



Q1

18

FIRST  
QUARTER

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\$4.7 m

revenues

\$ 1 m

EBITDA; \$ -1m adjusted EBITDA

50%

utilization

Two vessels

decommissioned

## 2018 SUMMARY OBSERVATIONS FOR THE FIRST QUARTER

SeaBird recorded a 50% active vessel utilization in Q1 2018 compared to 42% in Q4 2017. The first quarter was characterized by improved oil exploration sentiment and early indicators of a market recovery, confirmed by a significant increase in tendering activity.

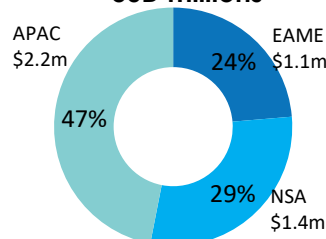
During the quarter, the company redelivered the Munin Explorer to its owner and decommissioned the Northern Explorer.

The company's SG&A costs were in line with previously communicated targets and the fleet has been right sized to short term market needs.

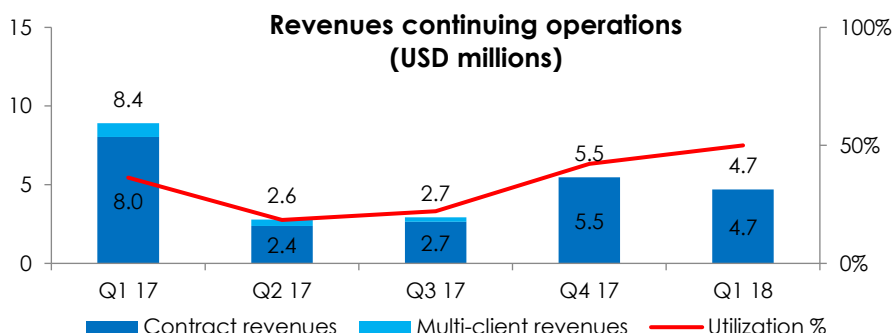
- Revenues for the quarter were \$4.7 million, a decrease of 14% compared to Q4 2017 and down 44% relative to Q1 2017.
- Reported EBITDA was positive \$1.0 million compared to negative \$2.1 million for Q4 2017 and negative \$2.8 million for Q1 2017. EBITDA adjusted for non-recurring items of negative \$1.0 million.
- Reported EBIT for the quarter was negative \$0.7 million compared to negative \$4.8 million for Q4 2017 and negative \$6.3 million for Q1 2017. Adjusted EBIT of negative \$2.7 million.

# KEY HIGHLIGHTS

**Q1 Revenues by region**  
USD millions



**Revenues continuing operations**  
(USD millions)



## Operational review

Vessel utilization in the first quarter of 2018 improved relative to quarter one and quarter four of 2017. Active vessel utilization for the first quarter was 50%, up from 42% in the fourth quarter last year. The company had no multi-client activity in the period. Technical downtime for the fleet was 1.9% in Q1 2018, up from 1.4% in Q4 2017.

Voyager Explorer completed its source contract in Asia towards the end of the quarter, and is scheduled to mobilize for a new source project in the same region in quarter two. The project has an expected duration of one month. Osprey Explorer was active on its source contract in South America until the middle of the quarter and started on a new source contract in West Africa towards the end of the quarter. Harrier Explorer and Aquila Explorer were not active on projects in the quarter. The Northern Explorer was decommissioned in the middle of the quarter. Yard stay represented 0% of active vessel capacity during the quarter.

On 16 February 2018, the company entered into a settlement agreement with Ordinat Shipping AS, the owners of Munin Explorer, for the termination of the charter party agreement and redelivery of the vessel. The Munin Explorer was in transit at the end of the quarter and was redelivered to its owner in quarter two.

The company had non-recurring gains of net \$2.3 million during the quarter, of which \$2.0 million were above EBITDA and \$0.3 million were below EBITDA. The non-recurring gains include a \$0.7 million gain on the Munin Explorer onerous lease, \$0.8 million gain on the sale of Northern Explorer, a \$0.2 million gain on insurance settlement and a \$0.5 million gain on recovery of bad debts.

Capital expenditures were \$0.1 million during the quarter compared to \$0.6 million in Q1 2017. Lost time injury frequency (LTIF) rate for the quarter was 0.0.

