



SEABIRD EXPLORATION PLC

THIRD QUARTER REPORT 2012



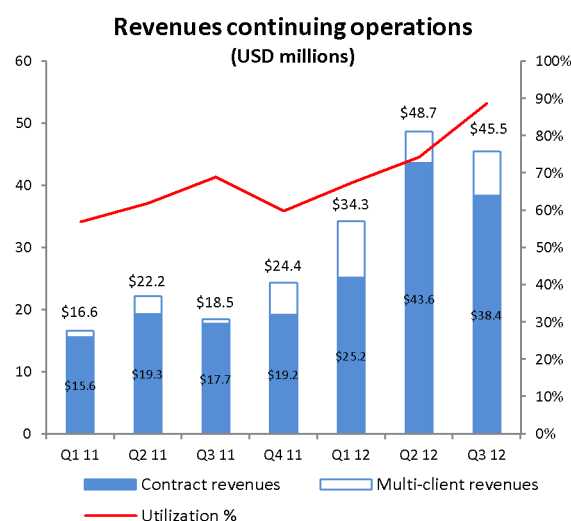
HIGHLIGHTS FOR THE THIRD QUARTER 2012

- Revenues for the quarter were \$45.5 million, an increase of 146% compared to the comparable period in 2011 and down 7% relative to Q2 2012.
- Contract revenues for the period were \$38.4 million, up 117% from Q3 2011 and down 12% from Q2 2012.
- Multi-client revenues were \$7.1 million, an increase of 788% from \$0.8 million reported in Q3 2011 and an increase of 39% from \$5.1 million reported in Q2 2012.
- EBITDA was \$16.8 million compared to negative \$0.8 million for Q3 2011 and \$17.2 million for Q2 2012.
- EBIT for the quarter was \$4.2 million compared to negative \$63.5 million for Q3 2011 and \$7.7 million for Q2 2012.
- Vessel utilization for the period was 93%.
- During Q3 2012, the company participated in three new multi-client surveys.

Operational review

During the quarter we continued to see a high level of activity in the global seismic markets. In addition to solid demand in the 2D sector, we also experienced strong demand for shallow-water as well as niche-market 3D surveys. The upswing in demand from oil and gas companies which started earlier this year has continued and we see this trend remaining. Multi-client contract activity was also strong during the quarter and going forward we anticipate a number of large area surveys to come for tender.

Multi-client sales during the quarter were robust. The majority of multi-client revenues were related to the sale of our interest in one of our multi-client surveys. In addition to this, we had two license sales as well as pre-funding revenues related to new surveys. During the period, the company participated in three new multi-client surveys. We continue to evaluate multi-client opportunities and expect to increase our investment in this area.



The increasing requirement for source vessels for 4D surveys as well as wide azimuth and undershoot operations continued during the period. To date, this market has primarily been targeting shorter-term contracts. However, the growing demand in this sector is expected to result in an increase in longer-term agreements.

Industry pricing has continued to improve both in the 2D and our segment of the 3D markets. In light of the steady tender activity in both sectors, we anticipate that this trend will be maintained for the rest of the year. Moreover, given the current robustness in the market and the increase in longer-term contracts, available industry capacity is likely to be further reduced going forward.

The company's backlog remains firm and in line with last quarter. While we look to operate a substantial portion of the fleet under long-term contracts, a number of vessels are maintained under short-term agreements and will thus not have a material impact on the backlog. This mix between short and long-term agreements allows us flexibility to capitalize on more profitable opportunities. However, it does increase the potential impact of sudden changes in the industry as well as costs associated with any potential repositioning of vessels.

Third quarter vessel utilization was 93%. The high utilization reflects the strong market environment. However, during the third quarter we repositioned three vessels which resulted in a significant increase in steaming time. While mobilization fees generally covered the vessel repositioning, these charges were not commensurate with forgone production revenues. As a result, contract revenues for the quarter are below what they would have been had the fleet utilization reflected production time alone. In addition, utilization numbers are excluding Kondor Explorer which has yet to be equipped for production.

Operations delivered another solid quarter and reported a low technical down time of 4%. The active focus on training, trouble shooting and incident review is continuing to pay off. We improved flexibility on the vessels by increasing cross-department training between maritime and seismic crew. With the launch of "Idea Explorer", we have received approximately 100 suggestions from employees around the world on how to

improve our efficiency and strive for operational excellence. Management is continuously reviewing these suggestions and is evaluating how to implement proposed operational improvements.

