-
Net assets	**863**	**-**
Revenue	7,511	-
Expenses	-6,650	-
Total comprehensive income	**861**	**-**
The Group share of profit	**224**	**-**

20 Other financial items, net

All figures in USD 000's	2022	2021
Foreign exchange gain	482	400
Foreign exchange loss	-293	-378
Other financial income	26	964
Other financial expense	-690	-267
Total other financial items, net	**-475**	**719**

21 Other income (expenses), net

All figures in USD 000's	2022	2021
Vessel decommissioning costs	-	-
Client reimbursements	1,304	1,095
Meals and accommodation	171	240
Other income	10	381
Total other income / (expense)	**1,485**	**1,716**

22 Expenses by nature

All figures in USD 000's	2022	2021
Charter hire	-	800
Seismic and marine expenses	13,974	14,174
Other operating expenses	90	-6
Cost of sales	**14,064**	**14,968**
Crew and crew related costs	4,972	6,045
Total charter hire and operating expenses	**19,036**	**21,013**
Staff cost and Directors' remuneration	2,159	2,410
Legal and professional	1,171	2,008
Travel expenses	21	15
Rent and other office expenses	90	160
Other expenses SG&A	448	970
Selling, general and administrative expenses	**3,889**	**5,563**

Charter hire includes charter hire expense for Veritas Viking in 2021 as the Group has opted to apply the 'short-term leases' exemption permitted by IFRS 16 and to recognize the lease expense on a straight-line basis over the term of the lease period.

Also, included in Rent and office expenses is the rental cost of office premises and small items of office equipment following the 'short-term leases' and 'low-value assets' exemptions adopted by the Group.

Audit fees:

All figures in USD 000's	2022	2021
Statutory audit	198	187

23 Employee benefit expense

All figures in USD 000's	2022	2021
Crew salaries and benefits	3,433	3,944
Salary costs for staff	1,602	1,658
Social security cost for staff	208	297

Pension cost for staff	172	256
Directors' remuneration	142	177
Insurance and other costs	35	21
Total employee benefit expense	**5,592**	**6,354**
Including accrued costs relating to the employee stock option plan	595	191
Average number of employees and temporary crew contractors	75	66

24 Finance expense

All figures in USD 000's	2022	2021
Interest on loans and borrowings	1,616	619
Interest on suppliers' balances	237	35
Interest on tax liabilities	1	1
Interest on lease liabilities	-	-
Total finance expense	**1,854**	**655**

25 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year (note 15).

All figures in USD and/or 000's except earnings per share	2022	2021
Number of shares		
Number of ordinary shares in issue at period end	80,476	34,277
Weighted average number of ordinary shares in issue	59,228	30,939
Profit/(Loss) attributable to equity holders of the company		
Profit/(Loss) attributable to ordinary shares	-12,244	-10,839
Profit/(Loss) attributable to ordinary shares for continue operation	-11,605	-10,839
Profit/(Loss) attributable to ordinary shares for discontinue operation	-639	-
Basic earnings per share		
From continuing operations	-0.20	-0.35
From discontinued operations	-0.01	-
Total basic earnings per share	**-0.21**	**-0.35**

The total outstanding amount of shares in the company was 80,476,265 common shares at 31 December 2022 with a nominal value of EUR 0.17 per share. There are no share classes. The weighted average number of ordinary shares outstanding was 59.2 million in 2022 and 30.9 million in 2021.

26 Dividends

No dividend was distributed for 2021 and no dividend will be distributed for the year ended 31 December 2022.

27 Commitments and contingencies

The Group has a tax refund claim of USD 1.5 million in India, the realization of which is considered probable. In addition, the company has a tax penalty claim of USD 1.1 million from Indian authorities related to contracts in 2013 and 2014, the outcome of which is not assessed as probable. It is uncertain when and if the cases will be concluded.

During 2020 the Group sold it shares in Osprey Navigation Co. Inc (a Panamanian company). Operating activities in this company ceased in 2020 with the sale of Osprey Explorer for demolition. The sale of the shares generated a non-cash profit of USD 3.0 million as an old balance sheet item previously recorded as a tax liability in Seabird accounts remained in Osprey Navigation Co. Inc upon the sale and therefore was de-recognized in the Seabird consolidated financial statements. Although unlikely, it cannot be ruled out that the creditor may seek to recover the remaining balance from other Group companies, including the parent company SeaBird Exploration Plc. However, to date there is no indication that this will be the case. In this respect it should also be considered that additional tax exposure may incur related to VAT, currency risk and delayed interest charges, which may increase a future potential liability.

28 Leases

The Group as a lessee

The has been no lease activity in 2022. The lease activity in 2021 relates to below two vessels

- Voyager Explorer was redelivered to owners in March 2021 after a long-term lease
- Veritas Viking was chartered on a short term lease; from June to November 2021, in connection with a specific contract

The Group has adopted IFRS 16 "Leases from 1 January 2019. IFRS 16 sets out a model for identification of lease arrangements and their treatment in financial statements. Long-term lease contracts usually need to be brought on to the balance sheet.

At 31 December 2022 there are no lease agreements for vessels. In 2021 the Group has made use of the exemption of not to recognize assets and liabilities for leases with a lease term of 12 months or less. The Veritas Viking bareboat charter is recognized as short term. The lease payments are included in the P&L statement on a straight-line basis over the lease term.

The Group as a lessor

During 2022 the company did the following short-term leases:

- Eagle Explorer – approximately 5 months
- Fulmar Explorer - approximately 7 months

During 2021 the company did the following short-term leases:

- Petrel Explorer - 6 months
- Eagle Explorer - 3.5 months
- Veritas Viking - 3.5 months

29 Related-party transactions

Key management and board compensation

Key management is defined as Finn Atle Hamre (CEO), Erik von Krogh (CFO-former) and Sveinung Alvestad (CFO-interim)

Board include Ståle Rodahl (Chairman), Nicholas Knag Nunn, Øivind Dahl-Stamnes, Hans Christian Andersson and Odd Sondre Svalastog Helsing.

All figures in USD 000's	2022	2021
Management salaries and other short-term employee benefits	406	646
Post-employment benefits	38	34
Board remuneration	142	202
Consulting agreements (board members)	61	244
Total key management and board compensation	**647**	**1,126**

Loans from related parties

During the year 2022, short term loans were granted to a subsidiary of the Group amounting to a total of NOK2.660.000 from related parties. The loans bore interest of 5% resulting to NOK133.000 interest charge. No amount remains outstanding at the year end.

Loans to related parties

SeaBird has no loans to related parties.

