Q2 18

SECOND QUARTER

SeaBird Exploration

$2.9 m

revenues

$-1.4 m

adjusted EBITDA

22%

utilization

Significantly

increased tendering activity in 2018

NOK 150 m

private placement in May

Acquisition

of Geowave Voyager and 40 kilometers Sercel solid streamer

2018 SUMMARY OBSERVATIONS FOR THE SECOND QUARTER

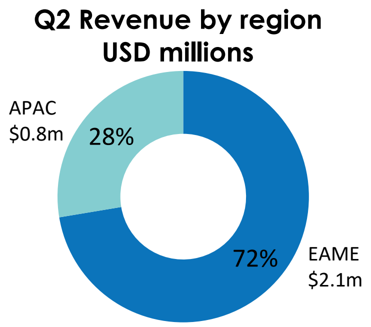
SeaBird recorded a 22% active vessel utilization in Q2 2018 compared to 50% in Q1 2018. In spite of weak vessel utilization year to date driven by continued low exploration spending and an overcapacity of vessels in the seismic market, the first half of the year was characterized by a significantly improved oil & gas sentiment. The improvement has been confirmed by a substantial increase in tendering activity related to an early cyclical recovery in 2D exploration spending and structurally driven increase in demand for IOR (Improved Oil Recovery) related OBS services.

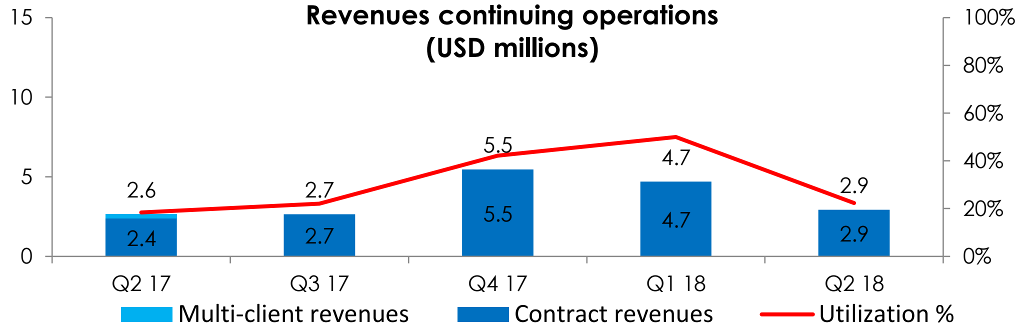
In light of a number of new contract awards during the first half of the year, the company decided to reactivate a third vessel, the Harrier Explorer, which started operations in North West Europe in the third quarter. The company expects improved contract and multi-client utilization in the third quarter and into the fourth quarter.

We have actively been seeking to upgrade and renew the vessel fleet and seismic equipment in tandem with the improving oil services market. We announced the chartering of the 2005 built 3D vessel Voyager Explorer at the end of the first quarter. In early quarter three, we announced the acquisition of the 2009 built 3D vessel Geowave Voyager including 40 kilometers of Sercel Solid streamers. With these transactions, we have significantly strengthened our service offering in the 2D, source and niche 3D markets. However, we are continuing to assess various opportunities to further strengthen our pool of vessels and equipment.

- Revenues for the quarter were $2.9 million, a decrease of 38% compared to Q1 2018 and up 11% relative to Q2 2017.
- Reported EBITDA for the quarter was negative $2.3 million compared to positive $1.0 million for Q1 2018 and negative $6.3 million for Q2 2017. EBITDA adjusted for non-recurring items of negative $1.4 million.
- Reported EBIT for the quarter was negative $4.0 million compared to negative $0.7 million for Q1 2018 and negative $9.7 million for Q2 2017. Adjusted EBIT of negative $3.1 million.

KEY HIGHLIGHTS





Operational review

Active vessel utilization for the second quarter of 2018 was 22.3%, down from 50.0% in the first quarter. Contract surveys represented 22.3% of vessel capacity compared to 50.0% for the first quarter of 2018. Technical downtime for the fleet was 1.5% in Q2 2018, down from 1.7% in Q1.

Voyager Explorer started on a source contract in South East Asia towards the end of the quarter, and is expected to mobilize for an additional source project in the same region in quarter three. The planned project has an estimated duration of three months. Osprey Explorer completed its source contract in West Africa in the middle of the quarter and mobilized for a new source contract in North America with a start-up in the third quarter. Harrier Explorer started its mobilization for a new 2D contract survey and a follow-on multi-client survey in Norway. Aquila Explorer was not active on projects in the quarter. Yard stay represented 0% of active vessel capacity during the quarter.

Multi-client surveys represented 0% of vessel utilization in the quarter, compared to 0% in the previous quarter and 0% in the same quarter last year. Multi-client revenues were $ nil in the period.

