

# SeaBird Exploration Limited

## "SBX"

Fourth Quarter 2009

26<sup>th</sup> February 2010



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- All statements contained in this presentation that are not statements of historical facts, including statements on projected operating results, financial position, business strategy and other plans and objectives for future results, constitute forward-looking statements and are prediction of, or indicate, future events and future trends which do not relate to historical matters.
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- This presentation includes historical financial data. Your attention is directed to the notes to such data for a description of the accounting principles used to prepare historical data.
- This presentation must be viewed only in connection with the separately distributed Q4 09 SeaBird Earnings Release.

# Highlights Q4 2009

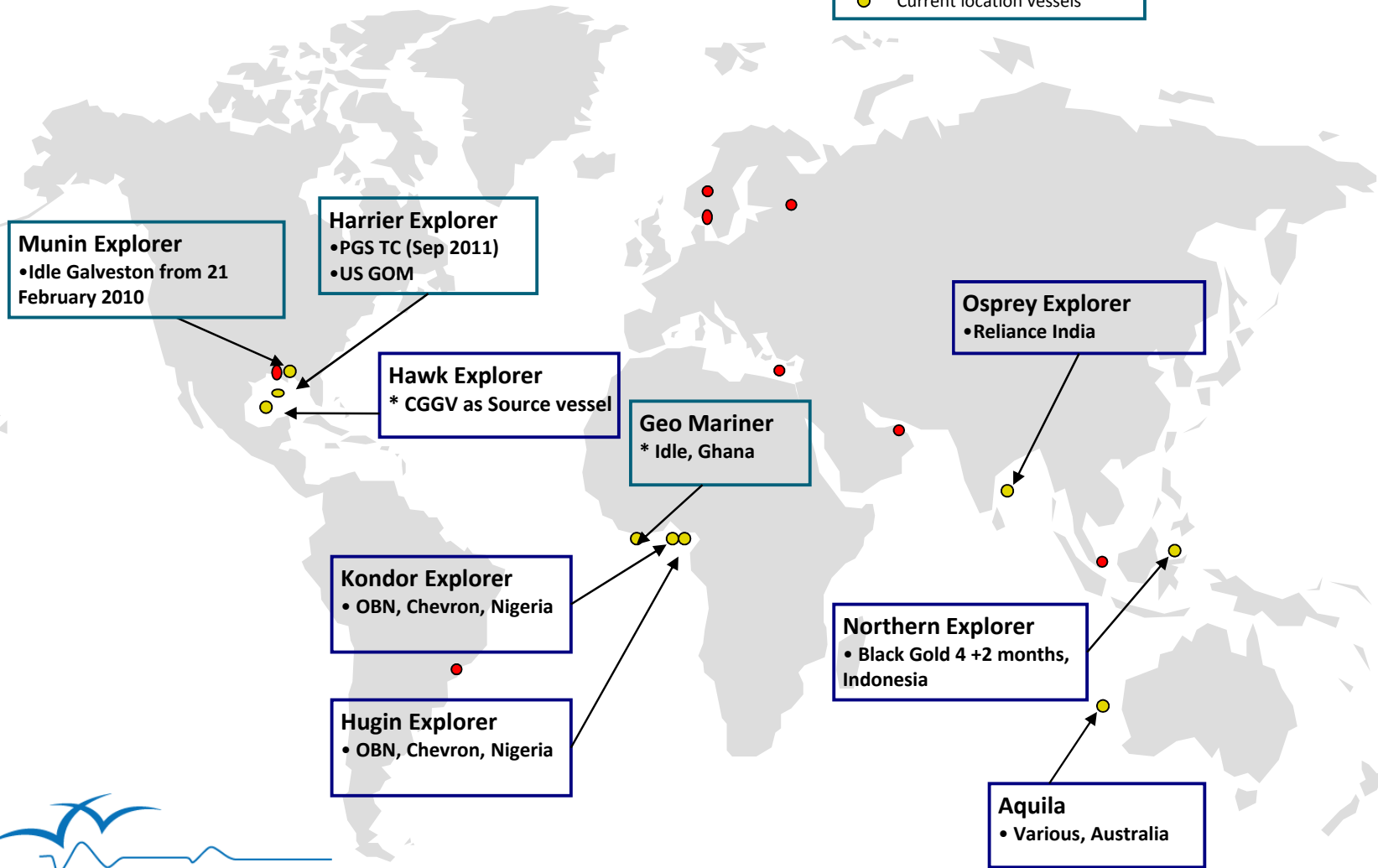
- Hugin Explorer and Kondor Explorer mobilizing to Nigeria following the successful completion of the Ocean Bottom Node (OBN) survey for BP in Gulf of Mexico end of Q3 2009
- 30 November 2009 Hugin Explorer and Kondor Explorer started an expected 6 months OBN survey in Nigeria for Star Deepwater Petroleum Limited, an affiliate of Chevron Nigeria Ltd.
- Operations in Nigeria running smoothly after modifications from experience in GOM
- Increased number of awarded contracts to SeaBird in the 2D/3D segment and mobilization of all vessels back to work during Q4 2009. Utilization of the 2D/3D fleet vessels increased from 51% to 75% from Q3 to Q4 2009.
- A private placement completed 10 November towards institutional and private investors of 54 million shares at NOK 3.50 /share. This increased issued shares to 174,895,825. Total gross proceeds: NOK 189 million.