Balances and transactions with related parties

As of 31 December 2022, the Group has recorded USD 8.8 million in trade receivables from associated company. The total revenue recognised by the Group of the associated company for the Period 2022 was USD 5.0 million.

Commitments and contingencies to related parties

SeaBird has neither commitments nor contingencies to related parties.

Shareholding

Management and the board of directors, as of 31 December 2022 held the following shares on own account:

Name	Title	Ordinary shares	% ownership	Outstanding options*	Outstanding warrants*
Ståle Rodahl	Chairman	3,255,775	4.0%	360,000	720,000
Nicholas Knag Nunn	Board Member	28,714	0.0%	-	-
Øivind Dahl-Stamnes	Board Member	63,200	0.1%	-	-
Hans Christian Anderson	Board Member	-	-	-	-
Odd Sondre Svalastog Helsing	Board Member	1,208,333	1.5%	-	-
Finn Atle Hamre	CEO	15,125	0.0%	860,000	-
Sveinung Alvestad	CFO	44,843	0.1%	700,000	-

*Please see note 15 for further information of the company's share option program.

Purchase of services from board members

Storfjell AS has invoiced Seabird Exploration PLC USD 0.06 million related to various consultancy work in 2022. Furthermore, Green Minerals has entered into an advisory agreement with Storfjell AS, a company controlled by Ståle Rodahl (Chairman of the Board of both the Green Minerals and SeaBird), where Storfjell AS is to assist Green Minerals on business development and financial matters. USD 0.2 million was booked under the agreement in 2022.

30 Financial instruments

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables
- contract assets
- cash and cash equivalents and restricted bank balances

In general, vessels on time charter are prepaid, while vessels contracted to oil companies usually have payment terms on an average of approximately 30 days. Interest is charged on outstanding overdue trade receivables.

The Group always measures the loss allowance for trade receivables (including lease receivables) and contract assets at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated by carrying out an individual assessment on each outstanding balance. Management takes into account the counterparty's financial position, past default experience, industry knowledge and market reputation. Management also considers macroeconomic factors, such as general economic conditions, factors specific to the oil and seismic industry and an assessment of both the current and the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The collection of receivables is closely monitored by management.

With regards to cash and cash equivalents, the Group measures its expected credit loss by reference to the banks' external credit ratings and relevant published default and loss rates, taking into consideration the EUR 100,000 per bank deposit protection guaranteed under the EU Deposit Guarantee Scheme. The Norwegian Bank's Guarantee Fund covers deposits up to NOK 2 million per depositor per bank. The Group monitors changes in external credit ratings and default rates and compares these to credit risk at initial recognition. Cash held at banks with investment grade are assessed as low credit risk and belong to Stage 1. As the Group's deposits are held in banks with high credit quality ratings with investment grade, the probability of default is low, and the expected credit loss is minimal. Thus, no loss has been recognized in the consolidated financial statements.

Group's maximum exposure to credit risk:

All figures in USD 000's	Note	2022	2021
Trade receivables	10	16,093	8,539
Restricted cash	14	57	70
Cash and cash equivalents	14	851	2,312
Total		**17,001**	**10,920**

The ageing of trade receivables at the reporting date was:

All figures in USD 000's	Gross	Impairment	Total
Not past due	2,297	-	2,297
Past due 0-30 days	1,674	-	1,674
Past due 31-120 days	222	-	222
More than 120 days	4,346	-3,665	681
Total trade receivable as of 31 December 2021	**8,539**	**-3,665**	**4,874**
Not past due	6,118	-	6,118
Past due 0-30 days	4,587	-	4,587
Past due 31-120 days	-	-	-
More than 120 days	5,388	-3,665	1,723
Total trade receivable as of 31 December 2022	**16,093**	**-3,665**	**12,428**

The following table details the movement in the allowance for expected credit losses of trade receivables and contract assets:

All figures in USD 000's	Note	2022	2021
Opening amount as of 1 January		3,665	3,707
Provision for expected credit losses		-	30
Derecognized expected credit losses		-	
Write-off		-	-72
Net carrying amount as of 31 December		**3,665**	**3,665**

The Group has recognized a loss allowance of 100% against all receivables over 120 days past due because historical experience has indicated that the receivables are generally not recoverable. Please note that the USD 1.7 million included on the balance sheet with duration above 120 days have been either agreed to be settled in 2023 or settled in full during first half of 2023.

As described in note 3.1 (B), the company's concertation of credit risk is due to the narrow customer base within the oil & gas industry and the fact that the market participants face common risks connected to the industry's general economic conditions.

Liquidity Risk

Ultimate responsibility for risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the group's short-, medium- and long-term funding and liquidity requirements. The group manages liquidity risk by maintaining sufficient cash and cash equivalents, seeking the availability of equity funding and debt funding, and by continuously monitoring forecast and actual cash flows.

The tables below summarize the maturity profile of the group's financial liabilities at year end on contractual undiscounted payments. The tables have been drawn based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. Floating interest rates are applied on the interest-bearing borrowings (refer to note 18) and tax liabilities.

All figures in USD 000's	On Demand	Less Than 12 Months	1 to 5 Years	Total
Interest-bearing borrowings	-	12,167	3,949	16,117
Trade payables	-	14,569	-	14,569
Other payables	-	10,416	-	10,416
Provisions	-	331	-	331
Total financial liabilities as of 31 December 2021	**-**	**37,483**	**3,949**	**40,369**
Interest-bearing borrowings	-	16,287	-	16,287
Trade payables	-	9,051	-	9,051
Other payables	-	9,240	-	9,240
Provisions	-	331	-	331
Total financial liabilities as of 31 December 2022	**-**	**34,909**	**-**	**34,909**

Currency risk

As described in note 3.1(A)(I), the Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group is mainly exposed to fluctuations with respect to Norwegian kroner, Euro and Singapore Dollar.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are presented in the tables below.

All figures in USD 000's	Total	NOK	EUR	AUD	Others
Assets	2,713	2,294	16	403	-
Liabilities	-7,817	-4,546	-3,116	-423	268
Net position as of 31 December 2021	**-5,103**	**-2,252**	**-3,100**	**-20**	**268**
Sensitivity 10%	-510	*-225*	*-310*	*-2*	*27*

All figures in USD 000's	Total	NOK	EUR	SGD	Other
Assets	2,632	2,627	5	-	-
Liabilities	-5,458	-2,379	-2,422	-805	148
Net position as of 31 December 2022	**-2,825**	**248**	**-2,417**	**-805**	**148**
Sensitivity 10%	-283	25	-242	-81	15

The table also details the Group's sensitivity to a 10% decrease in US dollar against the relevant foreign currencies. A positive number below indicates an increase in profit. For a 10% weakening of US dollar against the relevant currency, there would be an opposite negative impact on the profit.

