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Q1 2006 Earnings Release

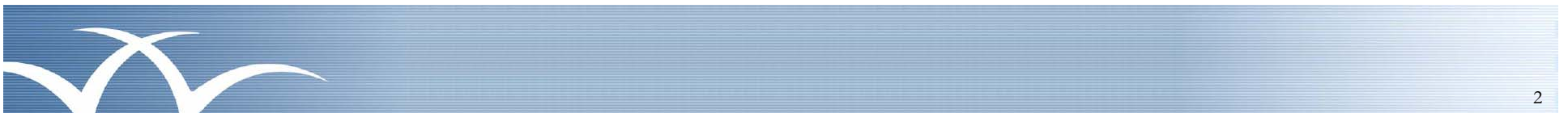
**SeaBird Exploration Limited**  
**“SBX”**

22 May 2006



# Disclaimer

- 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 Q1 06 SeaBird Earnings Release.



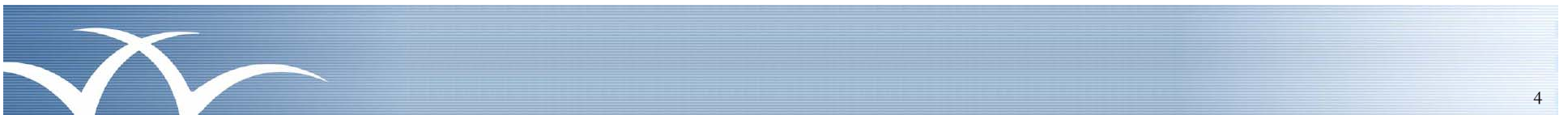
# Q1 2006 -SBX On track

- Successfully completed listing on the Oslo Stock Exchange
- Market rates exceeding management expectations
- Earnings above budgets
- Revenue increased by 80% compared to Q1 2005
- Operating Profit increased by nearly 30% over Q1 2005
- Hawk Explorer fixed to Fugro until October 2008 + 12 months option
- Kondor Explorer fixed to Veritas for 12 months + 6 months option
- Osprey Explorer fixed to Veritas for 6 months + 6 months option
- Agreement on main terms for the purchase of SeaBed Geophysical AS
- Improved balance facilitates continued aggressive expansion plans



# Quality Health Safety & Environment (QHSE)

- No lost time incidents (LTI) occurred during Q1 2006
- Successfully implemented both Hawk and Osprey Projects under our QHSE regime.
- We are under pre-qualification with a number of major oil companies
- QHSE training and documentation of training will be given priority for shore and offshore managers throughout the year



# Consolidated income statement <sup>(1)</sup>

All figures in USD

	Quarter ended March 31		Year ended December 31
	2006	2005	2005
<b>Revenue</b>	7 344 177	4 050 224	21 965 400
Charter hire and operating expenses	(2 652 704)	(1 049 868)	(9 166 084)
Depreciation	(532 886)	(294 543)	(1 328 496)
<b>Gross profit</b>	<b>4 158 587</b>	<b>2 705 813</b>	<b>11 470 820</b>
Administration and general expenses	(2 329 639)	(1 384 455)	(8 392 332)
Other income	700 384	434 792	3 909 714
Other expenses	-	-	(89 387)
Other (losses)/gains - net	(75 882)	-	93 845
<b>Operating profit</b>	<b>2 453 450</b>	<b>1 756 150</b>	<b>6 992 660</b>
Finance cost	(158 837)	(9 769)	(120 167)
Share of (loss)/profit from associates		(24 626)	(335 869)
<b>Profit for the year</b>	<b>2 294 613</b>	<b>1 721 755</b>	<b>6 536 624</b>



# Consolidated income statement (2)

All figures in USD

	Quarter ended March 31		Year ended December 31
	2006	2005	2005
Attributable to equity shareholders	2 294 613	1 721 755	6 536 624
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in \$ per share)			
- basic	0,04	34,44	0,21
- diluted	0,04	34,44	0,21
weighted average number of shares	62 381 000	50 000	31 215 500



