SeaBird Exploration

SEABIRD EXPLORATION PLC

SECOND QUARTER REPORT 2012

HIGHLIGHTS FOR THE SECOND QUARTER 2012

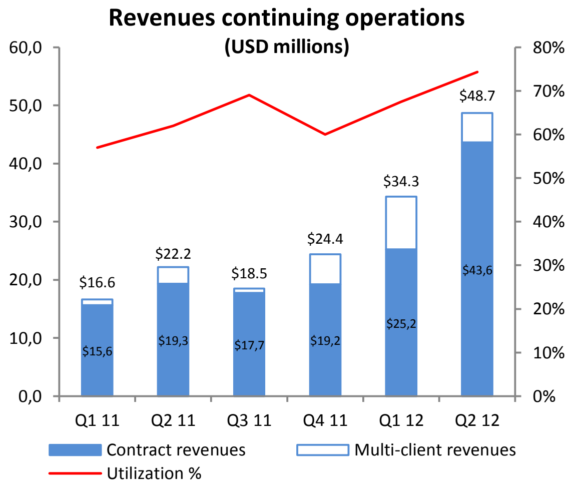
- Revenues for the quarter were $48.7 million, an increase of 120% compared to the comparable period in 2011 and up 42% relative to Q1 2012.
- Contract revenues for the period were $43.6 million, up 126% from Q2 2011 and up 73% from Q1 2012.
- Multi-client revenues were $5.1 million, an increase of 76% from $2.9 million reported in Q2 2011 and a decrease of 44% from $9.1 million reported in Q1 2012.
- EBITDA was $17.2 million compared to $0.2 million for Q2 2011 and $2.7 million for Q1 2012.
- EBIT for the quarter was $7.7 million compared to negative $8.5 million for Q2 2011 and negative $8.7 million for Q1 2012.
- Vessel utilization for the period was 74% (excluding GGS Atlantic, utilization was 85%).

Operational review

Continued strength throughout the operation resulted in a solid second quarter for SeaBird. Increasing sector demand contributed to robust revenue growth and continued strong backlog. In addition to growing demand for contract work from multi-client customers, we have also seen a substantial upturn in opportunities with oil companies.

Robust sector demand and higher industry utilization rates have increased requests for longer-term contracts. In light of this, we are selectively exploring entering into framework agreements as well as longer-dated contracts with clients. As a part of this effort, we extended our contract with Spectrum ASA and agreed to an additional $30 million of contract work at rates reflecting improved market terms. We are also exploring other opportunities.

During the period, we sold three licenses to existing multi-client surveys and we are seeing good demand for further sales. On a select basis, we will also review options to sell our interest in underlying libraries. Investment into new multi-client surveys was modest during the second quarter. However, we are evaluating investment opportunities on an on-going basis and will continue to develop our strategy to expand this part of our business.



Vessel utilization has continued to increase and was up significantly from the beginning of the year as well as relative to quarter one. Average utilization for the second quarter was 74%, which includes two routine dockings as well as the dry docking of GGS Atlantic which left this vessel idle for the period. The GGS Atlantic charter will expire in August 2012 and will not be renewed. Excluding GGS Atlantic, utilization would have been 85%.

From an operational standpoint, the SeaBird team continued to deliver best-in-class performance with technical down time for the quarter of less than 4%. In addition, capital projects related to dockings were completed on budget and on time.

The company's continued focus on HSSEQ has been a cornerstone of our operation and has ensured that we maintain our first-rate safety and quality standing in the industry. During the quarter we completed our OHSAS 18001 certification, sustaining our industry-leading accreditations. Year to date, we have completed all projects without any lost time injuries or serious accidents. Our occupational injury and illness statistics are currently well below industry levels – running approximately 50% below sector averages and resulting in less downtime, reduced costs and improved client relations. Reported client satisfaction has been very strong, with notable commendations from major customers.

The focus on improving our cost structure is now paying off and we are seeing a significant reduction in on-going expenses. SG&A has come down considerably and is now in line with management targets. We will continue our effort to improve the company's cost position without impacting the high quality of our operations. As a part of this effort, we are also reviewing the implementation of a company-wide enterprise resource planning (ERP) system. This should significantly enhance our ability to analyze our operations, further reduce costs and position the company to further scale its business.

With respect to fleet composition, we have finalized the sale of Geo Mariner.

Outlook

The company is expecting to see continued solid client demand through the second half of 2012. We anticipate demand to continue to come from both oil companies as well as contract work with multi-client customers. Backlog is expected to remain attractive. However, given the short-term nature of most of our contracts, we may see significant fluctuations in backlog from time to time.

