2015

FOURTH QUARTER

Q4

SeaBird Exploration

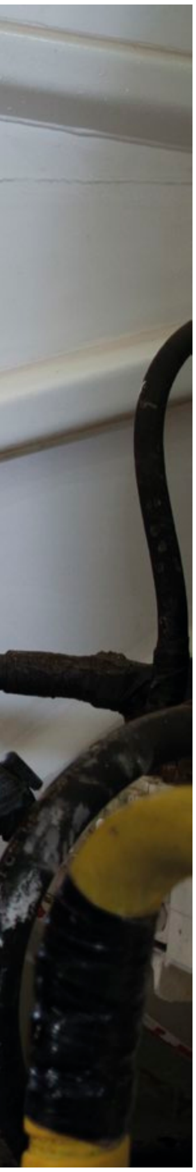
- Revenues for the quarter were $27.1 million, a decrease of 3% compared to Q4 2014 and up 17% relative to Q3 2015.
- Contract revenues for the period were $26.6 million, up 13% from Q4 2014 and an increase of 15% from Q3 2015.
- Multi-client revenues were $0.5 million, down 90% from $4.6 million reported in Q4 2014 and an increase of 424% from $0.1 million reported in Q3 2015.
- Adjusted EBITDA of $8.3 million. EBITDA was $4.6 million compared to negative $28.5 million for Q4 2014 and $4.6 million for Q3 2015.
- Adjusted EBIT of $3.3 million. EBIT for the quarter was negative $5.6 million compared to negative $68.6 million for Q4 2014 and $0.0 million for Q3 2015.
- Total net non-recurring charges of $9.0 million. The multi-client portfolio was impaired by $5.0 million while seismic equipment was impaired by $0.3 million. During the quarter the company made net a $2.7 million charge related to changes in estimates of lay-up provisions for onerous long-term lease contracts. Additionally, $1.0 million in bad debt costs and end of service benefits were charged to SG&A in the period.
- Vessel utilization for the five vessels active in the period was 100%. All five active vessels were in operation on the Mexico Gigante survey. Three vessels remain stacked.
- 9% technical downtime in the quarter compared to 6% for Q4 2014.
- Contract surveys during the fourth quarter represented 100% of vessel capacity compared to 86% during the third quarter 2015. None of the company's vessels were utilized for multi-client surveys during the period, similar to Q3 2015.
- Zero lost time injury frequency (LTIF) in the quarter.

$27.1m

revenues for the quarter, including $0.5 million multi-client revenues

Mexico

five vessels operating on TGS Gigante survey



2015 SUMMARY OBSERVATIONS FOR THE FOURTH QUARTER

SeaBird achieved 100% vessel utilization during the fourth quarter 2015 and the fleet has predominantly been employed on the TGS Gigante survey in Mexico. Utilization of the company's active vessels is expected to remain high through the completion of this survey anticipated second half of 2016. Looking forward, SeaBird continues to experience weak seismic tender activity as the seismic industry remains negatively affected by low oil prices and weak demand for oil exploration. The continued negative market sentiment has increased industry and company-specific risk factors. The company continues its efforts to improve operational performance, reduce operating cost and capital expenditures.

$8.3m

adjusted EBITDA for the quarter

100%

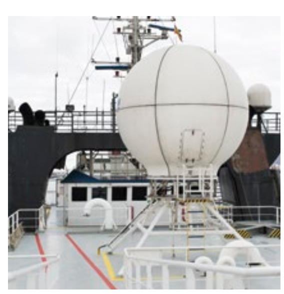
vessel utilization

9%

technical downtime

$9m

in non-recurring charges and impairments



KEY HIGHLIGHTS

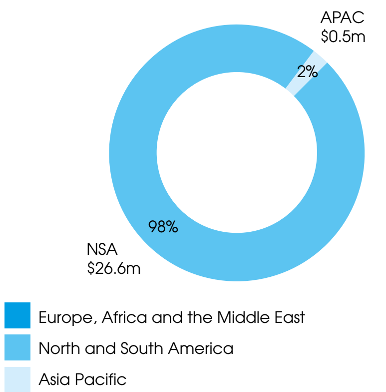
Operational review

The fourth quarter was characterized by a continued weakness in oil prices and challenging market conditions for oil exploration. Oil companies have communicated significant reductions in their exploration and production budgets for 2016 and seismic tender activity has remained low and marked by substantial competition. The 2D/source market has continued to experience significant competition from multi-streamer 3D vessels. However, the active 3D fleet is now being reduced as less competitive vessels are being retired or stacked. The reduced 3D vessel capacity is expected to have a positive impact on the 2D/source market dynamic. Nevertheless, the negative market sentiment has exacerbated industry risk factors and increased the uncertainty related to timing of a market recovery.

