FIRST QUARTER

Q1 16

SeaBird Exploration

2016
SUMMARY OBSERVATIONS FOR THE FIRST QUARTER

SeaBird recorded a 90% active vessel utilization during the first quarter 2016, with the fleet primarily employed on the TGS Gigante survey in Mexico. Utilization of the company's active vessels is expected to be reduced in quarter two due to repositioning of two vessels for surveys in North West Europe. SeaBird continues to experience weak seismic tender activity as the industry remains negatively affected by low oil prices. The continued negative market sentiment has increased industry and company-specific risk factors. The company continues its efforts to improve operational performance and reduce operating costs.

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$26.0m

revenues for the quarter

$7.4m

EBITDA for the quarter

90.3%

vessel utilization

Mexico

four vessels operating on TGS Gigante survey

6.8%

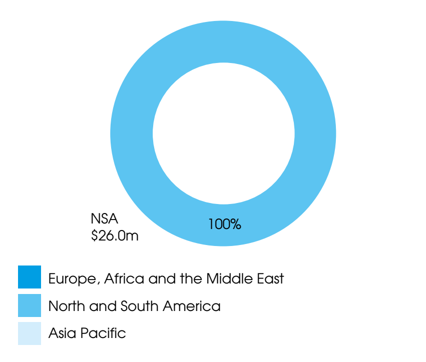
technical downtime

LTIF

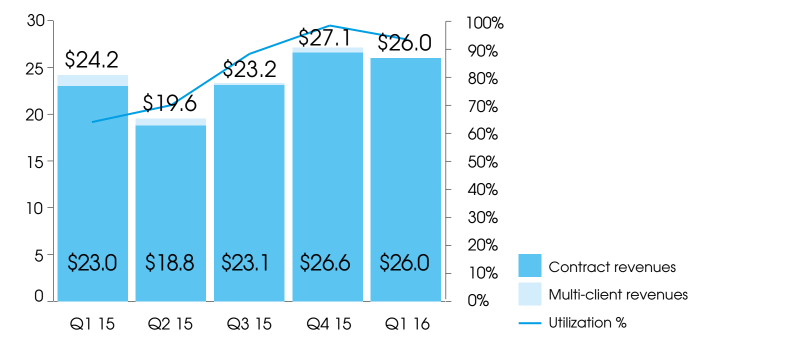
zero

- Revenues for the quarter were $26.0 million, an increase of 7% compared to Q1 2015 and down 4% relative to Q4 2015.
- Contract revenues for the period were $26.0 million, up 13% from Q1 2015 and a decrease of 3% from Q4 2015.
- Multi-client revenues were nil, down from $1.2 million reported in Q1 2015 and $0.5 million reported in Q4 2015. None of the company's vessels were utilized for multi-client surveys during the period, similar to Q4 2015.
- EBITDA was $7.4 million compared to $8.2 million for Q1 2015 and $4.6 million for Q4 2015.
- EBIT for the quarter was $3.6 million compared to $3.7 million for Q1 2015 and negative $5.6 million for Q4 2015.
- Vessel utilization for the five vessels active in the period was 90.3%. Four vessels were in operation on the Mexico Gigante survey, and Northern Explorer finished a contract in the Caribbean. Two vessels remain stacked.
- 6.8% technical downtime in the quarter compared to 4.7% for Q1 2015 and 9.1% previous quarter.
- Zero lost time injury frequency (LTIF) in the quarter.
- Mr. Christophe Debouvry appointed as new CEO replacing Mr. Dag Reynolds.

REVENUE BY REGION
(USD MILLIONS)



REVENUES CONTINUING OPERATIONS
(USD MILLIONS)



Operational review

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

Vessel utilization was 90.3% during Q1 2016, down from 100% in the previous quarter. Technical downtime for the fleet was 6.8% in Q1 2016, down from 9.1% in Q4 2015. Technical downtime has been reduced following recent operational changes. Nevertheless, management is continuing to implement measures aimed at further improving performance. Contract surveys represented 90.3% of vessel capacity compared to 100% for the fourth quarter of 2015.

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

KEY HIGHLIGHTS

Explorer completed its demobilization from Mexico due to scheduled maintenance commencing towards the end of the quarter. Northern Explorer left Gigante temporarily in January and February to complete a 2D survey in the Caribbean Sea. The vessel returned to Mexico to replace the Osprey Explorer during April. Munin Explorer and Voyager Explorer remained stacked during the period.

