2015

FIRST QUARTER

Q1

SeaBird Exploration

2015 SUMMARY OBSERVATIONS FOR THE FIRST QUARTER

- Revenues for the quarter were $24.2 million, a decrease of 28% compared to Q1 2014 and down 14% relative to Q4 2014.
- Contract revenues for the period were $23.0 million, down 25% from Q1 2014 and a decrease of 2% from Q4 2014.
- Multi-client revenues were $1.2 million, down 62% from $3.2 million reported in Q1 2014 and a decrease of 74% from $4.6 million reported in Q4 2014.
- EBITDA was $8.2 million compared to $10.2 million for Q1 2014 and negative $28.5 million for Q4 2014.
- EBIT for the quarter was $3.7 million compared to $2.4 million for Q1 2014 and negative $68.6 million for Q4 2014.
- Vessel utilization for the period was 58%. Contract surveys during the first quarter represented 58% of vessel capacity compared to 52% during the fourth quarter 2014. None of the company’s vessels were utilized for multi-client surveys during the period, compared to 5% of vessel capacity in Q4 2014.
- The company completed its financial restructuring in the quarter. A non-recurring financial restructuring gain net of advisory fees of $61.3 million was reported, resulting from creditor debt forgiveness and partial conversion of debt to equity. Additionally, a non-recurring restructuring gain on leases of $4.7 million was reported as a result of debt forgiveness of outstanding operational lease payables.
- Issued a 3-year secured bond in two tranches (“SBX04”) raising gross proceeds of $5 million in tranche A and $24.3 million in tranche B originating from a debt conversion of existing outstanding debt and payables.
- Completed private placement of 1.8 million preference shares and warrants, generating gross proceeds of NOK 88.5 million ($11.6 million).

$24.2m

revenues for the quarter

$23.0m

contract revenues for the quarter

$1.2m

multi-client revenues for the quarter

$3.5m

adjusted EBITDA, excluding $4.7 million non-recurring gain on leases

$66.0m

one time and non-recurring gain on leases and restructuring gain during the period

58%

vessel utilization

Operational review

First quarter revenues decreased from the prior period due to continued softness in seismic market demand.

Vessel utilization was 58% during Q1 2015, up from 57% in the previous quarter. Technical downtime for the fleet was 5%, down from 6% for Q4 2014. Yard stay represented 2% of vessel capacity.

Contract surveys represented 58% of vessel capacity compared to 52% for the fourth quarter of 2014. Aquila Explorer was employed on its 2D survey in Australasia, while Osprey Explorer continued working on several 2D surveys in the Gulf of Mexico throughout the quarter. Northern Explorer performed a 2D contract survey in West Africa and was in transit to Las Palmas for planned maintenance and class certification towards the end of the quarter. Munin Explorer continued its long-term source contract. The vessel was in South America throughout the period. Harrier Explorer was off hire early in the quarter and finished the quarter in scheduled maintenance in Dubai, en route to a source contract in South East Asia. Hawk Explorer remained off hire during the quarter. Geo Pacific finished its 3D survey in West Africa and then transited to Norway for cold stacking.

During the quarter the company implemented measures to reduce costs. The lay-up of Geo Pacific, lower project activity, reduced vessel charter rates and lower crew headcount contributed to bring down costs of goods sold relative to 2014. The company also benefited from reduced bunker fuel prices and favorable exchange rates. Administrative costs were reduced as a result of the implementation of the closing of the Dubai office and reduced onshore headcount.

Multi-client surveys represented 0% of vessel utilization. Multi-client revenues were $1.2 million during the quarter.

Lost Time Injury Frequency (LTIF) rate for the quarter was zero. Industry-leading HSSEQ processes continue to ensure that the company provides a safe and healthy work environment both offshore and onshore while continuously improving operational performance and quality.

Regional overview

Revenues in the first quarter represented a geographical shift from Europe, Africa and the Middle East (EAME) towards Asia Pacific (APAC) and North and South America (NSA).

