

SEABIRD EXPLORATION PLC

FIRST QUARTER REPORT 2012

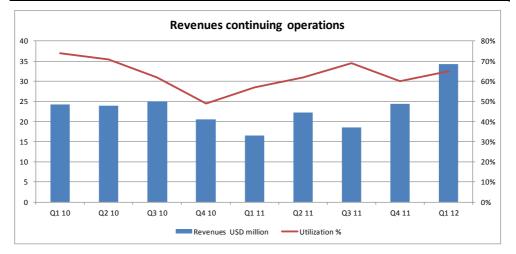




HIGHLIGHTS

- While still a challenging market environment, the first quarter showed signs of improving customer demand. Fleet utilization increased from 60% in the fourth quarter of last year to 65% for the first quarter of this year.
- During the quarter, the company entered into or extended contracts representing an estimated value of approximately USD 30 million.
- Hugin Explorer and Munin Explorer completed the acquisition part of the ONGC contract and the vessels demobilized 10 February 2012. The data processing and interpretation part of the project will be finalized within 12 months from the demobilization date. Munin Explorer subsequently commenced a three-year time charter contract with Fugro.
- GGS Atlantic was relocated to Remontowa Shipyard in Poland for scheduled class renewal.
- Following a streamer incident with the Aquila Explorer in 2011, the vessel was rigged to 8 km hybrid streamer.
- Mr Dag Reynolds was appointed Chief Executive Officer of the company, replacing Mr Tim Isden who stepped down from the position effective 6 February 2012. Mr Reynolds assumed his position with the company 6 April 2012.
- Mr Nils Haugestad was appointed Chief Financial Officer and assumed his responsibilities with the company as of 1 April 2012.

KEY FIGURES	•	Quarter ended 31 Mar	
All figures in USD 000's	2012		31 Dec 2011
, 5	(Unaudited)	(Unaudited)	(Audited)
Revenues continuing operations	34,251	16,588	81,722
Earnings before interest, taxes, depreciation and amortization	2,746	(1,489)	•
(EBITDA) continuing operations	(0.505)	, ,	, , ,
Earnings before interest and taxes (EBIT) continuing operations	(8,696)	. , ,	, , ,
EBIT excluding impairment charges continuing operations	(8,696)	(9,822)	(42,237)
Profit/(loss) continuing operations	(12,506)	(22,550)	(120,366)
Profit/(loss) discontinued operations	5,254	(10,611)	28,724
Profit/(loss) for the period	(7,252)	(33,161)	(91,642)
Earnings per share (diluted) continuing operations	(0.06)	(0.13)	(0.65)
Cash flow from continuing operating activities	2,476	(36,143)	(64,562)
Capital expenditures continuing operations	(1,257)	(313)	(12,024)
Total assets	197,402	350,972	219,285
Net interest bearing debt including finance lease	90,933	201,411	107,732
Equity ratio	21%	33%	22%





COMPARISON OF Q1 2012 WITH Q1 2011

Voyager Explorer replaced Geo Mariner in Q3 2011. This had a moderate effect on comparable figures in prior periods. Furthermore, the Ocean Bottom Node ("OBN") business has been divested and represents the discontinued operations.

RESULTS

All figures below relate to continuing operations unless otherwise stated. company reports a loss of USD 12.5 million for the first quarter 2012 (negative USD 22.6 million same period in 2011). Revenues were USD 34.3 million in Q1 2012 (USD 16.6 million). The increased revenues are mainly due to fleet composition, higher utilization of the vessels in Q1 2012 compared to Q1 2011 and multi-client Operating expenses were USD 27.3 million in Q1 2012 (USD 12.5 million). The change is mainly due to fleet composition and higher vessel utilization. EBITDA was USD 2.7 million in Q1 2012 (negative USD 1.5 million). Depreciation and amortization were USD 11.4 million in Q1 2012 (USD 8.3 million). The increase is mainly due to higher multi-client sales amortization for the period, partly offset by a reduction in depreciation resulting from the impairment of vessels and equipment completed in 2011. Interest expense was USD 3.1 million in Q1 2012 (USD 3.6 million). The decrease is a result of the financial restructuring completed in 2011.

Other financial items, net expenses, of USD 0.4 million in Q1 2012 (USD 6.0 million) decreased mainly due to the currency effect on the bond loans recognized in Q1 2011. Capital expenditures were USD 1.3 million in Q1 2012 (USD 0.3 million). Major capital cost items include the purchase of seismic acquisition equipment and routine engine overhaul for Harrier Explorer as well as the replacement of streamer sections on the Aquila Explorer. A weakening of USD against NOK and EUR has in general a negative impact on the operating expenses.

OPERATIONAL PERFORMANCE

The utilization rate for 2D/3D vessels in operation was 65% in Q1 2012.

LIQUIDITY AND FINANCING

Cash and cash equivalents were USD 13.7 million (USD 11.4 million), of which USD 3.1 million was restricted in connection with bid and performance bonds as well as deposits to the bond service account. Net cash from operating activities was USD 2.5 million in Q1 2012 (negative USD 36.1 million).