The company announced a series of contract wins during the quarter and subsequent to quarterly close. The company signed an agreement to provide a source vessel for an upcoming seismic survey in the US Gulf of Mexico. The project is anticipated to commence during Q3 and will have a minimum firm duration of approximately 60 days. The company also announced that it received a letter of award to provide a source vessel for an upcoming seismic project in the Asia Pacific region. The project is anticipated to commence during Q3 and will have a duration of approximately three months. Moreover, the company has signed an agreement to supply one 2D vessel for contract survey in North West Europe, which is expected to commence early Q3-2018 with a duration of approximately one month. Subsequent to quarter end, the company announced that it signed a partnership agreement with MCG to conduct a 6,000 km multi-client 2D Deep Imaging Campaign on the Norwegian continental shelf, including cross-border lines to the United Kingdom continental shelf. The project is cash neutral through pre-funding and cost recovery and is estimated to have a duration of approximately two months.

The company had non-recurring costs of $0.9 million during the quarter relating to discontinued vessels ($0.5 million) and CEO end of service benefits ($0.4 million). The company completed a review of past tax provisions and made reversals of tax provisions (accounting gain) amounting to $2.1 million, of which $0.9 million was related to discontinued operations.

On 24 June 2018, the Board of Directors of SeaBird Exploration Plc 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.

Capital expenditures were $0.2 million during the quarter compared to $0.5 million in Q2 2017.

Lost time injury frequency (LTIF) rate for the quarter was 0.0.

Subsequent to quarter end, the company announced that it entered into an agreement to acquire the seismic vessel Geowave Voyager and certain seismic equipment from a wholly owned subsidiary of CGG S.A., for a cash consideration of USD 17 million. The Vessel is well suited for 2D, source and niche 3D projects, and can be modified for use as a node laying vessel in the ocean bottom seismic market. The vessel is scheduled to be delivered to the company in October 2018. Please see subsequent events section for additional details.

Regional review

Europe and Middle East (EMEA) represented the largest portion of revenues during the quarter. EMEA revenues of $2.1 million represented 72% of total Q2 revenues. Osprey Explorer completed its source contract in West Africa during the quarter. Asia Pacific (APAC) revenues of $0.8 million represented 28% of total Q2 revenues. Voyager Explorer mobilized and started working on a source contract in South East Asia towards the end of the quarter. No revenue was recognized in North and South America (NSA). Osprey Explorer mobilized for a source contract in North and South America (NSA), but no revenue was recognized during quarter two.

Outlook

Oil prices and oil exploration macro indicators have continued to improve in 2018. This market improvement has resulted in a substantial increase in seismic survey tenders and we expect the increased tender volume to continue in the second half of the year. As seismic programs currently under the planning phase start to materialize, we expect industry vessel utilization to increase.

To date in 2018, much of seismic spending has been targeting ocean bottom seismic surveys and this has resulted in a commensurate increase in source vessel demand. We expect the growing volume of ocean bottom seismic surveys to continue through the second half of the year and this is expected to result in a further tightening of the source vessel market.

With higher oil prices, we also expect that exploration spending will increase and positively impact streamer seismic demand. We have already seen a number of requests for streamer seismic surveys and believe that this trend will continue for the rest of the year. A growing number of inquiries for both 2D and niche 3D seismic surveys are expected to result in growing streamer vessel demand and SeaBird is well positioned to capitalize on this trend.

The company is well positioned to benefit from its financial position having low gearing and net cash position and the continued recovery in the seismic market. We intend to continue to evaluate further steps to optimize our fleet as well as our broader coverage of the seismic industry.

Financial comparison

All figures below relate to continuing operations unless otherwise stated. For discontinued operations, see note 1. The company reports net loss of $4.6 million for Q2 2018 (net loss of $11.2 million in the same period in 2017).

Revenues were $2.9 million in Q2 2018 ($2.6 million). The increased revenues are primarily due to higher utilization.

Revenues for first half of 2018 were $7.6 million ($11.1 million).

Cost of sales was $3.5 million in Q2 2018 ($5.6 million). The decrease is predominantly due to fleet reduction, relatively low project activity in the quarter and implemented cost cutting efforts.

For the first half of 2018, cost of sales amounted to $6.5 million, down from $13.9 million for same period during 2017.

SG&A was $1.8 million in Q2 2018, down from $3.4 million in Q2 2017. The decrease is principally due to company cost cutting efforts offset by non-recurring CEO end of service benefits.

SG&A for the first half of 2018 was $3.3 million ($6.5 million).

Other income (expense) was $0.0 million in Q2 2018 ($ nil).

Other income (expense) for the first half was $0.8 million ($0.0 million).

EBITDA was negative $2.3 million in Q2 2018 (negative $6.3 million).

