Q217

SECOND QUARTER

SeaBird Exploration

2017 SUMMARY OBSERVATIONS FOR THE SECOND QUARTER

$2.6m	-$6.1m	18%	$22.3m
revenues for the quarter	adjusted EBITDA for the quarter	vessel utilization	in annual cost savings

Debt
restructuring completed

13
vessel months in announced new contract awards and LOIs

20
vessel months in TGS option agreement

SeaBird recorded a 18.4% active vessel utilization during the second quarter of 2017 compared to 36.4% in Q1. Seismic tender activity has picked up in 2017 relative to 2016, but contracting lead-time remains long with substantial competition and high market uncertainty. During quarter two, the company implemented a further reduction in onshore headcount and a complete conversion of all offshore crew contracts to flexible voyage contracts. The company continues its cost management program and is reviewing alternatives to further reduce expenses.

On 1 August, the company announced that all consents to the company's proposed restructuring had been received. The restructuring reduces debt and lease obligations by approximately $37.5 million and the remaining financial debt will be $5.7 million with no significant debt principal repayments until 2020 and interest and charter hire with a payment in kind option.

As previously announced to the market, the company is in urgent need of equity financing in order to enable the company to continue trading as a going concern and avoid initiating voluntary liquidation procedures in Cyprus. The company is in active dialogue with potential capital sources. Any issuance of further equity capital is likely to result in substantial dilution to existing shareholders. There can be no guarantee that sufficient additional financing is available in a timely manner.

- Revenues for the quarter were $2.6 million, a decrease of 88% compared to Q2 2016 and down 69% relative to Q1 2017.

- Contract revenues for the period were $2.4 million, down 89% from Q2 2016 and a decrease of 70% from Q1 2017.

- Multi-client revenues were $0.3 million, down from $0.8 million reported in Q2 2016 and a decrease from $0.4 million reported in Q1 2017.

- Adjusted EBITDA of negative $6.1 million. Reported EBITDA was negative $6.3 million compared to positive $6.3 million for Q2 2016 and negative $2.8 million for Q1 2017.

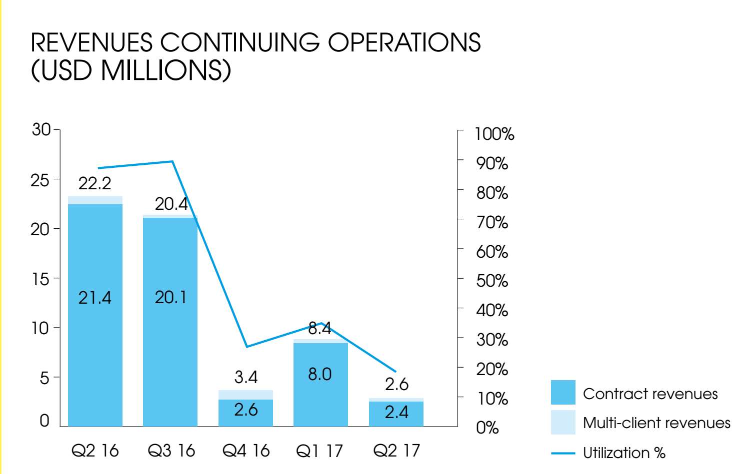
- Adjusted EBIT of negative $9.5 million. Reported EBIT for the quarter was negative $9.7 million compared to positive $1.9 million for Q2 2016 and negative $6.3 million for Q1 2017.

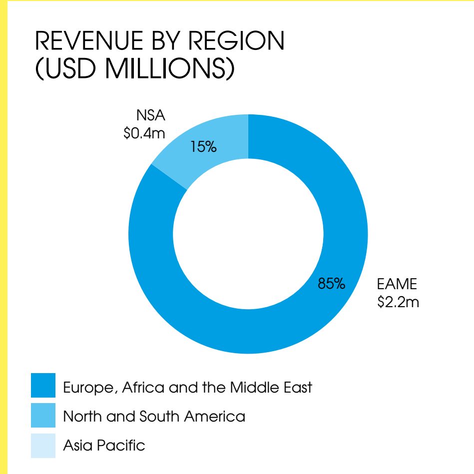
- Active vessel utilization for the period was 18.4%. Contract surveys during the second quarter represented 18.4% of vessel capacity compared to 74.9% during the second quarter 2016. Multi-client surveys accounted for 0% of vessel capacity compared to 7% in the second quarter 2016.

- Announced new contract awards and letters of intents amounting to thirteen vessel months; entered into option agreement with TGS Nopec to provide up to 600 vessel days of seismic services.

- Two vessels to commence operations in third quarter and expect these to remain active through 2017.