Following the financial restructuring completed in December 2011, the company has one bond loan and one convertible loan outstanding. The 6% secured bond loan has a face value of USD 89.9 million and is recognized in the books at amortized cost of USD 77.1 million per Q1 2012. The bond loan matures 19 December 2015 and has principal amortization due in semi-annual increments of USD 2 million starting 19 December 2012. The 1% unsecured convertible loan with Perestroika has a face value of USD 14.9 million and is recognized in the books at amortized cost of USD 11.7 million per Q1 The convertible loan matures 22 September 2014 and has no principal amortization. Interest on the convertible loan is paid in kind.

The credit facility provided by Fugro to finance working capital requirements for the ONGC contract was fully repaid during the quarter. This financing transaction has been classified under discontinued operations.

Instalments of USD 0.8 million were paid on the lease for Hawk Explorer during Q1 2012 (USD 0.7 million). Net interest-bearing debt was USD 90.9 million at the end of Q1 2012 (USD 201.4 million). The company was in compliance with all financial covenants as of 31 March 2012.

OUTLOOK

The company is seeking to increase its vessel capacity, but without taking on substantial long term liabilities, in order to benefit from improving market conditions. The goal is to have a more scalable business model going forward.



We expect a significant upswing in the source vessel market during the second half of 2012 and have extended the bareboat charter on the Kondor Explorer with another two years as a response to increased demand.

The Board of Directors and Chief Executive Officer

SeaBird Exploration PLC 3 May 2012



CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	As of 31 Mar		As of 31 Dec	
All figures in USD 000's	2012	2011	2011	
	(Unaudited)	(Unaudited)	(Audited)	
ASSETS				
Non-current assets				
Property, plant and equipment	133,083	266,040	137,008	
Multi-client library	12,868	9,085	16,602	
Capital work in progress	-	1,694	-	
Goodwill	1,267	8,996	1,267	
Patent technology	-	3,756	-	
Deferred tax asset	-	14,611	-	
	147,218	304,182	154,877	
Current assets				
Inventories	5,248	5,339	4,680	
Trade receivables	20,620	22,083	31,251	
Other current assets	10,591	7,577	14,750	
Due from related parties	-	427	427	
Cash and cash equivalents	13,725	11,364	13,300	
outh and outh equivalents	50,184	46,790	64,408	
Total assets	197,402	350,972	219,285	
EQUITY				
Shareholders' equity				
Paid in capital	166,720	161,113	166,720	
Equity component of convertible loan	6,296	15,791	6,296	
Revaluation reserve	_	16,257	, -	
Currency translation reserve	(178)	659	(212)	
Share options granted	7,764	7,614	7,554	
Retained earnings	(138,310)	(85,570)	(131,056)	
	42,292	115,864	49,302	
LIABILITIES				
Non-current liabilities				
Loans and borrowings	101,108	175,923	99,567	
Other long-term liabilities	1,141	940	1,157	
Other long term nationales	102,249	176,863	100,724	
	102,243	170,003	100,724	
Current liabilities				
Trade and other payables	49,311	21,393	47,794	
Loans and borrowings	3,550	36,852	21,465	
	52,861	58,245	69,259	
Total liabilities	155,110	235,108	169,983	
Total equity and liabilities	107 402	250 072	210 20F	
rotal equity and nabilities	197,402	350,972	219,285	
Net interest-bearing debt	90,933	201,411	107,732	



