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DNB OIL OFFSHORE AND SHIPPING CONFERENCE.

Oslo, 1 March 2017
CEO Christiaan Vermeijden

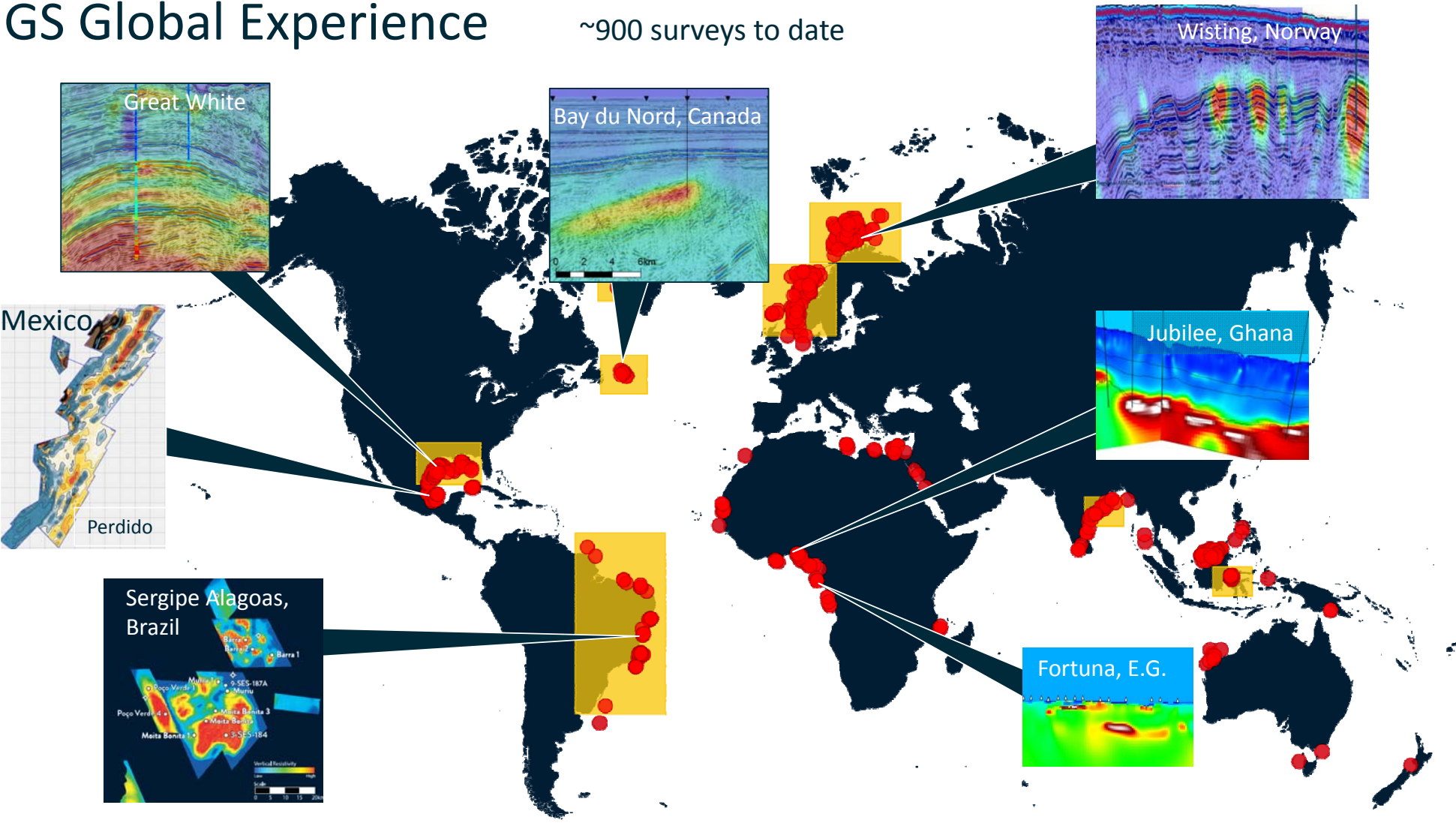
Spot the difference.

Agenda

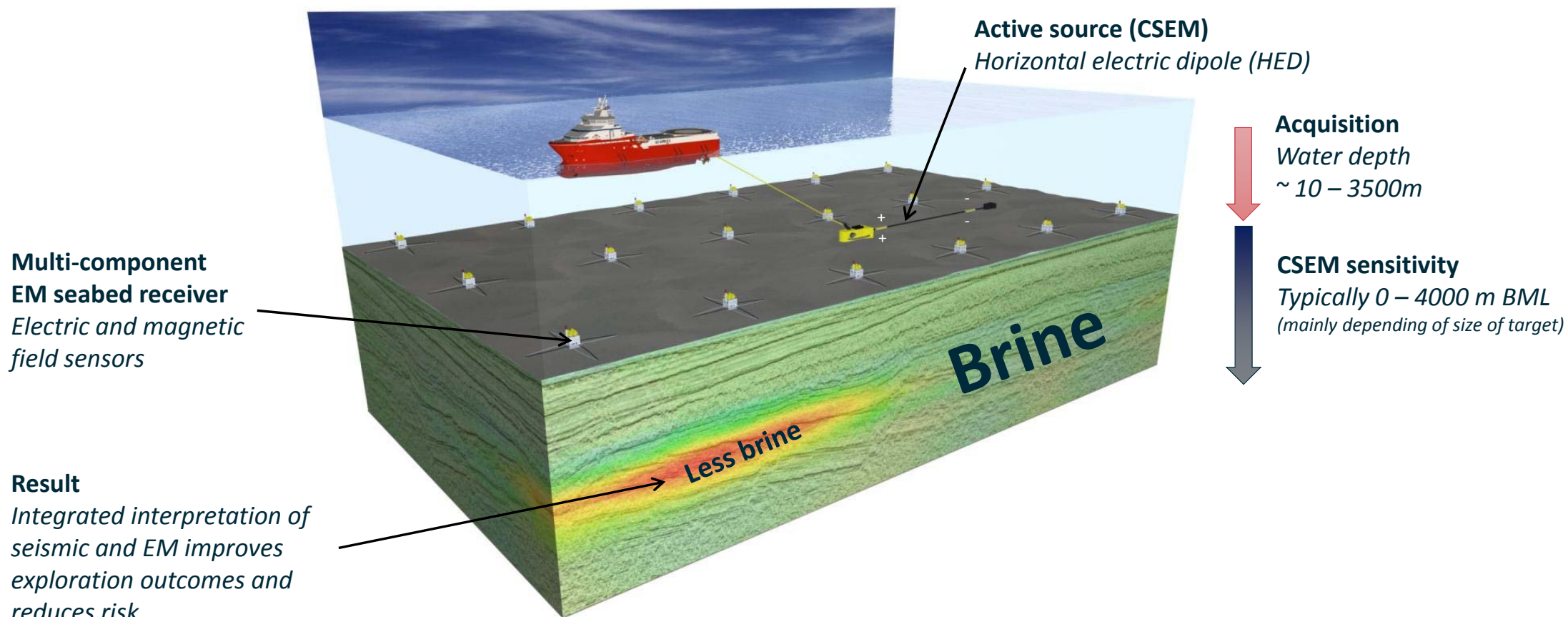
- Technology Update
- Summary of 2016 FY and 2016 Q4 results
- Outlook

