2017

ANNUAL REPORT

SeaBird Exploration

SEABIRD
AT A GLANCE

SeaBird is a global provider of seismic data for the oil and gas industry. The company is the market leader in the high-end 2D seismic services segment. The company is also a leading provider of source vessel solutions as well as niche 3D seismic.

SeaBird concentrates on contract seismic surveys, but is also engaged in the multi-client sector. The company is strongly positioned with its industry-leading quality, health, safety and environment (QHSE) culture and accreditations. The company has a focus on operational excellence which targets best-in-class performance. SeaBird's initiatives on operational improvements aim to continuously advance our service offerings.

$19.2m
revenues for 2017 compared to $72.1 million in 2016

-$12.3m
adjusted EBITDA in 2017 compared to $18.3 million in 2016

$19.9m
non-recurring charges and impairments recognized during the year; charges were $11.3 million and impairments were $8.6 million

Cost management
Annual SG&A cost targeted below $6 million for 2018; operating expenses significantly reduced and improved cost flexibility

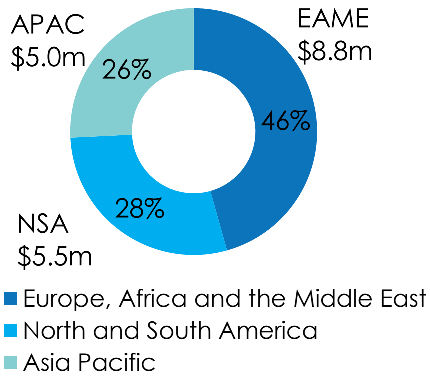
Financial restructuring
completed; reduced debt and lease obligations by approximately $37.5 million

$12.6m
in cash from new equity issues

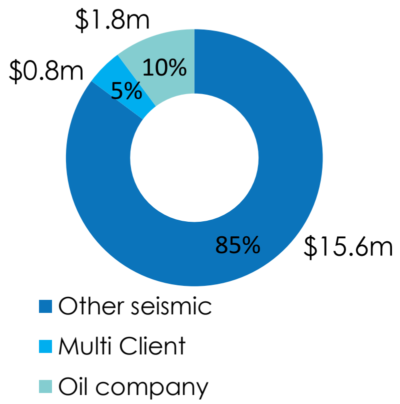
2017
HIGHLIGHTS

	2017	2016
Revenues	19,212	72,074
Gross margin	(6,771)	30,161
SG&A	(12,002)	(13,308)
EBITDA	(25,556)	22,431
EBIT	(46,453)	(3,050)
Profit/(loss)	(49,868)	(8,001)
Capital expenditures	(1,095)	(3,310)
Total debt	4,645	30,616
Net interest bearing debt	(1,909)	15,569
Equity ratio	35.5%	30.6%

REVENUE BY REGION
(USD) MILLIONS



REVENUE BY CLIENT TYPE
(USD MILLIONS)



CEO STATEMENT

An interview with
Christophe Debouvry

Christophe, we have seen significant structural changes in the oil services market over the past years. How have these developments impacted SeaBird's strategy?

There have certainly been a number of major changes in the seismic market. We have experienced a continued reduction in the number of active global players and there has been a substantial reduction in the available seismic fleet. We believe these changes are healthy for the industry and are positive for SeaBird.

With respect to our strategy going forward, we will continue to focus on the niche seismic markets where we can maintain market leadership – 2D, source vessel surveys and niche 3D.

The 2D market has been a core segment for SeaBird and will continue to be so. This market targets frontier exploration and is therefore traditionally muted during downturns. However, with oil prices now appreciating and reserve replacement ratios having declined significantly, exploration seismic will rebound.

The ocean bottom seismic market is another core segment for SeaBird. We are a key provider of source vessels to this market and with the rapid growth in node seismic, demand for source vessel capacity will increase. The growing technical demands in ocean bottom seismic will also play into SeaBird's strengths and will allow us to further differentiate our services relative to the competition.

The niche 3D seismic segment is also well suited for SeaBird. This is a 4-6 streamer market which targets high-precision shallow water surveys, high-resolution surveys and smaller seismic surveys. The niche 3D segment is generally focused on survey areas with lower extraction cost or areas currently under production. With oil prices at current levels, we expect to see increased demand in this segment. Lastly, we believe the company's QHSE systems and culture are of critical importance to deliver superior service and quality.

QHSE is a core part of our strategy and has allowed us to prequalify with most oil majors and thereby differentiate us from the competition.

You have worked actively to refocus the SeaBird fleet. How do you see the company's current vessel configuration and what is the vessel strategy going forward?

Keeping in mind the company's key markets and the technological developments taking place, we have spent significant time on evaluating our fleet relative to what we see as future required operational capabilities. As a part of this effort, we sold the Hawk Explorer in 2016 and announced the decommissioning of the Northern Explorer in 2017. Lastly, we entered into a redelivery agreement of the Munin Explorer in 2018. Following these transactions, we have now optimized our fleet around three owned vessels in addition to the Voyager Explorer, which is on a three-year flexible charter contract.

The owned vessels – Aquila Explorer, Osprey Explorer and Harrier Explorer – are all optimally suited for the 2D and source markets. They were all upgraded for seismic operation in 2006/2007 and are equipped to tow 12 kilometers of 2D streamer. All vessels are dual source and dual propulsion, and are highly cost efficient.

The Voyager Explorer is the most versatile vessel and can operate as a 2D or source vessel, but can also operate in 3D mode. In addition, the Voyager is special-purpose designed for shallow-water 3D surveys and can efficiently cover areas as shallow as approximately 10 meters of water depth.

With these four vessels under the SeaBird umbrella, we believe we are well positioned to cover all client requirements on a global basis. That being said, we will continue to evaluate opportunities to further enhance the fleet and our service offering.

Given the changing market dynamics and the refocused fleet, how do you see the competitive environment?

With respect to 2D seismic, we believe we are an industry leader and one of only two companies positioned to provide a global service offering. Previously, the added competitive pressure in this segment came from 3D operators allocating their excess vessel capacity to the 2D market. Following the consolidation of 3D operators as well as the 3D fleet reduction, we believe competition in 2D seismic will be significantly reduced. Demand in the 2D sector is still muted after several years of reduced oil company exploration spending. However, with declining global reserve replacement, 2D seismic is the first tool in the box to find new offshore oil reserves and SeaBird is well positioned to take advantage of the market upturn.

Growth in the ocean bottom seismic market will be substantial over the next few years so demand for source vessels will increase accordingly. In the source vessel segment, we estimate a marketed industry fleet of some 10-12 vessels. Additional capacity could be brought to market, but this would in most instances require substantial investment. The traditional 3D and 2D operators are generally not a significant factor in the source segment. Moreover, SeaBird is well positioned in that we can deliver full-blown operational service to clients, while current competitors consist of ship-owners that primarily only provide the vessel and some equipment. Equally importantly, we expect a growing trend towards more advanced ocean bottom surveys. This will require greater source capacity per vessel, the ability to provide multiple vessels with compatible source configurations and the ability to offer repeat surveys with the same source footprint. The more advanced node surveys will also require greater seismic expertise on the part of the source operators, which again will highlight SeaBird's strengths.

In the niche 3D market, we do generally not encounter any established competitors. The niche 3D segment calls for smaller seismic vessels with shallower draft and is a market targeting highly complex surveys in need of special operational skills. This market is well suited for SeaBird's technical and QHSE competencies.

Oil prices have recovered significantly from recent lows and it is widely reported that oil company capital spending is increasing. How has this translated into tendering activity?

There is no doubt that the seismic market has troughed and that we are facing a recovery now that oil prices are back above $60 per barrel. We are experiencing a steady level of client requests and this improved tender activity has been ongoing for the past few quarters. That being said, decision processes are still slow and the timeline for contract conversion remains longer than normal.

With respect to pricing, day rates have remained stable since early 2017. We would expect pricing to improve as industry utilization recovers, but would not anticipate any substantial increases in 2018.

QUALITY HEALTH SAFETY ENVIRONMENT

We are guided by our commitment to quality, health, safety and environment (QHSE)

SeaBird's operating management system is a key component in the company's performance evaluation process. In addition to quality, the system ensures safe operations. The company reported a lost time injury frequency rate of 0.00 and a total recordable incident rate of 0.00 in 2017.

SeaBird completed a detailed analysis of past performance to further improve QHSE procedures and establish objectives for 2018. Quality enhancement will be of increased focus in 2018.

Our management system is certified to ISO 14001:2015 (environmental management systems), ISO 9001:2015 (quality management systems) and OHSAS 18001 (occupational health and safety management systems).

All vessels comply with the requirements of the international safety management code (ISM) and the marine labor convention 2006 (MLC).

The company continues to work actively on minimizing its impact on the environment. We strive to achieve the highest levels of environmental awareness and operational competency.

These goals are supported through the company's training program, and we have an ongoing annual target for all personnel to acquire an internationally recognized HSE qualification.

Established QHSE processes ensures the company:

- Provides a safe, healthy work environment both offshore and onshore;
- Continuously improves operational performance and quality;
- Deliver its services promptly and cost effectively;
- Considers the environment in all aspects of its operations.

0.00

lost time injury frequency (LTIF) rate

0.00

total recordable incident rate (TRIR)

1.0%

Total fleet average downtime

GEOGRAPHIC MARKET DRIVERS

The company is a global organization and operates in all geographic continents. SeaBird's extensive reach and experience offers its clients significant expertise within complex and challenging environments

Europe, Africa and the Middle East
The Northern Europe season has been muted as a result of weak market conditions. Nevertheless, with licensing round awards in the United Kingdom and Norway, general seismic contract activity is expected to improve. The Mediterranean, and in particular Eastern Mediterranean and the Middle East is an attractive area going forward for both 2D and source projects. North West Africa has attracted renewed interest due to oil discoveries in Senegal and Mauritania and large 3D programs are being conducted in these countries in addition to Morocco. In the Gulf of Guinea there are several surveys lined up for work in Cote d'Ivoire, Ghana and Nigeria whilst further south there are multi-client surveys ongoing in South Africa and on the East Coast in Mozambique. There are also renewed interest for towed streamer shallow water 3D in Africa and Middle East and SeaBird is well prepared for this.

Asia Pacific
We see continued interest in Australasia, but a number of surveys have recently been postponed due to budget limitations, prefunding concerns and delays in environmental permitting. The activity level in the source market is anticipated to be resilient given oil companies continued interest in reservoir monitoring and ocean bottom seismic surveys in the region. In the long term, Asia Pacific is likely to remain an essential region for all types of seismic exploration. There are planned 3D, node surveys and 2D in the region throughout the year. In particular, an uptick in activity is anticipated in Bangladesh from Q4-18 onward, with possible large 2D programs. Node surveys and towed streamer 4D surveys are planned in Malaysia and Brunei during 2018.

North and South America
The North America streamer market is less active at present but work is expected to recommence in East Canada mid-year. We have recently seen an uptick in market requirement for applications of dedicated source vessels in conjunction with ocean bottom seismic as well as 3D surveys in the US Gulf of Mexico for the second half of 2018. Plans for the United States to open the Atlantic coast are back on the table, but still face objections at the local and state level, which could continue to delay proceedings. Latin America has been slow but steady, with 2D and 3D surveys in Suriname and Guyana being conducted. There are more surveys to come as ExxonMobil also have plans for 2D and 3D seismic in their acerage in Suriname. Activity in Brazil has been impacted by project delays and cuts in exploration spending, although we believe several new seismic projects could materialize in the short or medium term. Upcoming licensing rounds in Argentina and Brazil have triggered multi-client surveys in the region. We also see increased OBS activities in the Gulf of Mexico, Trinidad & Tobago and Brazil.

- 4 vessels
- 4 offices
- Qualified to work with oil majors and all major seismic companies
- Industry leading QHSE
- Extensive experience within adverse operating environments

Europe, Africa and the Middle East

46% of group revenues	
2D	31%
Source	64%
3D	0%
Multi-Client	5%

North and South America

28% of group revenues	
2D	50%
Source	50%
3D	0%
Multi-Client	0%

Asia Pacific

26% of group revenues	
2D	0%
Source	100%
3D	0%
Multi-Client	0%

INTERACTION WITH THE CAPITAL MARKETS

The company completed its financial restructuring in Q3 2017, substantially reducing its financial indebtedness. Additional equity capital was raised in Q4 2017.

The restructuring

In August 2017, the company announced the completion of the proposed financial restructuring, reducing debt and lease obligations by approximately $37.5 million. The remaining financial debt excluding interest was $5.0 million in nominal terms at 31 December 2017, with no significant debt principal repayments until 2020 and interest and charter hire with a payment-in-kind option. Additionally, all financial covenants have been suspended.

The company also agreed to extend the Munin charter contract to 30 June 2020 and substantially reduced charter hire to $2,088 per day for the period from 3 June 2017 until 30 June 2020. The new charter hire can, at the company's discretion, be accumulated and not paid in cash before 30 June 2020. As a part of the agreement, the difference between the new charter hire of $2,088 per day and the remaining and unpaid previous charter hire was converted into new shares in accordance with the terms of the restructuring.

The company also entered into an exchange agreement with TGS whereby all SBX04 bonds and related interest outstanding under Tranche A were transferred to the company in exchange for the transfer of title to the majority of the company's multi-client library assets to TGS. Please see note 30 for additional details on the transaction with TGS.

We refer to note 30 for further details of the restructuring transaction.

Capital market transactions

During the second half of the year, the company completed a private placement of 1,000,000,000 new Class A shares and a subsequent repair offering of 50,000,000 Class A shares, raising proceeds of NOK 105 million at a price of NOK 0.10 per Offer Share. Each Offer Share was converted into ordinary shares of the company at a rate of 1 Offer Share to 1 ordinary share of nominal value US$ 0.001 each, upon effective completion of the reduction of the company's authorized and issued share capital that was finalized in Q1 2018. The company has 1,107,455,145 ordinary shares outstanding after completion of the share conversion. Please see note 14 for further details on the share issues.

Financial Calendar

10 May 2018
Annual General Meeting

16 May 2018
First Quarter 2018

17 Aug 2018
Second Quarter 2018

9 Nov 2018
Third Quarter 2018

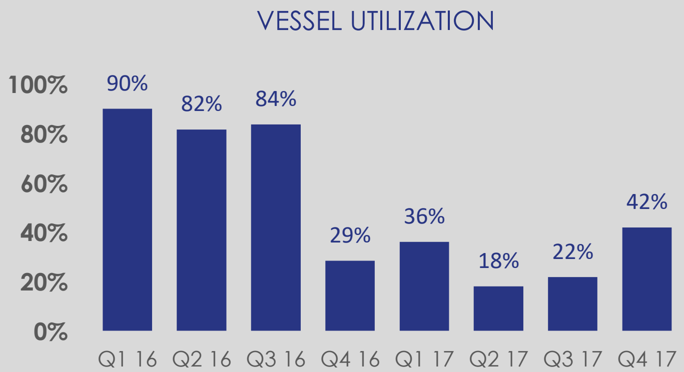
20 largest shareholders as of February 2018

INVESTOR	NO. OF SHARES	% OF TOTAL
MIEL HOLDING AS C/O SVEIN ØVREBØ	145,800,000	13.17%
AB SEB BANKAS A/C CLIENTS ACCOUNT	100,863,567	9.11%
VATNE EQUITY AS	79,000,000	7.13%
GRUNNFJELLET AS	79,000,000	7.13%
NORTH ENERGY CAPITAL	66,026,296	5.96%
CMD AS	50,000,000	4.51%
MP PENSJON PK	40,000,000	3.61%
GOLDMAN SACHS & CO	37,500,003	3.39%
ACTIVE PRO AS	30,000,000	2.71%
KRISTIAN FALNES AS	27,849,196	2.51%
OMA INVEST AS	27,007,817	2.44%
NEWTON HEATH HOLDING	24,000,000	2.17%
ADAN HOLDING AS	20,000,000	1.81%
STRANDEN INVEST AS	18,532,169	1.67%
SILVERCOIN INDUSTRIE	17,000,000	1.54%
ACME AS	12,500,000	1.13%
ONSAGER AXEL NORGREN	10,000,000	0.90%
FRØILAND INVEST AS	10,000,000	0.90%
NORDNET BANK AB	9,549,332	0.86%
MATSPECIALEN AS	9,533,333	0.86%
TOTAL NUMBER OWNED BY TOP 20	**814,161,713**	**73.52%**
TOTAL NUMBER OF SHARES	**1,107,455,145**	**100.00%**

OPERATIONS AND STRATEGIC FOCUS

SeaBird is a global provider of marine 2D, source and niche 3D seismic data for the oil and gas industry.

The company is the market leader in the high-end 2D seismic services segment. The company is also a leading provider of source vessel solutions and niche 3D seismic surveys. SeaBird is actively engaged in both the proprietary contract and multi-client sectors. The company provides global coverage with its seismic vessels. The company is incorporated in Cyprus and operates through four offices in Oslo (Norway), Limassol (Cyprus), Singapore and London (UK).



2D market
SeaBird is a market leader in the 2D seismic segment, but the activity in this sector was well below historical levels in 2017 due to depressed oil prices and sustained market softness. With the recently improved oil prices and macro indicators, we believe 2D survey activity will increase. During the year, the fleet was utilized on two 2D contract surveys in South America and two 2D projects in Africa. 2D surveys accounted for 28% of annual revenues in 2017.

Source
Ocean bottom seismic was the company's largest business area in 2017. The ocean bottom seismic market has been growing significantly as technology developments have reduced survey costs and provided oil companies improved data to optimize oil recovery. We expect this growth trend to continue in 2018 and beyond. Ocean bottom seismic operators require source vessels for such surveys and SeaBird is well positioned to be able to provide source vessel capacity globally. Through 2017, SeaBird conducted source projects in Africa, South America and the Asia Pacific regions. Source surveys accounted for 70% of annual revenues in 2017.