- Completed financial restructuring subsequent to quarter end; reducing debt and lease obligations by approximately $37.5 million, extending principal amount of remaining $5.7 million debt maturities until June 2020 and introducing payment-in-kind option.





Operational review

The second quarter of 2017 was challenging with continued weak seismic market demand. Total vessel utilization for the quarter was low as discussions were delayed on a number of surveys under review. In the beginning of the third quarter, the Voyager was chartered to qualify for local flag requirements in Asia and the vessel commenced a campaign which we expect to continue for the remainder of the year. We also expect the Osprey to commence operations in South America in the third quarter and to remain active in the area for the remainder of 2017.

Active vessel utilization for the second quarter of 2017 was 18.4%, down from 36.4% in the first quarter. Contract surveys represented 18.4% of vessel capacity compared to 36.4% for the first quarter of 2017. Technical downtime for the fleet was 1.6% in Q2 2017, up from 0.8% in Q1.

Harrier Explorer completed its 2D contract survey in the Caribbean early in the quarter. Osprey Explorer completed a 2D project in West Africa and commenced on a second 2D project in same region in the period. The Voyager Explorer was chartered for a source project in the Asia Pacific Region.

Northern Explorer and Aquila Explorer were not active on projects in the quarter while the Munin Explorer remained stacked.

Yard stay represented 0% of active vessel capacity during the quarter.

Multi-client surveys represented 0% of vessel utilization in the quarter, compared to 0% in the previous quarter and 7% in the same quarter last year. Multi-client revenues were $0.3 million in the period, compared to $0.4 million in the previous quarter.

During the quarter, the company signed a contract to provide a seismic source vessel for a survey in the Asia Pacific region starting in quarter three with an expected duration of five to six months. The company also signed a new 2D contract in West Africa starting in quarter two with a duration of approximately one month and a 2D survey letter of award for an additional two weeks in West Africa commencing in quarter two. Moreover, the company announced a new letter of intent for an upcoming 2D seismic survey in South America. The project will have a duration of approximately two and a half months. Additionally, the company has signed an agreement to provide a source vessel for an upcoming survey in South America with a duration of approximately two months.

Subsequent to quarter closing, the company announced a letter of intent to conduct a shallow water 3D seismic survey in the West Africa region with a duration of approximately two months. The project is anticipated to commence during the first half of 2018. The company also announced that it entered into an option agreement with TGS Nopec to provide up to 600 vessel days of seismic services. The agreement offers TGS access to one or more SeaBird vessels to perform seismic services on a global basis. Call-off under this option agreement may be made by TGS at its option throughout 2017 and the agreement will be extended through 2018 under certain conditions.

The company had non-recurring costs of $0.3 million during the quarter relating to legal fees for the ongoing financial restructuring. Additionally, the company booked a $0.1 million non-recurring gain in relation to the 2016 redelivery of Voyager Explorer.

Capital expenditures were $0.5 million during the quarter compared to $1.5 million in Q2 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 $2.2 million represented 85% of total Q2 revenues. Osprey Explorer completed a 2D project and started on a second 2D contract in the region towards the end of the quarter. The company also recognized $0.3 million in multi-client revenues from the region.

KEY HIGHLIGHTS

North and South America (NSA) revenues of $0.4 million represented 15% of total Q2 revenues. Harrier Explorer completed the remaining part of its 2D contract survey in the Caribbean early in the quarter.

Asia Pacific (APAC) revenues during the quarter were nil. The Voyager Explorer was chartered for an upcoming source contract in the region, but no revenues were recognized.

Outlook

Global seismic demand continued to be weak in the second 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.

We observed a significant pick-up in requests for quotes in the beginning of the year. Still, the third and fourth 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 REVIEW

Financial comparison

All figures below relate to continuing operations unless otherwise stated. For discontinued operations, see note 1. The company reports net loss of $11.2 million for Q2 2017 (net profit of $0.1 million in the same period in 2016).

Revenues were $2.6 million in Q2 2017 ($22.2 million). The decreased revenues are primarily due to lower utilization.

Revenues for first half of 2017 were $11.1 million ($48.2 million).

Cost of sales was $5.6 million in Q2 2017 ($12.9 million). The decrease is predominantly due to relatively low project activity and implemented cost cutting efforts partially offset by an additional $1.2 million in Voyager Explorer rigging costs.

For the first half of 2017, cost of sales amounted to $13.9 million, down from $27.9 million for same period during 2016.

SG&A was $3.4 million in Q2 2017, up from $3.2 million in Q2 2016. The increase is principally due to advisory costs in relation to the restructuring of the company partially offset by reduced headcount.