## Regional overview

Asia Pacific (APAC) represented the largest portion of revenues during the quarter. APAC revenues of \$2.2 million represented 47% of total Q1 revenues. Voyager Explorer worked on its source project in South East Asia during the quarter. North and South America (NSA) revenues of \$1.4 million represented 29% of total Q1 revenues. The Osprey Explorer completed its source project in South America during the period and mobilized for a new source project in West Africa late in the quarter. Europe and Middle East (EMEA) revenues of \$1.1 million represented 24% of total Q1 revenues.

## Outlook

Oil prices and oil exploration macro indicators have continued to improve in 2018. This market improvement has resulted in a growing number of ocean bottom seismic tenders and we expect a commensurate increase in source vessel demand in the second half of 2018. With higher oil prices, we also expect that exploration spending will increase and positively impact streamer seismic demand. Early indications of market improvements can be seen in the increased node seismic tendering activity as well as stronger multi-client sales reported by the seismic industry. In addition, client inquiries for both 2D and niche 3D seismic surveys have returned and SeaBird is well positioned to capitalize on this trend.

## Financial comparison

All figures below relate to continuing operations unless otherwise stated. For discontinued operations, see note 1. The company reports net loss of \$1.0 million for Q1 2018 (net loss of \$7.9 million in the same period in 2017).

Revenues were \$4.7 million in Q1 2018 (\$8.4 million). The reduced revenues are primarily due to lower project activity.

Cost of sales was \$3.1 million in Q1 2018 (\$8.3 million). The decrease is

predominantly due to lower project activity, reduced fleet size, a non-recurring gain on the redelivery of the Munin Explorer and a non-recurring gain due to lower transit costs than expected related to the decommissioning of the Northern Explorer.

SG&A was \$1.5 million in Q1 2018, down from \$3.1 million in Q1 2017. The decrease is principally due to reduced onshore headcount and cost cutting efforts. The SG&A run-rate for the quarter is in line with the previously communicated targets.

Reversal of bad debt charges were \$0.2 million in Q1 2018 (gain of \$0.1 million).

Other income (expense) was \$0.7 million in Q1 2018 (\$0.0 million). The increase is mainly due to the sale of the Northern Explorer and gain on an insurance settlement.

EBITDA was positive \$1.0 million in Q1 2018 (negative \$2.9 million).

Depreciation, amortization and impairment were \$1.7 million in Q1 2018 (\$3.5 million).

The decrease is due to lower book values triggered by the reduction in the fleet.

Finance expense was \$0.4 million in Q1 2018 (\$1.2 million). The decrease relates to the reduced debt levels in the company following the recently implemented restructuring.

Other financial items were positive \$0.3 million in Q1 2018 (\$0.0 million).

Income tax cost was \$0.1 million in Q1 2018 (\$0.4 million).

Capital expenditures in the quarter were \$0.1 million (\$0.6 million).

## Key figures - continuing operations

All figures in USD 1 000'S (except EPS and equity ratio)	Quarter ended		Year ended
	2018	31 March 2017	31 December 2017
	(Unaudited)	(Unaudited)	(Audited)
Revenues	4,708	8,445	19,212
EBITDA	1,011	(2,827)	(25,556)
EBIT	(728)	(6,306)	(46,453)
Profit/(loss)	(982)	(7,881)	(49,868)
Earnings per share (diluted)	(0.00)	(2.57)	(0.19)
Cash flow operating activities	(3,677)	(5,162)	(18,737)
Capital expenditures	554	(561)	(1,095)
Total assets	37,787	67,286	41,247
Net interest bearing debt	1,215	22,295	(1,909)
Equity ratio	38.9%	21.4%	38.0%

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





# FINANCIAL REVIEW

## Liquidity and financing

Cash and cash equivalents at the end of the period were \$3.2 million (\$8.8 million in Q1 2017), of which \$1.1 million was restricted cash. The restricted cash is principally in connection with sale proceeds from the decommissioning of Northern Explorer, which can be spent as capital expenditures if done within one year of the signing of the assets sale agreement. Net cash from operating activities was negative \$3.7 million in Q1 2018. The negative operational cash flow in quarter one was mainly due to non-recurring cash costs in relation to discontinued vessels Munin Explorer and Northern Explorer and increased working capital. The company had approximately \$0.7 million in cash operating expenses relating to discontinued vessels during the quarter. Moreover, the company experienced negative cash effects from increased receivables by \$2.0 million due to project timing effects. Additionally, payables were reduced by \$1.4 million.