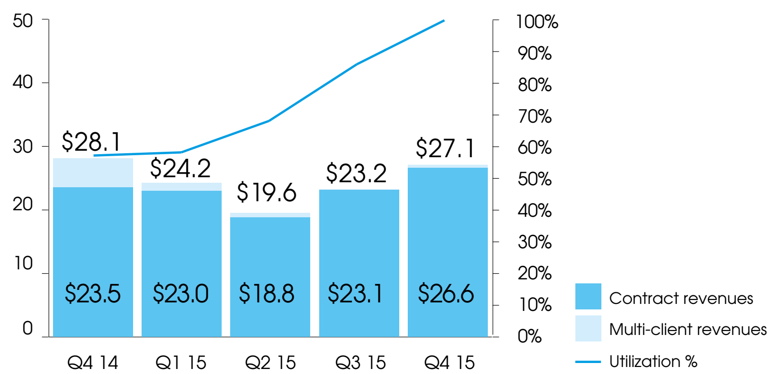
Vessel utilization was 100% during Q4 2015, up from 86% in the previous quarter. Technical downtime for the fleet was 9% in Q4 2015, similar to Q3 2015. The current technical downtime is at an unsatisfactory level and the management is actively implementing measures aimed at improving performance. Contract surveys represented 100% of vessel capacity compared to 86% for the third quarter of 2015.

Aquila Explorer commenced production on the Mexico project during the fourth quarter. Harrier Explorer, Hawk Explorer, Northern Explorer and Osprey Explorer were in production on the Mexico

REVENUE BY REGION (USD MILLIONS)



REVENUES CONTINUING OPERATIONS (USD MILLIONS)



Gigante project the whole quarter. Munin Explorer, Geo Pacific and Voyager Explorer remained stacked during the period.

Multi-client surveys represented 0% of vessel utilization in the quarter compared to 5% in the same quarter previous year. Multi-client revenues were $0.5 million in the period. The multi-client portfolio was impaired by $5.0 million. This includes an impairment of $2.6 million charged to the 3D multi-client survey in West Africa resulting in zero book value at 31 December 2015. Further, increased market uncertainty and reduced revenue forecasts from selected 2D multi-client surveys triggered an additional impairment of $2.4 million during the quarter.

The company continued its cost reduction effort and standard vessel operating expenses excluding fuel have been reduced by approximately 17% on a comparable basis relative to fiscal 2014, in line with the previously communicated cost savings target. Run-rate SG&A expenses have been reduced by approximately 25% relative to fiscal 2014, ahead of the savings target.

Operating costs were also reduced due to the lay-up of two chartered 3D vessels (Geo Pacific and Voyager Explorer) and one chartered 2D vessel (Munin Explorer), reduced vessel charter rates and lower crew headcount. The company will continue its review of additional savings initiatives. In addition to cost reductions, the company is actively focusing on cost flexibility measures as well as improving operational efficiency.

The company redelivered the Geo Pacific to its owners on 30 December 2015. SeaBird has unsuccessfully tried to redeliver the Kondor Explorer to its owners since the end of the bareboat charter in February 2014. Subsequent to quarter closing, SeaBird's contractual obligations related to the Kondor Explorer were terminated.

Net non-recurring cost of sales in the quarter amounted to $2.7 million, which mainly relates to a $3.7 million charge for Munin Explorer onerous lease contract partly offset by a $1.0 million cost reversal for the Kondor Explorer. Furthermore, the company booked $1.0 million in non-recurring charges related to doubtful debts and end of service benefits in the period reported under selling, general and administrative expenses.

Capital expenditures were $0.5 million during the quarter, which is in line with the lower spending estimates communicated earlier in the year.

Lost time injury frequency (LTIF) rate for the quarter was zero. The company continued to focus on maintenance of its high standards in health, safety, security, environment and quality (HSSEQ).

Regional review

North and South America (NSA) continued to be the most active region during the fourth quarter. NSA revenues of $26.6 million represented 98% of total revenues for the quarter. Sales in this region increased as Aquila Explorer joined the rest of the active fleet on the Mexico Gigante survey.

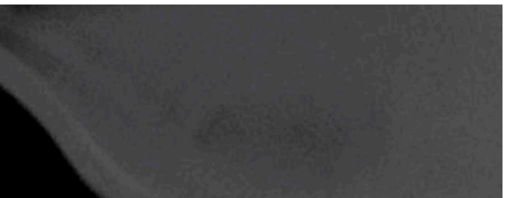
Sales in Europe, Africa and the Middle East (EAME) was $0.02 million during the quarter while sales in Asia Pacific (APAC) amounted to $0.5 million (2% of total revenues for the quarter). No SeaBird vessels worked in either APAC nor EAME during the quarter, and revenues recorded in these regions represented multi-client sales.

Outlook

Global seismic demand continued to be weak in the fourth quarter and there are no signs of market improvement. Oil industry spending is anticipated to remain depressed through 2016 and the seismic sector is expected to remain under pressure as a result.