SG&A for the first half of 2017 was $6.5 million ($7.1 million).

Reversal of bad debt charges was $0.1 million in Q2 2017.

Reversal of bad debt charges for the first half was $0.2 million.

Other income (expense) was $0.0 million in Q2 2017 ($0.2 million).

Other income (expense) for the first half was $0.0 million ($0.5 million).

EBITDA was negative $6.3 million in Q2 2017 (positive $6.3 million).

EBITDA for first half of 2017 was negative $9.1 million (positive $13.7 million).

Depreciation, amortization and impairment were $3.5 million in Q2 2017 ($4.3 million).

For the first half of 2017, depreciation amortization and impairment were $6.9 million ($8.2 million).

Finance expense was $1.3 million in Q2 2017 ($1.5 million).

For the first half of 2017 finance expense was $2.5 million ($2.9 million).

Other financial items were negative $0.1 million in Q2 2017 (negative $0.1 million).

For the first half of 2017, other financial items were negative $0.1 million (negative $0.2 million).

Income tax expense was $0.0 million in Q2 2017 ($0.3 million).

For the first half of 2017 income tax expense was $0.4 million ($0.5 million).

Capital expenditures in the quarter were $0.5 million ($1.5 million).

Multi-client investment was nil in Q2 2017 ($0.7 million).

Liquidity and financing

Cash and cash equivalents at the end of the period were $3.3 million ($8.1 million in Q2 2016), of which $0.3 million was restricted in connection with deposits and taxes. Net cash from operating activities was negative $4.7 million in Q2 2017 (positive $1.5 million in Q2 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 $28.9 million per Q2 2017 (nominal value of $29.3 million plus accrued interest of $0.7 million plus amortized interest of $3.3 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 scheduled 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 Q2 2017 was nil. The bond is listed on Nordic ABM, and it is traded with ticker SBEF01 PRO and SBEF02 PRO for the respective two bond tranches.

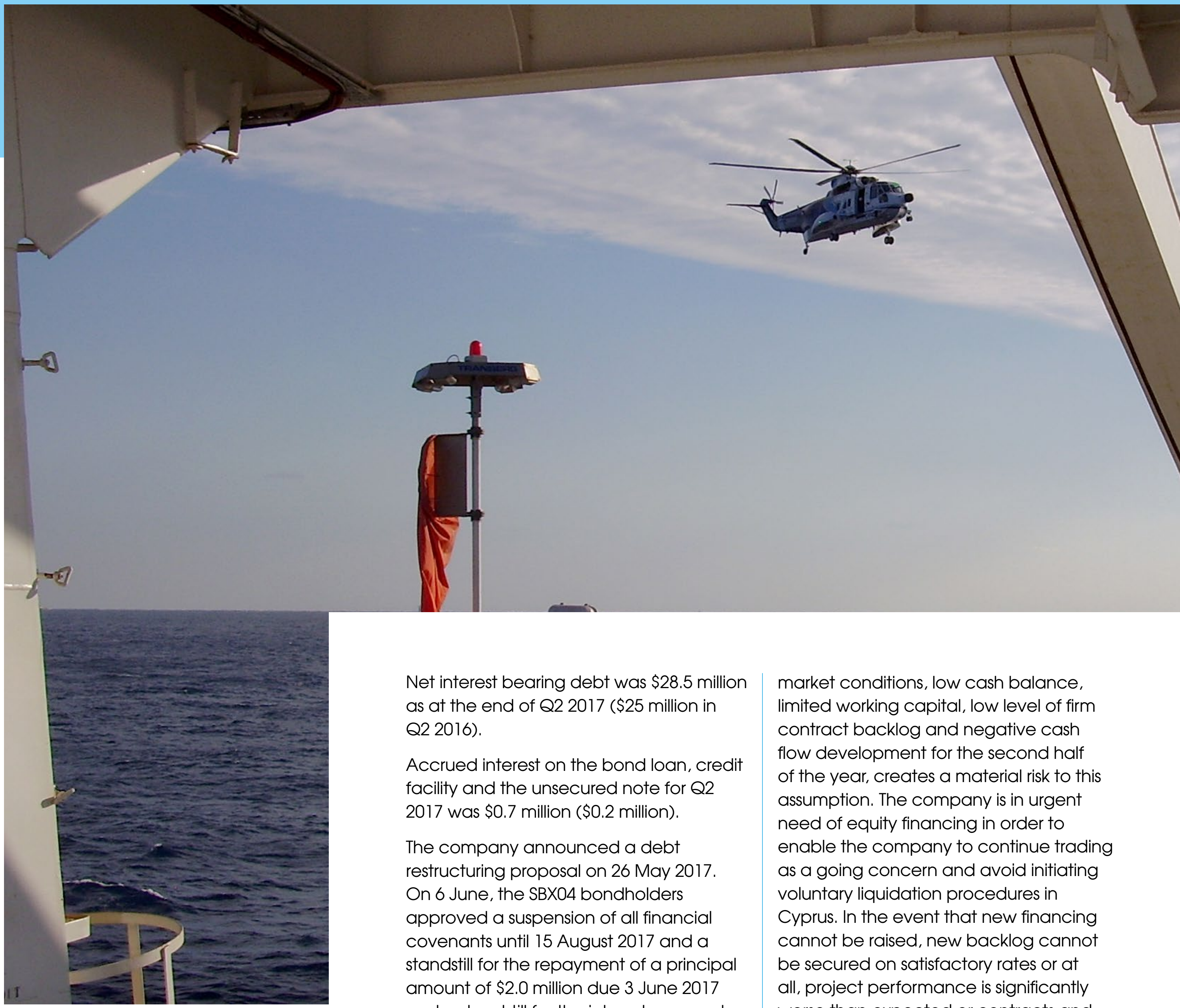
The three-year secured credit facility is recognized at amortized cost of $2.3 million (nominal value of $2.4 million plus accrued interest of $0.04 million plus amortized interest $0.3 million less fair value adjustment of $0.4 million). Coupon interest rate is 6.0%. Interest is to be paid quarterly 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 scheduled to start on 3 June 2017. Principal repayments during Q2 2017 amounted to $0.4 million and additional amounts drawn on the credit facility during the period was $0.4 million. Interest paid during Q2 2017 was nil.

