



Q4

18

FOURTH
QUARTER

SeaBird Exploration

Key highlights	4
Financial review	6
Consolidated interim statement of financial position	7
Consolidated interim statement of income	8
Consolidated interim statement of comprehensive income	9
Consolidated interim statement of changes in equity	9
Consolidated interim statement of cash flow	10
Interim statement of income for discontinued operations	11
Selected notes and disclosures	12

\$6.8 m

revenues

\$-1.2 m

EBITDA

58%

utilization

Eagle Explorer

Vessel delivered together with 40 km Sercel streamer

2018 SUMMARY OBSERVATIONS FOR THE FOURTH QUARTER

SeaBird recorded revenues of \$6.8 million in Q4 compared to \$5.4 million in Q3. EBITDA was negative \$1.2 million in the quarter compared to negative \$2.8 million in Q3.

The company had four vessels on projects and 58% vessel utilization in Q4 2018, compared to 55% in Q3 2018.

The improved oil & gas sentiment seen earlier in the year continued in quarter four, although the reduction in the oil price created some near-term uncertainty in the financial markets. Tendering activity continued at a healthy level.

Most contracts year to date have been related to ocean bottom seismic surveys (OBN) largely driven by the oil & gas companies' focus on increased oil recovery on producing fields, as well as near-field exploration. The OBN market is thus experiencing strong growth with tenders coming from all geographic regions. OBN-related source vessel tenders have a high conversion rate.

We continue to see a healthy number of exploration-related 2D and 3D streamer survey tenders, and we were recently awarded two 2D contract surveys in South America.

Multi-client streamer activity is still lagging given limited pre-funding. We would expect this market segment to improve as exploration spending by the oil companies increases.

Contract backlog comments

The company had three active vessels during the quarter, one vessel commencing operations late Q4 after docking, and one vessel warm stacked. We expect to maintain four vessels in operation for the first quarter of 2019 and expect utilization for Q1 2019 to be higher than Q4 2018.

The announced acquisition of the 2009-built 3D vessel Eagle Explorer (formerly named Geowave Voyager), including 40 kilometers of Sercel solid streamers and related other seismic equipment was completed in November. This acquisition represents a significant upgrade of our fleet, as well as diversifying our streamer pool. The vessel also completed its scheduled 10-year class docking in early December. The company incurred \$2.2 million in capital expenditures and had operating expenses of \$0.8 million relating to the Eagle Explorer during the quarter. The vessel is now operating on a source contract in the Gulf of Mexico with a firm duration of 160 days plus additional options.

The acquisition of the Eagle Explorer follows the chartering of the vessel Voyager Explorer, which is a 2005-built vessel, well suited for source, 2D and niche 3D (including shallow water) operations. Following these transactions, we have significantly strengthened our service offering, providing two modern vessels for operations in source, 2D and niche 3D and three vessels targeting source and 2D surveys. Moreover, Eagle Explorer can be modified for use as a node-laying vessel in the ocean bottom seismic market.

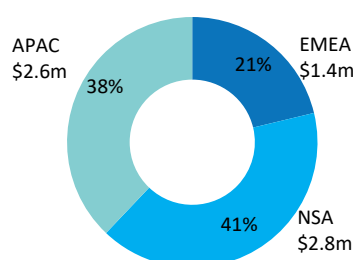
We are continuing to assess a number of opportunities to further strengthen our fleet and service offering in the industry.

Key financial and operational figures

- Revenues for the quarter were \$6.8 million, compared to \$5.4 million Q3 2018 and \$5.5 million Q4 2017.
- Reported EBITDA for the quarter was negative \$1.2 million compared to negative \$2.8 million for Q3 2018 and negative \$2.1 million for Q4 2017.
- Reported EBIT for the quarter was negative \$3.6 million compared to negative \$4.2 million for Q3 2018 and negative \$4.8 million for Q4 2017.
- Capital expenditures were \$19.8 million during the quarter compared to \$ nil in Q4 2017.
- Vessel utilization for the quarter was 58%, compared to 55% in Q3 2018 and 42% in Q4 2017.