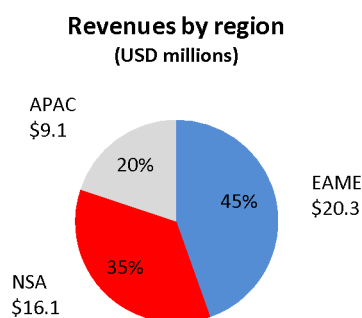
SeaBird's solid health, safety, security, environment and quality (HSSEQ) record is a result of continuous system review and process improvement. The company's total recordable incident rate (TRIR) year-to-date is currently at 2.7, well below expected industry norms. During the year, a campaign of HSSEQ system training was implemented to reduce recordable incidents and further strengthen our HSSEQ culture. Improved training around hazard and risk awareness and a focus on ensuring a strong HSSEQ appreciation especially for new employees and temporary crew has had a meaningful impact on performance. In addition to injury prevention, HSSEQ is also actively being used to flag deviations and ensure that we maintain our best-in-class performance.

Within finance, we are continuing our cost improvement efforts. The focus is now on cost of sales and potential alternatives to reduce our cost structure. While evaluating cost reduction possibilities we are also reviewing ways to enhance cost elasticity. Moreover, this quarter we commenced a review of our legal and tax structures to assess ways to improve our efficiency. The enterprise resource planning (ERP) system is in the early stages of being implemented.

With the exception of the return of GGS Atlantic and the sale of long-time stacked Geo Mariner, there is no change to the fleet composition during the quarter.

Regional overview

Geographic revenues were strong across all our operating regions – Europe, Africa and Middle East (EAME), North and South America (NSA) and Asia Pacific (APAC). Demand growth has primarily been driven by solid interest in frontier areas and we anticipate that this trend will continue.



Sales in EAME of \$20.3 million accounted for 45% of total revenues. During the quarter we successfully completed a complex shallow-water 3D seismic survey in Mozambique. We concluded a seasonal 2D project in the Barents Sea. Additionally, we finished a 2D survey off the East Coast of Africa. Two multi-client surveys were also concluded in Africa during the quarter. We continue to see Africa as well as the North Sea as core growth areas.

NSA sales of \$16.1 million represented 35% of total revenues. A significant portion of revenues earned in this region were derived from multi-client late sales. Remaining revenues were primarily derived from long-term 2D contracts in South America. We anticipate that strong demand in South America will continue. Furthermore, new potential areas in North America may result in significant new survey opportunities for the region.

Sales in APAC of \$9.1 million accounted for 20% of total revenues. The majority of the revenues are attributable to two contracts commenced in South East Asia towards the end of the quarter. The contracts, one in the 2D space and one in the 3D space, will continue into early fourth quarter. We are reviewing a number of opportunities in the 2D and 3D sectors and expect the APAC region to increase in relative contribution. During the quarter, we completed one multi-client survey in the APAC market.

Outlook

The robust demand we started seeing at the beginning of the year has continued through the third quarter. We anticipate that the market will remain strong for the remainder of the year and also well into 2013. Day-rates have continued to improve and we believe this trend will remain in light of reduced vessel availability. A number of large 2D surveys are expected to come up for tender over the coming year. These surveys are generally targeting all of our operating regions and we anticipate that they will consume much of the industry's 2D capacity.

Demand for source vessel capacity is expected to increase. Also, demand in a number of frontier markets is likely to result in a growing requirement for ice class capacity.

While we continue to focus on investments into the multi-client market, late sales from our multi-client library are anticipated to moderate as we build the portfolio and develop our strategy in the sector.

FINANCIAL REVIEW

Key financial figures

<i>All figures in USD 000's (except for EPS)</i>	Quarter ended 30 September		Nine months ended 30 September		Year ended 31 December
	2012	2011	2012	2011	2011
Revenues	45,468	18,506	128,430	57,278	81,722
EBITDA	16,782	(813)	36,723	(2,064)	(9,382)
EBIT	4,238	(63,480)	3,280	(81,802)	(96,552)
Profit/(loss)	(576)	(63,363)	(12,791)	(105,613)	(120,366)
Earnings per share (diluted)	(0.02)	(3.62)	(0.44)	(6.04)	(6.50)
Cash flow operating activities	8,321	14,521	14,614	(21,488)	(64,562)
Capital expenditures	(2,544)	(1,977)	(10,829)	(8,162)	(12,024)
Total assets	198,766	270,301	198,766	270,301	219,285
Net interest bearing debt	92,000	196,755	92,000	196,755	107,732
Equity ratio	22.4%	4.0%	22.4%	4.0%	22.0%

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

Financial comparison

All figures below relate to continuing operations unless otherwise stated. For discontinued operations, see note 1.

