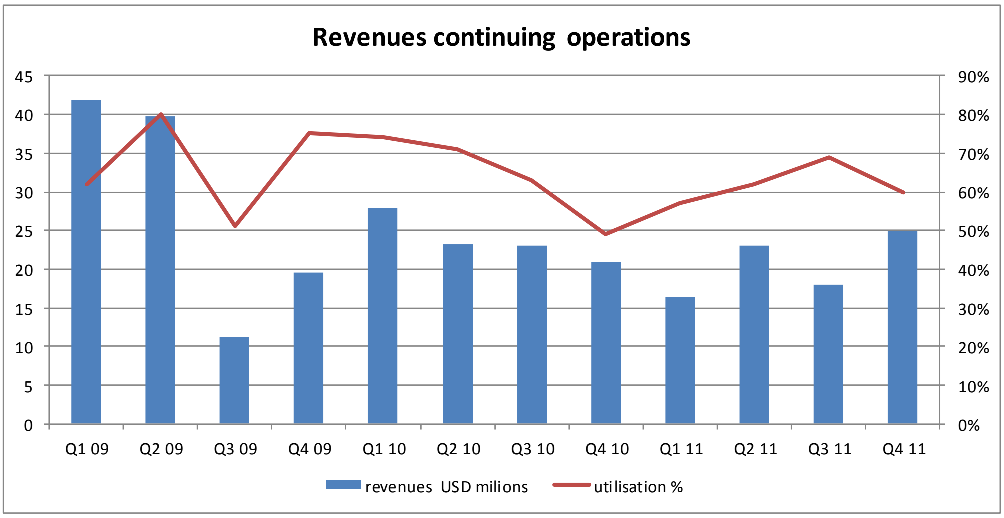
SEABIRD EXPLORATION GROUP
FOURTH QUARTER REPORT 2011

Q4

HIGHLIGHTS

- A Letter of Intent entered into between SeaBird and Fugro Norway on 3 October 2011 for the sale of the OBN business, completed on 8 December 2011. The transaction also includes two SeaBird vessels on time charter to Fugro; one for 3 years firm (Munin Explorer – source) and one for 1 year firm with 1 plus 1 year optional (Harrier Explorer – 2D), an OBN transition service agreement for a period of 6 months with an option for another 6 months, and a maritime management agreement for 2 years with a 2 year automatic extension for the Hugin Explorer.
- Financial restructuring of SeaBird, approved by secured and unsecured creditors, consisting in a full repayment to secured creditors (Standard Chartered Bank and Sparebanken 1 SMN/Glitnir) and a partial redemption to unsecured creditors (SBX01, SBX02, PGS and Perestroika), followed by a consolidation of the remaining bond holdings in SBX01, SBX02 and PGS CLA into a new bond (SBX03).
- The PGS co-operation agreement for deep water node seismic was brought to an end upon completion of the restructuring and closing of the Fugro transaction.
- An Extraordinary General Meeting was held on 9 December 2011 whereby five Directors were honourably discharged and three new Directors were appointed. The Board now consists of five members. The EGM additionally resolved to authorise increase of the share capital up to USD 5 million representing 500,000,000 shares.
- Also on 9 December 2011 the Board of SeaBird announced that it had resolved to issue 139,363,892 new shares through a private placement. The new shares were subscribed for at a price of NOK 0.25 per share. Total gross proceeds from the Private Placement amounted to NOK 34.8 million (approximately USD 6 million). Following the registration of the new shares, the Company has 314,259,723 shares outstanding.
- Hugin Explorer and Munin Explorer commenced acquisition on the ONGC contract on 24 October 2011. The acquisition part was completed and the vessels demobilised 10 February 2012. The data processing and interpretation part of the project will be finalised over the next 12 months.
- Harrier Explorer was in dry-dock for class renewal during Q4 2011 and subsequently commenced a source contract in the North Sea in January 2012.
- Voyager Explorer was fully rigged up to four-streamer operation and commenced a 2D/3D (combination) contract beginning of November 2011 with expected completion in March 2012. Further backlog until end of June 2012 is secured.

