

# SeaBird Exploration

Pareto Conference

15 September 2022

Finn Atle Hamre - CEO

# Forward-looking statements

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All statements contained in this presentation that are not statements of historical facts, including statements on projected operating results, financial position, business strategy and other plans and objectives for future results, constitute forward-looking statements and are prediction of, or indicate, future events and future trends which do not relate to historical matters. No person should rely on these forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are, in many cases, beyond the company's control and may cause its actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by the forward-looking statements and from past results, performance or achievements. These forward-looking statements are made as of the date of this presentation and are not intended to give any assurance as to future results. None of the company, its employees and representatives assumes any obligation to update these statements. This presentation includes historical financial data. Your attention is directed to the notes to such data for a description of the accounting principles used to prepare historical data. This presentation must be viewed only in connection with the company's separately distributed earnings release.

# SeaBird Exploration - who we are

- **Global provider of marine seismic within 2D and OBN source**
- **Headquarter in Bergen**
- **Listed in Oslo under ticker GEG NO**
- **Market Cap.: USD 35m**
- **NIBD (Q2 '22): USD 19m**
- **23 months backlog secured with an est. USD 18m EBITDA**



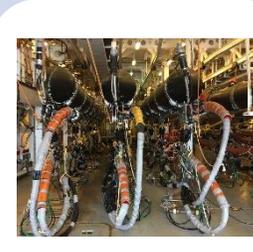
## Eagle Explorer

2D and OBN  
9-month contract



## Fulmar Explorer

OBN  
14-month contract



## Equipment

Can equip one 2D and one OBN source, alternatively two OBN source



## Petrel Explorer

Sold for USD 7.6m in Q3 '22



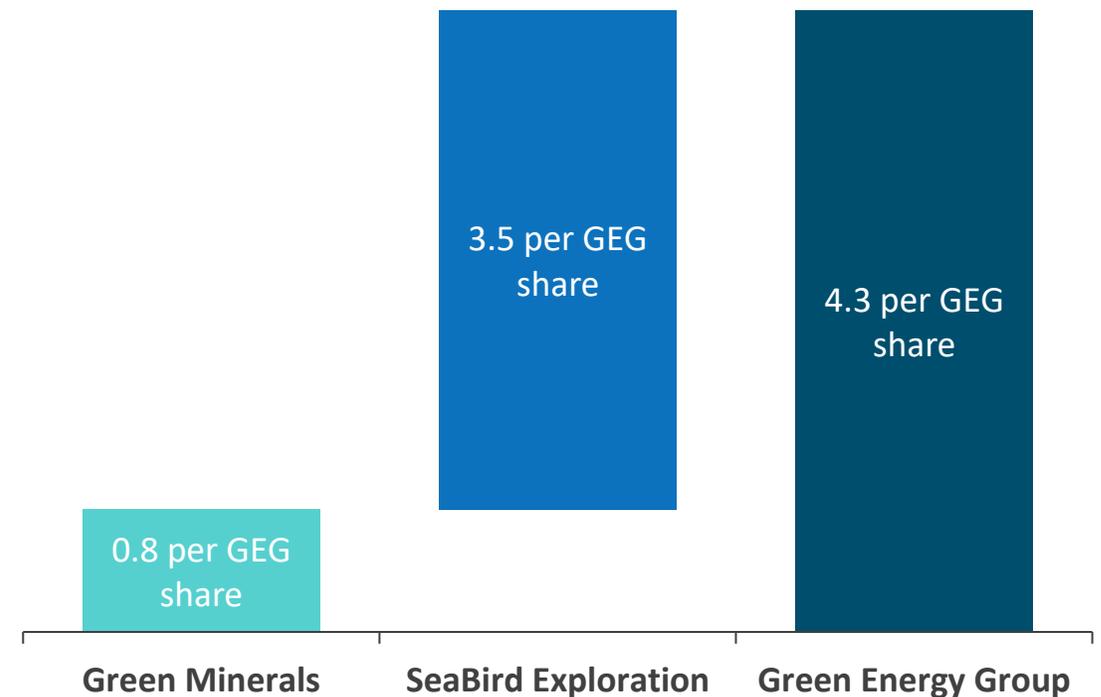
## Green Minerals (GEM NO)

Own 7.15m shares  
Target distribution Q4 '22  
Value USD 7.3m

# SeaBird Exploration to become a pure seismic play

- Green Energy Group on 31 August announced that it intends to distribute its 55% ownership stake in Green Minerals in Q4 2022
- Green Energy Group plans to change its trade brand back to SeaBird Exploration in Q4 this year
- SeaBird Exploration priorities going forward:
  - Pay down debt
  - Distribute surplus cash through share buybacks/dividends
- Operational priorities:
  - Deliver excellence in current contracts
  - Win new flex contracts
- We are strong advocates for further industry consolidation

Market value by business area (NOKm)\*



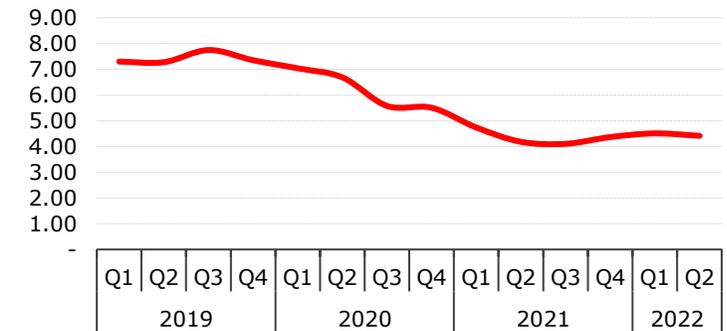
# From restructuring to cash generation

## Results

- Refinancing of bond loan with bank facility
- Reduced headcount by 65%
- Number of offices reduced from 3 to 1
- SG&A down close to 50%
- Technical downtime down sharply
- 3 old vessels recycled and 1 sold out of the industry
- Asset-light strategy enhances operating leverage
  