The company reports a loss of \$0.6 million for the third quarter 2012 (loss of \$63.4 million same period in 2011).

Revenues were \$45.5 million in Q3 2012 (\$18.5 million). The increased revenues are mainly due to fleet composition, higher utilization of the vessels in Q3 2012 compared to Q3 2011 and multi-client sales.

Cost of sales was \$24.6 million in Q3 2012 (\$14.2 million). The change is primarily due to fleet composition and higher vessel utilization.

SG&A were \$3.9 million in Q3 2012, down from \$5.3 million in Q3 2011. The decrease is predominantly due to the organizational restructure and cost savings initiative implemented during 2012.

EBITDA was \$16.8 million in Q3 2012 (negative \$0.8 million).

Depreciation and amortization were \$12.5 million in Q3 2012 (\$8.4 million). The increase is principally due to higher multi-client sales amortization for the period, partly offset by a reduction in depreciation resulting from the impairment of vessels and equipment completed in 2011. The resulting impairment charge of this exercise was \$54.3 million recognized in Q3 2011.

Interest expense was \$3.1 million in Q3 2012 (\$4.1 million). The decrease is a result of the financial restructuring completed in 2011.

Other financial items, net expense, of negative \$0.4 million in Q3 2012 (gain of \$4.8 million). The change is mainly due to the currency effect on the bond loans.

Income tax expense was \$1.4 million in Q3 2012 (expense of \$0.6 million). The increase is mainly due to increased corporate and withholding taxes directly related to the tax jurisdictions the vessels operated within during Q3 2012.

Capital expenditures were \$2.5 million in Q3 2012 (\$2.0 million). The majority of the capital cost incurred during Q3 2012 related to Aquila

Explorer being re-equipped with a 10km solid streamer, increasing the marketability of the vessel.

Net loss from discontinued operations was \$0.2 million for Q3 2012 (loss of \$11.7 million). Discontinued operations represent the remaining contractual obligations of the Ocean Bottom Node (OBN) business which was divested in Q4 2011.

Liquidity and financing

Cash and cash equivalents at the end of the period were \$11.9 million (\$7.2 million), of which \$3.5 million was restricted in connection with bank guarantees and the bond service account. Net cash from operating activities was \$8.3 million in Q3 2012 (\$14.5 million).

Following the financial restructuring completed in December 2011, the company has one bond loan, one convertible loan and the Hawk Explorer finance lease.

- The 6% secured bond loan has a face value of \$89.9 million and is recognized in the books at amortized cost of \$77.5 million per Q3 2012. The bond loan matures 19 December 2015 and has principal amortization due in semi-annual increments of \$2.0 million starting 19 December 2012.
- The 1% unsecured convertible loan with Perestroika has a face value of \$14.9 million and is recognized in the books at amortized cost of \$12.3 million per Q3 2012. The convertible loan matures 30 September 2014 and has no principal amortization. Interest on the convertible loan of \$0.1 million was paid during Q3 2012.
- The lease of Hawk Explorer is recognized in the books as a finance lease at \$14.1

million per Q3 2012. Installments of \$0.9 million against the Hawk lease principal and \$0.4 million against the interest portion were paid during Q3 2012 (\$0.5 million and \$0.3 million in 2011, respectively).

Net interest-bearing debt was \$92.0 million at the end of Q3 2012 (\$196.8 million).

Accrued interest for Q3 2012 was \$1.4 million (\$3.0 million).

The company was in compliance with all covenants as of 30 September 2012.

