Q1 17

FIRST QUARTER

SeaBird Exploration

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$8.4m

revenues for the quarter, including $0.4m multi-client late sales

-$0.1m

adjusted EBITDA for the quarter

36%

vessel utilization

2017 SUMMARY OBSERVATIONS FOR THE FIRST QUARTER

SeaBird recorded a 36.4% active vessel utilization during the first quarter of 2017, with three vessels in operation. The utilization was impacted by a weak winter season and continued market softness. SeaBird continues its active marketing of the fleet to secure new projects. Seismic tender activity has picked up recently, but contracting lead-time remains long with substantial competition and high market uncertainty. The company continues to proactively optimize its cost base to improve its relative cost position in the 2D and source markets.

As a result of the significant market uncertainty, negative cash flow development for the first half of the year as well as upcoming debt maturities in 2017 and Q1 2018, the company together with its financial advisors are continuing to evaluate financial alternatives. Such alternatives may involve the raising of additional capital as well as refinancing or restructuring existing obligations. Any such transactions may result in a significant dilution to current shareholders.

Three

new contract awards

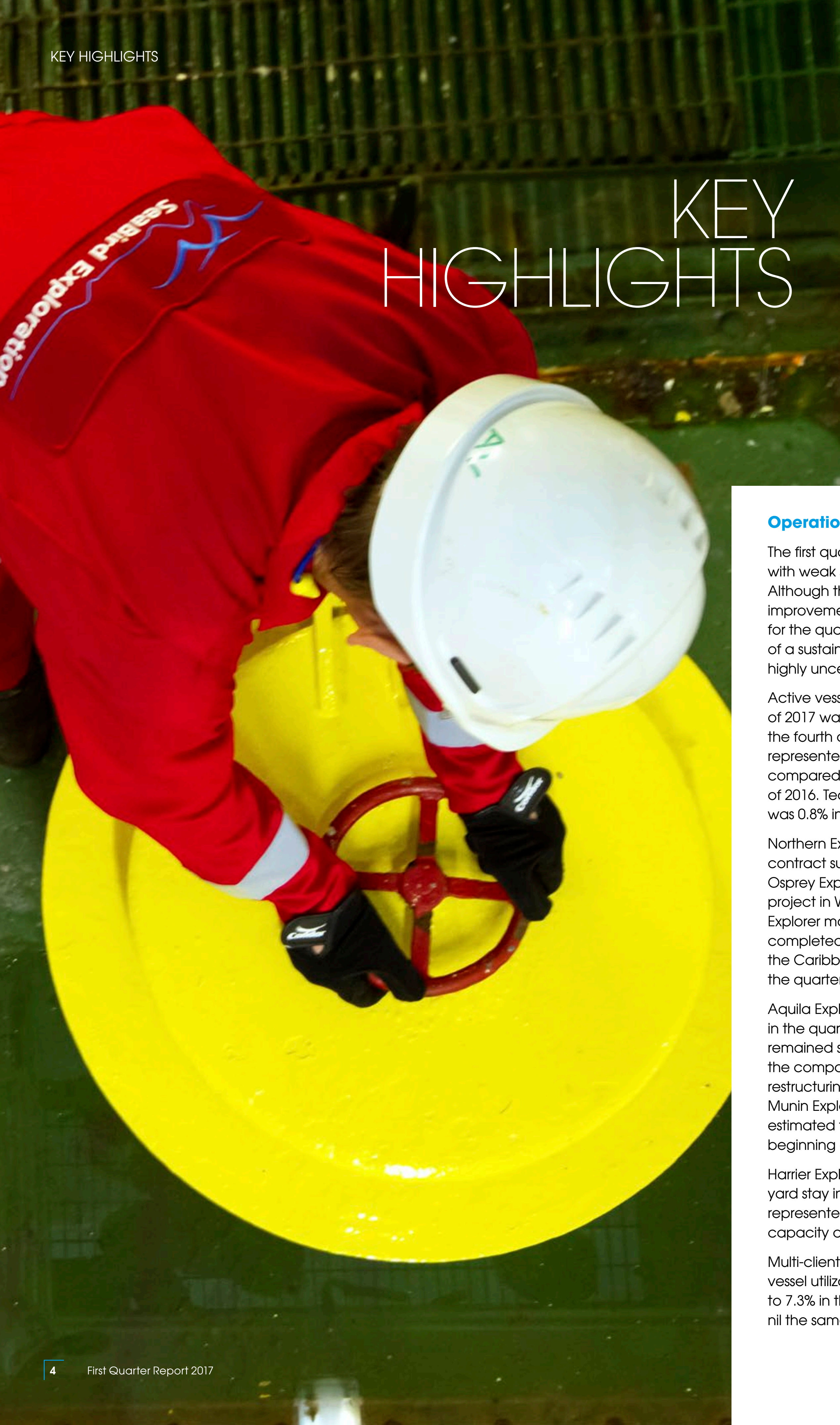
0.8%

technical downtime

LTIF

zero

- Revenues for the quarter were $8.4 million, a decrease of 67% compared to Q1 2016 and up 145% relative to Q4 2016.
- Contract revenues for the period were $8.0 million, down 69% from Q1 2016 and an increase of 211% from Q4 2016.
- Multi-client revenues were $0.4 million, up from nil reported in Q1 2016 and a decrease from $0.9 million reported in Q4 2016.
- Adjusted EBITDA of negative $0.1 million. Reported EBITDA was negative $2.8 million compared to positive $7.4 million for Q1 2016 and negative $1.9 million for Q4 2016.
