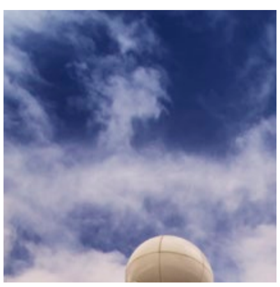

2015
THIRD QUARTER
Q3
SeaBird Exploration

CONTENTS

- Revenues for the quarter were $23.2 million, an increase of 2% compared to Q3 2014 and up 19% relative to Q2 2015.
- Contract revenues for the period were $23.1 million, up 41% from Q3 2014 and an increase of 23% from Q2 2015.
- Multi-client revenues were $0.1 million, down 99% from $6.3 million reported in Q3 2014 and a decrease of 88% from $0.7 million reported in Q2 2015.
- EBITDA was $4.6 million compared to negative $2.1 million for Q3 2014 and negative $6.5 million for Q2 2015.
- EBIT for the quarter was $0.0 million compared to negative $11.1 million for Q3 2014 and negative $15.7 million for Q2 2015.
- Vessel utilization for the period was 86%. Contract surveys during the third quarter represented 86% of vessel capacity compared to 68% during the second quarter 2015. None of the company's vessels were utilized for multi-client surveys during the period, similar to Q2 2015.
- Four vessels were active in operation on the Mexico Gigante survey. Aquila Explorer is scheduled to join during the fourth quarter.
- Zero lost time injury frequency (LTIF) in the quarter.
- 9% technical downtime in the quarter compared to 3% for Q3 2014.
- Non-recurring gain on cost of sales of $0.9 million related to changes in estimates of lay-up provisions for onerous long-term lease contracts. During the quarter $0.5 million bad debt costs were charged to SG&A.

2015 SUMMARY OBSERVATIONS FOR THE THIRD QUARTER

SeaBird continues to see intense price competition and sluggish seismic tender activity. The seismic industry is still very much affected by low oil prices and weak demand for oil exploration. The negative market sentiment has increased industry and company specific risk factors. SeaBird's fleet has predominantly been employed on the TGS Gigante survey in Mexico during the third quarter 2015. Utilization of the company's active vessels is expected to remain relatively high through the completion of this survey. In light of the challenging market conditions, the company continues its efforts to reduce cost and increase financial flexibility.



$23.2m

revenues for the quarter, including $0.1 million multi-client revenues

$4.6m

EBITDA for the quarter

86%

vessel utilization

9%

technical downtime; technical start-up challenges

Mexico

four vessels operating on TGS Gigante survey; fifth vessel expected to join Q4

Zero

lost time injury frequency (LTIF) rate for the quarter

KEY HIGHLIGHTS

Operational review

The third quarter was characterized by sustained low oil prices and weak market sentiment for oil exploration. Seismic tender activity has continued to be sluggish with intense price competition. 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.