KEY HIGHLIGHTS

Q4 Revenues by region
USD millions



Operational review

Vessel utilization for the fourth quarter of 2018 was 57.9%, up from 55.1% in the third quarter. Contract surveys represented 51.3% of vessel capacity compared to 47.0% for the third quarter of 2018. Multi-client projects represented 6.6% of vessel capacity compared to 8.2% in the third quarter of 2018. Technical downtime for the fleet was 6.1% in Q4 2018, up from 2.9% in Q3. Yard stay represented 6.5% of vessel capacity during the quarter. Lost time injury frequency (LTIF) rate for the quarter was 0.0.

Voyager Explorer completed a source contract in South East Asia in quarter three and mobilized for an additional source project in the same region, which commenced in the same quarter. The new project is estimated to continue until March 2019 and may be extended for an additional 30 days. Osprey Explorer continued its source project in the US Gulf of Mexico through the quarter and is expected to continue this survey until March 2019. Harrier Explorer commenced its multi-client 2D Deep Imaging Campaign on the Norwegian continental shelf in quarter three and acquired approximately 2,100 km before suspending operations due to weather conditions in October. The vessel completed a number of smaller surveys in the region before transiting to South America for an upcoming 2D survey for an international oil & gas company at the end of the quarter. Aquila Explorer was not active on projects in the quarter.

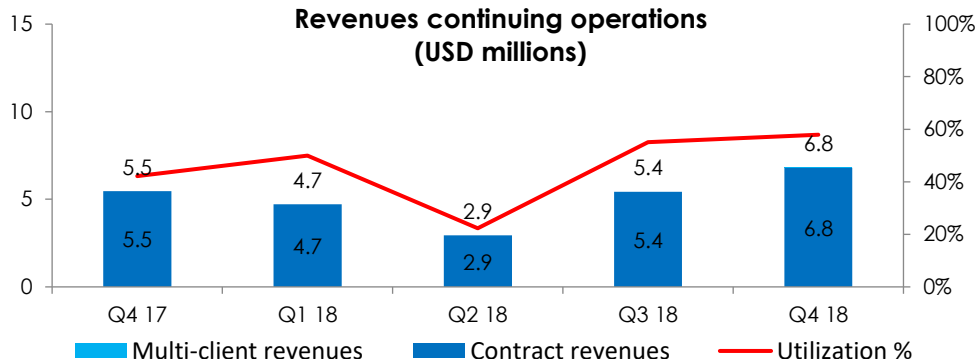
The company took possession of the Eagle Explorer in November and completed the scheduled yard stay in the period before commencing its source contract in the Gulf of Mexico at the end of the year.

Multi-client revenues were \$0.0 million in the period. Multi-client investments net of partner contribution were \$1.0 million in the period, whereof \$0.8 million was cash cost.

Regional review

Asia Pacific (APAC) revenues of \$2.6 million represented 38% of total Q4 revenues.

Revenues continuing operations
(USD millions)



Voyager Explorer continued on its source contract in South East Asia through the whole quarter.

Europe, Middle East and Africa (EMEA) revenues of \$1.4 million represented 21% of total Q4 revenues. Harrier Explorer finished the first phase (approximately 2,100 km) of its Deep Imaging multi-client project in Norway as well as three smaller surveys in North West Europe.

North and South America (NSA) revenues of \$2.8 million represented 41% of total Q4 revenues. Osprey Explorer continued on its source contract in North and South America (NSA) through the whole quarter and Eagle Explorer started on its source vessel contract towards the end of the quarter.

Contract awards and important events

On 12 October, the company announced that it and its partner MCG had secured significant additional pre funding commitment from an oil major, relating to the ongoing MC2D 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 and is expected to be approximately cash neutral excluding potential late sales. The company also announced that it was awarded a contract for a proprietary 2D survey for the Harrier Explorer in North West Europe performed in Q4 2018 with a duration of approximately two weeks with a contract value of close to \$1 million.

