Annual Report

SeaBird Group

2020

SeaBird at a Glance

SeaBird is a global provider of seismic data to the oil and gas industry. The company is the market leader in the high-end 2D seismic services and source vessel segments.

SeaBird concentrates on contract seismic surveys and source vessel solutions. The company is strongly positioned with its industry-leading quality, health, safety and environment culture and accreditations. The company has a focus on operational excellence and targets best-in-class performance. SeaBird's initiatives on operational improvements aim to continuously advance our service offerings.

In 2020 SeaBird 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 electronics, both important contributors to the green transition.

$46.5m

revenues for 2020 compared to $45.1m in 2019

-$16.0m

EBIT in 2020 compared to $22.4m in 2019

Cost reduction measures

- Cost reduction plan completed
- Reorganized to a project based organization

New business segment

- Established marine minerals company Green Minerals
- Pioneer company focusing on deep sea mining on the NCS
- Listed in March 2021

New bank facility

- Secured $16m bank facility
- Refinanced bond loan

Highlights

Year	2020	2019
Revenues	46,537	45,136
SG&A	(5,577)	(7,357)
EBITDA*	(1,399)	(5,638)
EBIT*	(15,954)	(22,379)
Profit/(loss)	(14,773)	(23,315)
Capital expenditures	(3,450)	(20,763)
Total debt	8,363	5,152
Net interest-bearing debt*	2,132	1,507
Equity ratio*	56.9%	66.4%

Note see group note 35 for definitions*

Letter from the Chairman

I would like to start by thanking everybody at SeaBird for their tremendous contribution during a difficult year for our industry and, indeed, for the whole world. Looking back at these past 15 months, I am proud to see how far we`ve come, despite increased challenges posed by the COVID-19 pandemic and low oil prices.

The turnaround

The turnaround strategy presented in November 2019 has in fact been implemented faster than anticipated, along the following main lines:

- New management team
- New Board of Directors
- New and capital-light asset management strategy
- Scrapping of old vessels
- Securing new long-term bank financing
- 70% cost cuts
- Closing offices and relocating HQ to Bergen
- Improved work processes and reorganizing into a project-based organization
- Change of culture

Reducing our workforce by approximately 65% during this complete corporate restructuring has put additional strain on those left to do the job. I am therefore very pleased to report that the quality of our operations has significantly improved during this period, with technical downtime down to the low single digits as the most eye-catching number. The change in strategy came at just the right time and helped the Company not only make it through possibly the worst year ever for our industry, but to emerge from it in better shape than before the crisis. I congratulate CEO Gunnar Jansen and his team for the terrific work and attitude during these trying times.

At the depth of the COVID and oil crisis in Q2 of last year, we were particularly pleased to secure bank financing to fund our growth projects and refinance our bond loan. This is the first time in the Company`s 20-year history that SeaBird has secured bank financing. It sets us apart from the funding struggles that the rest of the industry is experiencing.

There are still a few remaining areas of improvement in the corporate structure, but by and large, «Legacy Seabird» is now a thing of the past and a sound platform for profitability and growth is in place.

The outlook: profitability and growth

While 2020 was dedicated to restructuring the Company, the coming years will be characterized by a focus on profitability and growth. Our strategy is clear and will be implemented as fast as the market permits in 2021, notably by:

- Outfitting the «Fulmar Explorer» as a top-tier OBN vessel
- Securing additional flexible charters with a goal of increasing the market share in the high end of the market
- Finding work for the «Petrel Explorer» in other segments
- Positioning Green Minerals to win E&P licenses in marine minerals on the NCS

Of course, any strategy for growth in the seismic industry is dependent on a certain level of demand in the marketplace. With the oil companies having vastly underinvested in new reserves since 2014, market researchers like Rystad and others are now estimating that the industry needs to double its exploration effort over the next few years to replace reserves and meet anticipated demand, even as the energy transition gathers pace. SeaBird looks particularly well positioned to take advantage of these trends through our focus on OBN and 2D seismic, benefitting from in-field exploration increases as well as the need for energy security in many countries in the developing world.

Having experienced a good level of demand for the «Eagle Explorer» and «Voyager Explorer», even during the depth of the crisis following several successful campaigns for the vessels over the past few months, we are nevertheless confident that we can capitalize on a correctly outfitted Fulmar to take advantage of renewed demand for SeaBirds competencies' in the marketplace. Our access to additional quality vessels on flexible charters will allow SeaBird to further capitalize on these trends when the market allows for it.

Sustainability is at the core of everything we do in 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 protection procedures. The recycling of the older vessels was done in accordance with environment friendly best practices. As of the 2020 annual report a comprehensive ESG report is included.

Furthermore, moving early and determinedly ahead with the turnaround of SeaBird allowed us headroom to think constructively around how to position ourselves for the green energy shift. The result was the decision to establish Green Minerals.

Green Minerals

Our subsidiary Green Minerals is the only listed marine minerals company in the world and provides SeaBird with a first-mover advantage on the NCS. We are truly excited by the response we have received from the market, not least from potential clients who are growing increasingly concerned about their ability to source the minerals necessary for the green shift. Minerals such as copper, cobalt and lithium are central to renewable technologies such as batteries, wind turbines and solar panels, but also the electric infrastructures for power distribution. Some of these metals are a source of concern due to uncertain future supply either due to inadequacy between future demand/supply projections or because of their current supply being limited to few countries. Take e.g., copper – the key enabler of electrical energy – where global demand is forecast to reach the same amount over the next 25 years as has been produced in the last 500 years. Production at onshore mines is also challenged by controversial working conditions and puts severe stress on resources and the environment. Marine minerals can boost the supply of these resources and open up new opportunities for environmental impact reduction. We anticipate that Green Minerals will generate revenues of more than NOK 4 billion per year when the first production system is up and running, with EBITDA margins well above those seen in onshore mining today.

On a final note; after going through the worst year in the industry's history, SeaBird emerges not only financially strengthened, but is also in a position to distribute shares in Green Minerals to all existing SeaBird shareholders.

This is but the first step in our renewed commitment to maximize shareholder value and to set a clear new directional change for the company, positioning it for the green energy transition. To mark this comprehensive corporate restructuring, which has resulted in the abolishment of the «Legacy SeaBird» culture, we plan to undertake a complete rebranding of the Company to be presented at the AGM in July. The core values of the new SeaBird: Boldness. Honesty. Integrity. Responsibility.

We are excited about the prospects for the repositioned SeaBird in the coming years.

Ståle Rodahl

Executive Chairman

Group Management

Gunnar C. Jansen – Chief Executive Officer. Position held from 2019.

Mr. Jansen has held the position as Chief Executive Officer (interim) of the company since October 2019 and was before that the Chief Commercial and Legal Officer since August 2018. He has more than 15 years' experience in the Offshore Oil and Gas and Shipping industry and 10 years' experience in senior executive management positions including Deputy CEO, CCO, CFO and General Counsel. Mr. Jansen has extensive experience in Business Development, contract negotiations, chartering, commercial management, project development and ship-financing. He holds a BA degree in Economics and International Studies and master's degree in jurisprudence and Maritime Law. He is a Norwegian citizen and resides in Norway.

Finn Atle Hamre – Chief Operating Officer. Position held from 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. He is a Norwegian citizen and resides in Norway.

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 10 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). He is a Norwegian citizen and resides in Norway.

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.

Corporate Governance

Comprehensive report for the year 2020

Our corporate governance policy guides our operations and business activity. It also provides the standards for our code of conduct as stipulated by the board of directors.

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 Business

The main business activities permitted by the company's constitutional documents are set out in the memorandum of association article 3.1; "To carry on or undertake any commercial activity relating to providing oil and gas exploration, production and participation, seismic data services onshore, transition zones and offshore, and general offshore energy related services and whatever else may be considered incidental or conductive thereto, including but not limited to, acting as a holding company to companies engaging in such activities; investing in other companies engaged in any of aforementioned activities; buying, selling or other otherwise dealing with acquiring property in the oil and gas industry; mortgaging, borrowing or charging its assets or acting as guarantor in connection with undertaking or any of the activities whether for itself or any affiliate or third parties".

The company is a global provider of marine 2D, source and niche 3D seismic data for the oil and gas industry. The company is the market leader in the high-end 2D seismic services segment; is actively engaged in both the proprietary contract and multi-client sectors; and delivers global coverage with its vessels. The goal of the company is to maintain its market leadership position, while retaining its focus on quality, health, safety, and environment (QHSE).

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. Corporate social responsibility has not been formulated into a specific guideline. However, QHSE systems and culture are generally viewed to address this topic along with the prevention of corruption, the working environment, equal treatment, discrimination, and environmental impact.

3 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 2020 is USD 16,800,000 and is set out in the memorandum of association. Shareholders with significant shareholdings are identified in page 14 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.

4 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.

5 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.

6 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.

7 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.

8 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.

9 The work of the board of directors

The board resolved a plan for its activity for 2020 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.

10 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".

11 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 2020 consisted of Ståle

Rodahl, Nicholas Nunn, Øivind Dahl-Stamnes (from 10 January 2020), Rolf Inge Jakobsen (from 10 January 2020 to 7 December 2020), Hans Christian Anderson (from 17 July 2021), Sidsel Godal (until 9 January 2020) and Olav Haugland (until 9 January 2020). In the period from 17 July 2020 to 7 December 2020 the board of directors was expanded from four to five directors. In this period the remuneration to each director was reduced so that the total remuneration remained unchanged.

12 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.

13 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.

14 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.

15 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.

Management Report

1.1 Operating activities

We started off 2020 with the implementation of a strategic and organizational restructuring, announced in Q4 2019. In the first quarter of the year, we relocated to Bergen and was well underway with streamlining our organization. In the middle of these changes, COVID-19 struck with unexpected and unprecedented operational and commercial consequences, which were amplified by the fall in oil price caused by the OPEC+ breakdown. In the matter of a few weeks, contracts were cancelled or postponed, and ongoing operations were hampered by COVID-19 travel restrictions.

In this environment, SeaBird managed to complete the organizational changes and significantly reduce SG&A. At the same time, we obtained bank financing to replace the bond loan and to outfit the Fulmar Explorer as a high capacity OBN source and 2D vessel and during the summer months, the two remaining legacy vessels from the old SeaBird fleet were decommissioned and the Geo Barents was chartered on flexible terms as a replacement vessel. New contracts were also secured and successfully completed amidst the COVID-19 restrictions and with very little technical downtime. Before COVID-19 and the fall in the oil price, the seismic market was on a path to recovery. The events in Q1 2020 obviously put this on hold. However, we are now seeing strong signs of improvement. Contracts that were postponed or cancelled in 2020 are being revived and tender activity is increasing. The Eagle Explorer has just finished a 5-month project in the Gulf of Mexico for a leading OBN contractor and is en-route to a 2D survey in India. We are also mobilizing for another OBN project in West Africa that was cancelled last year at the beginning of the COVID-19 crisis. Finally, the Petrel Explorer is working as an accommodation vessel in the offshore wind industry. This is a first for SeaBird and although this is not a core market for us, it shows the adaptability of both our vessels and our organization.

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 SeaBird as a pure seismic company to a more diversified business operation. The market outlook for the two business areas balances each other; part of the reason for the relatively low activity in oil & gas sector is due to the oil companies' focus on renewables. 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.

Due to COVID-19 and low oil prices, 2020 was a year with relatively low activity in the seismic market. The COVID-19 situation represented new logistical and operational challenges, in particular in relation to crew changes. The Company successfully adapted to this new operational environment and has not experienced any significant operational problems due to COVID-19.

The Voyager Explorer participated as a source vessel on an OBN survey in the Far East in Q1, and on another OBN survey in the same region from May to November. The Eagle Explorer conducted a short undershoot in the North Sea during the summer before starting mobilization for an OBN source contract in the US Gulf of Mexico in October, which was recently completed.

In Australia, the Company used the time chartered Nordic Explorer on a 2D survey from January to May.

In the first half of 2020, the company also carried out a 3D survey in India. This survey was outsourced to a third party.

The technical downtime that haunted the Company in the two preceding years were reduced to acceptable levels on the projects in 2020, mainly due to improved control with the Company's equipment, improved project management, and work processes. In 2020, the Company relocated to Bergen, streamlined its organization, and cut its SG&A by 24% from 2019 to 2020. During the year, the Osprey Explorer and Harrier Explorer were decommissioned.

In 2020, the Company also made a strategic decision to diversify its business and established Green Minerals, which was listed on the Oslo Stock Exchange in March 2021.

1.2 Seismic outlook

In 2020, the demand for seismic data acquisition was negatively impacted by the drop in the oil price and the COVID-19 situation. The drop in oil price was initially caused by the OPEC+ breakdown (which coincided with the COVID-19 outbreak) and later by reduced demand for oil following the COVID-19 restrictions on international travel etc. The drop in oil price very quickly translated into a reduced demand for seismic data and the company's services.

The COVID-19 situation also had a direct impact on demand for new data acquisition, as surveys were postponed due to logistical challenges and general uncertainty.

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 fleet renewal and financing initiatives concluded in Q1 2020, the company will have an upgraded modern, versatile, and competitive fleet of 6 vessels ready to compete as of primo 2H 2020. While earnings in the first half of the year will be affected by continued moderate utilization in Q1 and the upgrade project, we expect activity levels to improve when oil prices eventually recover.