Exchange rates applied during the year:

	Average rate		Year end	
USD per :	2022	2021	2022	2021
EUR	1.0536	1.1821	1.0666	1.1326
GBP	1.2309	1.3752	1.2026	1.3479
NOK	0.1039	0.1163	0.1014	0.1134
SGD	0.7246	0.7440	0.7459	0.7413

Interest rate risk

As described in note 3.1(A)(II), the Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowing from Sparebank 1 SMN which is a floating interest loan. The Group does not hold any fixed-rate debt instruments except for a short-term vendor credit.

The table below presents the carrying values of its floating-rate financial instrument:

All figures in USD 000's	Note	2022	2021
Sparebank 1 SMN - Libor + margin	18	15,687	15,326

Cash equivalents and restricted cash of USD 0.9 million as at 31 December 2022 (2021: USD 2.4 million) are interest bearing assets with variable rates.

An increase/decrease of 100 basis points in interest rates at during 2022 would have increased/decreased equity and profit or loss by USD 0.2 million (2021: USD 0.1 million).

Fair value estimation

The Group does not hold any financial assets that will require a fair value calculation.

31 Long-term investments

The group holds one long-term investment which relates to an associated company (Note 19).

32 Subsequent events

On 17 January 2023, the parent Company distributed part of its holding in Green Minerals AS to its shareholders, which represented the asset held for sale as at the date of the statement of financial position. The shares in Seabird Exploration Plc have been traded ex distribution of its shares in Green Minerals AS as from today, 17 January 2023.

On 24 January 2023 Seabird Exploration Plc has decided to terminate its market making-agreement with Norne Securities AS. The last effective day for the agreement will be 31 March 2023.

On 31 January 2023 The Company announced that it has received a letter of award for an extension to the 2D campaign in the Eastern Hemisphere. The extension adds approximately 20 percent to the original contracted volume while the contribution to expected profit margins is higher due to the impact on overall project efficiencies from the extension.

On 24 February 2023 there was a mandatory notification of trade - primary insider.

On 10 May 2023 Seabird Exploration Plc (the “Company”) announced that it has signed an OBN source contract for the “Eagle Explorer” in the Eastern hemisphere. The contract will commence in June 2023 in direct continuation of completion of current 2D project. The duration of the contract is expected to be around 2 months including mobilization.

On 9 June 2023 Seabird Exploration Plc announced that the Company and its main lender has signed a term sheet for the refinancing of the Company’s term loan and guarantee facilities. The new facilities expire on 30 June 2026. The full loan amendment agreement is not executed yet.

33 Performance measurement definitions

Seabird presents the alternative performance measurements (APM) that are regularly reviewed by management and aim to enhance the understanding of the Company’s performance. APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described in below table.

Alternative performance measurements		
Measure	Description	Reason
EBITDA -Operating profit before depreciation and amortization	EBITDA is defined as operating profit before depreciation and impairment of fixed assets and represents earnings before interest, tax and depreciation, and is a key financial parameter for Seabird.	This is a measure for evaluation of operating profitability on a more variable cost basis as it excludes depreciation and impairment. EBITDA shows operating profitability regardless of capital structure and tax situations.

Alternative performance measurements		
Measure	Description	Reason
EBIT- Operating profit	EBIT represents earnings before interest and tax.	EBIT shows operating profitability regardless of capital structure and tax situations.
Equity ratio	Equity divided by assets at the reporting date.	Measure capital contributed by shareholders to fund the Company's assets.
Earnings per share	Earnings divided by average number of shares outstanding.	Measures the Company's earnings on a per-share basis.
Net interest bearing debt	Net interest-bearing debt consists of both current and non-current interest-bearing liabilities less interest bearing financial assets, cash and cash equivalents.	Net interest-bearing debt is a measure of the Company's net indebtedness that provides an indicator of the overall statement. It measures the Company's ability to pay all interest-bearing liabilities within available interest bearing financial assets, cash and cash equivalents, if all debt matured on the day of the calculation. It is therefore a measurement of the risk related to the Company's capital structure.

Other definitions	
Measure	Description
Vessel utilization	Utilization is a measure of the Company`s ability to keep vessels in operation and on contract with clients, expressed as a percentage and are based on actual days.

34 Operating environment

The conflict between Ukraine and Russia may have an impact on global Oil & Gas demand and pricing which again may affect the global market for Marine Seismic services. The Company also uses some crew members of Ukraine and Russian Nationality, these crew members have been working for the Company for a number of years and have not so far indicated any mistrust or other concerns by working together. This situation is monitored by the Company. Secondary the Company may encounter difficulties to pay salaries to Russian crew members due sanctions. If such situation arises the Company will assess the possibility and ultimately change crew to other Nationalities. Currently the Company does not have any ongoing projects or contracts with Russian or Ukrainian interests.

Separate Financial Accounts: Seabird Exploration Plc

Statement of income

All figures in USD 000's	Note	Year ended 31 December 2022	2021
Revenues	8	1,003	351
Cost of sales		-54	-18
Selling, general and administrative expenses	10	-1,397	-928
Impairment on group receivables	15, 16	-6,808	-
Impairment on investments in subsidiaries, net of reversals	13	-4,241	-64
Earnings before interest and taxes (EBIT)		**-11,497**	**-660**
Finance expense	11, 15	-631	-531
Other financial items, net	9	791	4,551
Profit/(loss) before income tax		**-11,337**	**3,360**
Income tax	3	-	8
Profit/(loss) for the period		**-11,337**	**3,368**

Statement of comprehensive income

All figures in USD 000's	Note	Year ended 31 December 2022	2021
Profit/(loss)		**-11,337**	**3,368**
Other comprehensive income		-	-
Total other comprehensive income, net of tax		**-**	**-**
Total comprehensive income		**-11,337**	**3,368**

Statement of financial position

All figures in USD 000's	Note	As of 31 December 2022	2021
ASSETS			
Non-current assets			
Investments in subsidiaries	13	50,328	54,569
Total non-current assets		**50,328**	**54,569**
Current assets			
Other current assets	4	5	6
Due from related parties	15	12,760	12,808
Cash and cash equivalents	5	40	-
Total current assets		**12,805**	**12,814**
Assets classified as held for distribution	13	2	**-**
TOTAL ASSETS		**63,135**	**67,383**
EQUITY			
Shareholders' equity			
Paid in capital	6	36,944	45,492
Revaluation reserve		12	12
Share options granted	6	354	110
Retained earnings		-5,475	-15,338
TOTAL EQUITY		**31,835**	**30,276**
LIABILITIES			
Non-current liabilities			
Total non-current liabilities		**-**	**-**
Current liabilities			
Trade payables and other payables	7	319	327
Due to related parties	15, 16	30,981	36,780
Total current liabilities		**31,300**	**37,107**
TOTAL LIABILITIES		**31,300**	**37,107**
TOTAL EQUITY AND LIABILITIES		**63,135**	**67,383**

On 23 June 2022, the board of directors of SeaBird Exploration Plc authorized these Financial Statements for issue.

