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# SeaBird Exploration Limited “SBX”

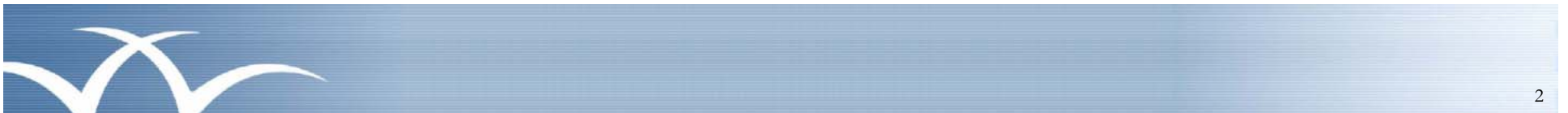
## Third Quarter 2006

20 November 2006



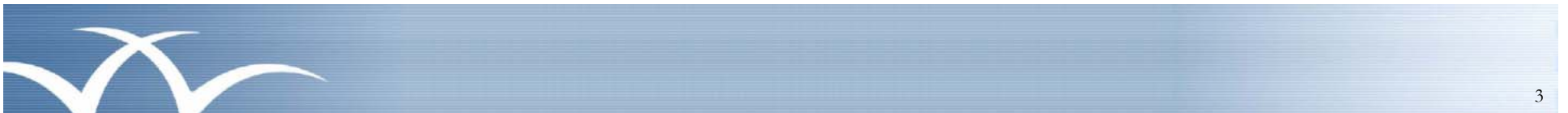
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- This presentation includes historical financial data. Your attention is directed to the notes to such data for a description of the accounting principles used to prepare historical data.
- This presentation must be viewed only in connection with the separately distributed Q3 06 SeaBird Earnings Release.



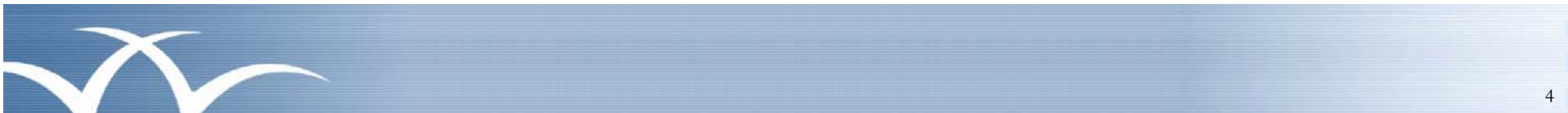
# Q3 2006 - Highlights

- Revenues up more than 76% YTD vs 2005
- Revenues for Q3 up more than 96% vs Q3 2005
- Net profit up more than 100% YTD vs 2005
- Net profit for Q3 up more than 249% vs Q3 2005  
-Despite delayed projects.
- Delivery of Hawk and Osprey Explorer
  - Significantly delayed
  - Significant cost overruns -Total cost for the two vessels is USD 74 mill.
- Continued fleet expansion program with the acquisitions of the Aquila Explorer and Harrier Explorer
- Markets continue to improve