Sales in APAC of $10.6 million, an increase of 89% from the previous period, accounted for 44% of total revenues for the quarter. APAC revenues increased mainly due to Aquila being employed on a contract survey in Australasia during the quarter.

NSA revenues of $9.0 million represented 37% of total revenues for the quarter. Sales in this region increased by 79% compared to previous quarter due to higher contract utilization. Munin Explorer worked in the region under its long-term charter agreement and Osprey Explorer continued working on several contract surveys in the Gulf of Mexico.

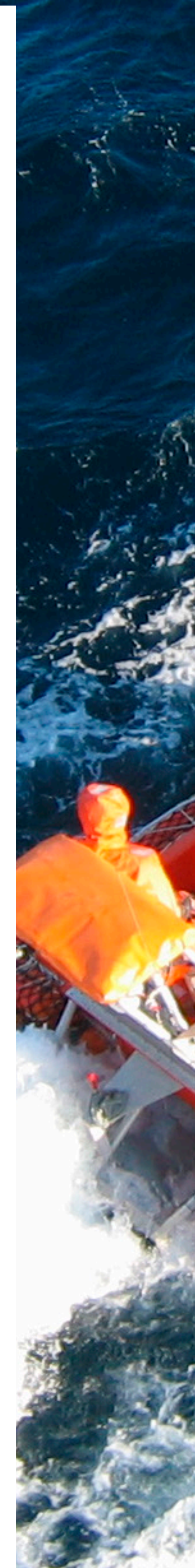
Sales in EAME of $4.6 million accounted for 19% of total revenues. EAME revenues were down compared to Q4 2014 due to the decline in seismic demand. Northern Explorer completed a contract survey in West Africa and Geo Pacific finished its 3D contract survey in the region during the quarter.

Outlook

Global seismic market demand continued to show weakness in the first quarter. Reduced oil prices and increased market uncertainty impacted capital spending in the sector and selectively delayed or postponed contract start-ups.

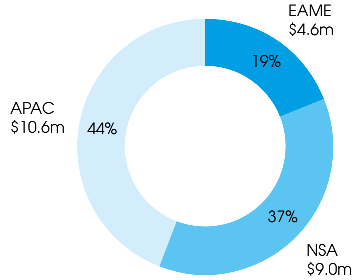
In light of the challenging market conditions, we continue to evaluate and execute savings initiatives to reduce the company's overall cost level. We expect the current market softness to continue to negatively impact the seismic sector throughout 2015.

Multi-client demand was soft in the first quarter and available prefunding for new projects was limited. We anticipate that this weakness will persist over the foreseeable future and will impact multi-client sales.

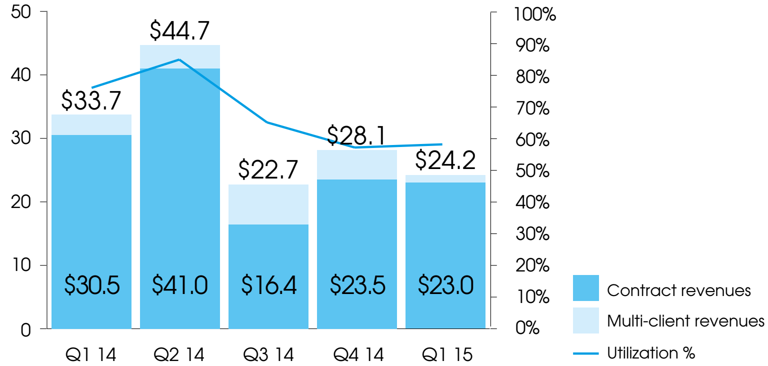


KEY HIGHLIGHTS

REVENUE BY REGION (USD MILLIONS)



REVENUES CONTINUING OPERATIONS (USD MILLIONS)



FINANCIAL REVIEW

Financial comparison

All figures below relate to continuing operations unless otherwise stated. For discontinued operations, see note 1. The company reports a net profit of $63.3 million for Q1 2015 (net loss of $0.6 million in the same period in 2014).