The three year unsecured loan is recognized at amortized cost of $0.7 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 $1.4 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 Q2 2017 was $0.01 million and principal repayments during Q2 2017 was $0.2 million.

KEY FIGURES – CONTINUING OPERATIONS

	Quarter ended 30 June		Six months ended 30 June		Year ended 31 December
All figures in USD 000's (except for EPS and equity ratio)	2017	2016	2017	2016	2016
Revenues	2,648	22,225	11,093	48,184	72,074
EBITDA	(6,259)	6,259	(9,085)	13,658	22,431
EBIT	(9,720)	1,911	(16,026)	5,468	(3,050)
Profit/(loss)	(11,160)	78	(19,041)	1,875	(8,001)
Earnings per share (diluted)	(3.64)	0.03	(6.21)	0.61	(2.61)
Cash flow operating activities	(4,666)	1,542	(9,828)	7,665	20,680
Capital expenditures	(460)	(1,452)	(1,020)	(2,153)	(3,310)
Total assets	55,691	96,625	55,691	96,625	72,231
Net interest bearing debt	28,545	24,964	28,545	24,964	15,569
Equity ratio	5.8%	33.0%	5.8%	33.0%	30.6%

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



Net interest bearing debt was $28.5 million as at the end of Q2 2017 ($25 million in Q2 2016).

Accrued interest on the bond loan, credit facility and the unsecured note for Q2 2017 was $0.7 million ($0.2 million).

The company announced a debt restructuring proposal on 26 May 2017. On 6 June, the SBX04 bondholders approved a suspension of all financial covenants until 15 August 2017 and a standstill for the repayment of a principal amount of $2.0 million due 3 June 2017 and a standstill for the interest payment due 3 June 2017. Please see restructuring and subsequent events section below for further details.

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, low cash balance, limited working capital, low level of firm contract backlog and negative cash flow development for the second half of the year, creates a material risk to this assumption. The company is in urgent need of equity financing in order to enable the company to continue trading as a going concern and avoid initiating voluntary liquidation procedures in Cyprus. In the event that new financing cannot be raised, 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 may not be available at that time. SeaBird is working closely with its financial advisors to raise additional capital. Still, no firm commitments are currently in place. 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. Furthermore, goodwill and intangibles would be written off as their carrying values largely represent their values in use.

The company is working closely with its financial advisors to evaluate financial alternatives and raise additional capital. The restructuring of the company's debt and lease obligations has been completed subsequent to quarter end. Any issue of further equity capital is likely to result in substantial dilution to existing shareholders. There can be no guarantee that sufficient additional financing is available in a timely manner, and the absence of additional financing would have the effect that the company will be unable to continue operations.

Important events in the first half of the year

The company signed six new contracts during the first half of the year; two source work awards and four 2D surveys.

On 10 May 2017, the annual general meeting of the company was held. At this meeting, board members Annette Malm Justad (Chairman), Kitty Hall (Director), Olav Haugland (Director) and Hans Petter Klohs (Director) were re-elected for a new term.

