



# SEABIRD EXPLORATION PLC

FOURTH QUARTER AND PRELIMINARY YEAR END  
RESULTS 2012



## HIGHLIGHTS FOR THE FOURTH QUARTER 2012

- Revenues for the quarter were \$34.9 million, an increase of 43% compared to the comparable period in 2011 and down 23% relative to Q3 2012.
- Contract revenues for the period were \$34.5 million, up 80% from Q4 2011 and down 10% from Q3 2012.
- Multi-client revenues were \$0.4 million, a decrease of 92% from \$5.2 million reported in Q4 2011 and a decrease of 94% from \$7.1 million reported in Q3 2012.
- EBITDA was \$6.8 million compared to negative \$7.3 million for Q4 2011 and \$11.7 million for Q3 2012.
- EBIT for the quarter was \$0.9 million compared to negative \$14.8 million for Q4 2011 and \$4.2 million for Q3 2012.
- Completed the private placement of 11,000,000 new shares, total gross proceeds of NOK 82.5 million (\$ 14.7 million).
- The multi-streamer 3D vessel Geo Pacific was chartered at the end of the quarter.
- Vessel utilization for the period was 64%.

## YEAR END 2012 HIGHLIGHTS

- Revenues for 2012 were \$163.3 million, an increase of 100% compared to 2011.
- Contract revenues for 2012 were \$141.7 million, up 97% from 2011.
- Multi-client revenues were \$21.7 million, an increase of 121% from \$9.8 million reported in 2011.
- EBITDA was \$38.4 million compared to negative \$9.4 million for 2011.
- EBIT for 2012 was \$4.2 million compared to negative \$92.2 million for the prior year.
- Vessel utilization for 2012 was 75%.

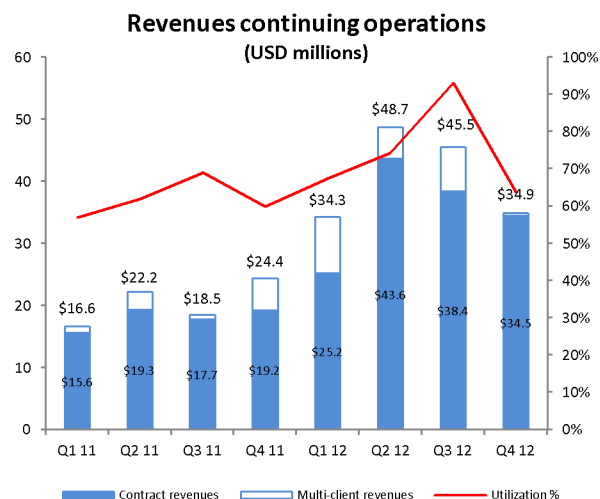
## Operational review

The fourth quarter was slightly weaker than the third quarter, resulting in lower utilization; however, day rates remained firm. The niche (shallow and specialist) 3D market was robust and has developed into a core part of the company strategy. The addition of the Geo Pacific at the end of the quarter will further enhance SeaBird's position in this segment. In the 2D market, demand was also buoyant during the quarter. However, the normal seasonal repositioning effects in the industry impacted vessel capacity coming from the Northern Hemisphere.

Oil and gas company demand constituted a significant part of fourth quarter revenues and is expected to continue into 2013. Demand from oil and gas companies was to a large extent directed towards our 3D segment. Multi-client contract work also remained healthy and continued the growth trend which commenced earlier in the year.

Multi-client sales during the quarter were substantially lower than prior periods. The limited size of the multi-client portfolio will result in fluctuations in sales and will be difficult to predict. The company is committed to increase its investment in multi-client surveys to better balance supply and demand in the contract market as well as to capitalize on attractive investment opportunities. The company has continued to develop its multi-client strategy and announced a major new survey in the Barents Sea to be completed in the 2013 season. The marketing of the 12,000 km Snøspurv 2D high resolution multi-client survey covering the Bjarmeland Platform was commenced in cooperation with Searcher Seismic.

During the quarter we saw good demand in the source market. One vessel was used in the source market in the fourth quarter and the company signed two new contracts for 2013. Contract durations still remain relatively short in this market segment. Day rates have been above expectations.



The company's backlog is in line with recent quarters. There is a mix of long-term and short-term contracts and the company will look to maintain a balance to the extent possible.