# Post Q4 developments

- Aquila Explorer contracted to work for the Australia State of Victoria DPI for 7,400 km in direct continuation of her current contracts and will take her to end April before she returns to SE Asia to carry out previously announced contract work.
- Munin Explorer contracted to work as source vessel in North Sea commencing 1<sup>st</sup> June for 2 months with client option to extend further 3 to 4 months.
- Osprey Explorer contracted to work in East India in direct continuation until end March.
- LOA received for 5,000 km for client in East Africa commencing Q2.
- OBN operations with Hugin Explorer and Kondor Explorer continue to operate well, with 90% of 1595 node positions deployed, and 60% of shot lines completed as the survey continues in phase 2 with the rolling carpet operation. Node efficiency is excellent with 99.6% successful results after QC of data from 724 nodes retrieved onboard.
- SeaBird is preparing an investment case for a second Ocean Bottom Node operation, with an expected start 1<sup>st</sup> quarter 2011. Suitable modern vessels and newbuilding hulls are being evaluated, discussions with equipment suppliers are well in progress. Plan is expected ready towards end March.

# Current Operational Positions February 2009

• Offices  
• Current location vessels



# Vessel Employment / Backlog

Resource	2010											
	January	February	March	April	May	June	July	August	September	October	November	December
Hugin Explorer	Chevron Nigeria											
Kondor Explorer	Chevron Nigeria											
Geo Mariner	Oranto Ghana 350	Idle Gh	Under Negotiation									
Aquila Explorer	Bremer b	Enquest	Victoria Department	Steam	Origin Vie	Neon Ene	Neon Eri	Dry Dock				
Harrier Explorer	TC with PGS until August 2011											
Hawk Explorer	CGGV Source vessel GOM					Steal	Under Negotiation					
Munin Explorer	CGGV Source in Me						Source vessel North Sea		Optional			
Northern Explorer	Black Gold, Indonesia		Optional	Dry Dock	Under Negotiation							
Osprey Explorer	We	DD Sp	RIL India	Fugro M	Steam	LOA	Under Negotiation					