1.3 Marine minerals outlook

As the world electrifies and digital technology becomes available to more consumers there is a massive demand for new metals sources and Rare Earth Minerals. For the green shift to take place it is vital to secure supply of such metals and minerals. Deep sea mining of minerals is therefore a key to the green shift as it will secure supply of minerals required to enable electrification and digitalization without the huge environmental and social costs involved in onshore mining. Going forward the demand for base metals for production of EV batteries is expected to increase massively. CAPEX investment needed for the next 5 years only in base metals and gold is estimated to $240bn. As land ore grade declines, becomes less accessible and contains toxic levels of heavy elements deep sea mining will be crucial in order to cover the demand for these minerals in a sustainable manner.

1.4 Quality, Health, Safety, 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 recordable incidents in 2020.

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 2020 are achievable. Focal points for 2021 is 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 2020.

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 June the company refinanced the SBX04 bond loan with a bank facility and does no longer have any bonds outstanding.

In November the company conducted a private placement in its subsidiary Green Minerals AS, issuing 2,886,400 at NOK 11 per share, raising NOK 31 750 400. Following the private placement, the company owned 77.6% of Green Minerals AS.

Other events

In June 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.

1.6 Financial calendar

25.05. 2021 First Quarter 2021

22.06. 2021 Annual General Meeting

30.07. 2021 Half-Year 2021

22.10. 2021 Third Quarter 2021

1.7 20 Largest shareholders table

1.7.1 20 largest shareholders per 31.12.2020

	Investor	No. of shares	% of total
1	ANDERSON INVEST AS	1 452 592	5.39%
2	MIEL HOLDING AS	1 155 726	4.29%
3	GRUNNFJELLET AS	1 067 054	3.96%
4	NORDNET LIVSFORSIKRING AS	796 096	2.95%
5	EUROPA LINK AS	733 471	2.72%
6	STORFJELL AS	675 000	2.50%
7	CLEARSTREAM BANKING S.A.	533 407	1.98%
8	ALTITUDE CAPITAL AS	500 000	1.86%
9	Nordnet Bank AB	451 083	1.67%
10	KRISTIAN FALNES AS	400 000	1.48%
11	STIG ROAR MYRSETH	399 291	1.48%
12	F STORM AS	375 000	1.39%
13	BUSINESSPARTNER AS	300 000	1.11%
14	GEIR HÅKON DAHLE	237 600	0.88%
15	STRANDEN INVEST AS	229 849	0.85%
16	PRO AS	224 782	0.83%
17	HEMA GROUP AS	220 000	0.82%
18	HAUSTKOLLHOLMEN AS	220 000	0.82%
19	HANDEL PARTNER AS	200 000	0.74%
20	KURT ODDVAR AUSTRÅTT	199 500	0.74%
	Total number owned by top 20	**10 370 451**	**38.49%**
	Total number of shares	**26 946 576**	**100.00%**

1.7.2 20 largest shareholders per 21.05.2021

	Investor	No. of shares	% of total
1	ANDERSON INVEST AS	2 771 967	10.29%
2	NORDNET LIVSFORSIKRING AS	1 169 138	4.34%
3	MIEL HOLDING AS	1 155 726	4.29%
4	GRUNNFJELLET AS	1 067 054	3.96%
5	STOFJELL AS	675 000	2.50%
6	DNB NOR BANK ASA	612 248	2.27%
7	TELINET ENERGI AS	488 791	1.81%
8	HÅKON SIGSTAD	452 028	1.68%
9	EUROPA LINK AS	433 471	1.61%
10	F STORM AS	375 000	1.39%
11	KRISTOFFER FØRELAND	355 491	1.32%
12	HEMA GROUP AS	266 000	0.99%
13	MP PENSJON PK	248 216	0.92%
14	STIG ROAR MYRSETH	237 791	0.88%
15	GEKKO AS	231 908	0.86%
16	PRO AS	224 782	0.83%
17	KRISTIAN FALNES AS	200 000	0.74%
18	ALICERCE FORVALTNING AS	197 048	0.73%
19	NORDNET BANK AB	187 596	0.70%
20	SANDBERG JH AS	186 596	0.69%
	Total number owned by top 20	**11 535 887**	**42.81%**
	Total number of shares	**26 946 576**	**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 $46.5 million in 2020 compared to $45.1 million in 2019. The decreased activity level for the vessels were offset by a subcontracted 3D contract, representing 54% of the total revenues. The majority of our revenues were related to contracts with oil companies and other seismic companies. Revenues earned from multi-client sales were $ 0.0 million, down from $1.7 million in 2019.

Cost of sales was $42.5 million in 2020 ($43.1 million in 2019). Crew cost fell from $17.5 million in 2019 to $6.4 million, reflecting the low activity. SG&A was $5.6 million in 2020, down from $7.4 million in 2019. The reduction of the SG&A is a result of the cost reduction measures implemented during the year.

Depreciation and amortization were $8.2 million in 2020 ($11.3 million in 2019). The reduction is a result of the decommissioning of the vessels Aquila Explorer, Osprey Explorer, and Harrier Explorer. Total impairments were $6.4 million in 2020 ($5.5 million in 2019). The impairments were primarily related to the decommissioning of Harrier Explorer and assets held for sale.

The company reports a loss from continuing operations of $14.8 million for 2020 (loss of $23.3 million in 2019). Capital expenditures were $3.5 million, down from $20.8 million in 2019 that included the acquisition of Fulmar Explorer and Petrel Explorer.

Cash and cash equivalents at the end of the period were $6.2 million ($3.6 million in 2019). Net cash from operating activities was positive $1.2 million in 2020 (negative $8.1 million in 2019).

In June the Company refinanced the SBX04 bond loan with a credit facility. The $16 million credit facility is secured with 1st priority mortgage on Eagle Explorer, Fulmar Explorer, and Petrel Explorer. As of 31 December 2020, the drawn amount on the facility was $8.5 million. Net interest-bearing debt was $2.1 million as per 31 December 2020 (net debt of $1.5 million as per 31 December 2019).

Following a 20:1 reverse split in June 2020, the number of ordinary shares in the company is 26,946,576 as at 31 December 2020, each with a nominal value of $0.2.

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 **9 January 2020**, the company announced a letter of award for a 3D survey in Asia. The company also announced that it will use a third-party vessel and equipment for this survey.

On **9 January 2020**, the company completed an Extraordinary General Meeting. All proposals on the agenda were adopted with the requisite majority. After the EGM, SeaBird's board of directors consists of Mr. Ståle Rodahl, Mr. Nicholas Knag Nunn, Mr. Øivind Dahl-Stamnes and Mr. Rolf Inge Jacobsen.

On **17 February 2020**, the company announced that it had entered into an agreement with Sparebank1 SMN on a $16 million credit facility with the purpose of refinancing the outstanding bond loan and to outfit Fulmar Explorer for seismic operations. The company also announced that it had entered into a 2-year flexible charter with Uksnøy for the vessel Geo Barents.

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

On **6 April 2020**, the company announced that the end client had cancelled two OBN surveys off West Africa due to the COVID-19 situation.

On **20 April 2020**, the company announced a letter of award for a source contract in South America with a duration of about 30 – 45 days.

On **15 June 2020**, the company exercised the call option for its outstanding bond loan. The bond loan which was refinanced with a bank facility was redeemed at 100% of face value.

On **29 June 2020**, the company announced that it had been awarded an OBN source contract with short duration in the North Sea. It was also announced that the company had decided to sell Harrier Explorer for recycling.

On **16 July 2020**, the company completed an Extraordinary General Meeting. All proposals on the agenda were adopted with the requisite majority. After the EGM, SeaBird's board of directors consists of Mr. Ståle Rodahl, Mr. Nicholas Knag Nunn, Mr. Øivind Dahl-Stamnes, Mr. Rolf Inge Jacobsen and Mr. Hans Christian Anderson.

On **22 September 2020**, the company announced a letter of award for an OBN source contract in the Gulf of Mexico with an expected duration of three months.

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

On **2 November 2020**, the company announced a letter of award for a 2D survey in the Asia Pacific region with an estimated duration of 120 days.

On **24 November 2020**, the company announced a plan for funding and listing of its 100% owned subsidiary Green Minerals AS.

On **3 December 2020,** the company announced that Green Minerals AS had completed a private placement of 2 886 400 new shares at NOK 11 per share. Following the issue, Seabird's ownership in Green Minerals AS was reduced to 77.6%.

On **7 December 2020,** the company announced that Rolf Inge Jakobsen had stepped down as member of the company's board of directors.

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

As a result of the outbreak of COVID- 19 during the year under review as well as increased uncertainties in the market with the volatility of oil prices, demand for the Group's services was negatively impacted. These conditions affected the liquidity of the Group causing management to request from its lenders repayments of $2.9 million falling due in June 2021 be postponed for later in the year; discussions with the lender are at an advanced stage but have not been concluded . Note 2.1 to the consolidated financial statements more fully discusses the uncertainties on going concern and the mitigating actions considered by the Group. The board of directors on the basis of this assessment determined that the financial statements can be drawn on the going concern assumption.

1.12 Subsequent events

On **January 8,** the company completed an extraordinary general meeting, approving the distribution of up to 3,000,000 shares in Green Minerals to the shareholders of Seabird. The extraordinary general meeting also approved a reduction of the company's share premium of $277,200,908 with the purpose of writing off losses and an additional reduction of $3,800,000 which was in excess of the wants of the company.

On **January 22,** the company sold 150,500 shares in Green Minerals AS at a price of NOK 20 per share.

On **9 March**, the company announced that Green Minerals had filed an application for listing at Euronext Growth Oslo. The application was accepted by Oslo Børs and the first trading date of the Green Minerals shares was 23 March.

On **23 March**, the company completed the distribution of 2,693,372 shares in Green Minerals to the shareholders of the company, reducing SeaBird's ownership in Green Minerals to 55.5%. The value of the distributed shares was estimated to NOK 2.66 per share in SeaBird.

On **29 March**, the company announced that it has signed a contract for provision of source vessel services for an OBN survey in the Eastern hemisphere with an expected duration of 90 days.

Om **14 April**, the company announced that it has secured a contract for Petrel Explorer as an accommodation vessel for a wind farm maintenance campaign in the Baltic Sea with a duration of four months.

1.13 Outlook

In general, the company sees signs of market recovery: the oil price has increased, partly due to production discipline, but also due to returning demand. COVID-19 vaccines are being rolled out, which is expected to have a very positive effect on the logistical situation, as well as the general sentiment in the oil market. In the short and long term, we expect oil demand to recover and grow, which in turn should have a positive effect on the demand for seismic data and our services.

We also see an increase in OBN tenders and expect that OBN source will form a very important part of SeaBird's activity in the seismic market going forward. In this context, we are excited to bring the Fulmar Explorer online as a high capacity OBN source vessel in the second half of 2021.

2D is related to frontier exploration and in principle demand for 2D data is highly sensitive to changes in the oil price. However, the bulk of 2D activity is in regions where energy security is an important political driver and as such, we see a stable demand for these services as well. Being able to switch between OBN source and 2D activity on all vessels is therefore important, as it gives us the ability to increase asset utilization and reap the higher margins in the 2D market.

1.14 Deviation from Q4 2020 report

The company's consolidated financials have been adjusted compared to the unaudited quarterly results announced on 29 January 2021. The adjustments reflect both reclassifications in presentation and additional accruals for post-balance sheet events and impairment charges. Total effect is an increase of loss of $1.7 million in the Company's consolidated statement of income for 2020.

1.15 Resolution

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 2020 is $14.8 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

SeaBird Exploration Plc – 24 May 2021

Ståle Rodahl
Executive Chairman

Nicholas Knag Nunn
Director

Øivind Dahl-Stamnes
Director

Hans Christian Anderson
Director

Environmental, Social, and Corporate Governance report

SeaBird Group

2020

Seabirds ESG Strategy and Goals

Sustainability is at the core of everything we do in SeaBird. Access to seismic data reduces the environmental footprint for our clients and direct steps like investing in electric compressors and other equipment, renewing the fleet, and reducing speed in transit are only some of the measures being taken. 2020 is the first year SeaBird Exploration is presenting its comprehensive ESG-report.

SeaBird Exploration is throughout its operation committed to a socially responsible and sustainable approach. As a step in Seabirds green shift the Group established Green Minerals in 2020; the first listed marine minerals company in the world taking a pioneering position in this segment.

In the seismic segment SeaBird is specifically committed to perform its services with the lowest possible environmental impact and is furthermore applying its extensive expertise to contribute to a sustainable development in the offshore industry.

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

SeaBird commits to good environmental practices, corporate social responsibility and strong corporate governance (ESG) throughout the entire business chain. International sustainability programs are supported by actively using know-how and competence to drive economic, environmental, and social development through own initiatives and efforts. Seabirds' culture embraces the need for constantly pushing standards further.

SeaBird's guidelines provide general principles for business practice and personal behavior and are meant to create a common platform for the attitudes and basic vision that should permeate the SeaBird organization.

SeaBird Exploration holds certifications according to the International Safety Management (ISM) Code, ISO 9001 standard (quality management) and ISO 1400 standard (environmental management).

SeaBird has aligned its ESG reporting with the Sustainable Development Goals adopted by the United Nations in 2015. The Sustainable Development Goals sets out 17 goals to improve environmental sustainability, social inclusion, and economic development by 2030. SeaBird has identified and prioritized a range of SDGs significant for both the Company and its shareholders. For its seismic segment Seabird Group have targeted five Sustainable Development Goals as the main focus area, while the deep sea mining segment addresses six Sustainable Development Goals. In total the group has nine Sustainable Development Goals.

