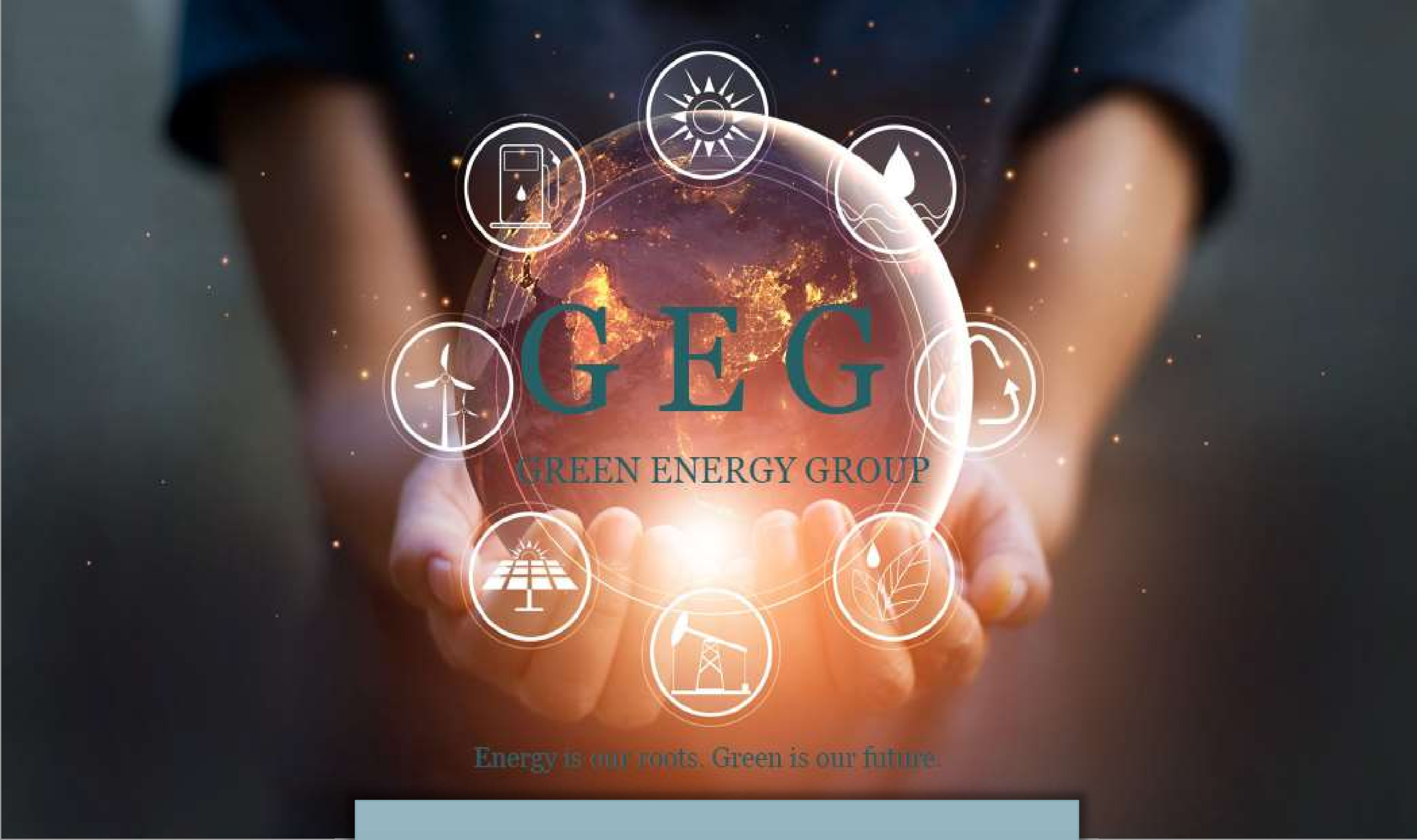


ANNUAL REPORT

2021

(SeaBird Exploration PLC)

Green Energy Group at a glance

Green Energy Group is the result of the rebranding of SeaBird Exploration, as part of the strategy to take a relevant role in the green energy transition. The rebrand consists of deep changes in the company`s culture, vision, values, and mission, to align them with the new path that the company is taking in the process of becoming a circular economy company. Green Energy Group emerged from the urgent demand for a more sustainable economy. Thus, sustainability is the Company`s primary mission. A company with an investor's mindset and an entrepreneurial soul with a clear vision to contribute to improve society by building sustainable and profitable businesses for the long term.

In 2020, Green Energy Group established the subsidiary Green Minerals, a marine minerals company focusing on deep sea mining on the Norwegian Continental Shelf (NCS). Through Green Minerals the group will contribute to the green shift by providing minerals and rare earth elements which is vital for electrification and digitization, both important contributors to the green transition.

$20.7m

Revenues for 2021 compared to $46.5m in 2020

-$11.8m

EBIT in 2021 compared to -$16.0m in 2020

Consolidation of the seismic opeation

- Strategic review to maximize shareholders value
- Signed LOI regarding sale of seismic operation

Front- runner in marine minerals

- Listed Green Minerals as global first DSM in March 2021
- Milestones: forming partnerships throughout the value chain, 3x Government grants received, onboarding of key personnell
- Provided results according to stated milestones

Fulmar Explorer converted

- Fulmar Explorer converted and outfitted as a high-end source vessel for the future
- KPI`s well aligned with GEG mission: abt 30% fuel savings, nine gun strings, high volume triple source, and redundancy

Highlights

Year	2021	2020
Revenues	20,705	46,537
SG&A	(5,563)	(5,577)
EBITDA*	(4,992)	(1,399)
EBIT*	(11,799)	(15,954)
Profit/(loss)	(11,425)	(14,773)
Capital expenditures	(20,961)	(3,450)
Total debt	15,326	8,363
Net interest-bearing debt*	13,014	2,132
Equity ratio*	40.6%	56.9%

Note see group note 34 for definitions*

Letter from the Chairman

Having spent the previous year restructuring SeaBird and cutting costs, 2021 marked the next leg in the new, firm direction set for the Group back in 2019, establishing Green Minerals as a frontrunner in marine minerals on the Norwegian Continental Shelf and rebranding into Green Energy Group. I`d like to take this opportunity to thank everybody at Green Energy Group for the tremendous contribution and spirit during a difficult period for our industry and, indeed, the whole world. Looking back at these past 30 months, I am proud to see how far we`ve come despite the limited resources available.

From restructuring to profitability and growth

While 2020 was characterized by deep cost cuts of up to 70%, relocation, scrapping of old vessels, change of asset management strategy and culture, 2021 was marked by the repositioning of the Company for the green energy transition. Doing this while simultaneously distributing a dividend to our shareholders for the first time in the company`s history in the form of Green Minerals shares, is something I am particularly pleased to see through.

The first steps towards consolidating the OBS market were also taken in 2021. From early spring last year we have voiced concerns over the industry structure and the need to create stronger players. A lot of ground has been covered since then, with the initial results of this work showing up in SeaBird in the form of the company controlling more equipment and announcing 3rd party contracts. We firmly believe that SeaBird represents the best platform to consolidate the industry from. In January 2022, we announced that we had initiated a strategic review of SeaBird to explore all available options to maximize shareholder value. Subsequently, an announcement regarding a LOI regarding a sale of the seismic operation was made in April.

Meanwhile, the market for seismic services is rapidly improving. Rates for OBN source work are already up more than 50pc. At the same time, the change of strategy in SeaBird means that we have increased our operational leverage tremendously, by cutting fixed costs while at the same time increasing the number of vessels we are able to operate by 150pc. This increased operational leverage combined with SeaBird`s position in two of the segments with the largest exposure to the trends of more in- and nearfield exploration and emerging market energy security, bodes well for the future. The Company is in our opinion particularly well positioned to take advantage of current trends in the energy markets.

Green Minerals had a busy year with the IPO on Euronext Growth, strategic partnerships being formed across the value chain, key hires being made and obtaining Government funding along the way. I am pleased with the progress made so far. Importantly, the Norwegian authorities are showing steady progress towards opening decision within the announced timeline. This progress underpins our belief that the Norwegian Continental Shelf is the most attractive area to kickstart the marine minerals industry from, and the approximately NOK 250 million in exploration data soon to be released to the industry by the NPD only adds to this picture. For 2022, the key milestones are the completion of our first research cruise, the initiation of a world first mineralogy study that is instrumental to our exploration framework, the incorporation of the NPD data into our regional exploration models and continue to expand our partnership model throughout the value chain. We firmly believe our full value chain life-cycle approach is a key differentiator for Green Minerals.

Sustainability is at the core of everything we do in Green Energy Group. Green Minerals offers a new way to supply the world with critical minerals needed for the green energy transition while reducing the environmental footprint with between 70 and 90 percent on key metrics. Green Minerals released a comprehensive Sustainability report in conjunction with its 2021 Annual Report. We have received some very positive feedback on the report, and our ambition is that it will serve as a standard for the new marine minerals industry, and we invite authorities, the industry and academia alike to participate in building on the framework established in this report.

At SeaBird, we reduce air emissions through actively managing our vessel`s fuel consumption and we also focus on limiting the ecological impact from our operations through waste management and marine mammal procedures. Introducing the «Fulmar Explorer» as a high-end vessel to the industry underpins this work, with an estimated reduction of fuel consumption of about 30 percent.

Our commitment to maximize shareholder value under the clear, new direction set for the Group remains strong. Through a return-focused business model with emphasis on capital efficiency and a lean organization, the Group is managed by shareholders for the benefit of all shareholders.

We are excited about the prospects for the repositioned Green Energy Group in the years to come.

Ståle Rodahl

Executive Chairman

Group Management

Finn Atle Hamre – Chief Executive Officer (interim) / Chief Operating Officer. Position held from 2021/2018.

Mr. Hamre has held the position as Chief Operating Officer of the company since June 2018. Mr. Hamre has more than 20 years of experience in the Offshore Oil and Gas industry across both European and Asian markets. He has more than 10 years of experience in senior executive management positions including VP, MD, CCO and CFO. He holds a B.Eng. (Hons) in Naval Architecture, and a Master of Business Administration.

Erik von Krogh – Chief Financial Officer. Position held from 2020.

Mr. von Krogh joined the company on 1 April 2020 as Chief Financial Officer. Mr. von Krogh has more than 15 years' experience from the shipping and offshore industry and ship financing. He most recently held the position as Finance Manager for the ship management company Myklebusthaug Management AS. His previous experience includes corporate banking from Nordea Shipping, Offshore and Oil Services and investment banking from Fearnley Securities. He holds a Cand.merc/MSc from the Norwegian School of Economics (NHH).

Board of Directors

Ståle Rodahl – *Executive Chairman of the board*

Ståle Rodahl has served 30 years in the financial industry, amongst others as a hedge fund manager and in various executive positions in the Investment Banking industry in New York, London and Oslo and in companies such as Alfred Berg, ABN Amro and ABG Sundal Collier. He has also served on the Board of Directors in companies in other industries. Mr. Rodahl holds a MSc with a major in Finance from the Norwegian Business School, BI with additional programs from London School of Economics (LSE) and NASD, New York.

Øivind Dahl-Stamnes – *Director*

Øivind Dahl-Stamnes has worked 36 years in the petroleum industry in Norway and internationally. He has held executive/management positions in Equinor and Esso/Exxon for more than 15 years within exploration and production operations. Recent assignments in Equinor include Vice President positions for the Troll field, the North Area Initiative and Partner Operated Licenses. He has also served as chairman and member of numerous Production License Management Committees for Equinor and Esso. Mr. Dahl-Stamnes holds a master's degree in geology from NTNU in Trondheim.

Nicholas Knag Nunn – *Director*

Nicholas Nunn has a degree as a chartered accountant from Norges Handelshøyskole and an MSc in International Business and Finance from the University of Reading. Mr. Nunn has work experience from Deloitte, Kristian Gerhard Jebsen Skipsrederi and Europa Link.

Hans Christian Anderson – *Director*

Hans Christian Anderson works as a portfolio manager for one of the company's largest shareholders, Anderson Invest AS. He founded his first company when he was 18 years old and has a broad, international background as an investor in multiple industries. Mr. Anderson also serves on the board of directors of other companies.

Sustainability report 2021

About this report

The 2021 Green Energy Group Sustainability Report has been prepared with reference to the Global Report Initiative Standards. The report covers ESG impacts, strategy, and performance of Green Energy Group and the companies in its portfolio for the period from April 2021 to December 2021.

About Green Energy Group

Green Energy Group SE is the result of the rebranding of SeaBird Exploration, as part of the strategy to take a relevant role in the green energy transition. The rebrand consists of deep changes in the culture, vision, values, and mission, to align them with the new path that the company takes in the process of becoming a circular economy company. Green Energy Group emerged from the urgent demand for a more sustainable economy. Thus, sustainability is the Company`s primary mission. A company with an investor's mind and an entrepreneurial soul with a clear vision to contribute to improve society by building sustainable and profitable businesses for the long term.

Our first step towards the green shift took place in 2020 when we started up a marine minerals business, Green Minerals AS, the first listed marine minerals company in the world taking a pioneering position in this segment.

Through Green Minerals, the group will support global sustainability by providing minerals for the green transition in a sustainable manner. Deep Sea mining of minerals and rare earth elements is key to the green shift as it will secure the minerals required to enable electrification and digitalization, without the huge environmental and social costs involved in land-based mining.

Our roots are firmly placed in the energy business following a quarter of a century providing services to our energy clients. We believe oil & gas produced and refined in the most environmentally friendly way possible is the key to bridge the gap between the fossil economy of the past to a sustainable economy based on renewable energy sources of tomorrow.

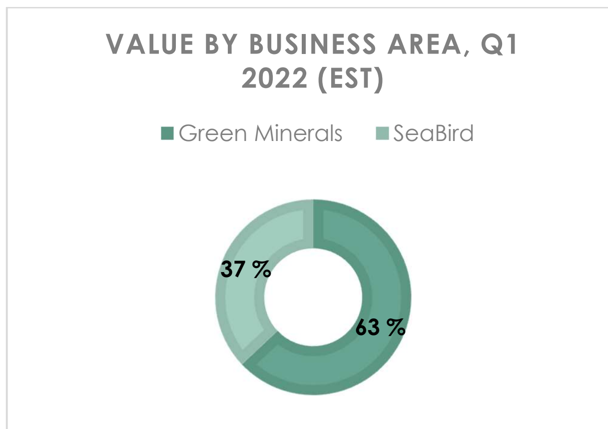
We aim to maintain a service of the highest standards to our clients and replicate this service in the renewables` segments of our market. And then grow with our clients here. We believe the most responsible action we can take as a service provider to the energy business overall is to enable the green energy transition by helping to bridge the gap. Not to abandon it too early.

We look for additional transformational investment opportunities where our capital and competencies can help companies transform into circular economy companies. As investors, we find the opportunities set offered in this segment the most attractive in our generation.

Our buy-and build strategy involves taking positions in both private and listed companies. We act as business developers, adding both capital and strategic competencies to the companies we invest in.

The memorandum and articles of association of the company may be amended by a resolution of no less than three-fourths majority of the votes cast at the general meeting. However, in case of an amendment of the objects of the company contained in clause 3 of the memorandum of association or in case of a reduction in the company's share capital, the resolution will in addition require an approval by the district court of Limassol, Cyprus. The company has established risk assessment policies in connection with the company's operations. The board of directors evaluates the company's objectives, strategies, and risk profiles on a yearly basis. QHSE systems, corporate social responsibility, culture, the prevention of corruption, the working environment, equal treatment, discrimination, and environmental impact are also reviewed every year.

This report has the purpose to communicate our commitment to work towards a greener and better world and it is aligned to the 2030 Agenda for Sustainable Development adopted by the United Nations in 2015.

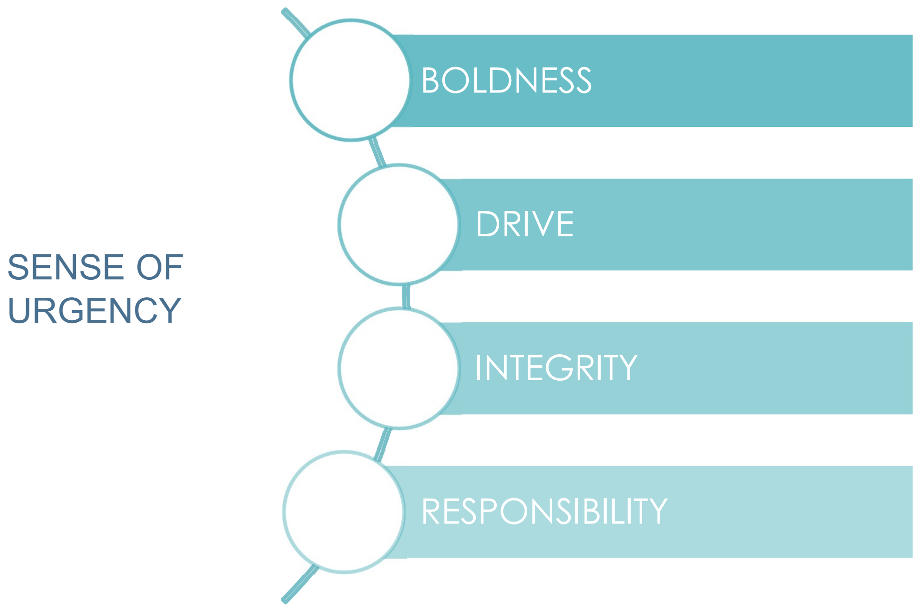


Mission

We build sustainable businesses.

Values

Green Energy Group values are permeated by the sense of urgency in creating long-term sustainable value to our stakeholders.



Business strategy

Green is our future in the broadest sense. Having already started up a pioneering marine minerals business, Green Energy Group is on the front foot in the green energy transition and in transforming into a truly circular economy company.

The global transition to a more sustainable economy provides an unusual set of disruptions and opportunities. With access to both capital and the competencies needed; Green Energy Group aims to take an active role in this change.

We look for additional transformational investment opportunities where our capital and competencies can help companies transform into circular economy companies. As investors, we find the opportunity set offered in this segment the most attractive in our generation.

Our buy-and-build strategy involves taking positions in both private and listed companies. We act as business developers, adding both capital and strategic competencies to the companies we invest in.

WE CREATE VALUE

- **Companies we invest in –** Financial and management support, economic and sustainable growth
- **Suppliers and business partners –** Transparent processes and strong business relationships
- **Employees –** Equal opportunities, competence development
- **Society –** Job creation, positive impact through well managed businesses
- **Shareholders -** Economic and sustainable growth for the long term

Capitalize on

- Entrepreneurial culture and spirit
- Marine minerals and energy market know-how
- Research and M&A
- Funding access
- 6500 shareholders

Start-and-build

Buy-and-build

Disruption as a Strategy

Disruption as a strategy

Minerals

- Environmental impact
- Social costs
- Geopolitics
- Lower cost of capital
- «Super-ore»
- Lifetime extension
- Profitability

Seismic services

- Asset-light
- Growth through alliances & partnerships
- Flexible charters
- Lean & Cost efficient
- Leverage up on key competencies
- Add market niches (AUV/ROV specialist/Seabed surveying/Wind)

Sustainability strategy and goals

Green Energy Group has aligned its sustainability strategy with the 2030 Agenda for Sustainable Development adopted by the United Nations in 2015. It is supported by 17 Sustainable Development Goals to improve environmental sustainability, social inclusion, and economic development.
Our global sustainability strategy and the sustainability report is approved by the Board of Directors.

Green Energy Group's contribution to the UN Sustainable Development Goals

Green Energy Group recognises the importance of achieving the 17 Goals, which form a concrete and strategic plan for society to work together in the single purpose of contributing to a better world.

Green Energy Group, as a responsible company, aims to act on all the goals, as every contribution makes a difference. Through the companies from our portfolio, we increase the relevance of our contribution substantially, as it is part of our mission to make sure that our companies are sustainable and profitable for the long term.

1 NO POVERTY Green Energy Group promotes decent and inclusive work to end poverty

2 ZERO HUNGER Green Energy Group has indirect impact on goal number 2 through the deep-sea mining company, which will contribute to decrease contamination and soil erosion

3 GOOD HEALTH AND WELL-BEING Green Energy Group assures a healthy environment, an open communication about mental health for employees and promotes healthy life for all.

4 QUALITY EDUCATION Green Energy Group offers skills and career development to all its employees and a stable, respectful, and inspiring workplace

5 GENDER EQUALITY To promote equity, diversity and inclusion is of utmost importance to make sure we contribute to end any type of discrimination

6 CLEAN WATER AND SANITATION The company makes sure that portfolio companies keep efficient use of water in all processes, and promotes solutions which minimises the use of fresh water

7 AFFORDABLE AND CLEAN ENERGY The company aims to increase investments in renewable energy

8 DECENT WORK AND ECONOMIC GROWTH Green Energy Group commits to safeguard fundamental worker rights, and to maintain health, safety, and the environment, inclusion & diversity as priorities to guarantee decent work conditions. We create value and promote sustainable growth

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Through the deep sea mining segment the group will contribute to secure minerals required for the green shift in a responsible and sustainable manner

10 REDUCED INEQUALITIES Green Energy Group assures equal opportunities and acts in accordance with the Equality and Anti-Discrimination Act

11 SUSTAINABLE CITIES AND COMMUNITIES By building sustainable businesses and increasing investments in renewable energy

12 RESPONSIBLE CONSUMPTION AND PRODUCTION All companies within the Group work to ensure sustainable consumption and production patterns

13 CLIMATE ACTION The Group focuses on building businesses that will contribute to mitigate climate change.

14 LIFE BELOW WATER To support the companies from the portfolio to create effective actions for prevention and mitigation of potential and actual negative impacts on the oceans and the biodiversity.

15 LIFE ON LAND

Building and investing in companies that contribute to reduce the environmental impact on land

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

We base our actions on the law, on our Code of Conduct and internal policies. The Group makes sure to have an accessible channel of communication in case of any infringement

17 PARTNERSHIPS FOR THE GOALS

We are always looking for opportunities to collaborate in pursuit of all the goals

United Nations Global Compact

WE SUPPORT
UN GLOBAL COMPACT

Green Energy Group became a participant in the UN Global Compact in September 2021. The UN Global Compact is a voluntary corporate sustainability initiative to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals. It expresses the serious commitment of Green Energy Group to take a relevant position in the transition to a more sustainable economy.