During the first half of the year, the company together with its financial advisors continued to evaluate financial alternatives in close dialogue with its bondholders, other key creditors and main shareholders. On 26 May, the company announced a debt restructuring proposal, which following an approval from all parties would reduce debt and lease obligations in the company by approximately $37.5. On 6 June 2017 and 13 June, the bondholders of SBX04 and the company's shareholders, respectively, approved the restructuring proposal with the requisite majority. Please see restructuring section below for additional details on the restructuring proposal.

Restructuring and subsequent events

On 26 May 2017, the company announced a financial restructuring proposal to reduce indebtedness and extension of debt maturities to 30 June 2020. Moreover, all required consents for the restructuring had been obtained as of 1 August 2017:

• The company signed an agreement with Glander whereupon $1,911,896 of the principal amount and all accrued interest as of 3 June 2017 owed to Glander under the Glander Credit Facility shall be irrevocably repaid and discharged upon the issuance of SeaBird shares to Glander at NOK 5.00 per share and that the remaining claim of Glander under the Glander Credit Facility shall be irrevocably repaid and discharged upon the issuance of SeaBird shares to Glander at NOK 5.00 per share and that the remaining claim of Glander under the Glander Credit Facility of $440,591 will be amended with the maturity date being extended until 30 June 2020, no principal payments until 30 June 2020 and the introduction of payment-in-kind interest for all interest payments to be made under the Glander Credit Facility.

• The company entered into an Exchange Agreement and a confirmation with TGS that all SBX04 Bonds outstanding under Tranche A shall be transferred to the company and that any interest on such SBX04 Bonds shall be irrevocably discharged in exchange for the transfer of title to the majority of the company's multi-client library assets to TGS, and confirmation that the Company has cancelled all SBX04 Bonds under Tranche A. As part of the agreement there will be a 60 days post-closing due diligence period where TGS will have the opportunity to return to SeaBird certain parts of the multi-client libraries that they may elect not to take ownership of. In relation to this agreement between the company and TGS there has also been established an Income Distribution Agreement between TGS and the Bond Trustee that will secure the Tranche B bondholders and Glander 25% of the income from any utilization, sale or other disposal of the multi-client libraries by TGS, less costs (defined as 10% of sales).

• The company entered into an agreement with the SBX04 bondholders to convert ~81.5% of tranche B of the SBX04 bond loan including accrued interest, as of 3 June 2017, in an aggregate amount of approximately $20.15 million into equity at an offer price reflecting a subscription price of equity at NOK 5.00 per share and that the remaining claim of SBX04, tranche B be of $4,559,409 will be amended with the maturity date being extended until 30 June 2020, no principal payments until 30 June 2020 and the introduction of payment-in-kind interest for all interest payments to be made under the SBX04 bond loan.

• The company also entered into an addendum to the Munin Charter Contract pursuant to which the charter period for the Munin Charter Contract will be extended to 30 June 2020, the charter hire will be reduced to $2,088 per day for the period from 3 June 2017 until 30 June 2020 and where the new charter hire can, at the company's discretion, be accumulated and not paid in cash before 30 June 2020. In accordance with this addendum, the difference between the new charter hire of $2,088 per day and the remaining and unpaid previous charter hire shall be converted into shares at NOK 5.00 per share in accordance with the terms of the restructuring.

The financial restructuring will affect multiple reporting lines in the company's balance sheet and profit and loss statement. The converted portion of the debt exchanged for equity will lead to a reduction in debt and increase in equity.

The SBX04 Tranche A bond loan will be exchanged for the multi-client library as a part of the agreement with TGS Nopec. The effect of this transaction is that SBX04 Tranche A and the multi-client library will be derecognized while the company will book a restructuring gain and an increase in retained earnings.

The main accounting effect of the revised Munin charter agreement is that related trade payables and the future charter hire will be substantially reduced in exchange for the issuance of new shares to Ordinat Shipping. The issuance of the new shares will increase the company's share capital.

On 6 June 2017, the bondholders of SBX04 approved the restructuring proposal with the requisite majority in a bondholder meeting. Furthermore, on 13 June 2017, the company held an extraordinary general meeting to approve the conversion of debt into equity and to approve the restructuring. All proposals on the agenda were adopted with requisite majority.

On 1 August 2017, the company announced that all consents required for the restructuring had been obtained. The company effectuated the closing of the restructuring on 7 August, including the issuance of 54,389,711 new shares. The total number of shares in the company after issuance of the new shares will be 57,455,145.