Niche 3D market
There has not been any activity in the niche 3D market during the last few years. However, with improving oil prices, we expect demand for shallow water and other specialized smaller 3D surveys to increase. The company intends to reactivate its niche 3D capacity to address this market.

Multi-client
The company did not complete any multi-client projects during the year. Still, SeaBird will continue to address multi-client opportunities with robust levels of prefunding. The multi-client business area accounted for 2% of annual revenues in 2017.

OCEAN BOTTOM SEISMIC

Ocean bottom seismic and source vessel requirement

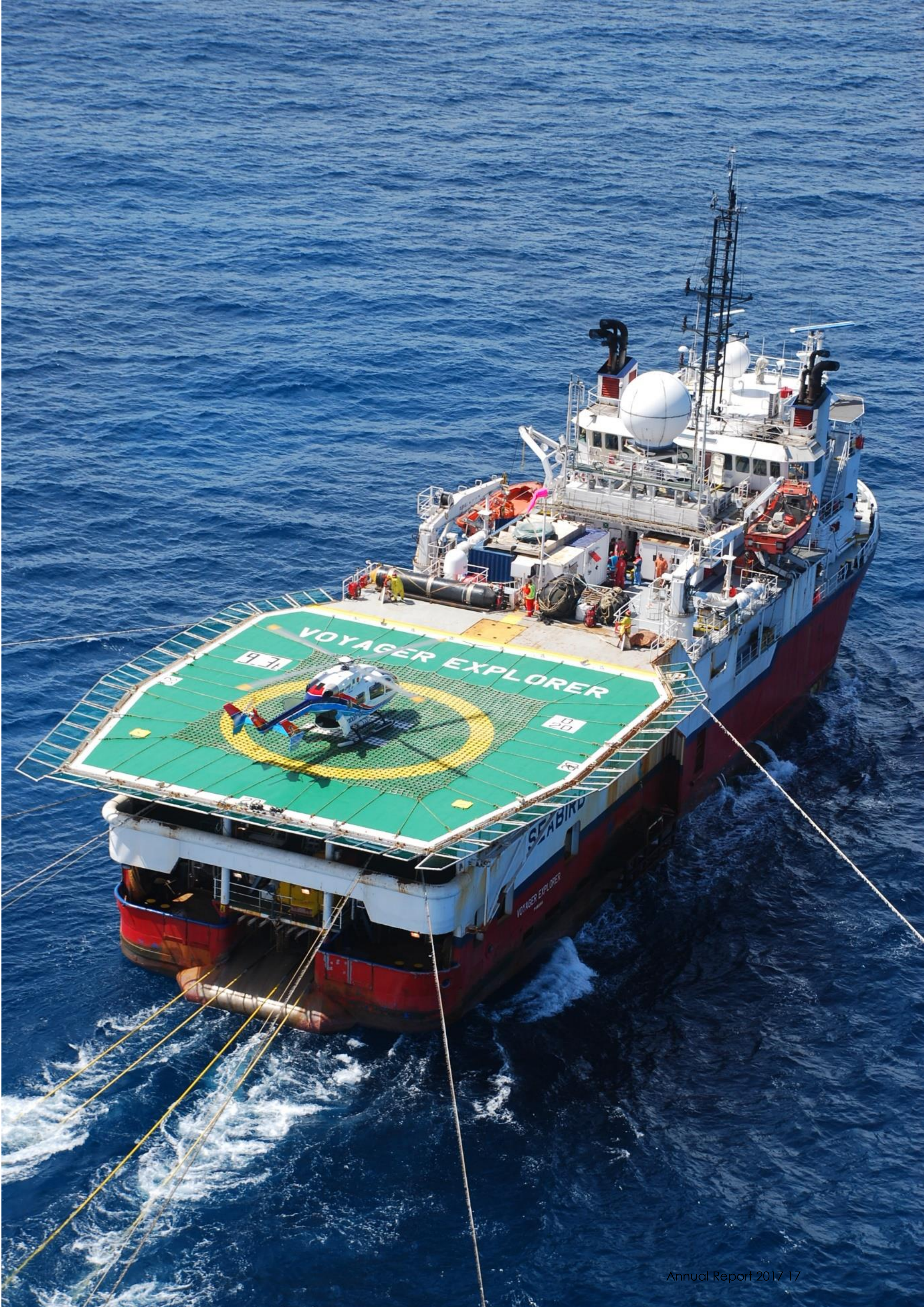
Ocean bottom seismic (OBS) operators require source vessels for the execution of their surveys. Source vessels send signals through the water, which ocean bottom receivers pick up and use to analyze the sub-surface geology. SeaBird has extensive seismic and complex operational experience, which allows us to provide the support OBS operators require to deliver a high-end product to the end client. Additionally, all our vessels have the capability and capacity to conduct standard as well as highly sophisticated source projects.

Ocean bottom seismic and source vessel demand is on the rise

Ocean bottom seismic is experiencing strong structural growth driven by technological breakthroughs, demand for high quality data and cost reduction. The increased interest in mapping complex geologies, mature fields, pre-salt and sub-basalt reservoirs and fractured carbonate reservoirs as well as developing and producing reservoirs with large complexity drives the need for seabed acquisition. OBS delivers superior data quality compared to streamer seismic, and the OBS technology has systematically been gaining market share from 3D streamer seismic.

OBS is mainly used for increased oil recovery on existing fields and proven reserves, which is linked to less volatile E&P operating budgets. E&P adoption of OBS has continued to increase as the survey cost has been significantly reduced and the technology has been further improved. OBS is also used for high-graded appraisal and exploration purposes when streamer data is insufficient, mainly because of complex field structures, exploration of pre-salt fields or infrastructure obstacles.

4D-seismic is increasingly done through OBS solutions. These are repeat surveys on same area/reserves over a longer period of time and are primarily used on active fields for reservoir monitoring and increased oil recovery efforts. Operations in the vicinity of existing fields pose increased operational risks and QHSE requirements, which favor experienced source vessel operators like SeaBird. The 4D seismic programs require source vessel capacity in regular intervals over a life-of-field period and offer increased demand visibility. The need to minimize execution-related data interference favors established vessel-operating seismic companies such as SeaBird, who can deliver vessel capacity with constant source signatures from year to year.


VOYAGER EXPLORER
SEABIRD
VOYAGER EXPLORER

CFO STATEMENT

Nils Haugestad

During the year, the company completed its financial restructuring which reduced debt and lease obligations from $44.9 million to $7.4 million. In addition to converting debt and charter hire obligations to equity, we also sold most of our multi-client library to TGS in return for the SBX04 A tranche previously outstanding. Lastly, we extended the maturity of the remaining balance of the SBX04 B tranche and the credit facility to 30 June 2020, we eliminated all financial covenants and we provided the company the option to pay all future interest and Munin Explorer charter hire in kind until final maturity.

Subsequent to year-end, the company entered into a settlement agreement with Ordinat Shipping AS, the owners of Munin Explorer, for the termination of the charter party agreement and redelivery of the vessel. The transaction is conditional on the fulfilment of certain preconditions and is expected to be approximately cash neutral to the company in 2018 and 2019. We estimate that the transaction will save in excess of $2 million over the term of the contract, including the forgiveness of the $2.4 million charter hire payment due 30 June 2020. The settlement agreement provides for a three year non-competition restriction whereby the vessel cannot compete in the company's markets.

With the termination of the Munin charter agreement and the repayment of the unsecured note, the company now has nominal debt obligations of $5.0 million dollars plus any accrued pay-in-kind interest. At this point, the company's financial debt position and charter hire obligations have been fully addressed.

In the fourth quarter we entered into an agreement to sell the Northern Explorer. Together with the redelivery of Munin Explorer, this completes our vessel optimization effort and the entire SeaBird fleet is now composed of vessels that are optimally configured and well positioned to address the company's core markets and the evolving technology requirements.

With respect to the cost improvement efforts, we reached all targets previously communicated by year-end. Operating expense levels have been optimized without sacrificing quality or productivity. We have also created a significantly more flexible cost structure, which allows us to manage expense levels in line with utilization. On the SG&A side, we reached a run-rate of less than $6 million per year. We are targeting to maintain this level until market conditions improve.

To strengthen the balance sheet, the company completed a NOK 105 million equity offering in the second half of the year. Given the capital injection and the cost optimization achieved, the company has significant operating leverage towards a return to normalized mid-cycle market conditions.

GROUP MANAGEMENT

CHRISTOPHE DEBOUVRY

Chief Executive Officer, Position held from 2016

Mr. Debouvry has held the position as Chief Executive Officer of the company since January 2016. He has over 25 years' experience in the oil services sector with a long track record in international offshore operations, strategy and finance including positions in leading seismic company CGG Group. After leaving CGG in 2010, he has in particular worked with Oaktree Capital Management on the build-up of the UK-based Harkand Group, an offshore service provider. Mr. Debouvry holds a Master of Science degree in Electrical Engineering and a Master of Business Administration degree from Insead. He is a French citizen and resides in Paris, France.

NILS C. HAUGESTAD

Chief Financial Officer, Position held from 2012

Mr. Haugestad has held the position as Chief Financial Officer of the company since April 2012. Mr. Haugestad has over 20 years' experience in investment banking, principal investments and corporate strategy. He came from the position as Chief Executive Officer and founding partner of Fokus Capital Ltd. Prior to this, Mr. Haugestad was Chief Operating Officer of Evolvence Capital Ltd. Mr. Haugestad has previously held a number of positions in New York with Citigroup, Citicorp Venture Capital, Credit Suisse, RBC Capital Markets and UBS. Mr. Haugestad holds a Bachelor of Science degree from the Wharton School, University of Pennsylvania and a Master of Business Administration degree from Harvard Business School. Mr. Haugestad is a Norwegian citizen and resides in Oslo, Norway.

KJELL MANGERØY

VP Business Development, Position held from 2008

Mr. Mangerøy has held the position as VP Business Development in the company since February 2008. Prior to the appointment of VP Business Development, he held the position as VP Operations since 2006. Before joining SeaBird, he held the position of Business Development Manager (Africa) for PGS from 2001 to 2006 based in London and from 1995 to 2001, he held the position of Operations Manager in PGS based in Oslo. From 1985 to 1995, he worked for CGG on board vessels as Party Chief and later as Operations Manager based in London for three years before opening an office for CGG in Stavanger in 1992. From 1976 to 1985, he held various positions in several seismic and survey companies before joining CGG. Mr. Mangerøy has extensive experience from 42 years in the seismic industry. Mr. Mangerøy is a Norwegian citizen and resides in London, UK.

STEINAR FJELDBO

VP Operations, Position held from 2014

Mr. Fjeldbo joined SeaBird in February 2014, after 22 years in the seismic industry working for Geco-Prakla, WesternGeco, Reservoir Exploration Technology, Fugro GeoTeam and CGG. Nine of these years were offshore and the rest in operational management. Mr. Fjeldbo has a military and technical education from the Royal Norwegian Navy where he had six years of service, specializing in sonar and other technical equipment on submarines. Mr. Fjeldbo is a Norwegian citizen and resides in Sandefjord, Norway.

DAG GREPPERUD

VP QHSE, Position held from 2015

Mr. Grepperud has held the position as VP QHSE since May 2015. He rejoined the same position that he held with SeaBird from 2006 to 2011. Mr. Grepperud has 19 years' experience from QHSE related positions in the marine and oil and gas industry. He held the position as Quality Assurance, Risk & Marine Assurance Manager with Technip Norge AS from 2011 until resuming with SeaBird in May 2015. Mr. Grepperud is an accredited ISM and ISO 9001 auditor and accredited Risk Manager. His background is Marine Operations and he graduated from the Royal Norwegian Naval Academy in 1992. Mr. Grepperud is a Norwegian citizen and resides in Oslo, Norway.

BOARD OF DIRECTORS

Arne Helland
Chairman, Joined 2017

Mr. Helland was appointed to his position in 2017. He holds a MBE in Management & Finance from BI Norwegian School of Management. Mr. Helland was CFO of TGS-NOPEC Geophysical ASA (TGS) for twelve years and thereafter held the position as EVP Strategy & Business Development for Spectrum ASA for three years. He is currently Chief Financial Officer of ARGEO AS, a geoscience company. Mr. Helland is a Norwegian citizen and resides in Norway.

Hans Petter Klohs
Director, Joined 2015

Hans Petter Klohs is a Norwegian citizen born 1967. He holds a BSc degree in Economics and Business Administration and an MPhil degree in International Finance. Mr. Klohs has extensive senior executive management experience from Norwegian stock listed entities in both oil service and oil & gas, amongst other as CFO in GC Rieber Shipping ASA for more than 10 years, CEO in Arrow Seismic ASA and Armada Seismic ASA and CFO in Rocksource ASA. His field of expertise include corporate funding, financial reporting, M&A, corporate finance, investor relations and business development.

Stig R. Myrseth – Director
Director, Joined 2017

Mr. Myrseth was appionted as a director of the company in 2017. He has a distinguished and longstanding career as a financial analyst, fund manager and founder of brokerage and fund management companies in Norway. In 1999 he established the brokerage firm Orion Securities and from 2009 to 2011 he was the Chief Analyst of the second largest Norwegian savings bank group, Eika Gruppen. In 2011 he founded the fund management company Dovre Forvaltning. Mr. Myrseth is a Norwegian citizen and resides in Lithuania.

CORPORATE GOVERNANCE

SEABIRD EXPLORATION PLC

Comprehensive report for the year 2017

Our corporate governance policy guides our operations and business activity. It also provides the standards for our code of conduct as stipulated by the board of directors

1. Implementation and report on corporate governance

This report on corporate governance is provided by the board of directors in accordance with the Norwegian Code of Practice for Corporate Governance as last amended 30 October 2014 and the listing rules of Oslo Stock Exchange publicly available at www.nues.no. This report also fulfils the requirement in Corporate Governance Code April 2014 of the Cyprus SEC. The company has defined its key corporate values in a series of policies, including ethical guidelines. Corporate social responsibility has not been formulated into a specific guideline. However, our quality, health, safety and environment (QHSE) systems and culture are generally viewed to address this topic.

2. Business

The main business activities permitted by the company's constitutional documents are set out in the memorandum of association article 3.1; "To carry on or undertake any commercial activity relating to providing oil and gas exploration, production and participation, seismic data services onshore, transition zones and offshore, and general offshore energy related services and whatever else may be considered incidental or conductive thereto, including but not limited to, acting as a holding company to companies engaging in such activities; investing in other companies engaged in any of aforementioned activities; buying, selling or other otherwise dealing with acquiring property in the oil and gas industry; mortgaging, borrowing or charging its assets or acting as guarantor in connection with undertaking or any of the activities whether for itself or any affiliate or third parties".

SeaBird is a global provider of marine 2D, source and niche 3D seismic data for the oil and gas industry. The company is the market leader in the high-end 2D seismic services segment. The company is also a provider of niche 3D and source vessel solutions. SeaBird is actively engaged in both the proprietary contract and multi-client sectors. The company provides global coverage with its seismic vessels.

The memorandum and articles of association of the company may be amended by a resolution of no less than three-fourths majority of the votes cast at the general meeting. However, in case of an amendment of the objects of the company contained in clause 3 of the memorandum of association or in case of a reduction in the company's share capital, the resolution will in addition require an approval by the district court of Limassol, Cyprus.

3. Equity and dividends

The company is committed to having an appropriate level of equity capital. The company will strive to follow a dividend policy favorable to the shareholders. There are no dividend restrictions in the current debt facilities. However, other financial covenants may impact the company's ability to make distributions.

The company's authorized share capital as of 31 December 2017 is USD 16,800,000 and is set out in the memorandum of association. Shareholders with significant shareholdings are identified in the financial notes to this annual report. Subject to any resolution of the shareholders, the board of directors may issue shares up to the authorized share capital limit without any limitation in purpose and time, save that, whenever new shares are issued for consideration in cash, the shares must be offered on a preemptive basis to the existing shareholders, in proportion to the capital represented by their shares. These pre-emption rights may be excluded by a resolution of the general meeting.

The company may, subject to the provisions of Cyprus law and its articles of association, purchase its own shares, following approval by the shareholders of the company (requiring three-fourths majority of the votes cast at the general meeting). However, any such purchases may not result in the company holding more than 10% of its issued share capital.

4. Equal treatment of shareholders and transactions with close associates

There is only one class of shares in the company.

None of the company's subsidiaries has minority shareholders other than as required to facilitate local requirements.

The company has provisions for directors and management to report conflicts of interest in any transaction or business activity.

5. Freely negotiable share

The shares in the company are freely transferable and the company's articles of association contain no restrictions on transferability or ownership.

6. General meetings

General meetings of the company are required to be called no later than twenty one days ahead of the meeting by a notice on the company's website and with a calling notice sent to each shareholder. In the case of a general meeting other than (i) an annual general meeting or (ii) a meeting for the passing of a special resolution, the meeting may be called by fourteen days' notice, if a special resolution that shortens the notice period to fourteen days has been approved in the immediately preceding annual general meeting or at a general meeting that was conducted after such immediately preceding annual general meeting. Proxy votes are permitted and there is no requirement for notice of attendance. The shareholders meetings are led by the chairman appointed as set out in the company's articles of association.

DNB Bank ASA, as a registered shareholder to the company, distributes their request for proxy instructions to the general meeting when the company's calling notice is made public. The calling notice advises the procedures for participating in the general meeting, the routines for proxy voting and includes any required forms. The same information will be posted on the company's website.

7. Nomination committee

The company has a nomination committee elected by the general meeting, which consists of Mr. Thomas Aanmoen, Mr. Marius Horgen and Mr. Jan Frode Andersen. The nomination committee elects its chairperson and makes a recommendation at the general meeting for the compensation of the board of directors as well as the nomination committee.

The nomination committee is not regulated in the articles of association or memorandum of association.

The members of the nomination committee are independent of the board and no officers of the company serve on the committee.

Recommendations for new members of the nomination committee are made by the committee itself, and not by the board of directors.