Stakeholder engagement

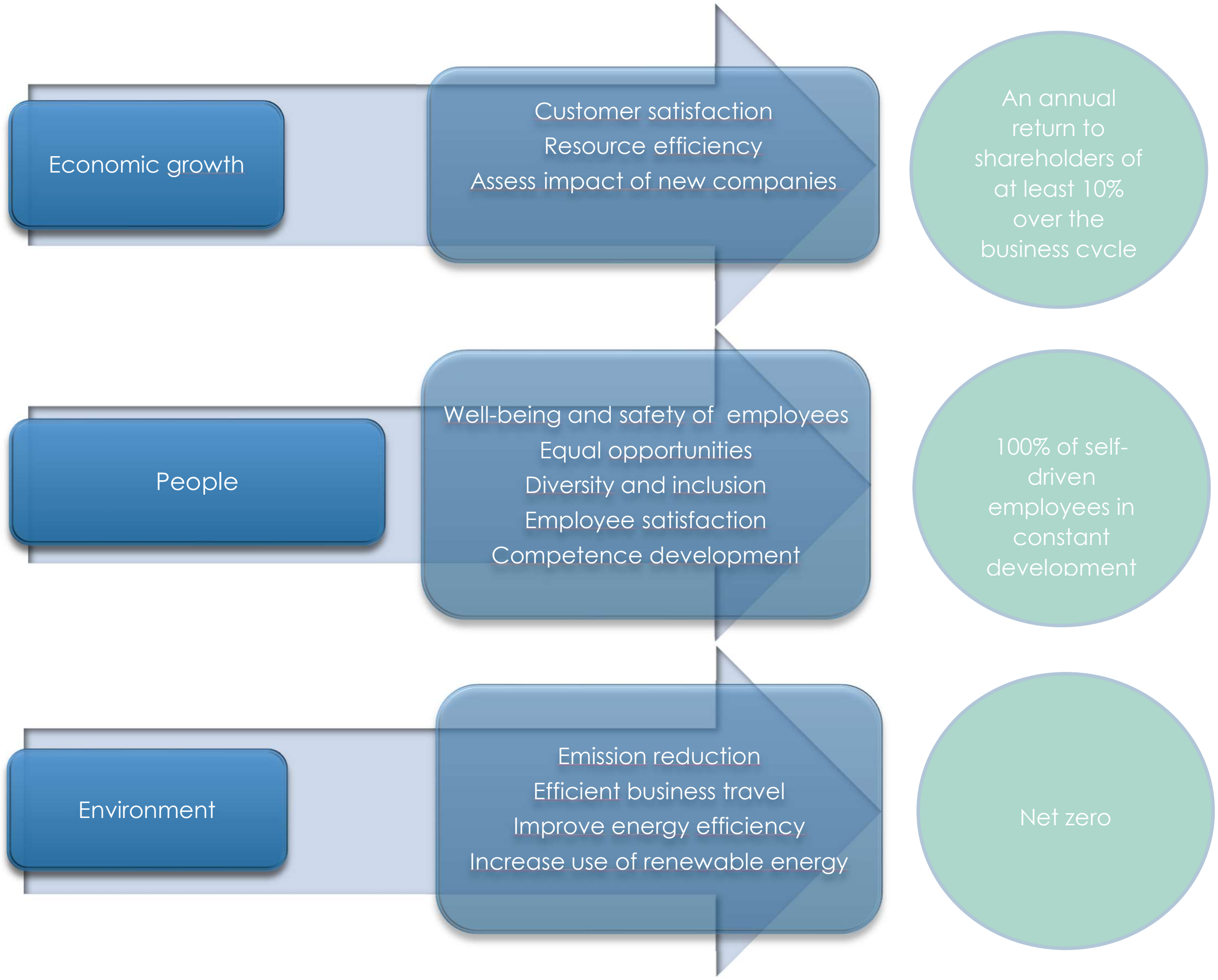
It is vital to our sustainability strategy to confirm our material issues through an open communication with the Company's main stakeholders. In order to improve our communication, we

have identified key stakeholders, main topics to be discussed, channels to facilitate contact and results.

Stakeholders	Main topics	Channel	Results
Employees	Work environment, corporate culture, leadership evaluation, equal opportunities, diversity and inclusion, attractive remuneration structures, economic and sustainability performance	Meetings, workshops, surveys, performance review	Identify opportunities to enhance training, policies, and internal procedures.
Shareholders	Economic results and sustainable growth, ESG structure and data	Meetings, reports, webcasts, website, press releases, annual general meetings.	Update shareholders about our strategies, financial results, and sustainability performance
Portfolio Companies	Economic results and sustainable growth, ESG structure and data, financial, operational and management support, expertise consultancy	Technical support team, management team	Implementation of sustainability program
Society	Social responsibility and transparency in all activities and processes	Website, reports, interaction with government and authorities.	Relevant data and feedback that help us to improve our businesses

Our focus

Green Energy Group's sustainability strategy has three solid pillars which we believe must be in constant development: Environment, People and Sustainable growth. To make sure that we are presenting improvement in these areas, we have set goals to be achieved within 2050 and identified factors that will be followed up and measured annually.



Environment

The climate change is top of mind at Green Energy Group. Its harmful effects are influencing societies and economies globally. Concerned consumers and investors demand environmentally responsible companies. These companies create opportunities and optimism in the market, allowing more investment in actions to prevent the climate change.

The Group is focusing on measuring the full climate impact of its operations to contribute to reduce greenhouse gas emissions aligned with the Paris Agreement. Our target is to reach net zero greenhouse gas emissions from all Green Energy Group's operations and business travel by 2030.

Companies from our portfolio have different targets, according to their operations and impacts on the environment.

Our seismic company, SeaBird Exploration, faces big challenges in confronting emissions, discharges, and spills, which pose environmental and ecological hazards for the industry and must be handled conscientiously. These factors, in the absence of precautionary steps, have important consequences for air and water quality and marine diversity. Our careful monitoring and management of such risks is important for the safety of the environment and for the success of our organization.

Today, exposure to climate change and air quality continuous to grow. This has also been expressed in emerging financial community demands. The sector is seen as an important contributor to sustainable growth, based on the role of the industry in global trade and its impact on social and economic development.

SeaBird Exploration reviews identified environmental threats, enabling to develop adequate safeguards. In compliance with international and local legislation, we have monitoring and management tools in place to minimize the environmental effects of our operations.

To reduce air emissions, the company actively manages the vessel`s fuel consumption. Introducing the «Fulmar Explorer» as a high-end vessel to the industry underpins this work, with an estimated reduction of fuel consumption of about 30 percent.

The Classification Society conducts annually audits in compliance with the ISM Code and ISO9001 and 14001 where applicable. Read more on Seabird's own 2020 Sustainability Report on www.sbexp.com.

Through the marine minerals segment, the group will contribute to secure minerals required for the green shift in a responsible and sustainable manner. As the world electrifies and digital technology becomes available to more consumers there is a massive demand for new metals sources and rare Earth Elements. For the green shift to take place, it is vital to secure supply of such metals and minerals.

There are several environmental challenges related to traditional mining and metal production. Metal production generates 350bn tons of waste and accounts for 11% of global energy use. In addition, land ore grade declines, new resources are becoming less accessible and contains toxic levels of heavy elements. Deep sea mining is therefore crucial both for securing minerals and metals and doing so in a sustainable manner.

Green Minerals has not started production yet, but it is being designed to do so in the most sustainable and environmentally friendly way possible. Renewable energy is the main source considered in the project.

Green Minerals has released its first sustainability report in 2022, with a comprehensive potential environmental impact assessment, that will serve as a standard for the new marine minerals industry.

Our target is to have a 50% reduction in greenhouse gas emissions in the companies from our portfolio by 2030. Enabling the green shift through Green Minerals is seen as a net positive contributor from an environmental perspective.

Corporate governance

Green Energy Group's ESG policy is overseen by the Board of Directors (BoD). In line with the Norwegian Corporate Governance Code, significant ESG topics have been considered by the BoD during the year. The BoD is responsible for ensuring that sufficient and efficient risk management and internal control mechanisms relevant to ESG are in place, and our Code of Conduct and the structure for corporate governance are reviewed annually. Our annual Sustainability report is also reviewed by the BoD. In addition, we consistently follow the strictest laws and regulations.

By practicing a good corporate governance, the Group seeks to ensure liability, integrity, and equality to its shareholders.

High ethical standards are the basis for all our business transactions to ensure that the integrity of our employees and the Group are maintained. Corporate social responsibility is an extension of the way the Company conducts its business.

1. Implementation and report on corporate governance

This report on corporate governance is provided by the board of directors in accordance with the Norwegian Code of Practice for Corporate Governance as last amended on 17 October 2018 and the listing rules of Oslo Stock Exchange publicly available at www.nues.no.

2. Equity and dividends

The board of directors is committed to having an appropriate level of equity capital based on the company's objectives, strategy, and risk profile. The company will strive to follow a dividend policy favorable to the shareholders. There are no dividend restrictions in the current debt facilities. However, other financial covenants may impact the company's ability to make distributions.

The company's authorized share capital as of 31 December 2021 is USD 16,800,000 and is set out in the memorandum of association. Shareholders with significant shareholdings are identified in page 22 of this annual report. Subject to any resolution of the shareholders, the board of directors may issue shares up to the authorized share capital limit, save that, whenever new shares are issued for consideration in cash, the shares must be offered on a pre-emptive basis to the existing shareholders, in proportion to the capital represented by their shares. These pre-emption rights may be excluded by a resolution of the general meeting. The company may, subject to the provisions of Cyprus law and its articles of association, purchase its own shares, following approval by the shareholders of the company (requiring three-fourths majority of the votes cast at the general meeting). However, any such purchases may not result in the company holding more than 10% of its issued share capital.

3. Equal treatment of shareholders and transactions with close associates

There is only one class of shares in the company and all shares are equal in all respects. In the event of an increase in share capital through the issue of new shares, a decision to waive the existing shareholders' pre-emptive rights to subscribe for shares shall be taken by the shareholders and must be justified by the board of directors in accordance with the provisions of Cyprus law. None of the company's subsidiaries has minority shareholders other than as required to facilitate local requirements.

4. Shares and negotiability

The shares in the company are freely transferable and the company's articles of association contain no restrictions on transferability or ownership.

5. General meetings

General meetings of the company are required to be called no later than twenty-one days ahead of the meeting by a notice on the company's website and with a calling notice sent to each shareholder. In the case of a general meeting other than (i) an annual general meeting or (ii) a meeting for the passing of a special resolution, the meeting may be called by fourteen days' notice, if a special resolution that shortens the notice period to fourteen days has been approved in the immediately preceding annual general meeting or at a general meeting that was conducted after such immediately preceding annual general meeting. The shareholders meetings are led by the chairperson appointed as set out in the company's articles of association.

Proxy votes are permitted and there is no requirement for notice of attendance. DNB Bank ASA, as a registered shareholder to the company, distributes their request for proxy instructions to the general meeting when the company's calling notice is made public. The calling notice advises the procedures for participating in the general meeting, the routines for proxy voting and includes any required forms. The same information is posted on the company's website.

Depending on the general meeting agenda, the chairperson of the board of directors and the chairperson of the nomination committee may attend the general meeting. If the chairperson of the board of directors or any member of the board of directors do not attend the general meeting, then according to article 8 of the company's articles of association, the shareholders present shall elect one of the participating shareholders as the chairperson of the meeting. The auditor shall attend general meetings at which the items to be considered are of such nature that the auditor's attendance must be regarded as essential. Any amendment or addition to the articles of association of the company is only valid if approved by a special resolution at a general meeting.

6. Nomination committee

The company has a nomination committee elected by the general meeting, consisting of Mr. Per Øyvind Berge, Mr. Hans Jan Henry Anderson, and Mr. Svein Øvrebø (Chair). The chairperson of the nomination committee is elected by the general meeting. The nomination committee makes a recommendation at the general meeting for the composition and the compensation of the board of directors as well as the nomination committee. The general meeting determines the nomination committee's remuneration and may provide guidance for its duties.

The nomination committee identifies the best qualified candidates for its recommendations by assessing objective criteria, including the skills and experiences of the potential candidates in consideration of the specific role to be fulfilled.

The nomination committee is not regulated in the articles of association or memorandum of association. The members of the nomination committee are independent of the board and no officers of the company serve on the committee. Recommendations for new members of the nomination committee are made by the committee itself, and not by the board of directors. The nomination committee provides a written report of nominated candidates together with justification for their candidacy ahead of the annual general meeting. The report is distributed to all shareholders with the calling notice for the general meeting. The members of the nomination committee are made known by a public release following the election at the annual general meeting.

7. Board of directors: composition and independence

The annual report of the company provides information on the expertise of the directors. The board of directors consists of four members. The four members are independent of major shareholders, executive management, and material business partners. Subject to any resolution of the shareholders to the contrary, the board may elect the chairperson of the board. Each director holds office until the expiration of his or her term and is normally elected for a one-year term by the annual general meeting based on a recommendation by the nomination committee, which is distributed to the shareholders along with the calling notice for the annual general meeting. Resolutions for the appointment of directors are taken separately for each director and require a simple majority. Directors of the board have been encouraged to own shares in the company.

8. The work of the board of directors

The board resolved a plan for its activity for 2021 with an emphasis on the company's objectives and strategy. Instructions are in place for the CEO and the board of directors, outlining their different roles and the interaction between the parties. The board does not have an elected or appointed deputy chairperson. The articles of association, however, have applicable procedures for board meetings when the chairperson is absent.

The board of directors has established an audit committee. The audit committee consists of the directors Mr. Ståle Rodahl and Mr. Nicholas Knag Nunn. The board of directors has not deemed it necessary to appoint a remuneration committee. The company has provisions for directors and management to report conflicts of interest in any transaction or business activity. The board of directors ensures that members of the board of directors and executive personnel make the company aware of any material interests that they may have in items to be considered by the board of directors.

9. Risk management and internal control

The company has developed internal control and risk assessment procedures appropriate to managing major projects, financial reporting and in the field of QHSE. The board receives frequent reports and annually assesses risk systems and internal controls. Through its operation the company is exposed to several risk factors. The main risk areas is considered to be:

- Market risk
- Counterparty risk
- Operational and technical risk
- Possible liabilities
- Contractual risk

The risk factors are described under note 3 to the consolidated financial statements on "Risk factors and financial risk management".

10. Remuneration of the board of directors

The compensation of the directors is fixed by the annual general meeting upon the recommendation of the nomination committee. Annual fees paid do not reflect the particular skills but do remunerate additional efforts made in committees of the board. There are no performance incentives granted to the directors. To the extent consultancy services are provided to the company by any director, the board will approve such activities. The compensation to directors is included in the annual report. The board of directors in 2021 consisted of Ståle Rodahl, Nicholas Nunn, Øivind Dahl-Stamnes and Hans Christian Anderson.

11. Remuneration of the executive personnel

There are no requirements by applicable law for the company to have guidelines for remunerating its executive management.

The company has two share option plans, intended to align the interests of executive management with those of the shareholders. Details of the share option programs are presented in the annual report in the notes to the financial statement.

12. Information and communication

The company's guidelines for financial reporting as well as other information distributed to the market, requires openness and equal treatment of all shareholders. The board has established guidelines for contact with shareholders other than through the general meeting.

13. Take-overs

The guiding principles for the board's dealings in a takeover bid situation have been set out in accordance with our corporate governance policy, intended to safeguard shareholders' interests. No takeover situations have occurred during the reported year.

14. Auditor

The company's auditor presents an annual plan for the audit of the company to the board and the audit committee. Internal control is annually assessed by the auditor with the company's audit committee, referring any recommendations to the board of directors. The auditor attends the meetings when the board of directors discuss the annual accounts and results. At these meetings, the auditor reports on any material changes in the company's accounting principles and key aspects of the audit, comments on any material estimated accounting figures and reports all material matters on which there has been disagreement between the auditor and the executive management of the company. The auditor meets with the board of directors without management being present when so requested by either party.

The use of non-audit related services from the auditor has been limited and should only be performed upon prior approval by the audit committee. The auditors confirm their independence through their reports to the audit committee.

Anti-corruption and business ethics

An important part of the organization and activities of Green Energy Group is ensuring corporate support and respect for the security of internationally proclaimed human rights and ensuring that the corporation is not complicit in human rights violations.

The determination of the Group to act safely and to comply with local laws and regulations is absolute. Implications of applicable legislation are conveyed to staff through policies and training, and effective, accountable, and inclusive institutions are formed at all levels.

Green Energy Group actively promotes transparency, counteracts corruption and bribery, and implements anti-corruption measures with compulsory anti-corruption training for all employees. The training increases awareness of corruption and offers instruction on how to tackle bribery risks.

All employees and relevant third parties are encouraged to come forward and report serious incidents or file a whistleblower report as part of our whistleblower policy.

KEY PERFORMANCE INDICATORS

PEOPLE

- KPI: percentage of companies applying employee satisfaction. Target 2030: 100%
  - *In 2021, 100% of the companies applied employee satisfaction.*
- KPI: Percentage of companies from the portfolio and GEG with women represented in the Board. Target 2030: 100%
  - *The Group is acting strategically on women representation on the Board, including the companies from the portfolio. There is a strong culture for equality within the group, as SeaBird has closed the year with a gender split of 50/50 in the management team.*

SUSTAINABLE GROWTH

- KPI: percentage of companies from our portfolio measuring customer satisfaction. Target 2030: 100%
  - *All the companies with clients have measured customer satisfaction in 2021*
- KPI: Number of companies with specific KPI`s in the environmental area. Target 2030: 100%
  - *2021: 100%*
- KPI: percentage of new companies assessed for sustainable performance and reporting, and sustainability risks. Target 2030: 100%
  - *2021: no new companies were acquired in 2021*

ENVIRONMENT

- KPI: Increase use of renewable energy. Target 2030: 50% carbon neutral
- KPI: Reduce CO2 emissions for scope 1 and 2 (Greenhouse Gas Protocol). Target 2030: 50%
- KPI: Increase awareness around indirect emissions from business travel. Target 2030: 100%
  - *Business travel policies were updated to include information about emissions from business travel to create awareness.*

Management Report

1.1 Operating activities

Due to COVID-19 and low oil prices at the outset, 2021 was a year with relatively low activity in the seismic market. The COVID-19 situation represented some logistical and operational challenges, in particular in relation to crew changes. The Company successfully adapted to this operational environment and has not experienced any significant operational problems due to COVID-19.

The Eagle Explorer carried out an OBN survey in the US Gulf of Mexico from January to April before it started mobilization to India for a 2D survey. The 2D survey commenced in late August and employed the vessel throughout the rest of the year. The Petrel Explorer started a contract as an accommodation vessel for a windfarm maintenance campaign in May. Following two monthly extensions, the contract was completed in October. In January 2022 the Company announced that Petrel Explorer is marketed for sale. The Fulmar Explorer was converted to a source vessel and outfitted with seismic equipment from June to September. In October the vessel started the mobilization for a one-year OBN contract. In December the company announced that it had received a notice of termination for the contract.

In March 2021, the Company listed Green Minerals on the Oslo Stock Exchange and simultaneously reduced its ownership to 55% through a distribution of shares to its shareholders. During 2021 Green Minerals has on boarded key personnel and appointed Mr. Ståle Monstad as CEO. The development of the company has progressed on target and the company has during the year formed partnerships throughout the value chain, received government funding for its R&D activities and embarked its first research cruise. Green Minerals AS is in a good position to capitalize on the strong market developments for key battery metals as the green energy transition gathers pace.

1.2 Seismic services outlook

In the first half of 2021, the demand for seismic data acquisition was negatively impacted by the COVID-19 situation. In the second half of 2021 the demand normalized as per normal seasonal fluctuations.

In the seismic market, SeaBird operates in two segments; 2D and OBN source. OBN is primarily related to increased recovery from producing fields and seismic spending the last couple of years has largely been allocated to improved oil recovery (IOR) from producing fields as well as near-field exploration.

This has resulted in a commensurate increase in source vessel demand related to ocean bottom seismic surveys. The ocean bottom seismic (OBS) market is still expected to be a core market for the company and is therefore less sensitive to fluctuations in oil price than conventional 2D and 3D seismic.

Contract prices are stable compared to previous quarters and expected to increase gradually, especially if 2D activity continues to increase, with the majority of the relevant global fleet being allocated either to OBN source or 3D. Following the completed source rigging of Fulmar Explorer, the company will have an upgraded modern, versatile, and competitive fleet of 2 owned vessels plus the ability to outfit 3 more vessels.

1.3 Marine minerals outlook

Green Minerals AS is in a good position to capitalize on the strong market developments for key battery metals as the green energy transition gathers pace. The Company has chosen the Norwegian Continental Shelf as the most attractive area to kickstart marine minerals exploration and production from. Norwegian authority's multi-decade history of successful management of natural resources offshore Norway is one of the main reasons for that, in combination with the large resource potential. The Company expects the environmental standards for activity in the area to be among the very highest in the world, which is something we support and strive for in all our work during the opening process. Notwithstanding the foregoing, the Company is exploring opportunities to win licenses also internationally. Green Minerals will continue to form partnerships with companies, industry groups, investors, authorities and academia to enable us to work together in the best way possible to provide for a responsible and successful opening for exploration and production of marine minerals in Norway.

1.4 Quality, Health, Safety, and Environment

We are guided by our commitment to quality, health, safety, and environment (QHSE).

SeaBird's operating management system is central to the company's performance evaluation process and is fully endorsed and supported by senior management through the company's policies.

In addition to quality, the system ensures safe operations. The company had none Loss time incidents (LTI) in 2021.

SeaBird's detailed analysis of past performance ensures that continual improvements are being made to QHSE procedures and also ensures that set QHSE targets for 2021 are achievable. Focal points for 2022 is to continue to streamline operations without compromising on health, safety, environment, and quality.

Our management system is certified to ISO 14001:2015 (environmental management systems), ISO 9001:2015 (quality management systems) and ISO 45001:2018 (occupational health and safety management systems).

All SeaBird vessels comply with the requirements of the International Safety Management code and the Marine Labor Convention 2006.

The company continues to work actively on minimizing its impact on the environment. We strive to achieve the highest levels of environmental awareness and operational competency. Continual improvement is achieved by developing ever more stringent internal environmental plans and targets annually. No environmental incidents were recorded in 2021.

Established QHSE processes ensures the company:

- ✓ Provides a safe, healthy work environment both offshore and onshore;
- ✓ Continuously improves operational performance and quality;
- ✓ Deliver its services promptly and cost effectively
- ✓ Considers the environment in all aspects of its operations

1.5 Interaction with the capital market

Key events

In March the company listed its subsidiary, Green Minerals AS on Euronext Growth Oslo. Simultaneously the company distributed parts of its shares in Green Minerals AS to its shareholders, reducing the company's ownership in Green Minerals AS to about 55%.