CONSOLIDATED INTERIM STATEMENT OF INCOME

All figures in USO 000's 2011 Contact (Unauditied) Contact (Unauditied)<		Quarter ended 31 Mar		Year ended 31 Dec
Revenues 34,251 16,588 81,722 Charter hire and operating expenses (27,286) (12,478) (67,649) Selling, general and administrative expenses (48,92) (5,643) (24,476) Other income (expenses), net 673 44 1,021 Earnings before interest, tax, depreciation and amortization [EBITDA) 2,746 (1,489) (9,382) Depreciation and amortization impairment 1,142 (8,33) (3,431) (3,431) Earnings before interest and taxes (EBIT) (8,696) (9,822) (96,552) Interest expense (3,081) (3,644) (18,474) Other financial items, net (445) (5,990) 274 Change in fair value of conversion rights 2,830 (3,041) (3,014) Income tax (284) (90) (2,600) Profit (loss) before income tax (28,4) (90) (2,600) Income tax (28,4) (90) (2,600) Profit (loss) continued operations (note 1) 5,254 (10,611) 28,724 Profit (loss) stributabl	All figures in USD 000's	2012	2011	2011
Charter hire and operating expenses (27,286) (12,478) (67,649) Selling, general and administrative expenses (8,892) (5,643) (24,476) Other income (expenses), net 673 44 1,021 Earnings before interest, tax, depreciation and amortization (EBITDA) 2,746 (1,489) (9,382) Depreciation and amortization (Incompanies) (11,442) (8,333) (32,855) Impairment - - (5,43,15) Earnings before interest and taxes (EBIT) (8,696) (9,822) (96,552) Interest expense (3,081) (3,644) (18,474) Change in fair value of conversion rights - (3,014) (3,014) Profit (loss) before income tax (12,222) (22,460) (11,766) Income tax (284) (90) (2,600) Profit/(loss) continuing operations (12,506) (22,550) (120,366) Discontinued operations (2,524) (10,611) 28,724 Profit/(loss) for the period (7,252) (33,161) (91,642) Earnings per share		(Unaudited)	(Unaudited)	(Audited)
Selling, general and administrative expenses (4,892) (5,643) (24,476) (24,476) (24,476) (24,476) (24,476) (24,476) (4,889) (9,382) (3,841) (1,021) (27,746) (1,488) (9,382) (9,822) (9,6552) (9,651) (11,442) (8,333) (32,855) (3,931) (3,644) (18,474) (5,945) (54,315) (8,696) (9,822) (96,552) (96,552) (96,552) (96,552) (96,552) (1,645) (5,966) (9,822) (96,552) (96,552) (1,645) (5,966) (9,822) (96,552) (96,552) (1,647) (1,647) (1,647) (1,647) (1,647) (1,647) (1,647) (1,647) (1,647) (1,647) (1,647) (1,647) (1,647) (1,647) (1,642)<	Revenues	34,251	16,588	81,722
Other income (expenses), net 673 44 1,021 Earnings before interest, tax, depreciation and amortization (EBITDA) 2,746 (1,489) (9,382) Depreciation and amortization impairment (11,442) (8,333) (32,855) Earnings before interest and taxes (EBIT) (8,696) (9,822) (96,552) Interest expense (3,081) (3,644) (18,474) Other financial items, net (445) (5,980) 274 Change in fair value of conversion rights - (3,014) (3,014) Other financial items, net (445) (5,980) 274 Change in fair value of conversion rights - (3,014) (3,014) (3,014) Other financial items, net (428) (90) (2,660) (17,760) Income tax (284) (90) (2,660) (117,766) Other financial items, net (282) (90) (2,650) (120,366) Discontinued operations (284) (90) (2,600) (210,766) (210,366) (210,366) (210,366) (210,462) <td>Charter hire and operating expenses</td> <td>(27,286)</td> <td>(12,478)</td> <td>(67,649)</td>	Charter hire and operating expenses	(27,286)	(12,478)	(67,649)
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Impairment	Earnings before interest, tax, depreciation and amortization (EBITDA)	2,746	(1,489)	(9,382)
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Interest expense (3,081 (3,644 (18,474 10,474	Impairment	-	-	(54,315)
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Other comprehensive income Net movement in currency translation reserve and other changes Changes in revaluation reserve Total other comprehensive income, net of tax Total comprehensive income Total comprehensive income Total comprehensive income attributable to Shareholders of the parent Other comprehensive income (13,373) (13,373) (132,861) (104,943)	CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME			
Other comprehensive income Net movement in currency translation reserve and other changes Changes in revaluation reserve Total other comprehensive income, net of tax Total comprehensive income Total comprehensive income Total comprehensive income attributable to Shareholders of the parent Other comprehensive income (13,373) (13,373) (132,861) (104,943)	Profit/(loss)	(7.252)	(33.161)	(91.642)
Net movement in currency translation reserve and other changes Changes in revaluation reserve Total other comprehensive income, net of tax Total comprehensive income Total comprehensive income Total comprehensive income attributable to Shareholders of the parent 32 300 72 (13,373) 32 300 (13,301) Total comprehensive income (7,220) (32,861) (104,943)	- 9 ((.,_52)	(30,202)	(- =, · · · ·)
Changes in revaluation reserve - (13,373) Total other comprehensive income, net of tax 32 300 (13,301) Total comprehensive income (7,220) (32,861) (104,943) Total comprehensive income attributable to Shareholders of the parent (7,220) (32,861) (104,943)	·			
Total other comprehensive income, net of tax 32 300 (13,301) Total comprehensive income (7,220) (32,861) (104,943) Total comprehensive income attributable to Shareholders of the parent (7,220) (32,861) (104,943)	•	32	300	
Total comprehensive income (7,220) (32,861) (104,943) Total comprehensive income attributable to Shareholders of the parent (7,220) (32,861) (104,943)	•	-	-	
Total comprehensive income attributable to Shareholders of the parent (7,220) (32,861) (104,943)	Total other comprehensive income, net of tax	32	300	(13,301)
Shareholders of the parent (7,220) (32,861) (104,943)	Total comprehensive income	(7,220)	(32,861)	(104,943)
Shareholders of the parent (7,220) (32,861) (104,943)	Total comprehensive income attributable to			
	·	(7.220)	(32.861)	(104.943)
	Total			(104,943)



Note 1
INTERIM STATEMENT OF INCOME FOR DISCONTINUED OPERATIONS

	Quarter ended 31 Mar		Year ended 31 Dec
All figures in USD 000's	2012	2011	2011
	(Unaudited)	(Unaudited)	(Audited)
Revenues	13,449	4,645	60,815
Charter hire and operating expenses	(6,187)	(11,123)	(53,078)
Selling, general and administrative expenses	(1,201)	(686)	(5,421)
Other income (expenses), net	-	-	-
Earnings before interest, tax, depreciation and amortization (EBITDA)	6,061	(7,164)	2,316
Depreciation and amortization	-	(3,602)	(12,414)
Impairment	-	-	-
Earnings before interest and taxes (EBIT)	6,061	(10,766)	(10,098)
Interest expense	(190)	(1)	(1,494)
Other financial items, net	(130)	341	(1,924)
Profit (loss) before income tax	5,871	(10,426)	(13,516)
Income tax	(617)	` '	(4,389)
Profit/(loss) discontinuing operations	5,254	(10,611)	
Gain on sale of business	-	-	46,629
Net profit/(loss) from discontinued operations	5,254	(10,611)	28,724
Profit/(loss) attributable to			
Shareholders of the parent	5,254	(10,611)	28,724
Earnings per share from discontinued operations		` ' '	,
Basic	0.02	(0.06)	0.15
Diluted	0.02	(0.06)	0.15

