

Q3

Third
Quarter

2019



Headlines Q3 2019 and update on strategy	3
Financial review	5
Consolidated interim statement of financial position	6
Consolidated interim statement of income	7
Consolidated interim statement of comprehensive income	8
Consolidated interim statement of changes in equity	8
Consolidated interim statement of cash flow	9
Interim statement of income for discontinued operations	10
Selected notes and disclosures	11

Revenues up
196% in Q3 as
utilization rises

Revenues
\$16.0 m

Clean EBITDA
\$2.0 m

Utilization
68%

Update on
revised strategy

HEADLINES Q3 2019 AND UPDATE ON STRATEGY

Headlines Q3 2019

- Revenues of \$16.0 million, up 196% from Q3 2018
- Utilization of 68%, up from 55% in Q3 2018
- Clean EBITDA of \$2.0 million, up from negative \$2.8 million in Q3 2018
- Market outlook improving with tendering activity pointing up and day rates up approximately 30% YOY showing continued upwards pressure
- SeaBird implements a more asset-light and flexible business model
- SeaBird highgrades fleet and targets global leadership in 2D/niche 3D and source
- SeaBird streamlines operations into project-based organization and moves operations to Bergen
- SeaBird aims to cut SG&A by 40% and takes a restructuring charge of approximately \$1.2 million in Q4
- SeaBird sees industry consolidation

Strategic review

To take advantage of the exciting opportunities that present themselves in the niche streamer and OBN source segments, SeaBird Exploration will implement a strategy that shall focus on providing high quality and cost-efficient services to its clients through a more asset-light and flexible business model. Specifically, this means that the company aims to

- operate a flexible fleet of 5-7 modern, 2D and source vessels, which all should be able to operate in both segments to enhance utilization. The company shall also maintain capacity, in terms of operational competence, vessels, and equipment, for taking on financially attractive niche 3D streamer projects.
- restructure its organization to be project based and geared towards operating 3-4 vessels operating in OBN source and 2-3 vessels in niche 3D and 2D. This will allow a lean management structure to be operationally hands-on, with short reporting and decision lines. This will translate into a more cost-efficient and flexible operation, with reduced efficiency leaks between contracts.

As a part of the organizational restructuring, the company will relocate its operational headquarters from Oslo to Bergen, Norway. The company already has an office in Bergen and in addition to the significant synergies expected from having all key operational functions in one place, Bergen has a marine seismic and offshore cluster that the company will benefit from being a part of. In connection with the restructuring, the company expects to reduce its SG&A level by approximately 40% during 2020.

In 2018 and 2019, SeaBird Exploration renewed its fleet with the acquisition of the Eagle Explorer, Fulmar Explorer and BOA Thalassa (to be renamed Petrel Explorer). The decision to scrap the Aquila Explorer has been made. Pending contract status and upcoming special surveys, the company may decommission its oldest vessels and recycle the seismic equipment to other vessels. Vessel capacity in addition to the owned vessels will be chartered in on an 'asset-light' and flexible, 'pay-as-you-earn' basis. The company already charters the Voyager Explorer and Nordic Explorer on such terms and is also in strategic partnership discussions with several seismic tonnage providers.

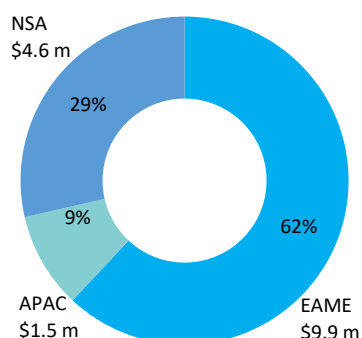
Key figures - continuing operations

All figures in USD 1 000'S (except EPS and equity ratio)	Quarter ended 30 September		Year to Date 30 September		Year ended 31 December
	2019	2018	2019	2018	2018
Revenues	15,987	5,435	37,500	13,079	19,880
Clean EBITDA	2,033	(2,761)	5,351	(5,144)	(6,344)
IFRS EBIT	(4,825)	(4,167)	(11,928)	(8,874)	(12,490)
Net interest bearing debt	(426)	(22,943)	(426)	(22,943)	(1,215)
Equity ratio	73%	67%	73%	67%	64%
Capital expenditures*	(12,684)	(1,179)	(25,625)	(835)	(21,260)
Utilization	68%	55%	70%	42%	47%
Number of vessels	7	4	7	4	5