Revenues were $24.2 million in Q1 2015 ($33.7 million). The decreased revenues are primarily due to reduced number of vessels in operation and lower multi-client activity during the period.

Cost of sales was $17.0 million in Q1 2015 ($19.7 million). The decrease is predominantly due to fewer vessels in operation as the Geo Pacific and Voyager Explorer are laid up, reduced charter hire and lower fuel cost.

SG&A was $3.8 million in Q1 2015, down from $4.9 million in Q1 2014. This is principally due savings related to the closing of the Dubai office and reduced onshore headcount.

Other income (expense) was positive $0.1 million in Q1 2015 (positive $1.1 million).

Restructuring gain on leases of positive $4.7 million in Q1 2015 (nil) as a result of negotiated debt forgiveness as a part of the company's financial restructuring that was completed during the quarter.

EBITDA was $8.2 million in Q1 2015 ($10.2 million).

Depreciation, amortization and impairment were $4.5 million in Q1 2015 ($7.8 million). This decrease is largely due to lower vessel book values and lower multi-client sales amortization.

Finance expense was $1.0 million in Q1 2015 ($3.0 million).

Other financial items, net expense, of negative $0.2 million in Q1 2015 (positive $0.2 million).

Restructuring gain of positive $61.3 million in Q1 2015 (nil) as a result of the completion of the company's financial restructuring during the quarter.

Income tax expense was $0.5 million in Q1 2015 ($0.3 million in Q1 2014).

Capital expenditures in the quarter were $0.2 million ($2.4 million).

Multi-client investment was nil in Q1 2015 ($7.8 million).

Financial restructuring

During the quarter the company announced and reached agreement on a financial restructuring to reduce indebtness and provide additional funding:

- Issue of new equity for a total of approximately $11.6 million or 884,687,500 new shares and 884,687,500 new warrants to acquire one share per warrant at an exercise price of NOK 0.10 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

KEY FIGURES - CONTINUING OPERATIONS

	Quarter ended 31 March		Year ended 31 December
All figures in USD 000's (except for EPS and equity ratio)	2015	2014	2014
Revenues	24,229	33,724	129,268
EBITDA	8,193	10,167	(7,871)
EBIT	3,700	2,387	(79,882)
Profit/(loss)	63,342	(612)	(99,818)
Earnings per share (diluted)	0.06	(0.01)	(1.73)
Cash flow operating activities	(6,217)	14,920	40,265
Capital expenditures	(208)	(2,435)	(7,828)
Total assets	132,402	200,964	140,986
Net interest bearing debt	17,509	83,479	95,245
Equity ratio	41.4%	28.6%	-29.0%

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

converted into equity at NOK 0.30 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 0.30 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 0.30 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 at the 2 March 2015 transaction date. The fair value of preference shares issued have been set at NOK 38.2 per preference share (NOK 0.076 per ordinary share after the conversion) while the fair value of issued warrants have been set at NOK 11.8 (NOK 0.024 per warrant to acquire one ordinary share after the conversion). In total, the company has issued approximately 4.2 million preference shares (convertible to 2,123.2 million ordinary shares) to creditors, which have been valued at $21.4 million. In addition, the company issued 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.

At 31 March, 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 has been recognized as a restructuring gain, of which $1.4 million has been allocated to restructuring gain on leases and $3.7 million has been booked to the restructuring gain account under the finance cost section.

The issue of preference shares to individual creditors, partial debt forgiveness of outstanding principal, issue of the new bond SBX04 and converting outstanding payables to loans/credit facility was accounted for through the restructuring gain account in the other finance income section of the profit and loss statement. Outstanding debt and payables at the transaction date have been derecognized while the issued equity and debt instruments have been booked as described above net of advisory fees. The total gain resulting from the financial restructuring was $66.0 million, of which $4.7 million was reported under restructuring gain on leases and $61.3 million was reported as restructuring gain under the financing section.