EBITDA for first half of 2018 was negative $1.3 million (negative $9.1 million).

Depreciation, amortization and impairment were $1.7 million in Q2 2018 ($3.5 million).

For the first half of 2018, depreciation amortization and impairment were $3.4 million ($6.9 million).

Finance expense was $0.7 million in Q2 2018 ($1.3 million).

For the first half of 2018, finance expense was $1.2 million ($2.5 million).

Other financial items were positive $0.1 million in Q2 2018 (negative $0.1 million).

For the first half of 2018, other financial items were positive $0.4 million (negative $0.1 million).

Reversal of income tax (gain) was $1.0 million in Q2 2018 ($0.0 million).

For the first half of 2018 reversal of income tax (gain) was $0.9 million ($0.4 million cost).

Capital expenditures in the quarter were $0.2 million ($0.5 million).

Multi-client investment was $ nil in Q2 2018 ($ nil).

Key figures - continuing operations

All figures in USD 000'S (except EPS and equity ratio)	Quarter ended 30 June 2018 (Unaudited)	Quarter ended 30 June 2017 (Unaudited)	Year to Date 30 June 2018 (Unaudited)	Year to Date 30 June 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
Revenues	2,937	2,648	7,645	11,093	19,212
EBITDA	(2,272)	(6,258)	(1,262)	(9,085)	(25,556)
EBIT	(3,979)	(9,720)	(4,707)	(16,026)	(46,453)
Profit/(loss)	(3,620)	(11,160)	(4,602)	(19,041)	(49,868)
Earnings per share (diluted)	(0.00)	(3.64)	(0.00)	(6.21)	(0.19)
Cash flow operating activities	(2,847)	(4,666)	(6,525)	(9,828)	(18,737)
Capital expenditures	(210)	(460)	345	(1,020)	(1,094)
Total assets	49,373	55,691	49,373	55,691	41,247
Net interest bearing debt	(12,507)	28,544	(12,507)	28,544	(1,909)
Equity ratio	58.8%	5.8%	58.8%	5.8%	38.0%

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

FINANCIAL REVIEW

Liquidity and financing

Cash and cash equivalents at the end of the period were $17.1 million ($3.3 million in Q2 2017), of which $0.9 million was restricted cash. The restricted cash is principally in connection with sale proceeds from the decommissioning of Northern Explorer, which can be spent as capital expenditures if done within one year of the signing of the assets sale agreement. Net cash from operating activities was negative $2.8 million in Q2 2018. The negative operational cash flow in quarter two was mainly due to low utilization of vessels, increases in working capital due to re-activation of the Harrier Explorer, preparation and mobilization of vessels for new projects in Q3 and final payment of payables in relation to discontinued vessels Munin Explorer and Northern Explorer.

The company has a bond loan and a secured credit facility. 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 $4.3 million per Q2 2018 (nominal value of $4.6 million plus payment in kind interest of $0.3 million plus accrued interest of $0.0 million plus amortized interest of $0.2 million less fair value adjustment of $0.7 million). The SBX04 secured bond loan (Tranche B) is due 30 June 2020 and it is carrying an interest rate of 6.0%. Interest may be paid in kind and deferred until 30 June 2020. The outstanding loan balance is scheduled to be paid at the maturity date. Interest paid during Q2 2018 was $ nil. The bond is listed on Nordic ABM, and it is traded with ticker SBEF02 PRO.

The secured credit facility is recognized at amortized cost of $0.3 million (nominal value of $0.4 million plus accrued interest of $0.0 million plus amortized interest $0.0 million less fair value adjustment of $0.1 million). Coupon interest rate is 6.0%. Interest may be paid in kind and due 30 June 2020. The facility's maturity date is 30 June 2020. Principal repayments during Q2 2018 amounted to $0.4 million and additional amounts drawn on the credit facility during the period was $0.4 million. Interest paid during Q2 2018 was $ nil.

Net interest bearing debt was negative $12.5 million as at the end of Q2 2018 (net debt of $28.5 million in Q2 2017).

On 24 May 2018, the company completed a private placement of NOK 150 million with allocated subscriptions of 937,500,000 new shares at a subscription price of NOK 0.16. The new shares were delivered to investors at the end of May. The company has resolved to carry out a subsequent offering of up to 156,250,000 shares raising proceeds of up to NOK 25 million to its existing shareholders as of close of trading 24 May 2018, as subsequently recorded in the VPS, who did not participate 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. The total outstanding amount of shares in the company is 2,044,955,145 common shares as per 30 June 2018.

The company's 2017 annual accounts were based on a going concern assumption. Still, the board highlighted the continued challenging market conditions that was a material risk to the going concern assumption.