Multi-client surveys represented 0% of vessel utilization in the quarter, similar to the previous quarter and the same quarter last year. Multi-client revenues were nil in the period, compared to $0.5 million previous quarter. The multi-client amortization policy was changed with effect from 1 January 2016. Please see selected notes for details.

One new significantly pre-funded 2D multi-client survey in North West Europe and a source vessel contract in the North Sea were announced during the quarter. The multi-client survey is scheduled for quarter two with an acquisition period of two to three weeks and the source project is planned for quarter three with an estimated duration of three weeks.

Operating costs were reduced due to the lay-up of two chartered vessels (3D vessel Voyager Explorer and 2D vessel Munin Explorer) and lower crew headcount. The company will continue its review of additional savings initiatives as well as measures to increase cost flexibility.

Capital expenditures were $0.7 million during the quarter, which is in line with the lower spending estimates communicated during 2015.

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

Regional review

North and South America (NSA) continued to be the most active region during the quarter. NSA revenues of $26.0 million represented 100% of total revenues for the quarter.

Sales in Europe, Africa and the Middle East (EAME) and Asia Pacific (APAC) was nil during the quarter. No SeaBird vessels worked in either APAC nor EAME during the quarter.

Outlook

Global seismic demand continued to be very weak in the first quarter. While there has been a modest increase in tender activity, oil industry spending is anticipated to remain depressed through 2016 and this will negatively impact seismic activity during the year.

The second quarter is expected to be negatively impacted by the repositioning of two vessels for projects in North West Europe as well as upcoming scheduled docking. The remaining active fleet will continue its operations on the Mexico Gigante survey, which is anticipated to be completed by the end of quarter three.

The Mexico Gigante project continues to represent the main part of the company's current backlog. While there are a number of contract opportunities under review, surveys have generally been delayed due to permitting, lack of prefunding and/or budget concerns. The current market uncertainty makes it difficult to predict the level of contract coverage that is possible to obtain beyond the company's current firm backlog.

Financial comparison

All figures below relate to continuing operations unless otherwise stated. For discontinued operations, see note 1. The company reports a net profit of $1.8 million for Q1 2016 ($63.3 million in the same period in 2015).

Revenues were $26.0 million in Q1 2016 ($24.2 million in Q1 2015).

Cost of sales was $15.0 million in Q1 2016 ($17.0 million in Q1 2015). The decrease is due to fewer vessels in operation, provisions taken in 2014 and 2015 for laid-up vessels and cost reduction efforts commencing in 2015.

SG&A was $3.9 million in Q1 2016, up from $3.8 million in Q1 2015.

Other income (expense) was $0.3 million in Q1 2016 ($0.1 million in Q1 2015).

EBITDA was $7.4 million in Q1 2016 ($8.2 million in Q1 2015). The decrease is due to the one-off effect of the $4.7 million operational restructuring gain booked in Q1 2015.

Depreciation, amortization and impairment were $3.8 million in Q1 2016 ($4.5 million in Q1 2015). The decrease is due to lower ship and equipment book values in Q1 2016 relative to Q1 2015.

Financial expenses were $1.4 million in Q1 2016 ($1.0 million in Q1 2015). The increase is largely due to one-off effects in Q1 2015.