On 18 February 2015, the bondholders of SBX03 approved the restructuring proposal with the requisite majority in a bondholder meeting. Furthermore, on 3 February 2015, the company called for an extraordinary general meeting ("EGM1") on 19 February 2015, for the creation of a new Class A of shares, conversion of debt into equity and exclusion of preemption rights in relation to new shares, all in order to carry out the restructuring as proposed. Additionally, on 11 February 2015, the company called for a second extraordinary general meeting ("EGM2") that was held on 5 March 2015 to approve conversion of Class A shares into ordinary shares and reduction in capital with simultaneous increase of authorized capital to its former amount. In the general meetings all proposals on the agenda were adopted with requisite majority.

On 3 March 2015, the company announced that the conditions for the restructuring were fulfilled. Further, preferred shares were issued to certain creditors and the restructuring as set out in the preceding paragraphs was implemented. As a part of the transaction, the company issued 6,015,693 preference shares each with a par value US$0.1. Each preference share carries 500 times the rights of the common shares. The preference shares are to be converted into common shares following the approved reduction of the company's authorized and issued share capital, through the reduction of the nominal value of its shares from US$0.1 to US$0.0001 (the "reduction"). The conversion of the shares is estimated to occur during Q2 2015. After confirmation of the reduction, the preference shares will be converted at an exchange rate of 500:1 common shares per preference share, hence a total of 3,007,846,500 shares will be issued to preferred shareholders following the reduction. Post conversion of the preference shares, the total outstanding amount of common shares in the company will be 3,065,427,746. The company has also issued 1,769,375 warrants, convertible into 884,687,500 ordinary shares after the reduction.

Liquidity and financing

Cash and cash equivalents at the end of the period were $15.9 million ($16.0 million), of which $0.2 million was restricted in connection with deposits and tax. Net cash from operating activities was negative $6.2 million in Q1 2015 ($14.9 million).

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

- The SBX04 secured bond loan is recognized in the books at amortized cost of $25.1 million per Q1 2015 (nominal value of $29.3 plus accrued interest less fair value adjustment of $4.4 million). 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 will be paid quarterly, commencing 3 June 2015. The bond's stated maturity is 3 March 2018 and has principal amortization due in quarterly instalments of $2.0 million starting at 3 June 2017 with a balloon repayment to be made at maturity.

- The three year secured credit facility is recognized at amortized cost of $1.9 million (nominal value of $2.4 million). Coupon interest rate is 6% whereas effective interest is 14%. Interest will be paid quarterly, commencing 3 June 2015. The facility's stated maturity date is 3 March 2018 and has principal amortization due in quarterly instalments of $0.2 million starting on 3 June 2017 with a balloon repayment to be made at maturity. Effective interest booked for Q1 2015 was $0.02 million.

- The three year unsecured loan is recognized at amortized cost of $1.9 million (nominal value of $2.1 million). Coupon interest rate is 6% whereas effective interest is 14%. Stated maturity date is on 1 January 2018. Interest is paid quarterly in arrears with the first payment date falling due on 1 April 2015. The principal will be repayable in nine equal instalments of $0.2 million commencing on 1 January 2016. Effective interest booked for Q1 2015 was $0.06 million.

- The lease of Hawk Explorer is recognized in the books as a finance lease at $4.7 million per Q1 2015. Instalments and interest amounting to $0.6 million were paid during Q1 2015 ($1.0 million in Q1 2014).

Net interest bearing debt was $17.5 million as at the end of Q1 2015 ($83.5 million in Q1 2014).

Accrued interest for Q1 2015 was $1.2 million ($1.4 million).
The company was in compliance with all covenants as of 31 March 2015.