The company will continue to explore long-term agreements to create a balance between shorter and longer-dated projects.

We will continue to review strategic growth opportunities.

Key financial figures

	Quarter ended 30 June		Six months ended 30 June		Year ended 31 December
All figures in USD 000's (except for EPS)	2012	2011	2012	2011	2011
Revenues	48,711	22,184	82,962	38,773	81,722
EBITDA	17,196	238	19,941	(1,250)	(9,382)
EBIT	7,739	(8,500)	(958)	(18,322)	(96,552)
Profit/(loss)	291	(19,698)	(12,215)	(42,249)	(120,366)
Earnings per share (diluted)	0.01	(1.24)	(0.48)	(2.67)	(6.50)
Cash flow operating activities	3,816	133	6,293	(36,009)	(64,562)
Capital expenditures	(7,027)	(5,872)	(8,285)	(6,185)	(12,024)
Total assets	202,242	346,760	202,242	346,760	219,285
Net interest bearing debt	96,869	208,643	96,869	208,643	107,732
Equity ratio	22.1%	28.7%	22.1%	28.7%	22.0%

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

Financial results

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

The company reports a profit of USD 0.3 million for the second quarter 2012 (negative USD 19.7 million same period in 2011).

The loss for the first half of 2012 was USD 12.2 million, compared to a loss of USD 42.2 million in 2011.

Revenues were USD 48.7 million in Q2 2012 (USD 22.2 million). The increased revenues are mainly due to fleet composition, higher utilization of the vessels in Q2 2012 compared to Q2 2011 and multi-client sales.

Revenues for the first half of 2012 were USD 83.0 million compared with USD 38.8 million for 2011.

Cost of sales was USD 27.6 million in Q2 2012 (USD 17.0 million). The change is primarily due to fleet composition and higher vessel utilization.

For the first half of 2012, cost of sales was USD 54.9 million, up from USD 29.5 million in 2011.

EBITDA was USD 17.2 million in Q2 2012 (USD 0.2 million). EBITDA for the first half of 2012 was USD 19.9 million compared with negative USD 1.3 million for 2011.

Depreciation and amortization were USD 9.5 million in Q2 2012 (USD 8.7 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.

Depreciation and amortization increased from USD 17.1 million in the first half of 2011 to USD 20.9 million in 2012.

SG&A were USD 4.0 million in Q2 2012, down from USD 5.1 million in Q2 2011. The decrease is predominantly due to the organizational restructure and cost savings initiative implemented during Q1 2012.

SG&A for the first half of 2012 were USD 8.9 million compared with USD 10.8 million for 2011.

Interest expense was USD 3.1 million in Q2 2012 (USD 6.0 million). The decrease is a result of the financial restructuring completed in 2011.

For the first half of 2012, interest expense was USD 6.1 million, down from USD 9.7 million in 2011.

Other financial items, net expense, of USD 0.2 million in Q2 2012 (negative USD 4.7 million). The change is mainly due to the currency effect on the bond loans and debt restructuring costs incurred in Q2 2011.

For the first half of 2012 other financial items, net expense, were negative USD 0.3 million compared with negative USD 10.7 million for 2011.

Income tax was USD 4.6 million in Q2 2012 (USD 0.4 million). The increase is mainly due to increased corporate and withholding taxes directly related to the tax jurisdictions the vessels operated within during Q2 2012. Furthermore, during the period a review of a number of significant projects was completed resulting in an additional USD 1.9 million tax liability being recognized during Q2 2012.

For the first half of 2012, income tax was USD 4.8 million, up from USD 0.5 million in 2011.

Capital expenditures were USD 7.0 million in Q2 2012 (USD 5.9 million). Major capital cost items for the quarter included the main class renewal and major engine overhaul of Munin Explorer and Aquila Explorer. Furthermore, the Harrier Explorer was equipped with a 12 km solid streamer.

Net profit from discontinued operations was USD 2.3 million for Q2 2012 (USD 3.1 million). Net profit from discontinued operations represents the remaining contractual obligations of the Ocean Bottom Node (OBN) business which was divested in Q4 2011.

For the first half of 2012, net profit from discontinued operations was USD 7.5 million, up from negative USD 7.5 million in 2011.

