2015

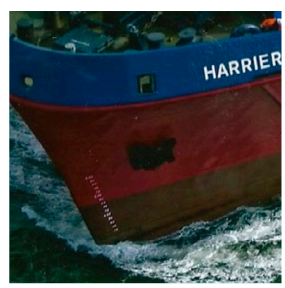
SECOND QUARTER

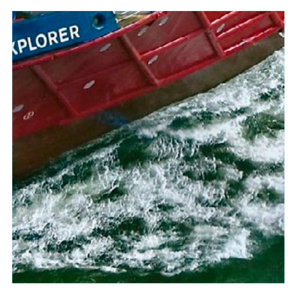
Q2

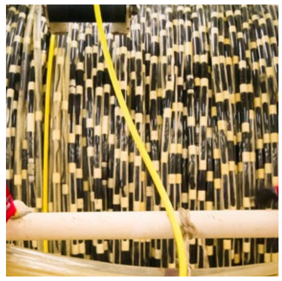
SeaBird Exploration

CONTENTS

- Revenues for the quarter were $19.6 million, a decrease of 56% compared to Q2 2014 and down 19% relative to Q1 2015.
- Contract revenues for the period were $18.8 million, down 54% from Q2 2014 and a decrease of 18% from Q1 2015.
- Multi-client revenues were $0.7 million, down 80% from $3.7 million reported in Q2 2014 and a decrease of 40% from $1.2 million reported in Q1 2015.
- EBITDA was negative $6.5 million compared to $12.6 million for Q2 2014 and $8.2 million for Q1 2015.
- EBIT for the quarter was negative $15.7 million compared to negative $2.6 million for Q2 2014 and positive $3.7 million for Q1 2015.
- Vessel utilization for the period was 68.1%. Contract surveys during the second quarter represented 68.1% of vessel capacity compared to 58.4% during the first quarter 2015. None of the company's vessels were utilized for multi-client surveys during the period, similar to Q1 2015.
- Mexico Gigante survey commenced at the end of the quarter. Expect to have approximately four vessels employed on the project.
- Zero lost time injury frequency (LTIF) in the quarter.
- 1.94% technical downtime in the quarter compared to 6.09% Q2 2014.
- Conversion of 6,015,693 preference shares and 1,769,375 warrants into 3,007,846,500 common shares and 884,687,500 warrants on common shares.
- Non-recurring SG&A costs in the period of $2.2 million relating to bad debt provisions. Multi-client library impairments were $3.5 million during the quarter while seismic equipment impairments were $0.6 million. Restructuring charges on onerous long-term lease contracts amounted to $8.1 million.

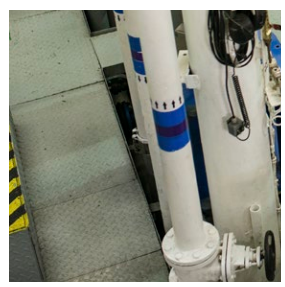
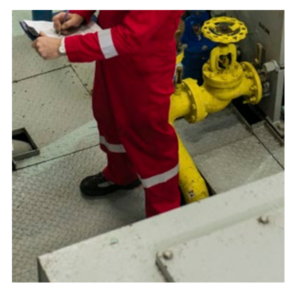





2015 SUMMARY OBSERVATIONS FOR THE SECOND QUARTER


With the Mexico Gigante survey commenced, the majority of the company's fleet will be employed on this contract. Remaining vessel capacity is exposed to the general market, which has continued to deteriorate. In light of the market conditions, the company has implemented cost reductions and measures to increase financial flexibility. Additional measures will be introduced in this respect.

$19.6m

revenues for the quarter, including $0.7 million multi-client revenues

$3.9m

adjusted EBITDA for the quarter, excluding $2.2 million in bad debt provisions and $8.1 million in provisions for onerous long-term lease contracts

