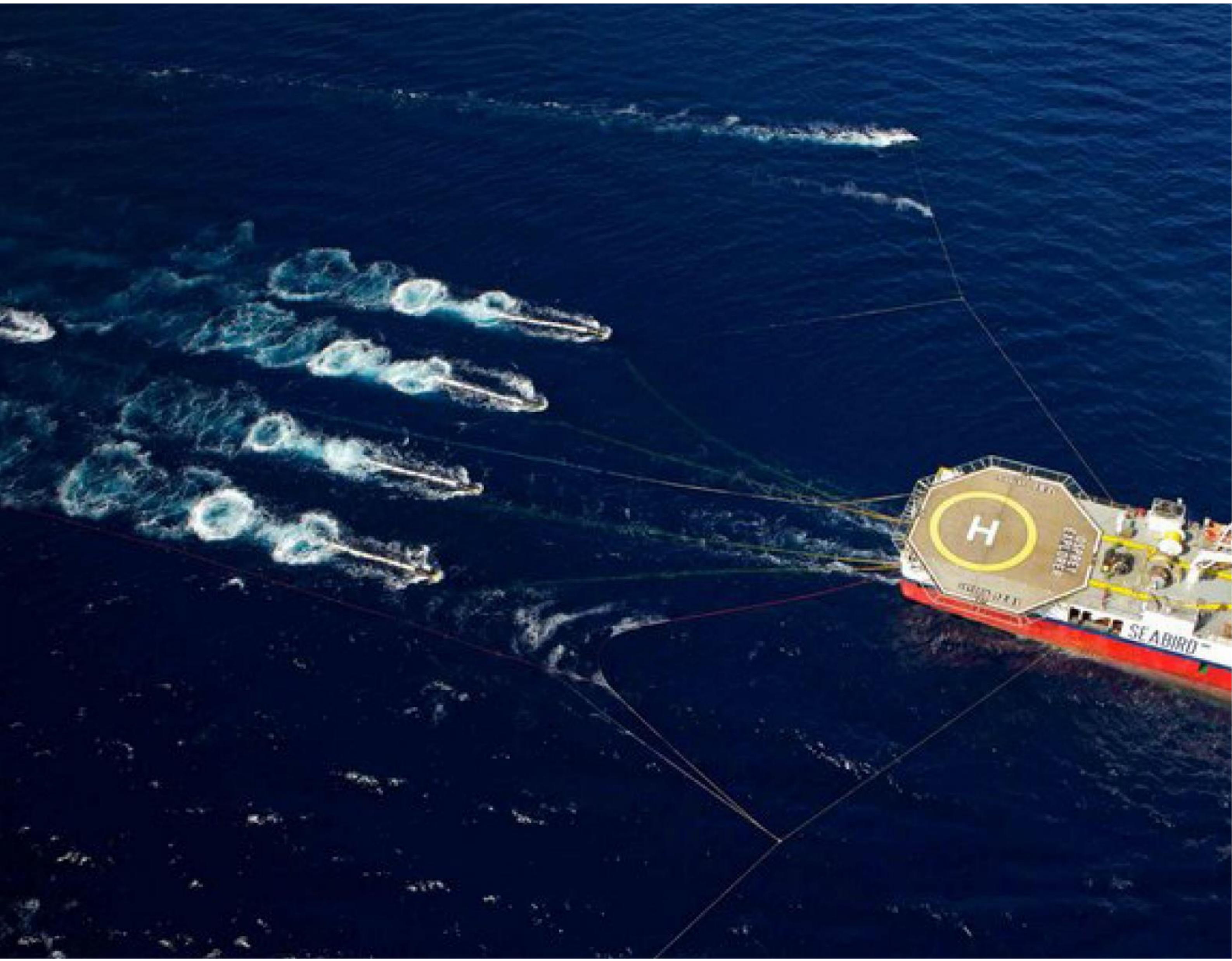
2018

ANNUAL REPORT

SeaBird Exploration


SEABIRD

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 and source vessel solutions, 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.

$19.9m
revenues for 2018 compared to $19.2 million in 2017

-$5.2m
EBITDA in 2018 compared to -$25.6 million in 2017

Eagle Explorer
and 40 km solid streamer acquired in July for $17 million

Fleet optimization
continued with the decommissioning of Northern Explorer and the redelivery of Munin Explorer

Four active vessels
in operation at the end of the year

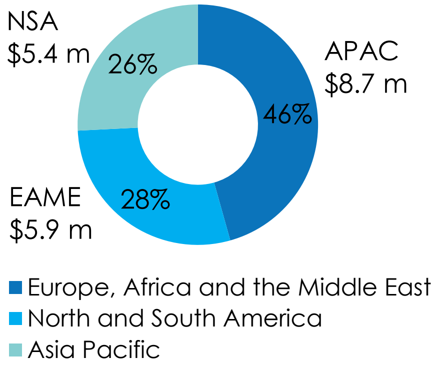
Two equity issues
completed, raising $36.0 million in gross proceeds

2018 HIGHLIGHTS

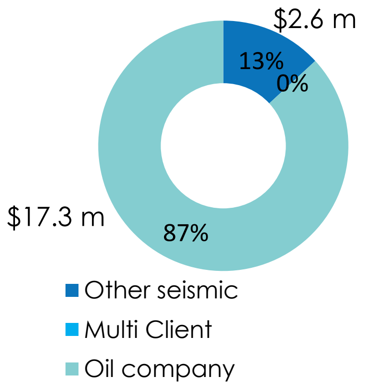
Years	18	17
Revenues	19,880	19,212
Gross margin*	981	(6,771)
SG&A*	(6,856)	(12,002)
EBITDA*	(5,185)	(25,556)
EBIT*	(12,490)	(46,453)
Profit/(loss)	(12,911)	(49,868)
Capital expenditures	(21,260)	(1,095)
Total debt	4,559	4,259
Net interest bearing debt*	(1,215)	(2,070)
Equity ratio*	64.3%	38.0%

Note: *) See group note 36 for definitions

REVENUE BY REGION
(USD) MILLIONS



REVENUE BY CLIENT TYPE
(USD MILLIONS)



CEO STATEMENT

An interview with
Hans Petter Klohs

Hans Petter, we have seen a general improvement in the seismic market. What are the latest developments? Has the recent oil price volatility impacted your business?

In spite of the oil price recovery, which started in 2017, overall seismic investment has lagged initial expectations. However, this year we have seen a marked improvement in seismic demand primarily targeting producing fields. We are now seeing other seismic market segments picking up. As a result of improved activity, SeaBird increased its active fleet from two vessels at the beginning of the year to four vessels at end Q4. The Harrier Explorer was reactivated during Q2 and our newly acquired vessel, Eagle Explorer, completed its docking late December and went straight into production. For Q1 2019, all four active vessels are in production and we have booked approximately 50% of the active fleet on contracts for Q2.

In regards to oil price volatility, the price correction we saw in the last quarter of 2018 did have a short-term impact on tender activity, with a reduction in nominal tender count. However, the number of active discussions are increasing and tender activity in Q1 2019 has picked up. Moreover, oil companies are increasing exploration activity and we are thus expecting higher streamer utilization in the revenue mix going forward. We see increased interest in all SeaBird's core markets and expect to continue the positive contract conversion rate for the company.

What are the drivers behind the solid growth experienced in the source market? How do you see this market develop?

Most contracts over the last year have been related to OBN and we see tenders coming from all geographic regions. The strong market growth is mostly driven by the oil & gas companies' focus on increased oil recovery from producing fields and near-field exploration. There is a demand for better insight into existing fields and a node survey will provide better imaging than streamer seismic. The

OBN-related source vessel tenders have a high conversion rate and we expect the OBN activity to continue its growth in 2019.

Vessel capacity in the seismic market has been substantially reduced. With oil prices coming back, how do you see the competitive dynamics going forward?

SeaBird's core markets are the niche seismic markets – 2D, source vessel surveys and niche 3D. Over the past years, traditional 3D streamer players have reduced their fleet and refocused to target large 3D and multi-client surveys rather than bringing overcapacity to SeaBird's key market segments. The increased activity in the OBN market may impact and refocus the remaining 2D players, leading to reduced capacity and competition in the 2D market. We saw an increase in activity in 2018 and Q1 2019 and expect the market to tighten further. SeaBird is well positioned as the leading 2D provider.

The source market has recovered in 2018 and we see the vessel demand increasing from 10-15 vessels to 25-30 vessels. We expect that the additional capacity will be covered by traditional 2D players, independent vessel owners with spare capacity and by potential vessel conversions. The source seismic market requires less investments and equipment compared to streamer seismic and we see relatively more market players offering vessels than for 2D and niche 3D projects. However, SeaBird is well positioned as we can deliver full-blown operational service to clients, compared to vessel owners only providing vessel and some equipment.

The niche 3D market has been muted during the seismic market downturn. We expect to see increased activity in this market during the year given the oil price recovery and increasing tender activity. Currently, SeaBird has two vessels that can operate in this market. As the niche 3D segment calls for smaller seismic vessels than the traditional 3D players possess, we generally do not encounter any established competitors. The market is limited in size, but provides an extra dimension to SeaBird's service offering.

What fleet changes has the company initiated to improve its position in the market?

SeaBird has worked actively to refocus its fleet over the past years. Client requirements relating to equipment and vessel age are increasing. We have completed multiple improvements to our service offering and to position the company for the recovery in the seismic market. Oil companies are indicating increased exploration activity and spending in 2019.

As a result of improved market conditions, the Eagle Explorer was acquired in Q3 with full in sea equipment spread and 40 km Sercel solid streamer for $17 million, versus a new built price of $120 million. She completed a 10 year class docking in December before commencing its source contract in the Gulf of Mexico. The Eagle Explorer is a 2009-built vessel that effectively can operate in source, 2D and 3D mode. The vessel brings an extra dimension to the SeaBird umbrella as it can be modified and used as a node lying vessel. When acquiring the vessel, SeaBird obtained a preferred supplier status with CGG for 2D and source projects.

In addition, the Voyager Explorer is still on a flexible charter contract. She is a 2005-built vessel and can operate in 2D, source and 3D mode. She is particularly suited for shallow-water operations. These transactions represent significant upgrades to our vessel fleet. Source work close to producing fields requires advanced vessels and node market is likely to look for vessels with higher source capacity and operational dependability. Select oil companies also have strict technical criteria on general streamer seismic operation. As a result, SeaBird continued to decommission less suitable vessels. We entered into a redelivery agreement of the Munin Explorer and decommissioned the Northern Explorer during the year and will continue to review further opportunities to improve our fleet.

You joined as CEO in 2018. What vision do you have for the company and do you see a change in SeaBird's strategy?

We don't intend to implement major changes to the company's strategy. We are committed to continuously focus on being the market leader in the niche seismic markets. We are well positioned to capitalize on the structural demand growth for OBN and source vessel services related to oil & gas operators focus on increased oil recovery as well as cyclical recovery in exploration for oil & gas. In order to meet newer market standards we will continue to focus on both fleet and equipment renewal. For example, if clients requests and compensate accordingly, most of our vessels can be upgraded from dual to triple source. We will look into pursuing opportunities of both chartering in vessels on flexible contracts and acquiring new vessels. Fleet size will be adjusted by continuing to decommission our older vessels depending on the economics of keeping the vessels active in the market for a prolonged period. This is a cyclical industry and we have to act accordingly.

Going forward, we see a demand to expand our seismic activity base from a pure exploration phase to also include seismic acquisition in the production phase of the oil service industry. The ability to service clients globally is a critical differentiator for SeaBird and with our current vessel fleet we can utilize economies of scale and provide vessel optimization for our clients. With the purchase of Eagle Explorer we obtained a preferred service provider status with CGG, and we will continue to explore further commercial partnerships with larger seismic operators.

After the financial restructuring of the company in 2017, the strengthening of our equity base and asset base in 2018 and multiple cost optimizations initiated, SeaBird is ready to capitalize on the recovery in the seismic market and anticipate to grow activity and earnings in 2019. SeaBird is also well positioned to mitigate new industry cyclicality with our cost flexibility and low financial gearing.

QUALITY HEALTH SAFETY ENVIRONMENT

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

SeaBird's operating management system remains central to the company's performance evaluation process and is fully endorsed and supported by senior management through the company's policies.

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 0.15 in 2018.

SeaBird's detailed analysis of past performance ensures that continual improvements are being made to QHSE procedures and also ensures that set QHSE targets for 2019 are achievable. Quality enhancement will remain a focal point for 2019.

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).

Achilles Joint Qualification System certification shows our commitment to transparent reporting to all potential clients.

All SeaBird vessels comply with the requirements of the international safety management code and the marine labor convention 2006.

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. Continual improvement is achieved by developing ever more stringent internal environmental plans and targets annually.

Seabird remains committed to the goal of ensuring that all personnel in management roles acquire internationally recognized QHSE qualifications.

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

0.15

total recordable incident rate (TRIR)

3.2%

Total fleet average downtime

GEOGRAPHIC MARKET DRIVERS

The company has worldwide operation and has extensive experience in seismic exploration and acquisition across all core seismic markets. SeaBird's extensive reach and experience offers its clients significant experience within complex and challenging environments.

- 5 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

The Northwest European season was dominated by large multi-client 3D surveys as well as node projects. Small proprietary and multi-client 2D surveys were also acquired. There were seismic survey activities in both Western and Eastern Mediterranean during 2018 and in the Middle East, several major node surveys were initiated. The Red Sea and West Mediterranean can trigger more seismic project activity going forward. In Turkey, both the Black Sea and the Mediterranean Sea, there were both 2D and 3D projects throughout the year. West Africa is expected to remain active with several new surveys planned. North West Africa has attracted renewed interest due to oil discoveries in Senegal and Mauritania and large 3D programs are ongoing in these countries. Moreover, there are also surveys planned in neighboring Morocco. Oil companies are continuing to focus on East Africa, with particular interest in Mozambique with 2D and 3D programs acquired. There are also tenders out in Tanzania for three smaller 3D surveys from TPDC (Tanzania Petroleum Development Corporation). Madagascar launched its licensing round that will trigger more seismic acquisition in the offshore acreage.

Asia Pacific

We see continued interest in Australasia, but a number of surveys are still postponed due to budget limitations, prefunding concerns and delays in environmental permitting. The New Zealand government's decision to cease the release of new exploration acreage will limit future seismic activity in that particular country. Indonesia has been less active, with only smaller proprietary 2D surveys and a modest number of multi-client 3D surveys acquired. In Malaysia, there has been high activity level with 4D and node surveys ongoing through the year and scheduled to continue into 2019. There are also plans for multi-client 2D and 3D programs to be acquired. The Indian Ocean has seen some multi-client 2D activities in Sri Lanka and proprietary node surveys for ONGC (Oil and Natural Gas Corporation) in India. Both Bangladesh and Myanmar are planning licensing rounds during 2019, which will trigger more seismic acquisition. In the long term, Asia Pacific is likely to remain a key region for all types of seismic exploration.

North and South America

North and South America continues to be a resilient region with more stable market activity. We have seen an uptick in market requirement for dedicated source vessels in conjunction with ocean bottom seismic as well as 3D wide azimuth surveys in the United States and Mexico. Activities in Brazil have been impacted by project delays, although we believe that several new seismic projects could materialize in the short or medium term. Upcoming licensing rounds in Argentina and Brazil have triggered multiple multi-client surveys in the region. The US Atlantic coast uncertainties remain, largely driven by political and permitting issues. Nevertheless, we are closely monitoring the situation as the volume of area to be covered and the exploration potential in the area is significant. Ongoing large multi-client 2D survey in the Caribbean and several proprietary 2D contracts in Suriname will ensure activity in this area.

Europe, Africa and the Middle East	
28% of group revenues	
2D	45%
Source	55%
3D	0%
Multi-Client	0%

North and South America	
26% of group revenues	
2D	0%
Source	100%
3D	0%
Multi-Client	0%

Asia Pacific	
46% of group revenues	
2D	0%
Source	100%
3D	0%
Multi-Client	0%

INTERACTION WITH THE CAPITAL MARKETS

The company has substantially reduced funded debt and was in a net cash positive position at the end of the year.

Key events in 2018

As a part of the fleet optimization effort, the company decommissioned Northern Explorer in Q1 2018 and redelivered Munin Explorer to its owner in Q2 2018. In July 2018, the company announced its intention to acquire Eagle Explorer and related equipment, including approximately 40 kilometres of seismic streamers.

In light of an improving market sentiment and an assessment that increased vessel utilization would require funding of start-up costs, the company completed a NOK 150.0 million equity private placement in May 2018. A related equity repair issue of NOK 25.0 million was closed in August 2018. To partially fund the acquisition of Eagle Explorer and related equipment, the company completed a NOK 120.0 million equity private placement in July 2018. A related equity repair issue of NOK 2.2 million was closed in September 2018.

In August 2018, the company completed a consolidation of shares, pursuant to which 10 shares in the company at $0.001 in nominal value was consolidated to one share at $0.01 in par value. The first day of trading of the consolidated shares was 28 August 2018.

At the end of the year, the company reported debt of $4.6 million and a net cash positive position of $1.2 million.

Other events

During the year, the company completed a review of financial auditors to satisfy regulatory requirements. At the annual general meeting, Deloitte Limited was elected new auditor to the company.

In April 2018, the company entered into a market making agreement with Norne Securities. The purpose of the agreement was to increase the liquidity of the shares of the company, which are listed on Oslo Stock Exchange. The agreement is in accordance with the standard requirements of Oslo Stock Exchange.

Financial Calendar

09 Aug 2019
Annual General Meeting

29 May 2019
First Quarter 2018

15 Aug 2019
Second Quarter 2018

7 Nov 2019
Third Quarter 2018

20 largest shareholders as of 15 April 2019

INVESTOR	NO. OF SHARES	% OF TOTAL
VATNE EQUITY AS	17,522,500	6.16%
GRUNNFJELLET AS	15,220,500	5.35%
MIEL HOLDING AS	14,580,000	5.13%
EUROPA LINK AS	5,675,000	2.00%
KINA LAKS EKSPORT AS	5,279,500	1.86%
F STORM AS	5,000,000	1.76%
GOLDMAN SACHS & CO LLC	4,452,868	1.57%
KBL EUROPEAN PRIVATE BANKERS S.A.	4,421,012	1.55%
MORGAN STANLEY & CO. INT. PLC.	4,072,926	1.43%
NORDNET LIVSFORSIKRING AS	3,974,071	1.40%
OMA INVEST AS	3,838,282	1.35%
BUSINESSPARTNER AS	3,537,133	1.24%
CMD AS	3,497,445	1.23%
AB SEB BANKAS	3,471,652	1.22%
MP PENSJON PK	3,293,435	1.16%
BASIC I AS	3,000,000	1.05%
PRO AS	2,828,962	0.99%
KRISTIAN FALNES AS	2,600,000	0.91%
S FJORD INVEST AS	2,500,000	0.88%
STRANDEN INVEST AS	2,446,967	0.86%
TOTAL NUMBER OWNED BY TOP 20	**111,212,253**	**39.09%**
TOTAL NUMBER OF SHARES	**284,487,312**	**100.00%**

Capital market transitions

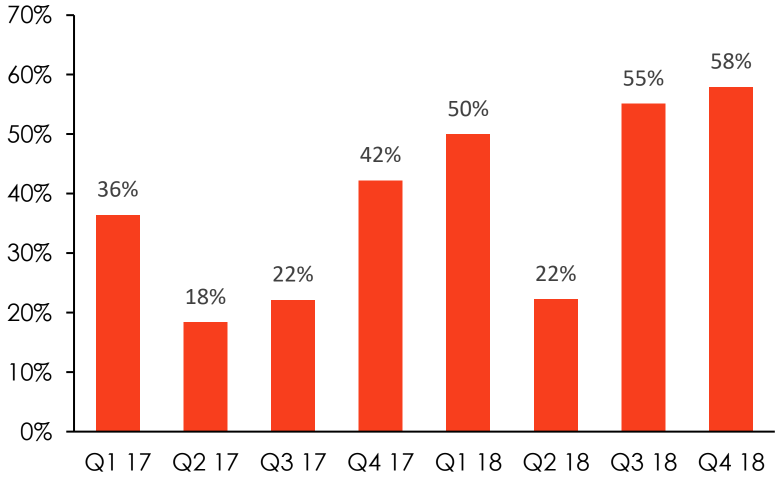
OVERVIEW OF SHARE ISSUES	GROSS AMOUNT NOK MILLION	ISSUE PRICE	NUMBER OF SHARES ISSUED*
MAY PRIVATE PLACEMENT	NOK 150.0	NOK 1.60	93,750,000
MAY REPAIR ISSUE	NOK 25.0	NOK 1.60	15,625,000
JULY PRIVATE PLACEMENT	NOK 120.0	NOK 1.90	63,200,000
JULY REPAIR ISSUE	NOK 2.2	NOK 1.90	1,166,791
* Adjusted for 10 to 1 reverse split taking effect 28 August 2018.		**TOTAL SHARES OUTSTANDING**	**284,487,312**

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 and niche 3D seismic services segment. The company is also a leading provider of 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 company is incorporated in Cyprus and operates through four offices in Oslo (Norway), Bergen (Norway), Limassol (Cyprus) and Singapore.