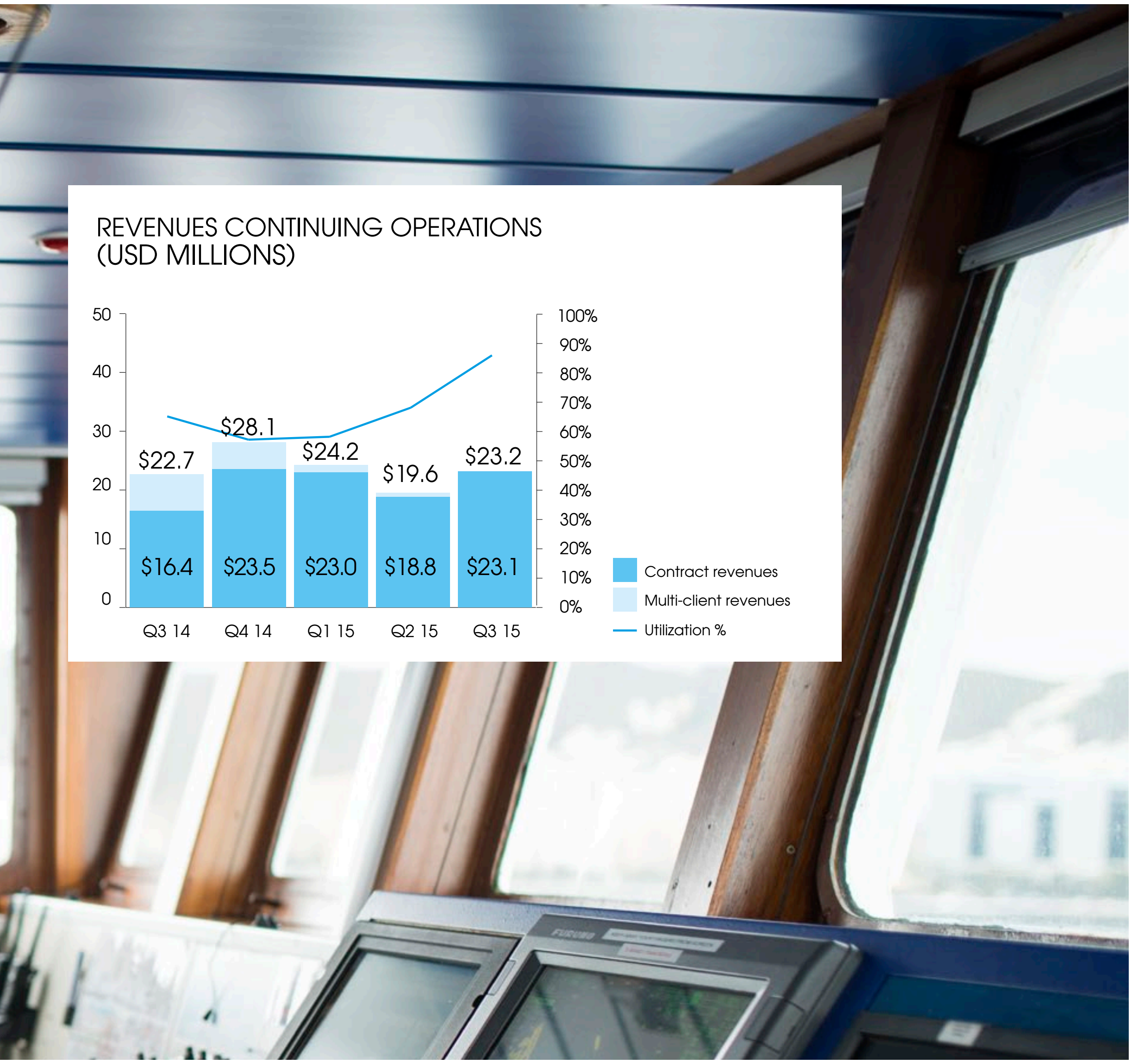
The company continued its cost reduction effort. The office in St. Petersburg was closed at the end of the quarter. The quarterly run-rate SG&A is in line with the cost savings targets communicated earlier this year. Operating expenses are reduced as a result of the stacking of vessels and the continuing effort to execute on the savings initiatives.

Capital expenditures are in line with the lower spending estimates highlighted earlier. In addition to cost reductions, the company is actively focusing on cost flexibility measures as well as improving operational efficiency.

Vessel utilization was 86% during Q3 2015, up from 68% in the previous quarter. Technical downtime for the fleet was 9%, up from 2% for Q2 2015. The increase is due to technical start-up challenges for the vessels operating in Mexico. Q3 yard stay represented 7% of vessel capacity. Contract surveys represented 86% of vessel capacity compared to 68% for the second quarter of 2015.

Aquila Explorer completed a source project in South East Asia early in the quarter. Thereafter, the vessel undertook scheduled maintenance before starting transit to Mexico, where it is expected to commence production during the fourth quarter. Harrier Explorer mobilized for the Mexico Gigante survey and started production late in the quarter. Both Hawk Explorer and Osprey Explorer were in production on the Mexico Gigante project the whole quarter. Northern Explorer commenced acquisition on the Mexico Gigante project early in the quarter. Munin Explorer completed its long-term source contract in South America mid-quarter after which the vessel was laid up. Geo Pacific and Voyager remained cold-stacked during the quarter.