ESG Governance

Inherent threats related to pollution, spills, health and safety and corruption are posed by the shipping industry. Strong guidelines and effective control mechanisms are crucial for SeaBird Exploration to safeguard the proper handling of such risks in our daily operations. In order to ensure compliance with all relevant international and local laws and regulations, we have set up a set of policies and control processes to govern our staff and partners.

SeaBird Exploration'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 the ESG are in place, and our Code of Conduct and the structure for corporate governance are reviewed annually. Our annual ESG report is also reviewed by the BoD.

All operations of SeaBird Exploration are the responsibility of the Chief Executive Officer (CEO), while our technical managers are the first in line to handle incidents. SeaBird Exploration frequently holds training throughout the year to ensure that our crew are trained to conduct their work in a vigilant and secure way.

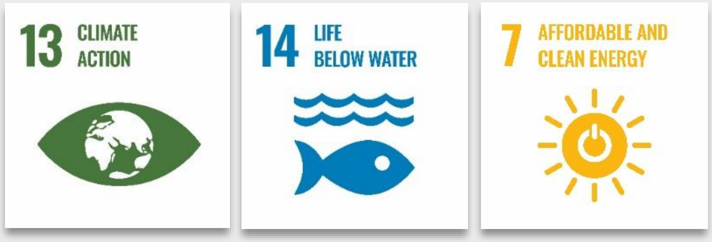
All our crew must adhere to the defined policies to direct them in carrying out their daily tasks for SeaBird Exploration. On our vessels, we have a continuous monitoring system, which allows management to follow up as needed. Additionally, SeaBird Exploration reviews findings and concerns related to internal controls and enforcement. In a yearly review, all events are reported to the BoD. As instructed in our Code of Conducts, significant impact cases are reported directly to the BoD.

SeaBird Exploration will review the corporate governance structure in 2020 to ensure that board committees, appointment and reporting processes are as efficient and effective as possible and are, of course, in line with regulatory standards and best practice in the industry.

We have listed three of the UN Sustainable Development Goals (SDGs) as part of addressing sustainability in a wider context, where we believe SeaBird Exploration can contribute: We have chosen SDGS 13, 14 and 16 as these goals are closely related to the industry we are part of and reflect material concerns we track. It is in our interest to contribute to the wider global agenda to achieve the SDGs as they impact our sector, customers, suppliers, investors, and regulators on which we depend.

Material issue	Internal governance documents	International standards and references
Climate change	Environmental policy (HSE policy) SeaBird Exploration KPIs	The Paris Agreement The Intergovernmental Panel on Climate Change (IPCC) Initial IMO Strategy on Reduction of GHG Emissions from Ships
Air emissions	Environmental policy (HSE policy) SeaBird Exploration KPIs	IMO MARPOL Convention Annex VI EU Sulphur Directive 2016/802
Ecological impact	Environmental policy (HSE policy) SeaBird Exploration KPIs	UN Global Compact IMO MARPOL Convention Annex VI IMO Ballast Water Management Convention Hong Kong Convention
Anti-corruption	Company's Code of Conduct SeaBird Exploration KPIs	UN Global Compact The US Foreign Corrupt Practices Act and the UK Bribery Act
Employee health and safety	Company's Code of Conduct HSE policy SeaBird Exploration KPIs	UN Global Compact ILO Conventions Maritime Labour Convention, 2006 International Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM Code) Hong Kong Convention Marine Crew Resource Management
Accident and safety management	Safety management system	International Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM Code) Marine Crew Resource Management

Environment



Emissions, as well as any discharges and spills, pose environmental and ecological hazards for the shipping industry that have to be handled conscientiously. These factors, in the absence of precautionary steps, have important consequences for air and water quality and marine diversity. We recognize our duty at SeaBird Exploration to control environmental effects. Our careful monitoring and management of such risks is important for the safety of the environment and for the success of our organization.

The environmental policy of SeaBird Exploration outlines how environmental due diligence, emissions of CO2, Sulphur oxides and nitrous oxides, waste and other spills or discharges should be controlled. With our Ship Energy Efficiency Management Plan (SEEMP), we work sedulously and have built a robust system for reporting accidents. Our Safety Management System is ISO-certified and in compliance with the International Safety Management Code (ISM). Through proactive risk management, as well as reporting and monitoring, we ensure compliance with international and local legislations.

In 2020, 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 shipping industry in global trade and its impact on social and economic development.

SeaBird Exploration has over the recent years renewed its fleet, and focus is put on fuel-reducing measures, like reduced speed in transit and using shore-power where possible. As an example, a 20% fuel reduction was achieved during our latest transit between Norway and Gulf of Mexico. In addition, we are focusing on using shore-power whenever available during port calls.

Discharges and possible spills raise, in addition to pollution, threats to the atmosphere and to SeaBird Exploration. Our ability to manage these risks is crucial for our environment, including the market, our customers, and our own company.

SeaBird Exploration reviews all environmental threats found, enabling is 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. The Classification Society conducts annually audits in compliance with the ISM Code and ISO9001 and 14001 where applicable.

Oil spills may have significant and long-lasting adverse effects on the environment. To reduce the risk of spills, SeaBird Exploration has prevention steps and procedures in place. In 2020, SeaBird Exploration had zero oil spills or other kinds of environmental spills.

For secure and successful operations, ballast water is essential. However, as ships become a vector for moving species between habitats, the process of loading and unloading untreated ballast water presents significant ecological, economic and health risks. SeaBird Exploration takes ecological risks seriously, and all our vessels follows the IMO Ballast Water Management Convention.

A ship can constitute potential hazardous waste which, in terms of human health, safety and the environment, and must be recycled under safe conditions. The goal of the Hong Kong Convention is to ensure that ships, when recycled at the end of their working life, do not pose a danger to workers' safety or to the environment. SeaBird Exploration has had a relative old fleet, and has over the last two years recycled three ships; following EU Ship recycling regulation. The remaining vessels are quite younger and will not be taken out of the fleet for some years.

The mandatory MARPOL that governs discharge and waste from vessels is followed by all vessels. All on-board waste is separated and logged, and there are steps in place to minimize waste in general and plastics in particular. Plastic recycling/reduction goals are set for us and the suppliers concerned.

Waste and litter collected in the ocean are taken on board and handled in compliance with MARPOL regulations wherever possible. Ghost nets, plastics, and other waste are collected from the oceans, which are caught by the in-water equipment are taken to shore for proper disposal.

Efforts have been undertaken to minimize the impact on marine mammals of the acoustic noise produced by seismic vessels by identifying suitable operational steps when sailing in environmentally sensitive areas. This is assured by getting on board marine mammal observers and passive acoustic monitoring.

Through the deep sea mining 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 Minerals. 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, becomes 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.

Health and Safety

At SeaBird Exploration, our number one concern is the welfare of our workers. The long-term success of our company is influenced positively by a strong focus on health and safety, both onshore and offshore.

There are inherent safety and security hazards associated with offshore operations that must be carefully handled to protect the crew, the vessel, the cargo, and the environment. Frontline is zero-accident and works in compliance with the ISM Code.

To review all known threats to our ships and crew, we have established risk management programs, developing suitable procedures.

All accidents, events and near misses are reported and proactive steps are taken to ensure that our crew is encouraged to report them without hesitation and with the support of their managers.

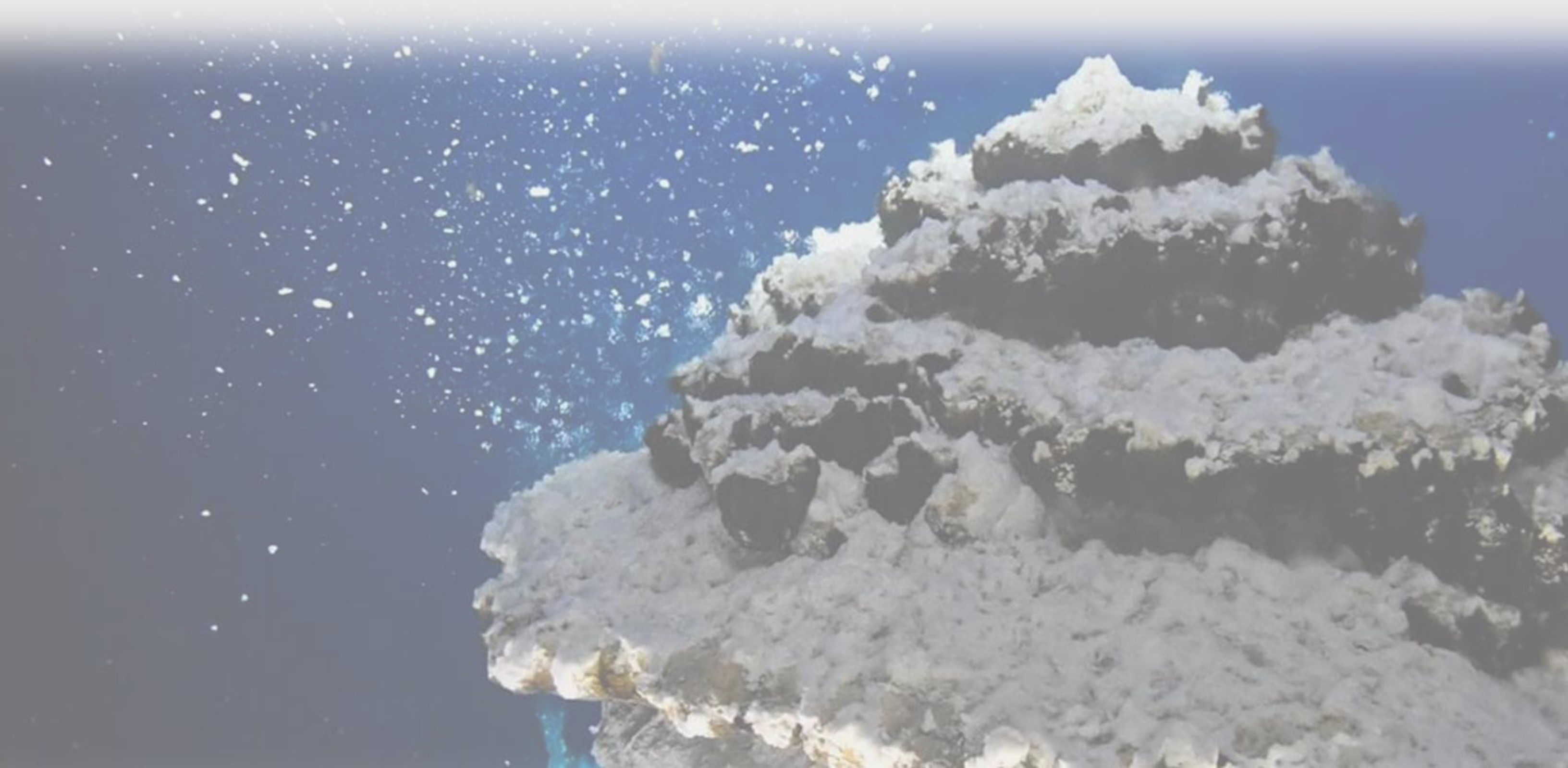
In accordance with the OCIMF guidelines on Lost Time Incidents, and Total Recordable Cases and Frequency, a detailed analysis of accidents and incidents for the entire fleet is prepared. The reports enable us to identify the root causes of these reported incidents and function as a tool to enhance our operations in the future. In 2020, there were no recordable cases.

Our crew must comply with the standards and guidelines laid down in our Code Conduct. SeaBird Exploration forbids discrimination based on sex, ethnicity, color, age, religion, sexual orientation, marital status, national origin, disability, heritage, political opinion, or any other basis against any employee or any other individual. We take seriously any deviation from external legislation or our own guidelines. Any deviation or suggestion of deviation is encouraged to be reported directly to the nearest manager or according to our complaints procedures.

As set out in the UN Guiding Principles on Business and Human Rights, we are committed to upholding globally accepted human rights (UNGP). Our principles and the key to our license to function from workers, clients, customers, societies, governments, and other stakeholders are embedded in respect for human rights.

Corruption's consequences are profound. This threatens social and economic development and hinders sustainable change. Corruption actually threatens the safety of the crew of companies in the shipping industry, raises legal and reputational threats and also leads to higher costs. As mentioned in our Code of Conduct, SeaBird Exploration has a zero tolerance policy towards bribery.

SeaBird Exploration Anti-harassment and discrimination policy.



Anti-corruption and Business Ethics

In an honest and ethical way, SeaBird Exploration is determined to continue to conduct our business. In our Code of Conduct, our dedication is outlined. In addition, we follow the strictest laws and regulations and is consistent with the.

An important part of the organization and activities of SeaBird Exploration 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 SeaBird Exploration 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.

Potential risks related to corruption and facilitation payments are generally exposed to the shipping industry, especially in relation to the use of agents and for port calls. At all stages, SeaBird Exploration has a zero-tolerance approach to bribery and corruption.

SeaBird Exploration actively promotes transparency, counteracts corruption and bribery, and implements a number of 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.

SeaBird Exploration has specific protocols for reporting incidents and whistle blowing and has developed a work atmosphere that facilitates reporting of incidents and whistle blowing.

SeaBird Exploration is qualified through the Achilles network, a global community dedicated to raising standards and doing business in ways that benefit everyone. Focusing on business ethics and risk management, SeaBird Exploration is committed to developing reliable, accountable, and open governance frameworks.