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Quarter ended 31 Mar		Year ended 31 Dec
All figures in USD 000's	2012	2011	2011
	(Unaudited)	(Unaudited)	(Audited)
Opening balance	49,302	132,937	132,937
Profit/(loss) for the period	(7,252)	(33,161)	(91,642)
Increase/(decrease) in share capital	-	-	5,607
Equity component of convertible loan	-	15,791	6,296
Share options granted	210	21	(39)
Net movements in currency translation reserve and other changes	32	276	(3,857)
Ending balance	42,292	115,864	49,302



CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

All figures in USD 000's Cauh Chanadited Chanadit		Quarter ended 31 Mar		Year ended 31 Dec
Cash flows from operating activities (12,222) (22,460) (11,766) Profit/(Loss) before income tax (12,222) (22,460) (11,766) Adjustments for 11,442 8,333 87,170 Depreciation, amortization and impairment 11,442 8,333 87,170 Unrealized exchange (gain)/loss 86 - - Change in fair value of conversion rights - (10,1015) Change in fair value of conversion rights 2,451 953 4,968 Amortization of interest 2,451 953 4,968 Paid income tax (21) (11) - Gain from sale of PPE - - - Earned on employee stock option plan 210 21 (39) (Increase)/decrease in inventories (328) (8,342) (38,383) (Increase)/decrease in inventories (328) (8,342) (38,383) (Increase)/decrease in trade and other receivables 427 74 - - - - - - - - -	All figures in USD 000's			2011
Profit/(loss) before income tax (12,222) (22,460) (11,766) Adjustments for 11,442 8,333 87,170 Depreciation, amortization and impairment 11,442 8,333 87,170 Unrealized exchange (gain)/loss 86 - - Change in fair value of conversion rights - 2,678 3,014 Gain on extinguishment of debt - - (11,015) Amortization of interest 2,451 953 4,968 Paid income tax (21) (11) - Gain from sale of PPE - - - - Earned on employee stock option plan 210 21 (39) (Increase)/decrease in inventories 186 (1,278) (924) (Increase)/decrease in trade and other receivables (328) (8,342) (38,383) (Increase)/ decrease in due from related parties 427 74 - (Increase)/ decrease in due from related parties 427 74 - (Increase)/ decrease in due from related parties (2,55) (36,143) <td></td> <td>(Unaudited)</td> <td>(Unaudited)</td> <td>(Audited)</td>		(Unaudited)	(Unaudited)	(Audited)
Adjustments for 11,442 8,333 87,170 Depreciation, amortization and impairment 16,42 8,333 87,170 Unrealized exchange (gain)/loss 2,678 3,014 Change in fair value of conversion rights - 2,678 3,014 Gain on extinguishment of debt - - (11,015) Amortization of interest 2,451 953 4,968 Paid income tax (21) (11) - Gain from sale of PPE - - - - Eamed on employee stock option plan 210 21 (39 (Increase)/decrease in inventories 186 (1,278) (924) (Increase)/decrease in trade and other receivables 3(328) (8,342) (38,383) (Increase)/decrease in trade and other payables - - 24,556 (Increase)/decrease in due from related parties - - 24,556 (Increase)/decrease in due from related parties - - - 16,143 Net cash flows from investing activities - - <t< td=""><td>Cash flows from operating activities</td><td></td><td></td><td></td></t<>	Cash flows from operating activities			
Depreciation, amortization and impairment 11,442 8,333 87,170 Unrealized exchange (gain)/loss 86 - - Change in fair value of conversion rights - 2,678 3,014 Gain on extinguishment of debt - - (11,015) Amortization of interest 2,451 953 4,968 Paid income tax (21) (11) - Gain from sale of PPE - - - - Earned on employee stock option plan 210 21 (39) (Increase)/decrease in inventories 186 (1,278) (924) (Increase)/decrease in trade and other receivables 186 (1,278) (924) (Increase)/decrease in due from related parties - - 24,556 (Increase)/decrease in due from related parties 427 74 - Increase//decrease in due from related parties 2,476 (36,143) (64,562) Retail from operating activities (1,257) (313) (12,044) Net cash from investing activities - - </td <td>Profit/(loss) before income tax</td> <td>(12,222)</td> <td>(22,460)</td> <td>(117,766)</td>	Profit/(loss) before income tax	(12,222)	(22,460)	(117,766)
Unrealized exchange (gain)/loss 86 - 2,678 3,014 Change in fair value of conversion rights - 2,678 3,014 Gain on extinguishment of debt - 2,451 953 4,968 Paid income tax (21) (11) - Gain from sale of PPE - - - - Earned on employee stock option plan 186 (1,278) (924) (Increase)/decrease in inventories 186 (1,278) (924) (Increase)/decrease in trade and other receivables 328 (8,342) (38,383) (Increase)/decrease in due from related parties - - - 24,556 (Increase)/decrease in due from related parties 427 7 4 - Increase/(decrease) in trade and other payables 425 (16,111) (16,143) Net cash from investing activities 2 (16,111) (16,143) Net cash from investing activities 1 1 12,135 Read in unseting activities 1 2 5,607	Adjustments for			
Change in fair value of conversion rights - 2,678 3,014 Gain on extinguishment of debt - - (11,015) Amortization of interest 2,451 953 4,968 Paid income tax (21) (11) - Gain from sale of PPE - - - Earned on employee stock option plan 210 21 (39) (Increase)/decrease in trade and other receivables 186 (1,278) (924) (Increase)/decrease in trade and other receivables (328) (8,342) (38,383) (Increase)/decrease in due from related parties - - 24,556 (Increase)/decrease in trade and other payables 247 74 - Increase/(decrease) in trade and other payables 247 74 - Net cash from operating activities 2,476 (36,131) (64,562) Cash flows from investing activities (1,257) (313) (12,024) Net cash flow on disposal of subsidiaries 2 - - 5,607 Net cash flow from financing activities	Depreciation, amortization and impairment	11,442	8,333	87,170
