First Quarter Report

2014

Q1

SeaBird Exploration

2014 SUMMARY OBSERVATIONS FOR THE FIRST QUARTER

CONTENTS

$33.7m
revenues for the quarter

$10.2m
EBITDA for the quarter

$3.2m
multi-client revenues for the period

- Revenues for the quarter were $33.7 million, a decrease of 33% compared to the comparable period in 2013 and down 13% relative to Q4 2013.
- Contract revenues for the period were $30.5 million, down 39% from Q1 2013 and down 9% from Q4 2013.
- Multi-client revenues were $3.2 million, up from $0.1 million reported in Q1 2013 and a decrease of 37% from $5.1 million reported in Q4 2013.
- Contract surveys during the first quarter represented 64% of vessel capacity compared to 53% during the fourth quarter 2013.
- EBITDA was $10.2 million compared to $11.5 million for Q1 2013 and $3.9 million for Q4 2013.
- EBIT for the quarter was $2.4 million compared to $5.4 million for Q1 2013 and negative $4.6 million for Q4 2013.
- Vessel utilization for the period was 76% compared to 56% in the prior quarter.

Zero

LTIF; under 4% technical downtime

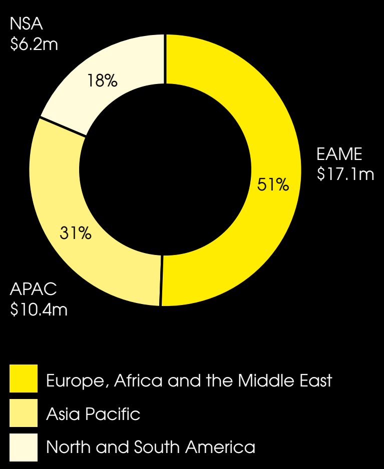
Letter of intent signed with TGS-NOPEC to acquire up to 200,000km of 2D seismic in Mexico

76%

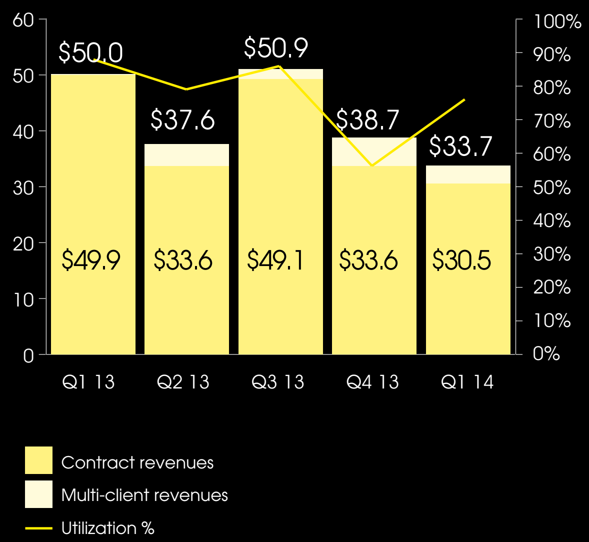
vessel utilization

KEY HIGHLIGHTS

Q1 REVENUES BY REGION (USD MILLIONS)



REVENUES CONTINUING OPERATIONS (USD MILLIONS)



Operational review

Higher utilization and multi-client investment resulted in improved earnings for the period. Enhanced focus on expense management also positively impacted results. Market demand for 2D and source capacity strengthened towards the latter part of the period. However, the 3D segment has been slower to recover. Pricing has remained firm.

Contract surveys represented 64% of vessel capacity compared to 53% for the fourth quarter of 2013. Hawk Explorer and Northern Explorer commenced a joint 20,000 kilometer survey in East Africa. In March, Osprey Explorer initiated a 5,800 kilometer 2D survey in South America. Aquila Explorer completed a 2D survey with a major oil company in Australasia and is continuing to operate within the region. Harrier Explorer and Munin Explorer both performed source operations during the period.