The Mexico Gigante project continues to represent the main part of the company's current backlog. A significant portion of the company's fleet is expected to be employed on the Mexico Gigante project into the second half of 2016 assuming the full project size of approximately 186,000 kilometers is to be completed. The company has submitted proposals for source vessel and 2D contracts for both oil companies and other seismic industry market players. While there are a number of opportunities under review, contracting has generally been delayed due to permitting, prefunding and/or budget concerns. The current market uncertainty makes it difficult to predict the level of contract coverage that is possible to obtain beyond the company's current firm backlog.

FINANCIAL REVIEW



KEY FIGURES – CONTINUING OPERATIONS

All figures in USD 000's (except for EPS and equity ratio)	Quarter ended 31 December 2015	Quarter ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2014
Revenues	27,110	28,093	94,127	129,268
EBITDA	4,629	(28,535)	10,917	(7,871)
EBIT	(5,646)	(68,607)	(17,603)	(79,882)
Profit/(loss)	(6,461)	(71,184)	38,344	(99,818)
Earnings per share (diluted)	(2.11)	(1,236.24)	14.84	(1,733.51)
Cash flow operating activities	2,439	(2,147)	(6,909)	40,265
Capital expenditures	(504)	(77)	(5,555)	(7,828)
Total assets	106,757	140,986	106,757	140,986
Net interest bearing debt	27,489	95,245	27,489	95,245
Equity ratio	28.1%	-29.0%	28.1%	-29.0%

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

Financial comparison

All figures below relate to continuing operations unless otherwise stated. For discontinued operations, see note 1. The company reports a net loss of $6.5 million for Q4 2015 (net loss of $71.2 million in the same period in 2014).

Revenues were $27.1 million in Q4 2015 ($28.1 million).

Cost of sales was $18.2 million in Q4 2015 ($40.1 million). The decrease is predominantly due to fewer vessels in operation and provisions taken in Q4 2014 for laid-up vessels.

SG&A was $4.5 million in Q4 2015, down from $15.6 million in Q4 2014. The decrease is principally due to cost savings, significant bad debt and restructuring charges taken in Q4 2014 as well as savings related to the closing of the Dubai office and reduced onshore headcount.

Other income (expense) was $0.2 million in Q4 2015 (negative $1.0 million).

EBITDA was $4.6 million in Q4 2015 (negative $28.5 million).

Depreciation, amortization and impairment were $10.3 million in Q4 2015 ($40.1 million). This decrease is due to the significant vessel, multi-client and goodwill impairments taken in Q4 2014 partially offset by multi-client impairments charged in Q4 2015.

Financial expenses were $1.0 million in Q4 2015 (2.3 million). The decrease is largely due to reduced debt levels.

Other financial items were positive $0.1 million in Q4 2015 (positive $0.2 million).

Income tax expense was positive $0.01 million in Q4 2015 ($0.5 million).

Capital expenditures in Q4 2015 were $0.5 million ($0.1 million).

Multi-client investment was nil in Q4 2015 ($1.6 million).

Liquidity and financing

Cash and cash equivalents at the end of the period were $6.3 million ($7.0 million), of which $0.4 million was restricted in connection with deposits and tax. Net cash from operating activities was $2.4 million in Q4 2015 (negative $2.1 million).

The company has one bond loan, one secured credit facility, one unsecured note and the Hawk Explorer finance lease.

The SBX04 secured bond loan (issued as "SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2018") is recognized in the books at amortized cost of $26.1 million per Q4 2015 (nominal value of $29.3 million plus accrued interest of $0.2 million less fair value adjustment of $3.4 million including amortized interest). This bond has been issued in two tranches; tranche A amounting to $5.0 million and tranche B amounting to $24.3 million. The SBX04 bond tranche A is carrying an interest rate of 12.0% and Tranche B is carrying an interest rate of 6.0%. Interest is paid quarterly in arrears with first interest instalment paid on 3 June 2015. The bond matures on 3 March 2018, with principal amortizations due in quarterly instalments of $2.0 million starting at 3 June 2017. The outstanding loan balance will be paid at the maturity date. Interest paid during Q4 2015 was $0.5 million. The bond is listed on Nordic ABM, and it is traded with ticker SBEF01 PRO and SBEF02 PRO for the respective two bond tranches.

The three year secured credit facility is recognized at amortized cost of $2.1 million (initial nominal value of $2.4 million less net amortized cost of $0.3 million). Coupon interest rate is 6.0%. Interest is to be paid quarterly in arrears and the first interest amount was paid on 3 June 2015. The facility matures at 3 March 2018 with quarterly instalments of $0.2 million starting on 3 June 2017. The outstanding loan will be repaid in full at maturity. Effective interest booked for Q4 2015 was $0.1 million. Principal repayments during Q4 2015 amounted to $0.3 million and additional amounts drawn on the credit facility during the period was $0.3 million. Interest paid during Q4 2015 was $0.03 million.