Vessel utilization*



*Vessel utilization based on total fleet including stacked vessels

2D market

SeaBird is a market leader in the 2D seismic segment. In 2018, the 2D market activity showed early signs of recovery, with surveys initiated in West Africa, Latin America and the Far East. As oil prices and macro indicators recover after the correction experienced in the second half of 2018, we believe 2D survey activity will continue to strengthen in 2019. During the year, the fleet was utilized on three 2D contract surveys in Europe. 2D surveys accounted for 13% of revenues in 2018.

Source

Ocean bottom seismic was the company's largest business area in 2018. The ocean bottom seismic market has experienced significant growth as technology developments have reduced survey costs and provided oil companies with improved data to optimize oil recovery. We expect this growth trend to continue in 2019 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 2018, SeaBird provided source services in Africa, the Americas and the Asia Pacific regions. Source surveys accounted for 87% of revenues in 2018.

Niche 3D market

The niche 3D market has been inactive through the oil market downturn over 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 and is well positioned with two vessels available for such surveys.

Multi-client

The company conducted two multi-client projects during the year. One project in the North Sea in the United Kingdom and one project in the Barents Sea and the North Sea. The multi-client business accounted for 0% of revenues in 2018.

GROUP MANAGEMENT

Hans Petter Klohs

Chief Executive Officer, Position held from 2018

Mr. Klohs has held the position as Chief Executive Officer of the company since June 2018. Mr. Klohs has extensive senior executive management experience from Norwegian stock listed entities in both oil service and oil & gas, amongst other as CFO and later CEO 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 experience includes corporate funding, financial reporting, M&A, corporate finance, investor relations and business development. He holds a BSc degree in Economics and Business Administration and an Mphil degree in International Finance. He is a Norwegian citizen and resides in Norway.

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.

Finn Atle Hamre

Chief Operating Officer, Position held from 2018

Mr. Hamre has held the position as Chief Operating Officer of the company since June 2018. Mr. Hamre has more than 20 years of experience in the Offshore Oil and Gas industry across both European and Asian markets. He has more than 10 years of experience in senior executive management positions including VP, MD, CCO and CFO. He holds a B.Eng. (Hons) in Naval Architecture, and a Master of Business Administration. He is a Norwegian citizen and resides in Norway.

Gunnar C. Jansen

CCO/CLO Position held from 2018

Mr. Jansen has held the position as Chief Commercial and Legal Officer of the company since August 2018. He has more than 15 years' experience in the Offshore Oil and Gas and Shipping industry and 10 years' experience in senior executive management positions including Deputy CEO, CCO, CFO and General Counsel. Mr. Jansen has extensive experience in Business Development, contract negotiations, chartering, commercial management, project development and ship-financing. He holds a BA degree in Economics and International Studies and Master degree in Jurisprudence and Maritime Law. He is a Norwegian citizen and resides in Norway.

BOARD OF DIRECTORS

Heidar Engebret

Chairman,
Joined 2018

Mr. Engebret was appointed to his position in 2018. Mr. Engebret has experience from equity & high yield sales in Sparebank 1 Markets and is also a board member in Fjord Bank AB. He has been an advisor to the board in SeaBird Exploration since October 2017. He holds a Bachelor degree in Economics and Business Administration from Norwegian School of Economics (NHH). Mr. Engebret is a Norwegian citizen and resides in Norway.

Dag Fredrik Arnesen

Director
Joined 2018

Mr. Arnesen was appointed as a director of the company in 2018. Mr. Arnesen is a private investor. He has held numerous leading positions in DNB, Orkla Finans, Skipsbanken and Eidsiva Rederi ASA. He was also a senior advisor in GIEK. Mr. Arnesen holds an MSc in Economics and Business Administration from the Norwegian School of Economics (NHH). He is a Norwegian citizen, and resides in Norway.

Olav Haugland

Director
Joined 2018

Mr. Haugland was appioned as a director of the company in 2018. He has also served as director of the Company during the period 2015-2017. Mr. Haugland is a seasoned CFO with extensive international network and broad experience in the capital market from both equities and as bond issuer. He has broad business experience with some 80+ board membership and years of CFO responsibilities in the shipping and oil service with both public and private groups. Over the last decade, he has held various management positions in capital-intensive companies, including the position as CFO in Farstad Shipping ASA. Mr. Haugland is now CEO in subsea company Ocean Installer AS. He holds a Master of Science in Economics and Business Administration and is a state authorized public accountant. He is a Norwegian citizen, and resides in Norway.

Ketil Nereng

Director,
Joined 2018

Mr. Nereng is a private investor primarily in shipping and offshore, founder and manager of investment company focused on development of small scale hydro powerplants. He is the chairman of the board of BNVannkraft AS and Bøen Kraft AS, and member of the board of BNTurbin AS. Mr. Nereng holds a Bachelor of Business Administration from La Salle, Barcelona and a MSc in Financial Economics from BI Oslo. He is a Norwegian citizen, and resides in Norway.

CORPORATE GOVERNANCE

SEABIRD EXPLORATION PLC

Comprehensive report for the year 2018

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 17 October 2018 and the listing rules of Oslo Stock Exchange publicly available at www.nues.no. This report also fulfils the requirement in Corporate Governance Code January 2019 of the Cyprus Stock Exchange.

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".

The company 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. The company is actively engaged in both the proprietary contract and multi-client sectors. The company delivers global coverage with its seismic vessels and its vision is to be the most reliable and productive service provider in its focus areas. The goal of the company is to maintain its market leadership position, while retaining its focus on quality, health, safety and environment (QHSE).

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.

The company has established risk assessment policies in connection with the company's operations.

The board of directors evaluates the company's objectives, strategies and risk profiles on a yearly basis. Corporate social responsibility has not been formulated into a specific guideline. However, QHSE systems and culture are generally viewed to address this topic along with the prevention of corruption, the working environment, equal treatment, discrimination and environmental impact.

3. Equity and dividends

The board of directors is committed to having an appropriate level of equity capital based on the company's objectives, strategy and risk profile. 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 2018 is USD 16,800,000 and is set out in the memorandum of association. Shareholders with significant shareholdings are identified on page 13 in 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 pre-emptive 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 and all shares are equal in all respects.

In the event of an increase in share capital through the issue of new shares, a decision to waive the existing shareholders' pre-emptive rights to subscribe for shares shall be taken by the shareholders and must be justified by the board of directors in accordance with the provisions of Cyprus law.

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

5. Shares and negotiability

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.

The shareholders meetings are led by the chairperson appointed as set out in the company's articles of association.

Proxy votes are permitted and there is no requirement for notice of attendance. 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.

Depending on the general meeting agenda, the chairperson of the board of directors and the chairperson of the nomination committee may attend the general meeting. If the chairperson of the board of directors or any member of the board of directors do not attend the general meeting, then according to article 8 of the company's articles of association, the shareholders present shall elect one of the participating shareholders as the chairperson of the meeting.

The auditor shall attend general meetings at which the items to be considered are of such nature that the auditor's attendance must be regarded as essential.

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. Svein Øvrebø (Chair). The chairperson of the nomination committee is elected by the general meeting. The nomination committee makes a recommendation at the general meeting for the composition and the compensation of the board of directors as well as the nomination committee. The general meeting determines the nomination committee's remuneration and may provide guidance for its duties.

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. Board of directors: composition and independence

The annual report of the company provides information on the expertise of the directors. The board of directors consists of four members. The four 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 2018 with an emphasis on the company's objectives and strategy.

Instructions are in place for the CEO and the board of directors, outlining their different roles and the interaction between the parties. The board does not have an elected or appointed deputy chairperson. The articles of association, however, have applicable procedures for board meetings when the chairperson is absent.

The board of directors has established an audit committee. The audit committee consists of independent directors Mr. Engebret and Mr. Arnesen.

The board of directors has not deemed it necessary to appoint a remuneration committee.

The company has provisions for directors and management to report conflicts of interest in any transaction or business activity. The board of directors ensures that members of the board of directors and executive personnel make the company aware of any material interests that they may have in items to be considered by the board of directors.

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. 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 personnel

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 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 governance policy, intended to safeguard shareholders' interests. No takeover situations have occurred during the reported year.

15. Auditor

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. At these meetings the auditor reports on any material changes in the company's accounting principles and key aspects of the audit, comments on any material estimated accounting figures and reports all material matters on which there has been disagreement between the auditor and the executive management of the company. 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 audit committee. The auditors confirm their independence through their reports to the audit committee.

MANAGEMENT REPORT

Operating activities

Oil exploration macro indicators and the overall industry sentiment improved markedly in 2018, in spite of the oil price correction experienced in Q4. The increased spending on ocean bottom seismic surveys resulted in a rising demand for source vessel capacity. Additionally, the company saw an increase in 2D seismic surveys. The growing level of industry activity translated into increased utilization for the company's vessels, with utilization of 47% in 2018 up from 21% in 2017.

The company reactivated the Harrier Explorer towards the middle of the year. In November, the company acquired the 2009-built vessel Eagle Explorer (formerly named Geowave Voyager), together with approximately 40 kilometers of Sercel solid streamers and other related seismic equipment. The vessel completed its scheduled 10-year class docking in early December before commencing a source contract in the Gulf of Mexico with a firm duration of 160 days plus additional options.

With the acquisition of the Eagle Explorer and the chartering of the Voyager Explorer, which is a 2005-built vessel, well suited for source, 2D and niche 3D (including shallow water) operations, we have significantly strengthened our service offering.

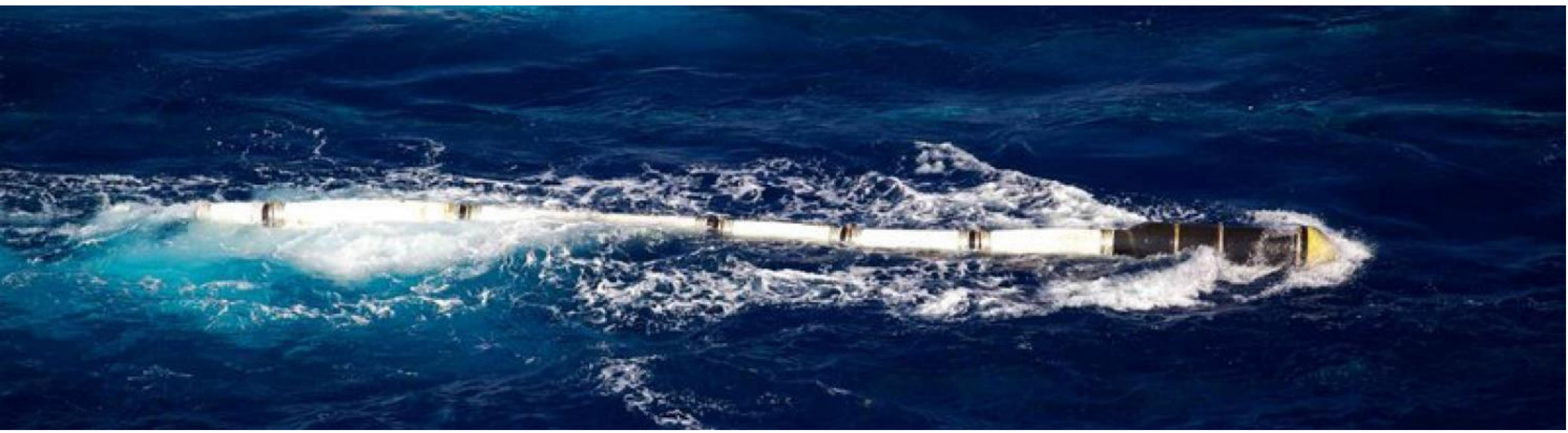
The company completed three 2D contracts and one source project in the Europe, Middle East and Africa region while it completed one source project and commenced another source survey in the North and South America region during the year. In the Asia Pacific region, the company completed two source projects and commenced a third source project towards the end of the year, which continued into 2019.

The company completed one and started on one multi-client project in 2018. Revenue recognition for multi-client projects were changed as per 1 January 2018 as a result of the implementation IFRS 15 Revenue from Contracts with Customers. Under the new standard, revenue recognition of invoiced prefunding is generally delayed until data processing has been finalized, which is often up to twelve months after the survey has been completed. As result of this, no multi-client revenues from the two 2018 projects were recognized during the year. The company currently holds five multi-client surveys with a book value of $1.5 million.

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 separate financial statements for the parent company are prepared in accordance with International Financial Reporting Standards.



Highlights 2018

- Revenues were $19.9 million, an increase of 3% compared to 2017
- SG&A was $6.9 million, a reduction of 43% compared to 2017
- Signed agreement to acquire Geowave Voyager (renamed Eagle Explorer); took delivery of the vessel and related equipment in November 2018
- EBITDA was negative $5.2 million compared to negative $25.6 million for 2017
- EBIT was negative $12.5 million compared to negative $46.5 million for the prior year
- Active fleet increased by two vessels (Harrier Explorer and Eagle Explorer) during the year; total active fleet of four vessels at the end of 2018
- Cost of sales were $18.9 million, a reduction of 27% compared to 2017

Revenues were $19.9 million in 2018, representing a 3% increase compared to revenues earned in 2017. The increase in revenues was mainly due to higher fleet utilization compared to 2017. The majority of our revenues were related to contracts with oil companies and other seismic companies. Our largest customer represented 42% of total revenues for the year.

Other income (expense) was $0.5 million in 2018 (2017: $0.0 million).

Cost of sales was $18.9 million in 2018 (2017: $26.0 million). The decrease is primarily due to lower cost following the decommissioning of the Northern Explorer in January 2018, the redelivery of the Munin Explorer in April 2018, reduced Aquila Explorer stacking costs and cost savings initiatives partially offset by increased project activity.

SG&A was $6.9 million in 2018, down from $12.0 million in 2017. The decrease is principally due to general cost savings initiatives and reduced onshore headcount during 2018.

Reversal of bad debt charges was $0.2 million in 2018 compared to $1.3 million of bad debt charges in 2017.

Operational restructuring loss was $ nil in 2018 compared to $5.5 million loss in 2017.

EBITDA was negative $5.2 million compared to negative $25.6 million in 2017.

Depreciation and amortization were $7.3 million in 2018 (2017: $12.3 million). The decrease is predominantly due to lower multi-client sales amortization and lower depreciation associated to lower vessel book values.

Total impairments were $0.0 million in 2018 ($8.6 million). The impairments in 2017 were primarily related to the retirement of the Northern Explorer from the fleet.

Net finance expense was $2.0 million in 2018 ($3.7 million). The decrease in finance expense is due to the implemented restructuring.

Other financial items were positive $0.7 million (2017: negative $0.8 million). The gain in 2018 was mainly due to currency exchange gains.

Financial restructuring gain was nil in 2018 compared to $0.9 million in 2017.

Reversal of income tax expense was $0.9 million in 2018 (2017: reversal of $0.2 million).

The company reports a loss from continuing operations of $12.9 million for 2018 (2017: loss of $49.9 million).

Net profit from discontinued operations was $0.9 million for 2018 compared to $0.2 million in 2017. Discontinued operations represent the remaining contractual obligations of the ocean bottom node business, which was divested in Q4 2011. The 2018 gains relate to reversal of income tax liabilities.

Capital expenditures were $21.3 million in 2018 (2017: $1.1 million), which mainly related to the purchase of Eagle Explorer and the subsequent docking.

Multi-client investment net of partner prefunding was $1.5 million in 2018 (2017: $ nil). The company invoiced $0.7 million in multi-client prefunding (deferred income) during the year, which will be recognized as multi-client revenues in 2019 and subsequent periods.

Cash and cash equivalents at the end of the period were $5.8 million (2017: $6.3 million). In addition, the company had $0.2 million in restricted cash in connection with deposits and taxes payable (2017: $0.2 million).

Net cash from operating activities was negative $11.4 million in 2018 (negative $18.5 million).

The company has a bond loan. 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 $4.6 million per 31 December 2018 (nominal value of $4.6 million plus payment in kind interest of $0.4 million plus accrued interest of $0.0 million plus amortized interest of $0.3 million less gain on restructuring 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. Interest paid during 2018 was $ nil. The bond is listed on Nordic ABM, and it is traded with ticker SBEF02 PRO.

Glander facility, previously classified as "loans and borrowings", has been reclassified as "non-current trade payables". The non-current trade payable 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 $0.1 million less gain on restructuring of $0.1 million). Coupon interest rate is 6.0%. Interest may be paid in kind and is due 30 June 2020. The facility's maturity date is 30 June 2020. Interest paid during 2018 was $ nil.

Net interest bearing debt was negative $1.2 million as per 31 December 2018 (net debt of negative $2.1 million as per 31 December 2017).

The number of ordinary shares in the company is 284,487,312 each with a nominal value of $0.01 as per 31 December 2018.

The members of the board of directors held direct and indirectly 1.76% as of 31 December 2018 and 1.76% 31 March 2019. Please see group note 29 for further details.

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 30 for further details on the company's risk management policies and key risk exposures.

The Group maintains branches in Ghana, Indonesia and Norway.

Significant events during the year

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 2017. The post-closing due diligence period, whereby TGS could return to SeaBird certain parts of the multi-client library, was completed in early 2018. Two multi-client surveys in the South East Asia region and one survey in West-Africa that was previously a part of the SBX04 bond's security will remain with SeaBird.

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 $0.1 to $0.001 per share.

On 16 February 2018, the company signed an agreement to terminate the Munin Explorer charter agreement and redeliver the vessel. Moreover, Northern Explorer was decommissioned in the middle of February.

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.

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.

On 24 May 2018, the company announced the completion of a NOK 150 million private placement with allocated subscriptions for 937,500,000 new shares at a subscription price of NOK 0.16.

On 20 June 2018, the company held an extraordinary general meeting, proposing changes to the board of directors. Following the meeting, the company's board of directors consists of Mr. Heidar Engebret (Chairman), Mr. Dag Fredrik Arnesen (Director), Mr. Ketil Nereng (Director) and Mr. Hans-Petter Klohs (Director).

On 24 June 2018, the Board of Directors of SeaBird Exploration Plc (the "Company") announced that Hans Petter Klohs was appointed as new CEO of the company, replacing Christophe Debouvry effective from 24 June 2018. Mr. Klohs resigned from his position as board member of the company as a consequence of the appointment.