The nomination committee provides a written report of nominated candidates together with justification for their candidacy ahead of the annual general meeting. The report is distributed to all shareholders with the calling notice for the general meeting.

The members of the nomination committee are made known by a public release following the election at the annual general meeting.

8. Corporate assembly and board of directors: composition and independence

The company has no requirement for a corporate assembly.

The annual report of the company provides information on the expertise of the directors. The board of directors consists of three members. The three members are independent of major shareholders, executive management and material business partners. Subject to any resolution of the shareholders to the contrary, the board may elect the chairperson of the board. Each director holds office until the expiration of his or her term and is normally elected for a one-year term.

Directors of the board have not been directly encouraged to own shares in the company.

9. The work of the board of directors

The board resolved a plan for its activity for 2017 with an emphasis on the company's objectives and strategy.

Instructions are in place for the CEO and the board of directors, chairman. The articles of association, however, have applicable procedures for board meetings when the chairman is absent.

The board of directors has established an audit committee. The audit committee consists of independent directors Mr. Helland and Mr. Klohs.

10. Risk management and internal control

The company has developed internal control and risk assessment procedures appropriate to managing major projects, financial reporting and in the field of QHSE. The board receives frequent reports and annually assesses risk systems and internal controls.

11. Remuneration of the board of directors

The compensation of the directors is fixed by the annual general meeting upon the recommendation of the nomination committee. Annual fees paid do not reflect the particular skills, but do remunerate additional efforts made in committees of the board. There are no stock options or performance incentives granted to the directors.

outlining their different roles and the interaction between the
To the extent consultancy services are provided to the company by any director, the board will approve such activities. The compensation to directors is included in the annual report.

12. Remuneration of executive management

There are no requirements by applicable law for the company to have guidelines for remunerating its executive management.

13. Information and communication

The company's guidelines for financial reporting as well as other information distributed to the market, requires openness and equal treatment of all shareholders.

The financial calendar is issued annually and posted on Oslo Børs as well as the company's website.

The board has established guidelines for contact with shareholders other than through the general meeting.

14. Take-overs

The guiding principles for the board's dealings in a takeover bid situation have been set out in accordance with our corporate parties. The board does not have an elected or appointed deputy governance policy, intended to safeguard shareholders' interests. No takeover situations have occurred during the reported year.

15. Auditors

The company's auditor presents an annual plan for the audit of the company to the board and the audit committee. Internal control is annually assessed by the auditor with the company's audit committee, referring any recommendations to the board of directors. The auditor attends the meetings when the board of directors discuss the annual accounts and results. The auditor meets with the board of directors without management being present when so requested by either party.

The use of non-audit related services from the auditor has been limited and should only be performed upon prior approval by the board of directors. The board has not seen reason to establish separate guidelines for the use of the auditor's services or request a confirmation of the auditors' independence.

The remuneration paid to the auditor is reported at the annual general meeting.

MANAGEMENT REPORT

Operating activities

The streamer seismic market remained weak throughout the year. We continued to see rising demand for source capacity mainly driven by growth in ocean bottom seismic surveys. Oil prices and oil exploration macro indicators improved markedly in the second half of the year and we expect that this will translate into growing market demand in all our core business segments.

The company did not perform any multi-client projects in 2017 and multi-client sales were limited in the period. A major part of the company's multi-client library was exchanged for TGS' share in the SBX04 bond as a part of the agreed restructuring that was implemented in the second half of the year.

The company completed two 2D contracts and one source project in the Europe, Middle East and Africa region and two new 2D contract surveys in the North and South America (NSA) region during year. The company also started working on one source project in the NSA region late in the year, which was completed subsequent to year-end. Additionally, the company started working on a long-term source project in the Asia Pacific region in the middle of the year, which continued into 2018. The company's vessel utilization was 30% in 2017 down from 73% in 2016, mainly due to continued seismic market weakness, long decision processes and slow conversion from tender to contract.

Total non-recurring charges and impairments were net $19.9 million in 2017. The company recognized net operational non-recurring charges of $4.7 million on vessels (Voyager Explorer, Munin Explorer and Northern Explorer). Property, plant and equipment impairment of the Northern Explorer and seismic equipment amounted to $8.4 million in 2017, which was mainly triggered by the retirement of the Northern Explorer from the fleet. The company also booked a $0.2 million impairment of multi-client assets. Non-recurring sales, general and administrative costs were $1.1 million, mainly relating to legal restructuring advice ($0.8 million) and to a lesser degree office closing costs ($0.3 million). Additionally, the company booked a $5.5 million operational restructuring loss and $0.9 million financial restructuring gain as a part of the restructuring that was implemented in quarter three. Net non-recurring bad debt costs were $1.3 million. The company also booked net non-recurring tax gains of $0.7 million and $0.3 million in non-recurring interest and penalties cost in relation to tax.

From an operational standpoint, SeaBird's continued focus on quality, health, safety and the environment remains at the forefront of our business. SeaBird is committed to contributing to sustainable development. The company's policies and procedures are designed to enable the company to deliver its services while minimizing the company's environmental footprint.

Financial review

The consolidated financial statements of SeaBird Exploration Plc as well as the unconsolidated financial statements for the parent company are prepared in accordance with International Financial Reporting Standards.

Revenues were $19.2 million in 2017, representing a 73% decrease compared to revenues earned in 2016. The reduction in revenues was mainly due to lower fleet

HIGHLIGHTS 2017

- Revenues were $19.2 million, a decrease of 73% compared to 2016.
- Adjusted EBITDA was negative $12.9 million. EBITDA was negative $25.6 million compared to $22.4 million for 2016.
- Signed agreement to terminate charter party of Munin Explorer and Northern Explorer retired from the fleet. Total active fleet of four vessels at the end of 2017.
- Contract revenues were $18.5 million, down 74% from 2016.
- Adjusted EBIT was $25.2 million. EBIT was negative $46.4 million compared to negative $3.0 million for the prior year.
- Financial restructuring completed
- Cost of Sales were $26.0 million, a reduction of 38% compared to 2016
- Net non-recurring losses of $11.3 million and impairments of $8.6 million recognized during the year.

utilization compared to 2016. The majority of our revenues were related to contracts with oil companies and other seismic companies. Our largest customer contributed with 30% of total revenues for the year. Contract revenues for 2017 were down 74% from 2016. Revenues earned from multi-client sales in 2017 decreased by 66% relative to the prior period.

Other income (expense) was $0.0 million in 2017 ($1.1 million).

Cost of sales was $26.0 million in 2017 ($41.9 million). The decrease is primarily due to lower project activity, lowered crew headcount, stacking of vessels and cost savings initiatives.

SG&A was $12.0 million in 2017, down from $13.3 million in 2016. The decrease is principally due to general cost savings initiatives and reduced onshore headcount during 2017 partially offset by non-recurring restructuring legal costs.

Bad debt charges was $1.3 million in 2017 compared to $4.5 million reversal of bad debt charges in 2016.

Operational restructuring loss was $5.5 million in 2017 compared to nil in 2016.

Adjusted EBITDA was negative $12.9 million down from $18.3 million in 2016. EBITDA was negative $25.6 million compared to $22.4 million in 2016.

Depreciation and amortization were $12.3 million in 2017 ($15.6 million). The decrease is predominantly due to lower multi-client sales amortization and lower depreciation associated to lower vessel book values.

Total impairments were $8.6 million in 2017 ($9.9 million). The impairments were primarily related to the retirement of the Northern Explorer from the fleet.

Net finance expense was $3.7 million in 2017 ($5.5 million). The decrease finance expense is due to the implemented restructuring.

Other financial items was negative $0.8 million (gain of $1.1 million). The gain in 2016 was mainly due to the non-recurring gain on the Hawk lease.

Financial restructuring gain was $0.9 million in 2017 compared to nil in 2016.

Reversal of income tax expense was $0.2 million in 2017 (cost of $0.6 million).

The company reports a loss from continuing operations of $49.9 million for 2017 (loss of $8.0 million in 2016).

Capital expenditures were $1.1 million in 2017 ($3.3 million).

Multi-client investment was nil in 2017 ($2.6 million).

Net profit from discontinued operations was $0.2 million for 2017 compared to $0.1 million in 2016. Discontinued operations represent the remaining contractual obligations of the ocean bottom node business, which was divested in Q4 2011.

Cash and cash equivalents at the end of the period were $6.6 million ($15.0 million), of which $0.2 million was restricted in connection with deposits and taxes payable.

Net cash from operating activities was negative $18.7 million in 2017 (positive $20.7 million).

The company has one bond loan, one secured credit facility and one unsecured note.

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 $4.0 million per 31 December 2017.

The three-year secured credit facility is recognized at amortized cost of $0.4 million per 31 December 2017.

The three-year unsecured loan is recognized at amortized cost of $0.2 million per 31 December 2017.

Net interest-bearing debt was negative $1.9 million as at 31 December 2017 ($15.6 million).

Accrued interest as of year-end 2017 was $0.2 million ($0.2 million).

The company was in compliance with all terms and conditions of the SBX04 bond agreement as per 31 December 2017.

The total outstanding amount of shares in the company is 57,455,145 common shares and 1,050,000,000 Class A shares at 31 December 2017. The company's issued share capital as per 31 December is US$6,795,514.5, consisting of 57,455,145 ordinary shares with par value of US$ 0.1 and 1,050,000,000 Class A shares with par value of US$ 0.001. The company has also issued 884,686 warrants, convertible into 884,686 ordinary shares. The warrants are listed on the Oslo Stock Exchange with ticker SBX J. The total outstanding amount of shares in the company is 1,107,455,145 common shares after the completion of the share conversion, which was completed subsequent to year-end.

The company has financial risk management objectives and policies to handle cash flow, liquidity and credit risk, which includes frequent forecasting, review by management and board and by holding sufficient cash reserves to fund the company's operations. The company does not hedge currency, credit, bunker or other forms of risk. Please see note 3 and 29 for further details on the company's risk management policies and key risk exposures.

Significant events during the year

On 6 April, the company signed a contract to provide a seismic source vessel for a survey in the Asia Pacific region starting in quarter three 2017. The project was extended and continued into 2018. The company entered into a short-term bareboat contract for the Voyager Explorer to perform the project.

On 27 June it was announced that the company had signed an agreement to provide a source vessel for a survey in South America with a duration of approximately 60 days. The project commenced in quarter four and was completed subsequent to year-end.

On 27 July, the company announced a letter of intent to conduct a shallow water 3D seismic survey in the West Africa region with a duration of approximately two months. The company also announced that it entered into an option agreement with TGS to provide up to 600 vessel days of seismic services. The agreement offers TGS access to one or more SeaBird vessels to perform seismic services on a global basis. Call-off under this option agreement may be made by TGS at its option throughout 2017 and the agreement will be extended through 2018 under certain conditions.

The company performed a review of its fleet during the second half of the year, and announced that Northern Explorer is planned to be retired from the fleet. The vessel was sold in December and delivered to the agreed location subsequent to year-end. The company retained the vessel's seismic equipment. Subsequent to year-end, the company entered into a settlement agreement with Ordinat Shipping AS, the owners of Munin Explorer for the termination of the charter party agreement and redelivery of the vessel (please see subsequent event section for further details about the transaction).

As a result of the significant market uncertainty, negative cash flow development for the first half of the year as well as upcoming debt maturities in 2017 and Q1 2018, the company continued to evaluate financial alternatives. On 26 May 2017, the company announced a financial restructuring proposal to reduce indebtedness and extension of debt maturities to 30 June 2020. On 1 August, the company announced that all consents to the company's proposed restructuring had been received.

Mrs Annette Malm Justad, Mrs Kitty Hall and Mr Olav Haugland resigned from the board of the company effective as of 23 October 2017. The company's board of directors consists of Mr. Arne Helland (Chairman), Mr. Stig Myrseth and Mr. Hans Petter Klohs.

Corporate governance

Our corporate governance policy guides our operations and culture. The company's corporate governance policies are set out in the corporate governance section of this annual report.

The engagement of auditors is decided in the company's general meeting. The independent auditors, BDO Ltd, have expressed their willingness to continue in office.

Going concern

The SeaBird group completed its financial restructuring in Q3 2017, substantially reducing its financial indebtedness while also raising additional equity capital. The group had a negative result amounting to $49.9 million for the 2017 period. As at 31 December 2017, the company has current liabilities in excess of its current assets by $7.9 million. The company's management has implemented a comprehensive cost reduction program and expects the financial results and cash flow from operations to improve going forward. The group plans to fund its operations by planning to achieve a positive EBITDA, limiting its capital expenditures as well as carefully managing its working capital position.

The company's accounts have been prepared on the basis of a going concern assumption. In the view of the board of directors, the continued challenging market conditions create a material risk to this assumption. In the event that 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. Alternatives may exist to sell or otherwise monetize certain assets, but the ability to sell or otherwise monetize assets, being primarily made up of owned vessels, 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 would 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 significantly lower than their carrying values. Please see note 2.22 for further details.

Subsequent events
On 16 January 2018, the company's listed warrants expired and were delisted from the Oslo Stock Exchange.

The post-closing due diligence period, whereby TGS may return to SeaBird certain parts of the multi-client library, was completed. Two multi-client surveys in the South East Asia region and one survey in West-Africa will remain with SeaBird. The return of the multi-client surveys to SeaBird was booked in quarter four as a $0.2 million reclassification between restructuring gain and impairment loss on multi-client libraries.

On 5 February 2018, the company's 1,050,000,000 class A shares were converted to ordinary shares at a rate of 1 class A share to 1 ordinary share. Moreover, a reduction in the company's authorized share capital was completed through the reduction of the nominal value of the ordinary shares from US$ 0.1 to US$ 0.001 per share.

On 16 February 2018, the company entered into a settlement agreement with Ordinat Shipping AS, the owners of Munin Explorer for the termination of the charter party agreement and redelivery of the vessel.

On 19 February 2018, the company announced that it signed an agreement to provide a source vessel (Osprey Explorer) for an upcoming survey in West Africa. The project is anticipated to commence during Q1 and will have a duration of approximately 60 days.

On 27 March 2018, the company announced it signed an agreement to provide a source vessel (Voyager Explorer) for approximately one month in the Asia Pacific region. The project is anticipated to commence during Q2.

Outlook
Oil prices and oil exploration macro indicators improved markedly in the second half of the year. We expect that these improvements will translate into growing market demand in all our core business segments. Moreover, the continued structural growth in the ocean bottom seismic market is expected to result in increasing source vessel demand and the company is well positioned to capitalize on this development.

Resolution
The financial statements for the company have been prepared in accordance with International Financial Reporting Standards. They were prepared under the historical cost convention and are based on the going concern assumption.

The Company's net loss for 2017 is $49.66 million, which is proposed allocated as follows:

Loss transferred from other equity	$49.66 million
Total allocated	$49.66 million

The net loss for the year is carried forward and will be settled against future gains. The board would like to offer its sincere appreciation to the employees of the company for all the efforts that were made during the year.

The board of directors SeaBird Exploration Plc – 4 April 2018

Arne Helland Chairman

Hans Petter Klohs Director

Stig Myrseth Director


SeaBird Exploration

FINANCIAL INFORMATION

Notes to the consolidated financial statements:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As of 31 December	
All figures in USD 000's	Note	2017	2016
ASSETS			
Non-current assets			
Property, plant and equipment	6	28,408	47,541
Multi-client library	8	-	3,099
Long term investment		54	120
		28,462	**50,760**
Current assets			
Inventories	12	996	1,275
Trade receivables	9	1,157	2,135
Other current assets	10	3,591	3,014
Assets classified as held for sale	11	487	-
Cash and cash equivalents	13	6,554	15,047
		12,785	**21,471**
Total assets		**41,247**	**72,231**
EQUITY			
Shareholders' equity			
Paid in capital	14	261,947	218,690
Equity component of warrants		2,736	2,736
Equity component of convertible loan		-	-
Currency translation reserve		(407)	(407)
Share options granted	14	-	-
Retained earnings		(248,610)	(198,950)
		15,666	**22,069**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	17a	4,420	23,262
Other long term liabilities		443	-
		4,863	**23,262**
Current liabilities			
Trade payables	15	5,085	5,621
Other payables	15	7,581	6,709
Provisions	16	2,994	2,033
Loans and borrowings	17a	225	7,355
Tax liabilities		4,833	5,182
		20,718	**26,900**
Total liabilities		**25,581**	**50,162**
Total equity and liabilities		**41,247**	**72,231**

On 04.04.2018, the board of directors of SeaBird Exploration Plc authorized these financial statements for issue.