Vessel utilization for the fourth quarter was 64%. The lower utilization figure for the fourth quarter is primarily attributable to seasonal repositioning and a late survey start due to delayed permits. In addition, we had one dry docking during the period. Utilization figures are excluding the laid-up Kondor Explorer.

From an operational viewpoint, technical downtime was less than 5% during the quarter. Technical downtime continued to be below industry norms, despite a number of vessels operating within challenging environments.

SeaBird's continued focus on health, safety, security, environment and quality (HSSEQ) remains at the forefront of our operation. The company's lost time injury frequency (LTIF) rate was zero for 2012 and confirms the high level of HSSEQ culture and system implementation within the company.

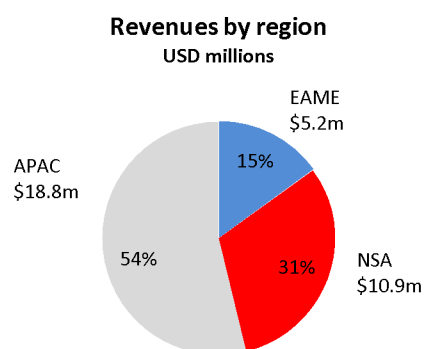
At the end of the fourth quarter, the company chartered the fully-equipped 3D vessel Geo Pacific. The charter is for a three-year period with four one-year extensions. The company



also has purchase options on the vessel in years three and, to the extent the lease is extended, year four. The Geo Pacific will be SeaBird's second 3D vessel in addition to the Voyager Explorer. The vessel will be targeting the 6-8 streamer market. The charter of this vessel is an important supplement to SeaBird's expansion plans to further develop the company's service offering. The vessel is currently undergoing an upgrade as well as class renewal and will be available at the end of Q1 2013.

## Regional overview

In the fourth quarter there was a significant change in sales among our operating regions – Europe, Africa and Middle East (EAME), North and South America (NSA) and Asia Pacific (APAC). The ending of the North Sea season reduced EAME revenues compared to the third quarter while revenues in the APAC region increased as anticipated.



Sales in EAME of \$5.2 million accounted for 15% of total revenues. Compared to prior periods there was a relatively low level of activity within the region during the quarter, corresponding to the end of the North Sea season and the delay of a long-offset 2D survey off the coast of South Africa. The South African survey commenced late in Q4 2012 and will keep the vessel active for the majority of Q1 2013. The remaining revenues were primarily derived from contract work in West Africa. We see growing interest in the EAME region.

NSA sales of \$10.9 million represented 31% of total revenues. The majority of revenues earned in this region were derived from two long-term 2D contracts in South America. We expect to see a significant increase in the level of activity in this region in 2013.

Sales in APAC of \$18.8 million accounted for 54% of total revenues. The majority of the revenues are attributable to two complex shallow water surveys completed in South East Asia. Both surveys were for oil companies, one 2D survey and one 3D survey. We expect to maintain the current vessel presence in the region over the foreseeable future.

## Subsequent events

Following the equity offering completed in November 2012, the company issued 1,500,000 new shares at a subscription price of NOK 7.50 per share. Gross proceeds from this transaction were NOK 11.3 million (\$2.0 million). The transaction closed in February 2013 and was targeted towards shareholders who did not have the opportunity to participate in the private placement of 2012.

## Outlook

Market demand remained firm in the fourth quarter and continued the trend we have seen over the past several months. We expect the upturn to continue through 2013 and we see demand staying strong in all of our operating regions. Day rates have been solid through the fourth quarter and we see evidence that the markets are testing higher levels.

The source market demand is continuing to show positive developments. Day rates are attractive albeit contract terms are still relatively short. To the extent these trends continue, the company may rig Kondor Explorer to capitalize on this opportunity.