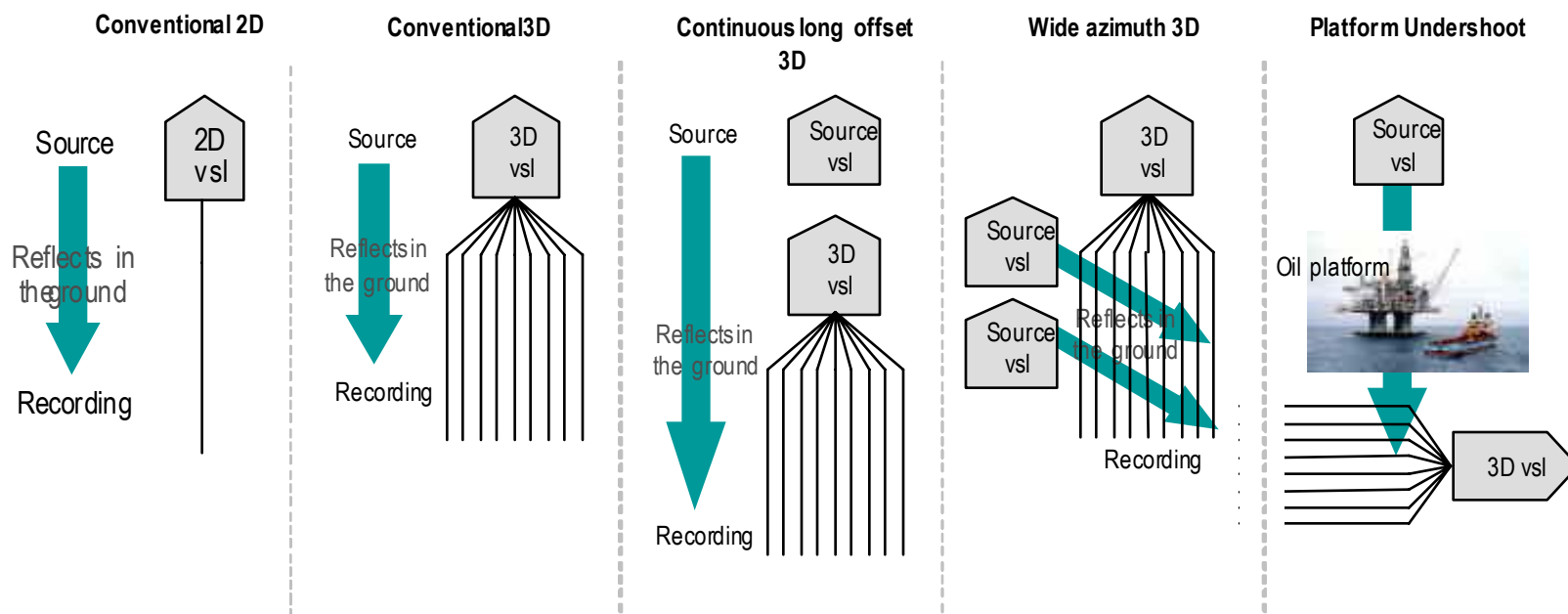


# Health Safety Environment & Quality (HSEQ)

- There have been no injuries to personnel, major accidents or losses during the third quarter of 2006.
- A total of 22 incidents were reported in Q3 from operational vessels and conversion projects. A fire in an incinerator aboard a vessel has been investigated by an internal team and an external investigator.
  - Actions are taken to prevent reoccurrence and a Fleet Memo under preparation
  - The incident was shared with the IAGC PC network meeting in October
  - Another six Learning events and Fleet Memos have been produced as a result of reported incidents
- Monthly QHSE awards for good HSE performance have been presented to Geo Mariner, Northern Explorer and Discoverer 2