Ståle Rodahl

Chairman

Hans Christian Anderson

Director

Øivind Dahl-Stamnes

Director

Nicholas Nunn

Director

Odd Sondre Svalastog Helsing

Director

Statement of cash flow

All figures in USD 000's		Year ended 31 December 2022	2021
Cash flows from operating activities			
Profit/(loss) before income tax		-11,337	3,360
Adjustments for			
Impairment on investments in subsidiaries	13	4,241	
Impairment on group receivables	15	6,808	64
Share option plan	6	-244	-334
Loss /(gain) from sale in subsidiaries		-	-4,157
Dividend income		-	-246
Unrealized exchange (gain)/loss		84	4
Interest income	15	-927	-206
Interest expense	11	631	531
Other items		697	-
(Increase)/decrease in trade and other receivables and restricted cash		1	2
Increase/(decrease) in trade and other payables		-7	50
Net movement of related parties balances	15	-12,558	-3,076
Net cash used in operating activities		**-12,611**	**-4,008**
Cash flows from investing activities			
Payment for investment in subsidiaries		-	6
Proceeds from disposal of subsidiary		-	4,157
Net cash used in investing activities		**-**	**4,163**
Cash flows from financing activities			
Net proceeds from issuance of ordinary shares	6	12,651	3,616
Other financing		-	-3,800
Net cash from financing activities		**12,651**	**-184**
Net decrease in cash and cash equivalents		**40**	**-29**
Cash and cash equivalents at beginning of the period, unrestricted	5	**0**	**29**
Cash and cash equivalents at end of the period, unrestricted	5	**40**	**0**

Statement of changes in equity

All figures in USD 000's	Paid in capital	Revaluation reserve	Share options granted	Retained earnings	**Total equity**
Equity as of 1 January, 2021	**322,876**	**12**	**444**	**-295,919**	**27,413**
Profit/(Loss)				3,368	3,368
Other comprehensive income					-
Total comprehensive income	**-**	**-**	**-**	**3,368**	**3,368**
Share issue	3,617				3,617
Share premium reduction	-277,201			277,201	-
Share premium reduction – Green Minerals shares	-3,800				-3,800
Share options granted/cancelled			-334		-334
Other equity transactions				12	12
Total contributions by and distributions to owners	**-277,384**	**-**	**-334**	**277,213**	**-505**
Equity as of 31 December 2021	**45,492**	**12**	**110**	**-15,338**	**30,276**
Profit/(Loss) for the year				-11,337	-11,337
Other comprehensive income for the year					-
Total comprehensive income for the year	**-**	**-**	**-**	**-11,337**	**-11,337**
Share issue	12,651				12,651
Share premium reduction	-16,233			16,233	-
Share premium reduction – Green Minerals shares	-4,966			4,966	-
Share options granted/cancelled			244		244
Other equity transactions	-	-		0	0
Total contributions by and distributions to owners	**-8,548**	**-**	**244**	**21,199**	**12,895**
Equity as of 31 December 2022	**36,944**	**12**	**354**	**-5,475**	**31,835**

Notes to the financial statements

All figures in USD 1.000, if not stated otherwise.

The separate financial statements are an integral part of the annual financial statements and should be read in conjunction with the consolidated financial statements.

1 General information

The accompanying consolidated financial statements represent the activities of SeaBird Exploration PLC for the year ended 31 December 2022 (the "period"). The financial statements were authorized for issue by the board of directors on 23 June 2023.

Country of incorporation

The company was incorporated in British Virgin Islands as a limited liability company. The company redomiciled to Cyprus on 18 December 2009. The primary business address of the company is Panteli Katelari 16, Diagoras House floor 7, 1097 Nicosia, Cyprus.

Principal activities

The principal activity of the company, which is unchanged from last year, is ownership of companies operating within the seismic industry, including providing financing to subsidiaries.

2 Summary of significant accounting policies

SeaBird Exploration Plc has prepared its financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The accounting policies are consistent with those applied in the consolidated financial statements.

Dividend income is recognized when the shareholders' rights to receive payment have been established.

Going concern

As at 31 December 2022 the Company is in a net current liability position of US$18.495, and incurred losses for the year of US$11.337. As at 31 December 2022 the Company is in a net assets position of US$31.835. The assessment of going concern of the Company relies heavily on the ability of the Company and its subsidiaries, the Group, to secure future cash inflows over the going concern assessment period which extends through to a period of at least one year from the date of approval of the financial statements to meet their liabilities as they become due. Refer also to note 2.1 of the Consolidated Financial Statements.

For the discussion of risk factors, financial risk management, and critical accounting estimates and judgments; refer to note 3 and 4 of the consolidated financial statements.

Shares in subsidiaries (see note 13) are stated at cost less any provision for impairment. The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in profitability, negative balance between the subsidiary's equity position and the carrying value of the investment, or external macro-economic factors that may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future cash flows associated with these subsidiaries are compared to their carrying amounts to determine if a write-down to fair value is necessary.

The remaining accounting policies applied by the Company are those described in note 2 to the Consolidated Financial Statement.

3 Income tax expense

All figures in USD 000's	2022	2021
Current period	-	-
Adjustment for prior periods	-	-8
Total current tax	**-**	**-8**

All figures in USD 000's	2022	2021
Continuing operations profit/(loss) before income tax	-11,337	3,360
Tax arising at the rate of 22%	-2,494	739

Effect of tax adjustments in arriving at taxable profit and tax losses	2,494	-739
Reversal of tax provisions in other jurisdictions	-	-8
Total tax expense/(reversal) attributable to continuing operations	**-**	**-8**

The company performed a detailed review of its tax provisions as a part of its annual closing procedures.

4 Other current assets

All figures in USD 000's	2022	2021
Prepaid expenses and deposits	5	6
Other current assets	-	-
Total other current assets	**5**	**6**

5 Cash and cash equivalents

All figures in USD 000's	2022	2021
Cash and cash equivalents	40	-
Cash and bank balances	**40**	**-**

6 Share capital and share options

Number of authorized shares:

	2022	2021
Number of ordinary shares	91,000,000	84,000,000
Nominal value per share	EUR 0.17	EUR 0.17

Share capital:

All figures in USD 000's	2022	2021
Share capital	16,036	6,854
Share premium	20,908	38,637
Paid in capital	**36,944**	**45,491**

Number of shares issued:

	2022	2021
Total number of shares issued at 1 January	34,276,665	26,946,570
New shares issued	46,199,600	7,330,095
Total number of shares as per 31 December	**80,476,265**	**34,276,665**

In January 2022 the Company issued 14,000,000 new shares at a premium price of NOK 2.25 and increased its share capital by EUR 2,380,000 to EUR 8,207,033.