The three year unsecured loan is recognized at amortized cost of $2.0 million (initial nominal value of $2.1 million less net amortized cost of $0.1 million). Coupon interest rate is 6.0%. Stated maturity date is on 1 January 2018. Interest is paid quarterly in arrears and the first payment was due on 1 April 2015. The principal will be repayable in nine equal instalments of $0.2 million commencing on 1 January 2016. Interest paid during Q4 2015 was nil.

The lease of Hawk Explorer is recognized in the books as a finance lease at $3.5 million per Q4 2015. Instalments and interest amounting to $0.6 million were paid during Q4 2015 (nil in Q4 2014).

Net interest bearing debt was $27.5 million as at the end of Q4 2015 ($95.2 million in Q4 2014).

Accrued interest on the bond loan, credit facility and the unsecured note for Q4 2015 was $0.2 million ($2.7 million).

The company was in compliance with all covenants as of 31 December 2015.

During the quarter the company completed a consolidation of shares whereby 1,000 old shares were converted into 1 new share. The total outstanding amount of common shares in the company after the share consolidation is 3,065,434. The company has also issued 884,686 warrants, convertible into 884,686 ordinary shares. The warrants are listed on the Oslo Stock Exchange with ticker SBX J.

The company's accounts have been prepared on the basis of a going concern assumption. In the view of the board of directors, the continued challenging market conditions and the company's limited working capital creates a material risk to this assumption. In the event that project performance is significantly worse than expected, contracts and other arrangements in respect of the employment of SeaBird's vessels are cancelled, or significantly delayed, new backlog cannot be secured on satisfactory rates or at all, the company would need to sell assets or raise additional financing, which may not be available at that time. Reference is made to the Going Concern section in selected notes and disclosures for further details on the financial position of the company.

Subsequent events

Subsequent to quarter closing, the company announced that Mr. Christophe Debouvry was appointed as new Chief Executive Officer of SeaBird effective from 18 January 2016. The current Chief Executive Officer, Mr. Dag Reynolds, resigned from his position with effect from 1 January 2016. Ms. Annette Malm Justad, Chairman of the Board, assumed the position of interim Chief Executive Officer from 1 January until 18 January 2016.

Subsequent to quarter closing, SeaBird's contractual obligations related to the Kondor Explorer were terminated.

The Board of Directors and Chief Executive Officer

SeaBird Exploration Plc
25 February 2016

Annette Malm Justad
Chairman

Kitty Hall
Director

Olav Haugland
Director

Hans Petter Klohs
Director

Gert Triest
Director

Christophe Debouvry
Chief Executive Officer

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

All figures in $000's	As of 31 December 2015 (Unaudited)	2014 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	67,433	78,877
Multi-client library	3,340	14,685
Goodwill	–	–
Long term investment	5	82
	70,778	**93,644**
Current assets		
Inventories	3,091	4,463
Trade receivables	12,611	14,215
Other current assets	14,025	21,692
Cash and cash equivalents	6,252	6,972
	35,979	**47,342**
Total assets	**106,757**	**140,986**
EQUITY		
Shareholders' equity		
Paid in capital	218,690	189,125
Equity component of warrants	2,736	–
Equity component of convertible loan	–	6,296
Currency translation reserve	(407)	(407)
Share options granted	–	1,326
Retained earnings	(191,043)	(237,261)
	29,976	**(40,921)**
LIABILITIES		
Non-current liabilities		
Loans and borrowings	31,098	–
Provision for end of service benefit	–	–
	31,098	**-**
Current liabilities		
Trade and other payables	25,371	63,631
Provisions	12,226	9,580
Loans and borrowings	2,644	102,217
Tax liabilities	5,442	6,479
	45,683	**181,907**
Total liabilities	**76,781**	**181,907**
Total equity and liabilities	**106,757**	**140,986**