Multi-client surveys represented 0% of vessel utilization in the quarter compared to 30% in the same quarter previous year. Multi-client revenues were $0.1 million in the period. Due to weak market sentiment and poor visibility for future multi-client sales, the company decided to increase the minimum amortization



rate, resulting in a $0.5 million higher charge in Q3. All multi-client assets are now classified as category two. Please see selected notes and disclosures for further details.

During the quarter, the company's costs were reduced. The lay-up of 3D vessels and Munin Explorer, reduced operating expenses, lower project activity, reduced vessel charter rates and lower crew headcount were the primary areas that contributed to bring down costs of sales relative to 2014 and Q2 2015.

Non-recurring gain on cost of sales in the quarter amounted to $0.9 million, which relates to changes in provision estimates for onerous long-term lease contracts.

Lost time injury frequency (LTIF) rate for the quarter was zero. The company continued its efforts to maintain its high standards in the health, safety, security, environment and quality (HSSEQ) area.

Regional review

North and South America (NSA) was the most active region during the third quarter. NSA revenues of $22.8 million represented 98% of total revenues for the quarter. Sales in this region increased significantly as Harrier Explorer and Northern Explorer joined Hawk Explorer and Osprey Explorer on the Mexico Gigante survey.

Sales in APAC of $0.2 million accounted for 1% of total revenues for the quarter. The revenues relate to a source contract completed by Aquila Explorer early in the quarter.

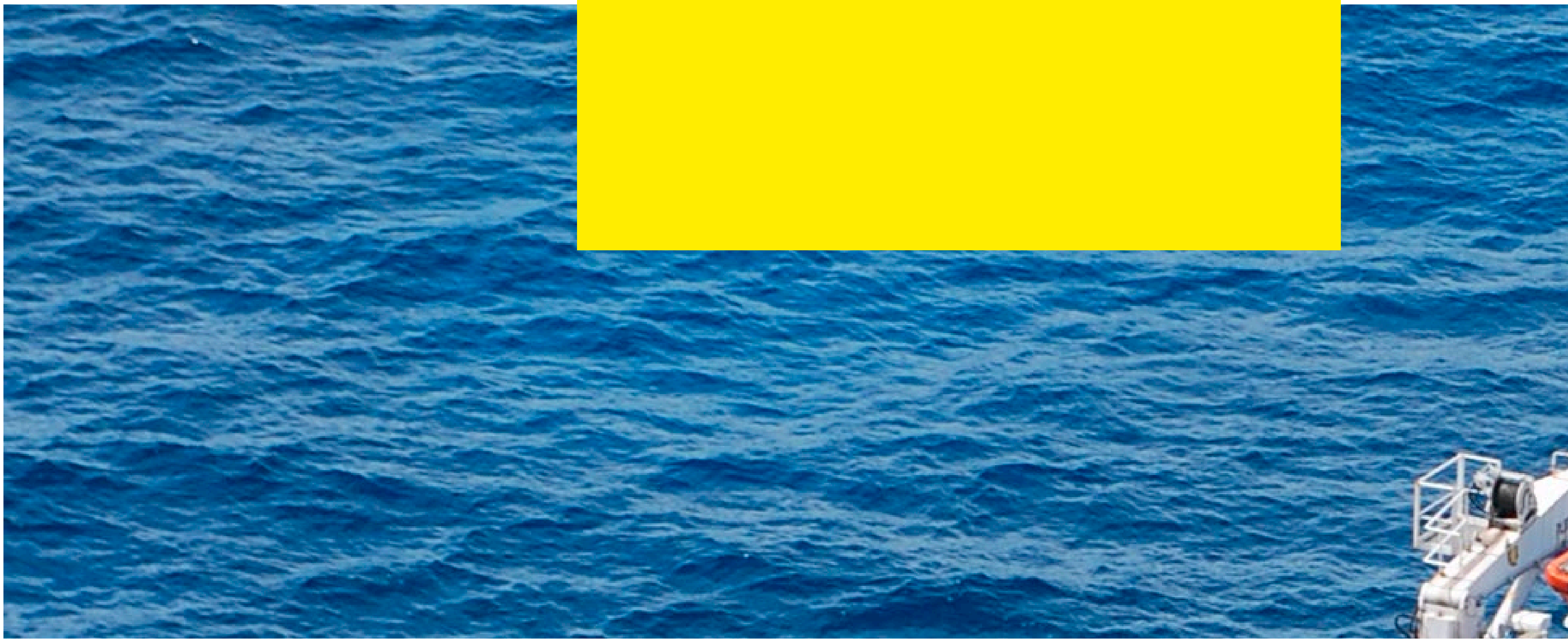
Sales in Europe, Africa and the Middle East (EAME) accounted for $0.2 million or 1% of total revenues. No SeaBird vessels were working in the region during the period, and the revenues recorded consist of multi-client late sales and management fees.

