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To the bondholders in: ISIN NO 001 0633118
Seabird Exploration PLC Senior Secured Callable Bond Issue
2011/2015

Oslo, 11 February 2015

Summons to Bondholders' Meeting

1. INTRODUCTION

1.1 Background

Nordic Trustee ASA (the "**Bond Trustee**") acts as trustee for the holders (the "**Bondholders**") of the bonds ("**SBX03 Bonds**") in the above mentioned issue with ISIN NO 001 0633118 issued by SeaBird Exploration PLC (the "**Company**").

Unless otherwise defined herein, all capitalised terms used herein shall have the meanings assigned to them in the bond agreement dated 16 December 2011, as amended and restated from time to time (the "**Bond Agreement**").

The meeting has been convened to propose a restructuring solution to the Bondholders, as described in further detail below.

The Bondholders are encouraged to read this summons (the "**Summons**") in its entirety.

The information in this Summons regarding the Company and market conditions are provided by the Company and the Bond Trustee expressly disclaims any liability whatsoever related to such information.

1.2 Events of Default

The Company is a borrower under an unsecured convertible loan agreement with an outstanding amount of USD 14,900,000 with Perestroika AS (the "**Perestroika Loan**"). The Perestroika Loan matured on 30 September 2014 and the loan documentation provided for a 5 business day grace period for repayment (the "**Grace Period**"). The Grace Period expired on 7 October 2014 which in turn triggered an event of default under Clause 19.3 (*Cross default*) of the Bond Agreement (the "**Cross Default**"). Since then there have been numerous further Events of Default that are outstanding and continuing under the Bond Agreement, including, without limitation, the Company has breached or may breach its liquidity and book equity ratio financial covenants, as set out at Clause 15.3 (*Financial covenants*) of the Bond Agreement and has failed in October 2014, November 2014 and December 2014, and is likely to continue to fail, to make the monthly payment from the Guarantors' Earnings Accounts to the Bond Service Account pursuant to Clause 16.18 (*Bond Service Account payments*) of the Bond Agreement, which have given or may give rise to further events of default pursuant to Clauses 19.1 (*Non-payment*) and 19.2 (*Breach of other*

obligations) of the Bond Agreement (together with the Cross Default, the “**Events of Default**”).

1.3 Restructuring Discussions

In consultation with an informal ad hoc committee of Bondholders who together hold over 50% of the principal amount outstanding of SBX03 Bonds (the “**Committee**”), the Bond Trustee has, on behalf of the Bondholders, engaged, amongst others, Akin Gump LLP (“**Akin Gump**”) to act as legal counsel to the Bond Trustee and to represent the interests of the Bond Trustee and the Bondholders in connection with the financial position of the Company and its affiliates (the “**Group**”) including (without limitation) restructuring discussions and negotiations regarding the SBX03 Bonds.

The Bond Trustee and Akin Gump have been in discussions with the Group and its advisers for a number of months in connection with the outstanding Events of Default and a potential restructuring of the SBX03 Bonds.

As a result of these restructuring discussions, the Company has approached the Bond Trustee to summon a Bondholders’ meeting to propose a potential restructuring solution to the Bondholders (the “**Restructuring**”), the detailed terms of which are set out in the restructuring term sheet set out at Appendix 1 (the “**Restructuring Term Sheet**”). In addition, the Company has requested that the Bondholders temporarily waive the Events of Default in order to facilitate the implementation of the Restructuring.

The Company believes that the Restructuring is essential to enable the Company to meet its immediate funding requirements and maintain the Company as a going concern.

In addition to this Summons, the Company has provided a separate document enclosed as Appendix 2 to this Summons, which provides an update of the Company’s financial and operational status as well as its reasons for proposing the Restructuring.

1.4 Summary of Restructuring

Set out below is a summary of key terms of the Restructuring. The Bondholders should read the Restructuring Term Sheet and Appendix 2 to this Summons in full in order to properly understand the terms of the Restructuring and the Company’s reasons for proposing it.

The Restructuring will, in summary, involve:

- (a) a minimum of USD 8,500,000¹ being raised in new equity at a subscription price of NOK 0.1 per share (the “**New Money Equity**”). Included as part of this, the Bondholders will use all amounts currently standing to the credit of the Bond Service Account (USD 2,259,045²) to subscribe for the New Money Equity (which will be allocated amongst Bondholders on a pro rata basis). All participants in the New Money Equity raise (including the Bondholders) will

¹ Note: The actual subscribed New Money Equity amount is USD 11,640,625; thus, the relevant figures described in the Restructuring Term Sheet refer to such actual subscribed amount and not to the required minimum New Money Equity subscription amount of USD 8,500,000.

² Amount may vary insignificantly.

also receive one warrant for each share subscribed for, with a call price of NOK 0.1.

- (b) a new 3 year secured bond in the aggregate amount of USD 29,344,751 (“**SBX04**”) being issued by Seabird Exploration Finance Limited (the “**SBX04 Issuer**”), a wholly owned subsidiary of the Company;
- (c) TGS-NOPEC Geophysical Company ASA (“**TGS**”), or an affiliate of TGS, subscribing for USD 5,000,000 of SBX04 under a separate tranche (“**Tranche A**”);
- (d) USD 16,170,208 of the outstanding SBX03 Bonds being rolled into SBX04 under a separate tranche (“**Tranche B**”) and the remaining USD 64,680,834 of the SBX03 Bonds being converted into equity at a subscription price of NOK 0.30 per share;
- (e) USD 2,982,449 of the Perestroika Loan being rolled into Tranche B of SBX04 and the remaining USD 11,929,798 of the Perestroika Loan being converted into equity at NOK 0.30 per share;
- (f) outstanding charter hire owed to the owners of the Munin Explorer, Geo Pacific, Hawk Explorer and Voyager Explorer (the “**External Vessel Owners**”) being rolled into Tranche B of SBX04 or into a new unsecured credit facility, converted into equity and/or written down with the ongoing charter obligations being amended, as set out in more detail in the Restructuring Term Sheet;
- (g) USD 700,000 of restructuring advisory fees of financial advisers being rolled into Tranche B of SBX04 and USD 2,800,000 of restructuring advisory fees of financial advisers being converted into equity at NOK 0.3 per share;
- (h) accounts payable for bunkers of USD 3,392,525 being rolled into Tranche B of SBX04 and the remaining USD 2,354,256 of accounts payable for bunkers being converted into a new credit facility for bunker purchase (“**Bunker Credit Facility**”); and
- (i) USD 1,511,465 corresponding to interest claims against the Group accrued on or about the relevant due dates in September 2014 have been included and are reflected in the respective aggregate amounts set out above to be converted into debt and/or equity.

On the date on which the Restructuring is implemented in accordance with the Term Sheet (the “**Restructuring Implementation Date**”), all other interest (including interest on overdue amounts) accrued by (i) the Bondholders up to the Restructuring Implementation Date, (ii) Perestroika AS from 1 October 2014 to the Restructuring Implementation Date and (iii) External Vessel Owners, Cockett Marine Oil DMCC and Scandinavian Bunkering AS up to 31 December 2014, and all other interest (if any) which is not related to services rendered or supplies made from 1 January 2015 onwards, will be released.

1.4.1 New bond terms

- (a) **Issue of new debt** – TGS will subscribe for USD 5,000,000 of Tranche A of SBX04. The SBX04 Issuer will use the net proceeds of the share issue for the general corporate purposes of the Group.
- (b) **Roll forward of existing debts** – The Company proposes that (i) 20% of the SBX03 Bonds, (ii) 20% of Perestroika Loan, (iii) certain outstanding charter hire, (iv) USD 3,392,525 of accounts payable for bunkers and (v) 20% of restructuring advisory fees of financial advisers will be rolled into Tranche B of SBX04 which shall in aggregate amount to USD 24,344,751.
- (c) **Key terms of SBX04** – The new SBX04 bond will be a 3-year secured bond with a coupon of 12.00 per cent. on Tranche A and a coupon of 6.00 per cent. on Tranche B, payable quarterly from August 2015. Tranche A and Tranche B of SBX04 will be guaranteed and secured by, amongst others, a share pledge over the subsidiary guarantors, mortgages over the Vessels, assignments of existing charter contracts, intercompany loans, insurances and earnings and a floating charge over certain Group assets, including the multi-client library, on terms as described in the SBX04 bond term sheet attached as Schedule 1 to the Restructuring Term Sheet. The SBX04 will be repaid in quarterly USD 2,000,000 instalments from and including the first interest payment date two years after the date of settlement, with a bullet payment to be made on the final maturity date three years after the date of settlement.

An application will be made for the SBX04 bonds to be listed on the Oslo stock exchange.

- (d) **Allocation of SBX04 to Bondholders** – The new SBX04 bonds will be allocated, on a pro rata basis, to the holders of SBX03 Bonds and interest claims under the Bond Agreement as described in the Restructuring Term Sheet who are registered as owners of SBX03 Bonds or claims by VPS on a record date which will be fixed by the Bond Trustee and VPS prior to completion of the Restructuring.

1.4.2 Bunker credit facility terms

- (a) **Conversion of Debt to Debt** – The Company proposes USD 2,354,256 of accounts payable for bunkers shall be converted into the new Bunker Credit Facility. The Bunker Credit Facility shall be secured on terms as described in the SBX04 bond term sheet attached as Schedule 1 to the Restructuring Term Sheet.

1.4.3 Unsecured credit facility

- (a) **Conversion of Debt to Debt** – The Company proposes that USD 2,120,253 of outstanding charter hires shall be converted into a new unsecured credit facility.

1.4.4 Equity terms

- (a) **New Money Equity** – The Company will issue equity convertible into between 646,000,000 and 900,000,000 new shares at a subscription price of NOK 0.1

per share, raising gross proceeds of at least USD 8,500,000³; this includes the subscription by the SBX03 Bonds of all monies standing to the credit of the Bond Service Account. The Company will use the net proceeds of the share issue for its general corporate purposes.

- (b) **Warrants** – All participants in the New Money Equity raise will receive one warrant per share subscribed for as part of the New Money Equity raise with a call price of NOK 0.1, which warrants will be separately tradable from the shares and have a 3 year term. The warrants will be convertible into either (i) one Preference Share (as defined below), or (ii) 500 new ordinary shares of the Company, depending upon whether or not the reduction of capital (as contemplated in sub-section (e) below) has completed.
- (c) **Conversion of Debt to Equity** – The Company proposes that (i) 80% of the SBX03 Bonds, (ii) 80% of the Perestroika Loan, (iii) certain outstanding charter hire and (iv) 80% of restructuring advisory fees of financial advisers shall be converted into shares in the Company at a subscription price of NOK 0.3 per share.
- (d) **Issue of Preference Shares** - In order to implement the Restructuring in a tax efficient and timely manner, an extraordinary general meeting (“**EGM1**”) of the Company is intended to be held on 19 February 2015 in order to create and issue a new class of shares of the Company (“**Preference Shares**”) to the parties set out in (a) and (c) above for a limited period of time. The Preference Shares will bear certain special and increased rights resulting in 500 times the shareholder rights (including voting rights and dividend rights) granted to holders of any ordinary shares of the Company in issue, until such time as the Preference Shares are automatically converted into ordinary shares in accordance with sub-paragraph (e) below.
- (e) **Reduction of Capital and conversion into ordinary shares** - In order to facilitate the conversion of the Preference Shares into ordinary shares and/or the raising of more funds through the issue of further equity, a second separate extraordinary general meeting (“**EGM2**”) will be convened following the issuance of Preference Shares. At EGM2, the Company will propose a resolution to reduce its authorised and issued share capital through a reduction of the nominal value of its shares from USD 0.10 to USD 0.0001 and shall also propose a resolution whereby the authorised share capital of the Company shall be simultaneously increased to a higher amount to be divided into shares of a nominal value of USD 0.0001 each, such higher amount to be specified in the notice for EGM2. The Preference Shares shall be convertible automatically into ordinary shares in the Company at a rate of 1 Preference Share to 500 ordinary shares of nominal value USD 0.0001 each once the capital reduction is completed (including following receipt of the necessary shareholder approvals at EGM2 and the approval of the reduction of capital by the court) which will take place as soon as practicable but, for the avoidance of doubt, after the Restructuring has been implemented. It is intended that the new ordinary shares

³ Note: Pursuant to the actual subscribed New Money Equity amount of USD 11,640,625, the Company will issue equity convertible into 884,687,500 new shares at a subscription price of NOK 0.1 per share, raising gross proceeds of USD 11,640,625.

to be issued upon conversion of the Preference Shares and the warrants will be listed on the Oslo Stock Exchange.

- (f) **Allocation of new shares to Bondholders** – The new shares and warrants issued to the SBX03 Bonds, as described above, will be allocated on a pro rata basis to the holders of SBX03 Bonds and interest claims under the Bond Agreement as described in the Restructuring Term Sheet who are registered as owners of SBX03 Bonds or claims by VPS on a record date which will be fixed by the Bond Trustee and VPS prior to completion of the Restructuring.

Immediately after the conversion of the SBX03 Bonds and the New Money Equity raise, the Bondholders will in aggregate hold approximately 50.17% of all the shares outstanding in the Company.

1.4.5 New capital structure post-Restructuring⁴

	Par Value	Post conversion		Ownership ⁵	
		Debt	Equity value (NOK 0.10)	Shares / Warrants	%
TGS	/	5,000,000 (Tranche A SBX04)	/	/	/
New Money Equity⁶	11,640,625	/	11,640,625	1,769,375,000 (884,687,500 / 884,687,500 (W))	44.8 %
SBX03 Bonds	80,851,042 ⁷	16,170,208 (Tranche B SBX04)	21,560,278	1,638,581,000	41.5 %
Perestroika	14,912,247	2,982,449 (Tranche B SBX04)	3,976,599	302,221,500	7.7 %
Charter hire conversion	11,292,422	3,219,822 (1,099,569 Tranche B SBX04; 2,120,253 unsecured credit facility)	1,466,092	111,423,000	2.8 %
Bunkers	5,746,781	5,746,781 (3,392,525 Tranche B SBX04; 2,354,256 Bunker	/	/	/

⁴ Given the subscribed New Money Equity amount of USD 11,640,625, the below figures vary from the relevant figures described in the restructuring presentation of the Company dated 30 January 2015, which were calculated based on the minimum New Money Equity subscription amount of USD 8,500,000.