- Adjusted EBIT of negative $3.6 million. Reported EBIT for the quarter was negative $6.3 million compared to positive $3.6 million for Q1 2016 and negative $5.5 million for Q4 2016.
- Active vessel utilization for the period was 36.4%. Contract surveys during the first quarter represented 36.4% of vessel capacity compared to 90.3% during the first quarter 2016. Multi-client surveys accounted for 0% of vessel capacity compared to 0% in the first quarter 2016.
- Announced three new contract awards amounting to seven to eight vessel months.
- Net non-recurring charges of $2.7 million relating to the onerous lease on the Munin Explorer partially offset by changes in provision estimates for the Voyager Explorer.



KEY HIGHLIGHTS

Operational review

The first quarter of 2017 was challenging with weak seismic market demand. Although there are signs of market improvement, total vessel utilization for the quarter was low and the timing of a sustained market recovery is still highly uncertain.

Active vessel utilization for the first quarter of 2017 was 36.4%, up from 28.8% in the fourth quarter. Contract surveys represented 36.4% of vessel capacity compared to 21.5% for the fourth quarter of 2016. Technical downtime for the fleet was 0.8% in Q1 2017, up from 0.4% in Q4.

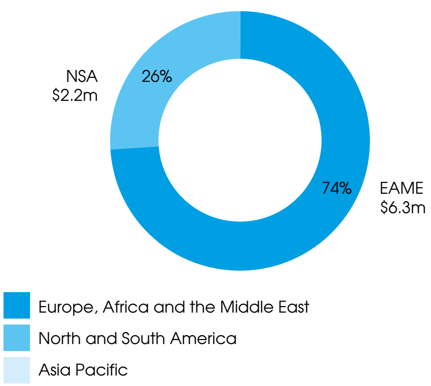
Northern Explorer undertook a 2D contract survey in South America while Osprey Explorer completed its source project in West Africa in the period. Harrier Explorer mobilized for and substantially completed its 2D contract survey in the Caribbean towards the end of the quarter.

Aquila Explorer was not active on projects in the quarter while the Munin Explorer remained stacked. During the quarter, the company booked an operational restructuring charge of $2.8 million for Munin Explorer. The vessel is currently estimated to return to operation in the beginning of Q1 2018.