- Long term charters offered
- USD 18m contracted EBITDA contribution

**Sound platform for profitability and consolidation in place**  
**Buyback authorization approved by AGM**

SG&A SBX (LTM - USDm)



Downtime (LTM % of active operation)



# Business model

## 2D Seismic

- Frontier exploration, first step of seismic
- Supply side reduced dramatically; many have exited 2D seismic market
- Typically bid in lump-sum for the scope of work
- Operational risk remains with Seabird, terms improve with market

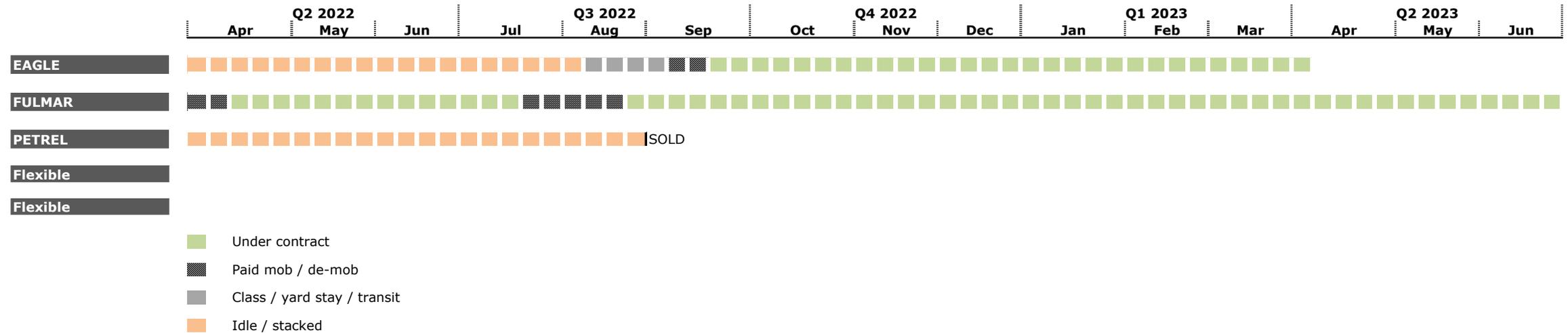
## OBN Source

- High quality imaging, demand driven by production and ILX (infrastructure-led exploration)
- Seabird provides source vessel based on a time-charter basis
- OBN market is growing rapidly

## Flexible charter

- Have secured equipment to outfit either one OBN and one 2D vessel or two OBN source vessels
- Limited equipment investments in the industry over the few years, while lead time is now increasing
- Charter in vessels from third-party, keep flexibility in low-cost model

# Current backlog provides good visibility



- Fulmar Explorer has commenced its contract in the US GoM, with contract visibility until Q3 2023
- Eagle Explorer preparing for a longer term contract in India after a planned maintenance and mobilisation period in Singapore
- Actively working to secure addition contract for our equipment pool on chartered in vessels

# Assets

## Eagle Explorer (former Geowave Voyager): OBN + 2D

- Acquired during the downturn (2018)
- Newbuild cost USD 120 million (2009)
- Sentinel streamers (CGG)
- Scheduled to commence a 9-month 2D contract in the Eastern Hemisphere

## Fulmar Explorer (former BOA Galatea): OBN

- Acquired during the downturn (2019)
- Newbuild cost USD 50 million (2009)
- Completed outfitting as a high-end source vessel in Q4 2021, CapEx of more than USD 16m.
- Commenced a 14-month OBN contract in August

## Strong optionality through “flexible capacity”

- Equipment to outfit minimum 2x OBN vessels or 1x 2D vessel + 1x OBN vessel
- Have invested over the last 12 months ~USD 5m in equipment
- Limited working capital need

## Geowave Voyager

### Vessel specs

- Built 2009 ~ **\$120 million** newbuild cost
  - 10 streamer capacity
  - Newbuild cost was for vessel only and excludes streamer & source
- Well suited for 2D, Source and niche-3D
  - Powerful 2D and Source vessel
  - MoA with CGG allows for up to 6 streamer operations in 3D-mode
  - Can be modified for use as node laying vessel in the OBN market
- Vessel has remained active throughout the downturn
  - Last project was a 2D project for Equinor
  - Source vessel for CGG in Q3-18
- Increase in earnings capacity from early Q1-19 with slight increase in SG&A run rate