During 2017 and 2018 the company's management has implemented a comprehensive cost reduction program. Also, the seismic market outlook has improved in 2018, which is expected to improve the financial results and cash flow from operations going forward. Moreover, the group has also raised additional capital, which has significantly improved the company's working capital position and, together with the improved market outlook, removed the material uncertainties related to going concern risk.

The company's accounts for the first half of 2018 have been prepared on the basis of a going concern assumption.

Important events in the first half of the year

The company signed four new contracts during the first half of the year (three source work awards and one 2D contract survey).

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

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

On 24 May 2018, the company announced a NOK 150 million private placement was completed 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.

Subsequent events

On 4 July 2018, the company announced that it has received a letter of award to provide a source vessel for an upcoming seismic project in the Asia Pacific region. The project has an estimated duration of approximately three months.

On 9 July 2018, the company announced that it signed a partnership agreement with MCG to conduct a 6,000km multi-client 2D Deep Imaging Campaign on the Norwegian continental shelf, including cross-border lines to the United Kingdom continental shelf. The project is estimated to have a duration of approximately two months and the survey is cash neutral through pre-funding and cost recovery. The company will be entitled to 50% of all future revenue from sales of the acquired data.

On 11 July 2018, the company announced that it was in an exclusive process to acquire the 2009 built seismic 3D vessel Geowave Voyager, fully rigged with source and recording equipment, including 40 kilometers of Sercel Sentinel solid streamer from Exploration Vessel Resources II AS, a wholly owned subsidiary of CGG S.A., for a cash consideration of USD 17 million. The vessel is well suited for 2D, source and niche 3D projects, and can be modified for use as a node laying vessel in the ocean bottom seismic market. As part of the agreement, the company will receive a preferred supplier status with CGG when using the vessel. The company also commits to not provide 3D services with the vessel with more than 6 streamers of any length or a maximum total of 48 km of streamers in any configuration.

On 11 July 2018, the company announced that it completed a private placement with subscriptions for 632,000,000 offer shares at a subscription price of NOK 0.19, raising NOK 120 million in gross proceeds. The total number of ordinary shares in the company after this share issue is 2,676,955,145. All shares have a nominal value of $0.001 per share. The shares were issued on 6 August following the closing of all conditions precedent relating to the vessel acquisition.

On 1 August 2018, the company announced that the subscription period for the subsequent offering announced on 24 May started on 1 August and expires at 15 August. The subsequent offering carried out by the company consists of 156,250,000 new shares, each with a nominal value of USD 0.001 at a subscription price of NOK 0.16 per Offer Share.

On 1 August 2018, the company announced that the agreement to acquire the Geowave Voyager was effective and unconditional following a successful technical inspection of the vessel. The transfer of ownership of the vessel and closing of the transaction expected to be completed in October 2018.

On 10 August 2018, the annual general meeting of the shareholders was held in Nicosia, Cyprus. All proposals were approved with requisite majority. In the meeting, the annual financial statements of the company were approved, Mr. Olav Haugland was elected as new board member and Deloitte was appointed as the company's auditor.

Responsibility statement

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2018, which have been prepared in accordance with IAS 34 "Interim Financial Reporting", gives a true and fair view of the company's consolidated assets, liabilities, financial position and results of operations. We also confirm that, to the best of our knowledge, the first half 2018 report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year and major related parties' transactions.