EMGS Global Experience

~900 surveys to date



Marine EM / CSEM method



Offshore oil & gas exploration needs new tools

Frontier drilling in Africa from 2007-2015

- 110 wells in 7 key campaigns
- \$8 billion spent
- 8 commercial play breakers (5 gas and 3 oil)
- 31% Technical success
- Only 7% commercial success

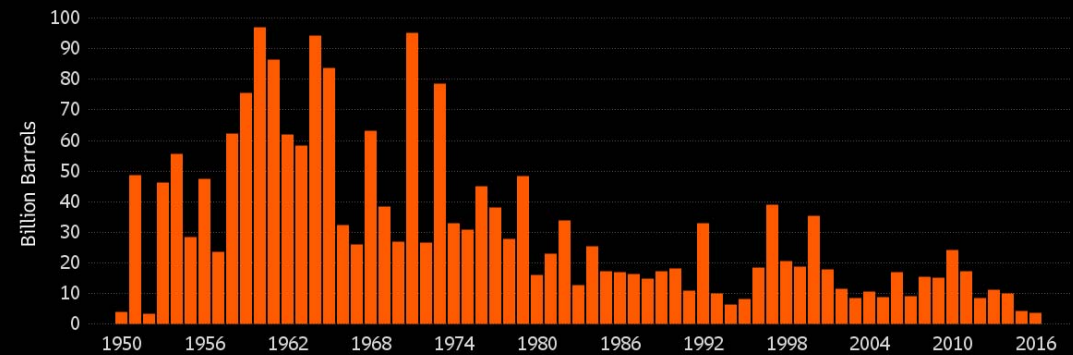
“Over-confidence in 3-D seismic and apparent DHI’s in frontier settings led to a systematic underestimation of pre-drill risks.”

