Q3 18

THIRD QUARTER

SeaBird Exploration

CONTENTS

$5.4 m

revenues

$-2.8 m

EBITDA

55%

utilization

$16.7 m

Equity issued in Q3

2018 SUMMARY OBSERVATIONS FOR THE THIRD QUARTER

SeaBird recorded revenues of $5.4 million in Q3 compared to $2.9 million in Q2. EBITDA was negative $2.8 million in the quarter compared to negative $2.3 million in Q2.

The reactivation of the Harrier Explorer and the commencement of two ocean bottom surveys (OBN) and two 2D surveys led to 55% vessel utilization in Q3 2018, compared to 22% in Q2 2018.

The reactivation of the Harrier Explorer as well as seismic equipment upgrades on the fleet negatively affected costs and start-up timing in the period.

The improved oil & gas sentiment seen earlier in the year continued in quarter three. Tendering activity was significantly up from previous periods. Moreover, new tenders were relatively evenly balanced between source contracts and streamer surveys.

Most contracts year to date have been related to ocean bottom seismic surveys (OBN) largely driven by the Oil & gas companies focus on increased oil recovery on producing fields. The OBN market is thus experiencing strong growth with tenders coming from all regions. A high proportion of the OBN tenders is resulting in source vessel contract awards.

We now also see an increased number of exploration related 2D and 3D streamer survey tenders. However, pre-funding of planned 2D and 3D surveys is still lagging.

The company had three active vessels during the quarter and one vessel warm stacked. We expect to maintain the same three vessels in operation for the remainder of the year and expect utilization for Q4 to remain generally in line with Q3.

In early quarter three, we announced the acquisition of the 2009-built 3D vessel Geowave Voyager (to be renamed Eagle Explorer), including 40 kilometers of Sercel solid streamers and related other seismic equipment. This acquisition represents a significant upgrade of our fleet and it substantially improves our streamer pool. We expect to take delivery of the vessel late November 2018 and the vessel is then scheduled for a 10 year class docking. We would, as a result, anticipate increased capital expenditures next quarter and additional operating expenses relative to the general operating expense level year to date to ready this new vessel for the market.

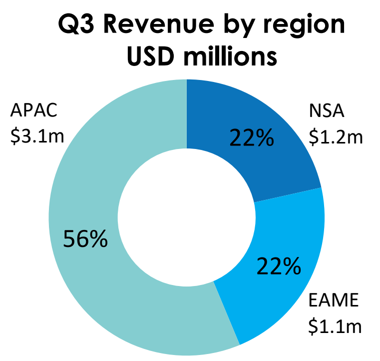
The acquisition of the Eagle Explorer follows the chartering of the vessel Voyager Explorer, which is a 2005 built vessel, well suited for source, 2D and niche 3D (including shallow water) operations. Following these transactions, we have significantly strengthened our service offering, providing two modern vessels for operations in source, 2D and niche 3D and three vessels targeting source and 2D surveys. Moreover, Eagle Explorer can be modified for use as a node laying vessel in the ocean bottom seismic market.

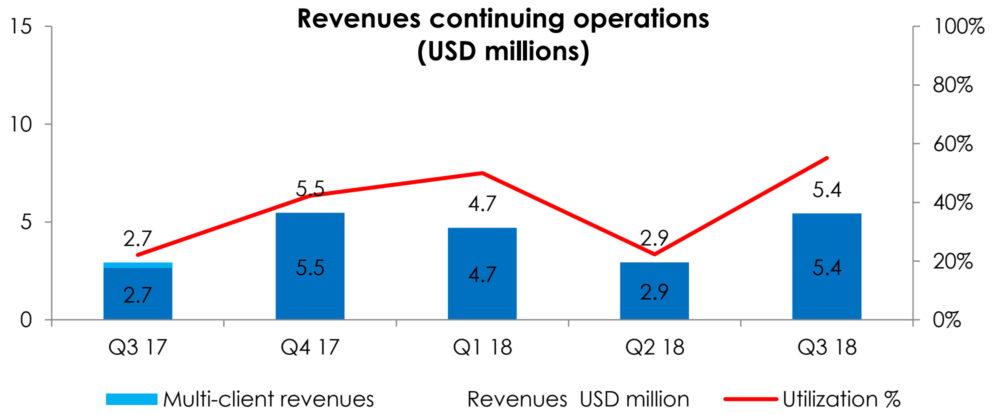
We are continuing to assess a number of opportunities to further strengthen our fleet and service offering in the industry.