In June the company conducted a private placement of 7,000,000 new shares at NOK 4.50 per share, raising gross proceeds of NOK 31,500,000.

In December the company completed a subsequent offering of 330,095 shares at NOK 4.50 per share.

Subsequent events

In January 2022 the company completed a private placement of 14,000,000 new shares at NOK 2.25 per share, raising net proceeds of NOK 30,000,000.

In May 2022 the company completed a subsequent offering of 3,500,000 shares at NOK 2.25 per share.

1.6 Financial calendar

20.05.2022 — First Quarter 2022

08.07.2022 — Annual General Meeting

12.08.2022 — Half-Year 2022

28.10.2022 — Third Quarter 2022

1.7 20 Largest shareholders table

Investor	No. of shares per 31.12.2021	% of total
ANDERSON INVEST AS	4 063 434	11.85%
GRUNNFJELLET AS	1 495 854	4.36%
NORDNET LIVSFORSIKRING AS	1 407 877	4.11%
STORFJELL AS	1 255 475	3.66%
MIEL HOLDING AS	1 155 726	3.37%
EUROPA LINK AS	940 671	2.74%
TELINET ENERGI AS	704 140	2.05%
DNB BANK AS	635 776	1.85%
HAUSTKOLLHOLMEN AS	620 000	1.81%
HÅKON SIGSTAD	619 600	1.81%
F STORM AS	533 800	1.56%
HANDEL PARTNER AS	507 325	1.48%
TERJE STENHEIM	434 350	1.27%
SANDBERG JH AS	401 596	1.17%
KRISTOFFER FØRELAND	355 491	1.04%
KRISTIAN FALNES AS	331 003	0.97%
GEKKO AS	332 308	0.94%
NORTH SEA GROUP AS	300 000	0.88%
INTERACTIVE BROKERS LLC	270 328	0.79%
HEMA GROUP AS	266 000	0.78%
Total number owned by top 20	**16 620 754**	**48.49%**
Total number of shares	**34 276 665**	**100.00%**

Investor	No. of shares per 16.06.2022	% of total
ANDERSON INVEST AS	5 874 934	11.35%
GRUNNFJELLET AS	3 273 854	6.32%
NORDNET LIVSFORSIKRING AS	2 813 642	5.53%
EUROPA LINK AS	2 273 671	4.39%
STORFJELL AS	1 922 475	3.71%
STIG ROAR MYRSETH	1 777 699	3.43%
HAUSTKOLLHOLMEN AS	1 185 000	2.29%
HÅKON SIGSTAD	1 129 000	2.18%
DNB NOR BANK	1 012 693	1.96%
MIEL HOLDING AS	1 003 818	1.94%
TERJE STENHEIM	897 350	1.73%
SANDBERG JH AS	756 809	1.46%
F STORM AS	729 933	1.41%
KURT ODDVAR AUSTRÅTT	596 850	1.15%
MP PENSJON PK	539 716	1.04%
THE FELLOWSHIP FUNDATION AS	537 052	1.04%
NORDNET BANK AB	451 973	0.87%
NORTH SEA GROUP AS	450 000	0.87%
STEINAR GRØNLAND	399 691	0.77%
KRISTIAN FALNES AS	350 000	0.83%
Total number owned by top 20	**27 976 160**	**54.03%**
Total number of shares	**51 776 665**	**100.00%**

1.8 Financial review

The consolidated financial statements of SeaBird Exploration Plc as well as the separate financial statements for the parent company are prepared in accordance with International Financial Reporting Standards. Revenues were $20.7 million in 2021 compared to $46.5 million in 2020. While the general activity level increased in 2021 compared to the previous year, revenues decreased as the 2020 revenues included a subcontracted 3D contract, representing 54% of the total revenues. Vessel utilization increased from 34.2% in 2020 to 40.5% in 2021. The majority of our revenues were related to contracts with oil companies and other seismic companies. Cost of sales was $21.0 million in 2021 ($42.5 million in 2020). SG&A was $5.6 million in 2021, in line with 2020 ($5.6 million). Depreciation and amortization were $5.6 million in 2021 ($8.2 million in 2020). Total impairments were $1.0 million in 2021 ($6.4 million in 2020). The impairments were primarily related to compressors currently classified as assets held for sale. The company reports a loss from continuing operations of $11.4 million for 2021 (loss of $14.8 million in 2020). Capital expenditures were $21.0 million, up from $3.5 million in 2020 and is mainly related to the conversion of Fulmar Explorer and acquisition of seismic equipment. Cash and cash equivalents at the end of the period were $2.3 million ($6.2 million in 2020). Net cash from operating activities was positive $6.3 million in 2021 ($1.2 million in 2020). The company's credit facility is secured with 1st priority mortgage on Eagle Explorer, Fulmar Explorer, and Petrel Explorer. As of 31 December 2021, the drawn amount on the facility was $15.3 million. Net interest-bearing debt was $13.0 million as per 31 December 2021 (net debt of $2.1 million as per 31 December 2020). The company has financial risk management objectives and policies to handle cash flow, liquidity, and credit risk, which includes frequent forecasting, review by management and board and by holding sufficient cash reserves to fund the company's operations. The company does not hedge currency, credit, bunker, or other forms of risk. Please see notes 3 and 30 for further details on the company's risk management policies and key risk exposures.

1.9 Significant events during the year

On **8 January 2021**, the company completed an Extraordinary General Meeting. All proposals on the agenda were adopted with the requisite majority.

On **10 March 2021**, the company announced the key information related to the distribution of sharers in Green Minerals AS to the shareholders of the company. The distribution amount was set to 0.1 shares in Green Minerals AS per share in the company.

On **21 March 2021**, the company announced that its subsidiary Green Minerals AS had announced a letter of intent with a consortium led by Oil States Industries (UK) Ltd to collaborate on a FEED study for a turnkey Harsh Environment Deep Sea Mining System.

On **20 February 2020**, the company announced a letter of award for a 5-month OBN source contract for Voyager Explorer.

On **29 March 2021**, the company announced a contract for provision of source vessel services for an OBN survey in the Eastern Hemisphere with start-up in Q2 2021 and expected duration of about 90 days.

On **14 April 2021**, the company announced a contract for the Petrel Explorer as an accommodation vessel for a wind farm maintenance campaign in the Baltic Sea with start-up in April 2021 and duration of about 4 months.

On **25 May 2021**, the company announced its intention to rebrand and reorganize the company into Green Energy Group and to relocate the company from Cyprus to Norway.

On **30 June 2021**, the company announced that it had completed a private placement of 7,000,000 shares at NOK 4.50, raising gross proceeds of NOK 31.5 million.

On **8 July 2021**, the company announced a LOI for the Fulmar Explorer for a source vessel contract in the Western Hemisphere, expected to start in Q4 2021 and with an expected duration of 4 months.

On **8 October 2021**, the company announced that it had entered into a firm duration 1-year contract for the Fulmar Explorer, expected to commence in November 2021.

On **29 September 2021**, the company announced that the letter of award for a source contract announced 20 April 2020 had been terminated.

On **16 November 2021**, the company announced a letter of intent for provision of two source vessel for an OBN project with start-up in Q2 2022 and estimated duration of 100 days.

On **17 November 2021**, the company announced a letter of intent for an extension of a 2D survey in the Asia Pacific region, adding about 50% to the original program.

On **7 December 2021,** the company announced that it had received subscriptions for a total of 330,095 shares at NOK 4.50 per share in a subsequent offering.

On **10 December 2021,** the company announced that it had received a notice of termination regarding work for Fulmar Explorer.

On **20 December 2021,** the company announced that Finn Atle Hamre had agreed to step up to the position as interim CEO.

On **31 December 2021,** the company completed an Extraordinary General Meeting. All proposals on the agenda were adopted with the requisite majority.

1.10 Corporate Governance

Our corporate governance policy guides our operations and culture. The company's corporate governance policies are set out in the corporate governance section of this annual report.

1.11 Going concern

The company's accounts have been prepared on the basis of a going concern assumption. Please refer to note 2.1 in the consolidated financial statements.

1.12 Subsequent events

On **13 January,** the company announced a contemplated private placement of between NOK 20 and NOK 30 million. It was also announced that the company is contemplating to sell the Petrel Explorer.

On **14 January,** the company announced that it had completed a private placement of 14,000,000 shares at NOK 2.25 per share, raising net proceeds of NOK 30 million.

On **26 January**, the company announced that it had received interest from potential partners and that the Board of Directors of the company had decided to initiate a strategic review to explore all available options to maximize shareholders value.

On **9 February**, the company announced that it has received a letter of intent for an OBN source contract in the Eastern Hemisphere with expected start-up in late Q1 and an expected duration of about 90 days.

On **25 February**, the company announced that a previously announced letter of intent for an OBN contract had been cancelled.

On **4 March**, the company announced that it has received a letter of award for an OBN source contract in the Eastern Hemisphere with a duration of 90 days and expected to commence in early April. The company also announced that the OBN source contract announced 9 February 2022 had been cancelled as a result of sanctions against Russia.

On **28 April**, the company announced that it has signed a Letter of Intent regarding a potential sale of the company's seismic operation, granting exclusivity to a party for a period to conduct due diligence. The potential purchase price shall be calculated on the basis of an enterprise value of USD 53,000,000 on a cash and debt free basis, and with an agreed level of working capital.

On **16 May**, the company announced that it has completed a subsequent offering of 3,500,000 new shares at a subscription price of NOK 2.25 per share.

On 1**5 June** the company extended a waiver related to postponed bank installments and the equity ratio requirement under the loan agreement for its bank facility until 15 August 2022.

For the full list of subsequent events including the effect of Covid-19 and the Ukrainian war, please refer to note 33 of the consolidated financial statements.

1.13 Group Outlook

The outlook for both Marine Minerals and Seismic services is seen as promising, as described above. Further, the Group has through its business development activities identified certain business areas of interest under the Groups Sustainability mission, and will seek to invest over the coming months provided certain conditions are met.

From late February 2022 the conflict between Russia and Ukraine has escalated with significant number of troops becoming more active in Ukraine and a state of emergency was declared in Ukraine. Due to the ongoing military attack, multiple jurisdictions have imposed initial tranches of economic sanctions on Russia. The war in Ukraine and related events take place at a time of significant global economic uncertainty and volatility, and the effects are likely to interact with and exacerbate the effects of current market conditions, which may lead to increasing inflationary pressures and weakening the global post-pandemic recovery.

Management will continue to monitor the situation closely and assess any additional measures if the situation becomes prolonged in a way that may potentially impact the Company's operations.

1.14 Deviation from Q4 2021 report

The company's consolidated financials have been adjusted compared to the unaudited quarterly results announced on 25 February 2022. The adjustments reflect accruals for post-balance sheet events. Total effect is an increase of loss of $0.5 million in the Company's consolidated statement of income for 2021.

The financial statements for the company have been prepared in accordance with International Financial Reporting Standards. They were prepared under the historical cost convention and are based on the going concern assumption.

The company's net loss for 2021 is $11.4 million.

The net loss for the year is carried forward and will be settled against future gains. The board would like to offer its sincere appreciation to the employees of the company for all the efforts that were made during the year.

The board of directors

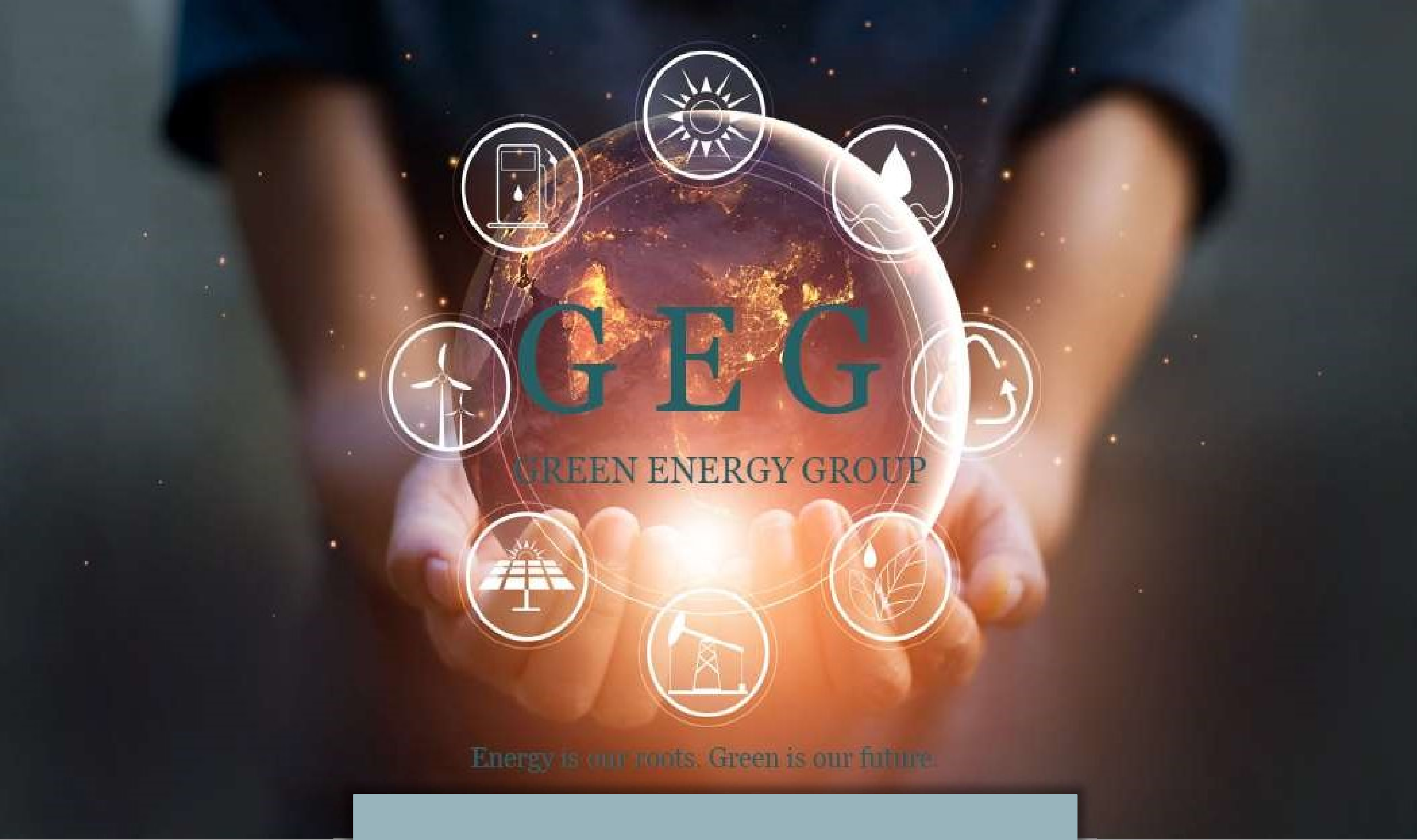
Green Energy Group (SeaBird Exploration Plc) – 17 June 2022

Ståle Rodahl
Executive Chairman

Nicholas Knag Nunn
Director

Øivind Dahl-Stamnes
Director

Hans Christian Anderson
Director



CONSOLIDATED FINANCIAL STATEMENTS

2021

(Seabird Group)

Consolidated statement of income

All figures in USD 000's	Note	Year ended 31 December 2021	2020
Revenues	5, 6	20 705	46 537
Cost of sales	22	(21 013)	(42 538)
Selling, general and administrative expenses	22	(5 563)	(5 577)
Allowance for ECL and write offs, net of reversals	10	(30)	(868)
Other income (expenses), net	21	1 716	1 047
Gain/(loss) on sale of property, plant and equipment		(807)	-
Depreciation	7, 9, 28	(5 644)	(8 039)
Amortization	9	(129)	(128)
Impairment	7, 9	(1 014)	(6 389)
Earnings before interest and taxes (EBIT)		**(11 779)**	**(15 954)**
Finance expense	24	(655)	(763)
Profit sale of shares in subsidiaries	19	-	3 023
Other financial items, net	20	719	236
Profit/(loss) before income tax		**(11 715)**	**(13 458)**
Income tax	8	290	(1 315)
Profit/(loss) for the period		**(11 425)**	**(14 773)**
Profit/(loss) attributable to			
Shareholders of the parent		(10 839)	(14 783)
Non-controlling interests	19	(586)	10
Earnings per share			
Basic	25	(0,33)	(0,55)
Diluted	25	(0,33)	(0,55)
Earnings per share from continued operations			
Basic	25	(0,33)	(0,55)
Diluted	25	(0,33)	(0,55)

Consolidated statement of comprehensive income

All figures in USD 000's	Note	Year ended 31 December 2021	2020
Profit/(loss)		**(11 425)**	**(14 773)**
Other comprehensive income		-	-
Total other comprehensive income, net of tax		**-**	**-**
Total comprehensive income		**(11 425)**	**(14 773)**
Total comprehensive income attributable to:			
Shareholders of the parent		(10 839)	(14 783)
Non-controlling interests	19	(586)	10
Total		**(11 425)**	**(14 773)**

Consolidated statement of financial position

All figures in USD 000's	Note	2021	As of 31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	7	46 050	41 341
Multi-client library	9	179	308
Long term investment	32	-	47
		46 228	**41 696**
Current assets			
Inventories	13	1 186	630
Trade receivables	10	4 873	8 454
Other current assets	11	4 019	3 709
Restricted cash	14	69	122
Cash and cash equivalents	14	2 312	6 231
		12 460	**19 146**
Assets classified as held for sale	12	11 189	2 500
Total assets		**69 878**	**63 342**

Consolidated statement of financial position

		As of 31 December	
All figures in USD 000's	Note	2021	2020
EQUITY			
Shareholders' equity			
Paid in capital	15	45 491	322 875
Currency translation reserve		(407)	(407)
Share options granted	15,23	191	444
Retained earnings		(17 861)	(287 689)
		27 415	**35 223**
Non-controlling interests		930	762
		28 345	**35 985**
LIABILITIES			
Non-current liabilities			
Loans and borrowings non-current	18	7 559	5 225
		7 559	**5 225**
Current liabilities			
Trade payables	16	14 569	12 898
Contract liability	16	368	606
Other payables	16	10 048	3 758
Provisions	17	331	395
Loans and borrowings current	18	7 767	3 138
Tax liabilities	8	890	1 337
		33 973	**22 132**
Total liabilities		**41 532**	**27 357**
Liabilities classified as held for sale		-	-
Total equity and liabilities		**69 878**	**63 342**

On 17 June 2022, the board of directors of SeaBird Exploration Plc authorized these consolidated financial statements for issue.

Ståle Rodahl
Chairman

Øivind Dahl-Stamnes
Director

Nicholas Knag Nunn
Director

Hans Christian Andersson
Director

Consolidated statement of changes in equity

All figures in USD 000's	Paid in capital	Currency translation reserve	Share options granted	Retained earnings	Non-controlling interests	Total equity
Balance at 1 January 2021	**322 875**	**(407)**	**444**	**(287 689)**	**762**	**35 985**
Comprehensive income for the year						
Profit/(Loss) for the year	-	-	-	(10 839)	(586)	(11 425)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**(10 839)**	**(586)**	**(11 425)**
Contributions by and distributions to owners						
Share premium reduction	(277 201)	-	-	277 201	-	-
Share premium reduction - GM shares	(3 800)	-	-	-	-	(3 800)
Share issue	3 616	-	-	-	-	3 616
Transactions with non-controlling interest *)	-	-	-	3 425	755	4 181
Share options granted/cancelled	-	-	(252)	-	-	(252)
Other equity transactions	-	-	-	40	-	40
Total contributions by and distributions to owners	**(277 385)**	**-**	**(252)**	**280 667**	**755**	**3 785**
Equity at 31 December 2021	**45 491**	**(407)**	**191**	**(17 861)**	**930**	**28 345**
Balance at 1 January 2020	**322 875**	**(407)**	**87**	**(275 477)**		**47 078**
Comprehensive income for the year						
Profit/(Loss) for the year	-	-	-	(14 783)	10	(14 773)
Currency translation reserve	-		-			-
Total comprehensive income for the year	**-**	**-**	**-**	**(14 783)**	**10**	**(14 773)**
Changes in non-controlling interests	-	-	-	2 571	752	3 323
Share options granted/cancelled	-	-	357	-	-	357
Total contributions by and distributions to owners	**-**	**-**	**357**	**2 571**	**752**	**3 680**
Equity at 31 December 2020	**322 875**	**(407)**	**444**	**(287 689)**	**762**	**35 985**

*) For further information, please refer to note 19 Subsidiaries within the group.

Consolidated statement of cash flow

All figures in USD 000's	Note	Year ended 31 December 2021	2020
Cash flows from operating activities			
Profit/(loss) before income tax		(11 715)	(13 458)
Adjustments for			
Depreciation, amortization, and impairment	7, 9, 12, 28	6 787	14 556
Movement in provision	17	(65)	(424)
Loss from disposal of fixed assets		807	-
Unrealized exchange (gain)/loss		(160)	(366)
Other items		107	1 241
Gain from disposal of subsidiary		-	(3 023)
Gain from sale of shares		(256)	-
Interest expense on financial liabilities	24	619	622
Paid income tax	8	8	(1 363)
(Increase)/decrease in inventories		(556)	1 296
(Increase)/decrease in trade receivables, contract assets and restricted cash		3 391	(2 400)
Increase/(decrease) in trade and other payables		7 541	3 878
Increase/(decrease) in contract liability		(238)	606
Net cash from/ (used in) in operating activities		**6 270**	**1 164**
Cash flows from investing activities			
Capital expenditures	7	(20 961)	(3 450)
Proceeds from disposal of PPE		304	-
Proceeds from issuance of shares to outside investors in subsidiary company		-	3 323
Investments in financial assets		-	-
Long term investment		59	7
Proceeds from sale of shares in subsidiary		369	-
Proceeds from sale of shares in third parties		451	-
Net cash from/ (used in) investing activities		**(19 778)**	**(120)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	15	7 332	-
Transaction costs on issuance of ordinary shares		(228)	-
Transaction costs refinancing loan facility		-	(137)
Reduction of equity - distribution of Green Minerals shares		(3 800)	-
Receipts from borrowings	18	6 903	8 500
Repayment of borrowings	18	-	(5 152)
Interest paid		(619)	(557)
Repayment of interest portion of lease liability	28	-	(69)
Repayment of principal portion of lease liability	28	-	(1 042)
Net cash from/ (used in) financing activities		**9 589**	**1 543**
Net decrease in cash and cash equivalents		**(3 919)**	**2 586**
Cash and cash equivalents at beginning of the period, unrestricted	**14**	**6 231**	**3 645**
Cash and cash equivalents discontinued operations		-	-
Cash and cash equivalents at end of the period, unrestricted	**14**	**2 312**	**6 231**

Notes to the consolidated financial statements

All figures in USD 1.000, if not stated otherwise. The consolidated financial statements and the separate financial statements are an integral part of the annual financial statements and should be read in conjunction with each other.