Arne Helland	**Hans Petter Klohs**	**Stig R. Myrseth**
Chairman	**Director**	**Director**

CONSOLIDATED STATEMENT OF INCOME

All figures in USD 000's	Note	Year ended 31 December 2017	2016
Revenues	5	19,212	72,074
Cost of sales	20	(25,983)	(41,913)
Selling, general and administrative expenses	20	(12,002)	(13,308)
Net bad debt charges	20	(1,258)	4,509
Other income (expenses), net	19	24	1,069
Operational restructuring loss	30	(5,549)	-
Earnings before interest, tax, depreciation and amortization (EBITDA)		**(25,556)**	**22,431**
Depreciation	6	(11,360)	(12,829)
Amortization	8	(909)	(2,795)
Impairment	6,8	(8,628)	(9,856)
Earnings before interest and taxes (EBIT)		**(46,453)**	**(3,050)**
Finance expense	22	(3,745)	(5,469)
Other financial items, net	18	(772)	1,129
Restructuring gain	30	884	-
Profit/(loss) before income tax		**(50,086)**	**(7,390)**
Income tax	7	218	(611)
Profit/(loss) continuing operations		**(49,868)**	**(8,001)**
Net profit/(loss) discontinued operations	25	209	93
Profit/(loss) for the period		**(49,659)**	**(7,908)**
Profit/(loss) attributable to			
Shareholders of the parent		(49,659)	(7,908)
Earnings per share			
Basic	23	(0.19)	(2.58)
Diluted	23	(0.19)	(2.58)
Earnings per share from continued operations			
Basic	23	(0.19)	(2.61)
Diluted	23	(0.19)	(2.61)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

All figures in USD 000's	Note	Year ended 31 December 2017	2016
Profit/(loss)		**(49,659)**	**(7,908)**
Other comprehensive income			
Net movement in currency translation reserve and other changes		11	11
Total other comprehensive income, net of tax		**11**	**11**
Total comprehensive income		**(49,648)**	**(7,897)**
Total comprehensive income attributable to			
Shareholders of the parent		(49,648)	(7,897)
Total		**(49,648)**	**(7,897)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All figures in USD 000's	Paid in capital	Equity component of warrants	Equity component of convertible loan	Currency translation reserve	Share options granted	Retained earnings	Total
Balance at 1 January 2016	**218,690**	**2,736**	**-**	**(407)**	**-**	**(191,042)**	**29,976**
Comprehensive income for the year							
Profit	-	-	-	-	-	(7,908)	(7,908)
Currency translation reserve	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(7,908)**	**(7,908)**
Contributions by and distributions to owners							
Share issue	-	-	-	-	-	-	-
Equity component of warrants	-	-	-	-	-	-	-
Equity component of convertible loan	-	-	-	-	-	-	-
Share option granted/cancelled	-	-	-	-	-	-	-
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**
31 December 2016	**218,690**	**2,736**	**-**	**(407)**	**-**	**(198,950)**	**22,068**
Balance at 1 January 2017	**218,690**	**2,736**	**-**	**(407)**	**-**	**(198,950)**	**22,068**
Comprehensive income for the year							
Profit	-	-	-	-	-	(49,659)	(49,659)
Currency translation reserve	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(49,659)**	**(49,659)**
Contributions by and distributions to owners							
Share issue	43,257	-	-	-	-	-	43,257
Equity component of warrants	-	-	-	-	-	-	-
Equity component of convertible loan	-	-	-	-	-	-	-
Share option granted/cancelled	-	-	-	-	-	-	-
Total contributions by and distributions to owners	**43,257**	**-**	**-**	**-**	**-**	**-**	**43,257**
31 December 2017	**261,947**	**2,736**	**-**	**(407)**	**-**	**(248,609)**	**15,666**

CONSOLIDATED STATEMENT OF CASH FLOW

All figures in USD 000's	Note	Year ended 31 December 2017	2016
Cash flows from operating activities			
Profit/(loss) before income tax		(50,086)	(7,390)
Adjustments for			
Restructuring gain	30	3,721	-
Depreciation, amortization and impairment	6,8	20,897	25,480
Movement in provision		(1,501)	(10,098)
Unrealized exchange (gain)/loss		(89)	124
Other items		(1,750)	(1,450)
Amortization of interest		-	-
Interest expense on financial liabilities	22	2,553	3,918
Paid income tax	7	(609)	(925)
(Increase)/decrease in inventories		279	1,816
(Increase)/decrease in trade and other receivables		490	21,582
Increase/(decrease) in long term liabilities		443	
Increase/(decrease) in trade and other payables		6,916	(12,377)
Net cash from operating activities		**(18,737)**	**20,680**
Cash flows from investing activities			
Capital expenditures		(1,095)	(3,310)
Other term investment		1	(115)
Multi-client investment		-	(2,257)
Net cash used in investing activities		**(1,094)**	**(5,682)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		12,629	-
Receipts from borrowings		543	-
Repayment of borrowings		(1,249)	(3,274)
Movement in borrowings		-	-
Interest paid		(585)	(2,929)
Net movement in currency fluctuations		-	-
Net cash from financing activities		**11,338**	**(6,203)**
Net (decrease)/increase in cash and cash equivalents		**(8,494)**	**8,795**
Cash and cash equivalents at beginning of the period	13	**15,047**	**6,252**
Cash and cash equivalents discontinued operations		**-**	**-**
Cash and cash equivalents at end of the period		**6,554**	**15,047**

1. General information

SeaBird is a global provider of marine 2D and 3D seismic data for the oil and gas industry. SeaBird specializes in high quality operations within the high end of the 2D and source vessel market, as well as the niche 3D market. SeaBird concentrates on contract seismic surveys, but is also selectively engaged in the multi-client sector. The main success criteria for the Group are an unrelenting focus on quality, health, safety and environment (QHSE), combined with efficient collection of high quality seismic data.

The company was incorporated in the British Virgin Islands as a limited liability company in 2000. The company was redomiciled to Cyprus on 18 December 2009. SeaBird has been listed on the Oslo Stock Exchange since April 2006, under the ticker symbol "SBX". The primary business address of the company is 4, Riga Fereou Street Omega Court, Office G, 3095 Limassol, Cyprus. The company's registered address is 25 Kolonakiou Street Block B Office 101, 4103 Linopetra, Limassol, Cyprus. The Group also has offices in Oslo (Norway), London (UK) and Singapore. SeaBird Exploration Plc is tax resident in Norway and registered in the corporate registers in Norway and Cyprus.

At 31 December 2017, SeaBird's active fleet is as follows:

- Aquila Explorer
- Harrier Explorer
- Osprey Explorer
- Voyager Explorer

At 31 December 2017, SeaBird had one stacked vessel (Munin Explorer (bareboat charter)), one warm stacked vessel (Aquila Explorer) and one vessel in transit for delivery for decommissioning (Northern Explorer).

The accompanying consolidated financial statements represent the activities of SeaBird for the year ended 31 December 2017. These consolidated financial statements were authorized for issue by the board of directors on 4 April 2018.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). These consolidated financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

ADOPTION OF NEW AND REVISED IFRSS

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2017. This adoption did not have a material effect on the accounting policies of the Group.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:
(i) Issued by the IASB and adopted by the European Union

NEW STANDARDS

Effective for annual periods beginning on or after:

- IFRS 9 "Financial Instruments'', 1 January 2018
- IFRS 15 "Revenue from Contracts with Customers" 1 January 2018

(ii) Issued by the IASB but not yet adopted by the European Union

NEW STANDARDS

Effective for annual periods beginning on or after:

- IFRS 16 ''Leases'' 1 January 2019
- IFRS 17 "Insurance Contracts'' 1 January 2021

AMENDMENTS

- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions, 1 January 2018
- Amendments to IFRS 4: Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts'', 1 January 2018
- Clarifications to IFRS 15 "Revenue from Contracts with Customers'', 1 January 2018
- IAS 7 (Amendments) "Disclosure Initiative'', 1 January 2017
- IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses'', 1 January 2017

• Annual Improvements to IFRSs 2014–2016 Cycle (issued on 8 December 2016), 1 January 2017
• Annual Improvements to IFRSs 2014–2016 Cycle (issued on 8 December 2016), 1 January 2018
• Amendments to IAS 40: "Transfers of Investment Property", 1 January 2018

NEW IFRICS
Effective for annual periods beginning on or after:
• IFRIC Interpretation 22 "Foreign Currency Transactions and Advance Consideration", 1 January 2018
• IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments", 1 January 2019

SeaBird is continuing to evaluate the impact that IFRS 15 may have in relation to revenue recognition and amortization of the Group's multi-client prefunding arrangements for new projects. It is likely that the company recognition of prefunding revenue and sales amortization from such projects could be delayed until the actual delivery of the data. The company did not perform any new multi-client projects in 2017. The company is not expecting any impact on the recognition of multi-client late sales and contract revenues from the new revenue accounting standard.

Otherwise the above new standards, interpretations and amendments are not expected to have a significant impact on the Group's consolidated financial statements when they become effective.

2.2 Consolidation

(A) SUBSIDIARIES
Subsidiaries are all entities over which SeaBird has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether SeaBird controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to SeaBird. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by SeaBird. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of SeaBird's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between SeaBird companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by SeaBird.

For a complete listing of subsidiaries please refer to note 13 of the unconsolidated financial statements of SeaBird Exploration Plc.

(B) TRANSACTIONS AND MINORITY INTERESTS
The Group has no minority interests.

2.3 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing related services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment revenue information is presented in respect of the Group's business and geographical segments. The Group's primary format for segment revenue reporting is based on the business segments contract seismic and multi-client seismic. Inter-segment pricing is determined on an arm's length basis. Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

2.4 Foreign currency translation

(A) FUNCTIONAL AND PRESENTATION CURRENCY
Items included in the financial statements of each of SeaBird's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in US dollars, which is the Group's functional and presentation currency.

(B) TRANSACTIONS AND BALANCES
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(C) SEABIRD COMPANIES
The results and financial position of all the SeaBird entities that have a functional currency different from the presentation currency are

translated into the presentation currency as follows:
I. assets and liabilities for each balance sheet item are translated at the closing rate at the date of that balance sheet;
II. income and expenses are translated at average exchange rates during the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
III. all resulting exchange differences are recognized as a separate component of equity.
On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

2.5 Property, plant and equipment

Property, plant and equipment comprise mainly vessels and seismic equipment on board owned or chartered vessels. Vessels, seismic equipment designated for source and 3D/2D operation and office equipment are carried at historical cost, less accumulated depreciation and impairment. Impairment of vessels and seismic equipment is evaluated annually based on value in use calculations (see section 4B). Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated on a straight-line basis (historical cost less residual value) over their estimated remaining useful lives, as follows:

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

The vessels are depreciated from the date they are available for use, i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management. Costs for special periodic and class renewal surveys (dry-docking) are capitalized and depreciated over the estimated period between surveys. When special periodic and class renewal surveys occur the part of the fixed assets register that is replaced is derecognized. Other maintenance and repair costs are expensed as incurred. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.6 Capital work in progress

Property, plant and equipment under construction or under conversion are capitalized at the lower of cost or market value. Elements of cost, include costs that are directly attributable to the conversion project but not administration and other general overhead costs.
Borrowing costs are capitalized. This applies to both borrowing costs directly attributable to the acquisition and to costs related to funds that are borrowed for general purposes to the extent that funds are used for obtaining qualifying assets.

2.7 Intangible assets

Intangible assets can only qualify for capitalization when all the following conditions are met:

- Demonstrated technical and commercial feasibility (for own use or sale),
- Intention and ability to complete the intangible asset and to use or sell it,
- A formal business case that documents that the asset will generate future economic benefits, and
- The Group has availability to technical and financial resources to complete and to use it internally or sell the intangible asset as a product.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets with finite lives are amortized over the useful economic lives based on straight line amortization. Useful lives and amortization method for intangible assets with finite useful life are reviewed at least annually. Gains and losses arising from de-recognition of an intangible asset are measured at the difference between the net sales proceeds and the carrying amount of the asset and are reported as "other income (expenses), net" in the income statement as part of operating profit.

(A) GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

(B) PATENT TECHNOLOGY (INTELLECTUAL PROPERTY RIGHTS)
Acquired patent technology (intellectual property rights) are shown at historical cost. Patent technology has a finite useful life and is carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost over its estimated useful life.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Multi-client library

The multi-client library consists of seismic data surveys to be licensed to customers on a non-exclusive basis. All direct and indirect costs incurred in acquiring, processing including depreciation and mobilization/steaming costs completing seismic surveys are capitalized to the multiclient library. Mobilization and vessel costs are included in the survey cost from the point of mobilization.

Due to an amendment to IAS 38 Intangible assets, the amortization method for the seismic multi-client libraries was changed with effect from 1 January 2016. The Group has adopted the following amortization policy:
• During the work in progress phase, amortization is based on total cost versus forecasted total revenues of the project.
• After a project is completed, a straight-line amortization is applied to the balance remaining after the completion of the work in progress phase. The straight-line amortization is assigned over the project's remaining useful life, which for most projects is expected to be four years. The straight-line amortization will be distributed evenly through the financial year, independently of sales during the quarters.
During the work in progress phase multi-client libraries are subject to sales amortization. The Group estimates future sales for these multi-client libraries and the percentage amortization ratio is estimated by total costs divided by the sum of the expected current and future revenues. Each project is placed into one of twelve amortization categories with amortization rates of 100%, 95%, 90%, 85%, 80%, 75%, 70%, 65%, 60%, 55%, 50% or 45% as set out in the table below. The sales amortization booked in the work in progress phase is equal to revenue multiplied with the accounting amortization rate.

Calculated sales amortization rate	Accounting amortization category
Larger than 95%	100%
91%-94%	95%
86%-90%	90%
81%-85%	85%
76%-80%	80%
71%-75%	75%
66%-70%	70%
61%-65%	65%
56%-60%	60%
51%-55%	55%
46%-50%	50%
0%-45%	45%

Table 1: SeaBird "Category 1" sales amortization categories (applied in the work in progress phase)

After a project is completed, straight-line amortization is applied to the remaining balance. The straight-line amortization is assigned over the project's remaining useful life, which for most projects is expected to be four years.

SeaBird is continuing to evaluate the impact that IFRS 15 may have in relation to revenue recognition and amortization of the Group's multi-client prefunding arrangements for new projects. It is likely that the company recognition of prefunding revenue and sales amortization from such projects could be delayed until the actual delivery of the data.

2.10 Financial assets

2.10.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(A) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

The Group did not hold any financial assets at fair value through profit and loss throughout the current or previous year.

(B) LOANS AND RECEIVABLES
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as noncurrent assets. The Group's loans and receivables comprise "trade receivables" and "cash and cash equivalents" in the balance sheet (notes 2.12 and 2.13).

(C) AVAILABLE-FOR-SALE FINANCIAL ASSETS
Available-for-sale financial assets are nonderivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

The Group did not hold any available for- sale assets throughout the current or previous year.

2.11 Inventories
Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises fuel, lube, spare parts and other direct costs and related production overheads. It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade receivables
Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that SeaBird will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within "selling, general and administrative expenses". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "selling, general and administrative expenses" in the income statement.

2.13 Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, bond service accounts, performance bonds, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.14 Share capital / Paid in capital
Ordinary share capital is calculated at a nominal value as originally established, and additional paid in capital are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where and if any group company purchases the parent company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Group's equity holders.

2.15 Financial liabilities
Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. The financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The subsequent measurement of the financial liabilities depends on their classification.
The Group's financial liabilities include trade and other payables and loans and borrowings.

(A) INTEREST-BEARING DEBTS AND BORROWINGS
Interest-bearing debts and borrowings are recognized initially at fair value, net of directly attributable transaction costs incurred. Interest-bearing debts and borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.
Interest-bearing debts and borrowings are classified as current liabilities unless SeaBird has an unconditional right to defer settlement of the liability for at

least 12 months after the balance sheet date.

(B) FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS
Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Derivatives, including separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities at fair value through profit or loss are carried in the income statement at fair value with changes in fair value recognized under financial items.

(C) TRADE PAYABLES
Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where SeaBird operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. SeaBird establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, the deferred income tax, if it is not accounted for, arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by SeaBird and it is probable that the temporary difference will not reverse in the foreseeable future.

2.17 Employee benefits

(A) PENSION OBLIGATIONS
SeaBird operates various defined contribution plans under which it pays fixed contributions into a separate entity. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(B) SHARE-BASED COMPENSATION
Equity-settled, share-based compensation plans, under which the Group receives services from employees as consideration for SeaBird equity instruments (options) is booked as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any nonmarket vesting conditions (for example, profitability and sales growth targets).
Nonmarket vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. SeaBird does not have any outstanding employee share-options as per 31 December 2017.

2.18 Provisions

Provisions for environmental restoration, restructuring costs, onerous leases and legal claims are recognized when SeaBird has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Restructuring provisions comprise lease, office costs and employee termination payments. Onerous leases are contracts where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Provision is made in respect of onerous contracts for the present obligation under the contract. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of SeaBird's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within SeaBird.

Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Multi-client pre-sales revenue is recognized based on a cost of completion basis (accumulated net project cost to date relative to total net estimated project cost for the Group) at each reporting date. Late sales are defined as sales happening subsequent to a multi-client project completion (the Group's responsibilities have ended and all project costs have been incurred). The Group recognizes prefunding from a partner multi-client company as reduction in cost and capital expenditure given that the partner has received zero prefunding from its end-customers at that time. Sales of whole multi-client libraries are treated as revenues and the corresponding book value of the multi-client library that is sold is charged against cost of sales.

2.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. Finance lease agreements are defined as contracts/assets or a long-term lease agreement that transfers substantially all the risks and rewards incidental to ownership to the Group.

Finance leases are accounted for as fixed assets at the commencement of the lease term, at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property, plant and equipment, and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

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. The Group does not have any financial lease liabilities as of 31 December 2017.

2.21 Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in SeaBird's financial statements in the period in which the dividends are approved by the Group's shareholders.

2.22 Going concern assumption

The SeaBird group completed its financial restructuring in Q3 2017, substantially reducing its financial indebtedness while also raising additional equity capital. The group had a negative result amounting to $49.9 million for the 2017 period. As at 31 December 2017, the company has current liabilities in excess of its current assets by $7.9 million. The company's management has implemented a comprehensive cost reduction program and expects the financial results and cash flow from operations to improve going forward. The group plans to fund its operations by planning to achieve a positive EBITDA, limiting its capital expenditures as well as carefully managing its working capital position.

The company's accounts have been prepared on the basis of a going concern assumption. In the view of the board of directors, the continued challenging market conditions create a material risk to this assumption. In the event that 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. Alternatives may exist to sell or otherwise monetize certain assets, but the ability to sell or otherwise monetize assets, being primarily made up of owned vessels, 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 would 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 significantly lower than their carrying values.

3. Risk factors and financial risk management

3.1 Financial risk factors

SeaBird's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management focuses on the unpredictability of financial markets and monitors and controls risks with a potential significant negative effect for the Group and evaluates to minimize the risks if the cost of doing so is acceptable. The Group may use derivative financial instruments to hedge certain risk exposures from time to time. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and procedures for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated statements. The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The audit committee oversees how management monitors and manages risk and review the adequacy of the risk management framework in relation to the risks faced by SeaBird.