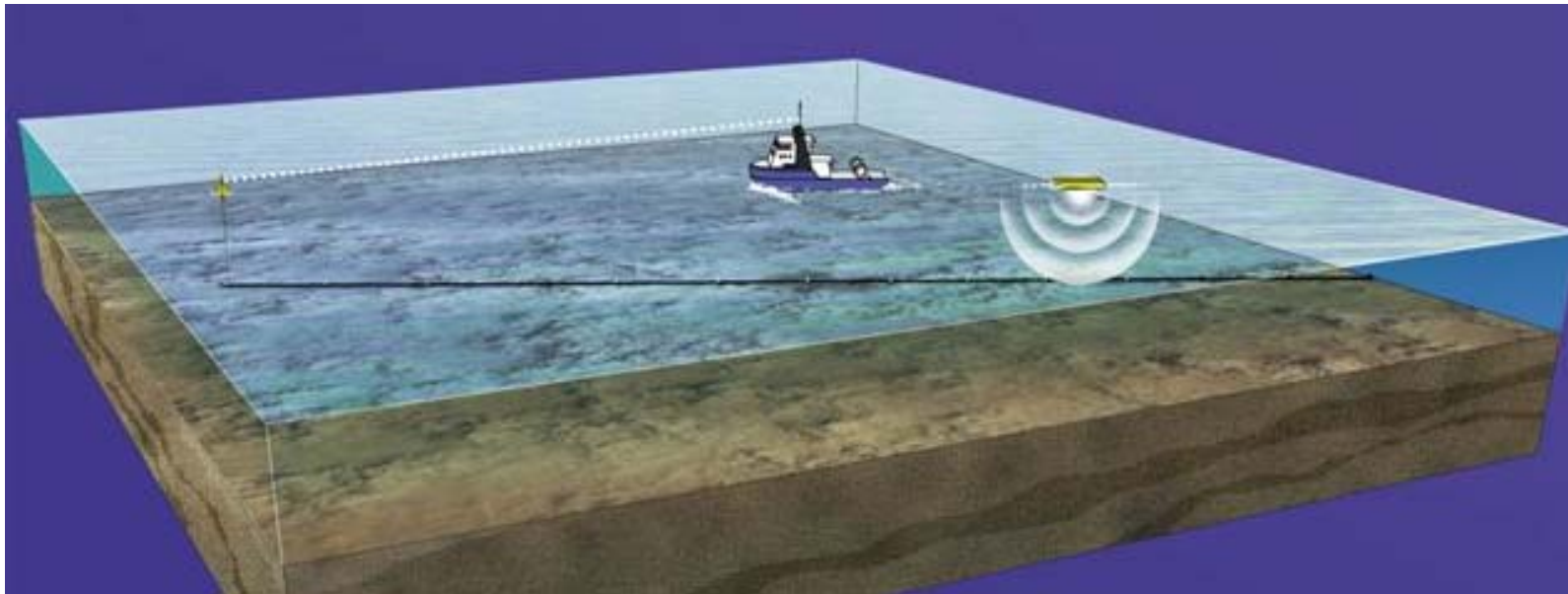


# Survey Types

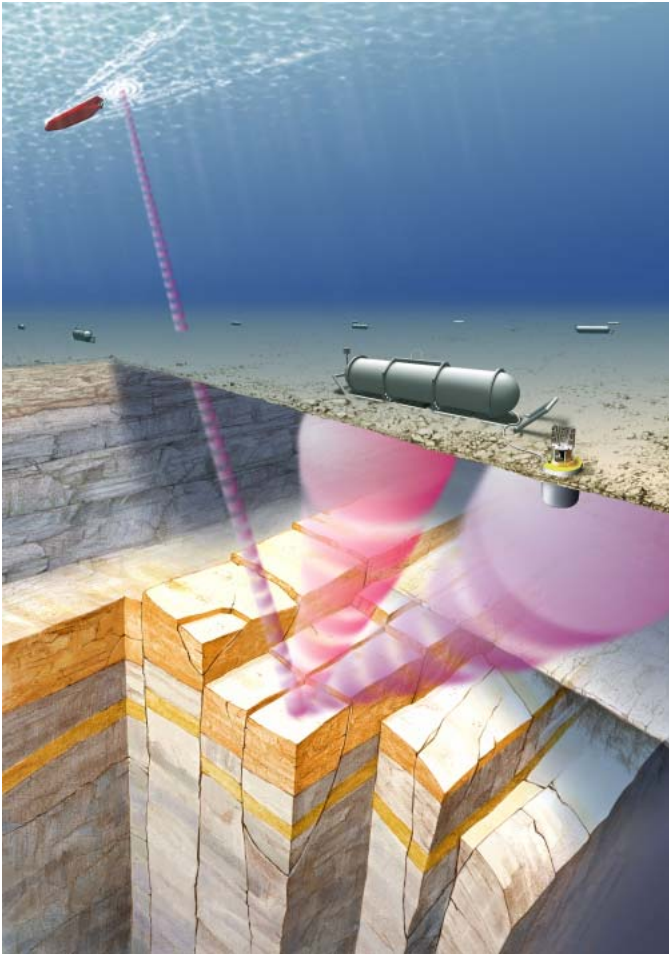


# Ocean Bottom Seismic (OBS) -Cables

- Cable length 5-6 km
- Typically 4-6 cables
- Excellent data quality (4C)
- More expensive than conventional marine seismic
- Processing challenges in the past



# Ocean Bottom Seismic (OBS) -Nodes



OBS with Nodes.

- Each node is placed individually on the seabed
- Excellent data quality (4C)
- More expensive than conventional marine seismic
- No cables between the nodes
- Perfect for 4D surveys
- Processing challenges in the past



# Oil Company E&P Spending

- According to Enskilda's E&P Spending survey in August 2006 expected to continue to rise:

32% in 2006

25% in 2007

20% in 2008

However, the oil companies have not been able to spend their 2006 budgets. This has been perceived as deliberately cutting back E&P spending in 06.

Severe shortage on drilling rigs and Offshore vessels as well as delayed production projects is the real reason.

These funds will not disappear, but will be spent when the supply side can absorb the demand side.



# When will there be an oversupply?

## Source vessels

There are 3(4) fully fledged source vessels under preparation.