*The Board of Directors and
Chief Executive Officer*

*SeaBird Exploration Plc
31 October 2012*

Consolidated interim statement of financial position

<i>All figures in USD 000's</i>	As of 30 Sept		As of 31 Dec
	2012	2011	2011
	(Unaudited)	(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	131,415	191,233	137,008
Multi-client library	4,473	14,137	16,602
Capital work in progress	-	4,210	-
Goodwill	1,267	3,923	1,267
Patent technology	-	3,637	-
Deferred tax asset	-	13,790	-
	137,155	230,930	154,877
Current assets			
Inventories	4,100	4,529	4,680
Trade receivables	27,770	21,348	31,251
Other current assets	17,864	6,291	15,177
Cash and cash equivalents	11,877	7,203	13,300
	61,611	39,371	64,408
Total assets	198,766	270,301	219,285
EQUITY			
Shareholders' equity			
Paid in capital	166,720	161,113	166,720
Equity component of convertible loan	6,296	15,792	6,296
Revaluation reserve	-	-	-
Currency translation reserve	(53)	605	(212)
Share options granted	8,083	7,687	7,554
Retained earnings	(136,538)	(174,312)	(131,056)
	44,508	10,885	49,302
LIABILITIES			
Non-current liabilities			
Loans and borrowings	96,129	170,770	99,567
Other long-term liabilities	802	1,070	1,157
	96,931	171,840	100,724
Current liabilities			
Trade and other payables	49,579	54,388	47,794
Loans and borrowings	7,748	33,188	21,465
	57,327	87,576	69,259
Total liabilities	154,258	259,416	169,983
Total equity and liabilities	198,766	270,301	219,285

Consolidated interim statement of income

	Quarter ended 30 Sept		Nine months ended 30 Sept		Year ended 31 Dec
<i>All figures in USD 000's</i>	2012	2011	2012	2011	2011
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>Unaudited</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Revenues	45,468	18,506	128,430	57,278	81,722
Cost of sales	(24,589)	(14,227)	(79,459)	(43,678)	(67,649)
Selling, general and administrative expenses	(3,897)	(5,291)	(12,788)	(16,071)	(24,476)
Other income (expenses), net	(200)	198	540	407	1,021
Earnings before interest, tax, depreciation and amortization (EBITDA)	16,782	(813)	36,723	(2,064)	(9,382)
Depreciation and amortization	(12,544)	(8,351)	(33,443)	(25,423)	(32,855)
Impairment	-	(54,315)	-	(54,315)	(54,315)
Earnings before interest and taxes (EBIT)	4,238	(63,480)	3,280	(81,802)	(96,552)
Interest expense	(3,072)	(4,136)	(9,219)	(13,805)	(18,474)
Other financial items, net	(362)	4,847	(634)	(5,882)	274
Change in fair value of conversion rights	-	-	-	(3,014)	(3,014)
Profit (loss) before income tax	804	(62,768)	(6,573)	(104,503)	(117,766)
Income tax	(1,380)	(595)	(6,218)	(1,110)	(2,600)
Profit/(loss) continuing operations	(576)	(63,363)	(12,791)	(105,613)	(120,366)
Net profit/(loss) discontinued operations (note 1)	(213)	(11,698)	7,309	(19,205)	28,724
Profit/(loss) for the period	(789)	(75,061)	(5,482)	(124,817)	(91,642)
Profit/(loss) attributable to Shareholders of the parent	(789)	(75,061)	(5,482)	(124,817)	(91,642)
Earnings per share					
Basic	(0.03)	(4.29)	(0.19)	(7.14)	(4.90)
Diluted	(0.03)	(4.29)	(0.19)	(7.14)	(4.90)
Earnings per share from continued operations					
Basic	(0.02)	(3.62)	(0.44)	(6.04)	(6.50)
Diluted	(0.02)	(3.62)	(0.44)	(6.04)	(6.50)

Consolidated interim statement of comprehensive income

	Quarter ended 30 Sept		Nine months ended 30 Sept		Year ended 31 Dec
<i>All figures in USD 000's</i>	2012	2011	2012	2011	2011
Profit/(loss)	(789)	(75,061)	(5,482)	(124,817)	(91,642)
Other comprehensive income					
Net movement in currency translation reserve and other changes	415	(68)	158	(352)	72
Changes in revaluation reserve	-	(13,373)	-	(13,373)	(13,373)
Total other comprehensive income, net of tax	415	(13,441)	158	(13,725)	(13,301)
Total comprehensive income	(374)	(88,502)	(5,324)	(138,542)	(104,943)
Total comprehensive income attributable to Shareholders of the parent	(374)	(88,502)	(5,324)	(138,542)	(104,943)
Total	(374)	(88,502)	(5,324)	(138,542)	(104,943)

Consolidated interim statement of changes in equity

All figures in USD 000's	Nine months ended 30 Sept		Year ended 31 Dec
	2012	2011	2011
	(Unaudited)	(Unaudited)	(Audited)
Opening balance	49,302	132,937	132,937
Profit/(loss) for the period	(5,482)	(124,817)	(91,642)
Increase/(decrease) in share capital	-	-	5,607
Equity component of convertible loan	-	15,791	6,296
Share options granted	530	94	(39)
Net movements in currency translation reserve and other changes	158	(13,120)	(3,857)
Ending balance	44,508	10,885	49,302