68%

vessel utilization

Mexico

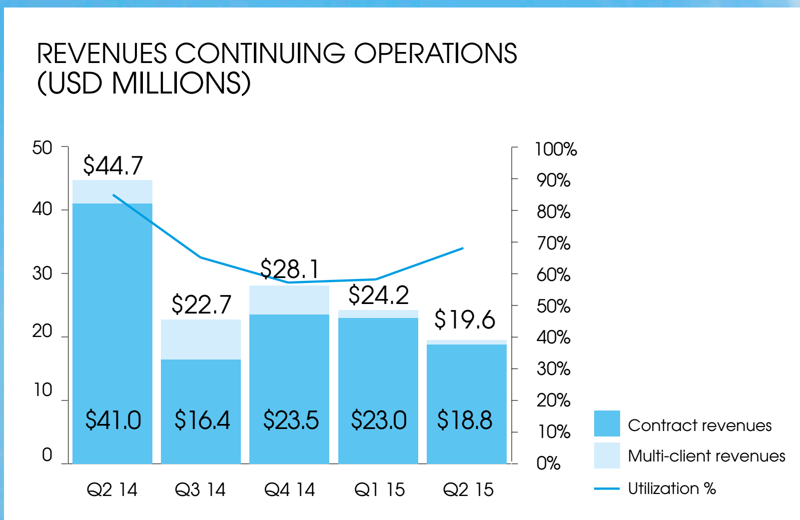
Mexico Gigante survey start-up

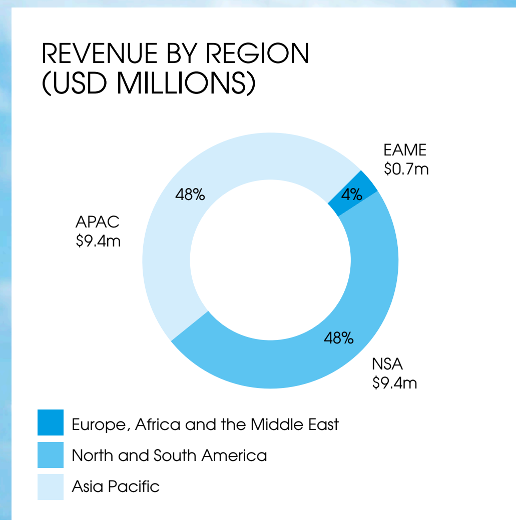
Munin

Munin Explorer to be stacked following its operation in Brazil

$4.1m

in impairments; $3.5 million in multi-client library impairment and $0.6 million in impairment of seismic equipment





Operational review

The second quarter was characterized by low oil prices and a weak market sentiment for oil exploration. Seismic tender activity has been substantially impacted and price competition has intensified. Furthermore, the 2D/source market has continued to experience significant competition from multi-streamer 3D vessels. The negative market sentiment has exacerbated industry risk factors and increased the uncertainty related to timing of a market recovery.

Revenues for the quarter were reduced due to project delays and the continued softness in seismic market demand. In light of challenging market conditions, the company decided to stack Munin Explorer. This capacity reduction is in addition to the lay-up of Voyager Explorer and Geo Pacific, which were cold stacked during Q4 2014 and Q1 2015, respectively.

The company continued its cost reduction effort. The office relocation from Dubai is completed and run-rate SG&A is currently in line with initial targets. Operating expenses have been reduced relative to plan estimates and the company has initiated measures to realize permanent cost savings as indicated in the previously communicated savings initiative. Capital expenditures have been reduced relative to the investment plan. This reduction is the result of capital expenditure postponements due to lay-ups as well as savings initiatives. The company is continuing its efforts to review and implement further cost savings. In addition to cost reductions, the company is actively focusing on cost flexibility measures as well as improving operational efficiency.

Vessel utilization was 68% during Q2 2015, up from 58% in the previous quarter. Technical downtime for the fleet was less than 2%, down from 5% for Q1 2015. Q2 yard stay represented 13% of vessel capacity. Contract surveys represented 68% of vessel capacity compared to 58% for the first quarter of 2015.

Aquila Explorer completed its Australasia project, and then undertook a short 2D survey in South East Asia before entering dry-dock in Singapore for planned maintenance. Thereafter, the vessel mobilized for a source project in the region. Harrier Explorer also entered a scheduled dry-docking and completed a source contract in South East Asia towards the end of the quarter. Munin Explorer continued its long-term source contract in South America throughout the quarter. Hawk Explorer mobilized to the Gulf of Mexico during the first half of the quarter and completed a short 2D survey before commencing the TGS Gigante project in Mexico. Osprey Explorer completed two projects in the Gulf of Mexico and mobilized to the TGS Gigante project at the end of the quarter. Northern Explorer completed a scheduled maintenance docking in Las Palmas and was in transit to Mexico towards the end of the quarter. Geo Pacific and Voyager remained cold-stacked during the quarter. As part of an effort to reduce costs and optimize fleet utilization, the company also made a decision to lay-up the Munin Explorer subsequent to quarter closing.

Multi-client surveys represented 0% of vessel utilization in the quarter compared to 12.5% in the same quarter previous year. Multi-client revenues were $0.7 million in the period. An impairment of $3.1 million was charged to the 3D multi-client survey in West Africa. Reduced revenue forecasts from selected 2D multi-client surveys triggered an additional impairment of $0.3 million during the quarter.

KEY HIGHLIGHTS

During the quarter, the company's costs were reduced. The lay-up of 3D vessels, reduced operating expenses, lower project activity, reduced vessel charter rates and lower crew headcount contributed to bring down costs of sales relative to 2014 and Q1 2015.

During the quarter, the company deferred $2.2 million in mobilization costs on the TGS Gigante project.

Non-recurring SG&A costs in the period amounted to $2.2 million, which relate to bad debt charges on receivables. The company incurred extraordinary operational restructuring charges of $8.1 million related to lay-up costs and onerous contracts charges on leased vessels (see selected notes and disclosure section for further details). Non-recurring multi-client impairments were $3.5 million, while seismic equipment on the Munin Explorer was impaired with $0.6 million. Total extraordinary non-recurring charges amounted to $14.4 million during the quarter.