In November, the company took delivery of the Eagle Explorer for a cash consideration of \$17 million. 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 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 brings 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 is pre-funded and approximately cash neutral excluding potential late sales. The company used the Harrier Explorer for the survey.

On 13 November, 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.

On 14 November, 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 6 weeks.

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 24.9 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.

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 (IOR) 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. We expect the growing volume of ocean bottom seismic activity to continue in 2019. At the same time, we have also experienced increasing interest for exploration driven streamer surveys and have recently been rewarded 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 multiclient surveys. The global 2D- and source vessel fleet saw an increase in activity through 2018, and with several large OBN surveys commencing during H1 2019, the market is

expected to tighten further. This should have a continued positive impact on the contract conversion rate for the company.

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.

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.

Financial comparison

All figures below relate to continuing operations unless otherwise stated. For discontinued operations, see note 1. The company reports a net loss of \$3.7 million for Q4 2018 (net loss of \$4.9 million in the same period in 2017).

Revenues were \$6.8 million in Q4 2018 (\$5.5 million). The increased revenues are primarily due to higher utilization.

Cost of sales was \$5.8 million in Q4 2018 (\$5.4 million). The increased costs is predominantly due to increased fleet size, higher project activity offset by capitalization of costs in relation to the two multi-client surveys performed by Harrier Explorer in the EMEA region.

SG&A was \$1.9 million in Q4 2018, down from \$2.3 million in Q4 2017. The decrease is principally due to company cost cutting efforts. Approximately \$0.1 million of the Q4 2018 SG&A cost is non-cash, relating to the employee share option plan. Additionally, approximately \$0.1 million relates to audit

accruals which historically would have been booked in 2019.

Net bad debt charges were \$ nil in Q4 2018 (\$ nil).

Other income (expense) was negative \$0.3 million in Q4 2018 (\$ nil).

Operational restructuring loss was \$ nil (gain of \$0.1 million).

EBITDA was negative \$1.2 million in Q4 2018 (negative \$2.1 million).

Depreciation, amortization and impairment were \$2.5 million in Q4 2018 (\$2.7 million). The decrease is predominantly due to the impairment that was booked in Q4 2017 and capitalization of depreciation to multi-client projects during the quarter. On the other hand, residual value of vessels have been adjusted, which has resulted in increased depreciation in Q4 2018.

Finance expense was \$0.2 million in Q4 2018 (negative \$0.3 million).

Financial restructuring gain was \$ nil (negative \$0.3 million).

Other financial items were positive \$0.1 million in Q4 2018 (negative \$0.4 million).

Income tax cost was \$0.0 million in Q4 2018 (\$0.3 million).

Capital expenditures in the quarter were \$19.8 million (\$ nil).

Multi-client investment (net of partner-contribution and including capitalized depreciation) was \$1.0 million in Q4 2018 (\$ nil).

Key figures - continuing operations

All figures in USD 000'S (except EPS and equity ratio)	Quarter ended 31 December		Year ended 31 December	
	2018 (Unaudited)	2017* (Unaudited)	2018 (Unaudited)	2017 (Audited)
Revenues	6,801	5,466	19,880	19,212
EBITDA	(1,162)	(2,096)	(5,185)	(25,556)
EBIT	(3,616)	(4,781)	(12,490)	(46,453)
Profit/(loss)	(3,673)	(4,855)	(12,911)	(49,868)
Earnings per share (diluted)	(0.01)	(0.13)	(0.05)	(0.19)
Cash flow operating activities	(1,453)	(7,247)	(11,427)	(18,473)
Capital expenditures	(19,760)	-	(21,260)	(1,095)
Total assets	58,346	41,247	58,346	41,247
Net interest bearing debt	(1,215)	(2,070)	(1,215)	(2,070)
Equity ratio	64.3%	38.0%	64.3%	38.0%

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

* Q4 2017 figures have been revised due to adjustments presented in 2017 annual report and reclassification of the supplier's credit from debt to payables.