Consolidated interim statement of cash flow

All figures in USD 000's	Quarter ended 30 Sept		Nine months ended 30 Sept		Year ended 31 Dec
	2012	2011	2012	2011	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Cash flows from operating activities					
Profit/(loss) before income tax	804	(62,768)	(6,573)	(104,503)	(117,766)
Adjustments for					
Depreciation, amortization and impairment	12,544	62,666	33,443	79,737	87,170
Unrealized exchange (gain)/loss	299	-	530	-	-
Change in fair value of conversion rights	-	-	-	2,678	3,014
Gain on extinguishment of debt	-	-	-	-	(11,015)
Amortization of interest	1,209	1,405	6,097	3,924	4,968
Paid income tax	(447)	(1,544)	(710)	285	-
Earned on employee stock option plan	173	-	529	94	(39)
(Increase)/decrease in inventories	429	1,061	(515)	(270)	(924)
(Increase)/decrease in trade and other receivables	(3,766)	(8,404)	(16,006)	5,578	(38,383)
(Increase)/decrease from divested companies	-	-	-	-	24,556
(Increase)/ decrease in due from related parties	-	14,430	427	(6,558)	-
Increase/(decrease) in trade and other payables	(2,924)	7,675	(2,608)	(2,453)	(16,143)
Net cash from operating activities	8,321	14,521	14,614	(21,488)	(64,562)
Cash flows from investing activities					
Capital expenditures	(2,544)	(1,977)	(10,829)	(8,162)	(12,024)
Net cash flow on disposal of subsidiaries	-	-	-	-	121,358
Net cash used in investing activities	(2,544)	(1,977)	(10,829)	(8,162)	109,334
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	-	-	-	-	5,607
Currency fluctuation in borrowings	-	(6,551)	-	2,468	722
Receipts from borrowings	-	-	-	42,582	150,433
Repayment of borrowings	(882)	(4,128)	(2,557)	(25,726)	(204,953)
Interest paid	(113)	-	(2,809)	-	-
Equity component of convertible bond loan	-	-	-	15,791	15,791
Net movement in currency fluctuations	415	101	158	168	(207)
Net cash from financing activities	(580)	(10,578)	(5,208)	35,283	(32,607)
Net (decrease)/increase in cash and cash equivalents	5,197	1,966	(1,423)	5,633	12,165
Cash and cash equivalents at beginning of the period	6,680	4,646	13,300	979	1,135
Cash and cash equivalents discontinued operations	-	591	-	591	-
Cash and cash equivalents at end of the period	11,877	7,203	11,877	7,203	13,300

Note 1: Interim statement of income for discontinued operations

	Quarter ended 30 Sept		Nine months ended 30 Sept		Year ended 31 Dec
<i>All figures in USD 000's</i>	2012	2011	2012	2011	2011
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Revenues	748	16,701	15,217	43,290	60,815
Cost of sales	(827)	(16,132)	(7,717)	(40,397)	(53,078)
Selling, general and administrative expenses	(90)	(2,761)	(1,505)	(4,241)	(5,421)
Other income (expenses), net	7	-	2,274	-	-
Earnings before interest, tax, depreciation and amortization (EBITDA)	(162)	(2,193)	8,269	(1,348)	2,316
Depreciation and amortization	-	(3,843)	-	(10,907)	(12,414)
Impairment	-	-	-	-	-
Earnings before interest and taxes (EBIT)	(162)	(6,035)	8,269	(12,255)	(10,098)
Interest expense	-	(1,107)	(191)	(1,121)	(1,494)
Other financial items, net	-	(2,955)	-	(1,835)	(1,924)
Profit (loss) before income tax	(162)	(10,098)	8,078	(15,211)	(13,516)
Income tax	(51)	(1,600)	(769)	(3,994)	(4,389)
Profit/(loss) discontinuing operations	(213)	(11,698)	7,309	(19,205)	(17,905)
Gain on sale of business	-	-	-	-	46,629
Net profit/(loss) from discontinued operations	(213)	(11,698)	7,309	(19,205)	28,724
Profit/(loss) attributable to Shareholders of the parent	(213)	(11,698)	7,309	(19,205)	28,724

SELECTED NOTES AND DISCLOSURES

SeaBird Exploration Plc is a limited liability company. The company's address is World Trade Centre, Ariadne House, 1st floor, 333, 28th October Street, 3106, Limassol, Cyprus. The company also has offices in Dubai (United Arab Emirates), Oslo (Norway), Houston (USA), Singapore and St Petersburg (Russia). 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 2011. The consolidated financial statements for the year ended 31 December 2011 and quarterly reports are available at www.sbexp.com. The financial statements as of Q3 2012, as approved by the Board of Directors 31 October 2012, 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 2011 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 for 2011. 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.