On 12 October 2018, the company announced that it and its partner MCG had secured significant additional pre funding commitment from an oil major, relating to the ongoing multi-client 2D project in North West Europe. The pre-funding commitment is based on a revised scope, increasing the survey from its initial 6,000 km to approximately 16,000 km. Due to the planned increased survey scope and the inclement weather in the operative area, a decision was made to suspend the survey for the 2018 season. The survey is expected to re-commence in 2019. The company also announced that it was awarded a contract for a proprietary 2D survey for the Harrier Explorer in North West Europe to be performed in Q4 2018. The survey had a duration of approximately two weeks and a contract value of close to $1 million.

On 12 October 2018, the board of directors of SeaBird Exploration Plc approved an employee share option plan for a maximum of 28.4 million share options to be allocated to current and future employees. The share option plan has a duration of three years from the initial grant date. One third of the options granted will vest one year after the grant date, one third of the options granted will vest two years after the grant date and the remaining one third of the options granted will vest three years after the grant date. All options may be exercised at any time within one year from the corresponding vesting dates. A total of up to 24.1 million options have been granted as of 31 December 2018. The options will have an exercise price of NOK 2.40 for the tranche vesting one year after the initial grant date, NOK 2.65 for the tranche vesting two years after the grant date and NOK 2.90 for the tranche vesting three years after the grant date.

On 15 October 2018, the company announced that it received a 30-day extension for the Osprey Explorer for the OBN survey in the US Gulf of Mexico that was announced on 25 June 2018. The extension brought the firm period of the contract to a total of 90 days, which was subsequently extended to a total of 120 days (announced on 8 November). On 8 November, the company announced that it started a multi-client 2D survey with a duration of approximately two weeks in North-West Europe. The multi-client survey was pre-funded and approximately cash neutral excluding potential late sales. The company used the Harrier Explorer for the survey.

On 13 November 2018, the company took delivery of the Geowave Voyager, fully rigged with 40km streamer and dual source, for $17 million. The vessel has been renamed Eagle Explorer. As part of the purchase agreement, SeaBird will have a preferred supplier status with CGG when using the Eagle Explorer. The vessel completed its scheduled docking in December with a total investment of $2.2 million, and it was mobilized for a new 160-day plus options source contract in the Gulf of Mexico.

On 14 November 2018, the company announced that it signed a letter of intent to acquire 2D seismic data for an international oil & gas company in the Americas region with an estimated duration of six weeks.

Corporate governance

Our corporate governance policy guides our operations and culture. The company has complied with Cyprus law in preparing the Corporate Governance report. The company's corporate governance policies are set out in the corporate governance section of this annual report.

The appointment of auditors is decided in the company's general meeting. Deloitte Ltd was appointed as the Group's new auditor on 10 August 2018. The independent auditors, Deloitte Ltd, have expressed their willingness to continue in office.

Going concern

The company's accounts have been prepared on the basis of a going concern assumption.

Subsequent events

On 7 January 2019, the company announced that it had received notification of award to acquire 2D seismic data for an international oil & gas company in the Americas region. The survey is due to commence during Q2 2019 with an expected duration of two months. The company will be using the Harrier Explorer for the work.

On 24 January 2019, the company announced extension of two existing contracts. The contract for the Voyager Explorer, which is working on an ocean bottom node survey in the Far East, was extended by approximately 90 days until March 2019, with an option for the charterers to extend by another 30 days. Moreover, the Osprey Explorer has been working on an ocean bottom node survey in the Americas region. This contract has been extended from initially 60 days to currently approximately 180 days and is expected to run to end March 2019. Due to delayed completion of the ongoing survey, the company has agreed to terminate Osprey's engagement in the follow-on ocean bottom node contract with expected completion in mid-April. SeaBird will receive compensation for the change in vessel schedule, and it is thus expected to have limited financial impact.

On 11 March 2019, the company announced a license sale of seismic data over Rio Grande Rise in Brazil. SeaBird's share of the sale was $0.8 million. The license sale relates to assets which previously have been written down to $0.2 million on the balance sheet. The company will therefore report a gain of $0.7 million in quarter one, related to this transaction.

On 12 March 2019, the company announced an extension of the Eagle Explorer source contract with CGG. The vessel is currently working on a source survey in the Gulf of Mexico. The contract was extended by approximately 80 days, with further options for CGG to extend with up to an additional 60 days. The extension is for another survey as source vessel in Northern Europe.

Outlook

Oil exploration macro indicators have improved during 2018. Nevertheless, the oil price correction we saw in quarter four appears to have impacted tender activity short term, which was lower in quarter four compared to quarter three, while still remaining at a healthy level. With many oil companies now indicating increased exploration activity and spending in 2019, we expect tender activity to recover and continue at a solid rate going forward. Moreover, we believe the ongoing consolidation of the seismic fleet and the reduction in seismic streamer operators have improved the company's position in its core markets.

Seismic spending in 2018 has largely been targeting increased oil recovery from producing fields and near-field exploration, and this has resulted in a commensurate increase in source vessel demand related to ocean bottom seismic surveys. With several large ocean bottom node surveys commencing during H1 2019, the source vessel market is expected to tighten further. At the same time, we have also experienced increasing interest for exploration driven streamer surveys and have recently been awarded two 2D streamer survey contracts. We are currently evaluating inquiries for other 2D as well as niche 3D seismic surveys, both proprietary surveys related to license obligations and larger multi-client surveys.

The recently announced contract awards have strengthened the company's backlog with all active vessels on scheduled projects through quarter one and approximately 50% of active fleet capacity already booked for quarter two 2019.

Overall, SeaBird is well positioned to capitalize on the recovery in the seismic market and to benefit from its financial position with a net positive cash balance. We intend to continue to evaluate further steps to renew and optimize our fleet in light of improving market conditions.

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 2018 is $11.98 million, which is proposed allocated as follows:

Loss transferred from other equity	$11.98 million
Total allocated	$11.98 million

The net loss for the year is carried forward and will be settled against future gains. The board of directors does not recommend the payment of a dividend. 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
25 April 2019

Heidar Engebret, Chairman

Dag Fredrik Arnesen, Director

Olav Haugland, Director

Ketil Nereng, Director

FINANCIAL INFORMATION

Notes to the consolidated financial statements:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

All figures in USD 000's	Note	As of 31 December 2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	6	41,863	28,408
Multi-client library	8	1,547	-
Long term investments	34	577	54
		43,987	**28,462**
Current assets			
Inventories	12	1,177	996
Trade receivables	9	2,077	1,157
Contract assets	9	1,827	1,777
Other current assets	10	3,269	1,814
Assets classified as held for sale	11	-	487
Restricted cash	13	235	225
Cash and cash equivalents	13	5,774	6,329
		14,360	**12,785**
Total assets		**58,346**	**41,247**
EQUITY			
Shareholders' equity			
Paid in capital	14	289,967	261,947
Equity component of warrants	14	-	2,736
Currency translation reserve		(407)	(407)
Share options granted	14	111	-
Retained earnings		(252,162)	(248,610)
		37,509	**15,666**
LIABILITIES			
Non-current liabilities			
Borrowings	17	4,559	4,035
Long term trade payables	18	400	385
Long term tax liabilities	7	1,258	-
Other long term liabilities	33	640	-
Non-current part of provisions	16, 33	-	443
		6,857	**4,863**
Current liabilities			
Trade payables	15	2,982	5,085
Contract liability	8	651	-
Other payables	15	8,877	7,581
Provisions	16	-	2,994
Borrowings	17	-	225
Current tax liabilities	7	1,469	4,833
		13,979	**20,718**
Total liabilities		**20,837**	**25,581**
Total equity and liabilities		**58,346**	**41,247**

On 25.04.2019, the board of directors of SeaBird Exploration Plc authorized these financial statements for issue.

Heidar Engebret	**Dag Fredrik Arnesen**	**Olav Haugland**	**Ketil Nereng**
Chairman	Director	Director	Director

CONSOLIDATED STATEMENT OF INCOME

All figures in USD 000's	Note	2018	Year ended 31 December 2017
Revenues	5	19,880	19,212
Cost of sales	21	(18,899)	(25,983)
Selling, general and administrative expenses	21	(6,856)	(12,002)
Net bad debt charges	21	167	(1,258)
Other income (expenses), net	20	522	24
Operational restructuring loss	31	-	(5,549)
Earnings before interest, tax, depreciation and amortization (EBITDA)		**(5,185)**	**(25,556)**
Depreciation	6	(7,304)	(11,360)
Amortization	8	-	(909)
Impairment	6, 8	(1)	(8,628)
Earnings before interest and taxes (EBIT)		**(12,490)**	**(46,453)**
Finance expense	23	(1,958)	(3,745)
Other financial items, net	19	679	(772)
Restructuring gain	31	-	884
Profit/(loss) before income tax		**(13,769)**	**(50,086)**
Income tax (expense)/reversal	7	858	218
Profit/(loss) continuing operations		**(12,911)**	**(49,868)**
Net profit/(loss) discontinued operations	26	936	209
Profit/(loss) for the year		**(11,976)**	**(49,659)**
Profit/(loss) attributable to			
Shareholders of the parent		(11,976)	(49,659)
Earnings per share			
Basic	24	(0.06)	(1.83)
Diluted	24	(0.06)	(1.83)
Earnings per share from continued operations			
Basic	24	(0.06)	(1.84)
Diluted	24	(0.06)	(1.84)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

All figures in USD 000's	Note	2018	Year ended 31 December 2017
Profit/(loss)		**(11,976)**	**(49,659)**
Other comprehensive income			
Net movement in currency translation reserve and other changes		-	11
Total other comprehensive income, net of tax		**-**	**11**
Total comprehensive income		**(11,976)**	**(49,648)**
Total comprehensive income attributable to			
Shareholders of the parent		(11,976)	(49,648)
Total		**(11,976)**	**(49,648)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All figures in USD 000's	Paid in capital	Equity component of warrants	Currency translation reserve	Share options granted	Retained earnings	Total
Balance at 1 January 2017	**218,690**	**2,736**	**(407)**	**-**	**(198,950)**	**22,068**
Comprehensive income for the year						
Profit/(loss)	-	-	-	-	(49,659)	(49,659)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(49,659)**	**(49,659)**
Contributions by and distributions to owners						
Share issue	43,257	-	-	-	-	43,257
Total contributions by and distributions to owners	**43,257**	**-**	**-**	**-**	**-**	**43,257**
31 December 2017	**261,947**	**2,736**	**(407)**	**-**	**(248,609)**	**15,666**
Balance at 1 January 2018	**261,947**	**2,736**	**(407)**	**-**	**(248,609)**	**15,666**
Comprehensive income for the year						
Profit/(loss)	-	-	-	-	(11,976)	(11,976)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(11,976)**	**(11,976)**
Contributions by and distributions to owners						
Share issue	33,709	-	-	-	-	33,709
Reduction of share capital	(5,688)				5,688	-
Equity component of warrants	-	(2,736)	-	-	2,736	-
Share option granted	-	-	-	111	-	111
Total contributions by and distributions to owners	**28,021**	**(2,736)**	**-**	**111**	**8,424**	**33,820**
31 December 2018	**289,968**	**-**	**(407)**	**111**	**(252,162)**	**37,509**

CONSOLIDATED STATEMENT OF CASH FLOW

All figures in USD 000's	Note	Year ended 31 December 2018	2017
Cash flows from operating activities			
Profit/(loss) before income tax		(13,769)	(50,086)
Adjustments for			
Non-cash effects of restructuring	31	-	3,721
Depreciation, amortization and impairment	6, 8	7,305	20,897
Movement in provision	16	(3,437)	(1,501)
Unrealized exchange (gain)/loss		(141)	(89)
Other items		(86)	(1,750)
Interest expense on financial liabilities	23	590	2,553
Paid income tax	7	(313)	(609)
(Increase)/decrease in inventories		(181)	279
(Increase)/decrease in trade receivables, contract assets and restricted cash		(2,268)	753
Increase/(decrease) in long term liabilities		605	443
Increase/(decrease) in trade and other payables		(383)	6,916
Increase/(decrease) in contract liability		651	-
Net cash used in operating activities		**(11,427)**	**(18,472)**
Cash flows from investing activities			
Capital expenditures	6	(21,260)	(1,095)
Proceeds from disposal of PPE		241	-
Long term investment		(532)	1
Multi-client investment	8	(1,047)	-
Net cash used in investing activities		**(22,597)**	**(1,094)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	14	35,965	13,137
Transaction costs on issuance of ordinary shares		(2,256)	(508)
Repayment of borrowings	17	(225)	(706)
Interest paid		(15)	(585)
Net cash from financing activities		**33,470**	**11,338**
Net decrease in cash and cash equivalents		**(554)**	**(8,228)**
Cash and cash equivalents at beginning of the period	13	**6,329**	**14,560**
Cash and cash equivalents discontinued operations		**-**	**-**
Cash and cash equivalents at end of the period	13	**5,774**	**6,329**

Non-cash transactions:

During the year, the Group entered into the following non-cash transactions which are not reflected in the consolidated statement of cash flow:

- A reduction in share capital effected on 5 February 2018 which was recognized as a $5.688 million reduction in the accumulated losses (see note 14).
- Grant of share options of $0.1 million in relation to the Employee Share Option Plan (see note 14).

1. General information

Seabird Exploration Plc (alone or together with its subsidiaries referred to as "SeaBird" or "company" or "Group") 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 company's registered address and its primary business address is 4, Riga Fereou Street Omega Court, Office G, 3095 Limassol, Cyprus. The Group also has offices in Bergen (Norway), Oslo (Norway) and Singapore. SeaBird Exploration Plc is tax resident in Norway and registered in the corporate registers in Norway and Cyprus.

At 31 December 2018, SeaBird's active fleet is as follows:

- Eagle Explorer
- Harrier Explorer
- Osprey Explorer
- Voyager Explorer

At 31 December 2018, SeaBird had one stacked vessel (Aquila Explorer).

The accompanying consolidated financial statements represent the activities of SeaBird for the year ended 31 December 2018. These consolidated financial statements were authorized for issue by the board of directors on 25 April 2019.

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 (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss. The preparation of financial statements 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.

2.2 Adoption of new or revised standards and interpretations

During the current year, the Group adopted all the new and revised IFRS that are relevant to its operations and are effective for accounting periods beginning on 1 January 2018. The impact from the adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with customers" on the accounting policies of the Group is described below:

In accordance with the transition provisions of IFRS 9 and IFRS 15, the Group has elected the simplified approach for adoption of the standards. Accordingly, IFRS 9 and IFRS 15 were adopted without restating the comparative information. The comparative information is prepared in accordance with IAS 39 and IAS 18 and IAS 11 and any impact of adoption should have been recognized in the opening retained earnings.

(A) IFRS 9 "Financial instruments"

IFRS 9 "Financial instruments" replaces the provisions of IAS 39 that relate to recognition and derecognition of financial instruments and classification and measurement of financial assets and financial liabilities. IFRS 9 further introduces new principles for hedge accounting and a new forward-looking impairment model for financial assets.

The new standard requires debt financial assets to be classified into two measurement categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (FVTPL) and those to be measured at amortized cost. The determination is made at initial recognition. For debt financial assets, the classification depends on the entity's business model for managing its financial instruments and the contractual cash flows characteristics of the instruments. For equity financial assets, it depends on the entity's intentions and designation. In particular, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Lastly, assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss.

For investments in equity instruments that are not held for trading, the classification depends on whether the entity has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. If no such election has been made or the investments in equity instruments are held for trading they are required to be classified at fair value through profit or loss.

IFRS 9 also introduces a single impairment model applicable for debt instruments at amortized cost and fair value through other comprehensive income and removes the need for a triggering event to be necessary for recognition of impairment losses. The new impairment model under IFRS 9 requires the recognition of allowances for doubtful debts based on expected credit losses (ECL), rather than incurred credit losses as under IAS 39. The standard further introduces a simplified approach for calculating impairment on trade receivables as well as for calculating impairment on contract assets and lease receivables, which fall within the scope of the impairment requirements of IFRS 9.

For financial liabilities, the standard retains most of the requirements of IAS 39. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to the entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

With the introduction of IFRS 9 "Financial Instruments", the IASB confirmed that gains or losses that result from modification of financial liabilities that do not result in derecognition should be recognized in profit or loss.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedge ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The Group has adopted IFRS 9 with a date of transition of 1 January 2018, which resulted in changes in accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets. The Group's new accounting policies following adoption of IFRS 9 at 1 January 2018 are set out in note 2.11.

Impact of adoption of IFRS 9

In accordance with the transition method elected by the Group for implementation of IFRS 9 the comparatives have not been restated but are stated based on the previous policies, which comply with IAS 39. However, for presentation purposes, the assets and liabilities at 31 December 2017 have been reclassified in accordance with the IFRS 9 principles, hence have been re-presented. The re-presentation had no material impact on the consolidated financial statements. The comparative period disclosures repeat those disclosures made in the prior year.

On 1 January 2018 for debt instruments held by the Group, management has assessed which business models apply to the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI test). In addition, separate assessment for equity instruments held by the Group was performed, in respect of whether they are held for trading or not. As a result of both assessments the Group has classified its debt and equity instruments into the appropriate IFRS 9 categories. The equity investment in a shipowning company included in the line long-term investments on the balance sheet (refer to note 34) has been reclassified from ‘available-for-sale financial asset’ to ‘financial asset at fair value through profit or loss’. The Group’s trade receivables, cash and cash equivalents and restricted cash, which were previously classified as loans and receivables under IAS 39, are now classified as financial assets at amortized cost under IFRS 9. Their measurement basis remains the same as that under IAS 39.

As a result of the adoption of IFRS 9, the Group revised its impairment methodology for each class of assets subject to the new impairment requirements. From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses. The impairment methodology applied depends on whether there has been a significant increase in credit risk and whether the debt instruments qualify as low credit risk.

The Group has the following types of assets that are subject to IFRS 9's new expected credit loss model: trade receivables, contract assets, financial assets at amortized cost, cash and cash equivalents, and restricted bank balances.

The Group has adopted the simplified expected credit loss model for its trade receivables, trade receivables with significant financing component and contract assets, as required by IFRS 9, paragraph 5.5.15, and the general expected credit loss model for financial assets at amortized cost, cash and cash equivalents, and restricted bank balances.

Based on the assessment performed by management, the incremental impairment loss as of 1 January 2018 amounted to nil (2017: nil). Accordingly, the impact of adoption of IFRS 9 on the Group's retained earnings as of 1 January 2018 amounted to nil. The basis on which the assessment was performed is described in note 30.

(B) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 "Revenue from contracts with customers" and related amendments superseded IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations. The new standard replaces the separate models for recognition of revenue for the sale of goods, services and construction contracts under previous IFRS and establishes uniform requirements regarding the nature, amount and timing of revenue recognition. IFRS 15 introduces the core principle that revenue must be recognized in such a way to depict the transfer of goods or services to customers and reflect the consideration that the entity expects to be entitled to in exchange for transferring those goods or services to the customer (the transaction price).

The new standard provides a principle-based five-step model that must be applied to all categories of contracts with customers. Any bundled goods or services must be assessed as to whether they contain one or more performance obligations (that is, distinct promises to provide a good or service). Individual performance obligations must be recognized and accounted for separately and any discounts or rebates in the contract price must generally be allocated to each of them.

The amendments to IFRS 15 clarify how to identify a performance obligation in a contract, how to determine whether a company is a principal (that is, the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided) and how to determine whether the revenue from granting a license should be recognized at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity at first application of the new standard.

The Group's new accounting policies following adoption of IFRS 15 at 1 January 2018 are set out below in note 2.18.