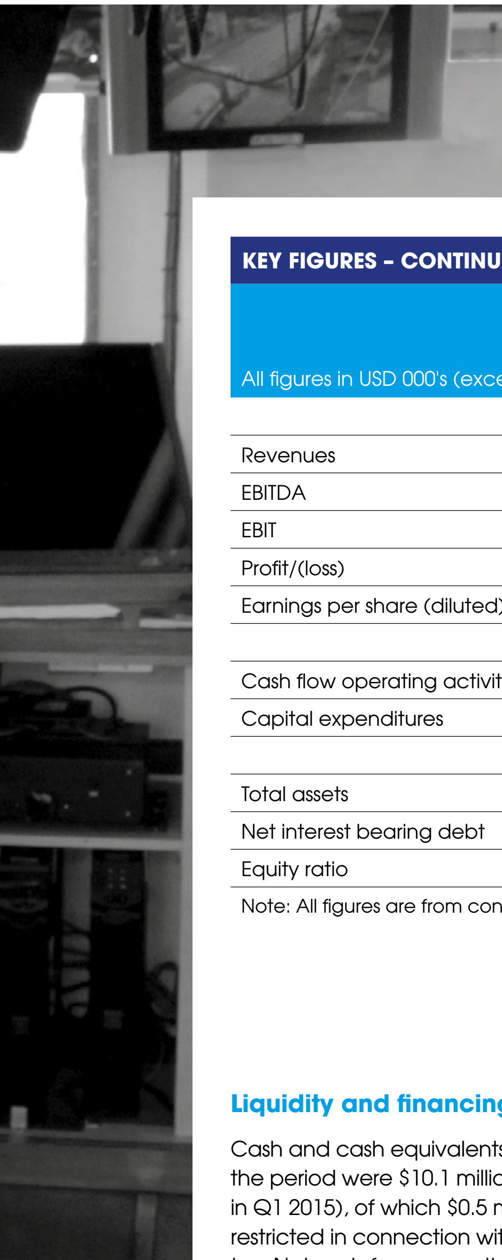
Other financial items were negative $0.2 million in Q1 2016 (negative $0.2 million in Q1 2015).

Income tax expense was $0.2 million in Q1 2016 ($0.5 million in Q1 2015).

Capital expenditures in Q1 2016 were $0.7 million ($0.2 million in Q1 2015).

Multi-client investment was nil in Q1 2016.

FINANCIAL REVIEW



KEY FIGURES – CONTINUING OPERATIONS	Quarter ended 31 March		Year ended 31 December
All figures in USD 000's (except for EPS and equity ratio)	2016	2015	2015
Revenues	25,959	24,229	94,127
EBITDA	7,399	8,193	10,917
EBIT	3,557	3,700	(17,603)
Profit/(loss)	1,798	63,342	38,344
Earnings per share (diluted)	0.59	60.05	14.84
Cash flow operating activities	6,123	(6,217)	(6,909)
Capital expenditures	(701)	(208)	(5,555)
Total assets	98,283	132,402	106,757
Net interest bearing debt	23,246	17,509	27,489
Equity ratio	32.3%	41.4%	28.1%

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

Liquidity and financing

Cash and cash equivalents at the end of the period were $10.1 million ($15.9 million in Q1 2015), of which $0.5 million was restricted in connection with deposits and tax. Net cash from operating activities was $6.1 million in Q1 2016 (negative $6.2 million in Q1 2015).

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 $26.5 million per Q1 2016 (nominal value of $29.3 million plus accrued interest of $0.2 million plus amortized interest of $1.4 million 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 is paid quarterly in arrears with first interest instalment paid on 3 June 2015. The bond matures on 3 March 2018, with principal amortizations due in quarterly instalments of $2.0 million starting at 3 June 2017. The outstanding loan balance will be paid at the maturity date. Interest paid during Q1 2016 was $0.5 million. The bond is listed on Nordic ABM, and it is traded with ticker SBEF01 PRO and SBEF02 PRO for the respective two bond tranches.

The three-year secured credit facility is recognized at amortized cost of $2.2 million (initial nominal value of $2.4 million plus accrued interest of $0.01 million plus amortized interest of $0.1 million less fair value adjustments of $0.4 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. Principal repayments during Q1 2016 amounted to $0.04 million and additional amounts drawn on the credit facility during the period was $0.1 million. Interest paid during Q1 2016 was $0.03 million.

The three-year unsecured loan is recognized at amortized cost of $1.6 million (initial nominal value of $2.1 million plus amortized interest $0.2 million less fair value adjustment and accrued interest of $0.2 million less principal repayments of $0.5 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 quarterly instalments of $0.2 million commencing on 1 January 2016. Interest paid during Q1 2016 was $0.06 million and principal repayments during Q1 2016 were $0.5 million.

The lease of Hawk Explorer is recognized in the books as a finance lease at $3.1 million per Q1 2016. Instalments and interest amounting to $0.6 million were paid during Q1 2016 ($0.6 million in Q1 2015).

Net interest bearing debt was $23.2 million as at the end of Q1 2016 ($17.5 million in Q1 2015).

