



# COMPANY UPDATE.

Pareto Conference, Oslo, 14 September 2016  
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Spot the difference.

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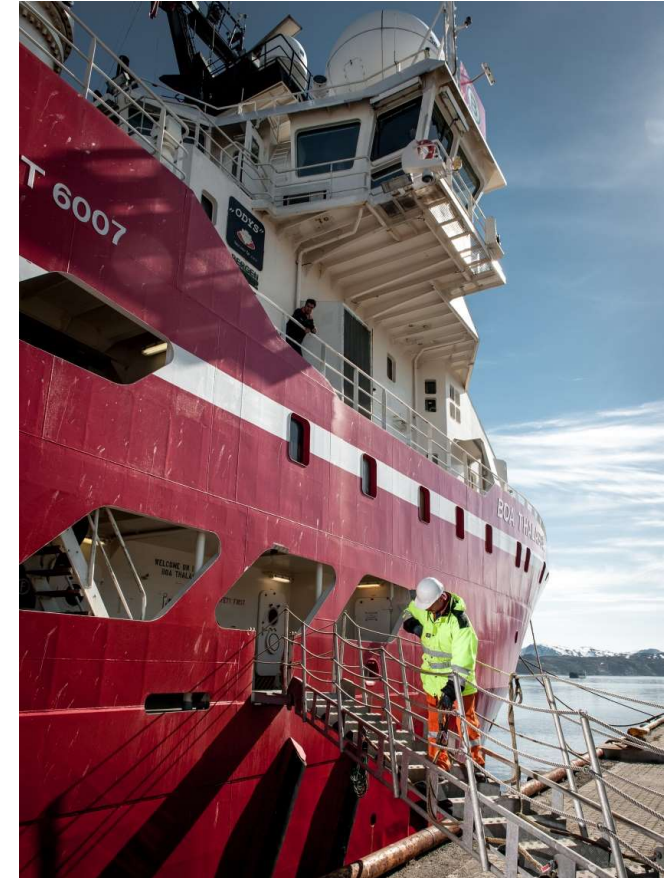
# Highlights

## Second quarter 2016

- E&P spending continues to be slow
- Completion of various multi-client projects in Norway & India
- Changes in the organisation to reduce cost and increase efficiency
- Settlement of patent disputes with PGS
- Revenues, incl. late sales / uplifts recorded: USD 15.1 million
- Termination of the EM Leader charter brought forward

## Subsequent events

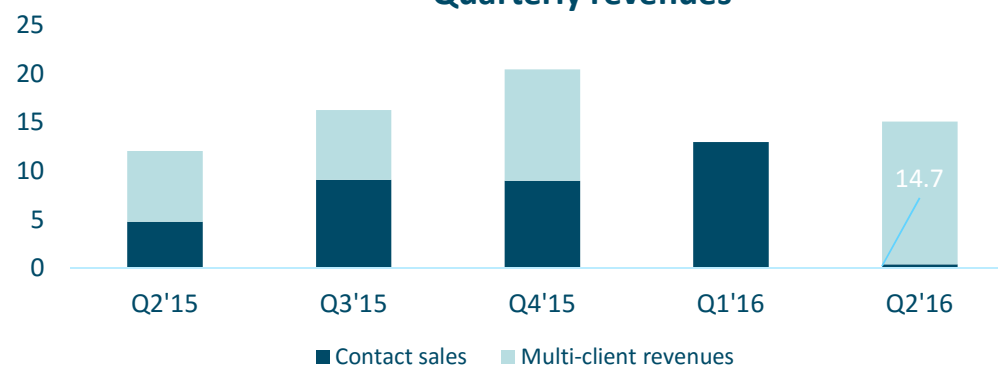
- Completion of the JIP test field phase



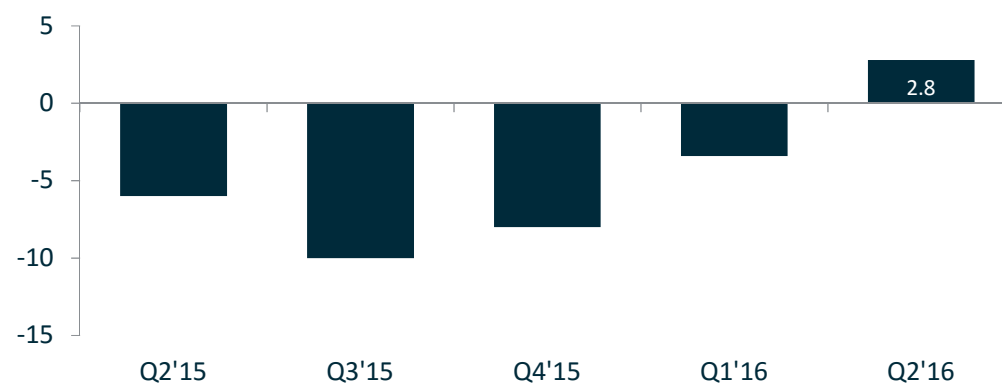
## Second quarter key financials

- Revenues of USD 15.1 million, mainly multi-client revenues
- EBITDA of USD 2.8 million
- Multi-client impairments of USD 9.2 million
- Vessel utilisation of 76%
  - All on multi-client projects, currently without industry funding