Lost Time Injury Frequency (LTIF) rate for the quarter was zero. Industry-leading HSSEQ processes continue to ensure that the company provides a safe and healthy work environment both offshore and onshore while continuously improving operational performance and quality. ISM / ISO 9001 and 14001 recertification audits by DNV passed with zero non-conformities or observations. The FPAL audit was passed with an improved result compared to 2013.

Regional review

Asia Pacific (APAC) and North and South America (NSA) remained the most active regions during the second quarter.

Sales in APAC of $9.4 million, a decrease of 11% from the previous period, accounted for 48% of total revenues for the quarter. Aquila Explorer and Harrier Explorer completed four different contracts in the region during the period.

NSA revenues of $9.4 million represented 48% of total revenues for the quarter. Sales in this region increased slightly with Munin Explorer, Osprey Explorer and Hawk Explorer completing multiple contract surveys during the quarter. Increased revenues from this region is expected in the future as a result of the commencement of the Mexico Gigante survey. Osprey Explorer, Hawk Explorer and Northern Explorer operation on this project before and just after the end of the quarter. Harrier Explorer is scheduled to start on the project during the third quarter.

Sales in Europe, Africa and the Middle East (EAME) accounted for of $0.7 million or 4% of total revenues. No SeaBird vessels were working in the region during the period, and the revenues recorded consist of multi-client late sales.

Outlook

Global seismic market demand continued to show weakness in the second quarter. The reduced capital spending in the sector has materially lowered seismic industry activity and delayed or cancelled survey start-ups and awards. We expect the market to remain challenging in the intermediate term.

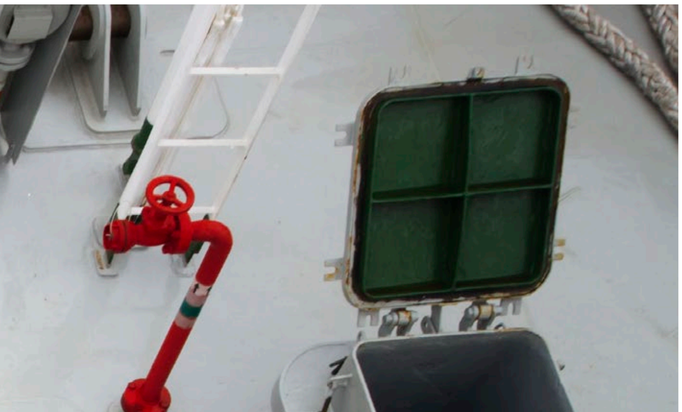
A high proportion of the company's fleet is expected to be employed on the Mexico Gigante project until mid-2016. The current market uncertainty makes it difficult to predict the level of contract coverage that is possible to obtain beyond the company's current backlog.

KEY FIGURES – CONTINUING OPERATIONS					
	Quarter ended 30 June		Six months ended 30 June		Year ended 31 December
All figures in USD 000's (except for EPS and equity ratio)	2015	2014	2015	2014	2014
Revenues	19,557	44,722	43,786	78,446	129,268
Adjusted EBITDA*	3,866	12,581	7,346	22,748	13,886
Adjusted EBIT**	(1,244)	3,623	(2,256)	6,010	(19,815)
Profit/(loss)	(16,831)	(7,870)	46,511	(8,482)	(99,818)
Earnings per share (diluted)	(0.01)	(0.14)	0.02	(0.15)	(1.73)
Cash flow operating activities	(4,121)	13,180	(10,338)	28,100	40,265
Capital expenditures	(3,121)	(3,340)	(3,329)	(5,775)	(7,828)
Total assets	119,026	187,566	119,026	187,566	140,986
Net interest bearing debt	26,357	85,167	26,357	85,167	95,245
Equity ratio	32.0%	26.8%	32.0%	26.8%	-29.0%

Note: all figures are from continuing operations. See note 1 for discontinued operations.

* Adjusted for non-recurring restructuring gains, bad debt charges,restructuring charges on onerous leases

** Adjusted for non-recurring multi-client, goodwill and property, plant and equipment impairments



FINANCIAL REVIEW

Financial comparison

All figures below relate to continuing operations unless otherwise stated. For discontinued operations, see note 1. The company reports a net loss of $16.8 million for Q2 2015 (net loss of $7.9 million in the same period in 2014).

Revenues were $19.6 million in Q2 2015 ($44.7 million). The decreased revenues are primarily due to reduced number of vessels in operation and lower multi-client activity during the period.

Revenues for first half of 2015 were $43.8 million ($78.4 million).

Cost of sales was $20.0 million in Q2 2015 ($28.4 million). The decrease is predominantly due to fewer vessels in operation as the Geo Pacific and Voyager Explorer are laid up, lower operating expenses, reduced charter hire and lower fuel cost partially offset by a $8.1 million non-recurring restructuring charge for onerous long-term lease contracts.

For the first half of 2015, cost of sales amounted to $37.0 million, down from $48.1 million for same period during 2014.

SG&A was $6.1 million in Q2 2015, up from $5.1 million in Q2 2014. The increase is principally due to one-off bad debt expenses on long-dated receivables, offset by savings related to the closing of the Dubai office and reduced onshore headcount.