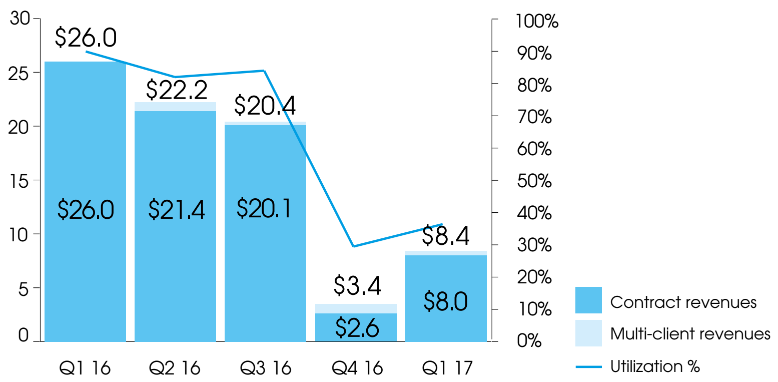
Harrier Explorer completed its scheduled yard stay in the period. Yard stay represented 2.5% of active vessel capacity during the quarter.

Multi-client surveys represented 0% of vessel utilization in the quarter, compared to 7.3% in the previous quarter and nil the same quarter last year. Multi-

REVENUE BY REGION (USD MILLIONS)



REVENUES CONTINUING OPERATIONS (USD MILLIONS)



client revenues were $0.4 million in the period, compared to $0.9 million in the previous quarter.

The company announced a new 2D contract in the Caribbean during the quarter. Subsequent to quarter closing, the company announced a letter of intent to provide a seismic source vessel for an upcoming survey in the Asia Pacific region with an expected duration of five to six months. The project is due to commence in quarter two and the company will be using the Voyager Explorer for the project. The company also announced a new 2D contract in West Africa, which will commence quarter two and will have a duration of approximately one month.

Operational expenses were maintained at a low level during the first quarter relative to previous quarters as a result of ongoing cost cutting initiatives and relatively low project activity.

The company had net non-recurring costs of $2.7 million during the quarter.

Capital expenditures were $0.6 million during the quarter compared to $0.7 million Q1 2016.

Lost time injury frequency (LTIF) rate for the quarter was 0.0.

Regional review

Europe, Africa and the Middle East (EAME) was the most active region during the quarter. EAME revenues of $6.3 million represented 74% of total Q1 revenues. Osprey Explorer completed its source project in the region towards the end of the quarter.

North and South America (NSA) revenues of $2.2 million represented 26% of total Q1 revenues. Northern Explorer completed the remaining part of its 2D contract survey in South America early in the quarter, while Harrier Explorer commenced a 2D contract survey in the Caribbean.

No SeaBird vessels worked in Asia Pacific (APAC) during the quarter and revenues from the region were nil.

Outlook

Global seismic demand continued to be weak in the first quarter. SeaBird continues to evaluate and execute savings initiatives to reduce the company's overall cost level and this may include temporary stacking of additional vessels.

While we are seeing a significant pick-up in requests for quotes, the second quarter 2017 revenues are expected to be negatively impacted by slow contract award lead times resulting in idle periods as well as the potential repositioning of vessels before start-up of new projects. The company is reviewing a number of survey opportunities. However, the current market uncertainty makes it difficult to predict the level of contract coverage that is possible to obtain.

Financial comparison

All figures below relate to continuing operations unless otherwise stated. For discontinued operations, see note 1. The company reports net loss of $7.9 million for Q1 2017 (net profit of $1.8 million in the same period in 2016).

Revenues were $8.4 million in Q1 2017 ($26.0 million). The decreased revenues are primarily due to lower utilization and reduced fleet size.

Cost of sales was $8.3 million in Q1 2017 ($15.0 million). The decrease is predominantly due to fewer vessels in operation, relatively low project activity and implemented cost cutting efforts, partially offset by non-recurring charges in relation to the Munin Explorer.

SG&A was $3.1 million in Q1 2017, down from $3.9 million in Q1 2016. The decrease is principally due to cost saving initiatives and reduced headcount.

Reversal of bad debt charges was $0.1 million in Q1 2017.

Other income (expense) was $0.0 million in Q1 2017 ($0.3 million).