Accrued interest on the bond loan, credit facility and the unsecured note for Q1 2016 was $0.2 million ($1.2 million).

The company was in compliance with all covenants as of 31 March 2016.

The total outstanding amount of common shares in the company is 3,065,434. The company has also issued 884,686 warrants, convertible into 884,686 ordinary shares. The warrants are listed on the Oslo Stock Exchange with ticker SBX J.

At the commencement of the quarter, the company announced that Mr. Christophe Debouvry was appointed as new CEO, following Mr. Dag Reynolds, who 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.

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

The Board of Directors and Chief Executive Officer

SeaBird Exploration Plc
03 May 2016

Annette Malm Justad
Chairman

Kitty Hall
Director

Olav Haugland
Director

Hans Petter Klohs
Director

Gert Triest
Director

Christophe Debouvry
Chief Executive Officer

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION			
	As of 31 March		As of 31 December
All figures in $000's	2016	2015	2015
	(Unaudited)	(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	64,723	75,274	67,433
Multi-client library	2,916	14,013	3,340
Long term investment	5	82	5
	67,644	**89,369**	**70,778**
Current assets			
Inventories	3,081	2,558	3,091
Trade receivables	6,762	16,465	12,611
Other current assets	10,710	8,083	14,025
Cash and cash equivalents	10,087	15,927	6,252
	30,640	**43,033**	**35,979**
Total assets	**98,283**	**132,402**	**106,757**
EQUITY			
Shareholders' equity			
Paid in capital	218,690	218,646	218,690
Equity component of warrants	2,736	2,736	2,736
Equity component of convertible loan	–	6,296	–
Currency translation reserve	(407)	(407)	(407)
Share options granted	–	1,343	–
Retained earnings	(189,245)	(173,735)	(191,043)
	31,774	**54,879**	**29,976**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	30,885	28,727	31,098
Provision for end of service benefit	–	24	–
	30,885	**28,751**	**31,098**
Current liabilities			
Trade and other payables	17,615	30,117	25,371
Provisions	10,196	8,106	12,226
Loans and borrowings	2,448	4,709	2,644
Tax liabilities	5,366	5,840	5,442
	35,625	**48,772**	**45,683**
Total liabilities	**66,509**	**77,523**	**76,781**
Total equity and liabilities	**98,283**	**132,402**	**106,757**

CONSOLIDATED INTERIM STATEMENT OF INCOME

All figures in $000's	Quarter ended 31 March		Year ended 31 December
	2016	2015	2015
	(Unaudited)	(Unaudited)	(Audited)
Revenues	25,959	24,229	94,127
Cost of sales	(15,008)	(17,038)	(69,756)
Selling, general and administrative expenses	(3,891)	(3,791)	(18,597)
Other income (expenses), net	339	79	430
Restructuring gain on leases	–	4,714	4,713
Earnings before interest, tax, depreciation and amortization (EBITDA)	**7,399**	**8,193**	**10,917**
Depreciation	(3,411)	(3,821)	(16,046)
Amortization	(431)	(672)	(3,112)
Impairment	–	–	(9,362)
Earnings before interest and taxes (EBIT)	**3,557**	**3,700**	**(17,603)**
Finance expense	(1,353)	(1,006)	(4,860)
Other financial items, net	(170)	(175)	73
Restructuring gain	–	61,318	61,697
Profit/(loss) before income tax	**2,034**	**63,837**	**39,307**
Income tax	(236)	(495)	(963)
Profit/(loss) continuing operations	**1,798**	**63,342**	**38,344**
Net profit/(loss) discontinued operations (note 1)	–	180	218
Profit/(loss) for the period	**1,798**	**63,522**	**38,562**
Profit/(loss) attributable to			
Shareholders of the parent	1,798	63,522	38,562
Earnings per share			
Basic	0.59	63.81	15.13
Diluted	0.59	60.22	14.92
Earnings per share from continued operations			
Basic	0.59	63.63	15.05
Diluted	0.59	60.05	14.84