SG&A for first half of 2015 were $9.9 million ($10.0 million).

Other income (expense) was nil in Q2 2015 ($1.3 million).

Other income (expense) for the first half was $0.1 million ($2.4 million).

Restructuring gain on leases was nil in Q2 2015 (nil).

Restructuring gain on leases for the first half of $4.7 million (nil) as a result of negotiated debt forgiveness as a part of the company's financial restructuring that was completed during Q1 2015.

EBITDA was negative $6.5 million in Q2 2015 ($12.6 million).

EBITDA for first half of 2015 was $1.7 million ($22.7 million).

Depreciation, amortization and impairment were $9.2 million in Q2 2015 ($15.2 million). This decrease is largely due to lower vessel book values, and lower multi-client impairments.

For the first half of 2015, depreciation amortization and impairment were $13.7 million compared to $22.9 million for same period of 2014.

Finance expense was $1.3 million in Q2 2015 ($3.6 million). The decrease is due to reduced debt levels resulting from the recent restructuring.

For the first half of 2015 finance expense was $2.3 million ($6.6 million).

Other financial items was positive $0.1 million in Q2 2015 (negative $0.9 million).

For the first half of 2015, other financial items were negative $0.1 million (negative $0.7 million).

Restructuring gain of positive $0.4 million in Q2 2015 (nil) as a result of final adjustments to the costs related to the company's financial restructuring.

For first half of 2015 restructuring gain was $61.7 million (nil).

Income tax expense was $0.3 million in Q2 2015 ($0.8 million).

For the first half of 2015 income tax expense was $0.8 million ($1.0 million).

Capital expenditures in the quarter were $3.1 million ($3.3 million).

Multi-client investment was $0.2 million in Q2 2015 ($7.9 million).

Liquidity and financing

Cash and cash equivalents at the end of the period were $7.4 million ($12.6 million), of which $0.4 million was restricted in connection with deposits and tax. Net cash from operating activities was negative $4.1 million in Q2 2015 ($13.2 million).

The company has one bond loan, one secured credit facility, one unsecured note and the Hawk Explorer finance lease.

The SBX04 secured bond loan is recognized in the books at amortized cost of $25.5 million per Q2 2015 (nominal value of $29.3 plus accrued interest of $0.2 million less fair value adjustment of $4.0 million). This bond has been issued in two tranches; tranche A amounting to $5.0 million and tranche B amounting to $24.3 million. The SBX04 bond tranche A is carrying an interest rate of 12.0% and Tranche B is carrying an interest rate of 6.0%. Interest is paid quarterly with first interest instalment paid on 3 June 2015. The bond's stated maturity is 3 March 2018 and has principal amortization due in quarterly instalments of

$2.0 million starting at 3 June 2017 with a balloon repayment to be made at maturity. Interest paid during Q2 2015 was $0.5 million.

The three year secured credit facility is recognized at amortized cost of $2.0 million (initial nominal value of $2.4 million). Coupon interest rate is 6%. Interest is to be paid quarterly, and the first instalment was paid on 3 June 2015. The facility's stated maturity date is 3 March 2018 and has principal amortization due in quarterly instalments of $0.2 million starting on 3 June 2017 with a balloon repayment to be made at maturity. Effective interest booked for Q2 2015 was $0.1 million. Principal repayments during Q2 2015 amounted to $0.9 million and additional amounts drawn on the credit facility during the period was $0.9 million. Interest paid during Q2 2015 was $0.03 million.

The three year unsecured loan is recognized at amortized cost of $1.9 million (initial nominal value of $2.1 million). Coupon interest rate is 6% . Stated maturity date is on 1 January 2018. Interest is paid quarterly in arrears, and the first payment was due on 1 April 2015. The principal will be repayable in nine equal instalments of $0.2 million commencing on 1 January 2016. Interest paid during Q2 2015 was $0.03 million.

The lease of Hawk Explorer is recognized in the books as a finance lease at $4.3 million per Q2 2015. Instalments and interest amounting to $0.6 million were paid during Q2 2015 ($1.3 million in Q1 2014).

Net interest bearing debt was $26.4 million as at the end of Q2 2015 ($85.2 million in Q2 2014).

Accrued interest on the bond loan and credit facilities for Q2 2015 was $0.2 million ($0.3 million).

The company was in compliance with all covenants as of 30 June 2015.

As a part of the recent final restructuring, the company issued 6,015,693 preference shares and 1,769,375 warrants. During the quarter, the preference shares and warrants were converted into 3,007,846,500 common shares and 884,687,500 warrants. Post conversion of the preference shares, the total outstanding amount of common shares in the company is 3,065,427,746. The company has also issued 884,687,500 warrants, convertible into 884,687,500 ordinary shares. The warrants are listed on the Oslo Stock Exchange with ticker SBX J.