1 General information

Seabird Exploration Plc (alone or together with its subsidiaries referred to as "SeaBird" or "company" or "Group") is a global provider of marine 2D and 3D seismic data for the oil and gas industry. SeaBird specializes in high quality operations within the high end of the 2D and source vessel market, as well as the niche 3D market. SeaBird concentrates on contract seismic surveys but is also selectively engaged in the multi-client sector. The main success criteria for the Group are an unrelenting focus on quality, health, safety and environment (QHSE), combined with efficient collection of high-quality seismic data.

The company was incorporated in the British Virgin Islands as a limited liability company in 2000. The company was re-domiciled to Cyprus on 18 December 2009. Seabird has direct ownership in three vessels and the company is listed on Oslo Børs with ticker SBX. The company's registered address is at Panteli Katelari 16, Diagoras House floor 7, 1097, Nicosia, Cyprus. The Group main office is located in Bergen (Norway) with the office address Sandviksbodene 68, 5035 Bergen. SeaBird Exploration Plc is tax resident in Norway and registered in the corporate registers both in Norway and Cyprus.

At 31 December 2021, Seabird's owned fleet consisted of the seismic vessels "Eagle Explorer (Eagle)" and "Fulmar Explorer (Fulmar)". Furthermore, the "Petrel Explorer ("Petrel") not equipped for seismic operations has been marketed for sale. In addition, the Group has a substantial pool of seismic equipment which is operated on chartered vessels. At year-end there were no chartered vessels in operation.

The Group also holds a majority stake in Green Minerals AS ("GM"), in order to expand and adjust its business model for the future to include renewable energy. GM was listed on the Oslo Stock Exchange in March 2021 and marks a significant transition by SeaBird as a pure seismic company to a more diversified business operation.

The accompanying consolidated financial statements represent the activities of SeaBird for the year ended 31 December 2021. These consolidated financial statements were authorized for issue by the board of directors on 17 June 2022.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss. The preparation of financial statements also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Going concern assumption

The assessment of going concern relies heavily on the ability to secure future cash flows over the going concern assessment period which extends through to a period of at least one year from the date of approval of the financial statements and cover also the envisaged postponement of the debt instalments of $6.9 million, which fell due in June 2022 and were extended until 15 August 2022. The following steps have been undertaken to allow the company to conclude on the appropriateness of the going concern assumption:

a. Understand what could cause the company not to be a going concern.

b. Consider the current liquidity position, customer and sector position, market and operational risks and availability of additional funding if required.

c. Board review of the base case forecast produced by management.

d. Perform reverse stress tests to assess under what circumstances going concern would become a risk – and assess the likelihood of whether they could occur.

e. Examine other mitigating actions to remedy the stress test scenarios.

f. Conclude upon the going concern assumption.

(a) Understand what could cause the company not to be a going concern

The potential scenarios which could lead to the company not being a going concern are considered to be:

- Not having sufficient cash to meet liabilities as they fall due and therefore not being able to provide services to its customer base and meet financing obligations. The main source of operating cash flows for the company is the securing of employment for its fleet. As at 31 December 2021 the Group was in a net current liability position of US$10.4 million.

- Failure to reach an agreement with Sparebank 1 SMN bank for the postponement of the debt instalments of $6.9 million that fell due in June 2022 and were extended until 15 August 2022, which include postponed installments of $3.9 million and a temporary revolving credit facility of $3 million. Based on the current status of certain elements used in the latest cash flow projections, the company is not in position to meet these instalments and has entered into discussion with the bank in order to revise or refinance the facility so that the installments are aligned with the forecasted cash flow. The company is in close dialogue with its bank and has had positive discussions regarding the refinancing. However, up to date of approval of these financial statements there is an ongoing due diligence process for the potential sale of the group's seismic operation, the discussions have been put on hold until this is concluded. Should the process not materialize to a sale, the company will seek to postpone the installments and take up the discussions regarding refinancing of the loans.
- A non-remedied breach of the financial covenants of Sparebank 1 SMN bank (Note 18) and failure to obtain a waiver. Under the terms of the agreement this could lead to the outstanding balance becoming due for immediate repayment. These covenants are:

  ✓ Minimum fee cash: $ 1 million

  ✓ Positive working capital excluding current portion of interest-bearing debt

  ✓ Equity ratio 45 % (The ratio was 40 % at 31 December 2021; this breach has been waived by the bank until 15 August 2022).

(b) Consider the current liquidity position, customer and sector position, market and operational risks and availability of additional funding if required.

At 31 December 2021 unrestricted cash and cash equivalents amounted to $2.3 million, while total current assets amounted to $23.6 million. Out of the above cash and cash equivalents $2.2 million relate to Green Minerals AS. Interest-bearing debt at 31 December 2021 was $15.4 million and current liabilities were at $34.0 million. The Group had equity of $28.5 million as of 31 December 2021 despite incurring a loss of $11.4 million.

Despite a challenging market and increased complexity in operations caused by COVID-19, the company managed to maintain operational activity in 2021 and generated positive net cash from operating activities.

The general market outlook, with oil prices above $100 per barrel has improved significantly and both tendering activity and rate level is higher now than it was a year ago. Following the conversion of Fulmar Explorer in 2021 (completed early 2022) the company is well positioned to take advantage of the strong market. The attractiveness of the company's assets is also reflected in the recent offer the company has received on its seismic operation. If the ongoing due diligence process materializes to a sale, the sales price will be sufficient to cover all bank debt as well as other outstanding liabilities. If the transaction is not completed, the company expects to increase its backlog with longer contracts at higher rates going forward and seek to postpone the debt installments and take up the discussions regarding the refinancing of the loan.

If needed, the company may also attempt to raise liquidity through the stock exchange by utilizing the equity market opportunities of the Group's two listed companies. This does not exclude the possibility to dispose of tangible and intangible fixed assets held by the company and delay scheduled investment programs and capital expenditure if required to ensure additional liquidity. The company has announced that it is marketing the Petrel Explorer for sale. Parts of the proceeds from the sale is likely to be applied to strengthen the working capital, while the remaining will be applied to pay back bank loan. Management expects that Petrel Explorer will be sold for more than its carrying value of US$9 million. Since 31 December 2021 the company has completed a private placement of 14,000,000 shares and a subsequent offering of 3,500,000, both at NOK 2.25 per share, raising gross proceeds of $ 4.5 million.

(c) Board review of the base case forecast produced by management

The management has developed a base case cashflow forecast incorporating the most likely scenarios based on historic data and contract activity. The following steps were taken by the Board to ensure the most accurate base case:

- The inputs and assumptions used in the base case cashflow forecast were compared to external market sources to ensure reasonability.
- Inputs and assumptions were challenged through historic data.
- Reviewed the variance analysis between prior year projected cashflows versus actual cashflows.
- Compared employment rates to approved and prospective contracts.
- Challenge the cost base used for contracts.
- Ensure the base cashflow is updated with actual data from 2022.
- Examined different scenarios their likelihood and impact on the company.
- The main assumptions/facts used in the cash flow projections relate to the available facility, the estimated sale price of Petrel Explorer, the estimated EBITDA to be generated in 2022 and the estimated proceeds from any further issue of shares. If these assumptions/facts are accurately estimated and there is no breach of covenants in the next twelve months, the company will be able to cover its short term liabilities.

(d) Perform reverse stress tests to assess under what circumstances going concern would become a risk – and assess the likelihood of whether they could occur.

The base case forecast model was further adjusted to establish at what point the company may not be able to meet its obligations. The company has developed 2 scenarios.

The first scenario takes into consideration the likelihood that the debt instalments are not restructured. In making this assessment it was assumed that the company had not secured contracts beyond the current employment of the one vessel in operation. In its assessment the board calculates a substantial cash deficit in the month of June. A solution to such scenario needs to be developed together with the company's bank. Based on the ongoing discussions with the bank the Board considers a non-approval from the bank's credit committee unlikely. The Petrel Explorer is marketed as assets held for sale and is expected to be sold within the next 12 months. The proceeds from the sale is expected to be higher than the vessels carrying value of USD 9 million and is expected to cover postponed installments.

The second downside scenario incorporates a reduced utilization or reduced contract rates by 20%. In its assessment, the board considers availability of alternative sources of financing to mitigate the impact on liquidity, including cost saving measures and tighter working capital control as a first response. The company has contingency plans in place in case of a prolonged stand-off, which will take the company's run-rate on cash costs down to a very low level, enabling the company to weather a period of low demand from the oil companies. Other measures, which may include realization of assets or asset-backed financing arrangements, are also considered possible.

In both scenarios, the company has considered the risk to become non-compliant with the bank covenants. A waiver related to unpaid installments and the required book equity ratio expire on 15 August. The company's priority under both scenarios is to maintain the covenant compliance requirements therefore mitigating actions are considered at a level above the breach of covenants. For example, the company considered that in both scenarios the minimum free cash of US$1 million is maintained to avoid non-compliance.

(e) Examine other mitigating actions to remedy the stress test scenarios.

- Diversification of operations. In November 2020, the Company established Green Minerals AS, a marine minerals exploration and production company, in order to expand and adjust its business model for the future to include renewable energy. Green Minerals was listed on the Oslo Stock Exchange in March 2021 and marks a significant transition by the company as a pure seismic company to a more diversified business operation. Green Minerals will be providing some of the most important resources for the green energy transition to happen, such as copper, cobalt, nickel and rare earth elements. Green Minerals counteracts any negative effects in oil and gas through the green energy transition.
- The Group is a listed Company on the Oslo Stock Exchange and has access to funds from shareholders, if needed.

(f) Conclude upon the going concern assumption

The above matters for the assessment of the going concern constitute a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and therefore whether the group will realize its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements. Although it is not certain that mitigating actions taken by management will be successful, management has determined that the actions that it has taken are sufficient to mitigate the uncertainty and has therefore prepared the consolidated financial statements on a going concern basis.

2.2 Adoption of new or revised standards and interpretations

There were no changes in accounting principles and no new IFRS standards, amendments or interpretations that have been up for adoption in 2021.

New standards, amendments, IFRSs or IFRIC interpretations for annual reporting periods after 31st of December 2021 are expected to not be significant for the Group's financial statements going forward.

2.3 Consolidation

(A) Subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company (its "subsidiaries").

Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

Subsidiaries are fully consolidated from the date on which control is transferred to SeaBird. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by SeaBird. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of SeaBird's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between SeaBird companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by SeaBird. For a complete listing of subsidiaries please refer to note 19.

(B) Non-controlling interests (minority interests)

In 2020 Green Minerals AS with its main office in Bergen, Norway was recognized as a new subsidiary in the Group. The Group has minority interests (non-controlling interests) in this subsidiary and therefore the Group shall present non-controlling interests in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions (meaning transactions with owners in their capacity as owners).

For more information regards to non-controlling interest see note 19.

If the Group loses control of a subsidiary with non-controlling interest;

- the Group derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position
- Recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with IFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.
- recognizes the gain or loss associated with the loss of control attributable to the former controlling interest

2.4 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing related services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. The Group has one business segment. The CEO of the Group is considered to be the Chief Operating Decision Maker.

2.5 Foreign currency translation

(A) Presentation currency

The consolidated financial statements are presented in US dollars, which is also the company's functional currency.

(B) Transactions and balances

Foreign currency transactions are translated into the presentation currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Foreign exchange gains and losses arising from financing activities are recognized in finance costs while all other foreign exchange gains and losses are recognized in their individual line items.

(C) Seabird companies

The results and financial position of all the SeaBird entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

I. assets and liabilities for each balance sheet item are translated at the closing rate at the date of that balance sheet;

II. income and expenses are translated at average exchange rates during the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

III. all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

2.6 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;

- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Standards applicable to the particular assets, liabilities, revenue and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

The Group's multi-client projects presented in these financial statements joint control arrangements accounted for as joint operations.

2.7 Property, plant and equipment

Property, plant and equipment comprise mainly vessels and seismic equipment on board owned or chartered vessels. Vessels, seismic equipment designated for source and 3D/2D operation and office equipment are carried at historical cost, less accumulated depreciation and impairment.

Cost represents either the purchase price or the fair value at the time of acquisition if the purchase was through a business combination. Certain expenditures for conversions and major improvements are also capitalized if they appreciably extend the life or increase the earning capacity of a vessel. Elements of cost include costs that are directly attributable to the improvement or conversion project but not administration and other general overhead costs. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated on a straight-line basis (historical cost less residual value) over their estimated useful lives, as follows:

- Vessels: Up to 25 years
- Conversion expenditures: Vessels remaining life
- Seismic equipment (immovable): Vessels remaining life
- Seismic equipment (movable): 3 to 8 years
- Office equipment: 3 years

The vessels are depreciated from the date they are available for use, i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management. Costs for special periodic and class renewal surveys (dry-docking) are capitalized and depreciated over the estimated period between surveys. When special periodic and class renewal surveys occur the part of the fixed assets register that is replaced is derecognized. Other maintenance and repair costs are expensed as incurred. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included under "Gain/(loss) on sale of property, plant and equipment" in the income statement.

Property, plant and equipment under construction or under conversion are recognized at cost less impairment. Elements of cost include costs that are directly attributable to the conversion project but not administration and other general overhead costs.

2.8 Intangible assets

(A) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(B) Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(C) De-recognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets with finite lives are amortized over the useful economic lives based on straight line amortization. Useful lives and amortization method for intangible assets with finite useful life are reviewed at least annually. Gains and losses arising from de-recognition of an intangible asset are measured at the difference between the net sales proceeds and the carrying amount of the asset and are reported as “other income (expenses), net” in the income statement as part of operating profit.

The company currently owns no intangible assets other than multi-client investments, which are described below.

(D) Multi-client library

The multi-client library consists of seismic data surveys to be licensed to customers on a non-exclusive basis. Costs directly incurred in acquiring, processing and otherwise completing multi-client seismic surveys, including depreciation and mobilization costs, are capitalized to the multi-client library.

Generally, each multi-client survey is amortized in a manner that reflects the pattern of consumption of its economic benefits.

Upon completion of data processing and delivery to the prefunding customers and those contracted during the work in progress phase, amortization is recognized based on total costs versus forecasted total revenues of the project.

Thereafter, a straight-line amortization is applied over the project's remaining useful life, which for most projects is estimated to be four years. The straight-line amortization is distributed evenly through the financial years, independently of sales during the quarters.

Whenever there is an indication that a survey may be impaired, an impairment test is performed in accordance with the policy described in note 2.9. A systematic impairment test of all surveys is performed at least annually at the end of the financial year.

2.9 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized in profit or loss.

2.10 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

2.11 Financial assets and financial liabilities

Financial assets and financial liabilities are recognized in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value and are subsequently held at fair value or amortized cost based on the classification provisions described below.

2.11.1 Financial assets - classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income "OCI" or through profit or loss), and
- those to be measured at amortized cost

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes trade receivables, cash and cash equivalents and restricted cash.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon de-recognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not hold any debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group does not hold any equity instruments at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes the listed debt investment and the non-listed equity investment shown within the line long-term investments.

2.11.2 De-recognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in profit or loss.

2.11.3 Financial assets: impairment and credit loss allowance for ECL

The Group assesses on a forward looking basis the ECL for debt instruments (including loans) measured at amortized cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognizes credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss.

Debt instruments measured at amortized cost are presented in the consolidated statement of financial position net of the allowance for ECL.

For debt instruments at FVOCI, an allowance for ECL is recognized in profit or loss and it affects fair value gains or losses recognized in OCI rather than the carrying amount of those instruments.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For trade receivables including trade receivables with a significant financing component and contract assets and lease receivables the Group applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognized from initial recognition of the financial assets.

For all other financial asset that are subject to impairment under IFRS 9, the Group applies the general approach. The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking such as the future prospects of the oil and gas industry in which the Group's debtors operate.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when the asset has external credit rating of ‘investment grade’ in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of ‘performing’. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about events such as: significant financial difficulty of the issuer or the borrower; a breach of contract, such as a default or past due event; it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

2.11.4 Reclassification of financial assets

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

2.11.5 Financial assets write off

Financial assets are written off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write off represents a de-recognition event. The Group may write off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

2.11.6 Financial liabilities measurement categories

Financial liabilities are initially recognized at fair value and classified as subsequently measured at amortized cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognized by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

The Group’s financial liabilities are classified as subsequently measured at amortized cost.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalized as part of the cost of that asset. Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the consolidated statement of financial position date.

2.11.7 De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. In determining whether a modification of terms of a liability is a substantial modification, the Group considers quantitative and qualitative factors. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification, is recognized in profit or loss as the modification gain or loss.

2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The Group’s inventories comprises of fuel and lube oils.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments.

2.14 Share capital

Ordinary share capital is classified as equity. The difference between the fair value of the consideration received by the company and the nominal value of the share capital issued is taken to the share premium account.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where and if any group company purchases the parent company’s equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Group’s equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Group's equity holders.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. For more information see note 15.

2.15 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where SeaBird operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. SeaBird establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, the deferred income tax, if it is not accounted for, arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by SeaBird and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Employee benefits and share based payments

(A) Pension obligations

SeaBird operates various defined contribution plans under which it pays fixed contributions into a separate entity. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(B) Share-based compensation

Equity-settled, share-based compensation plans, under which the Group receives services from employees as consideration for SeaBird equity instruments (options) is booked as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any nonmarket vesting conditions (for example, profitability and sales growth targets).

Nonmarket vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The entity may modify the terms of an existing equity instrument granted in a share-based payment transaction. As a minimum, the services received are measured at the grant date fair value, unless the instruments do not vest because of a failure to satisfy a non-market vesting condition that was specified at grant date. This applies irrespective of any modifications to the terms and conditions on which the instruments were granted (including cancellation or settlement). In addition, the effects of modifications that increase the total fair value of the share-based payment arrangement, or are otherwise beneficial to the employee, are recognized. A modification that results in a decrease in the fair value of equity instruments does not result in a reduction in the expense recognized in future periods. When the modification increases the fair value of the equity instruments granted, the incremental fair value is measured by comparing the fair value of the instrument immediately before and immediately after the modification. This incremental fair value is then included in the measurement of the amount recognized for services received. If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from the modification date until the date when the modified equity instruments vest. The amount based on the grant date fair value of the original equity instruments continues to be recognized over the remainder of the original vesting period. If the modification occurs after vesting date, the incremental fair value granted is recognized immediately. If the modification increases the number of equity instruments granted, the fair value of the additional equity instruments granted, measured at the date of the modification, is included in the measurement of the amount recognized for services received.

The cancellation or settlement of an equity instrument is accounted for as an acceleration of vesting. The amount that would otherwise have been recognized for services received over the remainder of the vesting period is, therefore, recognized immediately. If new equity instruments are granted to an employee in connection with the cancellation of existing equity instruments, and they are identified, on the date when they are granted, as replacement equity instruments for the cancelled equity instruments, this is accounted for as a modification of the original equity instruments. The incremental fair value granted is the difference between the fair value of the replacement equity instruments and the net fair value of the cancelled equity instruments at the date the replacement equity instruments are granted. The net fair value of the cancelled equity instruments is their fair value, immediately before the cancellation, less the amount of any payment made to the employee that is accounted for as deduction from equity. If the entity does not identify new equity instruments granted as replacement equity instruments for those cancelled, the new equity instruments are accounted for as a new grant.

2.17 Provisions

Provisions are recognized when SeaBird has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material), using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Onerous leases are contracts where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Provision is made in respect of onerous contracts for the present obligation under the contract. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.18 Revenue recognition

Revenues for contracts with customers arise primarily from (i) proprietary seismic services (2D and 3D exclusive surveys performed in accordance with customer specifications) and (ii) granting of licenses to the Group's multi-client library. Source contracts of seismic vessels and time-charter contracts of maritime vessels under which a vessel is chartered-out to the customer for a specific period are accounted for as leases (refer to note 2.19)

Revenue is recognized at the amount that the Group expects to be entitled in exchange for transferring the promised services to the customer (the 'transaction price'). The Group includes in the transaction price an amount of variable consideration (for example, additional consideration related to a "variation order") only to the extent that it is probable that a significant reversal will not occur when the associated uncertainly is resolved. Revenue is shown net of value-added tax, discounts, and after eliminating sales within the Group. Revenue is recognized when it is probable that the Group will collect the consideration to which it will be entitled and when specific criteria have been met under the contract. In evaluating whether collectability is probable, the Group considers only the customer's ability and intention to pay.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases of decreases in estimates are reflected in the profit or loss in the period in which the circumstances become known to the management.

The principles applied for each of the main types of contracts with customers are described in more detail below:

Identification of performance obligations

The Group assesses whether a contract contains one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation on the basis of its standalone selling price. The proprietary 2D/3D contracts (that do not include data processing service), are generally considered to have a single performance obligation. The service related to seismic data processing, which is occasionally agreed in contracts with customers, is typically considered to be a separate performance obligation.

Timing of revenue recognition in proprietary seismic services

Revenue from proprietary seismic services (2D/3D contracts) is recognized over time as the services are performed and the Group is entitled to the compensation under the contract for the work performed. The performance obligation is considered to be satisfied over time because the Group performs the service at the customer specification, the resulting data is owned by the customer the Group is entitled to payment at any given point in time for the portion of work performed and the Group has no alternative right to otherwise use or benefit from the resultant data. Revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The percentage of completion is measured with reference to the actual cost (cost per day multiplied by days lapsed) to total expected costs (cost per day multiplied by expected project days).

Timing of revenue recognition in multi-client sales (licensing)

Multi-client late sales: Revenue from granting a license to a customer to use a specifically defined portion of the multi-client library is recognized at the "point in time" when the customer has received the underlying data or has the right to access the licensed portion of the data.

Multi-client prefunding sales: The Group ordinarily obtains funding from customers before a multi-client survey project is completed. All invoices to clients during work-in-progress phase are booked as contract liabilities. Revenue is recognized at the point in time when the "right to use" license is transferred to the customer. This "point in time" depends on the specific contract, but is typically upon completion of processing of the survey and granting of access to the finished data or delivery of the finished data.