Source:
Richmond Energy Partners, London Sep 2015

Oil Finds at Lowest Since 1952

Exploration hit rock bottom amid unprecedented spending curbs

Conventional Oil Discovered

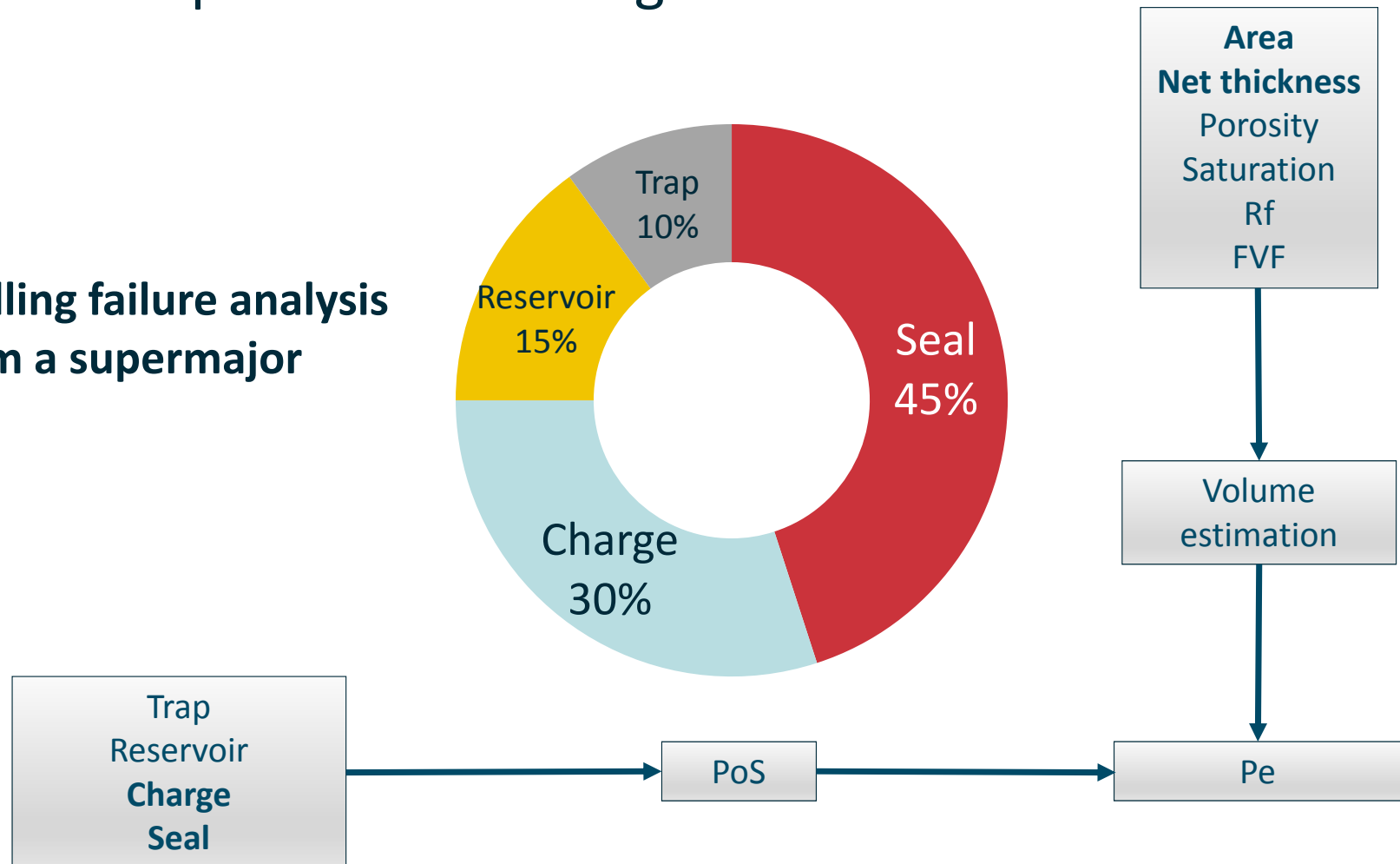


Source: Wood Mackenzie
Note: 2016 figure is preliminary

Bloomberg

The hydrocarbon exploration challenge

**Post drilling failure analysis
from a supermajor**

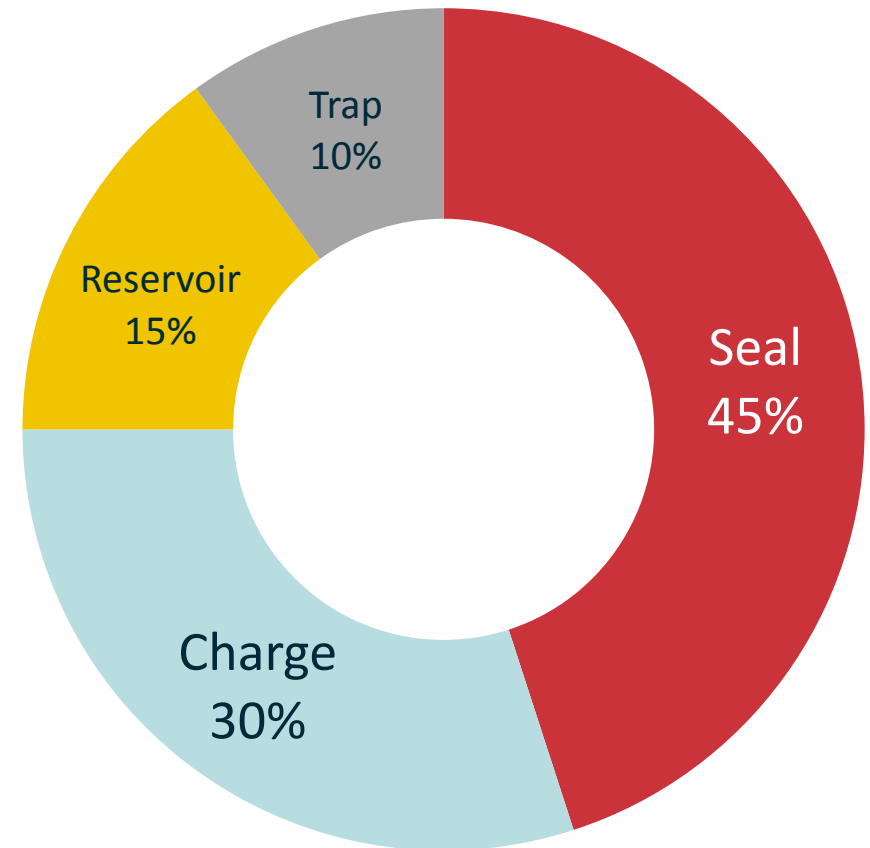


De-risking offshore exploration

- Most offshore exploration wells fail to find commercial volumes of hydrocarbons
- The primary reason for failure is lack of seal and charge

	Trap		Reservoir	Charge	Seal	Volumes
	Structural	Strat.				
3D Seismic	●	•	●	•		•
3D CSEM		●		●	●	●

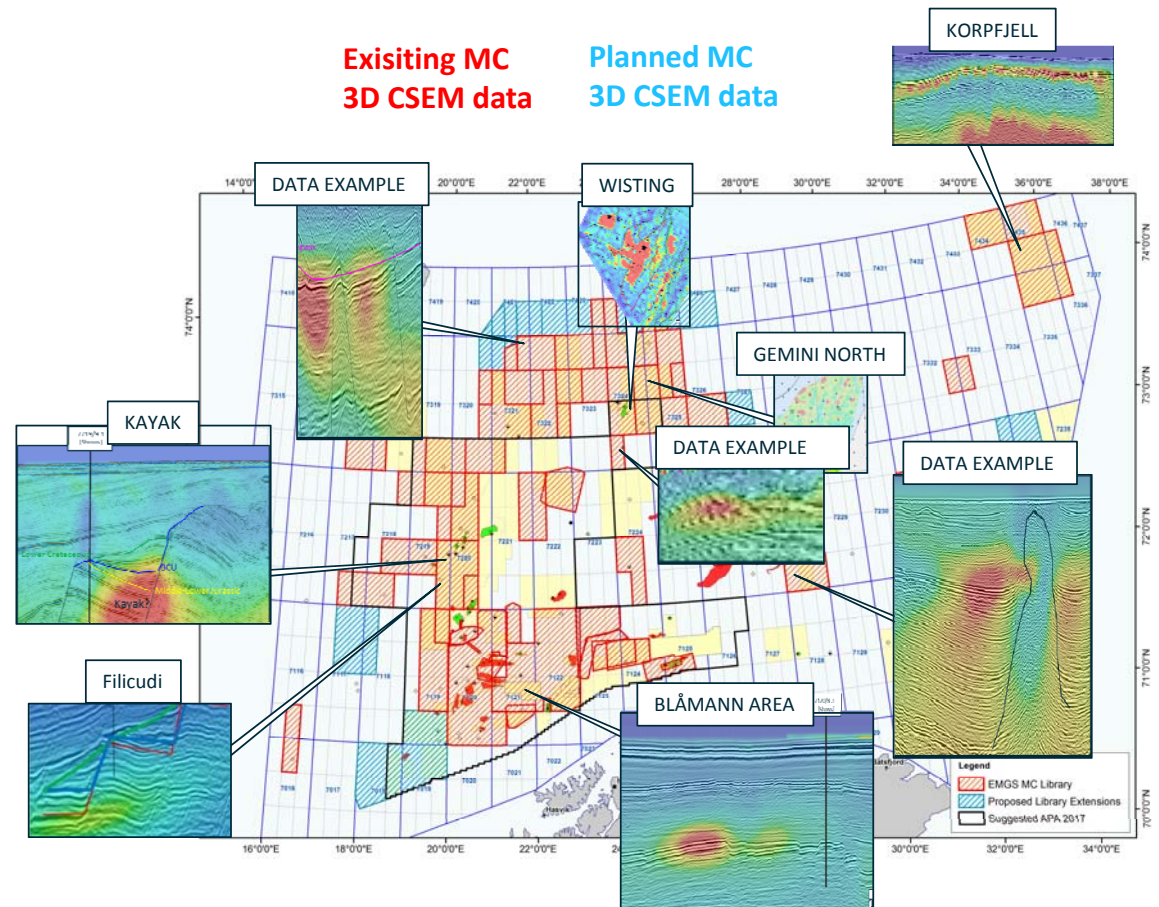
Post drilling failure analysis from a supermajor