Quarterly revenues

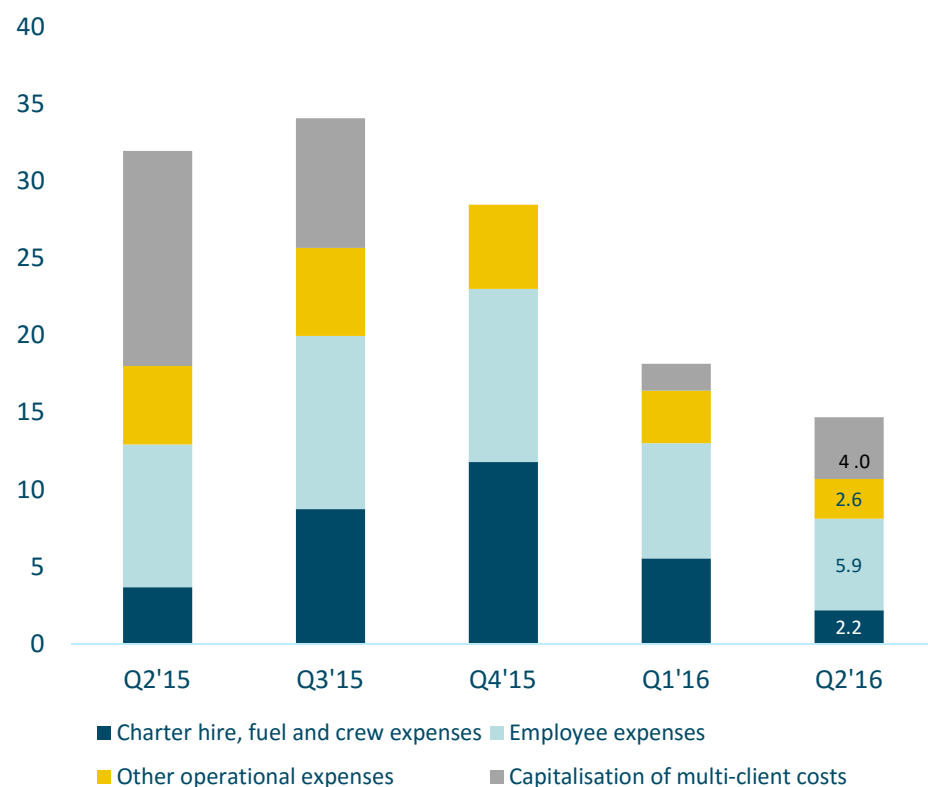


EBITDA



# Operational cost base development

Quarterly operational cost base development\*



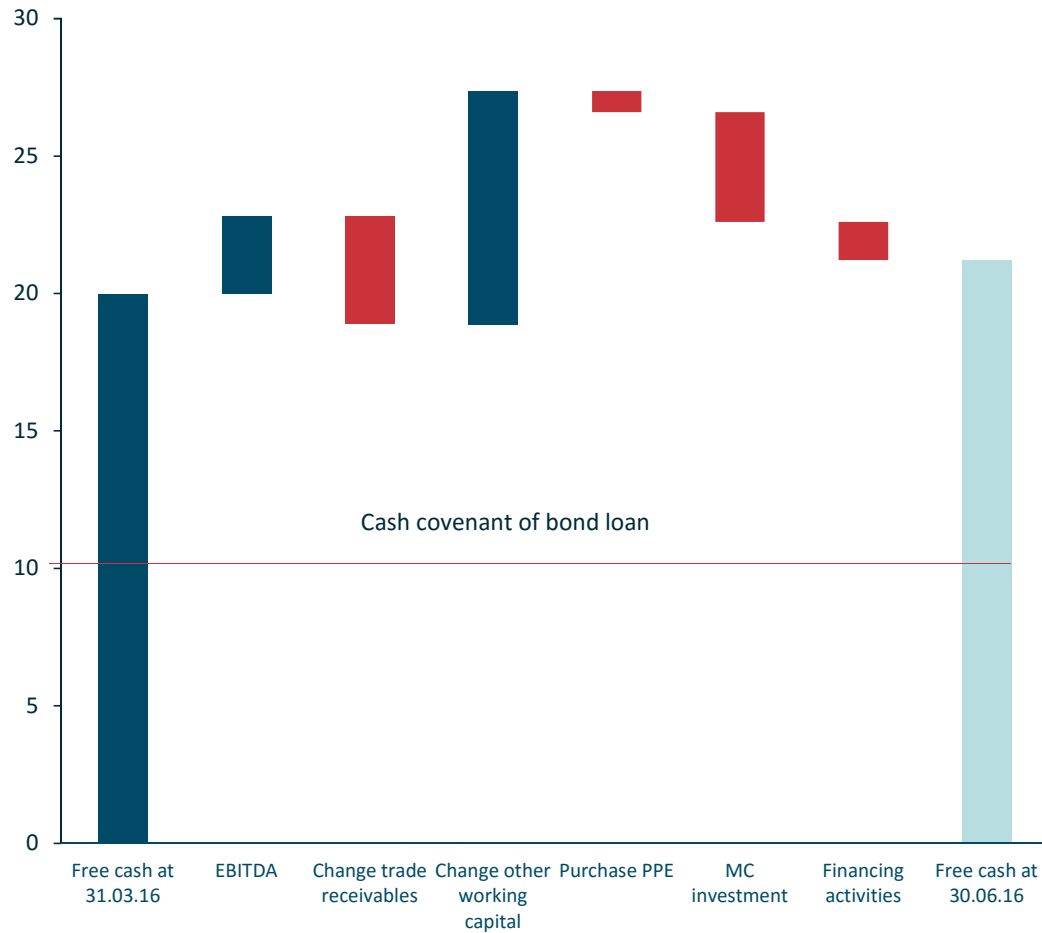
Comments

- Operational costs base of USD 14.7 million
  - Capitalised multi-client expenses of USD 4.0 million
  - Write down of obsolete inventory of USD 1.5 million
- Cost reduction program progressing as planned
  - Target a 2016 cost base below USD 75 million

\*Cost base is defined as total operational costs, i.e. charter hire, fuel and crew expenses, employee expenses and other operating expenses. The cost base includes multi-client investments, i.e. direct costs which are capitalized in the quarter. The cost base excludes capex, interest, and write down of inventory.