The company's accounts have been prepared on the basis of a going concern assumption. In the view of the board of directors, the company does not have sufficient working capital for its current requirements, being understood as the requirements for a minimum of 12 months. In making such statement, the board of directors has taken into consideration working capital requirements in various scenarios, and in particular, in the event that contracts and other arrangements in respect of the employment of SeaBird's vessels are cancelled or significantly delayed and alternative employment cannot be secured at satisfactory rates. Should these contracts and other arrangements be commenced and completed in accordance with the plans entered into between SeaBird and the respective counterparties, SeaBird does not expect a working capital shortfall. However, in the event of such contracts being delayed, cancelled or not materializing, SeaBird could have a working capital shortfall which could result in the need for significant amounts of additional financing, which may not be available at that time. The timing of a potential shortfall would depend on the overall employment of SeaBird's vessels, but in the event of all contracts being delayed, could occur during the summer of 2015. The amount of such shortfall would also depend on the overall and alternative employment of SeaBird's vessels, but in a worst case scenario, could amount to approximately $50 million for a 12 month period. Reference is made to the Going Concern section in selected notes and disclosures and the recently issued prospectus for further details on the current financial position of the company.

The Board of Directors and Chief Executive Officer
SeaBird Exploration Plc
5 May 2015

Åge Korsvold
Chairman

Kitty Hall
Director

Kjell H Mathiassen
Director

Melvin Teigen
Director

Dag Reynolds
Chief Executive Officer

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION			
	As of 31 March		As of 31 December
All figures in $000's	2015	2014	2014
	(Unaudited)	(Audited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	75,274	119,629	78,877
Multi-client library	14,013	12,289	14,685
Goodwill	–	1,267	–
Long term investment	82	82	82
	89,369	**133,267**	**93,644**
Current assets			
Inventories	2,558	4,555	4,463
Trade receivables	16,465	27,622	14,215
Other current assets	8,083	19,471	21,692
Cash and cash equivalents	15,927	16,049	6,972
	43,033	**67,697**	**47,342**
Total assets	**132,402**	**200,964**	**140,986**
EQUITY			
Shareholders' equity			
Paid in capital	218,646	189,125	189,125
Equity component of warrants	2,736	–	–
Equity component of convertible loan	6,296	6,296	6,296
Currency translation reserve	(407)	(362)	(407)
Share options granted	1,343	1,175	1,327
Retained earnings	(173,735)	(138,702)	(237,261)
	54,879	**57,532**	**(40,921)**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	28,727	72,923	–
Provision for end of service benefit	24	1,135	–
	28,751	**74,058**	**-**
Current liabilities			
Trade and other payables	30,117	36,678	63,631
Provisions	8,106	–	9,580
Loans and borrowings	4,709	26,605	102,217
Tax liabilities	5,840	6,091	6,479
	48,772	**69,374**	**181,907**
Total liabilities	**77,523**	**143,432**	**181,907**
Total equity and liabilities	**132,402**	**200,964**	**140,986**

CONSOLIDATED INTERIM STATEMENT OF INCOME			
	Quarter ended 31 March		Year ended 31 December
All figures in $000's	2015	2014	2014
	(Unaudited)	(Audited)	(Audited)
Revenues	24,229	33,724	129,268
Cost of sales	(17,038)	(19,723)	(107,988)
Selling, general and administrative expenses	(3,791)	(4,931)	(30,640)
Other income (expenses), net	79	1,097	1,489
Restructuring gain on leases	4,714	–	–
Earnings before interest, tax, depreciation and amortization (EBITDA)	**8,193**	**10,167**	**(7,871)**
Depreciation	(3,821)	(5,199)	(21,244)
Amortization	(672)	(2,581)	(12,457)
Impairment	–	–	(38,310)
Earnings before interest and taxes (EBIT)	**3,700**	**2,387**	**(79,882)**
Finance expense	(1,006)	(2,971)	(16,978)
Other financial items, net	(175)	233	(787)
Restructuring gain	61,318	–	–
Change in fair value of conversion rights	–	–	–
Profit/(loss) before income tax	**63,837**	**(351)**	**(97,647)**
Income tax	(495)	(261)	(2,171)
Profit/(loss) continuing operations	**63,342**	**(612)**	**(99,818)**
Net profit/(loss) discontinued operations (note 1)	180	370	1,015
Profit/(loss) for the period	**63,522**	**(242)**	**(98,803)**
Profit/(loss) attributable to			
Shareholders of the parent	63,522	(242)	(98,803)
Earnings per share			
Basic	0.06	(0.00)	(1.72)
Diluted	0.06	(0.00)	(1.72)
Earnings per share from continued operations			
Basic	0.06	(0.01)	(1.73)
Diluted	0.06	(0.01)	(1.73)