Short and Long-term Goals

During 2020, SeaBird Exploration changed their safety management systems, where one for the benefits is better extraction of relevant data. New KPI's has been developed for 2021, where an effort has been put on defining KPI's which would be comparable, independent of operations. The following KPI's have been defined:

E **ENVIRONMENT**

1. Number of spills to sea and quantity
2. Reduction of garbage
3. Number of initiatives to reduce CO2 emissions
4. Reduced Sox emissions

S **SOCIAL, HEALTH AND SAFETY**

1. Number of LTIs
2. TRCF

G **GOVERNANCE**

1. Corruption risk
2. Facilitation payments

Disclaimer and Assumption for the ESG Reporting

The information provided is based on the best data available at the time of reporting. The ESG disclosures should be used to understand the overall risk management of sustainability related issues, however, in some area data are based on estimates.

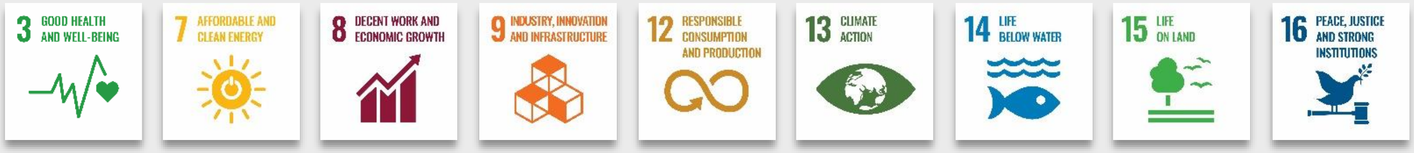
Sustainability Accounting Norms

Indicators have been developed by several organizations and institutes. We are focusing UN Sustainable Development Goals (SGD) and Global Reporting Initiative (GRI). Reporting on all indicators are recommended for full and transparent disclosure on all material topics. More indicators will follow when longer-term data are available.

Topic	Accounting metrics	Unit of measure	Data 2019	Data 2020	Reference
Climate risk and climate footprint	Scope 1 GHG emissions	Metric tons CO_2-eq.	40 259	142 69	GRI 305-1 SDG 13
Ship recycling	Responsible ship recycling	Text/figure	1	2	SDG 8, 12 and 14 EU ship recycling regulation (EU 1257/2013)
Ecological impacts	Shipping duration in marine protected areas and areas of protected conservation status	Number of travel days	0	0	GRI 304-2 SDG 14
	Number of aggregate volume of spills and releases to the environment	Number, cubic meters (m^3)	0	0	GRI 306-3 SDG 14
Accidents, safety and labour rights	Lost time incident frequency (LTIF)	Rate	0.68	0	GRI 403-9 SDG 8 IMO ISM code
	Diversity	Percentage (%)	SeaBird Exploration has undergone a substantial reduction in work force during the last two years. At the end of 2020, the diversity mix was 71% men and 29% women		GRI 405-1 SDG 5 and 10
	Labour rights	Text	Maritime Labour Convention (MLC) certification on all managed vessels		GRI 102-41 SDG 8
	Port state control	Number of deficiencies	0	3	SDG 8 and 14
	Marine casualties	Number	0	0	SDG 8
Business ethics	Corruption risk	Number of value	Survey in Congo	0	SDG 16
	Facilitation payments	Number	0	0	SDG 16
	Fines	Figure Reporting currency	0	0	GRI 419-1 SDG 16
ESG governance	Policies and targets	Text	Code of Conduct, HSE policy, whistle-blower procedure		GRI Disclosure of Management Approach

The activity of the fleet has been quite reduced in 2020, with several fully or partly vessels laid up. The table below gives an indication of the activity in order to give a basis of the reporting indicators.

Activity metric	Unit of measure	Data 2019	Data 2020
Number of shipboard employees	Number	843	370
Total distance travelled by vessels	Nautical miles (nm)	66 317	21 995
Operating days	Days	190	124
Number of vessels in total shipping fleet	Number	6	7



Consolidated & Separate Financial Statements

SeaBird Group

2020

Contents

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

Consolidated Financial Statements

SeaBird Group

2020

Contents

Consolidated statement of income

All figures in USD 000's	Note	Year ended 31 December 2020	2019
Revenues	5, 6	46 537	45 136
Cost of sales	22	(42 538)	(43 053)
Selling, general and administrative expenses	22	(5 577)	(7 357)
Allowance for ECL and write offs, net of reversals	10	(868)	277
Other income (expenses), net	21	1 047	31
Organizational restructuring	17	-	(672)
Depreciation	7, 28	(8 039)	(10 636)
Amortization	9	(128)	(644)
Impairment	7, 9	(6 389)	(5 461)
Earnings before interest and taxes (EBIT)		**(15 954)**	**(22 379)**
Finance expense	24	(763)	(921)
Profit sale of shares in subsidiaries	19	3 023	-
Other financial items, net	20	236	736
Profit/(loss) before income tax		**(13 458)**	**(22 564)**
Income tax	8	(1 315)	(751)
Profit/(loss) for the period		**(14 773)**	**(23 315)**
Profit/(loss) attributable to			
Shareholders of the parent		(14 783)	(23 315)
Non-controlling interests	19	10	-
Earnings per share			
Basic	25	(0,55)	(1,09)
Diluted	25	(0,55)	(1,09)

Consolidated statement of comprehensive income

All figures in USD 000's	Note	Year ended 31 December 2020	2019
Profit/(loss)		**(14 773)**	**(23 315)**
Other comprehensive income			
Total other comprehensive income, net of tax		**-**	**-**
Total comprehensive income		**(14 773)**	**(23 315)**
Total comprehensive income attributable to			
Shareholders of the parent		(14 783)	(23 315)
Non-controlling interests	19	10	(23 315)
Total		**(14 773)**	**(23 315)**

Consolidated statement of financial position

All figures in USD 000's	Note	As of 31 December 2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	7	41 341	53 948
Right of use assets	28	-	132
Multi-client library	9	308	436
Long term investment	33	47	54
		41 696	**54 570**
Current assets			
Inventories	13	630	1 926
Trade receivables	10	8 454	3 620
Contract assets	10	-	1 836
Other current assets	11	3 709	5 044
Restricted cash	14	122	233
Cash and cash equivalents	14	6 231	3 645
		19 146	**16 304**
Assets classified as held for sale	12	2 500	-
Total assets		**63 342**	**70 874**

Consolidated statement of financial position

		As of 31December	
All figures in USD 000's	Note	2020	2019
EQUITY			
Paid in capital	15	322 875	322 875
Currency translation reserve		(407)	(407)
Share options granted	15	444	87
Retained earnings/accumulated losses		(287 689)	(275 477)
		35 223	**47 078**
Non-controlling interests	19	762	-
		35 985	**47 078**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	18	5 225	-
Long term tax payables	8	-	263
Other long term liabilities	32	-	160
		5 225	**423**
Current liabilities			
Trade payables	16	13 504	5 349
Other payables	16	3 758	8 861
Lease liabilities	28	-	373
Provisions	17	395	1 643
Loans and borrowings	18	3 138	5 152
Tax liabilities	8	1 337	1 995
		22 132	**23 373**
Total liabilities		**27 357**	**23 796**
Total equity and liabilities		**63 342**	**70 874**

On 24 May 2021, the board of directors of SeaBird Exploration Plc authorized these consolidated financial statements for issue.

Ståle Rodahl

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 2019	**289 968**	**(407)**	**111**	**(252 162)**	**-**	**37 509**
Comprehensive income for the year						
Loss for the year	-	-	-	(23 315)	-	(23 315)
Total comprehensive income for the year	**-**	**-**	**-**	**(23 315)**	**-**	**(23 315)**
Transactions with owners						
Share issue	32 907	-	-	-	-	32 907
Share options granted/cancelled	-	-	(24)	-	-	(24)
Total contributions by and distributions to owners	**32 907**	**-**	**(24)**	**-**	**-**	**32 883**
Balance at 31 December 2019/ 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)
Total comprehensive income for the year	**-**	**-**	**-**	**(14 783)**	**10**	**(14 773)**
Transactions with owners						
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**
Balance 31 December 2020	**322 875**	**(407)**	**444**	**(287 689)**	**762**	**35 985**

Consolidated statement of cash flow

All figures in USD 000's	Note	Year ended 31 December 2020	2019
Cash flows from operating activities			
Profit/(loss) before income tax		(13 458)	(22 564)
Adjustments for			
Depreciation, amortization and impairment	7,9,12, 28	14 556	16 741
Movement in provision	17	(424)	1 643
Unrealized exchange (gain)/loss		(366)	(92)
Other items		1 241	148
Gain from disposal of subsidiary	19	(3 023)	-
Interest expense on financial liabilities	24	622	650
Paid income tax	8	(1 363)	(283)
(Increase)/decrease in inventories		1 296	(749)
(Increase)/decrease in trade receivables, contract assets, other current assets and restricted cash		(2 400)	(3 851)
Increase/(decrease) in trade payables and other liabilities		3 878	943
Increase/(decrease) in contract liability		606	(651)
Net cash used in operating activities		**1 164**	**(8 065)**
Cash flows from investing activities			
Capital expenditures	7	(3 450)	(20 763)
Proceeds from issuance of shares to outside investors in subsidiary company		3 323	-
Long term investment		7	633
Multi-client investment	9	-	(80)
Net cash used in investing activities		**(120)**	**(20 210)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	15	-	28 542
Transaction costs on issuance of ordinary shares		-	(2 031)
Transaction costs refinancing loan facility		(137)	-
Receipts from borrowings	18	8 500	-
Repayment of borrowings	18	(5 152)	-
Interest paid		(557)	-
Repayment of interest portion of lease liability	28	(69)	(76)
Repayment of principal portion of lease liability	28	(1 042)	(290)
Net cash from financing activities		**1 543**	**26 145**
Net decrease in cash and cash equivalents		**2 586**	**(2 130)**
Cash and cash equivalents at beginning of the period, unrestricted	14	**3 645**	**5 774**
Cash and cash equivalents discontinued operations			
Cash and cash equivalents at end of the period, unrestricted	14	**6 231**	**3 645**

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 2020, Seabird's owned fleet consisted of a fully converted seismic vessel the "Eagle Explorer (Eagle)" and two other vessels the "Fulmar Explorer (Fulmar)" and the "Petrel Explorer ("Petrel"). The Fulmar was earmarked for conversion and remained idle throughout the year; funding for conversion had been secured but was subject to the pre-condition of securing employment. The Petrel following the termination of its previous contract during Q2 2020 also remained idle for the rest of the year.

During the year the Group decommissioned two vessels, the "Harrier Explorer" and the "Osprey Explorer". These vessels along with the "Aquila Explorer" which was decommissioned from the prior year were all sold during the year.

In November 2020, the Company established 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 2020. These consolidated financial statements were authorized for issue by the board of directors on 24 May 2021.

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 covers also the envisaged postponement of the debt instalments, which fall due in June 2021. Although the company has a reliable budgeting and forecasting process, the current economic uncertainty still caused by the Covid-19 pandemic and specific operational uncertainties means that additional sensitivities and analysis have been applied to test the going concern assumption under a range of downside and stress test scenarios. 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.
- Failure to reach an agreement with Sparebank 1 SMN bank for the postponement of the debt instalments of $2.9 million that fall due in June 2021, which include two instalments $0.9 million of Q4 2020 and Q1 2021 which have already been postponed to June 2021. Based on the latest cash flow projections, the company is not in position to meet these instalments and has requested for a postponement to December 2021. The scheduled installment of $0.4million due for payment in June 2021 is also under bank consideration to be postponed until September 2021. The company has entered into fruitful discussions with the bank and has received a term sheet with an amended repayment schedule that is aligned with its future cash flows. The term sheet is subject to final credit approval from the bank's credit committee.
- 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 %

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

At 31 December 2020 unrestricted cash and cash equivalents amounted to $6.2 million, while total current assets amounted to $22 million. Out of the above cash and cash equivalents $3 million relate to the proceeds from the private placement issue of shares in Green Minerals AS during December 2020. Interest-bearing debt at 31 December 2020 was $8.4 million and current liabilities were at $18.9 million. The Group had equity of $35.3 million as of 31 December 2020 despite incurring a loss of $14.7 million. Cash generated from operations were positive to $1.2 million in comparison to last year which were negative $8 million.

Despite a challenging market and increased complexity in operations caused by COVID-19 and the fall in oil prices, the company managed to maintain operational activity in 2020 and generated a positive operating cash flow. The company also managed to execute a significant reduction in operating expenses, the full results of which were seen towards the end of Q4. Technical downtime was reduced from the high levels seen in 2019, to an acceptable level, mainly due to improved control with the company's equipment, improved project management and work processes, and generally improved operational performance.

The general market outlook, with oil prices above $60 per barrel has also improved and tendering activity is higher now than it was during 2020. The company has also secured backlog for two seismic surveys, as well as one offshore wind accommodation contract for 2021. The company takes measures to improve adaptability of the Company's fleet and organizational capacities, which is likely to translate into higher fleet utilization as the company's operations can expand outside of the seismic market through diversification. The undertaken strategy is to shift capacity away from petroleum related work and into renewables and further enhance the Group financing ability by lowering the required rate of return for its assets as a consequence of the lower WACC for green financing.

Two out of the three owned vessels are on contract in Q2 and the third vessel will be outfitted as a source and 2D vessel for seismic employment. The company has secured a bank facility of $5.5 million, subject to certain conditions, to finance the conversion, which is planned for Q2 and Q3 of 2021. The current discussion with the bank furthermore involves additional financing of the purchase of seismic equipment of $ 5.2 million. The release of both bank facilities is subject to the satisfaction of the bank of an investment plan by the company evidencing that the company has sufficient funds to complete the conversion and mobilization of the vessel.

