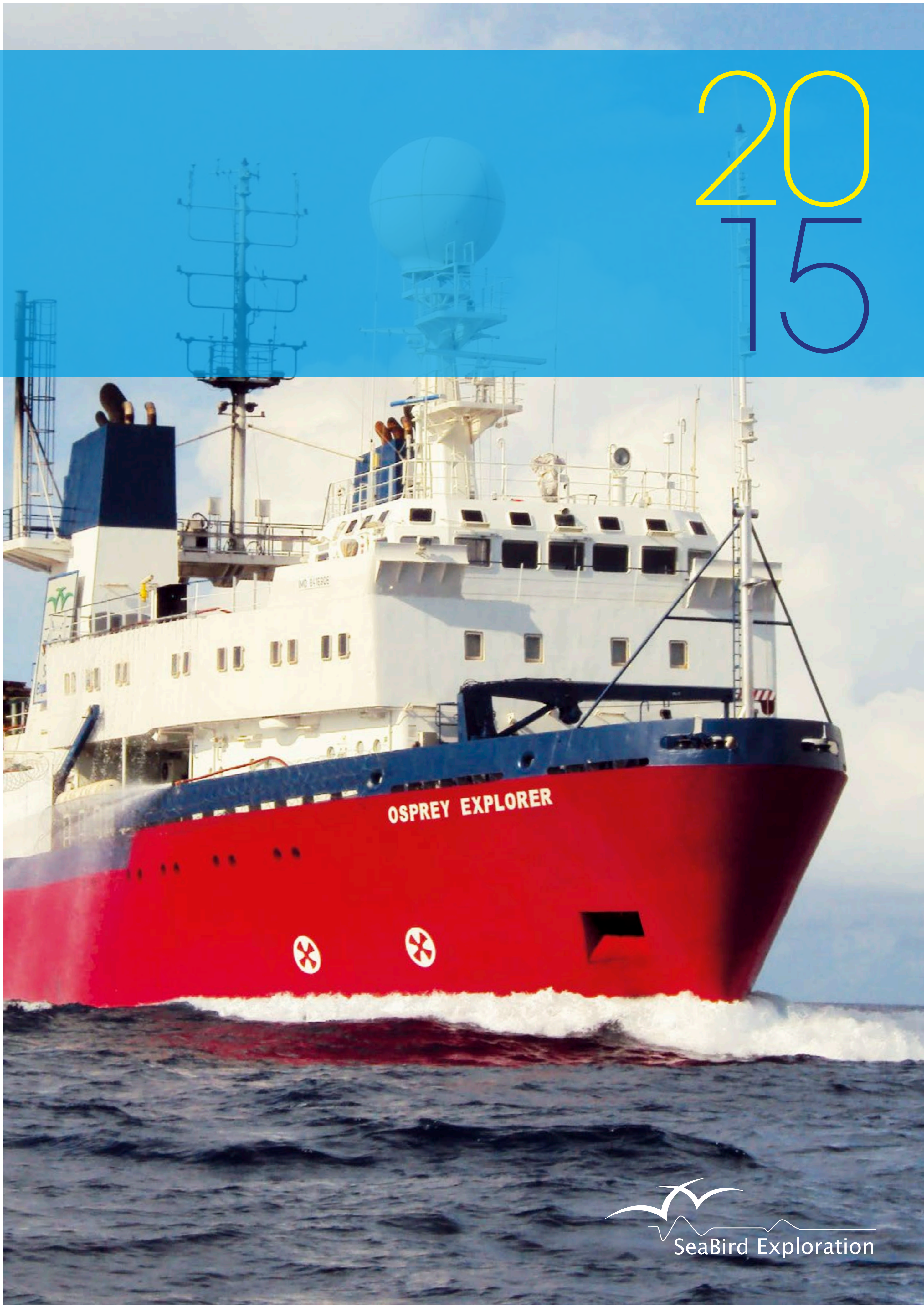
ANNUAL REPORT

2015



SeaBird Exploration

SEABIRD AT A GLANCE

SeaBird is a global provider of marine 2D and 3D seismic data for the oil and gas industry. The company is the market leader in the high-end 2D seismic services segment.

The company is also a leading provider of niche 3D and source vessel solutions. SeaBird concentrates on contract seismic surveys, but is also engaged in the multi-client sector. The company is strongly positioned with its industry-leading health, safety, security, environment and quality (HSSEQ) culture and accreditations. The company has a focus on operational excellence which targets best-in-class performance. SeaBird's focus on technological development looks to continuously advance our service offerings.

$94.1m

revenues for 2015 compared to $129.3 million in 2014

$19.3m

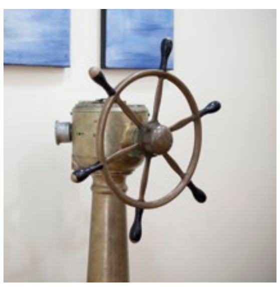
adjusted EBITDA in 2015 compared to $13.9 million in 2014

77%

utilization for 2015, up from 71% for 2014

Mexico

Mexico Gigante 93,000 kilometers (50%) acquired milestone reached in January 2016



Cost

announced structural cost reduction targets reached; additionally, two vessels stacked and one vessel redelivered

$22.5m

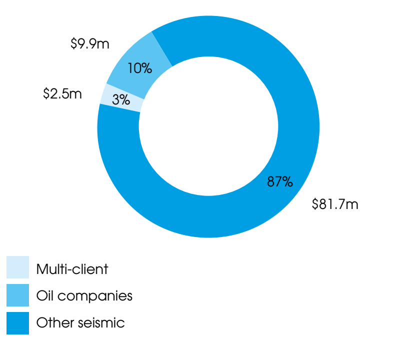
non-recurring charges and impairments recognized during the year

HIGHLIGHTS 2015

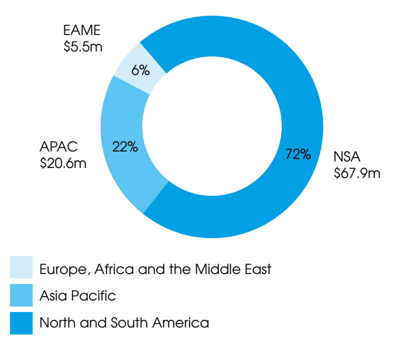
	2015	2014
Revenues	94.127	129,268
Gross margin	24.371	21,280
SG&A	(18.597)	(30,640)
EBITDA	10,917	(7,871)
EBIT	(17,603)	(79,882)
Profit/(loss)	38,344	(99,818)
Capital expenditures	(5,559)	(7,828)
Total debt	33,742	102,217
Net interest bearing debt	27,490	95,245
Equity ratio	28.1%	-29.0%
No. of countries operated in	8	17
Employees	398	543
Utilization	77%	71%

All figures in $000 (except for equity ratio, country data, employee data and utilization)

REVENUE BY CLIENT TYPE 2015 (USD MILLIONS)



REVENUE BY REGION 2015 (USD MILLIONS)



CEO STATEMENT

An interview with Christophe Debouvry

Christophe, you took the helm at SeaBird with a backdrop of persistent low oil prices and a very difficult seismic market. What is your view of the company's challenges and opportunities going forward?

Recent times have been difficult for the seismic industry to say the least. On the commercial side, securing backlog remains priority number one. Additionally, we have been working very actively on ensuring our cost structure is at a competitive level. Much has been done in this respect, but there is always room for improvement. We have proactively reduced our active fleet to adapt to the persistently weak demand, but we also remain very mindful of maintaining SeaBird's global coverage.

As for the opportunity, I believe SeaBird is now very well poised for an industry recovery. Both leverage and operating costs have been significantly reduced. Moreover, our position in the industry as the largest global supplier of 2D and source services will become increasingly important.

There have been a number of major changes in the seismic industry over the past year. In addition to company exits from the industry, we have also experienced a significant reduction in the global seismic fleet. How do you think this will affect SeaBird?

Seismic vessels overcapacity is certainly a major issue. Over the past many months we have seen a significant number of multi-streamer vessels operating in the 2D and source markets. This excess 3D vessel capacity, which has negatively impacted the 2D and source markets, is now being reduced following all announced vessel stackings and retirements. Some of these vessels are likely to come back into the market at some point. However, overall capacity reduction will eventually have a very positive impact on our core markets.

Overall, I see SeaBird in a far better position than a year ago from a market balance perspective. With the significant fleet reduction, we expect to see a smaller and much more focused worldwide 3D fleet shared amongst four to five main operators. This will result in 3D operators increasingly relying on players like SeaBird that can offer cost-efficient and high-quality 2D or source services.

Looking at the current market demand and the impact of a reduced global fleet, where do you see the greatest opportunities?

In the short term, we are seeing increased activity in the source segment which is largely driven by a focus on ocean bottom seismic and well monitoring. We see that oil companies are more focused on production and less on traditional exploration. This is not a surprise given the present market situation.

In the medium term, we do expect a greater upswing in 2D as the market and oil prices recover. Seismic 2D remains the core of frontier exploration and I firmly believe SeaBird is the leading player in this sector. We have consistently delivered in difficult operating environments and showed this again with our sizeable survey offshore Somalia in 2014 and now with the current Gigante survey in Mexico.

You have highlighted the SeaBird opportunity in the 2D and source markets. However, over the last several months, SeaBird effectively exited the 3D market by redelivering the Geo Pacific and cold stacking the Voyager Explorer. Does this signal a strategic shift for the company or do you see SeaBird re-entering the 3D market sometime in the near future?

SeaBird continues to see the niche 3D market as a natural extension of its business model. However, during 2015, the market was simply not there. The lack of survey opportunities given the market downturn as well as the excess 3D vessel capacity looking for employment made this market inaccessible. That being said, our past experience shows that there is a viable and highly profitable market for smaller 3D surveys, often operating in challenging physical environments such as shallow water or in tidal zones. As the 3D players are increasingly focusing on larger multi-streamer vessels, we believe the niche 3D market will again be back as the oil sector rebounds. However, visibility remains low and we need to evaluate potential market opportunities going forward.

SeaBird has been very cautious in terms of multi-client investments in 2015. Is there is a change in focus with respect to this market segment?

The short answer is 'no'. There is no change in focus with respect to the multi-client approach for SeaBird. We are actively evaluating several investment opportunities and will continue to do so going forward. That being said, we are very focused on ensuring adequate prefunding before we commit vessel capacity. We need to carefully manage our risk profile while also ensuring that we engage in attractive opportunities. We have been very cautious in 2015 as prefunding has been difficult to obtain.

As the market improves, we expect to increase activity in this sector and we see multi-client as an attractive investment opportunity and also a way to optimize fleet utilization.

During 2015, SeaBird commenced the largest 2D-survey in history, the TGS Gigante project in Mexico. What are your impressions of the project so far and when do you expect completion?

With this project, SeaBird has again showed its ability to execute on large-scale multi-vessel surveys. It is important to note that our fleet size has been key to ensuring sufficient vessel coverage as well as an ability to complete the survey in a timely manner.

Mexico has been a major oil producer for decades, but only recently opened for foreign investment in its petroleum sector. This is a challenging operating environment and requires significant attention from the whole organization. However, this is exactly our strength.

During the project, we have experienced downtime levels that are unsatisfactory. We have been working hard through our operations and HSSEQ departments to rectify this situation and we are now seeing solid results. As it looks now, we expect to complete the survey during the second half of 2016.

The company entered 2016 with a reasonably strong backlog. But, given the industry challenges, how do you see the company's priorities for the rest of the year?

The first priority is to win new contracts. Although our work in Mexico will occupy large portions of our vessel capacity during this year, we need to fill the order book for the second half. Here we need to be proactive and help create opportunities in the market. As a part of this effort, we look to differentiate our product offering through technological customization, operational experience, fleet size or HSSEQ standards. I am pleased to say that we recently signed two contracts for the North Atlantic summer season and I firmly believe that SeaBird is in a good position to tackle the challenges ahead.

HSSEQ

WE ARE GUIDED BY OUR COMMITMENT TO HEALTH, SAFETY, SECURITY, ENVIRONMENT AND QUALITY (HSSEQ).

Industry-leading HSSEQ processes ensure the company:

- Provides a safe and healthy work environment both offshore and onshore;
- Continuously improves operational performance and quality;
- Delivers its services safely, promptly and cost effectively; and
- Considers the environment in all aspects of its operations.

6.1%

technical downtime

0.45

total recordable incident rate (TRIR)

0.00

lost time injury frequency (LTIF) rate

SeaBird's HSSEQ management and reporting system is a key component in the company's performance evaluation process. In addition to quality, the system ensures safe operations. For the year, the company reported a lost time injury frequency rate of zero and a total recordable incident rate of 0.45, both comparing favorably to industry norms.

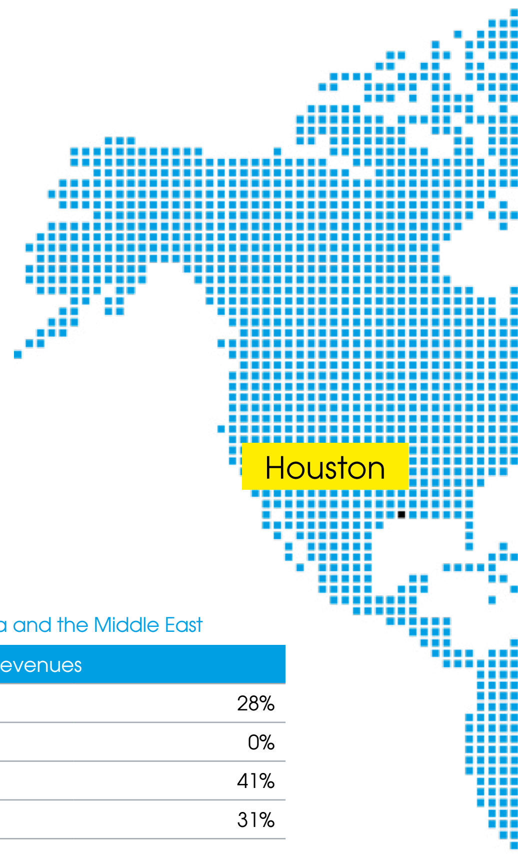
The company successfully passed all client, class and statutory audits undertaken in 2015.

Towards the end of the year, SeaBird completed a detailed analysis of past performance to further improve HSSEQ procedures and establish objectives for 2016. Quality enhancement will be of increased focus both offshore and onshore in 2016, especially in light of unsatisfactory vessel downtime levels during the second half of 2015.

Our HSSEQ system is certified with ISO 14001 (environmental management systems), ISO 9001 (quality management systems) and OHSAS 18001 (Occupational Health and Safety Management Systems).

The company continues to work actively on minimizing its environmental footprint. We strive to improve environmental awareness, and operational competency in this area is maintained through the company's training programs.

GEOGRAPHIC FOCUS AND MARKET DRIVERS



The company is a global organization and operates in all geographic continents. With a continued focus on frontier regions, SeaBird offers its clients significant experience within these often complex and challenging environments.

Europe, Africa and the Middle East:

The Northern Europe season is expected to be slower than in previous years as a result of the current market outlook. Nevertheless, with licensing rounds scheduled for 2016 in the United Kingdom and Norway, seismic contract opportunities are expected to arise. Oil exploration in the southern European countries on the Mediterranean Sea have been lagging other offshore regions. These countries are now expected to increasingly open virgin territory for oil exploration, which traditionally has been inaccessible. We see the Mediterranean as an attractive potential area going forward. The activity level in Africa and the Middle East is anticipated to be muted.

Asia Pacific:

We see continued interest in Australasia, but a number of surveys have recently been postponed due to budget limitations, prefunding concerns and delays in environmental permitting. The activity level in the source market is expected to be robust given oil companies continued interest in reservoir monitoring and ocean bottom seismic surveys in the region. In the long term, South East Asia is expected to remain a core region for all types of seismic exploration.

North and South America:

North and South America continues to be a strong region with significant market activity. The increased demand is in large part the result of recent legislative changes in Mexico. Oil exploration activity in Mexico is likely to remain strong mainly driven by the upcoming licensing rounds in Mexico starting in the fourth quarter of 2016. We have recently seen an uptick in market requirement for applications of dedicated source vessel(s) in conjunction with ocean bottom seismic as well as 3D wide azimuth surveys in North America and Mexico. Additionally, over time, reforms opening the U.S. East Coast to seismic exploration are expected. Activity in Brazil and other South American countries has been significantly curtailed by project delays and cuts in exploration spending.

Europe, Africa and the Middle East

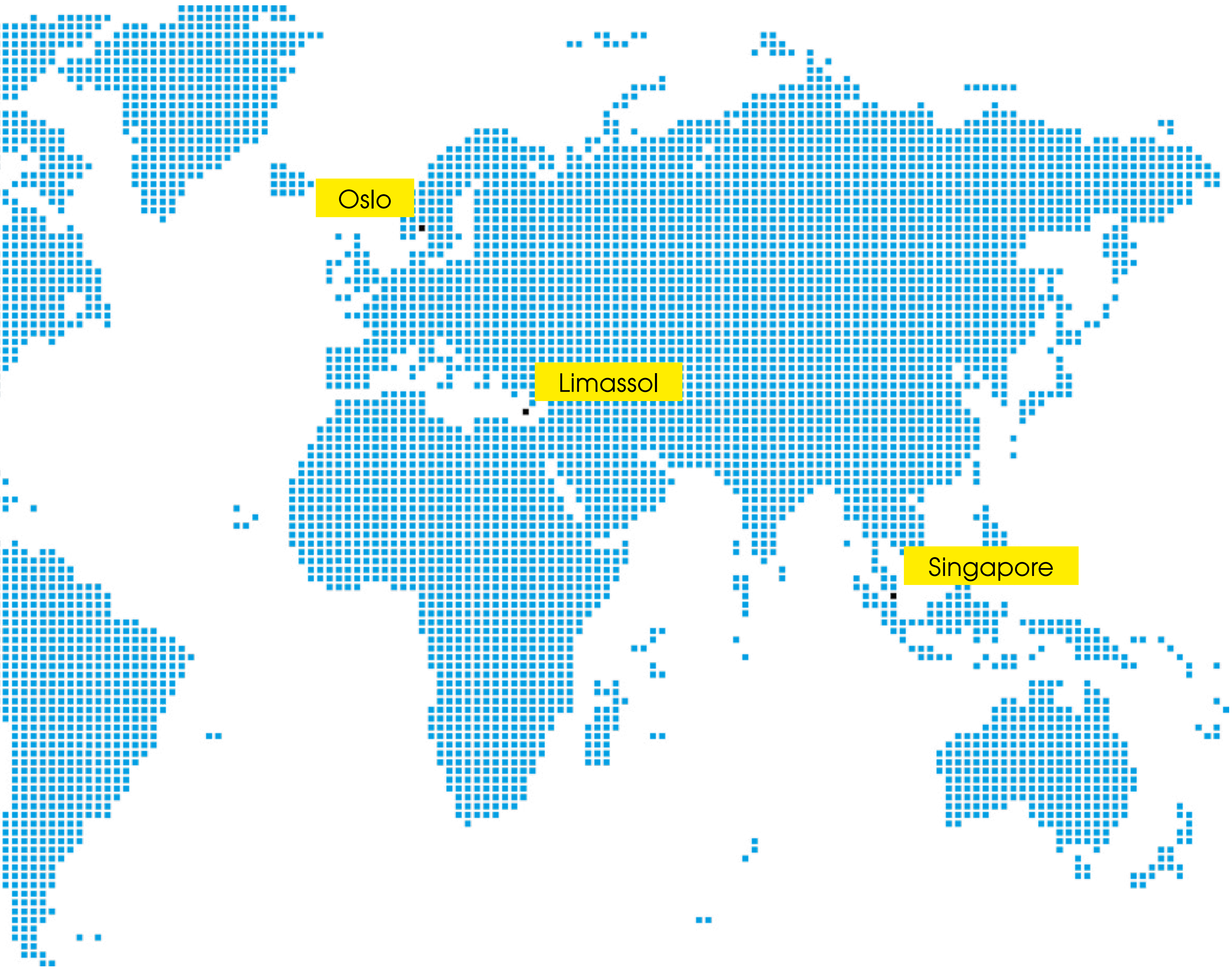
6% of group revenues	
2D	28%
Source	0%
3D	41%
Multi-Client	31%

North and South America

72% of group revenues	
2D	76%
Source	24%
3D	0%
Multi-Client	0%

Asia Pacific

22% of group revenues	
2D	62%
Source	34%
3D	0%
Multi-Client	4%



- 7 vessels
- 4 offices
- Qualified to work with oil majors
- Industry leading HSSEQ
- Extensive experience within adverse operating environments

INTERACTION WITH THE CAPITAL MARKETS

In light of sustained low oil prices and deteriorating market fundamentals, the company completed a financial restructuring in Q1 2015. Following the restructuring, SeaBird substantially reduced its financial indebtedness while also raising additional debt and equity capital.