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

All figures in $000's	Quarter ended 31 March 2016 (Unaudited)	Quarter ended 31 March 2015 (Unaudited)	Year ended 31 December 2015 (Audited)
Profit/(loss)	**1,798**	**63,522**	**38,562**
OTHER COMPREHENSIVE INCOME			
Net movement in currency translation reserve and other changes	–	21	34
Total other comprehensive income, net of tax	**-**	**21**	**34**
Total comprehensive income	**1,798**	**63,543**	**38,596**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Shareholders of the parent	1,798	63,543	38,596
Total	**1,798**	**63,543**	**38,596**

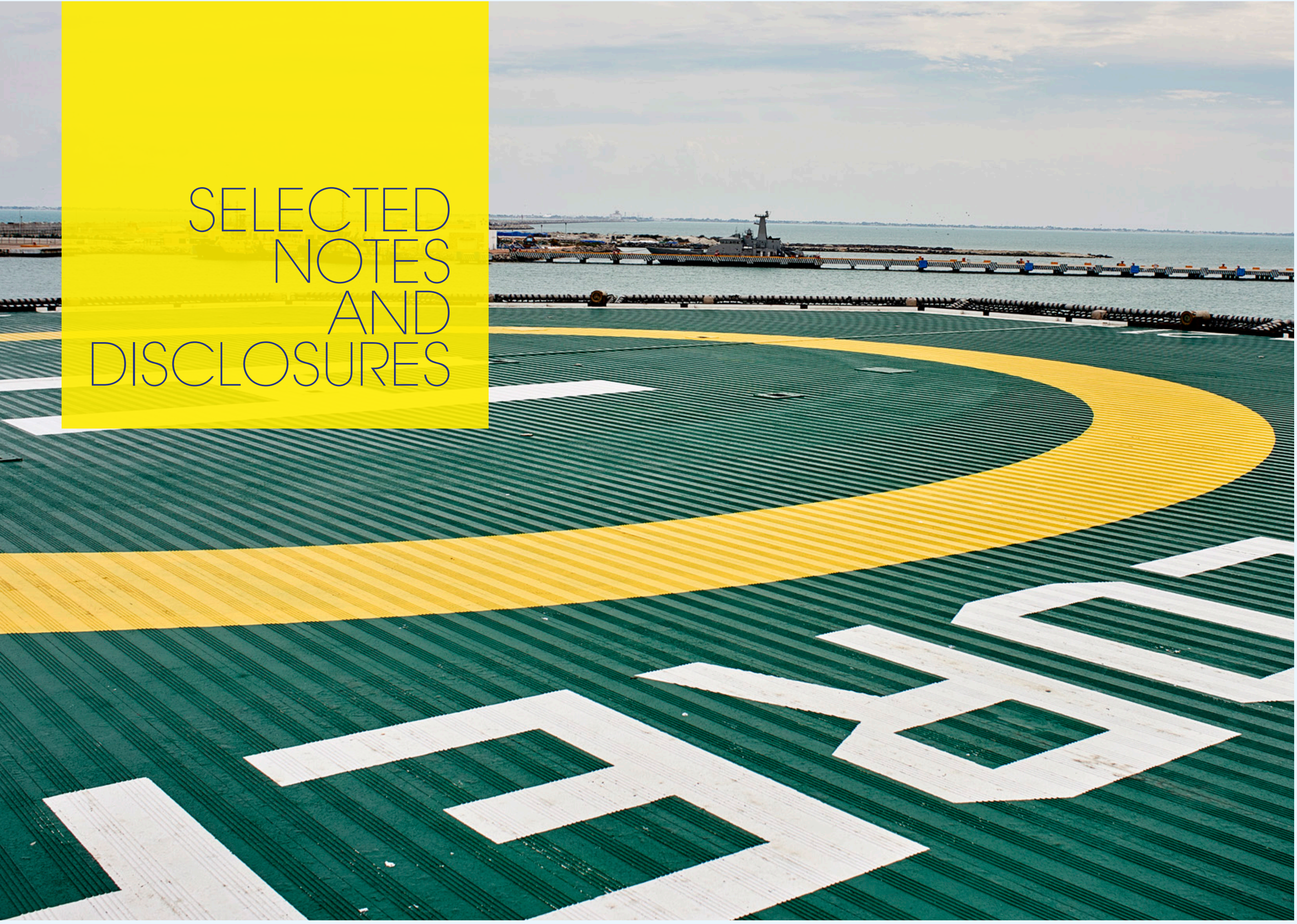
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