KEY FIGURES	Quarter ended		Year ended	
All figures in USD 1,000	**2011**	**2010**	**2011**	**2010**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Revenues continuing operations	24,444	20,467	81,722	93,643
Earnings before interest, taxes, depreciation and amortisation (EBITDA) continuing operations	(6,247)	(4,936)	(6,802)	4,501
Earnings before interest and taxes (EBIT) continuing operations	(13,680)	(27,403)	(94,670)	(48,576)
EBIT excluding impairment charges continuing operations	(13,680)	(16,897)	(40,355)	(38,070)
Profit/(loss) continuing operations	(13,684)	(34,400)	(120,305)	(68,025)
Profit/(loss) discontinued operations	46,858	(8,802)	28,662	12,089
Profit/(loss) for the periof	33,174	(43,202)	(91,643)	(55,936)
Earnings per share (diluted) continuing operations	(0.04)	(0.22)	(0.38)	(0.43)
Cash flow from continuing operating activities	(47,331)	(12,956)	(68,334)	1,068
Capital expenditures continuing operations	(3,379)	(1,808)	(12,024)	(7,308)
Total assets	219,285	358,977	219,285	358,977
Net interest bearing debt including finance lease	107,732	172,067	107,732	172,067
Equity ratio	22%	37%	22%	37%



COMPARISON OF Q4 2011 WITH Q4 2010

Voyager Explorer replaced Geo Mariner in Q3 2011, which affect the comparable figures to some extent. Furthermore, the Ocean Bottom Node (''OBN'') business has been divested and represents the discontinued operations which will affect the comparable figures.

RESULTS

All figures below relate to continuing operations unless otherwise stated. SeaBird Group reports a loss of USD 13.7 million for the fourth quarter 2011 (negative USD 34.4 million same period in 2010). Revenues were USD 24.4 million in Q4 2011 (USD 20.5 million). The increased revenues are mainly due to higher multiclient sales and higher utilisation for the vessels in Q4 2011 compared to Q4 2010. Operating expenses were USD 31.3 million in Q4 2011 (USD 25.4 million). The change is mainly due to higher vessel utilisation and a USD 4.0 million write-off for bad debts. EBITDA were negative at USD 6.2 million in Q4 2011 (USD 4.9 million). Depreciation and amortisation were USD 7.4 million in Q4 2011 (USD 12.0 million). The decrease is mainly due to lower multiclient sales amortisation and impairment of vessels and equipment in Q3 2011 giving lower base for depreciation in Q4 2011. Interest expense was USD 4.7 million in Q4 2011 (USD 2.3 million). The increase is mainly due to higher debt level (PGS convertible loan agreement) and increased interest margins on the loans.

Other financial items, net income, of USD 6.2 million in Q4 2011 (net expense of USD 1.4 million) refer mainly to gain on extinguishment of debt related to restructuring of the debt. Capital expenditures were USD 3.4 million in Q4 2011 (USD 1.8 million). Major capital cost items refer to rigging of the Voyager Explorer to a full four-streamer vessel, and classification costs for the Harrier Explorer. A weakening of USD against NOK and EUR has in general a negative impact on the operating expenses. Interest expenses and gross debt are from 19 December 2011 only in USD, hence going forward not impacted by currency fluctuations.

OPERATIONAL PERFORMANCE

The vessel utilisation for 2D/3D vessels in operation for the full quarter was 60% in Q4 2011. The OBN vessels had an utilisation of 93%. Individual vessel details are given in the Q4-11 presentation document.

LIQUIDITY AND FINANCING

Cash and cash equivalents were USD 13.3 million, of which USD 3.3 million restricted in connection with bid/performance bonds, at 31 December 2011 (USD 1.1 million). Net cash from operating activities was negative USD 47.3 million in Q4 2011 (negative USD 38.4 million), mainly due to payment of trade payables.

In connection with the debt restructuring taking place in Q4 2011, the secured creditors, Standard Chartered Bank and Sparebanken 1 SMN/Glitnir, have been repaid in full. The bond SBX01, bond SBX02, PGS convertible loan and Perestroika convertible loan were repaid with approximately 31.4% for each of the mentioned facilities. The remaining balance of the bonds SBX01, SBX02 and PGS convertible loan were merged into a new senior secured bond loan (with inter alia 1st priority pledge in the vessels Northern Explorer, Osprey Explorer, Harrier Explorer and Aquila Explorer), SBX03, at an interest rate of 6% p.a. and maturity in December 2015. After the partial redemption, the Perestroika convertible loan continues under the same terms as before the debt restructuring. Furthermore, a credit facility from Fugro was provided to cover working capital needed for the ONGC contract. As of 31 December 2011 the draw down was USD 18 million. Instalments of USD 1.1 million were paid on the lease of the Hawk Explorer during Q4 2011 (USD 3.6 million and USD 0.7 million). Net debt and borrowings were USD 107.7 million end of Q4 2011 (USD 172.1 million). SeaBird met all covenants under the bond loan SBX03 as of 31 December 2011.