The restructuring

In January 2015, the company announced an agreed restructuring proposal to reduce indebtedness and provide additional funding (all share prices and number of shares have been adjusted to reflect the recent share consolidation):

- Issue of new equity for a total of approximately $11.6 million or 884,686 new shares and 884,686 new three-year warrants to acquire one share per warrant at an exercise price of NOK 100 per share.
- Issue of a new three-year secured bond in two tranches ("SBX04"), subscribed by TGS-NOPEC Geophysical Company ASA for $5 million in tranche A and $24.3 million in tranche B resulting from a debt conversion of the existing SBX03 bond, Perestroika convertible bond, charter hire and financial advisory payables.
- Issue of a three-year secured credit line facility of $2.4 million and a $2.1 million unsecured loan.
- Approximately $16.2 million of the outstanding amount under the SeaBird Exploration Plc Senior Secured Callable Bond Issue 2011/2015 ("SBX03") was converted into SBX04 and the remaining approximately $64.7 million of SBX03 was converted into equity at NOK 300 per ordinary share.
- Approximately $3.0 million of the company's convertible loan with Perestroika AS was converted into SBX04 and the remaining approximately $11.9 million of the Perestroika loan was converted into equity at NOK 300 per ordinary share.
- The outstanding charter hire for the Munin Explorer, Geo Pacific, Hawk Explorer and Voyager Explorer (the "Charterers") was partially converted into SBX04, a loan, partially converted into equity and partially written down. The ongoing charter obligations were amended, including a reduction in total charter hire of more than $25,000 per day, yielding an annual pre-tax cash flow improvement in excess of $9 million. Fuel vendors' outstanding balances of $3.4 million were converted into SBX04 Tranche B and $2.4 million was converted to the secured credit facility described above.
- $0.7 million of restructuring advisory fees were converted into SBX04 and $2.8 million of restructuring advisory fees were converted into equity at NOK 300 per share.

The restructuring was approved by a requisite majority in the SBX03 bondholder meeting and by the shareholders in two extraordinary general meetings in February 2015. On 3 March 2015, the company announced that the conditions for the restructuring were fulfilled. Please see note 31 for further details.

Other key events

The company completed a 1,000 to 1 reverse split of its shares in the fourth quarter. The consolidated shares started trading on the Oslo Stock Exchange on 11 December 2015. Preceding the share consolidation, the company purchased 2,500,000 of its own shares for the sole purpose of facilitating the consolidation process. Subsequently, the company disposed of all remaining treasury shares not used to round up shareholders which would otherwise have received fractional shares in the reverse split process.

In February 2016, the company agreed to extend the financial lease of the Hawk Explorer from June 2016 to February 2017. During the initial lease period, SeaBird may at its sole discretion terminate the charter on 31 August 2016 or 30 November 2016. See note 27 for further details.

Photo: © Leif-Harald Ruud

FINANCIAL CALENDAR

4 MAY 2016
First Quarter 2016

10 MAY 2016
Annual General Meeting

19 AUG 2016
Second Quarter 2016

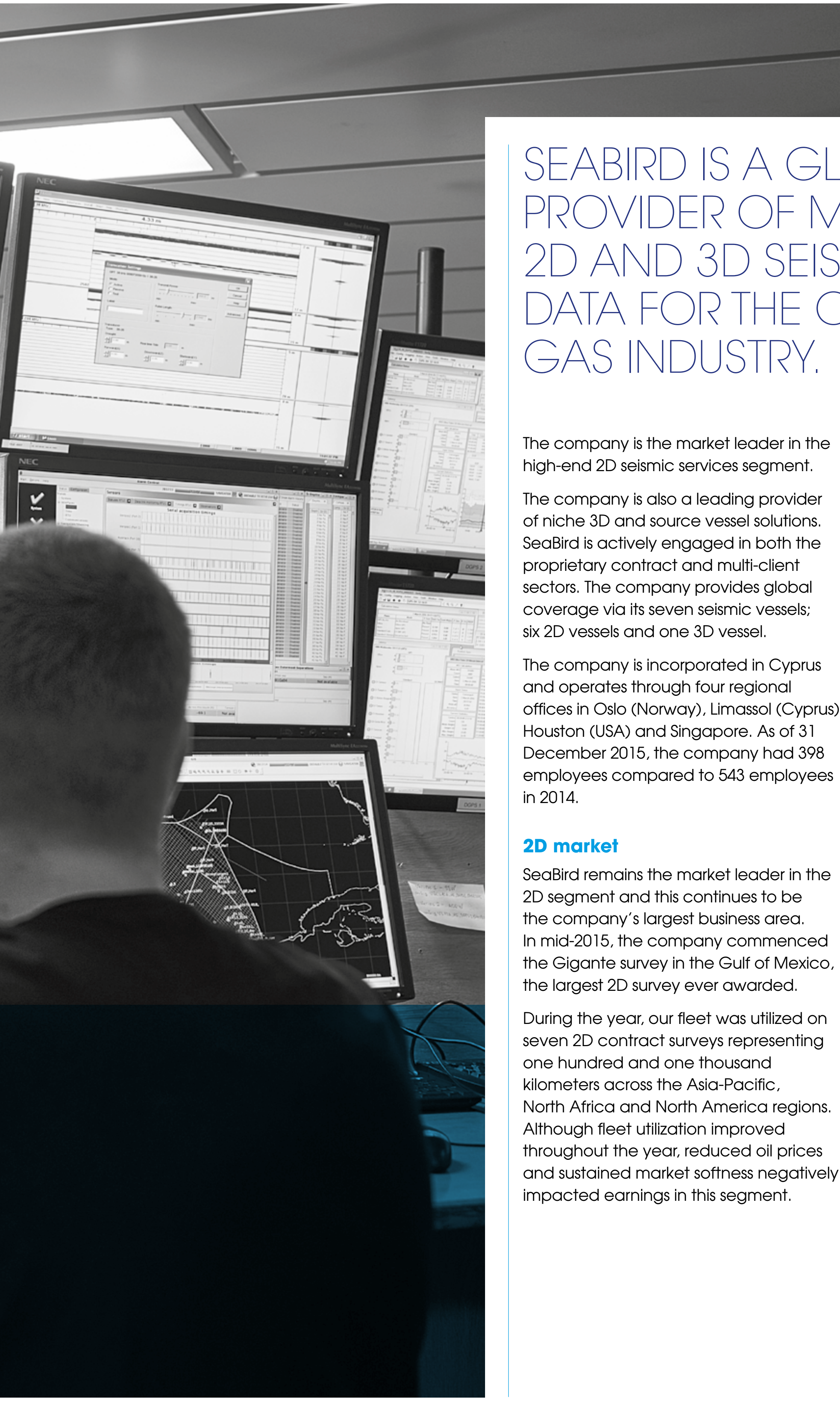
4 NOV 2016
Third Quarter 2016

20 LARGEST SHAREHOLDERS AS OF 29 February 2016

	TOP INVESTOR	NO. OF SHARES	% HELD
1	PERESTROIKA AS	492,222	16.06%
2	BANQUE LOMBARD ODIER S/A GENERAL DOSSIER	477,720	15.58%
3	GOLDMAN SACHS & CO E GOLDMAN SACHS & CO	354,838	11.58%
4	EUROCLEAR BANK SA/ 25% CLIENTS	226,463	7.39%
5	MP PENSJON PK	149,313	4.87%
6	CLEARSTREAM BANKING	92,181	3.01%
7	FUGRO NORWAY AS	65,809	2.15%
8	AB INVESTMENT AS	60,000	1.96%
9	CIPILAM P UCITS SWED	56,944	1.86%
10	THE NORTHERN TRUST C NON-TREATY ACCOUNT	56,297	1.84%
11	VIKERIK MARTIN	33,931	1.11%
12	HAAGENSEN JAN WILLIAM	33,349	1.09%
13	NORDNET LIVSFORSIKRI	30,580	1.00%
14	PHAROS SIC AV SIF SEB LONDON	26,192	0.85%
15	SANDEN A/S	24,236	0.79%
16	CLARKSONS PLATOU SEC EGENHANDELSKONTO	23,645	0.77%
17	TORKELSEN TERJE	20,000	0.65%
18	JAWIHA AS	17,232	0.56%
19	HE JIXIN	14,500	0.47%
20	NORDNET BANK AB	14,097	0.46%
	TOTAL NUMBER OWNED BY TOP 20	**2,269,549**	**74.04%**
	TOTAL NUMBER OF SHARES	**3,065,434**	**100.00%**

OPERATIONS AND STRATEGIC FOCUS

VESSEL UTILIZATION



SEABIRD IS A GLOBAL PROVIDER OF MARINE 2D AND 3D SEISMIC DATA FOR THE OIL AND GAS INDUSTRY.

The company is the market leader in the high-end 2D seismic services segment.

The company is also a leading provider of niche 3D and source vessel solutions. SeaBird is actively engaged in both the proprietary contract and multi-client sectors. The company provides global coverage via its seven seismic vessels; six 2D vessels and one 3D vessel.

The company is incorporated in Cyprus and operates through four regional offices in Oslo (Norway), Limassol (Cyprus), Houston (USA) and Singapore. As of 31 December 2015, the company had 398 employees compared to 543 employees in 2014.

2D market

SeaBird remains the market leader in the 2D segment and this continues to be the company's largest business area. In mid-2015, the company commenced the Gigante survey in the Gulf of Mexico, the largest 2D survey ever awarded.

During the year, our fleet was utilized on seven 2D contract surveys representing one hundred and one thousand kilometers across the Asia-Pacific, North Africa and North America regions. Although fleet utilization improved throughout the year, reduced oil prices and sustained market softness negatively impacted earnings in this segment.

Source

Ocean bottom seismic and more complex survey configurations continues to be a significant seismic market segment which require source vessels. Demand for source vessel solutions weakened during the year. Despite the challenging market, the SeaBird fleet completed five source projects across multiple regions in 2015. Similar to last year, source vessel projects contributed to approximately one fourth of the company's overall annual revenues. The company's fleet is naturally suited for seismic source operations and we see this as a core focus going forward.

Niche 3D market

Demand in the niche 3D market was weak during 2015. The tender activity remains well below historical levels. The Voyager Explorer was cold stacked the whole year and is expected to remain stacked until there is a meaningful recovery in seismic demand or until redelivery in August 2016. The company also cold stacked the Geo Pacific after completing its Africa survey in Q1 2015. The vessel was redelivered to the owners at year-end.

Multi-client

The company participated in two smaller multi-client projects during the year. In light of the weak market and poor visibility for future sales, SeaBird continues to focus on project opportunities with high level of prefunding. Our multi-client library currently consists of seventy-two thousand kilometers of 2D data and two thousand five hundred square kilometers of 3D data.

MULTI-CLIENT FOCUS

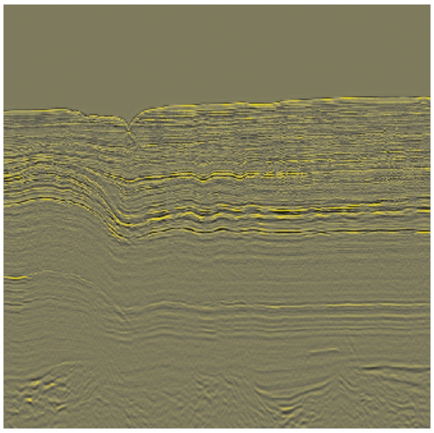
Multi-client surveys are investments by the company in the acquisition of seismic data, which we process, market and sell to multiple third parties on a non-exclusive basis.

Such survey activities allow us to capitalize on investment opportunities and optimize fleet utilization. The available pool of attractive multi-client investments has been reduced in 2015 due to the weak seismic industry environment. However, the multi-client business segment continues to be an important aspect of the SeaBird business model. Correctly planned and executed multi-client projects with high prefunding are likely to generate healthy investment returns while optimizing the use of our vessels

During 2015, SeaBird's fleet was to a large extent committed to the TGS Gigante contract in Mexico. The company invested in two smaller multi-client surveys by contributing funds and expertise, but did not commit any vessel capacity to these projects.

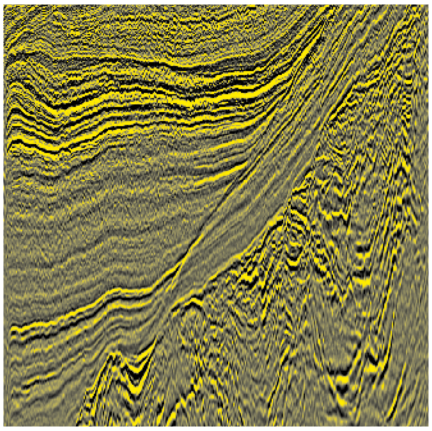
In the current business climate, we have experienced two emerging multi-client trends. We are seeing an increasing number of proprietary seismic acquisition surveys being converted to multi-client projects. As oil companies seek to financially de-risk their exploration programs by acquiring non-exclusive seismic data, SeaBird is well positioned to handle such opportunities through its global fleet.

Secondly, we see a trend towards the acquisition of smaller surveys with multiple oil company clients combined with a more innovative and calibrated approach to data collection. SeaBird is well positioned to closely collaborate with our clients' exploration management and R&D teams to develop new cost effective acquisition methods and programs. SeaBird is using recently acquired test surveys to optimize acquisition configurations and as a result improving the data quality and imaging. This improved imaging can reveal previously hidden reflectors and geology with the joint input from multiple oil company R&D teams.



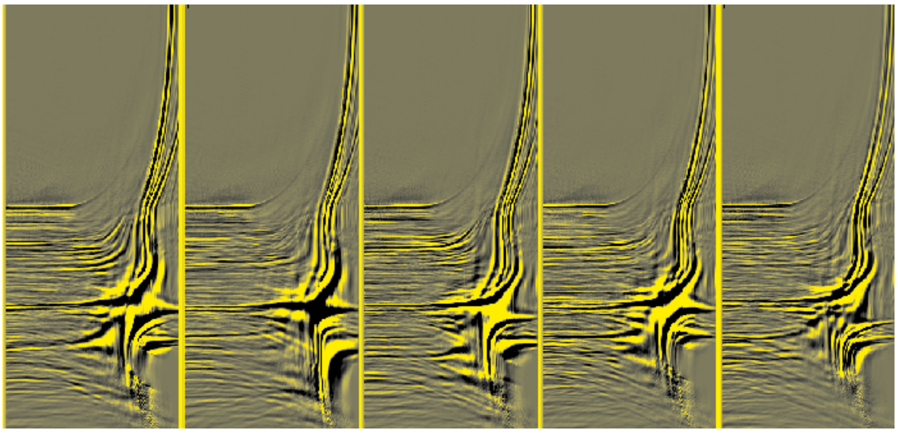
Acquisition by 12 km long streamer provides improved imaging in the deeper sections.

Data example from a multi-client survey acquired by a SeaBird vessel.



Acquisition by 12 km long streamer provides improved imaging in the deeper sections.

A zoomed data example from a multi-client survey acquired by a SeaBird vessel.



Gathers from a survey acquired by 10 km long streamer.

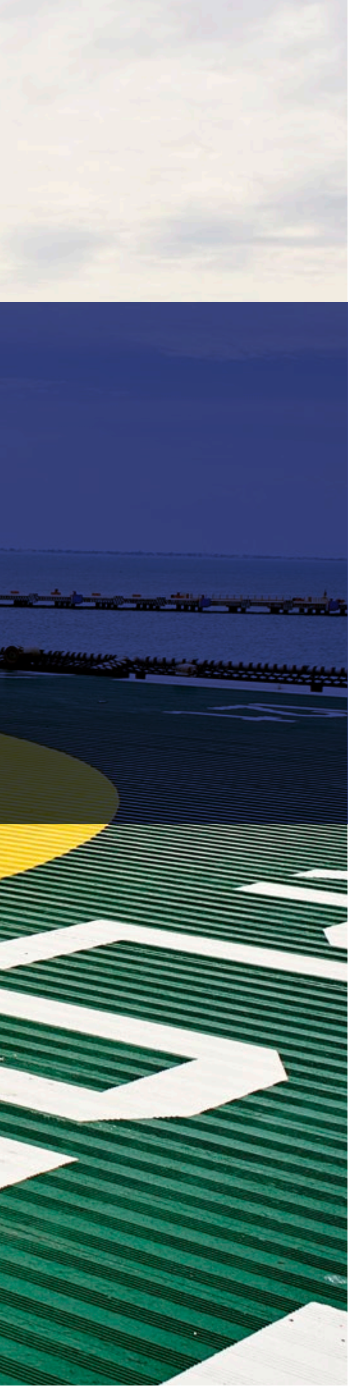
Despite challenging basalt layer above, there are still examples of illumination, and the gathers prove 12 km long offset would provide further uplift.

EXPLORATION IN MEXICO AND OTHER FRONTIER AREAS

Legislative reform creates greater access to underexplored regions

Limited legacy seismic data available

Technological improvement increases seismic reach



FRONTIER EXPLORATION HAS SEEN SIGNIFICANT GROWTH IN RECENT YEARS AS OIL COMPANIES CONTINUE TO EXPLORE BEYOND TRADITIONAL PETROLEUM PRODUCING REGIONS.

Frontier areas are often characterized by challenging operating and legislative environments. Long-term hydrocarbon demand necessitates continued exploration of these underexplored regions.

SeaBird is the 2D leader in frontier markets; our global operations along with our solid track record under demanding conditions make us a reliable and cost effective partner for our clients.

Mexico's untapped potential

Mexico's announcement of License Round Zero 2015 opened the prospect for substantial exploration of blocks covering onshore, shallow-water and deep-water areas. This initiative has fostered considerable foreign investment in a market previously dominated by Petróleos Mexicanos (PEMEX).

SeaBird's global fleet and extensive frontier experience makes it a natural partner for these large-scale surveys. The company, in partnership with TGS-NOPEC Geophysical (TGS), is acquiring a high-end 2D seismic survey covering a planned scope of 186,000 kilometers. In January 2016, 93,000 kilometers or 50% of the total planned program was acquired.

Frontier exploration

The company has previously completed surveys in frontier areas across the globe. In 2014, the company, in partnership with Soma Oil & Gas, completed a twenty-one thousand kilometer 2D survey offshore Somalia. The survey represents a significant step forward for the Somalian oil and gas sector, which remains an under-explored region despite large recent discoveries elsewhere in East Africa. The acquisition program was undertaken in a high-security risk area and was completed with minimum downtime and no security or HSSEQ incidents. The success of the survey highlighted the company's ability to execute significant scale programs and effectively operate in conflict areas.

The company has successfully completed multiple contracts in New Zealand and Australia during the last few years. This region is well-known for its high environmental standards and demanding permitting requirements which can delay project start-ups and can pose significant barriers to entry. Our industry leading HSSEQ systems prequalify us to work with most oil majors and our history of solid performance in the area sets SeaBird apart from competitors.

Experienced operations enable exploration in more challenging areas

CFO STATEMENT

Nils Haugestad

"The financial restructuring provided additional working capital, lowered charter hire expenses and reduced our debt level."

At the beginning of 2015, SeaBird announced the completion of a financial restructuring. The downturn in the seismic market negatively impacted both earnings and the company's ability to refinance outstanding obligations. The restructuring provided additional working capital, lowered charter hire expenses and significantly reduced the company's debt level. Simultaneously, SeaBird's robust backlog in the Mexico Gulf provided a more stable and predictable cash flow starting in the second half of the year, which supported the new capital structure.

Solid financial control and cash management systems allowed us to effectively manage liquidity during this challenging period. In addition, an active focus on right-sizing operations and reducing the company's cost structure were key management priorities throughout the year.

As a part of the cost reduction effort, the company laid up the Voyager Explorer towards the end of 2014, stacked the Geo Pacific in Q1 2015 and the Munin Explorer in Q3 2015. We also negotiated reduced charter rates for the Geo Pacific and the Voyager Explorer as a part of the restructuring. In Q4 2015, we redelivered the Geo Pacific to its owners. The company will continue to review its vessel capacity in line with market developments to ensure that we optimize our fleet structure.

In addition to volume-related cost reductions, the company announced its target to reduce structural operating expenses by $10 million. As a part of this effort, standard vessel operating expenses excluding fuel have now been reduced by approximately 17% on a comparable basis relative to fiscal 2014, in line with the cost savings target. Run-rate for sales, administrative and general (SG&A) expenses have been reduced by approximately 25% relative to fiscal 2014, ahead of the savings target. We will continue our costs reduction efforts this year and expect to achieve additional operational efficiencies and savings.

In light of the persistent weakness in the oil industry, we continued to evaluate our assets and future obligations. As a part of this effort, we booked net non-recurring charges of $22.5 million during the year, excluding restructuring gains. The multi-client portfolio was impaired by $8.5 million while seismic equipment and other fixed assets were impaired by $0.9 million. We also recorded a net $9.8 million charge related to changes in estimates of lay-up provisions for onerous lease contracts. Additionally, $3.3 million in bad debt costs and end of service benefits were charged to SG&A. Given the industry uncertainty, we will continue to evaluate the need for further accounting adjustments.