The Company will as a consequence of the restructuring reduce its debt and lease burden by approximately $37.5 million, have $5.7 million in outstanding financial debt and have no significant debt maturities until 30 June 2020. Additionally, all financial covenants throughout the term of the SBX04 bond agreement have been suspended.

As stated in the liquidity and financing section, the company requires additional funding for working capital purposes. The company continues its efforts to raise additional capital and is in active dialogue with potential capital sources in such respect. Any equity transaction will require the increase of authorized share capital. On 17 August, the company held an extraordinary general meeting and obtained shareholders' approval for such an equity issue. Any issue of further equity capital is likely to result in substantial dilution to existing shareholders.

Responsibility statement

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2017, which have been prepared in accordance with IAS 34 "Interim Financial Reporting", gives a true and fair view of the company's consolidated assets, liabilities, financial position and results of operations. We also confirm that, to the best of our knowledge, the first half 2017 report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year and major related parties' transactions.

The Board of Directors and Chief Executive Officer

SeaBird Exploration Plc
17 August 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

All figures in $000's	As of 30 June 2017 (Unaudited)	As of 30 June 2016 (Unaudited)	As of 31 December 2016 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	42,392	62,569	47,541
Multi-client library	2,327	2,708	3,099
Long term investment	120	131	120
	44,839	**65,408**	**50,760**
Current assets			
Inventories	1,101	2,903	1,275
Trade receivables	3,630	11,689	2,135
Other current assets	2,828	8,538	3,014
Cash and cash equivalents	3,294	8,087	15,047
	10,852	**31,217**	**21,471**
Total assets	**55,691**	**96,625**	**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	(217,782)	(189,168)	(198,950)
	3,237	**31,851**	**22,069**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	–	27,990	23,262
Provision for end of service benefit	–	–	–
	-	**27,990**	**23,262**
Current liabilities			
Trade and other payables	13,935	17,915	12,330
Provisions	1,618	8,453	2,033
Loans and borrowings	31,839	5,061	7,355
Tax liabilities	5,064	5,355	5,182
	52,454	**36,784**	**26,900**
Total liabilities	**52,454**	**64,773**	**50,162**
Total equity and liabilities	**55,691**	**96,625**	**72,231**

CONSOLIDATED INTERIM STATEMENT OF INCOME					
	Quarter ended 30 June		Six months ended 30 June		Year ended 31 December
All figures in $000's	2017	2016	2017	2016	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenues	2,648	22,225	11,093	48,184	72,074
Cost of sales	(5,604)	(12,908)	(13,918)	(27,916)	(41,913)
Selling, general and administrative expenses	(3,368)	(3,230)	(6,458)	(7,121)	(13,308)
Reversal of bad debt charges	66	–	176	–	4,509
Other income (expenses), net	–	172	22	511	1,069
Restructuring gain on leases	–	–	–	–	–
Earnings before interest, tax, depreciation and amortization (EBITDA)	**(6,259)**	**6,259**	**(9,085)**	**13,658**	**22,431**
Depreciation	(3,089)	(3,485)	(6,169)	(6,895)	(12,829)
Amortization	(372)	(863)	(771)	(1,295)	(2,795)
Impairment	–	–	–	–	(9,856)
Earnings before interest and taxes (EBIT)	**(9,720)**	**1,911**	**(16,026)**	**5,468**	**(3,050)**
Finance expense	(1,318)	(1,501)	(2,490)	(2,854)	(5,469)
Other financial items, net	(138)	(53)	(126)	(223)	1,129
Restructuring gain	–	–	–	–	–
Profit/(loss) before income tax	**(11,176)**	**357**	**18,642**	**2,391**	**(7,390)**
Income tax	16	(279)	(399)	(516)	(611)
Profit/(loss) continuing operations	**(11,160)**	**78**	**(19,041)**	**1,875**	**(8,001)**
Net profit/(loss) discontinued operations (note 1)	–	–	209	–	93
Profit/(loss) for the period	**(11,160)**	**78**	**(18,832)**	**1,875**	**7,908**
Profit/(loss) attributable to					
Shareholders of the parent	(11,160)	78	(18,832)	1,875	(7,908)
Earnings per share					
Basic	(3.64)	0.03	(6.14)	0.61	(2.58)
Diluted	(3.64)	0.03	(6.14)	0.61	(2.58)
Earnings per share from continued operations					
Basic	(3.64)	0.03	(6.21)	0.61	(2.61)
Diluted	(3.64)	0.03	(6.21)	0.61	(2.61)