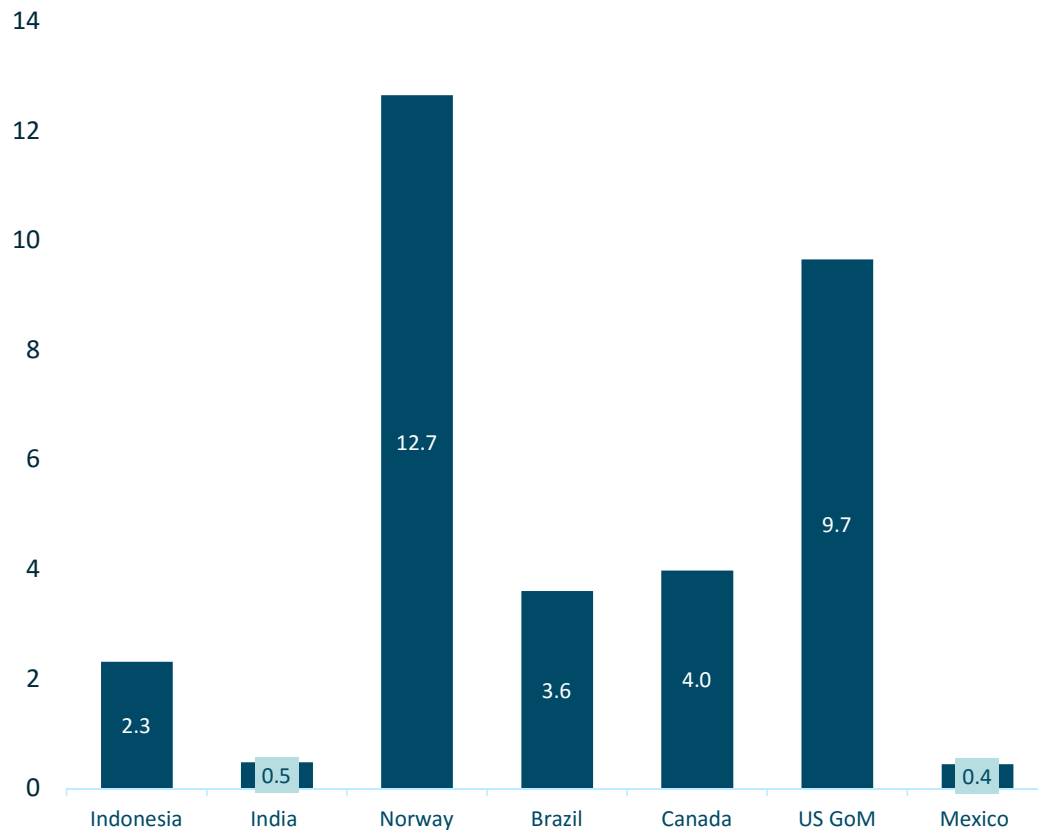
# Free cash development



- Net increase in free cash of USD 1.2 million
- Cash and cash equivalents at end of Q2 of USD 25.4 million, incl restricted cash
  - Restricted cash of USD 4.2 million at end of Q2

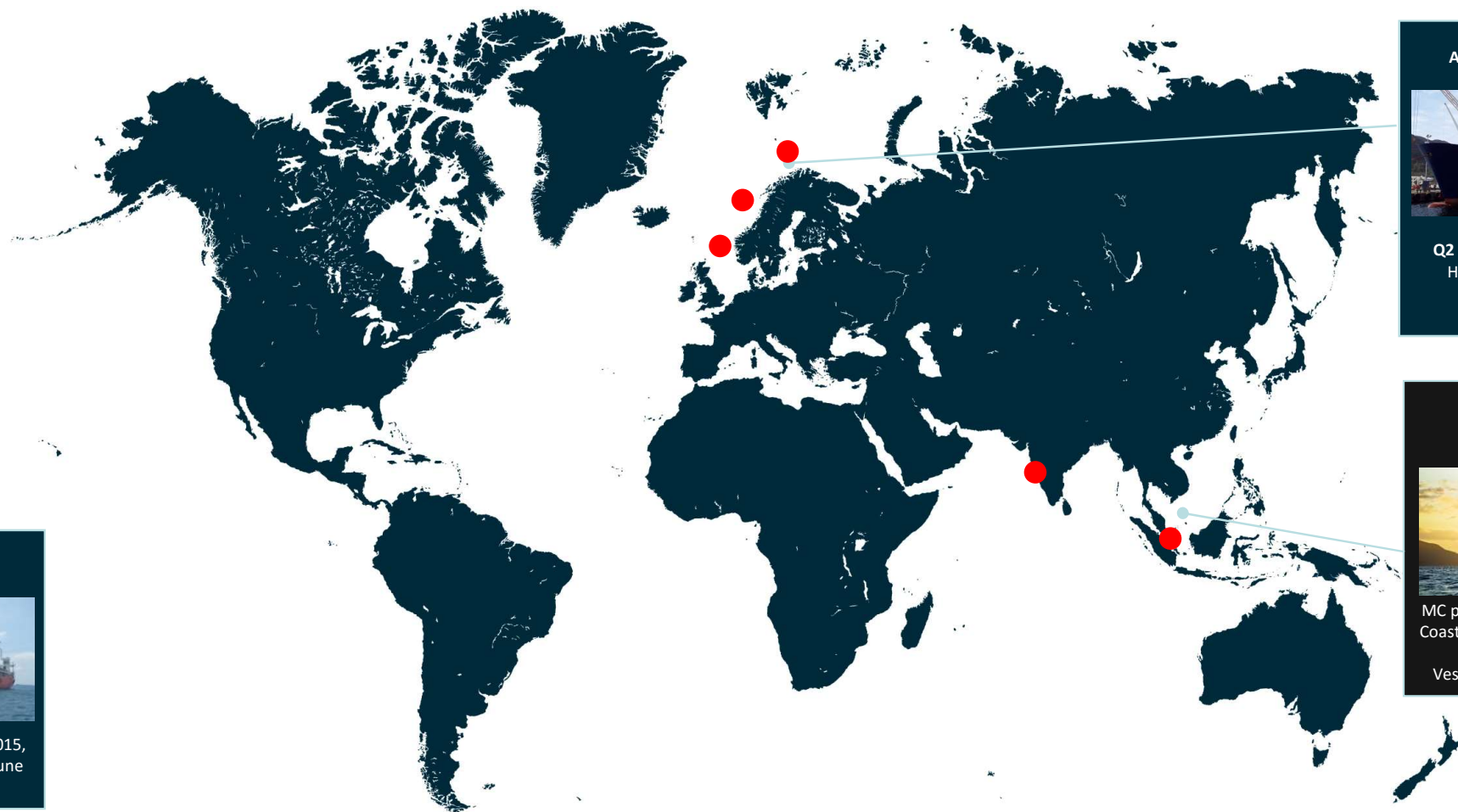
# Multi-client investments

Overview of book value of multi-client library (USD million)



- Uplift/late sales revenues of USD 14.7 million in Q2
- Investments of USD 4.0 million in Q2
- Amortisation of USD 2.8 million
  - Straight-line amortisation
- Impairment of USD 9.2 million
  - US GOM and Indonesia
- Book value of USD 33.1 million at end of Q2

# Second quarter vessel operations



EM Leader



Laid up from 15 May 2015,  
charter terminated 1 June  
2016.

Atlantic Guardian



Q2 2016, MC projects:  
Hammerfest Basin  
Norwegian Sea  
North Sea

BOA Thalassa



MC project along the West  
Coast of India completed in  
April  
Vessel idle in Singapore