(A) MARKET RISK

(I) Foreign exchange risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar, Norwegian kroner, Euro, British Pound and to some extent the Nigerian Naira, Swedish krona and UAE Dirham. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group may use from time to time various foreign exchange contracts. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. SeaBird did not enter into any foreign exchange contracts in 2016 and 2017.

(II) Price risk
SeaBird is exposed to commodity (bunker fuel) price risk. As SeaBird in general has a fairly short order backlog for contracts where SeaBird is carrying the risk of bunker fuel prices, this risk has not historically been mitigated by forward commodity contracts. SeaBird might from time to time evaluate commodity contracts to mitigate such risk in the future.

(B) CREDIT RISK

SeaBird has policies in place to ensure that sales of services are made to customers with an appropriate credit history. Still, the Group faces the risk of non-payment from customers.

SeaBird seeks to limit the amount of credit exposure to any financial institution and is only investing in liquid securities with counterparties with strong credit ratings. The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries or performance guarantees and similar in the normal course of business.

(C) LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of available debt funding and the ability to close out market positions. Due to the cyclical nature of the seismic industry, SeaBird has been aiming to maintain flexibility in funding by a mixture of debt and equity financing.

(D) CASH FLOW AND FAIR VALUE INTEREST RATE RISK

As SeaBird has no significant interest bearing assets beyond operating cash and cash equivalents, the Group's income and operating cash flows are substantially independent of changes in market interest rates. SeaBird's interest rate risk arises from long-term and short-term interest-bearing debt. Interest-bearing debt issued at variable rates expose the Group to cash flow interest rate risk. Interest-bearing debt issued at fixed rates expose the Group to fair value interest rate risk. As of 31 December 2017, the bond loan constitutes 87% of total debt while the secured credit facility and the unsecured note constitutes 5% and 8%, respectively. All the outstanding debts as of 31 December 2017 were issued at fixed interest rates.

(E) RISKS RELATED TO DEBT ARRANGEMENTS

SeaBird's current and future debt arrangements may include covenants and undertakings of a general, financial and technical nature and such debt arrangements may contain cross-default provisions. Failure by the Group to meet any of the covenants, undertakings and/or a failure to repay debt installments falling due could result in all outstanding amounts under the different debt arrangements becoming immediately due for payment, which could potentially have a material adverse effect on the Group's financial position and the value of the shares and the Group's operations and results.

3.2 Other risk factors

SeaBird is subject to various other risk factors. The risks described below are not exhaustive as additional risks not presently known to SeaBird or which SeaBird currently deems immaterial may also impair the Group's business operations. If any of the following risks actually materialize, SeaBird's business, financial position and operating results could be materially and adversely affected. SeaBird is exposed to the economic cycle, as changes in the general economic situation could affect demand for SeaBird's services. Demand for offshore geophysical services depends on the level of capital spending by oil and gas companies. Capital expenditures, and in particular exploration and development expenditures, by oil and gas companies can be negatively affected by a number of factors including, but not limited to, decreases in oil and gas prices, fluctuations in production levels and disappointing exploration results.

Low oil prices typically lead to a reduction in capital expenditures as these companies scale down their investment budgets. Sustained periods of substantially reduced capital expenditures by these companies may reduce the demand for the SeaBird's products and services. Furthermore, recoveries in oil and gas prices do not immediately increase exploration, development and production spending, so improving demand for SeaBird's services will generally lag oil and gas price increases. SeaBird's operating income/loss and operating results can vary from month to month. Its operating income is difficult to forecast due to changes in oil companies' E&P (exploration and production) budgets and expenditures, the competitive environment, efficiency in operations, adverse weather conditions and other general economic and market conditions.

Changes in oil prices and exploration and production budgets could materially affect the business and operating results. Unanticipated difficulties in pursuing SeaBird's business strategy could have a material adverse effect on the Group's business, operating results, or financial condition.

The market for SeaBird's products and services is competitive. SeaBird faces competition from other companies within the seismic industry, and many of these companies may have greater resources than SeaBird. Generally, overcapacity in the seismic market would have a negative effect on the operating results of the Group, and the possible failure of SeaBird to maintain competitive offering of equipment and services could have a material adverse effect on its business, operating results or financial condition.

SeaBird has a strategy of contracting its vessels both towards the long-term market as well as the more volatile spot market. There can be no guarantee that SeaBird will be able to secure contracts at such rates and utilization rates that are needed. In addition, SeaBird may experience significant off-hires between charters. Furthermore, disputes under the charter parties may occur, which can result in responsibility and losses for the Group. Operations in international markets are subject to risks inherent in international business activities, including, in particular, general economic conditions in each such country, overlapping differing tax structures, managing an organization spread over various jurisdictions, unexpected changes in regulatory requirements, complying with a variety of foreign laws and regulations. SeaBird's business depends on contracts with customers regarding collection and sale/licensing of geophysical data.

Each contract normally involves a substantial value or consideration to the Group. Furthermore, some of the contracts are governed by the law of the operations' area, which may create both legal and practical difficulties in case of a dispute or conflict. SeaBird also operates in regions where the ability to protect contractual and other legal rights may be limited compared to regions with more well established markets.

There will always be operational risks involved in performing offshore seismic surveys. This includes among others unexpected failure or damage to vessels and technical equipment, work accidents or adverse weather conditions. These risks can cause personal injury, prevent surveys to be performed as scheduled, other business interruptions, property and equipment damage, pollution and environmental damage. SeaBird may be subject to claims as a result of these hazards. SeaBird seeks to prevent loss or damages from such incidents by insurance, contractual regulations and emergency routines. However, there will always be some exposure to technical and operational risks, with unforeseen problems leading to unexpectedly high operating costs, substantial losses, additional investments, etc., which may have a material negative effect on the Group's operating results and financial position. If for example a vessel is rendered a total loss, the charter party will be void and SeaBird will under such circumstances lose income that would otherwise come from operating this vessel.

Additionally, the occurrence of any of these risks could damage SeaBird's reputation. 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 Group is also subject to taxation in various other jurisdictions because of its global operations. SeaBird faces the risk that its tax filings are challenged and may be subject to unexpected claims for unpaid taxes or sanctions as a consequence of breach of applicable tax legislation.

3.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by SeaBird is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. SeaBird uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to SeaBird for similar financial instruments.

4. Critical accounting estimates and judgments

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. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Judgments made by management in the application of IFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

(A) ESTIMATING USEFUL LIVES, DECOMPOSITION, RESIDUAL VALUE AND COST OF REMOVAL OF VESSELS AND EQUIPMENT

The Group's estimates of useful lives and plans for depreciation are based on investment considerations and on experience of technical and economic life of similar assets. Expected useful life and residual values of the vessels can change according to environmental requirements, wear and tear, corporate strategy, etc. A different decomposition of vessels and equipment may lead to different depreciations. However, management does not consider such effects to be material.

(B) ESTIMATED IMPAIRMENT OF MULTI-CLIENT SURVEYS, VESSELS AND EQUIPMENT

Impairment is tested at least annually, in accordance with the accounting policy stated in note 2.5, 2.7 and 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

The Group's value in use model for owned seismic vessels and vessels on finance leases includes estimates of the expected future cash flows from each cash-generating unit (each vessel and related equipment) 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 Group's cost of capital to estimate the present value, which is compared to book value at the relevant balance sheet date. 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 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 continued low utilization or contract day rates.

The multi-client libraries are subject to impairment reviews based on expectations of estimated future cash flows. The impairment is based on using a group of surveys as the cash generating unit. The impairment review requires an internal evaluation of future sales potential for each group of surveys supplemented with direct enquiries to multi-client partners on active libraries with a material remaining book value.

(C) MULTI-CLIENT LIBRARY SALES AMORTIZATION

Forecasted revenues for multi-client surveys are forecasted based on input from partners and feedback from clients. Total project cost estimates are based on experience from other seismic projects and historical cost accounting information. Forecasted revenues and project cost estimates form the basis for SeaBird's selected sales amortization on a per survey basis applied in the work in progress phase. Forecasted future revenues for multi-client surveys are updated, which can change the sales amortization of individual surveys and potentially trigger impairment of multi-client surveys.

(D) CONTRACT AND MULTI-CLIENT REVENUE RECOGNITION

The estimated progress is calculated at the end of each quarter on each ongoing contract survey and multi-client project, which form the basis for accrued revenue accounting estimates.

(E) INCOME TAXES, PENALTIES AND INTEREST

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where SeaBird operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. SeaBird establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(F) ESTIMATES FOR FINANCIAL ASSETS

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(G) SHARE-BASED PAYMENTS

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.

(H) FAIR VALUE OF FINANCIAL INSTRUMENTS

Where the fair value of financial assets and financial liabilities recorded in the income statement cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to this model are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(I) PROVISIONS

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. The estimates to establish the provision are taken from observable data, management experience and/or external experts. Judgments include considerations of contract terms, contract deliverables, legal obligations and evaluations of likely outcomes of contract disputes.

5. SEGMENT INFORMATION

All our seismic services and operations are conducted and monitored within the group as one business segment.

Primary reporting format – business segments

All figures in USD 000's	2017	2016
REVENUE		
Contract	18,543	70,107
Multi-client	669	1,967
Total	**19,212**	**72,074**

Secondary reporting format – geographical segments

All figures in USD 000's	2017	2016
REVENUE		
Europe, Africa & Middle East (EAME)	8,770	10,593
North & South America (NSA)	5,488	61,428
Asia Pacific (APAC)	4,955	52
Total	**19,212**	**72,074**
SEGMENT ASSETS		
Europe, Africa & Middle East (EAME)	41,247	72,231
North & South America (NSA)	-	-
Asia Pacific (APAC)	-	-
Total	**41,247**	**72,231**
CAPITAL EXPENDITURE		
Europe, Africa & Middle East (EAME)	1,095	3,310
North & South America (NSA)	-	-
Asia Pacific (APAC)	-	-
Total	**1,095**	**3,310**

One major customer contributed 29% of the total revenue from continuing operations for 2017. Total revenue from this customer was $5.6 million for the year ended 31 December 2017.

A substantial portion of the property and equipment is mobile due to SeaBird's world-wide operation. Asset locations at the end of a period are not necessarily indicative of the geographic distribution of the revenues generated by such assets during the period.

Geographic distribution of assets is based upon location of physical ownership. The geographic distribution of revenues is based upon location of performance. Capital expenditures are based on the location of the company that is making the investment.

6. PROPERTY, PLANT AND EQUIPMENT

	Seismic vessel and equipment (owned)	Seismic vessel and equipment (leased)	Seismic equipment on chartered vessel	Office equipment	Total
YEAR ENDED 31 DECEMBER 2016					
Opening net book amount	52,296	12,371	1,823	943	67,433
Reclassification	2,644	(898.63)	(1,745)	-	-
Derecognition of cost of property plant and equipment	(377)	-	-	-	(377)
Derecognition of accumulated depreciation	(156)	-	532	-	377
Additions	2,875	23	-	412	3,310
Sale of assets	-	(70)	-	-	(70)
Impairments	-	(9,856)	-	-	(9,856)
Depreciation	(10,916)	(1,569)	(610)	(180)	(13,275)
Closing net book amount	**46,366**	**-**	**-**	**1,175**	**47,541**
AT 31 DECEMBER 2016					
Cost or valuation	202,513	-	16,300	1,214	220,027
Accumulated impairments	(69,217)	-	(14,519)	-	(83,736)
Accumulated depreciation and amortization	(86,929)		(1,781)	(39)	(88,749)
Net book amount	**46,366**	**-**	**-**	**1,175**	**47,541**
YEAR ENDED 31 DECEMBER 2017					
Opening net book amount	46,366	-	-	1,175	47,541
Asset held for sale	(487)	-	-	-	(487)
Derecognition of cost of property plant and equipment	35,405	-	-	-	35,405
Derecognition of accumulated depreciation	(35,405)	-	-	-	(35,405)
Additions	1,083	-	-	12	1,095
Sale of assets	-	-	-	-	-
Impairments	(8,381)	-	-	-	(8,381)
Depreciation	(11,111)	-	-	(250)	(11,360)
Closing net book amount	**27,471**	**-**	**-**	**937**	**28,408**
AT 31 DECEMBER 2017					
Cost or valuation	203,596	-	16,300	1,226	221,122
Accumulated impairments	(77,598)	-	(14,519)	-	(92,117)
Accumulated depreciation and amortization	(98,040)	-	(1,781)	(289)	(100,110)
Asset held for sale	(487)	-	-	-	(487)
Net book amount	**27,471**	**-**	**-**	**937**	**28,408**

6. 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.

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 weighted average cost of capital (13.8%) to estimate the present value, which is compared to book value at the relevant balance sheet date. Impairment of property, plant and equipment 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 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. The value in use model is based on revenue day rates in line with current market rates, increasing moderately in 2019 and beyond. Utilization is assumed to be in line with historical averages. To the extent that increases in day rates do not materialize, this could have a substantial effect on the value in use calculation.

7. INCOME TAX EXPENSE

SeaBird Exploration Plc is subject to taxation in Norway and the majority of its subsidiaries in Cyprus. The company is also subject to taxation in various other jurisdictions because of its global operations. The company had a continuing operations net tax cost of negative $0.2 million. Discontinued operations tax cost was nil. The company is continuing to evaluate its historical tax exposures which might change the reported tax expense.

Current tax	2017	2016
Current period	471	691
Adjustment for prior periods	(688)	(80)
Total current tax	**(218)**	**611**

	2017	2016
Continuing Operations Profit/(loss) before income tax	(50,707)	(7,390)
Tax arising at the rate of 25% (27% in 2015)	(12,677)	(1,847)
Effect of tax adjustments in arriving at taxable profit and tax losses	12,677	1,847
Foreign operations taxed at different rates	(1)	116
Withholding tax effect current year	472	575
Reassessment of prior year tax provisions	(688)	(80)
Total tax expense attributable to continuing operations	**(218)**	**611**

	2017	2016
Attributable to continued operations	**(218)**	**611**
Attributable to discontinued operations	**-**	**-**

The company performed a detailed review of its tax provisions as a part of its annual closing procedures, and booked a net reversal of tax and interest liabilities of $1.0 million. The booking was split into a $0.4 million reversal of tax liability and a $0.6 million net reversal of interest and penalties (other payables). The potential net liability of $1.0 million is considered remote.

8. MULTI-CLIENT LIBRARY

The components of the multi-client library are summarized as follows:

	2017	2016
At 1 January	3,098	3,340
Cash investments	-	2,106
Capitalized depreciation	-	446
Impairment	(247)	-
Amortization*)	(909)	(2,795)
Exchanged for SBX04 Tranche A	(1,941)	-
At 31 December	**-**	**3,098**

*) Amortization attributable to continued operations: $909 ($2,795 in 2016).
Amortization attributable to discontinued operations: $0 ($0 in 2016).

Amortization expense for the year ended 31 December 2017 includes $0.9 million of non-sales related amortization, net. For the year ended 31 December 2016, the non-sales related amortization totalled $1.7 million.

“Category 1” libraries are subject to linear amortization over four years. “Category 2” multi-client libraries are amortized over the shorter of three years or the remaining life of the survey. Due to an amendment to IAS 38 Intangible assets, the amortization method for the seismic multi-client libraries was changed with effect from 1 January 2016. The change did not impact the carrying value of the existing multi-client library. Please see note 2.9 for the amortization policies of the multi-client library and the relevant accounting estimates and assumptions. Total multi-client sales were $0.7 million in 2017 (2016: $2.0 million).

The net carrying value of the multi-client library, by the year in which the surveys marine acquisition were completed, is summarized as follows:

	2017	2016
Completed during 2013	-	177
Completed during 2014	-	1,401
Completed during 2015	-	34
Completed during 2016	-	1,487
Completed surveys	**-**	**3,098**

During quarter three the company exchanged the majority of its multi-client library with TGS to settle the outstanding principal and interest for the SBX04 tranche A bond loan. A post-closing due diligence period was agreed, whereby TGS may return to SeaBird certain parts of the multi-client library. Any such return would not trigger any compensation from SeaBird to TGS. Please see note 30 for further details on the company's restructuring.

The post-closing due diligence period, whereby TGS may return to SeaBird certain parts of the multi-client library, was completed subsequent to year-end. Two multi-client surveys in the South East Asia region and one survey in West-Africa will remain with SeaBird. The return of the multi-client surveys to SeaBird was booked in quarter four as a $0.2 million reclassification between restructuring gain and impairment loss on multi-client libraries (see note 30).

9. TRADE RECEIVABLES

	2017	2016
Trade receivables	6,722	10,868
Less: provision for impairment of receivables	(5,565)	(8,733)
Trade receivables – net	**1,157**	**2,135**

The fair values of net trade receivables are regarded as gross value adjusted for provision for impairments. The company’s exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 30. The net provision for impairment of receivables has been decreased by $3.2 million in 2017 due to collection of selected long dated receivables and derecognition of uncollectible receivables (2016: net decrease of provision for impairment of $12.9 million).

In general, vessels on time charter are prepaid, while vessels contracted to oil companies usually have payment terms of an average of 30 days.

10. OTHER CURRENT ASSETS

	2017	2016
Accrued income	1,777	942
Prepaid expenses	631	557
Other current assets	1,183	1,515
Total other current assets	**3,591**	**3,014**

11. ASSET HELD FOR SALE

	2017	2016
Assets classified as held for sale	487	-
Total asset held for sale	**487**	**-**

The company executed an agreement to divest the Northern Explorer during the second half of 2017. The company has reclassified the remaining value of the vessel as assets held for sale. The vessel was valued at the lower of vessel sales price less remaining costs to bring the vessel to the delivery location and vessel carrying value. Delivery of the vessel was completed subsequent to year-end.

12. INVENTORIES

	2017	2016
Bunker fuel	996	1,275
Total inventories	**996**	**1,275**

The opening balance at 1 January 2017 of $1.3 million related to bunker fuel has been recognized as expense in 2017 (2016: $3.1 million).