Key financial and operational figures

- Revenues for the quarter were $5.4 million, compared to $2.9 million Q2 2018 and $2.7 million Q3 2017.
- Reported EBITDA for the quarter was negative $2.8 million compared to negative $2.3 million for Q2 2018 and negative $14.4 million for Q3 2017.
- Reported EBIT for the quarter was negative $4.2 million compared to negative $4.0 million for Q2 2018 and negative $25.6 million for Q3 2017.
- Capital expenditures were $1.2 million during the quarter compared to $0.1 million in Q3 2017.
- Vessel utilization for the quarter was 55%, compared to 22% in Q2 2018 and 22% in Q3 2017.

KEY HIGHLIGHTS





Operational review

Vessel utilization for the third quarter of 2018 was 55.1%, up from 22.3% in the second quarter. Contract surveys represented 47.0% of vessel capacity compared to 22.3% for the second quarter of 2018. Multi-client projects represented 8.2% of vessel capacity compared to nil in the second quarter of 2018. Technical downtime for the fleet was 2.9% in Q3 2018, up from 1.5% in Q2. Yard stay represented 3.3% of vessel capacity during the quarter. Lost time injury frequency (LTIF) rate for the quarter was 0.0.

Voyager Explorer completed a source contract in South East Asia early in the quarter and mobilized for an additional source project in the same region during the quarter. The new project has an estimated production duration of three months and is still in the mobilization phase. Osprey Explorer started late Q3 on its source project in the US Gulf of Mexico, somewhat delayed due to technical upgrade of the source equipment. Harrier Explorer completed a 2D contract survey early September and started on its follow-on multi-client survey on the Norwegian continental shelf acquiring about 1,400 km before the end of the quarter. The productivity was negatively affected by bad weather. Aquila Explorer was not active on projects in the quarter.

Vessel operating costs in the quarter were negatively impacted by approximately $2 million due to seismic equipment upgrades for the fleet, delayed project start-up for the Osprey Explorer and deferred mobilization costs from quarter two.

Separately, the company agreed to a reduced standby rate for another vessel due to a client's delayed project start-up, which diluted the average revenue day rate for the project, but increased total backlog.

Harrier Explorer completed its scheduled yard stay in the period.

Multi-client revenues were $ nil in the period. Multi-client investments net of partner contribution were $0.6 million in the period.

Regional review

Asia Pacific (APAC) represented the largest portion of revenues during the quarter. APAC revenues of $3.1 million represented 56% of total Q3 revenues. Voyager Explorer completed a source project and started on its additional source contract in South East Asia towards the end of the quarter.

Europe, Africa and Middle East (EAME) revenues of $1.1 million represented 22% of total Q3 revenues. Harrier Explorer completed a contract survey in Northern Europe and started working on the multi-client project in the same area.

North and South America (NSA) revenues of $1.2 million represented 22% of total Q3 revenues. Osprey Explorer started on its source contract in North and South America (NSA) towards the end of the quarter.

Contract awards and important events

Early in the quarter, the company announced that it received a letter of award to provide a source vessel for an upcoming seismic project in the Asia Pacific region with an estimated duration of approximately three months. The company also announced that it signed a partnership agreement with MCG to conduct a 6,000 km multi-client 2D Deep Imaging Campaign on the Norwegian continental shelf, including cross-border lines to the United Kingdom continental shelf. The company will be entitled to 50% of all future revenue from sales of the acquired data. Subsequent to quarter end, significant additional prefunding commitment was secured from an oil major and the program has been extended to 16,000 km (see subsequent events section for further details).

During the quarter, the company announced an agreement to acquire the Geowave Voyager and certain seismic equipment from CGG, for a cash consideration of $17 million with a transfer of ownership late November 2018. As part of the agreement, the company will receive a preferred supplier status with CGG when using the vessel as source and 2D vessel.