Impact of adoption of IFRS 15

In accordance with the transition provisions of IFRS 15, the Group has elected the simplified transition method for adopting the new standard. Accordingly, any cumulative effect of transition to IFRS 15 should be recognized as at 1 January 2018 as an adjustment to opening retained earnings directly in equity. The cumulative effect of transition to IFRS on retained earnings as at 1 January 2018 was nil.

Based on detailed analysis of the Group's revenue streams and individual contracts' terms and on the basis of the facts and circumstances relating to the Group's revenue transactions, it has been assessed that the adoption of the new standard does not affect the recognition of the contract revenues or the multi-client late sales, but it does impact the timing of recognition of the multi-client prefunding revenue.

The Group’s recognition of prefunding revenue and sales amortization from such projects must be now delayed until the actual delivery of the data. Previously, such prefunding revenue was recognized during the work-in-progress phase, whereas under IFRS 15, all invoices to clients during work-in-progress phase are booked as contract liabilities. Revenues are recognized upon completion of data processing and delivery to the customers.

The Group did not have any open multi-client projects on 1 January 2018, thus the impact of adoption of the new standard on opening reserves was nil. Two new projects were initiated in 2018, and the prefunding revenue from these 2018 projects amounting to $0.7 million, which is recognized within contract liabilities on the statement of financial position as at year-end, will be recognized in profit or loss in 2019 and in subsequent periods.

Note 2.22 describes the reclassification changes effected on comparatives on adoption of IFRS 15.

(C) New and revised IFRS standards in issue but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS standards that have been issued but are not yet effective:

IFRS 16 "Leases" *

IFRS 17 “Insurance Contracts”

Amendments to IFRS 9 - Prepayment Features with Negative Compensation *

Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures *

Annual Improvements to IFRS - Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements *

Standards 2015–2017 Cycle – IAS 12 “Income Taxes” and IAS 23 “Borrowing Costs” *

Amendments to IAS 19 “Employee Benefits” - Plan Amendment, Curtailment or Settlement *

IFRS 10 “Consolidated Financial Statements” and IAS 28 (amendments) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

IFRIC 23 – Uncertainty over Income Tax Treatments

Amendments to Reference to the Conceptual Framework in IFRS Standards

Amendments to Definition of a Business (IFRS 3)

Amendments to IAS 1 and IAS 8 Definition of a Material.

* *Endorsed by the EU*

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 “Leases” and related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of ’low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease,.

a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of- use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

The Group plans to adopt IFRS 16 modified retrospective approach on initial application. Under this approach, the cumulative effect of initially applying IFRS 16 will be recognized as an adjustment to equity at 1 January 2019. The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

Taking into consideration the above provisions and exemptions, the Group has made a preliminary impact assessment of IFRS 16 adoption, which is summarized as follows:

As at 31 December 2018, the Group has non-cancellable operating lease commitments of $0.8 million in relation to the hire-in of the vessel Voyage Explorer. The Group will recognize a right-of-use asset of $0.6 million and a corresponding lease liability of $0.6 million in respect of this lease. The annual impact on profit or loss is to decrease Other expenses by $0.6 million, to increase depreciation by $0.5 million and to increase interest expense by $0.1 million. That will result into an improvement to the Group's EBITDA and the EBIT, while its financial expenses will increase.

Under IAS 17, all lease payments on operating leases are presented as part of cash flows from operating activities. The impact of the changes under IFRS 16 would be to increase the cash generated by operating activities by $0.6 million and to decrease net cash used in financing activities by the same amount.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

determine whether uncertain tax positions are assessed separately or as a group; and

assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:

If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.

If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Interpretation is effective for annual periods beginning on or after 1 January 2019. Entities can apply the Interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.

2.3 Consolidation

(A) SUBSIDIARIES

The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company (its "subsidiaries").

Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

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 separate financial statements of SeaBird Exploration Plc.

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

2.4 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. The Group has one business segment. The CEO of the Group is considered to be the Chief Operating Decision Maker.

2.5 Foreign currency translation
(A) PRESENTATION CURRENCY
The consolidated financial statements are presented in US dollars, which is also the company's functional currency.
(B) TRANSACTIONS AND BALANCES
Foreign currency transactions are translated into the presentation 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. Foreign exchange gains and losses arising from financing activities are recognized in finance costs while all other foreign exchange gains and losses are recognized in their individual line items.

(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.

2.6 Interests in joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

its assets, including its share of any assets held jointly;

its liabilities, including its share of any liabilities incurred jointly;

its revenue from the sale of its share of the output arising from the joint operation;

its share of the revenue from the sale of the output by the joint operation; and

its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Standards applicable to the particular assets, liabilities, revenue and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

The Group's mutli-client projects carried out during the year are joint control arrangements accounted for as joint operations.

2.7 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.

Property, plant and equipment under construction or under conversion are recognized at cost less impairment. Elements of cost include costs that are directly attributable to the conversion project but not administration and other general overhead costs.

2.8 Intangible assets

(A) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(B) Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

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.

The company currently owns no intangible assets other than multi-client investments, which are described in note 2.10.

2.9 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.10 Multi-client library

The multi-client library consists of seismic data surveys to be licensed to customers on a non-exclusive basis. Costs directly incurred in acquiring, processing and otherwise completing multi-client seismic surveys, including depreciation and mobilization costs, are capitalized to the multi-client library.

Generally, each multi-client survey is amortized in a manner that reflects the pattern of consumption of its economic benefits.

Upon completion of data processing and delivery to the prefunding customers and those contracted during the work in progress phase, amortization is recognized based on total costs versus forecasted total revenues of the project.

Thereafter, a straight-line amortization is applied over the project's remaining useful life, which for most projects is estimated to be four years. The straight-line amortization is distributed evenly through the financial years, independently of sales during the quarters.

Whenever there is an indication that a survey may be impaired, an impairment test is performed in accordance with the policy described in 2.9. A systematic impairment test of all surveys is performed at least annually at the end of the financial year.

2.11 Financial assets and financial liabilities

Financial assets and financial liabilities are recognized in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value and are subsequently held at fair value or amortized cost based on the classification provisions described below.

2.11.1 Financial assets - classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories: • those to be measured subsequently at fair value (either through OCI or through profit or loss), and

• those to be measured at amortized cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in four categories:

• Financial assets at amortized cost (debt instruments)

• Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

• Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

• Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes trade receivables, cash and cash equivalents and restricted cash.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

• The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not hold any debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not hold any equity instruments at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets withcash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes the listed debt investment and the non-listed equity investment shown within the line long-term investments.

2.11.2 Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership

2.11.3 Financial assets: impairment and credit loss allowance for ECL

From 1 January 2018, the Group assesses on a forward looking basis the ECL for debt instruments (including loans) measured at amortized cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss.

Debt instruments measured at amortized cost are presented in the consolidated statement of financial position net of the allowance for ECL.

For debt instruments at FVOCI, an allowance for ECL is recognized in profit or loss and it affects fair value gains or losses recognized in OCI rather than the carrying amount of those instruments.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For trade receivables including trade receivables with a significant financing component and contract assets and lease receivables the Group applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognized from initial recognition of the financial assets.

For all other financial asset that are subject to impairment under IFRS 9, the Group applies general approach three stage model for impairment. The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Additionally the Group has decided to use the low credit risk assessment exemption for investment grade financial assets.

2.11.4 Reclassification of financial assets

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

2.11.5 Financial assets write off

Financial assets are written off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write off represents a derecognition event. The Group may write off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

2.11.6 Financial liabilities measurement categories

Financial liabilities are initially recognized at fair value and classified as subsequently measured at amortized cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognized by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

The Group's financial liabilities are classified as subsequently measured at amortized cost.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalized as part of the cost of that asset. Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the consolidated statement of financial position date.

2.11.7 Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference of the respective carrying amounts is recognized in the profit or loss.

2.12 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 Group's inventories comprises of fuel and lube oils.

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

Ordinary share capital is classified as equity. The difference between the fair value of the consideration received by the company and the nominal value of the share capital issued is taken to the share premium account.

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 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.

2.16 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.

2.17 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.

2.18 Revenue recognition

Revenues for contracts with customers arise primarily from (i) proprietary seismic services (2D and 3D exclusive surveys performed in accordance with customer specifications) and (ii) granting of licenses to the Group's multi-client library. Source contracts under which a vessel is chartered-out to the customer for a specific period are accounted for as leases (refer to note 2.19).

Revenue is recognized at the amount that the Group expects to be entitled in exchange for transferring the promised services to the customer (the 'transaction price'). The Group includes in the transaction price an amount of variable consideration (for example, additional consideration related to a "variation order") only to the extent that it is probable that a significant reversal will not occur when the associated uncertainly is resolved. Revenue is shown net of value-added tax, discounts, and after eliminating sales within the Group. Revenue is recognized when it is probable that the Group will collect the consideration to which it will be entitled and when specific criteria have been met under the contract. In evaluating whether collectability is probable, the Group considers only the customer's ability and intention to pay.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases of decreases in estimates are reflected in the profit or loss in the period in which the circumstances become known to the management.

The principles applied for each of the main types of contracts with customers are described in more detail below:

Identification of performance obligations

The Group assesses whether a contract contains one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation on the basis of its standalone selling price. The proprietary 2D/3D contracts (that do not include data processing service), are generally considered to have a single performance obligation. The service related to seismic data processing, which is occasionally agreed in contracts with customers, is typically considered to be a separate performance obligation.

Timing of revenue recognition in proprietary seismic services

Revenue from proprietary seismic services (2D/3D contracts) is recognized over time as the services are performed and the Group is entitled to the compensation under the contract. The performance obligation is considered to be satisfied over time because the Group performs the service at the customer specification, the resulting data is owned by the customer and the Group has no alternative right to otherwise use or benefit from the resultant data. Revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The percentage of completion is measured with reference to the actual cost (cost per day multiplied by days lapsed) to total expected costs (cost per day multiplied by expected project days).

Timing of revenue recognition in multi-client sales (licensing)

<u>Multi-client late sales:</u> Revenue from granting a license to a customer to use a specifically defined portion of the multi-client library is recognized at the "point in time" when the customer has received the underlying data or has the right to access the licensed portion of the data.

<u>Multi-client prefunding sales:</u> The Group ordinarily obtains funding from customers before a multi-client survey project is completed. All invoices to clients during work-in-progress phase are booked as contract liabilities. Revenue is recognized at the point in time when the "right to use" license is transferred to the customer. This "point in time" depends on the specific contract, but is typically upon completion of processing of the survey and granting of access to the finished data or delivery of the finished data.

Timing of revenue recognition in source contracts

Revenue from source contracts is recognized in accordance with the lessor accounting policies (note 2.19). Typically, source contracts are classified as operating leases and hire income is recognized on a straight-line basis over the term of the relevant lease.

Financing component

The Group typically does not have any contracts where the period between the delivery of the service and payment by the customer exceeds one year. Consequently, the Group elects to use the practical expedient and does not adjust any of the transaction prices for the time value of money.

Contract assets and contract liabilities

In case the services rendered by the Group as of the reporting date exceed the payments made by the customer as of that date and the Group does not have the unconditional right to charge the client for the services rendered (that is, the Group has earned 'unbilled revenue'), a contract asset is recognized. The Group assesses a contract asset for impairment in accordance with IFRS 9 using the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the contract asset. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9 (see note 2.11.3).

If the payments made by a customer exceed the services rendered under the relevant contract, a contract liability is recognized. The Group recognizes any unconditional rights to consideration separately from contract assets as a trade receivable because only the passage of time is required before the payment is due.

Costs to obtain or fulfil contracts with customers

The Group can recognize the incremental costs incurred by the Group to obtain contracts with customers and the costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset, if such costs meet the following recognition criteria:

• Incremental costs of obtaining contracts are those costs that the Group incurs to obtain a contract with customer that would not have been incurred if the contract had not been obtained.

• Costs to fulfil a contract are those that (a) relate directly to the contract, (b) generate or enhance resources of the Group that will be used in satisfying performance obligations, and (c) the costs are expected to be recovered.

The Group accounts for the mobilization costs incurred to transfer the vessel to the intended contract area as "costs to fulfil a contract" as they meet the above criteria and recognizes the costs as an asset on the balance sheet, classified within "other current assets". The asset is amortized on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue and recognized in "cost of sales" in the profit or loss. Additionally, the asset is assessed for impairment and any impairment loss is recognized in "cost of sales" in profit or loss. The Group recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Group otherwise would have recognized is one year or less.

2.19 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. 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 2018.

Note 28 describes the impact on the Group's accounting policies from the adoption of the new leases standard IFRS 16 on 1 January 2019.

2.20 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 Board of Directors.

2.21 Going concern assumption

The company's consolidated accounts have been prepared based on a going concern assumption. The board of directors highlighted risks relating to the going concern assumption in the 2017 annual report. During 2018, the group increased its equity, strengthened its liquidity position and purchased one additional vessel. The company also increased its utilization, day rates and contract backlog as a result of a strengthened seismic market. The company forecasts further improvements in its future revenues and profitability.

2.22 Comparatives

The Group has reclassified contract assets into a separate item, which previously was grouped together with other current assets (see note 9 for further details). The Group has also reclassified its trade payable facility from interest bearing loans to long term trade payables as set out in note 18.

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 in note 30. 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

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's operating cash inflows are derived from its seismic activities, which are mostly priced in U. S. dollar whilst vessels' costs and crew costs are also mostly in U.S. dollar, thus creating a natural hedge. Nevertheless, as the Group operates internationally, it undertakes transactions denominated in foreign currencies, in particular with regards to taxation payments, as well as administrative expenses. Consequently, the Group is exposed to foreign exchange risk, primarily with respect to the Norwegian kroner, Euro, Colombian Peso, Mexican Peso, Indonesian Rupee, New Zealand Dollar, Singapore Dollar and the British Pound. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Group's management monitors the currency rate fluctuations continuously and 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 have any open foreign exchange contracts as at 31 December 2018 and 2017. Quantitative information regarding the Group's exposure to foreign exchange risk as at year end is set out in note 30.

(II) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Variable interest rates expose the Group to cash flow interest rate risk, while fixed interest rates expose the Group to fair value interest rate risk. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. During the current year, SeaBird has made a financial investment in a listed bond, which carries fixed interest, exposing the Group to fair value interest risk, which is assessed to be insignificant. As of 31 December 2018, the SBX04 fixed interest rate bond loan constitutes 100% of total debt. The management monitors the interest rate fluctuations on a continuous basis and acts accordingly. Quantitative information regarding the Group's exposure to interest rate risk as at year end is set out in note 30.

(B) CREDIT RISK

SeaBird has policies in place to ensure that sales of services are made to customers with an appropriate credit history. When contracts are made with counterparts that are considered particularly risky, the company normally dictate short payment terms and upfront payments in contractual arrangements with the client to properly mitigate credit risk. 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.

Note 30 details the Group's maximum exposure to credit risk and the measurement bases used to determine expected credit losses.

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. A provision for impairment of trade receivables was established when there was objective evidence that the Group 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 delinquency in payments were considered indicators that the trade receivable was impaired. The amount of the provision was the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate.

(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. Quantitative information about the Group's exposure to liquidity risk is set out in note 30.

(D) 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.

(E) CAPITAL RISK MANAGEMENT
The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year. The capital structure of the Group consists of net debt (borrowings disclosed in note 17 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings). The Group is not subject to any externally imposed capital requirements.

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' exploration and production (E&P) budgets and expenditures, the competitive environment, efficiency in operations, adverse weather conditions and other general economic, changes in input costs and changes market conditions.

SeaBird is also 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. 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 several 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 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. Please also refer to note 4C.

3.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as listed debt and equity investments) 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 including quoted market prices or dealer quotes for similar instruments and discounted cash flows.

The carrying value of trade receivables and payables are assumed to approximate their fair values.

Details with regards to fair value estimation relevant to other financial instruments are set out in note 30.

4. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS 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, RESIDUAL VALUE 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.

(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 2.7, 2.8, 2.9, 2.10 and 2.12. Each of the Group's vessels and its related equipment is considered as separate cash-generating units. The recoverable amounts of the cash-generating units have been determined based on value-in-use calculations.

The Group's value in use model for owned seismic vessels 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 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 considering each survey as a cash generating unit. The impairment review requires an internal evaluation of future sales potential for each survey supplemented with direct enquiries to multi-client partners on active libraries with a material remaining book value.

(C) 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.

In deciding whether deferred tax assets are to be recognized in connection to unutilized tax losses, management considers the subsidiary's history of taxable losses and the probability of generating taxable profits before the unused tax losses expire. Management's assessment has concluded that no deferred tax assets should be recognized as at year-end.

With regards to interest and penalties assessed on underpayments or late payments of income tax in various jurisdictions, management evaluates whether there is significant uncertainty regarding the amount of income tax to be paid and the reason for delays in the payment of the amount. When no significant uncertainty exists with respect to the overall amount of income tax liability, and the Group deliberately delays payment of the amount, the resulting interest and penalties are distinguished from the assessed income tax. Accordingly, interests on tax liabilities expensed during the year have been recognized within finance expenses (see note 23).

5. SEGMENT INFORMATION

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

Primary reporting format – types of revenues

All figures in USD 000's	2018	2017
REVENUE		
Contract	19,870	18,543
Multi-client	10	669
Total	**19,880**	**19,212**

Secondary reporting format – geographical segments

All figures in USD 000's	2018	2017
REVENUE		
Europe, Middle East & Africa (EMEA)	5,852	8,770
North & South America (NSA)	5,363	5,488
Asia Pacific (APAC)	8,666	4,955
Total	**19,880**	**19,212**
SEGMENT ASSETS		
Europe, Middle East & Africa (EMEA)	58,346	41,247
North & South America (NSA)	-	-
Asia Pacific (APAC)	-	-
Total	**58,346**	**41,247**
CAPITAL EXPENDITURE		
Europe, Middle East & Africa (EMEA)	21,260	1,095
North & South America (NSA)	-	-
Asia Pacific (APAC)	-	-
Total	**21,260**	**1,095**

One major customer contributed 42% of the total revenue from continuing operations for 2018. Total revenue from this customer was $8.3 million for the year ended 31 December 2018.

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 vessels and equipment (owned)	Seismic vessels and equipment (leased)	Office equipment	Total
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
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	167,704	16,300	1,226	185,230
Accumulated depreciation and impairments	(140,233)	(16,300)	(289)	(156,821)
Net book amount	**27,471**	**-**	**937**	**28,408**
Year ended 31 December 2018				
Opening net book amount	27,471	-	937	28,408
Derecognition of cost of property plant and equipment	(5,880)	(16,300)	(101)	(22,281)
Derecognition of accumulated depreciation	5,880	16,300	100	22,280
Additions	20,932	285	43	21,260
Impairments	-	-	(1)	(1)
Depreciation	(7,509)	(49)	(246)	(7,804)
Closing net book amount	**40,894**	**236**	**733**	**41,863**
At 31 December 2018				
Cost	182,755	285	1,169	184,209
Accumulated depreciation and impairments	(141,861)	(49)	(436)	(142,346)
Net book amount	**40,894**	**236**	**733**	**41,863**

The Group's seismic vessels, seismic equipment and office 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 items. 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 for special periodic and class renewal surveys (dry-docking) are capitalized and depreciated over the estimated period between surveys, with the cost of parts being replaced to be derecognized. Costs of remaining repairs and maintenance are expensed as incurred.

In the first quarter of 2018, the Group decommissioned Northern Explorer and the moveable seismic equipment on the vessel was transferred to other vessels in the fleet. The vessel had been classified as asset held-for-sale during 2017 (see note 11).

Eagle Explorer (ex. Geowave Voyager) together with 40 km Sercel streamers was added to the fleet in the fourth quarter of 2018 for a price of $17 million. Additionally, the vessel was dry docked for $2.2 million.