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.

(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 2021.
- Examined different scenarios their likelihood and impact on the company.

(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 two vessels in operations. 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 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. 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. Importantly, the marine minerals business area enhances the overall funding ability for the Group, as proven in the recent capital raise by Green Minerals.
- The relationship and current facility with Sparebank1 SMN is also a potential source of liquidity. The company currently has an equity of about 60% and will be able to borrow money against collateral security (or specific project cash flows).
- 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 have been up for adoption in 2020.

New standards, amendments, IFRSs or IFRIC interpretations for annual reporting periods after 31st of December 2020 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
- 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 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 through other comprehensive income "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 2020.

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 recognised 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 recognises 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 capitalised under other current assets and amortised 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) Foreign 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 2020 and 2019. 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 fixed interest rate bond loan, SBX04 was repaid in full in June 2020 and a floating interest loan was drawn in Sparebank 1 SMN. 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

In the beginning of 2020, Covid-19 stirred market fundamentals. With the simultaneous dramatic fall in the oil price, the seismic industry faced significant uncertainty world-wide through 2020. For Seabird it was expected that the Company's markets and customers would be impacted by projects being postponed as a result of these events. The Company received one cancellation notice for a contract in Nigeria in Q2 2020; however mobilization costs were covered and the Company had a limited loss due to this cancellation. The Company also faced higher costs keeping the vessels operational through a challenging period. The impact of the outbreak on the Company was reduced demand for services provided, but also through challenges with logistics, yard work, spare part supplies and crew transfers. Details of the analysis performed by management are set out in notes 34 and 2.1.

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 estimate of the market value of the vessel or the discounted future cash flows expected to result from the use of the vessel 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	2020	2019
REVENUE		
Contract	46 535	43 483
Multi-client	2	1 653
Total	**46 537**	**45 136**

Secondary reporting format – geographical segments

All figures in USD 000's	2020	2019
REVENUE		
Europe, Middle East & Africa (EMEA)	4 815	14 508
North & South America (NSA)	864	21 886
Asia Pacific (APAC)	40 857	8 741
Total	**46 537**	**45 136**
SEGMENT ASSETS		
Europe, Middle East & Africa (EMEA)	54 883	70 876
North & South America (NSA)	-	-
Asia Pacific (APAC)	8 460	-
Total	**63 343**	**70 876**
CAPITAL EXPENDITURE		
Europe, Middle East & Africa (EMEA)	3 450	27 159
North & South America (NSA)	-	-
Asia Pacific (APAC)	-	-
Total	**3 450**	**27 159**

Revenues earned from the Group's largest customer of 2020 amounted to 54% of the Group's total revenues earned in the year. In 2019, two of the largest customers contributed 27% of the total revenues of the year.

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. The geographic distribution of the impairment booked under IAS36 is consistent with the location of physical ownership of the asset.

6 Revenue

All figures in USD 000's	2020	2019
Contract revenue	43 802	39 969
Time-charter revenue	2 733	3 514
Multi-client prefunding sales	-	1 552
Multi-client late sales	2	101
Total revenues	**46 537**	**45 136**

Time of revenue recognition:

All figures in USD 000's	2020	2019
At a point in time	2	101
Over time	46 535	45 035
Total	**46 537**	**45 136**

Set out below is the amount of revenue recognized from:

All figures in USD 000's	2020	2019
Amounts included in contract liabilities at the beginning of the year	-	651
Performance obligation satisfied in previous years, not invoiced (note 10)	-	1 836

The remaining revenue from source contracts not completed by year end is estimated to be $4 million. These revenues are expected to be recognized during 2021.

7 Property, plant and equipment

During 2019 the Group added two new vessels to the fleet. Fulmar Explorer (former BOA Thalassa) and Petrel Explorer (former BOA Galatea) were acquired in June and July 2019 respectively for an aggregate cost of $21.4 million. Both acquisitions were financed through issue of shares. Capital expenditure of $2.0 million was incurred in 2020 ($0.7 million in 2019) in connection with the conversion and dry-dock works on Fulmar Explorer. The conversion of Fulmar Explorer was temporary paused due to the Covid-19 situation but are planned to be finalized during 2021.

During the first three quarters in 2020 the vessels Aquila Explorer, Osprey Explorer and Harrier Explorer were decommissioned and are no longer part of the Group's fleet. For the Harrier Explorer an impairment charge of $ 2.5 million is connected to the decommissioning of the vessel.

The compressors taken of the decommissioned vessels were classified as held for sale in 2020 (see note 12). The Group made an impairment charge of $ 3.5 million connected to the compressors in 2020.

Note 7 - Property, plant and equipment (continued)

	Vessels and equipment (owned)	Dry-dock costs and equipment (leased vessels)	Office equipment	Total
Year ended 31 December 2019				
Opening net book amount	40 894	236	733	41 863
Cost of vessel reclassified as held for sale	(54 504)	-	(7)	(54 511)
Accumulated depreciation on vessel classified as held for sale	54 315	-	7	54 322
Derecognition of cost of property plant and equipment	(307)	-	(9)	(316)
Derecognition of accumulated depreciation	307	-	9	317
Additions	26 284	819	55	27 159
Impairments	(4 780)	-	-	(4 780)
Depreciation	(9 735)	(222)	(148)	(10 105)
Closing net book amount	**52 474**	**833**	**641**	**53 949**
At 31 December 2019				
Cost	154 228	1 104	1 208	156 540
Accumulated depreciation and amortization	(101 754)	(271)	(567)	(102 591)
Net book amount	**52 474**	**833**	**641**	**53 949**
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)
Sale of assets	-	-	-	-
Accumulated depreciation on assets classified as held for sale				
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**

Note 7 - Property, plant and equipment (continued)

The total impairment losses of $6.4 million have been recognized in the current year's profit or loss (2019: $4.8 million). These are analysed as follows:

a) An impairment loss of $2.5 million has been recognized on the decommissioning and disposal during the year of the "Harrier Explorer".

b) a loss of $3.5 million has been recognized on reclassification of compressors as assets held for sale (see note 12);

c) a loss of $0.5 million has been recognized on seismic equipment.

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 10.8% 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	Value in use

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

- Day-rates in 2021 are based on awarded and probable projects expected to materialize in 2021. The rates from 2021 onwards increase by 2% per year.
- Utilization in 2021 is also based on awarded and probable projects expected to materialize in 2020. Utilization beyond 2021 is based on the historic average utilization of the Group's fleet for the period 2012-2019. 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 2020. Expenses increase by 2% per year.

For Fulmar Explorer, whose conversion to seismic is in process, the remaining capital expenditure expected to be incurred until completion of conversion is assumed in the vessel's outflows.

- The vessel is assumed to generate revenue for 15 years from conversion to a seismic vessel.

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 10.8% (2019: 13.6%). 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.

- A decrease in day-rates by 10% over the remaining useful life of the vessels would result in an impairment loss of $4.5 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 $4.5 million.
- An increase in operating expenses by 10% over the remaining useful life of the vessels would not result in any impairment loss.
- An increase in the WACC by 10% would not result in any impairment loss.

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 (see note 18 for further details). This facility is secured with, mortgages on the vessels. In addition, the lender has a guarantee from SeaBird Exploration Plc, SeaBird Exploration Vessels Ltd, SeaBird Exploration Shipping AS and Geobird Management AS. The Glander facility classified within the trade payables at 31 December 2020 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.

	2020	2019
Current period	1 325	647
Adjustment for prior periods	(10)	104
Total current tax	**1 315**	**751**

	2020	2019
Continuing operations profit/(loss) before income tax	(13 458)	(22 564)
Foreign operations taxed at different rates	82	144
Withholding tax effect current year	1 243	503
Reassessment of prior year tax provisions	(10)	104
Total tax expense/(reversal) attributable to continuing operations	**1 315**	**751**

The company performed a detailed review of its tax provisions as a part of its annual closing procedures. For 2020 and 2019 no reversals of tax and interest liabilities are made.

	2020	2019
Long term tax payables	-	263
Current portion of tax liabilities	1 337	1 995
Total tax liabilities	**1 337**	**2 257**

Tax losses carried forward have not been recognized as deferred tax assets.

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:

	2020	2019
At 1 January	436	1 547
Multi-client partner contribution, net of refunds	-	26
Impairment	-	(492)
Amortization	(128)	(644)
At 31 December	**308**	**436**

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 2.8 (D) 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 surveys marine acquisition were completed, is summarized as follows:

	2020	2019
Completed during prior years	308	436
Completed during current year	-	-
Completed surveys	**308**	**436**

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 2020, 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 (D), taking into consideration the contracted and expected sales on the multi-client surveys. The review did not generate any impairment loss (2019: $0.5 mil).

10 Trade receivables and contract assets

Trade receivables

	2020	2019
Trade receivables gross	12 161	7 498
Less allowance for expected credit losses	(3 707)	(3 878)
Trade receivables – net	**8 454**	**3 620**

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

Contract assets

	2020	2019
Unbilled revenue	-	1 836
Contract assets – net	**-**	**1 836**

Payments for seismic charter contracts are not due from the customer until the individual milestones in the contracts have been fulfilled. A contract asset is recognized over the period in which the services are performed to represent the entity's right to consideration for the services transferred to date. Any amount previously recognized as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

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".

	2020	2019
Loss on trade receivables	36	393
Loss on other receivables	832	-
Reversed write offs	-	(669)
Allowance for ECL and write offs, net of reversals	**868**	**(276)**

Allowance for ECL and write offs include an impairment on loan balance due from to Axxis Geo Solutions ASA of $ 0.83 million in connection with their recent financial reconstruction process.

11 Other current assets

	2020	2019
Prepaid expenses and deposits	329	2 784
Other current assets	2 082	480
Contract costs	1 298	1 507
Deferred expenses on vessels decommissioning	-	273
Total other current assets	**3 709**	**5 044**

The contract costs relate to mobilization expenses incurred to transfer the vessel to the intended contract area, capitalized as "costs to fulfil a contract" under the Group's accounting policy described in note 2.18.

The total amount of contract costs recognized as at 31 December 2019 have been amortized in the profit or loss in the current year. The contract costs as at 31 December 2020 are expected to be fully amortized within the next year. No impairments were recognized in the year in respect of contract costs assets.

Included in other current assets are vessel operational costs recharged to the clients, as well as recoverable VAT amounts.

12 Asset held for sale

	2020	2019
Assets classified as held for sale	2 500	-
Total asset held for sale	**2 500**	**-**

Assets classified as held for sale consist of nine seismic compressors removed or to be removed from the three vessels sold for demolition during 2019 and 2020. Management has reclassified these items during the year from PP&E, after reducing their carrying value by US$3.5 million down to US$2.5 million which is considered their total estimated fair value less costs to sell.

In the absence of observable active market information for such specialized equipment, management has adopted the depreciated replacement cost method as surrogate to establish the recoverable value. The replacement cost was based on information provided by an agent of the original manufacturer. Management has estimated against the gross replacement cost an allowance to account for their physical deterioration based on their age and use, technical and/or economic obsolescence. On average the allowance estimated was approximately 80% on the gross replacement cost. The determination of the fair value for such second-hand equipment is subject to significant estimation uncertainty both in value terms as well as in terms of the timing that a sale can be achieved. It is expected that if the compressors remain unsold through the passage of time, their value will be significantly reduced.

13 Inventories

	2020	2019
Marine gas oil	230	1 259
Lube oil and other inventory	400	667
Total inventories	**630**	**1 926**

The company recognized $2.6 million in fuel and lube and marine gas oil consumption as expenses in 2020 (2019: $5.1 million).

14 Cash and cash equivalents

	2020	2019
Restricted cash	122	233
Cash and cash equivalents, non-restricted cash	6 231	3 645
Cash and cash equivalents, in total	**6 353**	**3 878**

The effective average interest rate on short-term bank deposits was 0.25 % in 2020 (2019: 0.25%).

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

Of the non-restricted cash and cash equivalents $ 3 million are private placement from the issue of shares in Green Minerals during December 2020.

15 Share capital and share options

Authorized:	2020	2019
Number of ordinary shares	84 000 000	1 680 000 000
Nominal value per share	$ 0.2	$ 0.01

	2020	2019
Share capital	5 389	5 389
Share premium	317 486	317 486
Paid in capital	**322 875**	**322 875**

Number of shares issued:	2020	2019
At 1 January	284 487 312	110 745 515
New shares issued	254 444 075	173 741 798
Total number of shares as per 31 December	**538 931 387**	**284 487 312**

	Number of shares	Number of shares
At 1 January	538 931 387	284 487 312
New shares issued	-	254 444 075
Reverse split (20:1)	(511 984 811)	-
Total number of shares as per 31 December	**26 946 576**	**538 931 387**

In February 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 for the Company to distribute up to 3 000 000 shares in Green Minerals AS to its shareholders.

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

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.

Employee Share Option Plans

On 12 October 2018, the board of directors of SeaBird Exploration Plc approved an employee share option plan (plan A) for a maximum of 1.42 million share options to be allocated to current and future employees. The share option plan has a duration of three years from grant date. One third of the options granted vested 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 are exercisable at any time within one year from the corresponding vesting dates. The options have exercise prices of NOK 48.00 for the tranche vesting one year after grant date, NOK 53.00 for the tranche vesting two years after the grant date and NOK 58.00 for the tranche vesting three years after the grant date. A total of up to 0.03 million options have been granted as of 31 December 2020 (2019: 0.27 million).