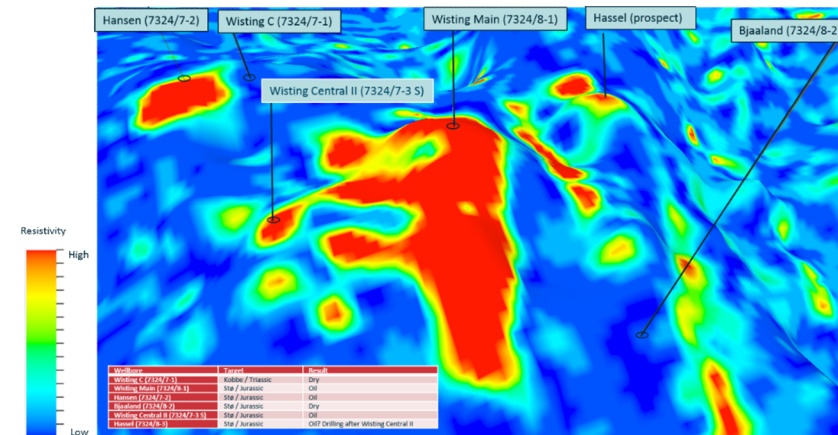
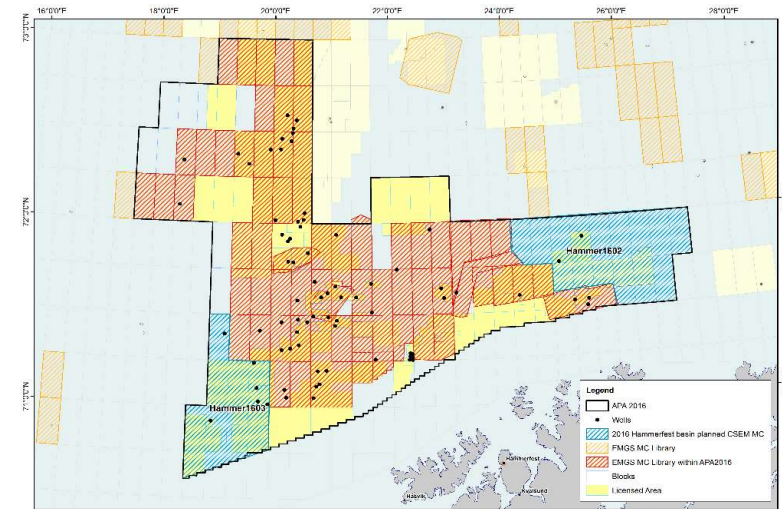
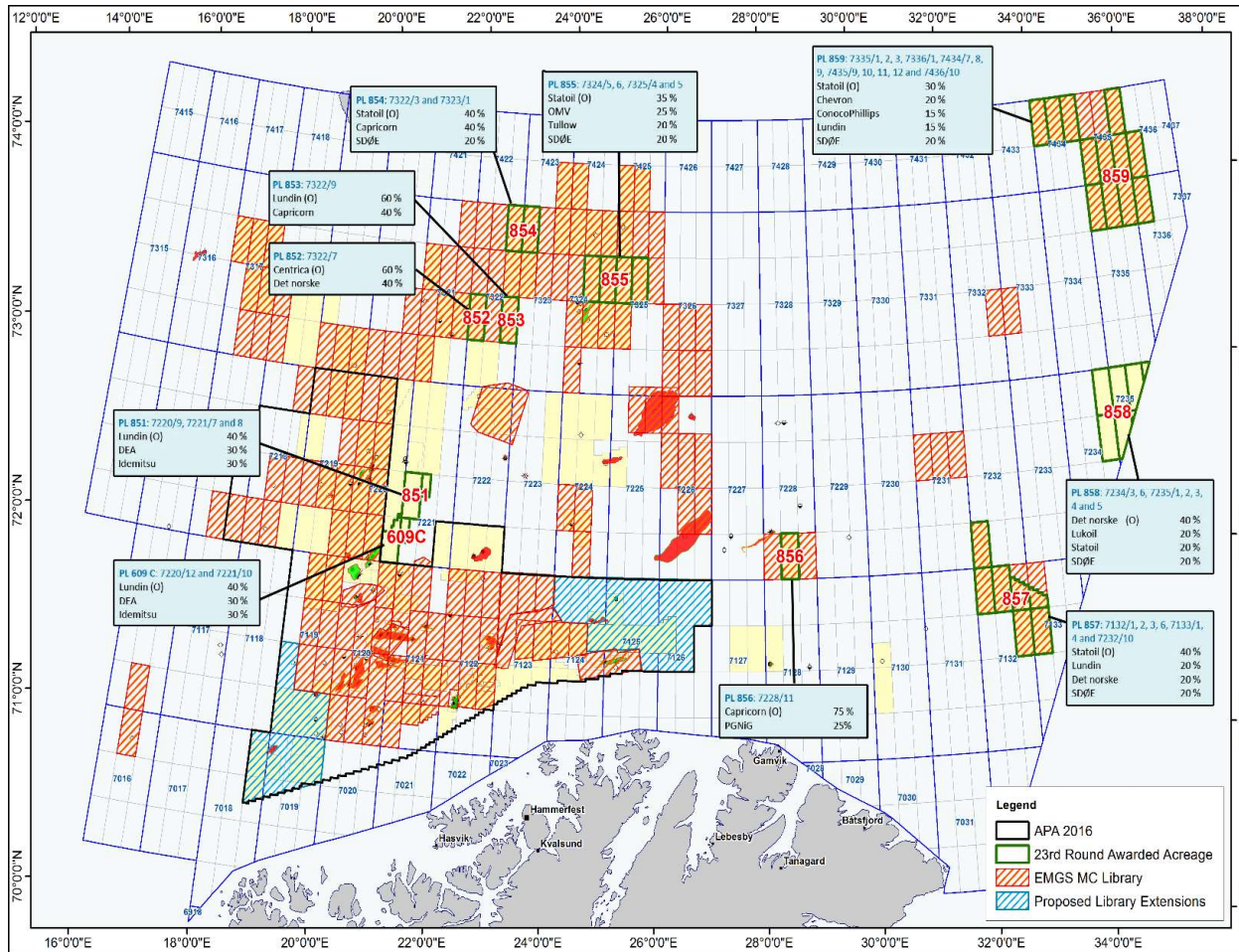


# Selection of Data Coverage Examples

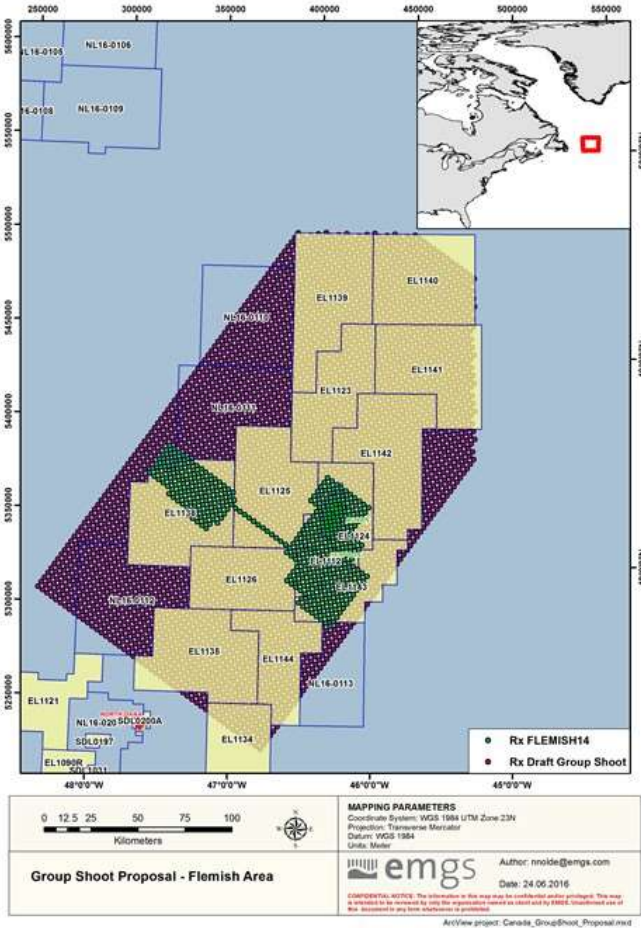
Spot the difference.