OUTLOOK

Following the divestment of the OBN business, SeaBird will concentrate on the business activities of its 2D and 3D four-streamer fleet. Idle time was experienced during Q4 2011, but improving towards end of Q1 2012. Further, we experience that the general market is improving in 2012.

SeaBird does not rely on multiclient surveys to increase utilisation, but will contract on such basis if the economics are preferable to idle time.

A restructuring program has started which will reduce SG&A and increase efficiency significantly whilst still maintaining safety across the fleet.

SUBSEQUENT EVENTS

On 6 February 2012 a change was announced whereby Mr. Tim Isden was replaced as CEO by Mr. Dag Reynolds, who is expected to assume the position by latest 1 May 2012. As an interim measure, Mr. Jan Eivind Fondal has taken the position of CEO until Mr. Reynolds takes over his duties. Mr. Reynolds combines an extensive track record in the industry with in-depth knowledge of the Company. This is a set of competencies that will be highly valuable in the Company's continued efforts to reposition itself as a high end operator in the seismic market.

On 11 February 2012 the ONGC contract was successfully completed and the handover of the OBN business to Fugro took place. SeaBird will continue to assist Fugro under a service agreement until Q2 2012, and the previously announced time charter agreements and management agreement are in full force and effect.

A number of contracts were announced February 2012 under the 2011 Frame Agreement with Spectrum ASA and other clients, improving backlog for the SeaBird fleet significantly in 2012. Further, on 13 February 2012 multiclient sales of USD 6.3 million were announced, partly from late sales and partly from the financial realisation of non-core assets.

The Board of Directors and
Chief Executive Officer

SeaBird Exploration PLC
28 February 2012

SeaBird Exploration

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

All figures in USD 1,000	As of 31 Dec 2011	2010
	(Unaudited)	*(Audited)*
ASSETS		
Non-current assets		
Property, plant and equipment	137,008	276,347
Multiclient library	16,602	5,998
Capital work in progress	-	1,277
Goodwill	1,267	8,996
Patent technology	-	3,816
Deferred tax asset	-	13,756
	154,877	**310,190**
Current assets		
Inventories	4,680	4,103
Trade receivables	31,251	40,467
Other current assets	14,750	2,655
Due from related parties	427	427
Cash and cash equivalents	13,300	1,135
	64,408	**48,787**
Total assets	**219,285**	**358,977**
EQUITY		
Shareholders equity		
Paid in capital	166,720	161,113
Equity component of convertible loan	6,296	-
Revaluation reserve	-	17,714
Currency translation reserve	(210)	380
Share options granted	7,554	7,593
Retained earnings	(131,058)	(53,863)
	49,302	**132,937**
LIABILITIES		
Non-current liabilities		
Loans and borrowings	99,567	137,280
Fair value of conversion rights	-	6,506
Other long-term liabilities	1,157	918
	100,724	**144,704**
Current liabilities		
Trade and other payables	47,794	45,414
Loans and borrowings	21,465	35,922
	69,259	**81,336**
Total liabilities	**169,983**	**226,040**
Total equity and liabilities	**219,285**	**358,977**
Net interest-bearing debt	107,732	172,067