The company's accounts have been prepared on the basis of a going concern assumption. In the view of the board of directors, the current challenging market conditions and the company's limited working capital creates a material risk to this assumption. Based on the backlog and financial forecast, the board believes the company will generate sufficient levels of liquidity to operate in the near term. In the event that project performance is significantly worse than expected, contracts and other arrangements in respect of the employment of SeaBird's vessels are cancelled, or significantly delayed, new backlog cannot be secured on satisfactory rates or at all, the company would need to sell assets or raise additional financing. Reference is made to the Going Concern section in selected notes and disclosures and the recently issued prospectus for further details on the current financial position of the company.

Important events in the first half of the year

During the first half of 2015, the company completed a restructuring which reduced financial indebtedness and obtained additional funding. Please refer to the recently published prospectus for further details on the transaction.

The company commenced operations on the Mexico Gigante 2D survey with TGS-NOPEC Geophysical Company during the first half of 2015.

On 7 May 2015, a new board of directors was elected. The current board is chaired by Ms. Annette Malm Justad.

Responsibility statement

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2015, which have been prepared in accordance with IAS 34 "Interim Financial Reporting", gives a true and fair view of the company's consolidated assets, liabilities, financial position and results of operations. We also confirm that, to the best of our knowledge, the first half 2015 report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year and major related parties transactions.

The Board of Directors and Chief Executive Officer
SeaBird Exploration Plc
17 August 2015

Annette Malm Justad
Chairman

Kitty Hall
Director

Olav Haugland
Director

Hans Petter Klohs
Director

Gert Triest
Director

Dag Reynolds
Chief Executive Officer

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

All figures in $000's	As of 30 June 2015 (Unaudited)	As of 30 June 2014 (Audited)	As of 31 December 2014 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	72,981	116,815	78,877
Multi-client library	10,430	10,693	14,685
Goodwill	-	1,267	-
Long term investment	8	81	82
	83,419	**128,856**	**93,644**
Current assets			
Inventories	3,299	4,116	4,463
Trade receivables	14,638	33,487	14,215
Other current assets	10,307	8,544	21,692
Cash and cash equivalents	7,363	12,563	6,972
	35,607	**58,710**	**47,342**
Total assets	**119,026**	**187,566**	**140,986**
EQUITY			
Shareholders' equity			
Paid in capital	218,646	189,125	189,125
Equity component of warrants	2,736	-	-
Equity component of convertible loan	6,296	6,296	6,296
Currency translation reserve	(407)	(407)	(407)
Share options granted	1,351	1,241	1,326
Retained earnings	(190,567)	(145,926)	(237,261)
	38,055	**50,329**	**(40,921)**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	28,516	71,768	–
Provision for end of service benefit	23	1,173	–
	28,539	**72,941**	**-**
Current liabilities			
Trade and other payables	27,099	32,184	63,631
Provisions	14,220	-	9,580
Loans and borrowings	5,204	25,962	102,217
Tax liabilities	5,909	6,150	6,479
	52,432	**64,296**	**181,907**
Total liabilities	**80,971**	**137,237**	**181,907**
Total equity and liabilities	**119,026**	**187,566**	**140,986**

CONSOLIDATED INTERIM STATEMENT OF INCOME					
	Quarter ended 30 June		Six months ended 30 June		Year ended 31 December
All figures in $000's	2015	2014	2015	2014	2014
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Audited)
Revenues	19,557	44,722	43,786	78,446	129,268
Cost of sales	(20,003)	(28,363)	(37,041)	(48,086)	(107,988)
Selling, general and administrative expenses	(6,080)	(5,062)	(9,871)	(9,993)	(30,640)
Other income (expenses), net	30	1,284	109	2,381	1,489
Restructuring gain on leases	-	-	4,713	–	–
Earnings before interest, tax, depreciation and amortization (EBITDA)	**(6,496)**	**12,581**	**1,697**	**22,748**	**(7,871)**
Depreciation	(4,827)	(5,693)	(8,648)	(10,892)	(21,244)
Amortization	(283)	(3,265)	(955)	(5,846)	(12,457)
Impairment	(4,052)	(6,206)	(4,052)	(6,206)	(38,310)
Earnings before interest and taxes (EBIT)	**(15,658)**	**(2,583)**	**(11,957)**	**(196)**	**(79,882)**
Finance expense	(1,314)	(3,604)	(2,320)	(6,575)	(16,978)
Other financial items, net	64	(913)	(111)	(680)	(787)
Restructuring gain	380	-	61,697	–	–
Change in fair value of conversion rights	-	-	-	–	–
Profit/(loss) before income tax	**(16,528)**	**(7,100)**	**47,309**	**(7,451)**	**(97,647)**
Income tax	(303)	(770)	(798)	(1,031)	(2,171)
Profit/(loss) continuing operations	**(16,831)**	**(7,870)**	**46,511**	**(8,482)**	**(99,818)**
Net profit/(loss) discontinued operations (note 1)	–	645	180	1,015	1,015
Profit/(loss) for the period	**(16,831)**	**(7,225)**	**46,691**	**(7,467)**	**(98,803)**
Profit/(loss) attributable to					
Shareholders of the parent	(16,831)	(7,225)	46,691	(7,467)	(98,803)
Earnings per share					
Basic	(0.01)	(0.13)	0.02	(0.13)	(1.72)
Diluted	(0.01)	(0.13)	0.02	(0.13)	(1.72)
Earnings per share from continued operations					
Basic	(0.01)	(0.14)	0.02	(0.15)	(1.73)
Diluted	(0.01)	(0.14)	0.02	(0.15)	(1.73)