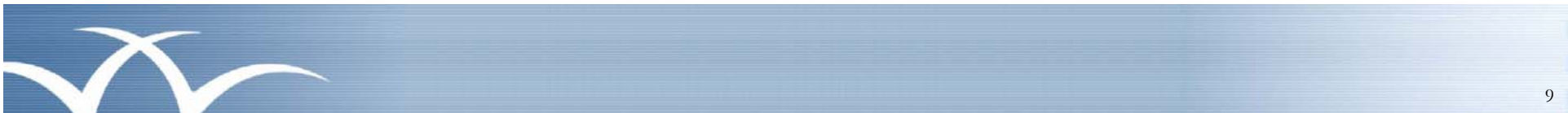
3 (4) sub standard source vessels are being rigged for Multi-Client work in the US Gulf. Total fleet is expected to be 13 by the end of 2007, and this far from covers market demand

## 2D Seismic vessels

There are 3 2D vessels under preparation. Total fleet at the end of 2007 is estimated to 39 vessels. Very few vessels unsold for 2007. Still some vessels are expected to move into the Source market

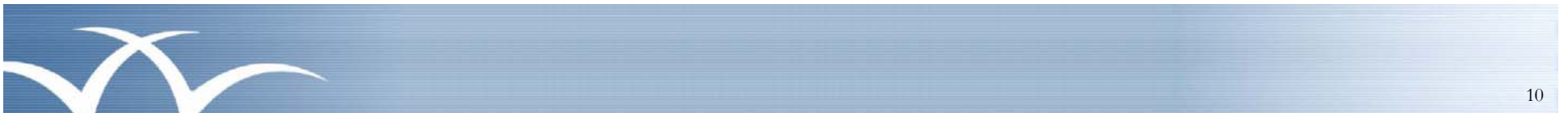
## 3D Seismic vessels

There are 12 vessels planned for delivery in 2007 and 12 vessels planned for delivery in 2008. Significant delays are expected on a number of these, but the total fleet is expected to reach 72 vessels sometime in 2008/2009. We see no sign of saturation of the market in 2009.



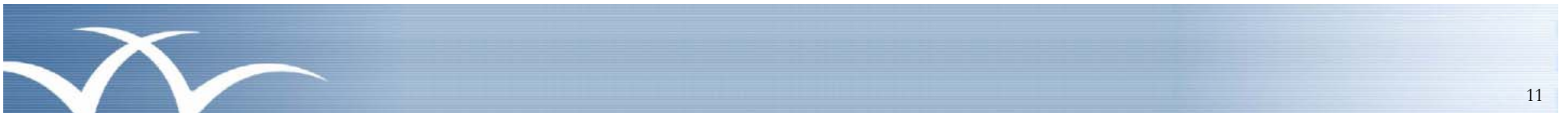
# Markets

- Typical visibility for the seismic market is traditionally less than a year
- Current visibility is in excess of 18 months
- All segments of the seismic market are basically sold out for 2007
  - We see 2D, 3D, Source, and OBS work being pushed into 2008 because of supply shortage
- Some contractors are fixing vessels in 2009 on 2006 rate levels
- Oil companies looking at long term contracts to secure availability
- National oil companies still not completely ramped up their E&P spending



# SeaBed Geophysical AS

- Acquired M/V Sentinel TBN "Harrier Explorer" for conversion to Ocean Bottom Seismic vessel
- Expected completion in 2Q 2007
- A one vessel operation will boost SeaBed's margins
- Awarded USD 200.000 FEED study as lead contractor from ONGC
- Pre-qualified and bidding several projects
- Initiated project to build 500 CASE Abyss deepwater nodes.
  - -This number may be increased
- 4D OBS activity from into 2007 and onwards exceeding our expectations.