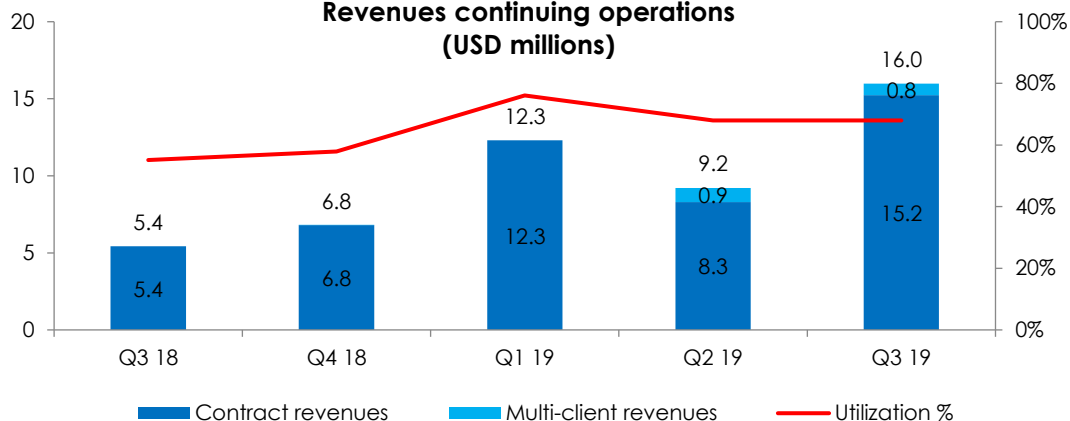
Note: all figures are from continuing operations. See note 1 for discontinued operations. Number of vessels reflect end of period count.
*CAPEX includes YTD non-cash investment of \$6.4 million for BOA Galatea and BOA Thalassa equity issue raised from sellers of the vessel, whereas \$3.2 million occurred during the quarter.

HEADLINES Q3 2019 AND STRATEGIC REVIEW

**Q3 Revenues by region
USD millions**



**Revenues continuing operations
(USD millions)**



Operational review

SeaBird recorded revenues of \$16.0 million in Q3, a 196% increase compared to \$5.4 million in Q3 2018.

The company had 68% vessel utilization in Q3 2019 with five vessels employed on different projects. This compares with three vessels on projects and 55% utilization in Q3 2018.

The profitability in the quarter was negatively affected by special items of net \$3.7 million due to one-off project costs such as shakedown of newly acquired seismic equipment, testing, equipment repairs, and relocation of equipment.

Eagle Explorer completed its source contract in Northern Europe and started on a new 2D survey in the same region towards the end of the quarter. This survey, which was the first streamer survey undertaken by the Eagle Explorer since she was acquired from CGG last year, was completed according to plan after the quarter ended.

The Osprey Explorer started another source contract in Northern Europe for a new client towards the middle of the quarter, which also was completed with good performance in October. The Nordic Explorer completed its 3D survey and started on new 2D project in West Africa that was successfully completed after the quarter ended. Harrier Explorer worked on its 2D survey in South America during the quarter. The BOA Thalassa (Petrel Explorer) continued on its long-term contract with EMGS in Asia. Voyager Explorer was idle during the quarter.

The Fulmar Explorer was delivered to the company in July. Preparations for outfitting/rigging the Fulmar Explorer as a seismic vessel are ongoing. The decommissioning of the Aquila Explorer is expected to be completed in quarter four.

Multi-client revenues were \$0.8 million in the period relating to a sale of a part of the company's investment in one of its EAME multi-client surveys.

Contract awards

On 25 July 2019, the company announced that the acquisition of Fulmar Explorer (previously BOA Galatea). 23,055,372 new shares of the Company were issued as part consideration for the vessel.

On 30 July 2019, the company provided an update on contracts and ongoing projects which included the Eagle Explorer award on a new source survey for CGG West of Shetland.

On 11 September 2019, the company announced that it received notification of an award to acquire 2D seismic data in the Australasia region. The survey is due to commence during Q4 2019 and is estimated to run for approximately three to four months plus mobilization. The company will be using the Nordic Explorer for the work.