All figures in $000's	Quarter ended 31 March 2016 (Unaudited)	Quarter ended 31 March 2015 (Unaudited)	Year ended 31 December 2015 (Audited)
Opening balance	**29,976**	**(40,921)**	**(40,921)**
Profit/(loss) for the period	1,798	63,522	38,562
Increase/(decrease) in share capital	–	29,521	29,565
Increase/(decrease) equity component of warrants	–	2,736	2,736
Share options granted	–	16	–
Net movements in currency translation reserve and other changes	–	5	34
Ending balance	**31,774**	**54,879**	**29,976**

CONSOLIDATED INTERIM STATEMENT OF CASH FLOW			
	Quarter ended 31 March		Year ended 31 December
All figures in $000's	2016	2015	2015
	(Unaudited)	(Unaudited)	(Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before income tax	2,034	63,837	39,307
Adjustments for			
Restructuring gain	–	(66,031)	(66,411)
Depreciation, amortization and impairment	3,842	4,493	28,594
Movement in provision	(2,031)	(1,480)	2,560
Unrealized exchange (gain)/loss	164	(3)	(68)
Amortization of interest	983	1,087	4,054
Paid income tax	(316)	(1,130)	(2,634)
(Increase)/decrease in inventories	10	1,905	1,373
(Increase)/decrease in trade and other receivables	9,000	11,362	9,339
Increase/(decrease) in trade and other payables	(7,564)	(20,257)	(23,023)
Net cash from operating activities	**6,123**	**(6,217)**	**(6,909)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(701)	(208)	(5,555)
Multi-client investment	(8)	–	(244)
Net cash used in investing activities	**(708)**	**(208)**	**(5,799)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares	–	10,936	10,980
Receipts from borrowings	78	5,000	5,000
Repayment of borrowings	(860)	(341)	(1,510)
Interest paid	(798)	(215)	(2,482)
Net cash from financing activities	**(1,580)**	**15,380**	**11,988**
Net (decrease)/increase in cash and cash equivalents	**3,834**	**8,955**	**(720)**
Cash and cash equivalents at beginning of the period	**6,252**	**6,972**	**6,972**
Cash and cash equivalents discontinued operations	**-**	**-**	**-**
Cash and cash equivalents at end of the period	**10,087**	**15,927**	**6,252**

NOTE 1: INTERIM STATEMENT OF INCOME FOR DISCONTINUED OPERATIONS			
	Quarter ended 31 March		Year ended 31 December
All figures in USD 000's	2016	2015	2015
	(Unaudited)	(Unaudited)	(Audited)
Revenues	–	–	–
Cost of sales	–	180	180
Selling, general and administrative expenses	–	–	–
Other income (expenses), net	–	–	–
Earnings before interest, tax, depreciation and amortization (EBITDA)	**-**	**180**	**180**
Depreciation and amortization	–	–	–
Impairment	–	–	–
Earnings before interest and taxes (EBIT)	**-**	**180**	**180**
Interest expense	–	–	–
Other financial items, net	–	–	–
Profit/(loss) before income tax	**-**	**180**	**180**
Income tax	–	–	38
Profit/(loss) discontinuing operations	**-**	**180**	**218**
Gain/(loss) on sale of OBN business	–	–	–
Net profit/(loss) from discontinued operations	**-**	180	218
Profit/(loss) attributable to			
Shareholders of the parent	–	180	218

SELECTED NOTES AND DISCLOSURES



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

Basis of presentation

The condensed interim consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) and the act and regulations for the Oslo Stock Exchange. The condensed interim consolidated financial statements do not include all information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2015.

The consolidated financial statements for the year ended 31 December 2015 and quarterly reports are available at www.sbexp.com. The financial statements as of Q1 2016, as approved by the board of directors 3 May 2016, are unaudited.

Significant accounting principles

The accounting policies used for preparation of the condensed interim consolidated financial statements are consistent with those used in the consolidated financial statements for 2015 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 2015. 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

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 2016 was $3.4 million.

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

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

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

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

Leased vessels and restructuring provisions

The company chartered the 3D vessel Geo Pacific, on a three-year bareboat charter from 31 December 2012 to 31 December 2015. The company redelivered the Geo Pacific to its owners on 30 December 2015. The company made a provision in December 2014 to cover the remaining estimated costs of the charter including redelivery. The final commercial settlement with respect to the redelivery was not completed at quarter end.