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

All figures in $000's	Quarter ended 31 March 2015 (Unaudited)	Quarter ended 31 March 2014 (Audited)	Year ended 31 December 2014 (Audited)
Profit/(loss)	**63,522**	**(242)**	**(98,803)**
OTHER COMPREHENSIVE INCOME			
Net movement in currency translation reserve and other changes	21	108	216
Total other comprehensive income, net of tax	**21**	**108**	**216**
Total comprehensive income	**63,543**	**(134)**	**(98,587)**
Total comprehensive income attributable to			
Shareholders of the parent	63,543	(134)	(98,587)
Total	**63,543**	**(134)**	**(98,587)**

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

All figures in $000's	Quarter ended 31 March 2015 (Unaudited)	Quarter ended 31 March 2014 (Audited)	Year ended 31 December 2014 (Audited)
Opening balance	**(40,921)**	**57,666**	**57,666**
Profit/(loss) for the period	63,522	(242)	(98,803)
Increase/(decrease) in share capital	29,521	–	–
Increase/(decrease) equity component of warrants	2,736	–	–
Share options granted	16	78	229
Net movements in currency translation reserve and other changes	5	30	(14)
Ending balance	**54,879**	**57,532**	**(40,921)**

CONSOLIDATED INTERIM STATEMENT OF CASH FLOW			
	Quarter ended 31 March		Year ended 31 December
All figures in $000's	2015	2014	2014
	(Unaudited)	(Audited)	(Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before income tax	63,837	(351)	(97,647)
Adjustments for			
Restructuring gain	(66,031)	–	–
Depreciation, amortization and impairment	4,493	7,780	72,010
Movement in provision	1,480	–	–
Unrealized exchange (gain)/loss	(3)	30	566
Accelerated finance charge on bond loan	–	–	5,102
Amortization of interest	1,087	2,569	8,935
Goodwill impairment	–	–	1,267
Paid income tax	(1,130)	(373)	(1,833)
Earned on employee stock option plan	17	78	230
Provision for employees' end of service gratuities	24	–	–
(Increase)/decrease in inventories	1,905	(188)	(96)
(Increase)/decrease in trade and other receivables	11,362	(5,845)	6,518
Increase/(decrease) in trade and other payables	(23,258)	11,220	45,213
Net cash from operating activities	**(6,217)**	**14,920**	**40,265**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(208)	(2,435)	(7,828)
Multi-client investment	–	(7,366)	(29,560)
Long term investment	–	–	–
Net cash used in investing activities	**(208)**	**(9,801)**	**(37,388)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares	–	–	–
Proceeds from issuance of preference shares and warrants	10,936	–	–
Proceeds from preference share & conversion of bond and AP into Equity	–	–	–
Receipts from converting AP to bond and credit facility	–	–	–
Receipts from borrowings	5,000	–	–
Conversion of debt into bonds and equity	–	–	–
Repayment of borrowings	(341)	(1,015)	(5,110)
Movement in borrowings	–	–	414
Interest paid	(215)	(240)	(3,349)
Net movement in currency fluctuations	–	30	(15)
Net cash from financing activities	**15,380**	**(1,225)**	**(8,060)**
Net (decrease)/increase in cash and cash equivalents	**8,955**	**3,894**	**(5,183)**
Cash and cash equivalents at beginning of the period	**6,972**	**12,155**	**12,155**
Cash and cash equivalents at end of the period	**15,927**	**16,049**	**6,972**