13. CASH AND CASH EQUIVALENTS

	2017	2016
Cash at bank and in hand	**6,554**	**15,047**

The effective average interest rate on short-term bank deposits was nil in 2017 (2016: nil). Cash and cash equivalents include $0.2 million of restricted cash at 31 December 2016 (2015: $0.5 million). The restricted cash is related to payroll tax, employees' prepaid taxes and rent deposits. Long-term restricted cash amounted to $0.1 million while short-term restricted cash amounted to $0.1 million.

14. SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

	Number of shares
At 1 January 2017	3,065,434
New shares issued in 2017	1,104,389,711
Total number of shares	**1,107,455,145**
At 31 December 2017 Basic	**1,107,455,145**
At 31 December 2017 Diluted	**1,107,455,145**

On 1 August 2017, the company announced that all required consents for its proposed financial restructuring had been obtained. The company issued shares to Ordinat Shipping (owner of Munin Explorer), Glander and SBX04 bondholders as a part of the restructuring. The shares were issued at NOK 5.00 per share. The company effectuated the closing of the restructuring on 7 August, including the issuance of 54,389,711 new shares. The total number of shares in the company after issuance of the new shares in the restructuring was 57,455,145. The issuance of theses new shares increased the company’s share capital by $30.6 million.

14. SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

During quarter four the company carried out a private placement of equity and a repair offering of Class A shares, raising total gross proceeds of NOK 105 million at the NOK 0.1 offer price. The company booked $0.6 million in transaction costs that were booked as a deduction of equity for these two share issues. The private placement was directed to a limited group of investors while the repair issue was offered to the company's existing shareholders as of close of trading 15 September 2017, who were not contacted with respect to the private placement and who are not resident in a jurisdiction where such offering would be unlawful, or would (in jurisdictions other than Norway) require any prospectus filing, registration or similar action. The total outstanding amount of shares in the company is 57,455,145 common shares and 1,050,000,000 Class A shares at 31 December 2017, which is equvialent to 1,107,455,145 ordinary shares. The company's issued share capital as per 31 December 2017 is US$6,795,514.5, consisting of 57,455,145 ordinary shares with par value of US$ 0.1 and 1,050,000,000 Class A shares with par value of US$ 0.001. On 5 February 2018, the company's 1,050,000,000 class A shares were converted to ordinary shares at a rate of 1 class A share to 1 ordinary share. Moreover, a reduction in the company's authorized share capital was completed through the reduction of the nominal value of the ordinary shares from US$ 0.1 to US$ 0.001 per share. The authorized share capital of the company was USD 16,800,000 divided into 157,500,000 ordinary shares of USD 0.10 each and 1,050,000,000 Class A shares with a nominal value of USD 0.001 each (the "Class A Shares") as per 31 December 2017.

Following the completion of the restructuring in 2015, the company issued 884,687,500 warrants to subscribers for shares in the 2015 restructuring, each convertible into one ordinary share of the company. The warrants expire on 15 January 2018. Each warrant can be used to subscribe, within their expiration, for one share of the company at an exercise price of NOK 0.10. Following the consolidation of shares in 2015 (through the conversion of every one thousand of the company's shares into one share), the number of issued warrants are 884,686 at an exercise price of NOK 100.

No warrants have been exercised by the end of December 2017. On 16 January 2018, the company's listed warrants expired and were delisted from the Oslo Stock Exchange.

No share options were issued or exercised in 2016 and 2017. The company does not have any share options outstanding as of 31 December 2017.

15. TRADE AND OTHER PAYABLES

	2017	2016
Trade payables	5,085	5,621
Accrued expenses and other payables	7,581	6,709
Total trade and other payables	**12,666**	**12,330**

16. PROVISIONS

During 2014 the company made non-recurring cost provisions relating to cold stacking of vessels. The company made additional provisions related to stacking of vessels in 2015, 2016 and 2017. The vessel leases have been considered as onerous leases. The provisions cover estimated net losses for the operation of the vessels until redelivery at the end of the respective firm charter periods. The 3D vessel Voyager Explorer has been chartered on a bareboat charter. The vessel has been cold-stacked and was redelivered to its owners during quarter three 2016. The company booked operational restructuring charges in 2014-2016 to cover estimated operating expenses during the lay-up period.

The Munin Explorer has been stacked since the second half of 2015. The terms of the Munin Explorer lease as per 31 December 2016 was a bareboat contract that runs through October 2019, with a current day rate of $12,735 and an annual rate increase of 2% taking effect in August of each year. SeaBird announced a restructuring of debt and charter hire commitments in August 2017. The Munin Explorer charter hire was changed to $2,088 per day and the charter period was extended to June 2020 as a part of the restructuring (see note 30 for additional details). The company booked an operational restructuring charge of $7.7 million for Munin Explorer in 2015, $0.1 million in 2016 and an additional charge of net $4.6 million in 2017, which covers the net present value of lay-up costs and capital expenditures less estimated profits for the remainder of the lease period. The adjusted provision includes a reduction of the estimated capital expenditures to $1.8 million assuming reuse of seismic equipment from Hawk Explorer and Northern Explorer. In the event that Munin Explorer is not reactivated at all, the company would incur the cost of remaining outstanding monthly charter hire amounting to $2.3 million and additional vessel stacking and redelivery costs until the end of the charter party, of which $2.9 million already has been provided for as a part of provisions and $0.4 million in long term liabilities as of 31 December 2017. Subsequent to year end, the company signed an agreement to redeliver Munin Explorer. Please see the subsequent events section (note 32) for further details.

The company has been leasing Hawk Explorer from its owner Hawk Explorer AS. On 1 September 2016, the company purchased the vessel from its owners and it was decided to retire the vessel from the SeaBird fleet. The company booked an operational restructuring charge of $0.5 million for Hawk in 2016 relating to remaining estimated operating costs until delivery to its new owners. The Hawk Explorer was sold and delivered to its buyers in quarter four 2016.
The company incurred $3.7 million in operating costs and $0.2 million in interest expense that was charged against provisions on onerous leases in 2017. The incurred operating costs in 2017 mainly relates to the Munin Explorer ($3.6 million), which were a combination of lay-up costs, charter-hire and other ship related expenses. Please see table below for additional details.

At 31 December 2017, the company had the following cost provisions:

	Balance 1 Jan 2017	Incurred costs	Changes in provision estimate	Interest expense	Balance 31 Dec 2017
Voyager Explorer cost provision	317	(12)	(305)	-	-
Munin Explorer cost provision	1,666	(3,611)	4,610	224	2,889
Hawk Explorer cost provision	50	(26)	(24)	-	-
Organizational restructuring costs	-	(19)	124	-	105
Total provisions	**2,033**	**(3,668)**	**4,405**	**224**	**2,994**

	2017	2016
COST OF SALES		
Gross charter hire and operating expenses	(25,370)	(52,705)
Costs booked to provision account	3,668	10,819
Change in provision estimate	(4,281)	(27)
Reported net charter hire and operating expenses	**(25,983)**	**(41,913)**

17A. INTEREST BEARING LOANS AND BORROWINGS

	Coupon rate	Maturity	2017	2016
NON-CURRENT				
SBX04 secured bond loan - tranche A	12%	2018	-	3,892
SBX04 secured bond loan - tranche B	6%	2020	4,035	17,506
Secured credit facility	6%	2020	385	1,684
Unsecured note	6%	2018	-	179
			4,420	**23,262**
CURRENT				
SBX04 secured bond loan - tranche A	12%	2018	-	1,067
SBX04 secured bond loan - tranche B	6%	2018	-	5,087
Secured credit facility	6%	2020	-	493
Unsecured note	6%	2018	225	707
Total			**225**	**7,355**

Bond loan - SBX04 (Tranche A)
The company exchanged the SBX04 secured bond loan (Tranche A) with the majority of the company's multi-client library assets to TGS as a part of the company's restructuring that was implemented in quarter three. Please see note 30 for additional details on the implemented restructuring.

Bond loan - SBX04 (Tranche B)
The SBX04 secured bond loan (issued as "SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2018 Tranche B") is recognized in the books at amortized cost of $4.0 million per Q4 2017 (nominal value of $4.6 million plus payment in kind interest of $0.1 million plus accrued interest of $0.0 million plus amortized interest of $0.0 million less fair value adjustment of $0.7 million). The SBX04 secured bond loan (Tranche B) is due 30 June 2020, and it is carrying an interest rate of 6.0%. Interest may be paid in kind and deferred until 30 June 2020. The outstanding loan balance is scheduled to be paid at the maturity date. The bond is listed on Nordic ABM, and it is traded with ticker SBEF02 PRO. This bond is secured with an unconditional and irrevocable on-demand guarantee over the vessels Aquila Explorer, Osprey Explorer, Northern Explorer and Harrier Explorer.

Secured credit facility
The secured credit facility is recognized at amortized cost of $0.4 million (nominal value of $0.4 million plus accrued interest of $0.0 million plus amortized interest $0.0 million less fair value adjustment of $0.1 million). Coupon interest rate is 6.0%. Interest may be paid in kind and due 30 June 2020. The facility's maturity date is 30 June 2020. The credit facility is secured by the same security as the security to be provided in respect of the SBX04 bond, however so that the credit facility's rights to full recovery shall be pari passu with the bondholders.

Unsecured note
The three year unsecured loan is recognized at amortized cost of $0.22 million (initial nominal value of $2.1 million plus amortized interest $0.0 million less fair value adjustment of $0.0 million less principal repayments of $1.8 million). Coupon interest rate is 6.0%. Stated maturity is 1 January 2018. The three year unsecured loan was repaid subsequent to year-end.

17B. COVENANTS

SBX04 bond facility financial covenants:

All bond covenants were suspended for the remaining term of the SBX04 bond as a part of the restructuring implemented in quarter three. Hence, the SeaBird group is not subject to any covenant tests as per 31 December 2017. As per 31 December 2016, the SeaBird group agreed to maintain, at all times, a minimum free liquidity (cash and cash equivalents) requirement of USD 5,000,000. Further, the group agreed to maintain a leverage ratio not exceeding 2.5:1.0. The leverage ratio is net interest bearing debt (excluding finance leases) to adjusted EBITDA. The covenants were tested at each quarter end-date. SeaBird was in compliance with both covenants as of 31 December 2016.

Please see calculation of free cash and leverage ratio below for the 2016 financial year.

	2016
Free cash at year end	14,559
Bond covenant: minimum free cash	5,000
Leverage ratio at year end	0.7
Bond covenant: maximum leverage ratio	2.5
Interest bearing debt	30,616
Cash and cash equivalents	(15,047)
Net debt (excluding finance leases)	**15,569**
EBITDA reported	22,434
Leverage ratio	**0.7**

18. OTHER FINANCIAL ITEMS, NET

	2017	2016
Net foreign exchange gain/(loss)	(628)	(125)
Other financial income	31	1,453
Other financial expense	(175)	(199)
Total other financial items, net	**(772)**	**1,129**

On 1 September 2016, the company entered into a contract for the purchase of the Hawk Explorer and its seismic equipment. SeaBird made a payment of $1.1 million for the vessel and seismic equipment as well as the cancellation of all future lease payments and additional obligations as required under the charter agreement. The company reported a $1.4 million gain in relation to the purchase of Hawk Explorer and settlement of the Hawk Explorer financial lease, which was booked under other financial income.

19. OTHER INCOME (EXPENSES), NET

	2017	2016
Profit/(loss) on sale of property, plant and equipment	-	136
Other income	24	933
Total other income (expense)	**24**	**1,069**

Other income (expense) was positive $0.024 million in 2017 (positive $1.1 million in 2016), mainly resulting from mark-up on rechargeable expenses.

20. EXPENSES BY NATURE

	2017	2016
Charter hire	2,886	6,120
Crew	10,315	20,423
Seismic and marine expenses	13,712	26,093
Other operating expenses	31	69
Net costs booked to provision account	(961)	(10,792)
Total charter hire and operating expenses	**25,983**	**41,913**
Staff cost and Directors' remuneration	6,983	7,532
Legal and professional	1,587	1,709
Provision for bad debts	1,258	-
Other expenses	3,432	4,067
Total selling, general and administrative expenses	**13,260**	**13,308**

21. EMPLOYEE BENEFIT EXPENSE

	2017	2016
Crew salaries and benefits	8,564	13,568
Salary costs for staff	5,679	6,434
Social security cost for staff	357	463
Pension cost for staff	148	188
Directors' remuneration	205	286
Total employee benefit expense	**14,953**	**20,939**
Including accrued costs relating to the employee stock option plan	-	-
Average number of employees and temporary crew contractors	254	329

22. FINANCE EXPENSE

	2017	2016
Finance lease borrowings	-	567
Bond loans	2,294	3,504
Credit facilities	258	414
Other interest	1,192	984
Total finance expense	**3,745**	**5,469**

23. EARNINGS PER SHARE

Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year (note 14).

	2017	2016
Profit/(Loss) attributable to equity holders of the company	(49,659)	(7,908)
Weighted average number of ordinary shares in issue	267,324	3,065
Basic earnings per share ($ per share)	(0.19)	(2.58)
Weighted average number of diluted shares	267,324	3,065
Diluted earnings per share ($ per share)	(0.19)	(2.58)
BASIC EARNINGS PER SHARE		
From continuing operations	(0.19)	(2.61)
From discontinued operations	0.00	0.03
Total basic earnings per share	**(0.19)**	**(2.58)**
DILUTED EARNINGS PER SHARE		
From continuing operations	(0.19)	(2.61)
From discontinued operations	0.00	0.03
Total diluted earnings per share	**(0.19)**	**(2.58)**

24. DIVIDENDS

No dividend was distributed for 2016 and no dividend will be distributed for the year ended 31 December 2017.

25. BUSINESS COMBINATIONS AND DISCONTINUED OPERATIONS

Business combinations

In June 2006, SeaBird closed the acquisition of SeaBed (the OBN business). The OBN business was divested in December 2011. Please refer to the explanation of discontinued operations below.

Discontinued operations

On 18 November 2011, SeaBird entered into a share purchase agreement with Fugro Norway AS concerning the sale of SeaBird's shareholding in Fugro OBN Technologies AS (former SeaBird Technologies AS) and SeaBed Navigation Company Ltd, which collectively held all of SeaBird's rights and assets related to the OBN business. On 8 December 2011, the transaction was fulfilled and the rights, title and interest in the shares were transferred from SeaBird to Fugro against the agreed consideration.

The purchase price for 100% of the shares in each of Fugro OBN Technologies AS and SeaBed Navigation Company Limited was $125.0 million on a cash and debt free basis.

25. BUSINESS COMBINATIONS AND DISCONTINUED OPERATIONS

Statement of income for discontinued operations

	Year ended 31 December 2017	2016
Revenues	-	-
Cost of sales	209	93
Selling, general and administrative expenses	-	-
Other income (expenses), net	-	-
Earnings before interest, tax, depreciation and amortization (EBITDA)	**209**	**93**
Earnings before interest and taxes (EBIT)	**209**	**93**
Interest expense	-	-
Profit/(loss) before income tax	**209**	**93**
Income tax	-	-
Profit/(loss) from discontinued operations	**209**	**93**
Gain/(loss) on sale of OBN business	-	-
Profit/(loss) for the period	**209**	**93**
PROFIT/(LOSS) ATTRIBUTABLE TO		
Shareholders of the parent	209	93
EARNINGS PER SHARE DISCONTINUED OPERATIONS		
- basic	0.00	0.03
- diluted	0.00	0.03

Consolidated statement of discontinuted cash flow

	2017	2016
Net cash from operating activities	-	-
Net cash from investing activities	-	-
Net cash from financing activities	-	-
Net cash inflow (outflow)	**-**	**-**

Net assets disposed:

	2017	2016
Adjustment related to buyback transaction	-	-
Net assets disposed	-	-
Gain/(loss) on sale	**-**	**-**

26. COMMITMENTS AND CONTINGENCIES

The SBX04 bond is secured with an unconditional and irrevocable on-demand guarantee over the vessels Aquila Explorer, Osprey Explorer, Northern Explorer and Harrier Explorer. In addition, the bondholders have a guarantee from SeaBird Exploration Plc, pledge on all material operating subsidiaries, assignment of charters, assignment of insurances, assignment of earnings and a floating charge. The credit facility is secured by the same security as the security to be provided in respect of the SBX04 bond, however so that the credit facility's rights to full recovery shall be pari passu with the bondholders.

SeaBird is disputing a legal claim put forth by an Australian ship owner, and expect a ruling during 2018. Given the amount of the claim and the fact that SeaBird has set forth its own counter claim, the company has not made any specific contingencies.

27. LEASES

The vessel Hawk Explorer has been a chartered vessel in the SeaBird fleet since 2006. On 1 September 2016 SeaBird entered into a contract for the purchase of the vessel. Under the purchase agreement, all future lease payments and additional obligations were cancelled as required under the charter agreement. Hawk Explorer was subsequently sold for decommissioning. The company reported a $1.4 million gain in relation to the purchase of Hawk Explorer and settlement of Hawk Explorer financial lease in 2016, which was booked under other financial income (note 18).

Operating lease commitments:

The group leases various vessels and seismic equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
No later than 1 year	762	4,687
Later than 1 year and no later than 5 years	1,140	8,833
Later than 5 years	-	-
Total operating lease commitments	**1,902**	**13,520**

Lease rentals amounting to $2.9 million (2016: $2.6 million) relating to operating leases are recognized for the year ended 31 December 2017.

The chartered vessel Voyager Explorer was redelivered to its owner (Koleth) on 12 September 2016. In June 2017, the company signed an agreement to charter the Voyager Explorer with the duration of approximately five months. The company also signed a joint marketing agreement for the purpose of marketing the vessel for future seismic projects.

Firm charter period for the vessel Munin Explorer ends on 30 June 2020. Subsequent to year end, the company signed an agreement to redeliver Munin Explorer. Please see the subsequent events section for further details.