⁵ All figures provided with respect to the new capital structure of the Group post-Restructuring assume full-dilution and exercise in full of all warrants issued in connection with the New Money Equity.

⁶ The New Money Equity amount of USD 11,640,625 includes the subscription by the SBX03 Bonds with all monies standing to the credit of the Bond Service Account in an amount of USD 2,259,045.

⁷ The actual principal amount outstanding of SBX03 Bonds is USD 81,851,042 and interest accrued thereon due on 19 December 2014 is USD 2,455,531, resulting in an aggregate of USD 84,306,572. However, the amount outstanding for purposes of SBX03 Bonds conversion calculation is reduced to USD 80,851,042 by the following: (i) USD 2,259,045 standing to the credit of the Bond Service Account (comprising of USD 1,000,000 allocated to outstanding amortization payments and USD 1,259,045 allocated to outstanding interest payments) used for subscription of New Money Equity by SBX03 Bondholders and (ii) USD 1,196,485 to reflect the commercial agreement whereby interest accrued on indebtedness of the Group shall only be recognised in the amount accrued until the respective relevant date in September 2014 (i.e. not until 19 December 2014). Thus, the aggregate amount of New Ordinary Shares allocated to SBX03 Bonds (resulting from USD 2,259,045 New Money Equity subscription and USD 64,680,834 debt-to-equity conversion of amounts under the SBX03 Bonds) is 1,981,956,000 corresponding to 50.17 % of the post-restructuring share capital of the Company (on a fully diluted basis and assuming exercise in full of all warrants issued in connection with the New Money Equity).

		Credit Facility)			
Restructuring fee	3,500,000	700,000 (Tranche B SBX04)	933,333	70,933,500	1.8 %
Current equity	757,648	/	757,648	57,581,246	1.5 %
		33,819,260 (29,344,751 SBX04; 2,354,256 Bunker Credit Facility; 2,120,253 unsecured credit facility)	40,334,950	3,950,115,246 (3,065,427,746 / 884,687,500 (W))	100.1 %

Following completion of the Restructuring on the terms set out in this Summons, all amounts under the SBX03 Bonds (including the interest amount accrued thereon due on 19 December 2014) will be deemed to be fully discharged and the SBX03 Bonds (including the interest amount accrued thereon due on 19 December 2014) will be cancelled from VPS as soon as practicable thereafter.

1.5 Purpose of this Summons

The purpose of this Summons is to convene a Bondholders' Meeting pursuant to which the following is proposed to Bondholders (the "**Proposal**");

"The Bondholders

- (a) temporarily waive the Events of Default under the Bond Agreement until the earlier of the Restructuring Implementation Date or 15 March 2015, in order that the Company does not breach the terms of the Bond Agreement in order to allow for the implementation of the Restructuring (the "**Waiver**");
- (b) approve the terms of the Restructuring as set out in the Restructuring Term Sheet;
- (c) authorise and instruct the Bond Trustee (in consultation with its advisers and, if necessary, the Committee) to agree the definitive documentation that is necessary to document the terms of the Restructuring (the "**Definitive Documentation**");
- (d) approve and instruct the Bond Trustee to enter into the Definitive Documentation;
- (e) authorise and instruct the Bond Trustee to enter into such other agreements, documents and amendments and do all things necessary on behalf of the Bondholders as may be necessary or desirable to give effect to and implement the Restructuring;
- (f) agree that the Bond Trustee may, at its discretion and in consultation with its advisers and, if necessary, the Committee, consent to amendments to the terms of the Restructuring on behalf of the Bondholders where such amendments are of a minor or technical nature, are approved by the Committee or are otherwise not materially prejudicial to the interests of Bondholders; and

- (g) agree that the Bond Trustee may, in consultation with its advisers and, if it considers necessary, the Committee, exercise (or refuse to exercise) any discretion, consent or approval required or contemplated in the exercise (or non-exercise) of any such discretion which is connected with the matters referred to in the Restructuring Term Sheet.”

1.6 Proposal Conditions

The Proposal remains subject to satisfaction of the conditions set out in Section 10 (*Conditions Precedent to Restructuring Implementation Date*) of the Restructuring Term Sheet (the “**Proposal Conditions**”).

1.7 The Bond Trustee’s Discretion

The Bond Trustee may, at its discretion:

- (a) waive any of the Proposal Conditions or waive or extend the time period applicable to any such Proposal Conditions; or
- (b) terminate the Proposal, and take no further steps under or in connection with it, at any time with immediate effect following the Bond Trustee’s determination, in its sole discretion, that any of the Proposal Conditions has not been satisfied.

2. Proposal

- 2.1 The Company proposes that the Bondholders approve (i) the Proposal, subject to the Proposal Conditions and (ii) the Bond Trustee’s ability to exercise its discretion under sub-section 1.7 above.
- 2.2 The Proposal is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee. It is recommended that the Bondholders seek counsel from their legal and financial advisers regarding the effect of the Proposal.

3. Summons for Bondholders’ meeting

Bondholders are hereby summoned to a Bondholders’ Meeting:

Time: 18 February 2015 at 13:00 hours (Oslo time)

Place: The premises of Nordic Trustee ASA, Haakon VII gt 1 (5th floor), 01061 Oslo

Agenda:

Pursuant to the Bond Agreement, the meetings will be opened and presided over by a representative from Nordic Trustee ASA.

- 1. Approval of the Summons
- 2. Approval of the agenda
- 3. Election of two persons to co-sign the minutes together with the chairman

4. Voting over the Proposal

It is proposed the Bondholders' meeting resolve the following:

"The Bondholders approve (i) the Proposal, subject to the Proposal Conditions and (ii) the Bond Trustee's ability to exercise its discretion, each as described in the summons for the Bondholders' Meeting.

The Bondholders further authorise the Bond Trustee to enter into such agreements and documents, consent to such waivers and amendments, take any actions and do all such things on behalf of the Bondholders as may be necessary or desirable to support or give effect to the Proposal and the Proposal Conditions, and/or the exercise of the Bond Trustee's discretion, including, without limitation, amending and/or waiving the terms of the Bond Agreement and agree that neither the Bond Trustee, nor its advisers, nor any members of the Committee shall have any liability whatsoever to any Bondholder or any other person in connection with the Restructuring"

To approve the above resolutions, Bondholders representing at least $66\frac{2}{3}\%$ of the SBX03 Bonds represented in person or by proxy at the meeting must vote in favour of each resolution. In order to have a quorum, at least half ($1/2$) of the Voting SBX03 Bonds must be represented at the meeting.

Please find attached a bondholder's form from the Securities Depository (VPS), indicating your bondholding at the printed date (the "**Bondholder's Form**"). The Bondholder's Form will serve as your proof of ownership of the SBX03 Bonds and of the voting rights at the Bondholders' meeting (if the SBX03 Bonds are held in custody – i.e., the owner is not registered directly in the VPS – the custodian must confirm: (i) the owner of the SBX03 Bonds, (ii) the aggregated nominal amount of the SBX03 Bonds and (iii) the account number in VPS on which the SBX03 Bonds are registered).

The individual Bondholder may authorise the Bond Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising the Bond Trustee to vote, must then be returned (by e-mail, telefax or post) to the Bond Trustee in advance of the Bondholders' meeting.

In the event any of the SBX03 Bonds are transferred to a new owner after the Bondholder's Form has been submitted to the Bond Trustee but before the Bondholders' meeting has taken place, the new Bondholder (i.e. the transferee of the SBX03 Bonds) must bring to the Bondholders' meeting or enclose with the proxy, as the case may be, evidence which the Bond Trustee accepts as sufficient proof of their ownership of the SBX03 Bonds.

For practical purposes, we request that those who intend to attend the Bondholders' meeting, either in person or by proxy other than the Bond Trustee, notify the Bond Trustee of such intention by telephone or by e-mail by no later than 16:00 hours (4pm) (Oslo time) the Business Day before the Bondholders' meeting takes place.

Yours sincerely



Nordic Trustee ASA

Appendix 1
Restructuring Term Sheet

SeaBird Exploration PLC (the “Company”) Restructuring Term Sheet

This non-binding indicative term sheet (the “**Term Sheet**”) dated 11 February 2015 sets out the key terms for a proposed financial restructuring (as described more particularly herein, the “**Restructuring**”) of the capital structure and certain liabilities of the Company, subject to contract and definitive documentation, between (i) the Company and each of its subsidiaries, (ii) the New Money Equity Subscribers, (iii) the SBX03 Bondholders, (iv) Perestroika, (v) the External Vessel Owners, (vi) the Bunker Suppliers, and (vii) the Financial Advisers (each term as defined below) (together the “**Term Sheet Parties**”).

The terms and conditions set out in this Term Sheet are part of a comprehensive arrangement, each element of which is an integral part of the proposed Restructuring. This Term Sheet is not an offer to issue or sell, or a solicitation of an offer to acquire or purchase securities in Norway, Cyprus, or any other jurisdiction. Such offer or solicitation will only be made in compliance with all applicable securities laws.

This Term Sheet is not exhaustive, is solely indicative of the key terms of the proposal set out herein between the Term Sheet Parties and additional terms and conditions may be included in the definitive legal documentation prepared in connection with the Restructuring consistent with the matters contemplated by this Term Sheet.

SUMMARY TERMS AND CONDITIONS

1. Definitions

Defined terms used herein but not otherwise defined shall have the meaning given to them in the SBX03 Bond Agreement. References to Sections and Schedules are to sections and schedules of this Term Sheet.

“**Bunker Suppliers**” means Cockett Marine Oil DMCC and Scandinavian Bunkering AS.

“**Charter Hire Amendments**” means the proposed amendments to the charter hire contracts between the Group and the External Vessel Owners as described in Schedule 2 to this Term Sheet.

“**Cockett Claim**” means the claim by Cockett Marine Oil DMCC against the Group for bunker purchases in the amount of USD 3,392,525.

“**Debt-to-Equity Swap**” means the partial equitisation of outstanding debt of the Group owed under the SBX03 Bonds, the Perestroika Loan, the External Vessel Owner Claims and the Financial Advisers Claims.

“**Existing Shareholders**” mean the shareholders in the Company from time to time up to and prior to the Restructuring Implementation Date.

“**External Vessel Owner Claims**” means amounts owed by any member of the Group to the External Vessel Owners in an aggregate amount of USD 11,292,422 as described in Schedule 2.

“**External Vessel Owners**” means Koleth (Singapore) Pte Ltd., the owner of M/V Voyager Explorer, Seafood Team AS, the owner of M/V Geo Pacific, Hawk Explorer AS, the owner of M/V Hawk Explorer, and Ordinat Shipping AS, the owner of M/V Munin Explorer (each being an “**External Vessel Owner**”).

“**Financial Advisers**” means ABG Sundal Collier Norge ASA, AlixPartners UK LLP, Fearnley Securities AS and RS Platou Markets AS.

“**Financial Advisers Claims**” means fees owed by any member of the Group to the Financial Advisers in connection with the Restructuring in an aggregate amount of USD 3,500,000.

“**Group**” means the Company together with its direct and indirect subsidiaries.

“**New Money Equity**” means the Preference Shares and Warrants to be issued by the

	<p>Company in consideration for an aggregate subscription amount of USD 11,640,625 provided pursuant to the terms and conditions of the respective subscription agreements.</p> <p>“New Money Equity Subscribers” mean the subscribers of the New Money Equity.</p> <p>“New Ordinary Shares” means new ordinary shares of the Company of nominal value of USD 0.0001 each, to be issued after the Restructuring Implementation Date.</p> <p>“Perestroika Loan Agreement” means the unsecured convertible loan agreement between the Company as borrower and Perestroika AS (“Perestroika”) as lender, with a principal amount outstanding of USD 14,900,000 (the “Perestroika Loan”).</p> <p>“Preference Shares” means the new class of shares of the Company, each with a nominal value of USD 0.1 and convertible into New Ordinary Shares at a rate of 1 Preference Share to 500 New Ordinary Shares.</p> <p>“PwC Steps Paper” means a paper from PwC advising on the steps required to implement the Restructuring and the tax and accounting consequences of the transaction.</p> <p>“Restructuring Implementation Date” means the date on which the conditions set out in Section 10 have been satisfied.</p> <p>“SBX03 Bondholders” means the holders of the SBX03 Bonds from time to time.</p> <p>“SBX03 Bonds” means the bonds issued by the Company with (i) a principal amount outstanding of USD 81,851,042 and (ii) an interest amount accrued until and due on 19 December 2014 of USD 2,455,531 pursuant to the Senior Secured Callable Bond Issue 2011/2015 bond agreement dated 16 December 2011 (the “SBX03 Bond Agreement”).</p> <p>“SBX03 Bond Trustee” means Nordic Trustee ASA in its capacity as the bond trustee for the SBX03 Bondholders under the SBX03 Bond Agreement.</p> <p>“SBX04 Bondholders” mean the holders of the SBX04 Bonds from time to time.</p> <p>“SBX04 Bonds” means the aggregate USD 29,344,751 new secured bonds to be issued by the SBX04 Issuer in a tranche A of USD 5,000,000 and a tranche B of USD 24,344,751 pursuant to the terms and conditions of a new secured bond agreement as described in Schedule 1 to this Term Sheet (the “SBX04 Bond Agreement”).</p> <p>“SBX04 Bond Trustee” means Nordic Trustee ASA in its capacity as the bond trustee for the SBX04 Bondholders under the SBX04 Bond Agreement.</p> <p>“SBX04 Issuer” means Seabird Exploration Finance Limited.</p> <p>“Scan Bunkering Claim” means the claim by Scandinavian Bunkering AS against the Group for bunker purchases in the amount of USD 2,354,256.</p> <p>“Scan Bunkering Credit Facility” means the secured credit facility to be provided by Scandinavian Bunkering AS to the Group for bunker purchases in the amount of USD 2,354,256.</p> <p>“TGS” means TGS-NOPEC Geophysical Company ASA or any of its affiliates.</p> <p>“Unsecured Existing Vessel Owner Facility” means the unsecured credit facility to be provided by Koleth (Singapore) Pte Ltd. in the amount of USD 2,120,253.</p> <p>“Warrants” means the warrants entitling the holders thereof to subscribe for either Preference Shares or New Ordinary Shares (depending upon whether or not the Reduction of Capital (as defined in Section 11 below) has completed) at a subscription price of NOK 0.1, subject to adjustments in accordance with the terms thereof.</p>
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Restructuring Overview

The Restructuring will involve:

- the raising of USD 11,640,625 through the subscription for New Money Equity (which includes subscription by SBX03 Bondholders of all monies standing to the credit of the Bond Service Account in an amount of USD 2,259,045¹) reflecting a subscription price of New Ordinary Shares at NOK 0.1 a share and a USD/NOK exchange rate of 7.60;
- the equitisation of outstanding indebtedness of the Group owed under the SBX03 Bonds, the Perestroika Loan, the External Vessel Owner Claims and the Financial Advisers Claims in an aggregate amount of USD 83,808,907 reflecting a subscription price of New Ordinary Shares at NOK 0.3 a share and a USD/NOK exchange rate of 7.60; and
- (i) the raising of USD 5,000,000 in new SBX04 Bonds, (ii) the roll forward of outstanding indebtedness of the Group owed under the SBX03 Bonds, the Perestroika Loan, the External Vessel Owner Claims, the Cockett Claim and the Financial Advisers Claims in an aggregate amount of USD 24,344,751 into SBX04 Bonds, (iii) the roll forward of USD 2,120,253 of External Vessel Owner Claims into the Unsecured Existing Vessel Owner Facility and (iv) the roll forward of USD 2,354,256 outstanding indebtedness of the Group under the Scan Bunkering Claim into the Scan Bunkering Credit Facility.