Property, plant and equipment

Vessels and seismic equipment designated for source and 2D/3D-operation are shown at fair value, based on periodic valuations by external independent appraisers, less subsequent depreciation. The external independent appraisals are supported by internal value-in-use calculations. These vessels and seismic equipment were last valued by external independent appraisals at 30 September 2011. Value-in-use calculations performed per Q3 2012 support the carrying values of vessels and seismic equipment. Vessel-related and seismic equipment (including the nodes operation) designated for seabed operation (OBN) and office equipment are stated at historical cost less depreciation.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost or re-valued amounts to their residual values over their estimated useful lives, as follows:

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

Depreciation for Q3 2012 was \$4.6 million.

Multi-client library

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

The multi-client library is amortized over a maximum period of three years. The amortization charge for a particular project is increased by a percentage of any sales achieved in the period until the original cost has been fully amortized. In Q3 2012, a rate of 100% of sales has been applied to all multi-client library surveys. Profit is therefore only recognized in the income statement once the original costs of acquiring the data have been fully recovered.

Q3 2012 figures	USD million
Beginning balance Q3 2012	9.6
Capitalized cost	2.7
Capitalized depreciation	0.1
Amortization	(7.9)
Book value	4.5

Multi-client sales in Q3 2012 were \$7.1 million (\$0.8 million).

Discontinued operations

On 8 December 2011, the company closed the share and purchase agreement with Fugro Norway AS related to Fugro's acquisition of SeaBird Technologies AS and Seabed Navigation Co Ltd, which collectively held all of the company's rights and assets related to the OBN business. As of Q4 2011, the OBN business is accounted for as discontinued operations. See note 1 to the consolidated income statement for the income statement for discontinued operations. Goodwill and patent technology related to the OBN business were realized as part of the transaction.

Share capital and share options

The total number of shares at 30 September 2012 is 31,425,972. At the beginning of the period, there were 3,000,000 share options

outstanding with a strike price of NOK 2.50. The share options are exercisable 1/3 from 16 February 2013 to 16 April 2013, 1/3 from 16 February 2014 to 16 April 2014 and 1/3 from 16 February 2015 to 16 April 2015. Furthermore, on 13 August 2012 a total of 2,065,822 share options were granted to a total of 13 employees. The options have an exercise price of NOK 3.95, which represents the closing price for the SeaBird (SBX) share on the Oslo Stock Exchange the last day before the grant, 10 August 2012. 1/3 of the options granted may be exercised one year after the grant date, 1/3 of the options granted may be exercised two years after the grant date and the remaining 1/3 of the granted options may be exercised three years after the grant. All options must be exercised within 1 November 2015.

The 1% unsecured convertible loan with Perestroika (face value \$14.9 million) is convertible into common shares at a conversion price of \$5.99 per share.

Taxes

The company is subject to taxation in Cyprus, as are the majority of the subsidiaries, of which some are qualifying for the tonnage tax regime. Due to operation on various continental shelves, the company is also subject to taxation in various jurisdictions with increasingly complex tax legislation. Going forward, the company expects to be subject to income taxes in jurisdictions of operation which will increase income tax expenses. The company is also evaluating historic tax exposures related to certain projects already completed which might increase the reported tax expense. The company has subsidiaries in various countries which are subject to local taxes. Deferred tax assets recognized in prior periods constitute the tax losses for SeaBird Technologies AS. This company was divested as part of the OBN business in Q4 2011, and deferred tax asset recognized for continued operations is zero per 30 September 2012.

Going concern

At present, the company does not consider its working capital to be sufficient to cover present requirements in the forthcoming 12 months. The company is currently contemplating several new contracts for the fleet of seismic vessels. So far in 2012, the market has improved with both more activity and higher day rates. The company expects this trend to continue for the remainder of 2012. As a consequence, the utilization of the total vessel fleet will be higher than the two

previous years and in this way improve the cash flow of the company.

It is anticipated that working capital needs will be funded through cash from operations as well as potential sales of multi-client data in the ordinary course of business and capital markets transactions.

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