Source: CGG Eidesvik Ship Management AS

## Opportunities identified to meet increasing demand

Attractive acquisition economics for BOA Galatea and BOA Thalassa



BOA Galatea



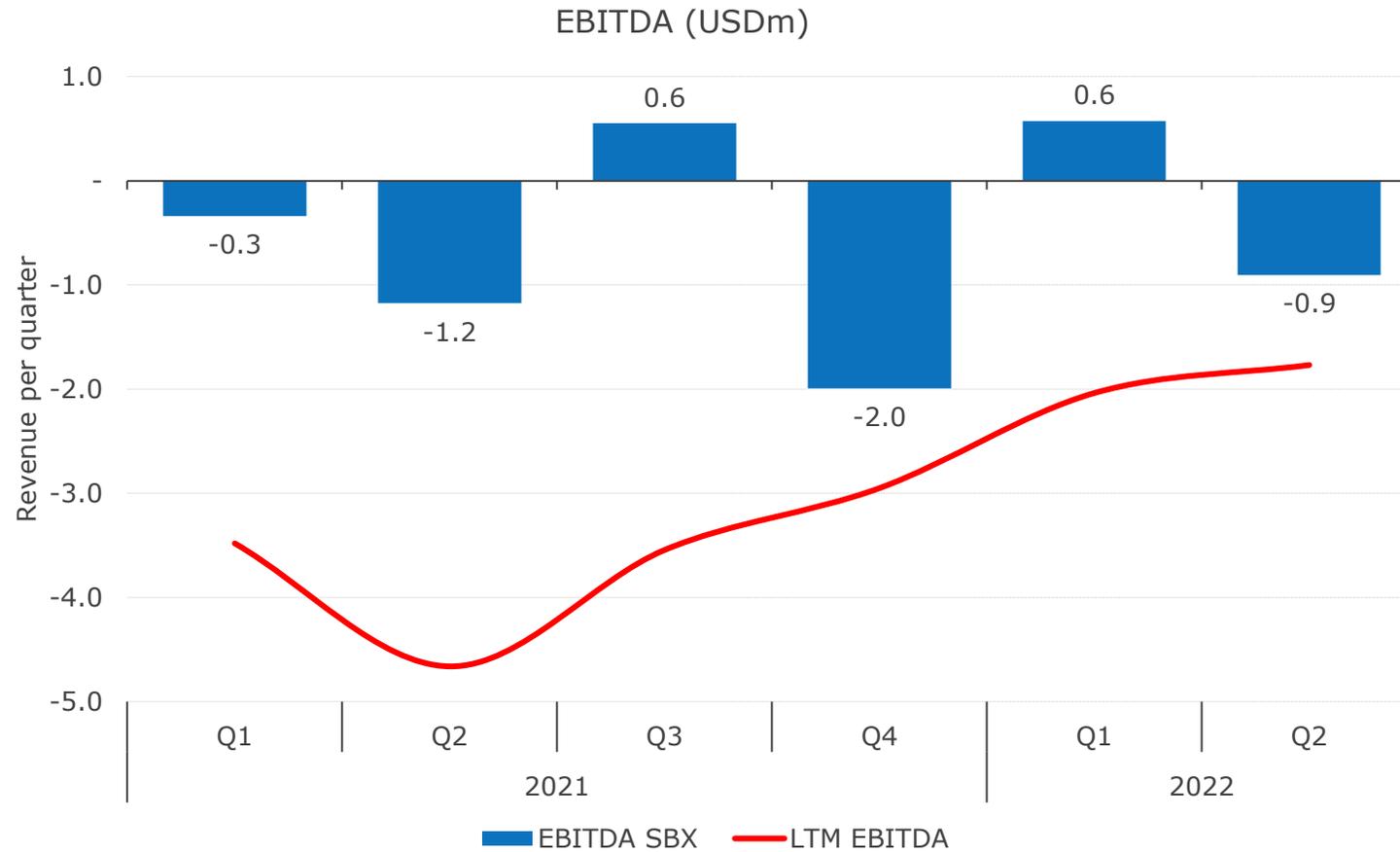
BOA Thalassa

- BOA Galatea and BOA Thalassa are sister vessels built 2008/09 in Norway for USD 50m each
- Agreed acquisition price USD ~11 million/vessel
- Can be made 2D/Source capable at cost of approximately USD 11 million/vessel
- All-in cost of USD ~22 million/vessel<sup>1</sup> implies attractive EV/EBITDA of ~3.7x<sup>2</sup> at current source market rates
- BOA Thalassa is currently chartered by EMGS
  - Firm until October 2019, options to extend for 3 x 6 months
  - USD 3.3 million EBITDA p.a
  - Implying ~3.6x<sup>2</sup> EV/EBITDA in EM seabed logging mode