Outlook

Global seismic demand continued to show weakness in the third quarter and there are no signs of market improvement. Oil industry spending is anticipated to remain sluggish through 2016 and the seismic sector is expected to remain under pressure as a result.

A high proportion of the company's fleet is expected to be employed on the Mexico Gigante project until mid-2016 assuming the full project size of approximately 186,000 kilometer is to be completed. 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.

FINANCIAL REVIEW



KEY FIGURES – CONTINUING OPERATIONS					
	Quarter ended 30 September		Nine months ended 30 September		Year ended 31 December
All figures in USD 000's (except for EPS and equity ratio)	2015	2014	2015	2014	2014
Revenues	23,231	22,729	67,017	101,175	129,268
EBITDA	4,591	(2,084)	6,288	20,664	(7,871)
EBIT	1	(11,079)	(11,956)	(11,275)	(79,882)
Profit/(loss)	(1,705)	(20,152)	44,805	(28,634)	(99,818)
Earnings per share (diluted)	(0.00)	(0.35)	0.02	(0.50)	(1.73)
Cash flow operating activities	1,040	14,312	(9,349)	42,412	40,265
Capital expenditures	(1,723)	(1,976)	(5,052)	(7,751)	(7,828)
Total assets	116,784	188,119	116,784	188,119	140,986
Net interest bearing debt	28,267	92,946	28,267	92,946	95,245
Equity ratio	31.2%	16.1%	31.2%	16.1%	-29.0%

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

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 $1.7 million for Q3 2015 (net loss of $20.2 million in the same period in 2014).

Revenues were $23.2 million in Q3 2015 ($22.7 million).

Cost of sales was $14.5 million in Q3 2015 ($19.8 million). The decrease is predominantly due to fewer vessels in operation as the Geo Pacific, Munin Explorer and Voyager Explorer are laid up, lower maritime and seismic operating expenses, reduced charter hire and lower fuel cost.

SG&A was $4.3 million in Q3 2015, down from $5.1 million in Q3 2014. The decrease is principally due to savings related to the closing of the Dubai office and reduced onshore headcount partially offset by bad debt costs.

Other income (expense) was $0.1 million in Q3 2015 ($0.1 million).

EBITDA was $4.6 million in Q3 2015 (negative $2.1 million).

Depreciation, amortization and impairment were $4.6 million in Q3 2015 ($9.0 million). This decrease is largely due to lower vessel book values, and no multi-client impairments in the period.

Financial expenses were $1.6 million in Q3 2015 ($8.1 million). The decrease is due to reduced debt levels resulting from the recent restructuring and an accelerated finance charge recognized in Q3 2014 as a result of the change in maturity of the SBX03 bond loan.

Other financial items was nil in Q3 2015 ($0.3 million).

Income tax expense was $0.2 million in Q3 2015 ($0.7 million).

Capital expenditures in Q3 2015 were $1.7 million ($2.0 million).

Multi-client investment was $0.1 million in Q3 2015 ($13.5 million).