Liquidity and financing

Cash and cash equivalents at the end of the period were USD 6.7 million (USD 4.8 million), of which USD 1.7 million was restricted in connection with bid and performance bonds. Net cash from operating activities was USD 3.8 million in Q2 2012 (USD 0.1 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 USD 89.9 million and is recognized in the books at amortized cost of USD 76.6 million per Q2 2012. The bond loan matures 19 December 2015 and has principal amortization due in semi-annual increments of USD 2.0 million starting 19 December 2012.

- The 1% unsecured convertible loan with Perestroika has a face value of USD 14.9 million and is recognized in the books at amortized cost of USD 12.0 million per Q2 2012. The convertible loan matures 22 September 2014 and has no principal amortization. Interest on the convertible loan may be paid in kind.

- The lease of Hawk Explorer is recognized in the books as a finance lease at USD 14.9 million per Q2 2012. Installments of USD 0.8 million against the Hawk lease principal and USD 0.4 million against the interest portion were paid during Q2 2012 (USD 0.8 million and USD 0.5 million in 2011, respectively).

Net interest-bearing debt was USD 96.9 million at the end of Q2 2012 (USD 208.6 million).

Accrued interest for Q2 2012 was USD 0.1 million (USD 1.4 million).

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

Important events in the first half of the year

The company made significant changes to key management and commenced a cost reduction initiative during the first half of 2012.

During the first half of 2012, Seabird has developed a new technology based around the use of a 20 km cable with continuous recording. Patent applications for the technology have been made.

Due to an expected upswing in the source vessel market during the second half of 2012 we extended the bareboat charter on the Kondor Explorer with another two years.

Responsibility statement

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2012, which have been prepared in accordance with IAS 34 “Interim Financial Reporting”, gives a true and fair view of the company’s consolidated assets, liabilities, financial position and results of operations. We also confirm that, to the best of our knowledge, the first half 2012 report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year and major related parties transactions.

The Board of Directors and
Chief Executive Officer

SeaBird Exploration Plc
16 August 2012

Consolidated interim statement of financial position

All figures in USD 000's	As of 30 June 2012 (Unaudited)	As of 30 June 2011 (Unaudited)	As of 31 Dec 2011 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	134,407	259,815	137,008
Multi-client library	9,649	10,847	16,602
Capital work in progress	-	4,247	-
Goodwill	1,267	8,996	1,267
Patent technology	-	3,697	-
Deferred tax asset	-	14,951	-
	145,323	**302,553**	**154,877**
Current assets			
Inventories	4,530	6,028	4,680
Trade receivables	32,893	21,321	31,251
Other current assets	12,816	12,098	15,177
Cash and cash equivalents	6,680	4,760	13,300
	56,919	**44,207**	**64,408**
Total assets	**202,242**	**346,760**	**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	-	14,800	-
Currency translation reserve	(468)	702	(212)
Share options granted	7,910	7,687	7,554
Retained earnings	(135,750)	(100,707)	(131,056)
	44,708	**99,387**	**49,302**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	95,934	177,631	99,567
Other long-term liabilities	998	997	1,157
	96,932	**178,628**	**100,724**
Current liabilities			
Trade and other payables	52,987	32,973	47,794
Loans and borrowings	7,615	35,772	21,465
	60,602	**68,745**	**69,259**
Total liabilities	**157,534**	**247,373**	**169,983**
Total equity and liabilities	**202,242**	**346,760**	**219,285**

Consolidated interim statement of income

All figures in USD 000's	Quarter ended 30 June 2012	Quarter ended 30 June 2011	Six months ended 30 June 2012	Six months ended 30 June 2011	Year ended 31 Dec 2011
	(Unaudited)	*(Unaudited)*	*Unaudited)*	*(Unaudited)*	*(Audited)*
Revenues	48,711	22,184	82,962	38,773	81,722
Cost of sales	(27,583)	(16,973)	(54,870)	(29,451)	(67,649)
Selling, general and administrative expenses	(3,999)	(5,137)	(8,891)	(10,780)	(24,476)
Other income (expenses), net	67	164	740	208	1,021
Earnings before interest, tax, depreciation and amortization (EBITDA)	**17,196**	**238**	**19,941**	**(1,250)**	**(9,382)**
Depreciation and amortization	(9,457)	(8,738)	(20,899)	(17,072)	(32,855)
Impairment	-	-	-	-	(54,315)
Earnings before interest and taxes (EBIT)	**7,739**	**(8,500)**	**(958)**	**(18,322)**	**(96,552)**
Interest expense	(3,066)	(6,025)	(6,147)	(9,669)	(18,474)
Other financial items, net	172	(4,749)	(272)	(10,729)	274
Change in fair value of conversion rights	-	-	-	(3,014)	(3,014)
Profit (loss) before income tax	**4,845**	**(19,274)**	**(7,377)**	**(41,734)**	**(117,766)**
Income tax	(4,554)	(424)	(4,838)	(515)	(2,600)
Profit/(loss) continuing operations	**291**	**(19,698)**	**(12,215)**	**(42,249)**	**(120,366)**
Net profit discontinued operations (note 1)	2,269	3,104	7,523	(7,507)	28,724
Profit/(loss) for the period	2,560	(16,594)	(4,692)	(49,756)	(91,642)
Profit/(loss) attributable to					
Shareholders of the parent	2,560	(16,594)	(4,692)	(49,756)	(91,642)
Earnings per share					
Basic	0.10	(1.05)	(0.18)	(3.14)	(4.90)
Diluted	0.10	(1.05)	(0.18)	(3.14)	(4.90)
Earnings per share from continued operations					
Basic	0.01	(1.24)	(0.48)	(2.67)	(6.50)
Diluted	0.01	(1.24)	(0.48)	(2.67)	(6.50)