# Outlook

- SeaBird core businesses are in the frontier exploration sector and in the production (reservoir imaging and characterisation) sector, and as such are not impacted by the overcapacity concerns in the multi streamer market for the coming years.
- Average of 52 oil companies 2010 budgets show E&P spending to increase 9% in 2010
- Oil prices remain in range \$70-\$80 bbl which encourages new prospects for both replacement of declining reserves and for solutions for increased production levels
- 2D pricing has been on a steady decline from Q2-09 until Q4 2009 where we began to see rates levelling off, but we are by no means at a comfortable level in the exploration survey pricing scale yet
- Licensing rounds in Q2/Q3 2010 are expected to generate more exploration surveys
- Fleet utilisation for 2D/3DSW and source expected to be maintained at +/- 75% level during H1-10
- Increased demand for source vessels expected due to more Ocean Bottom seismic and firm wide azimuth contracts in 2010 (5 in GOM alone)
- SeaBird expects lower rate levels to continue H1-10 at around USD 50-60,000/day due to competition from low end 3D vessels contracted at loss levels in the 2D market while source contracts are expected to continue at about USD 50,000/day
- SeaBird will aggressively pursue further tenders in the 2D and 3DSW seismic market

# Outlook

- Potential for Ocean Bottom Node (OBN) seismic continues to look very promising with several major oil companies considering SeaBird's OBN technology as a preferred solution through RFI's and ITT's
- All major oil companies have expressed a strong need to monitor deep water field reservoirs over life of field, where infrastructure on surface and congested seabed make alternative seismic solutions unattractive or not feasible
- OBN operations expected to generate around USD 300-350,000/day dependent on survey design and operational efficiency
- An "Investment Case" for a Node II operation is under preparation with a decision to come in Q2 and aimed for operational capability in Q1-11
- Experience and lessons learnt from 3 different complex survey designs and seabed conditions allow Node II design to be more operationally efficient and simplified
- Marketing of Node II for Q1-11 has already commenced with SeaBird participating with major oil companies in presenting geophysics papers and workshops throughout 2010
- Expected revenues generated in region USD 300-350 000/day depending complexity of survey and operating efficiency