# 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:** 70-90 days contract with OGDCL, Pakistan

M/v Northern Explorer



**Building year:** 1987  
**Converted for seismic operation in:** 1998  
**Upgraded:** 2005  
**Seismic:** 2D  
**Ownership:** Bareboat with Purchase option. Option exercised.  
**Contracts:** Northern Petroleum Sicily. East Africa thereafter

M/v Hawk Explorer



**Building year:** 1984  
**Converted for seismic operation in:** 2006  
**Upgraded:** -  
**Seismic:** 2D  
**Ownership:** Bareboat with purchase option  
**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:** October 2006  
**Seismic:** Source  
**Ownership:** SeaBird  
**Contracts:** Veritas DGC to March 2007 plus a 6 month option

M/v Harrier Explorer



**Building year:** 1979  
**Converted for seismic operation in:** April 2007  
**Seismic:** SeaBed/Source  
**Ownership:** SeaBird



# Fleet - source vessels cont'd

M/v Aquila Explorer



**Building year:** 1982  
**Converted for seismic operation in:** February 2007  
**Seismic:** Source/2D  
**Ownership:** SeaBird  
**Contract:** 6 months + 2 x 6 months options to PGS from delivery.

M/v Raven Explorer

**Building year:** 2006  
**Converted for seismic operation in:** 3Q 2007  
**Seismic:** 2D/Shallow water 3D  
**Ownership:** SeaBird  
**Contract:** Unfixed



# Vessel update

- Hawk Explorer was delayed at the yard and was delivered in September. She suffered technical problems with a new digital gun controller.  
A proven gun controller has been installed. Vessel is currently testing in Holland before resuming operations for Fugro.
  
- Osprey Explorer was delayed at the yard and delivered in September. She has joined Kondor explorer on the US Gulf where they are shooting a Wide Azimuth for Veritas DGC
  
- Geo Mariner has commenced shallow water survey for OGDCL, Pakistan at a record day-rate in excess of USD 170.000
  
- Based upon the experience with the Hawk and the Osprey, we have re-estimated the delivery date and the cost our vessels under conversion:
  - Aquila Explorer estimated delivery late February 2007. Total cost is estimated to be USD 33 mill.
  - Harrier Explorer estimated delivery April 2007. Total cost is estimated to USD 37 mill.



# Consolidated Income Statement

Consolidated Income Statement	Quarter ended		Nine months ended		year ended
All figures in USD	September 30		September 30		December 31
	2006	2005	2006	2005	2005
Revenue	10,094,294	5,130,993	25,735,837	14,588,738	21,965,400
Charter hire & Operating expenses	-5,718,066	-3,609,847	-14,184,716	-8,767,636	-13,248,624
Depreciation	-1,008,321	-331,871	-2,219,306	-994,510	-1,328,496
Gross Profit	3,367,907	1,189,275	9,331,815	4,826,592	7,388,280
Admin & General expenses	-1,728,798	-1,648,640	-4,093,777	-3,246,199	-4,309,792
Other Income	358,226	1,171,754	2,379,578	2,336,636	3,909,714
Other Expenses	0	0	0	0	-89,387
Other gains - net	1,006,311	0	930,429	0	93,845
Operating Profit	3,003,646	712,389	8,548,045	3,917,029	6,992,660
Finance Cost	-518,088	-1,169	-732,765	-11,521	-120,167
Share of (loss)/profit from associates	0	0	0	0	-335,869
<b>Net Profit</b>	<b>2,485,558</b>	<b>711,220</b>	<b>7,815,280</b>	<b>3,905,508</b>	<b>6,536,624</b>



# Consolidated Balance Sheet

Consolidated Balance Sheet	As at September 30				As at December 30	
	2006		2005		2005	
	USD	%	USD	%	USD	%
<b>ASSETS</b>						
Non Current Assets						
Tangible Assets	151,474,480	72.03%	9,925,345	54.79%	28,253,444	48.30%
Intangible Assets	16,991,220	8.08%	0	0.00%	0	0.00%
Total non-current assets	168,465,700	80.11%	9,925,345	54.79%	28,253,444	48.30%
Other current assets	19,412,430	9.23%	6,199,407	34.22%	8,281,169	14.16%
Bank balances and cash	22,424,813	10.66%	1,991,195	10.99%	21,957,347	37.54%
Total current assets	41,837,243	19.89%	8,190,602	45.21%	30,238,516	51.70%
<b>Total Assets</b>	<b>210,302,943</b>	<b>100.00%</b>	<b>18,115,947</b>	<b>100.00%</b>	<b>58,491,960</b>	<b>100.00%</b>
<b>EQUITY</b>						
Capital & reserves attributable to equity holders	110,949,843	52.76%	11,122,814	61.40%	43,327,169	74.07%
<b>LIABILITIES</b>						
Non current liabilities	49,937,754	23.75%	9,744	0.05%	7,145,154	12.22%
Current liabilities	49,415,346	23.50%	6,983,389	38.55%	8,019,637	13.71%
Total Liabilities	99,353,100	47.24%	6,993,133	38.60%	15,164,791	25.93%
<b>Total Equity and Liabilities</b>	<b>210,302,943</b>	<b>100.00%</b>	<b>18,115,947</b>	<b>100.00%</b>	<b>58,491,960</b>	<b>100.00%</b>