Liquidity and financing

Cash and cash equivalents at the end of the period were $5.4 million ($10.0 million), of which $0.3 million was restricted in connection with deposits and tax. Net cash from operating activities was $1.0 million in Q3 2015 ($14.3 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 (issued as "SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2018") is recognized in the books at amortized cost of $25.8 million per Q3 2015 (nominal value of $29.3 plus accrued interest of $0.2 million less fair value adjustment of $3.7 million including amortized interest). 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 in arrears with first interest instalment paid on 3 June 2015. The bond matures on 3 March 2018, with principal amortizations due in quarterly instalments of $2.0 million starting at 3 June 2017. The outstanding loan balance will be paid at the maturity date. Interest paid during Q3 2015 was $0.5 million. The bond is listed on Nordic ABM, and it is traded with ticker SBEF01 PRO and SBEF02 PRO for the respective two bond tranches.

The three year secured credit facility is recognized at amortized cost of $2.0 million (initial nominal value of $2.4 million less net amortized cost of $0.4 million). Coupon interest rate is 6.0%. Interest is to be paid quarterly in arrears and the first interest amount was paid on 3 June 2015. The facility matures at 3 March 2018 with quarterly instalments of $0.2 million starting on 3 June 2017. The outstanding loan will be repaid in full at maturity. Effective interest booked for Q3 2015 was $0.1 million. Principal repayments during Q3 2015 amounted to $0.2 million and additional amounts drawn on the credit facility during the period was $0.2 million. Interest paid during Q3 2015 was $0.03 million.

The three year unsecured loan is recognized at amortized cost of $2.0 million (initial nominal value of $2.1 million less net amortized cost of $0.1 million). Coupon interest rate is 6.0%. 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 Q3 2015 was $0.03 million.

The lease of Hawk Explorer is recognized in the books as a finance lease at $3.9 million per Q3 2015. Instalments and interest amounting to $0.6 million were paid during Q3 2015 ($1.3 million in Q3 2014).

Net interest bearing debt was $28.3 million as at the end of Q3 2015 ($92.9 million in Q3 2014).

Accrued interest on the bond loan, credit facility and the unsecured note for Q3 2015 was $0.2 million ($1.4 million).

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

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. 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 for further details on the current financial position of the company.

The Board of Directors and Chief Executive Officer
SeaBird Exploration Plc
4 November 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 September 2015 (Unaudited)	As of 30 September 2014 (Unaudited)	As of 31 December 2014 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	71,022	112,906	78,877
Multi-client library	9,517	21,088	14,685
Goodwill	–	1,267	–
Long term investment	8	82	82
	80,547	**135,343**	**93,644**
Current assets			
Inventories	3,093	4,744	4,463
Trade receivables	11,144	16,538	14,215
Other current assets	16,575	21,477	21,692
Cash and cash equivalents	5,425	10,017	6,972
	36,237	**52,776**	**47,342**
Total assets	**116,784**	**188,119**	**140,986**
EQUITY			
Shareholders' equity			
Paid in capital	218,696	189,125	189,125
Equity component of warrants	2,736	–	–
Equity component of convertible loan	–	6,296	6,296
Currency translation reserve	(407)	(407)	(407)
Share options granted	1,356	1,287	1,327
Retained earnings	(185,976)	(166,078)	(237,261)
	36,405	**30,223**	**(40,921)**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	28,881	2,014	–
Provision for end of service benefit	–	997	–
	28,881	**3,011**	**-**
Current liabilities			
Trade and other payables	27,908	47,677	63,631
Provisions	13,015	–	9,580
Loans and borrowings	4,811	100,949	102,217
Tax liabilities	5,764	6,259	6,479
	51,498	**154,885**	**181,907**
Total liabilities	**80,379**	**157,896**	**181,907**
Total equity and liabilities	**116,784**	**188,119**	**140,986**