# Consolidated balance sheet <sup>(1)</sup>

All figures in USD

	As at 31 March		As at 31 December
	2006	2005	2005
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	20 189 350	10 506 208	20 616 060
Capital work in progress	25 779 381	78 994	7 637 384
Investment in associate	300 000		
	<b>46 268 731</b>	10 585 202	28 253 444
<b>Current assets</b>			
Inventories	123 470		162 606
Trade and other receivables	7 895 246	3 351 069	6 910 367
Due from related parties	511 228	7 757 212	559 196
Available for sale financial assets	-	91 314	449 000
Other financial assets at fair value		100 000	200 000
Bank balances and cash	9 617 527	847 049	21 957 347
	<b>18 147 471</b>	12 146 644	30 238 516
<b>Total assets</b>	<b>64 416 202</b>	22 731 846	58 491 960



# Consolidated balance sheet (2)

All figures in USD

	As at 31 March		As at 31 December
	2006	2005	2005
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	62 381	50 000	62 381
Other reserves	38 042 349	9 880 252	38 393 399
Retained earnings	7 520 688	7 016 820	4 871 389
	<u>45 625 418</u>	<u>16 947 072</u>	<u>43 327 169</u>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
Borrowings	7 411 732	1 441 226	7 132 127
Provision for end of service gratuities	20 215	3 230	13 027
	<u>7 431 947</u>	<u>1 444 456</u>	<u>7 145 154</u>
<b>Current liabilities</b>			
Trade and other payables	8 571 729	4 340 318	5 255 620
Due to related parties	409 878	-	325 783
Loans - current portion	2 377 230	-	2 438 234
	<u>11 358 837</u>	<u>4 340 318</u>	<u>8 019 637</u>
<b>Total liabilities</b>	<u>18 790 784</u>	<u>5 784 774</u>	<u>15 164 791</u>
<b>Total equity and liabilities</b>	<u>64 416 202</u>	<u>22 731 846</u>	<u>58 491 960</u>



# Consolidated cash flow statement <sup>(1)</sup>

All figures in USD

	Quarter ended 31 March	31 December	
	2006	2005	2005
<b>Cash generated from operating activities</b>			
Net Profit for the period	2,294,613	1,746,381	6,536,624
Adjustments for:			
– Depreciation	532,886	294,543	1,682,479
– Interest expense	158,837	110,558	120,167
– Provision for employees' end of service gratuities	7,188	0	13,027
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):			
– Decrease/(Increase) in inventories	39,136	0	(162,606)
– Increase in trade and other receivables	(984,879)	(147,295)	(3,706,593)
– Decrease/(increase) in due from related	47,968	79,503	7,277,519
– Increase in trade and other payables	3,316,109	(1,295,822)	(383,750)
– Increase in due to related parties	84,095	0	325,783
– Decrease in margin deposit	0	0	374,124
– Decrease / (increase) in investment fair value	449,000	0	0
Cash generated from operations	5,944,953	787,868	12,076,774
Interest paid	(158,837)	(110,558)	(120,167)
Income tax paid	0	0	0
Net cash generated from operating activities	5,786,116	677,310	11,956,607



# Consolidated cash flow statement (2)

## Cash flows from investing activities

Purchases of property, plant and equipment (PPE)	(106,175)	0	(12,900,819)
Increase in capital work in progress	(18,141,997)	(78,994)	0
Proceeds from sale of PPE	0	523,438	0
Purchases of available-for-sale financial assets	(100,000)	0	(457,686)
Net cash (used in)/ generated from investing activities	(18,348,172)	444,444	(13,358,505)