We continue to see demand for source operations and a significant portion of the fleet was employed in this market during the first quarter. There has also been further interest in longer-term contracts as well as framework agreements. During the quarter, we signed a three-year master service agreement with a major industry participant. Moreover, the company executed a letter of intent with TGS-NOPEC Geophysical Company to acquire up to 200,000 kilometers of 2D seismic data in Mexico.

Multi-client sales were lower compared to the previous quarter. The majority of revenues in this segment related to prefunding of Geo Pacific's West African survey. The remaining portion was primarily associated with late sales from pre-2013 surveys.

Multi-client utilization was 12% for the period compared to 3% in the fourth quarter of 2013. The increased activity relates to the Geo Pacific's 2,600 square kilometer 3D multi-client program. The survey is anticipated to be completed towards the end of the second quarter.

There were no yard stays or significant upgrades carried out during the period.

Vessel utilization was 76%, up from 56% in the fourth quarter. Operational performance of the fleet was solid, with technical downtime below 4%.

The company reported lost time injury frequency (LTIF) rate of zero. Pre-qualification audits were also completed for two oil companies, with both resulting in the company's status being upgraded to the highest level.

Regional overview

Revenues in Europe Africa and the Middle East (EAME) improved significantly from the prior period with half of the fleet active in this region. Repositioning of vessel capacity to the EAME region resulted in decreased revenues in North and South America (NSA). Asia Pacific (APAC) revenues were down slightly from the fourth quarter of 2013 due to reduced multi-client sales. Lower niche 3D demand also impacted this region.

Sales in EAME of $17.1 million accounted for 51% of total revenues. Revenues increased compared to the prior period as Northern Explorer completed a longer contract in the Mediterranean and repositioned to commence a joint project with Hawk Explorer in East Africa. This project will keep both vessels active in the region through the majority of the second quarter. Moreover, Geo Pacific initiated its first multi-client project in West Africa. Harrier Explorer continued its source contract in the North Sea.

APAC sales of $10.4 million accounted for 31% of total revenues. APAC revenues were down slightly compared to the fourth quarter 2013. Aquila Explorer completed a 2D survey with a major oil company and will operate within the region throughout the second quarter. Towards the end of the quarter, Voyager Explorer commenced a 2D project.

Sales in NSA of $6.2 million represented 18% of total revenues. The decrease in NSA revenues was mainly due to the repositioning of the Geo Pacific to West Africa and a delay in contract start-up for Osprey Explorer's project in South America.

Outlook

The 2D and source market tender activity improved in the first part of 2014 and the company's backlog recovered substantially. However, we continue to see delays in permitting as well as commitment of prefunding, which are both impacting the startup of new projects. Moreover, in light of the short visibility in the seismic industry we would like to see the current demand continue for some time before we feel comfortable that the market has fully stabilized.

The recovery in the niche 3D market has been slower to materialize. While we are reviewing a number of potential contract opportunities, the tender activity is below historical market levels.

Pricing in all segments and regions has remained firm and we would largely anticipate day rates to remain stable through the first half of the year.

Given the current levels of prefunding, the company may find it more challenging to identify attractive multi-client opportunities. For existing surveys, late sales are expected to continue but revenues are difficult to predict given the limited size of the library.


3EAR9
SeaBird

Financial review

Key financial figures

KEY FIGURES – CONTINUING OPERATIONS	Quarter ended 31 March		Year ended 31 December
All figures in USD 000's (except for EPS)	2014	Restated 2013	Restated 2013
Revenues	33,724	50,004	177,270
EBITDA	10,167	11,453	31,620
EBIT	2,387	5,409	4,540
Profit/(loss)	(612)	1,800	(6,998)
Earnings per share (diluted)	(0.01)	0.04	(0.16)
Cash flow operating activities	14,920	8,233	27,178
Capital expenditures	(2,435)	(6,779)	(17,079)
Total assets	200,964	214,044	189,421
Net interest bearing debt	83,479	85,936	87,115
Equity ratio	28.6%	26.4%	30.4%

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 net loss of $0.6 million for Q1 2014 (profit of $1.8 million in the same period in 2013).