On 26 November 2019, the board of directors of SeaBird Exploration Plc approved an employee share option plan (plan B) for a maximum of 2.69 million share options to be allocated to current and future key employees. The share option plan has a duration of three years from grant date. One third of the options granted will vest one year after the grant date, one third of the options granted will vest two years after the grant date and the remaining one third of the options granted will vest three years after the grant date. All options may be exercised at any time within one year from the corresponding vesting dates and the options have exercise prices of NOK 12.00 for the tranche vesting one year after grant date, NOK 13.20 for the tranche vesting two years after the grant date and NOK 14.40 for the tranche vesting three years after the grant date. A total of 1.43 million options have been granted under this plan as of 31 December 2020.

Estimated value of the share options granted, reduced for services not rendered as per 31 December 2020, is presented in equity as share options granted.

	Plan A	Plan B	Number of options outstanding
At 1 January 2020	270 000	1 605 000	1 875 000
Granted during the year	-	-	-
Forfeited during the year	(181 666)	(175 000)	(356 666)
Exercised in year	-	-	-
Expired in year	(31 667)	-	(31 667)
At 31 December 2020	**56 667**	**1 430 000**	**1 486 667**

	Plan A	Plan B	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 $0.4 million for 2020 and $0.1 million for 2019 (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:

Plan A

- expected volatility of 58%
- exercise price of NOK 48.00 for the tranche vesting one year after grant date, NOK 53.00 for the tranche vesting two years after the grant date and NOK 58.00 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 1.1 % per annum

Plan B

- expected volatility of 55.32%
- exercise price of NOK 12.00 for the tranche vesting one year after grant date, NOK 13.20 for the tranche vesting two years after the grant date and NOK 14.40 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 1.24 % per annum

The expected volatility of the options are based on the historical volatility of the share price over the most recent period that corresponds with the expected life of the option. The expected life of the option is based on the maturity date and is not necessarily indicative of exercise pattern that may occur. The options include a service condition as the individuals participating in the plan must be employed by the company for a certain period of time in order to earn the right to exercise the share options. The options include no performance conditions.

16 Trade and other payables

	2020	2019
Trade payables	12 898	5 349
Accrued interest on taxes	224	2 555
Accrued vessel and office costs	1 539	3 762
Payable on contract termination (Munin liability) (note 32)	240	480
Payroll related liabilities	1 115	1 684
VAT and other payables	641	383
Contract liability	606	-
Total trade and other payables	**17 263**	**14 213**

17 Provisions

	2020	2019
Restructuring provision - office relocation cost	65	608
Provision for vessel decommissioning costs	-	559
Other provisions - operational	330	476
Total Provisions	**395**	**1 643**

	Restruct-uring provision	Provision for vessel de-commissioning costs	Other provisions	Total
At 1 January 2020	**608**	**559**	**476**	**1 643**
Reversal provision		(279)	(145)	(424)
Charged/ utilized in the year	(543)	(280)	-	(823)
At 31 December 2020	**65**	**0**	**331**	**395**

The 2019 restructuring provision relates primarily to voluntary resignation payments and termination payments connected with the company's planned relocation of the head office.

The 2019 provision for vessel decommissioning costs relates to the decommissioning of Osprey Explorer.

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

18 Interest bearing loans and borrowings

	Maturity	2020	2019
Non-current			
Sparebank 1 SMN - libor + margin	06-2023	5 225	-
Total non-current		**5 225**	**-**

	Maturity	2020	2019
Current			
Sparebank 1 SMN - libor + margin	06-2021	3 138	-
SBX04 secured bond loan - tranche B - coupon 6 %	06-2020	-	5 152
Total current		**3 138**	**5 152**

Bond loan - SBX04 (Tranche B)

The SBX04 secured bond loan (issued as "SeaBird Exploration Finance Limited First Lien Callable Bond Issue 2015/2018 Tranche B") was repaid in full on 15 June 2020.

The SBX04 secured bond loan (Tranche B) had a carrying interest rate of 6.0%. Interest was paid in kind and deferred until 30 June 2020. The bond was listed on Nordic ABM, and was traded with ticker SBEF02 PRO.

Bank facility – Sparebank 1 SMN

The Group has a $ 16 million bank facility from Sparebank 1 SMN. The outstanding amount as of 31 December 2020 is $ 8.4 million. The loan has final maturity in June 2023. The undrawn tranche will be applied for the outfitting of the "Fulmar Explorer" planned for 2Q and 3Q 2021. The loan is recognized in the books at par value. Installments are due quarterly with 5.7 % of outstanding loan balance. The ordinary instalments due in December 2020 and March 2021 each with $ 0.4 million have been deferred for 12 and 9 months respectively.

Covenants

Sparebank 1 SMN loan financial covenants:

- Minimum free cash: $ 1 million
- Positive working capital excluding current portion of interest bearing debt
- Equity ratio 45 %

The loan is further secured with 1st priority mortgages in owned vessels, and assignment of company earnings and insurances.

19 Subsidiaries within the Group

Company	Owner	Country of incorporation	Shareholding and voting rights
SeaBird Exploration Crewing Limited	Seabird Exploration PLC	Cyprus	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 Cyprus 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 %
SeaBird Exploration Vessels 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 Minerals AS	Seabird Exploration PLC	Norway	78 %
SeaBird Exploration Norway AS	Seabird Exploration PLC	Norway	100 %
GeoBird Management AS	Seabird Exploration PLC	Norway	100 %
SeaBird Exploration Shipping AS	Seabird Exploration PLC	Norway	100 %
Aquila Explorer Inc.	Seabird Exploration PLC	Panama	100 %
SeaBird Exploration Asia Pacific PTE. Ltd.	Seabird Exploration PLC	Singapore	100 %
SeaBird Exploration FZ-LLC	Seabird Exploration PLC	UAE	100 %
SeaBird Exploration UK Limited	Seabird Exploration PLC	UK	100 %
SeaBird Exploration Americas Inc.	Seabird Exploration PLC	USA	100 %
Seabird Exploration Nigeria Ltd*	Seabird Exploration Norway AS	Nigeria	100 %

*Indirect subsidiary

Non-controlling interest relates to Green Minerals AS. Non-controlling interests hold 22.4% in the subsidiary.

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

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

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.

Note 19. Subsidiaries within the Group (Continued)

Sale of subsidiaries

Profit sale of shares 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

	2020	2019
Foreign exchange gain	1 457	735
Foreign exchange loss	(1 095)	-
Other financial income	55	144
Other financial expense	(181)	(143)
Total other financial items, net	**236**	**736**

21 Other income (expenses), net

	2020	2019
Vessel decommissioning costs	269	(1 063)
Other income	778	1 034
Total other income (expense)	**1 047**	**31**

Other income includes mainly income from meals and accommodation services provided to client personnel on board the company's vessels and re-imbursement of cost incurred on behalf of clients.

Vessel decommissioning cost for 2020 is a revenue due to reversal of the provision made in 2019.

22 Expenses by nature

	2020	2019
Charter hire *	6 401	3 376
Seismic and marine expenses	29 569	21 981
Other operating expenses	125	236
Crew and crew related costs	6 443	17 460
Total charter hire and operating expenses	**42 538**	**43 053**

	2020	2019
Staff cost and Directors' remuneration	2 882	3 834
Legal and professional	1 214	983
Travel expenses	149	415
Rent and other office expenses *	174	452
Other expenses	1 158	1 673
Total selling, general and administrative expenses	**5 577**	**7 357**

* Charter hire includes the charter hire expense for Nordic Explorer 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. Charter hire also includes the charter hire expense of Voyager Explorer (minimum lease commitment repaid) and Vyacheslav Tikhonov (short-term lease exemption).

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

	2020	2019
Crew salaries and benefits	3 781	13 227
Salary costs for staff	2 099	3 060
Social security cost for staff	357	407
Pension cost for staff	260	158
Directors' remuneration	118	119
Insurance and other costs	48	91
Total employee benefit expense	**6 663**	**17 061**
Including accrued costs relating to the employee stock option plan	444	87
Average number of employees and temporary crew contractors	103	460

24 Finance expense

	2020	2019
Interest on loans and borrowings (note 18)	521	593
Interest on suppliers' balances	140	91
Interest on tax liabilities	36	161
Interest on lease liabilities	66	76
Total finance expense	**763**	**921**

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.

	2020	2019
Profit/(Loss) attributable to equity holders of the company	(14 783)	(23 315)
Weighted average number of ordinary shares in issue	26 947	21 472
Basic earnings per share ($ per share)	(0,55)	(1,09)
Weighted average number of diluted shares	26 947	21 472
Diluted earnings per share ($ per share)	(0,55)	(1,09)

Basic earnings per share		
From continuing operations	(0,55)	(1,09)
Total basic earnings per share	**(0,55)**	**(1,09)**

Diluted earnings per share		
From continuing operations	(0,55)	(1,09)
Total diluted earnings per share	**(0,55)**	**(1,09)**

The total outstanding amount of shares in the company was 26,946,570 common shares at 31 December 2020 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 26.9 million in 2020 and 21.5 million in 2019.

26 Dividends

No dividend was distributed for 2019 and no dividend will be distributed for the year ended 31 December 2020.

27 Commitments and contingencies

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. Subsequent to the sale of the shares the liability was recalculated to be MUSD 0.3 higher than the estimate included in the contract. This deviation may incur a future potential liability.

The company has a termination claim from a former employee from 2017. The financial impact hereof is not considered material and therefore no provision for this claim was made.

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

In addition, the company has a and 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. Both are expected to be concluded during 2021. The tax refund claim is $1.5 million, and the tax penalty claim is $1.1 million.

28 Leases

The Group as a lessee

The Company has long-term lease agreements vessels on bareboat hire that are affected by IFRS 16 “Leases”. The company recognized the lease for the Voyager Explorer the lease commitment results in the recognition of an asset (right-of-use) and a liability for a period of time.

As permitted by IFRS 16, the Group chose to measure the right-of-use asset equal to the amount of the liability at the implementation date. The future payments under each lease arrangement have been discounted using the incremental borrowing rate applicable to the leased assets in order to calculate the lease liability recognized on the date of adoption.

New lease liabilities in 2020 were a renewal of contract for rent of the Voyager Explorer. There are no significant changes the Group’s profit but the cash flow statement for leases will be affected with lease payments are being presented as financing activities as opposed to operating activities. Some of the Groups commitments relates to arrangements that not qualify as leases under IFRS 16.

Set out below are the carrying amount of the right-of-use asset recognized and the movement during the year:

Right of use assets

	2020	2019
Balance at 1 January	132	-
Adjustment due to transition to IFRS 16	-	645
Remeasurement of right-of-use asset	-	18
Additions	739	-
Disposals during the year	-	-
Depreciation	(871)	(531)
Balance at 31 December	**-**	**132**

Set out below are the carrying amounts of the lease liability and the movement during the year:

Lease liabilities

	2020	2019
Balance at 1 January	373	645
New lease liabilities	672	-
Interest	66	76
Payment	(1 111)	(366)
Lease reassessment	-	18
Balance at 31 December	**-**	**373**

Undiscounted lease liability and maturity of cash flows

	2020	2019
Less than 1 year	-	373
1-4 years	-	-
Total undiscounted lease liability as at 31 December	**-**	**373**

The maturity of lease liabilities is presented in note 30 Liquidity risk.

The Group as a lessor

The Group hired out the vessel Petrel Explorer on a time charter basis that ended in Q2 2020.

29 Related-party transactions

The following transactions were carried out with related parties:

I) Key management and board compensation

	2020	2019
Management salaries and other short-term employee benefits	570	924
Termination benefits	-	418
Post-employment benefits	30	40
Board remuneration	135	136
Consulting agreements (board members)	193	34
Total key management and board compensation	**928**	**1,552**

Key management is defined as Gunnar Jansen (CEO), Finn Atle Hamre (COO) and Erik von Krogh (CFO from April 2020).

Board members include Ståle Rodahl (from October 2019), Sidsel Godal (from August 2019 to January 2020), Nicholas Knag Nunn (from August 2019), Øivind Dahl-Stamnes (from January 2020) and Rolf Inge Jacobsen (from January 2020 to December 2020). In August 2020 Hans Christian Anderson was selected as a new board member.

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 (as defined at 31 December 2020 under I) and the board of directors, as of 31 December 2020 held the following shares on own account):

Name	Title	Ordinary shares	Outstanding options*
Ståle Rodahl	Chairman	675 000	360 000
Nicholas Knag Nunn	Board Member	21 000	-
Øivind Dahl-Stamnes	Board Member	25 000	-
Hans Christian Anderson	Board Member	-	-
Gunnar Jansen	CEO	26 250	360 000
Erik von Krogh	CFO	-	-
Finn Atle Hamre	COO	15 125	360 000

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

V) Purchase of services from board members

The company entered into a consultancy agreement with Mr Ståle Rodahl in his capacity as Chairman of the Board, pursuant to which, Mr Rodahl renders consultancy services to the company, focusing on strategic matters to such extent as agreed with the Board. The services are provided at an hourly rate of NOK 1,500. For 2020 the Company incurred a cost of approximately $127,000 under this agreement ($ 22,000 for 2019). In addition, Green Minerals AS hired both Storfjell AS and Dorris AS for various consultancy services. Dorris AS is controlled by Øyvind Dahl-Stamnes who is a board member of the Company. Cost incurred in 2020 amounts to approximately $ 40,000 for Dorris AS and $ 48,000 for Storfjell AS.