# The Barents Sea story continued...



# Unlocking the value of EM in the Flemish pass...



## Economic interest

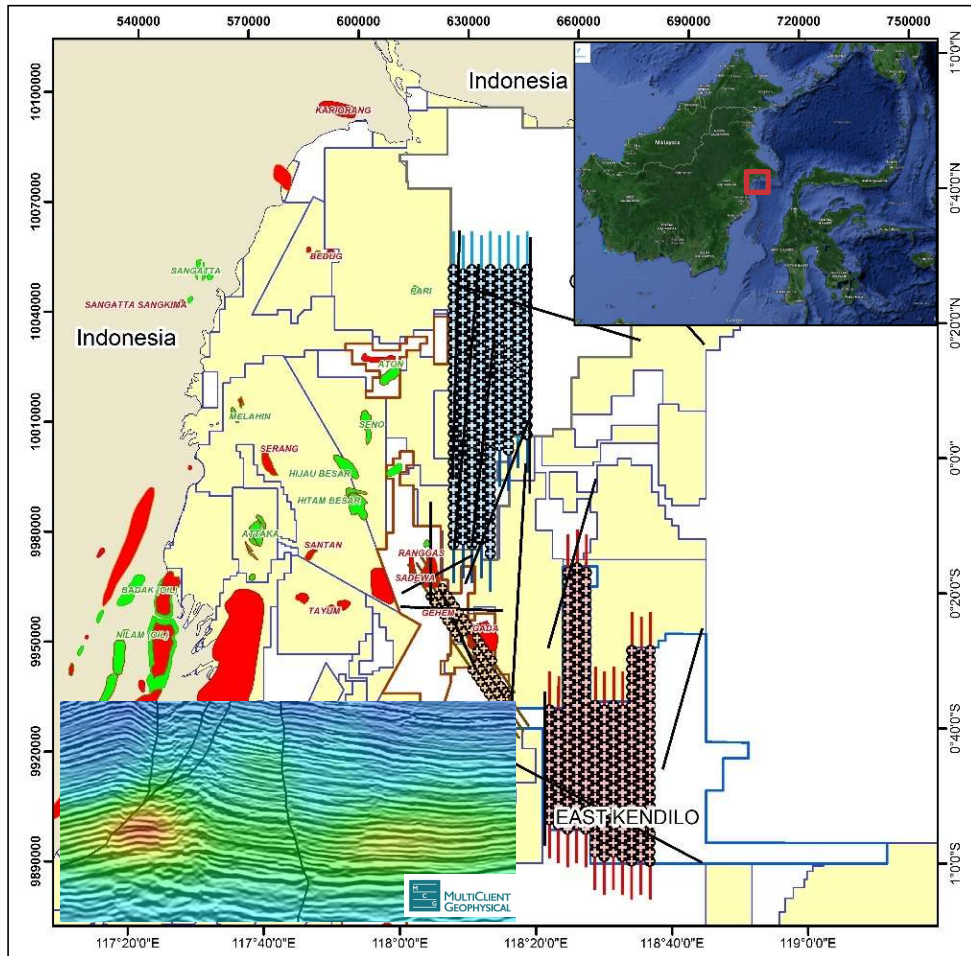
- 2015 saw record breaking land sales and the attraction of major oil companies to the region
- Basins of economic interest include Flemish Pass, Jeanne d'Arc, Orphan, Carson, etc
- Following the late sale of the data acquired in 2014, and the ability to image prospects such Bay du Nord, Mizzen and Harpoon, confidence levels have increased to expand regional coverage

## Planned activity going forward

- Expand regional coverage, following the Barents Sea model, by acquiring up to 35,000 sqkm of data over multiple years
- Develop a regional 3D EM dataset be used for prospect portfolio optimization, play evaluations, drilling decisions, farm-in/out evaluations, acreage relinquishment decisions etc