Gain on extinguishment of debt - (11,015) Amortization of interest 2,451 953 4,968 Paid income tax (21) (11) - Gain from sale of PPE - - - Earned on employee stock option plan 210 21 (39) (Increase)/decrease in inventories 186 (1,278) (924) (Increase)/decrease in trade and other receivables (328) (8,342) (38,383) (Increase)/decrease from divested companies - - 24,556 (Increase)/ decrease in due from related parties 427 74 - (Increase)/ decrease in trade and other payables 245 (16,111) (16,143) Net cash from operating activities 2,476 (36,143) (64,562) Cash flows from investing activities 1,257 (313) (12,024) Net cash flow on disposal of subsidiaries 1,257 (313) 120,358 Net cash flow on disposal of subsidiaries 1,257 (313) 109,334 Net cash flow from financing activities - -	Unrealized exchange (gain)/loss	86	-	-
Amortization of interest 2,451 953 4,968 Paid income tax (21) (11) - Gain from sale of PPE - - - - Earned on employee stock option plan 210 21 (39) (Increase)/decrease in inventories 186 (1,278) (924) (Increase)/decrease in trade and other receivables (328) (8,342) (38,383) (Increase)/decrease from divested companies - - 24,556 (Increase)/decrease in due from related parties 427 74 - Increase/(decrease) in trade and other payables 245 (16,111) (16,143) Net cash from operating activities 2,476 (36,143) (64,562) Cash flows from investing activities (1,257) (313) (12,024) Net cash flow on disposal of subsidiaries - - 121,358 Net cash flow on disposal of subsidiaries - - 121,358 Net cash flows from financing activities - - - 5,607 Currency fluctuation in borrowings	Change in fair value of conversion rights	-	2,678	3,014
Paid income tax (21) (11) - Gain from sale of PPE - - - Earned on employee stock option plan 210 21 (92) (Increase)/decrease in inventories 388 (1,278) (924) (Increase)/decrease in trade and other receivables (328) (8,342) (38,383) (Increase)/decrease from divested companies - - 24,556 (Increase)/ decrease in due from related parties 427 74 - Increase/(decrease) in trade and other payables 245 (16,111) (16,143) Net cash from operating activities 2,476 (36,143) (64,562) Cash flows from investing activities (1,257) (313) (12,024) Net cash flow on disposal of subsidiaries - - 121,358 Net cash used in investing activities (1,257) (313) 109,334 Cash flows from financing activities - - 5,607 Proceeds from issuance of ordinary shares - - - 5,607 Currency fluctuation in borrowings	Gain on extinguishment of debt	-	-	(11,015)
Gain from sale of PPE -	Amortization of interest	2,451	953	4,968
Eamed on employee stock option plan 210 21 (39) (Increase)/decrease in inventories 186 (1,278) (924) (Increase)/decrease in trade and other receivables (328) (8,342) (38,383) (Increase)/decrease from divested companies - - 24,556 (Increase)/ decrease in due from related parties 427 74 - Increase//decrease in trade and other payables 245 (16,111) (16,143) Net cash from operating activities 2,476 (36,143) (64,562) Cash flows from investing activities (1,257) (313) (12,024) Net cash flow on disposal of subsidiaries - - - 121,358 Net cash used in investing activities (1,257) (313) 109,334 Cash flows from financing activities - - 5,607 Currency fluctuation in borrowings - - 5,607 Currency fluctuation in borrowings - - 7,000 72 Receipts from borrowings (826) (18,868) (204,953)	Paid income tax	(21)	(11)	-
(Increase)/decrease in inventories 186 (1,278) (924) (Increase)/decrease in trade and other receivables (328) (8,342) (38,383) (Increase)/decrease from divested companies - - 24,556 (Increase)/ decrease in due from related parties 427 74 - Increase/(decrease) in trade and other payables 245 (16,111) (16,143) Net cash from operating activities 2,476 (36,143) (64,562) Cash flows from investing activities (1,257) (313) (12,024) Net cash flow on disposal of subsidiaries - - 121,358 Net cash used in investing activities - - 121,358 Net cash used in investing activities - - 121,358 Net cash used in investing activities - - 25,607 Cash flows from financing activities - - 5,607 Currency fluctuation in borrowings - - 5,607 Currency fluctuation in borrowings - 42,582 150,433 Repayment of borrowings	Gain from sale of PPE	-	-	-
(Increase)/decrease in trade and other receivables (328) (8,342) (33,838) (Increase)/decrease from divested companies - - 24,556 (Increase)/ decrease in due from related parties 427 74 - Increase/(decrease) in trade and other payables 245 (16,111) (16,143) Net cash from operating activities 2,476 (36,143) (64,562) Cash flows from investing activities (1,257) (313) (12,024) Net cash flow on disposal of subsidiaries - - 121,358 Net cash used in investing activities - - 121,358 Net cash used in investing activities - - 121,358 Net cash used in investing activities - - 5,607 Currency fluctuation in borrowings - - - 5,607 Currency fluctuation in borrowings - - 7,000 722 722 722 722 722 722 723 723 723 723 723 723 723 723 723	Earned on employee stock option plan	210	21	(39)