The new capital structure of the Company post-Restructuring will be as follows on a fully-diluted basis and assuming exercise in full of all Warrants:²

	Par Value	Post conversion		Ownership ³	
		Debt	Equity value (NOK 0.10)	Shares / Warrants	%
TGS	/	5,000,000 (Tranche A SBX04)	/	/	/
New Money Equity ⁴	11,640,625	/	11,640,625	1,769,375,000 (884,687,500 / 884,687,500 (W))	44.8%
SBX03 Bonds	80,851,042 ⁵	16,170,208 (Tranche B SBX04)	21,560,278	1,638,581,000	41.5%
Perestroika	14,912,247	2,982,449 (Tranche B SBX04)	3,976,599	302,221,500	7.7%
External Vessel Owner Claims	11,292,422	3,219,822 (1,099,569 Tranche B SBX04; 2,120,253 Unsecured Existing Vessel Owner Facility)	1,466,092	111,423,000	2.8%
Bunker Supplier Claims	5,746,781	5,746,781 (3,392,525 Tranche B SBX04; 2,354,256 Scan Bunkering Credit Facility)	/	/	/
Financial Advisers Claims	3,500,000	700,000 (Tranche B SBX04)	933,333	70,933,500	1.8%
Existing Shareholders	757,648	/	757,648	57,581,246	1.5%
		33,819,260 (29,344,751 SBX04; 2,354,256 Scan Bunkering CF; 2,120,253 Unsecured EVOF)	40,334,950	3,950,115,246 (3,065,427,746 / 884,687,500 (W))	100.1%

1 Note: Amount may vary insignificantly.

2 Note: Given the subscribed New Money Equity amount of USD 11,640,625, the below figures vary from the relevant figures described in the restructuring presentation of the Company dated 30 January 2015, which were calculated based on the minimum New Money Equity subscription amount of USD 8,500,000.

3 Note: All figures provided assume full-dilution and exercise in full of all Warrants by the New Money Equity Subscribers.

4 Note: Includes subscription by SBX03 Bondholders of all monies standing to the credit of the Bond Service Account in an amount of USD 2,259,045.

5 Note: The actual principal amount outstanding of SBX03 Bonds is USD 81,851,042 and interest accrued thereon due on 19 December 2014 is USD 2,455,531, resulting in an aggregate of USD 84,306,572. However, the amount outstanding for purposes of SBX03 Bonds conversion calculation is reduced to USD 80,851,042 by the following: (i) USD 2,259,045 standing to the credit of the Bond Service Account (comprising of USD 1,000,000 allocated to outstanding amortization payments and USD 1,259,045 allocated to outstanding interest payments) used for subscription of New Money Equity by SBX03 Bondholders and (ii) USD 1,196,485 to reflect the commercial agreement whereby interest accrued on indebtedness of the Group shall only be recognised in the amount accrued until the respective relevant date in September 2014 (i.e. not until 19 December 2014). Thus, the aggregate amount of New Ordinary Shares allocated to SBX03 Bonds (resulting from USD 2,259,045 New Money Equity subscription and USD 64,680,834 debt-to-equity conversion of amounts under the SBX03 Bonds) is 1,981,956,000 corresponding to 50.17 % of the post-restructuring share capital of the Company (on a fully-diluted basis and assuming exercise in full of all Warrants).

Restructuring Implementation Steps		
3.	New Money Equity	<p>On the Restructuring Implementation Date, the Company will issue to the New Money Equity Subscribers for cash consideration (i) Preference Shares at an offer price reflecting a subscription price of New Ordinary Shares at NOK 0.1 a share and (ii) Warrants (issued on the basis of one Warrant for each Preference Share subscribed for by a New Money Equity Subscriber), which will be convertible into either one Preference Share or 500 New Ordinary Shares (depending upon whether or not the Reduction of Capital has completed).</p> <p>All amounts standing to the credit of the Bond Service Account (being USD 2,259,045) will be released and used for subscription of New Money Equity (applying a USD/NOK exchange rate of 7.60) by and for the benefit of the SBX03 Bondholders on a pro rata basis as New Money Equity Subscribers.</p> <p>The New Money Equity will represent 44.8 % of the pro-forma post-Restructuring share capital of the Company (calculated on a fully-diluted basis and assuming exercise in full of all Warrants).</p>
4.	Debt-to-Equity Swap	<p>On the Restructuring Implementation Date, the following indebtedness owed by creditors of the Group will be converted into Preference Shares at an offer price reflecting a subscription price of New Ordinary Shares at NOK 0.3 a share and a USD/NOK exchange rate of 7.60 pursuant to the terms and conditions of the respective subscription agreements:</p> <ul style="list-style-type: none"> • USD 64,680,834 of amounts outstanding under the SBX03 Bonds will be exchanged for 3,277,162 Preference Shares representing 41.5 % of the pro-forma post-Restructuring share capital of the Company (calculated on a fully-diluted basis and assuming exercise in full of all Warrants by the New Money Equity Subscribers); • USD 11,929,798 of the amount of the Perestroika Loan outstanding will be exchanged for 604,443 Preference Shares representing 7.7 % of the pro-forma post-Restructuring share capital of the Company (calculated on a fully-diluted basis and assuming exercise in full of all Warrants by the New Money Equity Subscribers); • USD 4,398,277 of the External Vessel Owner Claims will be exchanged for 222,846 Preference Shares representing 2.8 % of the pro-forma post-Restructuring share capital of the Company (calculated on a fully-diluted basis and assuming exercise in full of all Warrants by the New Money Equity Subscribers); • USD 2,800,000 of the Financial Advisers Claims will be exchanged for 141,867 Preference Shares representing 1.8 % of the pro-forma post-Restructuring share capital of the Company (calculated on a fully-diluted basis and assuming exercise in full of all Warrants by the New Money Equity Subscribers); <p>Immediately following the Restructuring Implementation Date, the Existing Shareholders shall hold 57,581,246 shares in the Company representing 1.5 % of the pro-forma post-Restructuring share capital of the Company (calculated on a fully-diluted basis and assuming exercise in full of all Warrants by the New Money Equity Subscribers).</p>
5.	SBX04 Bonds	<p>On the Restructuring Implementation Date:</p> <ul style="list-style-type: none"> • Tranche A: TGS will subscribe for SBX04 Bonds in the principal nominal amount of USD 5,000,000 in cash, which will be used for general corporate purposes of the Group; and • Tranche B: SBX03 Bondholders, Perestroika AS, the External Vessel Owners, Cockett Marine Oil DMCC and the Financial Advisers will subscribe for SBX04 Bonds in an aggregate principal nominal amount of USD 24,344,751

	<p>by way of set off or amendment of the following amounts of their existing debts:</p> <ul style="list-style-type: none"> ○ USD 16,170,208 of amounts outstanding under the SBX03 Bonds; ○ USD 2,982,449 of principal amount of the Perestroika Loan; ○ USD 1,099,569 of External Vessel Owner Claims; ○ USD 3,392,525 Cockett Claim; and ○ USD 700,000 of Financial Advisers Claims. <p>A summary of the terms and conditions of the SBX04 Bonds, including the security and priority arrangements applicable to Tranche A and Tranche B and the Scan Bunkering Credit Facility, is set out in Schedule 1 to this Term Sheet.</p>
6. Unsecured Existing Vessel Owner Facility	On the Restructuring Implementation Date, Koleth (Singapore) Pte Ltd. will convert its USD 2,120,253 Existing Vessel Owner Claim into the Unsecured Existing Vessel Owner Facility.
7. Scan Bunkering Credit Facility	On the Restructuring Implementation Date, Scandinavian Bunkering AS will convert its USD 2,354,256 Scan Bunkering Claim into the Scan Bunkering Credit Facility.
8. Release of Interest	<p>The following amounts corresponding to interest claims against the Group accrued on or about the relevant due dates in September 2014 have been included and are reflected in the respective aggregate amounts set out above to be converted into debt and/or equity by such party in the Restructuring:</p> <ul style="list-style-type: none"> • USD 1,259,045 owed to SBX03 Bondholders; • USD 12,247 owed to Perestroika AS; • USD 118,434 owed to Seafood Team AS; • USD 5,990 owed to Ordinat Shipping AS; • USD 61,576 owed to Koleth (Singapore) Pte Ltd.; • USD 8,564 owed to Cockett Marine Oil DMCC; and • USD 45,609 owed to Scandinavian Bunkering AS. <p>On the Restructuring Implementation Date, the following other interest claims (including interest on overdue amounts) against the Group will be released:</p> <ul style="list-style-type: none"> • by SBX03 Bondholders: <ul style="list-style-type: none"> ○ all other interest accrued up to the Restructuring Implementation Date; • by Perestroika AS: <ul style="list-style-type: none"> ○ all interest accrued from 1 October 2014 up to the Restructuring Implementation Date; and • by the External Vessel Owners, Cockett Marine Oil DMCC and Scandinavian Bunkering AS: <ul style="list-style-type: none"> ○ all interest accrued up to 31 December 2014, and ○ all other interest (if any) which is not related to services rendered or supplies made from 1 January 2015 onwards.
9. Charter Hire Amendments	On or before the Restructuring Implementation Date, each of the External Vessel Owners will enter into the relevant Charter Hire Amendments in order to (i) implement a reduction of the future charter hires payable by the respective members of the Group and (ii) to convert into debt or equity and/or to write-off External Vessel Owner Claims. A summary of the Charter Hire Amendments is set out in Schedule 2 to this Term Sheet.

<p>10. Conditions Precedent to the Restructuring</p>	<p>The Restructuring will be subject to the following conditions precedent in form and substance satisfactory to the SBX03 Bond Trustee:</p> <ul style="list-style-type: none"> • Receipt of a copy of each of the following documents executed by the parties to those documents: <ul style="list-style-type: none"> ○ Subscription agreements for the minimum amount of USD 8,500,000 New Money Equity from the New Money Equity Subscribers; ○ Subscription agreements for the amounts to be converted in the Debt-to-Equity-Swap from Perestroika, the External Vessel Owners and the Financial Advisers; ○ Subscription agreement from TGS for the amount of USD 5,000,000 of Tranche A SBX04 Bonds; ○ Subscription agreements for the amount of USD 8,174,543 of Tranche B SBX04 Bonds from Perestroika, the External Vessel Owners, Cockett Marine Oil DMCC and the Financial Advisers; ○ Credit agreement providing for the Unsecured Existing Vessel Owner Facility; ○ Credit agreement providing for the Scan Bunkering Credit Facility; ○ Agreements releasing claims for interest from Perestroika, the External Vessel Owners and the Bunker Suppliers; ○ Mandate agreements with each of the Financial Advisers for services rendered in connection with the Restructuring; ○ Voting undertakings from Perestroika, the External Vessel Owners and the Financial Advisers in respect of EGM2 (as defined below); and ○ PwC Steps Paper. • Satisfaction of all pre-settlement and pre-disbursement conditions precedent under the SBX04 Bond Agreement, including the provision and/or amendment of all security contemplated to be provided pre-settlement and pre-disbursement in favour of the SBX04 Bond Trustee in connection with the issue of the SBX04 Bonds; • Approval of the Restructuring being provided at a meeting of the SBX03 Bondholders by SBX03 Bondholders representing at least 66 2/3 % of the principal amount outstanding of the SBX03 Bonds present and voting; • Requisite approvals of shareholders for the creation of the class of shares which constitute the Preference Shares and any other corporate measures required for the implementation of the Restructuring as described herein having been obtained at a duly convened shareholders' meeting of the Company; • Notice for EGM2 having been duly convened and such notice being on terms satisfactory to the SBX03 Bond Trustee; • Each of the steps set out in the PwC Steps Paper having been completed in the order contemplated by the PwC Steps Paper; • Payment of all invoices issued to the Company by the SBX03 Bond Trustee, the SBX04 Bond Trustee, their legal advisers or their other advisers, for fees and expenses (including the provision of appropriate fee reserves) incurred by the SBX03 Bond Trustee, the SBX04 Bond Trustee, their legal advisers or their other advisers; • No member of the Group having entered into any bankruptcy, liquidation,
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	<p>administration, receivership or any other insolvency procedure (or any analogous proceeding in any other jurisdiction), whether voluntary or involuntary;</p> <ul style="list-style-type: none"> • No enforcement or acceleration or debt recovery action having been taken by or on behalf of any of the other creditors and/or suppliers of the Company or any member of the Group under or in connection with any other indebtedness or due amounts of the Company or any member of the Group in an aggregate amount in excess of USD 1 million; • It having not become impractical or impossible to implement the Restructuring in a manner that will leave the Group commercially and financially viable on a medium term basis; and • By 15 March 2015, the Restructuring Implementation Date having occurred.
Post Restructuring Steps	
11. Share capital reduction and simultaneous increase by EGM 2 after Restructuring Implementation Date	<p>After the Restructuring Implementation Date, in order to facilitate the conversion of the Preference Shares into New Ordinary Shares and/or the raising of more funds through the issue of further equity, a second separate extraordinary general meeting (“EGM2”) of the Company will be convened at which the Company will reduce its authorised and issued share capital through a reduction of the nominal value of its shares from USD 0.10 to USD 0.0001 and the authorized share capital of the Company will be simultaneously increased to a higher amount to be divided into shares of a nominal value of USD 0.0001 each, such higher amount to be specified in the notice for EGM2 (the “Reduction of Capital”).</p> <p>Following receipt of all relevant approvals required in connection with the Reduction of Capital (including its approval by the court) the Preference Shares will automatically convert into New Ordinary Shares in accordance with their terms.</p>
12. Settlement of SBX03 Bonds	<p>After the Restructuring Implementation Date, the following will be allocated to SBX03 Bondholders in settlement of the SBX03 Bonds pro rata as between (i) the principal amount of USD 81,851,042 of SBX03 Bonds and (ii) the interest amount of USD 2,455,531 accrued thereon due on 19 December 2014:</p> <ul style="list-style-type: none"> • 343,375 Preference Shares and 343,375 Warrants resulting from New Money Equity subscription allocated to SBX03 Bondholders; • 3,277,162 Preference Shares resulting from Debt-to-Equity Swap allocated to SBX03 Bondholders; and • SBX04 Bonds in a nominal principal amount of USD 16,170,208 allocated to SBX03 Bondholders.
13. Cancellation of SBX03 from VPS	<p>Following completion of the Restructuring, all amounts under the SBX03 Bonds (including the interest amount accrued thereon due on 19 December 2014) will be deemed to be fully discharged and the SBX03 Bonds (including the interest amount accrued thereon due on 19 December 2014) will be cancelled from VPS as soon as practicable thereafter.</p>
General	
14. Reservation of Rights	<p>The rights of each of the Term Sheet Parties and the SBX03 Bond Trustee are fully reserved in the event that the Restructuring is not fully implemented as contemplated by this Term Sheet, and until such time each of their rights is fully reserved, and this Term Sheet shall not limit or prejudice any of their rights.</p>