CONSOLIDATED INTERIM STATEMENT OF INCOME

	Quarter ended 31 December		Year ended 31 December	
All figures in $000's	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenues	27,110	28,093	94,127	129,268
Cost of sales	(18,183)	(40,083)	(69,756)	(107,988)
Selling, general and administrative expenses	(4,472)	(15,575)	(18,597)	(30,640)
Other income (expenses), net	174	(970)	430	1,489
Restructuring gain on leases	–	–	4,713	–
Earnings before interest, tax, depreciation and amortization (EBITDA)	**4,629**	**(28,535)**	**10,917**	**(7,871)**
Depreciation	(3,795)	(6,061)	(16,046)	(21,244)
Amortization	(1,169)	(2,510)	(3,112)	(12,457)
Impairment	(5,311)	(31,501)	(9,362)	(38,310)
Earnings before interest and taxes (EBIT)	**(5,646)**	**(68,607)**	**(17,603)**	**(79,882)**
Finance expense	(968)	(2,330)	(4,860)	(16,978)
Other financial items, net	140	215	73	(787)
Restructuring gain	–	–	61,697	–
Profit/(loss) before income tax	**(6,474)**	**(70,722)**	**39,307**	**(97,647)**
Income tax	13	(462)	(963)	(2,171)
Profit/(loss) continuing operations	**(6,461)**	**(71,184)**	**38,344**	**(99,818)**
Net profit/(loss) discontinued operations (note 1)	38	–	218	1,015
Profit/(loss) for the period	**(6,423)**	**(71,184)**	**38,562**	**(98,803)**
Profit/(loss) attributable to				
Shareholders of the parent	(6,423)	(71,184)	38,562	(98,803)
Earnings per share				
Basic	(2.10)	(1,236.24)	15.13	(1,715.89)
Diluted	(2.10)	(1,236.24)	14.92	(1,715.89)
Earnings per share from continued operations				
Basic	(2.11)	(1,236.24)	15.05	(1,733.52)
Diluted	(2.11)	(1,236.24)	14.84	(1,733.52)

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31 December		Year ended 31 December	
All figures in $000's	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Profit/(loss)	**(6,423)**	**(71,184)**	**38,562**	**(98,803)**
OTHER COMPREHENSIVE INCOME				
Net movement in currency translation reserve and other changes	–	40	34	216
Total other comprehensive income, net of tax	**-**	**40**	**34**	**216**
Total comprehensive income	**(6,423)**	**(71,144)**	**38,596**	**(98,587)**
Total comprehensive income attributable to				
Shareholders of the parent	(6,423)	(71,144)	38,596	(98,587)
Total	**(6,423)**	**(71,144)**	**38,596**	**(98,587)**

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Year ended 31 December	
All figures in $000's	2015	2014
	(Unaudited)	(Audited)
Opening balance	**(40,921)**	**57,666**
Profit/(loss) for the period	38,562	(98,803)
Increase/(decrease) in share capital	29,565	–
Increase/(decrease) equity component of warrants	2,736	–
Share options granted	–	229
Net movements in currency translation reserve and other changes	34	(14)
Ending balance	**29,976**	**(40,921)**

CONSOLIDATED INTERIM STATEMENT OF CASH FLOW				
	Quarter ended 31 December		Year ended 31 December	
All figures in $000's	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before income tax	(6,474)	(70,722)	39,307	(97,647)
Adjustments for				
Restructuring gain	–	–	(66,411)	–
Depreciation, amortization and impairment	10,276	40,071	28,594	72,010
Movement in provision	(788)	–	2,560	–
Unrealized exchange (gain)/loss	(115)	332	(68)	566
Accelerated finance charge on bond loan	–	–	–	5,102
Amortization of interest	979	1,257	4,054	8,935
Goodwill impairment	–	1,267	–	1,267
Paid income tax	(249)	(224)	(2,634)	(1,833)
(Increase)/decrease in inventories	2	281	1,373	(96)
(Increase)/decrease in trade and other receivables	1,198	3,459	9,339	6,518
Increase/(decrease) in trade and other payables	(2,390)	22,132	(23,023)	45,443
Net cash from operating activities	**2,439**	**(2,147)**	**(6,909)**	**40,265**
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditures	(504)	(77)	(5,555)	(7,828)
Multi-client investment	(4)	(1,236)	(244)	(29,560)
Net cash used in investing activities	**(508)**	**(1,313)**	**(5,799)**	**(37,388)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of ordinary shares	(6)	–	10,980	–
Receipts from borrowings	–	–	5,000	–
Repayment of borrowings	(380)	–	(1,510)	(5,110)
Movement in borrowings	–	414	–	414
Interest paid	(718)	–	(2,482)	(3,349)
Net movement in currency fluctuations	–	–	–	(15)
Net cash from financing activities	**(1,104)**	**414**	**11,988**	**(8,060)**
Net (decrease)/increase in cash and cash equivalents	**827**	**(3,046)**	**(720)**	**(5,183)**
Cash and cash equivalents at beginning of the period	**5,425**	**10,017**	**6,972**	**12,155**
Cash and cash equivalents discontinued operations	**-**	**-**	**-**	**-**
Cash and cash equivalents at end of the period	**6,252**	**6,972**	**6,252**	**6,972**

NOTE 1: INTERIM STATEMENT OF INCOME FOR DISCONTINUED OPERATIONS				
	Quarter ended 31 December		Year ended 31 December	
All figures in USD 000's	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenues	–	–	–	161
Cost of sales	–	–	180	768
Selling, general and administrative expenses	–	–	–	(7)
Other income (expenses), net	–	–	–	170
Earnings before interest, tax, depreciation and amortization (EBITDA)	**-**	**-**	**180**	**1,092**
Depreciation and amortization	–	–	–	–
Impairment	–	–	–	–
Earnings before interest and taxes (EBIT)	**-**	**-**	**180**	**1,092**
Interest expense	–	–	–	–
Other financial items, net	–	–	–	–
Profit/(loss) before income tax	**-**	**-**	**180**	**1,092**
Income tax	38	–	38	(77)
Profit/(loss) discontinuing operations	**38**	**-**	**218**	**1,015**
Gain/(loss) on sale of OBN business	–	–	–	–
Net profit/(loss) from discontinued operations	**38**	**-**	**218**	**1,015**
Profit/(loss) attributable to				
Shareholders of the parent	38	–	218	1,015