Timing of revenue recognition in source contracts and time-charter contracts

Revenue from source contracts and time-charter contracts is recognized in accordance with the lessor accounting policies (note 2.19). Typically, source contracts and time-charter contracts are classified as operating leases and hire income is recognized on a straight-line basis over the term of the relevant lease.

Financing component

The Group typically does not have any contracts where the period between the delivery of the service and payment by the customer exceeds one year. Consequently, the Group elects to use the practical expedient and does not adjust any of the transaction prices for the time value of money.

Contract assets and contract liabilities

In case the services rendered by the Group as of the reporting date exceed the payments made by the customer as of that date and the Group does not have the unconditional right to charge the client for the services rendered (that is, the Group has earned 'unbilled revenue'), a contract asset is recognized. The Group assesses a contract asset for impairment in accordance with IFRS 9 using the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the contract asset. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9 (see note 2.11.3).

If the payments made by a customer exceed the services rendered under the relevant contract, a contract liability is recognized. The Group recognizes any unconditional rights to consideration separately from contract assets as a trade receivable because only the passage of time is required before the payment is due.

Costs to obtain or fulfil contracts with customers

The Group can recognize the incremental costs incurred by the Group to obtain contracts with customers and the costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset, if such costs meet the following recognition criteria:

- Incremental costs of obtaining contracts are those costs that the Group incurs to obtain a contract with customer that would not have been incurred if the contract had not been obtained.
- Costs to fulfil a contract are those that (a) relate directly to the contract, (b) generate or enhance resources of the Group that will be used in satisfying performance obligations, and (c) the costs are expected to be recovered.

The Group accounts for the mobilization costs incurred to transfer the vessel to the intended contract area as "costs to fulfil a contract" if they meet the above criteria and recognizes the costs as an asset on the balance sheet, classified within "other current assets". The asset is amortized on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue and recognized in "cost of sales" in the profit or loss. Additionally, the asset is assessed for impairment under the expected credit loss provisions and any impairment loss is recognized in "cost of sales" in profit or loss.

The Group recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Group otherwise would have recognized is one year or less.

2.19 Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract.

The Group enters into lease agreements as a lessee with respect to its vessels chartered-in, the Group's office premises, as well as rentals of office equipment. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as small items of office equipment). For these leases, the Group recognizes the lease payments as an operating expense on a straight- line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the current year.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lessee transfer's ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy (see note 2.7).

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are recognized in profit or loss, classified within "Cost of sales" if related to rental of vessels or in "Selling, general and administrative expenses" if related to rental of office space or office equipment.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its vessels chartered-out under source contracts.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

2.20 Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in SeaBird's financial statements in the period in which the dividends are approved by the Board of Directors.

2.21 Comparatives

The Group made no reclassifications in 2021.

2.22 Contingent assets and liabilities

Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements where an inflow of economic benefits is probable. Contingent liabilities are defined as:

- possible obligations resulting from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity;

- a present obligation that arises from past events but is not recognized because:

    (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not reported in the financial statements, with the exception of contingent liabilities which originate from business combinations. For more information see note 27.

2.23 Contract costs

Costs incurred relating to future performance obligations are deferred and recognized as assets in the consolidated statement of financial position.

The nature of the asset is incremental costs of obtaining a contract that would not have incurred if the contract had not been obtained and will be recovered by the revenue over the contract period.

Costs related to contracts and future performance obligation longer than 12 months are classified and presented as other non-current assets. All other costs for future performance are presented as other current assets.

Contract costs incurred will be expensed and presented as Operational expenses (cost of sales) in line with the satisfaction of the performance obligation.

2.24 Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard the company recognizes an asset from the costs incurred to fulfil a contract if those costs meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the company can specifically identify);

(b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered

Costs related to mobilization of vessels are capitalized under other current assets and amortized over the contract period when the above criteria are satisfied.

3 Risk factors and financial risk management

3.1 Financial risk factors

SeaBird's activities are exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and monitors and controls risks with a potential significant negative effect for the Group and evaluates to minimize the risks if the cost of doing so is acceptable. The Group may use derivative financial instruments to hedge certain risk exposures from time to time. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and procedures for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included in note 30. The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The audit committee oversees how management monitors and manages risk and review the adequacy of the risk management framework in relation to the risks faced by SeaBird.

(A) Market risk

(I) Currency exchange risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's operating cash inflows are derived from its seismic activities, which are mostly priced in U. S. dollar whilst vessels' costs and crew costs are also mostly in U.S. dollar, thus creating a natural hedge. Nevertheless, as the Group operates internationally, it undertakes transactions denominated in foreign currencies, in particular with regards to taxation payments, as well as administrative expenses. Consequently, the Group is exposed to foreign exchange risk, primarily with respect to Norwegian kroner, Euro, Singapore Dollar, and British Pound. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Group's management monitors the currency rate fluctuations continuously and entities in the Group may use from time to time various foreign exchange contracts. SeaBird did not have any open foreign exchange contracts as at 31 December 2021 and 2020. Quantitative information regarding the Group's exposure to foreign exchange risk as at year end is set out in note 30.

(II) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Variable interest rates expose the Group to cash flow interest rate risk, while fixed interest rates expose the Group to fair value interest rate risk. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest bearing assets. The Group has a floating interest loan in Sparebank 1 SMN, see note 18. The management monitors the interest rate fluctuations on a continuous basis and acts accordingly. Quantitative information regarding the Group's exposure to interest rate risk as at year end is set out in note 30.

(B) Credit risk

The company sells its services solely to participants in the energy industry, which may increase the Group's overall exposure to credit risk as customers may be similarly affected by prolonged industry downturns. SeaBird has policies in place to ensure that sales of services are made to customers with an appropriate credit history. When contracts are made with counterparties that are considered particularly risky, the company normally dictates short payment terms and upfront payments in contractual arrangements with the client to properly mitigate credit risk. Still, the Group faces the risk of non-payment from customers.

Credit risk also arises from cash and cash equivalents, deposits with financial institutions as well as contract assets and contract costs. SeaBird seeks to limit the amount of credit exposure to any financial institution and is only investing in liquid securities with counterparties with strong credit ratings. The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries or performance guarantees and similar in the normal course of business.

Note 30 details the Group's maximum exposure to credit risk and the measurement bases used to determine expected credit losses.

(C) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of available debt funding and the ability to close out market positions. Due to the cyclical nature of the seismic industry, SeaBird has been aiming to maintain flexibility in funding by a mixture of debt and equity financing. Quantitative information about the Group's exposure to liquidity risk is set out in note 30.

(D) Risks related to debt arrangements

SeaBird's current and future debt arrangements may include covenants and undertakings of a general, financial and technical nature and such debt arrangements may contain cross-default provisions. Failure by the Group to meet any of the covenants, undertakings and/or a failure to repay debt installments falling due could result in all outstanding amounts under the different debt arrangements becoming immediately due for payment, which could potentially have a material adverse effect on the Group's financial position and the value of the shares and the Group's operations and results. Please see note 18 for more information.

(E) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year. The capital structure of the Group consists of net debt (borrowings disclosed in note 18 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings). The Group is subject to capital requirements ref. note 18 were the loan covenants are described.

3.2 Other risk factors

SeaBird is subject to various other risk factors. The risks described below are not exhaustive as additional risks not presently known to SeaBird or which SeaBird currently deems immaterial may also impair the Group's business operations. If any of the following risks actually materialize, SeaBird's business, financial position and operating results could be materially and adversely affected.

SeaBird is exposed to the economic cycle, as changes in the general economic situation could affect demand for SeaBird's services. Demand for offshore geophysical services depends on the level of capital spending by oil and gas companies. Capital expenditures, and in particular exploration and development expenditures, by oil and gas companies can be negatively affected by a number of factors including, but not limited to, decreases in oil and gas prices, fluctuations in production levels and disappointing exploration results.

Low oil prices typically lead to a reduction in capital expenditures as these companies scale down their investment budgets. Sustained periods of substantially reduced capital expenditures by these companies may reduce the demand for the SeaBird's products and services. Furthermore, recoveries in oil and gas prices do not immediately increase exploration, development and production spending, so improving demand for SeaBird's services will generally lag oil and gas price increases. SeaBird's operating income/loss and operating results can vary from month to month. Its operating income is difficult to forecast due to changes in oil companies' exploration and production (E&P) budgets and expenditures, the competitive environment, efficiency in operations, adverse weather conditions and other general economic, changes in input costs and changes market conditions.

SeaBird is also exposed to commodity (bunker fuel) price risk. As SeaBird in general has a fairly short order backlog for contracts where SeaBird is carrying the risk of bunker fuel prices, this risk has not historically been mitigated by forward commodity contracts. Changes in oil prices and exploration and production budgets could materially affect the business and operating results. Unanticipated difficulties in pursuing SeaBird's business strategy could have a material adverse effect on the Group's business, operating results, or financial condition. The market for SeaBird's products and services is competitive. SeaBird faces competition from other companies within the seismic industry. Generally, overcapacity in the seismic market would have a negative effect on the operating results of the Group, and the possible failure of SeaBird to maintain competitive offering of equipment and services could have a material adverse effect on its business, operating results or financial condition.

SeaBird has a strategy of contracting its vessels both towards the long-term market as well as the more volatile spot market. There can be no guarantee that SeaBird will be able to secure contracts at such rates and utilization rates that are needed. In addition, SeaBird may experience significant off-hires between charters. Furthermore, disputes under the charter parties may occur, which can result in responsibility and losses for the Group. Operations in international markets are subject to risks inherent in international business activities, including, in particular, general economic conditions in each such country, overlapping differing tax structures, managing an organization spread over various jurisdictions, unexpected changes in regulatory requirements, complying with a variety of foreign laws and regulations. SeaBird's business depends on contracts with customers regarding collection and sale/licensing of geophysical data.

Each contract normally involves a substantial value or consideration to the Group. Furthermore, some of the contracts are governed by the laws of the operations' areas, which may create both legal and practical difficulties in case of a dispute or conflict. SeaBird also operates in regions where the ability to protect contractual and other legal rights may be limited compared to regions with more well established markets.

There will always be operational risks involved in performing offshore seismic surveys. This includes among others unexpected failure or damage to vessels and technical equipment, work accidents or adverse weather conditions. These risks can cause personal injury, prevent surveys to be performed as scheduled, other business interruptions, property and equipment damage, pollution and environmental damage. SeaBird may be subject to claims as a result of these hazards. SeaBird seeks to prevent loss or damages from such incidents by insurance, contractual regulations and emergency routines. However, there will always be some exposure to technical and operational risks, with unforeseen problems leading to unexpectedly high operating costs, substantial losses, additional investments, etc., which may have a material negative effect on the Group's operating results and financial position. If for example a vessel is rendered a total loss, the contract with the customer will be void and SeaBird will under such circumstances lose income that would otherwise come from operating this vessel. Additionally, the occurrence of any of these risks could damage SeaBird's reputation.

The parent company is subject to taxation in Norway while several of its subsidiaries are subject to taxation in Cyprus. The Group is also subject to taxation in various other jurisdictions because of its global operations. SeaBird faces the risk that its tax filings are challenged and may be subject to unexpected claims for unpaid taxes or sanctions as a consequence of breach of applicable tax legislation.

3.3 Covid-19

The Covid-19 situation did not impact the operation in 2021 through cancelled contracts as was experienced during 2020 although it had a certain dampening effect on demand. The operation cost was however impacted through challenges with logistics, yard work, spare part supplies and crew transfers.

3.4 Fair value estimation

The fair value of financial instruments traded in active markets (such as listed debt and equity investments) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by SeaBird is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. SeaBird uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date including quoted market prices or dealer quotes for similar instruments and discounted cash flows.

The carrying value of financial assets and financial liabilities approximate their fair values.

Details with regards to fair value estimation relevant to other financial instruments are set out in note 30.

4 Critical accounting estimates and judgments

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. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments made by management in the application of IFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

(A) Estimating useful lives, residual value of vessels and equipment

The Group's estimates of useful lives and plans for depreciation are based on investment considerations and on experience of technical and economic life of similar assets. Expected useful life and residual values of the vessels can change according to environmental requirements, wear and tear, corporate strategy, actual usage of the asset, as well as other operational reasons. If the economic life assigned to the assets proves to be too long, impairment losses or higher depreciation expense could result in future periods, while longer actual useful life will decrease the depreciation expense in future years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each year-end.

(B) Estimated impairment of vessels and equipment

The carrying amount of a vessel is reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. In such instances, an impairment charge would be recognized if the recoverable amount (higher of value-in-use and fair value) and its eventual disposition is less than the vessel's carrying amount.

When examining internal indicators of impairment, management assesses a number of factors, such as the vessels' backlog, operating cash flows, financial plans, and the Group's business strategy. Management also considers the physical condition when assessing the earning capacity of an asset. In examining external indicators for impairment, management considers factors such as the economic cycle and macro-economic fluctuations, global oil price movement, factors affecting governmental exploration plans, as well as other factors impacting the customers' capex plans and demand for seismic services.

The recoverable amounts of the vessels are ordinarily determined using value in use calculations. Each vessel, along with the seismic equipment attached or allocated to the vessel, is considered to be a cash generating unit being tested for impairment. In developing estimates of future cash flows, the Group must make assumptions about future day-rates, utilization, operating expenses, capital investments, residual values and remaining useful life of the vessels. These assumptions are based on historical trends as well as future expectations. Although management believes that the assumptions used to evaluate potential impairment are reasonable and appropriate, such assumptions may be highly subjective. Significant and unanticipated changes in these assumptions could result in impairments in the future periods. Currently, there is elevated uncertainty with regards to the future outlook in terms of utilization and day-rates. To the extent that the future actual revenues achieved prove to be less than forecasted, impairment losses on vessels and equipment may result.

Note 7 sets out information about the impairment testing performed in the current year.

(C) Going concern assumption

The assessment of the Company for the appropriateness of the use of the going concern basis is disclosed in note 2.1.

5 Segment information

All our seismic services and operations are conducted and monitored within the Group as one business segment.

Primary reporting format – types of revenues

All figures in USD 000's	2021	2020
REVENUE		
Contract	20 705	46 535
Multi-client	-	2
Total	**20 705**	**46 537**

Secondary reporting format – geographical segments

All figures in USD 000's	2021	2020
REVENUE		
Europe, Middle East & Africa (EMEA)	5 163	4 815
North & South America (NSA)	4 991	864
Asia Pacific (APAC)	10 552	40 857
Total	**20 705**	**46 537**
SEGMENT ASSETS		
Europe, Middle East & Africa (EMEA)	46 018	54 883
North & South America (NSA)		
Asia Pacific (APAC)	23 860	8 460
Total	**69 878**	**63 343**
CAPITAL EXPENDITURE		
Europe, Middle East & Africa (EMEA)	20 961	3 450
Total	**20 961**	**3 450**

Revenues from the Group's largest customer in 2021 amounted to 51% of the Group's total annual revenues. In 2020 the largest customer contributed to 54 % of total revenues.

A substantial portion of the property and equipment is mobile due to SeaBird's world-wide operation. Asset locations at the end of a period are not necessarily indicative of the geographic distribution of the revenues generated by such assets during the period.

Geographic distribution of assets is based upon location of physical ownership. The geographic distribution of revenues is based upon location of performance. Capital expenditures are based on the location of the company that is making the investment.

6 Revenue

All figures in USD 000's	2021	2020
Contract revenue	14 328	43 802
Time-charter revenue	6 377	2 733
Multi-client late sales	0	2

Total revenues	**20 705**	**46 537**

Time of revenue recognition

All figures in USD 000's	2021	2020
At a point in time	0	2
Over time	20 705	46 535
Total	**20 705**	**46 537**

Set out below is the amount of revenue recognized from:

All figures in USD 000's	2021	2020
Amounts included in contract liabilities at the beginning of the year	606	0

The remaining revenue from an ongoing 2D contract not completed by year end is estimated to be $4,5 million. These revenues are expected to be recognized in 2022.

7 Property, plant and equipment

During 2021 the Group reactivated the Fulmar Explorer which had been in lay-up since the vessel was acquired in 2019. Furthermore, the planned conversion into a high-end source vessel was implemented and finalized in 2022. Total investments hereof represented $ 12.2. In addition, the seismic equipment pool was strengthened with a total of $ 8.8 million allowing the Group to extend the operation beyond the company's own fleet.

The Petrel Explorer, not equipped for seismic operations, has been circulated for sale and consequently categorized as asset held for sale in the balance sheet on 31.12.2021. (Note 12).

Note 7 - Property, plant and equipment (continued)

	Seismic vessels and equipment (owned)	Dry-dock costs and equipment (leased vessels)	Office equipment	Total
Year ended 31 December 2020				
Opening net book amount	**52 474**	**833**	**641**	**53 949**
Cost of assets reclassified as held for sale	-2 500			-2 500
Derecognition of cost of property plant and equipment	-50 917		-1 169	-52 086
Derecognition of accumulated depreciation	50 917		1 169	52 086
Additions	2 738	552	159	3 450
Impairments	-6 297	-92		-6 389
Depreciation	-6 001	-526	-641	-7 168
Closing net book amount	**40 415**	**767**	**159**	**41 341**
At 31 December 2020				
Cost	103 549	1 656	198	105 404
Accumulated depreciation and amortization	-63 134	-889	-39	-64 062
Net book amount	**40 415**	**767**	**159**	**41 341**
Year ended 31 December 2021				
Opening net book amount	**40 415**	**767**	**159**	**41 341**
Cost of assets reclassified as held for sale	-12 568			-12 568
Accumulated depreciation on assets classified as held for sale	1 754			1 754
Additions	18 073	2 888		20 961
Reclassification previous years	-1 016	1 222		206
Depreciation	-4 885	-706	-53	-5 644
Closing net book amount	**41 773**	**4 170**	**106**	**46 050**
At 31 December 2021				
Cost	109 054	4 544	198	113 796
Accumulated depreciation and amortization	-67 281	-374	-92	-67 572
Net book amount	41 773	4 170	106	46 050
Year ended 31 December 2020				

Note 7 - Property, plant and equipment (continued)

The total impairment losses of $1.0 million recognized in the current year's profit and loss (2020: $3.5 million) are related to compressors as assets held for sale (see note 12).

Impairment assessment

The Group performed impairment reviews and determined the value in use of its fleet based on discounted estimated future cash flows carried out in accordance with the Group's policy described in note 2.9. The assessment has not resulted in any further impairment loss.

The Group's value in use model includes estimates of the expected future cash flows for each vessel along with the immovable and allocated movable seismic equipment. Cash flows are based on day-rates, utilization, operating costs and required capital investments over the remaining life of the vessel. These cash flows are discounted at the Group's weighted average cost of capital (WACC) which approximates 13.5% to estimate the present value, which is compared to book value at the date of the assessment. The impairment review is performed on the following vessels:

Asset	Valuation approach
Eagle Explorer	Value in use
Fulmar Explorer	Value in use
Petrel Explorer	Assumed sales value

The main assumptions used in the calculation of the value in use of the Group's vessels are:

- Day-rates in 2022 are based on awarded and probable projects expected to materialize in 2022. The rates from 2023 and onwards increase by 2% per year.
- Utilization in 2022 is also based on awarded and probable projects expected to materialize in 2022. Utilization beyond 2022 is based on the historic average utilization of the Group's fleet for the period 2012-2021. Utilization remains constant until the end of the vessel's useful life.
- Operating and capital expenditure is based on historic averages and the Group's operating budget and business plan for 2022. Expenses increase by 2% per year.

WACC is calculated using a standard WACC model in which cost of equity, cost of debt and capital structure are the key parameters. WACC has been set at 13.5% (2020: 10.8%). The WACC is estimated on a post-tax basis to be in line with the post-tax cash flows used in the model.

The calculation of value in use is sensitive to changes in the key assumptions, which are considered to be the day-rates, utilization rates, daily OPEX and the discount rate. Management has performed a sensitivity analysis on these assumptions in order to assess the impact on the recoverable amounts had the key assumptions been changed in the negative direction, all other things being equal. The following apply to Fulmar Explorer:

- A decrease in day-rates by 10% over the remaining useful life of the vessels would result in an impairment loss of $6.2 million.
- A decrease in utilization rates by 10% percentage points over the remaining useful life of the vessels would result in an impairment loss of $6.2 million.
- An increase in operating expenses by 10% over the remaining useful life of the vessels would result in an impairment loss of $2.4 million.
- An increase in the WACC by 10% would result in an impairment loss of $0.6 million.

The recoverable amount of Eagle Explorer would be lower than its carrying value if the following change in key assumptions occurred:

- A decrease in day-rates by 21% over the remaining useful life of the vessels would result in an impairment loss of $91 thousands.
- A decrease in utilization rates by 21% percentage point over the remaining useful life of the vessels would result in an impairment loss of $91 thousands.
- An increase in operating expenses by 47% over the remaining useful life of the vessels would result in an impairment loss of $71 thousands.

Given the inherent imprecision and corresponding importance of the key assumptions used in the impairment tests, it is possible that changes in the future conditions may lead management to use different key assumptions, which could require a material change in the carrying amount of the vessels. The risks associated with the judgments, estimates and assumptions used in this exercise are discussed in note 4 (B).

The impairment assessment on the Group's fleet is carried out in accordance with the Group's policy described in note 2.9 to the financial statements.

Mortgages and assets

The Group has a credit facility with Sparebank 1 SMN with a total frame of $ 21.3 million (see note 18 for further details). This facility is secured with mortgages on the vessels, assignment of the vessel's earnings and insurances and other security elements normal for such loans. The Glander facility classified within other payables at 31 December 2021 is secured by 2nd priority mortgages on the vessels.

8 Income tax expense

SeaBird Exploration Plc is subject to taxation in Norway and the majority of its subsidiaries in Cyprus. The Group is also subject to taxation in various other jurisdictions because of its global operations. The Group continues to evaluate its historical tax exposures which might change the reported tax expense.

	2021	2020
Current period	99	1 325
Adjustment for prior periods	(389)	(10)
Total current tax	**(290)**	**1 315**

	2021	2020
Continuing operations profit/(loss) before income tax	(11 715)	(13 458)
Tax arising at the rate of 22%	(2 577)	(2 961)
Effect of tax adjustments in arriving at taxable profit and tax losses	2 577	2 961
Foreign operations taxed at different rates	99	82
Withholding tax effect current year	77	1 243
Reassessment of prior year tax provisions	(466)	(10)
Total tax expense/(reversal) attributable to continuing operations	**(290)**	**1 315**

	2021	2020
Attributable to continued operations	(290)	1 315
Attributable to discontinued operations	-	-

The company performed a detailed review of its tax provisions as a part of its annual closing procedures. For 2020 no reversals of tax and interest liabilities are made. In 2021 the company booked a reversal of tax and interest liabilities of $ 0.389 million. The reversal was made after reassessing the possibility of tax outflows and re-estimating the level of the tax exposures.