EBITDA was negative $2.8 million in Q1 2017 (positive $7.4 million).

Depreciation, amortization and impairment were $3.5 million in Q1 2017 ($3.8 million). The decrease is due to fleet reduction.

Finance expense was $1.2 million in Q1 2017 ($1.4 million).

Other financial items were $0.0 million in Q1 2017 (negative $0.2 million).

Income tax expense was $0.4 million in Q1 2017 ($0.2 million).

Capital expenditures in the quarter were $0.6 million ($0.7 million).

Multi-client investment was nil in Q1 2017 (nil).

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)	2017	2016	2016
Revenues	8,445	25,959	72,074
EBITDA	(2,827)	7,399	22,431
EBIT	(6,306)	3,557	(3,050)
Profit/(loss)	(7,881)	1,798	(8,001)
Earnings per share (diluted)	(2.57)	0.59	(2.61)
Cash flow operating activities	(5,162)	6,123	20,680
Capital expenditures	(561)	(701)	(3,310)
Total assets	67,286	98,283	72,231
Net interest bearing debt	22,296	23,246	15,569
Equity ratio	21.4%	32.3%	30.6%

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 $8.8 million ($10.1 million in Q1 2016), of which $0.3 million was restricted in connection with deposits and taxes. Net cash from operating activities was negative $5.2 million in Q1 2017 (positive $6.1 million in Q1 2016).

The company has one bond loan, one secured credit facility and one unsecured note.

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 $27.9 million per Q1 2017 (nominal value of $29.3 million plus accrued interest of $0.2 million plus amortized interest of $2.9 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 the first interest instalment being 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 is scheduled to be paid at the maturity date. Interest paid during Q1 2017 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 (nominal value of $2.3 million plus accrued interest of $0.01 million plus amortized interest $0.3 million less fair value adjustment 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's final maturity is 3 March 2018 and quarterly instalments of $0.2 million are due starting on 3 June 2017. Principal repayments during Q1 2017 amounted to $0.7 million and additional amounts drawn on the credit facility during the period was $0.7 million. Interest paid during Q1 2017 was $0.03 million.

The three year unsecured loan is recognized at amortized cost of $0.9 million (initial nominal value of $2.1 million plus amortized interest $0.2 million less fair value adjustment of $0.3 million less principal repayments of $1.2 million). Coupon interest rate is 6.0%. Stated maturity is 1 January 2018. Interest is paid quarterly in arrears and the first payment was due on 1 April 2015. The principal is repayable in nine equal instalments of $0.2 million, commencing 1 January 2016. Interest paid during Q1 2017 was nil and principal repayments during Q1 2017 was nil.

Net interest bearing debt was $22.3 million as at the end of Q1 2017 ($23.2 million in Q1 2016).

Accrued interest on the bond loan, credit facility and the unsecured note for Q1 2017 was $0.2 million ($0.2 million).

The company was in compliance with all covenants as of 31 March 2017.

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.

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, limited working capital, low level of firm contract backlog and negative cash flow development for the first half of the year, creates a material risk to this assumption. In the event that new backlog cannot be secured on satisfactory rates or at all, project performance is significantly worse than expected or contracts and other arrangements in respect of the employment of SeaBird's vessels are cancelled, or significantly delayed, the company would need to sell assets or raise additional financing, which would be required in or around third quarter 2017, which may not be available at that time. SeaBird is currently reviewing financial alternatives to cover such a potential working capital shortfall. However, no definitive agreements are currently in place, and there is a risk that such plans and agreements may not materialize. 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 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 significantly lower than their carrying values. Furthermore, goodwill and intangibles would be written off as their carrying values largely represent their values in use.

As a result of the significant market uncertainty as well as upcoming debt maturities, the company has engaged financial advisors to evaluate financial alternatives. Such alternatives may involve the raising of additional capital as well as refinancing or restructuring existing obligations. Any such transactions may result in a significant dilution to current shareholders.