Late in the quarter, the company announced that it received a letter of intent from a repeat client to provide two source vessels for an OBN seismic survey in the Americas region. The OBN survey is expected to commence in Q1 2019 with an expected combined duration of three to four vessel months.

Outlook

Oil prices and oil exploration macro indicators have continued to improve in 2018. This market improvement has resulted in a substantial increase in seismic survey tenders and we expect the increased tender volume to continue for the rest of the year. Current tender discussions are still in the planning phase and relate primarily to potential contracts commencing in 1H 2019.

To date in 2018, seismic spending has to a great extent been targeting ocean bottom seismic surveys and this has resulted in a commensurate increase in source vessel demand. We expect the growing volume of ocean bottom seismic surveys to continue for the rest of the year with tenders coming from all regions.

In Q3 2018, the tender requests for streamer surveys increased significantly and we expect this trend to continue for the rest of the year. A growing number of inquiries for both 2D and niche 3D seismic surveys are expected to result in growing streamer vessel demand. However, seismic spending related to pre-funding of planned 2D and 3D surveys has so far been lagging OBN related seismic spending.

Overall, SeaBird is well positioned to capitalize on the recovery in the seismic market and to benefit from its financial position with limited leverage and a net positive cash balance. We intend to continue to evaluate further steps to optimize our fleet as well as our broader coverage of the seismic industry.

Financial comparison

All figures below relate to continuing operations unless otherwise stated. For discontinued operations, see note 1. The company reports a net loss of $4.6 million for Q3 2018 (net loss of $26.0 million in the same period in 2017).

Revenues were $5.4 million in Q3 2018 ($2.7 million). The increased revenues are primarily due to higher utilization.

Cost of sales was $6.6 million in Q3 2018 ($6.7 million). The costs are in line with the cost level in Q3 2017, but the costs are higher than normal due to start-up costs on the Harrier Explorer and source upgrades on the Osprey Explorer offset by cost cutting efforts and capitalization of costs in relation to the ongoing multi-client survey on the Norwegian Continental Shelf.

SG&A was $1.6 million in Q3 2018, down from $3.3 million in Q3 2017. The decrease is principally due to company cost cutting efforts.

Net bad debt charges were $ nil in Q3 2018 ($1.4 million).

Other income (expense) was $0.0 million in Q3 2018 ($0.0 million).

Operational restructuring loss was $ nil ($5.7 million).

EBITDA was negative $2.8 million in Q3 2018 (negative $14.4 million).

Depreciation, amortization and impairment were $1.4 million in Q3 2018 ($11.3 million). The decrease is predominantly due to lower vessel and equipment book values and the impairment of Northern Explorer that was booked in Q3 2017.

Finance expense was $0.6 million in Q3 2018 ($1.5 million).

Financial restructuring gain was $ nil ($1.2 million).

Other financial items were positive $0.2 million in Q3 2018 (negative $0.3 million).

Income tax cost was $0.0 million in Q3 2018 ($0.3 million income tax gain).

Capital expenditures in the quarter were $1.2 million ($0.1 million).

Multi-client investment (net of partner-contribution and including capitalized depreciation) was $0.6 million in Q3 2018 ($ nil).

Key figures - continuing operations

All figures in USD 000s (except EPS and equity ratio)	Quarter ended 30 September 2018 (Unaudited)	Quarter ended 30 September 2017 (Unaudited)	Year to Date 30 September 2018 (Unaudited)	Year to Date 30 September 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
Revenues	5 435	2 653	13 079	13 746	19 212
EBITDA	(2 762)	(14 375)	(4 023)	(23 459)	(25 556)
EBIT	(4 167)	(25 647)	(8 874)	(41 672)	(46 453)
Profit/(loss)	(4 636)	(25 973)	(9 239)	(45 013)	(49 868)
Earnings per share (diluted)	(0.02)	(7.25)	(0.05)	(32.19)	(1.84)
Cash flow operating activities	(3 150)	(1 740)	(9 674)	(11 568)	(18 737)
Capital expenditures	(1 180)	(75)	(835)	(1 095)	(1 095)
Total assets	61 191	39 124	61 191	39 124	41 247
Net interest bearing debt	(23 866)	3 089	(23 866)	3 089	(1 909)
Equity ratio	67.1%	20.2%	67.1%	20.2%	38.0%

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 $28.7 million ($1.5 million in Q3 2017), of which $1.9 million was restricted cash. The restricted cash is principally in connection with the 10% deposit relating to the purchase of the Geowave Voyager. Net cash from operating activities was negative $3.2 million in Q3 2018. The negative operational cash flow in quarter three was mainly due to idle time, source upgrade costs on the Osprey Explorer and start-up costs for the reactivation of Harrier Explorer.