Revenues were $33.7 million in Q1 2014 ($50.0 million). The decreased revenues are primarily due to lower vessel utilization and increased multi-client activity during the period.

Cost of sales was $19.7 million in Q1 2014 ($34.1 million). The decrease is mainly due to an increase in multi-client activity and a continued cost focus across the fleet.

SG&A was $4.9 million in Q1 2014, up from $4.6 million in Q1 2013. This is principally due to an increase in employee numbers in line with a larger fleet size.

EBITDA was $10.2 million in Q1 2014 ($11.5 million).

Depreciation and amortization were $7.8 million in Q1 2014 ($6.0 million). The increase is predominantly due to an increase in multi-client sales amortization in the period.

Interest expense was $3.0 million in Q1 2014 ($3.0 million).

Other financial items, net expense, of positive $0.2 million in Q1 2014 (negative $0.1 million). The change is mainly due to currency fluctuations.

Income tax expense was $0.3 million in Q1 2014 (expense of $0.6 million). The decrease is predominantly due to operating in regions with lower corporate and withholding tax rates during the quarter.

Capital expenditures were $2.4 million in Q1 2014 ($6.8 million). Capital cost items for the quarter related to the purchase of routine seismic and other equipment across the fleet.

Multi-client investment was $7.4 million in Q1 2014 ($0.2 million), which related to the Geo Pacific's 3D multi-client survey in West Africa.

Net profit from discontinued operations was $0.4 million for Q1 2014 (loss of $0.5 million). Discontinued operations represent the remaining contractual obligations of the ocean bottom node (OBN) business, which was divested in 2011.

Liquidity and financing

Cash and cash equivalents at the end of the period were $16.0 million ($16.5 million), of which $4.3 million was restricted in connection with deposits and the bond service account. Net cash from operating activities was $14.9 million in Q1 2014 ($8.2 million).

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 $83.9 million and is recognized in the books at amortized cost of $76.9 million per Q1 2014. The bond loan matures 19 December 2015 and has principal amortization due in semi-annual increments of $2.0 million that started 19 December 2012.

- The 1% unsecured convertible loan with Perestroika AS has a face value of $14.9 million and is recognized in the books at amortized cost of $14.3 million per Q1 2014. The convertible loan matures 30 September 2014 and has no principal amortization. Interest on the convertible loan is paid annually. No interest was paid during Q1 2014 in relation to the convertible loan.

- The lease of Hawk Explorer is recognized in the books as a finance lease at $8.3 million per Q1 2014. Installments of $1.0 million against the Hawk lease principal and $0.3 million against the interest portion were paid during Q1 2014 ($0.9 million and $0.4 million in Q1 2013, respectively). During the third quarter 2013, the company announced that it will exercise its option under the current charter agreement to purchase the vessel and related equipment for $6.5 million. The vessel and equipment will be delivered at the end of the lease term 31 August 2014 against settlement of the purchase price.

Management is currently reviewing possible refinancing alternatives open to the company.

Net interest-bearing debt was $83.5 million at the end of Q1 2014 ($85.9 million).

Accrued interest for Q1 2014 was $1.4 million ($1.4 million).

The company was in compliance with all covenants as of 31 March 2014.

The Board of Directors and Chief Executive Officer
SeaBird Exploration Plc
5 May 2014