"COST REDUCTION TARGETS WERE REACHED AND WE WILL LOOK TO IMPLEMENT ADDITIONAL INITIATIVES IN 2016."

Following the financial restructuring, the corporate right-sizing and the cost improvement efforts, the company has an improved platform to operate from. Still, we face a challenging and uncertain market, and it is critical for the company to continue to secure additional backlog. We will at the same time prioritize our focus on cost efficiency, active liquidity management and fleet structure. We believe we have a unique position in the industry, but our success will be determined by our ability to continuously adapt to the changing market environment, creating solutions and successfully executing for the benefit of our clients.

"We have a unique platform in the industry, but our success will be determined by our ability to continue to adapt to the changing market place."

GROUP MANAGEMENT

CHRISTOPHE DEBOUVRY

Chief Executive Officer, Position held from 2016
Mr. Debouvry has held the position as Chief Executive Officer of the company since January 2016. He has over 25 years' experience in the oil services sector with a long track record in international offshore operations, strategy and finance. This includes years working with leading seismic company CGG Group where he was most recently CFO for CGG Services. Since leaving CGG in 2010, he has in particular worked with Oaktree Capital Management on the build-up of the UK-based Harkand Group, an offshore service provider. Mr. Debouvry holds a Master of Science degree in Electrical Engineering and a Master of Business Administration degree from Insead. He is a French citizen and resides in Paris, France.

NILS C. HAUGESTAD

Chief Financial Officer, Position held from 2012
Mr. Haugestad has held the position as Chief Financial Officer of the company since April 2012. Mr. Haugestad has over 20 years' experience in investment banking, principal investments and corporate strategy. He came from the position as Chief Executive Officer and founding partner of Fokus Capital Ltd. Prior to this, Mr. Haugestad was Chief Operating Officer of Evolvence Capital Ltd. Mr. Haugestad has previously held a number of positions in New York with Citigroup, Citicorp Venture Capital, Credit Suisse, RBC Capital Markets and UBS. Mr. Haugestad holds a Bachelor of Science degree from the Wharton School, University of Pennsylvania and a Master of Business Administration degree from Harvard Business School. Mr. Haugestad is a Norwegian citizen and resides in Oslo, Norway.

KJELL MANGERØY

VP Business Development, Position held from 2008
Mr. Mangerøy has held the position as VP Business Development in the company since February 2008. Prior to the appointment of VP Business Development, he held the position as VP Operations since 2006. Before joining SeaBird, he held the position of Business Development Manager (Africa) for PGS from 2001 to 2006 based in London and from 1995 to 2001 he held the position of Operations Manager in PGS based in Oslo. From 1985 to 1995 he worked for CGG on board vessels as Party Chief and later as Operations Manager based in London for three years before opening an office for CGG in Stavanger in 1992. From 1976 to 1985 he held various positions in several seismic and survey companies before joining CGG. Mr. Mangerøy has extensive experience from 35 years in the seismic industry. Mr. Mangerøy is a Norwegian citizen and resides in Limassol, Cyprus.

STEINAR FJELDBO

VP Operations, Position held from 2014
Mr. Fjeldbo joined SeaBird in February 2014, after 22 years in the seismic industry working for Geco-Prakla, WesternGeco, Reservoir Exploration Technology, Fugro GeoTeam and CGG. Nine of these years were offshore and the rest in operational management. Mr. Fjeldbo has a military and technical education from the Royal Norwegian Navy where he had six years service, specializing in sonar and other technical equipment on submarines. Mr. Fjeldbo is a Norwegian citizen and resides in Sandefjord, Norway.

DAG GREPPERUD

VP HSSEQ, Position held from 2015
Mr. Grepperud has held the position as VP HSSEQ since May 2015. He rejoined the same position that he held with SeaBird from 2006 to 2011. Mr. Grepperud has 19 years' experience from HSSEQ related positions in the marine and oil and gas industry. He held the position as Quality Assurance, Risk & Marine Assurance Manager with Technip Norge AS from 2011 until resuming with SeaBird in May 2015. Mr. Grepperud is an accredited ISM and ISO 9001 auditor and accredited Risk Manager. His background is Marine Operations and he graduated from the Royal Norwegian Naval Academy in 1992. Mr. Grepperud is a Norwegian citizen and resides in Oslo, Norway.

BOARD OF DIRECTORS

ANNETTE MALM JUSTAD

Chairman, Joined 2015
Annette Malm Justad is a Norwegian citizen born in 1958. She has a Master's degree in Chemical Engineering from the Norwegian Institute of Technology (NTH) and a Master's degree in Technology Management from NTH/MIT Sloan School of Management and NHH (Norwegian School of Economics).
Ms. Malm Justad has more than 25 years' international operation experience from industry and shipping companies. Five years as CEO of a Norwegian listed international ship supply company and head of purchasing of Yara International. She has since 2011 been running her own consultancy business including roles as non-executive director and chairman for public and private companies.

KITTY HALL

Director, Joined 2012
Kitty Hall is a British citizen born in 1956. Ms. Hall was appointed as a director of the company in a general meeting held on 15 May 2012. She has a BSc in Geology from the University of Leeds and an MSc in Stratigraphy from University of London. She has more than 35 years of experience from the upstream oil industry including 25 years as Chief Executive of specialist geophysical contractors ARKeX Ltd (2004–2010) and ARK Geophysics Ltd (1986–2004), together with experience as a board member for both public and private companies. She has been a board member of Det Norske Oljeselskap since 2013, and became Chairman of the Petroleum Group of the Geological Society in January 2016

OLAV HAUGLAND

Director, Joined 2015
Olav Haugland is a Norwegian citizen born in 1966. He holds a Master of Science in Economics and Business Administration and is a state authorized public accountant. Mr. Haugland is a seasoned CFO with extensive international network and broad experience in the capital markets. He has held CFO functions in shipping and oil service with both public and private groups. Prior to joining Kistefos, Mr. Haugland was CFO in the real estate company Hansa Property Group AS. Over the last decade he has held various management positions in capital intensive companies, including the offshore company Sinvest ASA and the shipping company Wilh. Wilhelmsen ASA.

HANS PETTER KLOHS

Director, Joined 2015
Hans Petter Klohs is a Norwegian citizen born 1967. He holds a Bsc degree in Economics and Business Administration and an MPhil degree in International Finance. Mr. Klohs has extensive senior executive management experience from Norwegian stock listed entities both in oil service and shipping, amongst other as CFO in GC Rieber Shipping for more than 10 years. His field of expertise include corporate funding, financial reporting, M&A, corporate finance, investor relations and business development.

GERT TRIEST

Director, Joined 2015
Gert Triest is a Belgian citizen born in 1973. He holds a Master's degree in Economics and a Master's degree in Tax Law. Gert Triest has more than 18 years' international experience in both consulting and in industry, of which the last 13 years at AOG, a large private diversified investment group with focus on energy, commercial real estate and capital investments. Mr. Triest is currently heading AOG's Dutch and Maltese offices, he has retained his position as Group Tax & Treasury Manager for AOG and is a member of AOG's Executive Committee. He also has broad business experience with over 30 board memberships. Representing the current second largest shareholder of SeaBird Exploration, Mr. Triest has refused receiving any remuneration for his mandate.

CORPORATE GOVERNANCE SEABIRD EXPLORATION PLC

Comprehensive report for the year 2015

Our corporate governance policy guides our operations and business activity. It also provides the standards for our code of conduct as stipulated by the board of directors.

1. Implementation and report on corporate governance
This report on corporate governance is provided by the board of directors in accordance with the Norwegian Code of Practice for Corporate Governance as last amended 30 October 2014 and the listing rules of Oslo Stock Exchange publicly available at www.nues.no. This report also fulfils the requirement in Corporate Governance Code April 2014 of the Cyprus SEC.

The company has defined its key corporate values in a series of policies, including ethical guidelines. Corporate social responsibility has not been formulated into a specific guideline. However, our health, safety, security, environment and quality (HSSEQ) systems and culture are generally viewed to address this topic.

2. Business
The main business activities permitted by the company's constitutional documents are set out in the memorandum of association article 3.1;

"To carry on or undertake any commercial activity relating to providing oil and gas exploration, production and participation, seismic data services onshore, transition zones and offshore, and general offshore energy related services and whatever else may be considered incidental or conductive thereto, including but not limited to, acting as a holding company to companies engaging in such activities; investing in other companies engaged in any of aforementioned activities; buying, selling or other otherwise dealing with acquiring property in the oil and gas industry; mortgaging, borrowing or charging its assets or acting as guarantor in connection with undertaking or any of the activities whether for itself or any affiliate or third parties".

SeaBird is a global provider of marine acquisition for 2D, 3D and 4D seismic data and associated services to the oil and gas industry. The company aspires to maintain and enhance its leading position in the 2D seismic market. The company also looks to be a leader in the high-end source vessel market as well as niche 3D and 4D marine seismic markets.

The memorandum and articles of association of the company may be amended by a resolution of no less than three fourths majority of the votes cast at the general meeting. However, in case of an amendment of the objects of the company contained in clause 3 of the memorandum of association or in case of a reduction in the company's share capital, the resolution will in addition require an approval by the district court of Limassol, Cyprus.

3. Equity and dividends
The company is committed to having an appropriate level of equity capital. The company will strive to follow a dividend policy favorable to the shareholders. The amount of any dividends to be distributed will be dependent on such factors as the company's investment requirements and rate of growth. There are no dividend restrictions in the current debt facilities. However, other financial covenants may impact the company's ability to make distributions.

The company's authorized share capital as of 31 December 2015 is USD 6,800,000 and is set out in the memorandum of association. Shareholders with significant shareholdings are identified in the financial notes to this annual report. Subject to any resolution of the shareholders, the board of directors may issue shares up to the authorized share capital limit without any limitation in purpose and time, save that, whenever new shares are issued for consideration in cash, the shares must be offered on a pre-emptive basis to the existing shareholders, in proportion to the capital represented by their shares. These pre-emption rights may be excluded by a resolution of the general meeting.

The company may, subject to the provisions of Cyprus law and its articles of association, purchase its own shares, following approval by the shareholders of the company (requiring three fourths majority of the votes cast at the general meeting). However, any such purchases may not result in the company holding more than 10% of its issued share capital.

4. Equal treatment of shareholders and transactions with close associates
As of 31 December 2015, there is only one class of shares in the company. In March 2015, the company issued 6,015,693 preference shares, each such share automatically convertible into 500 ordinary shares upon completion of a reduction of the nominal value of the shares of the company, Conversion took place 28 April, by issue of 3,007,846,500 new ordinary shares. The total outstanding shares was then 3,065,427,746. In addition, the company converted the issued 1,769,375 warrants for the purchase of preference shares into warrants for a total of 884,687,500 ordinary shares at an exercise price of NOK 0.10 per share.

In order to facilitate the need for round lots in the 1,000: 1 reverse split of SeaBird shares, the company issued 6,254 new shares on 8 December 2015. Following the reverse split in December 2015, the company's issued share capital was converted into 3,065,434 shares of par value NOK 0.10 and the number of warrants was 884,686 at fixed subscription price NOK 100. The warrants expire on 15 January 2018.

None of the company's subsidiaries have minority shareholders other than as required to facilitate local requirements.

The company has provisions for directors and management to report conflicts of interest in any transaction or business activity.

5. Freely negotiable share
The shares in the company are freely transferable and the company's articles of association contain no restrictions on transferability or ownership.

6. General meetings
General meetings of the company are required to be called no later than twenty-one days ahead of the meeting by a notice on the company's website and with a calling notice sent to each shareholder.

In the case of a general meeting other than (i) an annual general meeting or (ii) a meeting for the passing of a special resolution, the meeting may be called by fourteen days' notice, if a special resolution that shortens the notice period to fourteen days has been approved in the immediately preceding annual general meeting or at a general meeting that was conducted after such immediately preceding annual general meeting. Proxy votes are permitted and there is no requirement for notice of attendance. The shareholders meetings are led by the chairman appointed as set out in the company's articles of association.

DNB Bank ASA, as a registered shareholder to the company, distributes their request for proxy instructions to the general meeting when the company's calling notice is made public. The calling notice advises the procedures for participating in the general meeting, the routines for proxy voting and includes any required forms. The same information will be posted on the company's website.

One director was present at the annual general meeting on 7 May 2015. The company's auditor and nomination committee were not present.

7. Nomination committee

The company has a nomination committee elected by the general meeting, which consists of Mr. Thomas Aanmoen, Mr. Birger Nergaard and Mr. Kjell Mathiassen. The nomination committee elects its chairperson and makes a recommendation at the general meeting for the compensation of the board of directors as well as the nomination committee.

The nomination committee is not regulated in the articles of association or memorandum of association.

The members of the nomination committee are independent of the board and no officers of the company serve on the committee.

Recommendations for new members of the nomination committee are made by the committee itself, and not by the board of directors.

The nomination committee provides a written report of nominated candidates together with justification for their candidacy ahead of the annual general meeting. The report is distributed to all shareholders with the calling notice for the general meeting.

The members of the nomination committee are made known by a public release following the election at the annual general meeting.

8. Corporate assembly and board of directors: composition and independence

The company has no requirement for a corporate assembly.

The annual report of the company provides information on the expertise of the directors. The board of directors consists of five members. Four members are independent of major shareholders, executive management and material business partners. Subject to any resolution of the shareholders to the contrary, the board may elect the chairperson of the board. Each director holds office until the expiration of his or her term and is normally elected for a two year term.

Directors of the board have not been directly encouraged to own shares in the company.

9. The work of the board of directors

The board resolved a plan for its activity for 2015 with an emphasis on the company's objectives and strategy.

Instructions are in place for the CEO and the board of directors, outlining their different roles and the interaction between the parties. The board does not have an elected or appointed deputy chairman. The articles of association, however, have applicable procedures for board meetings when the chairman is absent.

The board of directors has established an audit committee. The audit committee consists of independent directors Mr. Haugland, Ms. Hall and Mr Klohs.

There has been no self-assessment or assessment made on competency on or within the board of directors during 2015.

10. Risk management and internal control

The company has developed internal control and risk assessment procedures appropriate to managing major projects, financial reporting and in the field of HSSEQ. The board receives frequent reports and annually assesses risk systems and internal controls.

11. Remuneration of the board of directors

The compensation of the directors is fixed by the annual general meeting upon the recommendation of the nomination committee. Annual fees paid do not reflect the particular skills, but do remunerate additional efforts made in committees of the board. There are no stock options or performance incentives granted to the directors.

To the extent consultancy services are provided to the company by any director, the board will approve such activities. The compensation to directors is included in the annual report.

12. Remuneration of executive management

There are no requirements by applicable law for the company to have guidelines for remunerating its executive management.

Details on the share option program that expired in 2015 are presented in the annual report in the notes to the financial statements.

13. Information and communication

The company's guidelines for financial reporting as well as other information distributed to the market, requires openness and equal treatment of all shareholders.

The financial calendar is issued annually and posted on Oslo Børs as well as the company's website.

The board has established guidelines for contact with shareholders other than through the general meeting.

14. Take-overs

The guiding principles for the board's dealings in a takeover bid situation have been set out in accordance with our corporate governance policy, intended to safeguard shareholders' interests. No takeover situations have occurred during the reported year.

15. Auditors

The company's auditor presents an annual plan for the audit of the company to the board and the audit committee. Internal control is annually assessed by the auditor with the company's audit committee, referring any recommendations to the board of directors. The auditor attends the meetings when the board of directors discuss the annual accounts and results. The auditor meets with the board of directors without management being present when so requested by either party.

The use of non-audit related services from the auditor has been limited and should only be performed upon prior approval by the board of directors. The board has not seen reason to establish separate guidelines for the use of the auditor's services or request a confirmation of the auditors' independence.

The remuneration paid to the auditor is reported at the annual general meeting.

BOARD OF DIRECTORS' REPORT

HIGHLIGHTS 2015

- Revenues were $94.1 million, a decrease of 27% compared to 2014.
- Contract revenues were $91.6 million, down 18% from 2014.
- Multi-client revenues were $2.5 million, a decrease of 86% from $17.9 million reported in 2014.
- Adjusted EBITDA was $19.3 million. EBITDA was $10.9 million compared to negative $7.9 million for 2014.
- Adjusted EBIT was $0.2 million. EBIT was negative $17.6 million compared to negative $79.9 million for the prior year.
- Vessel utilization was 77% compared to 71% in 2014.
- The Mexico Gigante survey commenced mid-2015.
- Completed the financial restructuring.
- Cost reduction on track according to the restructuring plan with 17% reduction in cost of sales on a comparable level and 25% run-rate SG&A.
- Non-recurring charges and impairments of $22.5 million recognized during the year.

Operating activities

2015 was characterized by continued weakness in oil prices and challenging market conditions for oil exploration. Seismic tender activity was low with intense price competition. Furthermore, the 2D/source market continued to experience significant competition from multi-streamer 3D vessels. Niche 3D demand did not recover during 2015 and remains well below historical levels. The negative market sentiment has exacerbated industry risk factors and increased the uncertainty related to timing of a market recovery.

Multi-client demand was soft during the year and available prefunding for new projects was limited. The company participated in two minor surveys in 2015. Multi-client sales were significantly reduced from the prior period.

During the year, the company's fleet was engaged on projects in Asia-Pacific, North Africa, North America and South America. SeaBird commenced the Gigante survey in Mexico in mid-2015. This represented a major milestone for the company and is the largest 2D survey ever awarded. Please see section ´Operations and strategic focus´ and ´Exploration in Mexico and other frontier areas´ for additional details.

The 3D vessels Voyager Explorer and Geo Pacific were laid up during the whole year and from March onwards, respectively. The Geo Pacific was redelivered to its owners at year-end. The Munin Explorer was laid up in quarter three following the completion of its source contract with Seabed Geosolutions. Subsequent to annual quarter closing, SeaBird's contractual obligations related to the Kondor Explorer came to an end. Please see the subsequent events section for additional details.

During the year the company continued its SG&A, vessel operating cost and capital expenditure reduction effort. 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. Additionally, capital expenditures were reduced relative to the investment plan and previous years. Please see section ´CFO statement´ for additional details.

Total non-recurring charges and impairments were $22.5 million in 2015. Non-recurring SG&A charges of $3.3 million in bad debt costs and end of service benefits were booked in the period. Additionally, the company recognized net operational non-recurring charges of $9.8 in relation to the company's leases on Geo Pacific, Voyager Explorer, Kondor Explorer and Munin Explorer. Property, plant and equipment impairments amounted to $0.9 million in 2015. These impairments were triggered by stacking of vessels. Increased market uncertainty and reduced revenue forecasts on multi-client surveys resulting in a total impairment of $8.5 million during the year. Please see note 6, 9, 16 and 27 and ´CFO statement' for additional details.

Financial review

The consolidated financial statements of SeaBird Exploration Plc as well as the unconsolidated financial statements for the parent company are prepared in accordance with International Financial Reporting Standards.

Revenues were $94.1 million in 2015, representing a 27% decrease compared to revenues earned in 2014. The majority of our revenues were related to contracts with oil companies and other seismic companies. TGS represents the largest customer, contributing 70% of total revenues for the year. Contract revenues for 2015 were down 18% from 2014. Revenues earned from multi-client sales in 2015 decreased by 86% relative to the prior period.

Other income (expense) was $0.4 million in 2015 ($1.5 million).

Cost of sales was $69.8 million in 2015

($108.0 million). The decrease is primarily due to stacking of vessels and cost savings initiatives.

SG&A was $18.6 million in 2015, down from $30.6 million in 2014. The decrease is principally due to significant bad debt, restructuring advisory costs and restructuring charges taken in 2014 as well as savings related to the closing of the Dubai office and reduced onshore headcount during 2015.

Adjusted EBITDA increased by $5.4 million from $13.9 million in 2014 to positive $19.3 million.

EBITDA increased by $18.8 million from negative $7.9 million in 2014 to positive $10.9 million.

Depreciation and amortization were $19.2 million in 2015 ($33.7 million) a decrease of 43% predominantly due to lower multi-client sales amortization and lower depreciation associated to lower vessel book values.

Total impairments were $9.4 million in 2015 ($38.3 million). The impairments were related to vessel equipment ($0.9 million), and multi-client library ($8.5 million). This decrease is due to the significant vessel, multi-client and goodwill impairments taken in 2014 partially offset by multi-client impairments charged in 2015.

Net finance expense was $4.8 million in 2015 ($17.8 million). The decrease is principally due to lower debt levels in 2015 resulting from the restructuring.

Income tax expense was $1.0 million in 2015 ($2.2 million).

The company reports a gain from continuing operations of $38.3 million for 2015 (loss of $99.8 million in 2014).

Capital expenditures were $5.6 million in 2015 ($7.8 million).

Multi-client investment was $0.2 million in 2015 ($32.4 million).