(Increase)/decrease from divested companies - - 24,556 (Increase)/ decrease in due from related parties 427 74 - Increase/(decrease) in trade and other payables 245 (16,111) (16,143) Net cash from operating activities 2,476 (36,143) (64,562) Cash flows from investing activities - - 121,358 Net cash flow on disposal of subsidiaries - - 121,358 Net cash used in investing activities - - 121,358 Net cash used in investing activities - - 121,358 Net cash used in investing activities - - 5,607 Currency fluctuation in borrowings - - 5,607 Currency fluctuation in borrowings - - 7,000 722 Receipts from borrowings - 42,582 150,433 Repayment of borrowings - 42,582 150,433 Equity component of convertible bond loan - 15,791 15,791 Net cash from financing activities (794) <td>(Increase)/decrease in inventories</td> <td>186</td> <td>(1,278)</td> <td>(924)</td>	(Increase)/decrease in inventories	186	(1,278)	(924)
(Increase)/ decrease in due from related parties42774-Increase/(decrease) in trade and other payables245(16,111)(16,143)Net cash from operating activities2,476(36,143)(64,562)Cash flows from investing activities121,257Net cash flow on disposal of subsidiaries121,358Net cash used in investing activities121,358Net cash used in investing activities5,607Cash flows from financing activities5,607Proceeds from issuance of ordinary shares7,000722Receipts from borrowings-42,582150,433Repayment of borrowings(826)(18,868)(204,953)Equity component of convertible bond loan-15,79115,791Net movement in currency fluctuations3223(207)Net cash from financing activities(794)46,528(32,607)Net cash from financing activities42510,07212,165Cash and cash equivalents at beginning of the period13,3009791,135Cash and cash equivalents from discontinued operations-313-	(Increase)/decrease in trade and other receivables	(328)	(8,342)	(38,383)
Increase/(decrease) in trade and other payables 245 (16,111) (16,143) Net cash from operating activities 2,476 (36,143) (64,562)	(Increase)/decrease from divested companies	-	-	24,556
Net cash from operating activities Cash flows from investing activities Capital expenditures (1,257) (313) (12,024) Net cash flow on disposal of subsidiaries Net cash used in investing activities Cash flows from financing activities Cash flows from financing activities Cash flows from financing activities Proceeds from issuance of ordinary shares Currency fluctuation in borrowings Currency fluctuation in borrowings Cash flows from financing activities Proceeds from borrowings Currency fluctuation in corrowings Currency fluctuation in borrowings Cash flows from financing activities Currency fluctuation in borrowings Cash flows from financing activities Cash activities Cash flows from financing activities Cash and cash equivalents at beginning of the period Cash and cash equivalents from discontinued operations Cash flows from investing activities (1,257) (313) (12,024) Cash and cash equivalents from discontinued operations Cash and cash equivalents from discontinued operations	(Increase)/ decrease in due from related parties	427	74	-
Cash flows from investing activities Capital expenditures (1,257) (313) (12,024) Net cash flow on disposal of subsidiaries Net cash used in investing activities (1,257) (313) 109,334 Cash flows from financing activities Proceeds from issuance of ordinary shares Currency fluctuation in borrowings - 7,000 722 Receipts from borrowings - 42,582 150,433 Repayment of borrowings (826) (18,868) (204,953) Equity component of convertible bond loan Pet and the currency fluctuations Net movement in currency fluctuations Net cash from financing activities (794) 46,528 (32,607) Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of the period 13,300 979 1,135 Cash and cash equivalents from discontinued operations - 313 -	Increase/(decrease) in trade and other payables	245	(16,111)	(16,143)
Capital expenditures Net cash flow on disposal of subsidiaries Net cash used in investing activities Cash flows from financing activities Proceeds from issuance of ordinary shares Currency fluctuation in borrowings Receipts from borrowings Repayment of borrowings Repayment of convertible bond loan Ret movement in currency fluctuations Ret movement in currency fluctuations Ret cash from financing activities Proceeds from issuance of ordinary shares 5,607 - 7,000 722 Receipts from borrowings Repayment of borrowings Repayment of convertible bond loan - 15,791 Net movement in currency fluctuations Ret cash from financing activities Ret (decrease)/increase in cash and cash equivalents - 10,072 12,165 Cash and cash equivalents at beginning of the period 13,300 979 1,135 Cash and cash equivalents from discontinued operations - 313 -	Net cash from operating activities	2,476	(36,143)	(64,562)
Capital expenditures Net cash flow on disposal of subsidiaries Net cash used in investing activities Cash flows from financing activities Proceeds from issuance of ordinary shares Currency fluctuation in borrowings Receipts from borrowings Repayment of borrowings Repayment of convertible bond loan Ret movement in currency fluctuations Ret movement in currency fluctuations Ret cash from financing activities Proceeds from issuance of ordinary shares 5,607 - 7,000 722 Receipts from borrowings Repayment of borrowings Repayment of convertible bond loan - 15,791 Net movement in currency fluctuations Ret cash from financing activities Ret (decrease)/increase in cash and cash equivalents - 10,072 12,165 Cash and cash equivalents at beginning of the period 13,300 979 1,135 Cash and cash equivalents from discontinued operations - 313 -	Carlo flavor from town story and date			