SELECTED NOTES AND DISCLOSURES

SeaBird Exploration Plc is a limited liability company. The company's address is 25, Kolonakiou Street Block B, Office 101, 4103 Linopetra, Limassol, Cyprus. The company also has offices in Oslo (Norway), Houston (USA), Dubai (UAE) and Singapore. The company is listed on the Oslo Stock Exchange under the ticker symbol "SBX".

Basis of presentation

The condensed interim consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) and the act and regulations for the Oslo Stock Exchange. The condensed interim consolidated financial statements do not include all information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2014.
The consolidated financial statements for the year ended 31 December 2014 and quarterly reports are available at www.sbexp.com. The financial statements as of Q4 2015, as approved by the board of directors 25 February 2016, are unaudited.

Significant accounting principles

The accounting policies used for preparation of the condensed interim consolidated financial statements are consistent with those used in the consolidated financial statements for 2014 unless otherwise stated.

Risk factors

The information in this report may constitute forward-looking statements. These statements are based on various assumptions made by the company, many of which are beyond its control and all of which are subject to risks and uncertainties. Risk factors include but are not limited to the demand for our seismic services, the high level of competition in the 2D/3D market, changes in governmental regulations, adverse weather conditions, and currency and commodity price fluctuations. For further description of relevant risk factors, we refer to the annual report 2014. As a result of these and other risk factors, actual events and actual results may differ materially from those indicated in or implied by such forward-looking statements.

Segment information

All seismic vessels and operations are conducted and monitored within the company as one business segment.

Revenue recognition

As of 1 January 2014, the company changed its accounting policy on the recognition and measurement of revenue and cost related to seismic surveys. Revenues and costs are recognized in line with project duration starting from first shot point in the seismic survey and ending at demobilization.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes costs directly attributable to the acquisition of the item. Costs are included in the asset's carrying amount or recognized as a separate asset, if appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Costs of all repairs and maintenance are expensed as incurred.

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

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

Depreciation for Q4 2015 was $3.8 million.

Critical accounting estimates and judgments related to property plant & equipment and leases

We refer to the critical accounting estimates and judgments section of the 2014 annual report and the prospectus issued on 30 April 2015. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. In particular, estimates and judgments including expectations of future events are important in the impairment assessment of property, plant and equipment and the evaluation of potentially onerous leases.

The company's value in use model includes estimates of the expected future cash flows from each cash-generating unit (each vessel) based on day-rate, utilization, direct and indirect costs and required capital investments over the remaining life of the vessel. These cash flows are discounted at the company's cost of capital to estimate the present value, which is compared to book value at the relevant balance sheet date. Impairment of finance leases is evaluated annually based on value in use calculations. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Currently, there is an overcapacity of vessels in the seismic market and there is a high uncertainty with regards to the future outlook in terms of utilization and day rates. There is a risk that an impairment of finance leases and property, plant and equipment could be triggered by the lay-up of additional vessels, an extended lay-up period, a reduction in economic life or reduced utilization or contract day rates.

Provisions for restructuring costs, onerous contracts and legal claims are measured at the management's best estimate of the expenditure required to settle the present obligation at the reporting date, and are discounted to present value. Due to the uncertain market outlook, there is a risk that additional provisions may need to be established for vessels on operating leases due to extended lay-up periods, a reduction in economic life, reduced utilization, reduced contract day rates or additional costs to redeliver the vessels to their respective owners. Alternatively, should the market outlook improve significantly, a reversal of current provisions may be required.

Leased vessels and restructuring provisions

The company chartered the 3D vessel Geo Pacific, on a three-year bareboat charter from January 2013 to 31 December 2015. The Geo Pacific charter hire was $9,600 per day when idle, used as a source vessel or when utilized on 2D surveys while the rate was $20,400 per day when used in 3D mode. The company redelivered the Geo Pacific to its owners on 30 December 2015. The company made a cost provision in December 2014 to cover the remaining estimated costs until the planned redelivery. Final commercial settlement with respect to the redelivery was not completed at quarter end.

The 3D vessel Voyager Explorer is chartered on a bareboat charter until August 2016. The Voyager Explorer charter rate is $6,200 per day when idle, used as source vessel or in 2D mode while the charter rate is $13,200 per day when the vessel is used in 3D mode. The vessel is currently cold-stacked. In December 2014, the company booked an operational restructuring charge of $1.6 million to cover estimated operating expenses through December 2015. In Q2 2015, the company recognized an additional $2.9 million operational restructuring charge, which is estimated to cover all costs through redelivery of the vessel in August 2016.