The company has a bond loan and a secured credit facility. The SBX04 secured bond loan (issued as "SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2018 Tranche B") is recognized in the books at amortized cost of \$4.2 million per Q1 2018 (nominal value of \$4.6 million plus payment in kind interest of \$0.2 million plus accrued interest of \$0.0 million plus amortized interest of \$0.1 million less fair value adjustment of \$0.7 million). The SBX04 secured bond loan (Tranche B) is due 30 June 2020, and it is carrying an interest rate of 6.0%. Interest may be paid in kind and deferred until 30 June 2020. The outstanding loan balance is scheduled to be paid at the maturity date. Interest paid during Q1 2018 was nil. The bond is listed on Nordic ABM, and it is traded with ticker SBEF02 PRO.

The secured credit facility is recognized at amortized cost of \$0.2 million (nominal value of \$0.4 million plus accrued interest of \$0.0 million plus amortized interest \$0.0 million less fair value adjustment of \$0.1 million). Coupon interest rate is 6.0%. Interest may be paid in kind and due 30 June 2020. The facility's maturity date is 30 June 2020. Principal repayments during Q1 2018 amounted to \$0.5 million and additional amounts drawn on the credit facility during the period was \$0.5 million. Interest paid during Q1 2018 was nil.

The company repaid its three year unsecured loan during the quarter.

Interest paid during Q1 2018 was \$0.0 million and principal repayments during Q1 2018 was \$0.2 million.

Net interest bearing debt was \$1.2 million as at the end of Q1 2018 (\$22.3 million in Q1 2017). Accrued interest on the bond loan, credit facility and the unsecured note for Q1 2018 was \$0.0 million (\$0.2 million).

On 5 February 2018, the company's 1,050,000,000 class A shares were converted to ordinary shares at a rate of 1 class A share to 1 ordinary share. Moreover, a reduction in the company's authorized share capital was completed through the reduction of the nominal value of the ordinary shares from US\$ 0.1 to US\$ 0.001 per share. The total outstanding amount of shares in the company is 1,107,455,145 common shares as per 31 March 2018.

On 16 January 2018, the company's listed warrants (ticker SBX J) expired and were delisted from the Oslo Stock Exchange. Consequently, the company booked a \$2.7 million reclassification from equity component of warrants to retained earnings during the quarter.

The SeaBird group completed its financial restructuring in Q3 2017, substantially reducing its financial indebtedness while also raising additional equity capital. The group had a negative net income amounting to \$49.9 million for the 2017 period and negative \$1.0 million for Q1 2018. The company's management has implemented a comprehensive cost reduction program and expects the financial results and cash flow from operations to improve going forward. The group plans to fund its operations by planning to achieve a positive EBITDA, limiting its capital expenditures as well as carefully managing its working capital position.

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 limited working capital create a material risk to this assumption. In the event that 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. Alternatives may exist to sell or otherwise monetize certain assets, but the ability to sell or otherwise monetize assets, being primarily made

up of owned vessels, 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 significantly lower than their carrying values.

## Subsequent events

On 16 April 2018 SeaBird Exploration entered into a market making agreement with Norne Securities with effect from 18 April 2018. The purpose of the agreement is to increase the liquidity of the shares of the company, which are listed on Oslo Stock Exchange. The agreement is in accordance with the standard requirements of Oslo Stock Exchange.

The Munin Explorer was redelivered to its owner on 30 April 2018.