On 16 September 2019, the company announced that it received a letter of award to provide a source vessel for an upcoming OBN project in the Asia Pacific region. The project is anticipated to commence during Q4 and will have a duration of one to two months. SeaBird will be using the Voyager Explorer for the project.

On 19 September 2019, the company announced that it signed a contract to acquire a 2D seismic survey for an international oil & gas company in the Africa region. The survey commenced towards the end of September and had a duration of approximately three weeks. The company used the Nordic Explorer for the work. The 2D survey in the Africa region fit well with the previously announced 10,000 km 2D contract in Australasia region securing back-to-back utilization of the Nordic Explorer in Q4 2019 and for most of Q1 2020.

Outlook

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 node (OBN) surveys. The OBN market is expected to be a core driver of growth. Tendering activity for OBN work in regions such as West Africa, Brazil and the Gulf of Mexico is showing a marked improvement from previous quarters.

We have recently experienced a modest increase in tendering and awards related to streamer surveys. This has largely been related to proprietary surveys. However, we are beginning to see that acquisition contracts are also materializing with the multi-client companies, as illustrated by the Nordic Explorer 2D survey in Australasia.

Contract prices are up approximately 30% year-over-year and pricing is anticipated to continue to increase.

FINANCIAL REVIEW

Financial comparison

All figures below relate to continuing operations unless otherwise stated. For discontinued operations, see note 1. The company reports an IFRS net loss of \$5.1 million for Q3 2019 (net loss of \$4.6 million in the same period in 2018).

Revenues were \$16.0 million in Q3 2019 (\$5.4 million). The increased revenues are primarily due to higher utilization and increased fleet size.

Cost of sales was \$16.0 million in Q3 2019 (\$6.6 million). The increased costs is predominantly due to increased fleet size and higher project activity which also in combination with recently acquired equipment initiated one-off project costs such as shake down of seismic equipment, testing, equipment repairs, and relocation of equipment. Management is satisfied with the insights thus acquired and the position this puts the company in regarding future projects.

SG&A was \$2.1 million in Q3 2019 compared to \$1.6 million in Q3 2018. Approximately \$0.1 million of the Q3 2019 SG&A cost is noncash, relating to the employee share option plan.

Net reversal of bad debt charges were \$ nil million in Q3 2019 (\$0.0 million).

Other income (expense) was positive \$0.5 million in Q3 2019 (positive \$0.0 million).

IFRS EBITDA was negative \$1.6 million in Q3 2019 (negative \$2.8 million).

Depreciation, amortization and impairment were \$3.2 million in Q3 2019 (\$1.4 million). The increase is predominantly due to the acquisition of Petrel Explorer, Fulmar Explorer, Eagle Explorer and related seismic equipment, multi-client amortization and impairment booked in the quarter.

Finance expense was \$0.2 million in Q3 2019 (cost of \$0.6 million).

Other financial items were positive \$0.3 million in Q3 2019 (positive \$0.2 million).

Income tax cost was \$0.3 million in Q3 2019 (\$0.0 million).

Capital expenditures in the quarter were \$12.7 million (\$1.2 million). The increased

capital expenditure is predominantly due to the acquisition of Fulmar Explorer and investments in seismic equipment.

Liquidity and financing

Cash and cash equivalents at the end of the period were \$5.4 million (\$27.8 million in Q3 2018), excluding \$0.2 million restricted cash (\$1.9 million in Q3 2018).

The SBX04 secured bond loan (issued as "SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2018 Tranche B") is recognized in the books at amortized cost of \$5.0 million per Q3 2019 (nominal value of \$4.6 million plus payment in kind interest of \$0.7 million plus accrued interest of \$0.0 million plus amortized interest of \$0.5 million less gain on restructuring of \$0.7 million). The SBX04 secured bond loan (Tranche B) is due 30 June 2020 and it is carrying an interest rate of 6.0%. Interest may be paid in kind and deferred until 30 June 2020. The outstanding loan balance is scheduled to be paid at the maturity date. Interest paid during Q3 2019 was \$ nil. The bond is listed on Nordic ABM, and is traded with ticker SBEF02 PRO.

The Glander facility is classified as trade payables. The facility is recognized at amortized cost of \$0.2 million. Coupon interest rate is 6.0%. Interest may be paid in kind and is due 30 June 2020. The facility's maturity date is 30 June 2020. Interest paid during Q3 2019 was \$ nil.