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 $4.4 million per Q3 2018 (nominal value of $4.6 million plus payment in kind interest of $0.4 million plus accrued interest of $0.0 million plus amortized interest of $0.2 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 Q3 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 $0.4 million (nominal value of $0.4 million plus accrued interest of $0.0 million plus amortized interest $0.1 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 Q3 2018 amounted to $0.0 million and additional amounts drawn on the credit facility during the period was $0.0 million. Interest paid during Q3 2018 was $ nil.

Net interest bearing debt was negative $23.9 million as at the end of Q3 2018 (net debt of $3.1 million in Q3 2017).

On 11 July 2018, the company completed a private placement with subscriptions for 63,200,000 offer shares at a subscription price of NOK 1.90, raising NOK 120 million in gross proceeds.

On 15 August 2018, the company announced that the subsequent offering (announced on 24 May) was oversubscribed. The subsequent offering carried out by the company consisted of 15,625,000 new shares at a subscription price of NOK 1.60, raising NOK 25 million in gross proceeds.

On 28 August, the company implemented a 1 for 10 reverse share split.

On 17 September, the company announced that 1,166,791 new shares were issued at NOK 1.90 per share in the second subsequent offering, raising NOK 2.2 million in gross proceeds.

The number of ordinary shares in the company is 284,487,312 each with a nominal value of USD 0.01 as per 30 September 2018.

The company's accounts for the third quarter of 2018 have been prepared on the basis of a going concern assumption.

Subsequent events

On 12 October 2018, the company announced it and its partner MCG that significant additional pre funding commitment from an oil major has been secured relating to the ongoing MC2D project in North West Europe. The pre-funding commitment is based on a revised scope increasing the survey from its initial 6,000 km to approximately 16,000 km. Due to the planned increased survey scope and current inclement weather in the operative area, a decision has been made to suspend the survey for the 2018 season. The survey is expected to re-commence in the first half of 2019.

The company also announced that the company was awarded a contract for a proprietary 2D survey for the Harrier Explorer in North West Europe performed in Q4 2018 with a duration of about two weeks with a contract value of close to $1 million.

On 15 October 2018, the company announced that it received a 30 day extension for the Osprey Explorer for the OBN survey in the US Gulf of Mexico that was announced on 25 June 2018. The extension brings the firm period of the contract to a total of 90 days.

On 15 October 2018, the Board of directors of SeaBird Exploration Plc has approved an employee share option plan for a maximum of 28.4 million share options to be allocated to current and future employees. The share option plan has a duration of three years from grant date. One third of the options granted will vest one year after the grant date, one third of the options granted will vest two years after the grant date and the remaining one third of the options granted will vest three years after the grant date. All options may be exercised at any time within one year from the corresponding vesting dates. A total of up to 25.3 million options are granted as of 12 October 2018 and will have an exercise price of NOK 2.40 for the tranche vesting one year after grant date, NOK 2.65 for the tranche vesting two years after the grant date and NOK 2.90 for the tranche vesting three years after the grant date.