Net profit from discontinued operations was $0.2 million for 2015 compared to $1.0 million in 2014. Discontinued operations represent the remaining contractual obligations of the ocean bottom node business which was divested in Q4 2011.

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 taxes payable. Net cash from operating activities was negative $6.9 million in 2015 ($40.3 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 31 December 2015.

The three-year secured credit facility is recognized at amortized cost of $2.1 million per 31 December 2015.

The three-year unsecured loan is recognized at amortized cost of $2.0 million per 31 December 2015.

The lease of Hawk Explorer is recognized in the books as a finance lease at $3.5 million per 31 December 2015.

Net interest-bearing debt was $27.5 million as at 31 December 2015 ($95.2 million). The company had $37.5 million in gross nominal debt including accrued interest and outstanding amounts on the Hawk lease. Please see note 17 for additional details.

Accrued interest as of year-end 2015 was $0.2 million ($2.7 million).

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

During the first quarter, the company reached agreement on a financial restructuring to reduce indebtedness and provide additional funding. SeaBird issued new equity for a total of $11.6 million, issued a new three-year secured bond in two tranches ("SBX04") to raise $5.0 million in cash and $24.3 million originating from a debt conversion of the existing SBX03 bond, the Perestroika convertible bond, charter hire and financial advisory payables. The company also issued a three-year secured credit facility of $2.4 million and a $2.1 million unsecured loan as a part of the restructuring. The company booked a total restructuring gain of $66.4 million. Please see note 31 for additional details.

During quarter four, 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. Please see note 14 for details.

On 7 May 2015, Ms. Annette Malm Justad was elected chairman of the board, replacing Mr. Åge Korsvold. At the same general meeting, Messrs. Olav Haugland, Hans Petter Klohs and Gert Triest were elected board members, replacing Messrs. Kjell H. Mathiassen and Melvin Teigen.

The company renegotiated the Hawk Explorer lease during quarter four. Under the revised lease terms, the expiration of the Hawk lease was extended from 29 February 2016 to 31 May 2016, and monthly payments will continue at unchanged terms. Moreover, SeaBird will have the option to extend the lease from 1 June 2016 until 28 February 2017. Subsequent to year-end, the lease was further extended. Please see the subsequent events section for further details related to the Hawk lease.

Corporate governance

Our corporate governance policy guides our operations and culture. The company's corporate governance policies are set out in the corporate governance section of this annual report.

Restructuring

The company highlighted in the 2013 annual report that the group's working capital was insufficient to cover its debt repayment obligations for the unsecured convertible loan agreement with Perestroika AS of $14.9 million maturing in September 2014 and the purchase option on the Hawk Explorer of $6.5 million due in August 2014. The company experienced a softening in industry demand during the second half of 2014, which negatively impacted earnings during this period. Simultaneously, the weakening outlook for the oilfield services industry impacted financial debt and equity markets, which made it difficult to complete a refinancing. This resulted in the financial restructuring of the company.

In December 2014 and January 2015, SeaBird negotiated a restructuring and financing agreement with its main stakeholders, which increased the equity and liquidity position of the group.

The key features of the transaction included:

- New cash of $11.6 million raised via an equity offering, of which $2.3 million relates to conversion of funds in a bond service account.
- Increased equity as a result of partial conversion of existing debt facilities and outstanding payables to equity.
- New bond and debt facilities of $29.3 million, whereof $5.0 million was new capital and $24.3 million was existing debt and payables converted into the new bond and debt facilities.
- Reduced charter rates on the Voyager and Geo Pacific leased vessels.

BOARD OF DIRECTORS' REPORT

The restructuring resulted in a non-recurring operational and financial restructuring gain of $66.4 million, resulting from creditor debt forgiveness, partial conversion of debt to equity and a gain on leases as a result of outstanding lease payable debt forgiveness. Please see section `Interaction with the capital markets´ for additional details.

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 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.

For further details, please refer to note 2.22.

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 previous 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 annual closing, SeaBird's contractual obligations related to the Kondor Explorer were terminated.

As a post balance day event, SeaBird signed an addendum to the charter party relating to M/V Hawk Explorer to further extend the lease on current payment terms from 31 May 2016 to 28 February 2017. At the end of the lease, the company will have the option to purchase the vessel and related equipment for $1.75 million. Alternatively, the company may at its discretion extend the lease for a firm period up to and including 30 November 2017, at which point it will have the option to purchase the vessel and related equipment for $67,800. During the initial lease period, SeaBird may at its sole discretion terminate the charter on 31 August 2016 or 30 November 2016.

We refer to the subsequent events note 29 for further details on the developments related to Kondor and Hawk Explorer.

During February and March SeaBird announced two new contracts awards in Northern Europe. The company signed a contract for undershoot work in the North Sea during the 2016 summer season. The project is due to commence in Q3 2016 and will run for approximately 3 weeks. Additionally, SeaBird signed an agreement to conduct a pre-funded 2D multi-client survey in North West Europe during the 2016 summer season. The project is due to commence during Q2 2016 and will run for approximately two to three weeks.

Outlook

Global seismic demand continued to be weak during the year 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 this survey into the second half of 2016, assuming the full project size of approximately 186,000 kilometers is to be completed. 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.

Resolution

The financial statements for the company have been prepared in accordance with International Financial Reporting Standards. They were prepared under the historical cost convention and are based on the going concern assumption.

The board would like to offer its sincere appreciation to all employees of the company for all the efforts that were made during the year.

The board of directors SeaBird Exploration Plc – 17 March 2016

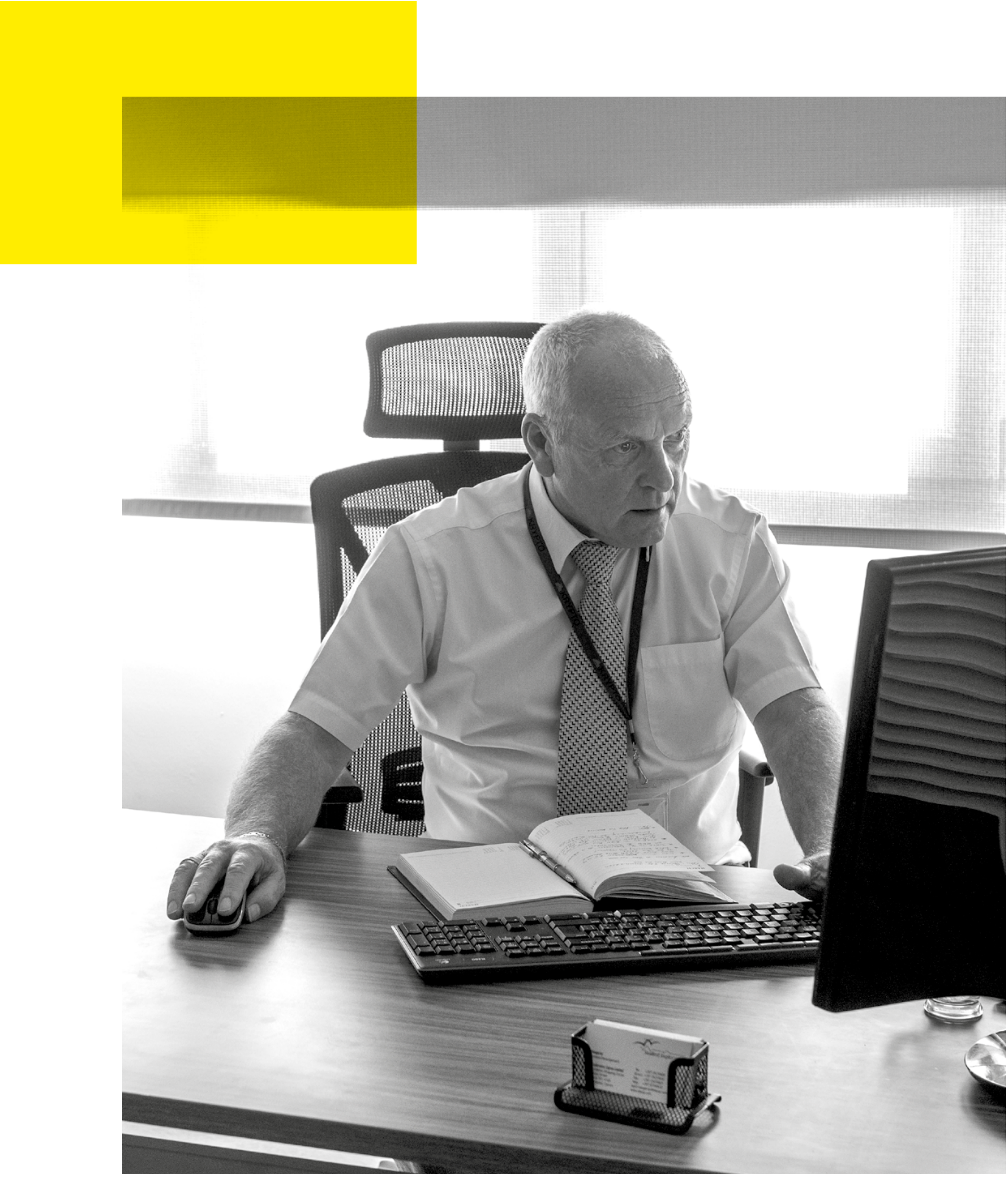
Annette Malm Justad Chairman

Kitty Hall Director

Olav Haugland Director

Hans Petter Klohs Director

Gert Triest Director



FINANCIAL INFORMATION

Notes to the consolidated financial statements:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As of 31 December	
All figures in $000's	Note	2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	6	67,433	78,877
Multi-client library	9	3,340	14,685
Long term investment		5	82
		70,778	**93,644**
Current assets			
Inventories	12	3,091	4,463
Trade receivables	10	12,611	14,215
Other current assets	11	14,025	21,692
Cash and cash equivalents	13	6,252	6,972
		35,979	**47,342**
Total assets		**106,757**	**140,986**
EQUITY			
Shareholders' equity			
Paid in capital	14	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	14	–	1,326
Retained earnings		(191,043)	(237,261)
		29,976	**(40,921)**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	17a	31,098	–
		31,098	**-**
Current liabilities			
Trade and other payables	15	25,371	63,631
Provisions	16	12,226	9,580
Loans and borrowings	17a	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**

On 17 March 2016, the board of directors of SeaBird Exploration Plc authorized these consolidated financial statements for issue.

Annette Malm Justad	**Kitty Hall**	**Olav Haugland**	**Hans Petter Klohs**	**Gert Triest**
Chairman	**Director**	**Director**	**Director**	**Director**

CONSOLIDATED STATEMENT OF INCOME

All figures in $000's	Note	Year ended 31 December 2015	2014
Revenues	5	94,127	129,268
Cost of sales	20	(69,756)	(107,988)
Selling, general and administrative expenses	20	(18,597)	(30,640)
Other income (expenses), net	19	430	1,489
Restructuring gain on leases	31	4,713	–
Earnings before interest, tax, depreciation and amortization (EBITDA)		**10,917**	**(7,871)**
Depreciation	6	(16,046)	(21,244)
Amortization	9	(3,112)	(12,457)
Impairment	6,7,9	(9,362)	(38,310)
Earnings before interest and taxes (EBIT)		**(17,603)**	**(79,882)**
Finance expense	22	(4,860)	(16,978)
Other financial items, net	18	73	(787)
Restructuring gain	31	61,697	–
Profit/(loss) before income tax		**39,307**	**(97,647)**
Income tax	8	(963)	(2,171)
Profit/(loss) continuing operations		**38,344**	**(99,818)**
Net profit/(loss) discontinued operations	25	218	1,015
Profit/(loss) for the period		**38,562**	**(98,803)**
PROFIT/(LOSS) ATTRIBUTABLE TO			
Shareholders of the parent		38,562	(98,803)
EARNINGS PER SHARE			
Basic	23	15.13	(1,715.89)
Diluted	23	14.92	(1,715.89)
EARNINGS PER SHARE FROM CONTINUED OPERATIONS			
Basic	23	15.05	(1,733.52)
Diluted	23	14.84	(1,733.52)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

All figures in $000's	Note	Year ended 31 December 2015	2014
Profit/(loss)		**38,562**	**(98,803)**
OTHER COMPREHENSIVE INCOME			
Net movement in currency translation reserve and other changes		34	216
Total other comprehensive income, net of tax		**34**	**216**
Total comprehensive income		**38,596**	**(98,587)**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Shareholders of the parent		38,596	(98,587)
Total		**38,596**	**(98,587)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All figures in $000's	Paid in capital	Equity component of warrants	Equity component of convertible loan	Currency translation reserve	Share options granted	Retained earnings	Total
Balance at 1 January 2014	**189,125**	**-**	**6,296**	**(392)**	**1,097**	**(138,460)**	**57,666**
COMPREHENSIVE INCOME FOR THE YEAR							
Profit	–	–	–	–	–	(98,803)	(98,803)
Currency translation reserve	–	–	–	(14)	–	–	(14)
Total comprehensive income for the year	**-**	**-**	**-**	**(14)**	**-**	**(98,803)**	**(98,817)**
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS							
Share issue	–	–	–	–	–	–	–
Equity component of convertible loan	–	–	–	–	–	–	–
Share option granted/cancelled	–	–	–	–	229	–	229
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**229**	**-**	**229**
31 December 2014	**189,125**	**-**	**6,296**	**(407)**	**1,326**	**(237,261)**	**(40,921)**
Balance at 1 January 2015	**189,125**	**-**	**6,296**	**(407)**	**1,326**	**(237,261)**	**(40,921)**
COMPREHENSIVE INCOME FOR THE YEAR							
Profit	–	–	–	–	–	38,562	38,562
Currency translation reserve	–	–	–	–	–	–	–
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**38,562**	**38,562**
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS							
Share issue	29,565	–	–	–	–	–	29,565
Equity component of warrants	–	2,736	–	–	–	–	2,736
Equity component of convertible loan	–	–	(6,296)	–	–	6,296	–
Share option granted/cancelled	–	–	–	–	(1,326)	1,360	34
Total contributions by and distributions to owners	**29,565**	**2,736**	**(6,296)**	**-**	**(1,326)**	**7,656**	**32,335**
31 December 2015	**218,690**	**2,736**	**-**	**(407)**	**-**	**(191,043)**	**29,976**

CONSOLIDATED STATEMENT OF CASH FLOW

All figures in $000's	Note	Year ended 31 December 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before income tax		39,307	(97,647)
Adjustments for:			
Restructuring gain		(66,411)	–
Depreciation, amortization and impairment		28,594	72,010
Movement in provision		2,560	–
Unrealized exchange (gain)/loss		(68)	566
Accelerated finance charge on bond loan		–	5,102
Amortization of interest		4,054	8,935
Goodwill impairment		–	1,267
Paid income tax		(2,634)	(1,833)
(Increase)/decrease in inventories		1,373	(96)
(Increase)/decrease in trade and other receivables		9,339	6,518
Increase/(decrease) in trade and other payables		(23,023)	45,443
Net cash from operating activities		**(6,909)**	**40,265**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures		(5,555)	(7,828)
Multi-client investment		(244)	(29,560)
Net cash used in investing activities		**(5,799)**	**(37,388)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares		10,980	–
Receipts from borrowings		5,000	–
Repayment of borrowings		(1,510)	(5,110)
Movement in borrowings		–	414
Interest paid		(2,482)	(3,349)
Net movement in currency fluctuations		–	(15)
Net cash from financing activities		**11,988**	**(8,060)**
Net (decrease)/increase in cash and cash equivalents		**(720)**	**(5,183)**
Cash and cash equivalents at beginning of the period	**13**	**6,972**	**12,155**
Cash and cash equivalents discontinued operations		**-**	**-**
Cash and cash equivalents at end of the period		**6,252**	**6,972**

1. General information

SeaBird is a global provider of marine 2D and 3D seismic data for the oil and gas industry. SeaBird specializes in high quality operations within the high end of the 2D and source vessel market, as well as the niche 3D market. SeaBird concentrates on contract seismic surveys, but is also actively engaged in the multi-client sector. The main success criteria for the company are an unrelenting focus on health, safety, security, environment and quality (HSSEQ), combined with efficient collection of high quality seismic data.

The company was incorporated in the British Virgin Islands as a limited liability company in 2000. The company was re-domiciled to Cyprus on 18 December 2009. SeaBird has been listed on the Oslo Stock Exchange since April 2006, under the ticker symbol "SBX".

The primary business address of the company is 25, Kolonakiou Street Block B, Office 101, 4103 Linopetra, Limassol, Cyprus. The company also has offices in Oslo (Norway), Houston (USA), Singapore and Dubai (United Arab Emirates).

SeaBird Exploration Plc is tax resident in Norway and registered in the corporate registers in Norway and Cyprus.

At 31 December 2015, SeaBird's active fleet is as follows:

- Aquila Explorer
- Harrier Explorer
- Hawk Explorer (finance lease)
- Northern Explorer
- Osprey Explorer

At 31 December 2015, the following SeaBird vessels were stacked:

- Munin Explorer (bareboat charter)
- Voyager Explorer (bareboat charter)
- Prior to year-end, Geo Pacific was redelivered to its owners.

The accompanying consolidated financial statements represent the activities of SeaBird for the year ended 31 December 2015. These consolidated financial statements were authorized for issue by the board of directors on 17 March 2016.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements have been prepared under the historical cost convention, as modified by the long term investment, and financial assets held for trading at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

ADOPTION OF NEW AND REVISED IFRS STANDARDS

During the current year the company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2015. This adoption did not have a material effect on the accounting policies of the company.

At the date of approval of these financial statements the following accounting standards were issued by the International Accounting Standards Board:

(I) STANDARDS AND INTERPRETATIONS ADOPTED BY THE EU

The following new standards, amendments and interpretations are also effective for the first time:

Annual Improvements to IFRSs (2010 – 2012) Cycle:

- IFRS 2 Share – based payments
- IFRS 3 Business Combinations
- IFRS 8 Operating Segments
- IFRS 13 Fair Value Measurement,
- IAS 16 Property Plant and Equipment
- IAS 38 Intangible Assets
- IAS 24 Related Party Disclosures

Annual Improvements to IFRSs (2011 – 2013 Cycle):

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 3 Business Combinations
- IFRS 13 Fair Value Measurement
- IAS 40 Investment Property

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2015. None of the amendments to Standards that are effective from that date had a significant effect on the Group's financial statements.

(II) STANDARDS AND INTERPRETATIONS THAT HAVE BEEN ISSUED BUT ARE NOT MANDATORY EFFECTIVE AT 31 DECEMBER 2015

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to IFRSs 2012 – 2014 Cycle)
- IFRS 7 Financial Instruments: Disclosures (Annual Improvements to IFRSs 2012 – 2014 Cycle)
- IFRS 9 Financial Instruments (2009, 2010, 2013 and 2014)
- IFRS 9 Financial Instruments (own credit risk provision)
- IFRS 10 Consolidated Financial Statements (Amendments – Sale or Contribution of Assets)
- IFRS 10, 12 and IAS 28 Investment Entities (Amendments – Applying the Consolidation Exception)
- IFRS 11 Joint Arrangements (Amendments – Acquisitions of Interests in Joint Operations)
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IAS 1 Presentation of Financial Statements (Amendments – Disclosure Initiative)
- IAS 16 Property, Plant and Equipment (Amendments – Acceptable Methods of Depreciation)
- IAS 19 Employee Benefits (Annual Improvements to IFRSs 2012 – 2014 Cycle)
- IAS 27 Separate Financial Statements (Amendments – Equity Method in Separate Financial Statements)
- IAS 34 Interim Financial Reporting (Annual Improvements to IFRSs 2012 – 2014 Cycle)
- IAS 38 Intangible Assets (Amendments – Acceptable Methods of Amortization)
- IAS 41 Agriculture (Amendments – Bearer Plants).

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. Please see section 2.9 for further details.

The Board of Directors expects that the adoption of these standards or interpretations in future periods will not have a material effect on the financial statements of the Company.

2.2 Consolidation

(A) SUBSIDIARIES

Subsidiaries are all entities over which SeaBird has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether SeaBird controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to SeaBird. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by SeaBird. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of SeaBird's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between SeaBird companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by SeaBird.

For a complete listing of subsidiaries please refer to note 13 of the unconsolidated financial statements of SeaBird Exploration Plc.

(B) TRANSACTIONS AND MINORITY INTERESTS

The company has no minority interests.

2.3 Segment reporting

A segment is a distinguishable component of the company that is engaged in providing related services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment revenue information is presented in respect of the company's business and geographical segments. The company's primary format for segment revenue reporting is based on the business segments contract seismic and multi-client seismic.

Inter-segment pricing is determined on an arm's length basis.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

2.4 Foreign currency translation

(A) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of SeaBird's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in US dollars, which is the company's functional and presentation currency.