NOTE 1: INTERIM STATEMENT OF INCOME FOR DISCONTINUED OPERATIONS

All figures in USD 000's	Quarter ended 31 March 2015 (Unaudited)	Quarter ended 31 March 2014 (Unaudited)	Year ended 31 December 2014 (Audited)
Revenues	–	161	161
Cost of sales	180	102	768
Selling, general and administrative expenses	–	14	(7)
Other income (expenses), net	–	170	170
Earnings before interest, tax, depreciation and amortization (EBITDA)	**180**	**447**	**1,092**
Depreciation and amortization	–	–	–
Impairment	–	–	–
Earnings before interest and taxes (EBIT)	**180**	**447**	**1,092**
Interest expense	–	–	–
Other financial items, net	–	–	–
Profit/(loss) before income tax	**180**	**447**	**1,092**
Income tax	–	(77)	(77)
Profit/(loss) discontinuing operations	**180**	**370**	**1,015**
Gain/(loss) on sale of OBN business	–	–	–
Net profit/(loss) from discontinued operations	**180**	**370**	**1,015**
Profit/(loss) attributable to			
Shareholders of the parent	180	370	1,015

SELECTED NOTES AND DISCLOSURES

SeaBird Exploration Plc is a limited liability company. The company's address is World Trade Centre, Ariadne House, 333, 28th October Street, 3106, Limassol, Cyprus. The company also has offices in Oslo (Norway), Houston (USA), Singapore, Dubai (United Arab Emirates) and St Petersburg (Russia). The company is listed on the Oslo Stock Exchange under the ticker symbol "SBX".

Basis of presentation

The condensed interim consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) and the act and regulations for the Oslo Stock Exchange. The condensed interim consolidated financial statements do not include all information required for full annual financial statements and should be read in conjunction with the consolidated financial statements or the year ended 31 December 2014. The consolidated financial statements for the year ended 31 December 2014 and quarterly reports are available at www.sbexp.com. The financial statements as of Q1 2015, as approved by the board of directors 5 May 2015, are unaudited.

Significant accounting principles

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

Risk factors

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

Segment information

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

Revenue recognition

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

Property, plant and equipment

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

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

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

Depreciation for Q1 2015 was $3.8 million.

Multi-client library

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

The company introduced a new amortization category in 2013 to conform to seismic industry accounting practices. "Category 1" libraries (the new category) are subject to minimum amortization of 20% in the first year, 20% in the second year, 20% in the third year, 20% in the fourth year and 20% in the fifth year. Each project is placed into one of twelve sales amortization categories with amortization rates of 100%, 95%, 90%, 85%, 80%, 75%, 70%, 65%, 60%, 55%, 50% or 45%. "Category 2" multi-client libraries are amortized over the shorter of 3 years or the life of the survey.

Multi-client sales in Q1 2015 were $1.2 million ($3.2 million).

Multi-client library	USD million
Beginning balance	14.7
Capitalized cost	–
Capitalized depreciation	–
Impairment	–
Amortization	(0.7)
Net book value Q1 2015	**14.0**

Discontinued operations

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

Share capital and share options

The total number of ordinary shares at 31 March 2015 is 57,581,246. In addition, the company issued 6,015,693 A class preference shares as a part of the restructuring. Each preference share is convertible to 500 ordinary shares. Following the completion of the conversion of preference shares (expected to occur during Q2 2015), the number of ordinary shares outstanding will increase to 3,065,427,746. In addition, there are 884,687,500 three-year warrants outstanding, each with an exercise price of NOK 0.10 and 15 January 2018 as final expiration date.