15. Governing Law of Term Sheet	<p>This Term Sheet and any non-contractual obligations arising out of or in connection with this Term Sheet shall be governed by Norwegian law and each of the Term Sheet Parties hereby submits to the non-exclusive jurisdiction of Oslo City court arising out of or in connection with this Term Sheet.</p>
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Schedule 1

Term Sheet SBX04 Bonds

Draft Indicative Term Sheet



Tranche A with ISIN: NO [●]

Tranche B with ISIN: NO [●]

**SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2018
(the “Bonds” or the “Bond Issue”)**

Settlement date: expected to be [●] February 2015

- Issuer:** SeaBird Exploration Finance Limited, a company incorporated in Cyprus with company registration no. 478908 and a directly wholly owned single purpose subsidiary of the Parent.
- Parent:** SeaBird Exploration Plc., a company incorporated in Cyprus with company registration no. C259593.
- Group Company:** The Parent and its Subsidiaries, each a “**Group Company**”.
- The Operating Subsidiaries:** The Vessel Owning Companies, the Vessel Chartering Companies, Multi-Client Company, SeaBird Asia, SeaBird Cyprus and SeaBird Norway.
- Original Guarantors:** The Parent, the Operating Subsidiaries and any future Material Subsidiary (together with the Issuer, the “**Obligors**” and each an “**Obligor**”).
- Vessel Owning Companies:** Means (each a “**Vessel Owning Company**”):
- (i) Aquila Explorer Inc., a company incorporated in Panama by Public Deed no. 19,858 of 17th August 2006 and a directly wholly owned subsidiary of the Parent and the owner of the vessel AQUILA EXPLORER;
 - (ii) Osprey Navigation Company Inc., a company incorporated in Panama by Public Deed no 22,064 of 11th September 2006 and a directly wholly owned subsidiary of the Parent and the owner of vessel OSPREY EXPLORER;
 - (iii) Sana Navigation Company Ltd., a company incorporated in Cyprus with company registration no. HE 100821 and a directly wholly owned subsidiary of the Parent and the owner of the vessel NORTHERN EXPLORER;
 - (iv) Harrier Navigation Company Ltd., a company incorporated in Cyprus with company registration no. HE 171227 and a directly wholly owned subsidiary of the Parent and the owner of the vessel HARRIER EXPLORER; and
 - (v) any current or future Group Company owning a Vessel replacing a Vessel as set out below (for the avoidance of doubt, Hawk Navigation Company Ltd shall become a Vessel Owning Company when it takes ownership to the Hawk Explorer). In such event, the Group Company being the owner of such replacement vessel, shall remain or shall assume the position of a Guarantor and the Issuer shall ensure that such Group Company provides the Security Documents as applicable to the original

Guarantor as soon as practically possible.

Vessel Chartering Companies:

Means (each a “**Vessel Chartering Company**”):

- (i) Biliria Marine Company Ltd., a company incorporated in Cyprus with company registration no. HE 304475 and a directly wholly owned subsidiary of the Parent and the Group Company leasing the vessel GEO PACIFIC under the Geo Pacific Lease;
- (ii) Hawk Navigation Company Ltd., a company incorporated in Cyprus with company registration no. HE 161326 and a directly wholly owned subsidiary of the Parent and the Group Company leasing the vessel HAWK EXPLORER under the Hawk Lease;
- (iii) Munin Navigation Company Ltd., a company incorporated in Cyprus with company registration no. HE 194577 and a directly wholly owned subsidiary of the Parent and the Group Company leasing the vessel MUNIN EXPLORER under the Munin Lease;
- (iv) Oreo Navigation Company Ltd., a company incorporated in Cyprus with company registration no. HE 92764 and a directly wholly owned subsidiary of the Parent and the Group Company leasing the vessel VOYAGER EXPLORER under the Voyager Lease; and
- (v) any current or future Group Company leasing a Vessel replacing a Vessel as set out below. In such event, the Group Company being the charterer of such replacement vessel, shall remain or shall assume the position of a Guarantor and the Issuer shall ensure that such Group Company provides the Security Documents as applicable to the original Guarantor as soon as practically possible.

Owned Vessels:

The vessels listed under the definition “Vessel Owning Companies”.

Chartered Vessels:

The vessels listed under the definition “Vessel Chartering Companies”.

Vessels:

Together the Owned Vessels and the Chartered Vessel and any of them a “**Vessel**”.

Multi-Client Company:

SeaBird Exploration Multi-Client Ltd., a company incorporated in Cyprus with company registration no. HE 326686 and a directly wholly owned subsidiary of the Parent.

Raven:

Raven Navigation Ltd., a company incorporated in Cyprus with company registration no. HE 171774 and a directly wholly owned subsidiary of the Parent.

Aquila Explorer

Means Aquila Explorer Inc.

SeaBird Asia:

SeaBird Exploration Asia Pacific PTE Ltd., a company incorporated in Singapore with company registration no. 201223807H and a directly wholly owned subsidiary of the Parent.

SeaBird Cyprus:

SeaBird Exploration Cyprus Ltd., a company incorporated in Cyprus with company registration no. HE 326624 and a directly wholly owned subsidiary of the Parent.

SeaBird Norway:

SeaBird Exploration Shipping AS, a company incorporated in Norway with company registration no. 911 928 914 and a directly wholly owned subsidiary of the Parent.

Material Subsidiaries:

Means any future and existing Group Company, other than the Parent, the Operational Subsidiaries and SeaBird Exploration FZ-LLC, whose (a) consolidated Total Assets on any Quarter Date represent more than 10% of the Total Assets of the Group at such

date or (b) Total Consolidated Net Sales on any Quarter Date represents more than 10% of the Total Consolidated Net Sales of the Group at such date.

Currency: USD

Issue Amount: Tranche A: USD 5,000,000 ¹
Tranche B: USD 24,344,751.

Coupon Rate: Tranche A: 12 % p.a., quarterly interest payments.
Tranche B: 6 % p.a., quarterly interest payments.

Eligible subscribers: Tranche A shall be subscribed by the company listed under Part 1 of Attachment 1 hereto (the "**Tranche A Bondholder**").

Tranche B shall be subscribed by companies listed under Part 2 of Attachment 1 hereto, in the amounts set out opposite their names therein (the "**Tranche B Bondholders**").

Bondholders: Means together the Tranche A Bondholder and the Tranche B Bondholders.

Settlement Date: Expected to be [●] February 2015.

Notice is expected to be given to subscribers minimum two (2) banking days prior to Settlement Date (on which date the net proceeds of the Bond Issue shall be credited to the Escrow Account).

Settlement Payment: Tranche A Bondholder shall pay in cash the amount listed opposite its name in Part 1 of Attachment 1.

Tranche B Bondholders shall pay the amounts listed opposite their respective names in Part 2 of Attachment 1 by set-off against the indebtedness of the Issuer to the respective Tranche B Bondholders in the same amount, ref column 3 in Part 2 of Attachment 1.

Settlement Payment from Tranche B Bondholders as described above is conditional upon satisfaction of the Pre-Settlement conditions precedent and the release of the funds from the Escrow Account.

Maturity Date: [●] February 2018 (three years after Settlement Date).

First Interest Payment Day: [●] August 2015 (six months after Settlement Date).

Last Interest Payment Day: Maturity Date.

Interest Payments: Interest on the Bonds will start to accrue on the Settlement Date and shall be payable quarterly in arrears on the interest payment day in February, May, August and November each year (each an "**Interest Payment Day**"). Day-count fraction for coupon is "30/360" and Business Day Convention is "unadjusted" and Business Days are "Oslo and New York".

Issue Price: 100% of par value.

Amortization: Two years grace period.

Thereafter, from and including Interest Payment Date in April 2017, the Bonds shall be repaid in quarterly instalments of USD 2 million on each Interest Payment Date

¹ TGS tranche

(together the “**Scheduled Instalments**”) and a Balloon Repayment on Maturity Date. The Scheduled Instalments shall be applied in repayment of Tranche A and Tranche B on a pro rata basis.

The Scheduled Instalments and the Balloon Repayment shall be repaid at 100% of par value (plus accrued unpaid interest on the redeemed Bonds).

On the Maturity Date, any outstanding Bonds, together with the last Scheduled Instalment, shall be repaid in full at 100% of par value (plus accrued unpaid interest on the redeemed Bonds) (the “**Balloon Repayment**”).

Nominal Value:	The Bonds will have a nominal value of USD 1 each. Minimum subscription amount and allotment shall be USD 1 and integral multiples thereof.
Purpose of the Bond Issue:	The net proceeds from the Bond Issue (net of legal costs, fees of the Joint Lead Managers and the Bond Trustee and any other agreed costs and expenses) shall be employed to cover outstanding liabilities and for general corporate purposes .
Status of the Bonds:	The Bonds shall be senior secured debt of the Issuer, secured on a first priority basis in certain assets of the Issuer and the Original Guarantors as set out herein, and otherwise rank at least <i>pari passu</i> with the claims of its other unsubordinated creditors, except for obligations which are mandatorily preferred by law. The Bonds shall rank ahead of any subordinated capital.
Call Options (American):	<p>The Issuer may redeem the Bonds (in part or in whole) at any time before Maturity Date at par value (plus accrued unpaid interest on the redeemed Bonds).</p> <p>The Issuer shall notify the Bond Trustee and the Bondholders no later than ten (10) Banking Days prior to settlement of the Call.</p>
Restructuring Term Sheet:	The restructuring term sheet dated [21] January 2015 attached hereto as Attachment 2.
New Equity:	The issue of new preference shares in the Parent as described in the Restructuring Term Sheet, by which at least USD 8.5 million in new equity in Parent will be raised.
2011 Bond Issue:	Means SeaBird Exploration Plc. Senior Secured Callable Bond Issue 2011/2015 with ISIN NO 001 0633118.
Scan Bunk:	Means Scandinavian Bunkering AS, Øvre Langgate 50, 3110 Tønsberg, with Norwegian registration no. 979 795 971.
Scan Bunk Credit Facility:	Means a credit line facility to the Group for bunker purchases in the maximum amount of USD 2,354,256 between the Issuer and Scan Bunk.
Survey Contract:	Means any survey contract or any other contract with a duration of 6 months or more for hire of any of the Vessels entered into between a Guarantor (other than Parent) and any entity unrelated to the Group (the “ Client ”).
Intra-Group Charter:	Means (if relevant) each intra-group bareboat charter or time-charter entered into between the relevant Vessel Owning Company or Vessel Chartering Company (as the case may be) and another Guarantor (other than the Parent) (the “ Intra-Group Charterer ”) in connection with a Survey Contract.
Vessel Charter (charters in):	<p>Means the following agreement for charter/leasing a Vessel:</p> <p>(i) the financial lease agreement dated 30 August 2006 as amended between Hawk Navigation Company Ltd. and Hawk Explorer AS in respect of the vessel HAWK EXPLORER (the “Hawk Lease”);</p>

- (ii) the operating lease agreement dated 28 January 2007 as amended between Munin Navigation Company Ltd. and Ordinat Shipping AS in respect of the vessel MUNIN EXPLORER (the “**Munin Lease**”);
- (iii) the operating lease agreement dated 1 August 2011 as amended between Oreo Navigation Company Ltd. and Koleth (Singapore) Pte. Ltd in respect of the vessel VOYAGER EXPLORER (the “**Voyager Lease**”);
- (iv) the operating lease agreement dated 31 December 2012 and amended between Biliria Marine Company Ltd. and Geo Pacific AS in respect of the vessel GEO PACIFIC (the “**Geo Pacific Lease**”), and
- (v) any future time- and/or bareboat vessel charter in respect of chartering in of any Vessel.