The Board of Directors and Chief Executive Officer

SeaBird Exploration Plc
4 May 2017

Annette Malm Justad
Chairman

Hans Petter Klohs
Director

Kitty Hall
Director

Christophe Debouvry
Chief Executive Officer

Olav Haugland
Director

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION			
	As of 31 March		As of 31 December
All figures in $000's	2017 (Unaudited)	2016 (Unaudited)	2016 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	45,022	64,723	47,541
Multi-client library	2,699	2,916	3,099
Long term investment	120	5	120
	47,841	**67,644**	**50,760**
Current assets			
Inventories	1,226	3,081	1,275
Trade receivables	5,870	6,762	2,135
Other current assets	3,567	10,710	3,014
Cash and cash equivalents	8,782	10,087	15,047
	19,445	**30,640**	**21,471**
Total assets	**67,286**	**98,283**	**72,231**
EQUITY			
Shareholders' equity			
Paid in capital	218,690	218,690	218,690
Equity component of warrants	2,736	2,736	2,736
Equity component of convertible loan	–	–	–
Currency translation reserve	(407)	(407)	(407)
Share options granted	–	–	–
Retained earnings	(206,622)	(189,245)	(198,950)
	14,397	**31,774**	**22,069**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	–	30,885	23,262
Provision for end of service benefit	–	–	–
	-	**30,885**	**23,262**
Current liabilities			
Trade and other payables	13,516	17,615	12,330
Provisions	2,995	10,196	2,033
Loans and borrowings	31,078	2,448	7,355
Tax liabilities	5,300	5,366	5,182
	52,889	**35,625**	**26,900**
Total liabilities	**67,286**	**66,509**	**50,162**
Total equity and liabilities	**67,286**	**98,283**	**72,231**

CONSOLIDATED INTERIM STATEMENT OF INCOME			
	Quarter ended 31 March		Year ended 31 December
All figures in $000's	2017	2016	2016
	(Unaudited)	(Unaudited)	(Audited)
Revenues	8,445	25,959	72,074
Cost of sales	(8,314)	(15,008)	(41,913)
Selling, general and administrative expenses	(3,090)	(3,891)	(13,308)
Reversal of bad debt charges	110	–	4,509
Other income (expenses), net	22	339	1,069
Restructuring gain on leases	–	–	–
Earnings before interest, tax, depreciation and amortization (EBITDA)	**(2,867)**	**7,399**	**22,431**
Depreciation	(3,080)	(3,411)	(12,829)
Amortization	(399)	(431)	(2,795)
Impairment	–	–	(9,856)
Earnings before interest and taxes (EBIT)	**(6,306)**	**3,557**	**(3,050)**
Finance expense	(1,172)	(1,353)	(5,469)
Other financial items, net	12	(170)	1,129
Restructuring gain	–	–	–
Profit/(loss) before income tax	**(7,465)**	**2,034**	**(7,390)**
Income tax	(416)	(236)	(611)
Profit/(loss) continuing operations	**(7,881)**	**1,798**	**(8,001)**
Net profit/(loss) discontinued operations (note 1)	209	–	93
Profit/(loss) for the period	**(7,672)**	**1,798**	**(7,908)**
Profit/(loss) attributable to			
Shareholders of the parent	(7,672)	1,798	(7,908)
Earnings per share			
Basic	(2.50)	0.59	(2.58)
Diluted	(2.50)	0.59	(2.58)
Earnings per share from continued operations			
Basic	(2.57)	0.59	(2.61)
Diluted	(2.57)	0.59	(2.61)

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

All figures in $000's	Quarter ended 31 March 2017 (Unaudited)	Quarter ended 31 March 2016 (Unaudited)	Year ended 31 December 2016 (Audited)
Profit/(loss)	**(7,672)**	**1,798**	**(7,908)**
OTHER COMPREHENSIVE INCOME			
Net movement in currency translation reserve and other changes	–	–	–
Total other comprehensive income, net of tax	**-**	**-**	**-**
Total comprehensive income	**(7,672)**	**1,798**	**(7,908)**
Total comprehensive income attributable to			
Shareholders of the parent	(7,672)	1,798	(7,908)
Total	**(7,672)**	**1,798**	**(7,908)**