CONSOLIDATED INTERIM STATEMENT OF INCOME

All figures in $000's	Quarter ended 30 September 2015 (Unaudited)	Quarter ended 30 September 2014 (Unaudited)	Nine months ended 30 September 2015 (Unaudited)	Nine months ended 30 September 2014 (Unaudited)	Year ended 31 December 2014 (Audited)
Revenues	23,231	22,729	67,017	101,175	129,268
Cost of sales	(14,532)	(19,819)	(51,573)	(67,905)	(107,988)
Selling, general and administrative expenses	(4,254)	(5,072)	(14,125)	(15,065)	(30,640)
Other income (expenses), net	146	78	255	2,459	1,489
Restructuring gain on leases	–	–	4,713	–	–
Earnings before interest, tax, depreciation and amortization (EBITDA)	**4,591**	**(2,084)**	**6,288**	**20,664**	**(7,871)**
Depreciation	(3,602)	(4,292)	(12,250)	(15,184)	(21,244)
Amortization	(988)	(4,101)	(1,943)	(9,947)	(12,457)
Impairment	–	(603)	(4,052)	(6,809)	(38,310)
Earnings before interest and taxes (EBIT)	**1**	**(11,079)**	**(11,956)**	**(11,275)**	**(79,882)**
Finance expense	(1,572)	(8,073)	(3,892)	(14,648)	(16,978)
Other financial items, net	43	(322)	(68)	(1,002)	(787)
Restructuring gain	–	–	61,697	–	–
Profit/(loss) before income tax	**(1,528)**	**(19,474)**	**45,781**	**(26,925)**	**(97,647)**
Income tax	(177)	(678)	(975)	(1,709)	(2,171)
Profit/(loss) continuing operations	**(1,705)**	**(20,152)**	**44,805**	**(28,634)**	**(99,818)**
Net profit/(loss) discontinued operations (note 1)	–	–	180	1,015	1,015
Profit/(loss) for the period	**(1,705)**	**(20,152)**	**44,985**	**(27,619)**	**(98,803)**
Profit/(loss) attributable to					
Shareholders of the parent	(1,705)	(20,152)	44,985	(27,619)	(98,803)
Earnings per share					
Basic	(0.00)	(0.35)	0.02	(0.48)	(1.72)
Diluted	(0.00)	(0.35)	0.02	(0.48)	(1.72)
Earnings per share from continued operations					
Basic	(0.00)	(0.35)	0.02	(0.50)	(1.73)
Diluted	(0.00)	(0.35)	0.02	(0.50)	(1.73)

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

All figures in $000's	Quarter ended 30 September 2015 (Unaudited)	Quarter ended 30 September 2014 (Unaudited)	Nine months ended 30 September 2015 (Unaudited)	Nine months ended 30 September 2014 (Unaudited)	Year ended 31 December 2014 (Audited)
Profit/(loss)	**(1,705)**	**(20,152)**	**44,985**	**(27,619)**	**(98,803)**
OTHER COMPREHENSIVE INCOME					
Net movement in currency translation reserve and other changes	4	46	34	176	216
Total other comprehensive income, net of tax	**4**	**46**	**34**	**176**	**216**
Total comprehensive income	**(1,701)**	**(20,106)**	**45,019**	**(27,443)**	**(98,587)**
Total comprehensive income attributable to					
Shareholders of the parent	(1,701)	(20,106)	45,019	(27,443)	(98,587)
Total	**(1,701)**	**(20,106)**	**45,019**	**(27,443)**	**(98,587)**

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

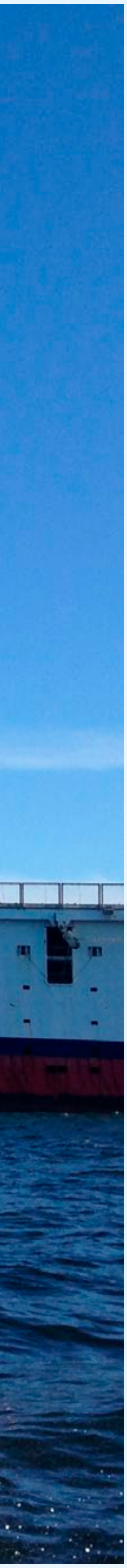
All figures in $000's	Nine months ended 30 September 2015 (Unaudited)	Nine months ended 30 September 2014 (Unaudited)	Year ended 31 December 2014 (Audited)
Opening balance	**(40,921)**	**57,666**	**57,666**
Profit/(loss) for the period	44,985	(27,619)	(98,803)
Increase/(decrease) in share capital	29,571	–	–
Increase/(decrease) equity component of warrants	2,736	–	–
Share options granted	29	190	229
Net movements in currency translation reserve and other changes	5	(14)	(14)
Ending balance	**36,405**	**30,223**	**(40,921)**

CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

All figures in $000's	Quarter ended 30 September 2015 (Unaudited)	Quarter ended 30 September 2014 (Unaudited)	Nine months ended 30 September 2015 (Unaudited)	Nine months ended 30 September 2014 (Unaudited)	Year ended 31 December 2014 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before income tax	(1,528)	(19,474)	45,781	(26,925)	(97,647)
Adjustments for					
Restructuring gain	–	–	(66,411)	–	–
Depreciation, amortization and impairment	4,590	8,995	18,319	31,939	72,010
Movement in provision	(1,286)	–	6,308	–	–
Unrealized exchange (gain)/loss	144	47	47	234	566
Accelerated finance charge on bond loan	–	5,102	–	5,102	5,102
Amortization of interest	966	2,447	3,075	7,678	8,935
Goodwill impairment	–	–	–	–	1,267
Paid income tax	(997)	(442)	(2,385)	(1,609)	(1,833)
(Increase)/decrease in inventories	206	(628)	1,370	(377)	(96)
(Increase)/decrease in trade and other receivables	(2,917)	3,999	8,141	3,059	6,518
Increase/(decrease) in trade and other payables	1,862	14,266	(23,593)	23,311	45,443
Net cash from operating activities	**1,040**	**14,312**	**(9,349)**	**42,412**	**40,265**
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures	(1,723)	(1,976)	(5,052)	(7,751)	(7,828)
Multi-client investment	(75)	(13,467)	(240)	(28,324)	(29,560)
Net cash used in investing activities	**(1,798)**	**(15,443)**	**(5,292)**	**(36,075)**	**(37,388)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of ordinary shares	–	–	10,986	–	–
Receipts from borrowings	–	–	5,000	–	–
Repayment of borrowings	(413)	(1,040)	(1,129)	(5,110)	(5,110)
Movement in borrowings	–	–	–	–	414
Interest paid	(767)	(375)	(1,764)	(3,350)	(3,349)
Net movement in currency fluctuations	–	–	–	(15)	(15)
Net cash from financing activities	**(1,180)**	**(1,415)**	**13,093**	**(8,475)**	**(8,060)**
Net (decrease)/increase in cash and cash equivalents	**(1,938)**	**(2,546)**	**(1,548)**	**(2,138)**	**(5,183)**
Cash and cash equivalents at beginning of the period	**7,363**	**12,563**	**6,972**	**12,155**	**12,155**
Cash and cash equivalents discontinued operations	**-**	**-**	**-**	**-**	**-**
Cash and cash equivalents at end of the period	**5,425**	**10,017**	**5,425**	**10,017**	**6,972**

NOTE 1: INTERIM STATEMENT OF INCOME FOR DISCONTINUED OPERATIONS					
	Quarter ended 30 September		Nine months ended 30 September		Year ended 31 December
All figures in USD 000's	2015	2014	2015	2014	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenues	–	–	–	161	161
Cost of sales	–	–	180	768	768
Selling, general and administrative expenses	–	–	–	(7)	(7)
Other income (expenses), net	–	–	–	170	170
Earnings before interest, tax, depreciation and amortization (EBITDA)	**-**	**-**	**180**	**1,092**	**1,092**
Depreciation and amortization	–	–	–	–	–
Impairment	–	–	–	–	–
Earnings before interest and taxes (EBIT)	**-**	**-**	**180**	**1,092**	**1,092**
Interest expense	–	–	–	–	–
Other financial items, net	–	–	–	–	–
Profit/(loss) before income tax	**-**	**-**	**180**	**1,092**	**1,092**
Income tax	–	–	–	(77)	(77)
Profit/(loss) discontinuing operations	**-**	**-**	**180**	**1,015**	**1,015**
Gain/(loss) on sale of OBN business	–	–	–	–	–
Net profit/(loss) from discontinued operations	**-**	**-**	**180**	**1,015**	**1,015**
Profit/(loss) attributable to					
Shareholders of the parent	–	–	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), Dubai (UAE) and Singapore. 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 Q3 2015, as approved by the board of directors 4 November 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 Q3 2015 was $3.6 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 value 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 and restructuring provisions