The Munin Explorer is chartered on a bareboat contract that runs through October 2019, with a current day rate of $12,485 and an annual rate increase of 2% taking effect in August of each year. During Q2 2015, the company decided to stack the Munin Explorer following its completion of the long-term time charter contract with Seabed Geosolutions. The vessel is currently forecasted to return to operation in Q2 2017. The company booked an operational restructuring charge of $4.8 million for Munin during Q2 2015 and an additional charge of $3.7 million in Q4 2015, which covers the net present value of lay-up costs less estimated profits for the remainder of the lease period.

SeaBird has unsuccessfully tried to redeliver the Kondor Explorer to its owners since the end of the bareboat charter in February 2014. Subsequent to quarter closing, SeaBird's contractual obligations related to the Kondor Explorer were terminated. During the quarter, the company made a net $1.0 million gain due to reversal of past Kondor Explorer cost provisions.

The company incurred $3.7 million in operating costs and $0.1 million in interest expense that was charged against provisions in Q4. Please see table below for additional details.

Provisions	USD millions
Starting balance 1 Oct 2015	13.0
Incurred costs	(3.7)
Changes in provision estimate (booked as credit to cost of sales)	2.7
Interest expense	0.1
Ending balance 31 December 2015	**12.2**

Multi-client library

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

The company introduced a new amortization category in 2013 to conform to seismic industry accounting practices. "Category 1" libraries (the new category) are subject to minimum amortization of 20% in the first year, 20% in the second year, 20% in the third year, 20% in the fourth year and 20% in the fifth year. Each project is placed into one of twelve sales amortization categories with amortization rates of 100%, 95%, 90%, 85%, 80%, 75%, 70%, 65%, 60%, 55%, 50% or 45%. "Category 2" multi-client libraries are amortized over the shorter of three years or the life of the survey and will in addition record sales amortization at a rate of 100%.

Multi-client sales in Q4 2015 were $0.5 million ($4.6 million).

The company reclassified two surveys with remaining aggregated book values of $4.6 million from category 1 to category 2 in quarter two and the remaining surveys were reclassified from category 1 surveys to category 2 during quarter three.

Multi-client amortization in Q4 2015 was $1.2 million (2.5 million), of which $1.0 million was related to minimum amortization.

Multi-client impairment was $5.0 million in Q4 2015 ($5.5 million).

Multi-client library	USD millions
Beginning balance	9.5
Capitalized cost	–
Capitalized depreciation	–
Impairment	(5.0)
Amortization	(1.2)
Net book value Q4 2015	**3.3**

Due to an amendment to IAS 38 Intangible assets, the amortization method for the seismic multi-client libraries will change with effect from 1 January 2016. The company has decided to adopt the following changes to the amortization policy:

- During the work in progress phase, amortization will continue to be based on total cost versus forecasted total revenues of the project.
- After a project is completed, a straight-line amortization is applied. The straight-line amortization will be assigned over the project's remaining useful life, which for most projects is expected to be four years. The straight-line amortization will be distributed evenly through the financial year, independently of sales during the quarters.

As of 31 December 2015, all of the company's existing surveys are assigned to category 2 of the current amortization policy. According to the new amortization policy commencing in 2016, these surveys will be subject to linear amortization, assuming remaining useful lives of the shorter of three years or the life of the survey.

Debt securities and maturities

The company has one bond loan (SBX04; SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2018), one secured credit facility, one unsecured note and the Hawk Explorer finance lease. The total book value of outstanding debt as per 31 December 2015 is $33.7 million. Please see table below for additional details.

Debt securities Q4 15	USD millions
LONG TERM DEBT	
Secured debt	
SBX04 bond loan, face value	29.3
Secured credit facility, face value	2.4
Unsecured debt	
Unsecured note, face value	2.1
Less current portion of unsecured note	(0.9)
Fair value adjustment*	(3.8)
Hawk lease, non-current portion	2.0
Non-current loans and borrowings Q4 2015	**31.1**
SHORT TERM DEBT	
Hawk lease	1.5
Accrued interest	0.2
Current portion of long-term debt	0.9
Current loans and borrowings Q4 2015	**2.6**

* of which SBX04: $3.4m, secured credit facility: $0.3m, unsecured note: $0.1m

The SBX04 bond loan and the credit facility matures 3 March 2018. The bond loan has principal amortization due in quarterly instalments of $2.0 million starting at 3 June 2017 with a balloon repayment to be made at maturity. Further, the credit facility has quarterly principal amortization of $160 thousand starting on 3 June 2017 with a balloon repayment to be made at maturity. The unsecured note is payable in nine equal instalments of $235 thousand, with the first instalment falling due 1 January 2016. The expiration of the Hawk lease has been extended from 29 February 2016 to 31 May 2016, and monthly payments will continue at unchanged, current terms. Moreover, SeaBird will have the option to extend the lease from 1 June 2016 until 28 February 2017, again at the same payment terms as previously agreed. Such lease extension option has to be exercised by the company no later than 29 February 2016. The lease includes a $1.75 million purchase option for the vessel Hawk Explorer on 28 February 2017. If the purchase option is not exercised, SeaBird may redeliver the vessel or negotiate to extend the lease further. Please see the table below for additional details on the aggregate maturities of the company's loans and borrowings.