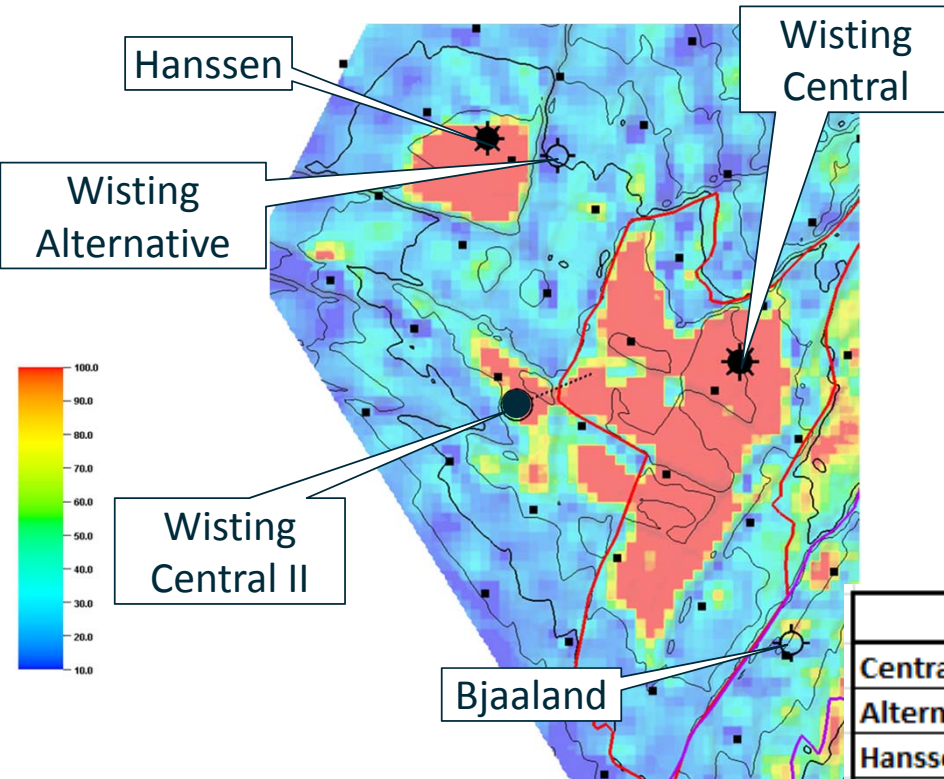
Barents Sea

~60.000km² 3D CSEM

- >106 wild cats
- Technical success rate: ~73%
- Commercial success rate: ~9%
- Seal and volume are the main risk

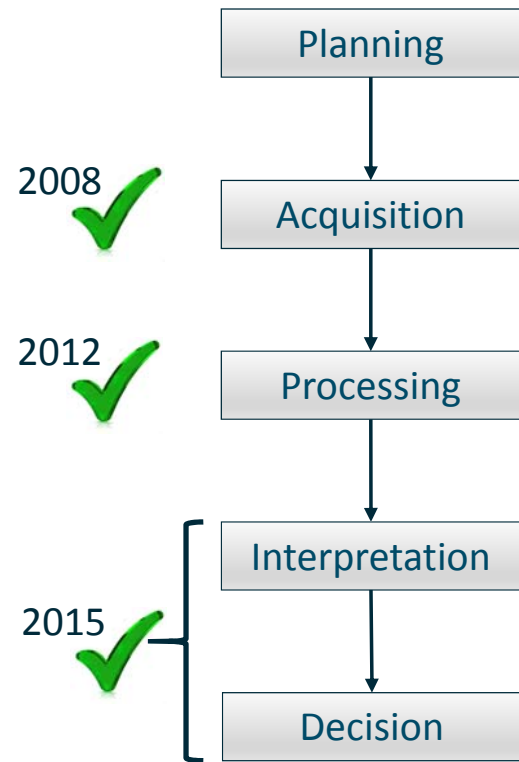



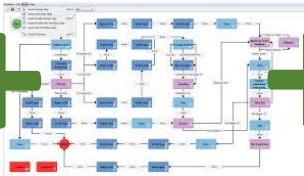

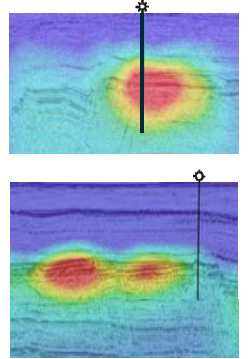
CSEM prediction highlights from PL537



Well	Seismic Response	CSEM Response	Fluid Fill
Central I	YES	YES	OIL
Alternative	NO	NO	WATER
Hanssen	YES	YES	OIL
Bjaaland	YES	NO	Residual OIL
Central II	YES	YES	OIL
Apollo (50km north)	YES (weak)	NO	Residual GAS
Alantis (50km north)	NO	NO	WATER
Mercury (15km east)	YES	YES	GAS