## FINANCIAL REVIEW

### Key financial figures

<i>All figures in USD 000's (except for EPS)</i>	Quarter ended 31 December		Year ended 31 December	
	2012	2011	2012	2011
Revenues	34,901	24,444	163,331	81,722
EBITDA	6,779	(7,318)	38,446	(9,382)
EBIT	870	(14,751)	4,150	(92,182)
Profit/(loss)	(5,379)	(14,755)	(18,171)	(115,997)
Earnings per share (diluted)	(0.17)	(0.79)	(0.56)	(6.22)
Cash flow operating activities	(1,255)	(43,052)	13,360	(64,561)
Capital expenditures	(4,179)	(3,861)	(15,008)	(12,024)
Total assets	197,371	219,285	197,371	219,285
Net interest bearing debt	87,406	107,732	87,406	107,732
Equity ratio	26.8%	22.5%	26.8%	22.5%

### Financial comparison

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

The company reports a loss of \$5.4 million for the fourth quarter 2012 (loss of \$14.8 million same period in 2011).

Revenues were \$34.9 million in Q4 2012 (\$24.4 million). The increased revenues are mainly due to fleet composition.

Cost of sales was \$24.4 million in Q4 2012 (\$24.0 million). The increase is primarily due to fleet composition.

SG&A was \$4.1 million in Q4 2012, down from \$8.4 million in Q4 2011. The decrease is principally due to the \$4.0 million write-off of bad debts performed in Q4 2011 and the organizational restructure and cost savings initiative implemented during 2012.

EBITDA was \$6.8 million in Q4 2012 (negative \$7.3 million).

Depreciation and amortization were \$5.9 million in Q4 2012 (\$7.4 million). The decrease

is predominantly due to lower multi-client sales amortization for the period.

Interest expense was \$3.2 million in Q4 2012 (\$4.7 million). The decrease is a result of the financial restructuring completed in 2011.

Other financial items, net expense, of negative \$0.4 million in Q4 2012 (gain of \$6.2 million). The change is mainly due to the gain on extinguishment of debt recognized in Q4 2011.

Income tax expense was \$2.7 million in Q4 2012 (expense of \$1.5 million). The increase is mainly due to a tax review resulting in an additional tax accrual of \$1.8 million for taxes in Norway for the years 2011 and 2012.

Capital expenditures were \$4.2 million in Q4 2012 (\$3.9 million). The majority of the capital cost incurred during Q4 2012 relates to the docking of Osprey Explorer and purchasing of seismic equipment across the fleet.

Net loss from discontinued operations was \$0.6 million for Q4 2012 (gain of \$47.9 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 14.7 million (\$13.3 million), of which \$0.7 million was restricted in connection with bank guarantees, deposits and the bond service account. Net cash from operating activities was negative \$1.3 million in Q4 2012 (negative \$43.1 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 \$87.9 million and is recognized in the books at amortized cost of \$76.4 million per Q4 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. Interest paid during the quarter was \$2.7 million (Nil).
- 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 \$12.6 million per Q4 2012. The convertible loan matures 30 September 2014 and has no principal amortization. No interest was paid during Q4 2012 in relation to the convertible loan.
- The lease of Hawk Explorer is recognized in

the books as a finance lease at \$13.2 million per Q4 2012. Installments of \$0.9 million against the Hawk lease principal and \$0.4 million against the interest portion were paid during Q4 2012 (\$1.1 million and \$0.6 million in 2011, respectively).

Net interest-bearing debt was \$87.4 million at the end of Q4 2012 (\$107.7 million).

Accrued interest for Q4 2012 was \$0.1 million (Nil).

The private placement completed on 28 November 2012 and the subsequent repair issue completed on 13 February 2013 generated gross proceeds of NOK 82.5 million (\$14.7 million) and NOK 11.3 million (\$2.0 million) respectively.

The company was in compliance with all covenants as of 31 December 2012.