# Cash Flow Statement 1 of 2

Consolidated statement of cash flows for the quarter ended September 30, 2006 – All figures in USD

<b>Cash flows from operating activities</b>	<b>2006</b>	<b>2005</b>	<b>Year ended Dec. 30, 2005</b>
Net profit for the quarter/year	2,485,557	711,220	6,536,624
Adjustments for :			
Depreciation	1,008,321	331,871	1,682,479
Interest expense	518,088	1,169	120,167
Provision for employees' end of service gratuities	36,098	3,284	13,027
Operating profit before working capital changes	4,048,065	1,047,544	8,352,297
Decrease/(increase) in inventories	34,972	-	(162,606)
Increase in trade and other receivables	(8,196,764)	(729,138)	(3,706,593)
(Increase)/decrease in due from related parties	(1,716,386)	215,023	7,277,519
Increase/(decrease) in trade and other payables	31,573,350	(80,148)	(383,750)
(Decrease)/increase in due to related parties	(529,027)	66,626	325,783
Decrease in margin deposits under lien	-	-	374,124
Net movements in currency translation reserve	283,612	(20,452)	225,580
Cash generated from operations	25,497,822	499,455	12,302,354
Interest paid	(518,088)	(1,169)	(120,167)
<i>Net cash from operating activities</i>	<b>24,979,734</b>	<b>498,286</b>	<b>12,182,187</b>



# Cash Flow Statement 2 of 2

Consolidated statement of cash flows for the quarter ended September 30, 2006 – All figures in USD

<b>Cash flows from investing activities</b>	<b>2006</b>	<b>2005</b>	<b>Year ended Dec. 30, 2005</b>
Movements in property, plant and equipment	(1,991,588)	(27,451)	(12,900,819)
Purchase of patent technology on acquisition	-	-	-
(Increase)/decrease in capital work in progress	(47,520,081)	(74,561)	-
Increase in investment in subsidiary	(345,974)	33,710	(457,686)
<i>Net cash used in investing activities</i>	<b>(49,857,643)</b>	<b>(68,302)</b>	<b>(13,358,505)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares	-	-	23,754,842
Movements in borrowings	48,835,717	(393,707)	7,790,194
Dividends paid to Company shareholders	-	-	(8,504,101)
Payment of debt from related parties	(9,444,148)	-	(56,328)
<i>Net cash from/(used in) financing activities</i>	<b>39,391,568</b>	<b>(393,707)</b>	<b>22,984,607</b>
<b>Net increase in cash and cash equivalents</b>	<b>14,513,659</b>	<b>36,277</b>	<b>21,808,289</b>
<b>Cash and cash equivalents at beginning of the quarter/year</b>	<b>7,911,153</b>	<b>1,954,918</b>	<b>149,057</b>
<b>Cash and cash equivalents at end of the quarter/year</b>	<b>22,424,813</b>	<b>1,991,195</b>	<b>21,957,346</b>



# Changes in Equity

All figures in USD

	Share capital	Current account	Share Premium	Revaluation Reserve	Curren fluctn. Reserve	Retained earnings	Share option granted	Total Equity
<b>Balance at 1 January 2005</b>	50,000	56,328	0	9,327,517	(203,761)	5,906,115	0	15,136,199
– Revaluation surplus	0	0	0	5,301,602	0	932,751	0	6,234,353
Currency translation differences	0	0	0	0	225,580	0	0	225,580
Net income recognised directly in equity	0	0	0	5,301,602	225,580	932,751	0	6,459,933
Profit for the year	0	0	0	0	0	6,536,624	0	6,536,624
<b>Total recognised income for the year</b>	0	0	0	5,301,602	225,580	7,469,375	0	12,996,557
Private Placement	12,381	0	23,742,461	0	0	0	0	23,754,842
Net movements in current account	0	(8,560,429)	0	0	0	0	0	(8,560,429)
Non-cash dividend relating to 2004	0	8,504,101	0	0	0	(8,504,101)	0	0
	12,381	(56,328)	23,742,461	14,629,119	0	(8,504,101)	0	15,194,413
<b>Balance at December 31, 2005</b>	62,381	0	23,742,461	14,629,119	21,819	4,871,389	0	43,327,169