# Indonesia, Makassar Strait



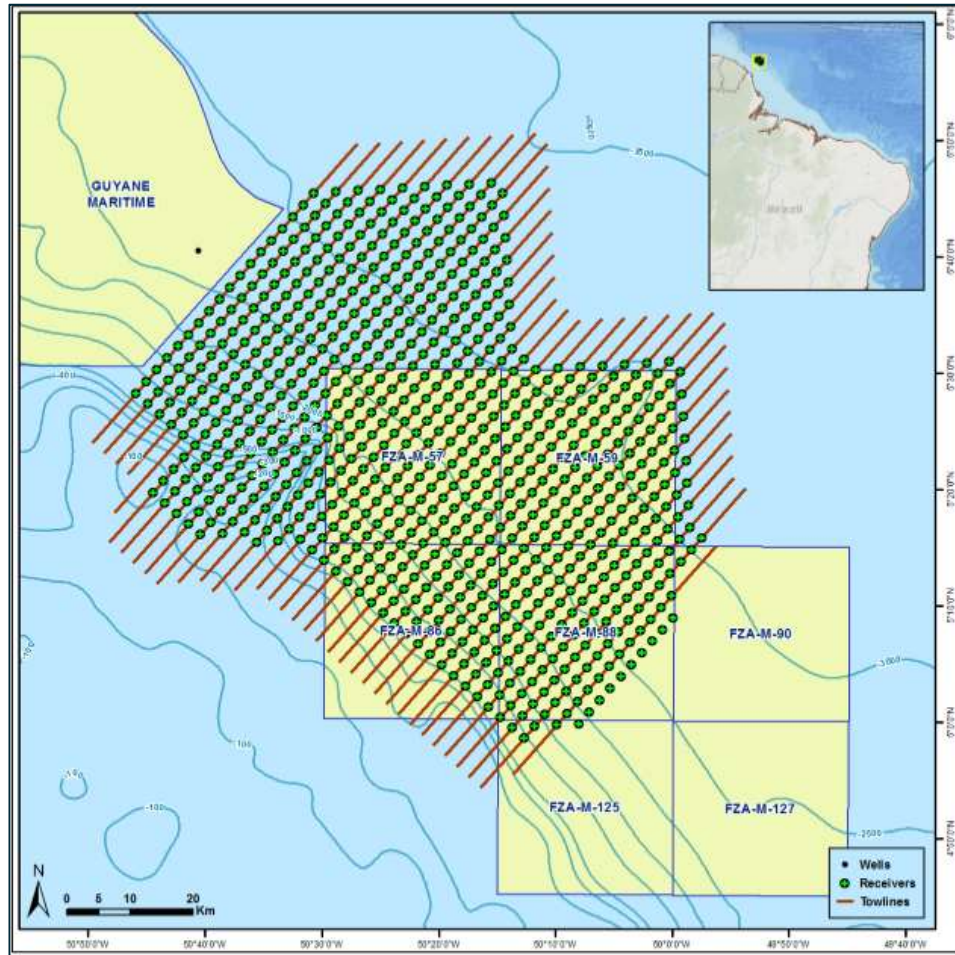
## Economic Interest

The Indonesian government is proposing attractive new commercial terms for Blocks in a bid to increase investment in the current exploration license round.

Selected survey areas include an established gas province with several discovery wells in the Gehem field clearly illuminated by the newly-acquired CSEM data.

- The first 3D CSEM multiclient survey in Indonesia, and the most extensive campaign in Asia Pacific
- 2800km<sup>2</sup> of data, targeting this prolific basin, with high proven value from CSEM
- The data suggest a high potential to derisk this high-cost deepwater area.

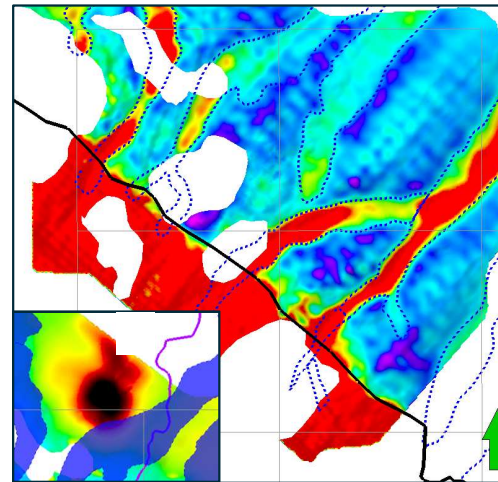
# Brazil, Foz do Amazonas



## Economic Interest

The 11th bid round equatorial margin generated great interest from several major players (BP, Total, Petrobras, Queiroz Galvão)

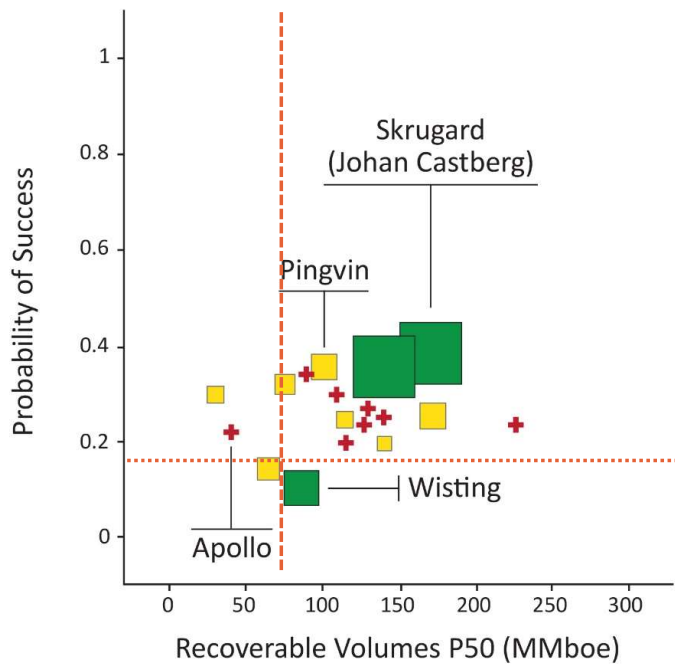
- A frontier exploration area with analogs to recent discoveries in French Guyana and off the coast of Africa



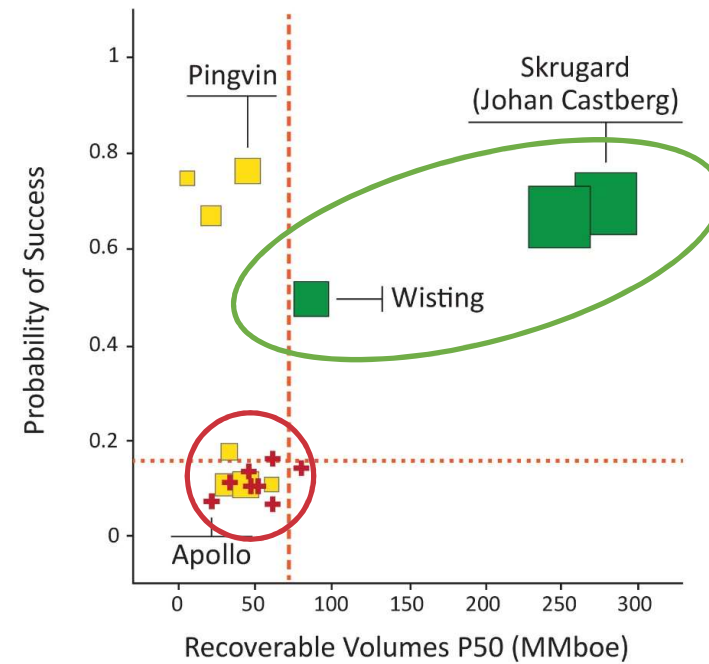
- 4500 km<sup>2</sup> of data
- Aiding customers identify and de-risk deeply-buried targets in complex geological settings

# Assisting with portfolio evaluation: Barents example

Opportunity Evaluation  
Based on Seismic



Opportunity Evaluation  
Based on Seismic and CSEM



Discovered Contingent  
Resources P50 (MMboe)

+ 0    5 - 100    > 100

..... Minimum Risk Tolerance  
- - - - - Minimum Economic Field Size

Technical Reference:  
Zweidler, D, D Baltar and N Barker, 2015, Additional  
data helps investment decisions. AAPG Explorer,  
November, 42-43.