The Board of Directors and Chief Executive Officer

SeaBird Exploration Plc 16 August 2018

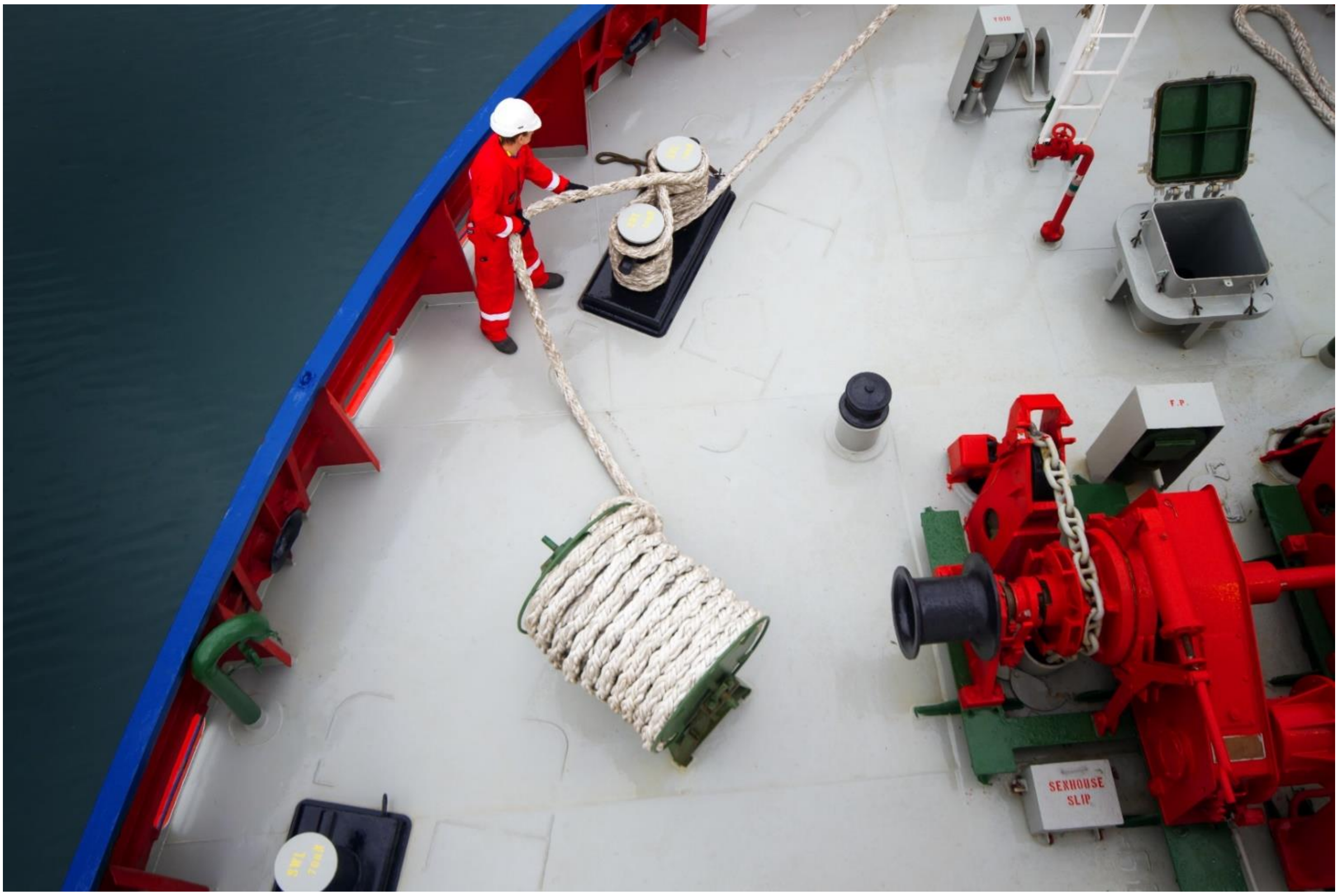
Heidar Engebret
Chairman

Dag Fredrik Arnesen
Director

Olav Haugland
Director

Ketil Nereng
Director

Hans Petter Klohs
Chief Executive Officer



Consolidated interim statement of financial position

All figures in USD 000's	As of 30 June 2018 (Unaudited)	As of 30 June 2017 (Unaudited)	As of 31 December 2017 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	25,282	42,392	28,408
MultiClient Investment	-	2,327	-
Long term investments	54	120	54
	25,336	**44,839**	**28,462**
Current assets			
Inventories	891	1,101	996
Trade receivables	2,656	3,630	1,157
Other current assets	3,350	2,828	3,591
Cash and cash equivalents	17,140	3,294	6,554
Assets classified as held for sale	-	**-**	487
	24,037	**10,852**	**12,785**
Total assets	**49,373**	**55,691**	**41,247**
EQUITY			
Shareholders' equity			
Paid in Capital	273,310	218,690	261,947
Equity component of warrants	-	2,736	2,736
Equity component of convertible loan	-	-	-
Currency translation reserve	(407)	(407)	(407)
Share options granted	-	-	-
Retained earnings	(243,854)	(217,782)	(248,610)
	29,049	**3,237**	**15,666**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	4,633	-	4,420
Other long term liability	920	-	443
Long term tax payable	1,164	-	-
	6,716	**-**	**4,863**
Current liabilities			
Trade payables	3,937	6,914	5,085
Other payables	8,051	7,021	7,581
Provisions	-	1,618	2,994
Loans and borrowings	-	31,839	225
Tax payable	1,620	5,064	4,833
	13,608	**52,454**	**20,718**
Total liabilities	**20,324**	**52,454**	**25,581**
Total equity and liabilities	**49,373**	**55,691**	**41,247**