CONSOLIDATED STATEMENT OF INCOME

All figures in USD 1,000	Quarter ended 31 Dec 2011	Quarter ended 31 Dec 2010	Year ended 31 Dec 2011	Year ended 31 Dec 2010
	(Unaudited)	(Unaudited)	Unaudited)	(Unaudited)
Revenues	24,444	20,467	81,722	93,643
Charter hire and operating expenses	(22,900)	(18,336)	(68,345)	(71,402)
Selling, general and admin expenses	(8,405)	(7,051)	(21,200)	(19,000)
Other income (expenses), net	614	(16)	1,021	1,260
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**(6,247)**	**(4,936)**	**(6,802)**	**4,501**
Depreciation and amortisation	(7,433)	(11,961)	(33,553)	(42,571)
Impairment	-	(10,506)	(54,315)	(10,506)
Earnings before interest and taxes (EBIT)	**(13,680)**	**(27,403)**	**(94,670)**	**(48,576)**
Interest expense	(4,670)	(2,308)	(18,475)	(10,807)
Other financial items, net	6,156	(1,416)	(1,546)	(2,178)
Change in fair value of conversion rights	-	(2,761)	(3,014)	(1,805)
Profit (loss) before income tax	**(12,194)**	**(33,888)**	**(117,705)**	**(63,366)**
Income tax	(1,490)	(512)	(2,600)	(4,659)
Profit/(loss) continuing operations	**(13,684)**	**(34,400)**	**(120,305)**	**(68,025)**
Discontinued operations				
Net profit discontinued operations (note 1)	46,858	(8,802)	28,662	12,089
Profit/(loss for the period)	33,174	(43,202)	(91,643)	(55,936)
Profit/(loss) attributable to:				
Shareholders of the parent	33,174	(43,202)	(91,643)	(55,936)
Earnings per share:				
- basic	0.11	(0.27)	(0.29)	(0.35)
- diluted	0.11	(0.27)	(0.29)	(0.35)
Earnings per share from continued operations				
- basic	(0.04)	(0.22)	(0.38)	(0.43)
- diluted	(0.04)	(0.22)	(0.38)	(0.43)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit/(loss)	**33,174**	**(43,202)**	**(91,643)**	**(55,936)**
Other comprehensive income				
Net movement in currency translation reserve and other changes	(816)	(315)	(592)	8
Changes in revaluation reserve	-	(14,500)	(13,373)	(14,500)
Total other comprehensive income, net of tax	**(816)**	**(14,815)**	**(13,965)**	**(14,492)**
Total comprehensive income	**32,358**	**(58,017)**	**(105,608)**	**(70,428)**
Total comprehensive income attributable to:				
Shareholders of the parent	32,358	(58,017)	(105,608)	(70,428)
Total	**32,358**	**(58,017)**	**(105,608)**	**(70,428)**

Note 1

STATEMENT OF INCOME FOR DISCONTINUED OPERATIONS

All figures in USD 1,000	Quarter ended 2011	Quarter ended 2010	Year ended 2011	Year ended 2010
	(Unaudited)	*Unaudited)*	*(Unaudited)*	*(Unaudited)*
Revenues	17,525	17,163	60,815	103,383
Charter hire and operating expenses	(13,751)	(18,219)	(52,382)	(63,494)
Selling, general and admin expenses	(1,181)	(1,123)	(8,697)	(7,067)
Other income (expenses), net	-	-	-	-
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**2,593**	**(2,179)**	**(264)**	**32,822**
Depreciation and amortisation	(1,507)	(4,521)	(11,716)	(14,047)
Impairment	-	-	-	-
Earnings before interest and taxes (EBIT)	**1,086**	**(6,700)**	**(11,980)**	**18,775**
Interest expense	(373)	(665)	(1,494)	(459)
Other financial items, net	(89)	36	(104)	(447)
Change in fair value of conversion rights	-	45	-	(911)
Profit (loss) before income tax	**624**	**(7,284)**	**(13,578)**	**16,958**
Income tax	(395)	(1,518)	(4,389)	(4,869)
Profit/(loss) discontinuing operations	**229**	**(8,802)**	**(17,967)**	**12,089**
Gain on sale of business	46,629	-	46,629	-
Income tax on gain of sale of business	-	-	-	-
Net profit/(loss) from discontinued operations	46,858	(8,802)	28,662	12,089
Profit/(loss) attributable to:				
Shareholders of the parent	46,858	(8,802)	28,662	12,089
Earnings per share from discontinued operations:				
- basic	0.15	(0.06)	0.09	0.08
- diluted	0.15	(0.06)	0.09	0.08

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All figures in USD 1,000	Year ended 31 Dec 2011	Year ended 31 Dec 2010
	(Unaudited)	*(Audited)*
Opening balance	**132,937**	**203,365**
Profit/(loss) for the period	(91,643)	(55,936)
Increase/(decrease) in share capital	5,607	-
Equity component of convertible loan	6,296	-
Share options granted	(39)	435
Net movements in currency translation reserve and other changes	(3,856)	(14,927)
Ending balance	**49,302**	**132,937**