(B) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(C) SEABIRD COMPANIES

The results and financial position of all the SeaBird entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

I. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

II. income and expenses for each income statement are translated at average exchange rates during the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

III. all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

2.5 Property, plant and equipment

Property, plant and equipment comprise mainly vessels and seismic equipment on board owned or chartered vessels. Vessels, seismic equipment designated for source and 3D/2D operation and office equipment are carried at historical cost, less accumulated depreciation and impairment. Impairment of vessels and seismic equipment is evaluated annually based on value in use calculations (see section 4B). Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as 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. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated on a straight-line basis (historical cost less residual value) over their estimated remaining useful lives, as follows:

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

The vessels are depreciated from the date they are available for use, i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management.

Costs for special periodic and class renewal surveys (dry-docking) are capitalized and depreciated over the estimated period between surveys. When special periodic and class renewal surveys occur the part of the fixed assets register that is replaced is derecognized. Other maintenance and repair costs are expensed as incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.6 Capital work in progress

Property, plant and equipment under construction or under conversion are capitalized at the lower of cost or market value. Elements of cost, include costs that are directly attributable to the conversion project but not administration and other general overhead costs.

Borrowing costs are capitalized. This applies to both borrowing costs directly attributable to the acquisition and to costs related to funds that are borrowed for general purposes to the extent that funds are used for obtaining qualifying assets.

2.7 Intangible assets

Intangible assets can only qualify for capitalization when all the following conditions are met:

- Demonstrated technical and commercial feasibility (for own use or sale),
- Intention and ability to complete the intangible asset and to use or sell it,
- A formal business case that documents that the asset will generate future economic benefits, and
- The company has availability to technical and financial resources to complete development and to use it internally or sell the intangible asset as a product.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets with finite lives are amortized over the useful economic lives based on straight line amortization. Useful lives and amortization method for intangible assets with finite useful life are reviewed at least annually. Gains and losses arising from de-recognition of an intangible asset are measured at the difference between the net sales proceeds and the carrying amount of the asset and are reported as "other income (expenses), net" in the income statement as part of operating profit.

(A) GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

(B) PATENT TECHNOLOGY (INTELLECTUAL PROPERTY RIGHTS)

Acquired patent technology (intellectual property rights) are shown at historical cost. Patent technology has a finite useful life and is carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost over its estimated useful life.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.
An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Multi-client library

The multi-client library consists of seismic data surveys to be licensed to customers on a non-exclusive basis.

All direct and indirect costs incurred in acquiring, processing including depreciation and mobilization/steaming costs completing seismic surveys are capitalized to the multi-client library. Mobilization and vessel costs are included in the survey cost from the point of mobilization.

All multi-client libraries are subject to minimum amortization starting the first month after project completion measured from the date when data processing and analysis of the data has been finalized. Further, SeaBird classifies its multi-client libraries at the outset into one of two main categories with different amortization profiles. The company records amortization, processing and analysis completion dates on a per survey basis.

"Category 1" libraries 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. The company estimates future sales for these multi-client libraries and percentage amortization ratio is estimated by total costs divided by the sum of the expected current and future revenues. Each project is placed into one of twelve amortization categories with amortization rates of 100%, 95%, 90%, 85%, 80%, 75%, 70%, 65%, 60%, 55%, 50% or 45% as set out in the table opposite.

In the case expected future sales change materially the survey will be put into a different sales amortization bracket. Hence, the amortization can change as a result of multi-client sales and changes in estimates of remaining revenues.

Calculated sales amortization rate	Accounting amortization category
Larger than 95%	100%
90%-95%	95%
85%-90%	90%
81%-85%	85%
76%-80%	80%
71%-75%	75%
66%-70%	70%
61%-65%	65%
56%-60%	60%
51%-55%	55%
46%-50%	50%
0%-45%	45%

Table 1: SeaBird "Category 1"sales amortization categories

"Category 2" multi-client libraries are amortized over the shorter of three years or the life of the survey with 33% linear minimum amortization per year and additional 100% sales amortization is charged to the project based on the sales in the quarter as these libraries are considered to have less potential for future revenues.

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.

2.10 Financial assets

2.10.1 Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(A) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

The company did not hold any financial assets at fair value through profit and loss throughout the current or previous year.

(B) LOANS AND RECEIVABLES
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as noncurrent assets. The company's loans and receivables comprise "trade receivables" and "cash and cash equivalents" in the balance sheet (notes 2.12 and 2.13).

(C) AVAILABLE-FOR-SALE FINANCIAL ASSETS
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

The company did not hold any available-for-sale assets throughout the current or previous year.

2.11 Inventories
Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises fuel, lube, spare parts and other direct costs and related production overheads. It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade receivables
Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that SeaBird will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within "selling, general and administrative expenses". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "selling, general and administrative expenses" in the income statement.

2.13 Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, bond service accounts, performance bonds, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.14 Share capital / Paid in capital
Ordinary share capital is calculated at a nominal value as originally established, and additional paid in capital are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where and if any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the company's equity holders.

2.15 Financial liabilities
Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition. The financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The subsequent measurement of the financial liabilities depends on their classification.

The company's financial liabilities include trade and other payables and loans and borrowings.

(A) INTEREST-BEARING DEBTS AND BORROWINGS
Interest-bearing debts and borrowings are recognized initially at fair value, net of directly attributable transaction costs incurred. Interest-bearing debts and borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Interest-bearing debts and borrowings are classified as current liabilities unless SeaBird has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(B) FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS
Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Derivatives, including separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments.

Financial liabilities at fair value through profit or loss are carried in the income statement at fair value with changes in fair value recognized under financial items.

(C) TRADE PAYABLES
Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.16 Current and deferred income tax
The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where SeaBird operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. SeaBird establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, the deferred income tax, if it is not accounted for, arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by SeaBird and it is probable that the temporary difference will not reverse in the foreseeable future.

2.17 Employee benefits

(A) PENSION OBLIGATIONS

SeaBird operates various defined benefit pension plans. The plans are funded through payments to trustee-administered funds and insurance companies. The schemes are generally funded through payments to insurance companies, determined by periodic actuarial calculations. A defined contribution plan is a pension plan under which SeaBird pays fixed contributions into a separate entity. The company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(B) SHARE-BASED COMPENSATION

SeaBird operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for SeaBird equity instruments (options). The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any nonmarket vesting conditions (for example, profitability and sales growth targets). Nonmarket vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

SeaBird does not have any outstanding employee share-options as per 31 December 2015.

2.18 Provisions

Provisions for environmental restoration, restructuring costs, onerous leases and legal claims are recognized when SeaBird has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease and office costs for the Dubai office and employee termination payments. Onerous leases are contracts where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Provision is made in respect of onerous contracts for the present obligation under the contract.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of SeaBird's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within SeaBird.

Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Multi-client pre-sales revenue is recognized based on a cost of completion basis (accumulated net project cost to date relative to total net estimated project cost for the company) at each reporting date. Late sales are defined as sales happening subsequent to a multi-client project completion (the company's responsibilities has ended and all project costs have been incurred). The Company recognizes prefunding from a partner multi-client company as reduction in cost and capital expenditure given that the partner has received zero prefunding from its end-customers at that time. Sales of whole multi-client libraries are treated as revenues and the corresponding book value of the multi-client library that is sold is charged against cost of sales.

2.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Finance lease agreements are defined as contracts/assets or a long-term lease agreement that transfers substantially all the risks and rewards incidental to ownership to the company.

Finance leases are accounted for as fixed assets at the commencement of the lease term, at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property, plant and equipment, and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

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.

2.21 Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in SeaBird's financial statements in the period in which the dividends are approved by the company's shareholders.

2.22 Going concern assumption

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.

3. Risk factors and financial risk management

3.1 Financial risk factors

SeaBird's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management focuses on the unpredictability of financial markets and monitors and controls risks with a potential significant negative effect for the company and evaluates to minimize the risks if the cost of doing so is acceptable. The company may use derivative financial instruments to hedge certain risk exposures from time to time.

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and procedures for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these consolidated statements.

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The audit committee oversees how management monitors and manages risk and review the adequacy of the risk management framework in relation to the risks faced by SeaBird.

(A) MARKET RISK

(I) Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar, Norwegian kroner, Euro, British Pound, Swedish krona and to some extent the UAE Dirham. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the company use from time to time various foreign exchange contracts. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

SeaBird did not enter into any foreign exchange contracts in 2014 and 2015.

(II) Price risk

SeaBird is exposed to commodity (bunker fuel) price risk. As SeaBird in general has a fairly short order backlog for contracts where SeaBird is carrying the risk of bunker fuel prices, this risk has not historically been mitigated by forward commodity contracts. SeaBird might from time to time evaluate commodity contracts to mitigate such risk in the future.

(B) CREDIT RISK

SeaBird has policies in place to ensure that sales of services are made to customers with an appropriate credit history. Still, the company faces the risk of non-payment from customers.

SeaBird seeks to limit the amount of credit exposure to any financial institution and is only investing in liquid securities with counterparties with strong credit ratings.

The company's policy is to provide financial guarantees only to wholly-owned subsidiaries or performance guarantees and similar in the normal course of business.

(C) LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of available debt funding and the ability to close out market positions. Due to the cyclical nature of the seismic industry, SeaBird has been aiming to maintain flexibility in funding by a mixture of debt and equity financing.

(D) CASH FLOW AND FAIR VALUE INTEREST RATE RISK

As SeaBird has no significant interest-bearing assets beyond operating cash and cash equivalents, the company's income and operating cash flows are substantially independent of changes in market interest rates.

SeaBird's interest rate risk arises from long-term and short-term interest-bearing debt. Interest-bearing debt issued at variable rates expose the company to cash flow interest rate risk. Interest-bearing debt issued at fixed rates expose the company to fair value interest rate risk. As of 31 December 2015, the bond loan constitutes 77% of total debt while the secured credit facility, unsecured note and the Hawk lease constitutes 6%, 6% and 10%, respectively. All the outstanding debts as of 31 December 2015 were issued at fixed interest rates.

(E) RISKS RELATED TO DEBT ARRANGEMENTS

SeaBird's current and future debt arrangements may include covenants and undertakings of a general, financial and technical nature and such debt arrangements may contain cross-default provisions. Failure by the company to meet any of the covenants or undertakings could result in all outstanding amounts under the different debt arrangements becoming immediately due for payment, which could potentially have a material adverse effect on the company's financial position and the value of the shares and the company's operations and results.

3.2 Other risk factors

SeaBird is subject to various other risk factors. The risks described below are not exhaustive as additional risks not presently known to SeaBird or which SeaBird currently deems immaterial may also impair the company's business operations. If any of the following risks actually materialize, SeaBird's business, financial position and operating results could be materially and adversely affected.

SeaBird is exposed to the economic cycle, as changes in the general economic situation could affect demand for the SeaBird's services. Demand for offshore geophysical services depends on the level of capital spending by oil and gas companies. Capital expenditures, and in particular exploration and development expenditures, by oil and gas companies can be negatively affected by a number of factors including, but not limited to, decreases in oil and gas prices, fluctuations in production levels and disappointing exploration results. Low oil prices typically lead to a reduction in capital expenditures as these companies scale down their investment budgets. Sustained periods of substantially reduced capital expenditures by these companies may reduce the demand for the SeaBird's products and services. Furthermore, recoveries in oil and gas prices do not immediately increase exploration, development and production spending, so improving demand for SeaBird's services will generally lag oil and gas price increases.

SeaBird's operating income/loss and operating results can vary from month to month. Its operating income is difficult to forecast due to changes in oil companies' E&P (exploration and production) budgets and expenditures, the competitive environment, efficiency in operations, adverse weather conditions and other general economic and market conditions. Changes in oil prices and exploration and production budgets could materially affect the business and operating results. Unanticipated difficulties in pursuing SeaBird's business strategy could have a material adverse effect on the company's business, operating results, or financial condition.

The market for SeaBird's products and services is competitive. SeaBird faces competition from other companies within the seismic industry, and many of these companies may have greater resources than SeaBird itself. Generally, overcapacity in the seismic market would have a negative effect on the operating results of the company, and the possible failure of SeaBird to maintain competitive offering of equipment and services could have a material adverse effect on its business, operating results or financial condition.

SeaBird has a strategy of contracting its vessels both towards the long-term market as well as the more volatile spot market. There can be no guarantee that SeaBird will be able to secure contracts at such rates and utilization rates that are needed. In addition, SeaBird may experience significant off-hires between charters. Furthermore, disputes under the charter parties may occur, which can result in responsibility and losses for the company.

Operations in international markets are subject to risks inherent in international business activities, including, in particular, general economic conditions in each such country, overlapping differing tax structures, managing an organization spread over various jurisdictions, unexpected changes in regulatory requirements, complying with a variety of foreign laws and regulations.

SeaBird's business depends on contracts with customers regarding collection and sale/licensing of geophysical data. Each contract normally involves a substantial value or consideration to the company. Furthermore, some of the contracts are governed by the law of the operations' area, which may create both legal and practical difficulties in case of a dispute or conflict. SeaBird also operates in regions where the ability to protect contractual and other legal rights may be limited compared to regions with more well established markets.

There will always be operational risks involved in performing offshore seismic surveys. This includes among others unexpected failure or damage to vessels and technical equipment, work accidents or adverse weather conditions. These risks can cause personal injury, prevent surveys to be performed as scheduled, other business interruptions, property and equipment damage, pollution and environmental damage. SeaBird may be subject to claims as a result of these hazards. SeaBird seeks to prevent loss or damages from such incidents by insurance, contractual regulations and emergency routines. However, there will always be some exposure to technical and operational risks, with unforeseen problems leading to unexpectedly high operating costs, substantial losses, additional investments, etc., which may have a material negative effect on the company's operating results and financial position. If for example a vessel is rendered a total loss, the charter party will be void and SeaBird will under such circumstances lose income that would otherwise come from operating this vessel. Additionally, the occurrence of any of these risks could hurt SeaBird's reputation.

SeaBird is subject to taxation in Cyprus and Norway, as are the majority of its subsidiaries. The company is also subject to taxation in various other jurisdictions because of its global operations. SeaBird faces the risk that its tax filings are challenged and may be subject to unexpected claims for unpaid taxes or sanctions as a consequence of breach of applicable tax legislation.

3.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by SeaBird is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. SeaBird uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to SeaBird for similar financial instruments.

4. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs 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. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Judgments made by management in the application of IFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

(A) ESTIMATING USEFUL LIVES, DECOMPOSITION, RESIDUAL VALUE AND COST OF REMOVAL OF VESSELS AND EQUIPMENT

The company's estimates of useful lives and plans for depreciation are based on investment considerations and on experience of technical and economic life of similar assets. Expected useful life and residual values of the vessels can change according to environmental requirements, wear and tear, corporate strategy, etc. A different decomposition of vessels and equipment may lead to different depreciations. However, management does not consider such effects to be material.

(B) ESTIMATED IMPAIRMENT OF MULTI-CLIENT SURVEYS, VESSELS, EQUIPMENT, GOODWILL AND PATENT TECHNOLOGY

Impairment is tested at least annually, in accordance with the accounting policy stated in note 2.5, 2.7 and 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

The company's value in use model for owned seismic vessels and vessels on finance leases includes estimates of the expected future cash flows from each cash-generating unit (each vessel and related equipment) 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.

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.

The multi-client libraries are subject to impairment reviews based on expectations of estimated future cash flows. The impairment is based on using a group of surveys as the cash generating unit. The impairment review requires an internal evaluation of future sales potential for each group of surveys supplemented with direct enquiries to multi-client partners on active libraries with a material remaining book value.

(C) MULTI-CLIENT LIBRARY SALES AMORTIZATION

Forecasted revenues for multi-client surveys are forecasted based on input from partners and feedback from clients. Total project cost estimates are based on experience from other seismic projects and historical cost accounting information. Forecasted revenues and project cost estimates form the basis for SeaBird's selected sales amortization on a per survey basis. Forecasted future revenues for multi-client surveys are updated, which can change the sales amortization of individual surveys.

(D) CONTRACT AND MULTI-CLIENT REVENUE RECOGNITION

The estimated progress is calculated at the end of each quarter on each ongoing contract survey and multi-client project, which form the basis for accrued revenue accounting estimates.

(E) INCOME TAXES

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where SeaBird operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. SeaBird establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(F) ESTIMATES FOR FINANCIAL ASSETS

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(G) SHARE-BASED PAYMENTS

The company measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.

(H) FAIR VALUE OF FINANCIAL INSTRUMENTS

Where the fair value of financial assets and financial liabilities recorded in the income statement cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to this model are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(I) PROVISIONS

Provisions for environmental restoration, restructuring costs, onerous lease 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. The estimates to establish the provision are taken from observable data, management experience and/or external experts. Judgments include considerations of contract terms, contract deliverables, legal obligations and evaluations of likely outcomes of contract disputes.

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.

(J) COVENANT CALCULATION

The company is making estimates and judgments when making covenant calculations at each balance sheet date. These calculations include judgments as to what constitute extraordinary and non-recurring costs and income per the debt agreements which are subsequently adjusted when arriving at the adjusted EBITDA figure used to calculate the covenants. Adjusted EBITDA is a financial measure which is not precisely defined under IFRS. It is possible that bondholders may have different views as to such adjustments required in arriving at adjusted EBITDA and therefore the resulting covenant calculations.

5. SEGMENT INFORMATION

All our seismic services and operations are conducted and monitored within the group as one business segment.

Primary reporting format – business segments

All figures in $000's	2015	2014
REVENUE		
Contract	91,624	111,411
Multi-client	2,503	17,857
Total	**94,127**	**129,268**

Secondary reporting format – geographical segments

All figures in $000's	2015	2014
REVENUE		
Europe, Africa & Middle East (EAME)	5,547	70,208
North & South America (NSA)	67,940	20,304
Asia Pacific (APAC)	20,640	38,756
Total	**94,127**	**129,268**
SEGMENT ASSETS		
Europe, Africa & Middle East (EAME)	106,757	140,986
North & South America (NSA)	–	–
Asia Pacific (APAC)	–	–
Total	**106,757**	**140,986**
CAPITAL EXPENDITURE		
Europe, Africa & Middle East (EAME)	5,559	7,828
North & South America (NSA)	–	–
Asia Pacific (APAC)	–	–
Total	**5,559**	**7,828**

Two major customers contributed 83% of the total revenue from continuing operations for 2015. Total revenue from one of these customers was $65.7 million for the year ended 31 December 2015 and from the other $12.6 million.

A substantial portion of the property and equipment is mobile due to SeaBird's world-wide operation. Asset locations at the end of a period are not necessarily indicative of the geographic distribution of the revenues generated by such assets during the period.

Geographic distribution of assets is based upon location of physical ownership. Goodwill is presented in the same geographic area as the underlying acquired assets. The geographic distribution of revenues is based upon location of performance. Capital expenditures are based on the location of the company that is making the investment.

6. PROPERTY, PLANT AND EQUIPMENT

	Seismic vessel and equipment (owned)	Seismic vessel and equipment (leased)	Seismic equipment on chartered vessels	Office equipment	Total
AT 1 JANUARY 2014					
Cost or valuation	199,769	49,083	38,979	5,246	293,077
Accumulated impairments	(53,185)	(8,676)	(7,066)	–	(68,927)
Accumulated depreciation and amortization	(58,638)	(21,995)	(16,831)	(3,857)	(101,321)
Net book amount	**87,946**	**18,412**	**15,082**	**1,389**	**122,829**

6. PROPERTY, PLANT AND EQUIPMENT

	Seismic vessel and equipment (owned)	Seismic vessel and equipment (leased)	Seismic equipment on chartered vessels	Office equipment	Total
YEAR ENDED 31 DECEMBER 2014					
Opening net book amount	87,946	18,412	15,082	1,389	122,829
Reclassification	2,066	350	(422)	(1,994)	–
Derecognition of cost of property plant and equipment	–	–	–	–	–
Derecognition of accumulated depreciation	1,270	97	1,247	–	2,614
Additions	2,965	1,850	1,496	1,517	7,828
Disposals	(4,987)	(294)	(312)	–	(5,593)
Impairments	(16,032)	(2,154)	(6,568)	–	(24,754)
Depreciation	(13,824)	(3,372)	(6,563)	(288)	(24,047)
Closing net book amount	**59,404**	**14,889**	**3,960**	**624**	**78,877**
AT 31 DECEMBER 2014					
Cost or valuation	199,813	50,989	39,741	4,769	295,312
Accumulated impairments	(69,217)	(10,830)	(13,634)	–	(93,681)
Accumulated depreciation	(71,192)	(25,270)	(22,147)	(4,145)	(122,754)
Net book amount	**59,404**	**14,889**	**3,960**	**624**	**78,877**
YEAR ENDED 31 DECEMBER 2015					
Opening net book amount	59,404	14,889	3,960	624	78,877
Reclassification	–	–	(72)	–	(72)
Derecognition of cost of property plant and equipment	(4,846)	–	(655)	(3,318)	(8,819)
Derecognition of accumulated depreciation	4,846	–	655	3,318	8,819
Additions	4,922	39	81	517	5,559
Impairments	–	–	(885)	–	(885)
Depreciation†	(12,030)	(2,557)	(1,261)	(198)	(16,046)
Closing net book amount	**52,296**	**12,371**	**1,823**	**943**	**67,433**
AT 31 DECEMBER 2015					
Cost or valuation	199,888	51,028	39,096	1,969	291,981
Accumulated impairments	(69,217)	(10,830)	(14,519)	–	(94,566)
Accumulated depreciation	(78,375)	(27,827)	(22,754)	(1,026)	(129,982)
Net book amount	**52,296**	**12,371**	**1,823**	**943**	**67,433**

† Depreciation attributable to continued operations: $16,046 in 2015 ($24,046 in 2014).
Depreciation attributable to discontinued operations: nil (nil in 2014).