Consolidated interim statement of income

All figures in USD 000's (except EPS)	Quarter ended 30 June 2018 (Unaudited)	Quarter ended 30 June 2017 (Unaudited)	Year to Date 30 June 2018 (Unaudited)	Year to Date 30 June 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
Revenues	2,937	2,648	7,645	11,093	19,212
Cost of sales	(3,465)	(5,604)	(6,531)	(13,918)	(25,983)
Selling, general and administrative expenses	(1,783)	(3,368)	(3,318)	(6,458)	(12,002)
Net bad debt charges	-	66	168	176	(1,258)
Other income (expenses), net	38	-	775	22	24
Operational restructuring loss	-	-	-	-	(5,549)
Earnings before interest, tax, depreciation and amortization (EBITDA)	**(2,272)**	**(6,258)**	**(1,262)**	**(9,085)**	**(25,556)**
Depreciation	(1,706)	(3,089)	(3,445)	(6,169)	(11,360)
Amortization	-	(372)	-	(771)	(909)
Impairment	(1)	-	(1)	-	(8,628)
Earnings before interest and taxes (EBIT)	**(3,979)**	**(9,720)**	**(4,707)**	**(16,026)**	**(46,453)**
Finance expense	(738)	(1,318)	(1,156)	(2,490)	(3,745)
Other financial items, net	111	(138)	398	(126)	(772)
Financial restructuring gain	-	-	-	-	884
Profit/(loss) before income tax	**(4,606)**	**(11,175)**	**(5,466)**	**(18,642)**	**(50,086)**
Income tax	986	16	863	(399)	218
Profit/(loss) continuing operations	**(3,620)**	**(11,160)**	**(4,602)**	**(19,041)**	**(49,868)**
Net profit/(loss) discontinued operations (note 1)	936	-	936	209	209
Profit/(loss) for the period	**(2,684)**	**(11,160)**	**(3,666)**	**(18,832)**	**(49,659)**
Profit/(loss) attributable to					
Shareholders of the parent	(2,684)	(11,160)	(3,666)	(18,832)	(49,659)
Earnings per share	-	-	-	-	-
Basic	(0.00)	(3.64)	(0.00)	(6.14)	(0.19)
Diluted	(0.00)	(3.64)	(0.00)	(6.14)	(0.19)
Earnings per share from continued operations					
Basic	(0.00)	(3.64)	(0.00)	(6.21)	(0.19)
Diluted	(0.00)	(3.64)	(0.00)	(6.21)	(0.19)

Consolidated interim statement of comprehensive income

All figures in USD 000's	Quarter ended 30 June 2018 (Unaudited)	Quarter ended 30 June 2017 (Unaudited)	Year to Date 30 June 2018 (Unaudited)	Year to Date 30 June 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
Profit/(loss)	**(2,684)**	**(11,160)**	**(3,666)**	**(18,832)**	**(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	**(2,684)**	**(11,160)**	**(3,666)**	**(18,832)**	**(49,648)**
Total comprehensive income attributable to	**-**	**-**	**-**	**-**	**-**
Shareholders of the parent	(2,684)	(11,160)	(3,666)	(18,832)	(49,648)
Total	**(2,684)**	**(11,160)**	**(3,666)**	**(18,832)**	**(49,648)**

Consolidated interim statement of changes in equity

All figures in USD 000's	Year to Date 30 June 2018 (Unaudited)	Year to Date 30 June 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
Opening balance	**15,666**	**22,068**	**22,068**
Profit/(loss) for the period	(3,666)	(18,832)	(49,659)
Increase/(decrease) in share capital	17,049	-	43,257
Increase/(decrease) equity component of warrants	(2,736)	-	-
Increase/(decrease) equity from reduction in nominal value of shares	(5,688)	-	-
Share options granted	-	-	-
Reclassification of share capital to retained earnings	8,424	-	-
Net movements in currency translation reserve and other changes	-	-	-
Ending balance	**29,049**	**3,236**	**15,666**