In May 2022 the Company issued 3,500,000 new shares at a premium price of NOK 2.25 and increased its share capital by EUR 595,000 to EUR 8,802,033.

In July 2022 the Company issued 26,699,600 new shares at a premium price of NOK 3.00 and increased its share capital by EUR 4,538,932 to EUR 13,340,965.

In November 2022 the Company issued 2,000,000 at a premium price of NOK 3.00 new shares and increased its share capital by EUR 340,000 to EUR 13,680,965.

In December 2022 the Company reduced its share premium by USD 16,233,336 with the purpose of write off losses of the Company. The share premium was further reduced by USD 4,965,858 in relation with the distribution of the Company's shares in Green Minerals AS to its shareholders. The distribution was completed 25 January 2023.

Employee Share Option Plans

The employee share option program consists of 0.72 million warrants and 2.42 million options as of 31 December 2022. Both the options will vest over period of three years from the grant date, while the options will vest over a period of two years. One third of the options granted will vest one year after grant date, one third of the options granted will vest two years after grant date and one third of the options granted will vest three years after grant date; similar to the warrants over two period. All options and warrants are exercisable at any time within one year from the corresponding vested dates. The options and the warrants have an average exercise price of NOK 6.72.

Estimated value of the share options granted, reduced for services not rendered, as per 31 December 2022, is presented in equity as share options granted.

	Number of options and warrants outstanding
Opening amount as of 1 January, 2022	**2,460,000**
Granted during the year	1,040,000
Forfeited during the year	-360,000
Exercised in year	-
Expired in year	-
Closing amount at 31 December 2022	**3,140,000**
of which is vested	820,000
of which is non-vested	2,320,000
Total options	**3,140,000**

Share based payments effect on the group's profit or loss amounts to negative USD 0.2 million for 2022 and positive USD 0.3 million for 2021. The total value of share options granted is calculated using the Black-Scholes model, assuming that all the options will be exercised. The fair value determined at the grant date is expensed over the vesting period of the options for the options granted less expected number of forfeited options. The calculation is based on:

- Trailing 252 days logarithmic return volatility of 75%
- Given exercise price for the given option trance the given year, averaging to NOK 6.72
- Time to maturity for the given option tranches
- Assume no dividends
- A risk-free interest rate of 3.9 % per annum, based on 3 months LIBOR

7 Trade payables and other payables

All figures in USD 000's	2022	2021
Trade payables	312	258
Accrued expenses and other payables	7	69
Total trade and other payables	**319**	**327**

8 Revenues

All figures in USD 000's	2022	2021
Costs recharged to group companies	958	334
Mark-up to group companies	45	17
Total revenues	**1,003**	**351**

The group has a transfer pricing policy in place, which implies that certain sales, general and administrative costs are rechargeable to SeaBird Exploration Norway.

9 Other financial items, net

All figures in USD 000's	2022	2021
Interest income on intercompany borrowings	927	206
Net foreign exchange gain/(loss)	-92	-40
Dividends received	-	246
Other financial income/(expense)	-44	4,139
Total other financial items, net	**791**	**4,551**

Other financial income in 2021 include profit of $ 3.8 million on sale of shares in subsidiary Green Minerals AS that was distributed to the company's shareholders in January 2021 in connection with the IPO of Green Minerals AS. .

10 Expenses by nature

All figures in USD 000's	2022	2021
Directors' remuneration	119	133
Share option expense	244	-334
Legal and professional	400	399
Other expenses SG&A*	634	730
Selling, general and administrative expenses	**1,397**	**928**

*) Including management fee charge of USD 0.5 million to Seabird Exploration Norway AS (2021: USD 0.5 million).

11 Finance expenses

All figures in USD 000's	2022	2021
Other financial income/(expense)	-	0
Interest expense on intercompany borrowings	631	531
Total finance expense	**631**	**531**

Please see note 15 for more information on Interest expense on intercompany borrowings.

12 Dividends

No dividend was distributed for the year 2022 (2021: USD nil).

13 Shares in subsidiaries

Company	Principal activity	Country of incorporation	Shareholding and voting rights 2022	Shareholding and voting rights 2021	Investments in subsidiaries 2022 (USD 000's)	Investments in subsidiaries 2021 (USD 000's)
Aquila Explorer Inc.	Vessel holding company	Panama	100%	100%	-	-
Biliria Marine Company Limited	Inactive	Cyprus	100%	100%	127	127
GeoBird Management AS	Operating company	Norway	100%	100%	-	33
Green Energy Group AS	Management company	Norway	100%	100%	3	7
Green Minerals AS*	Distributed 25 January 2023	Norway	51%	55%	2	2
Harrier Navigation Company Limited	Vessel holding company	Cyprus	100%	100%	13,635	13,635
Hawk Navigation Company Limited	Inactive	Cyprus	100%	100%	-	-
Munin Navigation Company Limited	Inactive	Cyprus	100%	100%	33	33
Oreo Navigation Company Limited	Inactive	Cyprus	100%	100%	-	2
Raven Navigation Company Limited	Inactive	Cyprus	100%	100%	1,025	1,025
Sana Navigation Company Limited	Inactive	Cyprus	100%	100%	2	2
Seabed Navigation Company Limited	Inactive	Cyprus	100%	100%	3,865	3,865
SeaBird Crewing Mexico S. DE R.L. DE C.V.	Crewing company	Mexico	100%	100%	-	-
SeaBird Exploration Americas Inc.	Management company	USA	100%	100%	-	-
SeaBird Exploration Asia Pacific PTE. Ltd.	Management/operating company	Singapore	100%	100%	-	-
SeaBird Exploration Crewing Limited	Crewing company	Cyprus	100%	100%	2,061	2,061
SeaBird Exploration Cyprus Limited	Management/operating company	Cyprus	100%	100%	2,657	2,657
SeaBird Exploration Finance Limited	Finance company	Cyprus	100%	100%	1,049	1,074
SeaBird Exploration FZ-LLC	Management company	UAE	100%	100%	41	41
SeaBird Exploration Multi-Client Limited	Multi-client company	Cyprus	100%	100%	332	609
SeaBird Exploration Nigeria Ltd.	Inactive	Nigeria	100%	100%	-	-
SeaBird Exploration Norway AS	Management company	Norway	100%	100%	-	-
SeaBird Exploration Private Limited	Operating company	India	26%	-	-	-
SeaBird Exploration Shipping AS	Operating company	Norway	100%	100%	40	40
SeaBird Exploration Vessels Limited	Shipowning company	Cyprus	100%	100%	25,456	29,355
SeaBird Seismic Mexico S. DE R.L. DE C.V.	Operating company	Mexico	100%	100%	-	-
Susco AS	Inactive	Norway	100%	-	2	-