Third Party Vessel Owner:

Means an owner of a Vessel which is not a Group Company.

Security:

All amounts outstanding under the Finance Documents to the Bond Trustee on behalf of the Bondholders, including but not limited to interest and expenses, shall be secured by the following security (the “**Security**”) to the extent legally possible:

Pre-Settlement Security:

From the Issuer:

- A. a Norwegian law pledge over the Issuer’s claim against the Account Bank for the amount from time to time standing to the credit of the Issuer in the Escrow Account (the “**Escrow Account Pledge**”);

From the Parent:

- B. a share pledge over all the shares issued by the Issuer together with inter alia, letters of resignation (effective upon an Event of Default) (the “**Issuer Share Charge**”), from the current board members and covenants to obtain such from future board members under Cyprus law;

Other Security:

From the Issuer:

- C. [² a pledge or an assignment (or similar security under the relevant jurisdiction) in respect of the Issuer’s rights as lender under any Intra-Group Loans exceeding USD 0.5 million to a Guarantor or another Group Company as borrower (the “**Issuer’s Assignment of Intra-Group Loans**”)];
- D. a floating charge or similar security over all assets of the Issuer (the “**Issuer’s Floating Charge**”);
- E. a pledge over the Issuer’s claims against its banks for the amount from time to time standing to the credit of the Issuer (the “**Issuer’s Account Pledge**”);

From the Parent:

- F. an unconditional and irrevocable on-demand guarantee on a joint and several basis with the Operating Subsidiaries (the “**Parent Guarantee**”);

² May be deleted and instead be covered by the floating charge

- G. share pledges over all the shares issued by each of the Operational Subsidiaries (the "**Operating Subsidiaries Share Charge**");
- H. a pledge over the Parent's claims against its banks for the amount from time to time standing to the credit of the Parent (the "**Parent's Account Pledge**");
- I. [³ a pledge or an assignment (or similar security under the relevant jurisdiction) in respect of the Parent's rights as lender under any Intra-Group Loans exceeding USD 0.5 million to a Guarantor or another Group Company as borrower (the "**Parent's Assignment of Intra-Group Loans**")];
- J. a floating charge or similar security over all assets of the Parent (the "**Parent's Floating Charge**");

From each of the Vessel Owning Companies:

- K. an unconditional and irrevocable on-demand guarantee on a joint and several basis with the Parent and the other Operating Subsidiaries (the "**Vessel Owning Companies' Guarantee**");
- L. a mortgage over the relevant Vessel, including its equipment being legally part of the Vessel, under Marshall Island law or Panama law (as the case may be) (the "**Vessel Mortgage**"), including any deed of covenants supplemental to the Vessel Mortgage and to the security thereby created as requested by the Bond Trustee;
- M. an assignment of insurances of the relevant Vessel and the Vessel Owning Company shall give notices of and to obtain consents and acknowledgement from the insurers (the "**Vessel Owning Companies' Assignment of Insurances**");
- N. (if and when a Survey Contract is entered into between the relevant Vessel Owning Company and the Client) an assignment of earnings and receivables under the relevant Survey Contract, always subject to consent and acknowledgement of such assignment from the Client which the Vessel Owning Company shall use its reasonable efforts to obtain (the "**Vessel Owning Companies' Assignment of Earnings under the Survey Contract**");
- O. (if and when a Survey Contract is entered into between a Group Company (other than the relevant Vessel Owning Company) and the Client) an assignment of earnings and receivables under the relevant Intra-Group Charter (the "**Vessel Owning Companies' Assignment of Earnings under the Intra-Group Charter**");
- P. a floating charge or similar security over all assets of the relevant Vessel Owning Company (the "**Vessel Owning Companies' Floating Charge**"), for the avoidance of doubt including *inter alia* any manuals and other operational documents being the sole property of the relevant Vessel Owning Company;
- Q. a pledge over the relevant Vessel Owning Company's claims against its banks for the amount from time to time standing to the credit of the relevant Vessel Owning Company (the "**Vessel Owning Companies' Account Pledge**");

³ May be deleted and instead be covered by the floating charge

- R. [⁴ a pledge or an assignment (or similar security under the relevant jurisdiction) in respect of the relevant Vessel Owning Company's rights as lender under any Intra-Group Loans exceeding USD 0.5 million to the Issuer, a Guarantor or another Group Company as borrower (the "**Vessel Owning Companies' Assignment of Intra-Group Loans**")];

From each of the Vessel Chartering Companies:

- S. an unconditional and irrevocable on-demand guarantee on a joint and several basis with the Parent and the other Operating Subsidiaries (the "**Vessel Chartering Companies' Guarantee**");
- T. an assignment of the Vessel Chartering Companies rights under the Vessel Charter, subject always to consent and acknowledgement of such assignment from the Third Party Vessel Owner, which the Vessel Chartering Company shall use its reasonable efforts to obtain (the "**Assignment of Vessel Charter**");
- U. (if and when a Survey Contract is entered into between the relevant Vessel Chartering Company and the Client) an assignment of earnings and receivables under the relevant Survey Contract, subject always to consent and acknowledgement of such assignment from the Client which the Vessel Chartering Company shall use its reasonable efforts to obtain (the "**Vessel Chartering Companies' Assignment of Earnings under the Survey Contract**");
- V. (if and when a Survey Contract is entered into between a Group Company (other than the relevant Vessel Chartering Company) and the Client) the an assignment of earnings and receivables under the relevant Intra-Group Charter (the "**Vessel Chartering Companies' Assignment of Earnings under the Intra-Group Charter**");
- W. a floating charge or similar security over all assets of the relevant Vessel Chartering Company (the "**Vessel Chartering Companies' Floating Charge**"), for the avoidance of doubt including *inter alia* any manuals and other operational documents being the sole property of the relevant Vessel Chartering Company;
- X. a pledge over the relevant Vessel Chartering Company's claims against its banks for the amount from time to time standing to the credit of the relevant Vessel Chartering Company (the "**Vessel Owning Companies' Account Pledge**");
- Y. [⁵ a pledge or an assignment (or similar security under the relevant jurisdiction) in respect of the relevant Vessel Chartering Company's rights as lender under any Intra-Group Loans exceeding USD 0.5 million to the Issuer, a Guarantor or another Group Company as borrower (the "**Vessel Chartering Companies' Assignment of Intra-Group Loans**")];

From the Multi-Client Company

- Z. an unconditional and irrevocable on-demand guarantee on a joint and several basis with the Parent and the other Operating Subsidiaries (the "**Multi-Client Company's Guarantee**");
- AA. a floating charge or similar security over all assets of the Multi-Client Company (the "**Multi-Client Company's Floating Charge**"), for the

⁴ May be deleted and instead be covered by the floating charge

⁵ May be deleted and instead be covered by the floating charge

avoidance of doubt including *inter alia* any manuals and other operational documents being the sole property of the Multi-Client Company;

- BB. a pledge over the Multi-Client Company's claims against its banks for the amount from time to time standing to the credit of the Multi-Client Company (the "**Multi-Client Company's Account Pledge**");
- CC. [⁶ a pledge or an assignment (or similar security under the relevant jurisdiction) in respect of the Multi-Client Company's rights as lender under any Intra-Group Loans exceeding USD 0.5 million to the Issuer, a Guarantor or another Group Company as borrower (the "**Multi-Client Company's Assignment of Intra-Group Loans**");]

From Raven:

- DD. A floating charge or similar security over all assets of Raven (the "**Raven's Floating Charge**"), for the avoidance of doubt including *inter alia* any manuals and other operational documents being the property of Raven.

From Aquila Explorer:

- EE. A floating charge or similar security over all assets of Aquila Explorer (the "**Aquila's Floating Charge**"), for the avoidance of doubt including *inter alia* any manuals and other operational documents being the property of Aquila Explorer.

From SeaBird Asia:

- FF. an unconditional and irrevocable on-demand guarantee on a joint and several basis with the Parent and the other Operating Subsidiaries (the "**SeaBird Asia's Guarantee**");
- GG. (if and when a Survey Contract is entered into between SeaBird Asia and the Client) an assignment of earnings and receivables under the relevant Survey Contract, subject always to consent and acknowledgement of such assignment from the Client which SeaBird Asia shall use its reasonable efforts to obtain (the "**SeaBird Asia's Assignment of Earnings under the Survey Contract**");
- HH. a floating charge or similar security over all assets of SeaBird Asia (the "**SeaBird Asia's Floating Charge**"), for the avoidance of doubt including *inter alia* any manuals and other operational documents being the sole property of SeaBird Asia;
- II. a pledge over SeaBird Asia's claims against its banks for the amount from time to time standing to the credit of SeaBird Asia (the "**SeaBird Asia's Account Pledge**");
- JJ. [⁷ a pledge or an assignment (or similar security under the relevant jurisdiction) in respect of the SeaBird Asia's rights as lender under any Intra-Group Loans exceeding USD 0.5 million to the Issuer, a Guarantor or another Group Company as borrower (the "**SeaBird Asia's Assignment of Intra-Group Loans**");]

From SeaBird Cyprus:

⁶ May be deleted and instead be covered by the floating charge

⁷ May be deleted and instead be covered by the floating charge

- KK. an unconditional and irrevocable on-demand guarantee on a joint and several basis with the Parent and the other Operating Subsidiaries (the "**SeaBird Cyprus' Guarantee**");
- LL. (if and when a Survey Contract is entered into between SeaBird Cyprus and the Client) an assignment of earnings and receivables under the relevant Survey Contract, subject always to consent and acknowledgement of such assignment from the Client which SeaBird Cyprus shall use its reasonable efforts to obtain (the "**SeaBird Cyprus' Assignment of Earnings under the Survey Contract**");
- MM. a floating charge or similar security over all assets of SeaBird Cyprus (the "**SeaBird Cyprus' Floating Charge**"), for the avoidance of doubt including *inter alia* any manuals and other operational documents being the sole property of SeaBird Cyprus;
- NN. a pledge over SeaBird Cyprus' claims against its banks for the amount from time to time standing to the credit of SeaBird Cyprus (the "**SeaBird Cyprus' Account Pledge**");
- OO. [a pledge or an assignment (or similar security under the relevant jurisdiction) in respect of the SeaBird Cyprus' rights as lender under any Intra-Group Loans exceeding USD 0.5 million to the Issuer, a Guarantor or another Group Company as borrower (the "**SeaBird Cyprus' Assignment of Intra-Group Loans**");]

From SeaBird Norway:

- PP. an unconditional and irrevocable on-demand guarantee on a joint and several basis with the Parent and the other Operating Subsidiaries (the "**SeaBird Norway's Guarantee**");
- QQ. (if and when a Survey Contract is entered into between SeaBird Norway and the Client) an assignment of earnings and receivables under the relevant Survey Contract (the "**SeaBird Norway's Assignment of Earnings under the Survey Contract**");
- RR. a floating charge (Norwegian: *Pant i driftstilbehør and Pant i varelager*) SeaBird Norway (the "**SeaBird Norway's Floating Charge**"), for the avoidance of doubt including *inter alia* any manuals and other operational documents being the sole property of SeaBird Cyprus;
- SS. a pledge over SeaBird Norway's claims against its banks for the amount from time to time standing to the credit of SeaBird Norway (the "**SeaBird Norway's Account Pledge**");
- TT. [⁸ a pledge or an assignment (or similar security under the relevant jurisdiction) in respect of the SeaBird Norway's rights as lender under any Intra-Group Loans exceeding USD 0.5 million to the Issuer, a Guarantor or another Group Company as borrower (the "**SeaBird Norway's Assignment of Intra-Group Loans**");] and

The document evidencing the Security listed in (i) to (cl) to be referred to herein as the "**Security Documents**".

The Security Documents will either be executed as new security documents or will

⁸ May be deleted and instead be covered by the floating charge

constitute the existing security documents in respect of the 2011 Bond Issue with such amendments as are necessary to constitute valid and enforceable Security.

The Security Documents shall serve as Security for the Bonds and the Scan Bunk Credit Facility on the terms and conditions set out in an intercreditor agreement (the "**Intercreditor Agreement**", see below).

All Pre-Settlement Security shall be established no later than at the Settlement Date.

All Security shall, subject to applicable mandatory law only, rank on first priority basis.

The Other Security shall be established as follows:

- (i) The Security listed under the sub- paragraphs AA. (*The Multi-Client Company's Floating Charge*), DD. (*The Raven's Floating Charge*), EE. (*The Aquila's Floating Charge*) above are Pre-Disbursement Security and shall, subject to closing procedure to be agreed between the Issuer and the Bond Trustee, be established and (if appropriate) filed before or in connection with the release from the Escrow Account. The Bond Trustee has no authority to waive or give any extension with respect to the delivery of any of the Pre-Disbursement Security.
- (ii) The other Security listed above shall be established as soon as practically possible, but in no event later than 60 days following release from the Escrow Account.

Shared Security:

The Security created by the Security Document shall secure Tranche A and Tranche B of the Bonds and the Scan Bunk Credit Facility in the following manner:

- a) If an Event of Default is declared under the Bond Agreement, the A Bondholder shall be obliged to take over the Multi-Client libraries comprised by the Specified Floating Charges (as defined below). Upon such take over, the Tranche A Bonds and any accrued, but unpaid interest thereon shall be redeemed and cancelled in full by the take over, irrespective of whether the value of the assets taken over at the relevant time is less than the total outstanding amounts under the Tranche A Bonds at such time.

Following take over, Multi-Client libraries shall be exclusively owned by the Tranche A Bondholder and all decisions relating to the commercial utilisation and/or sale of the Multi-Client libraries shall be decided upon by the Tranche A Bondholder.