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 30 June		Six months ended 30 June		Year ended 31 December
All figures in $000's	2017	2016	2017	2016	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Profit/(loss)	**(11,160)**	**78**	**(18,832)**	**1,875**	**(7,908)**
OTHER COMPREHENSIVE INCOME					
Net movement in currency translation reserve and other changes	–	–	–	–	–
Total other comprehensive income, net of tax	**-**	**-**	**-**	**-**	**-**
Total comprehensive income	**(11,160)**	**78**	**(18,832)**	**1,875**	**(7,908)**
Total comprehensive income attributable to					
Shareholders of the parent	(11,160)	78	(18,832)	1,875	(7,908)
Total	**(11,160)**	**78**	**(18,832)**	**1,875**	**(7,908)**

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Six months ended 30 June		Year ended 31 December
All figures in $000's	2017	2016	2016
	(Unaudited)	(Unaudited)	(Audited)
Opening balance	22,069	29,976	29,976
Profit/(loss) for the period	(18,832)	1,875	(7,908)
Increase/(decrease) in share capital			
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	–	–	–
Ending balance	**3,237**	**31,851**	**22,069**

CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

All figures in $000's	Quarter ended 30 June 2017 (Unaudited)	Quarter ended 30 June 2016 (Unaudited)	Six months ended 30 June 2017 (Unaudited)	Six months ended 30 June 2016 (Unaudited)	Year ended 31 December 2016 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before income tax	(11,176)	357	(18,642)	2,391	(7,390)
Adjustments for					
Depreciation, amortization and impairment	3,461	4,348	6,941	8,190	25,480
Other items	–	–	–	–	(1,450)
Movement in provision	(1,457)	(2,147)	(2,983)	(4,178)	(10,098)
Unrealized exchange (gain)/loss	(32)	(27)	(69)	137	124
Interest expense on financial liabilities	1,011	989	2,015	1,972	3,918
Paid income tax	(226)	(286)	(521)	(602)	(925)
(Increase)/decrease in inventories	126	178	174	188	1,816
(Increase)/decrease in trade and other receivables	3,010	(2,891)	(1,239)	6,272	21,582
Increase/(decrease) in trade and other payables	617	1,021	4,496	(6,705)	(12,377)
Net cash from operating activities	**(4,666)**	**1,542**	**(9,828)**	**7,665**	**(20,680)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures	(460)	(1,452)	(1,020)	(2,153)	(3,310)
Multi-client investment	–	(556)	–	(564)	(2,257)
Long-term investment	–	–	–	–	(115)
Net cash used in investing activities	**(460)**	**(2,008)**	**(1,020)**	**(2,717)**	**(5,682)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of preference shares and warrants	–	–	–	–	–
Receipts from borrowings	–	–	–	–	–
Repayment of borrowings	(237)	(703)	(229)	(1,485)	(3,274)
Interest paid	(127)	(830)	(677)	(1,628)	(2,929)
Net movement in currency fluctuations	–	–	–	–	–
Net cash from financing activities	**(363)**	**(1,533)**	**(906)**	**(3,113)**	**(6,203)**
Net (decrease)/increase in cash and cash equivalents	**(5,489)**	**(2,000)**	**(11,754)**	**1,835**	**8,795**
Cash and cash equivalents at beginning of the period	**8,782**	**10,087**	**15,047**	**6,252**	**6,252**
Cash and cash equivalents at end of the period	**3,294**	**8,087**	**3,294**	**8,087**	**15,047**

NOTE 1: INTERIM STATEMENT OF INCOME FOR DISCONTINUED OPERATIONS					
	Quarter ended 30 June		Six month ended 30 June		Year ended 31 December
All figures in USD 000's	2017	2016	2017	2016	2016
	(Unaudited)	(Unaudited)	(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 Q2 2017, as approved by the board of directors 17 August 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

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 $8.3 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 $3.1 million. The changes in these estimates from the previous quarter is largely due to reduced book values of the company's vessels.

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, $0.2 million in 2016 and $2.8 million in Q1 2017. The vessel is currently expected to return to operation in 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 $11.2 million and additional vessel stacking and redelivery costs until the end of the charter party, of which $1.6 million already has been provided for as a part of provisions as of 30 June 2017. In the event that the Munin Explorer reactivation is delayed with three months from 1 January 2018, an estimated additional charge of $1.6 million would be required. Subsequent to quarter closing, the company negotiated reduced monthly bareboat charges for the vessel as a part of the ongoing restructuring. Please see section restructuring and subsequent events for additional details.

The company incurred $1.5 million in operating costs and $0.1 million in interest expense that were charged against provisions on onerous leases in Q2 2017. Please see table below for additional details.

Provisions	USD millions
Opening balance 1 April 2017	3.0
Incurred cost	(1.5)
Interest expense	0.1
Ending balance 30 Jun 2017	**1.6**

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 Q2 2017 were $0.3 million ($0.8 million).