Net interest bearing debt was negative \$0.4 million as at the end of Q3 2019 (negative \$23.9 million in Q3 2018).

During the quarter the company completed the acquisition of Fulmar Explorer. 23,055,372 new shares of the Company were issued as part consideration for the acquisition of the vessel. The total number of ordinary shares at 30 September 2019 was 538,931,387 with a nominal value of \$0.01 per share. The company has an employee share option plan for a maximum of 28.4 million share options to be allocated to current and future employees. The share option plan has a duration of three years from the initial grant date (12 October 2018). One third of the options granted will vest one year after the grant date, one third of the options granted will vest two years after the grant date and the remaining one

third of the options granted will vest three years after the grant date. All options may be exercised at any time within one year from the corresponding vesting dates. A total of up to 21.9 million options have been granted as of 30 September 2019. The options will have an exercise price of NOK 2.40 for the tranche vesting one year after the initial grant date, NOK 2.65 for the tranche vesting two years after the grant date and NOK 2.90 for the tranche vesting three years after the grant date.

The company's accounts for the third quarter of 2019 have been prepared on the basis of a going concern assumption.

Subsequent events

On 3 October 2019, the company announced that Ståle Rodahl was appointed as Chairman of the Board effective from 2 October 2019.

On 20 October 2019, the company announced that Gunnar Jansen accepted the position as interim CEO, replacing Hans Petter Klohs. Mr Jansen joined SeaBird as Chief Commercial and Legal Officer in August 2018 and has 20 years' experience from the shipping and offshore industries.

On 7 November 2019, the company announced that it will book restructuring charges of approximately \$1.2 million in Q4 2019 related to reorganization of operations into a more efficient project based organization and moving operations (other than our office in Cyprus) to one location in Bergen, Norway.

The Board of Directors and Chief Executive Officer

SeaBird Exploration Plc

6 November 2019

Ståle Rodahl
Chairman

Olav Haugland
Director

Sidsel Godal
Director

Nicholas Knag Nunn
Director

Gunnar Jansen
Chief Executive Officer (Acting)

Consolidated interim statement of financial position

All figures in USD 000's	As of 30 September		As of 31
	2019 (Unaudited)	2018 (Unaudited)	December 2018 (Audited)
ASSETS			
Non current assets			
Tangible assets			
Property, plant and equipment	57,521	24,726	41,863
MultiClient Investment	469	604	1,547
Long term investments	184	600	577
	58,173	25,930	43,987
Current assets			
Inventories	2,461	1,117	1,177
Trade receivables	4,351	1,005	2,077
Other current assets	5,507	2,393	3,269
Contract assets	4,210	2,037	1,827
Assets classified as held for sale	189	-	-
Restricted cash	184	923	235
Cash and cash equivalents	5,421	27,786	5,774
	22,323	35,261	14,360
Total assets	80,497	61,191	58,346
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Paid in Capital	322,875	284,852	289,967
Currency Translation reserve	(407)	(407)	(407)
Share options granted	491	-	111
Retained earnings	(264,188)	(243,374)	(252,162)
	58,771	41,071	37,509
LIABILITIES			
Non current liabilities			
Loans and borrowings	-	4,843	4,559
Long term trade payables	-	-	400
Long term tax liabilities	889	954	1,258
Other long term liabilities	280	800	640
	1,169	6,597	6,857
Current liabilities			
Trade payables	3,348	3,012	2,982
Contract liabilities	731	-	651
Other payables	10,079	8,900	8,877
Loans and borrowings	4,996	-	-
Current tax liabilities	1,402	1,611	1,469
	20,556	13,524	13,979
Total liabilities	21,725	20,120	20,837
Total equity and liabilities	80,497	61,191	58,346