During the year the Group re-evaluated and lowered the residual value of the vessels in the fleet active from 01.01.2018, which resulted in additional depreciation of $0.6 million.

During the year, a depreciation amount of $0.5 million in relation to vessels' utilized in the multi-client surveys, has been capitalized within the multi-client library (see note 8).

6. PROPERTY, PLANT AND EQUIPMENT

Impairment assessment
As at 31 December 2018, management carried out a review of the recoverable amounts of the carrying amounts of its fleet in accordance with the Group's policy as described in note 2.9 to the financial statements.
The review did not result in an impairment loss (2017: $8.4 million).

The recoverable amount of the vessels has been determined on the basis of their value in use. The assessment of their value in use was based on the present value of the expected future cash flows derived from discounted cash flow calculations.

The Group's value in use model 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 weighted average cost of capital (13.8%) to estimate the present value, which is compared to book value at the relevant balance sheet date.

The value in use model is based on revenue day rates which are in line with current market rates. The rates increase moderately in 2021 and beyond. Utilization is assumed to be in line with historical averages.

The calculation of value in use is sensitive to changes in the key assumptions, which are considered to be the day-rates, utilization rates and the discount rate. Management has performed a sensitivity analysis on these assumptions in order to assess the impact on the recoverable amounts had the inputs been different. Management has concluded that there is adequate margin in the calculated values-in-use to prevent the outcome of material impairment losses had the key assumptions been changed in the negative direction. For example, all other things being equal:

- A decrease in day-rates by 10% over the remaining useful life of the vessels would result in an impairment loss of $0.3 million.
- A decrease in utilization rates by 10% over the remaining useful life of the vessels would still not result in any impairment loss.
- An increase of the WACC from 13.8% to 15.8% would still not result in any impairment loss.

Given the inherent imprecision and corresponding importance of the key assumptions used in the impairment tests, it is possible that changes in the future conditions may lead management to use different key assumptions, which could require a material change in the carrying amount of the vessels.

Mortgages and assets
The Group has issued the SBX04 bond (see note 17 for further details). This bond is secured with, among others, an unconditional and irrevocable on-demand guarantee over the vessel owning companies and mortgages on the vessels. 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 Glander facility classified within the long term payables (see note 18) is secured by the same manner as the securities provided in respect of the SBX04 bond, so that the credit facility's rights to full recovery shall be pari passu with the bondholders.

7. INCOME TAX

SeaBird Exploration Plc is subject to taxation in Norway and the majority of its subsidiaries in Cyprus. The shipowning subsidiaries incorporated in Cyprus are not liable to corporation tax, but are instead liable to tonnage tax under the Merchant Shipping Law in Cyprus. The Group is also subject to taxation in various other jurisdictions because of its global operations. The Group continues to evaluate its historical tax exposures which might change the reported tax expense.

	2018	2017
Current period	290	471
Adjustment for prior periods	(1,148)	(688)
Total current tax	**(858)**	**(218)**
	2018	2017
Continuing operations profit/(loss) before income tax	(13,769)	(50,086)
Tax arising at the rate of 23%* (24%* in 2017)	(3,167)	(12,021)
Effect of tax losses in arriving at taxable profit	3,167	12,021
Effect of tax adjustments in arriving at taxable profit	-	-
Foreign operations taxed at different rates	55	(1)
Withholding tax effect current year	235	472
Reassessment of prior year tax provisions	(1,148)	(688)
Total tax expense/(reversal) attributable to continuing operations	**(858)**	**(218)**
	2018	2017
Attributable to continued operations	**(858)**	**(218)**
Attributable to discontinued operations	**(936)**	**-**

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 $1.8 million after reassessing the possibility of tax outflows and re-estimating the level of such tax exposures. The booking was split into a $0.9 million net reversal of tax liability of continued operations and a $0.9 million net reversal of tax liability for discontinued operations.

*Norwegian corporate tax rate

	2018	2017
Long term tax payables	1,258	-
Current portion of tax liabilities	1,469	4,833
Total tax liabilities	**2,727**	**4,833**

The company has agreed payment plans for tax liabilities that extend beyond 12 months from the balance sheet date (long term tax payables).

Tax losses of $54.4 million carried forward have not been recognized as deferred tax assets ($16.4 million of the losses relates to Norway and the remaining $38.0 million relates to Cyprus).

8. MULTI-CLIENT LIBRARY

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

	2018	2017
At 1 January	-	3,098
Gross cash investments	1,891	-
Capitalized depreciation (see note 6)	500	-
Multi-client partner contribution	(844)	-
Impairment	-	(247)
Amortization*)	-	(909)
Exchanged for SBX04 Tranche A (see note 31)	-	(1,941)
At 31 December	**1,547**	**-**

*) Amortization attributable to continued operations: $nil ($0.9 million in 2017).

Costs directly incurred in acquiring, processing and otherwise completing multi-client seismic surveys, including vessel's depreciation, are capitalized to the multi-client library. Please see note 2.10 for the capitalization and amortization policies related to the multi-client library.

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

	2018	2017
Completed during prior years	-	-
Completed during current year	1,547	-
Completed surveys	**1,547**	**-**

During 2018 the company invested in two multi-client surveys. In quarter three the company commenced on a MC2D survey in North Sea partnered with Multi-Client Geophysical. Later in the year, the company announced that it and its partner MCG had secured significant additional pre funding commitment from an oil major, relating to the project in North West Europe. The pre-funding commitment is based on a revised scope, increasing the survey from its initial 6,000 km to approximately 16,000 km. Due to the planned increased survey scope and current inclement weather in the operative area, a decision was made to suspend the survey for the 2018 season. The survey is expected to re-commence in 2019. The second multi-client survey was executed in quarter four. The survey had a duration of two weeks and was located in the UK sector of North Sea.

The total book value of the surveys is $1.5 million as per 31 December 2018, while the total cash investment for the two surveys was $1.0 million. Total invoiced prefunding amount during 2018 is $0.7 million, which is booked as "contract liability" in the balance sheet and will be recognized as revenues upon completion of data processing and delivery to the customers. Please see notes 2.2 - section "IFRS 15" and 2.18 for the revenue recognition policies related to the multi-client library.

The Group's mutli-client projects carried out during the year are joint control arrangements accounted for as joint operations in accordance with the policies described in note 2.6.

As at 31 December 2018, management carried out an impairment review of the Group's multi-client library in accordance with the Group's policy as described in note 2.9 and 2.10, taking into consideration the contracted and expected sales on the multi-client surveys. The review did not result in an impairment loss (2017: $0.25 million).

9. CONTRACT ASSETS AND TRADE RECEIVABLES

	2018	2017
Trade receivables gross	7,382	6,722
Less allowance for expected credit losses	(5,305)	(5,565)
Trade receivables – net	**2,077**	**1,157**
Contract assets	1,827	1,777
Less allowance for expected credit losses	-	-
Trade receivables – net	**1,827**	**1,777**

Trade receivables

The average credit period on sales of goods is 30 days. Interest is charged on outstanding overdue trade receivables. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated by carrying out individual assessment on each outstanding debtor by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Contract assets

Amounts relating to contract assets are balances due from customers under contracts that arise when the Group receives payments from customers in line with a series of performance related milestones. The Group will previously have recognized a contract asset for any work performed. Any amount previously recognized as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. Payment for seismic charter contracts is not due from the customer until the individual milestone in the contract has been fulfilled and therefore a contract asset is recognized over the period in which the services are performed to represent the entity's right to consideration for the services transferred to date.

The exposure of the Group to credit risk and the bases under which expected credit losses are determined are described in note 30. The movement in allowance for expected credit losses is also presented in note 30.

10. OTHER CURRENT ASSETS

	2018	2017
Prepaid expenses	1,766	631
Other current assets	967	1,183
Contract costs	536	-
Total other current assets	**3,269**	**1,814**

The contract costs relate to costs to fulfil 2D revenue contracts capitalized under the Group's accounting policy described in note 2.18.

Included in other current assets are vessel operational costs recharged to the clients, as well as recoverable VAT amounts.

11. ASSET HELD FOR SALE

	2018	2017
Vessel classified as held for sale	-	487
Total asset held for sale	**-**	**487**

The Group executed an agreement to divest the Northern Explorer during the second half of 2017. The Group 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 during quarter one 2018.

12. INVENTORIES

	2018	2017
Marine gas oil	475	289
Lube oil and other inventory	702	707
Total inventories	**1,177**	**996**

The company recognized $3.4 million in fuel and lube and marine gas oil consumption as expenses in 2018 (2017: $2.7 million).

13. CASH AND BANK BALANCES

	2018	2017
Restricted cash	235	225
Cash and cash equivalents	5,774	6,329
Cash and bank balances	**6,009**	**6,554**

The effective average interest rate on short-term bank deposits was 0.26% in 2018 (2017: 0.30%).

The restricted cash is held in blocked bank accounts related to payroll tax, employees' prepaid taxes and rent deposits.

14. SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

	Number of shares
At 1 January 2018 (adjusted for reverse share split)	110,745,515
New shares issued in 2018	173,741,798
Total number of shares as per 31 December 2018	**284,487,312**

The total outstanding amount of shares in the company was 57,455,145 ordinary shares and 1,050,000,000 Class A shares at 31 December 2017, which was equivalent to 1,107,455,145 ordinary shares. The company's issued share capital as per 31 December 2017 was $6,795,514.50, consisting of 57,455,145 ordinary shares with par value of $ 0.1 and 1,050,000,000 Class A shares with par value of $ 0.001. The 1,107,455,145 ordinary shares outstanding as per 31 December 2017 correspond to 110,745,515 shares adjusted for the subsequent 2018 share split. The authorized share capital of the company was USD 16,800,000 divided into 168,000,000 ordinary shares of USD 0.10 each and 1,050,000,000 Class A shares with a nominal value of US$ 0.001 each (the "Class A Shares") as per 31 December 2017.

On 5 February 2018, a reduction in the company's authorized and issued share capital was completed through the reduction of the nominal value of the ordinary shares from $ 0.1 to $ 0.001 per share. The difference of $5.688 million resulting from the reduction in the company's share capital has been recognized as reduction in the accumulated losses in accordance with a relevant special resolution passed by the company and a court order. Moreover, the company's 1,050,000,000 authorized and issued class A shares were converted to ordinary shares at a rate of 1 class A share to 1 ordinary share. On the same date, the authorized share capital was increased to 16,800,000,000 shares of $0.001 each.

On 24 May 2018, the company announced a NOK 150 million private placement was completed with allocated subscriptions for 93,750,000 new shares at a subscription price of NOK 1.6. On 11 July 2018, the company completed a private placement with subscriptions for 63,200,000 offer shares at a subscription price of NOK 1.90, raising NOK 120 million in gross proceeds. On 15 August 2018, the company announced that the subsequent offering (announced on 24 May) was oversubscribed. The subsequent offering carried out by the company consisted of 15,625,000 new shares at a subscription price of NOK 1.60, raising NOK 25 million in gross proceeds.

On 28 August, the company implemented a 1 for 10 reverse share split.

On 17 September, the company announced that 1,166,791 new shares were issued at NOK 1.90 per share in the second subsequent offering, raising NOK 2.2 million in gross proceeds. The total number of ordinary shares at 31 December 2018 was 284,487,312 with a nominal value of $0.01 per share.

All share issues prior to 28 August described above, have been adjusted to reflect the 1 for 10 reverse share split. The authorized share capital as at 31 December 2018 was 1,680,000,000 shares of $0.01 each.

14. SHARE CAPITAL, SHARE OPTIONS AND WARRANTS (CONTINUED)

Total transaction costs of $ 2.3 million directly related to the above share issues have been deducted from equity.

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. 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 were 884,686 at an exercise price of NOK 100 (equivalent to 88,468 warrants and NOK 1,000 exercise price adjusted for the subsequent 2018 reverse split). The warrants expired on 15 January 2018. No warrants were exercised during 2017 and 2018. On 16 January 2018, the company's listed warrants expired and were delisted from the Oslo Stock Exchange.

Employee Share Option Plan
On 12 October 2018, the board of directors of SeaBird Exploration Plc has approved an employee share option plan for a maximum of 28.4 million share options to be allocated to current and future employees. The share option plan has a duration of three years from grant date. One third of the options granted will vest one year after the grant date, one third of the options granted will vest two years after the grant date and the remaining one third of the options granted will vest three years after the grant date. All options may be exercised at any time within one year from the corresponding vesting dates. A total of up to 24.1 million options have been granted to 28 employees as of 31 December 2018 and the options have exercise prices of NOK 2.40 for the tranche vesting one year after grant date, NOK 2.65 for the tranche vesting two years after the grant date and NOK 2.90 for the tranche vesting three years after the grant date. Estimated value of the share options granted, reduced for services not rendered as per 31 December 2018, is presented in equity as share options granted.

	Number of options outstanding
At 1 January 2018	**-**
Granted during the year	24,100,000
Vested during the year	-
Forfeited during the year	-
Exercised in year	-
Expired in year	-
At 31 December 2018	**24,100,000**

Share based payments effect on the Group's profit or loss amounts to $0.1 million for 2018 and $0.0 million for 2017 (see note 22). During the year zero options were vested, forfeited, exercised and expired. The total value of share options granted is calculated using the Black-Scholes model, assuming that all the options will be exercised. The fair value determined at the grant date is expensed over the vesting period of the options for the options granted less expected number of forfeited options. The calculation is based on:
• expected volatility of 58%
• exercise price of NOK 2.40 for the tranche vesting one year after grant date, NOK 2.65 for the tranche vesting two years after the grant date and NOK 2.90 for the tranche vesting three years after the grant date
• two, three and four year option life for the individual three option tranches
• no dividends are expected
• a risk free interest rate of 1.1% per annum

The expected volatility of the options are based on the historical volatility of the share price over the most recent period that corresponds with the expected life of the option. The expected life of the option is based on the maturity date and is not necessarily indicative of exercise pattern that may occur. The options include a service condition as the individuals participating in the plan must be employed by the company for a certain period of time in order to earn the right to exercise the share options. The options include no performance conditions.

15. TRADE AND OTHER PAYABLES

	2018	2017
Trade payables	2,982	5,085
Accrued interest on taxes	2,423	1,567
Accrued vessel and office costs	3,362	2,431
Payable on contract termination (Munin liability) (note 33)	480	-
Payroll related liabilities	1,650	1,493
VAT and other payables	962	2,090
Total trade and other payables	**11,859**	**12,666**

16. PROVISIONS

The company had recognized a non-recurring cost provision relating to the cold stacking of the leased vessel Munin Explorer. Munin had been cold stacked since 2015 and its hire-in contract had been considered as an onerous lease. The provision covered estimated costs for the hire and cold-stacking of the vessel (lay-up costs, charter-hire and other ship related expenses) until redelivery at the end of the firm charter period.

On 16 February 2018, the Group reached a settlement agreement with the vessel's owner, details of which are set out in note 31.

The Group booked a $0.4 million reduction in provision in 2018 as a result of the settlement agreement, which has been credited as a reduction in Cost of sales. The remaining balance of the provision was reclassified within Other long term liabilities and Other payables (non-current and current portion respectively).

During the prior year, the Group has also recognized a provision for organizational restructuring costs, the balance of which was $0.1 million at 1 January 2018. Part of the provision costs were incurred during the year, whereas the remaining part was fully reversed.

The movement in provisions during 2018 is presented in the table below:

	Balance 1 Jan 2018	Incurred costs	Changes in provision estimate	Interest expense	Reclassification of provisions to payables	Balance 31 Dec 2018
Munin Explorer cost provision	2,889	(831)	(367)	57	(1,747)	-
Munin Explorer long term provision	443	-	-	-	(443)	-
Organizational restructuring costs	105	(68)	(38)	-	-	-
Total	**3,437**	**(899)**	**(405)**	**57**	**(2,190)**	**-**

17 BORROWINGS

	Coupon rate	Maturity	2018	2017
Non-current				
SBX04 secured bond loan - tranche A	12%	2018	-	-
SBX04 secured bond loan - tranche B	6%	2020	4,559	4,035
Unsecured note	6%	2018	-	-
			4,559	**4,035**
Current				
SBX04 secured bond loan - tranche A	12%	2018	-	-
SBX04 secured bond loan - tranche B	6%	2020	-	-
Unsecured note	6%	2018	-	225
Total			**-**	**225**

Bond loan - SBX04 (Tranche A)
The Group exchanged the SBX04 secured bond loan (Tranche A) with the majority of the Group's multi-client library assets to TGS as a part of the Group's restructuring that was implemented in quarter three 2017. Please see note 31 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 $4.6 million per 31 December 2018 (nominal value of $4.6 million plus payment in kind interest of $0.4 million plus accrued interest of $0.0 million plus amortized interest of $0.3 million less gain of $0.7 million on 2017's substantial modification). 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 and Harrier Explorer.

Unsecured note
The remaining balance of three year unsecured loan was repaid in January 2018. In 2017, the loan was recognized at amortized cost of $0.23 million. Coupon interest rate was 6.0%.

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 2017 (see note 31). Hence, the Group is not subject to any covenant tests as per 31 December 2017 and 31 December 2018.

18. LONG TERM TRADE PAYABLES

	Coupon rate	Maturity	2018	2017
Trade payables (Glander facility)	6%	2020	400	385
Total			**400**	**385**

Trade payable facility
The facility provided by a bunkering supplier (the "Glander facility"), previously classified as “loans and borrowings”, has been reclassified as “non-current trade payables”. The non-current trade payable 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 $0.1 million less gain on restructuring of $0.1 million). Coupon interest rate is 6.0%. Interest may be paid in kind and is due 30 June 2020. The facility's maturity date is 30 June 2020. The trade payable facility is secured by the same security provided in respect of the SBX04 bond, so that the credit facility's rights to full recovery shall be pari passu with the bondholders.

19. OTHER FINANCIAL ITEMS, NET

	2018	2017
Net foreign exchange gain/(loss)	383	(628)
Other financial income	383	31
Other financial expense	(87)	(175)
Total other financial items, net	**679**	**(772)**

Other financial income mainly relates to interest income, while other financial expense relates to bank charges.

20. OTHER INCOME (EXPENSES), NET

	2018	2017
Gain/(loss) on sale of property, plant and equipment	39	-
Gain on insurance claim	202	-
Other income *	281	24
Total other income (expense)	**522**	**24**

* The other income recognized in 2018 represents income from meals and accommodation services to third parties.

21. EXPENSES BY NATURE

	2018	2017
Charter hire	3,142	3,270
Crew and crew related costs	10,322	10,315
Seismic and marine expenses*	5,435	13,328
Other operating expenses	1	31
Net costs booked to provision account	-	(961)
Total charter hire and operating expenses	**18,899**	**25,983**
Staff cost and Directors' remuneration	3,949	6,983
Legal and professional	630	1,587
Travel expenses	388	582
Rent and other office expenses	383	655
Net bad debt charges/(reversals)	(167)	1,258
Other expenses	1,506	2,195
Total selling, general and administrative expenses	**6,689**	**13,260**

*Seismic and marine expenses for 2018 are net of an amount of $1.2 million in relation to reversals of the Munin provision, $1.9 million expenses incurred in relation to the multi-client 2D surveys which have been capitalized in multi-client library or reimbursed by the multi-client partners, as well as $0.5 million costs to fulfil 2D revenue contracts capitalized under the Group's accounting policy described in note 2.18.