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

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

Early in the quarter, SeaBird's contractual obligations related to the Kondor Explorer were terminated.

The company incurred $2.3 million in operating costs and $0.2 million in interest expense that was charged against provisions on onerous leases (Geo Pacific, Voyager Explorer and Munin Explorer) in Q1 2016. Please see table below for additional details.

Provisions	USD millions
Beginning balance 1 Jan 2016	12.2
Incurred costs	(2.3)
Changes in provision estimate (booked as credit to cost of sales)	0.0
Interest expense	0.2
Ending balance 31 March 2016	**10.2**

Multi-client library

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

Due to an amendment to IAS 38 Intangible assets, the amortization method for the seismic multi-client libraries was changed with effect from 1 January 2016. The company has adopted the following changes to its 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.

The company has two amortization categories. "Category 1" libraries have a useful life of four years. "Category 2" libraries have a useful life of three years. All of the company's existing surveys are classified as category 2 surveys.

Multi-client sales in Q1 2016 were nil ($1.2 million).

Multi-client amortization in Q1 2016 was $0.4 million ($0.7 million), of which $0.4 million was related to minimum amortization.

Multi-client impairment was nil in Q1 2016 (nil).

Multi-client library	USD millions
Beginning balance 1 Jan 2016	3.3
Capitalized cost	–
Capitalized depreciation	–
Impairment	–
Amortization	(0.4)
Net book value 31 March 2016	**2.9**

Debt securities and maturities

The company has one bond loan (SBX04; SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2018), one secured credit facility, one unsecured note and the Hawk Explorer finance lease. The total book value of outstanding debt as per 31 March 2016 is $33.3 million. Please see table below for additional details.

Debt securities	USD millions
LONG TERM DEBT	
Secured debt	
SBX04 bond loan, face value	29.3
Secured credit facility, face value	2.4
Unsecured debt	
Unsecured note, face value	1.6
Less current portion of unsecured note	(0.7)
Fair value adjustment*	(3.4)
Hawk lease, non-current portion	1.6
Non-current loans and borrowings 31 March 2016	**30.9**
SHORT TERM DEBT	
Hawk lease	1.6
Accrued interest	0.2
Current portion of long-term debt	0.7
Current loans and borrowings 31 March 2016	**2.4**

* of which SBX04: $3.0 million, secured credit facility: $0.3 million, unsecured note: $0.1 million

The SBX04 bond loan and the credit facility matures 3 March 2018. The bond loan has principal amortization due in quarterly instalments of $2.0 million starting at 3 June 2017 with a balloon repayment to be made at maturity. Further, the credit facility has quarterly principal amortization of $160 thousand starting on 3 June 2017 with a balloon repayment to be made at maturity. The unsecured note is payable in nine equal quarterly instalments of $235 thousand, with the first instalment falling due 1 January 2016.

During the quarter, SeaBird agreed to further extend the Hawk 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 USD 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 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.

Aggregate maturities of loans and borrowings	USD millions
YEAR OF REPAYMENT	
2016	1.6
2017	9.4
2018	25.5
Total debt principal	**36.5**

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

Discontinued operations

On 8 December 2011, the company closed the share and purchase agreement with Fugro Norway AS related to Fugro's acquisition of SeaBird Technologies AS and Seabed Navigation Company Limited, which collectively held all of the company's rights and assets related to the ocean bottom node business (accounted for as discontinued operations). The company had zero revenues and net income related to discontinued operations in the quarter. 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 2016 is 3,065,434 with a nominal value of $0.1 per share. In addition, the company has outstanding 884,686 warrants, each with an exercise price of NOK 100 per share and an expiration date of 15 January 2018.

The company has no share options outstanding as at 31 March 2016.

Taxes

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

Related party transactions

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

Going concern

The company's accounts have been prepared on the basis of a going concern assumption. In the view of the board of directors, the 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 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 would be unable to meet its liabilities as they fall due and to continue as a going concern. In such event, SeaBird would be unable to realize the carrying value of its property, plant and equipment, whose values on a forced sale basis would be lower than their fair values. Furthermore, goodwill and intangibles would be written off as their carrying values largely represent their values in use.

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