Consolidated interim statement of comprehensive income

All figures in USD 000's	Quarter ended 30 June 2012	Quarter ended 30 June 2011	Six months ended 30 June 2012	Six months ended 30 June 2011	Year ended 31 Dec 2011
Profit/(loss)	**2,560**	**(16,594)**	**(4,692)**	**(49,756)**	**(91,642)**
Other comprehensive income					
Net movement in currency translation reserve and other changes	(291)	117	(259)	417	72
Changes in revaluation reserve	-	-	-	-	(13,373)
Total other comprehensive income, net of tax	**(291)**	**117**	**(259)**	**417**	**(13,301)**
Total comprehensive income	**2,269**	**(16,477)**	**(4,951)**	**(49,339)**	**(104,943)**
Total comprehensive income attributable to					
Shareholders of the parent	2,269	(16,477)	(4,951)	(49,339)	(104,943)
Total	**2,269**	**(16,477)**	**(4,951)**	**(49,339)**	**(104,943)**

Consolidated interim statement of changes in equity

All figures in USD 000's	Six months ended 30 June 2012	Six months ended 30 June 2011	Year ended 31 Dec 2011
	(Unaudited)	*(Unaudited)*	*(Audited)*
Opening balance	**49,302**	**132,937**	**132,937**
Profit/(loss) for the period	(4,692)	(49,756)	(91,642)
Increase/(decrease) in share capital	-	-	5,607
Equity component of convertible loan	-	15,791	6,296
Share options granted	357	94	(39)
Net movements in currency translation reserve and other changes	(259)	320	(3,857)
Ending balance	**44,708**	**99,387**	**49,302**

Consolidated interim statement of cash flow

All figures in USD 000's	Quarter ended 30 June 2012	Quarter ended 30 June 2011	Six months ended 30 June 2012	Six months ended 30 June 2011	Year ended 31 Dec 2011
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Audited)*
Cash flows from operating activities					
Profit/(loss) before income tax	4,845	(19,274)	(7,377)	(41,734)	(117,766)
Adjustments for					
Depreciation, amortization and impairment	9,457	8,738	20,899	17,071	87,170
Unrealized exchange (gain)/loss	145	-	231	-	-
Change in fair value of conversion rights	-	-	-	2,678	3,014
Gain on extinguishment of debt	-	-	-	-	(11,015)
Amortization of interest	2,437	1,566	4,888	2,519	4,968
Paid income tax	(242)	1,840	(263)	1,829	-
Earned on employee stock option plan	146	73	356	94	(39)
(Increase)/decrease in inventories	(1,130)	(53)	(944)	(1,331)	(924)
(Increase)/decrease in trade and other receivables	(11,913)	22,300	(12,240)	13,981	(38,383)
(Increase)/decrease from divested companies	-	-	-	-	24,556
(Increase)/ decrease in due from related parties	-	(21,062)	427	(20,988)	-
Increase/(decrease) in trade and other payables	71	6,005	316	(10,128)	(16,143)
Net cash from operating activities	**3,816**	**133**	**6,293**	**(36,009)**	**(64,562)**
Cash flows from investing activities					
Capital expenditures	(7,027)	(5,872)	(8,285)	(6,185)	(12,024)
Net cash flow on disposal of subsidiaries	-	-	-	-	121,358
Net cash used in investing activities	**(7,027)**	**(5,872)**	**(8,285)**	**(6,185)**	**109,334**
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	-	-	-	-	5,607
Currency fluctuation in borrowings	-	2,019	-	9,019	722
Receipts from borrowings	-	-	-	42,582	150,433
Repayment of borrowings	(849)	(2,730)	(1,675)	(21,598)	(204,953)
Interest paid	(2,695)	-	(2,695)	-	-
Equity component of convertible bond loan	-	-	-	15,791	15,791
Net movement in currency fluctuations	(290)	43	(258)	66	(207)
Net cash from financing activities	**(3,834)**	**(668)**	**(4,628)**	**45,860**	**(32,607)**
Net (decrease)/increase in cash and cash equivalents	**(7,045)**	**(6,407)**	**(6,620)**	**3,666**	**12,165**
Cash and cash equivalents at beginning of the period	**13,725**	**11,052**	**13,300**	**979**	**1,135**
Cash and cash equivalents discontinued operations	**-**	**115**	**-**	**115**	**-**
Cash and cash equivalents at end of the period	**6,680**	**4,760**	**6,680**	**4,760**	**13,300**