Consolidated interim statement of income					
All figures in USD 000's (except EPS)	Quarter ended 30 September		Year to Date 30 September		Year ended 31 December
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)	2018 (Audited)
Revenues	15,987	5,435	37,500	13,079	19,880
Cost of sales	(16,020)	(6,603)	(33,841)	(13,134)	(18,899)
Selling, general and administrative expenses	(2,069)	(1,597)	(5,812)	(4,914)	(6,856)
Net bad debt charges	-	(0)	669	167	167
Other income (expenses), net	473	3	829	779	522
Earnings before interest, tax, depreciation and amortization (EBITDA)	(1,630)	(2,762)	(654)	(4,023)	(5,185)
Depreciation	(2,502)	(1,405)	(7,465)	(4,850)	(7,304)
Amortization	(201)	-	(1,004)	-	-
Impairment	(492)	-	(2,805)	(1)	(1)
Earnings before interest and taxes (EBIT)	(4,825)	(4,167)	(11,928)	(8,874)	(12,490)
Finance expense	(242)	(577)	(494)	(1,733)	(1,958)
Other financial items, net	344	155	963	552	679
Profit/(loss) before income tax	(4,723)	(4,589)	(11,459)	(10,055)	(13,769)
Income tax	(337)	(47)	(566)	816	858
Profit/(loss) continuing operations	(5,060)	(4,636)	(12,026)	(9,239)	(12,911)
Net profit/(loss) discontinued operations (note 1)	-	-	-	936	936
Profit/(loss) for the period	(5,060)	(4,636)	(12,026)	(8,303)	(11,976)
Profit/(loss) attributable to Shareholders of the parent	(5,060)	(4,636)	(12,026)	(8,303)	(11,976)
Earnings per share					
Basic	(0.01)	(0.02)	(0.03)	(0.05)	(0.06)
Diluted	(0.01)	(0.02)	(0.03)	(0.05)	(0.06)
Earnings per share from continued operations					
Basic	(0.01)	(0.02)	(0.03)	(0.05)	(0.06)
Diluted	(0.01)	(0.02)	(0.03)	(0.05)	(0.06)

Consolidated interim statement of comprehensive income

All figures in USD 000's	Quarter ended 30 September		Year to Date 30 September		Year ended 31 December
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)	2018 (Audited)
Profit/(loss)	(5,060)	(4,636)	(12,026)	(8,303)	(11,976)
Other comprehensive income	-	-	-	-	-
Net movement in currency translation reserve and other changes	-	-	-	-	-
Total other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	(5,060)	(4,636)	(12,026)	(8,303)	(11,976)
Total comprehensive income attributable to Shareholders of the parent	(5,060)	(4,636)	(12,026)	(8,303)	(11,976)
Total	(5,060)	(4,636)	(12,026)	(8,303)	(11,976)

Consolidated interim statement of changes in equity

All figures in USD 1 000's	Year to Date 30 September		Year ended 31 December
	2019 (Unaudited)	2018 (Unaudited)	2018 (Audited)
Opening balance	37,509	15,666	15,666
Profit/(loss) for the period	(12,026)	(8,303)	(11,976)
Increase/(decrease) in share capital	32,908	33,708	33,709
Increase/(decrease) equity component of warrants	-	(2,736)	-
Increase/(decrease) equity from reduction in nominal value of shares	-	(5,688)	-
Share options granted	380	-	111
Reclassification of share capital to retained earnings	-	8,424	-
Net movements in currency translation reserve and other changes	-	-	-
Ending balance	58,771	41,071	37,509