## The Board of Directors and Chief Executive Officer

SeaBird Exploration Plc  
15 May 2018

Arne Helland  
**Chairman**

Hans Petter Klohs  
**Director**

Stig Myrseth  
**Director**

Christophe Debouvry  
**Chief Executive Officer**

Consolidated interim statement of financial position			
All figures in USD 000's	2018 (Unaudited)	As of 31 March 2017 (Unaudited)	As of 31 December 2017 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	26,779	45,022	28,408
MultiClient Investment	-	2,699	-
Long term investments	54	120	54
	<b>26,833</b>	<b>47,841</b>	<b>28,462</b>
<b>Current assets</b>			
Inventories	1,018	1,226	996
Trade receivables	3,102	5,870	1,157
Other current assets	3,665	3,567	3,591
Cash and cash equivalents	3,170	8,782	6,554
Assets classified as held for sale	-	-	487
	<b>10,954</b>	<b>19,445</b>	<b>12,785</b>
<b>Total assets</b>	<b>37,787</b>	<b>67,286</b>	<b>41,247</b>
<b>EQUITY</b>			
Shareholders' equity			
Paid in Capital	261,947	218,690	261,947
Equity component of warrants	-	2,736	2,736
Currency translation reserve	(407)	(407)	(407)
Share options granted	-	-	-
Retained earnings	(246,855)	(206,622)	(248,610)
	<b>14,685</b>	<b>14,397</b>	<b>15,666</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	4,385	-	4,420
Other long term liability	1,040	-	443
Long term tax payable	1,182	-	-
	<b>6,607</b>	<b>-</b>	<b>4,863</b>
<b>Current liabilities</b>			
Trade payables	3,307	7,372	5,085
Other payables	9,495	6,143	7,581
Provisions	-	2,995	2,994
Loans and borrowings	-	31,078	225
Tax payable	3,693	5,300	4,833
	<b>16,495</b>	<b>52,889</b>	<b>20,718</b>
<b>Total liabilities</b>	<b>23,101</b>	<b>52,889</b>	<b>25,581</b>
<b>Total equity and liabilities</b>	<b>37,787</b>	<b>67,286</b>	<b>41,247</b>

Consolidated interim statement of income			
All figures in USD 000's (except EPS)	2018 (Unaudited)	Quarter ended 31 March 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
Revenues	4,708	8,445	19,212
Cost of sales	(3,066)	(8,314)	(25,983)
Selling, general and administrative expenses	(1,535)	(3,090)	(12,002)
Net bad debt charges	168	110	(1,258)
Other income (expenses), net	737	22	24
Operational restructuring loss	-	-	(5,549)
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>1,011</b>	<b>(2,827)</b>	<b>(25,556)</b>
Depreciation	(1,739)	(3,080)	(11,360)
Amortization	-	(399)	(909)
Impairment	-	-	(8,628)
<b>Earnings before interest and taxes (EBIT)</b>	<b>(728)</b>	<b>(6,306)</b>	<b>(46,453)</b>
Finance expense	(419)	(1,172)	(3,745)
Other financial items, net	287	12	(772)
Financial restructuring gain	-	-	884
<b>Profit/(loss) before income tax</b>	<b>(860)</b>	<b>(7,466)</b>	<b>(50,086)</b>
Income tax	(122)	(416)	218
<b>Profit/(loss) continuing operations</b>	<b>(982)</b>	<b>(7,881)</b>	<b>(49,868)</b>
Net profit/(loss) discontinued operations (note 1)	-	209	209
<b>Profit/(loss) for the period</b>	<b>(982)</b>	<b>(7,672)</b>	<b>(49,659)</b>
<b>Profit/(loss) attributable to</b> Shareholders of the parent	(982)	(7,672)	(49,648)
<b>Earnings per share</b>			
Basic	(0.00)	(2.50)	(0.19)
Diluted	(0.00)	(2.50)	(0.19)
<b>Earnings per share from continued operations</b>			
Basic	(0.00)	(2.57)	(0.19)
Diluted	(0.00)	(2.57)	(0.19)



Consolidated interim statement of comprehensive income			
		Quarter ended 31 March 2017	Year ended 31 December 2017
All figures in USD 000's	2018 (Unaudited)	(Unaudited)	(Audited)
<b>Profit/(loss)</b>	<b>(982)</b>	<b>(7,672)</b>	<b>(49,659)</b>
Other comprehensive income	-	-	-
Net movement in currency translation reserve and other changes	-	-	11
<b>Total other comprehensive income, net of tax</b>	<b>-</b>	<b>-</b>	<b>11</b>
<b>Total comprehensive income</b>	<b>(982)</b>	<b>(7,672)</b>	<b>(49,648)</b>
<b>Total comprehensive income attributable to</b>	<b>-</b>	<b>-</b>	<b>-</b>
Shareholders of the parent	(982)	(7,672)	(49,648)
<b>Total</b>	<b>(982)</b>	<b>(7,672)</b>	<b>(49,648)</b>