*The Board of Directors and  
Chief Executive Officer*

*SeaBird Exploration Plc  
26 February 2013*

## Consolidated interim statement of financial position

<i>All figures in USD 000's</i>	As of 31 Dec	
	2012	2011
	(Unaudited)	(Unaudited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	130,774	137,008
Multi-client library	3,384	16,602
Goodwill	1,267	1,267
	<b>135,425</b>	<b>154,877</b>
<b>Current assets</b>		
Inventories	3,920	4,680
Trade receivables	33,069	31,251
Other current assets	10,213	15,177
Cash and cash equivalents	14,744	13,300
	<b>61,946</b>	<b>64,408</b>
<b>Total assets</b>	<b>197,371</b>	<b>219,285</b>
<b>EQUITY</b>		
<b>Shareholders' equity</b>		
Paid in capital	180,761	166,720
Equity component of convertible loan	6,296	6,296
Currency translation reserve	(190)	(212)
Share options granted	8,497	7,554
Retained earnings	(142,562)	(131,056)
	<b>52,802</b>	<b>49,302</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	94,299	99,567
Other long-term liabilities	847	1,157
	<b>95,146</b>	<b>100,724</b>
<b>Current liabilities</b>		
Trade and other payables	41,572	47,794
Loans and borrowings	7,851	21,465
	<b>49,423</b>	<b>69,259</b>
<b>Total liabilities</b>	<b>144,569</b>	<b>169,983</b>
<b>Total equity and liabilities</b>	<b>197,371</b>	<b>219,285</b>



## Consolidated interim statement of income

	Quarter ended 31 Dec		Year ended 31 Dec	
<i>All figures in USD 000's</i>	2012	2011	2012	2011
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>Unaudited</i>	<i>(Restated)</i>
Revenues	34,901	24,444	163,331	81,722
Cost of sales	(24,365)	(23,970)	(103,824)	(67,649)
Cost of multi-client sales	-	-	(5,056)	-
Selling, general and administrative expenses	(4,055)	(8,406)	(16,843)	(24,476)
Other income (expenses), net	298	614	838	1,021
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>6,779</b>	<b>(7,318)</b>	<b>38,446</b>	<b>(9,382)</b>
Depreciation and amortization	(5,909)	(7,433)	(34,296)	(28,485)
Impairment	-	-	-	(54,315)
<b>Earnings before interest and taxes (EBIT)</b>	<b>870</b>	<b>(14,751)</b>	<b>4,150</b>	<b>(92,182)</b>
Interest expense	(3,172)	(4,670)	(12,391)	(18,475)
Other financial items, net	(426)	6,156	(1,060)	274
Change in fair value of conversion rights	-	-	-	(3,014)
<b>Profit/(loss) before income tax</b>	<b>(2,728)</b>	<b>(13,265)</b>	<b>(9,301)</b>	<b>(113,397)</b>
Income tax	(2,652)	(1,490)	(8,870)	(2,600)
<b>Profit/(loss) continuing operations</b>	<b>(5,379)</b>	<b>(14,755)</b>	<b>(18,171)</b>	<b>(115,997)</b>
Net profit/(loss) discontinued operations (note 1)	(641)	47,929	6,668	28,724
<b>Profit/(loss) for the period</b>	<b>(6,021)</b>	<b>33,174</b>	<b>(11,503)</b>	<b>(87,273)</b>
<b>Profit/(loss) attributable to</b> Shareholders of the parent	(6,021)	33,174	(11,503)	(87,273)
<b>Earnings per share</b>				
Basic	(0.19)	1.78	(0.36)	(4.68)
Diluted	(0.19)	1.78	(0.36)	(4.68)
<b>Earnings per share from continued operations</b>				
Basic	(0.17)	(0.79)	(0.56)	(6.22)
Diluted	(0.17)	(0.79)	(0.56)	(6.22)

## Consolidated interim statement of comprehensive income

	Quarter ended 31 Dec		Year ended 31 Dec	
	2012	2011	2012	2011
<i>All figures in USD 000's</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>Unaudited</i>	<i>(Restated)</i>
<b>Profit/(loss)</b>	<b>(6,021)</b>	<b>33,174</b>	<b>(11,503)</b>	<b>(87,273)</b>
Other comprehensive income				
Net movement in currency translation reserve and other changes	(137)	424	21	72
<b>Total other comprehensive income, net of tax</b>	<b>(137)</b>	<b>424</b>	<b>21</b>	<b>72</b>
<b>Total comprehensive income</b>	<b>(6,158)</b>	<b>33,598</b>	<b>(11,482)</b>	<b>(87,201)</b>
Total comprehensive income attributable to Shareholders of the parent	(6,158)	33,598	(11,482)	(87,201)
<b>Total</b>	<b>(6,158)</b>	<b>33,598</b>	<b>(11,482)</b>	<b>(87,201)</b>