Consolidated interim statement of cash flow

All figures in USD 000's	Quarter ended 30 September		Year to Date 30 September		Year ended 31 December
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)	2018 (Audited)
Cash flows from operating activities					
Profit / (loss) before income tax	(4,723)	(4,589)	(11,459)	(10,055)	(13,769)
Adjustments for:					
Depreciation, amortization and impairment	3,195	1,405	11,274	4,851	7,305
Other items	(19)	(182)	(739)	(1,010)	(86)
Movement in provision	(1,317)	-	(0)	(2,994)	(3,437)
Unrealized exchange (gain) /loss	(346)	(229)	(409)	(88)	(141)
Interest expense on financial liabilities	166	147	479	438	590
Paid income tax	(105)	(48)	(183)	(150)	(313)
(Increase)/decrease in inventories	(404)	(226)	(1,284)	(121)	(181)
(Increase)/decrease in contract assets	(3,648)	(1,409)	(2,383)	(261)	(50)
(Increase)/decrease in trade and other receivables	3,194	2,288	(3,791)	(259)	(2,218)
Increase/(decrease) in long term liabilities	(120)	(184)	(5,320)	357	605
Increase/(decrease) in trade and other payables	(525)	(124)	5,675	(382)	(383)
Increase/(decrease) in contract liability	187	-	80	-	651
Net cash from operating activities	(4,463)	(3,150)	(8,060)	(9,674)	(11,427)
Cash flows from investing activities					
Capital expenditures	(9,489)	(1,179)	(19,228)	(835)	(21,260)
Proceeds from disposal of PPE	-	-	-	-	241
Long term investment	500	(533)	504	(533)	(532)
Multi-client investment	-	(272)	(80)	(272)	(1,047)
Net cash used in investing activities	(8,989)	(1,985)	(18,804)	(1,640)	(22,597)
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	(0)	18,745	28,542	35,965	35,965
Transaction costs on issuance of ordinary shares	(63)	(2,087)	(2,031)	(2,256)	(2,256)
Receipts from borrowings	-	(0)	-	(0)	-
Repayment of borrowings	-	45	-	(240)	(225)
Interest paid	-	-	-	-	(15)
Net cash from financing activities	(63)	16,703	26,511	33,469	33,470
Net (decrease)/increase in cash and cash equivalents	(13,515)	11,569	(353)	22,155	(554)
Cash and cash equivalents at beginning of the period	18,936	16,217	5,774	6,329	6,329
Cash and cash equivalents at end of the period	5,421	27,786	5,421	28,483	5,774

Note 1: Interim statement of income for discontinued operations

All figures in USD 1 000's	Quarter ended 30 September		Year to Date 30 September		Year ended 31 December
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)	2018 (Audited)
Revenues	-	-	-	-	-
Cost of sales	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-
Other income (expenses), net	-	-	-	-	-
Earnings before interest, tax, depreciation and amortization (EBITDA)	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-
Impairment	-	-	-	-	-
Earnings before interest and taxes (EBIT)	-	-	-	-	-
Interest expense	-	-	-	-	-
Other financial items, net	-	-	-	-	-
Profit/(loss) before income tax	-	-	-	-	-
Income tax	-	-	-	936	936
Profit/(loss) discontinuing operations	-	-	-	936	936
Gain/(loss) on sale of OBN business	-	-	-	-	-
Net profit/(loss) from discontinued operations	-	-	-	936	936
Profit/(loss) attributable to					
Shareholders of the parent	-	-	-	936	936

Selected notes and disclosures

SeaBird Exploration Plc is a limited liability company. The company's address is Spyrou Kyprianou 15, Matrix Tower II, 3rd floor, 4001, Limassol, Cyprus. The company also has offices in Oslo (Norway), Bergen (Norway) and Singapore. The company is listed on the Oslo Stock Exchange under the ticker symbol "SBX".

Basis of presentation

The condensed interim consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) and the act and regulations for the Oslo Stock Exchange.

The condensed interim consolidated financial statements do not include all information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2018.

The consolidated financial statements for the year ended 31 December 2018 and quarterly reports are available at www.sbexp.com. The financial statements as of Q3 2019, as approved by the board of directors 6 November 2019, are unaudited.

Significant accounting principles

The accounting policies used for preparation of the condensed interim consolidated financial statements are consistent with those used in the consolidated financial statements for 2018 unless otherwise stated.

Risk factors

The information in this report may constitute forward-looking statements. These statements are based on various assumptions made by the company, many of which are beyond its control and all of which are subject to risks and uncertainties. Risk factors include but are not limited to the demand for our seismic services, the high level of competition in the source and 2D/3D markets, changes in governmental regulations, adverse weather conditions, and currency and commodity price fluctuations. For further description of relevant risk factors, we refer to the annual report 2018. As a result of these and other risk factors, actual events and actual results may differ materially from those indicated in or implied by such forward looking statements.

Segment information

All seismic vessels and operations are conducted and monitored within the company as one business segment.

Revenue recognition

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

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

Leased vessels

The company has adopted IFRS 16 "Leases" from 1 January, 2019. IFRS 16 sets out a model for identification of lease arrangements and their treatment in the financial statements, and long-term lease contracts usually need to be brought on balance sheet. The company recognized the lease for the Voyager Explorer as a lease asset and lease liability as per 1 January 2019, and the company booked lease amortization cost of \$0.1 million and interest cost of \$0.0 million in quarter two relating to the company's minimum lease liability for the Voyager Explorer charter party.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes costs directly attributable to the acquisition of the item. Costs are included in the asset's carrying amount or recognized as a separate asset, if appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Costs of all repairs and maintenance are expensed as incurred. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Seismic vessels	15 years from date of conversion or 25 years from initial build
Maritime equipment	10 to 15 years
Seismic equipment	4 to 8 years
Office equipment	4 years

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. A systematic impairment test of all surveys is performed at least annually at the end of the financial year.