Note 1: Interim statement of income for discontinued operations

	Quarter ended 30 June		Six months ended 30 June		Year ended 31 Dec
All figures in USD 000's	2012	2011	2012	2011	2011
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Audited)*
Revenues	1,020	21,944	14,469	26,589	60,815
Cost of sales	(704)	(13,142)	(6,890)	(24,265)	(53,078)
Selling, general and administrative expenses	(214)	(792)	(1,415)	(1,479)	(5,421)
Other income (expenses), net	2,267	-	2,267	-	-
Earnings before interest, tax, depreciation and amortization (EBITDA)	**2,369**	**8,010**	**8,431**	**845**	**2,316**
Depreciation and amortization	-	(3,463)	-	(7,064)	(12,414)
Impairment	-	-	-	-	-
Earnings before interest and taxes (EBIT)	**2,369**	**4,547**	**8,431**	**(6,219)**	**(10,098)**
Interest expense	-	(13)	(191)	(14)	(1,494)
Other financial items, net	-	779	-	1,120	(1,924)
Profit (loss) before income tax	**2,369**	**5,313**	**8,240**	**(5,113)**	**(13,516)**
Income tax	(100)	(2,209)	(717)	(2,394)	(4,389)
Profit/(loss) discontinuing operations	**2,269**	**3,104**	**7,523**	**(7,507)**	**(17,905)**
Gain on sale of business	-	-	-	-	46,629
Net profit/(loss) from discontinued operations	2,269	3,104	7,523	(7,507)	28,724
Profit/(loss) attributable to					
Shareholders of the parent	2,269	3,104	7,523	(7,507)	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 Q2 2012, as approved by the Board of Directors 16 August 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 Q2 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 Q2 2012 was USD 5.0 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 Q2 2012, a rate of 100% of sales has been applied to all multi-client library surveys, except for the GoM Well Tie survey where a rate of 0% has been applied. With the exception of the GoM Well Tie survey, profit is therefore only recognized in the income statement once the original costs of acquiring the data have been fully recovered.

Q2 2012 figures	USD million
Beginning balance Q1 2012	12.9
Capitalized cost	1.1
Capitalized depreciation	-
Amortization	(4.4)
Book value	**9.6**

Multi-client sales in Q2 2012 were USD 5.1 million (USD 2.9 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 15 May 2012 the Annual General Meeting of SeaBird resolved to consolidate the shares of the company so that 10 old shares converted into 1 new share. The total number of shares at 30 June 2012 is 31,425,978. As a result of the consolidation the share options received by Mr Reynolds in Q1 2012 now equate to 3,000,000 share options and have a revised strike price of NOK 2.50. The share options remain 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.

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 June 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 geophysical data in the ordinary course of business and capital markets transactions.

Cyprus
World Trade Center
Ariadne House 1st floor
333, 28th October Street
3106 Limassol
Cyprus

Tel: +357 2581 4416
Fax: +357 2581 4420

United Arab Emirates
Al Shatha Tower
Dubai Media City
PO Box 500549
Dubai
United Arab Emirates

Tel: +971 4 427 1700
Fax: +971 4 429 0644

Norway
Stortingsgata 8
PO Box 1302 Vika
0112 Oslo
Norway

Tel: +47 2240 2700
Fax: +47 2240 2701

United States
1155 Dairy Ashford
Suite 206
Houston, TX 77079
USA

Tel: + 1 281 556 1666
Fax: +1 281 556 5315

Singapore
1 Fullerton Road
#02-01 One Fullerton
Singapore 049213

Tel: +65 6832 5593
Fax: +65 6725 0949