FINANCIAL REVIEW

Liquidity and financing

Cash and cash equivalents at the end of the period were \$5.8 million (\$6.3 million in Q4 2017), excluding \$0.2 million restricted cash. Net cash from operating activities was negative \$1.5 million in Q4 2018.

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 Q4 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 Q4 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 Q4 2018 was \$ nil.

Net interest bearing debt was negative \$1.2 million as at the end of Q4 2018 (net debt of negative \$2.1 million in Q4 2017).

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

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

Subsequent events

On 7 January, 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, 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.

The Board of Directors and Chief Executive Officer

SeaBird Exploration Plc

25 February 2019

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 31 December	
	2018 (Unaudited)	2017 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	41,863	28,408
MultiClient Investment	1,547	-
Long term investments	577	54
	43,987	28,462
Current assets		
Inventories	1,177	996
Trade receivables	2,077	1,157
Other current assets	5,096	3,591
Restricted cash*	235	225
Cash and cash equivalents	5,774	6,329
Asset Held for Sale	0	487
	14,360	12,785
Total assets	58,346	41,247
EQUITY		
Shareholders' equity		
Paid in Capital	289,967	261,947
Equity component of warrants	-	2,736
Currency translation reserve	(407)	(407)
Share options granted	111	-
Retained earnings	(252,162)	(248,610)
	37,509	15,666
LIABILITIES		
Non-current liabilities		
Loans and borrowings**	4,559	4,035
Non-current trade payables**	400	385
Long term tax payable	1,258	-
Other long term liability	640	443
	6,858	4,863
Current liabilities		
Trade payables	2,982	5,085
Other payables	8,877	7,581
Provisions	-	2,994
Loans and borrowings	-	225
Deferred income	651	-
Tax payable	1,469	4,833
	13,979	20,718
Total liabilities	20,837	25,581
Total equity and liabilities	58,346	41,247
ASSETS		

*Restricted cash excluded from cash and cash equivalents

**Glander facility reclassified from loans and borrowings to non-current trade payables

Consolidated interim statement of income				
All figures in USD 000's (except EPS)	Quarter ended 31 December		Year ended 31 December	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Audited)
Revenues	6,801	5,466	19,880	19,212
Cost of sales	(5,765)	(5,413)	(18,899)	(25,983)
Selling, general and administrative expenses	(1,941)	(2,289)	(6,856)	(12,002)
Net bad debt charges	-	-	167	(1,258)
Other income (expenses), net	(257)	-	522	24
Operational restructuring loss	-	138	-	(5,549)
Earnings before interest, tax, depreciation and amortization (EBITDA)	(1,162)	(2,096)	(5,185)	(25,556)
Depreciation	(2,454)	(2,130)	(7,304)	(11,360)
Amortization	-	-	-	(909)
Impairment	-	(554)	(1)	(8,628)
Earnings before interest and taxes (EBIT)	(3,616)	(4,781)	(12,490)	(46,453)
Finance expense	(224)	256	(1,958)	(3,745)
Other financial items, net	126	(351)	679	(772)
Financial restructuring gain	-	(321)	-	884
Profit/(loss) before income tax	(3,714)	(5,197)	(13,769)	(50,086)
Income tax	42	342	858	218
Profit/(loss) continuing operations	(3,673)	(4,855)	(12,911)	(49,868)
Net profit/(loss) discontinued operations (note 1)	-	-	936	209
Profit/(loss) for the period	(3,673)	(4,855)	(11,976)	(49,659)
Profit/(loss) attributable to Shareholders of the parent	(3,673)	(4,855)	(11,976)	(49,659)
Earnings per share				
Basic	(0.01)	(0.13)	(0.05)	(0.19)
Diluted	(0.01)	(0.13)	(0.05)	(0.19)
Earnings per share from continued operations				
Basic	(0.01)	(0.13)	(0.05)	(0.19)
Diluted	(0.01)	(0.13)	(0.05)	(0.19)