The Board of Directors and Chief Executive Officer

SeaBird Exploration Plc

7 November 2018

Heidar Engebret
Chairman

Dag Fredrik Arnesen
Director

Olav Haugland
Director

Ketil Nereng
Director

Hans Petter Klohs
Chief Executive Officer

Consolidated interim statement of financial position

All figures in USD 000's	As of 30 September 2018 (Unaudited)	As of 30 September 2017 (Unaudited)	As of 31 December 2017 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	24 726	31 333	28 408
MultiClient Investment	604	-	-
Long term investments	600	54	54
	25 930	**31 387**	**28 462**
Current assets			
Inventories	1 117	1 082	996
Trade receivables	1 005	1 495	1 157
Other current assets	4 430	3 669	3 591
Cash and cash equivalents	28 709	1 491	6 554
Assets classified as held for sale	-	**-**	487
	35 261	**7 737**	**12 785**
Total assets	**61 191**	**39 124**	**41 247**
EQUITY			
Shareholders' equity			
Paid in capital	284 852	249 318	261 947
Equity component of warrants	-	2 736	2 736
Equity component of convertible loan	-	-	-
Currency translation reserve	(407)	(407)	(407)
Share options granted	-	-	-
Retained earnings	(243 374)	(243 755)	(248 610)
	41 071	**7 892**	**15 666**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	4 843	3 853	4 420
Other long term liability	800	-	443
Long term tax payable	954	-	-
	6 597	**3 853**	**4 863**
Current liabilities			
Trade payables	3 012	17 960	5 085
Other payables	8 900	-	7 581
Provisions	-	3 358	2 994
Loans and borrowings	-	728	225
Tax payable	1 611	5 333	4 833
	13 523	**27 379**	**20 718**
Total liabilities	**20 120**	**31 232**	**25 581**
Total equity and liabilities	**61 191**	**39 124**	**41 247**

Consolidated interim statement of income

All figures in USD 000's (except EPS)	Quarter ended 30 September 2018 (Unaudited)	Quarter ended 30 September 2017 (Unaudited)	Year to Date 30 September 2018 (Unaudited)	Year to Date 30 September 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
Revenues	5 435	2 653	13 079	13 746	19 212
Cost of sales	(6 603)	(6 654)	(13 134)	(20 571)	(25 983)
Selling, general and administrative expenses	(1 597)	(3 255)	(4 914)	(9 713)	(12 002)
Net bad debt charges	-	(1 434)	167	(1 258)	(1 258)
Other income (expenses), net	3	2	779	24	24
Operational restructuring loss	-	(5 687)	-	(5 687)	(5 549)
Earnings before interest, tax, depreciation and amortization (EBITDA)	**(2 762)**	**(14 375)**	**(4 023)**	**(23 459)**	**(25 556)**
Depreciation	(1 405)	(3 061)	(4 850)	(9 231)	(11 360)
Amortization	-	(138)	-	(909)	(909)
Impairment	-	(8 073)	(1)	(8 073)	(8 628)
Earnings before interest and taxes (EBIT)	**(4 167)**	**(25 647)**	**(8 874)**	**(41 672)**	**(46 453)**
Finance expense	(577)	(1 511)	(1 733)	(4 001)	(3 745)
Other financial items, net	155	(295)	552	(421)	(772)
Financial restructuring gain	-	1 205	-	1 205	884
Profit/(loss) before income tax	**(4 589)**	**(26 248)**	**(10 055)**	**(44 889)**	**(50 086)**
Income tax	(47)	275	816	(124)	218
Profit/(loss) continuing operations	**(4 636)**	**(25 973)**	**(9 239)**	**(45 013)**	**(49 868)**
Net profit/(loss) discontinued operations (note 1)	-	-	936	209	209
Profit/(loss) for the period	**(4 636)**	**(25 973)**	**(8 303)**	**(44 804)**	**(49 659)**
Profit/(loss) attributable to					
Shareholders of the parent	(4 636)	(25 973)	(8 303)	(44 804)	(49 659)
Earnings per share					
Basic	(0.02)	(7.25)	(0.05)	(32.04)	(1.84)
Diluted	(0.02)	(7.25)	(0.05)	(32.04)	(1.84)
Earnings per share from continued operations					
Basic	(0.02)	(7.25)	(0.05)	(32.19)	(1.84)
Diluted	(0.02)	(7.25)	(0.05)	(32.19)	(1.84)