## Cash flows from financing activities

Proceeds from issuance of ordinary shares	0	0	23,754,842
Proceeds From borrowings	0	0	7,790,194
Decrease in margin money	0	374,124	0
Repayments of borrowings	218,601	(338,941)	0
Net movement in general reserve	(9,650)	(431,914)	0
Dividends paid to Company's shareholders	0	0	(8,504,101)
Net movement in shareholders account	0	(27,031)	(56,328)
Net movement in currency fluctuations	13,286	0	225,580
Net cash used in financing activities	222,237	(423,762)	23,210,187

## Net (decrease)/increase in cash, cash equivalents and bank overdrafts

Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(12,339,819)	697,992	21,808,289
Cash, cash equivalents and bank overdrafts at beginning of the period/year	21,957,346	149,057	149,057
<b>Cash, cash equivalents and bank overdrafts at end of the period / year</b>	<b>9,617,527</b>	<b>847,049</b>	<b>21,957,346</b>



# Consolidated statement of changes in equity <sup>(1)</sup>

All figures in USD

	Share capital	Other reserves	Retained earnings	Total Equity
<b>Balance at 1 January 2005</b>	50,000	9,180,084	5,906,115	15,136,199
– Revaluation surplus	0	5,245,274	932,751	6,178,025
Currency translation differences	0	225,580	0	225,580
Net income/(expense) recognised directly in equity	0	5,470,854	932,751	6,403,605
Profit for the year	0	0	6,536,624	6,536,624
<b>Total recognised income for the year</b>	0	5,470,854	7,469,375	12,940,229
Private Placement	12,381	23,792,411	0	23,754,842
Non-cash dividend relating to 2004	0	0	(8,504,101)	(8,504,101)
	12,381	23,792,411	(8,504,101)	15,250,741
<b>Balance at 31 December 2005</b>	62,431	38,393,349	4,871,389	43,327,169



# Consolidated statement of changes in equity <sup>(2)</sup>

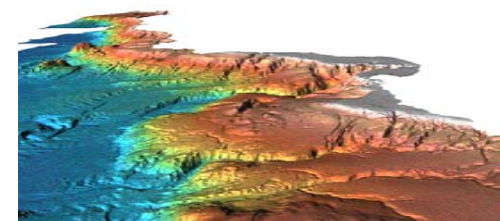
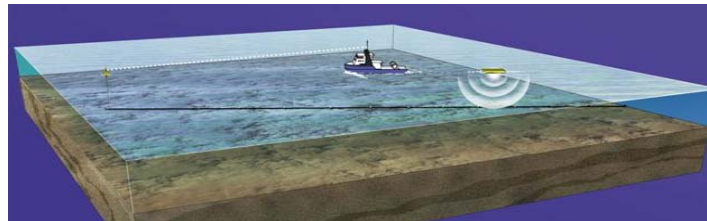
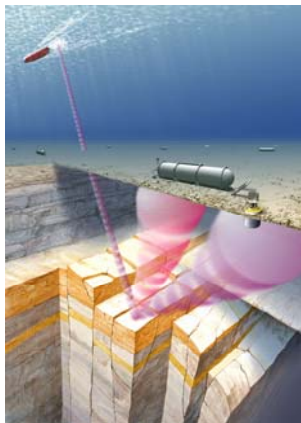
All figures in USD

	Share capital	Other reserves	Retained earnings	Total Equity
<b>Balance at 1 January 2006</b>	62,381	38,393,399	4,871,389	43,327,169
Currency translation differences		13,286		13,286
Net income/(expense) recognised directly in equity	0	(365,728)	365,728	
Movement in retained earnings	0	1,392	(11,041)	(9,649)
Profit for the quarter	0	0	2,294,612	2,294,612
<b>Total recognised income for the quarter</b>	0	(351,050)	2,649,299	2,284,963
<b>Balance at 31 March 2006</b>	62,381	38,042,349	7,520,688	45,625,418
<b>Balance at 1 January 2005</b>	50,000	9,180,084	5,906,115	15,136,199
Movement in retained earnings	0	0	(611,050)	(611,050)
Profit for the quarter	0	0	1,721,755	1,721,755
<b>Total recognised income for the quarter</b>	50,000	9,180,084	7,016,820	16,246,904
Movement in other reserves	0	176,730	0	176,730
<b>Balance at 31 March 2005</b>	50,000	9,356,814	7,016,820	16,423,634