Compensation from third party, for items that were lost or given up, amounts to nil in 2015 ($1.9 million in 2014).

The net book value of the Hawk Explorer which is the subject of a finance lease (see note 27) as at 31 December 2015 is $12.4 million (2014: $14.9 million).

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment impairments amounted to $0.9 million during the year. The impairments relate to vessels and equipment and were triggered by the current market weakness. The impairments are based on net present value of estimated future cash flows from each cash generating unit (individual vessels including seismic equipment) and a discount rate of 14.0% (weighted average cost of capital).

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.

7. INTANGIBLE ASSETS

	Goodwill
COST	
Balance at 1 January 2014	6,340
Balance at 31 December 2014	**6,340**
Balance at 1 January 2015	6,340
Balance at 31 December 2015	**6,340**
AMORTIZATION AND IMPAIRMENT LOSSES	
Balance at 1 January 2014	(5,073)
Impairment loss	(1,267)
Balance at 31 December 2014	**(6,340)**
Amortization for the year	–
Impairment loss	–
Balance at 31 December 2015	**(6,340)**
CARRYING AMOUNTS	
At 1 January 2014	1,267
At 31 December 2014 / 1 January 2015	**-**
At 31 December 2015	**-**

In January 2007, SeaBird acquired all shares in GeoBird Management Middle East FZ-LLC, a company situated in Dubai and being the company managing the maritime operations of SeaBird's vessels. The excess value of the business was calculated at $1.3 million. The excess value represents valuation of assembled work force and organization which, in accordance with IFRS, is classified as goodwill.

In December 2014, SeaBird performed its annual impairment test for intangible assets. The remaining goodwill related to the GeoBird acquisition was impaired in light of lowered oil prices and weaker market environment for seismic services.

8. INCOME TAX EXPENSE

SeaBird Exploration Plc is subject to taxation in Norway and the majority of its subsidiaries in Cyprus. The company is also subject to taxation in various other jurisdictions because of its global operations. The company had a continuing operations net tax cost of $1.0 million and a discontinued operations net tax cost of positive $0.04 million related to reassessment of selected historical tax provisions. The company is continuing to evaluate its historical tax exposures which might change the reported tax expense.

Current tax	2015	2014
Current period	1,144	2,854
Adjustment for prior periods	(219)	(606)
Total current tax	**925**	**2,248**

	2015	2014
Continuing Operations Profit/(loss) before income tax	39,307	(97,647)
Tax arising at the rate of 27% (27% in 2014)	10,613	(26,365)
Effect of tax adjustments in arriving at taxable profit and tax losses	(10,613)	26,365
Foreign operations taxed at different rates	63	–
Withholding tax effect current year	1,081	2,854
Reassessment of prior year tax provisions	(181)	(683)
Total tax expense attributable to continuing operations	**963**	**2,171**

	2015	2014
Attributable to continued operations	**963**	**2,171**
Attributable to discontinued operations	**(38)**	**77**

9. MULTI-CLIENT LIBRARY

The components of the multi-client library are summarized as follows:

	2015	2014
At 1 January	14,685	7,067
Cash investments	244	29,561
Capitalized depreciation	–	2,802
Impairment	(8,477)	(12,288)
Amortization†	(3,112)	(12,457)
At 31 December	**3,340**	**14,685**

† Amortization attributable to continued operations: $3,112 ($12,457 in 2014).
Amortization attributable to discontinued operations: $0 ($0 in 2014).

Amortization expense for the year ended 31 December 2015 includes $2.0 million of additional non-sales related amortization, net. For the year ended 31 December 2014, the additional non-sales related amortization totalled $0.3 million.

9. MULTI-CLIENT LIBRARY

The company introduced a new amortization category in Q2 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. Total sales were $2.5 million in 2015 (2014: $17.9 million).

The net carrying value of the multi-client library, by the year in which the surveys marine acquisition were completed, is summarized as follows:

	2015	2014
Completed during 2013	793	3,101
Completed during 2014	2,511	11,584
Completed during 2015	36	–
Completed surveys	**3,340**	**14,685**

The recent reduction in oil prices is expected to delay and reduce revenues from selected multi-client surveys, which triggered an impairment of $8.5 million. The impairments are based on net present value of estimated future cash flows from each cash generating unit (individual multi-client libraries) and a discount rate of 14.0% (weighted average cost of capital).

For information purposes, the following shows the hypothetical application of the company's minimum amortization requirements to the components of the existing multi-client library. These minimum amortization requirements are calculated as if there will be no future sales of these surveys.

During 2016	1,733
During 2017	1,299
During 2018	303
During 2019	5
During 2020	0
Net carrying value of the multi-client library per 31 December 2015	**3,340**

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. Please see note 2.9 for further details. The change will not impact the carrying value of the existing multi-client library. The amortization cost will be partly reclassified from amortization to impairment of multi-client libraries as sales amortization will not be charged in 2016. The P&L effect is not significant.

10. TRADE RECEIVABLES

	2015	2014
Trade receivables	34,267	32,647
Less: provision for impairment of receivables	(21,656)	(18,432)
Trade receivables – net	**12,611**	**14,215**

The fair values of net trade receivables are regarded as approximate at cost adjusted for provision for impairments. The company's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 30. The net provision for impairment of receivables has been increased by $3.2 million in 2015 (2014: $6.7 million).

In general, vessels on time charter are prepaid, while vessels contracted to oil companies usually have payment terms of an average of 30 days.

11. OTHER CURRENT ASSETS

	2015	2014
Accrued income	6,813	13,059
Prepaid expenses	1,399	4,816
Other current assets	5,813	3,817
Total other current assets	**14,025**	**21,692**

12. INVENTORIES

	2015	2014
Bunker fuel	3,091	4,463
Total inventories	**3,091**	**4,463**

The opening balance at 1 January 2015 of $4.5 million related to bunker fuel has been recognized as expense in 2015 (2014: $4.4 million).

13. CASH AND CASH EQUIVALENTS

	2015	2014
Cash at bank and in hand	**6,252**	**6,972**

The effective average interest rate on short-term bank deposits was nil in 2015 (2014: nil). Cash and cash equivalents include $0.4 million of restricted cash at 31 December 2015 (2014: $0.2 million). The restricted cash is related to payroll tax, employees' prepaid taxes and rent deposits. Long-term restricted cash amounted to $0.2 million while short-term restricted cash amounted to $0.2 million.

14. SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

	Number of shares
At 1 January 2015	57,581,246
Preference shares issued in 2015	6,015,693
Conversion of preference shares to common shares (1:500)	3,007,846,500
New shares issued in 2015	6,254
Total number of shares	**3,065,434,000**
Consolidation of 1000 shares into 1 share	3,065,434
At 31 December 2015 Basic	**3,065,434**
At 31 December 2015 Diluted	**3,065,434**

Following the completion of the restructuring in March 2015, the company issued 6,015,693 preference shares each with a par value of $0.1/share. The preference shares carried 500 times the rights of the common shares. Following the reduction of the company's authorized and issued share capital from nominal $0.1/share to $0.0001/share, the preference shares were mandatorily converted into common shares. Post conversion of the preference shares, the total outstanding number of common shares in the company were 3,065,427,746. There are no preference shares outstanding in the company following the conversion described above. Expenses incurred as part of the share issue of $0.6 million were deducted directly from share capital. On 26 November 2015, the shares of the company were consolidated through the conversion of every one thousand of the company's shares of $0.0001 each into one share of $0.1 each. In order to make the total number of shares in issue divisible by ten, the Board of Directors of SeaBird issued 6,254 new shares in the company, each at par value. Therefore, the total number of shares were 3,065,434,000 and through the consolidation the number of shares as at 31 December 2015 are 3,065,434.

SeaBird has historically used stock options as an incentive for key employees. In 2012, the company issued call options to the CEO of the company and 13 key employees. During 2014 and 2015 no options were exercised. The options expired on 31 October 2015 and therefore there are no outstanding options to employees as of 31 December 2015.

Following the completion of the restructuring, the company issued 884,687,500 warrants to subscribers for shares in the restructuring , each convertible into one ordinary share of the company. The warrants expire on 15 January 2018. After the initial issuance each warrant could be used to subscribe, within its expiration, for one share of the company at an exercise price of NOK 0.10. Following the consolidation of shares in 2015 (through the conversion of every one thousand of the company's shares into one share), the number of issued warrants are 884,686 at an exercise price of NOK 100. No warrants have been exercised by the end of December 2015.

14. SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

	Number of outstanding options
At 1 January 2015	1,621,945
Granted during the year	–
Forfeited during the year	(50,001)
Exercised in year	–
Expired in year	(1,571,944)
At 31 December 2015	**-**

Share based payments effect on the group's profit or loss amounts to $0.03 million for 2015.

During the year 50,001 options with a weighted average strike price of NOK 3.95 were forfeited. All the share options with a weighted average strike price of NOK 3.03 expired on 31 October 2015. As at 31 December 2015 there were no outstanding share options to employees.

Following the expiration of the share options, the amount presented in equity as share options granted was reclassified to other reserves. No further adjustments have been made after the vesting date irrespective of the fact that the options were not exercised.

15. TRADE AND OTHER PAYABLES

	2015	2014
Trade payables	12,907	34,328
Accrued expenses and other payables	12,464	29,303
Total trade and other payables	**25,371**	**63,631**

16. PROVISIONS

During Q4 2014 the company made non-recurring cost provisions relating to cold stacking of 3D vessels and closing of the Dubai office. During 2015 the company made an additional cost provision relating to the stacking of Munin Explorer and the redelivery of Kondor Explorer. The provisions cover estimated net losses for the operation of the vessels until redelivery at the end of the respective firm charter periods. These vessel leases are considered onerous.

The Voyager Explorer was cold stacked in November 2014 and is expected to be redelivered in August 2016. Geo Pacific was cold stacked during Q1 2015 and was redelivered in December 2015. The Munin Explorer is chartered on a bareboat contract that runs through October 2019. During Q2 2015, the company decided to stack the Munin Explorer and the vessel is currently forecasted to return to operation in Q2 2017. SeaBird has unsuccessfully tried to redeliver the Kondor Explorer to its owners since the end of the bareboat charter in February 2014. Subsequent to year-end closing, SeaBird's contractual obligations related to the Kondor Explorer were terminated. In Q4 2015 the company reversed past Kondor Explorer cost provisions of $1.0 million.

At 31 December 2015, the company had the following cost provisions:

	Balance 1 Jan 2015	Incurred costs	Changes in provision estimate	Interest expense	Balance 31 Dec 2015
Geo Pacific cost provision	7,343	(5,934)	396	–	1,804
Voyager Explorer cost provision	1,640	(1,022)	2,650	–	3,268
Munin Explorer cost provision	–	(952)	7,665	306	7,019
Kondor Explorer cost provision	–	(374)	415	–	41
Organizational restructuring cost	597	(503)	–	–	94
Total provisions	**9,580**	**(8,785)**	**11,126**	**306**	**12,226**

17A. INTEREST BEARING LOANS AND BORROWINGS

	Coupon rate	Maturity	2015	2014
NON-CURRENT				
Capital lease obligations (note 29)	30.79%	2017	2,024	–
SBX04 secured bond loan - tranche A	12%	2018	4,870	–
SBX04 secured bond loan - tranche B	6%	2018	21,085	–
Secured credit facility	6%	2018	2,050	–
Unsecured note	6%	2018	1,069	–
			31,098	**-**
CURRENT				
Loan from Perestroika	1%	2014	–	14,950
Capital lease obligations (note 29)	30.79%	2017	1,503	5,051
Bond loan - SBX03	6%	2015	–	82,216
SBX04 secured bond loan - tranche A	12%	2018	45	–
SBX04 secured bond loan - tranche B	6%	2018	110	–
Secured credit facility	6%	2018	12	–
Unsecured note	6%	2018	974	–
Total			**2,644**	**102,217**

Convertible loan from Perestroika
In September 2010, the company issued a three-year NOK 120.0 million convertible, nontransferable loan in favor of Perestroika AS. In March 2011, the convertible loan was renegotiated and the denomination of the loan was changed from NOK to USD. The maturity was extended to 30 September 2014. Part of the convertible loan was redeemed as part of the financial restructuring carried out in 2011, see section Senior secured callable bond – SBX03 below. The loan was not settled at maturity and the company was in breach of the loan agreement as of 31 December 2014. During 2015 the company announced an agreed restructuring proposal to reduce indebtedness. As per the restructuring agreement 20% of the outstanding amount was converted to SBX04 secured bond loan - tranche B and the remaining 80% was converted to equity.

Senior secured callable bond – SBX03
In connection with the divestment of the OBN business, a financial restructuring of SeaBird's debt took place in December 2011, whereby the outstanding secured creditors, Standard Chartered Bank and Sparebanken 1 SMN/Glitnir, were repaid in full. In connection with the restructuring, the bond loans SBX01 and SBX02, the PGS convertible loan and the Perestroika convertible loan were repaid approximately 31.4% of their outstanding principal amounts, respectively. The remaining balance of the bonds SBX01, SBX02 and PGS convertible loan were merged into a new senior secured bond (with inter alia 1st priority pledge in the vessels Northern Explorer, Osprey Explorer, Harrier Explorer and Aquila Explorer), SBX03, at an interest rate of 6% per annum. The SBX03 bond had an initial maturity date on 19 December 2015 and principal amortization due in semi-annual increments of $2.0 million, starting 19 December 2012, with a balloon repayment on maturity of $77.9 million. SeaBird was in breach of the SBX03 bond agreement as of 31 December 2014. The principal outstanding, including accrued interest was $82.2 million. During 2015 the company announced an agreed restructuring proposal to reduce indebtedness. As per the restructuring agreement 20% of the outstanding amount was converted to SBX04 secured bond loan - tranche B and the remaining 80% was converted to equity.

Capital lease obligations

The Hawk Explorer lease terms were revised during the fourth quarter 2015. The lease period set to expire 29 February 2016 was extended to 31 May 2016, and monthly payments will continue at unchanged current terms. Moreover, in the first quarter 2016, SeaBird agreed the option to extend the lease from 1 June 2016 until 28 February 2017 on a three months rolling basis, again at the same payment terms as previously agreed. Such lease extension option has to be exercised by the company three months before the start of the new lease period. To the extent SeaBird decides to extend the lease, then at the end of the lease period 28 February 2017, the company will have a purchase call option for $1.75 million (same option terms as previously agreed). Alternatively, the company may at its discretion extend the lease for a firm period up to and including 30 November 2017, at which point it will have the option to purchase the vessel and related equipment for USD 67,800. During the initial lease period, SeaBird may at its sole discretion terminate the charter on 31 August 2016 or 30 November 2016. We refer to the subsequent events note 29.

Bond loan - SBX04

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 as at 31 December 2015 (nominal value of $29.3 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 accrued as per 31 December 2015 was $154.552. The bond is listed on Nordic ABM and it is traded with ticker SBEF01 PR and SBEF02 PRO for the respective two bond tranches. This bond is secured with an unconditional and irrevocable on-demand guarantee over the vessels Aquila Explorer, Osprey Explorer, Northern Explorer and Harrier Explorer.

Secured credit facility

The three year secured credit facility (Scandinavian Bunkering 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. Interest accrued as per 31 December 2015 was $12.178. The credit facility is secured by the same security as the security to be provided in respect of the SBX04 bond, however so that the credit facility's rights to full recovery shall be pari passu with the bondholders.

Unsecured note

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 accrued as per 31 December 2015 was $32.065. There is no security over this unsecured note.

17B. COVENANTS

The SBX04 bond facility includes the following financial covenants:

The SeaBird group has agreed to maintain, at all times, a minimum free liquidity (cash and cash equivalents) requirement of USD 5,000,000. Further, commencing on 31 December 2015, the group has agreed to maintain a leverage ratio (net interest bearing debt (excluding finance leases) to EBITDA adjusted for non-recurring operational and financial restructuring charges) not exceeding 2.5:1.0. The covenants are tested at each quarter end-date.

SeaBird was in compliance with both covenants as of 31 December 2015.

Please see calculation of free cash and leverage ratio below.

	2015
Free cash at 31 December 2015	5,835
Bond covenant: minimum free cash	5,000
Leverage ratio at 31 December 2015	1.2
Bond covenant: maximum leverage ratio	2.5
Interest bearing debt	30,215
Cash and cash equivalents	(6,252)
Net debt (excluding finance leases)	**23,963**
EBITDA reported	10,917
Adjustments for non-recurring items:	
Lay-up provisions	9,841
Restructuring gain on leases	(4,713)
Bad debt expense	2,850
End of service benefit provision	416
EBITDA adjusted for non-recurring items	**19,311**
Leverage ratio	**1.2**

18. OTHER FINANCIAL ITEMS, NET

	2015	2014
Net foreign exchange gain/(loss)	465	(548)
Other financial income	25	9
Other financial expense	(417)	(248)
Total other financial items, net	**73**	**(787)**

19. OTHER INCOME (EXPENSES), NET

	2015	2014
Profit/(loss) on sale of property, plant and equipment	–	(1,541)
Other income	430	3,030
Total other income (expense)	**430**	**1,489**

Other income (expense) was positive $0.4 million in 2015 (positive $1.5 million in 2014), mainly resulting from mark-up on rechargeable expenses.

20. EXPENSES BY NATURE

	2015	2014
Charter hire	10,108	17,060
Crew	29,320	44,861
Seismic and marine expenses	30,198	45,390
Other operating expenses	130	677
Total charter hire and operating expenses	**69,756**	**107,988**
Staff cost and Directors' remuneration	9,460	12,506
Legal and professional	1,838	3,930
Provision for bad debts	3,371	8,114
Other expenses	3,928	6,090
Total selling, general and administrative expenses	**18,597**	**30,640**

21. EMPLOYEE BENEFIT EXPENSE

	2015	2014
Crew salaries and benefits	19,272	25,604
Staff cost	9,206	12,245
Directors' remuneration	255	238
Total employee benefit expense	**28,733**	**38,087**
Including accrued costs relating to the employee stock option plan	29	229
Average number of employees	471	556

22. FINANCE EXPENSE

	2015	2014
Finance lease borrowings	773	843
Bond loans	3,588	8,936
Credit facilities	466	–
Loss on bond loan	–	5,102
Other interest	33	2,064
Bank loans	–	33
Total finance expense	**4,860**	**16,978**

23. EARNINGS PER SHARE

Basic
Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year (note 14).

	2015	2014
Profit/(Loss) attributable to equity holders of the company	38,562	(98,803)
Weighted average number of ordinary shares in issue	2,548	58
Basic earnings per share ($ per share)	15.13	(1,715.89)
Weighted average number of diluted shares	2,584	58
Diluted earnings per share ($ per share)	14.92	(1,715.89)
BASIC EARNINGS PER SHARE		
From continuing operations	15.05	(1,733.52)
From discontinued operations	0.08	17.63
Total basic earnings per share	**15.13**	**(1,715.89)**
DILUTED EARNINGS PER SHARE		
From continuing operations	14.84	(1,733.52)
From discontinued operations	0.08	17.63
Total diluted earnings per share	**14.92**	**(1,715.89)**

During the year, the company completed a 1000 for 1 reverse split of its shares. The shares started trading ex reverse split as from 11 December 2015. Previous year's share count is retrospectively adjusted for the reverse split.

24. DIVIDENDS

No dividend was distributed for 2014 and no dividend will be distributed for the year ended 31 December 2015.

25. BUSINESS COMBINATIONS AND DISCONTINUED OPERATIONS

Business combinations
In June 2006, SeaBird closed the acquisition of SeaBed (the OBN business). The total purchase price was $16.0 million. The OBN business was divested in December 2011. Please refer to the explanation of discontinued operations below.

Discontinued operations
On 18 November 2011, SeaBird entered into a share purchase agreement with Fugro Norway AS concerning the sale of SeaBird's shareholding in Fugro OBN Technologies AS (former SeaBird Technologies AS) and SeaBed Navigation Company Ltd, which collectively held all of SeaBird's rights and assets related to the OBN business. On 8 December 2011, the transaction was fulfilled and the rights, title and interest in the shares were transferred from SeaBird to Fugro against the agreed consideration.