Aggregate maturities of loans and borrowings	USD millions
YEAR OF REPAYMENT	
2016	2.4
2017	9.4
2018	25.5
Total debt principal	**37.4**

Note: 2017 maturity includes the $1.75 million cost of exercising purchase option for the Hawk lease

Discontinued operations

On 8 December 2011, the company closed the share and purchase agreement with Fugro Norway AS related to Fugro's acquisition of SeaBird Technologies AS and Seabed Navigation Company Limited, which collectively held all of the company's rights and assets related to the ocean bottom node business (accounted for as discontinued operations). See note 1 to the consolidated income statement for the income statement for discontinued operations.

Share capital and share options

The total number of ordinary shares at 31 December 2015 is 3,065,434 with a nominal value of $0.1 per share. In addition, the company has outstanding 884,686 warrants, each with an exercise price of NOK 100 per share and an expiration date of 15 January 2018.

As at 31 December 2015, there were no share options outstanding.

SeaBird Exploration Finance

SeaBird Exploration Finance Limited, as the issuer of 'SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2018' ('SBX04'), has the following intra-group loans with other SeaBird entities as of 31 December, 2015:

Aggregate maturities of loans and borrowings	USD millions
RECEIVABLES	
Osprey Navigation Co. Inc	24,661
Baruka Management Ltd	24,591
SeaBird Exploration Plc	24,034
Biliria Marine Co. Ltd	19,884
Hawk Navigation Co. Ltd	15,823
SeaBird Exploration Management AS	11,303
GeoBird Management AS	8,346
Aquila Explorer Inc	5,427
Harrier Navigation Co. Inc	4,526
SeaBird Exploration Asia Pacific PTE Ltd	2,065
Dimas Navigation Co. Ltd	625
SeaBird Exploration America Inc	370
Seaship Holding Services Ltd	315
Byrd Investment Ltd	4
Arna Shipping Ltd	3
Velodyne Shipping Ltd	1
Total receivables from intra-group companies	**141,981**
PAYABLES	
GeoBird Management Middle East FZ LLC	(13)
SeaBird Exploration Shipping AS	(202)
Hugin Maritime Ltd	(209)
SeaBird Exploration Norway AS	(2,003)
SeaBird Exploration MC Ltd	(2,029)
Silver Queen Maritime Ltd	(3,015)
SeaBird Seismic Mexico S. DE R.L. DE C.V.	(3,801)
Munin Navigation Company Ltd	(5,383)
SeaBird Exploration FZ LLC	(6,520)
Sana Navigation Co. Inc	(10,225)
Raven Navigation Explorer Co. Ltd	(13,627)
Oreo Navigation Co. Ltd	(16,140)
SeaBird Exploration Cyprus Ltd	(20,355)
Seabed Navigation Co. Ltd	(30,811)
Total payables to intra-group companies	**(114,332)**
Total net receivables from intra-group companies	**27,649**

Taxes

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

Related party transactions

All related party transactions have been entered into on an arm's length basis. The company had no related party transactions during the quarter.

Going concern

The company's accounts have been prepared on the basis of a going concern assumption. In the view of the board of directors, the current challenging market conditions and the company's limited working capital creates a material risk to this assumption. In the event that project performance is significantly below expectations, contracts and other arrangements in respect of the employment of SeaBird's vessels are cancelled, or significantly delayed, new backlog cannot be secured on satisfactory rates or at all, the company would need to sell assets or raise additional financing, which may not be available at that time.

SeaBird has not as of today made specific alternative plans to cover such a potential working capital shortfall, although under those circumstances, alternatives may exist to sell or otherwise monetize certain assets or to make other financing arrangements. The ability to sell or otherwise monetize assets, being primarily made up of owned vessels and the multi-client library, would require consent from lenders as all such assets are held as security for loan arrangements, and may therefore not be available within a short time frame or at all. Should none of these financing arrangements be available at that time, such circumstance would have a significant negative effect on SeaBird's financing situation and its ability to continue operations.

In such a scenario, the company will be unable to meet its liabilities as they fall due and to continue as a going concern. In such event, SeaBird would be unable to realize the carrying value of its property, plant and equipment, whose values on a forced sale basis would be lower than their fair values. Furthermore, goodwill and intangibles would be written off as their carrying values largely represent their values in use.

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