Consolidated interim statement of changes in equity			
		Year to Date 31 March 2017	Year ended 31 December 2017
All figures in USD 000's	2018 (Unaudited)	(Unaudited)	(Audited)
<b>Opening balance</b>	<b>15,667</b>	<b>22,069</b>	<b>22,069</b>
Profit/(loss) for the period	(982)	-	(49,659)
Increase/(decrease) in share capital	-	(7,672)	43,257
Increase/(decrease) equity component of warrants	-	-	-
Increase/(decrease) equity component of convertible loan	-	-	-
Share options granted	-	-	-
Net movements in currency translation reserve and other changes	-	-	-
<b>Ending balance</b>	<b>14,685</b>	<b>14,397</b>	<b>15,667</b>

Consolidated interim statement of cash flow			
	2018	Quarter ended 31 March 2017	Year ended 31 December 2017
All figures in USD 000's	(Unaudited)	(Unaudited)	(Audited)
<b>Cash flows from operating activities</b>			
Profit / (loss) before income tax	(860)	(7,465)	(50,086)
Adjustments for:			
Non-cash effects of restructuring	-	-	3,721
Depreciation, amortization and impairment	1,739	3,480	20,897
Other items	-	-	(1,750)
Movement in provision	(2,994)	(1,526)	(1,501)
Unrealized exchange (gain) /loss	(33)	(37)	(89)
Interest expense on financial liabilities	135	1,004	2,553
Paid income tax	(56)	(295)	(609)
(Increase)/decrease in inventories	(22)	48	279
(Increase)/decrease in trade and other receivables	(1,985)	(4,250)	490
Increase/(decrease) in long term liabilities	1,779	-	443
Increase/(decrease) in trade and other payables	(1,381)	3,879	6,916
<b>Net cash from operating activities</b>	<b>(3,677)</b>	<b>(5,162)</b>	<b>(18,736)</b>
<b>Cash flows from investing activities</b>			
Capital expenditures	554	(561)	(1,095)
Other term investment	-	-	1
<b>Net cash used in investing activities</b>	<b>554</b>	<b>(561)</b>	<b>(1,094)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares	-	-	12,629
Receipts from borrowings	-	-	543
Repayment of borrowings	(261)	8	(1,249)
Interest paid	-	(550)	(585)
<b>Net cash from financing activities</b>	<b>(261)</b>	<b>(542)</b>	<b>11,338</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,384)</b>	<b>(6,265)</b>	<b>(8,494)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>6,554</b>	<b>15,047</b>	<b>15,047</b>
<b>Cash and cash equivalents at end of the period</b>	<b>3,170</b>	<b>8,782</b>	<b>6,554</b>

**Note 1: Interim statement of income for discontinued operations**

All figures in USD 1 000's	2018 (Unaudited)	Quarter ended 31 March 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
Revenues	-	-	-
Cost of sales	-	209	209
Selling, general and administrative expenses	-	-	-
Other income (expenses), net	-	-	-
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	-	209	209
Depreciation and amortization	-	-	-
Impairment	-	-	-
<b>Earnings before interest and taxes (EBIT)</b>	-	209	209
Interest expense	-	-	-
Other financial items, net	-	-	-
<b>Profit/(loss) before income tax</b>	-	209	209
Income tax	-	-	-
<b>Profit/(loss) discontinuing operations</b>	-	209	209
Gain/(loss) on sale of OBN business	-	-	-
<b>Net profit/(loss) from discontinued operations</b>	-	209	209
<b>Profit/(loss) attributable to</b>			
Shareholders of the parent	-	209	209

# Selected notes and disclosures

SeaBird Exploration Plc is a limited liability company. The company's address is 4, Riga Fereou street, Omega court, 3095 Limassol, Cyprus. The company also has offices in Oslo (Norway), London (United Kingdom) 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 2017. The consolidated financial statements for the year ended 31 December 2017 and quarterly reports are available at [www.sbexp.com](http://www.sbexp.com). The financial statements as of Q1 2018, as approved by the board of directors 15 May 2018, 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 2017 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 2017. 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

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 weighted average cost of capital (13.8%) to estimate the present value, which is compared to book value at the relevant balance sheet date. Impairment of property, plant and equipment 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 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 value in use model is based on revenue day rates in line with current market rates, increasing moderately in 2019 and beyond. Utilization is assumed to be in line with historical averages. To the extent that increases in day rates do not materialize, this could have a substantial effect on the value in use calculation.

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.