The purchase price for 100% of the shares in each of Fugro OBN Technologies AS and SeaBed Navigation Company Limited was $125.0 million on a cash and debt free basis, payable in cash. Fugro acquired on 3 October 2011 11% of the shares in Fugro OBN Technologies AS and SeaBed Navigation Company Ltd to improve the liquidity situation of SeaBird. The purchase price paid for the 11% stake was deducted from the total purchase price for 100% of the two companies at closing.

25. BUSINESS COMBINATIONS AND DISCONTINUED OPERATIONS

Statement of income for discontinued operations

	Year ended 31 December	
	2015	2014
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**
Earnings before interest and taxes (EBIT)	**180**	**1,092**
Interest expense	–	–
Profit/(loss) before income tax	**180**	**1,092**
Income tax	38	(77)
Profit/(loss) from discontinued operations	**218**	**1,015**
Gain/(loss) on sale of OBN business	–	–
Profit/(loss) for the period	**218**	**1,015**
PROFIT/(LOSS) ATTRIBUTABLE TO		
Shareholders of the parent	218	1,015
EARNINGS PER SHARE DISCONTINUED OPERATIONS		
– basic	0.08	17.63
– diluted	0.08	17.63

Consolidated statement of discontinued cash flow

	2015	2014
Net cash from operating activities	–	–
Net cash from investing activities	–	–
Net cash from financing activities	–	–
Net cash inflow/(outflow)	**-**	**-**

Net assets disposed:

	2015	2014
Adjustment related to buyback transaction	–	–
Net assets disposed	–	–
Gain/(loss) on sale	**-**	**-**

26. COMMITMENTS AND CONTINGENCIES

SeaBird's bareboat charter contract with Kondor Explorer expired on 28 February 2014. The company has attempted to redeliver the vessel to its owner, a Ukrainian company. However, redelivery of the vessel has been unsuccessful. SeaBird has incurred operating and management costs from the period of expiry of the bareboat charter. In January 2016, the company's contractual obligations related to the Kondor Explorer were terminated following a court decision in the Netherlands whereby the vessel was sold. SeaBird does not expect to be able to recover any additional amounts from the owner, and therefore has not recognized any amounts potentially receivable in respect of any possible contingent asset which may have arisen as at 31 December 2015.

The company considers that it is unlikely that additional significant liabilities exists for any owner claims as at 31 December 2015.

The SBX04 bond is secured with an unconditional and irrevocable on-demand guarantee over the vessels Aquila Explorer, Osprey Explorer, Northern Explorer and Harrier Explorer. In addition, the bondholders have a guarantee from SeaBird Exploration Plc, pledge on all material operating subsidiaries, assignment of charters, assignment of insurances, assignment of earnings and a floating charge. The credit facility is secured by the same security as the security to be provided in respect of the SBX04 bond, however so that the credit facility's rights to full recovery shall be pari passu with the bondholders.

SeaBird is also disputing a legal claim put forth by an Australian ship owner. and expect a ruling during 2016. Given the amount of the claim and the fact that SeaBird has set forth its own counter claim, the company has not made any specific contingencies.

27. LEASES

Financial lease commitments:
The future aggregate minimum lease payments under non-cancellable financial leases are as follows:

	2015	2014
No later than 1 year	2,316	5,371
Later than 1 year and no later than 5 years	2,124	–
Later than 5 years	–	–
Total financial lease commitments	**4,440**	**5,371**

Reconciliation between the future minimum lease payments at the balance sheet date and their present value:

	Minimum lease payments		Present value of minimum lease payment	
	2015	2014	2015	2014
No later than 1 year	2,316	5,371	1,503	4,666
Later than 1 year and no later than 5 years	2,124	–	2,024	385
Later than 5 years	–	–	–	–
	4,440	**5,371**	**3,527**	**5,051**
Less: future finance charges	(912)	(320)	–	–
Present value of minimum lease payment	**3,528**	**5,051**	**3,527**	**5,051**

	2015	2014
Included in the consolidated financial statements as:		
– current borrowings	1,503	5,051
– non-current borrowings	2,024	–
	3,527	**5,051**

27. LEASES

The Hawk Explorer lease terms were revised during the fourth quarter 2015. The lease period set to expire 29 February 2016 was extended to 31 May 2016, and monthly payments will continue at unchanged current terms. Moreover, in the first quarter 2016, SeaBird agreed the option to extend the lease from 1 June 2016 until 28 February 2017 on a three months rolling basis, again at the same payment terms as previously agreed. Such lease extension option has to be exercised by the company three months before the start of the new lease period.

To the extent SeaBird decides to extend the lease, then at the end of the lease period 28 February 2017, the company will have a purchase call option for $1.75 million (same option terms as previously agreed). Alternatively, the company may at its discretion extend the lease for a firm period up to and including 30 November 2017, at which point it will have the option to purchase the vessel and related equipment for USD 67,800. During the initial lease period, SeaBird may at its sole discretion terminate the charter on 31 August 2016 or 30 November 2016.

Operating lease commitments:
The group leases various vessels and seismic equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2015	2014
No later than 1 year	5,928	16,769
Later than 1 year and no later than 5 years	13,520	21,348
Later than 5 years	–	–
Total operating lease commitments	**19,448**	**38,117**

Lease rentals amounting to $10.1 million (2014: $17.1 million) relating to operating leases are recognized for the year ended 31 December 2015.

The charter hire of the vessel Geo Pacific from Fugro ended on 31 December 2015. The vessel was redelivered to its owner on 30 December.

SeaBird's bareboat charter contract with Kondor Explorer expired on 28 February 2014. The company has attempted to redeliver the vessel to its owner, a Ukrainian company. However, redelivery of the vessel has been unsuccessful. In January 2016, the company's contractual obligations related to the Kondor Explorer were terminated following a court decision in the Netherlands whereby the vessel was sold.

Firm charter period of the vessel Voyager Explorer ends on 1 August 2016.

Firm charter period for the vessel Munin Explorer ends on 31 October 2019.

28 . RELATED-PARTY TRANSACTIONS

The following transactions were carried out with related parties:

I) Key management compensation

	2015	2014
Salaries and other short-term employee benefits	2,228	2,834
Bonus payments	–	–
Post employment benefits	425	25
Total key management compensation	**2,653**	**2,859**

Key management is defined as Dag Reynolds (CEO until January 2016), Alexander Holst (General Counsel until January 2016), Kjell Mangerøy (VP Business Development from February 2008), Graham Stark (VP HSSEQ until May 2015), Dag Grepperud (VP HSSEQ from May 2015), Nils Haugestad (CFO from April 2012), and Steinar Fjeldbo (VP Operations from July 2014).

II) Loans to related parties
SeaBird has no loans to related parties.

III) Commitments and contingencies to related parties
SeaBird has neither commitments nor contingencies to related parties.

IV) Shareholding
Management (as defined 31 December 2015 under i) and the Board, as of 31 December 2015 held the following shares on own account):

Name	Title	Shares
Annette Malm Julstad	Chairman	–
Olav Haugland	Board Member	–
Kitty Hall	Board Member	60
Hans Petter Klohs	Board Member	–
Gert Triest	Board Member	–
Dag Reynolds	CEO	100
Nils Haugestad	CFO	10
Alexander Holst	General Counsel	3
Kjell Mangerøy	VP Business Development	3
Steinar Fjeldbo	VP Operations	–
Dag Grepperud	VP HSSEQ	1

V) Purchase of services
All related party transactions have been entered into on an arm’s length basis. The company had no related party transactions during the year. The company is leasing the Munin Explorer from Ordinat Shipping. Ordinat Shipping AS is not a major shareholder as per 31 December 2015 (less than 5% of ordinary shares), and Ordinat Shipping AS is not considered to be a related party as per the 31 December balance sheet date.

29. SUBSEQUENT EVENTS

Subsequent to annual closing, the company announced that Mr. Christophe Debouvry was appointed as new Chief Executive Officer of SeaBird effective from 18 January 2016. The previous 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 annual closing, SeaBird's contractual obligations related to the Kondor Explorer were terminated following a court decision in the Netherlands whereby the vessel was sold.

Subsequent to annual closing, SeaBird agreed new lease terms with the owner of Hawk Explorer. See note 27 for further details.

During February and March SeaBird announced two new contracts awards in Northern Europe. The company signed a contract for undershoot work in the North Sea during the 2016 summer season. The project is due to commence in Q3 2016 and will run for approximately 3 weeks. Additionally, SeaBird signed an agreement to conduct a pre-funded 2D multi-client survey in North West Europe during the 2016 summer season. The project is due to commence during Q2 2016 and will run for approximately two to three weeks.

30. FINANCIAL INSTRUMENTS

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2015	2014
LOANS AND RECEIVABLES:			
Trade receivables	10	12,611	14,215
Other current assets	11	14,025	21,692
Total loans and receivables		**26,636**	**35,907**
Cash and cash equivalents	13	6,252	6,972
Total credit risk		**32,888**	**42,879**

Impairment losses
The aging of trade receivables at the reporting date was:

	2015		2014	
	Gross	Impairment	Gross	Impairment
Not past due	2,333	–	8,976	2,676
Past due 0–30 days	10,226	–	6,754	–
Past due 31–120 days	–	–	1,234	335
More than 120 days	21,708	21,655	15,683	15,421
Total impairment losses	**34,267**	**21,655**	**32,647**	**18,432**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2015	2014
Balance at 1 January	18,432	11,779
Impairment loss recognized (net)	3,223	6,653
Balance at 31 December	**21,655**	**18,432**

The group have generally few and large customers; hence individual evaluations for impairment are done for all overdue receivables.

30. FINANCIAL INSTRUMENTS

Liquidity Risk
Ultimate responsibility for risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the group's short, medium and long term funding and liquidity requirements. The group manages liquidity risk by maintaining sufficient cash and marketable securities, ensuring the availability of funding through an adequate amount of available debt funding, and by continuously monitoring forecast and actual cash flows.

The table below summarises the maturity profile of the group's financial liabilities at 31 December 2015 on contractual undiscounted payments:

	On demand	Less than 12 months	1 to 5 years	Total
Interest-bearing borrowings	–	3,241	35,209	38,450
Capital lease obligations	–	2,416	2,139	4,555
Interest payment	–	–	–	–
Trade and other payables	–	25,371	–	25,371
Provisions	–	12,226	–	12,226
Tax liabilities	–	5,442	–	5,442
Total financial liabilities	**-**	**48,696**	**37,348**	**86,044**

The table below summarised the maturity profile of the group's financial liabilities at 31 December 2014 on contractual undiscounted payments:

	On demand	Less than 12 months	1 to 5 years	Total
Interest-bearing borrowings	97,166	–	–	97,166
Capital lease obligations	5,051	–	–	5,051
Interest payment	–	–	–	–
Trade and other payables	–	63,631	–	63,631
Provisions	–	9,580	–	9,580
Tax liabilities	–	6,479	–	6,479
Total financial liabilities	**102,217**	**79,690**	**-**	**181,907**

See note 17 and 18 for further information.

Currency risk
The group's exposure to foreign currency risk was as follows based on notional amounts per 31 December 2015:

	EURO	NOK	AUD	GBP	SEK	SGD
Trade and other payables in foreign currencies	988	7,606	152	490	1,596	347
Trade and other payables in reporting currency (USD)	1,106	963	115	749	199	250
Gross balance sheet exposure	**1,106**	**963**	**115**	**749**	**199**	**250**

30. FINANCIAL INSTRUMENTS

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2015	2014	2015	2014
USD				
EURO 1	1.1104	1.3223	1.0908	1.2143
AUD 1	0.7525	0.9003	0.7300	0.8187
NOK 1	0.1244	0.1583	0.1136	0.1346
GBP 1	1.5290	1.6439	1.4805	1.5575

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Norwegian kroner, Euro, AUD and GBP. Sensitivity of operating cost and revenues depends on the mix of contracts and the related cost structure and is therefore difficult to quantify.

Interest rate risk

	2015	2014
FIXED RATE FINANCIAL LIABILITIES - BOND LOANS:		
SBX03	–	82,216
Perestroika bond	–	14,950
SBX04 secured bond loan - tranche A	4,915	–
SBX04 secured bond loan - tranche B	21,194	–
Secured credit facility	2,062	–
Unsecured note	2,044	–
Total interest rate risk	**30,215**	**97,166**

Amounts above represent the carrying values of fixed rates financial liabilities. In addition, cash and cash equivalents of $6.3 million at 31 December 2015 and $7.0 million as at 31 December 2014 are interest bearing assets with variable rates.
The group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss or equity.

Fair value versus carrying amounts
SeaBird has reviewed the fair value of financial assets and liabilities compared to carrying amount at 31 December 2015. In general, this evaluation shows no material difference.

31. FINANCIAL RESTRUCTURING

In January 2015, the company announced an agreed restructuring proposal to reduce indebtedness and provide additional funding (All share prices and number of shares have been changed to reflect the recent share consolidation):

- Issue of new equity for a total of approximately $11.6 million or 884,686 new shares and 884,686 new warrants to acquire one share per warrant at an exercise price of NOK 100 per share.
- Issue of a new 3-year secured bond in two tranches ("SBX04") subscribed by TGS-NOPEC Geophysical Company ASA for $5 million in tranche A and $24.3 million in tranche B originating from a debt conversion of the existing SBX03 bond, Perestroika convertible bond, charter hire and financial advisory payables.
- Issue of a 3-year secured credit line facility of $2.4 million and a $2.1 million unsecured loan.
- Approximately $16.2 million of the outstanding amount under the SeaBird Exploration Plc Senior Secured Callable Bond Issue 2011/2015 ("SBX03") was converted into SBX04 and the remaining approximately $64.7 million of SBX03 was converted into equity at NOK 300 per ordinary share.
- Approximately $3.0 million of the company's convertible loan with Perestroika AS was converted into SBX04 and the remaining approximately $11.9 million of the Perestroika Loan was converted into equity at NOK 300 per ordinary share.
- The outstanding charter hire for the Munin Explorer, Geo Pacific, Hawk Explorer and Voyager Explorer (the "Charterers") was partially converted into SBX04, a loan, partially converted into equity and partially written down. The ongoing charter obligations were amended including a reduction in total charter hire of above $25,000 per day, yielding an annual pre-tax cash flow improvement of above $9 million. Fuel vendors' outstanding balances of $3.4 million were converted into SBX04 Tranche B and $2.4 million was converted to the secured credit facility described above.
- $0.7 million of restructuring advisory fees were converted into SBX04 and $2.8 million of restructuring advisory fees were converted into equity at NOK 300 per share.

The issue of new equity and warrants was booked directly to equity $10.9 million net of transaction cost, of which $8.2 million of the overall amount was accounted for in paid in capital (the preference shares issued) and $2.7 million was booked in equity component of warrants listed under the equity section in the balance sheet (warrants issued). The company has obtained external advice to correctly account for the fair value of preference shares and warrants, new debt instruments issued to investors and creditors. In addition, the company issued the SBX04 bond, the secured credit facility and the unsecured loan to creditors. The par value of the outstanding debt and liabilities from creditors of approximately $116.3 million (prior to creditor debt forgiveness and conversion) were converted to the preference shares and debt instruments listed above.

The SBX04 bond, the 3-year secured credit line facility and loan have been valued at nominal value less amortized cost using an effective interest rate of 14%. The amortized cost positive fair value adjustment for the debt facilities was recognized as a restructuring gain, of which $1.4 million was allocated to restructuring gain on leases and $3.7 million was booked to the restructuring gain account under the finance cost section. The total gain resulting from the financial restructuring was $66.4 million, of which $4.7 million was reported under restructuring gain on leases and $61.7 million was reported as restructuring gain under the financing section.

The restructuring was approved by requisite majority in the SBX03 bondholder meeting and by the shareholders in two extraordinary general meetings in February 2015. On 3 March 2015, the company announced that the conditions for the restructuring were fulfilled.

UNCONSOLIDATED FINANCIAL ACCOUNTS 2015

Parent company:

Notes to the financial statements:

STATEMENT OF FINANCIAL POSITION

		As of 31 December	
All figures in $000's	Note	2015	2014
ASSETS			
Non-current assets			
Shares in subsidiaries	13	66,799	88,753
Due from related parties	15	7,085	88,513
Total non-current assets		**73,884**	**177,266**
Current assets			
Other current assets	4	10	13
Cash and cash equivalents	5	–	3
Total current assets		**10**	**16**
Total Assets		**73,894**	**177,282**
EQUITY			
Shareholders equity			
Paid in capital	6	218,691	189,125
Equity component of warrants		2,736	–
Equity component of convertible loan		–	6,296
Currency translation reserve		12	12
Share options granted	6	–	1,326
Retained earnings		(191,463)	(237,683)
Total Equity		**29,976**	**(40,924)**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	8	–	–
Due to related parties	15	41,514	119,384
Total non-current liabilities		**41,514**	**119,384**
Current liabilities			
Trade and other payables	7	1,254	1,656
Loans and borrowings	8	–	97,166
Tax liabilities		1,150	–
Total current liabilities		**2,404**	**98,822**
Total liabilities		**43,918**	**218,206**
Total equity and liabilities		**73,894**	**177,282**

On 17 March 2016, the board of directors of SeaBird Exploration Plc authorized these financial statements for issue.

Annette Malm Justad	**Kitty Hall**	**Olav Haugland**	**Hans Petter Klohs**	**Gert Triest**
Chairman	**Director**	**Director**	**Director**	**Director**

STATEMENT OF INCOME

All figures in $000's	Note	Year ended 31 December 2015	2014
Revenues		43	19
Selling, general and administrative expenses, net	10	(870)	(4,533)
Impairment on group receivables	15	4,391	(61,128)
Impairment on investments in subsidiaries	13	(24,247)	(31,062)
Loss on assumption of subsidiary provision		(1,150)	–
Restructuring gain on leases	18	3,277	–
Earnings before interest, tax, depreciation and amortization (EBITDA)		**(18,556)**	**(96,704)**
Depreciation and amortization		–	–
Earnings before interest and taxes (EBIT)		**(18,556)**	**(96,704)**
Finance expense	11	(7,151)	(15,439)
Other financial items, net	9	6,385	14,629
Loss on bond loan	11	–	(5,102)
Restructuring gain	18	57,088	–
Profit/(loss) before income tax		**37,766**	**(102,616)**
Income tax	3	–	(10)
Profit/(loss) continuing operations		**37,766**	**(102,626)**

STATEMENT OF COMPREHENSIVE INCOME

All figures in $000's	Note	Year ended 31 December 2015	2014
Profit/(loss)		**37,766**	**(102,626)**
OTHER COMPREHENSIVE INCOME			
Net movement in currency translation reserve and other changes		–	–
Group contribution		803	–
Changes in revaluation reserve		–	–
Total other comprehensive income, net of tax		**803**	**-**
Total comprehensive income		**38,569**	**(102,626)**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Shareholders of the parent		38,569	(102,626)
Total		**38,569**	**(102,626)**

STATEMENT OF CHANGES IN EQUITY

All figures in $000's	Paid in capital	Equity component of warrants	Equity component of convertible loan	Share options granted	Retained earnings	Currency translation reserve	Total
Balance at 1 January 2014	**189,125**	**-**	**6,296**	**1,097**	**(135,056)**	**12**	**61,474**
Revaluation surplus	–	–	–	–	–	–	–
Currency translation difference	–	–	–	–	–	–	–
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Income for the year	–	–	–	–	(102,627)	–	(102,627)
Total recognised income /(loss) for the year	**-**	**-**	**-**	**-**	**(102,627)**	**-**	**(102,627)**
Share issue	–	–	–	–	–	–	–
Equity component of convertible loan	–	–	–	–	–	–	–
Share option granted/cancelled	–	–	–	229	–	–	229
Balance at 31 December 2014	**189,125**	**-**	**6,296**	**1,326**	**(237,683)**	**12**	**(40,924)**
Balance at 1 January 2015	**189,125**	**-**	**6,296**	**1,326**	**(237,683)**	**12**	**(40,924)**
Revaluation surplus	–	–	–	–	–	–	–
Currency translation difference	–	–	–	–	–	–	–
Net income /(loss) recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Income for the year	–	–		–	37,766	–	37,766
Total recognised income /(loss) for the year	**-**	**-**	**-**	**-**	**37,766**	**-**	**37,766**
Share issue	29,566	–	–	–	–	–	29,566
Equity component of warrants	–	2,736	–	–	–	–	2,736
Equity component of convertible loan	–	–	(6,296)	–	6,296	–	–
Share option granted/cancelled	–	–	–	(1,326)	1,355	–	29
Group contribution	–	–	–	–	803	–	803
Balance at 31 December 2015	**218,691**	**2,736**	**-**	**-**	**(191,463)**	**12**	**29,976**

STATEMENT OF CASH FLOW

All figures in $000's	Note	Year ended 31 December 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before income tax		37,766	(102,616)
Adjustments for:			
Amortization of interest		832	8,935
Impairment on group receivables		(4,391)	61,128
Impairment on investments in subsidiaries		24,247	31,062
Paid income tax		–	–
Loss on assumption of subsidiary provision		1,150	–
Restructuring gain		(60,365)	–
Loss on bond loan		–	5,102
(Increase)/decrease in trade and other receivables		3	92
(Increase) in due from related parties		(11,003)	(2,948)
Increase/(decrease) in trade and other payables		778	(833)
Net cash from operating activities		**(10,983)**	**(78)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures		–	–
Net cash used in investing activities		**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares		10,980	–
Receipts from borrowings		–	–
Repayment of borrowings		–	(2,000)
Movements in borrowings		–	–
Interest paid		–	(2,637)
Equity component of convertible bond loan		–	–
Net movement in currency fluctuations		–	–
Net cash from financing activities		**10,980**	**(4,637)**
Net (decrease)/increase in cash and cash equivalents		**(3)**	**(4,715)**
Cash and cash equivalents at beginning of the period		**3**	**4,718**
Cash and cash equivalents at end of the period	**5**	**-**	**3**

1. GENERAL INFORMATION

Country of incorporation
The company was incorporated in British Virgin Islands as a limited liability company. The company redomiciled to Cyprus on 18 December 2009. The primary business address of the company is 25, Kolonakiou Street, Block B, Office 101, 4103, Linopetra, Limassol.