# Financials Q4 2009

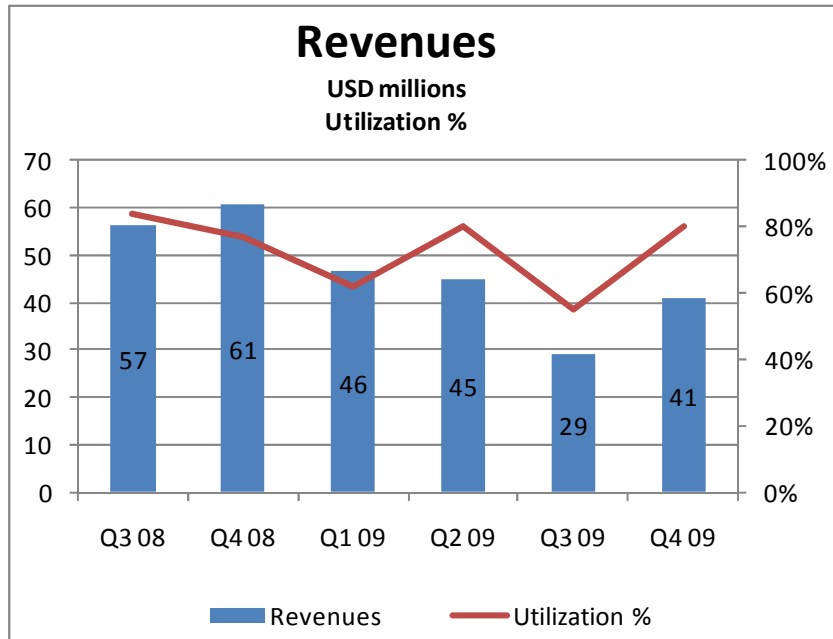


# Consolidated Income Statement

## 4th Quarter 2009

<i>All figures in USD 1,000</i>	Quarter ended 31 Dec		Year ended 31 Dec	
	2009	2008	2009	2008
Revenue	41,116	60,848	161,625	215,786
Charter hire and operating expenses	(36,312)	(36,249)	(125,941)	(117,654)
Selling, general and admin expenses	(5,922)	(11,418)	(25,374)	(29,522)
Other income (expenses), net	448	206	1,017	855
<b>EBITDA</b>	<b>(671)</b>	<b>13,387</b>	<b>11,327</b>	<b>69,465</b>
Depreciation and Amortization	(9,067)	(11,325)	(42,000)	(35,946)
Impairment	(1,708)	(15,899)	(1,708)	(15,899)
<b>EBIT</b>	<b>(11,446)</b>	<b>(13,837)</b>	<b>(32,381)</b>	<b>17,620</b>
Interest expense	(3,069)	(4,358)	(13,882)	(16,779)
Other financial items, net	(1,526)	13,472	(9,206)	20,036
<b>Profit (loss) before income tax</b>	<b>(16,041)</b>	<b>(4,723)</b>	<b>(55,468)</b>	<b>20,877</b>
Income tax	(826)	4,008	(6,303)	(717)
<b>Profit (loss)</b>	<b>(16,867)</b>	<b>(715)</b>	<b>(61,771)</b>	<b>20,160</b>

# Sequential Development

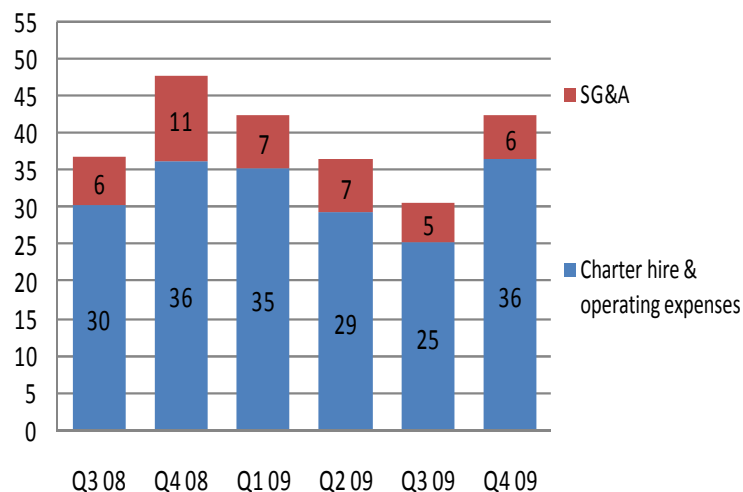


- ✓ Utilization increased from Q3: 55%, to Q4: 80%
- ✓ Increased revenue correspondingly from Q3 to Q4
- ✓ While a major part of revenue first half 2009 was contributed by Osprey Explorer and Northern Explorer working for ONGC/India, the 2D fleet utilization in Q3 was only 51% increasing to 70% in Q4
- ✓ Ocean Bottom Node seismic on Hugin Explorer has contributed about 50% of revenue in Q4

# Opex development

## Cost development

USD millions



✓SG&A (sales, general admin) includes provision for bad debt for:

Q4 2008 USD 4.1mill

Q1 2009 USD 0.7mill

Q2 2009 USD 1.4mill

Q4 admin cost still low despite increased activity

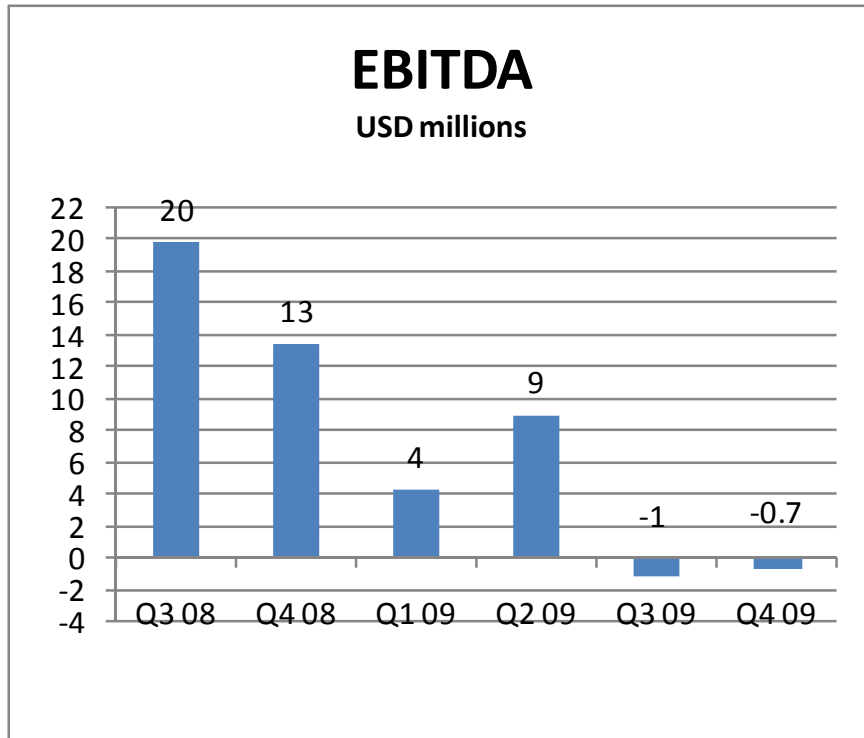
✓Q2 – Q3 Bareboat Charter Hire & Operating Expenses reduced due to:

- maintenance & fuel in idle periods
- reduced manning for idle vessels
- suspension of pension contribution
- cold stacking one vessel July / October
- utilize surplus spares and equipment
- general cost savings implemented

✓Q4 Expenses are up due to

- mobilizing 4 vessels back to work
- higher operating cost on OBN in Nigeria

# Sequential Development



Improved EBITDA in Q2 caused by reduced operating expenses.

Q3 EBITDA loss was a result of low utilisation and 2d vessels in idle or colds stacked mode.

Q4 EBITDA level effected by mob. cost and start of new contracts late in the quarter. Hugin & Kondor on two months mob./demob. income at  $\frac{1}{4}$  of income levels during OBN operations

Base on the current order backlog, and a continued OBN production in line with Des-Feb, SeaBird is expecting an EBITDA of USD 15-20 mill in Q1 2010

# Consolidated Balance Sheet

All figures in USD 1,000	As of 31 Dec	
	2009	2008
Non-current Tangible assets	342,585	344,068
Non-current Intangible assets	26,925	24,800
Other current assets	42,650	57,617
Cash and Cash Equivalents	14,515	14,883
<b>Total Assets</b>	<b>426,675</b>	<b>441,368</b>
Equity	203,365	217,131
Non-current liabilities	135,500	123,578
Current portion of long-term liabilities	47,842	64,855
Other current liabilities	39,968	35,804
<b>Total equity and liabilities</b>	<b>426,675</b>	<b>441,368</b>