## Leased vessels provisions

The Munin Explorer has been chartered on a bareboat contract that runs through June 2020, with a current day rate of \$2,088, and charter hire costs has been accrued monthly with optional deferred payment until 30 June 2020. During Q2 2015, the company decided to stack the Munin Explorer. The company booked operational restructuring charges of net \$12.6 million for Munin Explorer in the period from 2015 to 2017. At 31 December 2017 the company estimated the provision (\$2.9 million) based on the assumption that the vessel was expected to return to operation in Q3 2019. The provision as per 31 December 2017 covered the net present value of lay-up costs and capital expenditures less estimated profits for the remainder of the lease period.

During quarter one 2018, the company signed an agreement to redeliver Munin Explorer. Consequently, the company reversed the provision, reversed \$0.4 million in charter hire payables and booked the remaining estimated costs to redeliver the vessel as a combination of current (\$1.6 million) and long-term liabilities (\$1.0 million). The net effect of these accounting transactions was a gain of \$0.7 million, which was booked as a reduction of cost of sales. The company's remaining provision is nil at the end of the quarter. See table below for additional details.

Provisions	USD millions
Opening balance 1 January 2018	3.0
Incurred cost	(0.3)
Interest expense	0.1
Remaining balance reversed (booked to cost of sales)	(2.7)
<b>Ending balance 31 March 2018</b>	<b>0.0</b>

### 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.

- During the work in progress phase, amortization is 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.

Multi-client sales in Q1 2018 were nil (\$0.4 million). Multi-client amortization in Q1 2018 was nil (\$0.4 million). Multi-client impairment was nil in Q1 2018 (nil).

SeaBird's multi-client library consists of one survey in the EMEA region and two multi-client surveys in South East Asia. The multi-client library has zero book value.

### Debt securities and maturities

The company has one bond loan (SBX04; SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2020) and one secured credit facility. The total book value of outstanding debt as per 31 March 2018 is \$4.4 million. Please see table below for additional details.

Debt securities	USD millions
<b>Long term debt</b>	
<i>Secured debt</i>	
SBX04 bond loan, face value	4.6
Secured credit facility, face value	0.4
Payment in kind (PIK) interest	0.2
Fair value adjustment *	(0.9)
Accrued interest and accumulated amortized interest	0.1
<b>Non-current loans and borrowings 31 Mar 2018</b>	<b>4.4</b>

\*of which SBX04: \$0.7 million, secured credit facility: \$0.2 million

The SBX04 bond loan and the credit facility matures 30 June 2020. Neither the bond loan nor the credit facility will have any principal payments before 30 June 2020. All accrued interest may be paid-in-kind and deferred until 30 June 2020.

The company paid the final installment of \$0.2 million on the unsecured note during the quarter.

Aggregate maturities of loans and borrowings	USD millions
<b>Overview of repayment</b>	
2018	-
2019	-
2020*	5.0
<b>Total debt principal 2017</b>	<b>5.0</b>

\*Debt related to SBX04 and credit facility matures on 30 June 2020

### Discontinued operations

On 8 December 2011, the company sold the ocean bottom node business (accounted for as discontinued operations) to Fugro Norway AS. The company has no remaining assets or potential revenues therefrom, but has provided for certain tax liabilities in relation to the discontinued operations. The company had net income of nil 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 stock options

On 5 February 2018, the company's 1,050,000,000 class A shares were converted to ordinary shares at a rate of 1 class A share to 1 ordinary share. Moreover, a reduction in the company's authorized share capital was completed through the reduction of the nominal value of the ordinary shares from \$0.1 to \$0.001 per share.

The total number of ordinary shares at 31 March 2018 is 1,107,455,145 with a nominal value of \$0.001 per share. The company had 884,686 warrants are outstanding as of 31 December. The warrants expired and were delisted from the Oslo Stock Exchange on 15 January 2018. The company has no stock options outstanding as at 31 March 2018.

### 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 SeaBird group completed its financial restructuring in Q3 2017, substantially reducing its financial indebtedness while also raising additional equity capital. The group had a negative net income amounting to \$49.9 million for the 2017 period and negative \$1.0 million for Q1 2018. The company's management has implemented a comprehensive cost reduction program and expects the financial results and cash flow from operations to improve going forward. The group plans to fund its operations by planning to achieve a positive EBITDA, limiting its capital expenditures as well as carefully managing its working capital position.

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 limited working capital create a material risk to this assumption. In the event that 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. Alternatives may exist to sell or otherwise monetize certain assets, but the ability to sell or otherwise monetize assets, being primarily made up of owned vessels, 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 significantly lower than their carrying values.

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