Consolidated interim statement of comprehensive income

All figures in USD 000's	Quarter ended 30 September 2018 (Unaudited)	Quarter ended 30 September 2017 (Unaudited)	Year to Date 30 September 2018 (Unaudited)	Year to Date 30 September 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
Profit/(loss)	**(4 636)**	**(25 973)**	**(8 303)**	**(44 804)**	**(49 659)**
Other comprehensive income	-	-	-	-	-
Net movement in currency translation reserve and other changes	-	-	-	-	11
Total other comprehensive income, net of tax	**-**	**-**	**-**	**-**	**11**
Total comprehensive income	**(4 636)**	**(25 973)**	**(8 303)**	**(44 804)**	**(49 648)**
Total comprehensive income attributable to	**-**	**-**	**-**	**-**	**-**
Shareholders of the parent	(4 636)	(25 973)	(8 303)	(44 804)	(49 648)
Total	**(4 636)**	**(25 973)**	**(8 303)**	**(44 804)**	**(49 648)**

Consolidated interim statement of changes in equity

All figures in USD 000's	Year to Date 30 September 2018 (Unaudited)	Year to Date 30 September 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
Opening balance	**15 666**	**22 068**	**22 068**
Profit/(loss) for the period	(8 303)	(44 804)	(49 659)
Increase/(decrease) in share capital	33 708	30 628	43 257
Increase/(decrease) equity component of warrants	(2 736)	-	-
Increase/(decrease) equity from reduction in nominal value of shares	(5 688)	-	-
Share options granted	-	-	-
Reclassification of share capital to retained earnings	8 424	-	-
Net movements in currency translation reserve and other changes	-	-	-
Ending balance	**41 071**	**7 892**	**15 666**

Consolidated interim statement of cash flow

All figures in USD 000's	Quarter ended 30 September 2018 (Unaudited)	Quarter ended 30 September 2017 (Unaudited)	Year to Date 30 September 2018 (Unaudited)	Year to Date 30 September 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
Cash flows from operating activities					
Profit / (loss) before income tax	(4 589)	(26 248)	(10 055)	(44 889)	(50 086)
Adjustments for:					
Non-cash effects of restructuring	-	3 625	-	3 625	3 721
Depreciation, amortization and impairment	1 405	11 272	4 851	18 212	20 897
Other items	(182)	(1 750)	(1 010)	(1 750)	(1 750)
Movement in provision	-	1 845	(2 994)	(1 138)	(1 501)
Unrealized exchange (gain) /loss	(229)	(161)	(88)	(229)	(89)
Interest expense on financial liabilities	147	459	438	2 474	2 553
Paid income tax	(48)	(7)	(150)	(528)	(609)
(Increase)/decrease in inventories	(226)	19	(121)	192	279
(Increase)/decrease in trade and other receivables	880	1 454	(520)	215	490
Increase/(decrease) in long term liabilities	(184)	-	357	-	443
Increase/(decrease) in trade and other payables	(124)	7 752	(382)	12 248	6 916
Net cash from operating activities	**(3 150)**	**(1 740)**	**(9 674)**	**(11 568)**	**(18 737)**
Cash flows from investing activities					
Capital expenditures	(1 180)	(75)	(835)	(1 095)	(1 095)
Other term investment	(533)	1	(533)	1	1
Multi-client investment	(272)	-	(272)	-	-
Net cash used in investing activities	**(1 985)**	**(74)**	**(1 640)**	**(1 094)**	**(1 094)**
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	16 658	-	33 708	-	12 629
Receipts from borrowings	-	-	-	-	543
Repayment of borrowings	45	11	(239)	(218)	(1 249)
Interest paid	-	-	-	(677)	(585)
Net cash from financing activities	**16 703**	**11**	**33 469**	**(895)**	**11 338**
Net (decrease)/increase in cash and cash equivalents	**11 569**	**(1 803)**	**22 155**	**(13 557)**	**(8 494)**
Cash and cash equivalents at beginning of the period	**17 140**	**3 294**	**6 554**	**15 047**	**15 047**
Cash and cash equivalents at end of the period	**28 709**	**1 491**	**28 709**	**1 491**	**6 554**