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

All figures in $000's	Quarter ended 30 June 2015 (Unaudited)	Quarter ended 30 June 2014 (Audited)	Six months ended 30 June 2015 (Unaudited)	Six months ended 30 June 2014 (Audited)	Year ended 31 December 2014 (Audited)
Profit/(loss)	**(16,831)**	**(7,225)**	**46,691**	**(7,467)**	**(98,803)**
OTHER COMPREHENSIVE INCOME					
Net movement in currency translation reserve and other changes	8	22	29	130	216
Total other comprehensive income, net of tax	**8**	**22**	**29**	**130**	**216**
Total comprehensive income	**(16,823)**	**(7,203)**	**46,720**	**(7,337)**	**(98,587)**
Total comprehensive income attributable to					
Shareholders of the parent	(16,823)	(7,203)	46,720	(7,337)	(98,587)
Total	**(16,823)**	**(7,203)**	**46,720**	**(7,337)**	**(98,587)**

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

All figures in $000's	Six months ended 30 June 2015 (Unaudited)	Six months ended 30 June 2014 (Audited)	Year ended 31 December 2014 (Audited)
Opening balance	**(40,921)**	**57,666**	**57,666**
Profit/(loss) for the period	46,691	(7,467)	(98,803)
Increase/(decrease) in share capital	29,521	–	–
Increase/(decrease) equity component of warrants	2,736	–	–
Share options granted	25	144	229
Net movements in currency translation reserve and other changes	4	(14)	(14)
Ending balance	**38,055**	**50,329**	**(40,921)**

CONSOLIDATED INTERIM STATEMENT OF CASH FLOW					
	Quarter ended 30 June		Six months ended 30 June		Year ended 31 December
All figures in $000's	2015	2014	2015	2014	2014
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Audited)
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before income tax	(16,528)	(7,100)	47,309	(7,451)	(97,647)
Adjustments for					
Restructuring gain	(380)	–	(66,411)	–	–
Depreciation, amortization and impairment	9,236	15,165	13,728	22,945	72,010
Movement in provision	6,114	–	7,595	–	–
Unrealized exchange (gain)/loss	(94)	157	(97)	187	566
Accelerated finance charge on bond loan	-	–	-	–	5,102
Amortization of interest	942	2,662	2,029	5,231	8,935
Goodwill impairment	-	–	-	–	1,267
Paid income tax	(258)	(794)	(1,388)	(1,167)	(1,833)
Earned on employee stock option plan	8	66	25	144	230
Provision for employees' end of service gratuities	-	–	23	–	–
(Increase)/decrease in inventories	(741)	439	1,164	251	(96)
(Increase)/decrease in trade and other receivables	(304)	4,905	11,059	(940)	6,518
Increase/(decrease) in trade and other payables	(2,116)	(2,320)	(25,373)	8,900	45,213
Net cash from operating activities	**(4,121)**	**13,180**	**(10,338)**	**28,100**	**40,265**
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures	(3,121)	(3,340)	(3,329)	(5,775)	(7,828)
Multi-client investment	(165)	(7,491)	(165)	(14,857)	(29,560)
Long term investment	-	–	–	–	–
Net cash used in investing activities	**(3,286)**	**(10,831)**	**(3,494)**	**(20,632)**	**(37,388)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of ordinary shares	-	–	–	–	–
Proceeds from issuance of preference shares and warrants	-	–	10,936	–	–
Proceeds from preference share & conversion of bond and AP into Equity	-	–	–	–	–
Receipts from converting AP to bond and credit facility	-	–	–	–	–
Receipts from borrowings	-	–	5,000	–	–
Conversion of debt into bonds and equity	-	-	–	–	–
Repayment of borrowings	(375)	(3,055)	(716)	(4,070)	(5,110)
Movement in borrowings	-	–	–	–	414
Interest paid	(782)	(2,735)	(997)	(2,975)	(3,349)
Net movement in currency fluctuations	-	(45)	–	(15)	(15)
Net cash from financing activities	**(1,157)**	**(5,835)**	**14,223**	**(7,060)**	**(8,060)**
Net (decrease)/increase in cash and cash equivalents	**(8,564)**	**(3,486)**	**391**	**408**	**(5,183)**
Cash and cash equivalents at beginning of the period	**15,927**	**16,049**	**6,972**	**12,155**	**12,155**
Cash and cash equivalents discontinued operations	**-**	**-**	**-**	**-**	**-**
Cash and cash equivalents at end of the period	**7,363**	**12,563**	**7,363**	**12,563**	**6,972**