CONSOLIDATED STATEMENT OF CONTINUED OPERATIONS CASH FLOW

All figures in USD 1,000	Quarter ended 31 Dec 2011	Quarter ended 31 Dec 2010	Year ended 31 Dec 2011	Year ended 31 Dec 2010
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Cash flows from operating activities				
Profit/(loss) before income tax	(12,195)	(33,888)	(117,705)	(63,369)
Adjustments for:				
Depreciation, amortisation and impairment	7,432	22,467	88,567	53,078
Unrealised exchange (gain) /loss	-	172	-	671
Change in fair value of conversion rights	-	2,716	2,678	2,716
Gain on extinguishment of debt	(11,015)	446	(11,015)	-
Amortisation of interest	1,044	-	4,968	446
Paid income tax	(285)	(902)	-	(2,452)
Gain from sale of PPE	-	-	-	-
Provision for employees' end of service gratuities	87	259	239	324
Earned on employee stock option plan	(133)	68	(39)	435
(Increase)/decrease in inventories	(654)	380	(924)	129
(Increase)/decrease in trade and other receivables	(43,810)	6,326	(38,383)	(6,596)
(Increase)/decrease from divested companies	32,637	(25,005)	24,556	11,433
(Increase)/ decrease in due from related parties	-	-	-	10
Increase/(decrease) in trade and other payables	(20,439)	14,005	(21,276)	4,243
Net cash from operating activities	**(47,331)**	**(12,956)**	**(68,334)**	**1,068**
Cash flows from investing activities				
Capital expenditures	(3,379)	(1,808)	(12,024)	(7,308)
Proceeds from sale of PPE	125,000	-	125,000	
Net cash used in investing activities	**121,621**	**(1,808)**	**112,976**	**(7,308)**
Cash flows from financing activities				
Proceeds from issuance of ordinary shares	5,607	-	5,607	-
Currency fluctuation in borrowings	(1,746)	(291)	722	(457)
Movements in borrowings	(71,376)	(9,324)	(54,520)	(5,745)
Equity component of convertible bond loan	-	-	15,791	-
Net movement in currency fluctuations	(218)	(248)	(50)	(1,094)
Net cash from financing activities	**(67,733)**	**(9,863)**	**(32,450)**	**(7,296)**
Net (decrease)/increase in cash and cash equivalents	**6,557**	**(24,627)**	**12,191**	**(13,536)**
Cash and cash equivalents at beginning of the period	**6,613**	**25,607**	**979**	**14,515**
Cash and cash equivalents from discontinued operations	**130**	**155**	**130**	**156**
Cash and cash equivalents at end of the period	**13,300**	**1,135**	**13,300**	**1,135**

SELECTED NOTES AND DISCLOSURES

SeaBird Exploration PLC ("the Company" or "SBX") is a limited liability company. The address of SBX registered head office in Cyprus is 333, 28th October Street, Ariadne House, 1st floor, Limassol, Cyprus. Furthermore, SeaBird has its operating offices in Dubai (United Arab Emirates), and representative offices in Oslo (Norway), Trondheim (Norway) – till 8 December 2011, Houston (USA), Singapore, Rio de Janeiro (Brazil) – till 8 December 2011, and St Petersburg (Russia). SBX is listed on the Oslo Stock Exchange.

Basis of presentation

The condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) and the act and regulations for the Oslo Stock Exchange. The condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2010.
The consolidated financial statements for the year ended 31 December 2010 and quarterly reports are available at www.sbexp.com. The financial statements as of Q4 2011, as approved by the Board of Directors 28 February 2012, are unaudited.

Significant accounting principles

The accounting policies used for preparation of the condensed interim consolidated financial statements are consistent with those used in the consolidated financial statements for 2010 unless otherwise stated.

Risk factors

The information in this report may constitute forward-looking statements. These statements are based on various assumptions made by SeaBird, many of which are beyond its control and all of which are subject to risks and uncertainties. For further description of relevant risk factors, we refer to the Annual Report for 2010. As a result of these and other risk factors, actual events and actual results may differ materially from those indicated in or implied by such forward-looking statements.