Note 1: Interim statement of income for discontinued operations

All figures in USD 000's	Quarter ended 30 September 2018 (Unaudited)	Quarter ended 30 September 2017 (Unaudited)	Year to Date 30 September 2018 (Unaudited)	Year to Date 30 September 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
Revenues	-	-	-	-	-
Cost of sales	-	-	-	209	209
Selling, general and administrative expenses	-	-	-	-	-
Other income (expenses), net	-	-	-	-	-
Earnings before interest, tax, depreciation and amortization (EBITDA)	**-**	**-**	**-**	**209**	**209**
Depreciation and amortization	-	-	-	-	-
Impairment	-	-	-	-	-
Earnings before interest and taxes (EBIT)	**-**	**-**	**-**	**209**	**209**
Interest expense	-	-	-	-	-
Other financial items, net	-	-	-	-	-
Profit/(loss) before income tax	**-**	**-**	**-**	**209**	**209**
Income tax	-	-	936	-	-
Profit/(loss) discontinuing operations	**-**	**-**	**936**	**209**	**209**
Gain/(loss) on sale of OBN business	-	-	-	-	-
Net profit/(loss) from discontinued operations	**-**	**-**	**936**	**209**	**209**
Profit/(loss) attributable to					
Shareholders of the parent	-	-	936	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), Bergen (Norway) 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. The financial statements as of Q3 2018, as approved by the board of directors 7 November 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

The group has adopted IFRS 15 "Revenue from Contracts with Customers" from 1 January, 2018. The group continues to recognize contract revenues and costs in line with project duration starting from first shot point in the seismic survey and ending at demobilization.

Under IFRS 15, multi-client pre-funding arrangements would be classified as "right to use" licenses and the revenue is to be recognized at the point in time when the "right to use" license is transferred to the customer. This "point in time" is typically upon completion of processing of the survey and granting of access to the finished data or delivery of the finished data, which typically occurs 9-12 months after completion of the physical data collection.

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

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.

• For sales during the work in progress phase, which is recognized at completion of data processing of the individual surveys, amortization is based on total cost versus forecasted total revenues of the project.

• For sales occurring after a project is completed (late sales), 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 Q3 2018 were $ nil ($ nil). Multi-client amortization in Q3 2018 was $ nil ($0.1 million). Net multi-client investment was $0.6 million in Q3 2018, and it was split into capitalized operating expenses of $1.0 million, capitalized depreciation of $0.4 million and a deduction of $0.8 million in multi-client partner contribution. The company booked a net negative cash flow from investment in multi-client assets of $0.3 million (please see the Q3 cash flow statement), which represent the net investment excluding capitalized depreciation. The multi-client prefunding that was invoiced in Q3 has been booked as deferred income and will be recognized when data processing has been completed, and the cash flow effect of the prefunding is reflected in cash flow from operations.

SeaBird's multi-client library consists of two surveys in the EMEA region and two multi-client surveys in South East Asia. The multi-client library has a book value of $0.6 million as per 30 September 2018, solely relating to the 2018 deep imaging survey on NCS.

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 30 September 2018 is $4.8 million. Please see table below for additional details.

Debt securities	USD millions
Long term debt	
Secured debt	
SBX04 bond loan, face value	4.6
Secured credit facility, face value	0.4
Capitalized payment in kind (PIK) interest	0.4
Fair value adjustment *	(0.8)
Accrued interest and accumulated amortized interest	0.3
Non-current loans and borrowings 30 Sept 2018	**4.8**

*of which SBX04: $0.7 million, secured credit facility: $0.1 million

The SBX04 bond loan and the credit facility mature on 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.

Aggregate maturities of loans and borrowings	USD millions
Overview of repayment	
2018	-
2019	-
2020*	5.0
Total debt principal Sept 2018	**5.0**

*Debt related to SBX04.credit facility and PIK interest 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, but has recorded selected tax liabilities in relation to the discontinued operations. The company had a net income from discontinued operations of $0.0 million in the quarter. See note 1 to the consolidated income statement for the income statement for discontinued operations.

Share capital and share options
The company performed a reverse share split (consolidation of shares), pursuant to which 10 shares in the Company at USD 0.001 in nominal value was consolidated to 1 share at $0.01 in par value. The first day of trading of the consolidated shares was 28 August 2018.