## Consolidated interim statement of changes in equity

	Year ended 31 Dec	
	2012	2011
<i>All figures in USD 000's</i>	<i>(Unaudited)</i>	<i>(Restated)</i>
<b>Opening balance</b>	<b>49,302</b>	<b>115,223</b>
Profit/(loss) for the period	(11,503)	(87,273)
Increase/(decrease) in share capital	14,041	5,607
Equity component of convertible loan	-	6,296
Share options granted	941	(39)
Net movements in currency translation reserve and other changes	21	9,488
<b>Ending balance</b>	<b>52,802</b>	<b>49,302</b>

## Consolidated interim statement of cash flow

	Quarter ended 31 Dec		Year ended 31 Dec	
<i>All figures in USD 000's</i>	2012	2011	2012	2011
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Restated)</i>
<b>Cash flows from operating activities</b>				
Profit/(loss) before income tax	(2,728)	(13,265)	(9,301)	(113,397)
Adjustments for				
Depreciation, amortization and impairment	5,910	7,432	34,296	82,801
Unrealized exchange (gain)/loss	(111)	-	419	-
Change in fair value of conversion rights	-	336	-	3,014
Gain on extinguishment of debt	-	(11,015)	-	(11,015)
Amortization of interest	2,609	1,044	10,053	4,968
Paid income tax	(357)	(285)	(1,067)	-
Earned on employee stock option plan	413	(133)	942	(39)
(Increase)/decrease in inventories	180	(654)	(335)	(924)
(Increase)/decrease in trade and other receivables	3,046	(43,809)	(12,961)	(38,382)
(Increase)/decrease from divested companies	-	-	-	24,556
(Increase)/ decrease in due from related parties	-	31,116	427	-
Increase/(decrease) in trade and other payables	(10,217)	(13,819)	(9,113)	(16,143)
<b>Net cash from operating activities</b>	<b>(1,255)</b>	<b>(43,052)</b>	<b>13,360</b>	<b>(64,561)</b>
<b>Cash flows from investing activities</b>				
Capital expenditures	(4,179)	(3,861)	(15,008)	(12,024)
Net cash flow on disposal of subsidiaries	-	121,359	-	121,358
<b>Net cash used in investing activities</b>	<b>(4,179)</b>	<b>117,498</b>	<b>(15,008)</b>	<b>109,334</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of ordinary shares	14,041	5,607	14,041	5,607
Currency fluctuation in borrowings	-	(1,746)	-	722
Receipts from borrowings	-	107,851	-	150,433
Repayment of borrowings	(2,907)	(179,227)	(5,464)	(204,953)
Interest paid	(2,696)	-	(5,505)	-
Equity component of convertible bond loan	-	-	-	15,791
Net movement in currency fluctuations	(137)	(374)	20	(207)
<b>Net cash from financing activities</b>	<b>8,301</b>	<b>(67,889)</b>	<b>3,092</b>	<b>(32,607)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>2,867</b>	<b>6,558</b>	<b>1,444</b>	<b>12,165</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>11,877</b>	<b>6,742</b>	<b>13,300</b>	<b>1,135</b>
<b>Cash and cash equivalents discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at end of the period</b>	<b>14,744</b>	<b>13,300</b>	<b>14,744</b>	<b>13,300</b>



## Note 1: Interim statement of income for discontinued operations

	Quarter ended 31 Dec		Year ended 31 Dec	
<i>All figures in USD 000's</i>	2012	2011	2012	2011
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenues	583	17,525	15,800	60,815
Cost of sales	(320)	(12,681)	(8,037)	(53,078)
Selling, general and administrative expenses	(51)	(1,181)	(1,556)	(5,421)
Other income (expenses), net	93	-	2,367	-
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>305</b>	<b>3,664</b>	<b>8,574</b>	<b>2,316</b>
Depreciation and amortization	-	(1,507)	-	(12,414)
Impairment	-	-	-	-
<b>Earnings before interest and taxes (EBIT)</b>	<b>305</b>	<b>2,157</b>	<b>8,574</b>	<b>(10,098)</b>
Interest expense	-	(373)	(191)	(1,494)
Other financial items, net	-	(89)	-	(1,924)
<b>Profit/(loss) before income tax</b>	<b>305</b>	<b>1,695</b>	<b>8,383</b>	<b>(13,516)</b>
Income tax	4	(395)	(765)	(4,389)
<b>Profit/(loss) discontinuing operations</b>	<b>308</b>	<b>1,300</b>	<b>7,618</b>	<b>(17,905)</b>
Gain/(loss) on sale of business	(950)	46,629	(950)	46,629
<b>Net profit/(loss) from discontinued operations</b>	<b>(641)</b>	<b>47,929</b>	<b>6,668</b>	<b>28,724</b>
<b>Profit/(loss) attributable to</b>				
Shareholders of the parent	(641)	47,929	6,668	28,724