Development of CSEM Technology



Tools	Detailed Workflows	Skills & Experience	Evidence = Confidence
			

Examples – CSEM work commitments in Brazil, Norway and Mexico

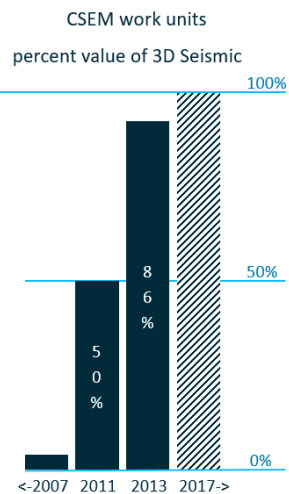


Table 3: Work program and duration

Period	Phase (>0)	Duration [year] (>0.0)	Work program	Decision at milestone
Initial period:	1			
	2			
	3			
	4			
	5			
	Sum	0	Extension period [years] (>0.0):	

Work program examples:
 G&G studies
 Acquire 2D seismic
 Reprocess 2D seismic
 Acquire new 2D seismic
 Acquire 3D seismic
 Reprocess 3D seismic
 Acquire new 3D seismic
 Purchase and reprocess 3D seismic
 Merge 3D seismic
 EM feasibility study
 Acquire EM data
 Drill (one) firm exploration well
 Drill exploration well
 Same as for PLXXX

Decision examples:
 Acquire 3D seismic or Drop
 Acquire new 3D seismic or Drop
 Purchase 2D seismic or drop
 Drill or Drop

Work Units for seismic and exploratory studies

Activity	Units	Work Units (number)
Acquisition and process of electromagnetic information	By km ²	3.00
Reprocess of electromagnetic information	By km ²	1.00
Acquisition and processing of NAz 3D seismic	By km ²	2.50
Acquisition and processing of WAz 3D seismic	By km ²	5.00

Excerpt from License contract template for HC exploration in Mexico (deepwater)



IBAMA issues permit waivers for CSEM in Brazil.

• Norwegian Petroleum Directorate has requested access to all inverted EM data acquired by EMGS

Dec 18 | 2014

EMGS has informed all license holders of EMGS data from the Norwegian territorial waters that the Norwegian Petroleum Directorate (NPD) has requested access to (i) all CSEM inversion data owned by EMGS acquired in the Norwegian territory from 2008 through 2014 and (ii) the CSEM data to be acquired in the Tiddly and Nordkapp basins in 2015, with reference to the petroleum regulation of 18 June 2001.

Source:

Official bid-round web site at: <http://rondasmexico.gob.mx/wp-content/uploads/2015/11/Licence-Deep-Water-Individual-clean-vf-080916.pdf>

Page 153 in .pdf (page label: 147).



FOURTH QUARTER 2016 RESULTS.

Oslo, 1 March 2017
CEO Christiaan Vermeijden

Spot the difference.

Revenues and costs down

2016 Full Year Financials

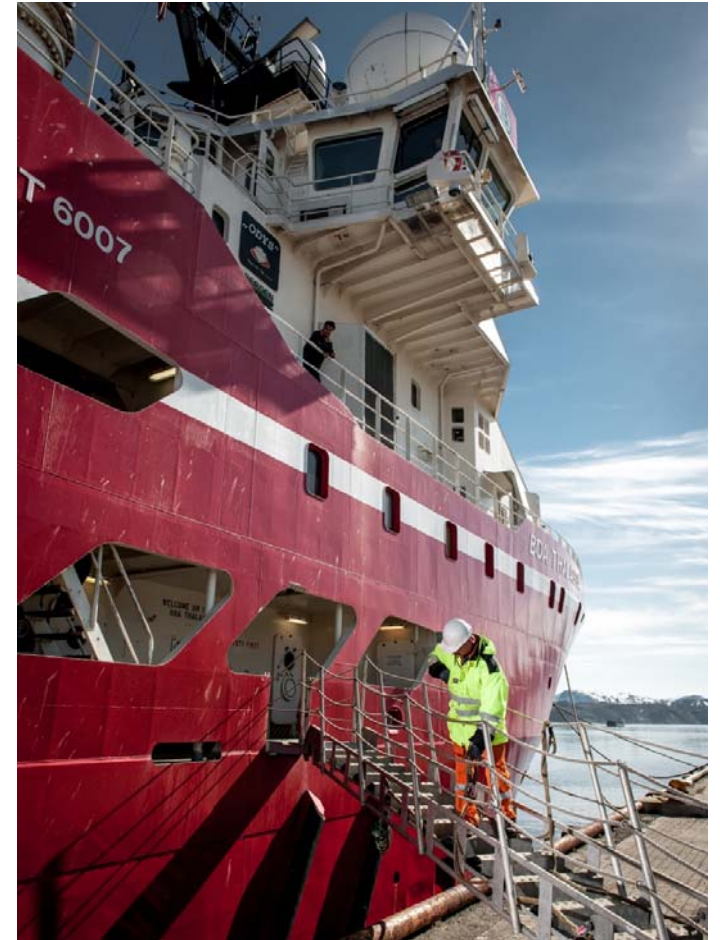
- Revenues of USD 44.5 million (down 45% from FY 2015)
- EBITDA of negative USD 8.9 million (up 47% from FY 2015)

Operations

- Adjusted the organization and operational cost level
- Maintained a solid presence in key geographies
- Good performance on executing contracts in Asia and Norway
- Successful JIP field trials

Market

- Challenged by reduced E&P spending
- Backlog low going into 2017, commercial activity improved





Financial and Operational Review

Spot the difference.