NOTE 1: INTERIM STATEMENT OF INCOME FOR DISCONTINUED OPERATIONS

All figures in USD 000's	Quarter ended 30 June		Six months ended 30 June		Year ended 31 December
	2015	2014	2015	2014	2014
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Audited)
Revenues	–	–	–	161	161
Cost of sales	–	666	180	768	768
Selling, general and administrative expenses	–	(21)	–	(7)	(7)
Restructuring SGA	–	–	–	–	–
Other income (expenses), net	–	–	–	170	170
Earnings before interest, tax, depreciation and amortization (EBITDA)	**-**	**645**	**180**	**1,092**	**1,092**
Depreciation and amortization	–	–	–	–	–
Impairment	–	–	–	–	–
Earnings before interest and taxes (EBIT)	**-**	**645**	**180**	**1,092**	**1,092**
Interest expense	–	–	–	–	–
Other financial items, net	–	–	–	–	–
Profit/(loss) before income tax	**-**	**645**	**180**	**1,092**	**1,092**
Income tax	–	–	–	(77)	(77)
Profit/(loss) discontinuing operations	**-**	**645**	**180**	**1,015**	**1,015**
Gain/(loss) on sale of OBN business	–	–	–	–	–
Net profit/(loss) from discontinued operations	**-**	**645**	**180**	**1,015**	**1,015**
Profit/(loss) attributable to					
Shareholders of the parent	–	645	180	1,015	1,015

SELECTED NOTES AND DISCLOSURES

SeaBird Exploration Plc is a limited liability company. The company's address is 25, Kolonakiou Street Block B, Office 101, 4103 Linopetra, Limassol, Cyprus. The company also has offices in Oslo (Norway), Houston (USA), Singapore, Dubai (United Arab Emirates) 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 2014. The consolidated financial statements for the year ended 31 December 2014 and quarterly reports are available at www.sbexp.com. The financial statements as of Q2 2015, as approved by the board of directors 17 August 2015, 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 2014 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. Risk factors include but are not limited to the demand for our seismic services, the high level of competition in the 2D/3D market, changes in governmental regulations, adverse weather conditions, and currency and commodity price fluctuations. For further description of relevant risk factors, we refer to the annual report 2014. 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.

Revenue recognition

As of 1 January 2014, the company changed its accounting policy on the recognition and measurement of revenue and cost related to seismic surveys. Revenues and costs are recognized in line with project duration starting from first shot point in the seismic survey and ending at demobilization.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes costs directly attributable to the acquisition of the item. Costs are included in the asset's carrying amount or recognized as a separate asset, if appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Costs of all repairs and maintenance are expensed as incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Seismic vessels 10 to 15 years

Seismic equipment 4 to 8 years

Office equipment 4 years

Depreciation for Q2 2015 was $4.8 million.

Critical accounting estimates and judgments related to property plant & equipment and leases

We refer to the Critical accounting estimates and judgments section of the annual report and the recently issued prospectus. The preparation of financial statements in conformity with IFRSs 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. In particular, estimates and judgments including expectations of future events are important in the impairment assessment of property, plant and equipment and the evaluation of potentially onerous leases.

The company's values in use model includes estimates of the expected future cash flows from each cash-generating unit (each vessel) based on day-rate, utilization, direct and indirect costs and required capital investments over the remaining life of the vessel. These cash flows are discounted at the company's cost of capital to estimate the present value, which is compared to book value at the relevant balance sheet date. Impairment of finance leases is evaluated annually based on value in use calculations. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Currently, there is an overcapacity of vessels in the seismic market and there is a high uncertainty with regards to the future outlook in terms of utilization and day rates. There is a risk that an impairment of finance leases and property, plant and equipment could be triggered by the lay-up of additional vessels, an extended lay-up period, a reduction in economic life or reduced utilization or contract day rates.

Provisions for restructuring costs, onerous contracts and legal claims are measured at the management's best estimate of the expenditure required to settle the present obligation at the reporting date, and are discounted to present value. Due to the uncertain market outlook, there is a risk that additional provisions may need to be established for vessels on operating leases due to extended lay-up periods, a reduction in economic life, reduced utilization, reduced contract day rates or additional costs to redeliver the vessels to its respective owners. Alternatively, should the market outlook improve significantly, a reversal of current provisions may be required.

Leased vessels

The company charters the 3D vessel Geo Pacific, on a three-year bareboat charter from January 2013 to December 2015. The Geo Pacific charter hire is $9,600 per day when idle, used as a source vessel or when utilized on 2D surveys while the rate is $20,400 per day when used in 3D mode. The company plans to redeliver the Geo Pacific to its owners at the end of the charter period, and the company made a cost provision in December 2014 to cover for the remaining estimated costs until the planned redelivery.

The 3D vessel Voyager Explorer is chartered on a bareboat charter until August 2016. The Voyager Explorer charter rate is $6,200 per day when idle, used as source vessel or in 2D mode while the charter rate is $13,200 per day when the vessel is used in 3D mode. The vessel is currently cold-stacked. In December 2014, the company booked an operational restructuring charge of $1.6 million to cover estimated operating expenses through December 2015. In Q2 2015, the company recognized an additional $2.9 million operational restructuring charge, which is estimated to cover all costs through redelivery of the vessel in August 2016.