Consolidated interim statement of cash flow

All figures in USD 000's	Quarter ended 30 June 2018 (Unaudited)	Quarter ended 30 June 2017 (Unaudited)	Year to Date 30 June 2018 (Unaudited)	Year to Date 30 June 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
Cash flows from operating activities					
Profit / (loss) before income tax	(4,606)	(11,176)	(5,466)	(18,642)	(50,086)
Adjustments for:	-	-		-	-
Non-cash effects of restructuring	-	-	-	-	3,721
Depreciation, amortization and impairment	1,706	3,461	3,445	6,941	20,897
Other items	2,086	-	2,086	-	(1,750)
Movement in provision	-	(1,457)	(2,994)	(2,983)	(1,501)
Unrealized exchange (gain) /loss	175	(32)	142	(69)	(89)
Interest expense on financial liabilities	156	1,011	291	2,015	2,553
Paid income tax	(46)	(226)	(102)	(521)	(609)
(Increase)/decrease in inventories	127	126	105	174	279
(Increase)/decrease in trade and other receivables	585	3,010	(1,400)	(1,239)	490
(Increase)/ decrease in due from related parties	-	-	-	-	-
Increase/(decrease) in long term liabilities	(139)	-	1,641	-	443
Increase/(decrease) in trade and other payables	(2,891)	617	(4,272)	4,496	6,916
Net cash from operating activities	**(2,847)**	**(4,666)**	**(6,525)**	**(9,828)**	**(18,737)**
Cash flows from investing activities					
Capital expenditures	(210)	(460)	345	(1,020)	(1,095)
Other term investment	-	-	-	0	1
Multi-client investment	-	-	-	(0)	-
Net cash used in investing activities	**(210)**	**(460)**	**345**	**(1,020)**	**(1,094)**
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	17,051	-	17,051	-	12,629
Receipts from borrowings	-	-	-	-	543
Repayment of borrowings	(24)	(237)	(285)	(229)	(1,249)
Interest paid	-	(127)	-	(677)	(585)
Net movement in currency fluctuations	-	-	-	-	-
Net cash from financing activities	**17,027**	**(364)**	**16,766**	**(906)**	**11,338**
Net (decrease)/increase in cash and cash equivalents	**13,970**	**(5,489)**	**10,586**	**(11,754)**	**(8,494)**
Cash and cash equivalents at beginning of the period	**3,170**	**8,782**	**6,554**	**15,047**	**15,047**
Cash and cash equivalents at end of the period	**17,140**	**3,294**	**17,140**	**3,294**	**6,554**

Note 1: Interim statement of income for discontinued operations

All figures in USD 000's	Quarter ended 30 June 2018 (Unaudited)	Quarter ended 30 June 2017 (Unaudited)	Year to Date 30 June 2018 (Unaudited)	Year to Date 30 June 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
Revenues	-	-	-	-	-
Cost of sales	-	-	-	209	209
Selling, general and administrative expenses	-	-	-	-	-
Other income (expenses), net	-	-	-	-	-
Earnings before interest, tax, depreciation and amortization (EBITDA)	-	-	-	209	209
Depreciation and amortization	-	-	-	-	-
Impairment	-	-	-	-	-
Earnings before interest and taxes (EBIT)	-	-	-	209	209
Interest expense	-	-	-	-	-
Other financial items, net	-	-	-	-	-
Profit/(loss) before income tax	-	-	-	209	209
Income tax	936	-	936	-	-
Profit/(loss) discontinuing operations	936	-	936	209	209
Gain/(loss) on sale of OBN business	-	-	-	-	-
Net profit/(loss) from discontinued operations	936	-	936	209	209
Profit/(loss) attributable to					
Shareholders of the parent	936	-	936	209	209

Selected notes and disclosures

SeaBird Exploration Plc is a limited liability company. The company's address is 4, Riga Fereou street, Omega court, 3095 Limassol, Cyprus. The company also has offices in Oslo (Norway), London (United Kingdom) and Singapore. The company is listed on the Oslo Stock Exchange under the ticker symbol "SBX".

Basis of presentation

The condensed interim consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) and the act and regulations for the Oslo Stock Exchange. The condensed interim consolidated financial statements do not include all information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2017.

The consolidated financial statements for the year ended 31 December 2017 and quarterly reports are available at www.sbexp.com. The financial statements as of Q2 2018, as approved by the board of directors 16 August 2018, are unaudited.

Significant accounting principles

The accounting policies used for preparation of the condensed interim consolidated financial statements are consistent with those used in the consolidated financial statements for 2017 unless otherwise stated.

Risk factors

The information in this report may constitute forward-looking statements. These statements are based on various assumptions made by the company, many of which are beyond its control and all of which are subject to risks and uncertainties. Risk factors include but are not limited to the demand for our seismic services, the high level of competition in the 2D/3D market, changes in governmental regulations, adverse weather conditions, and currency and commodity price fluctuations. For further description of relevant risk factors, we refer to the annual report 2017. As a result of these and other risk factors, actual events and actual results may differ materially from those indicated in or implied by such forward looking statements.

Segment information

All seismic vessels and operations are conducted and monitored within the company as one business segment.

Revenue recognition

The group has adopted IFRS 15 "Revenue from Contracts with Customers" from 1 January, 2018. The group continues to recognize contract revenues and costs in line with project duration starting from first shot point in the seismic survey and ending at demobilization.