Multi-client amortization in Q2 2017 was $0.4 million ($0.9 million), of which $0.4 million was related to minimum amortization.

Multi-client impairment was nil in Q2 2017 (nil).

Multi-client library	USD millions
Opening balance 1 April 2017	2.7
Capitalized cost	–
Capitalized depreciation	–
Impairment	–
Amortization	(0.4)
Net book value 30 Jun 2017	**2.3**

Debt securities and maturities

The company has one bond loan (SBX04; SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2018), ne secured credit facility and one unsecured note. The total book value of outstanding debt as per 30 June 2017 is $31.8 million. Please see table below for additional details.

Debt securities	USD millions
SHORT TERM DEBT	
Secured debt	
SBX04 bond loan, face value	29.3
Secured credit facility, face value	2.4
Unsecured debt	
Unsecured note, face value	0.7
Fair value adjustment and accumulated amortized interest*	(1.3)
Accrued interest	0.7
Current loans and borrowings 30 Jun 2017	**31.8**

*of which SBX04: $1.2 million, secured credit facility: $0.1 million, unsecured note: $0.0 million

The SBX04 bond loan and the credit facility matures 3 March 2018. The bond loan has principal amortization with scheduled 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.

The company has obtained payment waivers for its debt as a part of the ongoing restructuring. Please see the restructuring and subsequent events section for further details.

Aggregate maturities of loans and borrowings	USD millions
Quarter of repayment	
Q3 2017*	4.3
Q4 2017	2.6
Q1 2018	25.4
Total debt principal 30 Jun 2017	**32.4**

*includes Q2 2017 principal repayment of SBX04 and credit facility

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 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 share options

The total number of ordinary shares at 30 June 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. Please see subsequent events section for a description of the updated share count following the restructuring that was implemented in August 2017.

The company has no share options outstanding as at 30 June 2017.

SeaBird Exploration Finance

SeaBird Exploration Finance Limited, as the issuer of 'SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2018' ('SBX04'), has the following intra-group loans with other SeaBird entities as of 30 June 2016:

	USD $000's
RECEIVABLES	
SeaBird Exploration Cyprus Ltd	29,195
Aquila Explorer Inc	16,340
Osprey Navigation Company Inc	14,084
SeaBird Exploration Crewing Ltd	6,806
Hawk Navigation Company Ltd	3,630
SeaBird Exploration Vessels Ltd	3,157
SeaBird Exploration Multi-Client Ltd	3,059
Munin Navigation Company Ltd	2,028
SeaBird Exploration Norway AS	1,084
SeaBird Exploration Nigeria Ltd	924
SeaBird Crewing Mexico	642
Oreo Navigation Company Ltd	336
SeaBird Exploration Americas Inc	187
SeaBird Exploation APAC Ltd - Indonesia branch	35
GeoBird Management I Middle East FZ LLC	25
Velodyne Shipping Ltd	8
Byrd Investment Ltd	7
Total receivables from intra-group companies	**81,547**
PAYABLES	
Sana Navigation Company Inc	(27,192)
SeaBird Exploration Plc	(14,046)
Seabed Navigation Company Ltd	(3,685)
SeaBird Exploration FZ LLC	(2,656)
SeaBird Exploration Asia Pacific PTE Ltd	(1,244)
SeaBird Exploration Shipping AS	(1,197)
Raven Navigation Company Ltd	(921)
SeaBird Seismic Mexico	(761)
GeoBird Management AS	(152)
Harrier Navigation Company Inc	(118)
Silver Queen Maritime Ltd	(80)
SeaBird Exploration Management AS	(1)
Total payables to intra-group companies	**(52,052)**
Total net receivables from intra-group companies	**29,495**

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, low cash balance, limited working capital, low level of firm contract backlog and negative cash flow development for the second half of the year, creates a material risk to this assumption. The company is in urgent need of equity financing in order to enable the company to continue trading as a going concern and avoid initiating voluntary liquidation procedures in Cyprus. In the event that new financing cannot be raised, 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 may not be available at that time. SeaBird is working closely with its financial advisors to raise additional capital. Still, no firm commitments are currently in place. 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. Furthermore, goodwill and intangibles would be written off as their carrying values largely represent their values in use.

The company is working closely with its financial advisors to evaluate financial alternatives and raise additional capital. The restructuring of the company's debt and lease obligations has been completed subsequent to quarter end. Any issue of further equity capital is likely to result in substantial dilution to existing shareholders. There can be no guarantee that sufficient additional financing is available in a timely manner, and the absence of additional financing would have the effect that the company will be unable to continue operations.

SeaBird Exploration

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