# Changes in Equity

All figures in USD

	Share capital	Current account	Share Premium	Revaluation Reserve	Curren fluctn. Reserve	Retained earnings	Share option granted	Total Equity
<b>Balance at July 1, 2006</b>	75,581	0	68,896,652	25,310,712	(173,364)	10,158,597	6,172,969	110,441,147
Currency translation differences	0	0	0	0	283,612	0	0	283,612
Net income recognised directly in equity	75,581	0	68,896,652	25,310,712	110,248	10,158,597	6,172,969	110,742,759
ESOP remuneration written off	0	0	0	0	0	0	(1,665,534)	(1,665,534)
Adjusted IPO expenses	0	0	0	0	0	0	0	0
Depreciation transfer	0	0	0	(747,395)	0	747,395	0	0
Loss on investment available for sale	0	0	0	0	0	(594,940)	0	(594,940)
Profit for the quarter	0	0	0	0	0	2,485,557	0	2,485,557
<b>Balance at September 30, 2006</b>	75,581	0	68,896,652	24,563,317	110,248	12,796,609	4,507,435	110,949,843



# Changes in Equity

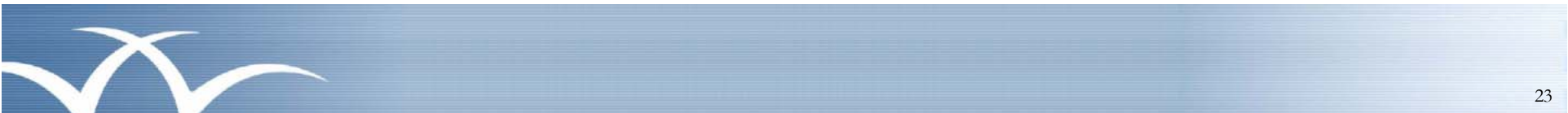
All figures in USD

	Share capital	Current account	Share Premium	Revaluation Reserve	Current fluctn. Reserve	Retained earnings	Share option granted	Total Equity
<b>Balance at January 1, 2006</b>	62,381	0	23,742,461	14,629,119	21,819	4,871,389	0	43,327,169
Currency translation differences	0	0	0	0	88,427	0	0	88,427
Net income recognised directly in equity	62,381	0	23,742,461	14,629,119	110,246	4,871,389	0	43,415,596
Increase in share capital	13,200	0	47,459,489	0	0	0	0	47,472,689
Adjusted IPO expenses	0	0	(2,305,298)	0	0	0	0	(2,305,298)
Share option granted	0	0	0	0	0	0	6,172,969	6,172,969
Depreciation transfer	0	0	0	(1,578,306)	0	1,578,306	0	0
Loss on investment available for sale	0	0	0	0	0	(1,418,415)	0	(1,418,415)
Addition to revaluation reserve	0	0	0	11,512,504	0	0	0	11,512,504
ESOP remuneration written off	0	0	0	0	0	0	(1,665,534)	(1,665,534)
Movement in retained earnings	0	0	0	0	0	(49,950)	0	(49,950)
Profit for the period	0	0	0	0	0	7,815,281	0	7,815,281
<b>Balance at September 30 2006</b>	75,581	0	68,896,652	24,563,317	110,248	12,796,609	4,507,435	110,949,843



# Outlook

- Q4 will be the first quarter in which we will start seeing the results of our aggressive fleet expansion.
  - We expect revenue to increase from about USD 10 million in Q3 to about 18 million in Q4 while the operation cost side is virtually unchanged
- We have not yet reached the top of the cycle, and we expect day rates to continue to increase in 2007
- We continue expanding our company, and though the segments in the market change rapidly, we believe the shallow water market and SeaBed has the highest potential
- Our 8th vessel, the Raven Explorer, is acquired in Q4, for delivery in Q3-07
- Our expansion has been funded by a combination of rights issues and bond issues. We have signed our first bank loans in Q4. We will be raising further funding during Q4 and are evaluating options now.
- We want to take advantage of the market conditions as described, but we do not wish to reach the end of this cycle with too much debt on the balance sheet



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