25 % of all net income of any nature whatsoever deriving from the Tranche A Bondholder's utilisation (howsoever) or sale or other disposal of the Multi-Client libraries shall be promptly paid to the Bond Trustee, the Paying Agent or another party appointed by the Bond Trustee for distribution to the Tranche B Bondholders and Scan Bunk on a pro rata basis until such time as all outstanding amounts to the Tranche B Bondholders and Scan Bunk are repaid (from whatever sources including through realisation of other Security). The Bond Trustee shall be entitled, at the reasonable cost of the Tranche A Bondholder, to appoint an independent auditor to examine the financial accounts of the Tranche A Bondholder to verify the compliance of this provision, provided that this request shall only take place once a year and be requested within 12 month of the end of the relevant fiscal year.

- b) In case of a forced sale (private or public) of any assets of the Group, other than an enforced sale of the Multi-Client libraries as regulated in sub-paragraph (a) above, the Tranche B Bondholders and Scan Bunk shall be treated as senior lenders with a first priority right to full recovery on a pro rata basis. The surplus, if any, shall be applied against full recovery of the Tranche A Bondholder(s) on a pro rata basis.
- c) All decisions relating to enforcement against any assets of the Group other than the Multi-Client libraries pursuant to the terms of Security Documents shall be exclusively voted and decided upon by the Tranche B Bondholders.

"Specified Floating Charges" means the following floating charges:

- a) The Multi-Client Company's Floating Charge;
- b) the Aquila's Floating Charge; and
- c) the Raven's Floating Charge;⁹

The Issuer shall keep an inventory of the Multi-Client library (the **"MC Inventory"**). The inventory shall specify (i) place of survey, (ii) recording date, (iii) current book value, (iv) licenses made, (v) scheduled amortisations, (vi) the entity that owns the survey and (vii) any joint venture partners and government share. The MC Inventory shall be updated quarterly and be attached to each Compliance Certificate delivered to the Bond Trustee.

Intercreditor Agreement:

The above security principles and realisation rights provisions in respect of the Shared Security shall be regulated in a separate intercreditor agreement between the Bond Trustee (who shall also act as a security trustee for the secured parties), the Tranche A Bondholders, the Tranche B Bondholders and Scan Bunk.

⁹ SBX's intention is to transfer the MC library held by Raven to Multi Client. The floating charge should not prevent this transfer taking place and a subsequent liquidation of Raven.

For the purpose of subordinating all intra group loans to the Bonds and Scan Bunk, all Group Companies shall also be parties to the Intercreditor Agreement.

The Intercreditor Agreement will also include provisions regarding a standstill for Scan Bunk in favour of the Bond Trustee under the Bond Agreement upon an event of default and for release of debts and security on enforcement.

Release of Certain Security:

In connection with any Permitted Reorganization (as defined below), the Bond Trustee shall release such Security as shall be necessary in connection with such Permitted Reorganization, provided always that no less favorable security than the Security released shall be established immediately following such Permitted Reorganization.

Escrow Account:

The Issuer shall prior to issue of the Bonds establish an escrow account and the net cash proceeds from the Bond Issue shall be transferred to the Escrow Account in connection with the issuance of the Bonds. The Escrow Account shall be pledged in favour of the Bond Trustee (on behalf of the bondholders) and blocked, and the account bank shall waive any set-of rights. The amount in the Escrow Account shall only be used and the Issuer shall only be entitled to withdraw amounts for use only according to the Purpose of the Bond Issue.

Before any release from the Escrow Account takes place (including payment of fees and costs as set out above), all the Pre-Disbursement Conditions Precedent (as described below) shall be complied with.

The Issuer shall maintain the Escrow Account with the Paying Agent (as defined below) or such other mutually acceptable bank (the "**Account Bank**").

Accounts:

The Issuer and all Original Guarantors shall open and maintain their accounts with HSBC Bank, DNB Bank or such other banks with a credit rating of minimum "A-" by S&P or equivalent by Moody's or Fitch (an "**International Bank**"), or if required where the relevant Obligor operates, any local bank as reasonably determined by such Obligor (a "**Local Bank**").

Except for any permitted cash collateral allowed under *Negative Pledge (iv)* below, all accounts of the Issuer and the Original Guarantors in any International Bank (other than the Escrow Account) shall be pledged in favor of the Bond Trustee (on behalf of the bondholders) but not blocked unless there is an outstanding Event of Default.

The Obligors shall ensure that any amount standing to the credit of its bank account with a Local Bank as allowed for under this term sheet and which is in excess of what is required, as reasonably determined by such Obligor, for operational purposes in the relevant local jurisdiction and/or by the applicable local legal regulations, shall be transferred to an International Bank as soon as practically possible and at the latest within 45 days.

Conditions Precedent:

Pre-Settlement:

Issuance of the Bonds and transfer of the net proceeds from the Bond Issue to the Escrow Account will be subject to the fulfilment of certain conditions precedent, to the satisfaction of the Bond Trustee, as customary for these types of transactions, namely:

- a) A confirmation from the Issuer that no potential or actual Event of Default exists, other than those disclosed to the subscribers prior to the date of this term sheet;
- b) the Bond Agreement duly executed;
- c) an agreement between the Bond Trustee and the Issuer related to expenses and fees duly executed;
- d) corporate documents and necessary corporate resolutions of the Issuer and the Original Guarantors approving the issue of the Bonds and the terms, conditions

and execution of the Finance Documents;

- e) the latest annual and quarterly financial reports;
- f) copy of the resolutions passed by the bondholders in the 2011 Bond Issue on the bondholders' meeting planned to be held on or about [●] 2015 approving to convert 80% of the outstanding bonds in the 2011 Bond Issue to equity in the Parent and to roll the remaining outstanding bonds thereunder into the Bond Issue;
- g) copy of the necessary resolutions passed by the lenders under the Perestroika CLA approving to convert 80% of the outstanding amount under the Perestroika CLA to equity in the Parent and to roll the remaining outstanding amount thereunder into the Bond Issue;
- h) copy of a duly executed Scan Bunk Credit Facility in a form satisfactory to the Bond Trustee;
- i) copy of the resolution passed by board of directors of the Parent approving all matters set out in the Restructuring Term Sheet and authorizing the issue of the New Equity;
- j) the Escrow Account Pledge duly executed and perfected by all parties thereto (including all applicable notices, acknowledgements and consents from the Account Bank); and
- k) any statements or legal opinions reasonably required by the Bond Trustee in respect of the Pre-Settlement conditions and the Pre-Settlement Security.

Pre-Disbursement Conditions:

- a) A duly executed release notice from the Issuer;
- b) no Event of Default has occurred and is continuing;
- c) if not already delivered, corporate documents and necessary corporate resolutions from the Obligor to execute the relevant Security Documents;
- d) the current MC Inventory;
- e) the Specified Floating Charges are in acceptable form and are executed and filed with the relevant governmental authority in Cyprus,
- f) a legal opinion in respect of the Specified Floating Charges;
- g) evidence that the 2011 Bond Issue has released or will release all security;
- h) the Intercreditor Agreement is in an acceptable form and is executed by all parties thereto; and
- i) subscription of a private placement of USD 8.5 million in the Parent.

Other Conditions Precedent:

- a) All relevant Security Documents being executed and perfected;
- b) evidence that customary and relevant insurances in respect of the Vessels have been taken out;
- c) delivery of any other documents that the Bond Trustee may reasonably request; and
- d) all legal opinions regarding each relevant jurisdiction have been received in form and substance satisfactory to the Bond Trustee.

The Other Conditions Precedent shall be delivered as soon as practically possible, but in no event later than 60 days weeks following release from the Escrow Account.

Unless otherwise stated herein, the Bond Trustee may postpone or waive the delivery of any Condition Precedent in its sole discretion.

The amount on the Escrow Account shall only be used according to the Purpose of the

Bond Issue, and any release of such funds from the Escrow Account shall be subject to customary closing mechanisms as agreed between the Issuer and the Bond Trustee and the satisfaction of certain conditions precedent, to the satisfaction of the Bond Trustee, as customary for these types of transactions.

Obligors' General Undertakings:

During the term of the Bonds, the Obligors shall (unless the Bond Trustee or the Bondholders' meeting (as the case may be) in writing has agreed to otherwise) comply with the following general undertakings:

- a) **Mergers:** Each Obligor shall not, and the Parent shall ensure that the other Group Companies shall not, carry out any merger or other business combination or corporate reorganization involving consolidating the assets and obligations of itself or such Group Company with any other company or entity not being a member of the Group, if such transaction would have a Material Adverse Effect.
- b) **De-mergers:** Each Obligor shall not, and the Parent shall ensure that the other Group Companies shall not, carry out any de-merger or other corporate reorganization involving splitting itself or such Group Company into two or more separate companies or entities, if such transaction would have a Material Adverse Effect.
- c) **Continuation of business:** Each Obligor shall not, cease to carry on its business, if such cessation would have a Material Adverse Effect. The Parent shall procure that no material change is made to the general nature or scope of the business of the Group from that carried on at the date of the Bond Agreement, or as contemplated by the Bond Agreement.
- d) **Disposal of assets/business:** Each Obligor shall not, and the Parent shall ensure that the other Group Companies shall not, sell or otherwise dispose of all or a substantial part of the Group's assets or operations, unless the transaction is carried out at a fair market value, on terms and conditions customary for such transactions, and such transaction would not have a Material Adverse Effect.
- e) **Arm's length transactions:** Each Obligor shall not, and the Parent shall ensure that the other Group Companies shall not, engage indirectly or indirectly, any transaction with any party (without limitation, the purchase, sale or exchange of assets or the rendering of any service), except on arm's length terms and for fair market value.
- f) **Reporting:** Parent shall of its own accord make consolidated unaudited quarterly financial reports and audited yearly financial reports directly available to the Bond Trustee and on its web pages for public distribution not later than 120 days after the end of the financial year and not later than 60 days after the end of the relevant interim period (each a "**Reporting Date**"). Such reports shall be prepared in accordance with GAAP. Issuer shall make yearly financial reports directly available to the Bond Trustee no later than 120 days after the end of each financial year.

Obligors' Special Covenants:

During the term of the Bonds, each Obligor shall (unless the Bond Trustee or the Bondholders' meeting (as the case may be) in writing has agreed to otherwise) comply with the following special covenants:

- (i) **Financial Indebtedness restrictions:** Each Obligor shall not, and shall ensure that no other Group Company shall, incur, create or permit to subsist any financial indebtedness other than the Permitted Financial Indebtedness.
- (ii) **Negative pledge:** Each Obligor shall not, and shall ensure that no other Group Company shall, create, permit to subsist or allow to exist any mortgage, pledge, lien, encumbrance or any other arrangement to create security (together "**Encumbrances**") over any of its present or future

respective assets or revenues, other than:

- a) Encumbrances granted to secure this Bond Issue;
 - b) the Hawk Lease;
 - c) financial leases of new seismic or marine equipment and any replacement of equipment relating to the Vessels;
 - d) financial lease of any new Vessel replacing a Vessel in line with a Group's replacement schedule;
 - e) cash collaterals in aggregate up to USD [•] to secure any operational and non-speculative derivatives entered into in ordinary course of business related to the Issuer's hedging policy;
 - f) new vendor credit secured in the acquired asset (Nw: salgspant);
 - g) Security in respect of the Scan Bunk Credit Facility as permitted by this Term Sheet and the provisions of the Intercreditor Agreement; and
 - h) any lien arising by operation of law.
- (iii) **Financial support restrictions:** Each Obligor shall not, and shall ensure that no other Group Company shall, grant any loans, guarantees or other financial assistance (including, but not limited to granting of security) ("**Financial Support**") to or for the benefit of any third party or other Group Companies, other than:
- a) any intra-group loans;
 - b) unsecured guarantees granted by the Parent or any of its Subsidiaries in the ordinary course of business in connection with the ownership and employment of the Vessels;
 - c) Financial Support granted for the benefit of this Bond Issue and the Scan Bunk Credit Facility; and
 - d) guarantees granted by the Parent or the Issuer in connection with financial leases of (i) new seismic or marine equipment and any replacement of equipment relating to the Vessels and (ii) financial leases of a Vessel.

**Permitted
Reorganisation:**

Notwithstanding anything to the contrary herein, the Group shall be entitled to complete reorganizations of its structure or to redomicile (being a process by which a company transfers its domicile from one jurisdiction to another whilst maintaining the same legal identity and continuing to own the same assets) certain Group Companies from their current jurisdiction of incorporation to countries within the European Economic Area or other jurisdiction reasonably acceptable to the Bond Trustee, such reorganization or redomiciliation undertaken for the purpose of improving the overall efficiency of the business (including without limitation for tax or governance purposes), provided that that:

- (i) during and following any such reorganisation or redomiciliation, the Bondholders will retain a security position which, in the reasonable opinion of the Bond Trustee, is no less favourable to the Bondholders than the security contemplated herein and that
- (ii) such reorganisation or domiciliation would not have a Material Adverse Effect.

**Permitted Financial
Indebtedness:**

Means

- (i) this Bond Issue;
- (ii) financial leasing liabilities or seller credit with respect to seismic or marine equipment and any replacement of such equipment relating to the Vessels or the Chartered Vessels;

- (iii) the Hawk Lease and any replacement thereof;
- (iv) financial leasing liabilities relating to any new Vessels;
- (v) purchases from vendors and any related credit in the ordinary course of business;
- (vi) any recourse liability incurred by the Parent in the ordinary course of business to any financial institution in respect of bid or performance bonds, guarantees or letters of credit issued by such financial institution as security for performance by a Guarantor;
- (vii) secured or unsecured operational and non-speculative derivative transactions related to the Issuer's hedging policy;
- (viii) any unsecured Intra-Group Loans granted by any Group Company;
- (ix) the Scan Bunk Credit Facility; and
- (x) any refinancing, amendments or replacements of any of (i)-(ix) above from time to time.

Financial Covenants: **Leverage Ratio:** Commencing on 31 December 2015, the Group shall have a Leverage Ratio of less than 2.5: 1.00. The Leverage Ratio to be tested on each Quarter Date.

Liquidity: The Issuer shall ensure that the Group, starting from year end 2015 maintains minimum Free Cash of USD 5 million. The Liquidity to be tested on each Quarter Date.