**Two of very few vessels meeting high-end requirements in a growing OBS market**

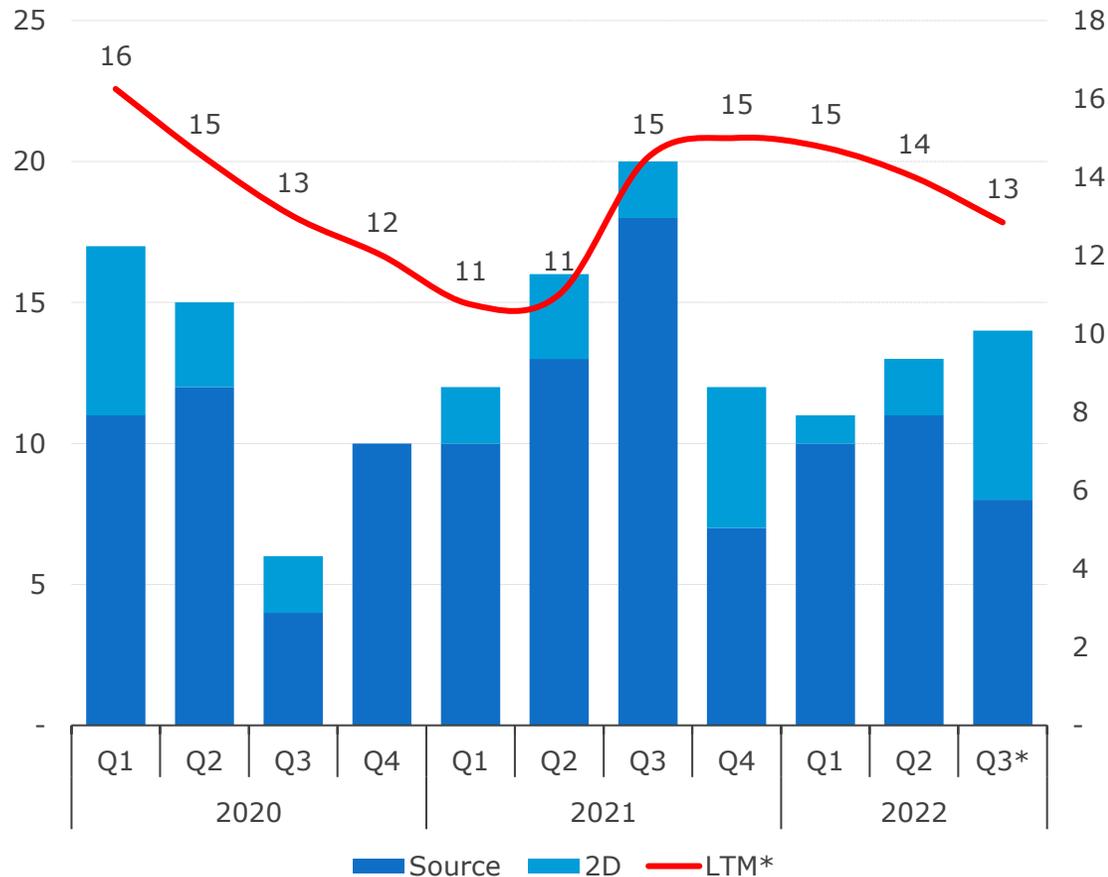
Note 1) Total investment for Galatea is USD 18.6m. This includes USD 8m in new seismic equipment, installation cost and use of equipment from existing pool 2) Including share of company O&A

# EBITDA



- Q2 2021 marked the trough
- EBITDA expected to turn positive from Q4 2022
- **The company currently has an contracted EBITDA backlog of approximately USD 18m**

# Market trends



## General

- Tendering activity continues and reflecting seasonal positioning.
- We are observing that the duration of new tenders are increasing
- Oil-price remains high
- Oil & gas to remain an important part of energy mix in the foreseeable future

## Ocean bottom seismic

- Oil & gas companies' focus on increased oil recovery on producing fields, as well as near-field exploration
- Reduced competition following equipment consolidation and vessels exiting the OBN source segment
- Key areas Gulf of Mexico, Brazil, West Africa, North Sea and India

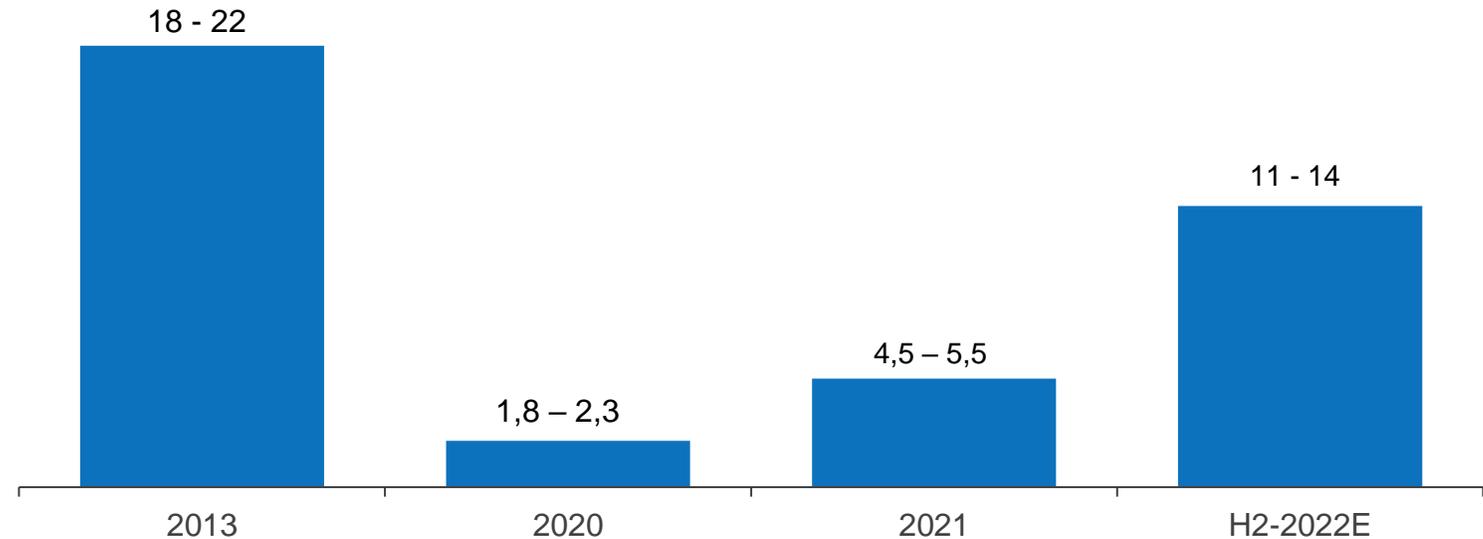
## Proprietary 2D surveys

- Energy security emerging as a demand driver in select regions – Far East, Africa and South America
- India expected to be an important market for 2D going forward