28. RELATED-PARTY TRANSACTIONS

The following transactions were carried out with related parties:

I) Key management compensation

	2017	2016
Salaries and other short-term employee benefits	1,598	1,579
Bonus payments	-	-
Post employment benefits	-	31
Total key management compensation	**1,598**	**1,610**

Key management is defined as Christoph Debouvry (CEO from January 2016), Kjell Mangerøy (VP Business Development from February 2008), Dag Grepperud (VP QHSE from May 2015), Nils Haugestad (CFO from April 2012), and Steinar Fjeldbo (VP Operations from July 2014).

II) Loans to related parties

SeaBird has no loans to related parties.

III) Commitments and contingencies to related parties

SeaBird has neither commitments nor contingencies to related parties.

IV) Shareholding

Management (as defined 31 December 2017 under I) and the board of directors, as of 31 December 2017 held the following shares on own account):

Name	Title	Ordinary shares	A Shares
Arne Helland	Chairman	-	-
Hans Petter Klohs	Board Member	-	-
Stig R Myrseth	Board Member	-	-
Christophe Debouvry	CEO	-	8,000,000
Nils Haugestad	CFO	-	8,000,000
Kjell Mangerøy	VP Business Development	3	4,000,000
Steinar Fjeldbo	VP Operations	-	-
Dag Grepperud	VP QHSE	-	-

V) Purchase of services

The company had no related party transactions during the year.

29. FINANCIAL INSTRUMENTS

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2017	2016
LOANS AND RECEIVABLES:			
Trade receivables	10	1,157	2,135
Other current assets	11	3,591	3,014
Total loans and receivables		**4,748**	**5,150**
Cash and cash equivalents	13	6,554	15,047
Total credit risk		**11,302**	**20,197**

Impairment losses

The aging of trade receivables at the reporting date was:

	2017		2016	
	Gross	Impairment	Gross	Impairment
Not past due	5	-	1,421	-
Past due 0-30 days	998	-	87	-
Past due 31-120 days	-	-	584	-
More than 120 days	5,718	(5,565)	8,776	(8,733)
Total impairment losses	**6,722**	**(5,565)**	**10,869**	**(8,733)**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2017	2016
Balance at 1 January	8,733	21,655
Impairment loss recognised (net)	1,600	-
Reversal of bad debt provision	(4,768)	(12,922)
Balance at 31 December	**5,565**	**8,733**

The group have generally few and large customers; hence individual evaluations for impairment are done for all overdue receivables. The impairment loss of $1.6 million was recognized in 2017. During 2016 an amount of $12.9 million was reversed as these funds were recovered from clients.

29. FINANCIAL INSTRUMENTS

Liquidity Risk

Ultimate responsibility for risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the group's short, medium and long term funding and liquidity requirements. The group manages liquidity risk by maintaining sufficient cash and marketable securities, ensuring the availability of funding through an adequate amount of available debt funding, and by continuously monitoring forecast and actual cash flows.

The table below summarises the maturity profile of the group's financial liabilities at 31 December 2017 on contractual undiscounted payments:

	On Demand	Less Than 12 Months	1 to 5 Years	Total
Interest-bearing borrowings	-	225	4,420	4,645
Trade payables	-	5,085	-	5,085
Other payables	-	7,581	-	7,581
Provisions	-	2,994	-	2,994
Tax liabilities	-	4,833	-	4,833
Other long term liability	-	-	443	443
Total financial liabilities	**-**	**20,718**	**4,863**	**25,581**

The table below summarised the maturity profile of the group's financial liabilities at 31 December 2016 on contractual undiscounted payments:

	On Demand	Less Than 12 Months	1 to 5 Years	Total
Interest-bearing borrowings	-	9,313	25,896	35,209
Trade and other payables	-	12,330	-	12,330
Provisions	-	2,033	-	2,033
Tax liabilities	-	5,182	-	5,182
Total financial liabilities	**-**	**28,859**	**25,896**	**54,755**

See note 17 for further information.

29. FINANCIAL INSTRUMENTS

Currency risk

The group's exposure to foreign currency risk was as follows based on notional amounts per 31 December 2017:

	IDR	NOK	SEK	ZAR	EUR	GBP	NAD
Trade and other payables in foreign currencies	617,771	4,390	1,137	511	502	205	148
Trade and other payables in reporting currency (USD)	46	535	139	41	603	276	12
Gross balance sheet exposure	46	535	139	41	603	276	12

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2017	2016	2017	2016
USD				
EURO 1	1.1274	1.1066	1.1999	1.0516
AUD 1	0.7664	0.7436	0.7814	0.7197
NOK 1	0.1210	0.1190	0.1219	0.1155
GBP 1	1.2875	1.1066	1.3503	1.2336
SEK 1	0.1171	0.1169	0.1222	0.1094
SGD 1	0.7243	0.7242	0.7478	0.6907
DKK 1	0.1516	0.1486	0.1611	0.1414

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to NOK, EUR, AUD, GBP, SEK, SGD and DKK. Sensitivity of operating cost and revenues depends on the mix of contracts and the related cost structure and is therefore difficult to quantify.

Interest rate risk

	2017	2016
SBX04 secured bond loan - tranche A	-	4,959
SBX04 secured bond loan - tranche B	4,035	22,593
Secured credit facility	225	2,178
Unsecured note	385	886
Total interest rate risk	**4,645**	**30,616**

Amounts above represent the carrying values of fixed rates financial liabilities. In addition, cash and cash equivalents of $6.3 million at 31 December 2017 and $15.0 million as at 31 December 2016 are interest bearing assets with variable rates.

The group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss or equity.

Fair value versus carrying amounts

SeaBird has reviewed the fair value of financial assets and liabilities compared to carrying amount at 31 December 2017. In general, this evaluation shows no material difference.

30. FINANCIAL RESTRUCTURING

On 1 August 2017, the company announced that all required consents for its proposed financial restructuring had been obtained:

• The company signed an agreement with Glander whereupon $1,911,896 of the principal amount and all accrued interest as of 3 June 2017 owed to Glander under the Glander Credit Facility shall be irrevocably repaid and discharged upon the issuance of SeaBird shares to Glander at NOK 5.00 per share and that the remaining claim of Glander under the Glander Credit Facility of $440,591 to be amended with the maturity date being extended until 30 June 2020, no principal payments until 30 June 2020 and the introduction of payment-in-kind interest for all interest payments to be made under the Glander Credit Facility.

• The company entered into an Exchange Agreement and a confirmation with TGS that all SBX04 Bonds outstanding under Tranche A shall be transferred to the company and that any interest on such SBX04 Bonds shall be irrevocably discharged in exchange for the transfer of title to the majority of the company's multi-client library assets to TGS, and confirmation that the company has cancelled all SBX04 Bonds under Tranche A. As part of the agreement there was a post-closing due diligence period ending in quarter one 2018 where TGS will have the opportunity to return to SeaBird certain parts of the multi-client libraries that they may elect not to take ownership of. In relation to this agreement between the company and TGS there has also been established an Income Distribution Agreement between TGS and the Bond Trustee that will secure the Tranche B bondholders and Glander 25% of the income from any utilization, sale or other disposal of the multi-client libraries by TGS, less costs (defined as 10% of sales).

• The company entered into an agreement with the SBX04 bondholders to convert ~81.5% of tranche B of the SBX04 bond loan including accrued interest, as of 3 June 2017, in an aggregate amount of approximately $20.15 million into equity (33,731,959 shares) at an offer price reflecting a subscription price of equity at NOK 5.00 per share and that the remaining claim of SBX04, tranche B be of $4,559,409 to be amended with the maturity date being extended until 30 June 2020, no principal payments until 30 June 2020 and the introduction of payment-in-kind interest for all interest payments to be made under the SBX04 bond loan.

• The company also entered into an addendum to the Munin Charter Contract pursuant to which the charter period for the Munin Charter Contract to be extended to 30 June 2020, the charter hire will be reduced to $2,088 per day for the period from 3 June 2017 until 30 June 2020 and where the new charter hire can, at the company's discretion, be accumulated and not paid in cash before 30 June 2020. In accordance with this addendum, the difference between the new charter hire of $2,088 per day and the remaining and unpaid previous charter hire were converted into 17,398,123 shares at NOK 5.00 per share in accordance with the terms of the restructuring.

On 6 June 2017, the bondholders of SBX04 approved the restructuring proposal with the requisite majority in a bondholder meeting. Furthermore, on 13 June 2017, the company held an extraordinary general meeting to approve the conversion of debt into equity and to approve the restructuring. All proposals on the agenda were adopted with requisite majority.

On 1 August 2017, the company announced that all consents required for the restructuring had been obtained. The company effectuated the closing of the restructuring on 7 August, including the issuance of 54,389,711 new shares. The company reduced its debt and lease burden by approximately $37.5 million in the restructuring and the company will have no significant debt maturities until 30 June 2020. Additionally, all financial covenants throughout the term of the SBX04 bond agreement have been suspended.

The company booked a net operational restructuring loss of $5.5 million and a $0.9 million financial restructuring gain during the year. The SBX04 Tranche A bond loan was exchanged for the multi-client library as a part of the agreement with TGS resulting in a $3.2 million operational restructuring gain offset by a $8.6 million operational restructuring loss related to the modification of the Munin lease and settlement of Munin charter hire payables. The issuance of shares to partly settle the debt owed to Glander resulted in a $0.03 million operational restructuring gain. The company also incurred $0.6 million in transaction costs, of which $0.2 million was allocated to the operational restructuring loss account. Moreover, the company booked a net $0.9 million financial restructuring gain related to the issuance of shares to SBX04 Tranche B bondholders and amendment of the remaining SBX04 debt. The amount includes $0.4 million in allocated financial advisory cost. All share transactions in the restructuring has been booked at fair value using a share price of NOK 4.45 (closing share price at 1 August 2017) while the contractual share price in the restructuring agreements was NOK 5.00 and the remaining debt has been valued at amortized cost using 13% as the estimated market cost of debt. The issuance of the new shares in relation the restructuring increased the company’s share capital by $30.6 million.

31. AUDIT FEES

	2017	2016
Total fees charged for statutory audit	170	199
Total fees charged for other assurance services	-	-
Total fees charged for tax advisory services	26	40
Total fees charged for other non-audit services	3	36
Total	**200**	**275**

32. SUBSEQUENT EVENTS

On 16 January 2018, the company's listed warrants expired and were delisted from the Oslo Stock Exchange.

The post-closing due diligence period, whereby TGS may return to SeaBird certain parts of the multi-client library, was completed. Two multi-client surveys in the South East Asia region and one survey in West-Africa will remain with SeaBird. The return of the multi-client surveys to SeaBird was booked in quarter four as a $0.2 million reclassification between restructuring gain and impairment loss on multi-client libraries.

On 5 February 2018, the company's 1,050,000,000 class A shares were converted to ordinary shares at a rate of 1 class A share to 1 ordinary share. Moreover, a reduction in the company's authorized share capital was completed through the reduction of the nominal value of the ordinary shares from US$ 0.1 to US$ 0.001 per share. The total outstanding amount of shares in the company is 1,107,455,145 common shares after the completion of the share conversion.

On 16 February 2018, the company entered into a settlement agreement with Ordinat Shipping AS, the owners of Munin Explorer for the termination of the charter party agreement and redelivery of the vessel. The transaction is conditional on the fulfilment of certain preconditions and is expected to be approximately cash neutral to the company in 2018 and 2019. The company is estimating that the transaction will save in excess of $2 million over the term of the contract, including the forgiveness of the $2.4 million charter hire payment due 30 June 2020. The settlement agreement provides for a three year non-competition restriction whereby the vessel cannot compete in the company's markets.

On 19 February 2018, the company announced that it signed an agreement to provide a source vessel (Osprey Explorer) for an upcoming survey in West Africa. The project is anticipated to commence during Q1 and will have a duration of approximately 60 days.

On 27 March 2018, the company announced it signed an agreement to provide a source vessel (Voyager Explorer) for approximately one month in the Asia Pacific region. The project is anticipated to commence during Q2.

UNCONSOLIDATED FINANCIAL ACCOUNTS 2017

Parent company:

Notes to the financial statements:

STATEMENT OF FINANCIAL POSITION

All figures in USD 000's	Note	As of 31 December 2017	2016
ASSETS			
Non-current assets			
Shares in subsidiaries	13	17,020	24,789
Due from related parties	15	1,786	-
Total non-current assets		**18,806**	**24,789**
Current assets			
Other current assets	4	8	4
Cash and cash equivalents	5	16	16
Total current assets		**24**	**20**
Total Assets		**18,830**	**24,809**
EQUITY			
Shareholders equity			
Paid in capital	6	261,948	218,691
Equity component of warrants		2,736	2,736
Equity component of convertible loan		-	-
Currency translation reserve		12	12
Share options granted	6	-	-
Retained earnings		(249,029)	(199,370)
Total Equity		**15,667**	**22,069**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	8	-	-
Due to related parties	15	290	125
Total non-current liabilities		**290**	**125**
Current liabilities			
Trade and other payables	7	787	529
Loans and borrowings	8	-	-
Tax liabilities		2,086	2,086
Total current liabilities		**2,873**	**2,615**
Total liabilities		**3,163**	**2,740**
Total equity and liabilities		**18,830**	**24,809**

On 04.04.2017, the board of directors of SeaBird Exploration Plc authorized these financial statements for issue.

Arne Helland	**Hans Petter Klohs**	**Stig R. Myrseth**
Chairman	Director	Director

STATEMENT OF INCOME

All figures in USD 000's	Note	Year ended 31 December 2017	2016
Revenues		57	58
Selling, general and administrative expenses	10	(730)	(538)
Impairment on group receivables	15	(16,255)	(8,344)
Impairment on investments in subsidiaries	13	(39,791)	(50,000)
Loss on assumption of subsidiary provision		-	(935)
Operational restructuring loss	18	(238)	-
Earnings before interest, tax, depreciation and amortization (EBITDA)		**(56,957)**	**(59,759)**
Depreciation and amortization		-	-
Earnings before interest and taxes (EBIT)		**(56,957)**	**(59,759)**
Finance expense	11	(19)	(2,883)
Other financial items, net	9	2,416	51,016
Financial restructuring loss	18	(343)	-
Income tax	3	155	-
Profit/(loss) for the year		**(54,748)**	**(11,626)**

STATEMENT OF COMPREHENSIVE INCOME

All figures in USD 000's	Note	Year ended 31 December 2017	2016
Profit/(loss)		**(54,748)**	**(11,626)**
OTHER COMPREHENSIVE INCOME			
Net movement in currency translation reserve and other changes		-	-
Group contribution		5,089	3,719
Changes in revaluation reserve		-	-
Total other comprehensive income, net of tax		**5,089**	**3,719**
Total comprehensive income		**(49,659)**	**(7,907)**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Shareholders of the parent		(49,659)	(7,907)
Total		**(49,659)**	**(7,907)**

STATEMENT OF CHANGES IN EQUITY

All figures in USD 000's	Paid in capital	Equity component of warrants	Equity component of convertible loan	Share options granted	Retained earnings	Currency translation reserve	Total
Balance at 1 January 2016	**218,691**	**2,736**	**-**	**-**	**(191,463)**	**12**	**29,976**
Revaluation surplus	-	-	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-	-
Net income /(loss) recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Income for the year	-	-	-	-	(11,626)	-	(11,626)
Total recognised income /(loss) for the year	**-**	**-**	**-**	**-**	**(11,626)**	**-**	**(11,626)**
Share issue	-	-	-	-	-	-	-
Equity component of warrants	-	-	-	-	-	-	-
Equity component of convertible loan	-	-	-	-	-	-	-
Share option granted/cancelled	-	-	-	-	-	-	-
Group contribution	-	-	-	-	3,719	-	3,719
Balance at 31 December 2016	**218,691**	**2,736**	**-**	**-**	**(199,370)**	**12**	**22,069**
Balance at 1 January 2017	**218,691**	**2,736**	**-**	**-**	**(199,370)**	**12**	**22,069**
Revaluation surplus	-	-	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-	-
Net income /(loss) recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Income for the year	-	-		-	(54,748)	-	(54,748)
Total recognised income /(loss) for the year	**-**	**-**	**-**	**-**	**(54,748)**	**-**	**(54,748)**
Share issue	43,257	-	-	-	-	-	43,257
Equity component of warrants	-	-	-	-	-	-	-
Equity component of convertible loan	-	-	-	-	-	-	-
Share option granted/cancelled	-	-	-	-	-	-	-
Group contribution	-	-	-	-	5,089	-	5,089
Balance at 31 December 2017	**261,948**	**2,736**	**-**	**-**	**(249,029)**	**12**	**15,667**

STATEMENT OF CASH FLOW

All figures in USD 000's	Note	Year ended 31 December 2017	2016
Cash flows from operating activities			
Profit/(loss) before income tax		(54,748)	(11,626)
Impairment on group receivables		16,255	8,344
Impairment on investments in subsidiaries		39,791	50,000
Paid income tax		155	-
Loss on assumption of subsidiary provision		-	936
Restructuring gain		-	-
Group contribution		5,089	-
(Increase)/decrease in trade and other receivables		(4)	6
(Increase) in Shares in Subsidiaries		7,769	-
(Increase) in due from related parties		(1,621)	(46,919)
Increase/(decrease) in trade and other payables		103	(725)
Net cash from operating activities		**12,789**	**16**
Cash flows from investing activities			
Capital expenditures		-	-
Net cash used in investing activities		**-**	**-**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		43,257	-
Receipts from borrowings		-	-
Repayment of borrowings		-	-
Movements in borrowings		-	-
Interest paid		-	-
Equity component of convertible bond loan		-	-
Net movement in currency fluctuations		-	-
Net cash from financing activities		**43,257**	**-**
Net (decrease)/increase in cash and cash equivalents		**56,046**	**16**
Cash and cash equivalents at beginning of the period		**16**	**-**
Cash and cash equivalents at end of the period	5	**56,062**	**16**

1. GENERAL INFORMATION

Country of incorporation
The company was incorporated in British Virgin Islands as a limited liability company. The company redomiciled to Cyprus on 18 December 2009. The primary business address of the company is 25, Kolonakiou Street, Block B, Office 101, 4103, Linopetra, Limassol.