	2021	2020
Long term tax payables	-	-
Current portion of tax liabilities	890	1 337
Total tax liabilities	890	1 337

Income taxes, penalties, and interest

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where SeaBird operates and generates taxable income. SeaBird establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

In deciding whether deferred tax assets are to be recognized in connection to unutilized tax losses, management considers the subsidiary's history of taxable losses and the probability of generating taxable profits before the unused tax losses expire. Management's assessment has concluded that no deferred tax assets should be recognized as at year-end.

With regards to interest and penalties assessed on underpayments or late payments of income tax in various jurisdictions, the resulting interest and penalties are distinguished from the assessed income tax. Accordingly, interests on tax liabilities expensed during the year have been recognized within finance expenses (see note 24).

9 Multi-client library

The components of the multi-client library are summarized as follows:

	2021	2020
At 1 January	**308**	**436**
Multi-client partner contribution, net of refunds		
Impairment		
Amortization	(129)	(128)
At 31 December	**179**	**308**

Costs directly incurred in acquiring, processing and otherwise completing multi-client seismic surveys, including vessel's depreciation, are capitalized to the multi-client library. Please see note 2.9 for the capitalization and amortization policies related to the multi-client library.

The net carrying value of the multi-client library, by the year in which the marine acquisition surveys were completed, is summarized as follows:

	2021	2020
Completed during prior years	179	308
Completed during current year	-	-
Completed surveys	**179**	**308**

The company invested in and carried out two multi-client surveys in 2018 in the North Sea. Both projects were joint control arrangements accounted for as joint operations in accordance with the policies described in note 2.6.

As at 31 December 2021, management carried out an impairment review of the Group's multi-client library in accordance with the Group's policy as described in note 2.8, taking into consideration the contracted and expected sales on the multi-client surveys. The review did not generate any further impairment loss.

10 Trade receivables and contract assets

Trade receivables

	2021	2020
Trade receivables gross	8 538	12 161
Less allowance for expected credit losses	(3 665)	(3 707)
Trade receivables – net	**4 873**	**8 454**

The average credit period on sales of goods is 30 days. None of the trade receivables that have been written off is subject to enforcement activities.

Allowance for ECL and write offs, net of reversals

The movement in allowance of expected credit losses that has been recognized for trade receivables and contract assets, as well as the methodology under which the allowance has been estimated, are presented in note 3.1 (B) - "Credit risk".

	2021	2020
Loss on trade receivables	30	36
Loss on other receivables	-	832
Allowance for ECL and write offs, net of reversals	**30**	**868**

11 Other current assets

	2021	2020
Prepaid expenses and deposits	169	329
Other current assets	2 413	2 082
Contract costs	1 437	1 298
Total other current assets	**4 019**	**3 709**

The contract costs relate to preparation and mobilization of the vessel and equipment to the intended contract area, capitalized as "costs to fulfil a contract" under the Group's accounting policy described in notes 2.18 and 2.24.

The total amount of contract costs recognized as at 31 December 2020 have been amortized in the profit or loss in the current year. The contract costs as at 31 December 2021 are expected to be fully amortized within the next year. No impairments have been recognized in the year in respect of contract costs assets.

12 Asset held for sale

	2021	2020
Vessel (Petrel Explorer)	9 052	
Seismic Equipment	2 137	2 500
Total assets held for sale	**11 189**	**2 500**

All the above assets have been marketed for sale. The valuations represent estimated market values for the equipment partly substantiated by statements from independent experts. During 1q-22 assets with book value of MUSD 1.9 had been disposed off at values in line with book values at 31.12.2021. For Petrel Explorer representing the majority of the balance a specific broker report confirm that the fair value is higher than its carrying amount.

13 Inventories

	2021	2020
Marine gas oil	820	230
Lube oil and other inventory	366	400
Total inventories	**1 186**	**630**

The company recognized $4,2 million in fuel and lube oil consumption as expenses in 2021 (2020: $2.6 million).

14 Cash and bank balances

	2021	2020
Restricted cash	69	122
Cash and cash equivalents	2 312	6 231
Cash and bank balances	**2 381**	**6 353**

The restricted cash is held in blocked bank accounts related to payroll tax, employees' prepaid taxes and rent deposits.

15 Share capital and share options

Authorized:	2021	2020
Number of ordinary shares	84 000 000	84 000 000
Nominal value per share	$ 0.2	$ 0.2

	2021	2020
Share capital	6 855	5 389
Share premium	38 637	317 486
Paid in capital	45 491	322 875

Number of shares issued:	2021	2020
At 1 January	26 946 576	538 931 387
New shares issued	7 330 095	-
Reverse split (20:1)	-	(511 984 811)
Total number of shares as per 31 December	34 276 665	26 946 576

In January 2021 the Company reduced its share premium by $ 277 200 908 with the purpose of write off losses of the Company. The share premium was further reduced by $ 3 800 000 when the Company distributed up to 3 000 000 shares in Green Minerals AS to its shareholders

In January 2022 the Company issued 14,000,000 new shares and increased its share capital by $ 2,800,000 to $ 9,655,333.

There are no share classes and no voting restrictions on the shares.

Employee Share Option Plans

On 22 October 2022, the company announced that it had decided to revise the old share incentive programs with a new one, replacing the old Plan A and Plan B option programs. The program includes a total of 1.74 million options and 0.72 million warrants. Both the options and the warrants will vest over period of three years from the grant date. One third of the options granted will vest one year after grant date, one third of the options granted will vest two years after grant date and one third of the options granted will vest three years after grant date. All options and warrants are exercisable at any time within one year from the corresponding vesting dates. The options and the warrants have exercise prices of NOK 6.50 for the tranche vesting one year after grant date, NOK 6.50 for the tranche vesting two years after the grant date and NOK 6.50 for the tranche vesting three years after the grant date.

Estimated value of the share options granted, reduced for services not rendered as per 31 December 2021, is presented in equity as share options granted.

	Plan A+B	New	Number of options outstanding
At 1 January 2021	**1 486 667**	**-**	**1 486 667**
Granted during the year	-	2 460 000	2 460 000
Forfeited during the year	-1 486 667	-	-1 486 667
Exercised in year	-	-	-
Expired in year	-	-	-
At 31 December 2021	**-**	**2 460 000**	**2 460 000**
of which is vested	31 667	467 667	499 334
of which is non-vested	25 000	962 333	987 333
Total options	**56 667**	**1 430 000**	**1 486 667**

Share based payments effect on the group's profit or loss amounts to positive $0.3 million for 2021 and negative $0.4 million for 2020 (see note 23). The total value of share options granted is calculated using the Black-Scholes model, assuming that all the options will be exercised. The fair value determined at the grant date is expensed over the vesting period of the options for the options granted less expected number of forfeited options. The calculation is based on:

- expected volatility of 55%
- exercise price of NOK 6.50 for the tranche vesting one year after grant date, NOK 6.50 for the tranche vesting two years after the grant date and NOK 6.50 for the tranche vesting three years after the grant date.
- two-, three- and four-year option life for the individual three option tranches
- no dividends are expected.
- a risk-free interest rate of 2.2 % per annum

16 Trade and other payables

	2021	2020
Trade payables	14 569	12 898
Contract liability	368	606
Accrued interest on taxes	181	224
Accrued interest on loans	87	
Vendor credit	5 890	
Accrued vessel and office costs	2 291	1 539
Payable on contract termination (Munin liability) (note 33)		240
Payroll related liabilities	1 526	1 115
VAT and other payables	73	641
Total trade and other payables	**24 985**	**17 263**

Contract liability is income earned before contract startup and accrued over the contract period. The accrued amount at 31.12.2021 was related to a contract completed in March 2022 and the balance has correspondingly been recognized in consolidated statement of income in full during 1q 2022.

17 Provisions

	2021	2020
Restructuring provision - office relocation cost	-	65
Other provisions - operational	331	330
Total Provisions	**331**	**395**

	Restructuring provision	Other provisions	Total
At 1 January 2021	65	331	396
Charged/utilized in the year	-65	0	-65
At 31 December 2021	0	331	331

Other provisions include various provisions related to the running operation of the Group including litigation and penalties

18 Interest bearing loans and borrowings

	Maturity	2021	2020
Non-current			
Sparebank 1 SMN - libor + margin	06-2023	7 559	5 225
Total non-current		**7 559**	**5 225**
Current			
Sparebank 1 SMN - libor + margin		7 767	3 138
Total current		**7 767**	**3 138**
Total loan Sparebank 1 SMN		**15 326**	**8 363**
Vendor credit Glander - 6 % p.a. fixed - current		696	495

Sparebank 1 SMN term loan and guarantee facility

Seabird has a USD 21.3 million bank facility of which USD 15.4 mill has been drawn at year end. The undrawn tranche at

31.12.21 has been drawn during 1q 22 and applied against vendor credits related to the Fulmar Explorer upgrade and for strengthening of the working capital. The loan is recognized in the books at par value.

The effective loan interest was 5,48 % in 2021.

Sparebank 1 SMN loan financial covenants:

Minimum free cash: USD 1 mill. Positive working capital excluding current portion of interest bearing debt. Equity ratio 45 %. The loan is further secured with 1st priority mortgages over the vessels, and assignment of vessels earnings and insurances.

The vendor credit is secured with second priority mortgages over the vessels.

19 Subsidiaries within the Group

Company	Owner	Country of incorporation	Shareholding and voting rights
SeaBird Exploration Vessels Limited	Seabird Exploration PLC	Cyprus	100 %
SeaBird Exploration Norway AS	Seabird Exploration PLC	Norway	100 %
GeoBird Management AS	Seabird Exploration PLC	Norway	100 %
SeaBird Exploration Asia Pacific PTE. Ltd.	Seabird Exploration PLC	Singapore	100 %
SeaBird Exploration Cyprus Limited	Seabird Exploration PLC	Cyprus	100 %
SeaBird Exploration Crewing Limited	Seabird Exploration PLC	Cyprus	100 %
Green Minerals AS	Seabird Exploration PLC	Norway	55 %
SeaBird Exploration Shipping AS	Seabird Exploration PLC	Norway	100 %
Seabed Navigation Company Limited	Seabird Exploration PLC	Cyprus	100 %
SeaBird Exploration Finance Limited	Seabird Exploration PLC	Cyprus	100 %
Biliria Marine Company Limited	Seabird Exploration PLC	Cyprus	100 %
Hawk Navigation Company Limited	Seabird Exploration PLC	Cyprus	100 %
Munin Navigation Company Limited	Seabird Exploration PLC	Cyprus	100 %
Oreo Navigation Company Limited	Seabird Exploration PLC	Cyprus	100 %
Raven Navigation Company Limited	Seabird Exploration PLC	Cyprus	100 %
Sana Navigation Company Limited	Seabird Exploration PLC	Cyprus	100 %
SeaBird Exploration Multi-Client Limited	Seabird Exploration PLC	Cyprus	100 %
Harrier Navigation Company Limited	Seabird Exploration PLC	Cyprus	100 %
Silver Queen Maritime Limited	Seabird Exploration PLC	Malta	100 %
SeaBird Crewing Mexico S. DE R.L. DE C.V.	Seabird Exploration Shipping AS	Mexico	100 %
SeaBird Seismic Mexico S. DE R.L. DE C.V.	Seabird Exploration Shipping AS	Mexico	100 %
Green Energy Group AS	Seabird Exploration PLC	Norway	100 %
Aquila Explorer Inc.	Seabird Exploration PLC	Panama	100 %
SeaBird Exploration FZ-LLC	Seabird Exploration PLC	UAE	100 %
SeaBird Exploration Americas Inc.	Seabird Exploration PLC	USA	100 %
SeaBird Exploration Nigeria Ltd	Seabird Exploration Norway AS	Nigeria	100 %

Non-controlling interest relates to Green Minerals AS. Non-controlling interests hold 44,51% in the subsidiary.

Details of non-wholly owned subsidiary that has non-controlling interests:

	2021	2020
Revenue	-	-
Loss for the year after tax	1 317	47
Current assets	4 528	3 407
Current liabilities	1 144	(4)
Net change in cash and cash equivalents	(1 134)	3 407

Green Minerals AS:

The financial statements of Green Minerals AS are audited at the Groups reporting date. For further information, please refer to note 2.3 "non-controlling interests" for information on transactions with non-controlling interests.

In January, Seabird both sold shares to third parties and distributed shares in Green Minerals AS to existing shareholders as dividend payments. The consequence of the transactions is that the minority increased their ownership with 22,11 % (from 22,40 % to 44,51 %), but Seabird still entails control after the distribution (55,49 %).

The change in ownership interests is presented as equity transactions, with reference to IFRS 10, paragraph B95. This entails that the entity has adjusted the carrying amounts of the controlling and non-controlling interest to reflect the changes in their relative interests in the subsidiary. The change in equity is the difference between the amount by which the non-controlling interest are adjusted and the fair value of the received/paid amount, attributed to the parent.

Fair value of consideration received:	4 169
Identifiable Net Assets of Green Minerals:	3 362
Amount recognized as non-controlling int. *)	744
Positive movement in parent equity:	3 425

*) adjustment in consolidated statement also incl. an adjustment from 2020 and booked value of the shares.

Sale of subsidiaries (2020)

Profit on sale of shares in 2020 relates to the sale of 100 % of the shares in Osprey Navigation Co. Inc (a Panamanian company). Operating activities in this company ceased in 2020 with the sale of Osprey Explorer for demolition. The sale of the shares generated a non-cash profit of $ 3.0 million as an old balance item previously recorded as a liability in Seabird accounts remained in Osprey Navigation Co. upon the sale and therefore was de-recognized in the Seabird accounts (see note 27). The consideration price for the shares was $1.

20 Other financial items, net

	2021	2020
Foreign exchange gain	400	1 457
Foreign exchange loss	-378	-1 095
Other financial income	964	55
Other financial expense	-267	-181
Total other financial items, net	**719**	**236**

Other financial income relates to profit on sale of shares ($0.25 mill) and dividend from the War risk club ($ 0.7).

21 Other income (expenses), net

	2021	2020
Vessel decommissioning costs	-	269
Client reimbursements	1 095	512
Meals and accommodation	240	266
Other income	382	
Total other income (expense)	**1 716**	**1 047**

22 Expenses by nature

	2021	2020
Charter hire *	800	6 401
Seismic and marine expenses	14 174	29 569
Other operating expenses	(6)	125
Cost of sales	**14 968**	**36 095**
Crew and crew related costs	6 045	6 443
Total charter hire and operating expenses	**21 013**	**42 538**
Staff cost and Directors' remuneration	2 410	2 882
Legal and professional	2 008	1 214
Travel expenses	15	149
Rent and other office expenses *	160	174
Other expenses	970	1 158
Selling, general and administrative expenses	**5 563**	**5 577**

* Charter hire includes charter hire expense for Veritas Viking as the Group has opted to apply the 'short-term leases' exemption permitted by IFRS 16 and to recognize the lease

expense on a straight-line basis over the term of the lease period.

Also, included in Rent and office expenses is the rental cost of office premises and small items of office equipment following the 'short-term leases' and 'low-value assets' exemptions adopted by the Group.

23 Employee benefit expense

	2021	2020
Crew salaries and benefits	3 944	3 781
Salary costs for staff	1 658	2 099
Social security cost for staff	297	357
Pension cost for staff	256	260
Directors' remuneration	177	118
Insurance and other costs	21	48
Total employee benefit expense	**6 354**	**6 663**
Including accrued costs relating to the employee stock option plan	191	444
Average number of employees and temporary crew contractors	66	103

24 Finance expense

	2021	2020
Interest on loans and borrowings (note 18)	619	521
Interest on suppliers' balances	35	140
Interest on tax liabilities	1	36
Interest on lease liabilities	0	66
Total finance expense	**655**	**763**

25 Earnings per share

Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year (note 15). All figures in USD '000s except earnings per share.

	2021	2020
Profit/(Loss) attributable to equity holders of the company	(10 839)	(14 783)
Weighted average number of ordinary shares in issue	34 277	26 947
Basic earnings per share ($ per share)	(0,32)	(0,55)
Weighted average number of diluted shares	34 277	26 947
Diluted earnings per share ($ per share)	(0,32)	(0,55)

Basic earnings per share		
From continuing operations	(0,33)	(0,55)
From discontinued operations	-	-
Total basic earnings per share	(0,33)	(0,55)

Diluted earnings per share		
From continuing operations	(0,33)	(0,55)
From discontinued operations	-	-
Total diluted earnings per share	(0,33)	(0,55)

The total outstanding amount of shares in the company was 34,276,665 common shares at 31 December 2021 with a nominal value of $0.2 per share. There are no share classes. The weighted average number of ordinary and diluted shares outstanding was 34.3 million in 2021 and 26.9 million in 2020.

26 Dividends

No dividend was distributed for 2020 and no dividend will be distributed for the year ended 31 December 2021.

27 Commitments and contingencies

The Group has a tax refund claim of $1.5 million in India, the realization of which is considered probable.

In addition, the company has a tax penalty claim of $1.1 million from Indian authorities related to contracts in 2013 and 2014, the outcome of which is not assessed as probable.

It is uncertain when and if the cases will be concluded.

During 2020 the Group sold it shares in Osprey Navigation Co. Inc (a Panamanian company). Operating activities in this company ceased in 2020 with the sale of Osprey Explorer for demolition. The sale of the shares generated a non-cash profit of $ 3.0 million as an old balance sheet item previously recorded as a tax liability in Seabird accounts remained in Osprey Navigation Co. Inc upon the sale and therefore was de-recognized in the Seabird consolidated financial statements. Although it cannot be ruled out that the creditor may seek to recover the remaining balance from other Group companies, including the parent company SeaBird Exploration Plc, the Company considers this unlikely. In this respect it should also be considered that additional tax exposure may incur related to VAT, currency risk and delayed interest charges, which may increase a future potential liability.

If the creditor seeks to recover the remaining balance from the Group it should be considered that significant additional tax exposure may incur related to VAT, currency risk and delayed interest charges, which may increase the future potential liability.

28 Leases

The Group as a lessee

The lease activity in 2021 relates to below two vessels

- Voyager Explorer was redelivered to owners in March after a long-term lease.

- Veritas Viking was chartered on a short term lease; from June to November, in connection with a specific contract.

The Group has adopted IFRS 16 "Leases from 1 January 2019. IFRS 16 sets out a model for identification of lease arrangements and their treatment in financial statements. Long-term lease contracts usually need to be brought on to the balance sheet.

At 31 December 2021 there are no lease agreements for vessels. In 2021 the Group has made use of the exemption of not to recognize assets and liabilities for leases with a lease term of 12 months or less. The Veritas Viking bareboat charter is recognized as short term. The lease payments are included in the P&L statement on a straight-line basis over the lease term.

The Group as a lessor

During 2021 the company did the following short-term leases:

- Petrel Explorer - 6 months

- Eagle Explorer - 3.5 months

- Veritas Viking - 3.5 months

29 Related-party transactions

The following transactions were carried out with related parties:

I) Key management and board compensation

	2021	2020
Management salaries and other short-term employee benefits	646	570
Post-employment benefits	34	30
Board remuneration	202	135
Consulting agreements (board members)	244	193
Total key management and board compensation	**1 126**	**928**

Key management is defined as Finn Atle Hamre (CEO - interim), Erik von Krogh (CFO) and Gunnar Jansen (CEO-former).

Board members include Ståle Rodahl, Nicholas Knag Nunn, Øivind Dahl-Stamnes and Hans Christian Andersson.

II) Loans to related parties

SeaBird has no loans to related parties.

III) Commitments and contingencies to related parties

SeaBird has neither commitments nor contingencies to related parties.

IV) Shareholding

Management and the board of directors, as of 31 December 2021 held the following shares on own account:

Name	Title	Ordinary shares	Outstanding options*	Outstanding warrants*
Ståle Rodahl	Chairman	1 255 475	360 000	360 000
Nicholas Knag Nunn	Board Member	21 000		
Øivind Dahl-Stamnes	Board Member	32 200		
Hans Christian Anderson	Board Member			
Finn Atle Hamre	CEO	15 125	360 000	
Erik von Krogh	CFO			

*Please see note 15 for further information of the company's share option program.

In subsidiary Green Minerals AS, listed on the Euronext Growth, there is in addition 800.000 share options in Green Minerals AS issued to employees/key-personnel in this company; hereof Group board members Ståle Rodahl (400.000 options) and Øivind Dahl-Stamnes (100.000 options), both at a strike price NOK 11.

V) Purchase of services from board members

Green Minerals has entered into an advisory agreement with Storfjell AS, a company controlled by Ståle Rodahl (Chairman of the Board of both the Green Minerals and SeaBird), where Storfjell AS is to assist Green Minerals on business development and financial matters. NOK 2 100 000 was booked under the agreement in 2021.

30 Financial instruments

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables
- contract assets

- cash and cash equivalents and restricted bank balances

In general, vessels on time charter are prepaid, while vessels contracted to oil companies usually have payment terms on an average of 30 days. Interest is charged on outstanding overdue trade receivables.

The Group always measures the loss allowance for trade receivables (including lease receivables) and contract assets at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated by carrying out an individual assessment on each outstanding balance. Management takes into account the counterparty's financial position, past default experience, industry knowledge and market reputation. Management also considers macroeconomic factors, such as general economic conditions, factors specific to the oil and seismic industry and an assessment of both the current and the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The collection of receivables is closely monitored by management.

With regards to cash and cash equivalents, the Group measures its expected credit loss by reference to the banks' external credit ratings and relevant published default and loss rates, taking into consideration the €100.000 per bank deposit protection guaranteed under the EU Deposit Guarantee Scheme. The Norwegian Bank's Guarantee Fund covers deposits up to NOK 2 million per depositor per bank. The Group monitors changes in external credit ratings and default rates and compares these to credit risk at initial recognition. Cash held at banks with investment grade are assessed as low credit risk and belong to Stage 1. As the Group's deposits are held in banks with high credit quality ratings with investment grade, the probability of default is low, and the expected credit loss is minimal. Thus, no loss has been recognized in the consolidated financial statements.