22. EMPLOYEE BENEFIT EXPENSE

	2018	2017
Crew salaries and benefits	7,933	8,564
Salary costs for staff	3,196	5,679
Social security cost for staff	422	539
Pension cost for staff	120	148
Directors' remuneration	114	205
Insurance and other costs	97	411
Total employee benefit expense	**11,882**	**15,546**
Including accrued costs relating to the employee stock option plan (note 14)	111	-
Average number of employees and temporary crew contractors	325	254

23. FINANCE EXPENSE

	2018	2017
Interest on bond borrowings (note 17)	525	2,294
Interest on supplier's credit facility (note 18)	6	432
Interest on tax liabilities	1,370	664
Other interest expenses	57	354
Total finance expense	**1,958**	**3,745**

24. 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). All figures in 1,000s except earnings per share.

	2018	2017
Profit/(Loss) attributable to equity holders of the company	(11,976)	(49,659)
Weighted average number of ordinary shares in issue	204,512	27,042
Basic earnings per share ($ per share)	(0.06)	(1.84)
Weighted average number of diluted shares	204,512	27,042
Diluted earnings per share ($ per share)	(0.06)	(1.84)
Basic earnings per share		
From continuing operations	(0.06)	(1.84)
From discontinued operations	0.00	0.01
Total basic earnings per share	**(0.06)**	**(1.83)**
Diluted earnings per share		
From continuing operations	(0.06)	(1.84)
From discontinued operations	0.00	0.01
Total diluted earnings per share	**(0.06)**	**(1.83)**

The total outstanding number of shares was 57,455,145 common shares and 1,050,000,000 Class A shares at 31 December 2017, which was equivalent to 1,107,455,145 ordinary shares, which correspond to 110,745,515 ordinary shares adjusted for the subsequent 2018 share split. The total number of ordinary shares at 31 December 2018 was 284,487,312 with a nominal value of $0.01 per share. The weighted average number (adjusted for the reverse share split) of ordinary and diluted shares outstanding was 27.0 million in 2017 and 204.5 million in 2018. The earnings per share in 2017 has been restated to reflect the recent reverse share split.

25. DIVIDENDS

No dividend was distributed for 2017 and no dividend will be distributed for the year ended 31 December 2018.

26. DISCONTINUED OPERATIONS

In June 2006, SeaBird acquired 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. The company has a profit from discontinued operations of $0.9 million in 2018, which relate to reversal of income tax liabilities.

STATEMENT OF INCOME FOR DISCONTINUED OPERATIONS		
	Year ended 31 December	
All figures in USD 000's	2018	2017
Cost of sales	-	209
Earnings before interest, tax, depreciation and amortization (EBITDA)	**-**	**209**
Earnings before interest and taxes (EBIT)	**-**	**209**
Interest expense	-	-
Profit/(loss) before income tax	**-**	**209**
Income tax	936	-
Profit/(loss) from discontinued operations	**936**	**209**
Gain/(loss) on sale of OBN business	-	-
Profit/(loss) for the period	**936**	**209**
Profit/(loss) attributable to		
Shareholders of the parent	936	209
Earnings per share discontinued operations		
- basic	0.00	0.01
- diluted	0.00	0.01

There was no cash flow movement in relation to the discontinued operations.

27. COMMITMENTS AND CONTINGENCIES

The Group's bond borrowings (the SBX04 bond) (see note 17) are secured with, among other, an unconditional and irrevocable on-demand guarantee over the vessel owning companies' shares and assets. 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 supplier's credit facility (see note 18) is secured by the same security as the security provided in respect of the SBX04 bond, so that the credit facility's rights to full recovery shall be pari passu with the bondholders. The company has also issued a parent company guarantees in relation to the charter party for the vessel Voyager Explorer and the settlement agreement relating to the termination of the charter party for the vessel Munin Explorer.

SeaBird had been disputing a legal claim put forth by an Australian ship owner, which was settled out of court during 2018.

28. LEASES

In June 2017, the Group signed an agreement to charter in the Voyager Explorer with the duration of approximately five months, which was subsequently extended until early 2018. In March 2018, the company signed a bareboat charter agreement for the Voyager Explorer with a duration of one year and with an option to renew for two more one-year periods. The extension for the third year of hire is conditional on the readjustment of the rates upon mutual agreement of the parties. The Group has exercised its right and has extended the charter for a second year of hire, until March 2020. The charter rates are flexible depending on the operation status of the vessel.

The company has also operating lease commitments in relation to the lease of office premises in Norway and Cyprus. The lease contract for the office in Oslo expires in 2019. The rental contract for the office in Limassol was signed in December 2018 and the lease commenced in January 2019.

The future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

Operating lease commitments:

	2018	2017
No later than 1 year	136	762
Later than 1 year and no later than 5 years	787	1,140
Later than 5 years	-	-
Total operating lease commitments	**923**	**1,902**

The expected impact from the adoption of the new leases standard IFRS 16 from 1 January 2019 is explained in note 2.18 and summarized in the table below:

Accounting year	2019	2020	Total
Interest expense	82	22	**104**
Amortization expense	523	122	**645**
Total lease expenses	**605**	**145**	**749**

The expected impact from the adoption of the new leases standard IFRS 16 from 1 January 2019 is described in note 2.19.

29. RELATED-PARTY TRANSACTIONS

The following transactions were carried out with related parties:

I) Key management and board compensation

	2018	2017
Management salaries and other short-term employee benefits	949	1,598
Bonus payments	-	242
Post-employment benefits*	349	-
Board remuneration	114	205
Consulting agreements (board members)	116	-
Total key management and board compensation	**1,529**	**2,045**

Key management is defined as Hans Petter Klohs (CEO from June 2018), Christophe Debouvry (CEO from January 2016 until June 2018), Finn Atle Hamre (COO from June 2018), Gunnar Jansen (CCO from August 2018), Kjell Mangerøy (VP Business Development part of management group until August 2018), Dag Grepperud (VP QHSE part of management group until October 2018), Nils Haugestad (CFO from April 2012), and Steinar Fjeldbo (VP Operations part of management group until June 2018).

Board members includes Heidar Engebret (from June 2018), Dag Fredrik Arnesen (from June 2018), Ketil Nereng (from June 2018), Stig Myrseth (from October 2017), Arne Helland (from October 2017 until June 2018) and Hans Petter Klohs (from May 2015 until June 2018).

*The Group booked $0.35 million in end of service costs relating to termination of Christophe Debouvry's CEO contract.

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 2018 under I) and the board of directors, as of 31 December 2018 held the following shares on own account):

Name	Title	Ordinary shares	Granted Options*
Heidar Engebret	Chairman	660,000	-
Dag Fredrik Arnesen	Board Member	2,000,000	-
Olav Haugland	Board Member	-	-
Ketil Nereng**	Board Member	2,343,168	-
Hans Petter Klohs	CEO	220,000	3,600,000
Gunnar Jansen	CCO/CLO	-	2,600,000
Nils Haugestad	CFO	800,000	2,600,000
Finn Atle Hamre	COO	52,500	2,600,000

*Please see note 14 for further information of the company's share option program. As per 31 December 2018 no options have vested in the company's share option program.
** Ketil Nereng owns 2,030,668 shares via Acme Capital AS and is a minority shareholder in BNHolding AS, which holds 312,500 shares.

V) Purchase of services from board members

The company hired Oppsiden Invest AS for various consultancy services rendered throughout 2018, amounting to approximately $47,000, incurred in 2018. Oppsiden Invest is controlled by Heidar Engebret who is the chairman of the company's board of directors.

30. FINANCIAL INSTRUMENTS

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group evaluates customers for creditworthiness based on historical trading and payment records as well as industry knowledge and customer reputation.

The Group has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables
- contract assets
- cash and cash equivalents and restricted bank balances

In general, vessels on time charter are prepaid, while vessels contracted to oil companies usually have payment terms on an average of 30 days. Interest is charged on outstanding overdue trade receivables.

The Group always measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated by carrying out individual assessment on each outstanding debtor by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the oil and seismic industry and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over 180 days due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

With regards to cash and cash equivalents, the Group minimizes its risk by trading only with highly rated financial institutions. The Group measures its expected credit loss by reference to the banks' external credit ratings and relevant published default and loss rates, taking into consideration the €100.000 per bank deposit protection guaranteed under the EU Deposit Guarantee Scheme. The Norwegian Bank's Guarantee Fund covers deposits up to NOK 2 million per depositor per bank. The Group monitors changes in external credit ratings and default rates and compares these to credit risk at initial recognition. Cash held at banks with investment grade are assessed as low credit risk and belong to Stage 1. As the Group's deposits are held in banks with high credit quality ratings with investment grade, the probability of default is low and the expected credit loss is minimal. Thus, no loss has been recognized in the consolidated financial statements.

The table below details the Group's maximum exposure to credit risk as at year end:

	Note	2018	2017
Trade receivables	9	2,077	1,157
Contract assets	10	536	-
Restricted cash	13	235	225
Cash and cash equivalents	13	5,774	6,329
		8,622	**7,711**

The carrying amount of the Group's financial assets at FVPL as disclosed in note 34 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

The aging of trade receivables at the reporting date was:

		2018		2017
	Gross	Impairment	Gross	Impairment
Not past due	1,502	-	5	-
Past due 0-30 days	420	-	998	-
Past due 31-120 days	-	-	-	-
More than 120 days	5,461	(5,305)	5,718	(5,565)
Total trade receivable	**7,382**	**(5,305)**	**6,722**	**(5,565)**

30. FINANCIAL INSTRUMENTS

The following table details the movement in the allowance for expected credit losses of trade receivables and contract assets:

Allowance for expected credit losses	2018	2017
As at 1 January	5,565	8,733
Provision for expected credit losses	-	1,600
Reversal of expected credit losses	(168)	(4,768)
Derecognized expected credit losses	(92)	-
Write-off	-	-
Foreign exchange movement	-	-
Net carrying amount	**5,305**	**5,565**

The Group has recognized a loss allowance of 100% against all receivables over 180 days past due because historical experience has indicated that the receivables are generally not recoverable. The expected loss rate at year end was trivial, thus no additional expected credit loss has been recognized during 2018. All receivables by 31 December 2018 have been collected in 2019.

Expected credit losses of $0.2 million were reversed in 2018. Gross receivables and the corresponding expected credit losses of $0.1 million were derecognized in 2018. The application of IFRS 9 did not have any impact on the opening reserves the expected loss allowance was trivial. All net receivables were recovered subsequent to annual closing.

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 tables below summarize the maturity profile of the group's financial liabilities at year end on contractual undiscounted payments. The tables have been drawn based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. Fixed interest rates are applied on the interest-bearing borrowings (refer to note 17) and tax liabilities. The Group has no variable interest-rate liabilities.

2018	On Demand	Less Than 12 Months	1 to 5 Years	Total
Interest-bearing borrowings	-	-	5,476	5,476
Trade payables	-	2,982	529	3,511
Other payables	-	9,048	410	9,458
Other long term liability	-	480	640	1,120
Total financial liabilities	**-**	**12,510**	**7,055**	**19,565**

2017	On Demand	Less Than 12 Months	1 to 5 Years	Total
Interest-bearing borrowings	-	225	5,476	5,701
Trade and other payables	-	5,085	529	5,614
Other payables	-	7,581	-	7,581
Total financial liabilities	**-**	**12,891**	**6,005**	**18,895**

30. FINANCIAL INSTRUMENTS

Currency risk
As described in note 3.1(A)(I), the Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.
The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are presented in the tables below. The Group is mainly exposed to fluctuations with respect to the Norwegian kroner, Euro, Colombian Peso, Mexican Peso, Indonesian Rupee, New Zealand Dollar, Australian Dollar, Singapore Dollar and the British Pound.
The table also details the Group's sensitivity to a 10% increase in US dollar against the relevant foreign currencies. A positive number below indicates an increase in profit. For a 10% weakening of US dollar against the relevant currency, there would be an opposite negative impact on the profit.

2018	ASSETS	LIABILITIES	Net exposure	Change in FX rate (US$ strengthens)	Profit increase/ (decrease)
	000 $	000 $	000 $		000 $
AUD	0	739	(739)	10%	74
EUR	243	2,330	(2,087)	10%	209
GBP	145	111	33	10%	(3)
MXN	228	4	223	10%	(22)
NOK	1,267	1,127	140	10%	(14)
IDR	81	957	(876)	10%	88
SGD	30	190	(159)	10%	16
NZD	-	694	(694)	10%	69
COP	0	2,976	(2,976)	10%	298
Other	71	154	(83)	10%	8
	2,064	**9,282**	**(7,218)**		**722**
2017	**ASSETS**	**LIABILITIES**	**Net exposure**	**Change in FX rate (US$ strengthens)**	**Profit increase/ (decrease)**
	000 $	000 $	000 $		000 $
AUD	0	749	(749)	10%	75
EUR	278	761	(483)	10%	48
GBP	38	287	(250)	10%	25
MXN	577	329	248	10%	(25)
NOK	1,349	813	535	10%	(54)
IDR	-	335	(335)	10%	33
SGD	19	175	(155)	10%	16
NZD	-	531	(531)	10%	53
COP	0	1,062	(1,062)	10%	106
Other	76	160	(84)	10%	8
	2,337	**5,203**	**(2,866)**		**287**

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2018	2017	2018	2017
USD				
AUD 1	0.7471	0.7664	0.7046	0.7814
EUR 1	1.1798	1.1274	1.1447	1.1999
GBP 1	1.3335	1.2875	1.2705	1.3503
MXN 1	0.0520	0.0530	0.0509	0.0508
NOK 1	0.1229	0.1210	0.1151	0.1219
IDR 100	0.0070	0.0075	0.0070	0.0070
SGD 1	0.7409	0.7243	0.7323	0.7478
NZD 1	0.6917	0.7107	0.6717	0.7104
COP 100	0.0339	0.0339	0.0308	0.0336

30. FINANCIAL INSTRUMENTS

Interest rate risk
As described in note 3.1(A)(II), the Group's exposure to fair value interest rate risk due to changes in market interest rates relates primarily to the Group's fixed-rate listed bond investment. The Group does not hold any variable-rate debt instruments.

The table below presents the carrying values of the Group’s fixed-rate financial instruments:

Fixed-rate financial instruments	2018	2017
Debt investment in secured bond (listed)	(523)	-
SBX04 secured bond loan - tranche B	4,559	4,035
Unsecured note	-	225
	4,036	**4,260**

Cash equivalents and restricted cash of $6.0 million as at 31 December 2018 (2017: $6.3 million) are interest bearing assets with variable rates.

	100 bp increase	100 bp decrease
Variable rate instruments	60	(60)

Fair value
As described in note 3.3, the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods, such as quoted market prices of similar instruments, estimated discounted cash flows and makes assumptions that are based on market conditions existing at the reporting date.

The nominal value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of the Group’s SBX04 secured bond loan (listed, level 1) as at 31 December 2018 is $4.2 million. The fair value of other financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments. In general, this evaluation shows no material difference.

Fair value measurements recognized in statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.
- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2018	Level 1	Level 2	Level 3	Total
Financial assets	523	-	54	577
Financial liabilities	-	-	-	-
2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets	-	-	54	54
Financial liabilities	-	-	-	-

Significant assumptions used in determining fair value of financial assets and liabilities

The listed bond investment is a financial asset with standard terms and conditions that is traded on a financial market. Its fair value is determined from quoted market price or broker quote. The fair value of the non-listed equity shipping investment is determined from broker quote.

31. 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 its bunkering supplier 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 was irrevocably repaid and discharged upon the issuance of SeaBird shares to Glander at NOK 5.00 per share (NOK 50.0 adjusted for the 2018 reverse share split) and that the remaining claim of Glander under the Glander Credit Facility of $440,591 has been 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 its bondholder TGS under which all SBX04 Bonds outstanding under Tranche A shall be transferred to the company and that any interest on such SBX04 Bonds was 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. The post-closing due diligence period, whereby TGS might return to SeaBird certain parts of the multi-client library, was completed in early 2018. One survey in the EMEA region and two multi-client surveys in South East Asia region are to remain with SeaBird. The return of the multi-client surveys did not trigger any compensation from SeaBird. 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 the time of the settlement and 3,373,196 shares adjusted for the 2018 reverse share split) at an offer price reflecting a subscription price of equity at NOK 5.00 per share (NOK 50.0 adjusted for the 2018 reverse share split) 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 was extended to 30 June 2020, the charter hire was 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 (1,739,812 shares adjusted for the 2018 reverse share split) at NOK 5.00 per share (NOK 50.0 adjusted for the 2018 reverse share split) 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 2017, including the issuance of 54,389,711 new shares (5,438,971 shares adjusted for the 2018 reverse share split). 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.

31. FINANCIAL RESTRUCTURING (CONTINUED)

The company booked a net operational restructuring loss of $5.5 million and a $0.9 million financial restructuring gain during 2017. 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 were 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 during 2017 in relation the restructuring increased the company's share capital by $30.6 million.

32. AUDIT FEES

	2018	2017
Total fees charged for statutory audit	264	170
Total fees charged for tax advisory services	3	26
Total fees charged for other non-audit services	6	3
Total	**274**	**200**

33. OTHER NON-CURRENT LIABILITIES

	2018	2017
Payable on contract termination (Munin liability)	640	-
Total other non-current liabilities	**640**	**-**

Amount represents the non-current portion of the liability recognized in respect of the settlement agreement reached with the owners of vessel Munin Explorer. The vessel had been leased by the Group under a bareboat hire-in contract that ran through October 2019, with a day rate of $12,735 and an annual rate increase of 2%. SeaBird announced a restructuring of debt and charter hire commitments in August 2017. As part of the restructuring, the Munin Explorer charter hire was changed to $2,088 per day and the charter period was extended to June 2020 (see note 31 for additional details). On 16 February 2018, the Group entered into a settlement agreement with Ordinat Shipping AS, the owners of Munin Explorer, for the termination of the charter party agreement, redelivery of the vessel and a series of payments of $0.04 million per month to settle the remaining amount due to the owners by April 2021. The settlement agreement also provides for a three year non-competition restriction whereby the vessel cannot compete in the company's markets. The vessel was redelivered to its owners in quarter two 2018.

The current portion of the liability ($0.48 million as per 31 December 2018) has been booked within other payables (see note 15).

The costs related to the onerous lease of Munin Explorer was booked as a provision in the prior year's financial statements, split into a current and non-current portion (see note 16).

34. LONG-TERM INVESTMENTS

The below investments are financial assets mandatorily measured at fair value through profit or loss:

	2018	2017
Debt investment in corporate bond (listed)	523	-
Equity investment in a shipowning company (non-listed)	54	54
At 31 December	**577**	**54**

In July 2018, the Group made purchases in a secured bond. The bond has been classified at fair value through profit and loss as per the requirements of IFRS 9. There was no fair value gain or loss recognized in profit or loss in respect of the bond as there was no change to IFRS fair value since acquisition. The Group also holds 4.5% in a shipping company that owns a vessel. Upon adoption of IFRS 9, the investment in the shipowning company was reclassified from available-for-sale to financial assets at FVPL. The management has assessed that there was no change to the investment's fair value since the prior year. For information about the methods and assumptions used in determining the investments' fair value please refer to note 30 - Section "Fair value". Information about the Group's exposure to price risk is provided in note 30 - Section "Interest rate risk".

35. SUBSEQUENT EVENTS

On 7 January 2019, the company announced that it had received notification of award to acquire 2D seismic data for an international oil & gas company in the Americas region. The survey is due to commence during Q2 2019 with an expected duration of two months. The Group will be using the Harrier Explorer for the work.

On 24 January 2019, the company announced extension of two existing contracts. The contract for the Voyager Explorer, which is working on an ocean bottom node survey in the Far East, was extended by approximately 90 days until March 2019, with an option for the charterers to extend by another 30 days. Moreover, the Osprey Explorer has been working on an ocean bottom node survey in the Americas region. This contract has been extended from initially 60 days to currently approximately 180 days and is expected to run to end March 2019. Due to delayed completion of the ongoing survey, the company has agreed to terminate Osprey's engagement in the follow-on OBN contract with expected completion in mid-April. SeaBird will receive compensation for the change in vessel schedule, and it is thus expected to have limited financial impact.