Net interest bearing debt

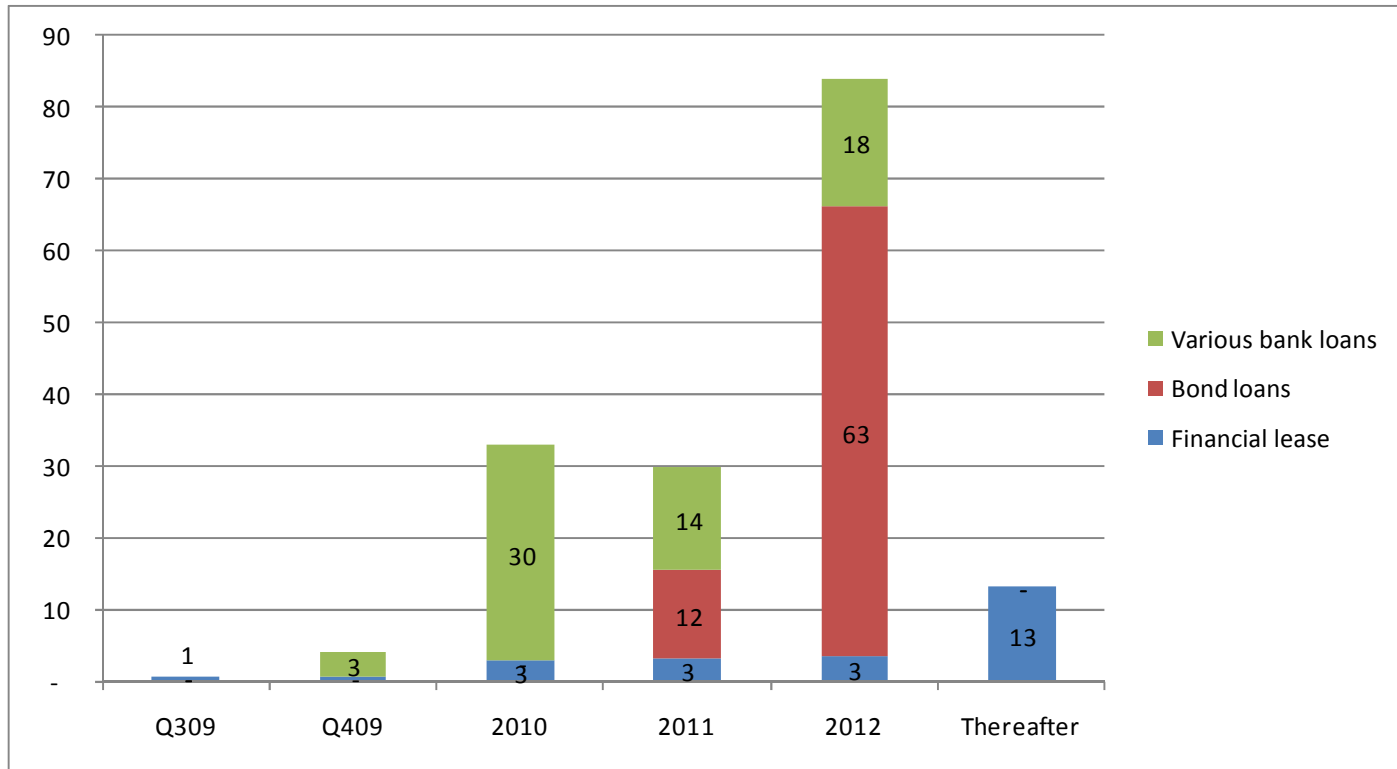
168,233

172,658

# Consolidated Cash Flow

All figures in USD 1,000	Quarter ended 31		Year ended 31 Dec	
	2009	2008	2009	2008
Net cash from operating activities	(12,758)	6,498	6,104	57,642
Capital Expenditures	(8,726)	(169)	(33,349)	(60,164)
Acquisition of int. assets and deferred taxes	-	-	-	-
Net cash from other investing activities	-	623	-	623
Proceeds from issuance of shares	32,050	-	41,081	22,342
Borrowings	(3,978)	(2,180)	(20,347)	(10,292)
Net cash from other financing activities	279	39	6,143	(6,884)
<b>Net increase in cash and cash equivalents</b>	<b>6,867</b>	<b>4,811</b>	<b>(368)</b>	<b>3,267</b>
<b>Cash and cash equivalents - beginning</b>	<b>7,648</b>	<b>10,072</b>	<b>14,883</b>	<b>11,616</b>
<b>Cash and cash equivalents - end</b>	<b>14,515</b>	<b>14,883</b>	<b>14,515</b>	<b>14,883</b>

# Maturity of borrowings



# Financial restructuring

## Nov – Dec 2009

### Equity – Private Placement 10 November 2009

- Available Issue from previous AGM: 54 million shares
- Share price: NOK 3.50 to raise **USD 32 mill net**
- Managers: First Securities, ABG Sundal Collier, Fearnley Fonds
- Placed in 1.5 hours and 100% oversubscribed 10 November 2009

# Application of Funds raised

- USD 15 Million to cover cash operational shortfall in Nov/Dec due to low Q3-09 utilisation of 2D vessels
- USD 5 – 10 million to cover working capital mobilizing 2D vessels back into operations
- Remaining of funds available for investing in a 2<sup>nd</sup> Ocean Bottom Node Operation based on acceptable backlog or/market demand based on thorough analyses and feed back from oil majors.

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