The table below details the Group's maximum exposure to credit risk as at year end:

	Note	2021	2020
Trade receivables	10	8 538	12 160
Other receivables			195
Restricted cash	14	69	122
Cash and cash equivalents	14	2 312	6 231
		10 920	**18 708**

The aging of trade receivables at the reporting date was:

	2021		2020	
	Gross	Impairment	Gross	Impairment
Not past due	2 296	-	874	
Past due 0-30 days	1 674	-	406	
Past due 31-120 days	222		805	
More than 120 days	4 346	(3 665)	10 075	(3 706)
Total trade receivable	**8 538**	**(3 665)**	**12 160**	**(3 706)**

The following table details the movement in the allowance for expected credit losses of trade receivables and contract assets:

Allowance for expected credit losses	2021	2020
As at 1 January	3 706	3 878
Provision for expected credit losses	30	36
Derecognized expected credit losses		(208)
Write-off	(72)	
Net carrying amount	**3 664**	**3 706**

The Group has recognized a loss allowance of 100% against all receivables over 180 days past due because historical experience has indicated that the receivables are generally not recoverable.

As described in note 3.1 (B), the company's concertation of credit risk is due to the narrow customer base within the oil & gas industry and the fact that the market participants face common risks connected to the industry's general economic conditions.

Liquidity Risk

Ultimate responsibility for risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the group's short-, medium- and long-term funding and liquidity requirements. The group manages liquidity risk by maintaining sufficient cash and cash equivalents, seeking the availability of equity funding and debt funding, and by continuously monitoring forecast and actual cash flows.

The tables below summarizes the maturity profile of the group's financial liabilities at year end on contractual undiscounted payments. The tables have been drawn based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. Floating interest rates are applied on the interest-bearing borrowings (refer to note 18) and tax liabilities.

2021	On Demand	Less Than 12 Months	1 to 5 Years	Total
Interest-bearing borrowings		12 167	3 949	16 117
Trade payables		14 569		14 569
Other payables		9 352		9 352
Provisions		331		331
Total financial liabilities	**0**	**36 419**	**3 949**	**40 369**

2020	On Demand	Less Than 12 Months	1 to 5 Years	Total
Interest-bearing borrowings		3 578	5 715	9 293
Trade payables		12 898		12 898
Other payables		4 364		4 364
Provisions		396		395
Total financial liabilities	**0**	**21 235**	**5 715**	**26 950**

Currency risk

As described in note 3.1(A)(I), the Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group is mainly exposed to fluctuations with respect to Norwegian kroner, Euro, Singapore Dollar and British Pound.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are presented in the tables below.

Monetary assets/liabilities

2021	Total	NOK	EUR	AUD	Others
Assets	2 713	2 294	16	403	0
Liabilities	-7 817	-4 546	-3 116	-423	268
Net position	**-5 103**	**-2 252**	**-3 100**	**-20**	**268**
Sensitivity 10%	-510	-225	-310	-2	27

2020	Total	NOK	EUR	AUD	Others
Assets	4 438	3 905	130	403	-
Liabilities	-3 651	-1 582	-1 451	-315	-303
Net position	**787**	**2 323**	**-1 321**	**88**	**-303**
Sensitivity 10%	79	232	-132	9	-30

The table also details the Group's sensitivity to a 10% decrease in US dollar against the relevant foreign currencies. A positive number below indicates an increase in profit. For a 10% weakening of US dollar against the relevant currency, there would be an opposite negative impact on the profit.

Exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2021	2020	2021	2020
USD				
EUR 1	1,1821	1,1405	1,1326	1,2271
GBP 1	1,3752	1,2820	1,3479	1,3649
NOK 1	0,1163	0,1064	0,1134	0,1172
SGD 1	0,7440	0,7329	0,7413	0,7566

Interest rate risk

As described in note 3.1(A)(II), the Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowing from Sparebank 1 SMN which is a floating interest loan. The Group does not hold any fixed-rate debt instruments save for a short-term vendor credit.

The table below presents the carrying values of its floating-rate financial instrument:

Borrowings	2021	2020
Sparebank 1 SMN - floating interest loan (Libor + margin)	15 327	8 363

Cash equivalents and restricted cash of $2.3 million as at 31 December 2021 (2020: $6.4 million) are interest bearing assets with variable rates.

An increase/decrease of 100 basis points in interest rates at during 2021 would have increased/decreased equity and profit or loss by $0.1 million (2020: $0.08 million).

Fair value estimation

The Group does not hold any financial assets that will require a fair value calculation.

31 Audit fees

	2021	2020
Total fees charged for statutory audit *	187	222
Total fees charged for tax advisory services	0	53
Total fees charged for other non-audit services	0	26
Total	**187**	**301**

* The amount incl. the 2021 audit and preparation of audited financial statements by RSM Cyprus.

32 Long-term investments

The below investments are financial assets mandatorily measured at fair value through profit or loss:

	2021	2020
Equity investment in a ship owning company (non-listed)	-	47
At 31 December	**-**	**47**

The Group held 4.5% in a shipping company that owns a vessel. The investment is classified as a financial asset at FVPL. The shares were sold during 2021 at a price above book value.

For information about the methods and assumptions used in determining the investments' fair value please refer to note 30 - Section "Fair values estimation".

33 Subsequent events

On 14 January, the company completed a private placement of 14,000,000 shares at NOK 2.25 per share, raising net proceeds of NOK 30 million.

On 26 January, the company announced that it had received interest from potential partners and that the Board of Directors of the company had decided to initiate a strategic review to explore all available options to maximize shareholders value.

On 25 February, the company announced that a previously announced letter of intent for an OBN contract had been cancelled.

On 4 March, the company announced that it has received a letter of award for an OBN source contract in the Eastern Hemisphere with a duration of 90 days and expected to commence in early April.

On 28 April, the company announced that it has signed a Letter of Intent regarding a potential sale of the company's seismic operation, granting exclusivity to a party for a period to conduct due diligence. The potential purchase price shall be calculated on the basis of an enterprise value of USD 53,000,000 on a cash and debt free basis, and with an agreed level of working capital.

On 16 May, the company completed a subsequent offering of 3,500,000 new shares at a subscription price of NOK 2.25 per share.

On 15 June the company received an extended waiver on the non-compliance with loan covenants until 15 August 2022.

Depending on the duration of the Coronavirus disease (COVID-19) pandemic, and continued negative impact on economic activity, the Company might experience negative results, and liquidity restraints and incur impairments on its assets in 2022. The exact impact on the Company's activities in 2022 and thereafter cannot be predicted.

From late February 2022 the conflict between Russia and Ukraine has escalated with significant number of troops becoming more active in Ukraine and a state of emergency was declared in Ukraine. Due to the ongoing military attack, multiple jurisdictions have imposed initial tranches of economic sanctions on Russia. The war in Ukraine and related events take place at a time of significant global economic uncertainty and volatility, and the effects are likely to interact with and exacerbate the effects of current market conditions, which may lead to increasing inflationary pressures and weaking the global post-pandemic recovery.

Management will continue to monitor the situation closely and assess any additional measures if the situation becomes prolonged in a way that may potentially impact the Company's operations.

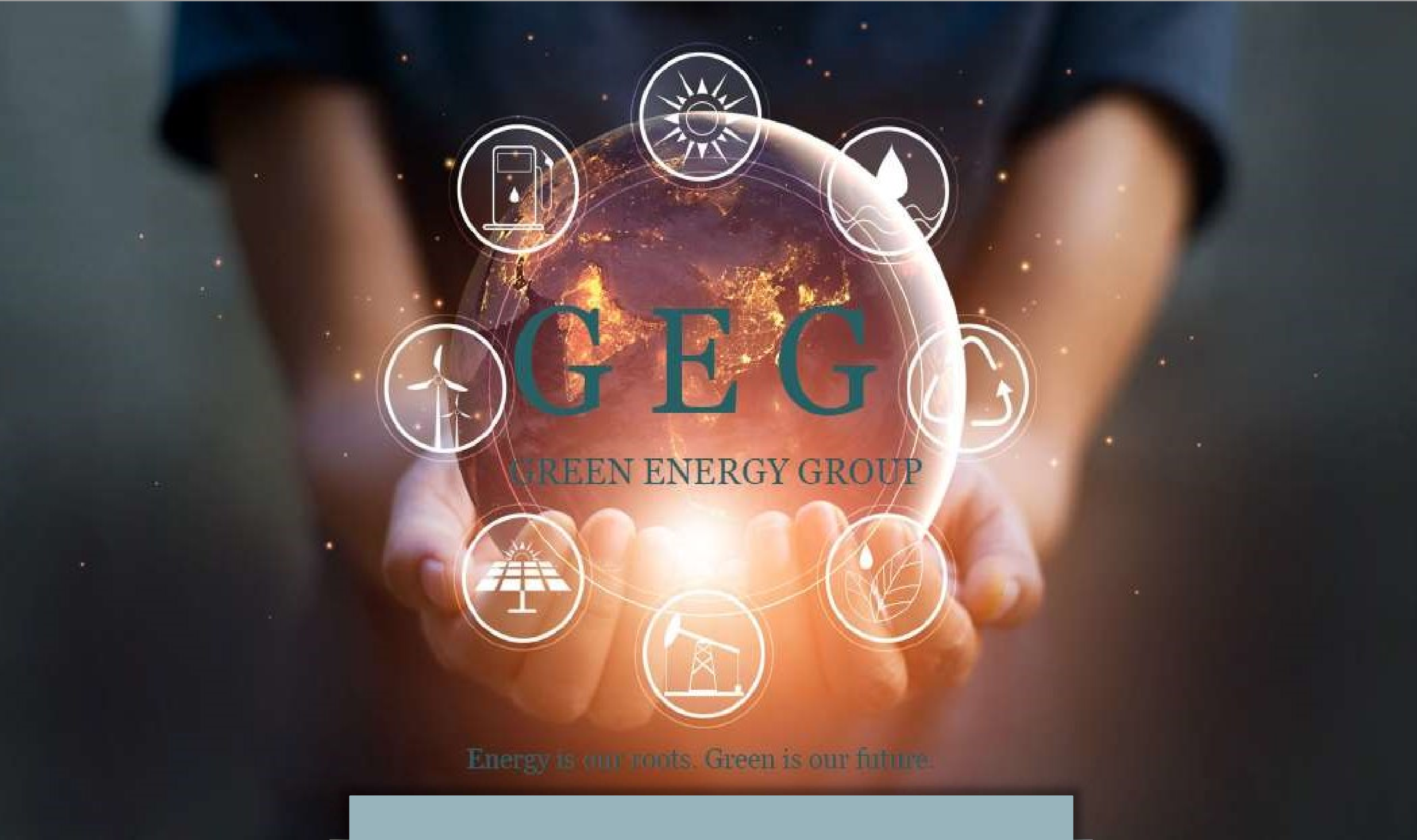
34 Performance measurement definitions

Seabird presents the alternative performance measurements (APM) that are regularly reviewed by management and aim to enhance the understanding of the Company's performance. APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described in below table.

Alternative performance measurements		
Measure	Description	Reason
EBITDA -Operating profit before depreciation and amortization	EBITDA is defined as operating profit before depreciation and impairment of fixed assets and represents earnings before interest, tax and depreciation, and is a key financial parameter for Seabird.	This is a measure for evaluation of operating profitability on a more variable cost basis as it excludes depreciation and impairment. EBITDA shows operating profitability regardless of capital structure and tax situations.
EBIT- Operating profit	EBIT represents earnings before interest and tax.	EBIT shows operating profitability regardless of capital structure and tax situations.
Equity ratio	Equity divided by assets at the reporting date.	Measure capital contributed by shareholders to fund the Company's assets.
Earnings per share	Earnings divided by average number of shares outstanding.	Measures the Company's earnings on a per-share basis.

Alternative performance measurements		
Measure	Description	Reason
Net interest bearing debt	Net interest-bearing debt consists of both current and non-current interest-bearing liabilities less interest bearing financial assets, cash and cash equivalents.	Net interest-bearing debt is a measure of the Company's net indebtedness that provides an indicator of the overall statement. It measures the Company's ability to pay all interest-bearing liabilities within available interest bearing financial assets, cash and cash equivalents, if all debt matured on the day of the calculation. It is therefore a measurement of the risk related to the Company's capital structure.

Other definitions	
Measure	Description
Vessel utilization	Utilization is a measure of the Company`s ability to keep vessels in operation and on contract with clients, expressed as a percentage and are based on actual days.



SEPARATE FINANCIAL STATEMENT

2021

(Seabird Exploration PLC)

Statement of income

All figures in USD 000's	Note	Year ended 31 December 2021	2020
Revenues	8	351	489
Cost of sales		(18)	
Selling, general and administrative expenses	10	(929)	(1 404)
Impairment on investments in subsidiaries, net of reversals	13,15	(64)	(18 201)
Earnings before interest and taxes (EBIT)		**(660)**	**(19 116)**
Finance expense	11	(531)	(248)
Other financial items, net	9	4 551	(12)
Profit/(loss) before tax		**3 360**	**(19 376)**
Income tax	3	8	-
Profit/(loss) for the year		**3 368**	**(19 376)**

Statement of comprehensive income

All figures in USD 000's	Note	Year ended 31 December 2021	2020
Profit/(loss)		**3 368**	**(19 376)**
Other comprehensive income		-	-
Total other comprehensive income, net of tax		-	-
Total comprehensive income		**3 368**	**(19 376)**
Total comprehensive income attributable to:			
Shareholders of the parent		3 368	(19 376)
Total		**3 368**	**(19 376)**

Statement of financial position

All figures in USD 000's	Note	As of 31 December 2021	2020
ASSETS			
Non-current assets			
Investments in subsidiaries	13	54 569	54 563
Total non-current assets		**54 569**	**54 563**
Current assets			
Other current assets	4	6	2
Cash and cash equivalents	5	0	29
Due from related parties	15	12 808	2 428
Restricted cash	5	-	6
Total current assets		**12 814**	**2 465**
Total Assets		**67 383**	**57 028**

Statement of financial position

		As of 31 December	
All figures in USD 000's	Note	2021	2020
EQUITY			
Shareholders equity			
Paid in capital	6	45 492	322 876
Currency translation reserve		12	12
Share options granted	6	110	444
Retained earnings		(15 338)	(295 919)
Total Equity		**30 276**	**27 413**
LIABILITIES			
Current liabilities			
Trade and other payables	7	327	139
Due to related parties	15	36 780	29 476
Total current liabilities		**37 107**	**29 615**
Total liabilities		**37 107**	**29 615**
Total equity and liabilities		**67 383**	**57 028**

On 17 June 2022, the board of directors of SeaBird Exploration Plc authorized these

Financial Statements for issue.

Ståle Rodahl

Chairman

Øivind Dahl-Stamnes

Director

Nicholas Knag Nunn

Director

Hans Christian Andersson

Director

Statement of cash flow

All figures in USD 000's	Note	Year ended 31 December 2021	2020
Cash flows from operating activities			
Profit/(loss) before income tax		3 360	(19 376)
Non-cash adjustments for:			
Impairment on investments in subsidiaries and loan balances, net of reversals		64	18 201
Profit on sale of shares in subsidiaries		(4 157)	-
Dividend income		(246)	-
Interest income		(206)	(2)
Interest expense		531	248
Unrealized FX gain/loss		4	
Non cash share option cost		(334)	357
(Increase)/decrease in trade and other receivables and restricted cash		2	8
Increase/(decrease) in trade and other payables		50	597
Net cash from/(used in) operating activities		**(933)**	**33**
Cash flows from investing activities			
Payment for investment in subsidiaries		6	(3)
Proceeds from sale of shares in subsdiary		4 157	
Net cash from/(used in) investing activities		**4 163**	**(3)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		3 844	
Transaction costs on issuance of ordinary shares		(228)	
Reduction of equity - distribution of Green Minerals shares		(3 800)	
Increase in loan balances with related parties		(3 076)	
Net cash from/(used in) financing activities		**(3 259)**	
Net (decrease)/increase in cash and cash equivalents		**(29)**	**29**
Cash and cash equivalents at beginning of the period		29	
Cash and cash equivalents at end of the period	5	-	29

Statement of changes in equity

All figures in USD 000's	Paid in capital	Share options granted	Retained earnings	Currency translation reserve	Total
Balance at 1 January 2020	**322 876**	**87**	**-276 543**	**12**	**46 432**
Loss for the year	-	-	-19 376	-	-19 376
Total recognized income /(loss) for the year	**322 876**	**87**	**-295 919**	**12**	**27 056**
Share issue	-	-	-	-	0
Share option granted/cancelled	-	357	-	-	357
Balance at 31 December 2020	**322 876**	**444**	**-295 919**	**12**	**27 413**
Balance at 1 January 2021	**322 876**	**444**	**-295 919**	**12**	**27 413**
Annual result	-	-	3 368	-	3 368
Total recognized income /(loss) for the year	**322 876**	**444**	**-292 551**	**12**	**30 781**
Share premium reduction	-277 201	-	277 201	-	0
Share premium reduction - GM shares	-3 800	-	-	-	-3 800
Share issue	3 616	-	-	-	3 616
Share option granted/cancelled	-	-334	-	-	-334
Other equity transactions	-	-	12	-	12
Balance at 31 December 2021	**45 492**	**110**	**-15 338**	**12**	**30 276**

Notes to the financial statements

All figures in USD 1.000, if not stated otherwise.

The separate financial statements are an integral part of the annual financial statements and should be read in conjunction with the consolidated financial statements.

1 General information

Country of incorporation

The company was incorporated in British Virgin Islands as a limited liability company. The company redomiciled to Cyprus on 18 December 2009. The primary business address of the company is Panteli Katelari 16, Diagoras House floor 7, 1097 Nicosia, Cyprus.

Principal activities

The principal activity of the company, which is unchanged from last year, is ownership of companies operating within the seismic industry, including providing financing to subsidiaries.

2 Summary of significant accounting policies

SeaBird Exploration Plc has prepared its financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The accounting policies are consistent with those applied in the consolidated financial statements.

Dividend income is recognized when the shareholders' rights to receive payment have been established.

For the discussion of risk factors, financial risk management, and critical accounting estimates and judgments; please refer to note 3 and 4 of the consolidated financial statements.

Shares in subsidiaries (see note 13) are stated at cost less any provision for impairment. The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in profitability, negative balance between the subsidiary's equity position and the carrying value of the investment, or external macro-economic factors that may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future cash flows associated with these subsidiaries are compared to their carrying amounts to determine if a write-down to fair value is necessary.

The remaining accounting policies applied by the Company are those described in note 2 to the Consolidated Financial Statement.

For the discussion of risk factors and financial risk management (note 16), refer also to note 3 to the Consolidated Financial Statement.

3 Income tax expense

Current tax	2021	2020
Current period	-	-
Reversal of tax provision of prior periods	(8)	-
Total current tax	**(8)**	**-**

	2021	2020
Profit/(loss) before income tax	3 360	(19 376)
Tax arising at the rate of 22.0%	739	(4 263)
Tax effect of adjustments in Norway	(739)	4 263
Reversal of tax provisions in other jurisdictions	(8)	-
Total tax expense attributable to continued operations	**(8)**	**-**

* The company performed a detailed review of its tax provisions as a part of its annual closing procedures.

4 Other current assets

	2021	2020
Prepaid expenses	6	-
Other current assets	-	2
Total other current assets	**6**	**2**

5 Cash and cash equivalents

	2021	2020
Cash at bank and in hand	0	29
Restricted cash / bank deposit	0	6
Total cash and cash equivalents	**0**	**35**

6 Share capital and share options

Authorized:	2021	2020
Number of ordinary shares	84 000 000	84 000 000
Nominal value per share	$ 0.2	$ 0.2

	2021	2020
Share capital	6 855	5 389
Share premium	38 637	317 486
Paid in capital	**45 492**	**322 875**

Number of shares issued:	2021	2020
At 1 January	26 946 576	538 931 387
New shares issued	7 330 095	
Reverse split (20:1)		(511 984 811)
Total number of shares as per 31 December	**34 276 665**	**26 946 576**

In February 2021 the Company reduced its share premium by US$ 277 200 908 with the purpose of write off losses of the Company. The share premium was further reduced by USD$ 3 800 000 for the Company to distribute up to 3 000 000 shares in Green Minerals AS to it's shareholders.

In January 2022 the Company issued 14,000,000 new shares and increased its share- capital by $ 2,800,000 to $ 9,655,333.

On 4 June 2020, the Company completed a 20:1 reverse split of its outstanding shares. Following the consolidation, the total number of outstanding shares was reduced to 26,946,576.

There are no share classes and no voting restrictions on the shares.

Employee Share Option Plans

On 22 October 2022, the company announced that it had decided to revise the old share incentive programs with a new one, replacing the old Plan A and Plan B option programs. The program includes a total of 1.74 million options and 0.72 million warrants. Both the options and the warrants will vest over period of three years from the grant date. One third of the options granted will vest one year after grant date, one third of the options granted will vest two years after grant date and one third of the options granted will vest three years after grant date. All options and warrants are exercisable at any time within one year from the corresponding vesting dates. The options and the warrants have exercise prices of NOK 6.50 for the tranche vesting one year after grant date, NOK 6.50 for the tranche vesting two years after the grant date and NOK 6.50 for the tranche vesting three years after the grant date. Estimated value of the share options granted, reduced for services not rendered as per 31 December 2021, is presented in equity as share options granted.

	Plan A+B	New	Number of options outstanding
At 1 January 2021	**1 486 667**	**-**	**1 486 667**
Granted during the year	-	2 460 000	2 460 000
Forfeited during the year	-1 486 667	-	-1 486 667
Exercised in year	-	-	-
Expired in year	-	-	-
At 31 December 2021	**-**	**2 460 000**	**2 460 000**

	Plan A+B	New	Number of options outstanding
of which is vested	31 667	467 667	499 334
of which is non-vested	25 000	962 333	987 333
Total options	**56 667**	**1 430 000**	**1 486 667**

Share based payments effect on the group's profit or loss amounts to positive $0.3 million for 2021 and negative $0.4 million for 2020 (see note 23). The total value of share options granted is calculated using the Black-Scholes model, assuming that all the options will be exercised. The fair value determined at the grant date is expensed over the vesting period of the options for the options granted less expected number of forfeited options. The calculation is based on:

- expected volatility of 55%
- exercise price of NOK 6.50 for the tranche vesting one year after grant date, NOK 6.50 for the tranche vesting two years after the grant date and NOK 6.50 for the tranche vesting three years after the grant date.
- two-, three- and four-year option life for the individual three option tranches
- no dividends are expected.
- a risk-free interest rate of 2.2 % per annum

7 Trade payables and other payables

	2021	2020
Trade payables	258	38
Accrued expenses and other payables	69	100
Total trade and other payables	**327**	**139**

8 Revenues

	2021	2020
Costs recharged to group companies (Management fee)	334	466
Management fee mark-up to group companies	17	23
Total revenues	**351**	**489**

The group has a transfer pricing policy in place, which implies that certain sales, general and administrative costs are rechargeable to SeaBird Exploration Norway. Amounts recharged under this agreement was $0.5 million in 2021 ($0.5 million in 2020).