Principal activities
The principal activity of the company, which is unchanged from last year, is ownership of companies operating within the seismic industry, including providing financing to subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SeaBird Exploration Plc has prepared its financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The accounting policies are consistent with those applied in the consolidated financial statements.

For the discussion of risk factors, financial risk management, and critical accounting estimates and judgments; please refer to note 3 and 4 of the consolidated financial statements.

Shares in subsidiaries (see note 13) are stated at cost less any provision for impairment.

3. INCOME TAX EXPENSE AND DEFERRED TAX ASSETS

Current tax	2017	2016
Current period	-	-
Adjustment for prior periods	(155)	-
Total current tax	**(155)**	**-**

	2017	**2016**
Profit/(loss) before income tax	(54,903)	(4,650)
Tax arising at the rate of 25.0%	(13,726)	(1,163)
Tax effect of adjustments in Norway	13,571	1,163
Corporate tax in other jurisdictions	-	-
Withholding tax in other jurisdictions	-	-
Total tax expense attributable to continued operations	**(155)**	**-**

4. OTHER CURRENT ASSETS

	2017	2016
Prepaid expenses	8	4
Total other current assets	**8**	**4**

5. CASH AND CASH EQUIVALENTS

	2017	2016
Cash at bank and in hand	**16**	**16**

There were no short-term bank deposits in 2017 (2016: nil).

6. SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

	Number of shares
At 1 January 2017	3,065,434
New shares issued in 2017	1,104,389,711
Total number of shares	**1,107,455,145**
At 31 December 2017 Basic	**1,107,455,145**
At 31 December 2017 Diluted	**1,107,455,145**

On 1 August 2017, the company announced that all required consents for its proposed financial restructuring had been obtained. The company issued shares to Ordinat Shipping (owner of Munin Explorer), Glander and SBX04 bondholders as a part of the restructuring. The shares were issued at NOK 5.00 per share. The company effectuated the closing of the restructuring on 7 August, including the issuance of 54,389,711 new shares. The total number of shares in the company after issuance of the new shares in the restructuring was 57,455,145. The issuance of theses new shares increased the company's share capital by $30.6 million.

During quarter four the company carried out a private placement of equity and a repair offering of Class A shares, raising total gross proceeds of NOK 105 million at the NOK 0.1 offer price. The private placement was directed to a limited group of investors while the repair issue was offered to the company's existing shareholders as of close of trading 15 September 2017, who were not contacted with respect to the private placement and who are not resident in a jurisdiction where such offering would be unlawful, or would (in jurisdictions other than Norway) require any prospectus filing, registration or similar action. The total outstanding amount of shares in the company is 57,455,145 common shares and 1,050,000,000 Class A shares at 31 December 2017, which is equivalent to 1,107,455,145 ordinary shares. The company's issued share capital as per 31 December 2017 is US$6,795,514.5, consisting of 57,455,145 ordinary shares with par value of US$ 0.1 and 1,050,000,000 Class A shares with par value of US$ 0.001. On 5 February 2018, the company's 1,050,000,000 class A shares were converted to ordinary shares at a rate of 1 class A share to 1 ordinary share. Moreover, a reduction in the company's authorized share capital was completed through the reduction of the nominal value of the ordinary shares from US$ 0.1 to US$ 0.001 per share. The total outstanding amount of shares in the company is 1,107,455,145 common shares after the completion of the share conversion.

Following the completion of the restructuring in 2015, the company issued 884,687,500 warrants to subcribers for shares in the 2015 restructuring , each convertible into one ordinary share of the company. The warrants expire on 15 January 2018. Each warrant can be used to subscribe, within their expiration, for one share of the company at an exercise price of NOK 0.10. Following the consolidation of shares in 2015 (through the conversion of every one thousand of the company's shares into one share), the number of issued warrants are 884,686 at an exercise price of NOK 100.

No warrants have been exercised by the end of December 2017. On 16 January 2018, the company's listed warrants expired and were delisted from the Oslo Stock Exchange.
No share options were issued or excercised in 2016 and 2017. The company does not have any share options outstanding as of 31 December 2017.

7. TRADE AND OTHER PAYABLES

	2017	2016
Trade payables	701	345
Accrued interest expense	-	-
Accrued expenses and other payables	86	184
Total trade and other payables	**787**	**529**

8. LOANS AND BORROWINGS

Following the financial restructuring in 2015 the new loan agreements of the group have been entered into by SeaBird Exploration Finance Ltd, which is the financing company of the group. Therefore, there are no external loans and borrowings registered under the name of SeaBird Exploration Plc as of 31 December 2017.

9. OTHER FINANCIAL ITEMS, NET

	2017	2016
Interest income intercompany borrowings	2,478	1,247
Net foreign exchange gain/(loss)	(62)	-
Dividends received	-	49,774
Other financial income/(expense)	-	(5)
Total other financial items	**2,416**	**51,016**

10. EXPENSES BY NATURE

	2017	2016
Staff cost and Directors' remuneration	231	856
Share option expense	-	-
Legal and professional	730	(472)
Management fee to group companies	(1,134)	-
Other expenses	903	154
Total selling, general and administrative expenses	**730**	**538**

11. FINANCE EXPENSE

	2017	2016
Interest on bank borrowings, bond loans, and leases	19	1
Interest on intercompany borrowings	-	2,882
Total finance expense	**19**	**2,883**

12. DIVIDENDS

No dividend was distributed for 2016 and no dividend will be distributed for the year ended 31 December 2017.

13. SHARES IN SUBSIDIARIES

Company	Principal activity	Country of incorporation	Shareholding and voting rights
Aquila Explorer Inc.	Vessel holding company	Panama	100%
SeaBird Exploration Crewing Limited	Crewing company	Cyprus	100%
Biliria Marine Company Limited	Inactive	Cyprus	100%
GeoBird Management AS	Operating company	Norway	100%
Harrier Navigation Company Limited	Vessel holding company	Cyprus	100%
Hawk Navigation Company Limited	Vessel holding company	Cyprus	100%
Munin Navigation Company Limited	Vessel holding company	Cyprus	100%
Oreo Navigation Company Limited	Inactive	Cyprus	100%
Osprey Navigation Company Inc.	Vessel holding company	Panama	100%
Raven Navigation Company Limited	Inactive	Cyprus	100%
Sana Navigation Company Limited	Vessel holding company	Cyprus	100%
Seabed Navigation Company Limited	Dormant	Cyprus	100%
SeaBird Exploration Americas Inc.	Management company	USA	100%
SeaBird Exploration Asia Pacific PTE. Ltd.	Management/operating company	Singapore	100%
SeaBird Exploration Cyprus Limited	Management/operating company	Cyprus	100%
SeaBird Exploration Finance Limited	Finance company	Cyprus	100%
SeaBird Exploration FZ-LLC	Management company	UAE	100%
SeaBird Exploration Multi-Client Limited	Multi-client company	Cyprus	100%
SeaBird Exploration Norway AS	Management company	Norway	100%
SeaBird Exploration Shipping AS	Operating company	Norway	100%
SeaBird Exploration UK Limited	Management company	UK	100%
SeaBird Exploration Vessels Limited	Vessel holding company	Cyprus	100%
Seaship Holding Services Limited	Closed down	Cyprus	100%
Silver Queen Maritime Limited	Inactive	Malta	100%
SeaBird Crewing Mexico S. DE R.L. DE C.V.*	Crewing company	Mexico	100%
SeaBird Seismic Mexico S. DE R.L. DE C.V.*	Operating company	Mexico	100%

*Indirect subsidiary

The company made impairment on shares in subsidiaries of $39.8 million for 2017 ($50 million in 2016).

14. COMMITMENTS AND CONTINGENCIES

The company's commitments and contingencies as per 31 December 2017 are set out below (the parent company reported similar commitments or contingencies in 2016).

The SBX04 bond and the secured credit facility has been issued by SeaBird Exploration Finance (a SeaBird Exploration Plc subsidiary). The SBX04 bond (please refer to group note 17a for details) is secured with an unconditional and irrevocable on-demand guarantee over the vessels Aquila Explorer, Osprey Explorer, Northern Explorer and Harrier Explorer. In addition, the bondholders have a guarantee from SeaBird Exploration Plc, pledge on all material operating subsidiaries, assignment of charters, assignment of insurances, assignment of earnings and a floating charge. The credit facility is secured by the same security as the security to be provided in respect of the SBX04 bond, however so that the credit facility's rights to full recovery shall be pari passu with the bondholders.

15. RELATED-PARTY TRANSACTIONS

i) Purchases of services and expenses recharged to group companies

Expenses amounting to $1.1 million were recharged to group companies during 2017 (2016: $1.2 million recharged from group companies).

ii) Key management personnel compensation

	2017	2016
Salaries and other short-term employee benefits	205	286
Social security costs	26	40
Pension costs	-	-
Total	**231**	**286**

iii) Due from related parties

	2017	2016
Loans to companies within SeaBird group:		
At beginning of year	-	7,085
Additional loans/(loans repaid during year)	15,563	12
Interest charged	2,478	1,247
Impairment of group receivables	(16,255)	(8,344)
At end of year	**1,786**	**-**

The above loan is provided at 6.45% weighted average interest rate (7.5% in 2016) and is repayable on demand.

iv) Due to related parties

	2017	2016
Loans from companies within SeaBird group:		
At beginning of year	125	41,514
Additional loans/(loans repaid during year)	165	(44,270)
Interest charged	-	2,881
At end of year	**290**	**125**

The above loan is provided at 6.85% weighted average interest rate (7.5% in 2016) and is repayable on demand.
The company has made provisions for losses on intercompany loans in the group. The provisions have been made on the basis of adjusting the SeaBird Exploration Plc equity in line with the SeaBird Exploration Group equity.

v) Commitments and contingencies

The company's commitments and contingencies as per 31 December 2017 are set out below (the parent company reported similar commitments or contingencies in 2016). The SBX04 bond and the secured credit facility has been issued by SeaBird Exploration Finance (a SeaBird Exploration Plc subsidiary). The SBX04 bond (please refer to group note 17a for details) is secured with an unconditional and irrevocable on-demand guarantee over the vessels Aquila Explorer, Osprey Explorer, Northern Explorer and Harrier Explorer. In addition, the bondholders have a guarantee from SeaBird Exploration Plc, pledge on all material operating subsidiaries, assignment of charters, assignment of insurances, assignment of earnings and a floating charge. The credit facility is secured by the same security as the security to be provided in respect of the SBX04 bond, however so that the credit facility's rights to full recovery shall be pari passu with the bondholders.

15. RELATED-PARTY TRANSACTIONS

vi) Shareholding

Management and the board of directors, as of 31 December 2017, held the following shares*) on own account:

Name	Title	Shares	A Shares
Arne Helland	Chairman	-	
Hans Petter Klohs	Board Member	-	
Stig R Myrseth	Board Member	-	
Christophe Debouvry	CEO	-	8,000,000
Nils Haugestad	CFO	-	8,000,000
Kjell Mangerøy	VP Business Development	3	4,000,000
Steinar Fjeldbo	VP Operations	-	
Dag Grepperud	VP QHSE	-	

*) Direct includes shares held by spouses, dependent children or companies in which the person has such influence as referred to in the Norwegian Public Limited Liability Companies Act §1-3.

16. SUBSEQUENT EVENTS

On 16 January 2018, the company's listed warrants expired and were delisted from the Oslo Stock Exchange.
The post-closing due diligence period, whereby TGS may return to SeaBird certain parts of the multi-client library, was completed. Two multi-client surveys in the South East Asia region and one survey in West-Africa will remain with SeaBird. The return of the multi-client surveys to SeaBird was booked in quarter four as a $0.2 million reclassification between restructuring gain and impairment loss on multi-client libraries.

On 5 February 2018, the company's 1,050,000,000 class A shares were converted to ordinary shares at a rate of 1 class A share to 1 ordinary share. Moreover, a reduction in the company's authorized share capital was completed through the reduction of the nominal value of the ordinary shares from US$ 0.1 to US$ 0.001 per share. The total outstanding amount of shares in the company is 1,107,455,145 common shares after the completion of the share conversion.

On 16 February 2018, the company entered into a settlement agreement with Ordinat Shipping AS, the owners of Munin Explorer for the termination of the charter party agreement and redelivery of the vessel. The transaction is conditional on the fulfilment of certain preconditions and is expected to be approximately cash neutral to the company in 2018 and 2019. The company is estimating that the transaction will save in excess of $2 million over the term of the contract, including the forgiveness of the $2.4 million charter hire payment due 30 June 2020. The settlement agreement provides for a three year non-competition restriction whereby the vessel cannot compete in the company's markets.

On 19 February 2018, the company announced that it signed an agreement to provide a source vessel (Osprey Explorer) for an upcoming survey in West Africa. The project is anticipated to commence during Q1 and will have a duration of approximately 60 days.

17. FINANCIAL INSTRUMENTS

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2017	2016
LOANS AND RECEIVABLES:			
Due from related parties		1,786	-
Trade receivables		-	-
Other current assets		8	4
Total loans and receivables		**1,794**	**4**
Cash and cash equivalents		16	16
Total credit risk		**1,810**	**20**

Liquidity Risk

Ultimate responsibility for risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the group's short, medium and long term funding and liquidity requirements. The group manages liquidity risk by maintaining sufficient cash and marketable securities, ensuring the availability of funding through an adequate amount of available debt funding, and by continuously monitoring forecast and actual cash flows.

The table below summarised the maturity profile of the company's financial liabilities at 31 December 2017 on contractual undiscounted payments:

	On Demand	Less Than 12 Months	1 to 5 Years	Total
Interest-bearing borrowings	-	-	-	-
Interest payment	-	-	-	-
Trade and other payables	**-**	787	-	787
Total liquidity risk	**-**	**787**	**-**	**787**

The table below summarised the maturity profile of the company's financial liabilities at 31 December 2016 on contractual undiscounted payments:

	On Demand	Less Than 12 Months	1 to 5 Years	Total
Interest-bearing borrowings	-	-	-	-
Interest payment	-	-	-	-
Trade and other payables	-	529	-	529
Total liquidity risk	**-**	**529**	**-**	**529**

17. FINANCIAL INSTRUMENTS

Currency risk

The company's exposure to foreign currency risk was as follows based on notional amounts per 31 December 2017:

	NOK	EUR	GBP
Trade and other payables in foreign currencies	2,934	199	60
Trade and other payables in reporting currency (USD)	358	239	81
Gross balance sheet exposure	358	239	81

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2017	2016	2017	2016
USD				
EURO 1	1.1274	1.1066	1.1999	1.0516
NOK 1	0.1210	0.1190	0.1219	0.1155
GBP 1	1.2875	1.1066	1.3503	1.2336

The company and its subsidiaries operate internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Norwegian kroner, Euro and GBP.

Interest rate risk	2016	2015
Fixed rate financial liabilities- Bond loans:		
SBX04	-	-
Total interest rate risk	**-**	**-**

The company held $16 thousand in cash and cash equivalents at 31 December 2017 ($16 thousand at 31 December 2016). The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss or equity.

Fair value versus carrying amounts

The company has reviewed the fair value of financial assets and liabilities compared to carrying amount at 31 December 2017. In general, this evaluation shows no material difference.

18. RESTRUCTURING LOSSES

The company completed its financial restructuring in the third quarter of 2017. A non-recurring operational restructuring loss of $0.2 million was reported by the company in 2017. Further, the company booked a non-recurring financial restructuring loss of $0.3 million in the same year. The losses resulted from financial advisory costs in relation to restructuring of debt maturities and partial conversion of debt to equity. Please see group note 30 for further details.

19. AUDIT FEES

	2017	2016
Total fees charged for statutory audit	36	22
Total fees charged for other assurance services	-	-
Total fees charged for tax advisory services	-	-
Total fees charged for other non-audit services	2	6
Total	**38**	**28**

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Independent Auditor's Report

To the Members of Seabird Exploration Plc

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Seabird Exploration Plc (the "Company") and its subsidiaries (together with the Company, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We remained independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2.22 to the financial statements which sets forth the conditions, along with other matters which indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Key Audit Matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The Key Audit Matter is the following:

Impairment testing of Vessels

Under IFRS, the Group is required to annually test its vessels for impairment. This annual impairment test was significant to our audit because the balance of vessels of USD27.5m as of 31 December 2017 is material to the financial statements, representing 67% of total assets. In addition, management's assessment process is judgmental and is based on assumptions over expected future revenue, margins and cash flows from the services it provides and which are affected by the future market and economic conditions that influence the demand, supply and price of oil and gas which in turn affects the demand for the Group's services.

Our audit procedures included, amongst others, evaluating the assumptions and methodologies used by the Group, in particular those relating to the forecasted revenue and profit margins. We also focused on the adequacy of the Group's disclosures on the assumptions that have the most significant effect on the determination of the recoverable value of the Group's vessels (note 6).

Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Consolidated Management Report and the Corporate Governance Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Group for the year ended 31 December 2008. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 10 years.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 4 April 2018 in accordance with Article 11 of the EU Regulation 537/2014.

Other legal requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the consolidated management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap.113, and the information given is consistent with the consolidated financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the consolidated management report. We have nothing to report in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance report in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap.113, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap.113, and is consistent with the consolidated financial statements.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance report includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap.113.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance report in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap.113. We have nothing to report in this respect.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Panicos Constantinou.

Panicos Constantinou
Certified Public Accountant and Registered Auditor
for and on behalf of
BDO Ltd
Certified Public Accountants (CY) and Registered Auditors

Nicosia, Cyprus,
4 April 2018

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