On 11 March 2019, the company announced the recovery of approximately $0.8 million on a receivable that was previously written down to $0.15 million. The Group will report a gain of $0.7 million in quarter one, related to this transaction. The recovery was made possible as the customer agreed to sell as multi-client license the seismic data over Rio Grande Rise in Brazil (acquired via the 2D project carried out by SeaBird back in 2017) and to pay part of the proceeds to SeaBird. Based on the arrangement made, it is possible that the Group will receive more funds if additional sales are made over the data.

On 12 March 2019, the company announced that the contract for the Eagle Explorer with CGG has been extended by approximately 80 days. The contract is now firm until 15 August 2019, with further options for CGG to extend with up to 60 days. The Eagle Explorer has been on a 160-day source vessel contract in the Gulf of Mexico with CGG since acquired in November and completing its 10 year class docking in December 2018. The extension is for another survey as source vessel in Northern Europe.

On 1 April 2019, the company announced that it received a letter of award for a niche 3D survey in West Africa, with a total value of approximately $6.5 million. The survey is expected to commence in the 2nd quarter of 2019, with a total duration of about 80 days. The company also reported that it decided to time-charter the Nordic Explorer to perform the survey in West-Africa and bid the Nordic Explorer for subsequent opportunities in the second half of 2019. In connection with the charter agreement, SeaBird will receive nine kilometers of ION DigiSTREAMER from the owners of the Nordic Explorer. The company also announced that it secured a three weeks source contract for an OBN survey in the Gulf of Mexico starting early April 2019. Osprey will be performing the source contract. Separately, SeaBird has also agreed a 21 day off-hire period for the Voyager Explorer related to a technical stop in January 2019. The company also announced that it held an option to purchase the BOA Galatea and BOA Thalassa vessels.

35. SUBSEQUENT EVENTS

On 11 April 2019, the company announced it was in exclusive process to acquire the seismic vessels BOA Galatea and BOA Thalassa in a transaction which values the vessels at NOK 185 million on an en-bloc basis. The BOA vessels are well suited for source and 2D operations, as well as EM seabed logging, for which BOA Thalassa is currently contracted with EMGS ASA until September 2019 with options for EMGS ASA to extend for three periods of six months each. The company also announced a contemplated private placement to raise NOK 225-250 million.

On 12 April 2019, the company announced that the Private Placement was successfully placed, and that it allocated subscriptions for 208,333,300 offer shares (the "Offer Shares") at a subscription price of NOK 1.20, raising NOK 250 million in gross proceeds. The Private Placement attracted strong interest from both existing shareholders and new investors. Completion of the Private Placement is conditional on final and irrevocable agreement to acquire the seismic vessels BOA Galatea and BOA Thalassa or their holding companies. The process is supported by an irrevocable undertaking by a majority of BOA SBL bondholders. Settlement of the Private Placement is expected to take place during week 18 (the week commencing on 29 April 2019), subject to (i) the Board of Directors of the company having resolved to issue the shares and (ii) final irrevocable agreement to acquire the BOA Vessels or their holding companies by the company or positive bondholders' resolution in relation to the acquisition of the BOA Vessels by the company. If such condition are not met by 31 May 2019, the Private Placement will be cancelled. The Offer Shares will be delivered on a separate ISIN, for which arrangements will be made for interim trading on Merkur Market. The Offer Shares will be transferred to the company's ordinary ISIN and listed upon approval of a listing prospectus, expected in early June 2019. Certain BOA SBL bondholders have elected to receive consideration in the form of new shares of the company valued at the Offer Price for an amount corresponding to approximately NOK 56 million, which will come in addition to the Private Placement.

On 12 April 2019, the company announced that the board resolved to carry out a subsequent offering of up to 25,000,000 shares raising proceeds of up to NOK 30 million at the Offer Price to its existing shareholders as of close of trading 11 April 2019, as subsequently recorded in Verdipapirsentralen ASA (VPS) on 15 April 2019, who were not allocated shares in 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. Such shareholders will be granted non-tradable subscription rights to subscribe for, and, upon subscription, be allocated new shares. One subscription right will entitle the holder to subscribe for one share in the subsequent offering. Oversubscription for the relevant shareholders will be allowed. Subscription without subscription rights will not be allowed.

36. DEFINITIONS

The company is using Alternative Performance Measures (non-IFRS measures) in its reporting to the market. Please see below definitions for the company's main Alternative Performance Measures.
Gross Margin = Revenues – Cost of sales
SG&A (Sales, general and administrative costs)
EBITDA (Earnings before interest, taxes, depreciation and amortization) = Revenues – Cost of sales – SG&A
EBIT (Earnings before interest and taxes)= EBITDA – Depreciation – Amortization
Net interest bearing debt = Interest bearing debt – Cash and cash equivalents

SEPARATE FINANCIAL ACCOUNTS 2018

Parent company:

Notes to the financial statements:

STATEMENT OF FINANCIAL POSITION

All figures in USD 000's	Note	As of 31 December 2018	2017
ASSETS			
Non-current assets			
Shares in subsidiaries	13	46,089	17,020
Due from related parties	15	-	1,786
Total non-current assets		**46,089**	**18,806**
Current assets			
Other current assets	4	23	8
Restricted cash	5	11	16
Total current assets		**34**	**24**
Total Assets		**46,123**	**18,830**
EQUITY			
Shareholders equity			
Paid in capital	6	289,969	261,948
Equity component of warrants	6	-	2,736
Currency translation reserve	6	12	12
Share options granted	6	111	-
Retained earnings	6	(252,582)	(249,029)
Total Equity		**37,510**	**15,667**
LIABILITIES			
Non-current liabilities			
Loans and borrowings		-	-
Due to related parties	15	7,935	290
Total non-current liabilities		**7,935**	**290**
Current liabilities			
Trade and other payables	7	678	787
Loans and borrowings		-	-
Tax liabilities		-	2,086
Total current liabilities		**678**	**2,873**
Total liabilities		**8,613**	**3,163**
Total equity and liabilities		**46,123**	**18,830**

On 25.04.2018, the board of directors of SeaBird Exploration Plc authorized these financial statements for issue.

Heidar Engebret
Chairman

Dag Fredrik Arnesen
Director

Olav Haugland
Director

Ketil Nereng
Director

STATEMENT OF INCOME

All figures in USD 000's	Note	Year ended 31 December 2018	2017
Revenues	8	22,366	1,191
Selling, general and administrative expenses	10	(1,463)	(1,864)
Impairment on group receivables	15	(12,040)	(16,255)
Impairment on investments in subsidiaries	13	(27,680)	(39,791)
Operational restructuring loss	17	-	(238)
Finance expense	11	(66)	(19)
Other financial items, net	9	4,821	2,416
Financial restructuring loss	17	-	(343)
Profit/(loss) before tax		**(14,062)**	**(54,903)**
Income tax	3	2,086	155
Profit/(loss) for the year		**(11,976)**	**(54,748)**

STATEMENT OF COMPREHENSIVE INCOME

All figures in USD 000's	Note	Year ended 31 December 2018	2017
Profit/(loss)		**(11,976)**	**(54,748)**
Other comprehensive income			
Group contribution		-	5,089
Total other comprehensive income, net of tax		**-**	**5,089**
Total comprehensive income/(loss)		**(11,976)**	**(49,659)**
Total comprehensive income attributable to:			
Shareholders of the parent		(11,976)	(49,659)
Total		**(11,976)**	**(49,659)**

STATEMENT OF CHANGES IN EQUITY

All figures in USD 000's	Paid in capital	Equity component of warrants	Share options granted	Retained earnings	Currency translation reserve	Total
Balance at 1 January 2017	**218,691**	**2,736**	**-**	**(199,370)**	**12**	**22,069**
Income for the year	-	-	-	(54,748)	-	(54,748)
Total recognized income /(loss) for the year	**-**	**-**	**-**	**(54,748)**	**-**	**(54,748)**
Share issue	43,257	-	-	-	-	43,257
Group contribution	-	-	-	5,089	-	5,089
Balance at 31 December 2017	**261,948**	**2,736**	**-**	**(249,029)**	**12**	**15,667**
						-
Balance at 1 January 2018	**261,948**	**2,736**	**-**	**(249,029)**	**12**	**15,667**
Income for the year	-	-	-	(11,976)	-	(11,976)
Total recognized income /(loss) for the year	**-**	**-**	**-**	**(11,976)**	**-**	**(11,976)**
Share issue	33,709	-	-	-	-	33,709
Equity component of warrants	-	(2,736)	-	2,736	-	-
Change due to reduction in nominal value shares	(5,688)	-	-	5,688	-	-
Share options granted	-	-	111	-	-	111
Balance at 31 December 2018	**289,969**	**-**	**111**	**(252,582)**	**12**	**37,510**

STATEMENT OF CASH FLOW

All figures in USD 000's	Note	Year ended 31 December 2018	2017
Cash flows from operating activities			
Profit/(loss) before income tax		(14,062)	(54,748)
Non-cash adjustments for:			
Impairment on group receivables		12,040	16,255
Impairment on investments in subsidiaries		27,860	39,791
Paid income tax		-	155
Dividend income*		(20,976)	
Interest income*		(4,284)	-
Group contribution		-	5,089
(Increase) in shares in subsidiaries		-	7,769
Interest expense		66	-
Unrealized FX gain		(347)	-
(Increase) in balances with related parties*		-	(57,667)
(Increase)/decrease in trade and other receivables		(9)	(4)
Increase/(decrease) in trade and other payables		(109)	103
Net cash from operating activities		**-**	**(43,257)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		-	43,257
Net cash from financing activities		**-**	**43,257**
Net (decrease)/increase in cash and cash equivalents		**-**	**-**
Cash and cash equivalents at beginning of the period		**-**	**-**
Cash and cash equivalents at end of the period	**5**	**-**	**-**

***Non-cash transactions:**

During the year the Company entered into the following non-cash transactions:

- The settlement of intra-group balances was effected through assignment of balances between the companies, capitalization, repayment through dividend distributions and write-off of balances.
- The Company issued capital, the proceeds of which were received by the financing company in the Group.
- Grant of share options of $0.1 million in relation to the Employee Share Option Plan (see note 14).

These non-cash transactions are not presented in the Statement of Cash Flow above.

1. GENERAL INFORMATION

Country of incorporation
Seabird Exploration Plc (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 Spyrou Kyprianou 15, Matrix Tower II, 4001 Limassol, Cyprus.

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. The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in profitability, negative equity position, or external macro-economic factors that may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future cash flows associated with these subsidiaries are compared to their carrying amounts to determine if a write-down to fair value is necessary.

3. INCOME TAX EXPENSE

Current tax	2018	2017
Current period	-	-
Adjustment for prior periods	(2,086)	(155)
Total current tax	**(2,086)**	**(155)**

	2018	2017
Profit/(loss) before income tax	(14,062)	(54,903)
Tax arising at the rate of 23.0% (24.0% in 2017)	(3,234)	(13,177)
Effect of tax losses in arriving at taxable profit	3,234	13,022
Tax effect of adjustments in Norway	-	-
Reversal of tax provisions in other jurisdictions	(2,086)	-
Withholding tax in other jurisdictions	-	-
Total tax expense attributable to continued operations	**(2,086)**	**(155)**

The Company performed a detailed review of its tax provisions as a part of its annual closing procedures, and booked a reversal of tax and interest liabilities of $2.1 million. The booking, which was split into a $1.2 million reversal of tax liability of continued operations and a $0.9 million reversal of tax liability for discontinued operations, was made after reassessing the possibility of tax outflows and re-estimating the level of the tax exposures.

4. OTHER CURRENT ASSETS

	2018	2017
Prepaid expenses	23	8
Total other current assets	**23**	**8**

5. CASH AND CASH EQUIVALENTS

	2018	2017
Restricted cash	11	16

There were no short-term bank deposits in 2018 (2017: nil).

6. SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

	Number of shares
At 1 January 2018 (adjusted for reverse share split)	110,745,515
New shares issued in 2018	173,741,798
Total number of shares as per 31 December 2018	**284,487,312**
At 31 December 2018 Basic	**284,487,312**
At 31 December 2018 Diluted	**284,487,312**

The total outstanding amount of shares in the Company was 57,455,145 ordinary shares and 1,050,000,000 Class A shares at 31 December 2017, which was equivalent to 1,107,455,145 ordinary shares. The Company's issued share capital as per 31 December 2017 was US$6,795,514.50, consisting of 57,455,145 ordinary shares with par value of US$ 0.1 and 1,050,000,000 Class A shares with par value of US$ 0.001. The 1,107,455,145 ordinary shares outstanding as per 31 December 2017 correspond to 110,745,515 shares adjusted for the subsequent 2018 share split. The authorized share capital of the Company was USD 16,800,000 divided into 168,000,000 ordinary shares of USD 0.10 each and 1,050,000,000 Class A shares with a nominal value of US$ 0.001 each (the "Class A Shares") as per 31 December 2017.

On 5 February 2018, a reduction in the company's authorized and issued share capital was completed through the reduction of the nominal value of the ordinary shares from $ 0.1 to $ 0.001 per share. The difference of $5.688 million resulting from the reduction in the company's share capital has been recognized as reduction in the accumulated losses in accordance with a relevant special resolution passed by the company and a court order. Moreover, the company's 1,050,000,000 authorized and issued class A shares were converted to ordinary shares at a rate of 1 class A share to 1 ordinary share. On the same date, the authorized share capital was increase to 16,800,000,000 shares of $0.001 each.

On 24 May 2018, the company announced a NOK 150 million private placement was completed with allocated subscriptions for 93,750,000 new shares at a subscription price of NOK 1.6. On 11 July 2018, the company completed a private placement with subscriptions for 63,200,000 offer shares at a subscription price of NOK 1.90, raising NOK 120 million in gross proceeds. On 15 August 2018, the company announced that the subsequent offering (announced on 24 May) was oversubscribed. The subsequent offering carried out by the company consisted of 15,625,000 new shares at a subscription price of NOK 1.60, raising NOK 25 million in gross proceeds.

On 28 August, the company implemented a 1 for 10 reverse share split.

On 17 September, the company announced that 1,166,791 new shares were issued at NOK 1.90 per share in the second subsequent offering, raising NOK 2.2 million in gross proceeds. The total number of ordinary shares at 31 December 2018 was 284,487,312 with a nominal value of $0.01 per share.

All share issues prior to 28 August described above, have been adjusted to reflect the 1 for 10 reverse share split. Total transaction costs of $ 2.3 million directly related to the above share issues have been deducted from equity.

The authorized share capital as at 31 December 2018 was 1,680,000,000 shares of $0.01 each.

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. 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 were 884,686 at an exercise price of NOK 100 (equivalent to 88,468 warrants and NOK 1,000 exercise price adjusted for the subsequent 2018 reverse split). The warrants expired on 15 January 2018. No warrants were exercised during 2017 and 2018. On 16 January 2018, the Company's listed warrants expired and were delisted from the Oslo Stock Exchange.

Employee Share Option Plan

On 12 October 2018, the board of directors of SeaBird Exploration Plc has approved an employee share option plan for a maximum of 28.4 million share options to be allocated to current and future employees of the Company's subsidiaries. The share option plan has a duration of three years from grant date. One third of the options granted will vest one year after the grant date, one third of the options granted will vest two years after the grant date and the remaining one third of the options granted will vest three years after the grant date. All options may be exercised at any time within one year from the corresponding vesting dates. A total of up to 24.1 million options have been granted to 28 employees as of 31 December 2018 and the options have exercise prices of NOK 2.40 for the tranche vesting one year after grant date, NOK 2.65 for the tranche vesting two years after the grant date and NOK 2.90 for the tranche vesting three years after the grant date. Estimated value of the share options granted, reduced for services not rendered as per 31 December 2018, is presented in equity as share options granted.

6. SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

	Number of options outstanding
At 1 January 2018	**-**
Granted during the year	24,100,000
Vested during the year	-
Forfeited during the year	-
Exercised in year	-
Expired in year	-
At 31 December 2018	**24,100,000**

Share based payments effect on the group's profit or loss amounts to $0.1 million for 2018 and $0.0 million for 2017 (see group note 22). During the year zero options were vested, forfeited, exercised and expired. The total value of share options granted is calculated using the Black-Scholes model, assuming that all the options will be exercised. The fair value determined at the grant date is expensed over the vesting period of the options for the options granted less expected number of forfeited options. The calculation is based on:

• expected volatility of 58%

• exercise price of NOK 2.40 for the tranche vesting one year after grant date, NOK 2.65 for the tranche vesting two years after the grant date and NOK 2.90 for the tranche vesting three years after the grant date

• two, three and four year option life for the individual three option tranches

• no dividends are expected

• a risk free interest rate of 1.1% per annum

The expected volatility of the options are based on the historical volatility of the share price over the most recent period that corresponds with the expected life of the option. The expected life of the option is based on the maturity date and is not necessarily indicative of exercise pattern that may occur. The options include a service condition as the individuals participating in the plan must be employed by the company for a certain period of time in order to earn the right to exercise the share options. The options include no performance conditions.

7. TRADE AND OTHER PAYABLES

	2018	2017
Trade payables	275	701
Accrued expenses and other payables	403	86
Total trade and other payables	**678**	**787**

8. REVENUES

	2018	2017
Dividends received	20,976	-
Costs recharged to group companies (Management fee)	1,324	1,134
Management fee markup to group companies	66	57
Total revenues	**22,366**	**1,191**

The group has a transfer pricing policy in place, which implies that certain sales, general and administrative costs are rechargeable to SeaBird Exploration Norway. Amounts recharged under this agreement was $1.3 million in 2018 ($1.1 million in 2017).

9. OTHER FINANCIAL ITEMS, NET

	2018	2017
Interest income on intercompany borrowings (see note 15)	4,284	2,478
Net foreign exchange gain/(loss)	540	(62)
Other financial income/(expense)	(3)	-
Total other financial items	**4,821**	**2,416**

10. EXPENSES BY NATURE

	2018	2017
Staff cost and Directors' remuneration	896	798
Legal and professional	250	730
Other expenses	317	336
Total selling, general and administrative expenses	**1,463**	**1,864**

11. FINANCE EXPENSE

	2018	2017
Interest on bank borrowings, bond loans, and leases	-	19
Interest on intercompany borrowings (see note 15)	66	-
Total finance expense	**66**	**19**

12. DIVIDENDS

No dividend was distributed for 2017 and no dividend will be distributed for the year ended 31 December 2018.

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	Inactive	Cyprus	100%
Munin Navigation Company Limited	Inactive	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	Inactive	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%
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

During the year, the Company has recognized an impairment loss on investment in subsidiaries of $27.7 million (2017: $39.8 million).

14. COMMITMENTS AND CONTINGENCIES

The Company's commitments and contingencies as per 31 December 2018 related to the financial guarantees described in note 15 (v). The Company's commitments and contingencies as per 31 December 2017 were similar.

15. RELATED-PARTY TRANSACTIONS

i) Purchases of services and expenses recharged to group companies

Expenses amounting to $1.3 million were recharged to group companies with 5% markup during 2018 (2017: $1.1 million recharged from group companies).

ii) Key management personnel compensation

	2018	2017
Salaries and other short-term employee benefits	114	205
Social security costs	34	26
Pension costs	-	-
Total	**148**	**231**

iii) Due from related parties

	2018	2017
Loans to companies within SeaBird group:		
At beginning of year	1,786	-
Additional loans, net of repayments	131,355	15,563
Conversion of loans to equity in subsidiaries	(125,385)	
Interest charged	4,284	2,478
Net impairment of group receivables	(12,040)	(16,255)
At end of year	**-**	**1,786**

The above loans were provided at 5.95 % weighted average interest rate (6.45% in 2017) and have been repayable on demand. The loans are unsecured. With regards to the amounts outstanding as at 31 December 2017, management did not expect recovery within twelve months from reporting date, and the receivables are classified within current assets.