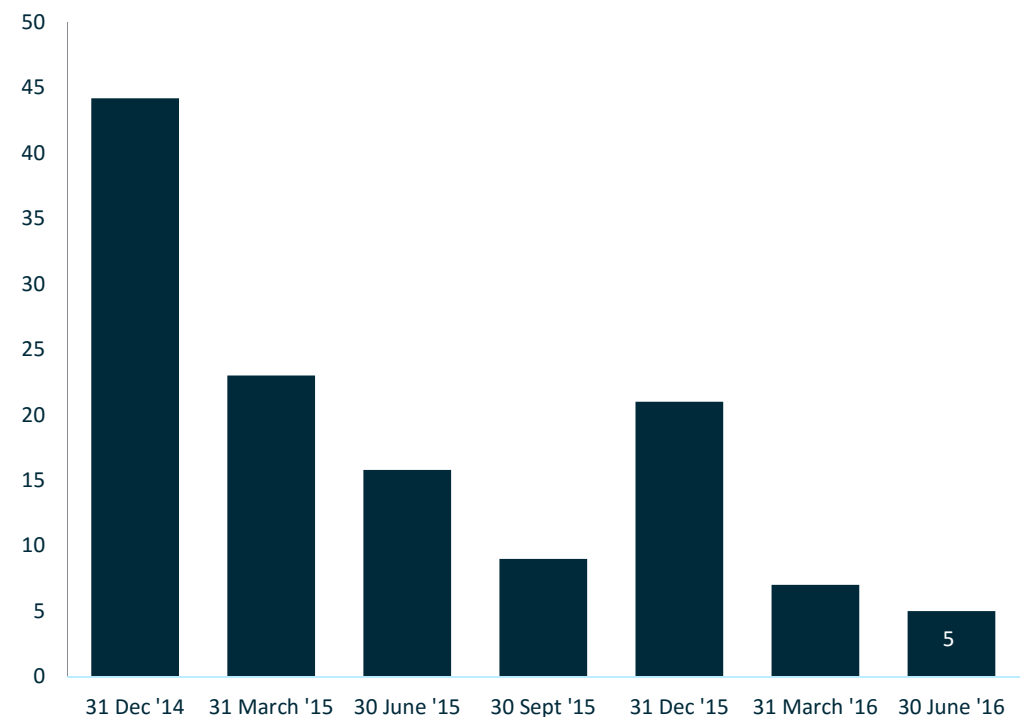
# Market and outlook

Spot the difference.

# Market update

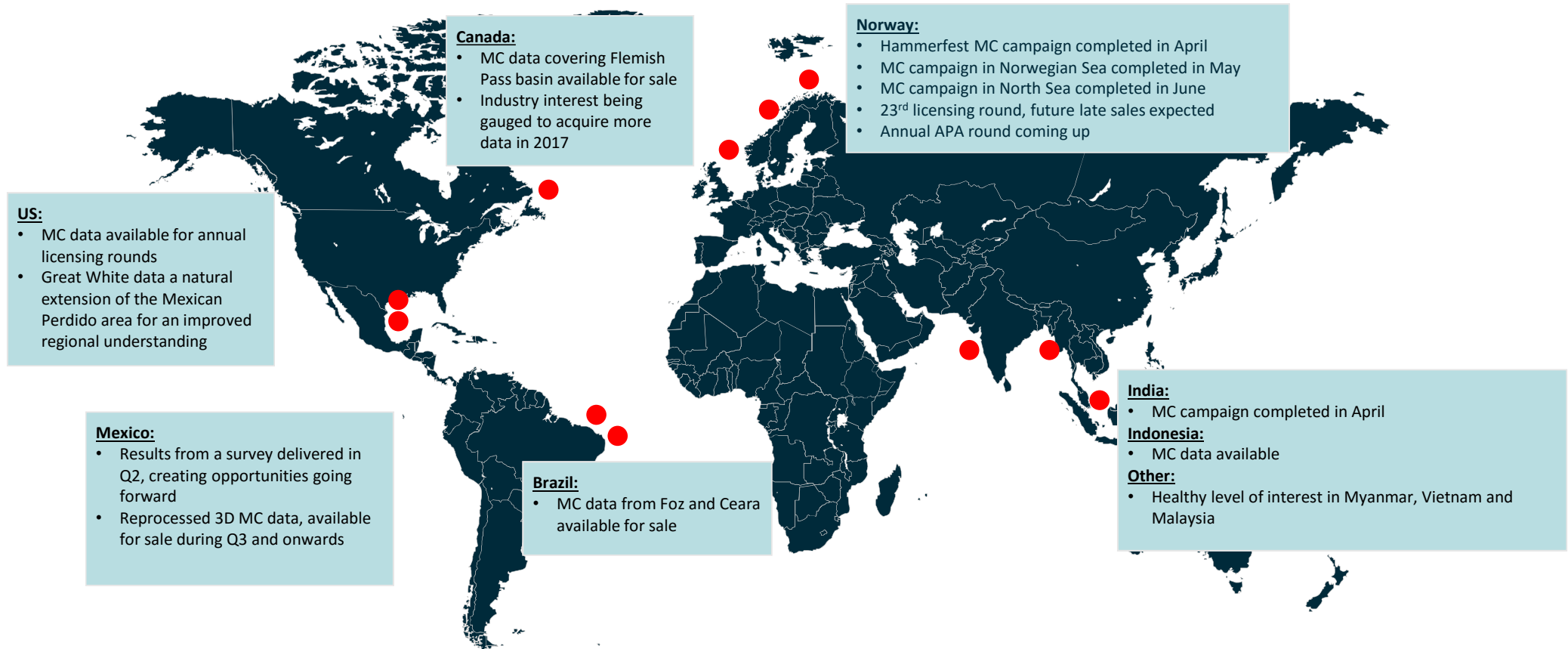
- Crude oil prices movements between USD 40-50 per barrel, suggesting the lower for longer scenario
- The expected 26% decline in E&P spending in 2016 is the second largest drop since 1986
- 2017 capex guidance largely unavailable at this moment in time. Eventual recovery may be slow and the timing is uncertain
- Healthy interest in EM technology with ongoing discussions regarding future data acquisition projects in Mexico, Canada, Norway and Malaysia

Order backlog - limited earnings visibility



\*Source: Includes, <http://www.ogj.com/articles/2016/03/barclays-global-e-p-spending-drop-revised-to-27-for-2016.html>

# Selection of current opportunities



# Summary and outlook

- The H1 crude oil price rally halted at the start of Q3. Slow market for oil services so far in 2016
- The market is challenging and characterised by high uncertainty
- Cost reductions well underway
- Completion of various multi-client projects in India and Norway
- JIP field test phase underway in Q2 and to be completed in Q3
- Healthy interest in EM technology with ongoing discussions regarding future data acquisition projects in Mexico, Canada, Norway and Malaysia
- EMGS is the market leader in an attractive niche market, offering services highly complementary to traditional geophysical methods







Questions?