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 contracted to oil companies usually have payment terms on an average of 30 days. Interest is charged on outstanding overdue trade receivables.

The Group 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.

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	2020	2019
Trade receivables	10	12 160	7 498
Other receivables		195	-
Contract assets		-	1 836
Restricted cash	14	122	233
Cash and cash equivalents	14	6 231	3 645
		18 708	**13 212**

The carrying amount of the Group's financial assets at FVPL as disclosed in note 33 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

The aging of trade receivables at the reporting date was:

	2020		2019	
	Gross	Impairment	Gross	Impairment
Not past due	874	-	1 214	-
Past due 0-30 days	406	-	604	-
Past due 31-120 days	805	-	1 969	(243)
More than 120 days	10 075	(3 706)	3 711	(3 635)
Total trade receivable	**12 160**	**(3 706)**	**7 498**	**(3 878)**

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

Allowance for expected credit losses	2020	2019
As at 1 January	3 878	5 305
Provision for expected credit losses	36	243
Reversal of expected credit losses	-	(669)
Derecognized expected credit losses	(208)	-
Write-off	-	(1 000)
Net carrying amount	**3 706**	**3 878**

The Group generally recognize 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.

Provision of $ 0.04 million has been made in 2020 for expected credit losses on trade receivables. (2019: $ 0.2 million). Further; the Group did an additional provision for a credit loss of $ 0.8 million on other receivables in 2020. For more information please see note 10.

The main debtor at year end with an outstanding balance of $ 7.1 million has been fully settled during Q1 2021.

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. The Group has no other variable interest-rate liabilities.

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	-	395	-	395
Total financial liabilities	**-**	**20 840**	**5 715**	**26 555**

2019	On Demand	Less Than 12 Months	1 to 5 Years	Total
Interest-bearing borrowings	-	5 476	-	5 476
Trade payables	-	5 349	-	5 349
Other payables	-	8 864	-	8 864
Lease liabilities	-	373	-	373
Other long term liability	-	-	160	160
Total financial liabilities	**-**	**20 062**	**160**	**20 222**

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

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

2019	Total	NOK	EUR	AUD	Others
Assets	13 196	1 562	11 522	-	112
Liabilities	(4 619)	-	(384)	(76)	(4 159)
Net position	**8 577**	**1 562**	**11 138**	**(76)**	**(4 047)**
Sensitivity 10%	858	156	1 114	-8	-405

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	
	2020	2019	2020	2019
EUR 1	1,1405	1,1192	1,2271	1,1234
GBP 1	1,2820	1,2757	1,3649	1,3204
NOK 1	0,1064	0,1136	0,1172	0,1139
SGD 1	0,7329	0,7329	0,7566	0,7434

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 after the repayment in June 2020 of the bond loan SBX04.

The table below presents the carrying values of its fixed and variable rate financial instruments:

Borrowings	2020	2019
Sparebank 1 SMN - floating interest loan (Libor + margin)	8 363	-
SBX04 secured bond loan - tranche B – fixed interest (6% coupon)	-	5 152
	8 363	**5 152**

An increase/decrease of 100 basis points in interest rates at 31 December 2020 would have decreased/increased equity and profit or loss by $0.08 million (2019: $0.054 million).

Fair value estimation

As described in note 3.4, the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods, such as quoted market prices of similar instruments, estimated discounted cash flows and makes assumptions that are based on market conditions existing at the reporting date.

The nominal value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments. In general, this evaluation shows no material difference.

Fair value measurements recognized in statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2020	Level 1	Level 2	Level 3	Total
Financial assets	-	-	47	47
Financial liabilities	-	-	-	-

2019	Level 1	Level 2	Level 3	Total
Financial assets	-	-	54	54
Financial liabilities	-	-	-	-

31 Audit fees

	2020	2019
Total fees charged for statutory audit	222	263
Total fees charged for tax advisory services	53	3
Total fees charged for other non-audit services	26	-
Total	**301**	**267**

32 Other non-current liabilities

	2020	2019
Payable on contract termination (Munin liability)	-	160
Total other non-current liabilities	**-**	**160**

The Group entered into a settlement agreement with Ordinat Shipping AS, the owners of Munin Explorer, for the termination of the charter party. The current portion of the liability is presented within other payables (note 16) and is payable in 2021 with $0.04 million in monthly installments.

33 Long-term investments

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

	2020	2019
Equity investment in a ship owning company (non-listed)	47	54
At 31 December	**47**	**54**

The Group also holds 4.5% in a shipping company that owns a vessel. The investment is classified as a financial asset at FVPL. The shares has been sold in 2021 at a value above book value at 31.12.2020.

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

34 Subsequent events

COVID-19

Depending on the duration of the Coronavirus disease (COVID-19) pandemic, and continued negative impact on economic activity, the Group might experience negative results, and liquidity restraints and incur additional impairments on its assets in 2021. The exact impact on the Group's activities in 2021 and thereafter cannot be predicted. In the period since 31 December 2020 the Group has not incurred losses due to impairments on outstanding receivables and fixed assets.

Green Minerals

On 6 January 2021, the Company announced its plans to list Green Minerals on the Oslo Stock Exchange and distribute shares in Green Minerals to the SeaBird Exploration Plc shareholders as a share dividend. The shares were distributed on 12 March 2021. On 22 January the Company sold 100.500 shares in Green Minerals at NOK 20 per share.

Equity

In February 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 for the Company to distribute up to 3 000 000 shares in Green Minerals AS to it's shareholders. Furthermore, on 1 March 2021 the Company awarded warrants to Executive Chairman

Mr. Ståle Rodahl with 360 000 at strike NOK 13.2 per share and 360 000 at strike NOK 14.5; the latter for February 2022.

New contracts
On 29 March 2021, the Company announced a new OBN source contract in the Eastern Hemisphere, with a duration of about 90 days and commencement in Q2 2021.

On 14 April 2021, the Company announced a new contract in the offshore wind segment for the Petrel Explorer, with a duration of 4 months and commencement in April 2021.

35 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.
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

SeaBird Exploration PLC

2020

Contents

Statement of income

		Year ended 31 December	
All figures in USD 000's	Note	2020	2019
Revenues	8	489	447
Selling, general and administrative expenses	10	(1 404)	(644)
Impairment on investments in subsidiaries and receivables, net of reversals	9,13,15	(18 201)	(23 857)
Earnings before interest and taxes (EBIT)		**(19 116)**	**(24 054)**
Finance expense	11	(248)	(1 154)
Other financial items, net	9	(12)	1 247
Profit/(loss) before tax		**(19 376)**	**(23 961)**
Income tax	3	-	-
Profit/(loss) for the year		**(19 376)**	**(23 961)**

Statement of comprehensive income

		Year ended 31 December	
All figures in USD 000's	Note	2020	2019
Profit/(loss)		**(19 376)**	**(23 961)**
Other comprehensive income		-	-
Total other comprehensive income, net of tax		**-**	**-**
Total comprehensive income		**(19 376)**	**(23 961)**
Total comprehensive income attributable to:			
Shareholders of the parent		(19 376)	(23 961)
Total		**(19 376)**	**(23 961)**

Statement of financial position

		As of 31 December	
All figures in USD 000's	Note	2020	2019
ASSETS			
Non-current assets			
Investments in subsidiaries	13	54 563	58 966
Total non-current assets		**54 563**	**58 966**
Current assets			
Other current assets	4	2	41
Cash and cash equivalents	5	29	-
Due from related parties	15	2 428	-
Restricted cash	5	6	3
Total current assets		**2 465**	**44**
Total Assets		**57 028**	**59 010**

Statement of financial position

All figures in USD 000's	Note	As of 31 December 2020	2019
EQUITY			
Shareholders' equity			
Paid in capital	6	322 876	322 876
Currency translation reserve		12	12
Share options granted	6	444	87
Retained earnings		(295 919)	(276 543)
Total Equity		**27 413**	**46 432**
LIABILITIES			
Current liabilities			
Trade and other payables	7	138	197
Due to related parties, current	15	29 476	12 381
Total current liabilities		**29 615**	**12 577**
Total liabilities		**29 615**	**12 577**
Total equity and liabilities		**57 028**	**59 009**

On 24 May 2021, 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

		Year ended 31 December	
All figures in USD 000's	Note	2020	2019
Cash flows from operating activities			
Profit/(loss) before income tax		(19 376)	(23 961)
Non-cash adjustments for:			
Impairment on investments in subsidiaries and receivables		18 201	23 857
Paid income tax		-	-
Interest income		(2)	(861)
Interest expense		248	1 153
Unrealized FX gain/loss		-	(102)
Non cash share option cost		357	(24)
(Increase)/decrease in trade and other receivables and restricted cash		8	(9)
Increase/(decrease) in trade and other payables		597	(53)
Net cash from operating activities		**33**	**-**
Cash flows from investing activities			
Payment for investment in subsidiaries		(3)	-
Net cash used in investing activities		**(3)**	**-**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		-	-
Net cash from financing activities		**-**	**-**
Net (decrease)/increase in cash and cash equivalents		**29**	**-**
Cash and cash equivalents at beginning of the period		**-**	**-**
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 2019	**289 969**	**111**	**(252 582)**	**12**	**37 510**
Loss for the year	-	-	(23 961)	-	(23 961)
Total recognized income /(loss) for the year	**-**	**-**	**(23 961)**	**-**	**(23 961)**
Share issue	32 907	-	-	-	32 907
Share options granted/cancelled	-	(24)	-	-	(24)
Balance at 31 December 2019	**322 876**	**87**	**(276 543)**	**12**	**46 432**
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	**-**	**-**	**(19 376)**	**-**	**(19 376)**
Share issue	-	-	-	-	-
Share options granted/cancelled	-	357	-	-	357
Balance at 31 December 2020	**322 876**	**444**	**(295 919)**	**12**	**27 413**

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 the British Virgin Islands as a limited liability company. The company re-domiciled 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.

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 recoverable amounts of these subsidiaries are compared to their carrying amounts to determine if a write-down is necessary. If a recoverable amount subsequently increases, the impairment charge is reversed accordingly.

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

	2020	2019
Current period	-	-
Reversal of tax provision of prior periods	-	-
Total current tax	**-**	**-**

	2020	2019
Profit/(loss) before income tax	(19 376)	(23 961)
Tax arising at the rate of 22.0%	(4 263)	(5 271)
Tax effect of adjustments in Norway	4 263	5 271
Reversal of tax provisions in other jurisdictions *	-	-
Total tax expense attributable to continued operations	**-**	**-**

* The company performed a detailed review of its tax provisions as a part of its annual closing procedures. For 2020 and 2019 no reversals of tax and interest liabilities are made.

4 Other current assets

	2020	2019
Prepaid expenses	-	27
Other current assets	2	14
Total other current assets	**2**	**41**

5 Cash and cash equivalents

	2020	2019
Cash at bank and in hand	29	-
Restricted cash / bank deposit	6	3
Total cash and cash equivalents	**35**	**3**

6 Share capital and share options

Authorized:	2020	2019
Number of ordinary shares	84 000 000	1 680 000 000
Nominal value per share	$ 0.2	$ 0.01

	2020	2019
Share capital	5 389	5 389
Share premium	317 487	317 487
Paid in capital	**322 876**	**322 876**

Number of shares issued:	2020	2019
At 1 January	538 931 387	284 487 312
New shares issued	(511 984 811)	254 444 075
Total number of shares as per 31 December	**26 946 576**	**538 931 387**

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.

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

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.

Employee Share Option Plans

On 12 October 2018, the board of directors of SeaBird Exploration Plc approved an employee share option plan (plan A) for a maximum of 1.42 million share options to be allocated to current and future employees. The share option plan has a duration of three years from grant date. One third of the options granted vested 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 are exercisable at any time within one year from the corresponding vesting dates. The options have exercise prices of NOK 48.00 for the tranche vesting one year after grant date, NOK 53.00 for the tranche vesting two years after the grant date and NOK 58.00 for the tranche vesting three years after the grant date. A total of up to 0.03 million options have been granted as of 31 December 2020 (2019: 0.27 million).

On 26 November 2019, the board of directors of SeaBird Exploration Plc approved an employee share option plan (plan B) for a maximum of 2.69 million share options to be allocated to current and future key employees. The share option plan has a duration of three years from grant date. One third of the options granted will vest one year after the grant date, one third of the options granted will vest two years after the grant date and the remaining one third of the options granted will vest three years after the grant date. All options may be exercised at any time within one year from the corresponding vesting dates and the options have exercise prices of NOK 12.00 for the tranche vesting one year after grant date, NOK 13.20 for the tranche vesting two years after the grant date and NOK 14.40 for the tranche vesting three years after the grant date. A total of 1.43 million options have been granted under this plan as of 31 December 2020.

Estimated value of the share options granted, reduced for services not rendered as per 31 December 2020, is presented in equity as share options granted.

	Plan A	Plan B	Number of options outstanding
At 1 January 2020	270 000	1 605 000	1 875 000
Granted during the year	-	-	-
Forfeited during the year	(181 666)	(175 000)	(356 666)
Exercised in year	-	-	-
Expired in year	(31 667)	-	(31 667)
At 31 December 2020	**56 667**	**1 430 000**	**1 486 667**
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 $0.4 million for 2020 and $0.1 million for 2019 (see consolidated financial statements note 15). 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:

Plan A

- expected volatility of 58%
- exercise price of NOK 48.00 for the tranche vesting one year after grant date, NOK 53.00 for the tranche vesting two years after the grant date and NOK 58.00 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 1.1 % per annum

Plan B

- expected volatility of 55.32%
- exercise price of NOK 12.00 for the tranche vesting one year after grant date, NOK 13.20 for the tranche vesting two years after the grant date and NOK 14.40 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 1.24 % per annum

The expected volatility of the options are based on the historical volatility of the share price over the most recent period that corresponds with the expected life of the option. The expected life of the option is based on the maturity date and is not necessarily indicative of exercise pattern that may occur. The options include a service condition as the individuals participating in the plan must be employed by the company for a certain period of time in order to earn the right to exercise the share options. The options include no performance conditions.