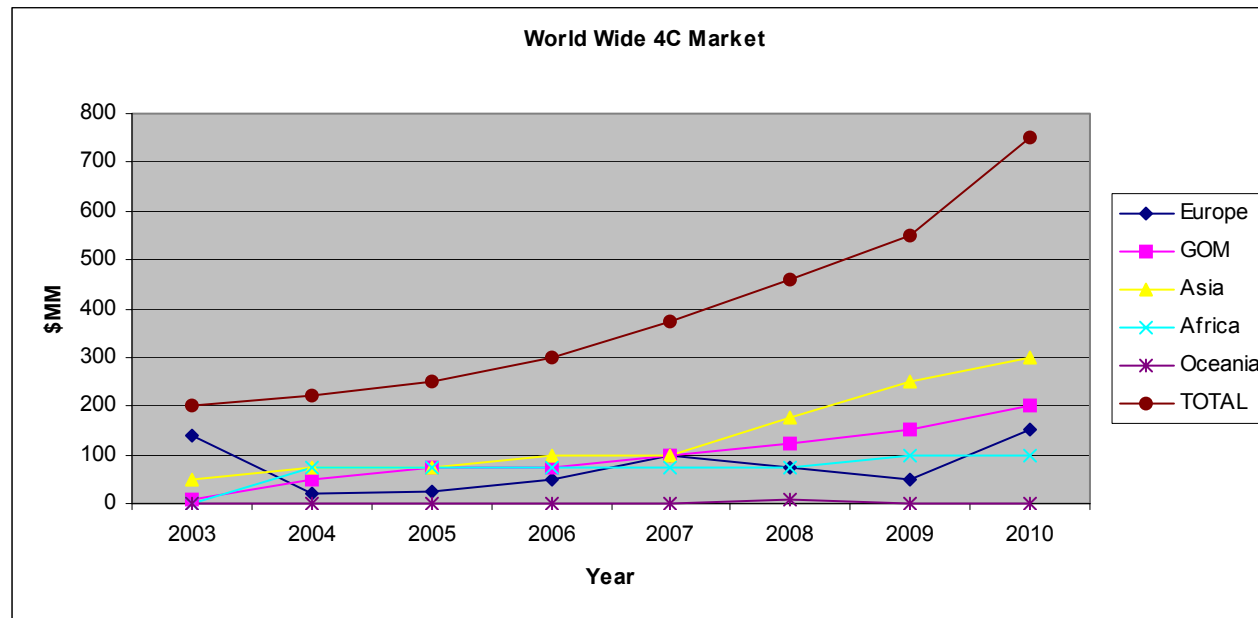
# Business objectives

- Professional supplier of 2D, source and shallow water 2D/3D services to oil companies and contractors
- Maintain position as market leader
- Entered the Ocean bottom seismic market through the acquisition of SeaBed Geophysical AS
- Continue to build on our strengths, not active in the Multi Client market
- Maintain a healthy balance between more stable margin business and "super-profit" possibilities
- Continued growth through co-operation, acquisitions, alliances and possible mergers



# SeaBed Geophysical AS

- A "new" market with significant potential.
- Combining our existing business with a new market will substantially reduce risk and improve on profitability.
- Excessive steaming has been the nemesis for Ocean Bottom Seismic profitability



# Fleet - seismic vessels

M/v Geo Mariner



**Building year:** 1978  
**Converted for seismic operation in:** 1997  
**Upgraded:** 2001/2004  
**Seismic:** 2D/3D Shallow Water Vessel  
**Ownership:** Owned by SeaBird  
**Contract:** PetroQuest Seychelles, D/D Dubai next