Åge Korsvold
Chairman

Kitty Hall
Director

Kjell H Mathiassen
Director

Melvin Teigen
Director

John Olav Økland
Director

Dag Reynolds
Chief Executive Officer

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION			
	As of 31 March		As of 31 December
All figures in USD 000's	2014 (Unaudited)	Restated 2013 (Unaudited)	Restated 2013 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	119,629	132,338	122,829
Multi-client library	12,289	2,733	7,067
Goodwill	1,267	1,267	1,267
Long-term investment	82	–	82
	133,267	**136,338**	**131,245**
Current assets			
Inventories	4,555	5,690	4,367
Trade receivables	27,622	44,800	24,712
Other current assets	19,471	10,744	16,942
Cash and cash equivalents	16,049	16,472	12,155
	67,697	**77,706**	**58,176**
Total assets	**200,964**	**214,044**	**189,421**
EQUITY			
Shareholders' equity			
Paid in capital	189,125	182,645	189,125
Equity component of convertible loan	6,296	6,296	6,296
Currency translation reserve	(362)	(354)	(392)
Share options granted	1,175	8,794	1,097
Retained earnings	(138,702)	(140,899)	(138,460)
	57,532	**56,482**	**57,666**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	72,923	94,453	72,008
Provision for end of service benefit	1,135	921	1,103
	74,058	**95,374**	**73,111**
Current liabilities			
Trade and other payables	36,678	39,246	25,254
Loans and borrowings	26,605	7,955	27,262
Tax liabilities	6,091	14,987	6,128
	69,374	**62,188**	**58,644**
Total liabilities	**143,432**	**157,562**	**131,755**
Total equity and liabilities	**200,964**	**214,044**	**189,421**

CONSOLIDATED INTERIM STATEMENT OF INCOME

All figures in USD 000's	Quarter ended 31 March 2014 (Unaudited)	Quarter ended 31 March Restated 2013 (Unaudited)	Year ended 31 December Restated 2013 (Audited)
Revenues	33,724	50,004	177,270
Cost of sales	(19,723)	(34,137)	(127,823)
Selling, general and administrative expenses	(4,931)	(4,636)	(19,365)
Other income (expenses), net	1,097	222	1,538
Earnings before interest, tax, depreciation and amortization (EBITDA)	**10,167**	**11,453**	**31,620**
Depreciation and amortization	(7,780)	(6,044)	(27,080)
Impairment	–	–	–
Earnings before interest and taxes (EBIT)	**2,387**	**5,409**	**4,540**
Interest expense	(2,971)	(2,950)	(12,040)
Other financial items, net	233	(98)	(829)
Profit/(loss) before income tax	**(351)**	**2,361**	**(8,329)**
Income tax	(261)	(561)	1,331
Profit/(loss) continuing operations	**(612)**	**1,800**	**(6,998)**
Net profit/(loss) discontinued operations (note 1)	370	(472)	3,045
Profit/(loss) for the period	**(242)**	**1,328**	**(3,953)**
Profit/(loss) attributable to			
Shareholders of the parent	(242)	1,328	(3,953)
Earnings per share			
Basic	(0.00)	0.03	(0.09)
Diluted	(0.00)	0.03	(0.09)
Earnings per share from continued operations			
Basic	(0.01)	0.04	(0.16)
Diluted	(0.01)	0.04	(0.16)

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

All figures in USD 000's	Quarter ended 31 March 2014 (Unaudited)	Quarter ended 31 March Restated 2013 (Unaudited)	Year ended 31 December Restated 2013 (Audited)
Profit/(loss)	**(242)**	**1,328**	**(3,953)**
OTHER COMPREHENSIVE INCOME			
Net movement in currency translation reserve and other changes	108	125	109
Total other comprehensive income, net of tax	**108**	**125**	**109**
Total comprehensive income	**(134)**	**1,453**	**(3,844)**
Total comprehensive income attributable to			
Shareholders of the parent	(134)	1,453	(3,844)
Total	**(134)**	**1,453**	**(3,844)**

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

All figures in USD 000's	Quarter ended 31 March 2014 (Unaudited)	Quarter ended 31 March Restated 2013 (Unaudited)	Year ended 31 December Restated 2013 (Audited)
Opening balance	**57,666**	**53,146**	**53,146**
Profit/(loss) for the period	(242)	1,328	(3,953)
Increase/(decrease) in share capital	–	1,884	8,364
Share options granted	78	299	541
Net movements in currency translation reserve and other changes	30	(175)	(432)
Ending balance	**57,532**	**56,482**	**57,666**