# Accelerating demand growth, OBN source sold out

- Demand for OBN services have increased significantly over the past eight months
- SBX outlook update: annual contribution for a high-end OBN vessel expected above \$12m p.a by 2H 2022 EST for new fixtures
- Historical valuation for asset heavy oil service companies has been 6-8x EBITDA over the cycle.
- SBX ex. GEM currently valued at USD 40m on an enterprise value basis

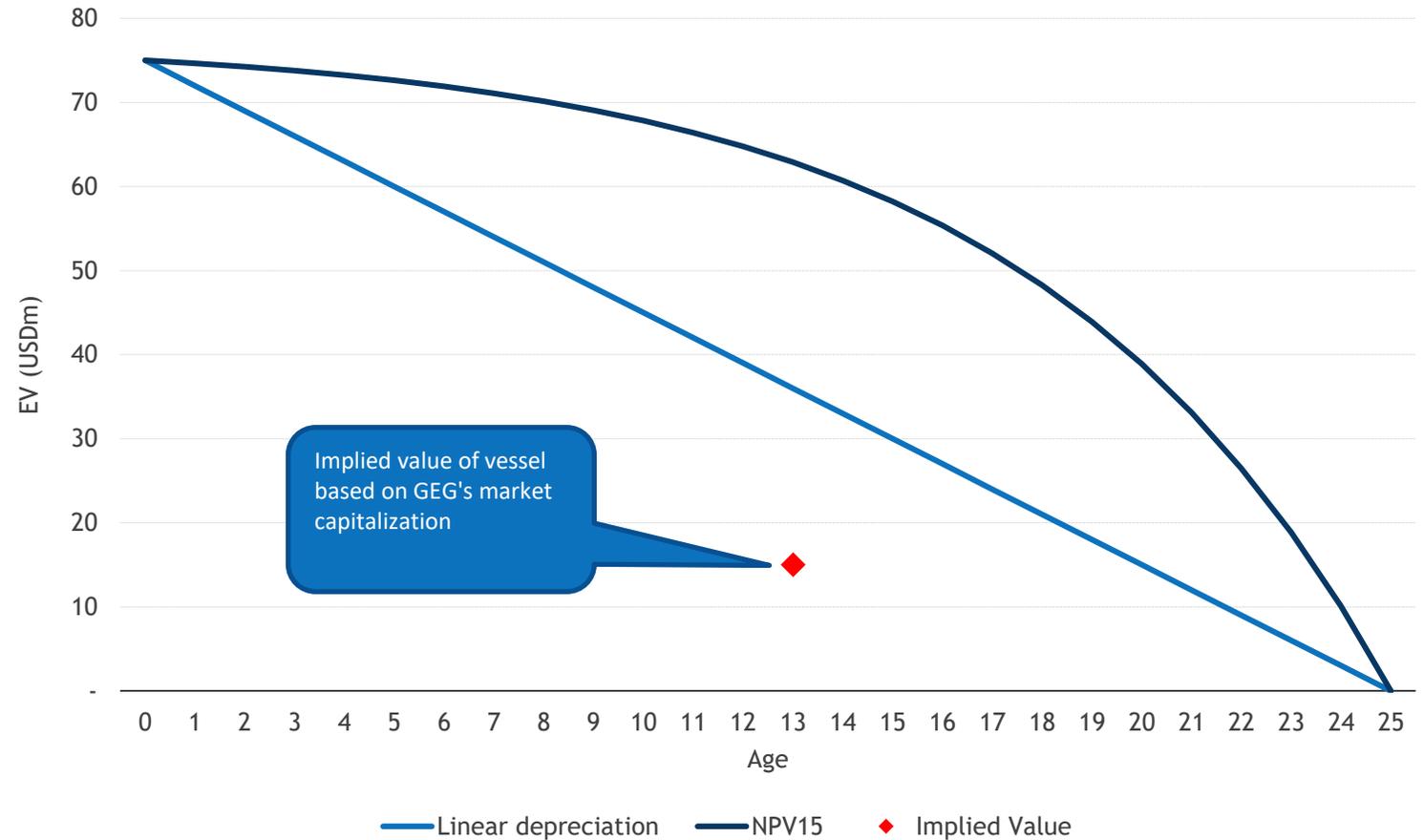
Annual EBITDA generation (USDm)

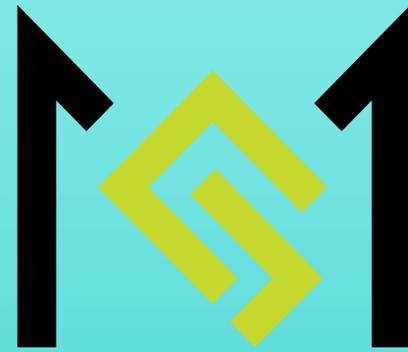


SeaBird capacity KPIs	2013	2020	2021	H2-2022E
Owned & outfitted (no of vessels, OBN+2D)		4	1	2
Flex Charter capacity 2D		1	1	1
Flex Charter capacity OBN			1	2
EBITDA contributors (no of vessels)		2	1+1	4
EBITDA potential p.a. per vessel 2D		\$6M	\$7M	\$12-15M
EBITDA potential p.a per vessel OBN	\$20M	\$2M	\$5M	\$11-14M

# Implied vessel value far below replacement cost

- The average age for the vessels in the fleet is 13-14 years
- The “fair” value based on linear depreciation for the assets would be around USD 35m...
- ... while NPV with 15% WACC a “fair” value of USD 60m
- Implied values per high-end OBN vessel is ~USD 15m