M/v Northern Explorer



**Building year:** 1987  
**Converted for seismic operation in:** 1998  
**Upgraded:** 2005  
**Seismic:** 2D  
**Ownership:** Chartered by a 50/50 JV (JV has an option to buy)  
**Contracts:** TGS until mid October 2006

M/v Hawk Explorer



**Building year:** 1984  
**Converted for seismic operation in:** Q2 2006  
**Upgraded:** -  
**Seismic:** 2D  
**Ownership:** Chartered (option to buy in 2008)  
**Contract:** Fugro from delivery to October 2008 with a 1 year option



# Fleet - source vessels

M/v Kondor Explorer



**Building year:** 1984  
**Converted for seismic operation in:** 1997  
**Seismic:** Source  
**Ownership:** Bareboat (right of first refusal)  
**Contracts:** Veritas DGC to May 2007 plus a 6 month option

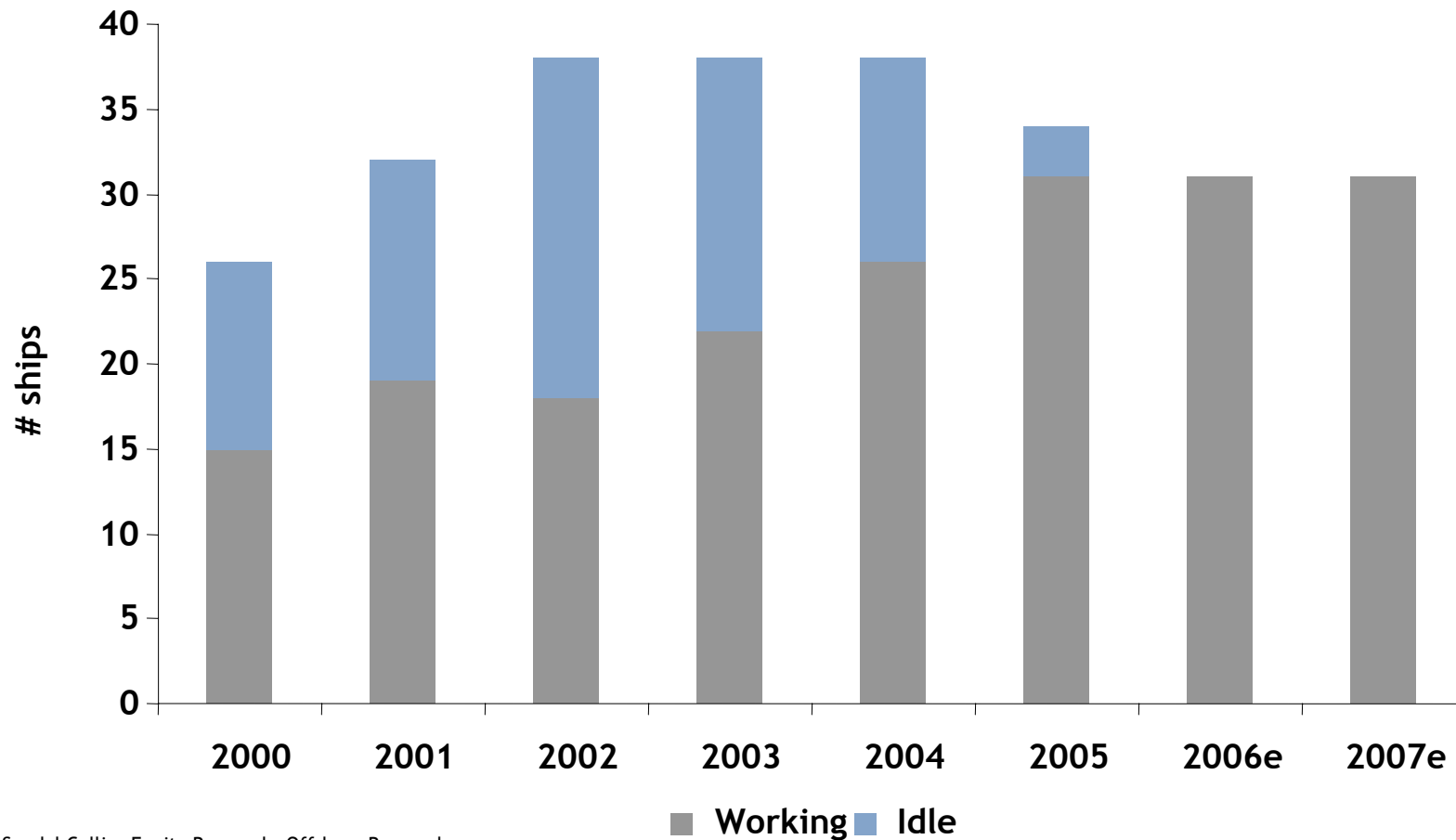
M/v Osprey Explorer



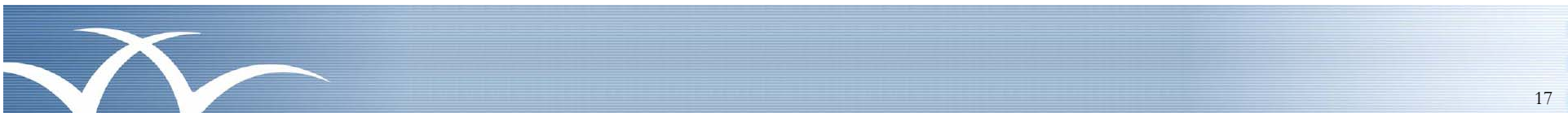
**Building year:** 1985  
**Converted for seismic operation in:** July 2006  
**Seismic:** Source  
**Ownership:** Bareboat (option to buy the vessel in late 2006/early 2007)  
**Contracts:** Veritas DGC to January 2007 plus a 6 month option



# Global 2D seismic fleet utilization



Source: ABG Sundal Collier Equity Research, Offshore Research



# Well positioned for further growth

## Strong demand

- The seismic market is at an all time high
- Contract work is pushed from 2006 to 2007 due to capacity constraints - this is unprecedented in the industry