Net cash flow on disposal of subsidiaries Net cash used in investing activities Cash flows from financing activities Proceeds from issuance of ordinary shares Currency fluctuation in borrowings Receipts from borrowings Repayment of borrowings Equity component of convertible bond loan Net movement in currency fluctuations Net cash from financing activities Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents from discontinued operations 1 21,358 1 21,358 1 21,358 1 21,358 1 21,358 1 21,358 1 22,607 1 21,358 1 22,607 1 21,358 1 22,607 1 21,358 1 22,607 1 21,358 1 22,307 1 21,358 1 22,307 1 22,165 1 22,165 1 22,165 1 23,300 1 23,300 1 23,300 1 23,300 2 3 3,300 3 3 3,300 3 3 3,300 3 3 3 3,300 3 3 3 3,300 3 3 3 3,300 3 3 3 3,300 3 3 3 3 3,300 4 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	•	(4.257)	(242)	(42.024)
Net cash used in investing activities(1,257)(313)109,334Cash flows from financing activities5,607Proceeds from issuance of ordinary shares5,607Currency fluctuation in borrowings-7,000722Receipts from borrowings-42,582150,433Repayment of borrowings(826)(18,868)(204,953)Equity component of convertible bond loan-15,79115,791Net movement in currency fluctuations3223(207)Net cash from financing activities(794)46,528(32,607)Net (decrease)/increase in cash and cash equivalents42510,07212,165Cash and cash equivalents at beginning of the period13,3009791,135Cash and cash equivalents from discontinued operations-313-	·	(1,257)	(313)	
Cash flows from financing activities Proceeds from issuance of ordinary shares Currency fluctuation in borrowings Receipts from borrowings Repayment of borrowings Equity component of convertible bond loan Net movement in currency fluctuations Net cash from financing activities Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of the period Cash and cash equivalents from discontinued operations Proceeds from financing activities - 5,607 7,000 722 826 (18,868) (204,953) (18,868) (204,953) 15,791 15,79	·	- (4.057)	- (242)	•
Proceeds from issuance of ordinary shares Currency fluctuation in borrowings Receipts from borrowings Repayment of borrowings Equity component of convertible bond loan Net movement in currency fluctuations Net cash from financing activities Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of the period Cash and cash equivalents from discontinued operations - 5,607 7,000 722 826 (18,868) (204,953) 15,791 15,	Net cash used in investing activities	(1,257)	(313)	109,334
Currency fluctuation in borrowings Receipts from borrowings Repayment of borrowings Equity component of convertible bond loan Net movement in currency fluctuations Net cash from financing activities Requivalents Cash and cash equivalents at beginning of the period Cash and cash equivalents from discontinued operations - 7,000 722 15,433 (204,953) 15,791 15,791 15,791 15,791 15,791 15,791 15,791 16,528 10,072 12,165 13,300 13,300 13,300 13,300 14,135 15,791 15,7	Cash flows from financing activities			
Receipts from borrowings Repayment of borrowings (826) (18,868) (204,953) Equity component of convertible bond loan Equity component of convertible bond loan Net movement in currency fluctuations Net cash from financing activities (794) 46,528 (32,607) Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of the period Cash and cash equivalents from discontinued operations - 313 -	Proceeds from issuance of ordinary shares	-	-	5,607
Repayment of borrowings Equity component of convertible bond loan Net movement in currency fluctuations Net cash from financing activities Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of the period Cash and cash equivalents from discontinued operations (1826) (18,868) (204,953) (207) 15,791 15,791 15,791 16,792 12,165 13,300 13,300 15,794 12,165 13,300 15,795 11,135 15,791 1	Currency fluctuation in borrowings	-	7,000	722
Repayment of borrowings Equity component of convertible bond loan Net movement in currency fluctuations Net cash from financing activities Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of the period Cash and cash equivalents from discontinued operations (1826) (18,868) (204,953) (207) 15,791 15,791 15,791 16,792 12,165 13,300 13,300 15,794 12,165 13,300 15,795 11,135 15,791 1	Receipts from borrowings	-	42,582	150,433
Net movement in currency fluctuations3223(207)Net cash from financing activities(794)46,528(32,607)Net (decrease)/increase in cash and cash equivalents42510,07212,165Cash and cash equivalents at beginning of the period13,3009791,135Cash and cash equivalents from discontinued operations-313-		(826)	1	(204,953)
Net movement in currency fluctuations3223(207)Net cash from financing activities(794)46,528(32,607)Net (decrease)/increase in cash and cash equivalents42510,07212,165Cash and cash equivalents at beginning of the period13,3009791,135Cash and cash equivalents from discontinued operations-313-	Eguity component of convertible bond loan	- 1	15,791	15,791
Net cash from financing activities(794)46,528(32,607)Net (decrease)/increase in cash and cash equivalents42510,07212,165Cash and cash equivalents at beginning of the period13,3009791,135Cash and cash equivalents from discontinued operations-313-	. , .	32	23	(207)
Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at beginning of the period Cash and cash equivalents from discontinued operations 10,072 12,165 13,300 979 1,135 133 -	•	(794)	46.528	. ,
Cash and cash equivalents at beginning of the period 13,300 979 1,135 Cash and cash equivalents from discontinued operations - 313 -	. 0	,,	.,	(- ,,
Cash and cash equivalents at beginning of the period 13,300 979 1,135 Cash and cash equivalents from discontinued operations - 313 -	Net (decrease)/increase in cash and cash equivalents	425	10.072	12.165
Cash and cash equivalents from discontinued operations - 313 -	•		•	-
		_	313	-
	•	13,725	11,364	13,300