# GREEN MINERALS

*Enabling the green shift*

# Aspirational targets – operations and financials

## EXPLORATION



- Planned two research cruises (one is completed), including ecosystem impact evaluation, before opening of the NCS in 2023
- Seeking exploration licenses directly or through partnerships in international prospects

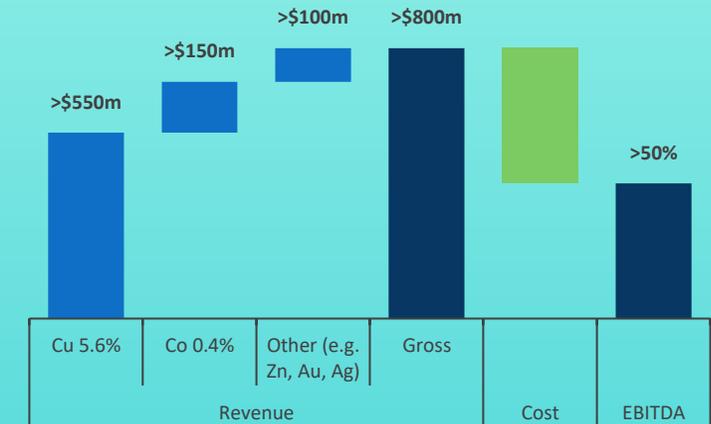
**2025 target: secured several exploration licences and identified a commercial SMS portfolio**

## DEVELOPMENT / PRODUCTION



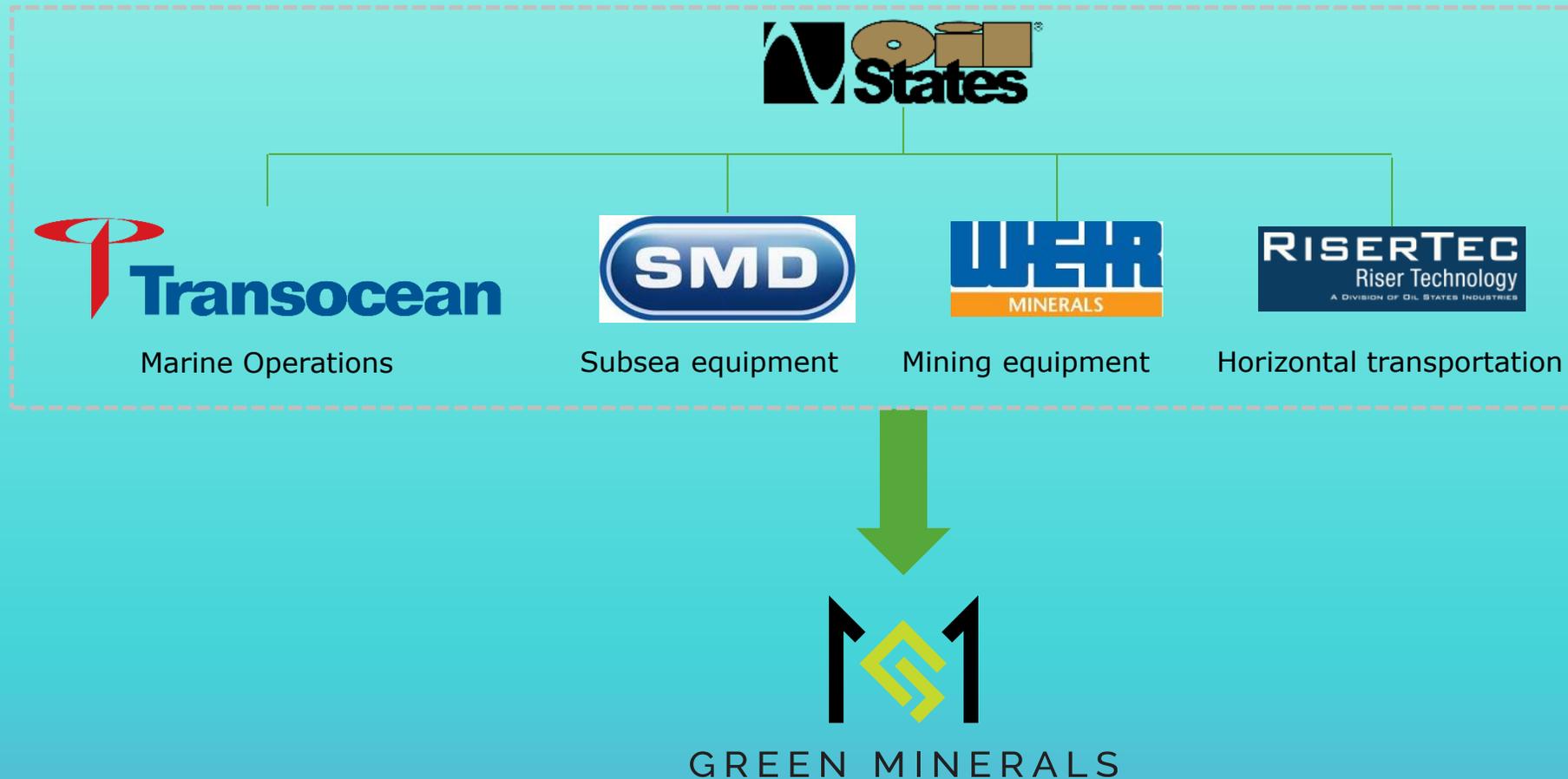
- We plan for a pilot system ready to operate by 2026
- Processing to be performed in the Nordics
- Immense focus on subsea ecosystem and biodiversity
- **2028 target: full scale production with processing capability in one of the Nordic countries**

## FINANCIAL TARGETS



- Revenue:
  - 1.5 Mt annual ore production
  - USD 9,000 per ton copper (Cu)
  - USD 50,000 per ton cobalt (Co)
  - ~USD 100m uplift for additional metals
- EBITDA:
  - Includes overhead, mining cost and processing cost

# Preparing for the next stage with a World Class Consortium



MoU signed in August 2022 for delivery of a concept study on Harsh Environment Deep-Sea Mining System “ore from seafloor to port” for exclusive use in Norwegian waters.