As at 31 March 2015, there are a total of 1,588,611 share options granted to 10 employees.

Taxes

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

Related party transactions

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

The company is leasing the Munin Explorer from Ordinat Shipping AS which is indirectly owned by John Olav Økland and the rest by the Økland family. Ordinat Shipping AS has been a major shareholder (0% of ordinary shares and 4.1% of preference shares at 31 March) and Mr. Økland was a member of the board of directors of SeaBird Exploration Plc until his resignation 6 November 2014. Ordinat Shipping AS was not a shareholder and Mr. Økland was not a board member at the commencement of the charter agreement.

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

During 2013 and 2014 the company has also chartered the 3D vessel Geo Pacific from Fugro, through a subsidiary of Ordinat Shipping AS. The charter was initially on a three-year bareboat charter from January 2013 to December 2015 with four one-year options to extend the contract between the company and the subsidiary of Ordinat Shipping AS. During Q4 2014, the concerned parties Fugro, Ordinat Shipping AS and SeaBird, agreed to replace the existing charter parties. The new agreement reduces the charter hire and releases Ordinat Shipping AS from its obligations towards SeaBird as Charterer and Fugro as Head Owners. Consequently, the Geo Pacific charter hire is not a related party transaction in 2015.

The amount of charter hire recognized in cost of sales to related parties during Q1 2015 was $1.1 million ($3.2 million).

Going concern

In January 2015, the company announced an agreed restructuring proposal to reduce indebtedness and provide additional funding. As a part of the restructuring, SeaBird agreed to issue $11.6 million of new equity with warrants, a $29.3 million three-year secured bond, a $2.4 million three-year secured credit facility and a $2.1 million three-year unsecured loan.

The company further agreed to convert the existing SBX03 bond as well as the Perestroika convertible loan into a combination of preference shares convertible into ordinary shares and SBX04 new secured bond. Further, the company raised gross proceeds of $5 million from TGS-NOPEC Geophysical Company ASA as a part of the SBX04 bond issue. Additionally, outstanding charter hire and vendor obligations were converted into equity, debt and/or partially written down. The restructuring was completed in March 2015.

In the view of the board of directors, the company does not have sufficient working capital for its current requirements, being understood as the requirements for a minimum of 12 months from the date of this report. In making such statement, the board of directors has taken into consideration the headroom between the existing working capital and the requirements which could occur in various scenarios related to its business operation, and in particular, in the event that contracts and other arrangements in respect of the employment of SeaBird's vessels are cancelled or significantly delayed and alternative employment cannot be secured at satisfactory rates. Should these contracts and other arrangements be commenced and completed in accordance with the plans entered into between SeaBird and the respective counterparties, SeaBird does not expect a working capital shortfall. However, in the event of such contracts being delayed, cancelled or not materializing, SeaBird could have a working capital shortfall which could result in the need for significant amounts of additional financing, which may not be available at that time. The timing of a potential shortfall would depend on the overall employment of SeaBird's vessels, but in the event of all contracts being delayed, could occur during the summer of 2015. The amount of such shortfall would also depend on the overall and alternative employment of SeaBird's vessels, but in a worst case scenario, could amount to approximately $50 million for a 12 month period.

SeaBird has not as of today made specific alternative plans to cover such potential 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.

Designed and produced by www.tothepoint.co.uk

CYPRUS – HEAD OFFICE
World Trade Center
Ariadne House
333, 28th October Street
3106 Limassol
Cyprus

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

NORWAY
Cort Adelers gate 16
N-0254 Oslo
PO Box 1302 Vika
N-0112 Oslo
Norway

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

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

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

UNITED STATES
820 Gessner
Suite 1275
Houston, TX 77024
USA

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

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

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

WWW.SBEXP.COM

SeaBird Exploration