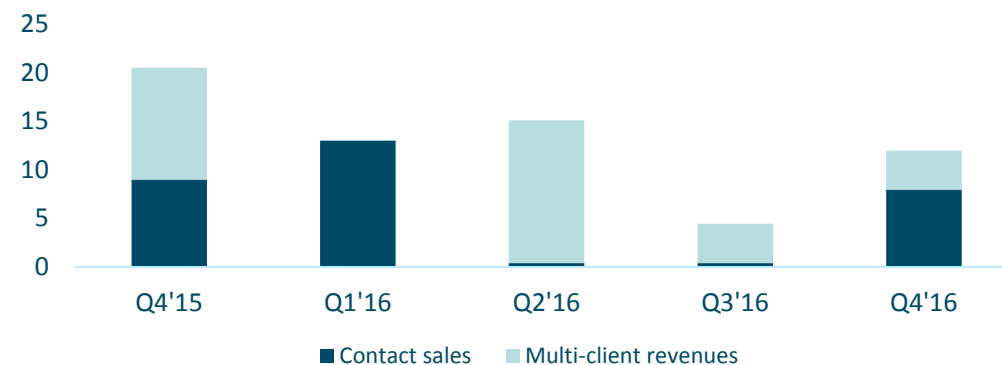
Fourth quarter performance

Key financial metrics

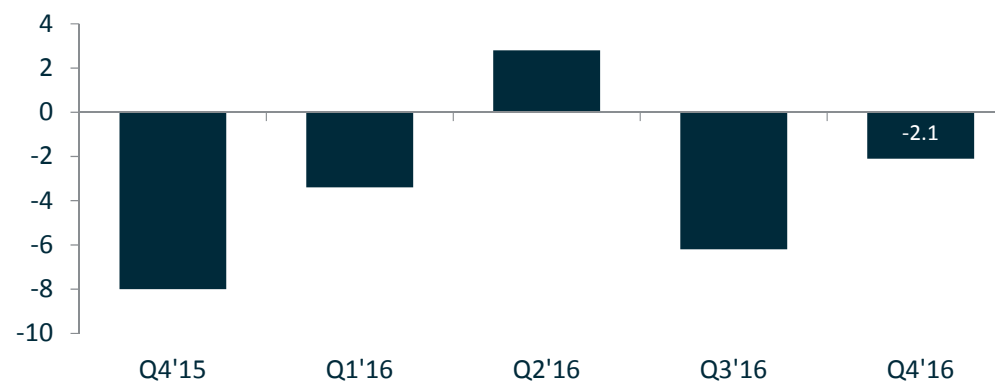
- Revenues of USD 12.0 million
- Vessel utilisation of 89%
 - Proprietary work in Malaysia (35%)
 - Multi-client projects in Norway (54%)
- EBITDA of negative USD 2.1 million

Quarterly development (USD million)

Revenues

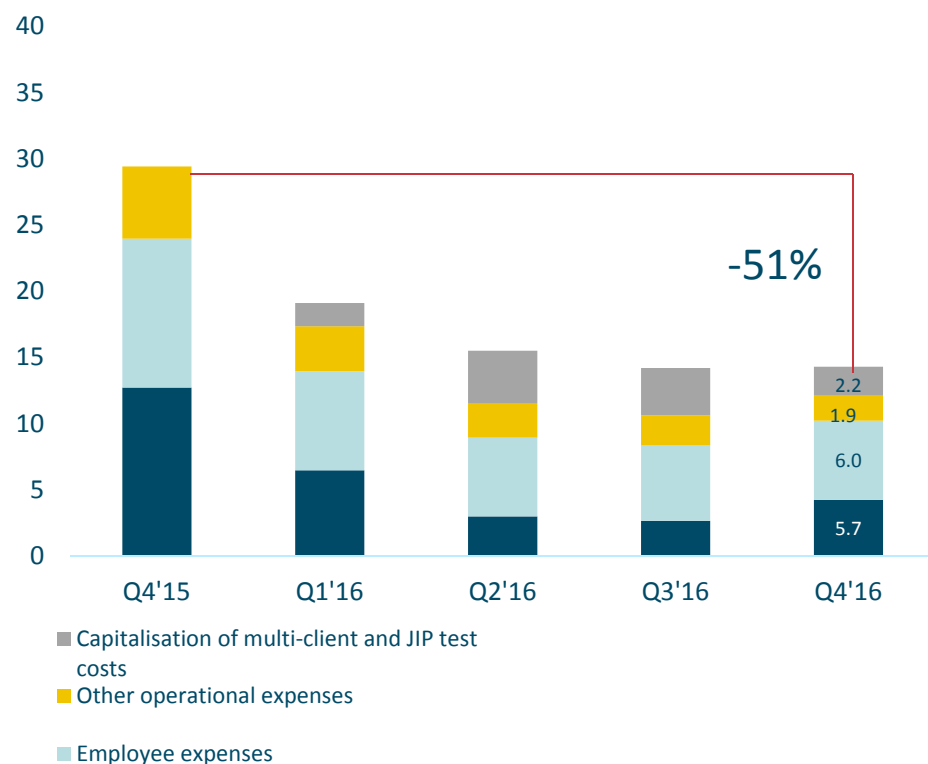


EBITDA



Reduced operational costs

Quarterly operational cost base development* (USD million)