Principal activities
The principal activity of the company, which is unchanged from last year, is ownership of companies operating within the seismic industry, including providing financing to subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SeaBird Exploration Plc has prepared its financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The accounting policies are consistent with those applied in the consolidated financial statements.

For the discussion of risk factors, financial risk management, and critical accounting estimates and judgments; please refer to note 3 and 4 of the consolidated financial statements.

Shares in subsidiaries (see note 13) are stated at cost less any provision for impairment.

3. INCOME TAX EXPENSE AND DEFERRED TAX ASSETS

Current tax	2015	2014
Current period	–	10
Adjustment for prior periods	–	–
Total current tax	**-**	**10**

	2015	2014
Profit/(loss) before income tax	37,766	(102,616)
Tax arising at the rate of 27.0% (27.0% in 2014)	10,197	(27,707)
Tax effect of adjustments in Norway	(10,197)	27,717
Corporate tax in other jurisdictions	–	–
Withholding tax in other jurisdictions	–	–
Total tax expense attributable to continued operations	**-**	**10**

4. OTHER CURRENT ASSETS

	2015	2014
Prepaid expenses	10	13
Total other current assets	**10**	**13**

5. CASH AND CASH EQUIVALENTS

	2015	2014
Cash at bank and in hand	**-**	**3**

There were no short-term bank deposits in 2015 (2014: nil).

6. SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

	Number of shares
At 1 January 2015	57,581,246
Preference shares issued in 2015	6,015,693
Conversion of preference shares to common shares (1:500)	3,007,846,500
New shares issued in 2015	6,254
Total number of shares	**3,065,434,000**
Consolidation of 1000 shares into 1 share	3,065,434
At 31 December 2015 Basic	**3,065,434**
At 31 December 2015 Diluted	**3,065,434**

Following the completion of the restructuring in March 2015, the company issued 6,015,693 preference shares each with a par value of $0.1/share. The preference shares carried 500 times the rights of the common shares. Following the reduction of the company's authorized and issued share capital from nominal $0.1/share to $0.0001/share, the preference shares were mandatorily converted into common shares. Post conversion of the preference shares, the total outstanding number of common shares in the company were 3,065,427,746. There are no preference shares outstanding in the company following the conversion described above. Expenses incurred as part of the share issue of $0.6 million were deducted directly from share capital. On 26 November 2015, the shares of the company were consolidated through the conversion of every one thousand of the company's shares of $0.0001 each into one share of $0.1 each. In order to make the total number of shares in issue divisible by ten, the Board of Directors of SeaBird issued 6,254 new shares in the company, each at par value. Therefore, the total number of shares were 3,065,434,000 and through the consolidation the number of shares as at 31 December 2015 are 3,065,434.

SeaBird uses stock options as an incentive for key employees. On 20 February 2012, as part of his employment contract Mr. Reynolds received 3,000,000 share options at a strike price of NOK 2.50 (equalling the average share price on the trading day 6 February 2012 plus approximately 10%).

Furthermore, on 13 August 2012 a total of 2,065,822 share options were granted to a total of 13 employees. The options had an exercise price of NOK 3.95, which represented the closing price for the SeaBird (SBX) share on the Oslo Stock Exchange the last day before the grant date, 10 August 2012.

On 4 November 2013, employees in SeaBird Exploration exercised their rights to purchase from the company 1,655,268 shares in SeaBird Exploration Plc at a pre-agreed price. Each such share was issued at the applicable strike price and had a weighted average price of NOK 3.07. This transaction represented 1/3 of the options that were exercisable from 13 August 2013.

During 2015 no options were exercised. The options expired on 31 October 2015 and therefore there are no outstanding options to employees as of 31 December 2015.

Following the completion of the restructuring, the company issued 884,687,500 warrants to subscribers for shares in the restructuring, each convertible into one ordinary share of the company. The warrants expire on 15 January 2018. Each warrant can be used to subscribe, within their expiration, for one share of the company at an exercise price of NOK 0.10. Following the consolidation of shares in 2015 (through the conversion of every one thousand of the company's shares into one share), the number of issued warrants are 884,686 at an exercise price of NOK 100.

No warrants have been exercised by the end of December 2015.

	Number of outstanding options
At 1 January 2015	1,621,945
Granted during the year	–
Forfeited during the year	(50,001)
Exercised in year	–
Expired in year	(1,571,944)
At 31 December 2015	**-**

6. SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

Share based payments effect on the group's profit or loss amounts to $0.03 million for 2015.

During the year 50,001 options with a weighted average strike price of NOK 3.95 were forfeited. All the share options with a weighted average strike price of NOK 3.03 expired on 31 October 2015. As at 31 December 2015 there were no outstanding share options to employees.

Following the expiration of the share options, the amount presented in equity as share options granted was reclassified to other reserves. No further adjustments have been made after the vesting date irrespective of the fact that the options were not exercised. Under IFRS, the lapse of a share option at the end of the exercise period does not change the fact that the original transaction occured. The lapse of a share option does not represent a gain to the company because there is no change in the net assets.

7. TRADE AND OTHER PAYABLES

	2015	2014
Trade payables	988	259
Accrued interest expense	–	2
Accrued expenses and other payables	266	1,395
Total trade and other payables	**1,254**	**1,656**

8. LOANS AND BORROWINGS

	Coupon rate	Maturity	2015	2014
NON-CURRENT				
Bond loan - SBX03	6.0%	2015	–	–
Total non-current interest-bearing loans and borrowings			**-**	**-**
CURRENT				
Convertible loan from Perestroika	1.0%	2014	–	14,950
Bond loan - SBX03	6.0%	2015	–	82,216
Total current interest-bearing loans and borrowings			**-**	**97,166**
Total interest-bearing loans and borrowings			**-**	**97,166**

Convertible loan from Perestroika
In September 2010, the company issued a three-year NOK 120.0 million convertible, nontransferable loan in favor of Perestroika AS. In March 2011, the convertible loan was renegotiated and the denomination of the loan was changed from NOK to USD. The maturity was extended to 30 September 2014. Part of the convertible loan was redeemed as part of the financial restructuring carried out in 2011, see section Senior secured callable bond – SBX03 below. The loan was not settled at maturity and the company was in breach of the loan agreement as of 31 December 2014. During 2015 the company announced an agreed restructuring proposal to reduce indebtedness. As per the restructuring agreement 20% of the outstanding amount was converted to SBX04 secured bond loan - tranche B and the remaining 80% was converted to equity. Please refer to group note 31 for additional details on the restructuring.

8. LOANS AND BORROWINGS

Bond loan – SBX03

In connection with the divestment of the OBN business, a financial restructuring of SeaBird's debt took place in December 2011, whereby the outstanding secured creditors, Standard Chartered Bank and Sparebanken 1 SMN/Glitnir, were repaid in full. In connection with the restructuring, the bond loans SBX01 and SBX02, the PGS convertible loan and the Perestroika convertible loan were repaid approximately 31% of their outstanding principal amounts, respectively. The remaining balance of the bonds SBX01, SBX02 and PGS convertible loan were merged into a new senior secured bond (with inter alia 1st priority pledge in the vessels Northern Explorer, Osprey Explorer, Harrier Explorer and Aquila Explorer), SBX03, at an interest rate of 6.0% per annum. The SBX03 bond had an initial maturity date on 19 December 2015 and principal amortization due in semi-annual increments of $2.0 million, starting 19 December 2012, with a balloon repayment on maturity of $77.9 million. SeaBird was in breach of the SBX03 bond agreement as of 31 December 2014. The principal outstanding, including accrued interest less restricted cash in the bond service account was $82.2 million. The restricted cash in the bond service account has been presented net against the loan as SeaBird was not in a position to administer these funds as per 31 December 2014. During 2015 the company announced an agreed restructuring proposal to reduce indebtedness. As per the restructuring agreement 20% of the outstanding amount was converted to SBX04 secured bond loan - tranche B and the remaining 80% was converted to equity. Please refer to group note 31 for additional details on the restructuring.

The new loan agreements of the group have been entered into by SeaBird Exploration Finance Ltd which is the new financing company of the group. Therefore, there are no external loans and borrowings registered under the name of SeaBird Exploration Plc as of 31 December 2015.

9. OTHER FINANCIAL ITEMS, NET

	2015	2014
Interest income intercompany borrowings	6,794	13,958
Net foreign exchange gain/(loss)	(406)	(80)
Dividends received	–	773
Other financial income/(expense)	(3)	(22)
Total other financial items	**6,385**	**14,629**

10. EXPENSES BY NATURE

	2015	2014
Staff cost and Directors' remuneration	364	260
Share option expense	–	–
Legal and professional	415	2,831
Management fee to group companies	–	1,360
Other expenses	91	82
Total selling, general and administrative expenses	**870**	**4,533**

11. FINANCE EXPENSE

	2015	2014
Interest on bank borrowings, bond loans, and leases	1,241	8,970
Interest on intercompany borrowings	5,910	6,469
Loss on bond loan	–	5,102
Total finance expense	**7,151**	**20,541**

An amount of $0.8 million representing interest expense on the SBX03 bond and Perestroika loan was recognised from the beginning of the year until the date of restructuring. This interest expense was waived as part of the refinancing agreement.

12. DIVIDENDS

No dividend was distributed for 2014 and no dividend will be distributed for the year ended 31 December 2015.

13. SHARES IN SUBSIDIARIES

Company	Principal activity	Country of incorporation	Shareholding and voting rights
Aquila Explorer Inc.	Vessel holding company	Panama	100%
Arna Shipping Limited	Dormant	Cyprus	100%
Baruka Management Limited	Crewing company	Cyprus	100%
Biliria Marine Company Ltd	Vessel holding company	Cyprus	100%
Byrd Investments Limited	Dormant	Cyprus	100%
Dimas Navigation Company Limited	Dormant	Cyprus	100%
GeoBird Management AS	Operating company	Norway	100%
GeoBird Management M.E. FZ-LLC	Dormant	UAE	100%
Harrier Navigation Company Limited	Vessel holding company	Cyprus	100%
Hawk Navigation Company Limited	Vessel holding company	Cyprus	100%
Munin Navigation Company Limited	Vessel holding company	Cyprus	100%
Oreo Navigation Company Limited	Vessel holding company	Cyprus	100%
Osprey Navigation Company Inc.	Vessel holding company	Panama	100%
Raven Navigation Company Limited	Operating company	Cyprus	100%
Sana Navigation Company Limited	Vessel holding company	Cyprus	100%
SeaBed Navigation Company Limited	Dormant	Cyprus	100%
SeaBird Crewing Mexico S. DE R.L. DE C.V.	Crewing company	Mexico	100%
SeaBird Exploration Americas Inc.	Management company	USA	100%
SeaBird Exploration Asia Pacific PTE. Ltd.	Management/operating company	Singapore	100%
SeaBird Exploration Cyprus Ltd	Management/operating company	Cyprus	100%
SeaBird Exploration Finance Ltd	Finance company	Cyprus	100%
SeaBird Exploration FZ-LLC	Management company	UAE	100%
SeaBird Exploration Management AS	Management company	Norway	100%
SeaBird Exploration Multi-Client Ltd	Multi-client company	Cyprus	100%
SeaBird Exploration Norway AS	Management company	Norway	100%
SeaBird Exploration Shipping AS	Operating company	Norway	100%
SeaBird Seismic Mexico S. DE R.L. DE C.V.	Operating company	Mexico	100%
Seaship Holding Services Limited	Vessel holding company	Cyprus	100%
Silver Queen Maritime Limited	Dormant	Malta	100%
Velodyne Shipping Limited	Dormant	Cyprus	100%

The company made impairment on shares in subsidiaries of $24.2 million for 2015 ($31.1 million in 2014).

14. COMMITMENTS AND CONTINGENCIES

The company's commitments and contingencies as per 31 December 2015 are set out below (the parent company reported no commitments or contingencies in 2014).

The SBX04 bond and the secured credit facility has been issued by SeaBird Exploration Finance (a SeaBird Exploration Plc subsidiary). The SBX04 bond (please refer to group note 17 A for details) is secured with an unconditional and irrevocable on-demand guarantee over the vessels Aquila Explorer, Osprey Explorer, Northern Explorer and Harrier. In addition, the bondholders have a guarantee from SeaBird Exploration Plc, pledge on all material operating subsidiaries, assignment of charters, assignment of insurances, assignment of earnings and a floating charge. The credit facility is secured by the same security as the security to be provided in respect of the SBX04 bond, however so that the credit facility's rights to full recovery shall be pari passu with the bondholders.

15. RELATED-PARTY TRANSACTIONS

I) Purchases of services and expenses recharged to group companies

Expenses amounting to $0.9 million were recharged to group companies during 2015 (2014: $1.4 million recharged from group companies).

II) Key management personnel compensation

	2015	2014
Salaries and other short-term employee benefits	255	238
	255	**238**

III) Loans to related parties

	2015	2014
Loans to companies within SeaBird group:		
At beginning of year	88,513	152,569
Additional loans/(loans repaid during year)	(92,613)	(15,637)
Interest charged	6,794	12,709
Impairment of group receivables	4,391	(61,128)
At end of year	**7,085**	**88,513**

The above loan is provided at 7.2% weighted average interest rate (6.0% in 2014) and is repayable on demand.

IV) Loans from related parties

	2015	2014
Loans from companies within SeaBird group:		
At beginning of year	119,384	81,170
Additional loans/(loans repaid during year)	(83,780)	31,745
Interest charged	5,910	6,469
At end of year	**41,514**	**119,384**

The above loan is provided at 7.2% weighted average interest rate (6.0% in 2014) interest rate and is repayable on demand.

V) Commitments and contingencies

The company has neither commitments nor contingencies to related parties.

VI) Shareholding

Management and the board, as of 31 December 2015, held the following shares on own account:

Name	Title	Shares†
Annette Malm Julstad	Chairman	–
Olav Haugland	Board Member	–
Kitty Hall	Board Member	60
Hans Petter Klohs	Board Member	–
Gert Triest	Board Member	–
Dag Reynolds	CEO	100
Nils Haugestad	CFO	10
Alexander Holst	General Counsel	3
Kjell Mangerøy	VP Business Development	3
Steinar Fjeldbo	VP Operations	–
Dag Grepperud	VP HSSEQ	1

† Direct includes shares held by spouses, dependent children or companies in which the person has such influence as referred to in the Norwegian Public Limited Liability Companies Act §1-3.

16. SUBSEQUENT EVENTS

Subsequent to annual closing, the company announced that Mr. Christophe Debouvry was appointed as new Chief Executive Officer of SeaBird effective from 18 January 2016. The previous 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.

17. FINANCIAL INSTRUMENTS

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2015	2014
LOANS AND RECEIVABLES:			
Due from related parties		7,470	88,513
Trade receivables		–	–
Other current assets		10	13
Total loans and receivables		**7,480**	**88,526**
Cash and cash equivalents		–	3
Total credit risk		**7,480**	**88,529**

Liquidity risk
Ultimate responsibility for risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the group's short, medium and long term funding and liquidity requirements. The group manages liquidity risk by maintaining sufficient cash and marketable securities, ensuring the availability of funding through an adequate amount of available debt funding, and by continuously monitoring forecast and actual cash flows.

The table below summarised the maturity profile of the company's financial liabilities at 31 December 2015 on contractual undiscounted payments:

	On demand	Less than 12 months	1 to 5 years	Total
Interest-bearing loans and borrowings	–	–	–	–
Interest payment	–	–	–	–
Trade and other payables	–	1,254	–	1,254
Total liquidity risk	**-**	**1,254**	**-**	**1,254**

The table below summarised the maturity profile of the company's financial liabilities at 31 December 2014 on contractual undiscounted payments:

	On demand	Less than 12 months	1 to 5 years	Total
Interest-bearing loans and borrowings	97,166	–	–	97,166
Interest payment	–	–	–	–
Trade and other payables	–	1,656	–	1,656
Total liquidity risk	**97,166**	**1,656**	**-**	**98,822**

17. FINANCIAL INSTRUMENTS

Currency risk

The company's exposure to foreign currency risk was as follows based on notional amounts per 31 December 2015:

	NOK	SGD	GBP
Trade and other payables in foreign currencies	3,108	15	379
Trade and other payables in reporting currency (USD)	353	11	561
Gross balance sheet exposure	**353**	**11**	**561**

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2015	2014	2015	2014
USD				
EURO 1	1.1104	1.3223	1.0908	1.2143
AUD 1	0.7525	0.9003	0.7300	0.8187
NOK 1	0.1244	0.1583	0.1136	0.1346
GBP 1	1.5290	1.6439	1.4805	1.5575

The company and its subsidiaries operate internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Norwegian kroner, Euro and GBP.

Interest rate risk	2015	2014
Fixed rate financial liabilities – Bond loans:		
SBX03	–	82,216
Loan from Perestroika	–	14,950
Total interest rate risk	**-**	**97,166**

The company did not hold any cash and cash equivalents at 31 December 2015 ($0.0 million at 31 December 2014). The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss or equity.

Fair value versus carrying amounts

The company has reviewed the fair value of financial assets and liabilities compared to carrying amount at 31 December 2015. In general, this evaluation shows no material difference.

18. RESTRUCTURING GAINS

The company completed its financial restructuring in the first quarter of 2015. A non-recurring restructuring gain on leases of $3.3 million (nil in 2014) was reported by the company. Further, the company booked a non-recurring financial restructuring gain net of advisory fees of $57.1 million (nil in 2014). The gains resulted from creditor debt forgiveness and partial conversion of debt to equity. Please see group note 31 for further details on the restructuring.

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To the Members of Seabird Exploration Plc

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Seabird Exploration Plc (the "Company") and its subsidiaries (the "Group') which comprise the consolidated statement of financial position sheet as at 31 December 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Seabird Exploration Plc and its subsidiaries as at 31 December 2015, and of its financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2.22 to the financial statements which sets forth the conditions, along with other matters which indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the Report of the Board of Directors is consistent with the consolidated financial statements.

Pursuant to the requirements of the Directive DI190-2007-04 of the Cyprus Securities and Exchange Commission, we report that a corporate governance statement has been made for the information relating to paragraphs (a), (b), (c), (f) and (g) of article 5 of the said Directive, and it forms a special part of the Report of the Board of Directors.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Terence Kiely
Certified Public Accountant and Registered Auditor
for and on behalf of

BDO Ltd
Certified Public Accountants and Registered Auditors

Nicosia, Cyprus
17 March 2016

STATEMENT OF DIRECTORS AND OTHER RESPONSIBLE PERSONS

Statement of the members of the board of directors and other responsible persons of the company for the financial statements.

In accordance with Article 9, sections (3) (C) and (7) of the Transparency Requirements (Securities for Trading on regulated Market) Law of 2007 of the Republic of Cyprus ("Law"), we the members of the board of directors and the other responsible persons for the consolidated financial statements of SeaBird Exploration Plc for the year ended 31 December 2015 confirm that, to the best of our knowledge:

(A) the accompanying annual consolidated and separate financial statements:

(I) were prepared in accordance with the International Financial Reporting Standards, and in accordance with the provisions of Article 9, section (4) of the Law, and

(II) give a true and fair view of the assets and liabilities, the financial position and the profit or losses of SeaBird Exploration Plc and the businesses that are included in the consolidated accounts as a total, and

(B) the directors' report gives a fair review of the developments and the performance of the business as well as the financial position of SeaBird Exploration Plc and the businesses that are included in the consolidated accounts as a total, together with a description of the principal risks and uncertainties that they are facing.

Members of Board of Directors:

Annette Malm Justad
Chairman

Kitty Hall
Director

Olav Haugland
Director

Hans Petter Klohs
Director

Gert Triest
Director

Management:

Christophe Debouvry
Chief Executive Officer

Nils Haugestad
Chief Financial Officer

17 March 2016

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