Multi-client sales in Q3 2019 were \$0.8 million (\$ nil). The revenues relates to a sale of a part of the company's investment in one of its EAME multi-client surveys. Multi-client amortization in Q3 2019 was \$0.1 million (\$ nil) and multi-client impairment was \$0.5 million (\$nil). Net multi-client investment was \$0.0 million in Q3 2019.

SeaBird's multi-client library consists of two surveys in the EAME region and two multi-client surveys in South East Asia. The multi-client library has a book value of \$0.5 million as per 30 September 2019, which relates to the two 2018 surveys in the EAME region.

Multi-client library	USD millions
Opening balance 1 July 2019	1.1
Capitalized cost	-
Capitalized depreciation	-
Partner contribution	(0.1)
Impairment	(0.5)
Amortization	(0.1)
Net book value 30 September 2019	0.5

Debt securities and maturities

The company has one bond loan (SBX04; SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2020). The total book value of outstanding debt as per 30 June 2019 is \$5.0 million. Please see table below for additional details.

The SBX04 bond loan matures on 30 June 2020 and will not have any principal payments before 30 June 2020. All accrued interest may be paid-in-kind and deferred until 30 June 2020.

Glander facility, previously classified as «loans and borrowings», has been reclassified as «trade payables». The trade payable facility is recognized at amortized cost of \$0.2 million. Coupon interest rate is 6.0%. Interest may be paid in kind and is due 30 June 2020. The facility's maturity date is 30 June 2020. Interest paid during Q3 2019 was \$ nil.

Debt securities	USD millions
Current loans and borrowings	
<i>Secured debt</i>	
SBX04 bond loan, face value	4.6
Payment in kind (PIK) interest	0.7
Fair value adjustment *	(0.7)
Accrued interest and accumulated amortized interest	0.5
Current loans and borrowings 30 September	5.0

Aggregate maturities of loans and borrowings	USD millions
Overview of repayment	
2018	-
2019	-
2020	5.5
Total debt principal due 30 Jun 2020	5.5

Discontinued operations

On 8 December 2011, the company sold the ocean bottom node business (accounted for as discontinued operations) to Fugro Norway AS. The company has no remaining assets or potential revenues, but has recorded selected tax liabilities in relation to the discontinued operations. The company had a net income from discontinued operations of \$0.0 million in the quarter. See note 1 to the consolidated income statement for the income statement for discontinued operations.

Share capital and share options

During the quarter the company completed the acquisition of Fulmar Explorer. 23,055,372 new shares of the Company were issued as part consideration for the acquisition of the vessel. The total number of ordinary shares at 30 September 2019 was 538,931,387 with a nominal value of \$0.01 per share.

The company has an employee share option plan for a maximum of 28.4 million share options to be allocated to current and future employees. The share option plan has a duration of three years from grant date (12 October 2018). A total of up to 21.9 million options have been granted as of 30 September 2019 and the options have exercise prices of NOK 2.40 for the tranche vesting one year after grant date, NOK 2.65 for the tranche vesting two years after the grant date and NOK 2.90 for the tranche vesting three years after the grant date. All options may be exercised at any time within one year from the corresponding vesting dates.

Related party transactions

All related party transactions have been entered into on an arm's length basis. The company had no related party transactions during the quarter.

Going concern

The company's consolidated accounts have been prepared based on a going concern assumption.



SEABIRD

EAGLE
LIM
NO

CYPRUS – HEAD OFFICE

Spyrou Kyprianou 15
Matrix Tower II
4001 Limassol
Cyprus

NORWAY (OSLO)

Cort Adellers gate 16
N-0254 Oslo
PO Box 1302 Vikta
N-0112 Oslo
Norway

NORWAY (BERGEN)

Bryggen 13
5003 Bergen
Norway

SINGAPORE

1 Fullerton Road
#02-01 One Fullerton
Singapore 049213

WWW.SBEXP.COM