Spot the difference.

# Consolidated Income Statement

	Q2 2016	Q2 2015	First half year	First half year	2015
Amounts in USD 1 000	Unaudited	Unaudited	2016 Unaudited	2015 Unaudited	2015 Audited
<b>Operating revenues</b>					
Contract sales	388	4,789	13,426	26,898	45,008
Multi-client pre-funding	-	1,213	-	1,092	3,546
Multi-client late sales	14,678	6,068	14,678	16,348	32,586
<b>Total revenues</b>	<b>15,066</b>	<b>12,070</b>	<b>28,104</b>	<b>44,338</b>	<b>81,140</b>
<b>Operating expenses</b>					
Charter hire, fuel and crew expenses	3,732	3,713	9,295	11,266	32,402
Employee expenses	5,936	9,252	13,419	22,390	44,826
Depreciation and ordinary amortisation	1,932	3,347	4,043	6,515	12,679
Multi-client amortisation	2,824	1,467	5,648	1,904	8,631
Impairment of long-term assets	9,228	14,422	9,228	17,302	31,344
Other operating expenses	2,573	5,074	5,972	9,426	20,607
<b>Total operating expenses</b>	<b>26,225</b>	<b>37,275</b>	<b>47,605</b>	<b>68,803</b>	<b>150,489</b>
<b>Operating profit/ (loss)</b>	<b>(11,159)</b>	<b>(25,205)</b>	<b>(19,501)</b>	<b>(24,465)</b>	<b>(69,349)</b>
Interest income	45	144	96	217	352
Interest expense	(752)	(1,056)	(1,790)	(2,020)	(4,055)
Net gains/(losses) of financial assets	(377)	-	(5,291)	-	(4,106)
Net foreign currency income/(loss)	1,089	182	(118)	(813)	4,155
<b>Net financial items</b>	<b>5</b>	<b>(730)</b>	<b>(7,103)</b>	<b>(2,616)</b>	<b>(3,654)</b>
<b>Income/ (loss) before income taxes</b>	<b>(11,154)</b>	<b>(25,935)</b>	<b>(26,604)</b>	<b>(27,081)</b>	<b>(73,003)</b>
Income tax expense	55	76	55	146	3,712
<b>Income/ (loss) for the period</b>	<b>(11,209)</b>	<b>(26,011)</b>	<b>(26,659)</b>	<b>(27,227)</b>	<b>(76,715)</b>



# Consolidated Statement of Financial Position

	Half year ended 30 June 2016	Half year ended 30 June 2015	Year ended 31 December 2015
Amounts in USD 1 000	Unaudited	Unaudited	Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Deferred tax asset	-	3,008	-
Multi-client library	33,131	51,178	42,267
Other intangible assets	3,161	4,566	3,703
Property, plant and equipment	14,335	14,343	16,773
Assets under construction	27,796	33,990	26,566
Financial assets	-	1,982	1,387
<b>Total non-current assets</b>	<b>78,423</b>	<b>109,067</b>	<b>90,696</b>
<b>Current assets</b>			
Spare parts, fuel, anchors and batteries	8,555	13,742	11,754
Trade receivables	19,545	16,289	18,580
Other receivables	7,259	20,485	5,665
Cash and cash equivalents	21,220	38,537	31,749
Restricted cash	4,199	928	6,680
<b>Total current assets</b>	<b>60,778</b>	<b>89,981</b>	<b>74,428</b>
<b>Total assets</b>	<b>139,201</b>	<b>199,048</b>	<b>165,124</b>

	Half year ended 30 June 2016	Half year ended 30 June 2015	Year ended 31 December 2015
Amounts in USD 1 000	Unaudited	Unaudited	Audited
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders</b>			
Share capital, share premium and other paid-in equity	319,174	287,494	319,038
Other reserves	901	(6,018)	(6,416)
Retained earnings	(261,313)	(185,166)	(234,652)
<b>Total equity</b>	<b>58,762</b>	<b>96,310</b>	<b>77,970</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions	15,598	16,085	17,371
Financial liabilities	3,662	-	-
Borrowings	32,180	707	30,848
<b>Total non-current liabilities</b>	<b>51,440</b>	<b>16,792</b>	<b>48,219</b>
<b>Current liabilities</b>			
Trade payables	6,743	16,481	10,439
Current tax liabilities	5,814	4,642	5,257
Other short term liabilities	16,247	17,612	16,243
Financial liabilities	-	1,786	6,326
Borrowings	195	45,425	670
<b>Total current liabilities</b>	<b>28,999</b>	<b>85,946</b>	<b>38,935</b>
<b>Total liabilities</b>	<b>80,439</b>	<b>102,738</b>	<b>87,154</b>
<b>Total equity and liabilities</b>	<b>139,201</b>	<b>199,048</b>	<b>165,124</b>

# Largest shareholders as of 17 August

#	Shareholder	Shares	Holding
1	SIEM INVESTMENTS INC.	7,844,249	23.92
2	PERESTROIKA AS	6,993,857	21.33
3	MORGAN STANLEY & CO. LLC	4,507,948	13.75
4	STATOIL PENSJON	735,458	2.24
5	SPORTSMAGASINET AS	575,001	1.75
6	BÆKKELAGET HOLDING AS	546,250	1.67
7	NHO - P665AK	404,485	1.23
8	KRISTIAN FALNES AS	400,000	1.22
9	ODIN ENERGI	346,100	1.06
10	NORDNET LIVSFORSIKRING	343,832	1.05
11	DNB NAVIGATOR (II)	319,543	0.97
12	DNB NOR MARKETS, AKSJEHAND/ANALYSE	302,738	0.92
13	J&J INVESTMENT AS	300,000	0.91
14	ODIN NORGE	275,880	0.84
15	VILLA UTVIKLING AS	200,000	0.61
16	STATOIL FORSIKRING A.S	190,017	0.58
17	FALNES OLAV KRISTIAN	150,000	0.46
18	RYGG JAN WIGGO	140,493	0.43
19	FLATHOLMEN AS	137,000	0.42
20	TIGERSTADEN AS	125,000	0.38

# Vessel charters

	BOA Thalassa	Atlantic Guardian	EM Leader
			
Firm Charter	1 April 2017	18 December 2017	1 June 2016
Q2 status	In operation, Asia	In operation, Norway	Terminated
Vessel owner	BOA Offshore	North Sea Shipping	Seatrans
Rates	Flexible rates for when (i) in operation, (ii) idle and (iii) laid up	Fixed	Flexible rates for when (i) in operation, (ii) idle and (iii) laid up