Segment information

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

Property, plant and equipment

Vessels and seismic equipment designated for source and 2D/3D-operation are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation. The external independent appraisals are supported by internal value in use calculations. These vessels and seismic equipment were last valued by external independent appraisals at 30 September 2011. This resulted in impairment of USD 62.6 million for the vessel fleet (owned) and related seismic equipment, of which USD 49.2 million was charged to the income statement and USD 13.4 million against revaluation reserve in equity. Value in use calculations performed at year-end 2011 support the carrying values of vessels and seismic equipment. Vessel-related and seismic equipment (including nodes operation) designated for seabed operation (OBN) and office equipment are stated at historical cost less depreciation. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost or re-valued amounts to their residual values over their estimated useful lives, as follows:

Seismic vessels	10 to 15 years
Seismic equipment	8 to 15 years
Office equipment	4 years

Multiclient library

Costs directly incurred in acquiring, processing and otherwise completing seismic surveys are

capitalised to the Multiclient library in the period when they occur.
Multiclient library is amortised over a maximum period of 3 years starting in the quarter after project completion. The amortisation charge for a particular library is increased by a percentage of any sales achieved in the period until the original cost has been fully amortised. In 2011, a rate of 100% of sales has been applied to all Multiclient library surveys, except for the GoM Well Tie survey where a rate of 0% has been applied. With the exception of the GoM Well Tie survey, profit is therefore only recognised in the income statement once the original costs of acquiring the data have been fully recovered.

Q4 2011 figures	USD million
Beginning balance Q4 2011	14,1
Capitalised cost	4,5
Capitalised depreciation	-
Amortisation	(2,0)
Book value	16,6

Sales in Q4 2011 were USD 5.2 million (USD 3.1 million).

Discontinued operations
On 8 December 2011, SeaBird closed the share and purchase agreement with Fugro Norway AS ("Fugro") related to Fugro's acquisition of SeaBird Technologies AS and Seabed Navigation Co Ltd which collectively hold all of the Company's rights and assets related to the OBN business. As of 31 December 2011, the OBN business has been accounted for as discontinued operations. Income statement for discontinued operations, see note 1 to the consolidated income statement. Goodwill of USD 2.4 million and patent technology of USD 3.6 million related to the OBN business have been realised as part of the transaction.

Loan and borrowings
Gain on extinguishment of debt amounts to USD 10.0 million recognised in the income statement. Changes in fair value of conversion rights amounts to USD 9.5 million recognised directly in equity.

Share capital and share options
On 9 December 2011 the Board of SeaBird resolved to issue 139,363,892 new shares through a private placement. The total number of shares at 31 December 2011 is 314,259,723. For share options and dilution effect, please refer to note 16 in the Annual Report 2010.
On 20 February 2012, employment terms were finalised for Mr. Reynolds. In addition to fixed salary on market terms, Mr. Reynolds will receive 30 000 000 share options at a strike price of NOK 0,25 (equaling the average share price on the trading day 6 February 2012 + 10% approx.). The share options are exercisable with 1/3 from 16 February 2013 to 16 April 2013, 1/3 from 16 February 2014 to 16 April 2014 and 1/3 from 16 February 2015 to 16 April 2015.

Taxes
SBX is subject to taxation in Cyprus, as are the majority of the subsidiaries, of which some are qualifying for the tonnage tax regime. Due to operation on various continental shelves, SeaBird is also subject to taxation in various jurisdictions with increasingly complex tax legislation. For the future, SeaBird expects to a larger degree to be subject to income taxes in jurisdictions of operation which will increase income tax expense. SeaBird is also evaluating historic tax exposures related to certain projects already completed which might increase the reported tax expense. SeaBird has subsidiaries in various countries which are subject to local taxes. Deferred tax assets recognised prior periods constitute the tax losses for SeaBird Technologies AS. This company was divested as part of the OBN business in Q4 2011, and deferred tax asset recognised for continued operations is zero

per 31 December 2011.

Going concern

At present, the Company does not consider its working capital to be sufficient to cover present requirements the forthcoming 12 months. The Company is pursuing several alternatives to bridge the potential shortfall, hereunder strategic transactions, sale of certain geophysical data, other sources of financing and potentially a restructuring and/or an equity issue.