Under IFRS 15 MultiClient pre-funding arrangements would be classified as "right to use" licenses and the revenue is to be recognized at the point in time when the "right to use" license is transferred to the customer. This "point in time" is typically upon completion of processing of the survey and granting of access to the finished data or delivery of the finished data, which typically occurs 9-12 months after completion of the physical data collection.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes costs directly attributable to the acquisition of the item. Costs are included in the asset's carrying amount or recognized as a separate asset, if appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Costs of all repairs and maintenance are expensed as incurred. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

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

The company's value in use model includes estimates of the expected future cash flows from each cash generating unit (each vessel) based on day-rate, utilization, direct and indirect costs and required capital investments over the remaining life of the vessel. These cash flows are discounted at the company's weighted average cost of capital (13.8%) to estimate the present value, which is compared to book value at the relevant balance sheet date. Impairment of property, plant and equipment is evaluated annually based on value in use calculations. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

There is still an overcapacity of vessels in the seismic market and there is uncertainty with regards to the future outlook in terms of utilization and day rates. However, the market balance is improving due to an early cyclical recovery in demand for towed seismic acquisition services and structurally driven increase in demand for OBN related source vessel services. In the short to medium term, an improved market balance is expected to improve utilization and day rates. Still, there is a risk that an impairment of property, plant and equipment could be triggered by lay-up of vessels, a reduction in economic life or reduced utilization or contract day rates.

The value in use model is based on revenue day rates in line with current market rates, increasing moderately in 2019 and beyond. Utilization is assumed to be in line with historical averages. To the extent that increases in day rates do not materialize, this could have a substantial effect on the value in use calculation.

Provisions for restructuring costs, onerous contracts and legal claims are measured at the management's best estimate of the expenditure required to settle the present obligation at the reporting date, and are discounted to present value.

Multi-client library

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

• During the work in progress phase, amortization is based on total cost versus forecasted total revenues of the project.

• After a project is completed, a straight-line amortization is applied.

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

Multi-client sales in Q2 2018 were $ nil ($0.3 million). Multi-client amortization in Q2 2018 was $ nil ($0.4 million). Multi-client impairment was $ nil in Q2 2018 ($ nil).

SeaBird's multi-client library consists of one survey in the EMEA region and two multi-client surveys in South East Asia. The multi-client library has zero book value.

Debt securities and maturities

The company has one bond loan (SBX04; SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2020) and one secured credit facility. The total book value of outstanding debt as per 30 June 2018 is $4.6 million. Please see table below for additional details.

Debt securities	USD millions
Long term debt	
Secured debt	
SBX04 bond loan, face value	4.6
Secured credit facility, face value	0.4
Capitalized payment in kind (PIK) interest	0.3
Fair value adjustment *	(0.8)
Accrued interest and accumulated amortized interest	0.2
Non-current loans and borrowings 30 Jun 2018	**4.6**
*of which SBX04: $0.7 million, secured credit facility: $0.2 million	

The SBX04 bond loan and the credit facility mature on 30 June 2020. Neither the bond loan nor the credit facility will have any principal payments before 30 June 2020. All accrued interest may be paid-in-kind and deferred until 30 June 2020.

Aggregate maturities of loans and borrowings	USD millions
Overview of repayment	
2018	-
2019	-
2020*	5.2
Total debt principal 2017	**5.2**
*Debt related to SBX04,credit facility and PIK interest matures on 30 June 2020	

Discontinued operations

On 8 December 2011, the company sold the ocean bottom node business (accounted for as discontinued operations) to Fugro Norway AS. The company has no remaining assets or potential revenues, but has recorded selected tax liabilities in relation to the discontinued operations. During the quarter the company booked a gain of $0.9 million relating to a reversal of a corporate tax liabilities. The company had a positive net income from discontinued operations of $0.9 million in the quarter. See note 1 to the consolidated income statement for the income statement for discontinued operations.

Share capital and share options

The total number of ordinary shares at 30 June 2018 was 2,044,955,145 with a nominal value of $0.001 per share.

The company has no share options outstanding as at 30 June 2018.

SeaBird Exploration Finance

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

	USD Thousands
Receivables	
SeaBird Exploration Cyprus	30,170
Aquila Explorer	21,531
Osprey Navigation	14,361
SeaBird Exploration Crewing	11,717
Hawk Navigation Company	6,735
BUT SBX APAC - Indonesia	4,067
SeaBird Exploration Vessels	3,680
Munin Navigation Company	3,550
Seabird Exploration Norway	1,721
Seabird Crewing Mexico	1,529
Oreo Navigation Company	437
SeaBird Exploration UK	253
Other intercompany receivables	119
Total receivables from intra-group companies	**99,870**
Payables	
Seabird Exploration Plc	65,305
SANA Navigation Company	27,585
SeaBird Exploration Asia Pacific	6,218
Seabed Navigation	3,807
Harrier Navigation Company	2,001
SeaBird Exploration MC	1,941
SeaBird Exploration FZ LLC	1,645
GeoBird Management	1,632
SeaBird Exploration Shipping	1,099
Raven Navigation Explorer	921
Silver Queen Maritime	888
Other intercompany payables	922
Total payables to intra-group companies	**113,965**
Total net payables to intra-group companies	**(14,095)**

Taxes

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

Related party transactions

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

Going concern

The company's consolidated accounts have been prepared based on a going concern assumption.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