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

All figures in $000's	Quarter Ended 31 March 2017 (Unaudited)	Quarter Ended 31 March 2016 (Unaudited)	Year Ended 31 December 2016 (Audited)
Opening balance			
Profit/(loss) for the period	22,069	29,976	29,976
Increase/(decrease) in share capital	(7,672)	1,798	–
Increase/(decrease) equity component of warrants	–	–	(7,908)
Increase/(decrease) equity component of convertible loan	–	–	-
Share options granted	–	–	-
Net movements in currency translation reserve and other changes	–	–	-
Ending balance	**14,397**	**31,774**	**22,069**

CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

All figures in $000's	Quarter ended 31 March 2017 (Unaudited)	Quarter ended 31 March 2016 (Unaudited)	Year ended 31 December 2016 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before income tax	(7,465)	2,034	(7,390)
Adjustments for			
Depreciation, amortization and impairment	3,480	3,842	25,480
Other items	–	–	(1,450)
Movement in provision	(1,526)	(2,031)	(10,098)
Unrealized exchange (gain)/loss	(37)	164	124
Interest expense on financial liabilities	1,004	983	3,918
Paid income tax	(295)	(316)	(925)
(Increase)/decrease in inventories	48	10	1,816
(Increase)/decrease in trade and other receivables	(4,250)	9,000	21,582
Increase/(decrease) in trade and other payables	3,879	(7,564)	(12,377)
Net cash from operating activities	**(5,162)**	**6,123**	**20,680**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(561)	(701)	(3,310)
Multi-client investment	–	(8)	(2,257)
Long-term investment	–	–	(115)
Net cash used in investing activities	**(561)**	**(708)**	**(5,682)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of preference shares and warrants	–	–	–
Receipts from borrowings	–	78	–
Repayment of borrowings	8	(860)	(3,274)
Interest paid	(550)	(798)	(2,929)
Net movement in currency fluctuations	–	–	–
Net cash from financing activities	**(542)**	**(1,580)**	**(6,203)**
Net (decrease)/increase in cash and cash equivalents	**(6,265)**	**3,834**	**8,795**
Cash and cash equivalents at beginning of the period	**15,047**	**6,252**	**6,252**
Cash and cash equivalents at end of the period	**8,782**	**10,087**	**15,047**

NOTE 1: INTERIM STATEMENT OF INCOME FOR DISCONTINUED OPERATIONS			
	Quarter ended 31 March		Year ended 31 December
All figures in USD 000's	2017	2016	2016
	(Unaudited)	(Unaudited)	(Audited)
Revenues	–	–	–
Cost of sales	209	-	93
Selling, general and administrative expenses	–	–	–
Other income (expenses), net	–	–	–
Earnings before interest, tax, depreciation and amortization (EBITDA)	**209**	**-**	**93**
Depreciation and amortization	–	–	–
Impairment	–	–	–
Earnings before interest and taxes (EBIT)	**209**	**-**	**93**
Interest expense	–	–	–
Other financial items, net	–	–	–
Profit/(loss) before income tax	**209**	**-**	**93**
Income tax	-	–	–
Profit/(loss) discontinuing operations	**209**	**-**	**93**
Gain/(loss) on sale of OBN business	–	–	–
Net profit/(loss) from discontinued operations	**209**	**-**	**93**
Profit/(loss) attributable to			
Shareholders of the parent	209	–	93

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) 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 2016.

The consolidated financial statements for the year ended 31 December 2016 and quarterly reports are available at www.sbexp.com. The financial statements as of Q1 2017, as approved by the board of directors 4 May 2017, 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 2016 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 2016. 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 2017 was $3.1 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 2016 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 weighted average cost of capital (17%) 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 2018 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. For example, an impairment of $9 million would be required if day rates remain at current rates through the life of the vessels. Similarly, a ten percentage point reduction in utilization throughout the life of the vessels, would require an estimated impairment of $4 million.