Definitions: **“EBITDA”** means the Group’s aggregate earnings before interest, taxes, depreciation and amortization (to be calculated on a 12-month rolling basis) and tested on each Quarter Date, first time on 31 December 2015. Any costs relating to financial and operational restructuring work of the Group and any adjustment or write-off of extraordinary non-recurring items, in each case completed in 2015, shall be added back to EBITDA

Free Cash” means on any date the Group’s unrestricted, unpledged and freely available cash, including cash equivalents

“Group” means the Parent and all current and future Subsidiaries of the Parent (as defined below) (each a **“Group Company”**).

“Net Interest Bearing Debt” means at the date of calculation (on a consolidated basis), the aggregate financial indebtedness of the Group excluding any financial leases, less any cash and cash equivalent of the Group.

“Leverage Ratio” means the ratio of **Net Interest Bearing Debt** to EBITDA for the relevant period ending on each Quarter Date.

“Quarter Date” means each 31 March, 30 June, 30 September and 31 December.

“Subsidiary” means an entity over which the Parent has a determining influence due to (i) direct or indirect ownership of shares or other ownership interests, and/or (ii) an agreement, understanding or other arrangement. An entity shall always be considered to be the subsidiary of the Parent if the Parent owns such number of shares or ownership interests therein so as to represent the majority of the votes in the entity, or has the right to vote in or vote out a majority of the directors in the entity.

Vessels Covenants: The relevant Obligor shall ensure that the Vessels comply with standard vessel covenants including:

- (i) maintenance of insurances (see below);
- (ii) maintenance of class;
- (iii) maintenance of flag, name and registry;
- (iv) the Vessels to be kept in a good and safe condition and repair consistent with

- prudent ownership and industry standards;
- (v) operation of the Vessels in accordance with applicable laws and regulations; and
- (vi) operation of the Vessels in all material respects in accordance with the terms of the Employment Charters.

The relevant Obligor may, subject to the Bond Trustee's prior consent, not to be unreasonably withheld, make changes in (i) to (iii) above; insurances and class, flag, name and registry to each Vessel, always provided similar recognized or better standards to be maintained.

Maintenance of Insurances:

The relevant Obligors shall provide for reasonable and satisfactory maintenance of insurances of the Vessels and all relevant equipment related thereto at all times, hereunder to retain the Vessels in class. During operation of the Vessels, the relevant Obligors shall ensure proper maintenance of the Vessels according to planned maintenance system. The Vessels shall also be adequately insured against Hull & Machinery risks (including war risk) in accordance with standard industry practice.

The insurance conditions and loss payee clause shall be in accordance with the Norwegian Marine Insurance Plan of 1996 (version 2010) or the Nordic Marine Insurance Plan of 2013 or the Institute Time Clauses – Hulls (01/10/83) or the International Hull Clauses (01/11/03) or the American Institute Hull Clauses (September 29, 2009) or on other conditions of similar international repute and recognition, which are reasonably acceptable to the Bond Trustee.

Maintenance of the MC Library:

The Issuer shall procure that reasonable measures are taken to maintain the commercial value of the data contained in MC libraries of the Group.

Sale of a MC Library Right:

To the extent a Group Company has the right to consent to a sale of a Group Company's interest in a MC library survey (other than a sale of data/licences in the ordinary course of trading), such consent shall not be given without the consent of the Tranche A Bondholder, such consent not to be unreasonably withheld.

Mandatory Prepayment Event:

Means if:

- (i) any Vessel is sold or otherwise disposed of (except for a sale or transfer to another Group Company, provided that the Bond Trustee maintains its Security position as contemplated by this Term Sheet);
- (ii) the Parent ceases to be the owner (directly or indirectly) of 100% of the shares in any of the Original Guarantors (except for a sale, transfer or liquidation, provided the relevant Guarantor at the time of such disposal does not own or charter a Vessel);
- (iii) the Multi Client library pledged under the Specified Floating Charges are sold as a whole; or
- (iv) there is an actual or constructive total loss of any Vessel (a "**Total Loss Event**").

Mandatory Prepayment:

Subject to the Asset Replacement Option below, upon a Mandatory Prepayment Event (other than a Total Loss Event) occurring, the Issuer shall, on or about the day the proceeds are received following the relevant Mandatory Prepayment Event, use all proceeds, net of transaction costs, to redeem Outstanding Bonds at par value (plus accrued unpaid interest on the redeemed Bonds) and the Scan Bunk Credit Facility (plus accrued but unpaid interest) in the following manner:

- (i) If the Mandatory Repayment Event is triggered by a hive-off of all of the Multi-Client libraries, $\frac{3}{4}$ of the net sales revenues therefrom shall be distributed to the Tranche A Bondholders on a pro rata basis. The remaining $\frac{1}{4}$ of the net sales revenues shall be distributed to the Tranche B Bondholders and Scan Bunk on a pro rata basis. Any remaining proceeds after the Tranche A Bondholders have

received full recovery, shall be used in recovery of the Tranche B Bondholders and Scan Bunk on a pro rata basis.

- (ii) For any other Mandatory Repayment Event, the net sales revenues therefrom shall be distributed to the Tranche A Bondholder, the Tranche B Bondholders and Scan Bunk on a pro rata basis.

For the avoidance of doubt, the redemption prices above shall be determined based on the date the Mandatory Repayment Event occurred and not based on the date of repayment.

Subject to the Asset Replacement Option below, upon a Total Loss Event, the Issuer shall promptly once insurance proceeds are available to it, redeem Outstanding Bonds with the net insurance proceeds at 100% of par value (plus accrued unpaid interest on the redeemed Bonds).

Asset Replacement Option:

The proceeds from a Mandatory Prepayment Event in respect of a Vessel sale may be applied to acquire and/or replace an existing Vessel with a replacement vessel and/or equipment (a “**Replacement Asset**”) provided that such acquisition/replacement takes place no later than the later of (i) 12 months after the date that the relevant Mandatory Prepayment Event occurred and (ii) 6 months after the date the proceeds from such event were received by the relevant Group Member. The proceeds from the relevant Mandatory Prepayment Event shall in the interim period be paid directly into an escrow account to be pledged on first priority in favor of the Bond Trustee (on behalf of the Bondholders). If the purchase price of such Replacement Asset is less than the proceeds from such Mandatory Prepayment Event, the residual amount shall be applied to redeem the Outstanding Bonds at 100% of par value (plus accrued unpaid interest on the redeemed Bonds).

The Group Company being the owner of such Replacement Asset shall assume the position of an Original Guarantor and the Issuer and the Parent shall procure that the Replacement Asset shall be secured in the same manner as described under Security and the arrangements shall provide no less favorable (and acceptable to the Bond Trustee) security to the Bond Trustee on behalf of the Bondholders as was provided at the Settlement Date for the replaced Vessel.

Event of Default:

The Bond Agreement shall include standard remedy and event of default provisions as well as cross default provisions for the Issuer and any other Group Company on any single financial indebtedness in excess of USD 5 million.

The Finance Documents will contain waterfall provisions in case of partial payments, i.e. first to cover costs, fees and expenses of the Bond Trustee (the “**Trustee Expenses**”) and thereafter any other outstanding amounts under the Finance Documents. In case the Issuer does not pay the Bond Trustee for incurred fees, then the Bond Trustee may seek funding of the Trustee Expenses from other sources, in which case such other sources will be subrogated into the position of the Bond Trustee, but subordinate any further Bond Trustee expenses.

Material Adverse Effect:

Means an event or circumstance which has a material adverse effect on: (a) the business, financial condition or operations of the Parent and/or the Group taken as a whole, (b) the Parent's ability to perform and comply with its obligations under the Bond Agreement; or (c) the validity or enforceability of the Bond Agreement or any Security Document.

Change of Control Event:

Means;

- (i) if any person or group (as such term is defined in the Norwegian Limited Liability Companies Act § 1-3) becomes the owner, directly or indirectly, of more than 50% of the outstanding shares and/or voting rights of the Issuer; or
- (ii) a de-listing of the Parent's shares from the stock exchange.

Change of Control Clause:	Upon a Change of Control Event occurring, each Bondholder shall have a right of pre-payment (a " Put Option ") of the Bonds at a price of [101]% of par value (plus accrued interest on the redeemed Bonds), such Put Option to be exercised during a period of 30 calendar days following the notice of a Change of Control Event.
Issuer's Ownership of Bonds:	The Issuer has the right to acquire and own Bonds. Such Bonds may at the Issuer's discretion be retained by the Issuer, sold or discharged.
Joint Lead Managers:	ABG Sundal Collier Norge ASA, Munkedamsveien 45, N-0115 Oslo, Norway, Fearnley Securities AS, Grev Wedels Plass 9, N-0107 Oslo, Norway and RS Platou Markets AS, Haakon VII's gate 10, N-0116 Oslo, Norway.
Bond Trustee:	Nordic Trustee ASA, P.O. Box 1470 Vika, N-0116 Oslo, Norway.
Registration:	The Norwegian Central Securities Depository (VPS). Principal and interest accrued will be credited the Bondholders through VPS.
Paying Agent:	TBA
Listing of Bonds:	The Issuer will apply for the Bonds to be listed on Oslo Stock Exchange or Nordic ABM within 6 months from the Settlement Date.
Market Making:	No market-maker agreement has been made for this Bond Issue.
Taxation:	The Issuer shall pay any stamp duty and other public fees accruing in connection with issuance of the Bonds or the Security Documents, but not in respect of trading of the Bonds in the secondary market (except to the extent required by applicable laws). If payments under the Bonds are subject to withholding tax, and the Issuer shall deduct before payment to the Bondholders at source any applicable withholding tax payable pursuant to law and make an additional payment to the bondholders equivalent to such deduction (gross up). If any withholding tax is imposed due to subsequent changes in law, regulations or public practices, the Issuer may call all but not some of the Bonds at par value plus accrued unpaid interest.
Bond Agreement:	<p>The bond agreement governing the Bond Issue (the "Bond Agreement") will be entered into by the Issuer, the Parent and (unless separate Guarantees are executed) the Original Guarantors and the Bond Trustee acting as the Bondholders' representative and shall be governed by Norwegian law and based on Norwegian standard prevailing at the date of this Term Sheet. The Bond Agreement shall regulate the Bondholders' rights and obligations with respect to the Bonds. The Tranche A and the Tranche B Bonds shall have equal voting right and shall constitute one voting group, except where specified to the contrary in this Term Sheet. If any discrepancy should occur between this Indicative Term Sheet and the Bond Agreement, then the Bond Agreement shall prevail.</p> <p>The Tranche A Bondholder shall have the right to review and comment on the Bond Agreement before it is executed.</p> <p>Each subscriber in the Bonds, such subscription documented by an application form, a taped telephone conversation, e-mail or otherwise, is deemed to have granted authority to the Bond Trustee to finalize the Bond Agreement and the other Finance Documents. Although minor adjustments to the structure and terms described in this Indicative Term Sheet may occur, the provisions in the Bond Agreement will be substantially consistent with those set forth in this Indicative Term Sheet.</p> <p>The application for and subscription of Bonds will occur on the terms of the application form provided by the Joint Lead Managers, which specifically authorizes the Bond Trustee to execute and deliver the Bond Agreement on behalf of the prospective Bondholders, who will execute and deliver such application forms prior to</p>

receiving Bond allotments. On this basis, the Issuer and the Bond Trustee will execute and deliver the Bond Agreement and the latter's execution and delivery is on behalf of all of the subscribers, such that they thereby will become parties to the Bond Agreement. The Bond Agreement specifies that all Bond transfers shall be subject to the terms thereof, and the Bond Trustee and all Bond transferees shall, when acquiring the Bonds, be deemed to have accepted the terms of the Bond Agreement, which specifies that all such transferees shall automatically become parties to the Bond Agreement upon completed transfer having been registered in the VPS, without any further action required to be taken or formalities to be complied with.

The Bond Agreement shall specify that it shall be made available to the general public for inspection purposes and may, until redemption in full of the Bonds, be obtained on request by the Bond Trustee or the Issuer, and such availability shall be recorded in the VPS particulars relating to the Bonds.

By applying and subscribing for Bonds, the applicant will be deemed to have accepted all terms set out in the Application Agreement, including the representations and acknowledgments set out therein. Please note in this respect that the Bond Issue is based only upon the Investor Documentation as defined therein, and in particular that no prospectus, offering memorandum or similar document have or will be prepared.

Eligible Purchasers:

The Bonds are not being offered to and may not be purchased by investors located in the United States except for "Qualified Institutional Buyers" ("QIBs") within the meaning of Rule 144A under the Securities Act. In addition to the application form that each investor will be required to execute, each U.S. investor that wishes to purchase Bonds will be required to execute and deliver to the Issuer a certification in a form to be provided by the Issuer stating, among other things, that the investor is a QIB. The Bonds may not be purchased by, or for the benefit of, persons resident in Canada. The Bond Agreement will contain customary terms and provisions for a U.S. Rule 144A or Regulation S placement. The Bonds may be offered on a private placement basis in British Columbia, Alberta, Manitoba, Ontario, Nova Scotia and New Brunswick of Canada and to accredited investors in the United Kingdom, Europe and any other jurisdictions that are agreed to by the Issuer and the Manager.

Transfer Restrictions:

Bondholders will not be permitted to transfer the Bonds except (a) subject to an effective registration statement under the Securities Act, (b) to a person that the Bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in reliance on Rule 144A, (c) an offshore transaction in accordance with Regulation S under the Securities Act, including, in a transaction on the Oslo Børs, and (d) pursuant to any other exemption from registration under the Securities Act, including Rule 144 there under (if available). The Bonds may not, subject to applicable Canadian laws, be traded in Canada for a period of four months and a day from the Settlement Date.

Subject to:

The issue of Bonds shall be subject to finalized loan documentation and approval of loan documentation by the Issuer and the Bond Trustee.