The company charters the 3D vessel Geo Pacific, on a three-year bareboat charter from January 2013 to 31 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 $12,485 and an annual rate increase of 2% taking effect in August of each year. During Q2 2015, 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 Q2 2015, 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 incurred $1.5 million in operating costs and $0.2 million in interest expense that was charged against provisions. Moreover, the company made a net $0.9 million gain on changes in provision estimates mainly due to lower costs and higher revenues than expected on the Munin Explorer vessel during July and August. During the quarter accrued costs of $1.0 million related to the Kondor Explorer was reclassified to the provisions account. Please see table below for additional details.

Provisions	USD millions
Starting balance 1 July 2015	14.2
Incurred costs	(1.5)
Changes in provision estimate (booked as credit to cost of sales)	(0.9)
Cost reclassification	1.0
Interest expense	0.2
Ending balance 30 September 2015	**13.0**

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 sales in Q3 2015 were $0.1 million ($6.3 million).

The company reclassified two surveys with remaining aggregated book values of $4.6 million from category 1 to category 2 in quarter two. In light of current market sentiment and poor visibility for future multi-client sales, the company decided that it would be prudent to reclassify the remaining multi-client surveys from category 1 surveys to category 2 to reflect the increased risk. The change was made effective from the start of quarter three.

Multi-client amortization in Q3 2015 was $1.0 million (4.1 million), of which $1.0 million was related to minimum amortization.

Multi-client library	USD millions
Beginning balance	10.4
Capitalized cost	0.1
Capitalized depreciation	–
Impairment	–
Amortization	(1.0)
Net book value Q3 2015	**9.5**

Debt securities and maturities

The company has one bond loan (SBX04; SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2018), one secured credit facility, one unsecured note and the Hawk Explorer finance lease. The total book value of outstanding debt as per 30 September is $33.7 million. Please see table below for additional details.

Debt securities Q3 15	USD millions
LONG TERM DEBT	
Secured debt	
SBX04 bond loan, face value	29.3
Secured credit facility, face value	2.3
Unsecured debt	
Unsecured note, face value	2.1
Less current portion of unsecured note	(0.7)
Fair value adjustment*	(4.2)
Non-current loans and borrowings Q3 2015	**28.9**
SHORT TERM DEBT	
Hawk lease	3.9
Accrued interest	0.2
Current portion of long-term debt	0.7
Current loans and borrowings Q3 2015	**4.8**

* of which SBX04: $3.7m, secured credit facility: $0.3m, unsecured note: $0.2m.

The SBX04 bond loan and the credit facility matures 3 March 2018. The bond loan 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. Further, the credit facility has quarterly principal amortization of $160 thousand starting on 3 June 2017 with a balloon repayment to be made at maturity. The unsecured note is payable in nine equal instalments of $235 thousand, with the first instalment falling due 1 January 2016. The Hawk lease includes a $3.25 million purchase option for the vessel Hawk Explorer on 29 February 2016. If the purchase option is not exercised, SeaBird may redeliver the vessel or extend the lease until 28 February 2017. If the lease is extended, the company may exercise the option to buy the vessel for $1.75 million on 28 February 2017 or redeliver the vessel at such time. Please see table below for additional details on the aggregate maturities of the company's loans and borrowings.

Aggregate maturities of loans and borrowings	USD millions
YEAR OF REPAYMENT	
2015	0.4
2016	4.5
2017	7.4
2018	25.4

Note: 2016 maturity includes the $3.25 million cost of exercising purchase option for the Hawk lease, which may be postponed to 2017.

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 September 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 an expiration date of 15 January 2018.

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

Taxes

The parent company, SeaBird Exploration Plc, is subject to taxation in Norway while 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.

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. In the event that project performance is significantly below expectations, 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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