**Green Minerals AS is recorded under "Assets classified as held for distribution" in 2022*

Movements in investments in subsidiaries:

All figures in USD 000's	2022	2021
Opening book amount as of 1 January	**54,569**	**54,563**
Acquisition	2	6
Reclassified to Assets classified as held for distribution	-2	-
Impairments	-4,241	-
Closing book amount as of 31 December	**50,328**	**54,569**

14 Commitments and contingencies

The company's commitments and contingencies as per 31 December 2022 related to financial guarantees are described in note 15 (v).

15 Related-Party transactions

i) Purchases of services and expenses recharged to group companies

Expenses amounting to USD 1.0 million were recharged to group companies with 5% mark-up during 2022 (2021: USD 0.3 million recharged from group companies).

ii) Key management personnel compensation

The compensation of the key management personnel employed by the company's subsidiaries, as well as the remuneration of the company's directors, are presented in group Consolidated Financial Statement note 29.

iii) Due from related parties

Loans to companies within SeaBird group:

All figures in USD 000's	2022	2021
Opening net book amount as of 1 January	**12,808**	**2,428**
Additional loans, net of repayments	5,833	10,238
Interest charged	927	206
Impairment	-6,808	-64
Net book amount as of 31 December	**12,760**	**12,808**

The above loans were provided at 5.8 % weighted average interest rate (1.55% in 2021) and have been repayable on demand. The loans are unsecured.

Impairment losses are included in statement of income, "Impairment on group receivables".

iv) Due to related parties

Loans from companies within SeaBird group:

All figures in USD 000's	2022	2021
Opening net book amount as of 1 January	**36,780**	**29,476**
Additional loans, net of repayments	-6,430	6,773
Interest charged	631	531
Net book amount as of 31 December	**30,981**	**36,780**

The above loans were provided at 5.8 % weighted average interest rate (1.55% in 2021) and are repayable on demand.

v) Financial guarantees

The company is exposed to credit risk in relation to financial guarantees given to Sparebank 1 SMN related to a credit facility provided to SeaBird Exploration Norway AS. The company is equally liable for the repayment of the facility. However, the management has considered the substance of the agreement and concluded that the obligation is in substance a financial guarantee. The Company's maximum exposure in respect of these guarantees is the maximum amount the company could have to pay if the guarantee is called on, irrespective of the likelihood of being exercised, as shown below:

All figures in USD 000's	2022	2021
Sparebank 1 SMN credit facility	15,687	15,326

The related expected credit loss assessment and loss allowance are disclosed in note 16.

The Sparebank 1 SMN credit facility which have been guaranteed by the Company has a maximum limit of USD 21.3 million. The drawdown at 31.12.2022 was USD 15.7 million.

vi) Dividends

The company received dividends from subsidiaries of USD nil in 2022 (USD 0.2 in 2021).

vii) Shareholding

Management and the board of directors, as of 31 December 2022 held the following shares on own account:

Name	Title	Ordinary shares	Percentage holding	Outstanding options*	Outstanding warrants*
Ståle Rodahl	Chairman	3,255,775	4.0%	360,000	720,000
Nicholas Knag Nunn	Board Member	28,714	0.0%	-	-
Øivind Dahl-Stamnes	Board Member	63,200	0.1%	-	-
Hans Christian Anderson	Board Member	-	-	-	-
Odd Sondre Svalastog Helsing	Board Member	1,208,333	1.5%	-	-
Finn Atle Hamre	CEO	15,125	0.0%	860,000	-
Sveinung Alvestad	CFO	44,843	0.1%	700,000	-

*) Please see note 6 for further information of the company's share option program. As per 31 December 2022, 820,000 options is vested in the company's share option program.

16 Financial Instruments

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

The company has the following types of financial assets that are subject to the expected credit loss model:

- Amounts due from related
- Cash and bank balances (including restricted cash)
- Financial guarantees

The table below details the company's maximum exposure to credit risk as at year end:

All figures in USD 000's	Note	2022	2021
Amounts due from related parties	15	12,760	12,808
Financial guarantees	15	15,687	15,326

Cash and cash equivalents	5	40	-
Total		**28,487**	**28,134**

The amount of financial guarantee contracts presented in the table above reflects the company's maximum exposure with regards to the guarantees described in note 15 (v) and is not an amount recognized on the statement of financial position.

The receivables from subsidiaries are assessed for lifetime expected credit losses, determining whether credit risk has increased significantly since initial recognition. At year-end 2022 the receivable balance is USD 12.8 million. When the Company has receivables from subsidiaries, the loss allowance is estimated based on individual assessment per receivable, taking into consideration the subsidiary's equity position, financial performance, liquidity position and ability to pay. The company writes off an amount due from related companies when there is information indicating that the counterparty is unable to pay and/or when there is a management decision to settle intra-group balances through write-offs. For the year 2022, the Company impaired USD 6.8 million of its receivables from subsidiaries (2021: USD 0.06 million).

With regards to cash and cash equivalents, the company measures its expected credit loss by reference to the banks' external credit ratings and relevant published default and loss rates, taking into consideration the €100.000 per bank deposit protection guaranteed under the EU Deposit Guarantee Scheme and the NOK 2 million guarantee provided by the Norwegian Bank's Guarantee Fund. As the company's balances at year end were minimal, no loss has been recognized in the financial statements.

Liquidity Risk

Ultimate responsibility for risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-, medium- and long-term funding and liquidity requirements. The company manages liquidity risk by continuously monitoring forecast and actual cash flows on a group level and ensuring the availability of funding through an adequate amount of available debt or equity.

The table below summarizes the maturity profile of the company's financial liabilities at 31 December 2022 on contractual undiscounted payments.

The amounts included for financial guarantee contracts are the maximum amount the company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee (see note 15) and is not an amount recognized on the statement of financial position.