Consolidated interim statement of comprehensive income				
All figures in USD 000's	Quarter ended		Year ended	
	31 December	2017	31 December	2017
	2018	(Unaudited)	2018	(Unaudited)
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Profit/(loss)	(3,673)	(4,855)	(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	(3,673)	(4,855)	(11,976)	(49,648)
Total comprehensive income attributable to	-	-	-	-
Shareholders of the parent	(3,673)	(4,855)	(11,976)	(49,648)
Total	(3,673)	(4,855)	(11,976)	(49,648)

Consolidated interim statement of changes in equity			
All figures in USD 000's	Year ended		
	31 December	2017	
	2018	(Unaudited)	(Audited)
	(Unaudited)	(Unaudited)	(Audited)
Opening balance	15,666	22,068	
Profit/(loss) for the period	(11,976)	(49,659)	
Increase/(decrease) in share capital	33,709	43,257	
Increase/(decrease) equity component of warrants	-	-	
Increase/(decrease) equity from reduction in nominal value of shares	-	-	
Share options granted	111	-	
Reclassification of share capital to retained earnings	-	-	
Net movements in currency translation reserve and other changes	-	-	
Ending balance	37,509	15,666	

Consolidated interim statement of cash flow				
All figures in USD 000's	Quarter ended 31 December		Year ended 31 December	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Audited)
Cash flows from operating activities				
Profit / (loss) before income tax	(3,714)	(5,198)	(13,769)	(50,086)
Adjustments for:				
Non-cash effects of restructuring	-	96	-	3,721
Depreciation, amortization and impairment	2,454	2,684	7,305	20,897
Other items	124	-	(86)	(1,750)
Movement in provision	-	(363)	(3,437)	(1,501)
Unrealized exchange (gain) /loss	(53)	140	(141)	(89)
Interest expense on financial liabilities	152	79	590	2,553
Paid income tax	(38)	(81)	(313)	(609)
(Increase)/decrease in inventories	(60)	86	(181)	279
(Increase)/decrease in trade and other receivables*	(1,050)	199	(2,268)	753
Increase/(decrease) in long term liabilities	14	443	605	443
Increase/(decrease) in trade and other payables	68	(5,331)	(383)	6,916
Increase/(decrease) in deferred income	651	-	651	-
Net cash from operating activities	(1,453)	(7,247)	(11,427)	(18,472)
Cash flows from investing activities				
Capital expenditures	(19,760)	-	(21,260)	(1,095)
Proceeds from disposal of PPE	-	-	241	-
Long term investment	11	-	(532)	1
Multi-client investment	(775)	-	(1,047)	-
Net cash used in investing activities	(20,524)	-	(22,597)	(1,094)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares	-	12,629	33,709	12,629
Repayment of borrowings	(35)	(488)	(225)	(706)
Interest paid	-	91	(15)	(585)
Net cash from financing activities	(35)	12,233	33,470	11,338
Net (decrease)/increase in cash and cash equivalents	(22,011)	4,986	(554)	(8,228)
Cash and cash equivalents at beginning of the period	27,786	1,343	6,329	14,560
Cash and cash equivalents at end of the period	5,774	6,329	5,774	6,329
*(Increase)/decrease in restricted cash included here				

Note 1: Interim statement of income for discontinued operations

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

Selected notes and disclosures

SeaBird Exploration Plc is a limited liability company. The company's address is Spyrou Kyprianou 15, Matrix Tower II, 3rd floor, 4001, Limassol, Cyprus. The company also has offices in Oslo (Norway), Bergen (Norway) 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 Q4 2018, as approved by the board of directors 25 February 2019, 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 source and 2D/3D markets, 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, multi-client 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.