SELECTED NOTES AND DISCLOSURES

SeaBird Exploration PLC is a limited liability company. The company's address at its registered office is 333, 28th October Street, Ariadne House, 1st floor, Limassol, Cyprus. The company also has offices in Dubai (United Arab Emirates), Oslo (Norway), Houston (USA), Singapore and St Petersburg (Russia). The company is listed on the Oslo Stock Exchange under the ticker symbol "SBX".

Basis of presentation

The condensed interim 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 interim consolidated financial statements do not include all information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2011. The consolidated financial statements for the year ended 31 December 2011 and quarterly reports are available at www.sbexp.com. The financial statements as of Q1 2012, as approved by the Board of Directors 3 May 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 2011 unless otherwise stated.

Risk factors

The information in this report may constitute forward-looking statements. These statements are based on various assumptions made by the company, 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 2011. 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 company 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 appraisers, less subsequent The external independent depreciation. appraisals are supported by internal value-inuse calculations. These vessels and seismic equipment were last valued by external independent appraisals at 30 September 2011. Value-in-use calculations performed per Q1 2012 support the carrying values of vessels and seismic equipment. Vessel-related and seismic equipment (including the 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

Depreciation for Q1 2012 was USD 4.7 million, whereof USD 0.7 million was capitalized as part of the multi-client library.

Multi-client library

Costs directly incurred in acquiring, processing and otherwise completing seismic surveys are capitalized to the multi-client library in the period when they occur.

The multi-client library is amortized over a maximum period of three years starting in the quarter after project completion. The amortization charge for a particular library is increased by a percentage of any sales achieved in the period until the original cost has been fully amortized. In Q1 2012, 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 recognized in the income statement once the original costs of acquiring the data have been fully recovered.

Q1 2012 figures	USD
Q1 2012 figures	million
Beginning balance Q1 2012	16.6
Capitalized cost	3.1
Capitalized depreciation	0.7
Amortization	(7.5)
Book value	12.9

Multi-client sales in Q1 2012 were USD 9.1 million (USD 1.0 million).

Discontinued operations

On 8 December 2011, the company closed the share and purchase agreement with Fugro Norway AS related to Fugro's acquisition of Seabed SeaBird Technologies AS and Navigation Co Ltd, which collectively hold all of the company's rights and assets related to the OBN business. As of Q4 2011, the OBN business is accounted for as discontinued Income statement for operations. discontinued operations, see note 1 to the consolidated income statement. Goodwill and patent technology related to the OBN business were realized as part of the transaction.

Share capital and share options

The total number of shares at 31 March 2012 is 314,259,723. On 20 February 2012, employment terms were finalized 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 (equalling the average share price on the trading day 6 February 2012 approximately 10%). The share options are exercisable 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

The company 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, the company is also subject to taxation in various jurisdictions with increasingly complex tax legislation. Going forward, the company expects to be subject to income taxes in jurisdictions of operation which will increase income tax expenses. The company is also evaluating historic tax exposures related to certain projects already completed which might increase the reported tax expense. The company has subsidiaries in various countries which are subject to local taxes. Deferred tax assets recognized 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 recognized for continued operations is zero per 31 March 2012.

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 currently contemplating several new contracts for the fleet of seismic vessels. So far in 2012, the market has improved with both more activity and higher day rates. The company expects this trend to continue for the remainder of 2012. As a consequence, the utilization of the total vessel fleet will be higher than the two previous years and in this way improve the cash flow of the company. It is anticipated that working capital needs will be funded through cash from operations as well as potential sales of geophysical data in the ordinary course of business and capital markets transactions.