7 Trade payables and other payables

	2020	2019
Trade payables	38	22
Accrued expenses and other payables	100	173
Total trade and other payables	**138**	**195**

8 Revenues

	2020	2019
Costs recharged to group companies (Management fee)	466	426
Management fee mark-up to group companies	23	21
Total revenues	**489**	**447**

The group has a transfer pricing policy in place, which implies that certain sales, general and administrative costs are rechargeable to SeaBird Exploration Norway AS. Amounts recharged under this agreement was $0.5 million in 2020 ($0.4 million in 2019).

9 Other financial items, net

		2020	2019
Interest income on intercompany borrowings	(note 15)	2	861
Net foreign exchange gain/(loss)		16	392
Other financial income/(expense)		(30)	(6)
Total other financial items		**(12)**	**1 247**

10 Expenses by nature

	2020	2019
Staff cost and Directors' remuneration	121	163
Share option expense	357	(20)
Legal and professional	218	233
Other expenses*)	708	268
Total selling, general and administrative expenses	**1 404**	**644**

*) Includes management fee charge of $0.5 million from Seabird Exploration Norway AS

11 Finance expenses

		2020	2019
Other financial income/(expense)		1	-
Interest on intercompany borrowings	(note 15)	247	1 154
Total finance expense		**248**	**1 154**

12 Dividends

No dividend was distributed for the years ended 31 December 2019 and 31 December 2020.

13 Shares in subsidiaries

Company	Principal activity	Country	Shareholding and voting rights
Seabird Exploration Crewing Limited	Crewing	CYP	100 %
Seabed Navigation Company Ltd	Dormant	CYP	100 %
SeaBird Exploration Finance Ltd	Inactive	CYP	100 %
Biliria Marine Company Ltd	Inactive	CYP	100 %
Hawk Navigation Company Ltd	Inactive	CYP	100 %
Munin Navigation Company Ltd	Inactive	CYP	100 %
Oreo Navigation Company Ltd	Inactive	CYP	100 %
Raven Navigation Company Ltd	Inactive	CYP	100 %
Sana Navigation Company Ltd	Inactive	CYP	100 %
Seabird Exploration Cyprus Ltd	Management	CYP	100 %
Seabird Exploration Multi-Client Ltd	Multi-client	CYP	100 %
Harrier Navigation Company Ltd	Inactive	CYP	100 %
Seabird Exploration Vessels Ltd	Ship owning	CYP	100 %
Silver Queen Maritime Ltd	Inactive	MLT	100 %
Seabird Crewing Mexico S. DE R.L. DE C.V.*	Crewing	MEX	100 %
Seabird Seismic Mexico S. DE R.L. DE C.V.*	Operating	MEX	100 %
Green Minerals AS	Management	NOR	78 %
Seabird Exploration Norway AS	Management	NOR	100 %
GeoBird Management AS	Operating	NOR	100 %
Seabird Exploration Shipping AS	Operating	NOR	100 %
Aquila Explorer Inc.	Inactive	PAN	100 %
Seabird Exploration Asia Pacific PTE. Ltd.	Management	SGP	100 %
Seabird Exploration FZ-LLC	Management	UAE	100 %
Seabird Exploration UK Ltd	Management	UK	100 %
Seabird Exploration Americas Inc.	Management	USA	100 %
SeaBird Exploration Nigeria Ltd*	Inactive	NG	100 %

*Indirect subsidiary

During the year, the Company has recognized a net impairment loss on investment in subsidiaries of $18.2 million (2019: $23.9 million), including impairment of receivables. The impairment assessment is made in accordance with the Company's policy described in note 2.

During 2020 the Group sold it 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 2020 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 $0.5 million were recharged to group companies with 5% mark-up during 2020 (2019: $0.4 million recharged from group companies).

ii) Key management personnel compensation

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

	2020	2019
Loans to companies within SeaBird group:		
At beginning of year	-	-
Additional loans, net of repayments	7 330	-
Conversion of loans to equity in subsidiaries	-	(8 557)
Interest charged	2	861
Net impairment of group receivables	(4 904)	7 696
At end of year	**2 428**	**-**

The above loans were provided at 1.57 % weighted average interest rate (5.95% in 2019) and are repayable on demand. The loans are unsecured.

Impairment losses are included in statement of income in impairment on investments in subsidiaries and receivables, net of reversals. The loan balance write-off on intercompany loans to Osprey Navigation Co. Inc. of $ 16.8 million and $ 6.4 million reversal is recognized as part of the impairment of the subsidiary as the total exposure is considered. (note 13).

iv) Due to related parties

	2020	2019
Loans from companies within SeaBird Group:		
At beginning of year	12 381	7 935
Additional loans, net of repayments	16 848	3 293
Interest charged	247	1 153
At end of year	**29 476**	**12 381**

The above loans were provided at 1.57% weighted average interest rate (6.35% in 2019) 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.

In addition the Company is exposed to credit risk in relation to a chartering contract with the owner of Munin Explorer in relation to the termination agreement entered into during the year (see group notes 16, 18 and 32 respectively). 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:

	2020	2019
Sparebank 1 SMN credit facility	8 500	-
SBX04 bond guarantee	-	5 152
Chartered-in vessel Voyager Explorer - hire contract guarantee	-	750
Munin liability guarantee	240	640
Total	**8 740**	**6 542**

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$16 million. The current drawdown is US$ 8.5 million.

vi) Dividends

The company received dividend income from its subsidiaries of $ nil in 2020 ($ nil in 2019).

vii) Shareholding

Management (as defined 31 December 2020 under I) and the board of directors, as of 31 December 2020 held the following shares on own account):

Name	Title	Ordinary shares	Outstanding options*
Ståle Rodahl	Chairman	675 000	360 000
Nicholas Knag Nunn	Board Member	21 000	-
Øivind Dahl-Stamnes	Board Member	25 000	-
Hans Christian Anderson	Board Member	-	-
Gunnar Jansen	CEO	26 250	360 000
Erik von Krogh	CFO	-	-
Finn Atle Hamre	COO	15 125	360 000

*Please see note 6 for further information of the company's share option program. As per 31 December 2020 no options have vested in the company's share option program.

viii) Purchase of services from board members

The company entered into a consultancy agreement with Mr. Stale Rodahl in his capacity as Chairman of the Board, pursuant to which, Mr. Rodahl renders consultancy services to the company, focusing on strategic matters to such extent as agreed with the Board. The services are provided at an hourly rate of NOK 1,500. For 2020 the Company incurred a cost of approximately $127,000 under this agreement. Reference note 17 for audit fees.

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	2020	2019
Amounts due from related parties	15	2 428	-
Financial guarantees	15	8 740	6 542
Cash and bank balances	5	35	3
Total		**11 203**	**6 545**

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 2020 the receivable balance is $2.4 million. During the prior year, the assessment on intra-group receivables has led to a net reversal of provision of $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 company 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 tables below summarize the maturity profile of the company's financial liabilities at 31 December 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.

The contractual maturity is based on the earliest date on which the company may be required to pay.

2020	On Demand	Less Than 12 Months	1 to 5 Years	Total
Due to related parties	29 476	-	-	29 476
Financial guarantee contracts	-	3 579	5 715	9 294
Total liquidity risk	**29 476**	**3 579**	**5 715**	**38 770**

2019	On Demand	Less Than 12 Months	1 to 5 Years	Total
Due to related parties	-	-	-	-
Financial guarantee contracts	-	6 382	160	6 542
Total liquidity risk	**-**	**6 382**	**160**	**6 542**

Currency risk

The company's exposure to foreign currency risk was as follows based on notional amounts per 31 December 2020.

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	**-**	**126**	**(126)**		**13**

2019	ASSETS	LIABILITIES	Net exposure	Change in FX rate (US$ strengthens)	Profit increase/ (decrease)
	US$ 000s	US$ 000s	US$ 000s		US$ 000s
EUR	22	94	(72)	10 %	7
NOK	4	203	(199)	10 %	20
TOTAL	**26**	**297**	**(271)**		**27**

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2020	2019	2020	2019
EUR	1,1405	1,1192	1,2271	1,1234
NOK	0,1064	0,1136	0,1172	0,1139

17 Audit fees

	2020	2019
Total fees charged for statutory audit	50	78
Total fees charged for other non-audit services	14	-
Total	**64**	**78**

Included in the total audit fees in table above are fees on behalf of the following subsidiaries:

- Osprey Navigation Company Inc: USD 5K
- Raven Navigation Company Ltd: USD 5K
- Biliria Marine Company Ltd: USD 9K
- Seabed Navigation Company Ltd: USD 4K

18 Subsequent events

Note 34 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 and the Separate 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 30 to 81 and comprise the consolidated and Company statements of financial position as at 31 December 2020, 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 2020, 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.

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Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

Report on the Audit of the Consolidated Financial Statements and the Separate Financial Statements

Basis for qualified opinion

We have been unable to obtain sufficient appropriate audit evidence in respect of the following matters:

1. *Disposal of shares in Osprey Navigation Co. Inc*

   As stated in note 19 ("Subsidiaries within the Group" under the heading "Sale of subsidiaries") to the consolidated financial statements, the Group recognised a profit 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 creditor may seek to recover the outstanding liabilities from the Company or other companies of the group. In addition, it is also noted in the same note that the actual liability was recalculated and found to be US$0.3 million higher.

   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 been appropriately been accounted for in the consolidated and separate financial statements.

2. *Capitalization of mobilization and dry dock-costs*

   "Other Current Assets" and "Property, plant and equipment" (notes 11 and 7 to the consolidated financial statements) include $0.540 million and $0.250 million respectively, related to crew and other operating expenses capitalized as at 31 December 2020.

   We were not able to obtain sufficient appropriate audit evidence to evaluate whether the above-mentioned crew and other operating expenses totaling $0.790 million meet the recognition criteria of assets.

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 year ended 31 December 2020.

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Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

Report on the Audit of the Consolidated Financial Statements and the Separate Financial Statements

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.

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$14.8 million (2019: US$23.3 million), and that during the year as a result mainly of the outbreak of COVID-19 as well as increased uncertainties in the market with the volatility in oil prices, demand for the Group's services were impacted and consequently this affected the utilisation of the Group's fleet of vessels. These conditions have had a knock-on effect on the Group's liquidity position causing management to request from its lender that loan repayments of US$ 2.9 million falling due in June 2021, be deferred for later in 2021. As of to date, the Group is in advanced discussions to agree on a proposed modified bank loan repayment schedule and to further secure additional bank lending to support the planned capital investment on its fleet to support its business strategy. 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.

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Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

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 matters 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 $41.3 million representing 65% of the Group's total assets whilst a further amount of US$2.5 million is recorded as "Assets Held for Sale (AHFS)", representing a further 4% 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. In addition, as part of the reclassification from PPE into AHFS the Group had to remeasure these assets at their fair value less costs to sell. The impairment test assessment on PPE did not result in any impairment losses whilst the remeasurement upon reclassification from PPE into AHFS resulted in a US$3.5 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 judgments" 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 and condition of the equipment as well as any obsolescence factors. 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 input data used to determine the weighted average cost of capital; - Comparing the value in use results to broker valuations which were used for the assessment of compliance with bank covenants; - Performing sensitivity analysis and considering the potential impact of downside changes in the key assumptions; - Challenging management assumptions in terms of utilization and rates particularly on two of the vessels that have not been converted to perform seismic operations; - Challenging management on the conversion plan and budgeted costs on one of the vessels to be converted into seismic, including the availability of funding; - Challenging management on the assumptions for the vessel which carries only maritime support activities; - 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 less costs to sell for the equipment classified as AHFS; - Reviewing price lists in assessing the replacement cost; - Reviewing technical reports for the assessment of the equipment's working condition; - Challenging management on the allowance against gross replacement cost; - 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 matters described in the Basis for Qualified Opinion and 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.

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Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

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 corporate governance statement and the management report in pages 2 to 29, 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 alternative 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.

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Independent Auditor's Report (continued)

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 scepticism 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 the Board of Directors through its Audit Committee 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 the Board of Directors through its Audit Committee 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 the Board of Directors through its Audit Committee, 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.

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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.

Appointment of the auditor and period of engagement

We were first appointed as auditors of the Group and the Company on 10 August 2018 by a shareholders' resolution. Our appointment has been renewed by shareholders' resolution and this is our third period of engagement appointment.

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 24 May 2021 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.

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 our opinion and 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 and the capitalisation of mobilisation and dry-dock costs.

- 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, 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.

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Independent Auditor's Report (continued)

To the Members of Seabird Exploration Plc

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 Costas Georghadjis.

Costas Georghadjis
Certified Public Accountant and Registered Auditor
for and on behalf of
Deloitte Limited
Certified Public Accountants and Registered Auditors

Limassol, Cyprus
24 May 2021

SeaBird Exploration

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 2020, on the basis of our knowledge, declare that:

(a) The annual consolidated and separate financial statements which are presented on pages 30 to 81:

(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 (Chief Financial Officer)

Limassol, Cyprus

24 May 2021

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