CONSOLIDATED INTERIM STATEMENT OF CASH FLOW			
	Quarter ended 31 March		Year ended 31 December
All figures in USD 000's	2014	Restated 2013	Restated 2013
	(Unaudited)	(Unaudited)	(Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before income tax	(351)	2,361	(8,329)
Adjustments for			
Depreciation, amortization and impairment	7,780	6,044	27,080
Unrealized exchange (gain)/loss	30	(89)	(1,277)
Amortization of interest	2,569	2,525	10,333
Paid income tax	(373)	(265)	(3,321)
Earned on employee stock option plan	78	299	541
(Increase)/decrease in inventories	(188)	(1,770)	(446)
(Increase)/decrease in trade and other receivables	(5,845)	(12,352)	5,374
Increase/(decrease) in trade and other payables	11,220	11,480	(2,777)
Net cash from operating activities	**14,920**	**8,233**	**27,178**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(2,435)	(6,779)	(17,079)
Multi-client investment	(7,366)	(178)	(6,307)
Long-term investment	–	–	(83)
Net cash used in investing activities	**(9,801)**	**(6,957)**	**(23,469)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares	–	1,884	8,364
Receipts from borrowings	–	–	–
Repayment of borrowings	(1,015)	(912)	(7,851)
Interest paid	(240)	(344)	(6,596)
Net movement in currency fluctuations	30	(176)	(215)
Net cash from financing activities	**(1,225)**	**452**	**(6,298)**
Net (decrease)/increase in cash and cash equivalents	**3,894**	**1,728**	**(2,589)**
Cash and cash equivalents at beginning of the period	**12,155**	**14,744**	**14,744**
Cash and cash equivalents discontinued operations	**-**	**-**	**-**
Cash and cash equivalents at end of the period	**16,049**	**16,472**	**12,155**

NOTE 1: INTERIM STATEMENT OF INCOME FOR DISCONTINUED OPERATIONS			
	Quarter ended 31 March		Year ended 31 December
All figures in USD 000's	2014	2013	2013
	(Unaudited)	(Unaudited)	(Audited)
Revenues	161	575	823
Cost of sales	102	(714)	(1,163)
Selling, general and administrative expenses	14	(63)	(86)
Other income (expenses), net	170	92	212
Earnings before interest, tax, depreciation and amortization (EBITDA)	**447**	**(110)**	**(214)**
Depreciation and amortization	–	–	–
Impairment	–	–	–
Earnings before interest and taxes (EBIT)	**447**	**(110)**	**(214)**
Interest expense	–	–	–
Other financial items, net	–	–	–
Profit/(loss) before income tax	**447**	**(110)**	**(214)**
Income tax	(77)	(362)	3,259
Profit/(loss) discontinuing operations	**370**	**(472)**	**3,045**
Gain/(loss) on sale of OBN business	–	–	–
Net profit/(loss) from discontinued operations	370	(472)	3,045
Profit/(loss) attributable to			
Shareholders of the parent	370	(472)	3,045


SeaBird
NORTHERN EXPLORER
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Selected notes and disclosures

SeaBird Exploration Plc is a limited liability company. The company's address is World Trade Centre, Ariadne House, 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 2013. The consolidated financial statements for the year ended 31 December 2013 and quarterly reports are available at www.sbexp.com. The financial statements as of Q1 2014, as approved by the board of directors 5 May 2014, 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 2013 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 2013. 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

As of 1 January 2014, the company changed its accounting policy on the recognition and measurement of revenue and cost related to seismic surveys. Revenues and costs are recognized in line with project completion starting from first shot point in the seismic survey and ending at demobilization. Under IAS 8, this change has been retrospectively applied to the prior comparative accounting period. Management believes that this method is more in line with current seismic industry practice and more appropriately matches revenue and costs throughout the life of the project. As a result of the change in accounting policy, the company has made the following restatements for the comparative accounting period:

RESTATEMENT Q1 2013	Q1 2013	Adj.	Restated Q1 2013
RESTATEMENT OF CONSOLIDATED STATEMENT OF INCOME			
Revenue	48,571	1,433	50,004
Cost of sales	(33,058)	(1,079)	(34,137)
Selling, general and administrative expenses	(4,616)	(20)	(4,636)
RESTATEMENT OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Other current assets	10,066	678	10,744
Retained earnings	(141,577)	678	(140,899)
Total equity	**55,804**	**678**	**56,482**