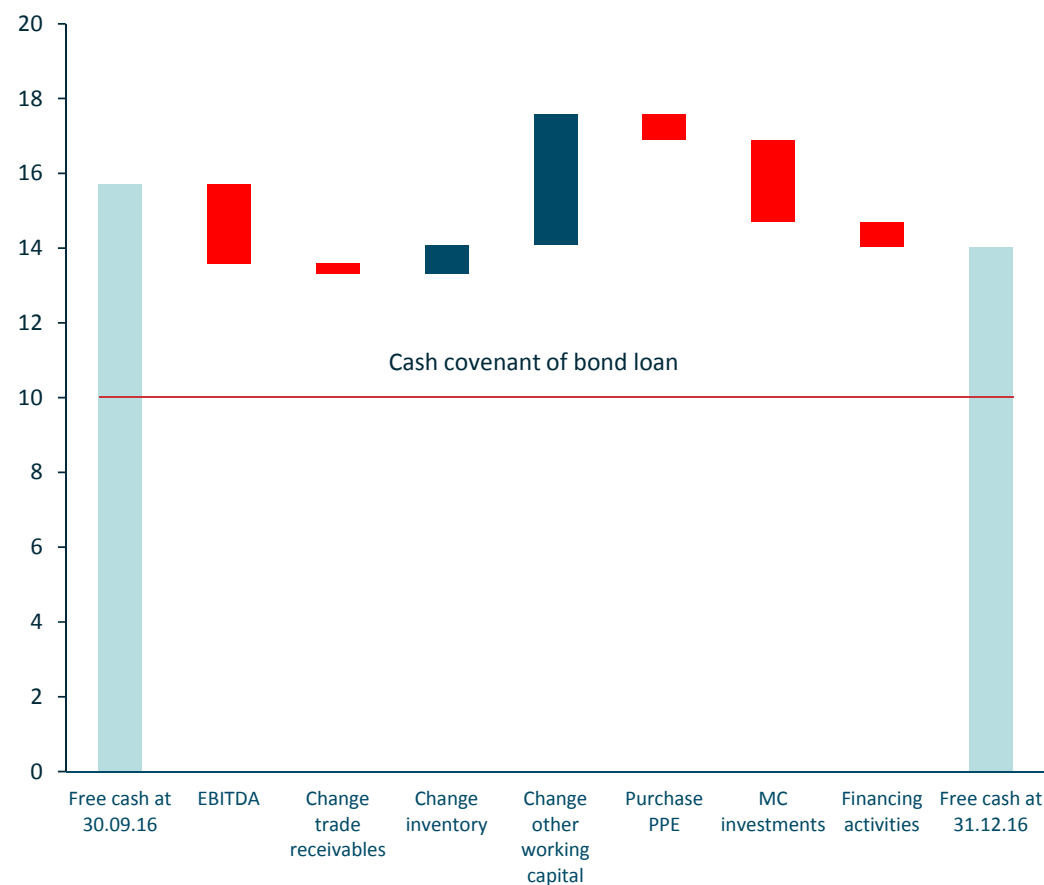
Comments

- Operational costs base of USD 14.3 million
 - Capitalised multi-client expenses of USD 2.2 million
 - Provision for onerous contract of USD 1.4 million
 - Write down of obsolete inventory of USD 0.6 million
- Cost reduction program
 - Cost reduction program progressing as planned
 - New terms for the BOA Thalassa charter
 - Target the 2017 cost base below USD 50 million, subject to operational activity

*Cost base is defined as Operational costs (charter hire etc, employee expenses, other operating expenses) plus MC investments, less provision for onerous contract, restructuring charges and other extraordinary items

Free cash development

Quarterly free cash development (USD million)

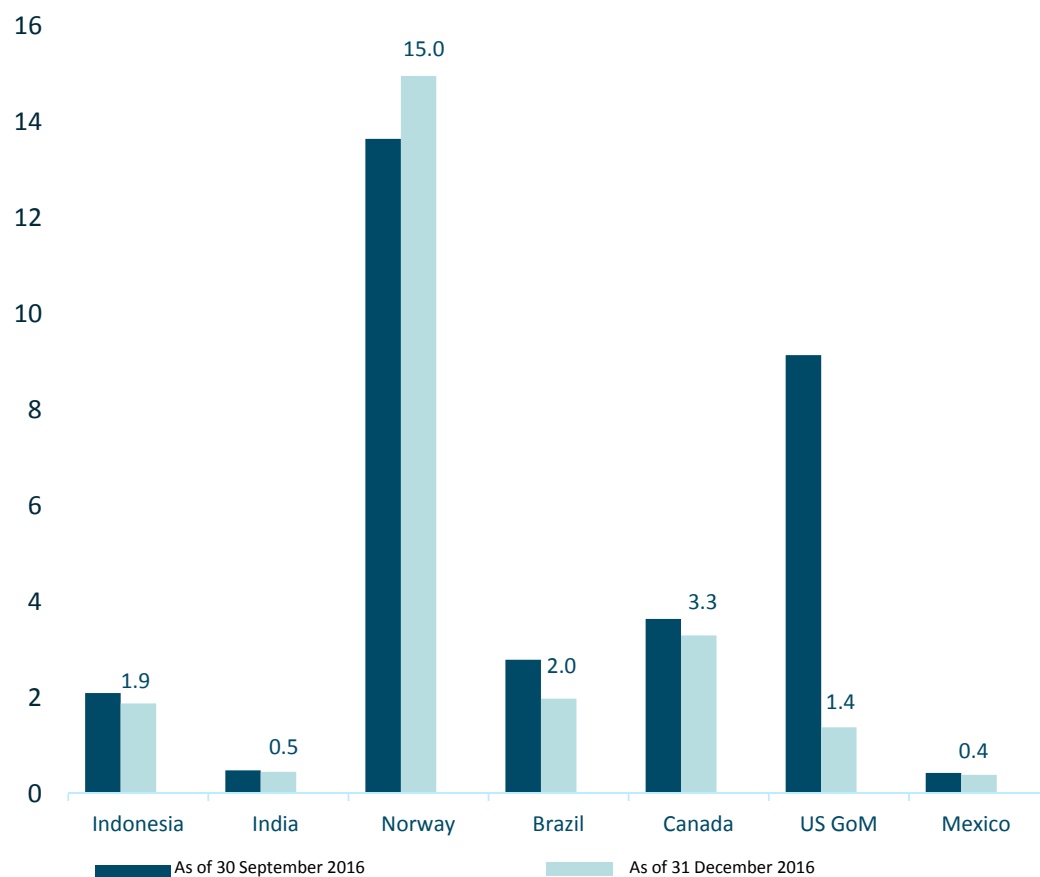


Comments

- Relatively small net decrease in free cash of USD 1.7 million to USD 14.1 million
- Cash and cash equivalents at end of Q4 of USD 18.9 million, incl restricted cash
- Restricted cash of USD 4.8 million at end of Q4
- Company's cash position carefully monitored

Multi-client book value of USD 24.3 million



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



Comments

- Uplift/late sales revenues of USD 3.4 million
- Prefunding revenues of USD 0.6 million
- Investments of USD 2.2 million
 - Barents Sea
 - Preparations for the APA and 24th licensing round
- Amortisation of USD 2.8 million
 - Straight-line amortisation
- Impairment of USD 7.3 million
 - US GOM