Following the expected credit loss analysis carried out by the management based on an individual assessment of the receivables as per 31 December 2018, and taking into consideration the subsidiaries' equity position and ability to repay, amounts of $12.0 million have been written off as non-recoverable.

iv) Due to related parties

	2018	2017
Loans from companies within SeaBird group:		
At beginning of year	290	125
Additional loans, net of repayments	7,579	165
Interest charged	66	-
At end of year	**7,935**	**290**

The above loans were provided at 6.35% weighted average interest rate (6.85% in 2017) and are repayable on demand.

15. RELATED-PARTY TRANSACTIONS

v) Financial guarantees
The Company is exposed to credit risk in relation to financial guarantees given to the bondholders of the SXB04 bond (please refer to group note 17), as well as to the owner of Voyager Explorer in relation to the charter-in contract entered into by a subsidiary and the owner of Munin Explorer in relation to the termination agreement entered into during the year (see group notes 15, 16 and 28 respectively). The Company's maximum exposure in respect of these guarantees is the maximum amount the Company could have to pay if the guarantee is called on, irrespective of the likelihood of being exercised, as shown below:

	Note	2018	2017
SBX04 bond guarantee		4,559	4,035
Chartered-in vessel Voyager Explorer - hire contract guarantee		750	450
Munin liability guarantee		1,120	2,349
Total		**6,429**	**6,834**

The related expected credit loss assessment and loss allowance are disclosed in note 16.

vi) Dividends
The Company received dividend income from its subsidiaries of $21.0 million in 2018 ($nil in 2017). Please see note 8 for further details.

vii) Shareholding
Management (as defined 31 December 2018 in consolidated note 29) and the board of directors, as of 31 December 2018 held the following shares on own account):

Name	Title	Ordinary shares	Granted Options*
Heidar Engebret	Chairman	660,000	-
Dag Fredrik Arnesen	Board Member	2,000,000	-
Olav Haugland	Board Member	-	-
Ketil Nereng**	Board Member	2,343,168	-
Hans Petter Klohs	CEO	220,000	3,600,000
Gunnar Jansen	CCO/CLO	-	2,600,000
Nils Haugestad	CFO	800,000	2,600,000
Finn Atle Hamre	COO	52,500	2,600,000

*Please see note 6 for further information of the company's share option program. As per 31 December 2018 no options have vested in the company's share option program.

** Ketil Nereng owns 2,030,668 shares via Acme Capital AS and is a minority shareholder in BNHolding AS, which holds 312,500 shares.

16. FINANCIAL INSTRUMENTS

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.
The Company has the following types of financial assets that are subject to the expected credit loss model:
• Amounts due from related
• Cash and bank balances (including restricted cash)
• Financial guarantees
The table below details the Company's maximum exposure to credit risk as at year end:

	Note	2018	2017
Amounts due from related parties	15	-	1,786
Financial guarantees	15	(6,429)	(6,834)
Cash and bank balances	5	11	16
Total		**(6,418)**	**(5,032)**

In general, the receivables from subsidiaries are assessed for lifetime expected credit losses. The loss allowance is estimated based on individual assessment per receivable, taking into consideration the subsidiary's equity position, financial performance, liquidity position and ability to pay. The Company writes off an amount due from related company when there is information indicating that the debtor is unable to pay and/or when there is a management decision to settle intra-group balances through write-offs.
During the year, the assessment on intra-group receivables has led to a write off of $12 million leaving a receivable balance of $nil, without any enforceable right to the impaired amounts. The same methodology was followed on transition to IFRS 9 on 1 January 2018, which led to no recognition of any loss allowance.

Similarly, with regards to the financial guarantee contracts, the expected loss allowance is estimated based on individual assessment per guarantee, considering the subsidiary's liquidity position and ability to pay its obligations. Concerning the financial guarantee provided for the SBX04 bond, management has also considered the fair values of the vessels on which the borrowings are secured, and assessed that these exceed significantly the underlying liability, and as such, any loss for the Company in case of default, would be minimal. Taking into consideration these factors, the management assessed that the resulting loss allowance is insignificant and no loss has been booked during the year with regards to the financial guarantee contracts.

With regards to cash and cash equivalents, the Company measures its expected credit loss by reference to the banks' external credit ratings and relevant published default and loss rates, taking into consideration the €100.000 per bank deposit protection guaranteed under the EU Deposit Guarantee Scheme and the NOK 2 million guarantee provided by the Norwegian Bank's Guarantee Fund. As the Company's balances at year end were minimal, no loss has been recognized in the financial statements.

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 Company's short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows on a group level, and ensuring the availability of funding through an adequate amount of available debt or equity.
The table below summarized the maturity profile of the company's financial liabilities at 31 December 2018 on contractual undiscounted payments.
The amounts included for financial guarantee contracts are the maximum amount the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee (see note 15). Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement.
The contractual maturity is based on the earliest date on which the Company may be required to pay.

2018	On Demand	Less Than 12 Months	1 to 5 Years	Total
Due to related parties	7,935	-	-	7,935
Financial guarantee contracts	-	1,230	6,116	6,429
Total liquidity risk	**-**	**9,165**	**5,199**	**14,364**

16. FINANCIAL INSTRUMENTS

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

2017	On Demand	Less Than 12 Months	1 to 5 Years	Total
Due to related parties	-	290	-	290
Financial guarantee contracts	-	2,799	5,476	6,834
Total liquidity risk	-	3,089	4,035	7,124

Currency risk

The company's exposure to foreign currency risk was as follows based on notional amounts per 31 December 2018:

2018	ASSETS	LIABILITIES	Net exposure	Change in FX rate (US$ strengthens)	Profit increase/ (decrease)
	US$ 000s	US$ 000s	US$ 000s		US$ 000s
NOK	-	18	(18)	10%	2
TOTAL	**-**	**18**	**(18)**		**2**

2017	ASSETS	LIABILITIES	Net exposure	Change in FX rate (US$ strengthens)	Profit increase/ (decrease)
	US$ 000s	US$ 000s	US$ 000s		US$ 000s
EUR	-	43	(43)	10%	4
NOK	-	30	(30)	10%	3
TOTAL	**-**	**73**	**(73)**		**7**

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2018	2017	2018	2017
EUR 1	1.1798	1.1274	1.1447	1.1999
NOK 1	0.1229	0.1210	0.1151	0.1219

17. 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 within the line Operational restructuring loss in the Statement of Income. Further, in the prior year, the Company booked a non-recurring financial restructuring loss of $0.3 million within the line Financial restructuring loss. 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 31 for further details.

18. AUDIT FEES

	2018	2017
Total fees charged for statutory audit – current year	38	36
Total fees charged for statutory audit – prior year underprovision	51	-
Total fees charged for other non-audit services	-	2
Total	**89**	**38**

19. SUBSEQUENT EVENTS

On 7 January 2019, one of the subsidiaries of the Company received notification of award to acquire 2D seismic data for an international oil & gas company in the Americas region. The survey is due to commence during Q2 2019 with an expected duration of two months. The company will be using the Harrier Explorer for the work.

On 24 January 2019, two of the subsidiaries of the Company extended two existing contracts. The contract for the Voyager Explorer, which is working on an ocean bottom node survey in the Far East, was extended by approximately 90 days until March 2019, with an option for the charterers to extend by another 30 days. Moreover, the Osprey Explorer has been working on an ocean bottom node survey in the Americas region. This contract has been extended from initially 60 days to currently approximately 180 days and is expected to run to end March 2019. Due to delayed completion of the ongoing survey, the company has agreed to terminate Osprey's engagement in the follow-on OBN contract with expected completion in mid-April. SeaBird will receive compensation for the change in vessel schedule, and it is thus expected to have limited financial impact.

On 11 March 2019, one of the subsidiaries of the Company received funds from a license sale of seismic data over Rio Grande Rise in Brazil. SeaBird's share of the sale is approximately $0.8 million. The license sale relates to assets which previously have been written down to $0.2 million on the balance sheet. The company will therefore report a gain of $0.7 million in quarter one, related to this transaction. The recovery was made possible as the customer agreed to sell as multi-client license the seismic data over Rio Grande Rise in Brazil (acquired via the 2D project carried out by SeaBird back in 2017) and to pay part of the proceeds to SeaBird. Based on the arrangement made, it is possible that the Group will receive more funds if additional sales are made over the data.

On 12 March 2019, one of the subsidiaries of the Company extended the contract for the Eagle Explorer with CGG by approximately 80 days. The contract is now firm until 15 August 2019, with further options for CGG to extend with up to 60 days. The Eagle Explorer has been on a 160-day source vessel contract in the Gulf of Mexico with CGG since acquired in November and completing its 10 year class docking in December 2018. The extension is for another survey as source vessel in Northern Europe.

On 1 April 2019, the company announced that it received a letter of award for a niche 3D survey in West Africa, with a total value of approximately $6.5 million. The survey is expected to commence in the 2nd quarter of 2019, with a total duration of about 80 days. The company also reported that it decided to time-charter the Nordic Explorer to perform the survey in West-Africa and bid the Nordic Explorer for subsequent opportunities in the second half of 2019. In connection with the charter agreement, SeaBird will receive nine kilometers of ION DigiSTREAMER from the owners of the Nordic Explorer. The company also announced that it secured a three weeks source contract for an OBN survey in the Gulf of Mexico starting early April 2019. Osprey will be performing the source contract. Separately, SeaBird has also agreed a 21 day off-hire period for the Voyager Explorer related to a technical stop in January 2019. The company also announced that it held an option to purchase the BOA Galatea and BOA Thalassa vessels.

On 11 April 2019, the company announced it was in exclusive process to acquire the seismic vessels BOA Galatea and BOA Thalassa in a transaction which values the vessels at NOK 185 million on an en-bloc basis. The BOA vessels are well suited for source and 2D operations, as well as EM seabed logging, for which BOA Thalassa is currently contracted with EMGS ASA until September 2019 with options for EMGS ASA to extend for three periods of six months each. The company also announced a contemplated private placement to raise NOK 225-250 million.

19. SUBSEQUENT EVENTS

On 12 April 2019, the company announced that the Private Placement was successfully placed, and that it allocated subscriptions for 208,333,300 offer shares (the "Offer Shares") at a subscription price of NOK 1.20, raising NOK 250 million in gross proceeds. The Private Placement attracted strong interest from both existing shareholders and new investors. Completion of the Private Placement is conditional on final and irrevocable agreement to acquire the seismic vessels BOA Galatea and BOA Thalassa or their holding companies. The process is supported by an irrevocable undertaking by a majority of BOA SBL bondholders. Settlement of the Private Placement is expected to take place during week 18 (the week commencing on 29 April 2019), subject to (i) the Board of Directors of the company having resolved to issue the shares and (ii) final irrevocable agreement to acquire the BOA Vessels or their holding companies by the company or positive bondholders' resolution in relation to the acquisition of the BOA Vessels by the company. If such condition are not met by 31 May 2019, the Private Placement will be cancelled. The Offer Shares will be delivered on a separate ISIN, for which arrangements will be made for interim trading on Merkur Market. The Offer Shares will be transferred to the company's ordinary ISIN and listed upon approval of a listing prospectus, expected in early June 2019. Certain BOA SBL bondholders have elected to receive consideration in the form of new shares of the company valued at the Offer Price for an amount corresponding to approximately NOK 56 million, which will come in addition to the Private Placement.

On 12 April 2019, the company announced that the board resolved to carry out a subsequent offering of up to 25,000,000 shares raising proceeds of up to NOK 30 million at the Offer Price to its existing shareholders as of close of trading 11 April 2019, as subsequently recorded in Verdipapirsentralen ASA (VPS) on 15 April 2019, who were not allocated shares in 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. Such shareholders will be granted non-tradable subscription rights to subscribe for, and, upon subscription, be allocated new shares. One subscription right will entitle the holder to subscribe for one share in the subsequent offering. Oversubscription for the relevant shareholders will be allowed. Subscription without subscription rights will not be allowed.

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Independent Auditor's Report

To the Members of Seabird Exploration Plc

Report on the Audit of the Consolidated Financial Statements and the Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Seabird Exploration Plc and its subsidiaries (the "Group"), and the separate financial statements of Seabird Exploration Plc (the "Company"), which are presented in pages 26 to 84 and comprise the consolidated statement of financial position and the separate statement of financial position of the Company as at 31 December 2018, and the consolidated statements of income, comprehensive income, changes in equity and cash flow, and the separate statements of income, comprehensive income, changes in equity and cash flow of the Company, for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements and the separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2018, and of their financial performance and their 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 and the Separate Financial Statements section of our report. We remained independent of the Group and the Company throughout the period of our appointment 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 and the separate 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.

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Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

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 and the separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements and the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment evaluation of vessels and seismic equipment We have identified the impairment evaluation of vessels and seismic equipment as a key audit matter due to the significance of the carrying value of these assets to the consolidated financial statements as a whole and the significant management judgment required in the impairment assessment. The carrying value of the vessels and seismic equipment as at year-end is $41 million representing 70% of the Group's total assets; no impairment loss has been recognized in 2018. As described in note 6 to the consolidated financial statements, management has considered the existence of impairment indicators as of 31 December 2018 and performed an impairment test to ensure that the vessels are not carried at values in excess of their recoverable amounts as of 31 December 2018. In performing the impairment test, management has determined each vessel along with its seismic equipment as one cash-generating unit and estimated the recoverable amount of its vessels based on value-in-use calculations using a discounted cash flow model. The review has not led to the recognition of any impairment loss as the management assessed that the recoverable amounts were higher than the vessels' carrying values. The conclusion reached has been based on significant management judgement with regards to the assumptions used in the value-in-use calculations, including the expected vessel's utilization, day-rates, direct and indirect costs, capital expenditure over the remaining life of the vessel and the Group's weighted average cost of capital to estimate the present value.	Our procedures in relation to the impairment evaluation of vessels included: - Assessing the value-in-use calculation as an appropriate methodology for the impairment assessment; - Checking the mathematical accuracy of the discounted cash flows model and the relevance of the input data used in the value-in-use calculations; - Assessing the reasonableness of management's key assumptions used in the value-in-use calculations by considering factors such as: o market conditions and prospects; o the Group's historical performance (including historic utilization rates, day-rates operating expenses, profit margins); o projected performance and capital expenditure (in comparison to the Group's budgets and forecasts) o orders backlog and submitted tenders; o main business risks; and o appropriateness of the projection period and the terminal value used. - Reviewing the model and input data used to determine the weighted average cost of capital; - Performing a sensitivity analysis and considering the potential impact of reasonably possible downside changes in the key assumptions; and - Reviewing the disclosures in these consolidated financial statements in connection to the IFRS requirements. No significant exception was noted as a result of our testing.

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Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition The Group has adopted IFRS 15 "Revenue form Contracts with Customers" on 1 January 2018 using the simplified method of initial application. The new revenue standard establishes a comprehensive framework for determining the nature, amount and timing of revenue recognition. It also prescribes how the contract-related costs should be accounted for and introduces guidelines on recognition of "contract assets" and "contract liabilities". As described in note 2.2B to the consolidated financial statements, management has performed a detailed analysis of the Group's revenue streams and individual contract terms. The assessment concluded that the adoption of IFRS 15 affects the timing of recognition of the multi-client prefunding revenue, while all the other revenue contracts are recognized in the same manner as prior to the adoption of IFRS 15. Management ascertained that there is no impact on the opening retained earnings, as there were no multi-client projects carried on 1 January 2018. The Group's revenue recognition policies have been amended to comply with the new IFRS 15 requirements (refer to note 2.18). We focused on this area, as the adoption of the new standard requires involvement of significant management judgment in formulating the new accounting policies, in particular with regards to the following areas: - contract classification (provision of service, licensing or contract that contains a lease); - whether a contract contains multiple elements that should be accounted for separately as district performance obligations; - whether the contract costs meet the criteria to be accounted for as costs to fulfil or costs to obtain a contract; and - the timing of recognition of the revenue components.	We have obtained an understanding of the Group's revenue arrangements by reviewing the terms in selected revenue contracts, including 2D, source and multi-client contracts. We obtained an understanding of the IFRS 15 adoption process and evaluated the accounting principles applied by management. We assessed whether the new recognition policies adopted by management are consistent with the requirements of the new standard. We obtained an understanding of the changes from the previous standard IAS 18 "Revenue". For the revenue recognized during 2018, we tested the transactions booked against contracts, invoices and receipts. We confirmed that the revenue recognition polices have been applied consistently. We confirmed that the revenues, contract assets and contract liabilities, as well as the contract related costs have been correctly recognized and presented in the financial statements. We examined the contracts carried on 1 January 2018 and evaluated management's conclusion that there is no impact on opening retained earnings. No significant exception was noted as a result of our testing.

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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 annual report, including the corporate governance statement and the management report in pages 18 to 25, but does not include the consolidated financial statements, the separate financial statements, and our auditor's report thereon.

Our opinion on the consolidated financial statements and the separate 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 and the separate 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 the separate 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 and the separate financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements and separate 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 and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and separate financial statements, the Board of Directors is responsible for assessing the Group's and the Company'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 and the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the separate 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and separate financial statements.

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Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

Auditor's responsibilities for the audit of the consolidated financial statements and separate financial statements (continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the separate 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 and the Company'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 and the Company'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 and separate 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 and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the separate financial statements, including the disclosures, and whether the consolidated financial statements and the separate 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 the Board of Directors through its Audit Committee 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 the Board of Directors through its Audit Committee 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 the Board of Directors through its Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements and the separate financial statements of the current period and are therefore the key audit matters.

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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 and the Company on 10 August 2018 by a shareholders' resolution. This is our first period of engagement appointment.

We confirm that our audit opinion on the consolidated financial statements and the separate financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 23 April 2019 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of non-audit services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Group or the Company and which have not been disclosed in the consolidated financial statements or the separate financial statements or the management report.

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 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 and the separate financial statements.

- In light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the 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 statement 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 and the separate financial statements.

- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement 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 the Company and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement 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.

Deloitte.

Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

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 Costas Georghadjis.

Comparative figures

The consolidated financial statements and the separate financial statements of Seabird Exploration Plc for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 4 April 2018.

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Costas Georghadjis
Certified Public Accountant and Registered Auditor
for and on behalf of
Deloitte Limited
Certified Public Accountants and Registered Auditors

Limassol, Cyprus
25 April 2019


Bristow

SEABIRD EXPLORATION PLC

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE OFFICIALS RESPONSIBLE FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 ("the Law") we, the members of the Board of Directors and the Company official responsible for the financial statements of Seabird Exploration Plc for the year ended 31 December 2018, on the basis of our knowledge, declare that:

(a) The annual consolidated and separate financial statements which are presented on pages 26 to 84:

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the provisions of Article 9, section (4) of the law, and

(ii) provide a true and fair view of the particulars of assets and liabilities, the financial position and profit or loss of the Seabird Exploration Plc and the entities included in the consolidated financial statements as a whole and

(b) The management report provides a fair view of the developments and the performance as well as the financial position of the Seabird Exploration Plc as a whole, together with a description of the main risks and uncertainties which they face.

Members of the Board of Directors:

Heidar Engebret (Chairman)

Dag Fredrik Arnesen (Director)

Olav Haugland (Director)

Ketil Nereng (Director)

Responsible for drafting the financial statements:

Nils C. Haugestad (Chief Financial Officer)

Limassol, Cyprus
25 April 2019

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