## SELECTED NOTES AND DISCLOSURES

SeaBird Exploration Plc is a limited liability company. The company's address is World Trade Centre, Ariadne House, 1<sup>st</sup> floor, 333, 28<sup>th</sup> 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](http://www.sbexp.com). The financial statements as of Q4 2012 and the preliminary year end results 2012, as approved by the Board of Directors 26 February 2013, 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

In the fourth quarter the company changed its accounting policy on the measurement of property, plant and equipment from the revaluation model to historical cost model. Under IAS 8, this change has been retrospectively applied to prior comparative accounting periods. Management believes that this method provides more reliable and relevant information that is more easily verified and free from management judgment and impacts due to the cyclical nature of the seismic industry. As a result of the change in accounting policy, the company has made the following restatements for 2011:

#### Restatement of consolidated statement of income

All figures in USD millions	FY 2011	Adj.	Restated FY 2011
Depreciation and amortization	(32.9)	4.4	(28.5)

#### Restatement of other comprehensive income

All figures in USD millions	FY 2011	Adj.	Restated FY 2011
Changes in revaluation reserve	(13.4)	13.4	-

No adjustments were required for the 2012 or 2011 consolidated interim statement of financial position.

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	8 to 15 years
Office equipment	4 years

Depreciation for Q4 2012 was \$4.8 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 Q4 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.

Q4 2012 figures	USD million
Beginning balance Q4 2012	4.5
Capitalized cost	-
Capitalized depreciation	-
Amortization	(1.1)
<b>Book value</b>	<b>3.4</b>

Multi-client sales in Q4 2012 were \$0.4 million (\$5.2 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

On 28 November 2012 the company completed a private placement of 11,000,000 new shares directed towards Norwegian and international institutional investors. The placement was made at a subscription price of NOK 7.50 per share. Total gross proceeds from the private placement were NOK 82.5 million (\$ 14.7 million).

The total number of shares at 31 December 2012 is 42,425,972. Following the subsequent share offering on 13 February 2013 the total number of shares increased to 43,925,972.

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.

As at 31 December 2012, there are a total of 5,065,822 share options granted to 14 employees. As part of the share option plan \$0.3 million has been recognized as selling, general and administrative expenses during Q4 2012 and \$0.8 million for the full year 2012.



## Taxes

SeaBird Exploration Plc is subject to taxation in Cyprus, as are the majority of its subsidiaries. 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.

As a part of a tax review, the company has made an additional tax accrual of \$1.8 million for taxes in Norway for the years 2011 and 2012. The company will evaluate its tax domicile going forward which may result in further changes in its tax structure.

## Related party transactions

All related party transactions have been entered into on an arm's length basis.

The company is leasing the Munin Explorer from Ordinat Shipping AS which is indirectly owned by John Olav Økland (22.8%) and the rest by the Økland family. Ordinat Shipping AS is a major shareholder and Mr. Økland is a member of the Board of Directors of SeaBird Exploration Plc. Ordinat Shipping AS was not a shareholder and Mr. Økland was not a Board member at the commencement of the charter agreement.

At the end of the fourth quarter, the company chartered the 3D vessel Geo Pacific from Fugro, through a subsidiary of Ordinat Shipping AS initially on a four month time charter that is intended to be converted into a three-year bareboat charter with four one-year options to extend the contract between the company and the subsidiary of Ordinat Shipping AS. Furthermore, SeaBird will also have purchase options on the vessel in year three and, to the extent the lease is extended, year four.

## Going concern

The company's management is of the opinion that it has sufficient working capital for the coming twelve months. The company's performance over the past year as well as the current market outlook is positive. Management changes and restructuring efforts have solidified its financial position. The recent equity offering has strengthened the balance sheet and the company is in compliance with all debt covenants. As a result, management considers that the company will be able to meet its financial obligations for the foreseeable future.

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