Leased vessels

The group will adopt IFRS 16 "Leases" from 1 January, 2019. IFRS 16 sets out a model for identification of lease arrangements and their treatment in the financial statements, and long-term lease contracts usually need to be brought on balance sheet. The company has identified that the lease for the Voyager Explorer will need to be recognized as a lease asset and lease liability at the start of quarter one 2019, and the cost of the lease in 2019 will be booked as interest expense and lease amortization (not as operating expense).

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

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.

- 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. A systematic impairment test of all surveys is performed at least annually at the end of the financial year.

Multi-client sales in Q4 2018 were \$0.0 million (\$ nil). Multi-client amortization in Q4 2018 was \$ nil (\$ nil). Net multi-client investment was \$1.0 million in Q4 2018, and it was split into capitalized operating expenses of \$0.8 million and capitalized depreciation of \$0.2 million. The company booked a net negative cash flow from investment in multi-client assets of \$0.8 million (please see the Q4 cash flow statement), which represent the net investment excluding capitalized depreciation. The multi-client prefunding that was invoiced in Q4 has been booked as deferred income and will be recognized when data processing has been completed, and the cash flow effect of the prefunding is reflected in cash flow from operations.

SeaBird's multi-client library consists of two surveys in the EMEA region and two multi-client surveys in South East Asia. The multi-client library has a book value of \$1.5 million as per 31 December 2018, which relates to the two 2018 surveys in the EMEA region.

Debt securities and maturities

The company has one bond loan (SBX04; SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2020). The total book value of outstanding debt as per 31 December 2018 is \$4.6 million. Please see table below for additional details.

The SBX04 bond loan matures on 30 June 2020 and will not have any principal payments before 30 June 2020. All accrued interest may be paid-in-kind and deferred until 30 June 2020.

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 Q4 2018 was \$ nil.

Debt securities	USD millions
Long term debt	
Secured debt	
SBX04 bond loan, face value	4.6
Payment in kind (PIK) interest	0.4
Gain on restructuring	(0.7)
Accrued interest and accumulated amortized interest	0.3
Non-current loans and borrowings 31 Dec 2018	4.6

Aggregate maturities of loans and borrowings	USD millions
Overview of repayment	
2018	-
2019	-
2020*	5.5
Total debt principal 31 Dec 2018	5.5
*Debt related to SBX04 matures on 30 June 2020, assuming all interest obligations are paid in kind.	

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. The company had a net income from discontinued operations of \$0.0 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 31 December 2018 was 284,487,312 with a nominal value of \$0.01 per share.

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 24.9 million options have been granted 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.

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 31 December 2018:

	USD Thousands
Receivables	
Osprey Navigation Company Inc	13,099
Seabird Exploration Plc	7,754
Aquila Explorer Inc	6,599
SeaBird Asia Pacific - Indonesia	5,605
SeaBird Exploration MC	1,894
Seabird Crewing Mexico	1,684
SeaBird Exploration Nigeria Ltd	96
SeaBird Exploration UK Ltd	58
Hawk Navigation Company Ltd	41
SeaBird Exploration Shipping AS	22
Total receivables from intra-group companies	36,852
Payables	
Harrier Navigation Company Inc	16,429
SeaBird Exploration Vessels Ltd	6,476
Seabed Navigation Company Ltd	4,038
SeaBird Exploration Asia Pacific	3,951
SeaBird Crewing Ltd	2,155
SeaBird Exploration FZ LLC	1,533
Munin Navigation Company Ltd	1,226
Raven Navigation Explorer Company Ltd	1,025
SANA Navigation Company Inc	608
Seabird Seismic Mexico	516
GeoBird Management AS	370
Seabird Exploration Norway AS	300
Seabird Exploration America Inc	193
SeaBird Exploration Cyprus Ltd	162
Oreo Navigation Company Ltd	71
Biliria Marine Co Ltd	7
Seaship Holding Services Ltd	0
Total payables to intra-group companies	39,062
Total net receivables from intra-group companies	(2,211)

Related party transactions

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

Going concern

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

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