Fourth quarter vessel operations

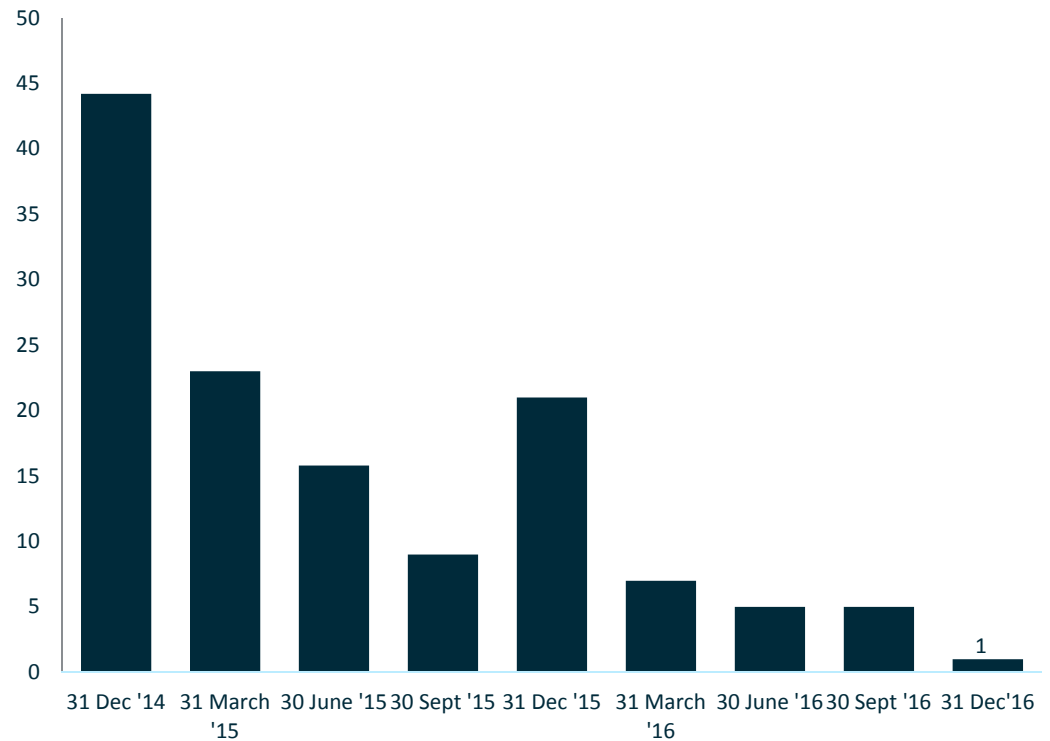
	BOA Thalassa 	Atlantic Guardian 
Q4 activity	In operation, proprietary survey, offshore Malaysia	In operation, MC Projects in the Barents Sea, Norway
Vessel owner	BOA SBL	North Sea Shipping
Firm Charter	1 October 2019	1 October 2021
Comments on terms	Improved terms, fixed, with additional flexibility in 2017	Fixed

Market update

Comments

- Early signs of improvement noted as earlier dialogues are converted in pricing requests related to work in Norway, the Americas and Africa. Prospect development in APAC ongoing.
- Notable difference when compared to the lackluster period one year ago.
- A stable oil price above USD 50 per barrel no doubts supports the above.
- However, backlog developments tells us that caution is required as prospects take time to materialize and oil companies' spending is still very cautious.

Order backlog - limited earnings visibility



Summary and outlook

2016 Full Year Financials

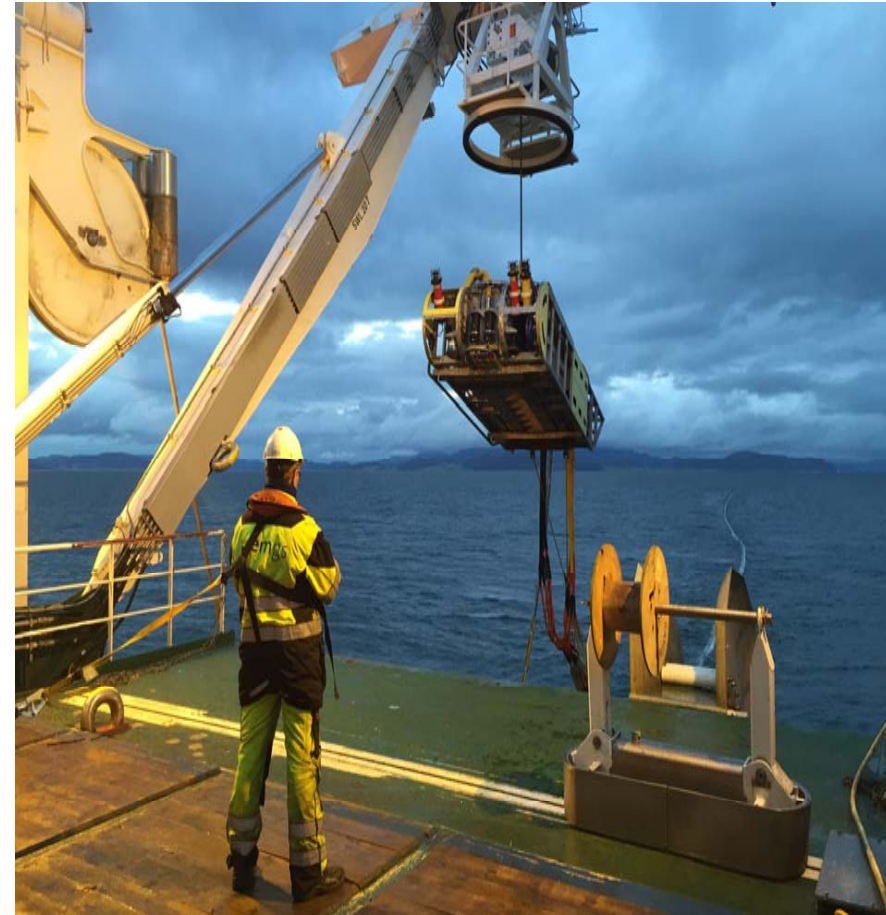
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Market

- Challenged by reduced E&P spending
- Backlog low going into 2017
- Well positioned as commercial activity improves





Questions?

Spot the difference.