The Munin Explorer is chartered on a bareboat contract that runs through October 2019, with a current day rate of $12,240 and an annual rate increase of 2% taking effect in August of each year. During the quarter, the company decided to stack the Munin Explorer following its completion of the long-term time charter contract with Seabed Geosolutions. The vessel is currently forecasted to return to operation in Q4 2016. The company booked an operational restructuring charge of $4.8 million for Munin during the quarter, which covers the net present value of lay-up costs less estimated profits for the remainder of the lease period.

During the quarter, the company made a provision of $0.3 million to cover estimated remaining costs associated with the redelivery of Kondor Explorer to its owners.

Multi-client library

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

The company introduced a new amortization category in 2013 to conform to seismic industry accounting practices. "Category 1" libraries (the new category) are subject to minimum amortization of 20% in the first year, 20% in the second year, 20% in the third year, 20% in the fourth year and 20% in the fifth year. Each project is placed into one of twelve sales amortization categories with amortization rates of 100%, 95%, 90%, 85%, 80%, 75%, 70%, 65%, 60%, 55%, 50% or 45%. "Category 2" multi-client libraries are amortized over the shorter of 3 years or the life of the survey and will in addition record sales amortization at a rate of 100%.

Multi-client library	USD millions
Beginning balance	14.0
Capitalized cost	0.2
Capitalized depreciation	–
Impairment	(3.5)
Amortization	(0.3)
Net book value Q2 2015	**10.4**

Multi-client sales in Q2 2015 were $0.7 million ($3.7 million).

During the quarter the company reclassified two surveys with remaining aggregated book values of $4.6 million from category 1 to category 2.

Discontinued operations

On 8 December 2011, the company closed the share and purchase agreement with Fugro Norway AS related to Fugro's acquisition of SeaBird Technologies AS and Seabed Navigation Company Limited, which collectively held all of the company's rights and assets related to the ocean bottom node business (accounted for as discontinued operations). See note 1 to the consolidated income statement for the income statement for discontinued operations.

Share capital and share options

The total number of ordinary shares at 30 June 2015 is 3,065,427,746 with a nominal value of $0.0001. In addition, the company issued 884,687,500 three-year warrants, each with an exercise price of NOK 0.10 per share and 15 January 2018 as final expiration date.

As at 30 June 2015, there are a total of 1,571,944 share options granted to 9 employees. All share options expire 1 November 2015.

SeaBird Exploration Finance

SeaBird Exploration Finance Limited, as the issuer of 'SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2018' ('SBX04'), has the following intra-group loans with other SeaBird entities as of 30 June, 2015:

	USD thousands
RECEIVABLES	
SeaBird Exploration Plc	33,790
Harrier Navigation Company Inc	318
Aquila Explorer Inc	166
Seaship Holding Services Ltd	12
Biliria Marine Company Ltd	7
Total receivables from intra-group companies	**34,294**
PAYABLES	
Osprey Navigation Company Inc	(6)
Oreo Navigation Company Ltd	(32)
SeaBird Exploration Cyprus Ltd	(1,023)
Total payables to intra-group companies	**(1,061)**
Total net receivables from intra-group companies	**33,233**

Taxes

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

Related party transactions

All related party transactions have been entered into on an arm's length basis. The company has no related party transactions during the quarter.

The company is leasing the Munin Explorer from Ordinat Shipping. Ordinat Shipping AS is not a major shareholder as per 30 June 2015 (less than 5% of ordinary shares), and Ordinat Shipping AS is not considered to be a related party as per the 30 June balance sheet date.

Going concern

The company's accounts have been prepared on the basis of a going concern assumption. In the view of the board of directors, the current challenging market conditions and the company's limited working capital creates a material risk to this assumption. Based on the backlog and financial forecast, the board believes the company will generate sufficient levels of liquidity to operate in the near term. In the event that project performance is significantly worse than expected, contracts and other arrangements in respect of the employment of SeaBird's vessels are cancelled, or significantly delayed, new backlog cannot be secured on satisfactory rates or at all, the company would need to sell assets or raise additional financing, which may not be available at that time.

SeaBird has not as of today made specific alternative plans to cover such a potential working capital shortfall, although under those circumstances alternatives may exist to sell or otherwise monetize certain assets or to make other financing arrangements. The ability to sell or otherwise monetize assets, being primarily made up of owned vessels and the multi-client library, would require consent from lenders as all such assets are held as security for loan arrangements, and may therefore not be available within a short time frame or at all. Should none of these financing arrangements be available at that time, such circumstance would have a significant negative effect on SeaBird's financing situation and its ability to continue operations.

In such a scenario, the company will be unable to meet its liabilities as they fall due and to continue as a going concern. In such event, SeaBird would be unable to realize the carrying value of its property, plant and equipment, whose values on a forced sale basis would be lower than their fair values. Furthermore, goodwill and intangibles would be written off as their carrying values largely represent their values in use.

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