9 Other financial items, net

		2021	2020
Interest income on intercompany borrowings	(note 15)	206	2
Net foreign exchange gain/(loss)		(40)	16
Dividends received		246	
Other financial income/(expense)		4 139	(30)
Total other financial items		**4 551**	**(12)**

Other financial income include profit of $ 3.8 million on sale of shares in subsidiary Green Minerals AS that was distributed to the company's shareholders in January 2021 in connection with the IPO of Green Minerals AS. The distribution and subsequent sale of shares in Green Minerals AS reduced the Company's shareholding from 78 % at 31 December 2020 to the current holding of 55 %. Ref. note 13.

10 Expenses by nature

	2021	2020
Staff cost and Directors' remuneration	133	121
Share option expense	(334)	357
Legal and professional	399	218
Other expenses *	730	708
Total selling, general and administrative expenses	**929**	**1 404**

* Including management fee charge of $0.5 to Seabird Exploration Norway AS

11 Finance expenses

		2021	2020
Other financial income/(expense)		0	1
Interest on intercompany borrowings	(note 15)	531	247
Total finance expense		**531**	**248**

12 Dividends

No dividend was distributed for 2020 and no dividend will be distributed for the year ended 31 December 2021.

13 Shares in subsidiaries

Company	Principal activity	Country of incorporation	Shareholding and voting rights
SeaBird Exploration Vessels Limited	Shipowning company	Cyprus	100 %
SeaBird Exploration Norway AS	Management company	Norway	100 %
GeoBird Management AS	Operating company	Norway	100 %
SeaBird Exploration Asia Pacific PTE. Ltd.	Management /operating company	Singapore	100 %
SeaBird Exploration Cyprus Limited	Management /operating company	Cyprus	100 %
SeaBird Exploration Crewing Limited	Crewing company	Cyprus	100 %
Green Minerals AS	Management company	Norway	55 %
SeaBird Exploration Shipping AS	Operating company	Norway	100 %
Seabed Navigation Company Limited	Dormant	Cyprus	100 %
SeaBird Exploration Finance Limited	Finance company	Cyprus	100 %
Biliria Marine Company Limited	Inactive	Cyprus	100 %
Hawk Navigation Company Limited	Inactive	Cyprus	100 %
Munin Navigation Company Limited	Inactive	Cyprus	100 %
Oreo Navigation Company Limited	Inactive	Cyprus	100 %
Raven Navigation Company Limited	Inactive	Cyprus	100 %
Sana Navigation Company Limited	Inactive	Cyprus	100 %
SeaBird Exploration Multi-Client Limited	Multi-client company	Cyprus	100 %
Harrier Navigation Company Limited	Vessel holding company	Cyprus	100 %
Silver Queen Maritime Limited	Inactive	Malta	100 %
SeaBird Crewing Mexico S. DE R.L. DE C.V.	Crewing company	Mexico	100 %
SeaBird Seismic Mexico S. DE R.L. DE C.V.	Operating company	Mexico	100 %
Green Energy Group AS	Management company	Norway	100 %
Aquila Explorer Inc.	Vessel holding company	Panama	100 %
SeaBird Exploration FZ-LLC	Management company	UAE	100 %
SeaBird Exploration Americas Inc.	Management company	USA	100 %
SeaBird Exploration Nigeria Ltd *	Inactive	Nigeria	100 %

*Indirect subsidiary

During 2020, the Company recognized a net impairment loss on investment in subsidiaries of $18.2 million, including impairment of receivables. The impairment assessment was made in accordance with the Company's policy described in note 2.

During 2020 the Group sold it's shares in Osprey Navigation Company Inc (a Panamanian company). Operating activities in this company ceased in 2020 with the sale of Osprey Explorer for demolition. The transaction generated a loan balance write-off on intercompany loans to Osprey Navigation Company Inc of $ 16.8 million whereof $ 6.4 million had been impaired in previous years. The loss is included in statement of income in impairment on investments in subsidiaries and receivables, net of reversals.

14 Commitments and contingencies

The company's commitments and contingencies as per 31 December 2021 related to financial guarantees are described in note 15 (v).

15 Related-Party transactions

i) Purchases of services and expenses recharged to group companies

Expenses amounting to $0.3 million were recharged to group companies with 5% mark-up during 2021 (2020: $0.5 million recharged from group companies).

ii) Key management personnel compensation

The compensation of the key management personnel employed by the company's subsidiaries, as well as the remuneration of the company's directors, are presented in group note 29.

iii) Due from related parties

	2021	2020
Loans to companies within SeaBird group:		
At beginning of year	2 428	
Additional loans, net of repayments	10 238	7 329
Interest charged	206	2
Net impairment of group receivables	(64)	(4 903)
At end of year	**12 808**	**2 428**

The above loans were provided at 1.55 % weighted average interest rate (1.57% in 2020) and have been repayable on demand. The loans are unsecured.

Impairment losses are included in statement of income, "Impairmant on investments in subsidiaries, net of reversals".

iv) Due to related parties

	2021	2020
Loans from companies within SeaBird Group:		
At beginning of year	29 476	12 381
Additional loans, net of repayments	6 773	16 848
Interest charged	531	247
At end of year	**36 780**	**29 476**

The above loans were provided at 1.55% weighted average interest rate (1.57% in 2020) and are repayable on demand.

v) Financial guarantees

The company is exposed to credit risk in relation to financial guarantees given to Sparebank 1 SMN related to a credit facility provided to SeaBird Exploration Norway AS. The company is equally liable for the repayment of the facility. However, the management has considered the substance of the agreement and concluded that the obligation is in substance a financial guarantee. The Company's maximum exposure in respect of these guarantees is the maximum amount the company could have to pay if the guarantee is called on, irrespective of the likelihood of being exercised, as shown below:

	2021	2020
Sparebank 1 SMN credit facility	15 400	8 500
Munin liability guarantee		240
Total	**15 400**	**8 740**

The related expected credit loss assessment and loss allowance are disclosed in note 16.

The Sparebank 1 SMN credit facility which have been guaranteed by the Company has a maximum limit of US$ 21.3 million. The drawdown at 31.12.2021 was US$ 15.4 million and the current drawdown is US$ 21.3.

vi) Dividends

The company received dividends from subsidiaries of $0.2 million in 2021 ($ nil in 2020).

vii) Shareholding

Management and the board of directors, as of 31 December 2021 held the following shares on own account):

Name	Title	Ordinary shares	Outstanding options*	Outstanding warrants*
Ståle Rodahl	Chairman	1 255 475	360 000	360 000
Nicholas Knag Nunn	Board Member	21 000		
Øivind Dahl-Stamnes	Board Member	32 200		
Hans Christian Anderson	Board Member			
Finn Atle Hamre	CEO (interim)	15 125	360 000	
Erik von Krogh	CFO			

**Please see note 6 for further information of the company's share option program. As per 31. December 2021no options have vested in the company's share option program.

16 Financial Instruments

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

The company has the following types of financial assets that are subject to the expected credit loss model:

- Amounts due from related
- Cash and bank balances (including restricted cash)
- Financial guarantees

The table below details the company's maximum exposure to credit risk as at year end:

	Note	2021	2020
Amounts due from related parties	15	12 808	2 428
Financial guarantees	15	15 400	8 740
Cash and bank balances	5	-	35
Total		**28 208**	**11 203**

The amount of financial guarantee contracts presented in the table above reflects the company's maximum exposure with regards to the guarantees described in note 15 (v) and is not an amount recognized on the statement of financial position.

The receivables from subsidiaries are assessed for lifetime expected credit losses, determining whether credit risk has increased significantly since initial recognition. At year-end 2021 the receivable balance is $12.8 million. When the Company has receivables from subsidiaries, the loss allowance is estimated based on individual assessment per receivable, taking into consideration the subsidiary's equity position, financial performance, liquidity position and ability to pay. The company writes off an amount due from related companies when there is information indicating that the counterparty is unable to pay and/or when there is a management decision to settle intra-group balances through write-offs.

With regards to cash and cash equivalents, the company measures its expected credit loss by reference to the banks' external credit ratings and relevant published default and loss rates, taking into consideration the €100.000 per bank deposit protection guaranteed under the EU Deposit Guarantee Scheme and the NOK 2 million guarantee provided by the Norwegian Bank's Guarantee Fund. As the company's balances at year end were minimal, no loss has been recognized in the financial statements.

Liquidity Risk

Ultimate responsibility for risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-, medium- and long-term funding and liquidity requirements. The company manages liquidity risk by continuously monitoring forecast and actual cash flows on a group level and ensuring the availability of funding through an adequate amount of available debt or equity.

The table below summarizes the maturity profile of the company's financial liabilities at 31 December 2021 on contractual undiscounted payments.

The amounts included for financial guarantee contracts are the maximum amount the company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee (see note 15) and is not an amount recognized on the statement of financial position.

2021	On Demand	Less Than 12 Months	1 to 5 Years	Total
Due to related parties	36 780	0	0	36 780
Financial guarantee contracts	0	7 540	7 868	15 408
Total liquidity risk	**36 780**	**7 540**	**7 868**	**52 188**
2020	On Demand	Less Than 12 Months	1 to 5 Years	Total
Due to related parties	29 476	0	0	29 476
Financial guarantee contracts	0	3 579	5 715	9 294
Total liquidity risk	**29 476**	**3 579**	**5 715**	**38 770**

Currency risk

The company's exposure to foreign currency risk was as follows based on notional amounts per 31 December 2021

2021	ASSETS	LIABILITIES	Net exposure	Change in FX rate (US$ strengthens)	Profit increase/ (decrease)
	US$ 000s	US$ 000s	US$ 000s		US$ 000s
EUR		44	-44	10 %	4
NOK	6	212	-212	10 %	21
TOTAL	**6**	**256**	**-256**	**0**	**25**

2020	ASSETS	LIABILITIES	Net exposure	Change in FX rate (US$ strengthens)	Profit increase/ (decrease)

	US$ 000s	US$ 000s	US$ 000s		US$ 000s
EUR		73	-73	10 %	7
NOK		53	-53	10 %	5
TOTAL	**0**	**126**	**-126**	**0**	**13**

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2021	2020	2021	2020
USD				
EUR	1,1821	1,1405	1,1326	1,2271
NOK	0,1163	0,1064	0,1134	0,1172

17 Audit fees

	2021	2020
Total fees charged for statutory audit	187	50
Total fees charged for other non-audit services	10	14
Total	**197**	**64**

18 Subsequent events

Note 33 to the consolidated financial statements describes the significant events that occurred subsequent to the end of the reporting period that impact the company and its subsidiaries. There were no other significant events concerning the parent company alone.

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Independent Auditor's Report

To the Members of Seabird Exploration Plc

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Seabird Exploration Plc and its subsidiaries (the "Group"), and the separate financial statements of Seabird Exploration Plc (the "Company"), which are presented in pages 27 to 75 and comprise the consolidated and Company statements of financial position as at 31 December 2021, and the consolidated and Company statements of income, consolidated and Company statements of comprehensive income, consolidated and Company statements of changes in equity and consolidated and Company statements of cash flows for the year then ended, and notes to the consolidated and Company financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the basis for Qualified Opinion section of our report, the accompanying consolidated financial statements and the separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

To the Members of Seabird Exploration Plc

Basis for Qualified Opinion

Disposal of shares in Osprey Navigation Co. Inc

We were appointed auditors of Seabird Exploration Plc in 2022 and during our review of the opening balances we were unable to obtain sufficient appropriate audit evidence in respect to the transaction relating to the disposal of shares in Osprey Navigation Co. Inc. which took place in 2020. This was also a matter qualified by the predecessor auditor. As stated in note 19 ("Subsidiaries within the Group" under the heading "Sale of subsidiaries") to the consolidated financial statements, the Group recognized a profit in 2020 from the sale of shares in subsidiaries of US$3.0 million. This relates to the disposal of its 100% shareholding in Osprey Navigation Co. Inc ("Osprey") based on an agreement entered into (the "transaction") with another party (the "buyer"). As mentioned in note 19 ("Subsidiaries within the Group") and note 27 ("Commitments and contingencies"), the non-cash profit arises from the fact that the buyer acquired the 100% shareholding in Osprey for a nominal consideration of US$1, that at the time of the disposal was in a net liability position of US$3.0 million. Osprey ceased operations during 2020 following the disposal of its vessel for demolition. As further mentioned in note 27, the Group considers it unlikely that the creditors of Osprey may seek to recover the outstanding liabilities from the Company or other companies of the group.

In addition, based on the latest assessment of the above outstanding liabilities in May 2021, the total exposure of the liability was recalculated at US$4.65 million, which mainly relates to withholding taxes, VAT liabilities, penalty charges and delayed interest charges. Up to the date of approval of the consolidated financial statements no reassessment was performed therefore the final liability may vary due to currency risk and delayed interest charges.

We were unable to obtain sufficient appropriate audit evidence about the business rationale of the transaction from the buyer's point of view. In addition, we were not able to obtain external confirmation from the buyer in respect of this transaction nor to obtain a formal legal opinion and a formal third-party statement in relation to the Osprey liability and whether there is any recourse on the Company and the Group. Consequently, we were unable to determine whether all amounts and events associated with the disposal of the subsidiary had appropriately been accounted for in the consolidated and separate financial statements. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures

Had we been able to obtain sufficient appropriate evidence in respect of the above matters, adjustments might have been necessary to the financial information and disclosures for the years ended 31 December 2020 and 2021.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Separate Financial Statements section of our report. We remained independent of the Group and the Company throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements and the separate financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the consolidated financial statements, which indicates that the Group incurred losses for the year of US$11.4 million (2020: US$14.8 million) and as at 31 December 2021 it was in a net current liability position of US$10.4 million (2020: US$13.4 million). In addition, as at the year-end certain loan covenants were in default, therefore, the bank provided a waiver letter with the intent of waiving the loan covenants up to 15 August 2022. As of to date certain loan covenants are still in breach and the Group is in advanced discussions to agree on a proposed modified bank loan repayment schedule, as well as considering the extension of the waiving period on the loan covenants in case they are in breach on 15 August 2022. As mentioned in note 2.1, the Group has developed a base case cash flow forecast, which if accurately executed, would provide adequate cash inflows for the Group to be able to meet is short-term obligations as they fall due. However, the assumptions used in the cash flow model are subject to material uncertainty. As stated in Note 2.1, these conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and the amount and classification of liabilities or any other adjustments that might be necessary should the Group be unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements and the separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements and the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the basis for qualified opinion and material uncertainty related to going concern sections, we have determined the matters described below to be the key audit matters to be communicated in our report in relation to our audit of the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment evaluation of vessels and seismic equipment The carrying value of the vessels and equipment as at year-end recorded as part of "Property, plant and equipment (PPE)", is $46.1 million representing 66% of the Group's total assets whilst a further amount of US$11.2 million is recorded as "Assets Held for Sale (AHFS)", representing a further 16% on the Group's total assets. Management has considered the existence of impairment indicators such as the continued operating losses and the sustained uncertainty in the seismic market and the effects of the Covid-19 pandemic and has performed an impairment testing to determine the recoverable amounts of the vessels and equipment carried over as PPE. With regards to the AHFS the Group had to remeasure the fair value of these asset and be recorded at their lower of carrying value and fair value less costs to sell. During 2021 a vessel was reclassified from PPE to AHFS and as at 31 December 2021 the vessels carrying value was lower than its fair value less costs to sell. The impairment test assessment on PPE did not result in any impairment losses whilst the remeasurement of certain seismic equipment classified as AHFS resulted in a US$1 million impairment loss. We refer to Note 7 and Note 12 to the consolidated financial statements. The Group's accounting policies for PPE, impairment of non-financial assets and AHFS are disclosed in Notes 2.7, 2.9, and 2.10 respectively. Note 4 (B) "Critical accounting estimates and judgements" provides further information on the uncertainties surrounding the estimations used. In performing the impairment testing for PPE, management has estimated the recoverable amounts based on value-in-use calculations using a discounted cash flow model. Estimating the cash flows involves the use of various assumptions concerning the following: o future utilization; o day-rates; o operating expenses; o capital expenditure; o residual values; and o discount rate to calculate the present value. In assessing the fair value less costs to sell for AHFS, management has considered the age, condition of the equipment as well as any obsolescence factors and the selling prices of future transactions relating to the sale of similar assets. The vessel's fair value less costs to sell was indicated by a broker's valuation. Significant management judgment needs to be applied to develop these assumptions and there is a high degree of estimation uncertainty. Considering the significance of the carrying value of these assets to the consolidated financial statements, we have identified the impairment evaluation as a key audit matter.	Our procedures in relation to the impairment evaluation of vessels and seismic equipment included amongst others: - Assessing the value-in-use calculation as an appropriate methodology for the impairment assessment for the assets in the PPE category; - Testing the mathematical accuracy of the discounted cash flow models and the relevance of the input data used; - Assessing the reasonableness of management's key assumptions used in the value-in-use calculations by considering factors such as: o market conditions and prospects; o the Group's historical performance including historic utilization rates, day-rates, operating expenses; o projected performance and capital expenditure in comparison to the Group's budgets and historic actuals; o orders backlog and submitted tenders; o the appropriateness of the discount rate used; o main business risks; o market prices such as scrap steel price to estimate the residual values; and o appropriateness of the projection period. - Using our internal valuation specialists to review the model and the following components: o input data used to determine the weighted average cost of capital; o Charter rates - Using our internal valuation specialist to consider the market and cost approaches as part of the impairment review - Comparing the value in use results to broker valuations - Performing sensitivity analysis and considering the potential impact of downside changes in the key assumptions; - Challenging management assumptions in terms of utilization and rates - Reviewing the pool of seismic equipment and discussing it with the Group's technical team as to its present condition and future use; - Assessing management's methodology in determining the fair value loss costs to sell for the classified as AHFS; - Reviewing price lists in assessing the replacement cost; - Reviewing technical reports for the assessment of the equipment's working condition; - Recalculating the resulting impairment loss; - Reviewing the disclosures in the financial statements notes 2.9 "Impairment of non-financial assets" , 4(B) "Critical accounting estimates and judgments", 7 "Property, plant and equipment" and 12 "Assets Held for Sale" in connection to the IFRS requirements. All the above procedures were completed in a satisfactory manner.

Except for the matter described in the Basis for Qualified Opinion relating to the disposal of shares in Osprey Navigation Co. Inc. and Material Uncertainty Related to Going Concern sections, we have determined that there are no other key audit matters to communicate in our report on the audit of the separate financial statements of the Company.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, including the sustainability report, corporate governance statement and the management report in pages 8 to 24, but does not include the consolidated financial statements, the separate financial statements, and our auditor's report thereon.

Our opinion on the consolidated financial statements and the separate financial statements does not cover the other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements and the separate financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and separate financial statements, the Board of Directors Is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group and the Company or to cease operations, or has no realistic alterative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and separate financial statements.

To the Members of Seabird Exploration Plc

Auditor's responsibilities for the audit of the consolidated financial statements and separate financial statements (Cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may Involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and separate financial statements, or, If such disclosures are Inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the separate financial statements, including the disclosures, and whether the consolidated financial statements and the separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our Independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the consolidated financial statements and the separate financial statements of the current period and are therefore the key audit matters.

Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

Report on other legal and regulatory requirements

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

European Single Electronic Format

The Board of Directors of Seabird Exploration Plc is responsible for preparing and submitting the consolidated and separate financial statements for the year ended 31 December 2021 in accordance with the requirements set out in the EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission (the "ESEF Regulation").

Our responsibility is to examine the digital files prepared by the Board of Directors of Seabird Exploration Plc. According with the Audit Guidelines issued by the Institute of Certified Public Accountants of Cyprus (the "Audit Guidelines"), we are required to plan and perform our audit procedures in order to examine whether the content of the consolidated and separate financial statements included in the digital files correspond to the consolidated and separate financial statements we have audited, and whether the format and marking up included in the digital files have been prepared in all material respects, in accordance with the requirements of the ESEF Regulation.

The consolidated and separate financial statements for the year ended 31 December 2021 in accordance with the ESEF Regulation have not yet been submitted to us at the date of this report. A separate report will be issued accordingly.

If the digital files will not be submitted to us within a reasonable timeframe, we will be required to adjust this report in order to state this.

Appointment of the auditor and period of engagement

We were first appointed as auditors of the Group and the Company on 4 January 2022 by a shareholders' resolution.

Consistency of the additional report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements and the separate financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 17 June 2022 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of non-audit services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Group or the Company and which have not been disclosed in the consolidated financial statements or the separate financial statements or the management report.

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Other legal requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements and the separate financial statements.
- In light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the management report, except as explained in the Basis for qualified opinion section of our report in respect of the sale of shares in a subsidiary company.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (Iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the sustainability report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and is consistent with the consolidated financial statements and the separate financial statements.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (Ii), (iII), (vI) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113..
- In light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we are required to report if we have Identified material misstatements in the corporate governance statement in relation to the Information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is George Themistocleous.

George Themistocleous
Certified Public Accountant and Registered Auditor
for and on behalf of
RSM CYPRUS LTD
Certified Public Accountants and Registered Auditors

Limassol, Cyprus
17 June 2022

SEABIRD EXPLORATION PLC

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE OFFICIALS RESPONSIBLE FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (''the Law'') we, the members of the Board of Directors and the Company official responsible for the financial statements of Seabird Exploration Plc for the year ended 31 December 2021, on the basis of our knowledge, declare that:

(a) The annual consolidated and separate financial statements which are presented on pages 25 to 75:

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the provisions of Article 9, section (4) of the law, and

(ii) provide a true and fair view of the particulars of assets and liabilities, the financial position and profit or loss of the Seabird Exploration Plc and the entities included in the consolidated financial statements as a whole and

(b) The management report provides a fair view of the developments and the performance as well as the financial position of the Seabird Exploration Plc as a whole, together with a description of the main risks and uncertainties which they face.

Members of the Board of Directors:

Ståle Rodahl
Executive Chairman

Øivind Dahl-Stamnes
Director

Nicholas Knag Nunn
Director

Hans Christian Anderson
Director

Responsible for drafting the financial statements:

Erik von Krogh
Erik von Krogh (Chief Financial Officer)

Limassol, Cyprus

17 June 2022

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