## Supply constraints

- Significant cost increase and availability constraints on seismic vessels and seismic equipment
- 2D vessels being upgraded to 3D compensates for reactivation of retired tonnage

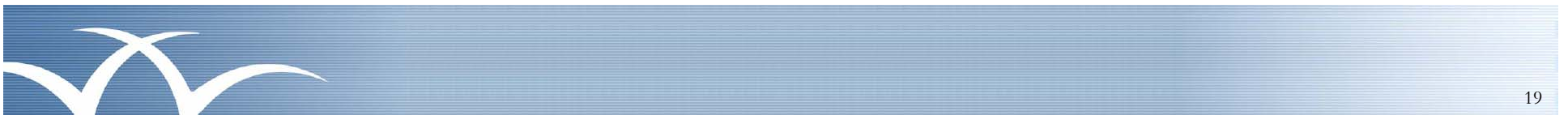
## New markets

- Increased focus on 4D and ocean bottom seismic
- The shallow water seismic market shows strong improvement



# The future

- **There is still supply constraints on long lead items necessary to add new vessel capacity**
  - SeaBird has secured compressor sets for two additional vessels with delivery August and November 2006
  
- **Seismic companies and oil companies are actively seeking 2D and source vessel capacity for 2007. It appears that vessel shortage will continue**
  - Increased Ocean Bottom Seismic (OBS) activity, more undershooting as well as an increasing number of Wide Azimuth surveys is dramatically increasing the need for source vessels
  
- **SeaBird will seek to increase the portion of vessels working directly for oil companies from approximately 25% today, to closer to 50% going forward.**
  
- **SeaBed requires a source vessel with DP capacity to really boost the margins in Ocean Bottom Seismic. This vessel will have the capacity to work as a conventional source vessel when not in OBS mode.**



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**End presentation  
SBX**