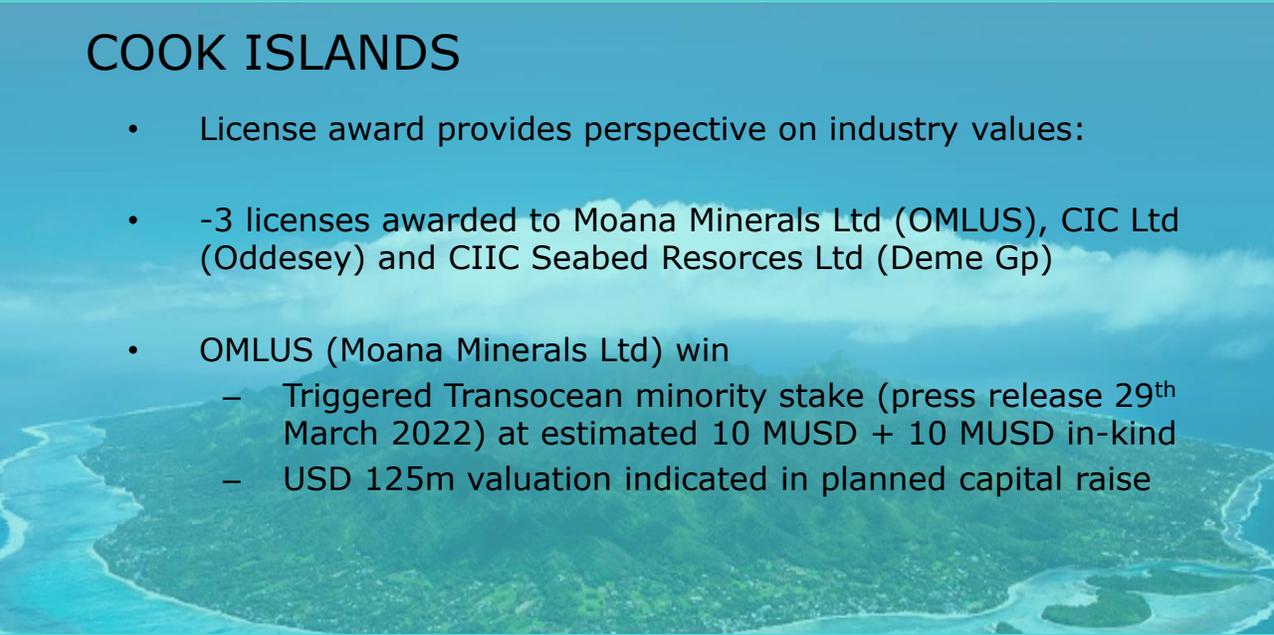
Project to start in October 2022.

Oil States Industries becomes a shareholder in Green Minerals

# Recent industry developments

## COOK ISLANDS

- License award provides perspective on industry values:
- -3 licenses awarded to Moana Minerals Ltd (OMLUS), CIC Ltd (Oddesey) and CIIC Seabed Resorces Ltd (Deme Gp)
- OMLUS (Moana Minerals Ltd) win
  - Triggered Transocean minority stake (press release 29<sup>th</sup> March 2022) at estimated 10 MUSD + 10 MUSD in-kind
  - USD 125m valuation indicated in planned capital raise



	OMLUS	TMC	GEM
<b>Market cap</b>	125	485	13
<b>Production start (est)</b>	2026	2024	2028
<b>Production in tpa (est)</b>	und.	1.3M	1.5M
<b>Resource status (mt)</b>			
measured	NA	4	NA
indicated	NA	341	NA
inferred	33	11	NA
<b>Area of operation</b>	Cook Islands	CCZ (ISA)	Norway

# Summary



NAV reported at NOK 6.57 per share as of 30 June 2022



Major strategic advances over the summer giving impetus to a separation of the two businesses



Key contract wins in OBN and 2D providing 23 months of work and good visibility on cashflow



GEG announces spin-off of Green Minerals to shareholders targeting Q4 2022 distribution