RESTATEMENT FULL YEAR	FY 2013	Adj.	Restated FY 2013
RESTATEMENT OF CONSOLIDATED STATEMENT OF INCOME			
Revenue	177,805	(535)	177,270
Cost of sales	(128,036)	213	(127,823)
Selling, general and administrative expenses	(19,377)	12	(19,365)
RESTATEMENT OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Other current assets	16,372	570	16,942
Trade and other payables	24,719	535	25,254
Retained earnings	(138,495)	35	(138,460)
Total equity	**57,631**	**35**	**57,666**

Selected notes and disclosures

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	8 to 15 years
Office equipment	4 years

Depreciation for Q1 2014 was $5.2 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 company introduced a new amortization category in 2013 to conform to seismic industry accounting practices. "Category 1" libraries (the new category) are subject to minimum amortization of 20% in the first year, 20% in the second year, 20% in the third year, 20% in the fourth year and 20% in the fifth year. Each project is placed into one of ten sales amortization categories with amortization rates of 90%, 85%, 80%, 75%, 70%, 65%, 60%, 55%, 50% or 45%. "Category 2" multi-client libraries are amortized over the shorter of 3 years or the life of the survey.

Multi-client library	USD million
Beginning balance	7.1
Capitalized cost	7.4
Capitalized depreciation	0.4
Amortization	(2.6)
Net book value Q1 2014	**12.3**

Multi-client sales in Q1 2014 were $3.2 million ($0.1 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 Company Limited, which collectively held all of the company's rights and assets related to the OBN business (accounted for as discontinued operations).
See note 1 to the consolidated income statement for the income statement for discontinued operations.

Share capital and share options

The total number of shares at 31 March 2014 is 57,581,246.

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 March 2014, there are a total of 3,343,888 share options granted to 12 employees.

Taxes

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

Related party transactions

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

The company 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.

In Q4 2013, SeaBird extended the bareboat charter for the Munin Explorer from 1 November 2014 to 31 October 2019. In connection with the bareboat extension, the charter rate was reduced from USD 20,271 per day to USD 12,000 per day, commencing 1 February 2014. The charter rate will escalate with 2% per year throughout the charter period, in accordance with the original agreement.

The company also charters the 3D vessel Geo Pacific from Fugro, through a subsidiary of Ordinat Shipping AS initially on a three-year bareboat charter from January 2013 to December 2015 with four one-year options to extend the contract between the company and the subsidiary of Ordinat Shipping AS. Furthermore, SeaBird has purchase options on the vessel in year three and, to the extent the lease is extended, year four.

The amount of charter hire recognized in cost of sales to related parties during Q1 2014 was $3.2 million ($3.6 million).

Going concern

As at 31 March 2014, the company does not have sufficient working capital to cover present requirements for a period of at least twelve months.
At 31 March 2014, current assets were $67.7 million compared to current liabilities of $69.4 million. In September 2014, the convertible loan from

Perestroika with a nominal value of $14.9 million matures. In addition, SeaBird will acquire the Hawk Explorer for $6.5 million in August 2014 (the $6.5 million purchase price for Hawk Explorer is reported as debt on the balance sheet as of 31 March 2014). The company estimates that the cash flow from operations will not be sufficient to cover these two items. The financing of these two obligations must be from other sources and needs to be concluded before the two maturity dates.

The company is pursuing several alternatives which it believes will bridge the shortfall, including refinancing/ renegotiation of existing debt facilities, other sources of financing and/or an equity issue. If such initiatives are unsuccessful and/or the company fails to meet its projected cash flow, there will be a significant adverse effect on the company. The company will be unable to meet its liabilities as they fall due and to continue as a going concern. In such event SeaBird would be unable to realize the carrying value of its property, plant and equipment, whose values on a forced sale basis would be lower than their fair values, and goodwill and intangibles would be written off as their carrying values largely represent their values in use.

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