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 the leased vessel Munin Explorer due to an extended lay-up period, a reduction in economic life, reduced utilization, reduced contract day rates or additional costs to redeliver the vessel to its owner.

Leased vessels provisions

The Munin Explorer is chartered on a bareboat contract that runs through October 2019, with a current day rate of $12,735 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. The company booked operational restructuring charges of net $7.7 million for Munin Explorer in 2015 and $0.2 million in 2016. During Q1 2017, SeaBird booked an additional non-recurring charge of $2.8 million to cover the cost of an extension of the lay-up period from Q3 2017 to Q1 2018. The provision covers the net present value of lay-up costs and capital expenditures less estimated profits for the remainder of the lease period. In the event that Munin Explorer is not reactivated at all, the company would incur the cost of remaining outstanding monthly charter hire amounting to $12.3 million and additional vessel stacking and redelivery costs until the end of the charter party, of which $3.0 million already has been provided for as a part of provisions as of 31 March 2017. In the event that the Munin Explorer reactivation is delayed with three months from 1 January 2018, an estimated additional charge of $1.8 million would be required.

The company incurred $1.5 million in operating costs and $0.0 million in interest expense that were charged against provisions on onerous leases in Q1 2017. Please see table below for additional details.

Provisions	USD millions
Opening balance 1 Jan 2017	2.0
Incurred cost	(1.5)
Changes in Munin Explorer provision estimate	2.8
Other changes in provision estimate	(0.3)
Interest expense	0.0
Ending balance 31 Mar 2017	**3.0**

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 2017 were $0.4 million (nil).

Multi-client amortization in Q1 2017 was $0.4 million ($0.4 million), of which $0.4 million was related to minimum amortization.

Multi-client impairment was nil in Q1 2017 (nil).

Multi-client library	USD millions
Opening balance 1 Jan 2017	3.1
Capitalized cost	–
Capitalized depreciation	–
Impairment	–
Amortization	(0.4)
Net book value 31 Mar 2017	**2.7**

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 and one unsecured note. The total book value of outstanding debt as per 31 March 2017 is $31.1 million. Please see table opposite for additional details.

Debt securities	USD millions
SHORT TERM DEBT	
Secured debt	
SBX04 bond loan, face value	29.3
Secured credit facility, face value	2.3
Unsecured debt	
Unsecured note, face value	0.9
Fair value adjustment and accumulated amortized interest*	(1.7)
Accrued interest	0.2
Current loans and borrowings 31 Mar 2017	**31.1**

*of which SBX04: $1.5 million, secured credit facility: $0.1 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. Furthermore, 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 $236 thousand, with the first instalment falling due 1 January 2016.

Aggregate maturities of loans and borrowings	USD millions
Quarter of repayment	
Q2 2017	2.4
Q3 2017	2.4
Q4 2017	2.4
Q1 2018	25.4
Total debt principal 31 Mar 2017	**32.6**

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, but has recorded selected tax liabilities in relation to the discontinued operations. The company had net income of $0.2 million 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 2017 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 2017.

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 very challenging market conditions, limited working capital, low level of firm contract backlog and negative cash flow development for the first half of the year, creates a material risk to this assumption. In the event that new backlog cannot be secured on satisfactory rates or at all, project performance is significantly worse than expected or contracts and other arrangements in respect of the employment of SeaBird's vessels are cancelled, or significantly delayed, the company would need to sell assets or raise additional financing, which would be required in or around third quarter 2017, which may not be available at that time. SeaBird is currently reviewing financial alternatives to cover such a potential working capital shortfall. However, no definitive agreements are currently in place, and there is a risk that such plans and agreements may not materialize. 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 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 significantly lower than their carrying values. Furthermore, goodwill and intangibles would be written off as their carrying values largely represent their values in use.

As a result of the significant market uncertainty as well as upcoming debt maturities, the company has engaged financial advisors to evaluate financial alternatives. Such alternatives may involve the raising of additional capital as well as refinancing or restructuring existing obligations. Any such transactions may result in a significant dilution to current shareholders.

SeaBird Exploration

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