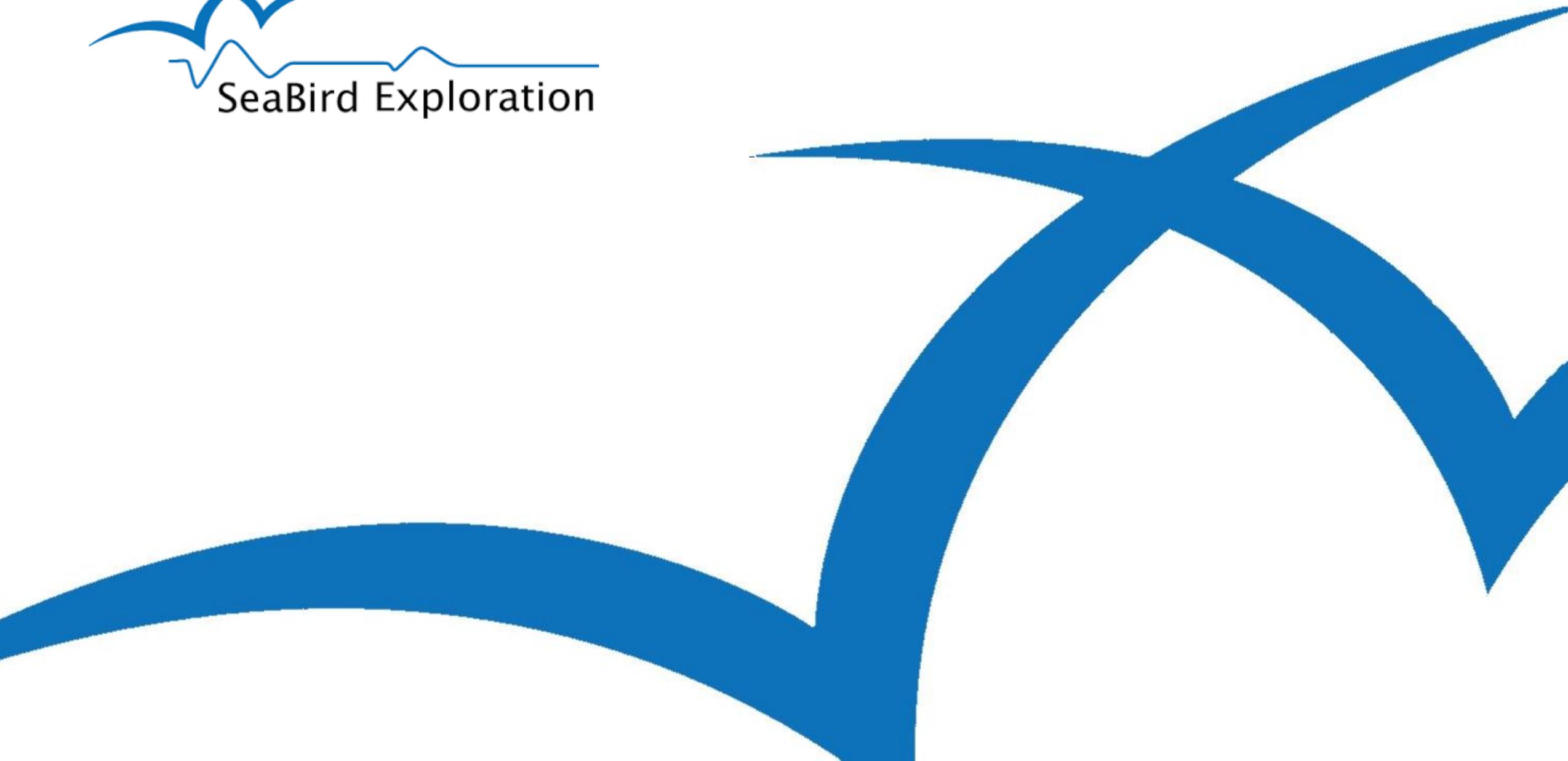
Outlook for Seismic and Minerals remain positive



A return-focused business model with emphasis on capital efficiency and a lean organization, managed by shareholders for the benefit of all shareholders



SeaBird Exploration



# Fulmar Explorer

## Fulmar Explorer (former BOA Galatea): OBN

- Acquired summer 2019 at market trough @USD 11m
- Newbuild cost USD 120 million (2009)
- Completed outfitting as a high-end source vessel in Q4 2021, CapEx of approximately USD 16m
- Contract status:
  - Commenced a 14-month OBN contract in August

### Vessel specification:

- Loa: 80.35m
- B: 16.4 / 21.20m (max)
- POB: 54
- Built: 2008
- Upgraded: 2021 (~USD 16m)
- Next main Class / Drydock: 11/2026

## Opportunities identified to meet increasing demand

*Attractive acquisition economics for BOA Galatea and BOA Thalassa*



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Note 1) Total investment for Galatea is USD 18.6m. This includes USD 8m in new seismic equipment, installation cost and use of equipment from existing pool 2) Including share of company G&A

# Eagle Explorer

## Eagle Explorer (former Geowave Voyager): OBN + 2D

- Acquired summer 2018 at market trough @ USD 15m
- Newbuild cost USD 50 million (2009)
- 428 Recording / Sentinel streamers
- Contract status:
  - Scheduled to commence a 9-month 2D contract in the Eastern Hemisphere in October

### Vessel specification:

- LOA: 93.96m
- B: 19.00 / 25.70m
- POB: 69
- Built: 2009
- Next main Class / Drydock: 12/2023

## Geowave Voyager

### Vessel specs

- Built 2009 ~ **\$120 million** newbuild cost
  - 10 streamer capacity
  - Newbuild cost was for vessel only and excludes streamer & source
- Well suited for 2D, Source and niche-3D
  - Powerful 2D and Source vessel
  - MoA with CGG allows for up to 6 streamer operations in 3D-mode
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Source: CGG Eidesvik Ship Management AS

# Equipment pool

## Strong optionality through “flexible capacity”

- Equipment to outfit minimum 2x OBN vessels or 1x 2D vessel + 1x OBN vessel
- Have invested over the last 12 months ~USD 5m in equipment
- Limited capital cost to outfit a third party vessel