All figures in USD 000's	On Demand	Less Than 12 Months	1 to 5 Years	Total
Due to related parties	36,780	-	-	36,780
Financial guarantee contracts	-	7,767	7,559	15,326
Total financial liabilities as of 31 December 2021	**36,780**	**7,767**	**7,559**	**52,106**
Due to related parties	30,981	-	-	30,981
Financial guarantee contracts	-	15,687	-	15,687
Total financial liabilities as of 31 December 2022	**30,981**	**15,687**	**-**	**46,668**

Currency risk

The company's exposure to foreign currency risk was as follows based on notional amounts per 31 December 2022.

All figures in USD 000's	Total	NOK	EUR	GBP	Others
Assets	-		-		
Liabilities	-256	-212	-44	-	-
Net position as of 31 December 2021	**-256**	**-212**	**-44**	**-**	**-**
Sensitivity 10%	-26	*-21*	-4	-	-

All figures in USD 000's	Total	NOK	EUR	GBP	Others

Assets	-	-	-	-	-
Liabilities	-523	-296	-268	41	-
Net position as of 31 December 2022	**-523**	**-296**	**-268**	**41**	**-**
Sensitivity 10%	-52	-30	-27	4	-

The following significant exchange rates applied during the year:

	Average rate		Year end	
USD per :	2022	2021	2022	2021
EUR	1.0536	1.1821	1.0666	1.1326
NOK	0.1039	0.1163	0.1014	0.1134
GBP	1.2309	1.3752	1.2026	1.3479

17 Audit fees

All figures in USD 000's	2022	2021
Statutory audit	198	187

18 Subsequent events

Note 32 to the consolidated financial statements describes the significant events that occurred subsequent to the end of the reporting period that impact the company and its subsidiaries. There were no other significant events concerning the parent company alone.

RSM Cyprus Ltd

4, Isavellas Katholikis Street
Office 2, Anavargos
8025 Paphos, Cyprus

T. +357 26 811 256
F. +357 26 923 718

www.rsmcyprus.com

Independent Auditor's Report

To the Members of Seabird Exploration Plc

Report on the Audit of the Consolidated Financial Statements and the Separate Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Seabird Exploration Plc and its subsidiaries (the "Group"), and the separate financial statements of Seabird Exploration Plc (the "Company"), which are presented in pages 21 to 80 and comprise the consolidated and Company statements of financial position as at 31 December 2022, and the consolidated and Company statements of income, consolidated and Company statements of comprehensive income, consolidated and Company statements of changes in equity and consolidated and Company statements of cash flows for the year then ended, and notes to the consolidated and Company financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements and the separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Qualified Opinion

Disposal of shares in Osprey Navigation Co. Inc

We were first appointed as auditors of Seabird Exploration Plc to perform the audit of the financial year ending at 31 December 2021. During our audit work for that year, we reviewed the opening balances, and we were unable to obtain sufficient appropriate audit evidence in respect to the transaction relating to the disposal of shares in Osprey Navigation Co. Inc. which took place in 2020. This was also a matter qualified by the predecessor auditor. In 2020, the Group recognized a profit from the sale of shares in subsidiaries of US$3.0 million. This relates to the disposal of its 100% shareholding in Osprey Navigation Co. Inc ("Osprey") based on an agreement entered into (the "transaction") with another party (the "buyer"). As mentioned in note 27 ("Commitments and contingencies"), the non-cash profit arises from the fact that the buyer acquired the 100% shareholding in Osprey for a nominal consideration of US$1, that at the time of the disposal was in a net liability position of US$3.0 million. Osprey ceased operations during 2020 following the disposal of its vessel for demolition. As further mentioned in note 27, the Group considers it unlikely that the creditors of Osprey may seek to recover the outstanding liabilities from the Company or other companies of the group.

In addition, based on the latest assessment of the above outstanding liabilities in May 2021, the total exposure of the liability was recalculated at US$4.65 million, which mainly relates to withholding taxes, VAT liabilities, penalty charges and delayed interest charges. Up to the date of approval of the consolidated financial statements we have not being provided with a reassessment therefore, the final liability may vary due to currency risk and delayed interest charges.

We were unable to obtain sufficient appropriate audit evidence about the business rationale of the transaction from the buyer's point of view. In addition, we were not able to obtain external confirmation from the buyer in respect of this transaction nor to obtain a formal legal opinion and a formal third-party statement in relation to the Osprey liability and whether there is any recourse on the Company and the Group. Consequently, we were unable to determine whether all amounts and events associated with the disposal of the subsidiary had appropriately been accounted for in the consolidated and separate financial statements. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Had we been able to obtain sufficient appropriate evidence in respect of the above matters, adjustments might have been necessary to the financial information and disclosures for the years ended 31 December 2022 and 2021.

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Separate Financial Statements section of our report. We remained independent of the Group and the Company throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements and the separate financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the consolidated financial statements, which indicates that as at 31 December 2022 the Group is in a net current liability position of US$15.8 million (2021: US$21.5 million), and incurred losses for the year of US$12.9 million (2021: US$11.4 million). A bank loan amounting to US$15.7 million is included in the current liabilities which matured in June 2023. The Group is in a net assets position of US$29.815 (2021:US$28.345). As of the date of the audit opinion, the Group does not have adequate funds to repay its bank loans. On 8 June 2023, the Group agreed on a term sheet with the borrower for the refinancing of the facility, while as of the date of the audit opinion the full loan amendment agreement is not executed. The new terms set a revised repayment schedule and a final repayment on 30 June 2026. Management believes that the new repayment schedule can be met, provided a number of new contracts will be executed with potential clients. We note that at the date of this report, no new contracts have been signed. The management's plans are set out in a base case budget approved by the Board of Directors and assume that the new projects will be executed. If the Group is unable to sign any new contracts within a period of twelve months from the financial statements signing date, the Group may be forced to sell part of its assets and repay its short-term obligations as they fall due. These conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. The consolidated financial statements and the separate financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and the amount and classification of liabilities or any other adjustments that might be necessary should the Group and the Company be unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements and the separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements and the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Basis for Qualified Opinion and Material Uncertainty Related to Going Concern sections, we have determined the matters described below to be the key audit matters to be communicated in our report in relation to our audit of the consolidated financial statements.

Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

Key audit matter	How our audit addressed the key audit matter
Impairment evaluation of vessels and seismic equipment The carrying value of the vessels and related dry-dock costs and equipment as at year-end recorded as part of "Property, plant and equipment (PPE)", is $42.9 million representing 65% of the Group's total assets. Management has considered the existence of impairment indicators such as the continued operating losses and the sustained uncertainty in the seismic market and has performed an impairment testing to determine the recoverable amounts of the vessels and related dry-dock costs and equipment carried over as PPE. We refer to Note 7 to the consolidated financial statements. The Group's accounting policies for PPE and impairment of non-financial assets are disclosed in Notes 2.7 and 2.9 respectively. Note 4 (B) "Critical accounting estimates and judgements" provides further information on the uncertainties surrounding the estimations used. In performing the impairment testing for PPE, management has estimated the recoverable amounts based on value-in-use calculations using a discounted cash flow model. Estimating the cash flows involves the use of various assumptions concerning the following: o future utilization; o day-rates; o operating expenses; o capital expenditure; o residual values; and o discount rate to calculate the present value. Significant management judgment needs to be applied to develop these assumptions and there is a high degree of estimation uncertainty. Considering the significance of the carrying value of these assets to the consolidated financial statements, we have identified the impairment evaluation as a key audit matter.	Our procedures in relation to the impairment evaluation of vessels and seismic equipment included amongst others: - Assessing the value-in-use calculation as an appropriate methodology for the impairment assessment for the assets in the PPE category; - Testing the mathematical accuracy of the discounted cash flow models and the relevance of the input data used; - Assessing the reasonableness of management's key assumptions used in the value-in-use calculations by considering factors such as: o market conditions and prospects; o the Group's historical performance including historic utilization rates, day-rates, operating expenses; o projected performance and capital expenditure in comparison to the Group's budgets and historic actuals; o orders backlog and submitted tenders; o the appropriateness of the discount rate used; o market prices such as scrap steel price to estimate the residual values; and o appropriateness of the projection period. - Using our internal valuation specialists to review the model and the following components: o input data used to determine the weighted average cost of capital; o Charter rates - Using our internal valuation specialist to consider the market and cost approaches as part of the impairment review; - Comparing the value in use results to broker valuations; - Performing sensitivity analysis and considering the potential impact of downside changes in the key assumptions; - Challenging management assumptions in terms of utilization and rates; - Reviewing the pool of seismic equipment and discussing it with the Group's technical team as to its present condition and future use; - Comparing the recoverable amount to the carrying value. - Reviewing the disclosures in the financial statements notes 2.9 "Impairment of non-financial assets" , 4(B) "Critical accounting estimates and judgments" and 7 "Property, plant and equipment" in connection to the IFRS requirements. All the above procedures were completed in a satisfactory manner.

Except for the matter described in the Basis for Qualified Opinion relating to the disposal of shares in Osprey Navigation Co. Inc. and the Material Uncertainty Related to Going Concern sections, we have determined that there are no other key audit matters to communicate in our report on the audit of the separate financial statements of the Company.

Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, including the environmental, social and governance report and the management report in pages 7 to 20, but does not include the consolidated financial statements, the separate financial statements, and our auditor's report thereon.

Our opinion on the consolidated financial statements and the separate financial statements does not cover the other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements and the separate financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the separate financial statements, the Board of Directors is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements and the separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

Auditor's responsibilities for the audit of the consolidated financial statements and the separate financial statements (Cont'd)

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and separate financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the separate financial statements, including the disclosures, and whether the consolidated financial statements and the separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the consolidated financial statements and the separate financial statements of the current period and are therefore the key audit matters.

Report on other legal and regulatory requirements

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

European Single Electronic Format

We have examined the digital files of the European Single Electronic Format (ESEF) of Seabird Exploration Plc for the year ended 31 December 2022 comprising an XHTML file which includes the consolidated and separate financial statements for the year then ended and XBRL files with the marking up carried out by the entity of the consolidated statement of financial position as at 31 December 2022, and the consolidated statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, and all disclosures made in the consolidated financial statements or made by cross-reference therein to other parts of the annual financial report for the year ended 31 December 2022 that correspond to the elements of Annex II of the EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission, as amended from time to time (the "ESEF Regulation") (the "digital files").

The Board of Directors of Seabird Exploration Plc is responsible for preparing and submitting the consolidated and separate financial statements for the year ended 31 December 2022 in accordance with the requirements set out in the ESEF Regulation.

Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

Report on other legal and regulatory requirements (Cont'd)

European Single Electronic Format (Cont'd)

Our responsibility is to examine the digital files prepared by the Board of Directors of Seabird Exploration Plc. According with the Audit Guidelines issued by the Institute of Certified Public Accountants of Cyprus (the "Audit Guidelines"), we are required to plan and perform our audit procedures in order to examine whether the content of the consolidated and separate financial statements included in the digital files correspond to the consolidated and separate financial statements we have audited, and whether the format and marking up included in the digital files have been prepared in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined correspond to the consolidated and separate financial statements, and the consolidated financial statements included in the digital files, are presented and marked-up, in all material respects, in accordance with the requirements of the ESEF Regulation.

Appointment of the auditor and period of engagement

We were first appointed as auditors of the Group and the Company on 4 January 2022 by a shareholders' resolution. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagements of 2 years.

Consistency of the additional report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements and the separate financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 23 June 2023 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of non-audit services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Group or the Company and which have not been disclosed in the consolidated financial statements or the separate financial statements or the management report.

Other legal requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements and the separate financial statements.
- In light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the management report, except as explained in the Basis for Qualified Opinion section of our report..
- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the sustainability report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and is consistent with the consolidated financial statements and the separate financial statements.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we are required to report if we have Identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is George Themistocleous.

George Themistocleous
Certified Public Accountant and Registered Auditor
for and on behalf of
RSM CYPRUS LTD
Certified Public Accountants and Registered Auditors

Limassol, Cyprus
23 June 2023

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE OFFICIALS RESPONSIBLE FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

SeaBird Exploration Plc – 23 June 2023

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 ("the Law") we, the members of the Board of Directors and the Company official responsible for the financial statements of Seabird Exploration Plc for the year ended 31 December 2022, on the basis of our knowledge, declare that:

(a) The annual consolidated and separate financial statements which are presented on pages 21 to 65:

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the provisions of Article 9, section (4) of the law

(ii) provide a true and fair view of the particulars of assets and liabilities, the financial position and profit or loss of the Seabird Exploration Plc and the entities included in the consolidated financial statements as a whole

(b) The management report provides a fair view of the developments and the performance as well as the financial position of the Seabird Exploration Plc as a whole, together with a description of the main risks and uncertainties which they face.

Members of the Board of Directors:

Ståle Rodahl – Executive Chairman

Hans Christian Anderson – Director

Øivind Dahl-Stamnes, Director

Nicholas Nunn, Director

Odd Sondre Svalastog Helsing, Director

Responsible for drafting the financial statements:

Sveinung Alvestad

Sveinung Alvestad, Interim Chief Financial Officer

Seabird Exploration Plc

Cyprus
Andrea Tselepou No. 14
8201 Yeroskipou
Pafos
Cyprus

Norway
Sandviksbodene 68
5035 Bergen
Norway

https://www.sbexp.com/