Oslo, [●] January 2015



ABG Sundal Collier Norge ASA
Joint Lead Manager

Fearnley Securities AS
Joint Lead Manager

RS Platou Markets AS
Joint Lead Manager

Attachment 1
to
SeaBird Exploration Finance limited First Lien Callable Bond Issue 2015/2018

PART 1

Tranche A Bondholder	Subscription Amount payable in cash
TGS - Geophysical Company ASA, PO Box 154, 1371 Asker or any of its affiliates	USD 5,000,000
Total subscription Amount Tranche A	USD 5,000,000

PART 2

Column 1 Tranche B Bondholders	Column 2 Subscription Amount	Column 3 Description of claim to be set-off against the Subscription Amount
Nordic Trustee ASA on behalf of the bondholders in the 2011 Bond Issue	USD 16,170,208	An amount of USD 16,170,208 of the total outstanding amount under the 2011 Bond Issue
Perestroika AS, Statsminister Michelsens veg 38, 5230 Paradis, org no. 989005669	USD 2,982,449	An amount of USD 2,980,000 outstanding under a loan agreement with Perestroika in the principal amount of USD 14.9 million
Ordinat Shipping AS, Slottsgaten 3, 5003 Bergen, org no. 990768471	USD 450,142	
Fugro Geo Pacific Inc, Edificio Torre Universal, Piso 12, Avenida Federico Boyd, PO Box 0816-02033, Republic of Panama	USD 649,427	
Cockett Marine Oil DMCC, Office 2803, 28 th floor, Jumeirah Bay, Jumeirah Lake Towers, PO Box 625751, Dubai, UAE	USD 3,392,525	An aggregate amount of USD 3,392,525 in outstanding bunker invoices to the Group
ABG Sundal Collier Norge ASA, org. no. 883 603 362	USD 233,334	Set-off against USD 233,334 of their fees in respect of the restructuring of the Group
RS Platou Markets AS, org. no. 942 274 238	USD 233,333	Set-off against USD 233,333 of their fees in respect of the restructuring of the Group
Fearnley Securities AS, org.no. 945 757 647	USD 233,333	Set-off against USD 233,333 of their fees in respect of the restructuring of the Group
Total subscription amount Tranche B	USD 24,344,751	

22 January 2015

Attachment 2
Restructuring Term Sheet

(to be inserted)

Schedule 2

Charter Hire Amendments

1. Amendments to charter contract relating to **M/V Geo Pacific** (Seafood Team AS):
 - Conversion of USD 3,247,136 of External Vessel Owner Claims up to 31 December 2014:
 - into 131,617 Preference Shares convertible into 65,808,619 New Ordinary Shares by debt-to-equity conversion of USD 2,597,709 at NOK 0.3 per New Ordinary Share and a USD/NOK exchange rate of 7.60; and
 - into USD 649,427 Tranche B of SBX04 Bonds.
 - Charter hire reductions:
 - From 1 January 2015 until 31 December 2015, a reduced day rate of USD 9,600 will apply and the charter hire will be payable in accordance with the current contract structure.
 - Base day rate at USD 9,600 (down from USD 20,400) when idle, used as shooting vessel or 2D, when used in 3D mode the rate goes back to USD 20,400 (incl. all payable work pursuant to a client contract or MultiClient-project).
 - External Vessel Owner may terminate the contract at its convenience with 3-month notice and a standard last voyage clause will apply to the benefit of the charterer.
2. Amendments to charter contract relating to **M/V Hawk Explorer** (Hawk Explorer AS):
 - Full cancellation of all External Vessel Owner Claims up to 31 December 2014 in an aggregate of USD 1,283,400.
 - Charter hire reductions:
 - From 1 January 2015 until 29 February 2016, a reduced day rate of USD 6,600 will apply and the charter hire will be payable in accordance with the current contract structure.
 - At the end of the charter period, the charterer will:
 - be entitled to (i) acquire M/V Hawk Explorer for a consideration of USD 3,250,000 or (ii) extend the charter period for a further 12 months and thereafter acquire M/V Hawk Explorer for a consideration of USD 1,750,000 or
 - be obliged to redeliver M/V Hawk Explorer to the External Vessel Owner.
3. Amendments to charter contract relating to **M/V Munin Explorer** (Ordinat Shipping AS):
 - Conversion of USD 2,250,710 of External Vessel Owner Claims up to 31 December 2014:
 - into 91,229 Preference Shares convertible into 45,614,500 New Ordinary Shares by debt-to-equity conversion of USD 1,800,568 at NOK 0.3 per New Ordinary Share and a USD/NOK exchange rate of 7.60; and
 - into USD 450,142 Tranche B of SBX04 Bonds.
4. Amendments to charter contract relating to **M/V Voyager Explorer** (Koleth (Singapore) Pte Ltd.):
 - USD 4,511,176 of External Vessel Owner Claims (including USD 1,188,000 of charter hire from 1 January 2015 to 31 March 2015) will be treated and applied as follows:
 - USD 2,120,253 converted into the Unsecured Existing Vessel Owner Facility; and
 - the remaining balance of USD 2,390,923 be cancelled.
 - Charter hire reductions:
 - From 1 April 2015 until 31 July 2016, a reduced day rate of USD 6,200 will apply and the charter hire will be payable in accordance with the current contract structure
 - Base day rate at USD 6,200 (down from USD 13,200) when idle, used as shooting vessel or 2D ,

when used in 3D mode, the rate goes back to USD 13,200

- External Vessel Owner may terminate the contract with 30 days' notice but not before the completion of the current project

Appendix 2
Update provided by the Company

Background

The SeaBird group (the “**Group**”) is a global provider of marine acquisition for 2D/3D and 4D seismic data, and associated products and services to the oil and gas industry. SeaBird specializes in high quality operations within the high end of the source vessel and 2D market, as well as in the shallow/deep water 2D/3D and 4D market. The main focus for the Group has historically been proprietary seismic surveys (contract seismic). The Group owns four vessels (Harrier Explorer, Aquila Explorer, Osprey Explorer and Northern Explorer) and charters four vessels (Geo Pacific, Hawk Explorer, Voyager Explorer and Munin Explorer) through bareboat agreements.

Towards the end of 2013 it became apparent that the Group’s working capital was insufficient to cover its debt repayment obligations for a period of 12 months, in particular the unsecured convertible loan agreement with an outstanding amount of USD 14.9 million with Perestroika AS maturing in September 2014 (the “**Perestroika Loan**”) and the purchase option on the Hawk Explorer for USD 6.5 million due in August 2014. The Group therefore sought refinancing alternatives in the capital markets.

Starting early 2014 the Group actively engaged with its largest stakeholders with the objective of effecting a refinancing. To that extent, Nordic Trustee ASA (the “**Bond Trustee**”), in its capacity as bond trustee acting for and on behalf of the holders of the 6.00 per cent. SeaBird Exploration PLC Senior Secured Callable Bond Issue 2011/2015 with ISIN NO 001 0633118 (“**SBX03**”) in consultation with an informal ad hoc committee who together hold over 50% of the principal amount outstanding of SBX03 (the “**Committee**”) explored several alternatives to restructuring the Group in conjunction with the Group’s financial advisors, ABG Sundal Collier, Fearnley Securities AS and RS Platou and the Company’s management.

The global seismic industry experienced a significant drop-off in activity around the time of the second quarter of 2014. The resulting reduction in contract survey engagements during this time negatively impacted the Group’s liquidity position. In order to manage the Group’s tight liquidity position, the Group actively managed its trade payables. In addition, in order to maintain a conservative operational cash balance, the Group increased the stretch in suppliers such that overdue trade payables increased to USD 15.4 million by the end of September, up from historical levels of USD 8-10 million. Other payables such as taxes also remained unpaid and continued to accrue. Moreover, the Group negotiated to delay the delivery of the Hawk Explorer and deferred payment of the USD 6.5 million purchase option by over 18 months following its expiry on 31 August 2014. In light of limited demand in the market, the Group also made the decision to lower its vessel capacity and cold stacked the Voyager Explorer by the end of 2014.

In October 2014, at the request of the Committee, SeaBird Exploration Plc (the “**Company**”) engaged AlixPartners London LLP to, amongst other things, assist with information flow and to engage with the various stakeholders and advisers in order to achieve a restructuring with a sustainable capital structure.

Financial Position for the 9 months to September 2014

Financial result and operations

The Group reported consolidated revenues of USD 101.2 million for the first nine months of 2014 ending 30 September 2014, compared to USD 138.5 million reported for that same period in 2013. Charter hire and operating expenses amounted to USD 67.9 million for the first nine months of 2014 ending 30 September 2014, down from USD 97.8 million for the three first quarters of 2013.

Depreciation and amortization increased to USD 31.9 million for the first nine months of 2014 ending 30 September 2014 from USD 18.6 million, mainly due to increased multi-client sales amortisation and impairment during the period.

Balance sheet

At 30 September 2014, cash and cash equivalents amounted to USD 10.0 million, compared to USD 14.0 million at 30 September 2013. Net interest-bearing debt at 30 September 2014 was USD 92.9 million, up from USD 87.0 million at 30 September 2013, mainly due to the decrease in cash and cash equivalents. Property, plant and equipment at 30 September 2014 was USD 112.9 million, down from USD 129.4 million at 30 September 2013, mainly due to normalised depreciation. The multi-client library at 30 September 2014 was USD 21.1 million up from USD 6.6 million for the same period in 2013, mainly due to an increase in multi-client activity.

Cash flow statement

Net cash flow from operating activities was USD 42.4 million for the first nine months of 2014 ending 30 September 2014 compared to USD 26.5 million for the first nine months of 2013 ending 30 September 2013. Net cash flow from financing activities was negative USD 8.5 million for the first nine months of 2014 ending 30 September 2014 compared to negative USD 6.7 million for the first nine months of 2013 ending 30 September 2013; predominantly due to the movement in borrowings.

Developments from September 2014 to December 2014

The Company defaulted when the Perestroika Loan matured on 30 September 2014. This in turn triggered a cross-default under SBX03. Both Perestroika AS and the Bond Trustee declared the events of default but have not at this point declared amounts owing to them under the Perestroika Loan and SBX03, respectively, to be due for immediate payment.

Nonetheless, the Group increased its backlog to approximately USD 270 million at the beginning of Q4, enabling it to consider raising debt in the capital markets subject to an equitisation of existing lenders. Following negotiations with the various key stakeholders, including Nordic Trustee and the Committee, the Company went to market the week commencing 24 November 2014 looking to raise a bridge facility and at least USD 35 million in a 3-year secured bond bearing 12%.

This approach was undermined by the precipitous drop in oil prices. Brent crude was at USD 112 per barrel early July. In September 2014 the spot price of fell from USD 103 to just above USD 95 per barrel. By the end of October it was USD 86. By the end of November it had dropped further to USD 68 per barrel and is trading below USD 50 per barrel currently. In the ensuing climate of uncertainty regarding the offshore oil services sector the Group evaluated alternative structures including raising equity, reducing debt and obtaining the participation of certain vendors and vessel owners. Simultaneously, the Group continued to firm up its backlog and secured letters of intent and letters of award for a number of key contracts including a large Gulf of Mexico survey to be carried out by the Group on behalf of TGS NOPEC. The Group's current backlog is summarised in the tables below:

Firm contracts					
Vessel	Client/Project	Vessel months	Expected start-up	Expected completion	Amount (USD millions)
Up to 6 vessels	TGS Nopec - Mexico / US East coast (MIN program)	40	Q1 2015		88
Aquila Explorer	Australasia	4	ongoing	Mar-15	12
1 vessel	North South America (MIN program)	5	Mar-15	Jul-15	11
1 vessel	Mediterranean	3	Jul-16	Sep-16	6
Geo Pacific	West Africa	1	ongoing	Jan-15	2
Munin Explorer	Seabed Geosolutions	4	ongoing	May-15	7
Osprey Explorer	TGS Nopec - Gulf of Mexico	2	ongoing	Mar-15	4
1 vessel	South East Asia	1	Apr-15	May-15	4

Northern Explorer	West Africa	1	Feb-15	Feb-15	1
Sum		61			136

Contracts at advanced stage					
Vessel	Client/Project	Vessel months	Expected start-up	Expected completion	Amount(USD millions)
Up to 6 vessels	TGS Nopec - Mexico / US East coast (MAX program)	40	Q1 2015		88
1 vessel	North South America (MAX program)	8	Jul-15	Apr-16	19
1 vessel	South East Asia	4	Jun-15	Sep-15	13
1 vessel	Asia Pacific	4	Apr-15	Jul-15	12
Osprey Explorer	TGS Nopec - GoM extension	1	Mar-15	Mar-15	2
Sum		57			134

During this time, the Group's trade payables stretch increased. In particular, unpaid charter hires grew to USD 4.4 million by the end of October and USD 7.3 million by the end of December.

The Transaction

Following sustained negotiations between the Group and its major stakeholders at the end of 2014 and in the first two weeks of 2015, the terms of a consensual agreement were formulated. The transaction contemplated restores the balance sheet to a position where the Group can maintain adequate liquidity levels in order to execute its backlog. The key features of the transaction include a new equity injection of at least USD 8.5 million, the conversion of USD 28.8 million, existing debt and trade payables into a new bond and debt facilities and USD 5 million fresh capital to be provided in respect of the new bond. Moreover, the transaction was facilitated by the major stakeholders of the Group, for example one of the Group's large customers will participate in the new bond with new money, the existing SBX03 bondholders are contributing a significant amount of the new equity and charter rate reductions have been agreed going forward with the Group's key suppliers.

The Group's backlog stands at around USD 270 million, half of which is secured, representing almost 5 vessel years. Excluding cold-stacked vessels (Voyager Explorer and Geo Pacific estimated to be cold stacked by the end of Q1 2014) this represents around 84% of the capacity of the 6 operational vessels in 2015, enabling the Group to generate cash from operations in 2015. During this time the Group expects to operate principally with its 2D vessels: Aquila Explorer, Harrier Explorer, Hawk Explorer, Munin Explorer, Northern Explorer and Osprey Explorer. The Voyager Explorer and Geo Pacific are at the moment expected to remain cold stacked for 2015.

The Group believes that the combination of operational cash flow in 2015 (EBITDA is projected at USD 40.1 million), the improved terms on its charter hires and the conversion of certain supplier debt into the new bond will permit a normalisation of commercial terms with vendors through the course of 2015.