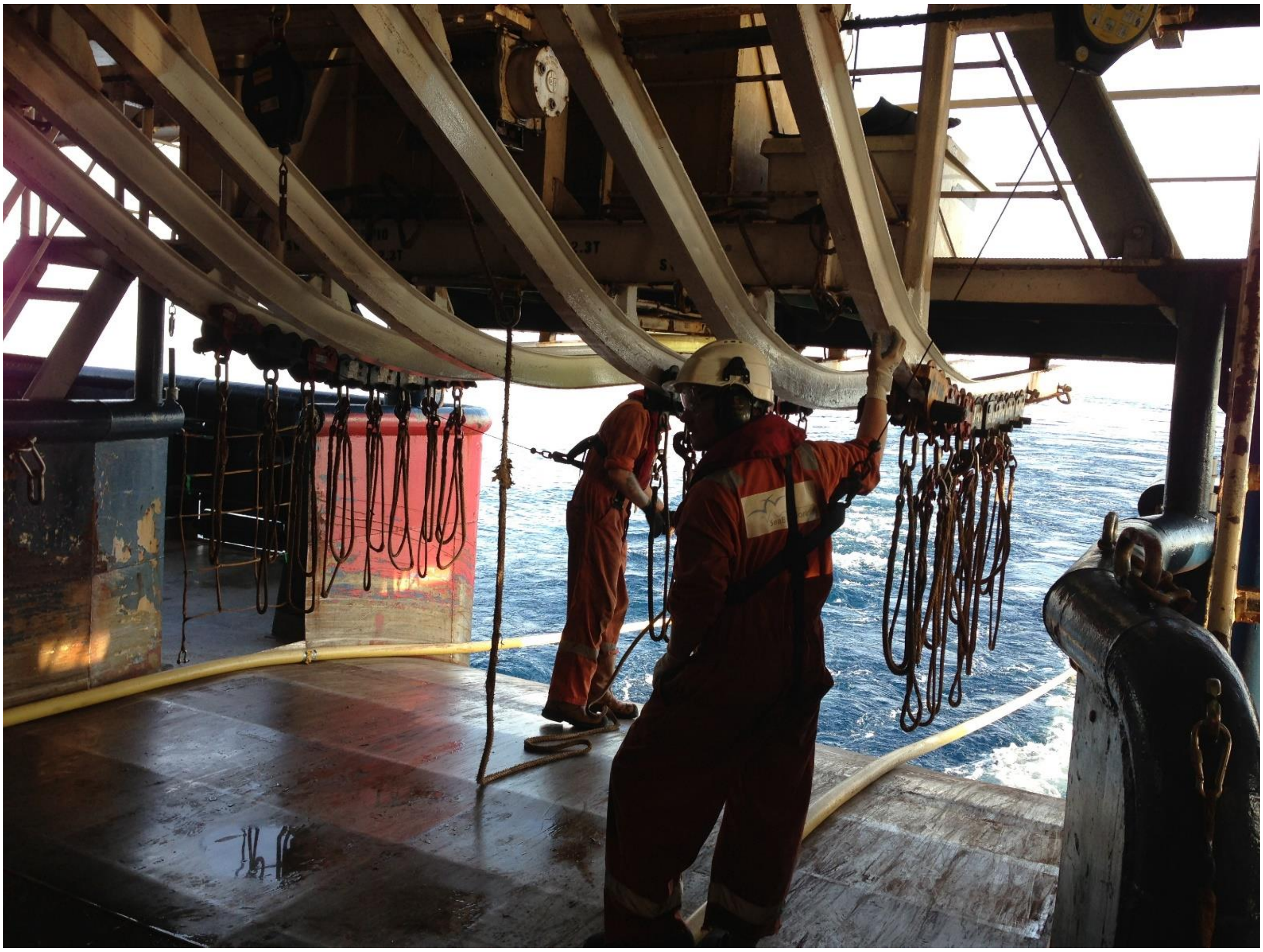
The company completed three shares issues during the quarter issuing 79,991,791 new shares (post split) and raising net $16.7 million in new equity.

The total number of ordinary shares at 30 September 2018 was 284,487,312 with a nominal value of $0.01 per share.

The company has no share options outstanding as at 30 September 2018. Please see subsequent events section for further details on the employee share option program that was launched subsequent to quarter end.

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 consolidated accounts have been prepared based on a going concern assumption.



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